

Sustaining leadership.  
Accelerating innovation.



Annual Report

2024





**The Custodian of the Two Holy Mosques**  
King Salman Bin Abdulaziz Al Saud



**His Royal Highness**  
Mohammad Bin Salman Bin Abdulaziz Al Saud  
**Crown Prince and Prime Minister**

# Awards



**Euromoney**

Market Leader in the KSA -  
Euromoney Trade Finance Survey  
Best Digital Bank - KSA  
Best Bank for ESG - KSA



**The Digital Banker**

Best SME AO and Onboarding Initiative  
and Best SME Bank  
Best Cashback Credit Card -  
SAB Visa Cashback



**Saudi CX Awards**

Gold Award: Best Use of  
Customer Insight and Feedback  
Bronze Award: Best Measurement in CX



**The Asian Banker**

Best BI and Data Analytics Implementation



**Kantar BrandZ**

10th Most Valuable Saudi Brand



**XE Live Summit**

Best Customer Experience in Banking



**Euromoney  
Private Banking  
Awards**

Best Domestic Private Bank  
and Best for Digital Solutions



**3rd Edition of CX  
& Loyalty Summit**

Best Banking Customer Experience  
and Best Measurement in CX



**MasterCard**

Highest Card Spend Growth in the KSA -  
Global Excellence Award



**Global SME  
Finance Awards**

Platinum Award -  
SME Financier of the Year MENA



**MEED MENA  
Banking  
Excellence  
Awards**

Best Credit Card Initiative -  
SAB Al Fursan



**Global Economics  
Magazine**

Best Co-Branded Travel Credit Card -  
SAB EK Visa Infinite



**8th Middle East  
Banking AI &  
Analytics  
Summit**

Best Data and Analytics Driven Bank



**Global Brands  
Magazine**

Best Banking Brand in the KSA



**MEA Finance**

Payments Innovation of the Year - KSA



**Euromoney Cash  
Management  
Survey**

Saudi Arabia's Best Cash  
Management Bank  
Saudi Arabia's Best Cash Management  
Bank for Client Service  
Saudi Arabia's Best Bank for Cash  
Management Products  
Saudi Arabia's Best Bank for Cash  
Management Technology



**Global Finance**

Best Trade Finance Provider in the KSA  
Best Bank for Sustainable Finance in the  
KSA and Best Bank for Sustainability  
Infrastructure Finance in the Middle East  
Best Bank in the KSA  
Best Bank for Treasury and Cash  
Management  
Best Consumer Digital Bank in the KSA



# About SAB

## Our vision To bring a world of financial opportunities to an ambitious Kingdom

We enjoy a unique position as the leading international bank in the Kingdom of Saudi Arabia. We give our customers the highest quality service and an unmatched breadth and depth of experience and know-how from local and international best practice, delivered through digital and personalised service driven by customer preference. Our strategic partnership with HSBC Group, one of the world's leading financial institutions, positions us as a preferred banking partner. As a leader in key segments of the financial sector, we will be where the growth is in Saudi Arabia. Our staff will see SAB as the best place to work in Saudi Arabia, offering the best training and development, unparalleled access to international best practices and the most progressive working standards in tune with the evolution of the Kingdom.

## Our business

Saudi Awwal Bank (SAB) or (the Bank) was established in 1978 as a Saudi Joint Stock Company. Today, the Bank has in issue ₪ 29.1 bln of share capital and share premium, equating to 2,055

mln shares with a nominal value of ₪ 10. SAB provides a comprehensive range of banking services to retail, corporate, and institutional customers throughout the Kingdom. Since its foundation, SAB has maintained its strategic partnership with HSBC Group, one of the world's largest and most geographically diverse financial services corporations. The partnership has provided SAB with a vital competitive advantage, affording customers access to the best international services available in the Saudi market. HSBC Group currently retains a 31% stake in SAB.

## The merger between SABB and Alawwal Bank

The merger between Saudi British Bank (SABB) and Alawwal Bank, completed in June 2019, brought together two of Saudi Arabia's best established and most trusted financial institutions, and was a milestone moment for the Saudi capital market.

The merger was a compelling opportunity to create an institution with enhanced scale and balance sheet strength to support and play an instrumental role in the Vision 2030 economic transformation programme, supporting the financing of infrastructure projects, the

development of the capital market, the prioritisation of public services and assets and the creation and build out of new sectors of the economy.

The merged Bank has cemented its position as a top-tier Saudi financial institution, with total revenue in 2024 amounting to ₪ 14.0 bln, more than 1.6 million retail customers and over 28k corporate and institutional customers. The combination of the two banks has created a substantial retail and wealth management business, with increased resources to innovate and connect with a young and tech-savvy customer base. SAB continues to be one of the leading corporate banks in the Kingdom and the bank of choice for international customers.

28k

Corporate and institutional customers

1.6 mln

Retail customers

₪ 14.0 bln

Revenue

₪ 399.4 bln

Total assets

# A Joint History of Over 160 Years

**1926**

Netherlands Trading Society opens in Jeddah

**1928**

Assists the Kingdom in issuing its first independent currency

**1939**

Facilitates payment for first oil export

**1977**

Saudi Hollandi Bank established as a joint venture bank

**2003**

Issues first smart credit card in the Kingdom

**2004**

Issues first subordinated bond in the Kingdom

**2016**

Rebrands to Alawwal Bank – Bank of the Year in KSA (The Banker)

**2017**

- > Launches first digital branch
- > IBDA Best Digital Bank in Saudi Arabia (Banker Middle East)

**2018**

Most Innovative Bank in KSA (Banker Middle East)

البنك الأول  
Alawwal bank

SABB ساب



**2019**

**Merger**



SABB's origins begin at a branch of BBME in Alkhobar

**1950**

Royal decree establishing SABB

**1978**

SABB's first ATM launched

**1990**

Issues SABB's first credit card

**1991**

First Saudi bank to launch a home finance programme

**2002**

First Saudi bank to issue international bonds

**2005**

Best Bank in Saudi Arabia (Asiamoney)

**2016**

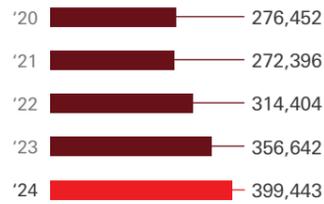
- > Best Trade Finance Provider (Euromoney)
- > Best Treasury and Cash Management Provider (Global Finance) SABB

**2018**

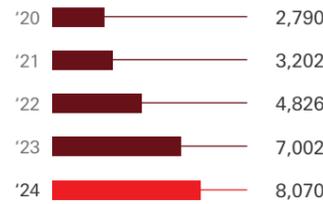
# At a Glance

## Financial highlights

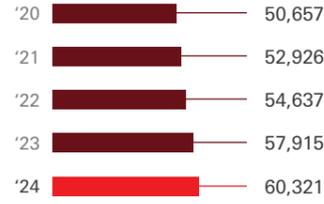
### Total assets (SAR mln)



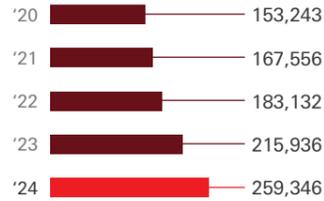
### Net income after Zakat and income tax (SAR mln)



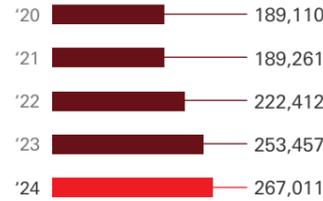
### Shareholders' equity (SAR mln)



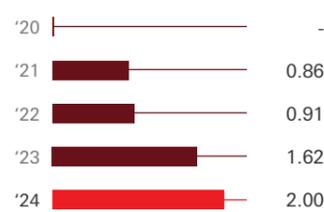
### Loans and advances, net (SAR mln)



### Customer deposits (SAR mln)



### Dividend per share (SAR)



**SAR 14.0 bln**  
2024 Revenue

**SAR 265.6 bln**  
Gross customer loans

**16.0%**  
Return on tangible equity

**24%**  
Trade market share

**49%**  
Shareholding in HSBC SA, the leading investment bank in the Kingdom

**12.5%**  
Corporate lending market share

**30.6%**  
Cost: Income ratio

**SAR 35.3 bln**  
Mortgage portfolio

**SAR 3.78**  
EPS

**SAR 198.5 bln**  
Corporate and Institutional loan portfolio

**SAR 65.4 bln**  
Retail loan portfolio

### Customer lending by business



**Gross loans**  
CIB vs. WPB vs. Capital Markets

**15.4%**  
CET 1 ratio

## Operational highlights

**103**  
Total branches

**1,069**  
No of ATMs

**4,062**  
Total employees

**93%**  
Saudisation rate

## ESG highlights

**2035**  
Operational net zero target

**900,000**  
Trees planted as part of our commitment to the Saudi Green Initiative

**SAR 18.8 bln**  
of sustainable finance and investments by the end of 2024

## MSCI ESG Rating

**MSCI rating at BBB**

Females at Managing Director and Director levels (%)

**19 women** in Senior Management and four in Executive Management

Colleague engagement (%)

**>85%** participated in the employee experience survey



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# Bank Profile

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# Theme of the Year

## Sustaining leadership. Accelerating innovation.

**This year, we reaffirmed our position as an innovative leader in the Saudi banking sector, delivering record-breaking results that reflect our strategic purpose and aspirations. With ﷲ 8.1 billion in net income, a 15% year-on-year increase, and a loan portfolio surpassing ﷲ 266 billion, we demonstrated our ability to lead in the face of a complex and ever-evolving landscape. These achievements go beyond numbers – they symbolise our unwavering commitment to driving value for our stakeholders while aligning with the transformative ambitions of Vision 2030. As the Kingdom advances, we continue to shape and support its future through unparalleled financial solutions across key sectors like energy, construction, and real estate.**

Innovation is woven into our DNA, and this year we took bold steps to ensure it defines our future. By transforming our digital office into an innovation-led hub and launching our Innovation Centre, we have created an engine of progress that is already delivering results. From pioneering initiatives in Open Banking and Virtual Assets to advancing ESG-focused solutions, we have taken major strides in building our bank-of-the-future, as we continue to leverage our unique partnership with the HSBC Group to provide our customers with exclusive solutions. These efforts are already enhancing efficiency, unlocking new revenue streams, and ensuring that our customers and partners experience the cutting-edge solutions they need to thrive.

As we move forward, we are building a bank that is resilient, forward-looking, and prepared to seize the opportunities of tomorrow. Whether it's fostering a culture of excellence among our employees, refining our operations for peak efficiency, or redefining banking for the new economy, we remain focused on delivering exceptional value to our investors and partners. 2024 was a defining year, but we are now primed for something much greater. We are accelerating towards our ambitions with clarity and confidence, as a transformative force driving progress for our stakeholders and the Kingdom alike.

# Year in Review



## January

- > MSCI upgrades SAB's ESG rating to BBB and ESG Invest awards SAB with a 'Strong' ESG Investment Rating.

## March

- > SAB takes #3 position in REDF mortgage origination delivering 3.6 bln total mortgage originations in the first quarter.

## May

- > SAB becomes the first bank in the Kingdom to be certified as an 'Innovation Accreditation' by the Global Innovation Institute, affirming its leading position in innovation in the region.
- > SAB announces its 1Q24 results with faster-than-market loan growth and strong RoTE accretion.

## July

- > HSBC and SAB sign an MoU to strengthen their collaboration to accelerate financial innovation. This strategic alliance comes as Saudi Arabia aspires to become a hub for financial innovation through Vision 2030.
- > Saudi Awwal Bank becomes first bank in Saudi Arabia to receive Local Content Certificate.

## September

- > SAB achieved the financial close and drawdown to fund the Ar Raas 2, Saad 2, and Al Kahfah solar PV projects in central and north Saudi Arabia.

## November

- > As part of SAB's commitments to plant one million trees, SAB employees participated in tree planting activity in Rabigh.

## February

- > Global Finance awards SAB with the 'Best Trade Finance Provider' award.
- > SAB reports 4Q23 results beating analyst expectations and hitting guidance.

## April

- > SAB collaborates with the Saudi EXIM Bank and the Kafalah programme in a significant move to bolster the SME sector in the Kingdom.
- > SAB is awarded 'Best Private Bank in Saudi Arabia' by Euromoney during their Private Banking Awards 2024, for the second consecutive year.

## June

- > SAB is awarded Euromoney's 'Best Bank for ESG' award for the second consecutive year, recognising its key contribution towards shaping corporate sustainability discussions in the Kingdom.

## August

- > SAB announces its 1H24 results with 4.1 bln of net income, with continued faster-than-market loan growth.

## October

- > SAB launches its 'Balance Programme' with the aim of fostering a culture of equality and diversity at SAB.
- > SAB announces its 9M24 results: Records 5.9 bln of net income.

## December

- > Central Bank announces launch of Samsung Pay in Saudi Arabia; over 17,000 customers have provisioned their cards, resulting in 2 mln in transactions approved since the launch.
- > SAB's CIB portfolio passes the 200 bln mark.
- > 73% increase in SME accounts, with 8,500 new accounts opened.

# 2024



# SAB and Vision 2030

**SAB's strategic positioning and competitive strengths ensure it will both contribute to and benefit from the national economic growth agenda, which is embodied in the government's Vision 2030 programme. The Vision is built on three themes.**

<p><b>A Vibrant Society</b></p>  <p>A vibrant society is vital to achieving the Vision and establishing a strong foundation for economic prosperity. The goal is to create a society in which every citizen enjoys a happy, fulfilling lifestyle complemented by a standard of living that provides a safe and secure environment for families, and access to world-class healthcare and education.</p>	<p><b>A Thriving Economy</b></p>  <p>A thriving economy provides opportunities for all by building an education system aligned with market needs to equip youth with the skills for the jobs of the future, creating economic opportunities for the entrepreneur and the small enterprise, as well as for the large corporation.</p>	<p><b>An Ambitious Nation</b></p>  <p>An ambitious nation applies efficiency and responsibility at all levels to deliver the Vision, including building an effective, transparent, accountable, enabling, and high-performing government.</p>
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## Key themes for SAB

- > Support the development of new sectors (e.g., entertainment, tourism, technology) and the development of major government projects.
- > Support the privatisation programme to transfer a significant portion of government assets to the private sector, to improve economic efficiency.
- > Develop key industries by localising manufacturing, developing adjacent oil and gas sectors, expanding mining, using renewable energy, and improving logistics infrastructure.
- > Expanding contribution of SMEs to the economy, with the expectation of growth in bank lending to the sector.
- > Increasing inflows of foreign direct investment and improving the flow of capital by advancing capital markets.
- > Increasing the rate of savings and savings options for Saudi citizens.
- > Improve the financial literacy of the population.
- > Significant growth in home ownership and related financing.
- > Build a digital economy by moving to a cashless society, increasing fintech presence and alternative banking opportunities.
- > A clear focus on labour participation to improve employment opportunities for local citizens, women, those with disabilities, and improve the readiness of youth to enter the workplace.



# Investment Case

## Five reasons to invest in SAB

### 01

#### Leading international bank in the Kingdom

Our institution has developed into the leading international bank in the Kingdom through a deep understanding of the needs of our customers and a bespoke product suite that delivers intrinsic value. Our unique partnership with HSBC Group enables us to bring international connectivity to our customer base and aligns our approach with global best practice.

We are the 'go-to' bank for inbound and outbound multinational corporates and institutions operating into or from Saudi Arabia, and the number one bank in the Kingdom for trade.

### 02

#### Increased scale to support Vision 2030 growth aspirations

The Kingdom is navigating its path through undoubtedly its biggest economic transformation programme, bringing a wealth of opportunity to every family and enterprise domestically, but also playing to international opportunities.

Through our robust balance sheet and market-leading suite of products, we possess the scale and capability to support such an ambitious programme.

### 03

#### Financial strength

Historically, we have delivered top tier financial performance from a strong balance sheet, robust funding and liquidity dynamics, and a solid capital position.

Following the merger with Alawwal Bank, we have taken the necessary steps to protect our balance sheet and conservatively manage the provisioning of our portfolio. We are still in a position of strength to meet the demands of our customers.

### 04

#### Positioned for growth

We have successfully completed the integration of our two banks, following the creation of SAB from the merger of SABB with Alawwal Bank, and we have moved swiftly into investment and growth mode. Our Strategy is growth focused and supported by a drive to digitise the banking platform and customer experience.

Our growth agenda aims to build on our strengths in our corporate franchise and provide a more enhanced retail provision to support the growing needs of our retail customers. Our long-term strategy, coupled with a core set of finance fundamentals and a robust economy, positions us well for growth.

### 05

#### We are safe, sustainable and dependable

A robust approach to corporate governance is a key strength for any organisation and we ensure we adopt best practices in this field to create value for all of our stakeholders. The Board establishes the Bank's strategy and risk appetite with the aim of achieving sustainable value and promoting a culture of openness and debate.

Our Board brings a successful balance of international banking best practices, together with local, commercial, and institutional insight and experience.

We conduct our business using a responsible and sustainable approach in line with our values, and our business decisions are made in the interests of all concerned stakeholders, including our customers, employees, shareholders, and our wider community.

# Shareholders' Information

Shareholders, investors, sellside, buy-side, and credit analysts remain incredibly important stakeholders for the Bank. Since 2019, the Bank has forged a leading Investor Relations (IR) capability that is well respected within the local and international market. The IR team is incredibly supportive of the drive by the Tadawul Exchange to promote the overall Kingdom's investment case and have attended all Saudi-focused or Tadawul-sponsored investor conferences globally during 2024.

## Share Information

Exchange:

Tadawul

Symbol:

1060

ISIN:

SA0007879089

Number of shares issued:

2,055 million

Closing price as of 20 February 2025:

ﷲ 37.25

Market cap as of 20 February 2025:

ﷲ 76.5 bln

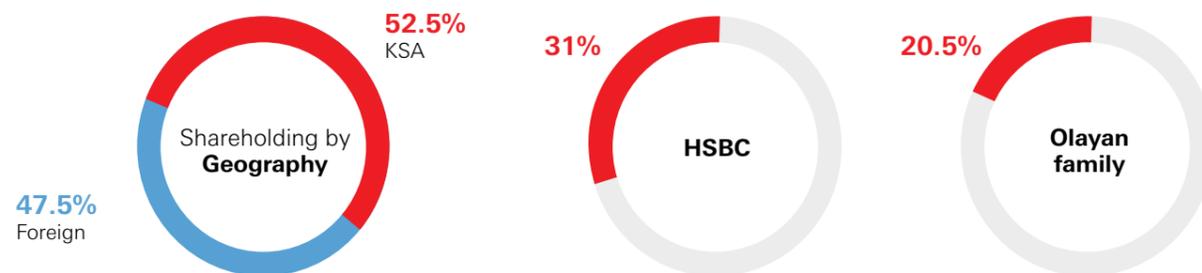
Foreign ownership limit:

49.0% (excluding strategic foreign shareholders)

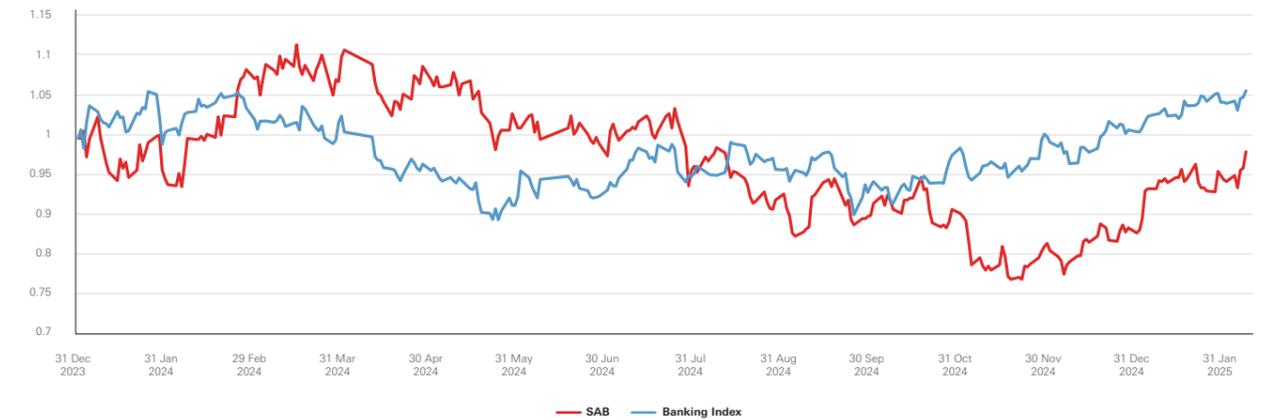
Free float:

48.5%

### Major Shareholders



## Share Price Performance vs. Benchmark Equity Indices



# Stakeholder Management

**At SAB, we deeply appreciate the viewpoints of our stakeholders and prioritise active engagement with them to gather valuable insights and cultivate relationships that are beneficial for all parties involved. Stakeholders play a crucial role in our decision-making processes, particularly when it comes to identifying our material issues. Their feedback and perspectives guide us in shaping initiatives by focusing resources on initiatives that are the most impactful for us and our stakeholders.**

In this section, we will detail our continuous efforts to strengthen connections with our stakeholders, showcasing the various methods we employ to facilitate dialogue and collaboration. We will also highlight significant engagements that occurred in 2024, illustrating how we have listened to and incorporated stakeholder input into our practices. By fostering open communication and transparency, we aim to ensure that our stakeholders feel valued and heard, ultimately driving our strategic commitment to mobilise finance to support the transition towards a more sustainable economy. Through these engagements, we not only enhance our understanding of stakeholder concerns, but also align our objectives with their expectations, paving the way for a more resilient and inclusive future.



## Customers

Our customers are the reason we exist. They not only drive our revenue but also drive our business model and significantly influence our reputation in the market. By actively listening to their needs and preferences, we gain invaluable insights that inform our product development and service enhancements. This customer-centric approach not only fosters loyalty and trust but also enables us to adapt to changing market dynamics effectively. Ultimately, prioritising customer engagement empowers us to deliver exceptional experiences, ensuring that we continue to thrive in a competitive landscape while meeting the evolving expectations of our clients. In 2024, our key engagement channels included:

- > Client interactions conducted in our branches
- > Customer feedback collected via online and mobile banking platforms
- > Surveys to solicit feedback and address any complaints under our 'Voice of Customer' initiative

We recognise that our customers prioritise protection of their personal data and that they are increasingly looking for seamless digital banking experiences that enhance convenience and accessibility. Furthermore, there is also an interest in sustainable finance options. These priorities guide our strategies and initiatives, ensuring we remain responsive to their needs and committed to delivering exceptional service while fostering trust and loyalty in our banking relationships.



## Regulators

As we work towards the ambitious goals outlined in Vision 2030, we recognise that our regulators are among our most essential allies. Their guidance and support are invaluable in helping us navigate the complexities of the regulatory landscape while aligning our strategies with national objectives. SAB operates under the framework of Saudi Arabian laws and regulations, which are enforced by authorities such as the Ministry of Commerce, the Saudi Central Bank (SAMA), the Capital Market Authority, and the Zakat Tax and Customs Authority. Each of these entities plays a critical role in ensuring compliance, promoting transparency, and fostering a stable economic environment.

Our key channels of engagement were:

- > Our participation in the ESG Bank Advisory Committee (EBAC) which we chair, under the supervision of SAMA. In 2024, the committee has made significant progress in the development of an ESG framework for the banking sector. A number of foundational deliverables were developed across the programme, with inputs from all member banks key to achieving this goal.
- > We have been actively involved in the Corporate Sustainability Policy Development Working Group to support the development of sustainability reporting standards within the mandate of the Sustainable Development Steering Committee (SDSC) headed by the Ministry of Economy and Planning (MEP).



## Shareholders and investors

Shareholders are crucial to our success, supplying vital capital, connections, and expertise that enable us to create value in the market. As key stakeholders, they hold us accountable while providing essential insights and feedback that inform our strategies. In return, we strive to deliver value to them. The outstanding results achieved in 2024 highlight our capacity to increase shareholder value, and we are committed to maintaining this momentum by further improving our performance. To ensure an ongoing dialogue with our investors and solicit ideas, we engage with them via:

- > Annual General Meeting
- > Quarterly earnings calls
- > Investor conferences
- > Meetings with the analyst community
- > Frequent in-person and virtual meetings with investors
- > Communication material such as presentations, earning releases, and reports published on our website-fostering trust and loyalty in our banking relationships.

# Stakeholder Management (continued)



## Employees

As our employees form the cornerstone of our success, we prioritise continuous investment in their skills and development, empowering them to unlock their full potential. Our sustainability graduate programme specifically targets young Saudi talent, providing them with professional pathways to grow and excel. Additionally, we implement various initiatives and policies to cultivate a nurturing, diverse, and innovative workplace that fosters collaboration and creativity. By actively engaging with our employees, we not only enhance job satisfaction and retention, but also drive organisational performance, ensuring that we remain a leader in the financial sector. In 2024, we actively communicated with our workforce through:

- > Employee engagement survey
- > Regular town hall discussions
- > Volunteering opportunities
- > Health awareness events
- > Focus group discussions and resource groups

We understand that our employees place a high priority on training and development, along with diversity and inclusion in the workplace. We acknowledge their needs and are steadfast in cultivating an environment that empowers our workforce and supports their aspirations for growth and collaboration.



## Business partners

Engagement with business partners is crucial for us as it enhances our ability to execute our strategic mandate effectively. Collaborating with them allows us to align our initiatives with Vision 2030 and respond to market demands. These partnerships foster innovation, improve operational efficiency, and enhance our reputation in the financial sector. By leveraging the expertise and resources of our business partners, we can drive sustainable growth, improve our service offerings, and ultimately contribute to our financial performance and brand strength in a competitive landscape. In 2024, our key channels of engagement included:

- > One-on-one meetings and engagements
- > Conferences
- > Contracts



## Suppliers and service providers

Engagement with suppliers and service providers ensures consistency and quality in the products and services we offer to our customers. By partnering with reliable and competent suppliers, we enhance our operational efficiency and foster innovation, strengthening our competitive advantage. These partnerships enable us to access the latest technologies and best practices, which are crucial for delivering exceptional customer experiences. Furthermore, strong relationships with our suppliers support our commitment to sustainability, as we collaborate on initiatives that align with our environmental and social responsibility goals. In 2024, our main engagement channels included:

- > Vendor assessments
- > Personal meetings and engagements

We are dedicated to building robust and long-lasting supplier relationships that uphold the highest standards of integrity. We strive to advance sustainable practices throughout our supply chain, in line with our business partners' expectations.



## Society and communities

Engagement with communities is essential for SAB as it reinforces our commitment to social responsibility and sustainable development. As a leading financial institution in Saudi Arabia, we recognise our role in contributing to the well-being and prosperity of the communities we serve. By actively participating in community initiatives and supporting local projects, we foster positive relationships that enhance our reputation and strengthen our brand. Our efforts not only promote economic growth and social equity, but also align with our values, ensuring that we remain a trusted partner in building a brighter future for all stakeholders involved. In 2024, our key engagement activities were closely aligned with the priorities of the communities we serve and included:

- > Driving awareness about Kingdom's native resources through establishment of Prince Faisal bin Mishaal Centre for Native Plant Conservation and Propagation
- > Promoting financial literacy, educating students in partnership with Riyali Foundation
- > Accelerating and promoting entrepreneurship by providing financial support and mentorship, together with Taqadam
- > Supporting the nation's green initiatives under partnerships with Goumbook and Murooj

# Risk Overview

## Risk management

SAB has a consistently strong risk culture across the organisation, which is embedded throughout our business units and control functions. Ultimate accountability resides with the Board, which exercises active governance through its Board sub-committees. Clear communication, guidance, and online risk training is provided to all employees. The Bank operates on the principle that all staff are responsible for identifying and managing risk within the scope of their role, while providing effective oversight through an operational and resilience risk function, other risk stewards, and internal audits, as defined by the Three Lines of Defence model. Adherence to risk management is a key performance indicator applied in the performance management of all Executive Management and staff across the organisation. A policy of consequence management is applied where failures occur.

A well-established risk governance and ownership structure ensures oversight of, and accountability for, the effective management of risk. The Board approves the Bank's risk management framework, plans, and performance targets, which include the establishment of management level risk governance committees, Bank-wide and business risk appetite statements, the delegation of authorities for acceptance of credit and other risks, and the establishment of effective control procedures.

The Risk Management Committee (RMC) is the key Management-level risk governance committee that supports the BRC in setting the Bank's overall risk appetite and managing the Bank's activities within it. The RMC reviews risk appetite, emerging risks, and risk policy, and is chaired by the Chief Risk Officer. The Asset and Liability Committee (ALCO) reviews the risks associated with the Bank's balance sheet including asset and liability management, capital, liquidity, and funding.

## 3 Lines of Defence model

### 1<sup>st</sup> line of defence

Ultimately responsible for managing the impact that conduct outcomes have on our customers and the financial markets in which we operate through the procedures, processes, controls, and technologies they manage. This includes the ability to measure the impact they have and to drive continuous learnings from root cause analysis.

### 2<sup>nd</sup> line of defence

Responsible for ensuring conduct outcomes are adequately considered in the oversight and management of all financial and non-financial risks, operational processes, and technologies, including within the risks they articulate and the control libraries they own.

### 3<sup>rd</sup> line of defence

The Internal Audit Department helps the Board and Executive Management to protect the assets, reputation, and sustainability of SAB. The INA provides independent and objective assurance to Management and the Audit Committee as to whether our risk management, governance, and internal processes are designed and operating effectively.

## Risk appetite

Risk appetite is the articulation of the level and type of risks we are willing to accept in order to achieve our strategic objectives. The risk appetite provides a link between the businesses, risk, and finance. It enables Senior Management to make informed decisions on how to optimally allocate capital for strategic growth within acceptable risk levels, as well as support our monitoring of risk exposure.

SAB's risk appetite statement (RAS) is deployed at the Bank level for all key risk categories, and at the business level to document appropriate risk appetite and limits for major lines of business.

SAB's risk appetite is reviewed and approved by the Board at least annually. The risk appetite is central to an integrated approach to risk, capital, and business management and supports the Bank in achieving its strategy, as well as being a key element in meeting the Bank's obligations under Pillar 2 of the Basel Accord.

## Risk map

SAB maintains a risk map, covering an assessment of current and anticipated levels of risk across all major financial and non-financial risk types. The risk map is reviewed by the Bank's Risk Management Committee and any risk identified as being at an 'amber' or 'red' level is further investigated and actions are determined to mitigate the elevated level of risk.

## Stress testing

To help assess financial impact, stress testing is used to inform the level of adequate capital and liquidity to withstand external shocks such as a global economic downturn or internal events such as a system failure. Stress testing results are also used by Management to inform risk mitigation actions and support appropriate allocation of financial resources.

SAB maintains a wide-ranging stress testing programme including scenario analysis. Stress tests are conducted across the Bank in line with Management's requirements, as well as in line with the SAMA policy and directives. The stress scenarios may include adverse macroeconomic events, failures at country, sector, and counterparty levels, geopolitical events, and a variety of projected major operational risk events.

## Emerging risks

We use emerging risks process to provide a forward-looking view of risk issues with the potential to threaten the execution of our strategy or operations over the medium- to long-term. We proactively assess the internal and external risk environment, and review the themes identified across local and global regions. We update our top and emerging risks as necessary.



# Strategic Report

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# Board Chair's Statement

Sustaining leadership. Accelerating innovation.

**2024 was a pivotal and highly successful year for SAB, across a range of areas and metrics. Against a dynamic macro backdrop – including regional geopolitical tensions and a decline in global benchmark rates – the Bank took a significant step in demonstrating its ability to deliver solid returns in a changeable environment. Despite elevated interest rates, banking sector loan growth has remained resilient since 2023. This trend accelerated in 2024, even as rates remained at peak levels before easing in the second half of the year.**

With the Kingdom's transformation programmes driving significant infrastructure development, we anticipate sustained demand for credit well into the future. The demand will be supported by an expanding economy, particularly in the non-oil segment of the economy, which performed well during 2024 with expected growth of 4.6%. The non-oil sector now contributes over 52% to GDP, steadily progressing to reach the Kingdom's goal of 65% by 2030. The economic outlook remains strong with continued growth in key transformation sectors, such as tourism, construction, energy, and real estate – all of which align well with SAB's priorities and focus areas.

### Sustained focus on innovation

Our confidence in our strategy and our continuous delivery of strong financial and non-financial targets has allowed us to strengthen our focus on bolstering the Bank's capabilities and readiness to meet the demands of the future.

Innovation has long been a hallmark of SAB's leadership, and its significance is set to grow further in the medium-term. With a unique demographic landscape, combined with Vision 2030 – a once-in-a-lifetime transformation programme poised to elevate national aspirations – innovation will play a crucial role in shaping the future.

Innovation is not limited to the digital world; in fact, we have innovated across the business and found new efficiencies in our business-as-usual approach. From a digital perspective, we elevated our approach and focus towards research, experimentation, co-creation of ideas, with the goal to commercialise our ideas to build the Bank of the future. Our work on innovation is not an academic exercise; like other areas, it is subject to financial targets, incorporating rigorous expectations for both revenue accretion and cost savings through efficiencies.

The entire banking sector shares responsibility to drive innovation and boost the services provided to the Kingdom. We take great pride in SAB's leadership in advancing the sector's innovation agenda. We have served as a key partner to the Saudi Central Bank's financial innovation agenda and have contributed to formalising the Central Bank's approach to innovation collaboration.

### Achieving targets

We are fast approaching five years since the merger between Saudi British Bank and Alawwal Bank to form Saudi Awwal Bank. I am pleased to announce that in 2024, the Bank achieved the highest net income in its history, reaching **ﷲ 8.1 bln** – representing a 15% increase over an already strong 2023. Loan growth continued to outpace the market, growing 20% year-on-year and expanding our portfolio to reach **ﷲ 266 bln** – a level **ﷲ 100 bln** greater than when we merged. Returns remained strong, with a return on tangible equity of 16% in 2024.

**20%**  
Loan growth Y-o-Y

**16%**  
Return on tangible equity

Our strategy is to be alawwal – or number one – in customer experience, employee experience, and organisational efficiency. Just as it did in relation to our financial targets, 2024 also marks a significant milestone in delivering on these core pillars.

We have implemented best-in-class practices, transforming our customer experience culture and greatly improving turnaround times. The digitisation efforts of 2022 and 2023 laid the foundations for the strong performance in 2024. Similarly, the employee experience has vastly improved with stronger retention and increased productivity.

“ I am pleased to announce that in 2024, the Bank achieved the highest net income in its history, reaching **ﷲ 8.1 bln** – representing a 15% increase over an already strong 2023. Loan growth continued to outpace the market, **growing 20% year-on-year** and expanding our portfolio to reach **ﷲ 266 bln** – a level **ﷲ 100 bln** greater than when we merged. Returns remained strong, with a return on tangible equity of 16% in 2024.



## Board Chair's Statement (continued)

Organisational efficiency remains a critical pillar and will be a key driver of performance in 2025. By optimising costs, capital allocation, and operational efficiencies, we are ensuring that efficiency continues to impact every aspect of our business.

### Sustainable role in society

In advancing our leadership on sustainability, we have driven forward multi-stakeholder partnerships with regulators, businesses, customers, and communities to create meaningful change. Our alignment with Vision 2030 is complemented by our active engagement with the Saudi Central Bank, the Ministry of Economy and Planning, and the Capital Market Authority. By collaborating closely with these institutions, we advocate for policies that support sustainable banking practices and drive positive change within the financial sector.

Diversity and inclusion remain fundamental to our strategy. In 2024, we proudly endorsed the UN Women Empowerment Principles, underscoring our commitment to gender equality and the empowerment of women in the workplace.

Our participation in industry forums and initiatives, such as the Climate and Desertification Conference of the Parties (CoP), allows our Senior Management and various experts to share insights and best practices with peers. These collaborations are essential to supporting financial sector players and learning from one another as the industry adopts more sustainable practices. We are proud of the role that SAB continues to play in shaping the future of finance in Saudi Arabia and are committed to building an ecosystem in which sustainable finance can thrive.

Over

# 70%

increase in SME account onboarding

Our commitment to sustainable business practices extends beyond our environmental goals and net zero aspirations. Traditional banking services remain vital – whether in providing mortgages to allow our customers to achieve their home ownership aspirations or providing services to Small and Medium-sized Enterprises (SMEs). Our focus on SMEs exemplifies how innovation and improved customer experience drive tangible results – this approach has led to an over 70% increase in SME and 11% growth in SME loans.

### Strengthening partnership with the HSBC Group

The Bank's unique differentiator in the Saudi banking sector is access to HSBC's international network. Our clients bank with SAB for market-leading products and services that combine local expertise with HSBC's global know-how and capabilities. Access to a wider global network enables us to provide our customers with a global banking provision that possesses the same level of rigour and risk-management we uphold domestically. It also allows our customers to grasp global opportunities with ease – an advantage few can match. So, as always, I extend a special note of thanks to our valued partner, HSBC.

### Our thanks

On behalf of the Board, I would also like to express our sincere thanks to our team and Senior Management for their dedication to delivering upon our strategic aims, and to our customers and shareholders for their loyalty.

We are also grateful to the Saudi Central Bank, the Capital Market Authority, the Ministry of Finance, and all other government agencies for their continued support and direction.

**Ms. Lubna S. Olayan**

Board Chair



# Managing Director's Message

**2024 has been a fantastic year where the execution of the Bank has been excellent. We have pushed further with many of the leadership positions that we have built up since the launch of the strategy, and in a year where challenges remained, and following 2023 — where we certainly raised the bar with our performance — the range of deliverables has been astonishing.**

The Bank's experience, particularly since the launch of the strategy, has influenced the Senior Management teams' focus in 2024. At the start of the strategic plan, the focus was to make a range of significant investments in the Bank to build up a platform that can weather the medium-term outlook and grow returns. Now in 2024, consistent with these principles, the Bank's focus has been to continue the strong execution, but at the same time harvest an innovation culture that sets the Bank up for the longer-term.

I am very pleased with our performance this year, but that comes down to the hard work and rigour from the last few years; how the Bank has innovated means success for the Bank in the future.

## Macro economic backdrop

The Saudi economy has moved through 2024 with a level of smoothness and resilience, and was largely unaffected by regional geo-political pressures and the frequently changing outlook on global interest rates. The Kingdom has a strong investment case, and 2024 has seen 4% growth in the non-oil sector, which now contributes more than half of the Kingdom's economic output. This is an important data point for Saudi Arabia, and shows that diversification has already begun, and that the economy's reliance on the oil price is reducing.

The Saudi investment case is also strengthened by the future demand for credit, which remains very positive given the sheer scale of infrastructure projects in the pipeline for the Kingdom. During 2024, demand for credit has grown to 14% at a total sector level, with an acceleration in corporate demand which reached 18% by the end of 2024. We are now a much more diversified bank, but corporate remains approximately 75% of our portfolio, so we are very optimistic for 2025.

## Sustaining our leadership positions

Given the growth and financial performance we delivered in 2023, this would naturally make 2024 an even greater challenge, in order to further expand returns, whilst continuing to substantially outgrow the market. However, this is precisely what SAB delivered during 2024.

We outgrew across corporate and retail segments with 20% growth in our corporate portfolio and 21% growth in our retail book, driven by 26% growth in our mortgage assets. Corporate growth came across a variety of sectors including construction, energy, aviation, and real estate, and completely aligned with many of the key priorities of the Vision. Our corporate portfolio ended the year at ₪ 199 bln but successfully crossed the ₪ 200 bln mark in late December, and it is pleasing to see that we are well ahead of that level currently. Our mortgage book ended the year at ₪ 35.3 bln, and what has been particularly pleasing is that we are now originating nearly 9x the levels we were when we started the rebuild of the mortgage business, and the level of resource dedicated to the business is largely the same. This is a proof point in how our focus on efficiency has provided results, which will become a vital strength as we head into 2025.

We maintained our leadership position in trade with 27% growth in off-balance sheet commitments resulting in 24% market share in the Kingdom. This strength is derived from our unique partnership with HSBC, where we capture the inflow of a number of global corridors where HSBC exists. In addition, we have taken the steps to overhaul our trade platform, investing to transform and digitise the business. Our payments, liquidity, and cash management services remain unrivalled in the sector.

## Innovation is key for the Bank-of-the-future

How SAB maintains these leadership positions and further expands its financial performance has been a key focus area for us during 2024 and we believe that innovation will be at the heart of this. The importance of this cannot be overstated, and therefore we shifted our digital team into an innovation team headed up by a Chief Innovation Officer who reports directly to me. The shift takes the strategy from a digital advisory approach to a research and experimentation approach that then leads to commercialisation of the ideas.

“ We outgrew across corporate and retail segments with 20% growth in our corporate portfolio and 21% growth in our retail book, driven by 26% growth in our mortgage assets.



# Managing Director's Message (continued)

We launched and inaugurated our Innovation Centre which comprises an entire floor of the headquarters. This shift is already producing results, with strong engagement of staff through targeted training programmes. These engagements turn into valuable ideas, and the ideas that we operationalise ultimately improve the Bank's profits. Our Innovation Centre is a place where we can invite fintechs and collaborators to co-create solutions, and slick and sophisticated tools that ultimately will help customers, improve their experience, and further loyalty. Ultimately, our aim for innovation banking is to drive material revenue growth and significant cost efficiencies.

We intend to be at the forefront of meeting the needs of the 'new economy'. We will do this organically, through partnerships and collaboration, and by investing directly into new ventures and technology. Our fintech focus areas include Open Banking, ESG, Virtual Assets, and Embedded Finance and this journey takes us beyond our domestic borders, where we are collaborating internationally, to bring the solutions of the future to the Saudi market.

During 2024, we established the X-Tech fund (in partnership with our Capital Markets subsidiary, SAB Invest), to further support early stage, fast growth companies in KSA and the wider Middle East region.

We are driving forward the agenda and supporting the Saudi Central Bank (SAMA) with its Financial Innovation agenda. SAB was selected by SAMA as a core member bank engaged in their Virtual Assets Programme, and we continue to support Open Banking development. Innovation is the responsibility of the entire sector and banking ecosystem, but at SAB, we are very proud to be leading the charge.

### Achieving our financial targets whilst protecting future revenues

As I mentioned earlier, 2023 was a fantastic year when it came to hitting financial targets, almost making 2024 an even greater challenge. However, delivering 15% net income growth to deliver ₪ 8.1 bln of net income – another record for SAB – is a particularly proud moment. We are now delivering over ₪ 3.5 bln of revenue per quarter, which is over 75% higher than when we launched the strategy when we generated ₪ 2.0 bln per quarter. And with the steps we've taken over the last two years to reduce our sensitivity to rates, by fixing up more of our balance sheet, we have created a new baseline for the Bank with respect to revenue generation.

Altogether we met the guidance we provided to the market for 2024, exceeding the vast majority, and it was very pleasing to see our returns hit 16%, which are more than double the levels of when we commenced the strategy. This has been driven by a number of ingredients: strong risk management, rigour with cost control, and leveraging our funding capacity to capture market share in our loan portfolios. We have achieved this in all of our key focus areas, with 21% retail growth and 20% corporate growth as mentioned earlier, and consistently and sustainably captured market share.

**15%**  
Net income growth

**21%**  
Retail growth

### Championing the vision for sustainable change

We continue to lead the charge for sustainable banking through our commitment to empowering partners and communities, fostering innovation and capability that is aligned to the Kingdom's Vision. The Saudi Green Initiative aims to address climate change while fostering land conservation, afforestation, and a greener future for all. Our commitments, from planting one million trees to driving ₪ 34 bln of sustainable financing, highlight the importance we as a bank place on this drive. This is not just limited to environmental factors; diversity and inclusion are pivotal. Our commitment to the UN Women Empowerment Principles is underpinned by our newly launched Balance Programme, designed to empower women within our workforce. This initiative provides targeted support, mentorship, and development opportunities, ensuring that women have the resources and encouragement needed to thrive in their careers at SAB. By championing diversity, we enhance our organisational culture and drive innovation, which are essential for navigating the complexities of the modern financial landscape.

The financial sector has a unique opportunity to drive the transition to a low-carbon economy, and we are determined to lead by example. Our commitment to decarbonisation remains a top priority. We are dedicated to achieving net zero operations by 2035 and net zero emissions in our financed portfolio by 2060 or earlier.

### In conclusion

2024 raises the bar once again for SAB. We've navigated a changeable year with consistency in leadership positions growing financial returns, driven forward innovation setting the standard for the industry, continued to provide financing and banking opportunities to both our long-serving customers and new-to-bank customers alike. The Bank is able to deliver these outcomes because of the strength of our employees, Senior Management team, and Board. Investment in our employees – our core assets – will always grow, and it has been extremely pleasing to see higher employee satisfaction over the course of 2024.

As always, we remain extremely grateful to SAMA and the Capital Market Authority, and to other government agencies and ministries, who spur the banking sector to bigger and better positions.

As I said last year, our differentiation in the Saudi banking space is clear – we are the leading international bank in the Kingdom.

Our connectivity to the HSBC Group means our customers have access to a wider global network, and we provide a familiar banking partner for international companies coming into the Kingdom. We are in the perfect position to capture cross-border flows, and as the Kingdom continues on its transformation journey, we are positioned extremely favourably to take advantage of the opportunities ahead of us.

### Tony Cripps

CEO and Managing Director

**20%**  
Corporate growth

Net zero operations  
**2035**



# Business Model

## Our competitive edge



### > Rich history and legacy

We have a rich history, combining two of the most respected names in the Saudi banking sector, from Alawwal Bank.

- > The very first bank in the Kingdom with Saudi British Bank.
- > The only bank in the Kingdom with unrivalled international access.

### > Strong balance sheet

We have a strong balance sheet, with robust capital and liquidity positions, capacity to help our customers from our retail customers through to our larger, multinational and institutional customers.

### > Our people's expertise

A key differentiator for us is the expertise that our committed employee base provides our customers. Their knowledge, empathy, and drive enables a relationship-focused approach to banking where the customer is truly at the heart of our decision-making.

### > Regulators and Central Bank

We have a close working relationship with the Saudi Central Bank, the Capital Markets Authority, Ministry of Finance, and all the other government ministries and agencies, with regular touchpoints, frank discussions, collaboration, and strong two-way relationships.

### > Tech and innovation

We pride ourselves on the level of innovation we bring to banking. Our digital office provides leadership across the Bank and brings together the ideas and solutions that allow our customers to benefit from a higher standard of products and options.

### > Shareholders and investors

We regularly communicate with our shareholders and the investor and analyst community through a variety of means, including quarterly results calls and attendance at a number of investor conferences, locally, regionally, and internationally.

### > Procurement partners

We work closely with our supply chain and procurement partners through regular meetings and collaboration points.

### > Access to an international network

We possess a partnership with HSBC, a universal global bank, which provides our customers with unrivalled international access, linking our corporate customers to HSBC's international network, allowing for inbound and outbound financing opportunities, and connecting our retail customers to the broader HSBC retail network.

## How we add value

We support our customers with their everyday banking needs, including payments, foreign exchange, cash management, long-term savings, and investments



We support our customers with their lending needs, buying their first homes, remortgaging, developing businesses, helping with working capital, trade, and guarantees



## Value created for our stakeholders



**Financial outputs: balance sheet growth and generating profits, paying a sustainable dividend**



**Support the various Vision 2030 programmes**



**Driving customer aspiration**



**Generating shareholder returns**



**ESG commitment**



**Developing our employees**



# Strategy

At the start of the strategic plan in 2021, the first focus was to establish a range of significant investments in the Bank to build up a platform that can weather the medium-term outlook and grow returns. 2023 and 2024 are undeniable proof points of the strategic direction where execution translated into higher returns and faster-than-market growth. Now in 2024, consistent with these principles, the Bank's focus has been to continue the strong execution, but at the same time harvest an innovation culture that sets the Bank up for the longer term.

## Our strategic delivery

2024 was another year of growth following a period of high investment into our products and services, as well as our IT architecture and infrastructure. Execution took the form of balance sheet growth, whilst flexing our investment portfolio given the changing outlook rate that 2024 presented. Despite certain uncertainties, the Bank delivered a solid performance across all key financial metrics including growth in return on tangible equity to 16.0%, improved cost efficiency of 30.6%, and enviable liquidity metrics, such as a regulatory loan-to-deposit ratio of 84%. To support future growth aspirations, the Bank issued a further ₪ 4 bln of AT1 sukuk and maintained an extremely competitive dividend pay-out ratio of 53%.



## Vision

We bring a world of financial opportunities to an ambitious Kingdom



Offer a leading online and mobile digital banking experience



Best-in-class universal banking, serving all customer groups in the Kingdom



Be the leading international bank in the Kingdom, accessing an unrivalled global network through HSBC



Embed ESG at the heart of the organisation, making SAB the most attractive organization for all stakeholders

## The steps we will take



**Build on our core strengths**

- > Bank of choice for large corporates
- > Reinforce leadership in trade and payments
- > Maintain leadership in wealth
- > Reinforce our position in cards



**Maximise our participation in key growth areas**

- > Fastest-growing mid-corporate business
- > Digital SME focus
- > Mortgage expansion through REDF
- > Growth in sustainable finance and investment assets, deposits, and revenue



**Transform the organisation**

- > Lead in digital innovation and evolve the IT architecture
- > Transform HR and develop the right talent
- > Revamp operating model through automation and digitisation
- > Align the Bank with KSA's green initiative, supporting a sustainable future for the Kingdom

## Returns



Increase return on tangible equity (RoTE) and earnings per share (EPS)



Improve cost-to-income ratio (CER)



Maintain strong capital and liquidity



Maintain dividend pay-out

16.0%

RoTE

↑ 0.7 ppt

₪ 3.78

EPS

↑ ₪ 0.37

30.6%

CER

17.9%

Tier 1 ratio

↑ (improved with the ₪ 4 bln AT1 issuance)

84%

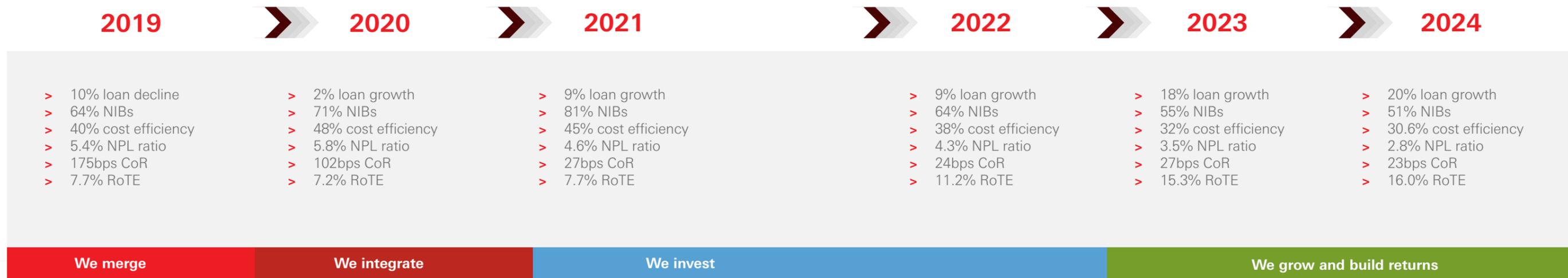
Regulatory LDR ratio

₪ 2.00

Dividends per share during 2024

# Strategy (continued)

## Performance review



## 2024 in focus

Loan growth during 2024 was significantly ahead of the market across both our corporate and retail franchises. Corporate growth was aligned with our strategic strengths in our institutional, multinational, and large corporate business segments. This was complemented by increased activity in our SME portfolio, which, although relatively smaller, has benefited from focused investment. Our retail segment went from strength to strength, with our mortgage portfolio taking considerable origination market share of 11% during 2024, allowing the Bank to build its mortgage portfolio to ₪ 35 bln, a 26% increase on 2023.

A key tenet of the strategy – as policy interest rates peaked globally – was to shift the makeup of the balance sheet to be more attuned to a falling rate environment. SAB has been a key beneficiary of increasing global policy rates, which have, in turn, increased the Saudi Arabian interbank offer rate (SAIBOR), but we have taken proactive steps to protect current levels of revenue in anticipation of falling rates. Our Treasury segment invested capital into the local bond market, increasing our investment portfolio to ₪ 98 bln, with a greater proportion of the portfolio being fixed. This, with a larger mortgage portfolio, translates to a less sensitive balance sheet for the Bank as we approach the next phase of the rate cycle. The start of the cutting cycle began in the second half of 2024; the outlook remains fairly changeable, but our balance sheet is structured in such a way to negate the uncertainty.

## Innovation

How we maintain our various leadership positions and further expand our financial performance has been a key focus area during 2024 and we believe that innovation will be at the heart of this. We shifted the digital team into an innovation team headed up by a Chief Innovation Officer and we shifted the strategy from a digital advisory approach to a research and experimentation approach.

We launched and inaugurated our Innovation Centre which comprises an entire floor of the headquarters. This shift is already producing results, with strong engagement of staff through targeted training programmes, engagement turning into valuable ideas, and ideas that we operationalize ultimately improving the Bank's profits.



# Innovation

At SAB, **innovation is at the core of everything we do**. This has been a hallmark of the Bank for many years now, aligned to our strategic values; allowing us to continue to identify the trends that are transforming the financial industry.

During 2024, we **sharpened our focus on innovation** in order to **accelerate the pace and scale for how we innovate at SAB**, embedding an Innovation-led approach to serve as an **engine of future growth**.

SAB became the **first financial services institution in Saudi Arabia to be accredited by GInI** – our 2024 Innovation Maturity Score (as measured through the Global Innovation Institute – ‘GInI’) improved by 30% vs. 2023.

Our Innovation focus is centred on three main disciplines:

- 1 Fostering an innovation culture
- 2 Innovation origination and experimentation through data, products, and payments
- 3 Accelerating fintech and new economy collaboration

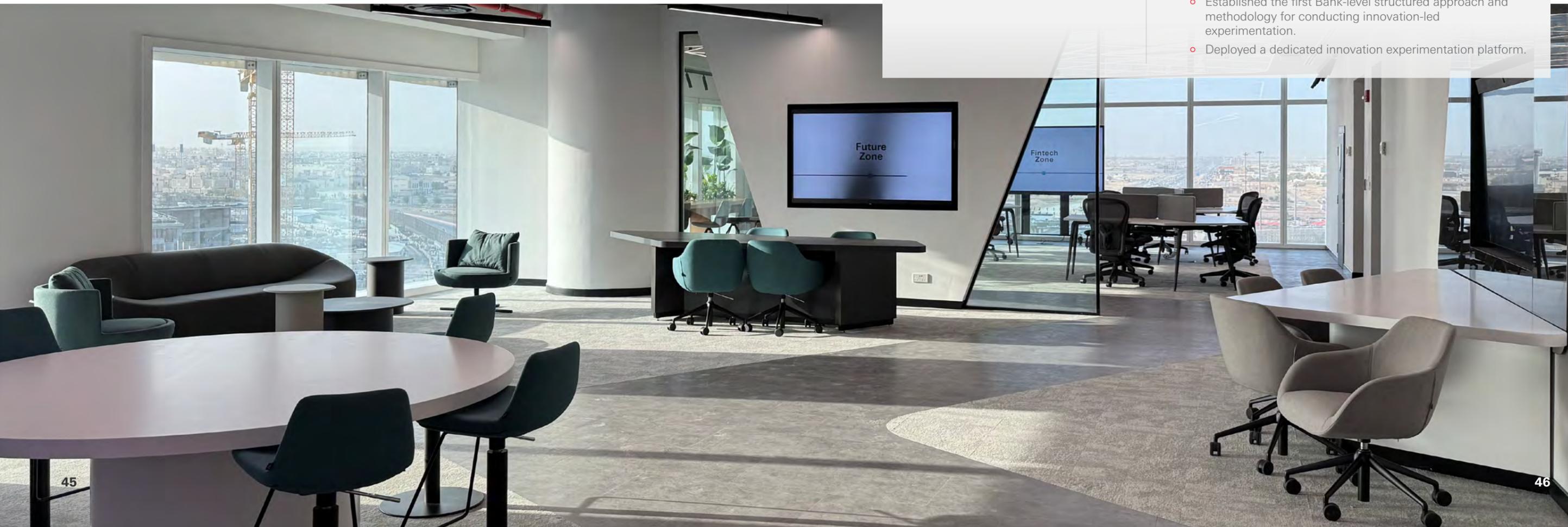
## 1 Fostering an innovation culture

### What does this mean to the Bank?

- > Innovation is at the heart of our organisation – a key lever to our transformation and for enabling the pursuit of new growth opportunities.
- > The Bank is committed to investing in attracting and retaining talent, and has established specific innovation skills programmes to equip our colleagues, including the next generation of leaders at SAB, to be future-ready, embracing and adopting an innovation mindset for delivering business impact.
- > Significant capital investment made by SAB under our 2024-26 strategic plan, to build core innovation capabilities and embed innovation in everything we do to deliver future impact.

### What is the impact?

- > **Innovation accreditation by GInI:** SAB became the first financial services organisation in the Kingdom to be accredited. Our innovation maturity ratings improved by 30% over 2023.
- > **Innovation skills:** Developing our people through dedicated professional coaching and training. Over 2,000 of hours of dedicated Innovation Training undertaken in 2024 through two distinct programmes:
  - o Innovation Champions
  - o Innovation Certified Strategist Programme
- > **Innovation Centre:** We soft-launched our Innovation Centre in December 2024 (with the formal inauguration planned for 2025). The Centre serves as a dedicated environment to enable faster collaboration between SAB and the wider ecosystem.
- > **Innovation foundational capabilities:** For conducting rapid experimentation in a safe and controlled environment (involving SAB and ecosystem partners – fintechs and similar types of companies), to accelerate time to market for new and innovative products and services:
  - o Established the first Bank-level structured approach and methodology for conducting innovation-led experimentation.
  - o Deployed a dedicated innovation experimentation platform.



# Innovation (continued)

## 2 Innovation origination and experimentation through data, products, and payments

### What does this mean to the Bank?

- > Our efforts are focused on harnessing emerging technologies, empowering our employees, and enhancing customer experiences.
- > We transform data into a strategic asset, unlocking new revenue streams and improving decision-making through Artificial Intelligence (AI), quantum computing, and advanced analytics.
- > We leverage AI to enhance operational efficiency, improve risk management, strengthen security measures and provide customer experiences through customised ways.
- > We launched our Quantum Computing Programme to enable and guide our businesses and functions to utilise quantum-led innovation in line with global standards and best-practice, and to test and experiment how Quantum use cases can help protect and enhance revenue streams while strengthening the Bank's risk management capabilities.

### What is the impact?

- > **Data-led innovation:** Designed predictive models using AI for credit risk, leveraged the use of Generative AI and Agentive AI for experimenting operational efficiency use cases. We deepened strategic partnerships with AI-focused companies to drive data-driven insights utilising Generative AI, to optimise growth, and leveraging AI to optimise financial risk assessment, mitigate payment fraud and better secure digital transactions.
- > **Quantum:** Implemented frameworks for Quantum Key Distribution (QKD) and Post-Quantum Cryptography (PQC), ensuring 100% secure transaction protocols.
- > **Data-as-an-asset:** These included the launch of a platform for SMEs, analysing transactional data to provide customer insights and optimise business strategies.

### Products and payments-led innovation, comprising:

- > **Virtual assets:** Co-creation and experimentation - SAB and HSBC are collaborating on the use of blockchain technology to enable new forms of payments, such as Central Bank digital currencies and tokenised bank deposits.
- > **Embedded finance:** SAB is embedding financial products and services on third-party platforms to increase distribution reach and provide enhanced customer experiences, with a number of strategic engagements initiated.
- > **Open banking:** Attained full certification from SAMA for Phase 1 and mobilised our plans to develop our approach to Phase 2, in line with the guidelines issued by SAMA.
- > **Banking-as-a-Service:** Commenced the Programme to introduce emerging capabilities to fintechs and similar types of companies, requiring best-in-class banking infrastructure capabilities through, for example, BIN Sponsorship.

## 3 Accelerating fintech and new economy collaboration

### What does this mean to the Bank?

- > To unlock value from an increasingly-connected ecosystem and to support the Bank's aspirations to be the Bank of Choice for the New Economy and a leader in Financial Innovation by deepening our strategic partnerships with companies that we see as fueling new and emerging solutions.
- > Driving financial innovation through pioneering projects and impactful partnerships, and leveraging our innovation culture.

### What is the impact?

- > Established an in-house dedicated team which launched our Fintech Fund (30% mobilisation in first year with 11 portfolio companies making up our current investments).
- > Launched our New Economy Programme in 2024, to accelerate engagement with the innovation ecosystem (valued at USD 12 bln). The programme witnessed over 20 co-creation and collaboration opportunities executed with fintechs, delivering innovative products such as an enhanced Buy-Now-Pay-Later offering and a co-created SME credit gateway solution, to enable easier access to credit for SMEs.



# SAB's Unique Differentiation

**SAB's unique differentiation brings a global network to our customers, and Saudi opportunities to the rest of the world.**

### Engagement model enablers

 <p>SAB is the first bank in the Kingdom with dedicated desks for all key business corridors.</p>	 <p>SAB maintains full operational connectivity with HSBC, providing a full product and services slate, with the same 'look and feel' as in any other country where the Group has presence.</p>	 <p>Product alignment: Sharing of information/content/leveraging of best practices in both corporate, through SAB, and investment banking, through HSBC Saudi Arabia, which is majority owned by HSBC.</p>	 <p>Diverse mix of sectors covered by dedicated teams in all three regions in Saudi Arabia.</p>
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**'Our contribution to bringing the world to Saudi, and Saudi to the world'**

-  **البنك السعودي SAB**
- > Corporate and Institutional Banking
  - > GLCM, GTRF, C&L
  - > Wealth and Personal Banking
  - > Private Banking
  - > Treasury

-  **HSBC Saudi Arabia**
- > Coverage
  - > M&A
  - > Equity Capital Markets
  - > Debt Capital Markets
  - > HSS
  - > GM Equities

- HSBC Group companies**
- > Global network
  - > Global product capabilities
  - > Sector capabilities
  - > GPS, GTRF, C&L, HSS/MSS



**Product capabilities**

- > Saudi extension to global network
- > Only international bank of scale in KSA
- > Unrivalled integrated product offering

**Shared technologies and processing**

- > Business models and product offering reinforced via Technical Service Agreement between the parties
- > Leverage Group systems, including HSBCnet
- > SAB is the first international bank to provide free, instantaneous international transfers using HSBC's Global View Global Transfer functionality

**People capabilities**

- > HSBC resources in Saudi entities
- > Operational connectivity with HSBC sites
- > Dedicated desks in KSA for all key trade corridors, operating through wholesale concept
- > Dedicated KSA desk in HSBC

**Market-leading and award-winning businesses that drive SAB's international differentiation in the corporate and institutional sector:**

**1 Global Trade Solutions**

-  **Leading bank** in trade finance in Saudi Arabia by market share (c. 24% on balances)
-  **SAB and HSBC partnership** provides unique in-market global connectivity, via **HSBCnet and HTS Trade platform**
-  **Product suite available** in Islamic and conventional variants for off-balance sheet structured trade finance
-  **Implementation of a SAB seven day work week** or international guarantees

-  SAB leading the **move to digital trade** corridors, e.g., oil exports via digital LC/BoE, and collaboration with third parties such as Bwa Tech in digitising the LG issuance process
-  **Supply chain finance** via Demica
-  **Largest issuer of guarantees** in HSBC Group and in Saudi Arabia

**2 Global Payment Solutions**



**SAB**  
#1 site offering SWIFTnet for corporates in MENA  
#1 site offering virtual account within MENA

**Global Finance**  
Best Treasury and Cash Management Provider (2024)

**Ripple**  
First bank in KSA to go live on Ripple technology  
First bank in MENA to offer USD payment on Ripple

 **Account services**

- > Resident current accounts – interest bearing (حساب)
- > Resident call deposit accounts (local and foreign currency)
- > Time deposit accounts (local and foreign currency)

 **Payments**

- > Cross border payment (remittances)
- > Domestic priority payments (RTGS)
- > Payroll payment (WPS)
- > SADAD (bill payment)
- > Cashiers order
- > Demand draft
- > Prepaid card (Petty)

 **Collections**

- > Cross border (inward remittances)
- > Domestic priority payments (inward)
- > Cheque deposit/pick up
- > Virtual accounts
- > Cash pick-up services
- > Cash deposit machine
- > Acquiring services

 **Liquidity management**

- > Liquidity Management Portal – LMP
- > In-country cash concentration
- > Zero balance accounts

 **Channels**

- > HSBCnet – global internet-based electronic banking platform (17 languages supported)
- > HSBC Connect – global host-to-host automated file-based solution
- > SWIFT for Corporates – Full range of SWIFT services across Cash Management and Trade

**SAB – HSBC collaboration priorities**

<p><b>WPB and SAB Invest</b></p> <ul style="list-style-type: none"> <li>&gt; Expand Global View Global Transfer offering</li> <li>&gt; Implement HSBC's Customer Lifecycle Management (CLCM): WIP to fully implement the Group CLCM</li> <li>&gt; Deliver the SAB Invest Strategy</li> <li>&gt; Digital Maturity: (i) Digital sales adoption; (ii) Customer personalisation for e-channel; (iii) Payments customer experience trackers</li> </ul>	<p><b>Corporate and Institutional</b></p> <ul style="list-style-type: none"> <li>&gt; Capture increasing inbound corporates</li> <li>&gt; Focus on key corridors in conjunction with wholesale businesses as well as government and commercial associations</li> <li>&gt; Regional headquarters opportunity as corporates incorporate their regional headquarters in KSA</li> <li>&gt; New corridor expansion and development with a focus on Asia Pacific both inbound and outbound</li> </ul>	<p><b>Treasury</b></p> <ul style="list-style-type: none"> <li>&gt; Diversification of USD funding opportunities</li> <li>&gt; International distribution of the KSA Government sukuk</li> <li>&gt; Markets and Security Services (MSS) initiative for Saudi Arabia</li> <li>&gt; Leveraging HSBC resources and expertise to drive ESG initiatives</li> <li>&gt; Leveraging HSBC expertise on digital assets</li> </ul>
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# Customer Experience

**One of the key tenets of the Bank’s strategy is to offer an unbeatable standard of customer experience through all our customer channels and, specifically, provide a leading online and mobile digital banking experience that remains at the heart of this. SAB’s customer experience strategy focuses on embedding a new culture, a new set of values, and a brand promise.**

## Our approach: Alawwal in customer experience

Customer experience is managed from the top; the team reports directly to SAB’s Managing Director and CEO. The approach to offer a truly leading customer experience has been bespoke for the various different business segments we possess – a one-size-fits-all approach will not deliver the goals we are targeting. Therefore, different methods have been used to serve our SME customers to those methods used for our more affluent retail and private banking customers. The team comprises of three divisions:

i) Complaint handling, business insight, and consumer protection; ii) culture and engagement; and iii) quality and performance analysis, with all three divisions working together, improving our culture, taking action on real-time issues, and using data and analytical tools to guide future improvements.

We try to build our approach from a preventative lens, identifying and addressing issues before they grow, but also ensure we can actively react when problems do arise.



### Customer-centric focus

Prioritise understanding and meet the unique requirements of each customer segment, fostering personalised interactions.



### Cultural shift

Instil a customer-centric culture throughout the organisation, from leadership down to frontline employees.



### Consistent communication

Maintain open channels of communication with customers, seek feedback, and keep them informed about improvements and changes within the Bank, services, and products.



### Service recovery excellence

Establish efficient mechanisms for post-complaint resolution. Swift, empathetic responses to complaints help turn dissatisfied customers into loyal advocates.



### Proactive quality management

Utilise quality management tools to identify and rectify potential issues before they escalate into complaints. Continuous process improvement is a top priority within the strategy.



### Data-driven decision-making

Leverage customer, staff, process, interaction-related data and feedback to inform strategic decisions, identify trends, and tailor services accordingly.



# Market Overview

## The Saudi economy

The Saudi Arabian economy has achieved significant fiscal and economic progress in recent years, largely driven by the government's commitment to advancing Vision 2030 objectives. The overarching goal of the Vision is to diversify and expand the economic base, while improving the quality of services offered to citizens, residents, and visitors, with a backdrop of sustainable fiscal prudence. The Kingdom expects to deliver sustainable growth, particularly from non-oil activities, over the medium- and long-term, driven by accelerating income diversification, increasing private sector participation, and supporting the growth of new, innovative, and promising sectors.

Oil revenues were broadly stable during the year, while non-oil income increased markedly, growing 4.2%<sup>1</sup> in 2024, demonstrating the success of diversification efforts outlined in Vision 2030. Government expenditure increased by 4%, reflecting the acceleration in the many of the Kingdom's ambitious and transformative infrastructure programmes. With this, the expectation for 2024 is that the Kingdom will have run at a small deficit, equal to 3% of expected GDP.<sup>1</sup>

The continued expansion in non-oil activities reflects the success of government policies aimed at strengthening partnerships with the private sector, empowering MSMEs, fostering an attractive investment environment, and enhancing the overall competitiveness of Saudi Arabia's economy. Tourism, trade, and

hospitality continue to develop and thrive, and the transition work on diversification of the energy sector will continue to spur the overall economy.

The Kingdom's labour market has also seen positive developments in recent years, with the headline unemployment rate falling to 7.8% during 2024<sup>2</sup>, and a steady increase in female participation in the workforce, increasing to 36% during 2024.<sup>2</sup>

## The Saudi banking sector

The Saudi Arabian banking sector continued to demonstrate strength and stability in 2024. This vital sector plays a crucial role in supporting the Kingdom's economic transformation and Vision 2030 aspirations. The sector maintained a robust capital base, providing a buffer against potential risks and ensuring operational resilience. During the year, there was a healthy 14% increase in total bank lending<sup>3</sup>, with traditional corporate growing at 18% and retail growth at 9% – this reflects a substantive increase compared with 2023. The corporate growth acceleration seen in 2024 was very encouraging, reflecting the widespread optimism of progress in executing the Vision 2030 programmes.

Customer deposit growth was slower at 8%<sup>3</sup>, which was a reflection of the heightened rate environment, but also the sector's push to further diversify its funding base.

Profitability across the banking sector increased 14%<sup>3</sup> in 2024 compared with 2023, which in part was supported by the solid loan growth

and the heightened rate environment. Despite what many consider to be an elevated rate environment in the Kingdom, asset quality has remained robust, and demand for credit has not suffered. Following cuts to global benchmark rates in the second half of 2024, the Kingdom also cut its reference rate, easing pressure on SAB's customers.

## The year ahead

Building on this solid momentum, the Saudi economy is projected to experience continued growth in 2025, particularly in non-oil activities. This will be driven by income diversification and improvements in the business environment to strengthen the private sector's role and support the growth of promising sectors. In addition, the anticipated increase in oil production by OPEC+ is likely to boost revenues for GCC countries, including Saudi Arabia.

As the Kingdom pursues the realisation of its Vision 2030 goals, the government continues to implement relevant structural reforms and initiatives. This is evident in the diversification of economic streams, the accelerated growth of private investment and consumption, and the empowerment of the private sector. Growth is also supported by the continued strengthening of the labour market, with the creation of new job opportunities and increased female participation in the workforce. These developments reflect a solid foundation for continued economic resilience and growth in the years to come.

1. Source: MoF Budget Statement  
2. Source: General Authority for Statistics  
3. Source: KSA Banks's Financial statements

4. Source: SAMA (Saudi Central Bank)  
5. Source: International Monetary Fund  
6. Source: Tadawul

# USD 437 bln

FX reserves<sup>4</sup>

# USD 33.3k

GDP per capita<sup>5</sup>

# 29%

(estimate)

Government debt to GDP ratio<sup>1</sup>

# 7.8%

Unemployment<sup>2</sup>

# World's largest

oil exporter

# USD 2.7 trn

Tadawul market cap<sup>6</sup>



# Chief Financial Officer's Review

**We provided a medium-term outlook at the start of 2024, which was to advance our successful strategy with a more updated set of macroeconomic assumptions. The strategy is clearly working as we continue to recapture lending market share, grow revenues sequentially despite lower benchmark rates, and ultimately, we continue to grow returns. We achieve this with organisational efficiency at the heart of everything we do. Since we launched the strategy in 2021, every year we have set more demanding expectations and 2024 was no different. We remained nimble, as the macro shifted and outlooks changed, and we delivered on our key financial metrics. Headwinds have been present, but we have navigated these challenges well which gives us confidence as we head into 2025: we are a bank transformed and remain very optimistic for the future.**

## Sequential revenue growth despite lower rates

We delivered ₪ 14.0 bln of revenue in 2024 which was a 10% increase on 2023, but what was particularly pleasing with our revenue growth in 2024 was how we delivered it. Our sequential quarterly revenue grew each quarter of 2024, despite benchmark rates falling in the second half of the year – which justifies the reason for the shift in our balance sheet structure, where we built up the fixed proportion of our total asset base in order to reduce our sensitivity to benchmark rates. Quarterly revenue now stands at ₪ 3.5 bln, which is 75% higher than when we started the strategy, with all the businesses contributing to this growth.

## Organisational efficiency at our core

During 2024, we delivered growth in our key business lines and much of this was driven by the significant investment we made across the Bank, which started in 2021. This has allowed the Bank to strive for growth, while maintaining our discipline on positive jaws, i.e. ensuring revenue grows faster than operating expenses and bringing down our cost efficiency metric. A good example of this is how we have significantly grown our mortgage originations – over 10x – but using the same number of staff to support this area, through an improved digital journey and improved back office processing. Having reduced cost efficiency down from a percentage that was in the high 40s following the merger to 30.6% for 2024 is a fantastic achievement, and we expect this downward trend to continue.

## Asset quality remains strong

Expected credit losses of ₪ 0.6 bln were broadly unchanged compared with 2023 with a cost-of-risk reducing down to 23 bps. The net charge can be broken down into a charge of ₪ 0.7 bln partly offset by write-offs

net of recoveries of ₪ 0.1 bln. With a well-diversified loan portfolio and an off-balance sheet trade-related portfolio, mainly consisting of guarantees, our asset quality remains very strong, with no signs of stress within any of the portfolios.

We continue to extract value from our Purchased or Originated Credit Impaired (POCI) portfolio – the acquired portfolio from our merger which was written down to its net recoverable value. A proportion of this portfolio has cured and continues to perform well, which results in some of the recoveries we see. At a bank level, our total NPL ratio including POCI fell to 2.8% and 1.4% when excluding the POCI portfolio.

## Strong funding discipline enables continued faster-than-market growth

Our ability to recapture market share rests on the rigour in our funding discipline and our approach to ensuring we are well-capitalised for all points in the cycle. Having built up an enviable funding capacity at the start of our strategic journey, we were able to deploy this in faster-than-market loan growth, and the acceleration in our investment portfolio, in order to reduce our interest rate sensitivity. Despite this acceleration in asset growth, our regulatory LDR ratio remains very comfortable at 84% at the end of 2024, in line with the sector. On a simple basis, our LDR ratio of 97% remained well below sector levels of 106%. This competitive advantage has meant we can grow our loan book faster than market and still maintain one of the lowest funding costs in the banking sector in the Kingdom.

“ Quarterly revenue now stands at ₪ **3.5 bln**, which is **75% higher** than when we started the strategy, with all the businesses contributing to this growth.



# Chief Financial Officer's Review (continued)

## Delivering on our financial aspirations

We reported net income after Zakat and income tax of ₪ 8.1 bln for 2024. This was ₪ 1.1 bln or 15% higher than 2023 and delivered through solid revenue growth as mentioned earlier. Cost growth was limited to 4% in 2024, resulting in a total cost base of ₪ 4.3 bln and a cost efficiency ratio of 30.6%. Expected credit losses remained stable, and cost-of-risk fell to 23 bps.

We grew our loan book significantly faster than the market at 20% compared with market's growth of 14%. In fact, we grew faster than the market in both corporate and retail, and importantly grew sustainably throughout the year. Gross loans grew to ₪ 266 bln, with a corporate portfolio of ₪ 199 bln, and a retail portfolio of ₪ 65 bln, which includes a mortgage portfolio that has grown 26% during 2024 to ₪ 35 bln. Higher balances throughout the year have supported growing revenues.

This translates to a return-on-tangible-equity of 16.0%, 0.7 ppts higher than 2023 and more than double the levels achieved in 2021. Capital levels were strong with a CET1 capital ratio of 15.4%, tier 1 ratio of 17.9%, and a total capital ratio of 19.7%. As we did in 2023, we have utilised more leverage during 2024 as we aim to be more efficient with our capital usage. To further bolster our capital levels for the next phase of our strategy we added a further ₪ 4 bln of additional tier 1 at the end of 2024.

## In summary

We have completed year four of our five-year strategy! It was another successful year where we pushed forward, found efficiencies, and drove higher returns. As we continuously challenge ourselves, we updated our strategy with a medium-term outlook at the start of 2024 that takes us to 2026, and we are on track to deliver on the range of targets we set. With every passing month, the financial results prove that the strategy was the right course, and we remain well positioned to capture future opportunities.

## Ms. Lama Ghazzaoui

Chief Financial Officer

**97%**

Simple LDR ratio (well below against sector levels of 106%)

**84%**

Regulatory LDR ratio

**20%**

Loan book growth

**16%**

Return-on-tangible-equity

# Operating Review

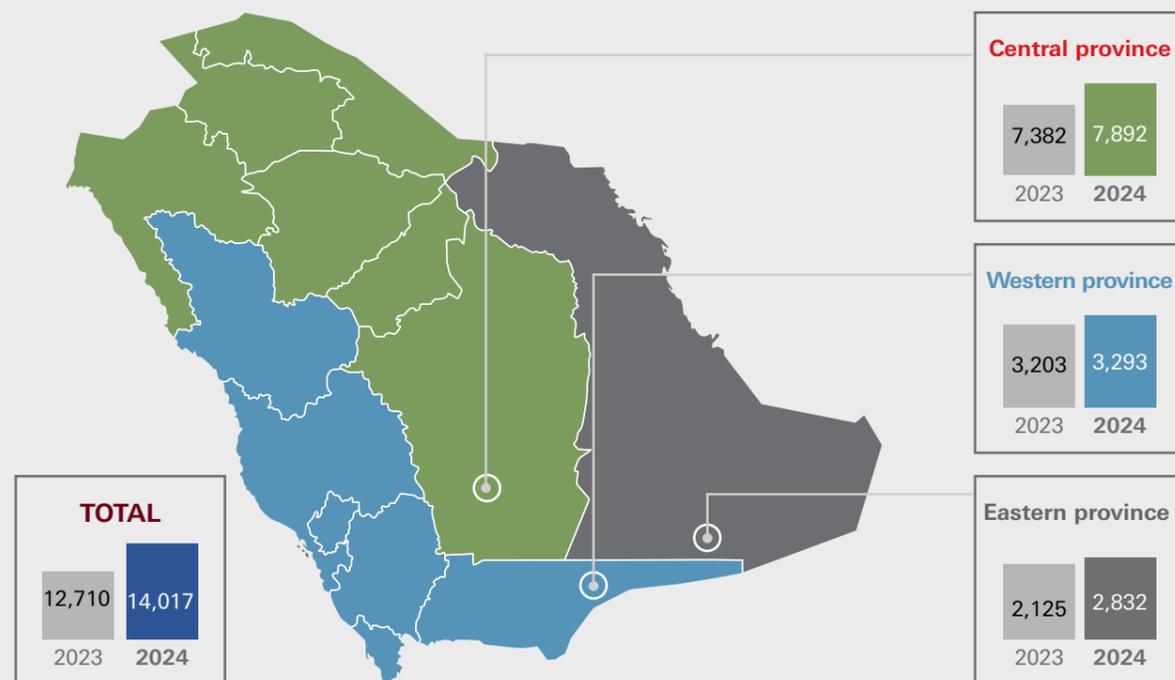
## Overview

### Reported historical financial results

	2024	2023	2022	2021	2020
Investments, net	98,412	96,567	86,363	64,904	60,831
Loans and advances, net	259,346	215,936	183,132	167,556	153,243
Customer deposits	267,011	253,457	222,412	189,261	189,110
Total assets	399,443	356,642	314,404	272,396	276,452
Total liabilities	331,157	294,742	259,767	219,368	225,690
Shareholders' equity	60,321	57,915	54,637	52,926	50,657
Net income before Zakat and income tax	9,366	8,223	5,715	3,927	(4,302)

### Total operating income by geography

The Bank generates its operating income from activities in the Kingdom of Saudi Arabia and has no branches, material subsidiaries, or associates established or operating outside of the Kingdom. The following diagram shows the distribution of operating income in accordance with the geographical classification of the Kingdom's regions.



### Reported performance

SAB reported net income of ₪ 8,070 mln in 2024 which was ₪ 1,068 mln or 15% higher than 2023. 2024 included Zakat and income tax of ₪ 1,296 mln which was ₪ 75 mln higher than 2023. Net income before Zakat and income tax of ₪ 9,366 mln was ₪ 1,143 mln or 14% higher than 2023 which was driven by higher total operating income (revenue) partly offset by increased operating expenses:

- > Revenue of ₪ 14,018 mln was ₪ 1,307 mln or 10% higher than 2023 mainly from increased net special commission income which grew from faster-than-market asset growth together with the impact of repricing as a result of a higher than average three month SAIBOR during 2024 compared with 2023, despite the fall in the three month SAIBOR in the

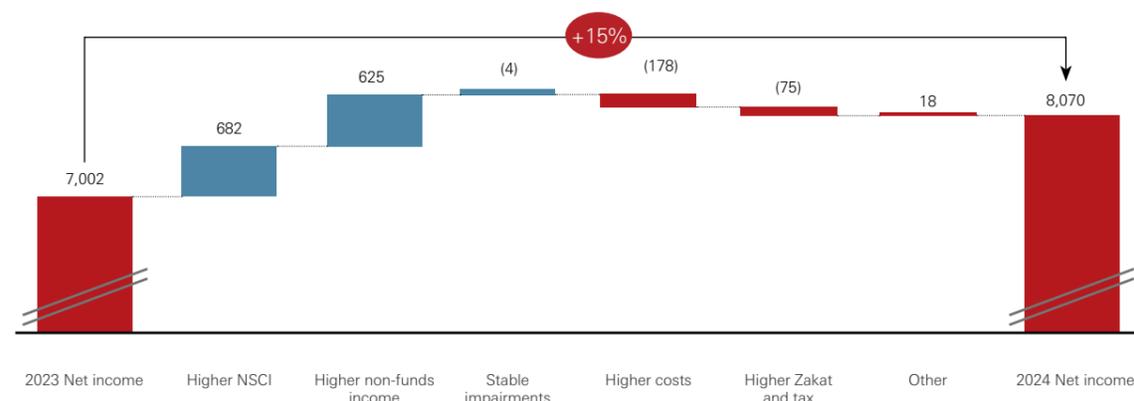
second half of the year. Non-funds income of ₪ 2,994 mln was ₪ 625 mln or 26% higher than 2023 from higher fee and foreign exchange income together with an increase in trading income.

- > Operating expenses of ₪ 4,291 mln was ₪ 178 mln or 4% higher than 2023. The pace of cost growth was firmly controlled following the significant investments made in both systems and digital capability during 2022 and 2023. Costs were also impacted by inflationary pressures, although overall inflation remained manageable. Despite higher costs, the Bank maintained positive jaws and the cost efficiency ratio fell further to 30.6% from 32.4% in 2023.
- > Expected credit losses of ₪ 566 mln remained stable; cost-of-risk fell to 23 bps from 27 bps in 2023, and significantly below market levels.

### Income statement highlights

	2024	2023
Total operating income (Revenue)	14,018	12,710
Provision for expected credit losses, net	(566)	(562)
Total operating expenses	(4,291)	(4,113)
Share in earnings of associates	205	188
<b>Net income before Zakat and income tax</b>	<b>9,366</b>	<b>8,223</b>
Zakat and income tax	(1,296)	(1,221)
<b>Net income after Zakat and income tax</b>	<b>8,070</b>	<b>7,002</b>

### 2024 Net income after Zakat and income tax walk



# Operating Review (continued)

## SAB's quarterly revenue trend, ₺ bln



## Reported results by business segment

2024, ₺ mln	WPB	CIB	TSY	Capital Markets	Other	Total
Total operating income (Revenue)	4,114	7,534	1,925	446	(1)	14,018
Provision for expected credit losses, net	(199)	(368)	1	(1)	-	(566)
Total operating expenses	(1,865)	(1,720)	(434)	(258)	(14)	(4,291)
Share in earnings of associates	-	-	-	-	205	205
<b>Net income before Zakat and income tax</b>	<b>2,050</b>	<b>5,446</b>	<b>1,491</b>	<b>188</b>	<b>190</b>	<b>9,366</b>

2023, ₺ mln	WPB	CIB	TSY	Capital Markets	Other	Total
Total operating income (Revenue)	3,454	6,870	2,061	338	(12)	12,710
Provision for expected credit losses, net	(78)	(481)	(4)	-	-	(562)
Total operating expenses	(1,868)	(1,581)	(397)	(228)	(39)	(4,113)
Share in earnings of associates	-	-	-	-	188	188
<b>Net income before Zakat and income tax</b>	<b>1,508</b>	<b>4,808</b>	<b>1,660</b>	<b>110</b>	<b>138</b>	<b>8,223</b>

## Balance sheet

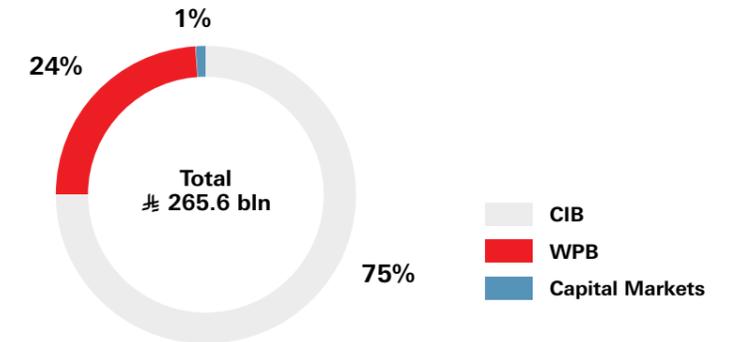
Total assets of ₺ 399.4 bln increased ₺ 42.8 bln or 12% compared with 2023 driven by an increase in customer lending.

### Balance sheet highlights

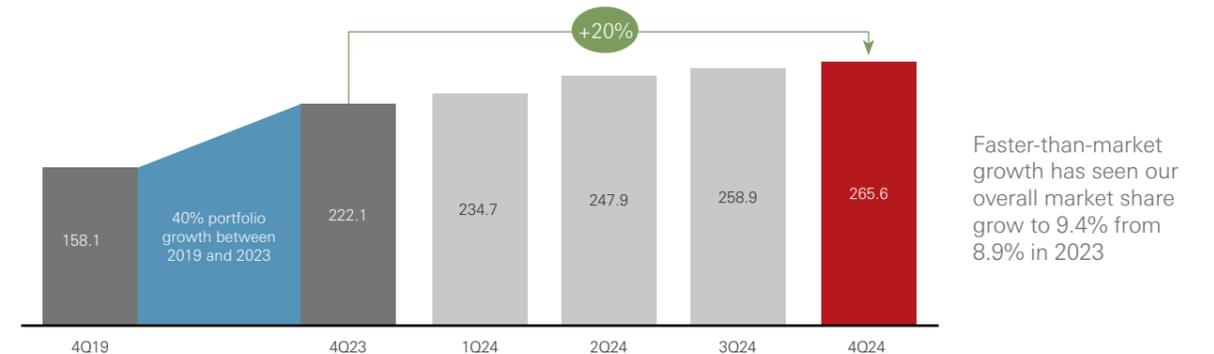
	2024	2023
Total assets	399.4	356.6
Gross customer advances	265.6	222.1
Investment portfolio	98.4	96.6
Customer deposits	267.0	253.5
Demand deposits	137.1	139.0
Average interest earning assets	382.8	336.9

## Customer lending

Gross customer advances increased 20% during 2024 to ₺ 265.6 bln. This marks the fifth consecutive year of growth in customer lending for the Bank since the merger. Our Corporate and Institutional business contributes 75% of our loan book, our Wealth and Personal Banking business contributes 24%, with the remainder coming from our Capital Markets business.



## Gross customer lending, ₺ bln



Gross customer lending increased across both our CIB and WPB businesses.

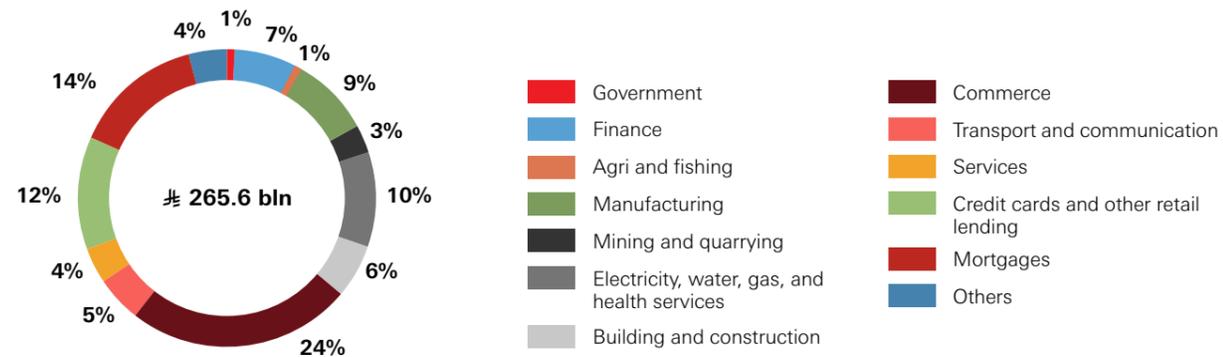
CIB balances grew ₺ 32 bln or 19% compared with 31 December 2023 with a closing balance of ₺ 199 bln. Growth was mainly relating to short-term commercial lending to support our customers' ongoing working capital requirements. In addition, a number of key infrastructure projects and some of the larger Vision 2030 giga projects accelerated, requiring drawdowns of funds which also bolstered the businesses originations. Sector

concentration remains low, with lending made to a number of sectors including construction, aviation, energy, tourism, and real estate.

The Wealth and Personal Banking business grew ₺ 11 bln or 21% compared with 31 December 2023 with a closing balance of ₺ 65 bln. Growth was mainly driven from continued efforts on our mortgage business which grew 26% to ₺ 35 bln at the end of 2024. Credit card and personal lending balances also grew during 2024.

# Operating Review (continued)

## Gross customer lending, by sector

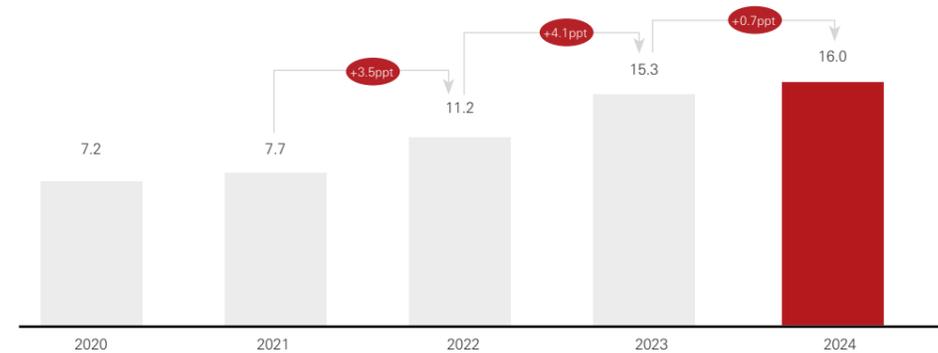


## Customer deposits

Customer deposits increased 5% during 2024 to 267 bln driven mainly by an increase in deposits from our WPB and CIB businesses. Given the higher policy rates in the Kingdom, the proportion of non-interest bearing deposits (demand deposits or NIBs) fell further during 2024 averaging 49% across the year, although absolute balances remained stable during the year. Overall funding and liquidity metrics remain robust with a regulatory loan-to-deposit ratio of 84%, simple loan-to-deposit ratio of 97%, liquidity coverage ratio of 143% and a net stable funding ratio of 118%.

## Returns

### Return on tangible equity, %



During 2024, SAB delivered a return on tangible equity of 16.0%. This has been driven by increased NSCI reflecting asset growth and repricing. The growth in returns were also supported by strong growth in non-funds income, which increased 26%.

# 16%

RoTE



# Operating Review (continued)

## Corporate and Institutional Banking

### Operating highlights

The Corporate and Institutional Banking (CIB) business provides tailored solutions to a wide range of customer segments, including Global Corporate and Institutional Banking, Multinational Corporates, Large and Commercial Banking Corporates, and Small and Medium Enterprises (SMEs). CIB banks over 28,000 active customers across diverse sectors, providing core banking, liquidity management, trade-finance, and treasury services. CIB enjoys c.13% corporate lending market share and is the leading international trade bank in the Kingdom, with c. 24% market share of off-balance sheet trade balances.

### Key priorities during 2024

Since the launch of our strategy, the CIB business has been focused on recapturing lost market share following the merger. During 2024, we continued this strong trend, posting 20% year-on-year loan growth. During December, the CIB loan portfolio exceeded the ₪ 200.0 bln mark before typical year-end scheduled repayments closed the portfolio at ₪ 199 bln. We are extremely proud of achieving this scale, which is now over 60% higher than when we launched the strategy.

Throughout the year, CIB supported customers through project finance, capital expenditure, and infrastructure financing, together with working capital financing to cover short-term financial borrowing needs. With the Kingdom's transformation drive including a range of landmark infrastructure projects, CIB has increased its activity on several giga projects that are aligned with some of our focus sectors, including construction, tourism, real estate, and energy.

CIB is committed to supporting sustainable finance opportunities aligned with the Kingdom's Vision 2030. During 2024, sizeable credit limits were allocated to finance renewable energy, infrastructure, waste management, and other green projects. SAB was chosen by the Ministry of Economy and Planning (MEP) as one of the nineteen 'Sustainability Champions' in the Kingdom. These champions reflect sector leaders with regards to incorporating ESG considerations within their core businesses and strategies. As part of this programme, CIB is expected to mentor a group of chosen corporates on their individual ESG journeys. This knowledge sharing infrastructure is aimed at furthering sustainability in the corporate sector.

SAB is also heading collaborative efforts to drive progress on climate change by supporting the efforts within SAMA's ESG Banking Advisory Committee (E-BAC). As part of E-BAC, CIB is leading the workstream for Sustainable Products and Solutions in the Kingdom.

Our second focus area has been ensuring that we maintain our leading position in providing trade-finance solutions. Our recently re-branded Global Trade Solutions business (GTS) maintained its #1 market position, with 24% market share in unfunded or off-balance sheet commitments in the Kingdom. This remains a critical differentiator for SAB, supported by our strong partnership with HSBC, as access to a global network through HSBC means we can capture more inflows entering the Kingdom. It is also a key contributor to the Bank's wider revenue, where the trade business contributes over 50% of the Bank's overall fee income. For the year, our GTS business grew by 27%, with strong expansion across all of our customer segments, including some of the landmark giga projects, as well as the increasing trade flows between the Kingdom and key international corridors. In addition, SAB leveraged its ESG capabilities for several large-scale renewables projects to contribute to the Kingdom's mandate to increase investment in renewable energy by 2030.

**c.13%**

Corporate lending market share

**24%**

Trade market share



### Corporate and Institutional Banking financial highlights (₪ mln)

	2024	2023
Total operating income (revenue)	7,534	6,870
Provision for expected credit losses	(368)	(481)
Total operating expenses	(1,720)	(1,581)
Net income before Zakat and income tax	5,446	4,808
Gross loans	198,540	166,896
Customer deposits	151,613	144,866



# Operating Review (continued)

In 2024, GTS accelerated its digital transformation to future-proof the business through a comprehensive re-platforming project. This was a significant investment, carried out in partnership with HSBC, which aims to convert a particularly manual and paper-based business into an end-to-end digital process. The first part of this transformation centred on the guarantees business, with the aim of improving process efficiency and enhancing the overall customer experience. The c. ₪ 200 mln investment will help us to ensure flexibility as future demands change in order to maintain our leading position. It has been pleasing to see these investments turning into real efficiencies, including 20% growth in transactions processed per FTE. Overall, we processed over 34,000 transactions through our digital trade channels – an increase of over 50% year-on-year. SAB was named ‘Best Trade Finance Bank in Saudi Arabia’ by Global Finance and ‘Trade Finance Market Leader 2024’ by Euromoney.

Additionally, USD capability has been added for Islamic supplier finance through our Supply Chain Finance platform, which now allows our customers to have and receive real time USD payments. GTS also activated its guarantee enquiry service using a third-party digital channel, called BwaTech, enabling our customers to get instant updates on their transactions.

As mentioned earlier, our continued strong partnership with the global HSBC network is a powerful differentiator to support our corporate customers in the Kingdom and internationally. We are the leading bank for multinationals participating in the remarkable transformation under Vision 2030, and the HSBC relationship also underpins our market leading position in helping Saudi businesses achieve their international ambitions.

Over **10,000**

accounts opened digitally since inception

Our third key focus was accelerating our digital transformation. 2024 has been a remarkable year for us in expanding exciting digital solutions for all of our CIB customers. Our Digital Account Opening platform continues to be the market leading innovative digital account opening platform for businesses, and we achieved a major milestone of opening over 10,000

accounts digitally since its launch. Our SME customers have strongly benefited from our digital innovations and make up the vast majority of the 10,000 accounts opened digitally; new customer onboarding grew more than 70% in 2024 and, with more than 80% of our Business Account Opening being performed digitally, our strength in this sector continues to grow.

Through our Digital KYC platform, businesses can update their information online and maintain a seamless banking journey, with over 70% of customers choosing this digital option in recent months. We also launched SME Contact Centre and significantly expanded the services available to our customers. These initiatives have resulted in a 27% increase in net customers. During 2024, we were awarded the ‘Global SME Banking Innovation’ award for the second year running from The Digital Banker.

Our Digital Credit platform has automated financing and lending processes, while also significantly improving the speed of financing for our customers, which has especially benefitted SMEs. Using application programming interface (API) technology together with our banking infrastructure, we have linked to key public and government data sources, speeding up our financing processes.

Our Liquidity and Cash Management business, which was rebranded to Global Payments Solutions (GPS), introduced a host of new features resulting in 24 new services on our SAB iCorp online channel for SMEs. These newly added features elevated the user experience by boosting the straight through processing rate from 44% to 79%. We also made significant advancements to our liquidity and cash management digital solutions, including exciting additions to payroll solutions, merchant acquiring, point of sale, payment gateway, procurement card, and across the suite of cash management solutions for businesses. All these improvements are continuously uplifting our NPS scores and making us the corporate and institutional Bank of Choice.

As part of our strategy, we are continuing to invest and accelerate the digital transformation across our key customer journeys and digital channels. We are committed to innovation and are making strong progress on initiatives of open banking, embedded finance, artificial intelligence, and machine learning in our digital platforms and in data and analytics.

## Financial performance

Net income before Zakat and income tax of ₪ 5,446 mln was ₪ 639 mln higher than in 2023, mainly from increased revenue that benefited from strong loan growth, despite pressures on margin, together with growth in fee income.

Revenue of ₪ 7,534 mln was 10% higher than in 2023. A key driver of the strong revenue momentum was the growth in average loan balances during 2024. Average yields did expand in the year, but we also experienced heightened funding costs in line with the sector. Towards the end of the year, three month SAIBOR fell, however the outlook for rates has shifted to a higher-for-longer scenario, which should be supportive of yields but adds further pressure on funding costs.

Gross lending of ₪ 199 bln, represents a year-on-year increase of 19%. Growth was mainly driven by large domestic corporates and our global and institutional customers, which make up over 90% of the corporate lending portfolio. Customer deposits increased by 5%, to ₪ 151.6 bln, while the level of demand deposits, or non-interest-bearing deposits, remained stable during the year.

Over **34,000**

transactions processed through our digital trade channels (50% YoY growth)

₪ **7.5 bln**

Revenue generated during 2024



# Operating Review (continued)

## Wealth and Personal Banking

### Operating highlights

Wealth and Personal Banking (WPB) achieved unprecedented growth in 2024, characterised by a considerable increase in new customer acquisitions, which surpassed a total of 1.6 million customers as of year-end. This success has been underpinned by enhanced digital sales penetration, introduction of innovative products and services, strategic partnerships, and robust customer engagement initiatives.

# 1.6 mln

Customers

In 2024, our primary focus was to further develop our mortgage offering and capitalise on the significant investment made over the course of the last three years. Through targeted sales efforts, WPB saw a substantial rise in mortgage sales, with originations exceeding ₪ 10 bln in 2024, over five times the levels achieved in 2020, before our strategy launch.

The current mortgage portfolio stands at ₪ 35 bln, or 54% of the entire retail lending portfolio. During 2024, WPB instituted several key initiatives that supported the housing programme and maintained continuous engagement with the Real Estate Development Fund (REDF), National Housing Company (NHC), and multiple other developers. SAB's ranking in REDF-related mortgage bookings moved to #3 position this year. Building on this strong momentum, WPB aims to further enhance its mortgage offerings in 2025 to drive sales, balances, and market share.

WPB retained its leadership position in the credit card sector, which continues to be a highly profitable product. With over 16% growth in card balances, surpassing market growth rates, we have increased our market share to c. 12%. The acquisition of new cards grew by 28% compared to 2023, while card spending rose by 24%, sustaining the highest per-card spend in the Kingdom. New features for the customer value proposition (CVP) were introduced throughout the year to drive further spending and increase card sales in the year ahead.

Our strategy for WPB centres on growth, propelled by our commitment to digitising our banking platform and enhancing customer experiences.

Ongoing digital transformation made significant progress and delivered tangible value in 2024. Enhanced customer satisfaction led to increased sales, subsequently boosting revenues. Notably, the cards and personal finance digital journeys were launched, which introduced omni-channel capability and reduced the necessity for branch visits. Digital sales in personal finance continued to perform robustly, contributing 11% to year-to-date sales in 2024.

The number of digitally active customers grew by 16% compared to year-end 2023, reaching approximately one million. This growth was primarily attributed to continuous enhancements to the SAB mobile application, which maintained its App Store rating of 4.7, making it one of the highest-rated apps in the Kingdom.

SAB now has one of the most extensive mobile and online banking offerings in the Kingdom, positively influencing

customer adoption of our digital services and products. We also upgraded the mobile app with a revamped user interface/user experience (UI/UX) and improved log-in methods.

# ₪ 2.05 bln

Net income

In December 2024, SAB successfully launched Samsung Pay, becoming one of the first banks to launch this service in the Kingdom. Over 17,000 customers have provisioned their cards, resulting in ₪ 2 mln in transactions conducted since the launch.

We also continued to leverage our strengths to deliver advanced retail products tailored to the evolving requirements of our customers. During 2024, we enriched our customer experience through a variety of new services available on our electronic channels. These include the



### Wealth and Personal Banking financial highlights (₪ mln)

	2024	2023
Total operating income (revenue)	4,114	3,454
Provision for expected credit losses	(199)	(78)
Total operating expenses	(1,865)	(1,868)
Net income before Zakat and income tax	2,050	1,508
Gross loans	65,363	53,969
Customer deposits	86,855	78,178



# Operating Review (continued)

ability to instantly increase temporary credit card limits, Cash-on-Call, which is a facility offered to cardholders that allows them to withdraw cash from their credit limit and repay it in equal monthly instalments, and the AQSAT Card as a Buy Now Pay Later (BNPL) alternative. We also introduced our Umlaty Virtual Multicurrency Card, which allows customers to download a virtual card and be able to instantly transfer funds across 11 different currencies.

SAB introduced several new corridors to Visa Direct and MasterCard Send, facilitating quick and secure money transfers for customers to a wider array of destinations via digital channels. Our market share within the digital payment sector increased this year to 17.3%, representing a rise of 1.9%. Remittance customers grew by 18% year-on-year, with the total volume of remittance transactions surging by 29% during the same period.

Our Global View and Global Transfer (GVGT) service enables SAB customers to link their accounts with HSBC accounts globally. Since its inception, GVGT has facilitated ₪ 2.5 bln in transfers, including with the UK and the UAE. We also successfully launched a corridor with Australia in the fourth quarter of 2024.

Our customer segments include affluent propositions, such as Top Tier, Premier, and Advance, as well as general banking for mass customers. The affluent segment comprises over 14% of our total client base, and approximately 45% of customers are international customers. SAB focuses on high-net-worth private customers by offering tailored products and services that address their investment needs through collaboration with SAB Invest and HSBC's global network.

During 2024, we experienced robust growth in customer deposits, significantly supported by the launch of several new e-channel features. We also introduced the re-branded and enhanced Premier proposition (Premier 3.0), which provides customers with a personalised relationship management model that includes their family members, focusing on identifying customers' needs and meeting their expectations.

As a component of our Private Banking strategy, we continued to foster a strategic partnership with SAB Invest to drive financial innovation and expand our service

offerings to Wealth customers. In 2024, referrals to SAB Invest from SAB increased threefold compared to the prior year, with a conversion rate of c. 55%.

Looking at 2025, our strategy will continue to emphasise investment in the Wealth segment, particularly in high-net-worth value propositions. Notably, the asset portfolio within Private Banking has more than doubled, and Private Banking deposits have increased by over 1.5 times since the merger.

## Financial performance

Revenue for the year reached ₪ 4,114 mln, representing an increase of ₪ 660 mln or 19% compared with 2023. The mortgage portfolio was a key driver of growth, which constitutes 54% of the total WPB loan book. WPB's mortgage origination growth was six times higher than the overall market growth, resulting in an origination market share of 11%. Additionally, key performance indicators for our mortgage, personal loan, credit card, and Private Banking assets all exceeded both our 2024 plans and historical figures. WPB demonstrated solid growth in net fee income and foreign exchange income, primarily from increased lending activities, remittances, and card spending.

We delivered net income for the year of ₪ 2,050 mln, an increase of ₪ 542 mln or 36%, compared with 2023. This increase is largely due to higher revenues, partly offset by increased net charges for expected credit losses, primarily resulting from the expansion of the loan portfolio. Total operating expenses remained stable at ₪ 1,865 mln.

Gross lending totalled ₪ 65.4 bln, with growth of ₪ 11.4 bln, or 21%, for the year. Customer deposits grew 11%, reaching ₪ 86.9 bln by the end of 2024. Non-interest-bearing deposits, or demand deposits, improved 4%, or ₪ 2.3 bln, which is attributed to payroll acquisition and increased lending activities.

# ₪ 65.4 bln

Gross lending



# Operating Review (continued)

## Treasury

### Operating highlights

SAB's Treasury business provides Corporate, Institutional, Wealth, and Private Banking clients with access to Treasury and Capital Markets products across multiple asset classes, including foreign exchange, interest rate, and commodity hedging solutions. In addition, Treasury manages the liquidity and market risk of the Bank, including deployment of the Bank's commercial surplus through its investment portfolio.

Since the launch of the Bank's strategy in 2021, the Treasury business had positioned SAB's investment portfolio in readiness for a lower rate environment to protect the net special commission income revenue line. By increasing the overall volume of investments and shifting the construct of the portfolio, so it is more weighted to fixed-rate investments, it has lowered the Bank's sensitivity to changes in benchmark rates. This thorough planning approach supports the Bank in maintaining its current revenue and return levels in a lower rate environment, while also allowing it to benefit from tactical investment gains, as and when they arise.

During 2024, the Treasury business achieved higher revenues across rates, foreign exchange, and commodity markets. However, this was more than offset by increased special commission expense, as we secured funding in

order to grow both the investment portfolio and the Bank's loan portfolios. Despite this increase in special commission expense, the Treasury team continues to ensure that SAB maintains one of the lowest cost-of-funding rates in the banking sector, thanks to effective balance sheet management.

Our customers remain at the heart of Treasury's strategy. We continue to drive digital innovation through our enhanced FX services. We enjoyed a 10x increase in digital FX volumes in 2024, driven primarily by customer flows from seamlessly integrating channels to our digital FX platform. We fully commercialised our commodity hedging solutions, and we finalised our process and system readiness to add equity derivatives to our customer product offerings, in advance of regulatory approvals.

Treasury is fully aligned with Vision 2030 and strongly supports the Financial Sector Development Programme (FSDP). We are proud to be ranked the #1 Primary Dealer by the National Debt Management Centre; we are leading the development of the local repo market, and we are leveraging our international connectivity to provide hedging solutions and derivatives clearing to several of the Kingdom's key infrastructure projects. In addition, we have maintained our investment in green and sustainable bonds in support of SAB's position as the leading bank in ESG.

We have also taken steps during 2024 to strengthen the offering we provide our customers, improving controls and creating efficiencies. In order to support market transparency on derivative transactions, we were the first bank to comply with the unique product identifier (UPI), in line with G20 regulation, on OTC derivatives, which is being mandated in other global markets. While the primary driver of the UPI is regulatory reporting, it will help streamline pre- and post-trade processes performed by market participants and financial market infrastructures. We were also the first bank in the Kingdom to integrate with triResolve, a centralised digital third-party that aims to reduce complexity and simplify business-as-usual for OTC derivatives, mark-to-market reconciliation, and collateral operations for all market participants. We expect more local and regional banks to join this network which should result in a more connected and streamlined capital markets ecosystem.

During December, SAB issued a ₪ 4.0 bln Additional Tier 1 (AT1) Sukuk. This capital raise was successful and unique in issuing on a fixed and floating basis in the same issuance and reinforces our strong capitalisation for the next stage of the Bank's journey.

Looking forward, we will continue to invest in our digital platforms, including the development of virtual assets, and we will further expand our suite of hedging and investment products. We will also continue to leverage our international connectivity through our differentiated partnership with HSBC to drive innovation and value creation.

### Financial performance

Net income before Zakat and income tax of ₪ 1,491 mln in 2024 was ₪ 169 mln or 10% lower than in 2023, mainly from lower revenue which was driven by higher special commission expense as the Treasury business captured deposits to support the funding of both the loan and investment portfolios. Total revenue of ₪ 1,925 mln for the year was ₪ 136 mln or 7% lower than in 2023. This was partly offset by improving trading and FX revenues, which were up 14% year-on-year for exchange income and 66% for trading income.

Our investment portfolio grew by ₪ 1.8 bln or 2% to reach ₪ 98.4 bln, reflecting our continued role as a primary dealer as well as our active management of the portfolio in the current rate cycle.



### Treasury financial highlights (₪ mln)

	2024	2023
Total operating income (revenue)	1,925	2,061
Provision for expected credit losses	1	(4)
Total operating expenses	(434)	(397)
Net income before Zakat and income tax	1,491	1,660
Investment portfolio	98,412	96,567
Customer deposits	28,543	30,414



# Operating Review (continued)

## Capital Markets

### Operating highlights

The Capital Markets segment brings together the Margin Lending, Brokerage, and Asset Management businesses, which were acquired from HSBC Saudi Arabia in 2022 with our wholly owned subsidiary SAB Invest. Merging and dedicating capital to this business will allow the Bank to deliver a broader proposition to our WPB customers and CIB clients.

Asset Management offers a comprehensive range of investment management and advisory solutions, in both conventional and Shariah-compliant formats, in Saudi Arabia as well as regional markets. The business delivered significant growth in 2024, with total AuM increasing 20% to reach ₪ 32.8 bln. This notable growth was driven by several key factors, including outstanding performance of our flagship funds, which earned a number of prestigious awards across the Kingdom and wider GCC area across equities, money market, and multi-asset strategies. In addition, Asset Management launched a range of innovative new products, attracting over ₪ 3.6 bln in commitments. These offerings spanned a diverse range of asset classes, including pioneering real estate funds

focused on co-living, income-generating properties, and logistics development, along with a landmark mixed-use project in Riyadh. Demonstrating its commitment to providing clients with cutting-edge investment opportunities, the business also diversified its offering with a fixed income product featuring a conventional MENA strategy, and products linked to the technology sector, by launching both a venture capital programme and a groundbreaking Shariah-compliant venture capital income fund.

SAB Invest's Brokerage business plays a crucial role in the financial markets, by offering clients a comprehensive and attractive investment experience. It offers a range of attractive products, such as equity, fixed income, and derivatives in both local and international markets. During 2024, SAB Invest traded in excess of ₪ 93 bln with our online channels contributing over 73% of the total traded value for the year. This was an increase of over 70% compared with 2023, highlighting the growing importance of digital platforms in client trading.

Our Global Investment Solutions business (GIS) serves as the cornerstone of innovation in wealth management. Established in 2023, GIS provides outsourced CIO services, global multi-asset portfolio management services, and investment advisory services. Additionally, the business develops innovative funds and feeder strategies across traditional and alternative asset classes, providing our customers with better access to international markets. During 2024, GIS launched a Shariah-compliant 'Fund of Funds' in the global private credit space. The fund had raised c. ₪ 350 mln by the end of the year. GIS also launched the Hang Seng Hong Kong ETF, tracking the performance of the broad Hong Kong equity market. The ETF attracted c. ₪ 1.8 bln of AUMs by the end of the year. Lastly, the team won its first OCIO mandate, for which they oversee around ₪ 835 mln in Assets under Advisory (AuA) – the total AuM and AuA for this mandate was ₪ 3.1 bln.

Throughout 2024, SAB Invest continued to make strong progress in executing its five-year strategy, which was launched in early 2023 with the ambition of becoming a

leading capital markets institution in the Kingdom by 2027. We targeted 17 strategic initiatives, and by the end of 2024, we completed 11 of these initiatives. Our focus will now turn to the remaining items, which are related to digital channels and technology enhancements. SAB Invest aims to offer a wide range of investment products and services through its digital platforms. Several key initiatives are in the pipeline, each aimed at transforming customer experience through digitisation, streamlining processes, enhancing accessibility, delivering personalised products, and improving user-friendly navigation across products and services.

### Financial performance

Revenue of ₪ 446 mln for 2024 was ₪ 109 mln or 32% higher than in 2023, primarily driven by higher asset management fees and increased revenue from margin lending activities. Net income of ₪ 188 mln represented a year-on-year increase of ₪ 78 mln or 71%, mainly from higher revenue, as mentioned, but these factors were partly offset by higher operating expenses reflecting the current transformation phase of the business.



### Capital Markets financial highlights (₪ mln)

	2024	2023
Total operating income (revenue)	446	338
Provision for expected credit losses	(1)	(0)
Total operating expenses	(258)	(228)
Net income before Zakat and income tax	188	110
Assets under management (AuM)	35,044	27,253



# Capital Overview

**Capital management is critical for the longevity of the Bank. SAB ensures it possesses an appropriate level of regulatory capital to meet the minimum levels required by its regulator and to support business growth and dividend distribution, even under stressed scenarios. The Bank's policy on capital management is underpinned by a capital management framework and our internal capital adequacy assessment process (ICAAP). Capital adequacy and utilisation of regulatory capital are monitored regularly by the Bank's Senior Management.**

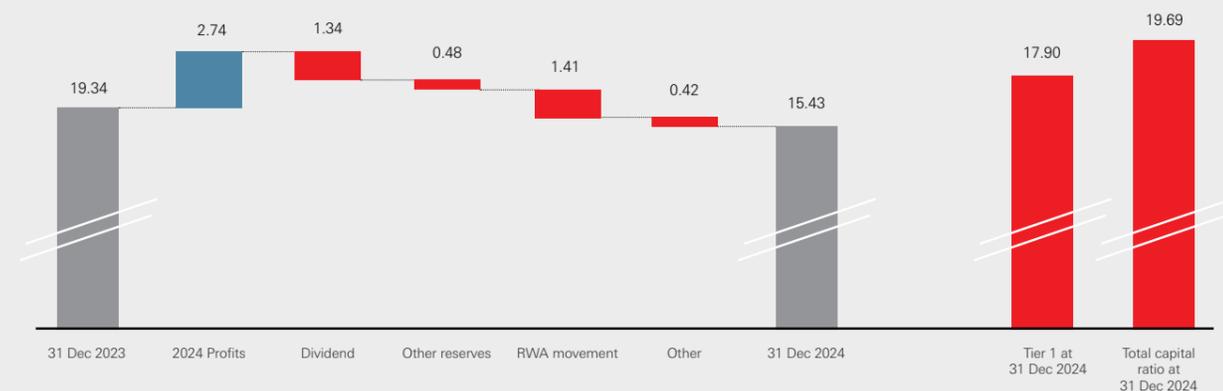
SAB's assessment of capital adequacy is aligned with its assessment of risks, including credit, liquidity, Shariah, and other operational risks as detailed on page 126 within the Risk overview.

Capital ratio, %	31 Dec 2024	31 Dec 2023
Common equity tier 1 ratio	15.43%	16.34%
Tier 1 ratio	17.90%	17.69%
Total capital ratio	19.69%	19.72%

Capital, ₪ mln	31 Dec 2024	31 Dec 2023
Common equity tier 1 capital	49,661	48,054
Additional tier 1 capital	7,965	3,985
Tier 1 capital	57,626	52,039
Total regulatory capital	63,405	57,997

Risk-weighted assets (RWAs), ₪ mln	31 Dec 2024	31 Dec 2023
Credit risk	308,506	279,968
Operational risk	12,234	10,458
Market risk	1,193	3,724
Total RWAs	321,933	294,151

CET1 ratio movement 31 December 2024 vs 31 December 2023, %



# Supporting MSMEs

**As a leading bank in the Kingdom, SAB is supporting Micro, Small, and Medium Enterprises (MSMEs) in line with Vision 2030.**

**SAB defines its MSME segments as follows:**

Sub-segments	Annual turnover
Micro	Below 3 mln
Small	Between 3 mln to 40 mln
Medium	Between 40 mln to 200 mln

SAB increasingly supports MSME customers through its digital offerings, but also through five SME centres across the Kingdom, covering all major business hubs:

1. Riyadh
2. Jeddah
3. Al-Khobar
4. Dammam
5. Al Qassim

SAB offers a range of financial and non-financial products and services to meet the needs of MSMEs aligned with Shariah-compliant products. Customers receive a dedicated Relationship Manager (RM) to offer banking solutions to meet their requirements. SAB has dedicated staff to support SME clients.

In 2024, the strategic focus of MSMEs was centred around empowering MSMEs' businesses by enhancing their access to finance, fostering digital transformation, and promoting sustainability.

Further, SAB is actively engaged in a number of government initiatives such as:

## Kafalah Programme

SAB continues to support the Kafalah Programme which aims to provide financial assistance in the form of financial guarantees to SMEs. SAB was honored during the Kafalah Programme ceremony, which was held to celebrate reaching a total of 100 bln in guaranteed financing, by receiving the "Best Innovative Product Award". This underscores the Bank's commitment to supporting SMEs and meeting their needs.

## SME Bank

### 1. Funding Portal

Funding Portal is an online portal owned by SME Bank that brings together entrepreneurs and owners of SMEs with funding requirements to obtain the appropriate funding, by providing information that helps them make credit decisions and by linking them to relevant government institutions and credit information firms. SAB continues to collaborate with SME Bank on their initiatives, including Funding Portal and the SME Bank Co-Financing Programme, that enables MSME customers to gain access to financing opportunities. In addition, a memorandum of understanding was signed to further improve collaboration.

### 2. SME Bank Co-Financing Programme

Starting in 2023, SAB entered into a partnership with SME Bank to provide co-financing programmes. This collaboration aims to offer financial support to customers through a joint effort between SAB and SME Bank.

In addition to Kafalah and SME Bank, SAB also supports MSMEs through its participation with the Real Estate Development Fund (REDF), Tourism Development Fund (TDF), and the National Technology Development Program (NTDP).

## SAB SME Academy

In collaboration with the London Stock Exchange (LSE), SAB initiated a series of training and awareness programmes for SMEs under its SME Academy. These were delivered through webinars for SMEs and were open to the public. The goal of SME Academy is to empower SMEs with financial planning as well as financial education on the essential elements of success.

In 2023, as part of SAB's commitment to support Vision 2030, the Bank delivered its first of a series of free seminars for MSMEs, to help educate them on the different facets of developing and growing an MSME in the Kingdom.

By continuing to support entrepreneurs to become more educated and aware in their fields of work, SME Academy hosted speakers from different entities to inform audiences on specific sectors such as EXIM Bank and Monsha'at.

## Saudi Industrial Development Fund collaboration

SAB is working on executing guarantees for specific sectors that are empowered by the SIDF, such as energy, logistics, etc.

The Bank recognised the critical role MSMEs play in driving economic growth and job creation, and its efforts were aimed at addressing the key challenges they face.

## Client success story: Empowering global sustainability

### The transformative journey of one of SAB's SME clients

SAB has provided a credit facility to one of its SME clients, Green Technology Company, a visionary leader in providing solar equipment, specialising in sustainable solutions aligned with Vision 2030. With the Bank's financial support, the Company embarked on a transformative journey.

Together, SAB and Gtek not only revolutionised the renewable energy sector but also contributed to building a greener, more sustainable future for generations to come. This success story stands as a testament to the power of collaboration and innovation in driving positive change on a global scale.

The success of 2024 has set the stage for even greater ambitions in 2025. We aim to further enhance access to resources, integrate cutting-edge technologies and continue empowering the MSME sector as a critical driver of economic growth and innovation.

SAB recognised the critical role MSMEs play in driving economic growth and job creation and its efforts are aimed at addressing the key challenges they face.

The Bank has expanded its digital proposition to SMEs by addressing the major customer journeys and measuring its success in serving the SME market. SAB launched a Digital Credit Platform and Digital KYC to streamline the loan process and improve customer experience.

### Digital Business Account Onboarding (AOB) platform:

Since the launch of AOB platform, demand for account opening has increased by 600%.

### Business Account Update (Digital KYC) platform:

Customers can update all their information online without any need for physical visits to the branch. This has ensured 40% faster processing of KYC processes through system automation.

SAB is always keen to be part of any government or private sector initiative to create awareness of its products tailored for SMEs, and answers any inquiries such as:

- > Kafalah initiative (Winter of opportunities)
- > Seamless event
- > Biban event (Approval on financing within 48 hours)
- > E-Commerce tour around the Kingdom
- > Retail week event
- > Awareness sessions for SMEs by SME Academy

SAB offers a range of products and services to meet the needs of MSMEs including Shariah-compliant products. However, during 2024 the main focus was on the following:

- > SME Bank co-financing
- > Product campaigns for lending and non-lending products
- > Expanding on the government collaboration and government funds in supporting MSMEs
- > Embedded financing solutions

# Supporting MSMEs (continued)

## MSME training initiatives and workshops for staff and customers

In total, SAB has around 87 FTE dedicated to supporting MSMEs to which over 144 hours of training were delivered.

Customers had around seven hours of online training through SAB Academy, in addition to participating as sponsors for the awareness sessions conducted by government and semi-government initiatives to enhance customers' knowledge towards the banking finance.

Number of man-days training provided to staff	18
Number of man-days training provided to customers	4

During 2024, SAB SME won the following awards:

- > Best SME Bank in the KSA 2024 by The Digital Banker
- > Best SME Financer in the KSA 2024 by Global SME Finance Forum
- > Best SME Bank in the KSA 2025 by Global Finance

## From a financial perspective

December 2024	SAR mln			
	Micro	Small	Medium	Total
Loans to MSMEs	2,688	2,845	6,722	12,255
Off-balance sheet positions to MSMEs	7,842	6,908	16,373	31,122
Loans to MSMEs as a percentage of total SAB loans	1.28%	1.35%	3.20%	5.83%
Off-balance sheet positions to MSMEs as a percentage of total SAB off-balance sheet positions	4.80%	4.23%	10.01%	19.04%
Number of credit facilities	1,569	3,814	3,294	8,677
Number of customers with credit facilities	611	830	523	1,964
Number of credit facilities guaranteed by Kafalah programme	723	1,266	1,023	3,012
Amount of credit facilities guaranteed by Kafalah programme	350	788	1,301	2,439

December 2023	SAR mln			
	Micro	Small	Medium	Total
Loans to MSMEs	1,515	2,975	6,538	11,027
Off-balance sheet positions to MSMEs	3,185	2,416	9,467	15,068
Loans to MSMEs as a percentage of total SAB loans	0.68%	1.34%	2.94%	4.97%
Off-balance sheet positions to MSMEs as a percentage of total SAB off-balance sheet positions	2.43%	1.85%	7.24%	11.52%
Number of credit facilities	1,370	2,385	4,730	8,485
Number of customers with credit facilities	526	658	481	1,665
Number of credit facilities guaranteed by Kafalah programme	646	1,106	1,073	2,825
Amount of credit facilities guaranteed by Kafalah programme	344	563	1,050	1,957

This excludes any purchase price allocation (PPA) from the fair value exercise following the merger with Alawwal Bank. The PPA, related to lending to MSME.

Gross exposure before PPA (FV adjustment) as at December 2024 was SAR 12 bln and PPA adjustment was SAR 0.5 bln (2023 – SAR 0.9 bln).



# ESG in Focus

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# Environmental, Social, and Governance Focus at SAB

**Sustainability continues to be a priority agenda for SAB, where the Bank has made significant progress over the past three years since the announcement of the ESG Strategy in 2022. As our journey continues, in 2024 we focused on initiatives that promote environmental stewardship, social responsibility, and strong governance across the Bank. This section covers key ESG highlights for the year ending in December 2024.**

To help provide our stakeholders with increased transparency and further details on our ESG initiatives and performance, we will be releasing a detailed ESG Report over the coming months. With this report we intend to provide comprehensive insights into our sustainability efforts, achievements, and outlook.

A cornerstone of our ESG approach is robust stakeholder engagement. Throughout the year, we have actively sought input from our diverse stakeholder groups, including customers, employees, investors, and community members. This engagement has been instrumental in shaping our ESG priorities and ensuring that our initiatives align with the expectations and needs of those we serve. For further information on Stakeholder Engagement, please refer to the (Stakeholder Engagement section in the Annual Report).

We continue to reflect on our reporting practices to better understand how we can improve transparency and enhance disclosures for sustainability-related information. In 2024, we refreshed our materiality assessment to

reassess the most pressing issues facing our stakeholders and the broader community and compared it against the initial assessment conducted in 2022. This assessment involved extensive consultations and surveys, allowing us to identify key areas of focus that are critical to our sustainability efforts. The insights gained from this process have informed our strategic priorities and will guide our actions moving forward.

## Standards and frameworks

We are committed to providing comprehensive information on our ESG approach, in line with key national and global standards and frameworks for sustainability and climate-related disclosures. For our 2024 ESG Report, we aim to continue adhering to international standards including the Sustainability Accounting Standards Board (SASB), International Sustainability Standards Board (ISSB), and the United Nations Principles for Responsible Banking (UN PRB). By following these rigorous frameworks, we ensure transparency and accountability in our sustainability initiatives.

### International frameworks and standards

UN Global Compact	A voluntary initiative that promotes sustainable and socially responsible practices among businesses and organisations by aligning their operations with 10 universally accepted principles related to human rights, labour, environment, and anti-corruption.
UN Sustainable Development Goals	A set of 17 interlinked global goals established by the United Nations to tackle social, economic, and environmental issues and foster sustainable development by 2030.
UN Principles for Responsible Banking	A United Nations framework that helps banks incorporate sustainability into their operations and decision-making, aligning banking practices with sustainable development goals.
IFRS S1 and S2	International standards for sustainability- and climate-related reporting published by the International Sustainability Standards Board (ISSB).
SASB	Industry-specific guidance for sustainability-related disclosures.

## Improving climate risk management

Identifying ESG risks is essential for understanding the potential impacts on our operations and the broader financial landscape. We have conducted a thorough assessment to uncover a range of climate and sustainability related risks that could affect our business. Primary thematic risks identified include:

**Greenwashing risk:** This encompasses challenges such as inadequate communication of progress towards net zero goals and the failure to appropriately market 'green' products.

**Net zero alignment risk:** This pertains to the risk of not meeting our net zero ambitions or external expectations due to poor execution by the Bank or its stakeholders.

**Climate risk:** This is now considered a cross-cutting risk for the Bank and has been integrated into our Three Lines of Defence model. The climate risk management strategy is supported by clear roles, responsibilities, and processes. The Risk Management Policy Statement specifies the Bank's approach to climate and sustainability risks with detailed key parameters.

## Working towards net zero

SAB is fully committed to achieving operational net zero emissions by 2035. To address our operational emissions, we are actively implementing initiatives to improve our resource consumption through better resource management and by converting our branches to solar energy where possible. As for our financed chain (Scope 3), we are committed to achieving net zero by 2060 or sooner. To do so, we have completed the assessment of our financed emissions for four hard-to abate sectors, and plan to continue the effort for the remaining sectors during the course of 2025. Simultaneously, we continue to assess market dynamics and actively deploy capital to support our clients through a comprehensive set of sustainable finance products.

## Sustainable finance

The Bank is firmly committed to sustainable finance, recognising it as a significant opportunity to align with national objectives under Vision 2030. The Kingdom's ambitious plans to diversify its economy and reduce reliance on hydrocarbons creates a fertile ground for sustainable investments, particularly in renewable energy. As part of this commitment, SAB aims to play a pivotal role in financing projects that contribute to environmental sustainability and social development, thereby supporting the Kingdom's transition to a greener economy.

## Oversight and risk management of sustainable finance activity

Effective oversight and risk management are integral to SAB's approach towards capital deployment through sustainable finance and investments. We have embedded climate and reputational risk into our overall risk management framework, ensuring that these factors are considered in lending decisions. This integration allows us to identify potential risks associated with sustainability and make informed choices that align with our long-term objectives.

SAB employs enhanced due diligence processes, particularly for high-risk sectors identified in our Risk Management Policy, a summary of which can be accessed through our website. This rigorous approach ensures that we thoroughly assess the sustainability credentials of projects, mitigating risks and promoting responsible lending practices. Our Sustainable Finance Data Dictionary and sustainable debt framework provide clear guidelines for evaluating and categorising sustainable projects, ensuring transparency and consistency in our financing activities.

## Sustainable finance products

SAB offers a range of sustainable finance products designed to meet the growing demand for responsible banking options. These include green loans, social loans, sustainability-linked loans, and green trade finance. Each product is tailored to support projects that contribute positively to environmental and social outcomes, reinforcing our commitment to sustainable development. More details about our sustainable finance products can be found in our [Sustainable Finance Data Dictionary](#).

Our sustainable finance initiatives are underpinned by a robust [sustainable debt framework](#) that aligns with international best practices, ensuring that our financing activities are both impactful and compliant with any forthcoming regulatory requirements. By providing innovative financial solutions, SAB empowers clients to transition towards sustainable practices while enhancing the resilience of our portfolio.

# Environmental, Social, and Governance Focus at SAB (continued)

## Financed projects

### Sustainable finance and investments (SAR mln)

As defined by the Sustainable Finance Data Dictionary

Category	Dec'2024	Dec'2023
Sustainable finance limits approved by CIB Sustainable Finance Forum (CSFF)	16,601	10,988
Green deposits	1,169	648
Investments in green, social, sustainability, and sustainability-linked bonds/sukuk	998	998
<b>Total sustainable finance</b>	<b>18,768<sup>A</sup></b>	<b>12,634<sup>B</sup></b>
<b>On balance sheet financing</b>		
SAR mln	Dec'2024	Dec'2023
<b>Assets</b>	<b>9,834</b>	<b>4,893</b>
Sustainable finance loans and advances	8,837	3,895
Green, social, sustainability, and sustainability-linked bonds/sukuks	998	998
<b>Liabilities</b>	<b>1,169</b>	<b>648</b>
Green deposits	1,169	648

## Environment

### Emissions management

SAB recognises the significance of managing both operational and financed emissions as part of our commitment to sustainability. Operational emissions stem from our direct activities, while financed emissions arise from the projects and businesses we support through our lending portfolio. In 2024, we made substantial progress in measuring and managing these emissions, with a focus on achieving net zero operations by 2035 and net zero financed emissions by 2060 or sooner.

To facilitate this, we have developed sector-specific decarbonisation pathways for four sectors that align with the International Energy Agency (IEA) scenarios, tailored to the unique challenges and opportunities within the Kingdom. These pathways provide a roadmap for reducing emissions in high-impact sectors, ensuring that our financing activities contribute positively to the environment.

In our pursuit of sustainability, we actively engaged in the voluntary carbon market, purchasing carbon credits equivalent to 115,500 metric tonnes of CO<sub>2</sub>. This strategic investment not only offsets our emissions but also demonstrates our commitment to supporting global carbon reduction efforts, as we believe that the carbon credit market is a critical channel to divert funding to environmental projects in the global south.

We are also investing in renewable energy solutions, including the installation of solar panels across our branches. This initiative not only reduces our reliance on fossil fuels but also contributes to the Kingdom's goal of achieving 50% renewable energy by 2030.

SAB is also transitioning its fleet to electric vehicles (EVs) as part of our broader strategy to reduce operational emissions. This transition is supported by the establishment of charging infrastructure at our facilities, aiding the shift towards cleaner transportation options.

### Energy

We are committed to promoting green building practices, with five of our branches achieving LEED certification, which signifies adherence to stringent energy efficiency and sustainability standards. We believe in empowering employees with knowledge about sustainable practices. This year, we organised awareness campaigns on the benefits of solar photovoltaic (PV) systems for residential use, encouraging staff to consider renewable energy solutions in their homes. This initiative not only promotes sustainability, but also fosters a sense of responsibility towards the environment.

### Water and waste management

SAB is equally dedicated to responsible water management, recognising the critical importance of water conservation, especially in arid regions. SAB is also a signatory to Net Positive Water Impact (NPWI), a United

Nations initiative that aims to ensure sustainable use of water resources across our operations. This initiative aligns with our sustainability goals and supports the Kingdom's Vision 2030 objectives.

In addition to our focus on water conservation, we actively utilise recycled stationery and paper in our operations. In

2024, we installed recycling machines at our headquarters and branches to promote waste segregation and recycling efforts. This initiative not only reduces landfill waste but also encourages a culture of sustainability among employees.

## Social

### Our people

At SAB, our workforce is the cornerstone of our success, and we prioritise their development and well-being as a strategic imperative. Recognising the critical role our employees play in achieving our goals, we are committed to fostering an inclusive, supportive, and dynamic work environment that nurtures talent and drives innovation.

A key focus of our workforce strategy is Saudisation, aligning with the Kingdom's Vision 2030 to enhance local employment. We are proud to report that nearly 93% of our workforce consists of Saudi nationals, supported by targeted recruitment and professional development programmes. Our Sustainability Graduate Programme is a testament to this commitment, offering fresh graduates essential training and career opportunities in the banking sector.

SAB places a strong emphasis on learning and development, providing a robust training platform accessible to all employees. We partner with prestigious institutions to deliver specialised training sessions, ensuring our team is equipped with the latest skills and knowledge. Our training programmes include leadership and management workshops, cross-selling workshops, and the SAB Mentoring Programme, fostering personal and professional growth.

Employee health and well-being are paramount, reflected in our comprehensive Health and Safety Policy and the 'Be Well' initiative. This programme promotes physical and financial wellness through partnerships with organisations like the Sports for All Federation. Throughout the year, we organise various events across branches, such as International Yoga Day and World Heart Day, to support employee well-being.

Diversity and inclusion are integral to our values, underscored by our signing of the UN Women's Empowerment Principles. Our 'Balance' and 'Stronger Together' programmes empower female employees by providing resources, support, and opportunities for advancement. We offer competitive benefits to support our employees' personal and professional lives, alongside a robust grievance mechanism to address concerns and ensure a positive workplace culture.

## Our workforce highlights

**4,062**  
Full-time employees

**93%**  
Saudi nationals among the workforce

**12.9**  
Hours of training per employee

**18**  
NPS score

**26%**  
Women in workforce

# Environmental, Social, and Governance Focus at SAB (continued)

Workforce analysis by gender	2024		2023		2022	
	Male	Female	Male	Female	Male	Female
Board	10 <sup>A</sup>	1 <sup>A</sup>	10 <sup>A</sup>	1 <sup>A</sup>	10	1
Executive Management	11	4	10	5	10	5
Senior Management	146	19	146	19	135	19
Middle and junior Management	2,700	999	2,741	945	2,730	810
Total full-time employees	2,857 <sup>A</sup>	1,022 <sup>A</sup>	2,897 <sup>A</sup>	969 <sup>A</sup>	2,875	834
Total full-time employees (%)	74%	26%	75%	25%	77%	23%
Third Party Contractors	457	245	454	224	397	161

Through these initiatives, SAB demonstrates its unwavering commitment to its workforce, fostering an environment where employees can thrive and contribute to the Bank's success.

## Our customers

Our customers are at the heart of everything we do. We are dedicated to understanding their needs and preferences, ensuring we provide innovative solutions that enhance their financial well-being. Our customer-centric approach drives us to continuously improve our services and foster strong relationships.

Delivering exceptional customer experiences and maintaining high satisfaction levels are a top priority at SAB. In 2024, we achieved top score and rank for

relationship metrics which is a testimony to our commitment. We also hold ISO 10004 certification, demonstrating our systematic approach to monitoring customer satisfaction. Our robust complaint mechanism empowers customers to voice their concerns, ensuring timely resolutions and maintaining trust. For further details, please refer to the (Customer Experience section in the Annual Report).

Relationship metrics		
Division	Customer Recommendation Index (CRI) <sup>1</sup>	Brand Health Index (BHI) <sup>2</sup>
WPB	97.2 (Rank 1)	79.6 (Rank 1)
CIB	93.3 (Rank 1)	70.4 (Rank 1)

<sup>1</sup> The CRI is calculated on the likelihood to recommend each bank among the competition set.

<sup>2</sup> The BHI considers several factors such as brand awareness and customer loyalty.

## Our 2024 awards and recognitions

- Best Measurement in Customer Experience
- Best Use of Customer Experience in Banking
- Best Banking Customer Experience
- Gold award for 'Best Use of Customer Insight and Feedback'
- Bronze award for 'Best Measurement in Customer Experience' at the second edition of Saudi CXA25
- Best Measurement in Customer Experience in Banking from Customer Centricity Summit and Awards



# Environmental, Social, and Governance Focus at SAB (continued)

## Digitalisation highlights



### Communities we serve

We recognise our responsibility to the communities we serve and strive to make a positive impact through various initiatives. Our commitment to social responsibility is reflected in our focus on financial literacy and community engagement, ensuring that we contribute to the economic growth and well-being of our society.

We have partnered with Riyali Foundation to promote financial literacy, educating thousands of students and empowering them with essential financial skills. Our support for Micro, Small, and Medium Enterprises (MSMEs) is evident, with a customer base that has grown by nearly 40% over the last three years. Through our Taqadam programme, we provide mentorship and funding to aspiring entrepreneurs, fostering innovation and economic development. Our dedication to local content is recognised with a Local Content Certificate, highlighting our efforts to support the national economy. By investing in our communities, SAB not only enhances its reputation but also contributes to a brighter future for everyone involved, supporting Saudi Arabia's Vision 2030.

### Environmental Philanthropy

We actively participate in initiatives that promote sustainability and community well-being. The Bank has collaborated with local organisations to support the Saudi Green Initiative, which aims to enhance the Kingdom's environmental sustainability through ambitious goals, including increasing vegetation cover and reducing carbon emissions.

In 2024, SAB established the Prince Faisal bin Mashaal Centre for Native Plant Conservation and Propagation in Al-Qassim region, focusing on preserving Saudi Arabia's native flora. This centre is part of a broader commitment to biodiversity and aims to implement science-based initiatives for afforestation and desertification efforts.

Additionally, SAB has committed to planting one million trees by 2030, in partnership with the Murooj Foundation. This initiative includes the plantation of mangrove trees, which are vital for carbon sequestration and coastal protection.

The Bank has also partnered with Goumbook, a regenerative agriculture focused accelerator that aims to bridge the knowledge gap between industry and academia by cultivating a programme that supports young researchers in their efforts to develop a market ready solution.

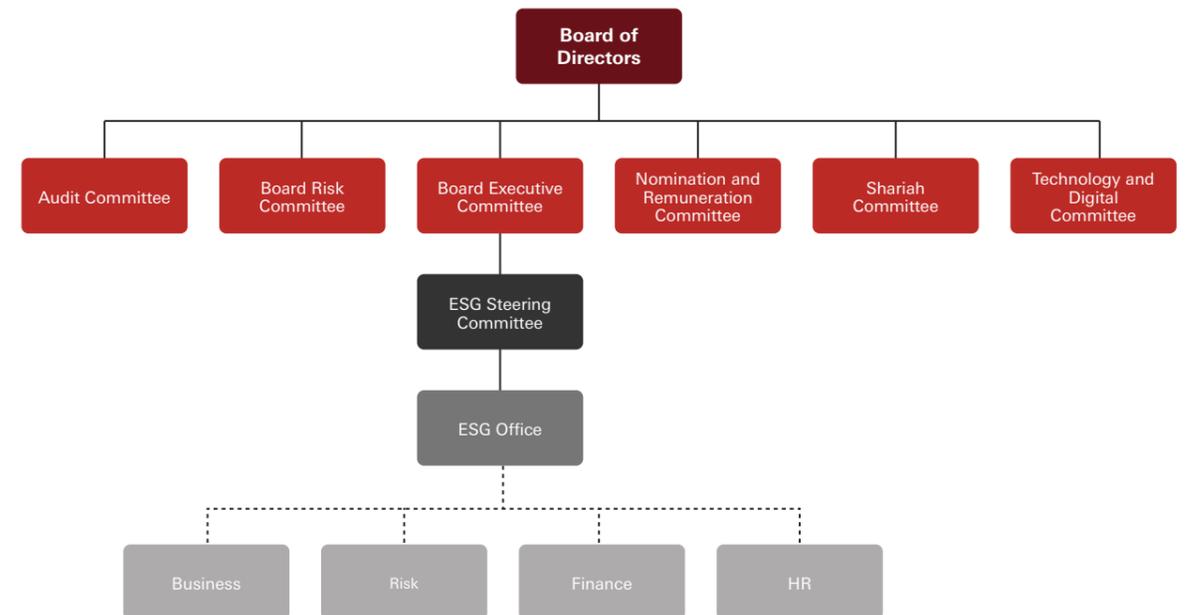
Through these efforts, SAB reinforces its commitment to creating a positive environmental impact and supporting the Kingdom's sustainability goals. By investing in these initiatives, the Bank aims to inspire communities to engage in conservation efforts, demonstrating that collective action can lead to significant environmental change.

### Governance

The ESG governance structure at SAB is meticulously designed to ensure robust oversight and strategic direction in alignment with international best practices and local regulatory requirements. At the core of this structure is the Board of Directors, which plays a pivotal role in steering the organisation towards its strategic objectives while driving the sustainability agenda. The Board is composed of a diverse group of individuals with extensive experience across various sectors, tasked with overseeing

the Bank's operations, safeguarding stakeholder interests, and fostering a culture of accountability and ethical conduct.

The Board is supported by several key committees, each with distinct responsibilities to ensure comprehensive governance of ESG initiatives. For detailed information on the role of Board Committees, please refer to the (Governance section in the Annual Report).



- > The Board Risk Committee (BRC) is responsible for the risk management at SAB. In 2024, there was considered interest in the Bank's understanding and exposure to climate risk. This included a review of existing practices and also encouraged an overview of SAB's potential exposure to climate risk whilst stressing the need to build the knowledge infrastructure to better understand potential implications.
- > The Board Executive Committee (EXCOM) provides oversight to the Bank's operations and the implementation of SAB's ESG Strategy and the ensuing implementation framework. The EXCOM works closely with the ESG Steering Committee to ensure that SAB's ESG objectives are met. The ESG Steering Committee, that reports to the Board Executive Committee, focuses on ESG initiatives and executes its mandate through the ESG office.
- > The Audit Committee plays a vital role in ensuring the integrity and transparency of SAB's financial reporting and compliance. During the course of 2024, the

Committee focused on the consequences of IFRS S1 and S2 becoming part of the financial disclosure landscape.

In 2024, an assessment to ascertain efficacy of Management Committees was conducted while a refresh of the Delegation of Authority Policy was also completed. An internal audit of the ESG office was also initiated to assess suitability of the ESG Strategy and the effectiveness of the implementation framework. SAB's governance framework is designed to promote ethical behaviour and compliance, reinforcing the Bank's dedication to responsible banking practices. This structure not only mitigates risks but also enhances the Bank's reputation and operational resilience in a competitive market. By embedding ESG considerations into strategic decision-making processes, SAB aims to enhance its ESG performance, manage risks, and capitalise on opportunities that arise from sustainability.

# Environmental, Social, and Governance Focus at SAB (continued)

## Ethics and integrity

Ethics and integrity are central to our operations, supporting its commitment to responsible banking and sustainable development. The Bank enforces ethical conduct through policies that promote transparency and accountability. Our robust [Code of Conduct](#) outlines expected ethical standards, guiding decision-making and behaviour to align with the Bank's values. Complementary policies on anti-corruption, anti-money laundering, and conflict of interest provide detailed guidance for maintaining ethical standards.

SAB ensures compliance through rigorous employee training programmes focused on ethical conduct and regulatory compliance. These programmes equip

employees with the skills to navigate ethical dilemmas and uphold the Bank's integrity. The Bank adheres to national and international regulations, including the United Nations Global Compact (UNGC) principles, monitored through regular audits.

A [Whistleblowing Policy](#) encourages reporting of unethical behaviour, providing a confidential channel for concerns, ensuring prompt and effective resolution. By maintaining high levels of corporate governance, ethics, and integrity, SAB fosters trust and accountability, reinforcing its leadership in responsible banking and sustainable development.

For more details on our policies, please visit [our ESG microsite](#).

[Professional Code of Conduct for Employees](#)

[Code of Conduct for Board and Board Committee members](#)

[SAB Human Rights Statement](#)

[Anti-Bribery and Corruption Policy](#)

[Anti-Money Laundering Policy](#)

[Whistleblowing Policy](#)

## Cybersecurity and data privacy

At SAB, cybersecurity and data privacy are paramount, forming the backbone of our risk management strategy and essential for maintaining stakeholder trust. In an era of increasing cyber threats and data breaches, SAB prioritises these areas to safeguard its operations and protect sensitive customer information. Oversight is provided by Senior Management and the Board, ensuring that initiatives align with organisational goals and comply

with national regulations such as the SAMA Cybersecurity framework, the National Cybersecurity Authority (NCA) guidelines, and the Kingdom's Personal Data Protection Law (PDPL).

For detailed information on the Bank's initiatives on cybersecurity, please refer to the (Cybersecurity section in the Annual Report).



# Environmental, Social, and Governance Focus at SAB (continued)

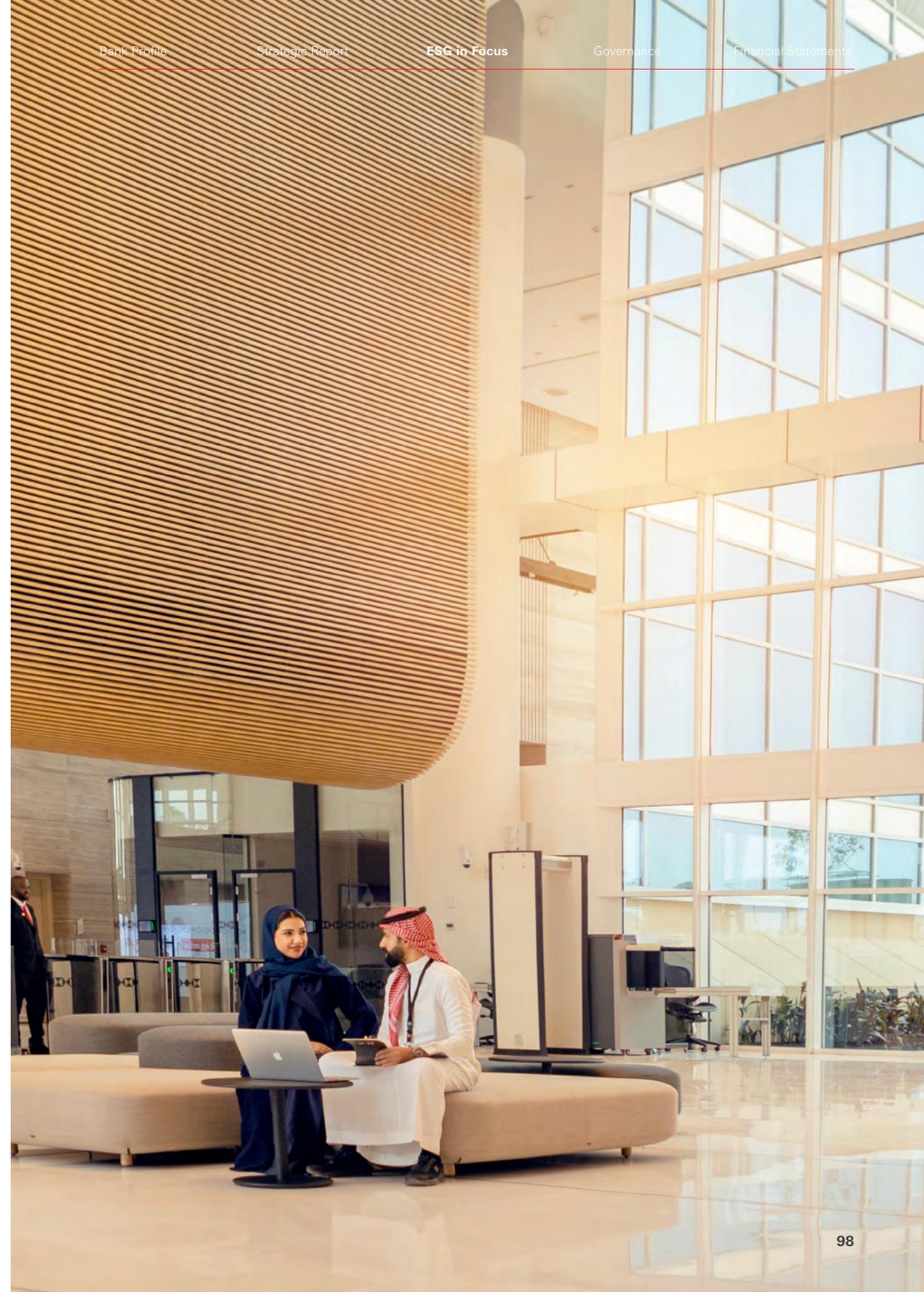
Data privacy at SAB is governed by strict policies on data collection, processing, and storage, with preventative measures such as data encryption, access controls, and regular audits to identify vulnerabilities. Periodic access recertification exercises prevent unauthorised access, ensuring data access is strictly on a need-to-know basis. SAB also monitors external channels for potential data

breaches and employs advanced identification software for secure data transmission. Responsive measures include a comprehensive incident response plan for data breaches, ensuring quick containment and resolution. The Data Privacy Notice outlines customer rights, promoting transparency and accountability, reinforcing SAB's commitment to a secure banking environment.

<b>Data breaches, incidents, and concerns</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Breaches requiring reporting to regulatory bodies	0	0	0
Instances requiring reporting to data subjects of personal breaches	0	0	0
Concerns raised by regulators on data privacy	0	0	0

SAB remains steadfast in our commitment to integrate sustainability in every facet of our operations. Over the past year we have made significant strides in aligning our initiatives with the ambition of Vision 2030 and the Kingdom's broader sustainability goals. Our efforts have focused on fostering sustainable economic growth, promoting financial inclusion, reducing our environmental footprint, and upholding the highest standards of corporate governance. We are proud of the progress we have achieved, but we recognise that the journey towards sustainability is ongoing and requires continuous innovation, collaboration, and dedication.

Looking ahead, we are committed to deepening our sustainability impact through identifying opportunities, mitigating risks, and cultivating a collaborative environment for all stakeholders. By leveraging our expertise, resources, and partnerships, we aim to play a pivotal role in driving sustainable development in the Kingdom, ensuring long-term value for our stakeholders whilst contributing to a more resilient and inclusive future.



# Governance

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# The Board of Directors

## ('the Board')

The Board sets the Bank's strategy and risk appetite with the aim of achieving sustainable value to shareholders and promoting a culture of openness and debate. The Board also approves the capital and operating plans for achieving the strategic direction on the recommendation of the Executive Management ('MANCOM'). The Board of Directors consists of 11 members who bring a wealth of local and international experience across a spectrum of industries. At the Ordinary General Meeting held on 21 December 2022, 8 directors were elected by the shareholders, and 3 were appointed by HSBC Holding B.V, according to the Bank's bylaws.

Appointments to the Board are made on merit and in compliance with regulatory requirements. A rigorous selection process is followed in order to appoint a Director. This process also ensures SAB maintains diversity across its Board.

The Directors have been appointed for a new term starting from 1 January 2023 until the end of the term on 31 December 2025, demonstrating our commitment to stability and continuity in leadership. Directors are appointed for an initial 3-year term and may be reappointed for new terms.

### Board responsibilities

The Board reviews the performance of Management in meeting the Bank's strategic targets and monitors the Bank's risk appetite and profile. The roles of the Chair and the Managing Director (MD) are separate, with a clear division of responsibilities between the Chair managing the Board and developing the strategy, and the MD responsible for the day-to-day running of the Bank.

The Board also reviews and approves strategy, annual operating plans, risk appetite and limits, performance targets, mergers and acquisition activity, significant capital expenditure, specified Senior Executive appointments, and any substantial changes in asset and liability management.

Moreover, the Board enables shareholders to exercise their rights to submit their comments and queries, which are discussed, answered, and recorded in the minutes of the Annual General Assembly.

### Composition of the Board of Directors and classification of its members

Ms. Lubna S. Olayan	Board Chair – Non-Executive
Mr. Saad Al-Fadly	Board Vice Chair – Non-Executive
Eng. Mohammed Al-Omran	Non-Executive Director
Mr. Samir Assaf	Non-Executive Director
Mr. Tony Cripps	Executive Director
Mr. Stephen Moss*	Non-Executive Director
Mr. Ahmed Al-Aulaqi	Independent Director
Mr. Sulaiman Al-Gwaiz	Independent Director
Mr. Martin Powell	Independent Director
Mr. Stuart Gulliver	Independent Director
Mr. Mohammed Almaraj	Independent Director

\*Mr. Stephen Moss (Non-Executive Director) resigned from his position, effective from 31 December 2024.

### Corporate governance principles

A robust approach to corporate governance is a key strength for any organisation. The Bank adopts international and local best practices in this field in order to create value for all its stakeholders.

The Bank regularly conducts internal reviews to assess compliance with all regulatory requirements issued by the Capital Market Authority ('CMA') and the Saudi Central Bank ('SAMA'), as well as local and international best practice. SAB is committed to updating relevant documents, such as the bylaws of the Bank, the terms of reference of the Board and its committees, its Corporate Governance framework, and the Board policies, in accordance with these regulations and best practices.

### Diversity

Diversity is another key aspect to both local and international governance best practice. SAB is particularly proud of the diversity within its Board and Executive Management. The Board includes a mixture of local and international expertise from a wide spectrum of industry experience, both within the financial services sector and broader non-financial services. In addition, the diversity in experience of the Board is further complemented by gender diversity including the first female Board Chair of a listed company in Saudi Arabia, as well as a number of the Bank's Executive Management, which is a reflection of the Bank's vision and commitment.

### Training and development

Training and development is provided for each Board Director, with the support of the Company Secretary. All Directors further develop and refresh their skills through training. Moreover, in line with the SAB's corporate governance framework, the Board of Directors and the committee members attend an induction programme with the Bank upon their appointment.

SAB maintains a bespoke training programme that covers all aspects of the banking industry. In addition, the Board undertakes training on a wide range of subjects, including Key Trends in the Management of Compliance and AML Risks, AI Cybersecurity and Fraud Risks, Corporate Governance, and AI in the Financial Sector.



# Biographies of Board Members as at 31 December 2024



**Ms. Lubna S. Olayan**  
Board Chair - Non-Executive



**Mr. Saad Al-Fadly**  
Board Vice Chair - Non-Executive



**Mr. Ahmed Al-Aulaqi**  
Independent Director



**Mr. Sulaiman Al-Gwaiz**  
Independent Director



**Mr. Martin Powell**  
Independent Director

## Current positions

- > Vice Chair of the Board and Chair of the Executive Committee at Olayan Financing Company (Saudi Arabia)
- > Board Chair and member of various committees and subsidiary boards of Olayan Saudi Holding Company (Saudi Arabia)
- > Member of various International Advisory Boards, including those of: Akbank (Turkey); Bank of America (United States); Hakluyt (United Kingdom); Hong Kong Exchanges and Clearing Limited (HKEX) (Hong Kong); and Total Energies (France)
- > Member of the Panel of Senior Advisors at Chatham House (United Kingdom); Member of Global Board of Advisors at the Council on Foreign Relations (CFR) (United States); Member of the Board of Directors of KIMC; Trustee of MIT (United States); Trustee of the World Economic Forum (Switzerland); and Member of the Asia Business Council (ABC) (Hong Kong)
- > President of the Suliman S. Olayan Foundation (Saudi Arabia); Chair of Alfanar Venture Philanthropy (United Kingdom)

## Former positions

- > Non-Executive Director of WPP (United Kingdom) (2005–2012)
- > Board Director of Schlumberger Company (Listed/NYSE) (2011–2021)
- > Board Director of Ma'aden Company (Listed/Saudi Arabia) (2017–2020)
- > Vice-Chair and member of the Board of Directors of Alawwal Bank (Saudi Arabia) (2004–2019)

- > Trustee of King Abdullah University of Science and Technology (KAUST) (Saudi Arabia) (2007–2022)
- > Trustee of Cornell University (United States) (2007–2015)
- > Board Directors of Insead (France) (1997–2012)

## Qualifications

- > Honorary PhD in Law from Trinity College, Dublin, Ireland
- > Master of Business Administration (MBA) from Indiana University, USA
- > Bachelor of Science (BSc) from Cornell University, USA

## Experience

- > Over 40 years of experience in investment, banking, and business management

## Current positions

- > Chief Executive Officer and Board Director of Hassanah Investment Company (Saudi Arabia)
- > Board Chair of National Medical Care Company (Listed/Saudi Arabia)
- > Board Chair of Maarif Holding (Saudi Arabia)
- > Board Chair of Ma'arif Education and Training Company (Saudi Arabia)

## Former positions

- > Board Director of Almarai Company (Listed/Saudi Arabia)
- > Chief of Staff and Senior Officer of Central and Eastern Regions at the SNB Capital Company (Saudi Arabia)
- > Vice President of Morgan Stanley (Saudi Arabia)

## Qualifications

- > Bachelor of Science in Accounting from King Saud University, Saudi Arabia
- > Master of Financial Economics from Boston University, USA

## Experience

- > More than 24 years of experience in investment management and banking services at a number of financial and regulatory institutions

## Current position

- > Board Chair and CEO of Lakemore Partners

## Former positions

- > CEO and Board Director of SNB Capital (Saudi Arabia)
- > Board Chair of Saudi Tunisian Bank (Tunisia)
- > Board Director of Alawwal Bank (Saudi Arabia)
- > Board Director of Safanad Investments Company (United Arab Emirates)
- > Board Director of the Company for Cooperative Insurance (Tawuniya) (Listed/Saudi Arabia)
- > Treasurer of SNB Bank (Listed/Saudi Arabia)
- > Various positions at the National Commercial Bank in Saudi Arabia and in the United Kingdom, the latest of which was the Chief Executive Officer of SNB Capital Company (Saudi Arabia)

## Qualifications

- > Master of Business Administration (MBA) from the University of Stirling, UK
- > Bachelor of Business Administration from King Abdulaziz University, Saudi Arabia

## Experience

- > Over 34 years of experience in business management, banking, treasury, capital markets, and international asset management

## Current positions

- > Board Chair of Blackrock (Saudi Arabia)
- > Board Director of Saudi Industrial Investments Group (SIIG) (Listed/Saudi Arabia)
- > Board Director of Munajem Foods Co. (Listed/ Saudi Arabia)
- > Board Director of Saudi Agriculture & Livestock Investments Co. (SALIC) (Saudi Arabia)
- > Board Director of AlBawani Holding Co. (Saudi Arabia)

## Former positions

- > Board Chair and Board Director of Etihad Etisalat Co. (Mobily) (Listed/Saudi Arabia)
- > Board Chair of Royal Sun Alliance Insurance (Middle East)
- > Board Chair of MasterCard International (Southwest Asia, ME, and Africa)
- > Board Chair of Banque Saudi Fransi (Listed/Saudi Arabia)
- > Board Director of Saudi Arabian Mining Co. (Listed/ Saudi Arabia)
- > Board Director of National Company for Glass Industries (ZOUJAJ) (Listed/Saudi Arabia)
- > Board Director of National Industries Company (NIC) (Listed/Saudi Arabia)
- > Board Director of Ajil Financial Services (Saudi Arabia)
- > Board Chair of Hassanah Investment Co. (Saudi Arabia)
- > Governor (CEO) of GOSI, the General Organisation for Social Insurance (The Government Pension Fund/ Saudi Arabia)
- > Deputy CEO of Riyadh Bank (Listed/Saudi Arabia)
- > Trading Division Head for regional Corporate Bank of Samba Financial Group (Listed/Saudi Arabia)

## Qualifications

- > Bachelor of Business Management from the University of Portland, USA
- > Graduate from Citibank Operations Programme
- > Graduate from Citibank Corporate Finance and Credit Programme

## Experience

- > 32 years' executive experience in the areas of banking operations, finance, credit, and general business management
- > 8 years' experience as head of Saudi Arabia's private sector Pension and Social Security system
- > Planned and executed the merger of the two pension funds into a single fund covering all employees in Saudi Arabia

# Biographies of Board Members

## as at 31 December 2024 (continued)



**Mr. Mohammed Almaraj**  
Independent Director

### Current positions

- > CEO of Bank ABC "Ila Bank" (Bahrain)
- > Board Director of King Fahed Causeway Authority (Saudi Arabia/Bahrain)
- > Board Director of Bank ABC (Jordan)
- > Board Director of Bahrain Car Parks Company "Amakin" (Bahrain)

### Former positions

- > Board Director of Arab Financial Services in Bahrain
- > COO of Bank ABC "Ila Bank" (Bahrain)
- > Vice President, Group Strategy for Arab Banking Corporation (Bahrain)
- > Investment Team Senior Analyst for The Family Office (TFO) (Bahrain)
- > Investment Banking Associate, Corporate Advisory for Perella Weinberg Partners (New York)

### Qualifications

- > Bachelor of Science in Economics with a major in Finance and Accounting from Wharton School of Business at the University of Pennsylvania, Philadelphia, USA

### Experience

- > Experience in retail banking, investment banking, digital transformation, and business management



**Eng. Mohammed Al-Omran**  
Non-Executive Director

### Current positions

- > Board Chair of Omran Mohammad Al-Omran and Partners Investment Company (Saudi Arabia)
- > Board Director of YANAL Finance Company (Saudi Arabia)
- > Board Director of Tarabot Investment and Development Company (Saudi Arabia)
- > Board Director of Tourism Development Fund (Saudi Arabia)

### Former positions

- > Board Director of Al-Rajhi Company for Cooperative Insurance (Alrajhi Takaful) (Listed/Saudi Arabia)
- > Board Director of Saudi Arabia Credit Suisse (Saudi Arabia)
- > Board Director of Saudi Telecom Company (STC) (Listed/Saudi Arabia)
- > Board Director of Saudi Arabia Railways (Saudi Arabia)
- > Board Director of Riyadh Chamber of Commerce (Saudi Arabia)
- > Board Director of Civil Aviation Authority (Saudi Arabia)
- > Board Director of the National Agricultural Development Co. (NADEC) (Listed/Saudi Arabia)

### Qualifications

- > Bachelor's degree in Civil Engineering from King Saud University, KSA
- > Master's degree in Construction Engineering and Management from the University of Southern California, USA

### Experience

- > Over 32 years of experience in the business and investment sectors



**Mr. Stuart Gulliver**  
Independent Director

### Current positions

- > Board Director of Saudi Aramco (Listed/Saudi Arabia)
- > Board Director of Jardine Matheson Holdings Limited (Listed/ United Kingdom and Singapore)

### Former positions

- > Board Chair of the Hong Kong and Shanghai Banking Corporation Limited (Hong Kong)
- > Board Director of Hong Kong Airport Authority (Hong Kong)
- > Executive Director and Group Chief Executive of HSBC Holdings plc (Listed/United Kingdom)

### Qualifications

- > Master of Law from Oxford University, UK

### Experience

- > More than 41 years' experience in international banking and assumed many executive roles at HSBC Group, the last being Group Chief Executive Officer of HSBC Holdings plc



**Mr. Tony Cripps**  
Executive Director

### Current positions

- > Chief Executive Officer and Managing Director of the Saudi Awwal Bank (SAB) (Listed/Saudi Arabia)
- > Board Director of HSBC Saudi Arabia Limited (Saudi Arabia)
- > Board Director of SAB Invest (Saudi Arabia)

### Former positions

- > Group General Manager and Chief Executive Officer of HSBC Singapore
- > Chief Executive Officer of HSBC Australia

### Qualifications

- > AFMA Australia (Financial Markets)
- > SFE Australia (Accreditation Future Traders License)

### Experience

- > More than 40 years' experience in international banking. Assumed many executive roles at HSBC Group



**Mr. Samir Assaf**  
Non-Executive Director

### Current positions

- > Board Chair of HSBC Middle East Holdings (Middle East)
- > Board Chair of Middle East and North Africa and Senior Advisor at General Atlantic (Global)
- > Board Director of HSBC Middle East Ltd (Middle East)
- > Board Director of Property Finder International Ltd (United Arab Emirates)
- > Senior Advisor at HSBC Group Plc (United Kingdom)

### Former positions

- > Board Chair of HSBC Middle East Ltd (Middle East)
- > Board Director of BeyondNetZero (a General Atlantic venture) (United States of America)
- > Board Director of Alfanar Charity Arm - Charity (United Kingdom)
- > Board Director of HSBC Group Plc (United Kingdom)
- > Board Director of HSBC Continental Europe
- > Board Director of HSBC Egypt (Egypt)
- > Board Director of HSBC Asset Management Limited (United Kingdom)
- > Board Director of Global Financial Markets Association (United States of America)
- > Board Director of HSBC Trinkhaus & Burkhardt AG (Listed/Germany)

### Qualifications

- > Master of Economics from USJ, Lebanon
- > Master of Economics and International Finance from La Sorbonne University, France
- > Bachelor of Finance from L' Institut d'Etudes Politiques, France

### Experience

- > Over 24 years of experience in the banking and global financial markets field acquired from working at HSBC Group, where he held several leading roles



**Mr. Stephen Moss**  
Non-Executive Director

### Current positions

- > Group Managing Director and Regional Chief Executive Officer of MENAT at HSBC Holdings plc (Listed/United Arab Emirates)
- > Board Director of HSBC Middle East Holdings B.V (Netherlands)
- > Board Director of HSBC Bank Middle East Limited (Dubai International Financial Centre, United Arab Emirates)
- > Board Director of HSBC Saudi Arabia (Saudi Arabia)
- > Board Director of HSBC Egypt (Egypt)
- > Board Director of Dubai International Chamber (United Arab Emirates)
- > Advisory Board member of the Hong Kong Red Cross (Hong Kong) - Personal Capacity

### Former positions

- > Board Director of HSBC Latin America Holdings Limited (United Kingdom)
- > Board Director of HSBC Bank Canada (Canada)
- > Board Director of HSBC Bank plc (United Kingdom)
- > Board Director of HSBC Asia Holdings B.V (United Kingdom)
- > Board Director of Serai Limited (United Kingdom)
- > Board Director of HSBC Asset Management Limited (United Kingdom)
- > Group Managing Director and Regional Chief Executive of Europe, MENAT, LATAM, and Canada at HSBC (Listed/ United Kingdom)
- > Group Managing Director and Group Chief of Staff at HSBC (Listed/United Kingdom)

### Qualifications

- > Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales

### Experience

- > More than 32 years' financial and managerial experience gained from various leadership roles at HSBC Group and prior to that at Price Waterhouse Coopers

# Biographies of Executive Management

## as at 31 December 2024



**Mr. Tony Cripps**  
Executive Director

### Current positions

- > Chief Executive Officer and Managing Director of SAB (Listed/ Saudi Arabia)
- > Board Director of HSBC Saudi Arabia Limited (Saudi Arabia)
- > Board Director of SAB Invest (Saudi Arabia)

### Former positions

- > Group General Manager and Chief Executive Officer of HSBC Singapore
- > Chief Executive Officer of HSBC Australia

### Qualifications

- > AFMA Australia (Financial Markets)
- > SFE Australia (Accreditation Future Traders License)

### Experience

- > More than 40 years' experience in international banking. Assumed many executive roles at HSBC Group



**Mr. Yasser Albarrak**

### Current positions

- > Chief Corporate and Institutional Banking Officer of SAB
- > Board Director of SAB Invest
- > Board Director of HSBC Saudi Arabia

### Former positions

- > General Manager, Corporate and Institutional Banking of SAB
- > Co-Head of Global Banking of SAB
- > Deputy Chairman of SAB Takaful

### Qualifications

- > Bachelor of Information Systems from King Fahd University of Petroleum and Minerals

### Experience

- > More than 20 years of practical experience of which 19 year's experience in the Saudi banking industry



**Mr. Bandar Algheshayan**

### Current positions

- > Chief Wealth and Personal Banking Officer of SAB
- > Board Director of SIMAH
- > Board Director of SAB Invest

### Former positions

- > Chief Operating Officer, Wealth and Personal Banking of SAB
- > Regional Head of Retail Banking of SAB

### Qualifications

- > Master of International Management from the University of Liverpool, UK
- > Has attended various programmes in executive leadership and management from London Business School, IMD, INSEAD, and Cambridge

### Experience

- > More than 23 years of extensive experience in several sectors and 16 years in retail banking



**Mr. Mohammed Al-Shaikh**

### Current position

- > Chief Treasury and Investment Officer of SAB

### Former positions

- > General Manager, Treasury (Treasurer) of Alawwal Bank
- > Treasurer of Samba Financial Group's London
- > Assistant General Manager, Treasury of Samba Financial Group

### Qualifications

- > Bachelor of Science in Finance from King Saud University, Saudi Arabia
- > Has completed a number of executive programmes at INSEAD and Oxford University

### Experience

- > Over 30 years of experience in the Saudi banking industry



**Mr. Khalid Ismail**

### Current positions

- > Chief Risk Officer of SAB
- > Board Risk Committee member of HSBC Saudi Arabia

### Former positions

- > Interim Chief Internal Auditor
- > Chief Credit Officer of SAB
- > General Manager, Special Asset Management of SAB
- > Head of Special Asset Management of SAB
- > Chairman of the Board Risk Management Committee of SAB Invest
- > Chairman of the Audit Committee of MEDGULF Insurance Company

### Qualifications

- > Bachelor of Business Management and Accounting from Boston College, USA

### Experience

- > Over 25 years of experience in the financial sector spread across corporate banking, treasury, and risk management. He has extensive knowledge of the business environment being an entrepreneur and having worked in leadership roles across various organisations. Mr. Ismail joined Alawwal Bank prior to the SAB merger in September 2018 as Deputy Head of Corporate Banking and was appointed as General Manager for Special Asset Management in January 2020 prior to assuming Chief Risk Officer role in November 2022. Mr. Ismail's former appointments include: Vice President and Treasurer one of the leading Saudi corporations covering multiple asset classes across public equity, private equity, and real estate



**Ms. Rania AlSharyoufi**

### Current positions

- > Chief Human Resources Officer of SAB
- > NRC member of HSBC Saudi Arabia
- > NRC member of SAB Invest

### Former positions

- > Deputy Chief Human Resources Officer of SAB
- > Head of HRBP, Wealth and Personal Banking of SAB
- > Head of HR of SABB Takaful

### Qualifications

- > Master's degree in Human Resources Management from Brunel University, London
- > Several HR accreditations including CIPD, the Work-Life Certified Professional and Coaching Leader, as well as executive education from London Business School, INSEAD, Harvard University, University of Cambridge & 2030 Leaders

### Experience

- > Over 10 years of human resources experience from having had different roles in the HR field

## Biographies of Executive Management as at 31 December 2024 (continued)



**Ms. Lama Ghazzaoui**

### Current positions

- > Chief Financial Officer of SAB
- > Audit Committee member for SAB Invest
- > Board and Audit Committee member of Muqassa
- > Board Director of Human Rights Council of Saudi Arabia
- > Board Risk and Audit Committee member of Destination Development Company

### Former position

- > Chief Financial Officer of SNB

### Qualifications

- > Certified Public Accountant (CPA) – State of Colorado, USA
- > Bachelor of Science in Accounting from the Lebanese American University, Lebanon

### Experience

- > Over 24 years of experience in many banking, finance, and accounting related areas, as well as previous experience in external auditing



**Ms. Ghada Aljarbou**

### Current positions

- > Chief Operating Officer of SAB
- > Board member, Executive Committee member, and NRC Chair of GOSI
- > Board Director and NRC Chair of SGS
- > Board Director of IPL

### Former positions

- > General Manager, Global Liquidity and Cash Management of SAB
- > Chief Operating Officer, Retail Banking of SAB
- > Head of Direct Channels, Retail Banking of SAB
- > Head of HR Service Delivery of SAB

### Qualifications

- > Master of Business Administration from University of Bath, UK
- > Bachelor of Computer Science from King Saud University, KSA

### Experience

- > Over 25 years of experience in banking. Joined SAB in 1998 and worked across different banking fields including information technology, human resources, retail banking and wealth management, and corporate and institutional banking



**Ms. Faten Abalkhail**

### Current positions

- > Chief Governance and Corporate Affairs Officer of SAB
- > Board Director of Riyali

### Former position

- > Integration Management Office / Head of Planning and Control, Strategy Department and Finance Department of Alawwal Bank

### Qualifications

- > Bachelor of Home Economics and Nutrition from King Saud University
- > Diploma in Computer Sciences, Programming, and Information Systems from King Saud University

### Experience

- > More than 26 years of experience and in-depth knowledge in governance, strategic planning, and execution of strategic initiatives



**Mr. Musaifer Alosaimi**

### Current position

- > Chief Information Officer of SAB

### Former positions

- > Head of Information Technology Development of SAB
- > Head of Software and Solutions Development of SAB
- > Head of Payment Channels of SAB

### Qualifications

- > Diploma in Computer Engineering
- > Diploma in English language from ALA, USA
- > Master of Business Administration in Payments
- > Completed a number of executive training programmes in management, leadership and strategy offered by international centres and universities

### Experience

- > He has been the Chief Information Officer of SAB since 2016. He has more than 30 years of experience in the banking and technology fields. He started his career in 1994 in the Saudi Central Bank where he spent more than 10 years within the Banking Technology department. In 2005, he joined SAB progressing through different roles in the Information Technology department such as the Head of Payment Channels and the Head of Software and Solutions Development. Over the years, he played a significant role in the strategic transformation of SAB's IT Department. He has completed a number of executive training programs in management, leadership, and strategy offered by international centers and universities



**Mr. Ali Alqahtani**

### Current positions

- > Chief Compliance Officer of SAB
- > Chairman of Board Compliance Committee of SAB Invest

### Former positions

- > Deputy Chief Compliance Officer of SAB
- > Head of Financial Crimes Compliance of SAB
- > Chaired and contributed to the banking committees, Anti-Financial Crimes and Money Laundering Committee, Banks Chief Compliance Officers Committee, and the Self Supervisory Committee
- > Chaired a number of sub-committees assigned by banking committees or SAMA AML senior officials

### Qualifications

- > Bachelor of Law from Saudi Electronic University, Saudi Arabia
- > Diploma in Computer and Information Technology from Chamber of Commerce
- > Enterprise Risk Leadership, LEAD Programme and FATCA Certificate from SAB
- > Multiple AML and Compliance Courses and Certifications from CCL Academy, ACAMS and CCO

### Experience

- > Over 22 years of experience in the Saudi banking system, covering the areas of information technology, compliance, financial crime compliance – anti-money laundering, fraud, sanctions, countering terrorist financing, and anti-bribery and corruption



**Mr. Abdullah Alqahtani**

### Current positions

- > Chief Internal Auditor of SAB
- > Independent Non-Board Audit Committee member, HSBC Saudi Arabia
- > Member of the Institute of Internal Auditors (IIA)

### Former positions

- > Senior Vice President, Assurance Audits of Mobily
- > Head of Subsidiaries and JV Audits of Saudi Aramco
- > Head of Fraud Investigations Division of Saudi Aramco
- > Head of Downstream Audits of Saudi Aramco
- > Chief Internal Auditor of Aramco Overseas Company, Netherlands

### Qualifications

- > Bachelor of Business degree in Accounting from Michigan State University, USA
- > Master of Business Administration from the University of British Columbia, Canada
- > Certified Internal Auditor (CIA) by the Institute of Internal Auditors (IIA)
- > Certified in Risk Management Assurance (CRMA) from the IIA

### Experience

- > Around 20 years of internal audit experience with companies such as Saudi Aramco, Aramco Overseas Company in the Netherlands, and Mobily

## Biographies of Executive Management as at 31 December 2024 (continued)



**Mr. Saeed Assiri**

**Current position**

- > Chief Innovation Officer of SAB

**Former positions**

- > Head of Digital Strategy and Innovation of SAB
- > Head of Transaction Banking – Cash Management of SAB
- > Head of Products and Implementation of SAB

**Qualifications**

- > Master of Engineering and Technology Management from Portland State University, USA
- > Bachelor's degree in Business Administration and Information Management from Portland State University, USA
- > Attended INSEAD's Executive Leadership programme

**Experience**

- > Over 16 years of experience working across the Saudi banking sector, during which he held several leadership positions



**Mr. Faris Alshareef**

**Current position**

- > Chief Strategy Officer of SAB

**Former positions**

- > Deputy CFO of SAB
- > Head of Financial Planning and Analysis of SAB
- > Head of Investor Relations of SAB
- > Various positions in finance in organisations such as Ernst & Young, General Electric, and Bahri

**Qualifications**

- > Master of Business Administration from London Business School
- > Bachelor of Accounting from KFUPM
- > 2023 Misk 2030 Leaders Programme
- > CAS 2-year Leadership Programme from General Electric
- > Passed the US Certified Public Accountant exams

**Experience**

- > More than 17 years of experience in the fields of finance and strategy



**Mr. Salem Alonazi**

**Current position**

- > Acting Chief Legal Officer of SAB

**Former position**

- > Associate General Counsel of SAB

**Qualifications**

- > Bachelor of Law from King Saud University
- > Qualified to practice law in the Kingdom of Saudi Arabia
- > Certified Notary
- > Certified Arbitrator

**Experience**

- > More than 20 years of experience within SAB, and with the CMA as a General Prosecutor. He was appointed as the Acting Chief Legal Officer in May 2024



## Changes to the Board during 2024

### Appointment, retirement and re-election of Directors

Mr. Stephen Moss resigned from his position as a Board Director and a Technology and Digital Committee member, effective from 31 December 2024.

### Board meetings

During 2024, the Board held five meetings. The following table shows details of those meetings and their attendance.

	Meeting dates				
	26-Feb	25-Apr	8-Jul	16-Sep	17-Dec
Ms. Lubna S. Olayan	✓	✓	✓	-	✓
Mr. Saad Al-Fadly	✓	✓	✓	✓	✓
Eng. Mohammed Al-Omran	✓	✓	✓	✓	✓
Mr. Stephen Moss*	✓	✓	✓	✓	✓
Mr. Samir Assaf	✓	✓	✓	✓	✓
Mr. Martin Powell	✓	✓	✓	✓	✓
Mr. Stuart Gulliver	✓	✓	✓	✓	✓
Mr. Ahmed Al-Aulaqi	✓	✓	✓	✓	✓
Mr. Tony Cripps	✓	✓	✓	✓	✓
Mr. Sulaiman Al-Gwaiz	✓	✓	✓	✓	✓
Mr. Mohammed Almaraj	✓	✓	✓	✓	✓

\*Mr. Stephen Moss (Non-Executive Director) resigned from his position, effective from 31 December 2024.

## Board Committees

The Board has established six committees:

- > Executive Committee (EXCOM)
- > Audit Committee (AUCOM)
- > Nomination and Remuneration Committee (NRC)
- > Board Risk Committee (BRC)
- > Technology and Digital Committee (TDC)
- > Shariah Committee (SC)

The Bank's approach with regard to establishing Board committees is in line with all regulatory requirements issued by the various supervisory authorities, the Bank's bylaws and governance documents.

The Chair of each Board committee will report matters of significance to the Board and minutes of all meetings are shared with all Board members.

Detailed roles and responsibilities for each committee are in place to ensure the proper functioning of the Board committees.

### Board and Board committees terms of reference

The Bank annually reviews and updates the terms of reference of the Board and the Board committees as necessary, in line with the relevant regulations such as the Companies Law, SAMA's Key Principles of Corporate Governance, and CMA Corporate Governance Regulations. SAB's Board approves the terms of reference of all Board committees, while the meeting of the General Assembly ratifies the terms of reference of the Audit Committee (AUCOM) and the Nomination and Remuneration Committee (NRC) as per regulatory directives.

All the Board committees must review their performance, status and terms of reference on an annual basis to ensure the committee is operating effectively including compliance with regulatory requirements, and to recommend any changes deemed appropriate for the Board's approval.

### Assessment of the effectiveness of the Board of Directors and Board committees

In 2024, the Board of SAB conducted an effectiveness assessment with the objective of further enhancing overall performance. The assessment was performed by an independent governance consultant, and covered the Board, Directors and Chair, the Board Committees and their respective Chairs, as well as Board and Board committee meetings. A comprehensive report outlining key strengths and opportunities for improvement was presented to the Board Chair and the Board. Separate assessment exercises were conducted with the Chairs of the Board Committees Overall, the Board of SAB is regarded by its Directors and Management as effective. The comprehensive report presented to the Board included recommendations and a time-bound action plan, with specific actions and initiatives for the Board to consider, as it strives to further raise its effectiveness throughout its current term and beyond.

# Board Committees (continued)

## Description of the duties, composition, and competencies of the Board committees, and their meeting details

### Mr. Abdullah Al-Faifi

Independent Non-Board Audit Committee member

#### Current positions

- > Board Chair of Integrated Data Company for Information Technology (Saudi Arabia)
- > Board Chair of Saudi Anti-Fraud Association (Saudi Arabia)
- > Audit Committee member for Abdullah Al-Othaim Markets (Listed/Saudi Arabia)
- > Audit Committee member for Medad Offices Solution (Saudi Arabia)
- > Audit Committee member for Ektimal Sport Company - PUREGYM (Saudi Arabia)
- > Audit Committee member for Watad Energy & Communication Ltd (Saudi Arabia)
- > Governance, Risk and Compliance Committee member for King Abdullah Humanitarian Foundation (Non-Profit Organisation/Saudi Arabia)
- > Audit Committee member for National Centre for Non-Profit Sector (Saudi Arabia)
- > Independent Consultant for Audit, Governance, Risk and Compliance (Saudi Arabia)

#### Former positions

- > Board Director, Chair of the Audit Committee, and member of Nomination and Remuneration Committee for Rabigh Refining and Petrochemical Co. (Petro Rabigh) (Listed/Saudi Arabia)
- > Board Director, Chair of the Audit Committee and member of Nomination and Compensation Committee for Nama Chemicals Company (Listed/Saudi Arabia)

- > Audit and Risk Committee member for Al-Othaim Investment Company (Saudi Arabia)
- > Audit and Risk Committee member for General Authority for Statistics (Saudi Arabia)
- > Audit and Risk Committee member for Tanami Arabia Co. (Saudi Arabia)
- > Nomination and Remuneration Committee member for Eastern Health Cluster (Saudi Arabia)
- > Audit Committee member for Saudi Association of Internal Auditors (Saudi Arabia)
- > Special Audits Manager for Saudi Aramco (Listed/Saudi Arabia)
- > International Business Audit Manager for Saudi Aramco (Listed/Saudi Arabia)

#### Qualifications

- > Bachelor of Accounting from King Abdulaziz University, KSA
- > Certified Internal Auditor
- > Certified Fraud Examiner
- > Certified Risk Management Assurance

#### Experience

- > More than 36 years of experience in accounting, auditing, governance, risk, and compliance in different sectors

### Mr. Andrew Jackson

Independent Non-Board Audit Committee member

#### Current positions

- > Board Chair for Rift Valley Roses Ltd (Kenya)
- > Board Chair for Nondescripts Rugby Football Ltd (Kenya)
- > Board Director and Chair of the Audit Committee for Hemingways Hotel Group (Kenya)
- > Board Director for Jackson Consultants Ltd (United Kingdom)

#### Former positions

- > Chief Executive Officer of KPMG Gulf Holding (Saudi Arabia, Kuwait, Jordan)
- > Board Director of Lima Labs Ltd (Kenya)
- > Governor of Bilton Grange Preparatory School
- > Partner of KPMG (Europe)
- > Partner of KPMG East Africa
- > Trustee of Mara Conservancy (Kenya)
- > Trustee of Crime Si Poa (Kenya)

#### Qualifications

- > Bachelor of Computer Science and Accountancy from Manchester University, UK
- > Fellow of the Institute of Chartered Accountants in England and Wales

#### Experience

- > Proven leader with substantial strategic and operational experience advising, building, and leading businesses during growth phases
- > Specialised in the financial sector and has worked at KPMG for 30 years (partner for 19 years); working in more than 40 different countries

### Dr. Maysa Basoudan

Independent Non-Board Audit Committee member

#### Current positions

- > Consultant to the Saudi Organisation for Chartered and Professional Accounts (SOCPA) (Saudi Arabia)
- > Advisory Board member for College of Business Administration, Taibah University (Saudi Arabia)
- > Vice Dean for College of Business Administration, Taibah University (Saudi Arabia)

#### Former positions

- > Chair, Accounting Department for College of Business Administration, Taibah University (Saudi Arabia)
- > Vice Chair, Audit Committee of Taibah University (Saudi Arabia)
- > Senior Accountant for Riyadh Bank (Listed/Saudi Arabia)

#### Qualifications

- > Ph.D. in Management - Accountancy (Fraud and Forensic Accounting) from Case Western Reserve University, USA
- > Master in Accountancy from Case Western Reserve University, USA
- > Bachelor in Accounting from King Saud University, KSA

#### Experience

- > Experienced Vice Dean, Ex-Department Chair, and Assistant Professor of Forensic Accounting with a diverse knowledge in higher education, forensic accounting consulting, and banking. Certified Fraud Examiner skilled in audit committee oversight, fraud prevention and detection, whistleblowing policy and procedures, and corporate compliance

# Board Committees (continued)

## Mr. Abdulhameed Al-Muhaidib

Non-Board Risk Committee member

### Current positions

- > Chief Financial Officer (CFO) of ACWA Power (Listed/Saudi Arabia)
- > Board Director and BRC member for HSBC Saudi Arabia (Saudi Arabia)
- > Audit Committee member for Saudi Tadawul Group (Listed/Saudi Arabia)

### Former positions

- > Deputy Chief Financial Officer of ACWA Power Company (Listed/Saudi Arabia)
- > Executive Director, Portfolio Management for ACWA Power Company (Listed/Saudi Arabia)
- > Board Director, Assets Management for ACWA Power Company (Listed/Saudi Arabia)
- > Board Director of First National Operation and Maintenance Co. (NOMAC) (Saudi Arabia)
- > Board Director and Internal Audit Committee Chair for Shuqaiq Arabian Water and Electricity Company (Saudi Arabia)
- > Board Director for International Bowarege Co. for Water Desalination Ltd (Saudi Arabia)
- > Executive Managing Director of Noor Energy 1 (UAE)

### Qualifications

- > Bachelor of Business Administration in Finance from the University of Miami, USA
- > Master of Business Administration from Pepperdine University Graziadio School of Business and Management, Malibu, California, USA
- > Misk Foundation & Esade 2030 Leadership Programme, Riyadh, Saudi Arabia

### Experience

- > Business leader with over a decade of progressive experience in projects and corporate management across different business sectors

## Mr. Gareth Thomas

Non-Board Risk Committee member

### Current position

- > Chief Risk and Compliance Officer, MENAT for HSBC Bank Middle East Ltd

### Former positions

- > Chief Risk Officer, MENAT for HSBC Bank Middle East Ltd
- > Head of Global Banking, MENAT for HSBC Bank Middle East Ltd
- > Co-Head of Public Sector Banking for HSBC Holdings plc (United Kingdom)

### Qualifications

- > Bachelor of Science – Social Sciences in Business Economics and Accounting from University of Southampton

### Experience

- > Debt and trade finance, commodities, payments, and hedging in the developed and emerging markets in both product and coverage roles across all client sectors

## Dr. Deema Alaltheil

Non-Board Technology and Digital Committee Chair

### Current positions

- > Global Director, Client and Product Advocacy for IBM CHQ (NY, USA)
- > Board Director for Saudi Climbing and Hiking Federation Founding Partner of Masarat Club (Saudi Arabia)
- > Member of the Advisory Board of the College of Engineering and Architecture for Al-Yamamah University (Saudi Arabia)
- > Member of the Strategic Council for Emerging Technologies for Princess Nourah Bint Abdulrahman University (Saudi Arabia)
- > Member of the Advisory Council of Technical Colleges for Girls for Technical and Vocational Training Corporation (Saudi Arabia)

### Former positions

- > Business Automation Practice Leader for Global IBM Software Services (Middle East and Africa)
- > Technology Services Delivery Leader for IBM (Saudi Arabia)
- > Critical Accounts Executive for Global IBM Software Services (Europe, Middle East and Africa)
- > Data and AI Business Development Leader for Global IBM Software Services (Washington, DC, Saudi Arabia)
- > Strategy Leader for IBM Saudi Arabia
- > Deputy Deanship of E-Transactions and Communications for King Saud University (Saudi Arabia)
- > Assistant Professor for College of Computer and Information Sciences for King Saud University
- > Consultant in Deanship of E-Transactions for King Saud University (Saudi Arabia)

### Qualifications

- > Ph.D. in Computer Science (Artificial Intelligence) from George Washington University Washington, USA
- > Master's in Computer Science from King Saud University, KSA
- > Bachelor's in Computer Applications from King Saud University, KSA

### Experience

- > Over 20 years of experience in developing and managing IT solutions and facilitating the decision-making process at higher levels in different organisations
- > Over 10 years' experience in setting up and activating strategies at enterprise levels

## Sheikh Dr. Abdullah Al-Mutlaq

Shariah Committee Chair

### Current positions

- > Consultant of the Royal Court
- > Member of the Council of Senior Scholars
- > Member of the Permanent Committee for Scholarly Research and Ifta

### Former positions

- > Chair of the Comparative Fiqh Department at the Imam Mohammed bin Saud University

### Qualifications

- > Ph.D. in Comparative Jurisprudence from Imam Muhammad bin Saud University, Saudi Arabia

### Experience

- > More than 25 years of extensive experience in the field of Islamic banking including being a member of Shariah Committees at a number of financial institutions

## Board Committees (continued)

### Sheikh Dr. Esam Al-Enezi

Shariah Committee member

#### Current positions

- > Professor at the Department of Comparative Fiqh and Policies, College of Shariah and Islamic Studies, Kuwait University
- > Member of several prominent Shariah boards, including the AAOIFI Shariah Board

#### Qualifications

- > Ph.D. in Islamic Jurisprudence from the University of Jordan

#### Experience

- > More than 18 years of extensive experience in the field of Islamic banking including being a member of Shariah Committees at a number of financial institutions

### Sheikh Dr. Abdullah Al-Aydhy

Shariah Committee member

#### Current position

- > Associate Professor in the Shariah Department at Imam Muhammed Bin Saud Islamic University
- > Member of Saudi Law of Civil Procedures Team
- > Member of several Shariah committees of Islamic financial institutions

#### Former positions

- > Vice Rector of College of Education for Quality and Development at Almajama University

#### Qualifications

- > Ph.D. in Comparative Jurisprudence (Figh) from Al Imam Muhammad bin Saud Islamic University

#### Experience

- > More than 14 years of extensive experience in the field of Islamic banking including being a member of Shariah Committees at a number of financial institutions

## Executive Committee (EXCOM)

#### Members

- > Ms. Lubna S. Olayan (Chair – Non-Executive Director)
- > Mr. Tony Cripps (Executive Director)
- > Eng. Mohammed Al-Omran (Non-Executive Director)
- > Mr. Mohammed Almaraj (Independent Director)
- > Mr. Sulaiman Al-Gwaiz (Independent Director)

#### Roles and responsibilities

The EXCOM meets at least six times per year. The principal objective of the committee is to support the Board of Directors in the discharge of its responsibilities and the oversight of the Bank's day-to-day operations and activities. In addition, EXCOM reviews and considers all monthly reports submitted by different functional heads and business segments of the Bank.

In 2024, the committee held six meetings. The following table shows details of those meetings and the record of attendance of members during the year.

	EXCOM meetings during 2024				
	Ms. Lubna S. Olayan	Mr. Tony Cripps	Eng. Mohammed Al-Omran	Mr. Mohammed Almaraj	Mr. Sulaiman Al-Gwaiz
22-Jan	-	✓	✓	✓	✓
08-May	✓	✓	✓	✓	✓
08-Jul	✓	✓	✓	✓	✓
19-Aug	✓	✓	✓	✓	✓
17-Oct	-	✓	✓	✓	✓
13-Nov	✓	✓	✓	✓	✓

## Board Committees (continued)

### Audit Committee (AUCOM)

#### Members

- > Mr. Martin Powell (Chair – Independent Director)
- > Mr. Andrew Jackson (Independent Non-Board member)
- > Mr. Abdullah Al-Faifi (Independent Non-Board member)
- > Dr. Maysa Basoudan (Independent Non-Board member)

#### Roles and responsibilities

The AUCOM monitors the Bank's Internal Audit function, supervises external auditors, reviews control weaknesses, and system deficiencies. It is also responsible for the review of interim and annual financial statements including compliance with accounting policies and provides the Board with its comments and feedback.

The committee reviews the audit reports and provides its recommendations. AUCOM also makes recommendations to the Board on the appointment of the Bank's auditors and their respective fees, the review of the audit plan, follow-up on the auditors' work, and the review of the auditors' comments.

In line with the corporate governance requirements and best practice, the terms of reference of the committee were revised and approved by the Extraordinary Assembly on 25 April 2024.

AUCOM meets at least four times every year and, in 2024 the committee held six meetings. The following table shows details of those meetings and the record of attendance of members during the year.

AUCOM meetings during 2024					
	Mr. Martin Powell	Mr. Andrew Jackson	Mr. Abdullah Al-Faifi	Dr. Ammr Khaled Kurdi*	Dr. Maysa Basoudan**
06-Feb	✓	✓	✓	-	-
03-May	✓	✓	✓	-	-
06-May	✓	✓	✓	-	-
25-Jul	✓	✓	✓	-	-
28-Oct	✓	✓	✓	-	✓
16-Dec	✓	✓	✓	-	✓

\*Dr. Ammr Kurdi (Independent Non-Board committee member) resigned from his position, effective from 22 January 2024.

\*\*Dr. Maysa Basoudan (Independent Non-Board member) was appointed on 17 September 2024.

### Nomination and Remuneration Committee (NRC)

#### Members

- > Mr. Ahmed Al-Aulaqi (Chair – Independent Director)
- > Ms. Lubna S. Olayan (Non-Executive Director)
- > Mr. Saad Al-Fadly (Non-Executive Director)
- > Mr. Samir Assaf (Non-Executive Director)
- > Mr. Stuart Gulliver (Independent Director)

#### Roles and responsibilities

The NRC recommends the nominations for Board membership in line with SAB's selection policy for Board and Board committee members. The committee annually reviews the skills and capabilities required by the Board and the Executive Management team to ensure the effective discharge of their respective responsibilities, including the amount of time members of the Board shall allocate to the activities of the Board and its committees. The committee also reviews the structure of the Board and provides recommendations regarding changes that may be made to such structure. It ensures the independence of Independent Directors and the absence of any conflicts of interest for all Directors. Finally, it reviews the scope and limits of SAB's governance, in addition to drawing up and approving the compensation and remuneration policies and schemes, and oversees the proper implementation of them.

In line with the corporate governance requirements and best practice, the terms of reference of the committee were revised and approved by the Extraordinary Assembly on 25 April 2024.

NRC meets at least twice a year, and in 2024, the committee held four meetings. The following table shows details of those meetings and the record of attendance of members during the year.

NRC meetings during 2024					
	Mr. Ahmed Al-Aulaqi	Ms. Lubna S. Olayan	Mr. Saad Al-Fadly	Mr. Samir Assaf	Mr. Stuart Gulliver
23-Jan	✓	✓	-	✓	✓
24-Apr	✓	✓	✓	✓	✓
05-Sep	✓	-	✓	✓	✓
15-Dec	✓	-	✓	✓	✓

# Board Committees (continued)

## Board Risk Committee (BRC)

### Members

- > Mr. Sulaiman Al-Gwaiz (Chair – Independent Director)
- > Mr. Martin Powell (Independent Director)
- > Mr. Stuart Gulliver (Independent Director)
- > Mr. Gareth Thomas (Non-Board member)
- > Mr. Abdulhameed Al-Muhaidib (Non-Board member)

### Roles and responsibilities

The BRC is responsible for supporting the Board in the discharge of its risk oversight responsibilities including the annual review and approval of the Bank's risk appetite framework and overseeing its effectiveness. The committee is also responsible for developing the Bank's risk management strategy and all related policies and ensuring their proper implementation.

In line with the corporate governance requirements and best practice, the terms of reference of the committee were revised and approved by the Board on 17 December 2024.

The committee consists of five members and reports directly to the Board. It meets at least four times a year.

In 2024, the BRC held four meetings. The following table shows details of those meetings and the record of attendance of members during the year.

	BRC meetings during 2024				
	Mr. Sulaiman Al-Gwaiz	Mr. Martin Powell	Mr. Stuart Gulliver	Mr. Gareth Thomas	Mr. Abdulhameed Al-Muhaidib
24-Apr	✓	✓	✓	✓	✓
26-Jun	✓	✓	✓	✓	✓
03-Sep	✓	✓	✓	✓	✓
16-Dec	✓	✓	✓	✓	✓

## Technology and Digital Committee (TDC)

### Members

- > Dr. Deema Alaltheil (Chair – Non-Board member)
- > Mr. Tony Cripps (Executive Director)
- > Mr. Stephen Moss (Non-Executive Director)
- > Mr. Mohammed Almaraj (Independent Director)

### Roles and responsibilities

The TDC assists the Board in setting and overseeing the execution of the Bank's strategic plan, strategic objectives and major initiatives, and investments and capital expenditures with respect to information technology, digital technology, transformation, and innovation, along with setting governance standards for the digital transformation of the Bank.

The TDC assesses technological risks, advising the Board Risk Committee on safeguarding the Bank against digital threats. It ensures transparency through regular updates and communication with the Board, the terms of reference of the committee were revised and approved by the Board on 17 December 2024.

The committee consists of four members and reports directly to the Board. It meets at least three times a year.

In 2024, the TDC held four meetings. The following table shows details of those meetings and the record of attendance of members during the year.

	TDC meetings during 2024			
	Dr. Deema Alaltheil	Mr. Tony Cripps	Mr. Stephen Moss*	Mr. Mohammed Almaraj
11-Mar	✓	✓	✓	✓
23-Apr	✓	✓	✓	✓
07-Jul	✓	✓	✓	✓
04-Dec	✓	✓	✓	✓

\*Mr. Stephen Moss (Non-Executive Director) resigned from his position as a Board Director and TDC member, effective from 31 December 2024.

# Board Committees (continued)

## Shariah Committee

### Members:

- > Sheikh Dr. Abdullah Al-Mutlaq (Chair)
- > Sheikh Dr. Esam Al-Enezi (Member)
- > Sheikh Dr. Abdullah Al-Aydhy (Member)

The Shariah Committee (SC) consists of eminent and respected Shariah scholars and reports directly to the Board.

All the SC members are independent as per the independence requirements of the SAMA Shariah Governance Framework. The Board acknowledges the independency of the Shariah Committee and ensures it is not exposed to any influence that might hinder it from issuing objective Shariah decisions when considering the issues presented to it.

### Roles and responsibilities

The SC supervises the compliance of the Bank’s Islamic banking activities with Shariah principles and issues decisions related thereto to enable the Bank to comply with Shariah rules. The SC approves documents, forms, contracts, agreements, policies, and procedures etc. used in Shariah-compliant products besides reviewing and approving Shariah review (audit) reports.

The terms of reference of the SC were revised and approved by the Board on 25 September 2023 to bring them in line with SAMA’s Shariah governance requirements and market best practices.

The SC meets at least four times a year. In 2024, the committee held seven meetings. The following table shows details of those meetings and the record of attendance of members during the year.

SC meetings during 2024			
	Sheikh Dr. Abdullah Al-Mutlaq	Sheikh Dr. Abdullah Al-Aydhy	Sheikh Dr. Esam Al-Enezi
14-Jan	✓	✓	✓
10-Mar	✓	✓	✓
18-Apr	✓	✓	✓
14-May	✓	✓	✓
05-Aug	✓	✓	✓
03-Oct	✓	✓	✓
08-Dec	✓	✓	✓

# Risk Governance

SAB has a consistently strong risk culture across the organisation, which is embedded throughout business units, and control functions. Ultimate accountability resides with the Board, which exercises active governance through its Board sub-committees. Clear communication, guidance and online risk training is provided to all employees. The Bank operates the principle that all staff are responsible for identifying and managing risk within the scope of their role, while providing effective oversight through an operational and resilience risk function, other risk stewards, and internal audits, as defined by the Three Lines of Defence model. Adherence to risk management is a key performance indicator applied in the performance management of all Executive Management and staff across the organisation. A policy of consequence management is applied where failures occur.

A well-established risk governance and ownership structure ensures oversight of, and accountability for, the effective management of risk. The Board approves the Bank’s risk management framework, plans, and performance targets, which include the establishment of management level risk governance committees, Bank-wide and business risk appetite statements, the delegation of authorities for acceptance of credit and other risks, and the establishment of effective control procedures.

## Three lines of defence

<b>First line of defence</b>	Are ultimately responsible for managing the impact that conduct outcomes have on our customers and the financial markets in which we operate through the procedures, processes, controls, and technologies they manage. This includes the ability to measure the impact they have and to drive continuous learnings from root cause analysis.
<b>Second line of defence</b>	Are responsible for ensuring conduct outcomes are adequately considered in the oversight and management of all financial and non-financial risks, operational processes, and technologies, including within the risks they articulate and the control libraries they own.
<b>Third line of defence</b>	The Internal Audit Department helps the Board and Executive Management to protect the assets, reputation, and sustainability of SAB. The INA provides independent and objective assurance to Management and the Audit Committee as to whether our risk management, governance, and internal processes are designed and operating effectively.

The Risk Management Committee (RMC) is the key Management-level risk governance committee that supports the BRC in setting the Bank’s overall risk appetite and managing the Bank’s activities within it. The RMC reviews risk appetite, emerging risks, and risk policy and is chaired by the Chief Risk Officer. The Asset and Liability Committee (ALCO) reviews the risks associated with the Bank’s balance sheet including asset and liability management, capital, liquidity, and funding.

# Risk Governance (continued)

## Risk management tools

### Risk appetite

Risk appetite is the articulation of the level and type of risks we are willing to accept in order to achieve our strategic objectives. The risk appetite provides a link between the businesses, risk, and finance. It enables Senior Management to make informed decisions on how to optimally allocate capital for strategic growth within acceptable risk levels, as well as support our monitoring of risk exposure.

SAB's risk appetite statement (RAS) is deployed at the Bank level for all key risk categories, and at the business level to document appropriate risk appetite and limits for major lines of business.

SAB's risk appetite is reviewed and approved by the Board at least annually. The risk appetite is central to an integrated approach to risk, capital, and business management and supports the Bank in achieving its strategy, as well as being a key element in meeting the Bank's obligations under Pillar Two of the Basel Accord.

### Risk map

SAB maintains a risk map, covering an assessment of current and anticipated levels of risk across all major financial and non-financial risk types. The risk map is reviewed by the Bank's Risk Management Committee and any risk identified as being at an 'amber' or 'red' level is further investigated and actions are determined to mitigate the elevated level of risk.

### Stress testing

To help assess financial impact, stress testing is used to inform the level of adequate capital and liquidity to withstand external shocks such as a global economic downturn or internal events such as a system failure. Stress testing results are also used by Management to inform risk mitigation actions and support appropriate allocation of financial resources.

SAB maintains a wide-ranging stress testing programme including scenario analysis. Stress tests are conducted across the Bank in line with Management's requirements, as well as in line with the SAMA policy and directives. The stress scenarios may include adverse macroeconomic events, failures at country, sector and counterparty levels, geopolitical events, as well as a variety of projected major operational risk events.

### Emerging risks

We use emerging risks process to provide a forward-looking view of risk issues with the potential to threaten the execution of our strategy or operations over the medium to long term. We proactively assess the internal and external risk environment, as well as review the themes identified across local and global regions. We update our top and emerging risks as necessary.

## SAB principal risk types

Risk type	Definition and management
	<p>Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Bank. Credit risk arises from the Bank's direct lending operations, its issuance of guarantees, bonds and like instruments, trade finance activities, and its investment and trading activities.</p> <p>The granting of credit to customers is a core business of the Bank and accounts for a major portion of its balance sheet and profitability. The quality of the credit portfolio has a direct and important impact on the Bank's performance and strength. The Bank maintains credit policies, manuals, and procedures to manage credit risk across the Bank's portfolios, within an approved risk appetite.</p> <p>The Bank operates an independent credit risk function, which provides high-level oversight and management of credit risk for SAB, aligned with SAMA rules on credit risk management in banks. Its primary responsibilities include independent risk assessment to ensure applications conform with SAB's credit policy and local applicable regulations, guiding business segments on the Bank's appetite for credit exposure to specified industry sectors, activities, and banking products, and controlling exposures to sovereign entities, banks, and other financial institutions.</p> <p>Credit risk is monitored using a variety of credit risk management techniques such as assigning credit ratings, setting limits, monitoring credit exposures, limiting transactions with specific counterparties, continually assessing the credit worthiness of counterparties, and through the appropriate structuring of transactions.</p>
<b>Credit risk</b>	<p>The Bank manages credit exposure relating to its treasury trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances, and by limiting the duration of exposure. The Bank's credit risk exposure through derivatives represents the potential cost of replacing the derivative contracts if counterparties fail to fulfil their obligations. To control the level of credit risk taken, Management assesses counterparties using the same techniques as for lending activities.</p> <p>Concentrations of credit risk arise when a number of obligors are engaged in similar business activities or have similar attributes that would cause their ability to meet contractual obligations to be similarly affected by a particular change in economic, political, or other conditions. Concentration risk can also arise from large exposures to a single borrower or group of related borrowers. Management seeks to manage concentration of credit risk through the diversification of lending activities and through the use of internal and regulatory limits.</p> <p>The IFRS 9 process comprises three main areas: modelling and data, implementation, and governance. Established IFRS9 modelling and data processes are subject to internal model risk governance, including independent review of significant model developments. Unbiased and independent macroeconomic scenarios are provided by a recognised organisation specialised in economic forecast, and these are reviewed and checked for consistency with the economic conjuncture and the current economic and financial risks. The impairment engine performs the expected credit losses calculation using data, which is subject to several validation checks and enhancements. The IFRS9 Impairment Review Committee is established to review and approve the impairment results. Required members of the committee are the Chief Risk Officer, General Manager Wholesale Credit, General Manager Retail Credit Risk, Chief Financial Officer and Chief Accounting Officer.</p>

# Risk Governance (continued)

The Bank's total outstanding residential real estate finance portfolio as of 31 December 2024 was ₺ 35.3 bln. 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 its residential real estate portfolio. However, risk elements which are not part of the insurance coverage are dealt with according to the Bank's internal risk management framework.

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

**Real estate finance risk**

(i) Death and Disability Insurance: This insurance cover provides financial protection in the event of death or disability resulting from natural or accidental events or specified cause as per the insurance policy in order to recover the outstanding finance amount. Disability coverage is for customers who may become fully and permanently disabled and are unable to work or engage in an income earning activity.

(ii) 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.

**Regulatory compliance and financial crime compliance (FCC) risk**

Compliance risk is the risk leading to statutory, legal sanctions, material financial loss, or damage to the reputation of SAB, which may be suffered as a result of failure to comply with all applicable laws, rules, and regulations. A fully resourced and independent compliance function has been established for compliance risk management. The aim of the compliance function is to protect the reputation and credibility of SAB and protect the interest of shareholders and depositors, and to safeguard the institution against legal and regulatory consequences.

Compliance risk management is a specialised activity with a high degree of complexity, managing the risks of financial crime and regulatory compliance capturing sanctions, money laundering, terrorist financing, fraud, anti-bribery, and corruption. SAB has continued to make significant investments in people and compliance infrastructure including monitoring systems, internal reporting tools, and training in order to better control the compliance risks across the organisation.

All identified risks and breaches to local regulations are reported to the Management and Board committees along with corrective actions and monitored for adequate closure.

**Fraud risk**

Fraud risk is the possibility of any unexpected loss, be it financial, reputational, or material, due to fraudulent activity by an internal or external factor. The impact of fraud can be seen in the form of financial losses due to theft, embezzlement, or other types of financial crime.

**Legal risk**

The risk of financial loss, customer detriment, legal or regulatory action, or reputational damage resulting from contractual risk, dispute management risk, breach of competition law risk, and intellectual property risk.

**People risk**

The risk of adverse impact due to not having a diverse and inclusive workforce, with enough people with the right skills, to allow us to serve our customers and lead high-performance businesses where people thrive, including risks associated with employment practices and poor employee behaviour.

**Financial reporting and tax risk**

The risk of reporting financial information incorrectly or untimely, or failure in managing tax exposures.

Market risk is the risk that movements in market factors, including foreign exchange rates, special commission rates, credit spreads, commodity, and equity prices will reduce our income or the value of our portfolios. Exposure to market risk is separated into 2 portfolios:

**Market risk**

- Trading portfolios – comprise positions arising from market making and warehousing of customer-derived positions.
- Non-trading portfolios – comprise positions that primarily arise from the special commission rate management of our retail and commercial banking assets and liabilities, and financial investments designated as 'Held to collect and sell' and 'Held to collect'.

Market risk is monitored and measured using limits and metrics approved by the BRC. The exposure and limits are monitored by an independent risk function. SAB uses a range of control measures to manage market risk ranging from specific stop loss control limits, sensitivity analysis, stress testing, and value at risk (VaR).

Liquidity risk is the risk that SAB does not have sufficient financial resources to meet its obligations as they fall due or that it can only do so at an excessive cost. Liquidity risk arises from mismatches in the timing of cash flows. Funding risk is the risk that funding is considered to be sustainable, and therefore used to fund assets, and proves unsustainable over time. Funding risk arises when illiquid asset positions cannot be funded at the expected terms and when required.

To control and manage this risk, the Board of Directors has approved a range of risk appetite and tolerance limits, including but not limited to the liquidity coverage ratio, the net stable funds ratio, loan to deposit ratio, and the SAMA liquidity ratio, as well as a series of concentration limits on the source of funding and its maturity profile. All metrics are closely monitored by the first line of defence risk owners, namely Treasury and the Performance and Capital Management (PCM) team, together with regular oversight and monitoring by Senior Management (via ALCO), Executive Committee (EXCOM), and the Board Risk Committee (BRC).

The Bank conducts regular stress testing under a range of severe but plausible scenarios, which form part of the framework of its individual adequacy assessment process (ILAAP), providing the Bank with insight into its ability to continue to operate effectively in support of its customers throughout the stress period and beyond.

**Liquidity risk**

The Bank has established a mechanism for charging the cost of liquidity within the organisation to support the management of the balance sheet structure for liquidity and funding risk purposes.

A Liquidity Contingency Funding Plan (CFP) has also been developed to provide a framework and guidance for both the risk owners and Executive Management in the event of an emerging or actual liquidity crisis. The CFP establishes early warning indicators (EWI). Through ongoing monitoring, these EWI forewarn Management of an impending stress, sets out responsibilities, and provides a series of potential mitigating actions that Management may select depending on the nature and severity of the situation. The CFP is reviewed and updated on an annual basis at least and is also subject to ongoing testing to ensure the operational effectiveness of the Bank's mitigating actions.

The Bank has developed a recovery and resolution framework, which sets out the principles and guidelines that apply for recovery and resolution. It also sets out the standards for the identification, measurement, management, and reporting of recovery and resolution requirements. The objective of the framework is to ensure the Bank has sound and embedded recovery and resolution planning capabilities, which meet recovery and resolution legal and regulatory requirements as well as the SAB Board's expectations.

# Risk

## Governance (continued)

### Shariah risk

Shariah risk is the risk of financial loss, regulatory sanction and/or reputational damage to SAB as a result of either a failure to comply with the pronouncements, guidelines, and resolutions issued by SAB's Shariah Committee in respect of the development, execution, delivery, and marketing of Islamic products, or of an opinion of the Shariah Committee being disputed by another body.

Shariah rules are open to different interpretations; hence, there are potential risks that a SAB product can be interpreted as non-compliant by another Shariah body. To mitigate this, SAB has ensured its Shariah Committee members are of high standing. Further, SAB has a dedicated Shariah Affairs team specialising in Shariah advisory, risk management, and review training, and awareness seminars are undertaken on Islamic banking principles, product, and specific processing requirements. Finally, SAB has a technology platform that facilitates compliance with Shariah requirements to further reduce the risk of operational error or oversight.

Shariah risk is identified as a distinct risk in the Bank's risk heat map, both at business and the dedicated Islamic financial level. Status is monitored through the appropriate governance committees.

The Head of Islamic Financial Services (IFS) reports directly to the Chief Risk Officer to oversee the development and independent control of Shariah products and services. IFS maintains a strong interaction with the Shariah Committee with respect to all Shariah-related affairs that impact business and risk management. The Shariah Committee reports directly to the Bank's Board.

### Operational and resilience risk

Non-financial risk (NFR), also known as operational risk, has been defined as the risk of loss resulting from people, inadequate internal processes and systems, and external events. This risk can arise during our day-to-day operations while we take financial risk. At SAB, managing NFR is important to ensure we grow our business safely and remain within our risk appetite. It also ensures we have the correct controls in place to mitigate NFR and reduce any operational loss. NFRs for SAB include legal, regulatory and financial crime compliance, people, model, Shariah, and resilience risks.

The risk appetite for NFR is established annually and approved by the Board. This is reviewed at the Operational and Resilience Risk Committee and the RMC with quarterly updates to the BRC.

To ensure continuous assessment of the adequacy of control over NFR, risk and control assessments are completed. Controls identified that mitigate the risk are tested periodically by control owners and business risk control managers. Issues identified in the design and/or operating effectiveness of the control are recorded in the operational risk repository system and issue remediation is tracked to completion by risk and control owners.

In addition, issues identified in other reviews – including those conducted by assurance functions, Internal Audit, external audit, and regulatory authorities – are also recorded on systems, and monitored through risk governance committees together with any escalations required.

Operational and resilience risk includes stewardship over resilience and data privacy risks. The protection of the Bank's technology infrastructure and our customers' data is a key operational risk as more and more banking processes are digitalised.

As part of its core business processes, SAB handles various types of customer information and data relating to its customers. Handling of information and data includes its storage, processing, and transmission. The Bank has established an information security risk unit reporting to the Chief Risk Officer. This unit provides assurance that the Bank's network is secure and compliant with information security policies by undertaking monitoring of information flows, data risk management and access management over SAB's core systems.

Cybersecurity risk is the probability of exposure or loss resulting from a cyberattack or data breach on SAB. We continue to strengthen our cyber-control framework and improve our resilience and cybersecurity capabilities, including threat detection and analysis, access control, payment systems controls, data protection, network controls, and backup and recovery. Cyber risk is a priority area for the Bank and is routinely reported at both the RMC and BRC meetings to ensure appropriate visibility, governance, and executive support for our ongoing cybersecurity programme.

From a cybersecurity regulatory point of view, SAB is focused on maintaining compliance with frameworks and initiatives introduced by Saudi Central Bank (SAMA) and National Cybersecurity Authority (NCA), which helps further improve SAB's overall cybersecurity posture. Furthermore, a cybersecurity awareness programme continued with an engaging security awareness campaign to further enhance employee and customer experiences and provide protection against potential cyber risks. Data loss prevention (DLP) policies have improved to monitor and control the movement of SAB information and deploy preventative controls to mitigate any data security breach. Access management control continues to ensure protection of information assets from unauthorised users, including access control review (access recertification) to Bank systems and users.

The Bank took measures to mitigate the inevitable NFR arising from this change in working practices and operational risks have been managed to an acceptable level during the year.

In addition, operational and resilience risk oversees insurable risk and ensures the Bank has adequate insurance policies implemented across the Bank.

## Risk Governance (continued)

Reputational risk relates to stakeholders' perceptions, whether based on fact or otherwise. As stakeholders' expectations are constantly changing, reputational risk is dynamic. Therefore, SAB's approach to reputational risk management must be upheld at all times and across all businesses and functions. SAB has built a strong image and reputation within the Saudi market, and maintains an unwavering commitment to operate, and be seen to be operating, to the highest standards set for itself.

### Reputational risk

The reputation of SAB is critical to its success. Any financial services organisation stands or falls by its reputation and the customers' confidence in it, and the reputation can be severely damaged by non-compliance with relevant regulations or by inappropriate actions or comments to the media or in the public domain. The maintenance of customer confidence is a prime objective of Management and can be achieved through a strong and healthy financial position and by exhibiting successful risk management.

SAB has zero tolerance for knowingly engaging in any business or activity where foreseeable reputational risk and/or damage has not been considered and/or mitigated. SAB tolerates a limited degree of reputational risk arising from activities where the risk has been carefully considered and/or mitigated and determined to fall below the risk threshold.

We understand the significance of adopting a comprehensive view of risk. The diverse types of risk factors that SAB and our customers may encounter have the potential to influence our financial stability significantly. In our strategic discussions and risk management framework, we therefore actively incorporate various dimensions of Environmental, Social, and Governance (ESG) considerations. For SAB, these risks are regarded as fundamental to our business operations, and we are dedicated to seamlessly integrating them into our strategy and operational framework. This section offers a synopsis of the primary ESG risks that shape our strategic and risk management considerations.

#### Climate risks:

Climate change impacts us directly as well as through our value chain. Both physical risks and transition risks, as defined by Task Force on Climate-related Financial Disclosures (TCFD), manifest in various ways, including but not limited to decreased real estate values, lower asset performance, reduced household income or wealth, increased legal and compliance costs, and shifted customer demands and perceptions.

### ESG risk

We view climate risks as pervasive, as they impact multiple facets of our organisation. Presently, we are enhancing our understanding of climate-related risks through a project aimed at quantifying our financed emissions. Once completed, the assessment will provide us with a complete picture, help us manage risks adequately, and inform further strategic decisions.

#### Sustainability risks:

Taking on a holistic perspective, sustainability risks are captured in SAB's risk taxonomy. SAB incorporates sustainability risks into its risk framework alongside financial risks like capital, liquidity, and market risks. These can be linked to the social or governance dimension of ESG and include, among others people risk, legal risk, and regulatory and compliance risk.

These non-financial risks are seamlessly integrated into our Three Lines of Defence risk management model, with specific risk stewards and audit procedures assigned. When necessary, these risks are further subdivided to enable effective risk management at a suitable level.

## Internal Controls

The ultimate responsibility for the system of internal controls resides with the Board. SAB's Internal Control System is designed to manage the risk of failure to achieve the Bank's strategic objectives. SAB's Management has established and maintains an adequate and effective framework of internal control in support of the policies approved by the Board. The Internal Control System ensures quality of external and internal reporting, maintenance of proper records, design and operational effectiveness of processes, compliance with applicable laws and regulations, and internal policies with respect to the conduct of business.

### Regulatory compliance

The Internal Control System is compliant with the Guidelines on Internal Controls issued by SAMA. This includes ensuring that there is an ongoing process for the identification, evaluation and management of significant risks faced by the Bank. Observations made by external and internal auditors, and SAMA's inspection team are promptly reviewed and addressed by Management and are subject to oversight by the Board and its Audit Committee. SAB's assessment is that the Internal Control System in place provides reasonable assurance as to the integrity and reliability of the controls established and the management of information produced.

### The Audit Committee's assessment of the adequacy of the Bank's Internal Control System

During 2024, AUCOM reviewed various reports on the adequacy of internal controls and systems including the financial statements and risk reports. The AUCOM's discussions and decisions are documented in the meetings' minutes and matters requiring attention are escalated to the Board.

During this year, the AUCOM members met with the Chief Internal Auditor (CIA), Chief Operations Officer, Chief Risk Officer, Chief Compliance Officer, Chief Finance Officer, and external auditors and have obtained updates on matters that require AUCOM's attention. AUCOM also received Internal Audit reports, regulatory reports and external auditors' management letters issued during the year and reviewed the Management action plans for the issues raised.

AUCOM also reviewed the effectiveness of the system of internal control and procedures for compliance with SAB's internal policies, relevant regulatory and legal requirements in the Kingdom of Saudi Arabia and whether Management has fulfilled its duty in having an effective internal control system, seeking independent assurance from Internal Audit to assess the adequacy and effectiveness of such internal controls.

AUCOM assures the Board and shareholders that in all material aspects, SAB's Internal Control System is adequately designed and operating effectively to the best of our knowledge and taking into account that any internal control system, regardless of its effective and sound design, cannot give absolute confirmations.

AUCOM's recommendation pertaining to the appointment, dismissal, assessment, or determining the remuneration of the external auditors or appointing the CIA were adopted by the Board.

# Internal Controls (continued)

## Annual review of the effectiveness of internal control procedures

The Board is responsible for maintaining and reviewing the effectiveness of risk management. The framework of standards, policies and key procedures that the Directors have established is designed to provide effective internal controls within SAB for managing risks within the accepted risk appetite of the Bank; for safeguarding assets against unauthorised use or disposal; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage and mitigate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. Such procedures for the ongoing identification, evaluation and management of the significant risks faced by SAB have been in place throughout the year.

SAB's Management is responsible for implementing and reviewing the effectiveness of the Bank's internal control framework as approved by the Board. All employees are responsible for identifying and managing risk within the scope of their role as part of the Three Lines of Defence model, which is an activity based model to delineate management accountabilities and responsibilities for risk management and the control environment. The second line of defence sets the policy and guidelines for managing specific risk areas, provides advice and guidance in relation to the risk, and challenges the first line of defence (the risk owners) on effective risk management.

The Risk function, under the Chief Risk Officer, is responsible for maintaining oversight of the management of various risks across the Bank. The Compliance function maintains oversight of business operations and management action to ensure conformity with regulatory requirements. The risk management process is fully integrated with strategic planning, the annual operating plan and the capital planning cycle. Results are communicated for the information of the Directors by means of periodic reports provided to the AUCOM and BRC members.

## Chief Internal Auditor (CIA) confirmation of organisational and functional independence

The Internal Audit Department (INA) provides independent and objective assurance and consulting to Management of SAB and its subsidiaries\* over the risk management and controls framework, to add value and to improve operations. INA also helps Management accomplish its objectives by bringing a systematic, disciplined approach in their evaluation and improvement of the effectiveness of risk management, control, and governance processes. (\*SAB subsidiaries excluding SAB Invest. This subsidiary is governed by their own Board of Directors, Audit Committee and Internal Audit function. However, SAB INA will support the subsidiary based on the executed Service Level Agreements).

The CIA reports to the Chair of AUCOM on all audit matters. For administrative matters, the CIA reports to SAB's Managing Director and Chief Executive Officer.

INA staff are independent of the operations which they audit and are objective in carrying out their duties and have an impartial, unbiased attitude and avoid any conflict of interest.

INA will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Documents and information provided to INA during its activities will be handled in the same professional, prudent and confidential manner as by those employees accountable for the appropriate handling of said documents.

Annual performance evaluation, salary increments, and the bonus of the CIA will be approved by the AUCOM in conjunction with the Managing Director and Chief Executive Officer and the Nomination and Remuneration Committee.

## Summary of key internal controls

Control	Description
<b>SAB principles</b>	SAB principles overlay all policies and procedures, informing and connecting our purpose, values, strategy, and risk management. In other words, why we exist, who we are, what we do, and how we deliver.
<b>Policies and procedure framework</b>	SAB has a strong policies and procedures framework governed by the Procedures of SAB Manuals. Policies and procedures cover all major activities of the Bank besides standalone policies on the key regulations. Policies and procedures mandated by the regulator are approved by the Board and are subject to periodic review to ensure they adequately cover the Bank and its operating environment, including alignment with regulation and international best practices.
<b>Delegation of authority</b>	SAB has set a formal delegation of authority for the Board and the Executive Management to delegate their authority to sign for, bind, or otherwise incur an obligation, including but not limited to, all categories of contracts, financial commitments, and other obligations of the Bank on behalf of SAB. Such delegations precisely define the authorities being delegated and are consistent with the provisions set forth in the bylaws, terms of reference of the Board and Board committees, as well as any applicable legal and regulatory requirements.
<b>Risk identification and monitoring</b>	Systems and procedures are in place in SAB to identify, monitor, control, and report on the major financial and non-financial risks, which includes credit, market, liquidity, capital, financial management, model, reputational, strategic, sustainability, financial crime and regulatory compliance, people, Shariah, legal, and resilience risks in addition to any emerging risks. Exposure to these risks is monitored by various Management governance committees. These include the Asset and Liability Committee, the Risk Management Committee, the Compliance Committee, the Fraud High Committee, the IT Steering Committee, the Customer Experience Steering Committee, the Information Security Risk Committee, and the Operational and Resilience Risk Committee, and their various sub-committees.
<b>Governance committees</b>	The effectiveness, membership and terms of reference are reviewed annually, and minutes of meetings are submitted to the Board sub-committees, and through these sub-committees to the Board.
<b>Risk and control assessment</b>	All significant operational risks, together with the associated controls are identified through a risk and control assessment (RCA) process conducted by risk owners with input from risk stewards (subject matter experts in the second line of defence). The design and operating effectiveness of controls is tested at several levels, including by dedicated business risk and control managers (within the first line of defence) and the relevant risk stewards (second line of defence) to provide reasonable assurance to the Management about the adequacy of the controls.
<b>Financial reporting</b>	SAB's financial reporting process for preparing the financial statements for the year ended 31 December 2024 is controlled using documented accounting policies and reporting formats. The submission of financial information is subject to certification by the Chief Financial Officer.
<b>Changes in operations, market conditions, and practices</b>	Processes are in place to identify new risks arising from changes in market conditions and practices and customer behaviour.
<b>Annual operating plans</b>	Annual operating plans, informed by a detailed analysis of the risk appetite describing the types and quantum of risk that SAB is prepared to take in executing its strategy, are prepared at business and functional levels, and set out the key business initiatives and the likely financial effects of those initiatives.

# Internal Controls (continued)

## Summary of key internal controls

<p><b>Governance arrangements and risk</b></p>	<p>Governance arrangements are in place to provide oversight of, and advice to the Board on, material risk-related matters. These are affected through the Board and Board committees as well as Management committees, which oversee the effectiveness of risk management and report to the Board committees.</p>
<p><b>Internal Audit</b></p>	<p>Internal Audit (INA) represents the third line of defence and monitors the effectiveness of the internal control framework across the whole of SAB, focusing on the areas of greatest risk to the Bank as determined by a risk-based audit approach. INA accomplishes this by independently reviewing the design and operating effectiveness of internal control systems and policies established by first and second line functions to ensure the Bank is operating within its stated risk appetite and in compliance with the regulatory framework.</p> <p>The CIA reports to AUCOM on all audit-related matters. The SAB Internal Audit activity charter sets out the accountability, independence, responsibility, and authority of the INA function, while the SAB Audit Instruction Manual (AIM) prescribes the standards and procedures adhered to by the INA function. Both documents are annually reviewed and approved by AUCOM, acting on behalf of the Board. Executive Management is responsible for ensuring management action plans, agreed by the INA function, are implemented within an appropriate and agreed timetable. Confirmation to this effect must be provided to INA.</p> <p>During 2024, INA reviewed a number of activities and processes of SAB following a risk-based approach. Reports of these audits have been submitted to the AUCOM highlighting that we have well-established non-financial and financial risk frameworks in place where a lot of effort has been applied in socialising key expectations in terms of roles and responsibilities. Further effort is required to demonstrate fully embedding key controls to ensure we have a sustainable risk and control environment supporting material processes Bank-wide. On an overall basis, audits of the effectiveness of the internal control environment conducted during 2024 confirmed that systems and procedures for the ongoing identification, evaluation, and management of significant risks faced by SAB were in place throughout the year. These procedures enabled SAB to discharge its obligations under the rules and regulations issued by SAMA and the standards established by the Board.</p>

# Board Assurance

The Board assures shareholders and other interested parties that to the best of its knowledge and in all material aspects:

- > The system of internal controls is sound in design and has been effectively implemented.

The Board has reached this view and is able to make this assurance based on its ongoing oversight of and involvement in the Bank's control framework directly and through its sub-committees. The Board further mandates Management to conduct an annual review of effectiveness of internal control procedures.



# Related Parties

## Related party transactions

In the ordinary course of its activities, the Group transacts business with related parties. In the opinion of the Management and the Board, the related party transactions are performed in the normal course of business. The related party transactions are governed by limits set by the Banking Control Law and the regulations issued by SAMA. Managerial and specialised expertise is provided under a technical services agreement with HSBC Holdings plc, the parent company of HSBC Holdings BV. This agreement was amended on 3 October 2018 and renewed for a period of 10 years, commencing on 30 September 2017.

The year end balances included in the consolidated financial statements resulting from related party transactions are as follows. All amounts are in ٢٠٠٠ unless otherwise stated.

<b>HSBC:</b>	<b>2024</b>	<b>2023</b>
Due from banks and other financial institutions	678,257	1,305,070
Investments	6,395	8,226
Fair value derivatives, net	6,776	9,607
Due to banks and other financial institutions	3,116,767	3,993,071
Commitments and contingencies	9,941,065	6,244,070
<b>Associates:</b>	<b>2024</b>	<b>2023</b>
Investments	463,350	462,046
Other assets	7,925	5,824
Customer deposits	934,062	900,888
Retained earnings	12,578	12,000
Commitments and contingencies	1,764	1,764
<b>Directors, Board committees, other major shareholders, key Management personnel and their affiliates:</b>	<b>2024</b>	<b>2023</b>
Investments	2,055,020	2,283,604
Loans and advances	11,111,185	12,378,119
Customers' deposits	23,857,794	15,950,252
Negative fair value derivatives, net	139,872	151,372
Other liabilities	23,391	17,235
Tier 1 Sukuk	2,163,000	-
Commitments and contingencies	2,223,581	2,448,481

Other major shareholders represent shareholdings (excluding the non-Saudi shareholder) of more than 5% of the Group's issued share capital.

<b>Related mutual funds:</b>	<b>2024</b>	<b>2023</b>
<b>HSBC:</b>		
Investments	420,403	389,473
Customers' deposits	39,266	16,105
Debt securities issued	200,000	200,000
<b>Subsidiaries:</b>		
Investments	75,366	72,527

Transactions with related parties other than those disclosed elsewhere in these consolidated financial statements are as follows.

<b>Associates:</b>	<b>2024</b>	<b>2023</b>
Special commission income	73	601
Special commission expense	243,398	221,826
Fees and commission income	11,378	7,288
Service charges paid to associates	7,861	1,768
Service charges recovered from associates	29,267	22,696
Profit share paid to associates relating to investment banking activities	107,915	74,424

<b>HSBC, Directors, Board committees, other major shareholders, key Management personnel and their affiliates:</b>	<b>2024</b>	<b>2023</b>
Special commission income	599,720	583,822
Special commission expense	526,699	470,451
Fees and commission income	90,496	110,643
General and administrative expenses	55,172	186,637
Service charges paid to HSBC	312,872	44,315
Directors' and Board committees' remuneration	17,361	6,778

The total amount of compensation paid to key Management personnel during the year is as follows.

	<b>2024</b>	<b>2023</b>
Short-term employee benefits*	51,987	47,755
Other long-term benefits	19,995	16,841
Share-based payments	7,449	5,543

\*Short-term employee benefits include salaries, allowances, benefits, and cash bonus paid during the year.

Key Management personnel are those persons, including an Executive Director, having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly.

## Related Parties (continued)

Transactions and contracts concluded during the year ended 31 December 2024:

Related party	Relation to related party	Name of the party with direct or indirect interest or shareholding	Value 共	Nature of business	Agreement: Annually/ one time
Olayan Real Estate Co.	Board Member	Ms. Lubna Olayan	910,800	Branch Site Rentals	Annually
Saudi Xerox Co	Board member/ Shareholder	Ms. Lubna Olayan	1,617,472	Statement Print	Annually
Al Bustan Company	Board Member	Ms. Lubna Olayan	1,524,427	Rental contracts	Annually
SIMAH	Associate 21.87% owned by SAB/ Senior Executive	Associate Mr. Bandar Algheshayan	16,455,958	SIMAH Membership Houser Price Index Portfolio 360 Service Benchmarking Report services	Annually
SANID	Associate 20% owned by SAB/ Senior Executive	Associate Ms. Jehan Tashkandi	33,288,319	Riyadh Multi bank cash center	Annually
HSBC Holdings	Board member/ Shareholder	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	-	Intra Group Service Agreement	Annually
HSBC Bank Middle East Limited (HBME)	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	375,000	Performance Level Agreement for a software service	Annually
HSBC Bank Middle East	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	-	Intra Group Service Agreement	Annually
HSBC (Malaysia) Trustee Berhad	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	-	Intra Group Service Agreement	Annually
HSBC PB Services SA (Suisse)	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	-	Intra Group Service Agreement	Annually
HSBC Saudi Arabia	Board member/ 49% owned by SAB	Mr. Stephen Moss Mr. Tony Cripps Mr. Samir Assaf Mr. Yasser Albarrak	4,528,125	Intra Group Service Agreement	Annually
HSBC GLOBAL SERVICES LIMITED	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	109,996,299	Intra Group Service Agreement	Annually
HSBC Service Delivery (Polska) SP. Z.O.O.	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	1,637,924	Intra Group Service Agreement	Annually
HSBC Software Development (Guangdong) LTD	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	49,933,256	Intra Group Service Agreement	Annually
HSBC Technology & Services (USA) Limited	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	54,455,264	Intra Group Service Agreement	Annually
HSBC Software Development (India) Private Limited	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	49,608,126	Intra Group Service Agreement	Annually
HSBC Electronic Data Processing India Private Limited (Bangalore)	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	3,278,880	Intra Group Service Agreement	Annually

Related party	Relation to related party	Name of the party with direct or indirect interest or shareholding	Value 共	Nature of business	Agreement: Annually/ one time
HSBC Electronic Data Processing Lanka (Private) Limited	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	-	Intra Group Service Agreement	Annually
HSBC - Hong Kong Branch	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	39,780,412	Intra Group Service Agreement	Annually
HSBC Group Management Services Ltd	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	3,648,776	Intra Group Service Agreement	Annually
HSBC Bank plc	Board Member	Mr. Stephen Moss Mr. Samir Assaf Mr. Tony Cripps	158,429	Intra Group Service Agreement	Annually
Arabian Business Machines Co	Board Member	Ms. Lubna Olayan	28,175	Cash Vault and Safe Deposit Services	Annually
General Organization For Social Insurance	Senior Executive	Ms. Ghada Aljarbou	891,794	Rental contract	Annually
Health Water Bottling Company	Board Member	Ms. Lubna Olayan	80,226	Products	One time Payment
King Fahad Causeway Authority	Board Member	Mr. Mohamed Almaraj	289,800	Rental contracts	Annually
Schindler Olayan Elevator Co. Ltd	Board Member	Ms. Lubna Olayan	84,928	Elevator Maintenance	Annually
HSBC Saudi Arabia	Board member/ 49% owned by SAB	Mr. Stephen Moss Mr. Tony Cripps Mr. Samir Assaf Mr. Yasser Albarrak	2,850,728	Safekeeping	Annually
HSBC Saudi Arabia	Board member/ 49% owned by SAB	Mr. Stephen Moss Mr. Tony Cripps Mr. Samir Assaf Mr. Yasser Albarrak	481,850	Intra Group Service Agreement	Annually

### Information relating to competing business with the Bank or any of its activities that any member of the Board is engaging in or was engaged in

The Bank confirms that there was no engagement from the members of the Board of Directors in any activity competing with the Bank.

### Arrangements for shareholders' waiver of rights to dividends

The Bank is not aware of any information on any arrangements or agreements for the waiver of their rights to dividends by any shareholder of the Bank.

### Notification relating to substantial shareholdings

During the year, the Bank did not receive any notification from shareholders or relevant persons regarding the change in their ownership of the Bank's shares in accordance with the disclosure requirements of the listing rules issued by the Capital Market Authority. Below are schedules of share ownership of major shareholders, Directors of the Board and Senior Executives or their spouses and minor children in shares or equity.

## Related Parties (continued)

### Description of any interest, option rights and subscription rights of major shareholders

Name of stakeholder	Number of shares		Change		Ownership %
	1 January 2024	31 December 2024	Shares	%	
HSBC Holdings B.V.	636,986,300	636,986,300	-	-	31.0%
Olayan Saudi Investment Company Ltd	418,738,739	418,738,739	-	-	20.38%

### Rights of the shareholders

In line with the relevant regulations, and as a general rule, the Bank ensures that the shareholders have the ability to exercise their rights completely, including their right to give feedback about the Bank and its performance through General Meetings and the share registry unit.

### Bank requests for shareholders' register

The Bank regularly requests information on the constituents of the shareholder base from the Tadawul Stock Exchange. The request log is detailed below.

No.	Date	Reason
1	31 January 2024	Update of shareholder record
2	31 March 2024	Update of shareholder record
3	29 April 2024	Dividend entitlement
4	30 April 2024	Update of shareholder record
5	30 May 2024	Update of shareholder record
6	30 June 2024	Update of shareholder record
7	17 July 2024	Update of shareholder record
8	31 July 2024	Update of shareholder record
9	19 August 2024	Dividend entitlement
10	29 August 2024	Update of shareholder record
11	04 September 2024	Update of shareholder record
12	30 September 2024	Update of shareholder record
13	31 October 2024	Update of shareholder record
14	18 November 2024	Update of shareholder record
15	20 November 2024	Update of shareholder record
16	27 November 2024	Update of shareholder record
17	28 November 2024	Update of shareholder record
18	02 December 2024	Update of shareholder record
19	09 December 2024	Update of shareholder record

SAB complies in form and content with all corporate governance guidelines included in the Corporate Governance Regulations issued by the CMA with the exception of Article 92 (more details can be found below). This commitment has resulted in the inclusion of the compulsory requirements in the Bank's bylaws, and internal policies and guidelines. These include establishment of the rights of shareholders to purchase and own shares and to participate in General Assembly Meetings; the provision of all information that ensures shareholders can exercise their rights; the disclosure of financial and non-financial information and the complete observance of transparency requirements in line with the regulatory requirements; and the definition of the liabilities of the Board of Directors and formation of its various committees under terms of reference that are in line with the regulatory guidelines.

Article	Requirement	Reason for non-compliance by the Bank
92	Formation of a Corporate Governance Committee (Guiding Article)	The Nomination and Remuneration Committee, in line with its terms of reference, is entrusted with the periodical revisions to ensure consistency of the applications and structures of governance adopted by the Bank and to present their recommendations to the Board on such matters.

## SAB General Meetings

During 2024, SAB held an Extraordinary General Meeting on 25 April 2024 (Annual General Meeting) via online platform with the required quorum and attendance of 76.73% of shareholders. The results of the meetings are publicly available on the Saudi Stock Exchange website (<https://www.saudiexchange.sa/>)

### General Assembly Meetings

#### Board of Directors attendance

The following table shows the details of meetings and the attendance of Directors during the year.

Board Director	25 April 2024
Ms. Lubna S. Olayan	✓
Mr. Saad Al-Fadly	✓
Mr. Mohammed Almaraj	✓
Eng. Mohammed Al-Omran	✓
Mr. Ahmed Al-Aulaqi	-
Mr. Martin Powell	✓
Mr. Stuart Gulliver	-
Mr. Sulaiman Al-Gwaiz	✓
Mr. Tony Cripps	✓
Mr. Stephen Moss	✓
Mr. Samir Assaf	✓

## Directors' and Senior Executives' Interests

### Directors' interests (including relatives)

Name of stakeholder	Number of shares		Change	
	1 January 2024	31 December 2024	Shares	%
Ms. Lubna S. Olayan	150,000	150,000	-	0
Mr. Mohammed Almaraj	-	-	-	-
Eng. Mohammed Al-Omran	52,201,643	52,229,643	28,000	nm
Mr. Saad Al-Fadly	-	-	-	-
Mr. Samir Assaf	-	-	-	-
Mr. Ahmed Al-Aulaqi	1,677	1,677	-	0
Mr. Martin Powell	-	-	-	-
Mr. Stephen Moss	-	-	-	-
Mr. Stuart Gulliver	-	-	-	-
Mr. Sulaiman Al-Gwaiz	201	32,966	32,765	99
Mr. Tony Cripps	-	-	-	-

### Senior Executives' interests (including relatives)

Name of Senior Executives	Number of shares		Change	
	1 January 2024	31 December 2024	Shares	%
Mr. Tony Cripps	-	-	-	-
Ms. Lama Ghazzaoui	60,201	-	(60,201)	(100)
Ms. Faten Abalkhail	20,000	-	(20,000)	(100)
Mr. Majed Najm*	337,345	407,439	70,094	21
Mr. Mohammed Al-Shaikh	-	-	-	-
Mr. Bandar Algheshayan	46,071	77,975	31,904	69
Mr. Khalid Ismail	53,730	91,644	37,914	71
Mr. Faris Alshareef	16,945	25,013	8,068	48
Mr. Yasser Albarrak	122,752	170,113	47,361	39
Ms. Ghada Aljarbou	1	47,010	47,009	100
Ms. Mashael Alshebaiky**	19,663	43,681	24,018	<100
Mr. Musaifer Alosaimi	153,775	209,445	55,670	36
Ms. Rania Alsharyoufi	19,324	24,846	5,522	29
Mr. Saeed Assiri	902	-	(902)	(100)
Mr. Abdullah Alqahtani	-	-	-	-
Mr. Ali Alqahtani	44,702	-	(44,702)	(100)
Mr. Salem Alonazi***	29,611	32,425	2,814	10

\*Mr. Majed Najm is a Non-Executive Senior Adviser.

\*\*Ms. Mashael Alshebaiky resigned from her position as Chief Legal Officer on 19 April 2024.

\*\*\*Mr. Salem Alonazi is the acting Chief Legal Officer effective from 2 June 2024.

## Remuneration

In accordance with the highest standards of corporate governance and in compliance with global best practices and regulatory requirements, the remuneration policy was revised and approved at the Extraordinary General Assembly on 25 April 2024.

SAB's remuneration policy for Board Directors, committee members and Executive Management is set in accordance with regulatory provisions issued by the supervisory authorities. The policy sets out clear standards regarding the remuneration of members of the Board of Directors, its committees, and the Executive Management.

The remuneration of the members of the Board of Directors is determined based on SAB's remuneration policy and the recommendation of the Nomination and Remuneration Committee.

There is no material deviation between the remunerations paid to the Directors and SAB's remuneration policy.

There are no arrangements or agreements under which any member of the Board of Directors nor any of the members of the committees and Senior Executives have waived any remuneration.

The remuneration of Independent Board members is not linked to the Bank's profits, in accordance with the guidance of the Capital Market Authority.

The compensation is paid towards the end of the year. During 2024, none of the Board or Board committee members have assumed any work in a technical or advisory role, and therefore they did not obtain any consideration or special benefits in this respect.

The following tables show details of remuneration paid to Board and Board committee members and Senior Executives of the Bank during the year.



## Remuneration (continued)

### Board remuneration

Name	Fixed remunerations (S'000)		Variable remunerations (S'000)									
	Specific amount	Allowance for attending Board meetings	Total (S'000)	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total	End-of-service award	Aggregate amount	Expenses allowance
<b>First: Independent Directors</b>												
Mr. Ahmed Al-Aulaqi	1,100		1,100									
Mr. Sulaiman Al-Gwaiz	1,100		1,100									
Mr. Mohammed Almaraj	1,100		1,100									
Mr. Martin Powell	1,100		1,100									
Mr. Stuart Gulliver	1,100		1,100									
<b>Total</b>	<b>5,500</b>		<b>5,500</b>									
<b>Second: Non-Executive Directors</b>												
Ms. Lubna S. Olayan	1,100		1,100									
Mr. Saad Al-Fadly	1,100		1,100									
Eng. Mohammed Al-Omran	1,100		1,100									
Mr. Stephen Moss*	1,100		1,100									
Mr. Samir Assaf	1,100		1,100									
<b>Total</b>	<b>5,500</b>		<b>5,500</b>									
<b>Third: Executive Directors</b>												
Mr. Tony Cripps	-		-									

\*Mr. Stephen Moss (Non-Executive Director) resigned from his position as a Board Director and TDC member, effective from 31 December 2024.

### Committee remuneration

The following amounts are received by all Board committee members.

	Fixed remuneration (except for the allowance for attending meetings)	Allowance for attending meetings	Total S'000
<b>Audit Committee</b>			
Mr. Martin Powell	300		300
Dr. Maysa Basoudan	116		116
Mr. Abdullah Al-Faifi	400		400
Mr. Andrew Jackson	400		400
<b>Nomination and Remuneration Committee</b>			
Mr. Ahmad Al-Aulaqi	200		200
Ms. Lubna Olayan	150		150
Mr. Samir Assaf	150		150
Mr. Saad Al-Fadly	150		150
<b>Board Risk Committee</b>			
Mr. Sulaiman Al-Gwaiz	300		300
Mr. Stuart Gulliver	250		250
Mr. Martin Powell	250		250
Mr. Abdulhameed Al-Muhaidib	400		400
Mr. Gareth Thomas	400		400
<b>Executive Committee</b>			
Ms. Lubna S. Olayan	300		300
Mr. Sulaiman Al-Gwaiz	250		250
Eng. Mohammed Al-Omran	250		250
Mr. Tony Cripps			
Mr. Mohammed Almaraj	250		250
<b>Technology and Digital Committee</b>			
Dr. Deema Alaltheil	500		500
Mr. Stephen Moss	150		150
Mr. Tony Cripps	-		-
Mr Mohammed Almaraj	150		150
<b>Shariah Committee</b>			
Sheikh Dr. Abdullah Al-Mutlaq	500		500
Sheikh Dr. Esam Al-Enezi	400		400
Sheikh Dr. Abdullah Al-Aydhy	400		400

## Remuneration (continued)

### Top five Senior Executives (including Chief Executive Officer<sup>4</sup> and Chief Financial Officer)

Fixed remunerations (€'000)				Variable remunerations (€'000)								
Salaries	Allowances	In-kind benefits <sup>2</sup>	Total	Periodic remunerations <sup>1</sup>	Profits	Short-term incentive plans	Long-term incentive plans <sup>3</sup>	Granted shares (insert the value)	Total	End-of-service award	Total remunerations for Board Executives, if any	Aggregate amount (€'000)
11,400	2,498	1,426	15,324	8,838	-	-	10,161	11,406	30,405	-	-	45,729

1. Includes both cash and deferred bonus and cash dividends  
 2. Includes end-of-service benefit for resigned Senior Executives, education benefit and accommodation rent  
 3. Long-term incentive plans include the talent retention schemes  
 4. The Chief Executive Officer is also an Executive Director

## Remuneration (continued)

### Arrangements for Directors' or Senior Executives' waiver of salaries or remuneration

The Bank is not aware of information on any arrangements or agreements for the waiver by any Director of the Board or any Senior Executive of any salaries, awards, or remuneration.

### Staff benefits and schemes

An annual independent review of SAB's compensation structure is conducted by an external consultant and submitted to the Nomination and Remuneration Committee and subsequently to SAMA along with management reports. This is in line with the guidance issued by SAMA and the Financial Stability Board.

According to the Labour Law of the Kingdom of Saudi Arabia and SAB's internal policies, employee end-of-service benefits become due for payment at the end of an employee's period of service. The end-of-service benefits outstanding at the end of 2024 amount to 817 mln.

The Bank has share-based equity settled bonus payment plans outstanding at the end of the year. Under the terms of these plans, SAB's eligible employees are offered shares at a predetermined price. At the vesting dates determined under the terms of the plan, SAB delivers the underlying allotted shares to the employees, subject to the satisfactory completion of the vesting conditions.

The cost of the plans is recognised 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 (the vesting date). The cumulative expense recognised for these plans at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The Bank currently has 2 share-based equity plans, under which the grant for the bonus deferral programme was made at various dates during 2022, 2023, and 2024. with a maturity period of 3 years from the respective grant dates and shares vesting is 33%, 33% and 34% for the first, second, and third year respectively. As for the long-term plan with a maturity of 4 years (ending Q1 2025) of the respective grant date and shares vesting is 30%, 20% and 40%, with remaining as cash rewards. As per the settlement method, the ownership of these shares will pass to the employees at the respective vesting dates, subject to satisfactory completion of the vesting conditions. The movement in the number of shares under the share-based equity settled bonus payment plans is as follows.

#### Movement in the number of shares under the share-based equity settled bonus payment plans

	2024	2023
<b>Beginning of the year</b>	<b>2,677,932</b>	<b>4,232,334</b>
Forfeited	(75,009)	(596,159)
Exercised or expired	(1,452,637)	(1,607,790)
Granted during the year	2,661,598	649,547
<b>End of the year</b>	<b>3,811,884</b>	<b>2,677,932</b>

The weighted average price of shares granted during the year was 34.61(2023: 40.99).

### Disclosure of details of the treasury stocks held by the Bank and details of uses of these stocks

Number of treasury stocks	Market value (SAR)	Date of holding	Detail of uses
6,821,076	229,529,207	31 December 2024	The Bank acquires its own shares in connection with the actual grant of shares to key Management for the future. Until such time as the beneficial ownership of such shares in the Bank passes to the employees, the unallocated/non-vested shares are treated as treasury shares, to be used to fund future employee long-term incentive plans.



## Legal Entity Structure

Company name	Relationship	Ownership interest	Business activity	Share capital	Country of incorporation
Arabian Real Estate Company Limited	Subsidiary	100%	Engaged in the real estate activities with owned and leased property	ﷲ 1,000,000	Saudi Arabia
SAB Markets Limited	Subsidiary	100%	Engaged in derivatives trading and repo activities	USD 50,000	Cayman Island
SAB Invest	Subsidiary	100%	Engaged in security activities related to dealing, managing, arranging, advising, and taking custody of securities	ﷲ 840,000,000	Saudi Arabia
Alawwal Real Estate Company	Subsidiary	100%	Engaged in the real estate activities with own and leased property	ﷲ 500,000	Saudi Arabia
HSBC Saudi Arabia	Associate	49%	Engaged in the full range of securities activities related to dealing, managing, arranging, advising, and taking custody of securities	ﷲ 500,000,000	Saudi Arabia
Saudi Kayan Assets Leasing Company	Special purpose vehicle	50%	SAB has participated in the 2 structured entities for the purpose of affecting syndicated finance transactions in the Kingdom of Saudi Arabia and securing collateral rights over specific assets of the debtors of those facilities under Islamic financing structures	ﷲ 500,000	Saudi Arabia
Rabigh Asset Leasing Company*	Special purpose vehicle	50%		ﷲ 500,000	Saudi Arabia

Note: The Bank assures there is no debt securities in issue for any of these subsidiaries.

\*Company was liquidated in 2024

## Appointment of External Auditors

The Extraordinary General Assembly Meeting of the Bank held on 25 April 2024 endorsed the selection of both Price Waterhouse Cooper (PwC) and Ernst & Young (EY) as external auditors to audit the Bank's consolidated financial statements and review quarterly interim condensed financial statements for the year ended 31 December 2024, in line with the recommendations of AUCOM.

### Accounting standards

The consolidated financial statements as at and for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in KSA and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (SOCPA); and are in compliance with the provisions of the Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia, and the Bank's bylaws.

## Debt Securities in Issue and Other Borrowings

In line with the Bank's continued efforts to enhance its capital adequacy position, diversification of sources of funds, the Bank has issued the following debt securities.

**Tier II Capital Sukuk:** The sukuk was issued by SAB on 2 July 2020 and matures in July 2030. This is a Basel III-compliant issuance, whereby the Bank has an option to repay the sukuk after five years, subject to prior approval of the Saudi Central Bank and the terms and conditions of the agreement.

The sukuk carries an effective special commission income rate at the six-month Saudi Arabian Interbank Offered Rate (SAIBOR) plus 195 bps payable semi-annually. The sukuk is unsecured and is registered on Tadawul.

**Additional Tier I (AT1):** On 31 October 2023, the Bank issued a 4 bln AT1 Capital Sukuk (SAR-denominated) perpetual sukuk, callable after five years. The sukuk carries an effective rate of three months SAIBOR plus 125 bps payable on a quarterly basis.

On 12 December 2024 the Bank issued another 4 bln AT1 Capital Sukuk (SAR-denominated). Two tranches have been issued, the fixed tranche of SAR 3.65 bln carries a rate of 6.07% and the floating tranche of SAR 0.35 bln carries an effective rate of 3 months SAIBOR plus 134bps.

The applicable profit rate on the AT1 Sukuk is payable on each periodic distribution date, except in the event 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 elections are not considered to be events of default. The sukuk is registered on Tadawul.

### Syndicated borrowing

There are currently no outstanding syndicated loans.

## Statutory Payments

Statutory payments payable by the Bank during 2024 consist of Zakat payable by Saudi shareholders, tax payable by foreign partners, and the amounts payable to the General Organisation for Social Insurance (GOSI).

	SAR'000
Zakat settlement paid to ZATCA pertaining to previous fiscal years up to 2023	-
Advance tax paid to ZATCA pertaining to the year 2024	(325,716)
Corporate income tax paid to ZATCA pertaining to the year 2023	(225,226)
Zakat paid to ZATCA pertaining to the year 2023	(586,688)
GOSI payments	(178,924)
Withholding tax	(142,865)
Value Added Tax	(390,126)
Other payments	(24,878)

## Penalties

The table below includes penalties imposed by SAMA on SAB during 2024 and 2023.

Various corrective and preventative measures have been taken with respect to changes in processes, policies, and procedures to avoid such violations and ensure compliance with the SAMA regulations.

Subject of violation	2024		2023	
	Number of penalties	Fine (ﷲ)	Number of penalties	Fine (ﷲ)
Violation of SAMA's supervisory instructions	15	6,130,100	18	12,185,850
Violation of SAMA's instructions for customer protection	1	678,000	0	0
Violation of SAMA's instructions regarding the level of performance of – ATMs and POS	1	25,000	2	30,000
Violation of SAMA's instructions for due diligence in AML and CTF	1	205,000	1	0
<b>Total</b>	<b>18</b>	<b>7,038,100</b>	<b>21</b>	<b>12,215,850</b>

### Penalties imposed by other regulatory authorities 2024

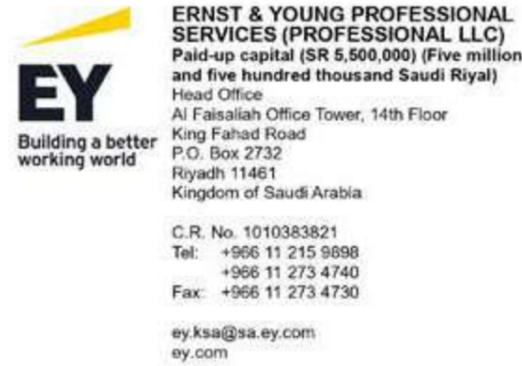
Reason for penalty	Authority	Amount (ﷲ)	Measures undertaken to remedy, and avoid, the penalties imposed
Saudi Payments service level agreement performance	Saudi Payments	205,563	Adequate measures including enhancement of related process and procedures have been taken to ensure adherence with applicable requirements.

# Financial Statements

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**Independent Auditors' Report**

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

**Report on the audit of the consolidated financial statements**

**Opinion**

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

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

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia (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, in respect of which an unmodified audit report dated 15 February 2024 (corresponding to 5 Sha'ban 1445H) was issued, were jointly audited by another auditor.

**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. For each matter below, a description of how our audit addressed the matter is provided in that context:



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

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

**Key audit matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<i>Expected credit loss allowance against loans and advances and credit related commitments and contingencies</i>	
<p>As at 31 December 2024, the gross loans and advances of the Group and credit related commitments and contingencies were SAR 265.60 billion and SAR 170.39 billion respectively against which an expected credit loss ("ECL") allowance of SAR 6.26 billion and SAR 1.14 billion was maintained respectively.</p> <p>We considered this as a key audit matter, as the determination of ECL involves significant estimation and management judgment, and this has a material impact on the consolidated financial statements of the Group. The key areas of judgment include:</p> <ol style="list-style-type: none"> <li>Categorisation of loans into Stages 1, 2 and 3 based on the identification of:                             <ol style="list-style-type: none"> <li>exposures with a significant increase in credit risk ("SICR") since their origination; and</li> <li>individually impaired / defaulted exposures.</li> </ol> <p>The Group has applied additional judgments to identify and estimate the likelihood of borrowers experiencing SICR due to the current economic outlook.</p> </li> <li>Assumptions used in the ECL model for determining probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") including, but not limited to, assessment of financial condition of the counterparties, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages.</li> </ol>	<ul style="list-style-type: none"> <li>We obtained and updated our understanding of management's assessment of the ECL allowance against loans and advances and credit related commitments and contingencies, including the Group's internal rating model, accounting policy and model methodology, considering any key changes made during the year.</li> <li>We compared the Group's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9.</li> <li>We assessed the design and implementation, and on a sample basis tested the operating effectiveness, of the key controls (including relevant IT general and application controls) over:                             <ul style="list-style-type: none"> <li>the ECL model, including governance over the model and any model updates performed during the year, including approval by the IFRS 9 Committee of the key inputs, assumptions and post model overlays;</li> <li>the classification of loans and advances into Stages 1, 2 and 3 and timely identification of SICR and the determination of default / individually impaired exposures;</li> <li>the IT systems and applications supporting the ECL model; and</li> <li>the integrity of data inputs into the ECL model.</li> </ul> </li> <li>For a sample of customers, we assessed:                             <ul style="list-style-type: none"> <li>the internal ratings determined by management, based on the Group's internal rating model, and considered these assigned ratings in light of external market conditions and available industry information. We also confirmed that these were consistent with the ratings used as inputs in the ECL model; and</li> <li>management's computations of ECL.</li> </ul> </li> </ul>





**Independent Auditors' Report (continued)**  
**To the Shareholders of Saudi Awwal Bank (A Saudi Joint Stock Company)**  
**Report on the audit of the consolidated financial statements (continued)**  
**Key audit matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<i>Expected credit loss allowance against loans and advances and credit related commitments and contingencies (continued)</i>	
<p>3. The need to apply post model overlays using expert credit judgment to reflect all relevant risk factors that might not have been captured by the ECL model.</p> <p>The application of these judgments and estimates results in greater estimation uncertainty, and the associated audit risk regarding the ECL calculation as at 31 December 2024.</p> <p><i>Refer to note 1.1f(i) to the consolidated financial statements which contains the disclosure of critical accounting judgments, estimates and assumptions relating to impairment losses on financial assets and the impairment assessment methodology used by the Group; the material accounting policies note 2B(v) and (vi) for the impairment of financial assets and financial guarantees and loan commitments; note 6 which contains the disclosure of impairment against loans and advances; note 20 which contains the disclosure of impairment against credit related commitments and contingencies and note 30(ii) for details of credit quality analysis and key assumptions and factors considered in the determination of ECL.</i></p>	<ul style="list-style-type: none"> <li>For selected loans, we evaluated management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any.</li> <li>We assessed the appropriateness of the Group's criteria for the determination of SICR and identification of "default" or "individually impaired" exposures and their classification into stages. Furthermore, for a sample of exposures, we assessed the appropriateness of the staging classification of the Group's loan portfolio.</li> <li>We assessed the governance process implemented and the qualitative factors considered by the Group when applying any overlays or making any adjustments to the output from the ECL model, due to data or model limitations or otherwise.</li> <li>We assessed the reasonableness of the underlying assumptions used by the Group in the ECL model, including forward looking assumptions, keeping in view the uncertainty and volatility in economic scenarios.</li> <li>We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2024.</li> <li>Where required, we involved our internal experts to assist us in evaluating model calculations, interrelated inputs (including EADs, PDs and LGDs) and assessing the reasonableness of assumptions used in the ECL model, particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weights; and of assumptions used in the post model overlays.</li> <li>We assessed the adequacy of disclosures in the consolidated financial statements.</li> </ul>



**Independent Auditors' Report (continued)**  
**To the Shareholders of Saudi Awwal Bank (A Saudi Joint Stock Company)**  
**Report on the audit of the consolidated financial statements (continued)**  
**Key audit matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of derivative financial instruments</i>	
<p>The Group has entered into various derivative transactions, including special commission rate swaps ("swaps"); special commission rate options ("options"); forward foreign exchange contracts ("forwards"); and other derivative contracts. Swaps, options, forwards and other derivative contracts include over-the-counter ("OTC") derivatives, and 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 cash flows or fair value risks. An inappropriate valuation of derivatives could have a material impact on the consolidated financial statements and, in case of hedge ineffectiveness, impact the hedge accounting as well.</p> <p>We considered this as a key audit matter, as there is complexity and subjectivity involved in determining the valuation and, where appropriate, hedge effectiveness.</p> <p>As at 31 December 2024, the positive and negative fair values of derivatives held by the Group amounted to SAR 2.63 billion and SAR 2.55 billion respectively.</p> <p><i>Refer to the basis of preparation note 1.1f(ii) to the consolidated financial statements which sets out the critical accounting judgments, estimates and assumptions regarding fair value measurement; the material accounting policies note 2.D for the accounting policy relating to derivative financial instruments and hedge accounting; and note 11 which discloses the derivative positions as at the reporting date.</i></p>	<ul style="list-style-type: none"> <li>We assessed the design and implementation, and on a sample basis tested the operating effectiveness, of the key controls over management's process for valuation of derivatives and hedge accounting, including the testing of relevant automated and manual controls covering the fair valuation process for derivatives.</li> <li>We selected a sample of derivatives and:             <ul style="list-style-type: none"> <li>tested the accuracy of system bookings by comparing the terms and conditions with relevant agreements and deal confirmations;</li> <li>assessed the appropriateness of the key inputs to the derivative valuation models;</li> <li>involved our internal experts to assist us in re-performing valuations of the derivatives and compared the result with management's valuation; and</li> <li>considered the hedge effectiveness performed by the Group and assessed the related hedge accounting.</li> </ul> </li> <li>We assessed the adequacy of disclosures regarding the valuation basis in accordance with IFRS 13 as endorsed in the Kingdom of Saudi Arabia and inputs used in the fair value measurement as detailed in the consolidated financial statements.</li> </ul>



**Independent Auditors' Report (continued)**

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

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

**Key audit matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Carrying value of goodwill</b>	
<p>As at 31 December 2024, the Group has goodwill with a carrying value of SAR 8.78 billion. Management has conducted a goodwill impairment test as at 31 December 2024.</p> <p>We considered the impairment assessment of goodwill as a key audit matter because it involves the determination of value in use ("VIU") and subjectivity surrounding the allocation of goodwill to individual CGUs. The VIU calculations are based on future forecasts, which are inherently uncertain, require significant judgment and are subject to the risk of management bias. Aside from profit forecasts, other significant judgments included in the VIU are discount rates and macroeconomic assumptions such as long-term growth rates. Consequently, there is a risk that if the judgments and assumptions underpinning the impairment assessment is inappropriate, then the carrying amount of goodwill balance may be misstated.</p> <p><i>Refer to the basis of preparation note 1.1f(iii) to the consolidated financial statements which sets out the critical accounting judgments, estimates and assumptions regarding the impairment of the goodwill; the material accounting policies note 2H(i) to the consolidated financial statements for the impairment policy for goodwill; and note 9 which contains the disclosure and the impairment testing of goodwill.</i></p>	<ul style="list-style-type: none"> <li>• We obtained an understanding of management's processes for impairment assessment and evaluated the design and implementation of controls.</li> <li>• We assessed whether the segmentation of the cash generating units ("CGUs") and the allocation of the goodwill to individual CGUs is appropriate and reflects our understanding of the business and how it operates.</li> <li>• We perused the strategic / operating plan as approved by the Board of Directors and checked that forecast information used in the goodwill impairment assessment conducted by management was consistent with this plan.</li> <li>• We assessed the reasonableness of the VIU calculations and the underlying assumptions and involved our experts to independently assess the long term profit growth rate and discount rate used by considering different market parameters and data sources.</li> <li>• We considered the sensitivity of the results of the VIU model for key assumptions i.e. long term profit growth rate and discount rate, within a reasonably possible range.</li> <li>• We assessed the adequacy of disclosures in the consolidated financial statements.</li> </ul>



**Independent Auditors' Report (continued)**

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

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

**Other information included in the Group's 2024 annual report**

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

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

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

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

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

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

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

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



**Independent Auditors' Report (continued)**

**To the Shareholders of Saudi Awwal 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)**

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

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

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

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



**Independent Auditors' Report (continued)**

**To the Shareholders of Saudi Awwal 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)**

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

**Report on other legal and regulatory requirements**

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

**PricewaterhouseCoopers**

**Mufaddal A. Ali**  
 Certified Public Accountant  
 License number: 447

10 Sha'ban 1446  
 (9 February 2025)



**Ernst & Young Professional Services**

**Ahmed Ibrahim Reda**  
 Certified Public Accountant  
 License number: 356



## Saudi Awwal Bank

## Consolidated Statement of Financial Position

As at 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

	Notes	2024 SAR '000	2023* SAR '000
<b>ASSETS</b>			
Cash and balances with Saudi Central Bank ('SAMA')	3	17,362,692	16,741,235
Due from banks and other financial institutions, net	4	3,429,772	7,407,481
Positive fair value of derivatives, net	11	2,631,208	2,368,382
Investments, net	5	98,412,224	96,566,836
Loans and advances, net	6	259,345,516	215,935,845
Investment in an associate	7	463,350	462,046
Property, equipment and right of use assets, net	8	4,087,561	3,844,926
Goodwill and other intangibles, net	9	10,660,468	10,556,367
Other assets	10	3,050,018	2,758,518
<b>Total assets</b>		<b>399,442,809</b>	<b>356,641,636</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks and other financial institutions	12, 41	40,996,981	19,678,918
Customers' deposits	13, 41	267,010,659	253,457,490
Negative fair value of derivatives, net	11	2,546,204	2,231,470
Debt securities in issue	14	5,178,059	5,177,862
Other liabilities	15	15,424,723	14,196,333
<b>Total liabilities</b>		<b>331,156,626</b>	<b>294,742,073</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Bank</b>			
Share capital	16	20,547,945	20,547,945
Share premium		8,524,882	8,524,882
Statutory reserve	17	20,547,945	20,547,945
Other reserves	18	(2,818,768)	(1,414,343)
Retained earnings		11,464,384	9,708,134
Proposed dividends	42	2,054,795	-
<b>Total equity attributable to equity holders of the Bank</b>		<b>60,321,183</b>	<b>57,914,563</b>
Additional Tier 1 Sukuk	19	7,965,000	3,985,000
<b>Total equity</b>		<b>68,286,183</b>	<b>61,899,563</b>
<b>Total liabilities and equity</b>		<b>399,442,809</b>	<b>356,641,636</b>

The accompanying notes [1 to 43] form an integral part of these consolidated financial statements.

\*Refer note 41


Lama Ghazzaoui  
Chief Financial Officer

Tony Cripps  
Managing Director & Authorized Board Member

Saad Al-Fadly  
Board Vice Chair

## Saudi Awwal Bank

## Consolidated Statement of Income

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

	Notes	2024 SAR '000	2023 SAR '000
Special commission income	21	20,501,416	17,088,441
Special commission expense	21,41	(9,477,916)	(6,746,972)
<b>Net special commission income</b>		<b>11,023,500</b>	<b>10,341,469</b>
Fee and commission income	22	3,997,013	3,255,403
Fee and commission expense	22	(2,547,451)	(2,110,865)
<b>Net fee and commission income</b>		<b>1,449,562</b>	<b>1,144,538</b>
Exchange income, net		1,132,874	915,124
Gain from FVSI financial instruments, net	23	554,929	345,598
Dividend income		7,323	4,747
Losses on FVOCI debt instruments, net	18	(60,924)	(4,892)
Losses on amortised cost investments, net		(41,808)	(14,929)
Other operating income		69,549	87,143
Other operating expense		(117,333)	(108,338)
<b>Net other operating income</b>		<b>(47,784)</b>	<b>(21,195)</b>
<b>Total operating income</b>		<b>14,017,672</b>	<b>12,710,460</b>
Provision for expected credit losses, net	30(i) (a)	(566,063)	(562,442)
<b>Operating expenses</b>			
Salaries and employee related expenses	24	(2,271,876)	(2,087,799)
Rent and premises related expenses		(77,818)	(73,646)
Depreciation and amortization	8,9	(546,646)	(565,603)
General and administrative expenses		(1,394,556)	(1,386,042)
<b>Total operating expenses</b>		<b>(4,290,896)</b>	<b>(4,113,090)</b>
<b>Income from operating activities</b>		<b>9,160,713</b>	<b>8,034,928</b>
Share in earnings of an associate	7	205,369	188,214
<b>Net income for the year before Zakat and income tax</b>		<b>9,366,082</b>	<b>8,223,142</b>
Provision for income tax	26	(629,817)	(518,854)
Provision for Zakat	26	(665,804)	(701,915)
<b>Net income for the year after Zakat and income tax</b>		<b>8,070,461</b>	<b>7,002,373</b>
<b>Basic and diluted earnings per share (in SAR)</b>	<b>25</b>	<b>3.78</b>	<b>3.41</b>

The accompanying notes [1 to 43] form an integral part of these consolidated financial statements.


Lama Ghazzaoui  
Chief Financial Officer

Tony Cripps  
Managing Director & Authorized Board Member

Saad Al-Fadly  
Board Vice Chair

## Saudi Awwal Bank

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

	Notes	2024 س.ر'000	2023 س.ر'000
Net income for the year after Zakat and income tax		8,070,461	7,002,373
Other comprehensive income / (loss) for the year			
Items that will not be reclassified to consolidated statement of income in subsequent years			
Net changes in fair value of FVOCI equity instruments	18	113,805	207,197
Re-measurement of defined benefit liability	18, 28	62,470	(23,467)
Items that will be reclassified to consolidated statement of income in subsequent years			
Debt instrument at FVOCI:			
Net changes in fair value, net	18	(1,261,373)	(420,181)
Transfer to consolidated statement of income, net	18	60,924	4,892
Cash flow hedges:			
Net changes in fair value	18	(249,308)	149,222
Transfer to consolidated statement of income, net	18	1,171	(144,717)
<b>Total other comprehensive loss</b>		<b>(1,272,311)</b>	<b>(227,054)</b>
<b>Total comprehensive income for the year</b>		<b>6,798,150</b>	<b>6,775,319</b>

The accompanying notes [1 to 43] form an integral part of these consolidated financial statements.


Lama Ghazzaoui  
Chief Financial Officer

Tony Cripps  
Managing Director & Authorized Board Member

Saad Al-Fadly  
Board Vice Chair

## Saudi Awwal Bank

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

	Notes	Attributable to equity holders of the Bank				Additional Tier 1 Sukuk	Total Equity
		Share Capital	Share premium	Statutory reserve	Other reserves		
<b>Balance at the beginning of the year</b>		20,547,945	8,524,882	20,547,945	1,414,343	9,708,134	57,914,563
Total comprehensive income / (loss) for the year		-	-	-	(249,308)	8,070,461	-
Net income for the year after Zakat and income tax		-	-	-	(249,308)	8,070,461	-
Net changes in fair value of cash flow hedges	18	-	-	-	113,805	(249,308)	-
Net changes in fair value of FVOCI equity instruments	18	-	-	-	(1,261,373)	113,805	-
Net changes in fair value of FVOCI debt instruments	18	-	-	-	62,470	(1,261,373)	-
Re-measurement of defined benefit liability	18, 28	-	-	-	62,470	62,470	-
Transfer to consolidated statement of income, net	18	-	-	-	(1,272,311)	8,070,461	-
Purchase of treasury shares		-	-	-	(176,804)	(176,804)	-
Employee share plan reserve net charge and shares vested		-	-	-	44,690	44,690	-
Additional Tier 1 Sukuk Payments		-	-	-	(304,617)	(304,617)	-
Additional Tier 1 Sukuk issued	19	-	-	-	3,980,000	3,980,000	-
Additional Tier 1 Sukuk issuance cost	19	-	-	-	(16,587)	(16,587)	-
2024 final dividend proposed, net of Zakat and income tax	42	-	-	-	(2,054,795)	2,054,795	-
2024 interim dividend, net of Zakat and income tax	16	-	-	-	(2,090,828)	(2,090,828)	-
2023 final dividend, net of Zakat and income tax	16	-	-	-	(1,847,384)	(1,847,384)	-
<b>Balance at the end of the year</b>		<b>20,547,945</b>	<b>8,524,882</b>	<b>20,547,945</b>	<b>(2,818,768)</b>	<b>11,464,384</b>	<b>79,655,000</b>
<b>Balance at the beginning of the year</b>		<b>20,547,945</b>	<b>8,524,882</b>	<b>20,547,945</b>	<b>(1,182,348)</b>	<b>6,198,227</b>	<b>54,636,651</b>
Total comprehensive income / (loss) for the year		-	-	-	149,222	7,002,373	-
Net income for the year after Zakat and income tax		-	-	-	149,222	7,002,373	-
Net changes in fair value of cash flow hedges	18	-	-	-	207,197	(420,181)	-
Net changes in fair value of FVOCI equity instruments	18	-	-	-	(420,181)	207,197	-
Net changes in fair value of FVOCI debt instruments	18	-	-	-	(23,467)	(23,467)	-
Re-measurement of defined benefit liability	18, 28	-	-	-	(139,825)	(139,825)	-
Transfer to consolidated statement of income, net	18	-	-	-	(227,054)	7,002,373	-
Purchase of treasury shares		-	-	-	(37,414)	(37,414)	-
Employee share plan reserve net charge and shares vested		-	-	-	32,473	32,473	-
Additional Tier 1 Sukuk issued	19	-	-	-	3,985,000	3,985,000	-
Additional Tier 1 Sukuk issuance cost	19	-	-	-	(16,956)	(16,956)	-
2023 interim dividend, net of Zakat and income tax	16	-	-	-	(1,992,689)	(1,992,689)	-
2022 final dividend, net of Zakat and income tax	16	-	-	-	(1,482,821)	(1,482,821)	-
<b>Balance at the end of the year</b>		<b>20,547,945</b>	<b>8,524,882</b>	<b>20,547,945</b>	<b>(1,414,343)</b>	<b>9,708,134</b>	<b>61,899,563</b>

The accompanying notes [1 to 43] form an integral part of these consolidated financial statements.


Lama Ghazzaoui  
Chief Financial Officer

Tony Cripps  
Managing Director & Authorized Board Member

Saad Al-Fadly  
Board Vice Chair

## Saudi Awwal Bank

## Consolidated Statement of Cash Flows

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

	Note	2024 س.ر'000	2023* س.ر'000
<b>OPERATING ACTIVITIES</b>			
<b>Net income for the year before Zakat and income tax</b>		<b>9,366,082</b>	<b>8,223,142</b>
<b>Adjustments to reconcile net income before Zakat and income tax to net cash generated from operating activities:</b>			
Amortisation of premium on investments not held as FVSI investments, net		(358,971)	(361,786)
Depreciation and amortization	8,9	546,646	565,603
Special commission expense on debt securities in issue		402,538	387,029
Special commission expense on lease liabilities		13,149	16,049
Losses on amortised cost financial instruments		41,808	14,929
Losses / (income) transferred to consolidated statement of income	18	62,095	(139,825)
Share in earnings of an associate	7	(205,369)	(188,214)
Provision for expected credit losses, net	30 (i) (a)	566,063	562,442
Employee share plan reserve		44,690	32,473
		<b>10,478,731</b>	<b>9,111,842</b>
<b>Change in operating assets:</b>			
Statutory deposit with SAMA		(1,417,215)	(422,881)
Due from banks and other financial institutions		66,411	(203,851)
Investments held as FVSI		14,011	(53,788)
Loans and advances		(43,864,853)	(33,290,214)
Positive fair value derivatives		(512,134)	318,914
Other assets		(58,840)	(350,911)
<b>Change in operating liabilities:</b>			
Due to banks and other financial institutions	41	21,318,063	2,294,366
Customers' deposits	41	13,553,169	31,045,888
Negative fair value derivatives		314,734	324,034
Other liabilities		916,552	1,086,689
		<b>808,629</b>	<b>9,860,088</b>
Special commission paid on debt securities in issue		(402,341)	(324,003)
Zakat and income tax paid	26	(1,155,222)	(1,241,856)
<b>Net cash (used in) / generated from operating activities</b>		<b>(748,934)</b>	<b>8,294,229</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale and maturity of investments not held as FVSI		22,802,264	12,812,581
Purchase of investments not held as FVSI		(25,490,935)	(22,833,309)
Dividend received from an associate	7	204,065	325,457
Purchase of property, equipment and intangibles, net		(893,382)	(554,770)
<b>Net cash used in investing activities</b>		<b>(3,377,988)</b>	<b>(10,250,041)</b>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities		(118,321)	(118,281)
Dividends paid		(3,946,034)	(3,465,931)
Purchase of treasury shares		(176,804)	(37,414)
Tier 1 Sukuk payment		(304,617)	-
Additional Tier 1 Sukuk		3,980,000	3,985,000
Additional Tier 1 Sukuk issuance cost		(14,289)	(16,956)
<b>Net cash (used in) / generated from financing activities</b>		<b>(580,065)</b>	<b>346,418</b>
<b>Net change in cash and cash equivalents</b>		<b>(4,706,987)</b>	<b>(1,609,394)</b>
<b>Cash and cash equivalents at beginning of the year</b>	27	<b>10,198,684</b>	<b>11,808,078</b>
<b>Cash and cash equivalents at end of the year</b>	27	<b>5,491,697</b>	<b>10,198,684</b>
<b>Supplemental non-cash information</b>			
Special commission income received		20,147,607	16,542,810
Special commission expenses paid		(9,502,684)	6,299,657
Net changes in fair value and transfers to consolidated statement of income		(1,272,311)	(227,054)

The accompanying notes [1 to 43] form an integral part of these consolidated financial statements.

\*Refer note 41



**Lama Ghazzaoui**  
Chief Financial Officer



**Tony Cripps**  
Managing Director & Authorized Board Member



**Saad Al-Fadly**  
Board Vice Chair

## Saudi Awwal Bank

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

**Notes to the Consolidated Financial Statements**

1. General and basis of preparation	176	23. Gain from FVSI financial instruments, net	236
2. Material accounting policies	182	24. Salaries and employee related expenses	237
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4. Due from banks and other financial institutions, net	198	26. Zakat and income tax	240
5. Investments, net	200	27. Cash and cash equivalents	241
6. Loans and advances, net	204	28. Employee benefit obligation	241
7. Investment in an associate	212	29. Operating segments	243
8. Property, equipment and right of use assets, net	212	30. Financial risk management	246
9. Goodwill and other intangibles, net	213	31. Market risk	254
10. Other assets	217	32. Liquidity risk	261
11. Derivatives	217	33. Offsetting of financial assets and liabilities	265
12. Due to banks and other financial institutions	227	34. Fair value of financial instruments	266
13. Customers' deposits	227	35. Related party transactions	269
14. Debt securities in issue	228	36. Capital risk management	271
15. Other liabilities	228	37. Investment management and brokerage services	271
16. Share capital	228	38. Profit sharing investment account	272
17. Statutory reserve	229	39. Government grant	272
18. Other reserves	229	40. Auditors' remuneration	273
19. Additional Tier 1 Sukuk	229	41. Comparative figures	273
20. Commitments and contingencies	230	42. Subsequent event	273
21. Net special commission income	234	43. Board of Directors' approval	273
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**1. General and basis of preparation**

Saudi Awwal Bank ('SAB') is a Saudi joint stock company incorporated in the Kingdom of Saudi Arabia and was established by a Royal Decree No. M/4 dated 12 Safar 1398H (21 January 1978). SAB formally commenced business on 26 Rajab 1398H (1 July 1978) by taking over of the operations of The British Bank of the Middle East in the Kingdom of Saudi Arabia. SAB operates under Commercial Registration No. 1010025779 dated 22 Dhul Qadah 1399H (13 October 1979) as a commercial bank through a network of 103 branches (31 December 2023: 104 branches) in the Kingdom of Saudi Arabia. The address of SAB's head office is as follows:

**Saudi Awwal Bank**  
**7383 King Fahad Branch Rd**  
**2338 Al Yasmeen Dist.**  
**13325**  
**Riyadh**  
**Kingdom of Saudi Arabia**

The shareholders of the Saudi British Bank and Alawwal Bank ('AAB') approved the merger of the two banks at Extraordinary General Meetings held on 15 May 2019 pursuant to Articles 191-193 of the Companies Law issued under Royal Decree No. M3 dated 28/1/1437H (corresponding to 10/11/2015G) (the 'Companies Law'), and Article 49 (a) (1) of the Merger and Acquisitions Regulations issued by the Capital Markets Authority of the Kingdom of Saudi Arabia (the 'CMA').

Subsequent, to the above merger, the Group has changed its commercial name from 'The Saudi British Bank' to 'Saudi Awwal Bank' effective from 11 June 2023.

The objectives of SAB are to provide a range of banking services. SAB also provides Shariah-compliant products, which are approved and supervised by an independent Shariah Committee established by SAB.

## Saudi Awwal Bank

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

The details of the Group's significant subsidiaries and associate are as follows:

Name of Subsidiary / Associate	Ownership %		Description
	2024	2023	
Arabian Real Estate Company Limited ('ARECO')	100%	100%	A limited liability company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010188350 dated 12 Jumada I 1424H (12 July 2003). ARECO is engaged in real estate activities.
SAB Markets Limited	100%	100%	A limited liability company incorporated in the Cayman Islands under commercial registration No 323083 dated 21 Shaban 1438H (17 May 2017). SAB Markets is engaged in derivatives trading and repo activities.
Alawwal Invest Company ('SAB Invest')	100%	100%	A closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial registration No.1010242378 dated 30 Thul-Hijjah 1428H (9 January 2008). Alawwal Invest was formed and licensed as a capital market institution in accordance with the CMA's Resolution No. 1 39 2007. SAB Invest's principal activity is to engage in security activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities.
Alawwal Real Estate Company ('AREC')	100%	100%	A limited liability company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010250772 dated 21 Jumada I 1429H (26 May 2008). AREC is engaged in real estate activities.
X-Tech fund	100%	-	A private equity fund incorporated in the Kingdom of Saudi Arabia dated 12 Shawwal 1445H (21 April 2024) which is engaged in investing activities.
HSBC Saudi Arabia	49%	49%	A closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010221555 dated 27 Jumada II 1427H (23 July 2006). HSBC Saudi Arabia is an associate of the Group, formed and licensed as a capital market institution in accordance with the Resolution No. 37-05008 of the CMA dated 05 Thul-Hijjah 1426H corresponding to 05 January 2006. HSBC Saudi Arabia's principal activity is to engage in securities activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities.

SAB has participated in the following two structured entities for the purpose of effecting syndicated loan transactions in the Kingdom of Saudi Arabia. These entities have no other business operations. The details of the entities are as follows:

Name of entity	Ownership %		Description
	2024	2023	
Saudi Kayan Assets Leasing Company	50%	50%	(the company is currently under liquidation).
Rabigh Asset Leasing Company	-	50%	(the company was liquidated during the year).

## Saudi Awwal Bank

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

## 1.1. Basis of preparation

## a) Statement of compliance

The consolidated financial statements of the Group have been prepared:

- > in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional 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.

## b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of derivatives, financial instruments held at fair value through statement of income (FVSI), at fair value through other comprehensive income (FVOCI) and employee benefits which are stated at present value of their obligation. In addition, assets and liabilities that are hedged in a fair value hedging relationship are carried at fair value to the extent of the risks that are being hedged.

## c) Functional and presentation currency

These consolidated financial statements are expressed in Saudi Arabian Riyals (ﷲ), which is also the functional currency of SAB, and are rounded off to the nearest thousands, except where otherwise indicated.

## d) Presentation of consolidated financial statements

The Group presents its consolidated statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) relating to financial assets and financial liabilities is presented in note 32(b).

## e) Basis of consolidation

These consolidated financial statements comprise the financial statements of SAB and its subsidiaries (as mentioned in note 1 collectively referred to as 'the Group'). The financial statements of the subsidiaries are prepared for the same reporting year as that of SAB, using consistent accounting policies.

Subsidiaries are entities which are directly or indirectly controlled by SAB. SAB controls an entity (the 'investee') over which it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which control is transferred to SAB and cease to be consolidated from the date on which the control is transferred from SAB. Intra-group transactions and balances have been eliminated upon consolidation.

The Group acts as a Fund Manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried interests and expected management fees) and the investors' rights to remove the Fund Manager. As a result, the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

## f) Critical accounting judgements and estimates

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

## Saudi Awwal Bank

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

**Estimates:****i. Expected credit losses (ECL) on financial assets and loan commitments and financial guarantee contracts****ECL methodology**

The measurement of impairment losses under IFRS 9 on the applicable categories of financial assets and loan commitments and financial guarantee contracts 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 Probability of Default (PDs) to the individual grades;
- > the Group's criteria for assessing if there has been a significant increase in credit risk, allowances for financial assets are measured on a Lifetime ECL basis and the qualitative assessment;
- > the segmentation of financial assets when the 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, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, Exposure at Default (EADs) and Loss Given Default (LGDs); and
- > selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The Group applies a low credit risk expedient on its margin financing portfolio as they are over collateralized by shares and cash.

**Collateral and other credit enhancements held**

The Group's practice is to lend on the basis of customers' ability to meet their obligations out of cash flow resources rather than rely on the value of security offered. Depending on a customer's standing and the type of product, facilities may be provided without security. For other lending, a charge over collateral is obtained and considered in determining the credit decision and pricing. In the event of default, the Group may utilise the collateral as a source of repayment. Depending on its form, collateral can have a significant financial effect in mitigating our exposure to credit risk.

Additionally, risk may be managed by employing other types of collateral and credit risk enhancements such as second charges, other liens, and unsupported guarantees, but the valuation of such mitigants is less certain and their financial effect has not been quantified.

**ii. Fair value measurement**

The Group measures financial instruments, such as investments and derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 34 to these consolidated financial statements. 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.

## Saudi Awwal Bank

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- > Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- > Level 2 — Inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- > Level 3 — Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

**iii. Impairment of goodwill**

For impairment testing, goodwill acquired through business combination is allocated to the cash generating units (CGUs) – Wealth & Personal Banking (WPB), Corporate & Institutional Banking (CIB), Capital Markets and Treasury, which are also operating and reportable segments.

The impairment test is performed by comparing the estimated recoverable amount of the Group's CGUs that carry goodwill, as determined through a Value-In-Use (VIU) model, with the carrying amount of net assets of each CGU. Refer to note 9 for key assumption used for the VIU calculation.

**iv. Impairment of financial assets at amortised cost (refer to note 2B (v))****v. Depreciation and amortisation (refer to note 2G, 2H and 2I)****vi. Defined benefit plan (refer to note 2J)****vii. Provisions for liabilities and charges**

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

## Saudi Awwal Bank

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

## viii. Provisions for lease liabilities

The Group recognizes the lease liabilities and right of use assets, on initial recognition, is based on discounted lease payments using the discount rate implicit in the lease over the lease term.

## ix. Zakat and Income tax (refer to note 2M)

**Judgments:**

## i. Determination of control over investees

The control indicators set out in note 1.1 (e) are subject to management's judgements.

## ii. Classification of investments at amortised cost (refer to note 2B (i))

## iii. Determination of significant influence over investees

The Group exercises judgements in assessing the significant influence over investees. The significant influence determination requires ongoing evaluation of the related facts and circumstances for each investment including governance arrangements, voting rights, underlying terms and conditions and material transactions with the investee.

## iv. Equity vs liability for Tier 1 Sukuk

The Group classifies Sukuks issued with no fixed redemption / maturity dates (perpetual Sukuk), and where the Bank may elect not to pay profit, as part of equity. The related initial costs and distributions thereon are recognised directly in the consolidated statement of changes in equity under retained earnings. Management exerts judgment in the determination of equity classification for the Tier 1 Sukuk, after considering the terms and conditions in the Offering Circular.

## v. Going concern

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

## Saudi Awwal Bank

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

All amounts in thousands of Saudi Riyals unless otherwise stated

**2. Material accounting policies, estimates, assumptions, and impact of changes due to adoption of new standards****A. Changes in accounting policies**

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023. Based on the adoption of new standards and in consideration of the current economic environment, the following accounting policies are applicable effective 1 January 2024 replacing, amending, or adding to the corresponding accounting policies set out in 2023 annual consolidated financial statements.

**New standards, interpretations and amendments adopted by the Group**

The following standards, interpretations or amendments are effective from the current year and are adopted by the Group, however, these do not have significant impact on the consolidated financial statements of the year.

<b>Accounting Standards, interpretations, amendments</b>	<b>Description</b>
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.
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IAS 7 and IFRS 7 - Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity'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.

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**Accounting standards issued but not yet effective**

The International Accounting Standard Board (IASB) has issued following accounting standards and / or amendments, which will become effective from periods beginning on or after 1 January 2025. The Group has opted not to early adopt these pronouncements and is in the process of assessing the impact on the consolidated financial information of the Group.

Accounting Standards, interpretations, amendments	Description	Effective periods beginning on or after
Amendments 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. The 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	1 January 2025
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.	1 January 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in the 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.	1 January 2027
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

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

**B. Financial assets and financial liabilities****i) Initial recognition, measurement and classification of financial assets**

The Group on initial recognition classifies all of its financial assets based on the business model. Following are the three classifications:

**Amortised Cost (AC):**

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

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

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised.

**Fair value through other comprehensive income (FVOCI):**

Debt instruments: a debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVSI:

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

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

Equity Instruments: On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Equity instruments at FVOCI are not subject to an impairment assessment.

**Fair value through statement of income (FVSI):**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through statement of income. A gain or loss on a debt investment that is subsequently measured at fair value through statement of income and is not part of a hedging relationship is recognised in the consolidated statement of income in the year in which it arises.

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

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**Business model assessment**

The Group 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;
- > how the performance of the portfolio is evaluated and reported to the Group's management;
- > the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- > how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- > the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending 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.

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

**ii) Initial recognition, measurement and classification of financial liabilities**

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. The Group recognises its financial liabilities at fair value. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the Effective Interest Rate (EIR) except for financial liabilities at fair value through statement of income. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

**iii) Derecognition****a. Financial assets**

A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognised, when the contractual rights to the cash flows from the financial asset expires.

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In instances where the Group is assessed to have transferred a financial asset, the asset is derecognised if the Group has transferred substantially all the risks and rewards of ownership. Where the Group has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognised only if the Group has not retained control of the financial asset. The Group recognises separately as assets or liabilities any rights and obligations created or retained in the process.

On derecognition, any cumulative gain or loss previously recognised in the consolidated statement of comprehensive income is included in the consolidated statement of income for the year. Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in consolidated statement of income on derecognition of such securities.

**b. Financial liabilities**

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

**iv) Modifications of financial assets and financial liabilities****a. Financial assets**

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

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

**b. Financial liabilities**

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

**v) Impairment**

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

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

No impairment loss is recognised on equity investments.

The Group measures provisions for ECL at an amount equal to lifetime ECL, except for the following, for which they are measured at 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'.

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

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired. Financial instruments for which the lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

**Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

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

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure expectations of customer behaviour, the likelihood of default and its future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Bank calculates ECL for these products, is five years for corporate, three years for credit cards and seven years for retail products. The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

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. This estimation takes into account that many facilities are repaid in full each month and are consequently not charged interest. 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.

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

- > financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- > POCI assets: a credit-adjusted effective interest rate;
- > 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.

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**Restructured financial assets**

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

- > if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;
- > if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original 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 FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

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

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired. In making an assessment of whether an investment in sovereign debt is credit-impaired, the 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; and
- > the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry impairment allowance on initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

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**Presentation of provision for ECL in the consolidated statement of financial position**

Provision for ECL are presented in the consolidated statement of financial position as follows:

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

**Write-off**

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

**Collateral valuation**

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

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

**Collateral repossessed**

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

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

**vi) Financial guarantees and loan commitments**

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 higher of the unamortised amount and the provision for ECL.

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The premium received is recognised in the consolidated statement of income in 'Fees and commission income' on a straight-line basis over the life of the guarantee.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. The Group has issued no loan commitments that are measured at FVSI. For loan commitments, the Group recognises provision for ECL.

**C. Trade date accounting**

All regular way purchases and sales of financial assets are recognised and derecognised on the trade date e.g. the date on which the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales are purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

**D. Derivative financial instruments and hedge accounting**

Derivative financial instruments including foreign exchange contracts, special commission rate futures, forward rate agreements, currency and special commission rate swaps, currency, and special commission rate options (both written and purchased), are measured at fair value (premium received for written options). 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 generally obtained by reference to quoted market prices, discounted cash flow models or 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 for the year. Derivatives held for trading also include those derivatives which do not qualify for hedge accounting.

**ii) Embedded derivatives**

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through statement of income. The embedded derivatives separated from the host are carried at fair value in the trading derivatives portfolio with changes in fair value recognised in the consolidated statement of income.

**iii) 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, 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 a highly probable forecasted transaction that will affect the reported net gain or loss.

In order to qualify for hedge accounting, it is required that the hedge should be expected to be highly effective e.g., 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 are documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. Subsequently, the effectiveness of the hedge is assessed on an ongoing basis.

In relation to fair value hedges, which meet the criteria for hedge accounting, any gain or loss from remeasuring the hedging instruments to fair value is recognised immediately in the consolidated statement of income. The related portion of the hedged item is recognised in the consolidated statement of income.

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Where the fair value hedge of a special commission bearing financial instrument ceases to meet the criteria for hedge accounting, the adjustment in the carrying value is amortised to the consolidated statement of income over the remaining life of the instrument. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated statement of income.

In relation to cash flow hedges, which meet the criteria for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in the consolidated statement of comprehensive income. The ineffective portion, if any, is recognised in the consolidated statement of income.

For cash flow hedges affecting future transactions, the gains or losses recognised in other reserves are transferred to the consolidated statement of income in the same period in which the hedged transaction affects the consolidated statement of income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. On discontinuation of hedge accounting on cash flow hedges any cumulative gain or loss that was recognised in other reserves, is retained in Shareholders' equity 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 reserves is transferred to the consolidated statement of income for the year.

**E. Revenue / expenses recognition****i. Special commission income and expense**

Special commission income and expense for all commission-bearing financial instruments is recognised in the consolidated statement of income on an effective yield basis.

The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective commission rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as special commission income or expense. If the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, special commission income continues to be recognised using the original effective commission rate applied to the new carrying amount.

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

When the Group enters into special commission rate swap to change special commission from fixed to floating (or vice versa) the amount of special commission income or expense is adjusted by the net special commission on the swap.

Special commission income on Shariah approved products received but not earned is netted off against the related assets.

**ii. Exchange income / loss**

Exchange income/loss is recognised when earned / incurred.

**iii. Dividend income**

Dividend income is recognised when the right to receive income is established.

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**iv. Fees and commission income and expenses**

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. Loan commitment fees for loans that are likely to be drawn down are deferred and, together with the related direct cost are recognised as an adjustment to the effective yield on the loan.

When a loan commitment is not expected to result in the drawdown of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Asset management fee is recognised based on a fixed percentage of net assets under management ('asset-based'), or a percentage of returns from net assets ('returns-based') 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 year, because the fee relates specifically to the Group's efforts to transfer the services for that period. The asset management fee is not subject to any claw backs.

Advisory and investment banking services revenue is recognised based on services rendered under the applicable service contracts.

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 on behalf of the customers, which triggers immediate recognition of the revenue, as the Group will have no further commitments.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the service is received. Any fee income received but not earned is classified under other liabilities.

**v. Day one profit**

Where the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from active markets, the Group immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit) in the consolidated statement of income in 'Gain/(loss) on FVSI financial instruments'. In cases where use is made of data which is not observable, the amount deferred should be recognized when there is a change in factors that market participants would take into account when pricing the asset or liability.

In some cases, the Group does not recognize a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input), nor based on a valuation technique that uses only data from observable markets.

**vi. Customer Loyalty Program**

The Group offers a customer loyalty program (reward points / air miles herein referred to as 'reward points'), which allows card members to earn points that can be redeemed for certain Partner outlets. The Group allocates a portion of the transaction price (interchange fee) to the reward points awarded to card members, based on the relative stand-alone selling price. The amount of revenue allocated to reward points is deferred and released to the consolidated statement of income when reward points are redeemed under fee commission income. The related expenses for the customers' loyalty program are recognized under fee commission expense. The cumulative amount of contract liability related unredeemed reward points is adjusted over time based on actual experience and current trends with respect to redemption.

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**F. Investment in equity-accounted investees**

The Group's interests in equity-accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in an associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income ('OCI') of equity-accounted investees, until the date on which significant influence ceases.

The consolidated statement of income reflects the Group's share of earnings of the associate.

The reporting dates of the associates is identical to the Group and their accounting policies conform to those used by the Group for liker transactions and events in similar circumstances. Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate.

**G. Property and equipment**

Property and equipment are stated at cost and presented net of accumulated depreciation and impairment loss, if any. Freehold land is not depreciated.

The cost of other property and equipment is depreciated on the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years
Leasehold improvements	Shorter of useful life or lease term
Furniture, equipment, and vehicles	3 to 10 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of income.

The assets' residual values and useful lives 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.

**H. Intangible assets****i. Goodwill**

Goodwill acquired in a business combination represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, including intangibles, liabilities, and contingent liabilities of the acquiree. When the excess is negative (bargain purchase), it is recognised immediately in the Group's consolidated statement of income.

**Measurement**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit.

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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicate the need for impairment, they are written down if required.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated statement of income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

**ii. Capitalised software**

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the Group's consolidated statement of income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

**iii. Other intangibles**

Acquired other intangibles are recognised at their cost upon initial recognition. The specific criteria which need to be satisfied for an intangible asset to be recognised separately from goodwill in an acquisition is that the intangible asset must be clearly identifiable, in that it either:

- > be separable, that is, be capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset, or liability; or
- > arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Other intangibles are amortised using the straight-line method over the useful life of the asset, which is estimated to be 10 years for Purchased Credit Cards Relationships ('PCCR'), 14 years for Core Deposit Intangible ('CDI'), 5 years for brand and 11-12 years for Capital Markets ('CM'), Customer Relationships. If an indication of impairment arises, the recoverable amount is estimated, and an impairment loss is recognised if the recoverable amount is lower than the carrying amount.

The banking license has an indefinite life and is tested for impairment annually. For impairment testing purposes, the banking license is allocated to the relevant cash generating unit.

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**I. Leases****Right of use asset (RoU) / Lease liabilities**

On initial recognition, at inception of the contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Group and the Group can direct the usage of such assets. The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**Right of use assets**

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

- > less any accumulated depreciation and any accumulated impairment losses, if any; and
- > 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, the Group measures the lease liability by:

- > increasing the carrying amount to reflect interest on the lease liability;
- > reducing the carrying amount to reflect the lease payments made; and
- > re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease liability is measured at amortised cost using the effective interest method. It is 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 consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

**J. End of service benefits**

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

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Group recognizes the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the consolidated statement of income:

- > service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- > net interest expense or income

The assumptions used to calculate the scheme obligations include assumptions such as expected future salaries growth, expected employee resignation rates, and discount rate to discount the future cash flows.

**K. Share based payments**

Under the terms of the Equity Based Long Term Bonus Plan, eligible employees of the Group are offered shares at a predetermined price for a fixed period of time. At the vesting dates determined under the terms of the plan, the Group

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delivers the underlying allotted shares to the employees, subject to the satisfactory completion of the vesting conditions. The cost of the plans is recognised 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 ('the vesting date').

The cumulative expense recognised for these plans at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

**L. Government grant**

The Group recognizes a government grant related to income, if there is a reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant.

The benefit is accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The government grant is recognised in the consolidated statement of income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate. The grant income is only recognised when the ultimate beneficiary is the Group. Where the customer is the ultimate beneficiary, the Group only records the respective receivable and payable amounts.

**M. Zakat and Income tax****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 consolidated statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to Zakat.

**Income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the bank and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

**Deferred tax**

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available, and the credits can be utilized.

**Value Added tax (VAT)**

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

## Saudi Awwal Bank

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**N. Islamic banking products**

In addition to conventional banking, the Group also provides Shari'ah-compliant products, which are approved and supervised by an independent Shari'ah Committee established by SAB. All Shari'ah approved banking products are accounted for using IFRS and are in conformity with the accounting policies described in these consolidated financial statements.

Major non-special commission based Islamic products are as follow:

- i. Murabaha financing:** is an agreement whereby the Group sells to a customer an asset or a commodity, 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 and is paid as agreed.
- ii. Istisna'a:** is a contract to manufacture goods, assemble or process them, or to build a house or other structure according to exact specifications and a fixed timeline
- iii. Ijarah:** is an agreement whereby the Group, acting as a lessor, purchases 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.
- iv. Musharaka:** is an agreement between the Group and a customer to contribute to a certain investment enterprise or the ownership of a certain property ending up with the acquisition by the customer of the full ownership. The profit or loss is shared as per the terms of the agreement.
- v. Tawarruq:** is a form of Murabaha transaction where the Group purchases a commodity and sells it to the customer at agreed-upon deferred installment terms. The customer sells the underlying commodity at spot to a third party and uses the proceeds for his financing requirements.
- vi. Mudaraba:** is a form of participation in profit where the client provides the capital to the Group or vice versa depending on the product type. The capital owner is called the Rab Almaal and the worker is Mudharib. The worker's duty is to invest the capital in activities that comply with Shariah rules. The income is divided according to the agreement. In the case of loss, 'Rab Almaal' has to bear all the losses from his capital and the 'Midharib' loses his efforts.
- vii. Promise:** is a mandatory commitment by the Group to its client or vice versa to enter into a sale or purchase transaction for the purpose of hedging against fluctuations in rates, index prices, and currency prices.
- viii. Murabaha deposit:** is based on commodity Murabaha. The Group acts as an agent for its customers in purchasing commodities on their behalf with their funds and then purchases these commodities for its own account from customers at an agreed-upon price and deferred maturities. Since the Group purchases commodities from its customers, it is liable to them for the capital they invested plus a profit.
- ix. Shariah compliant foreign exchange products:** are offered to clients to hedge their existing exposure to foreign currencies. It is based on the concept of Waad (binding promise) where the Group promises to buy/sell a particular amount of foreign currency at an agreed upon price. It may include only one Waad or a combination of Waads.
- x. Shariah compliant rates products:** are offered to clients who have exposure to fixed/floating rates and need hedging solutions. The products are designed around the concept of Waad (binding promise) to enter into Murabaha where the profit is based on a rates index or formula. It may include only one Waad or a combination of Waads.

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**3. Cash and balances with SAMA**

	2024	2023
Cash in hand	1,794,960	1,775,854
Statutory deposit	15,164,156	13,746,941
Placements with SAMA	313,000	56,000
Other balances	90,576	1,162,440
<b>Total</b>	<b>17,362,692</b>	<b>16,741,235</b>

In accordance with the Banking Control Law and regulations issued by SAMA, SAB is required to maintain a statutory deposit with SAMA at stipulated percentages of its deposit liabilities calculated on monthly average balances at the end of reporting period. The statutory deposit with SAMA is not available to finance SAB's day-to-day operations and therefore is not part of cash and cash equivalents (note 27). Placements with SAMA represents securities purchased under an agreement to re-sell (reverse repo) with SAMA. Balances with SAMA are investment grade as defined in note 5 (g).

**4. Due from banks and other financial institutions, net****a) Due from banks and other financial institutions are classified as follows:**

	2024	2023
Current accounts	3,293,161	6,381,300
Money market placements	137,440	1,026,941
Provision for expected credit losses	(829)	(760)
<b>Total</b>	<b>3,429,772</b>	<b>7,407,481</b>

**b) Movement in gross carrying amount**

The following table explains changes in gross carrying amount of due from banks and other financial institutions to help explain their significance to the changes in the provision for ECL of the same portfolio:

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>7,407,642</b>	-	<b>599</b>	-	<b>7,408,241</b>
Transfer to Stage 1	599		(599)		
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	(3,977,640)	-	-	-	(3,977,640)
<b>Balance as at 31 December 2024</b>	<b>3,430,601</b>	-	-	-	<b>3,430,601</b>

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## Notes to the Consolidated Financial Statements

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2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
Balance at 1 January 2023	5,873,421	-	-	-	5,873,421
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	(217)	-	217	-	-
Net other changes for the year	1,534,438	-	382	-	1,534,820
<b>Balance as at 31 December 2023</b>	<b>7,407,642</b>	<b>-</b>	<b>599</b>	<b>-</b>	<b>7,408,241</b>

## c) Credit quality analysis

The following table sets out information about the credit quality of due from banks and other financial institutions, net:

	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Purchased credit impaired	Total
31 December 2024	3,429,772	-	-	-	3,429,772
31 December 2023	7,406,882	-	599	-	7,407,481

## d) Movement in provision for expected credit losses

The following table shows reconciliations from the opening to the closing balance of the provision for expected credit losses against due from banks and other financial institutions:

31 December 2024					
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	
Balance at 1 January 2024	550	-	210	760	
Transfer from lifetime ECL credit impaired	210	-	(210)	-	
Net change for the year	69	-	-	69	
<b>Balance as at 31 December 2024</b>	<b>829</b>	<b>-</b>	<b>-</b>	<b>829</b>	
31 December 2023					
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total	
Balance at 1 January 2023	1,888	-	-	1,888	
Transfer to lifetime ECL credit impaired	(12)	-	12	-	
Net change for the year	(1,326)	-	198	(1,128)	
<b>Balance as at 31 December 2023</b>	<b>550</b>	<b>-</b>	<b>210</b>	<b>760</b>	

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## 5. Investments, net

## a) Investment securities are classified as follows:

	2024	2023
FVOCI – Debt	52,170,144	47,759,449
FVOCI – Equity	609,406	423,852
FVSI	1,003,051	1,017,062
Held at amortised cost	44,638,406	47,377,847
Provision for expected credit losses for investments held at amortised cost	(8,783)	(11,374)
<b>Total</b>	<b>98,412,224</b>	<b>96,566,836</b>

## b) Movement in gross carrying amount

The following table explains changes in gross carrying amount of the investments to help explain their significance to the changes in the provision for ECL of the same portfolio.

## &gt; FVOCI – Debt

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
Balance at 1 January 2024	47,759,449	-	-	-	47,759,449
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net change for the year	4,410,695	-	-	-	4,410,695
<b>Balance as at 31 December 2024</b>	<b>52,170,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,170,144</b>

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
Balance at 1 January 2023	30,938,120	-	-	-	30,938,120
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net change for the year	16,821,329	-	-	-	16,821,329
<b>Balance as at 31 December 2023</b>	<b>47,759,449</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,759,449</b>

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## &gt; Held at amortised cost

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
Balance at 1 January 2024	47,377,847	-	-	-	47,377,847
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net change for the year	(2,739,441)	-	-	-	(2,739,441)
Balance as at 31 December 2024	44,638,406	-	-	-	44,638,406

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
Balance at 1 January 2023	54,252,894	-	-	-	54,252,894
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net change for the year	(6,875,047)	-	-	-	(6,875,047)
Balance as at 31 December 2023	47,377,847	-	-	-	47,377,847

## c) Investments by type of securities

	Domestic		International		Total	
	2024	2023	2024	2023	2024	2023
Fixed rate securities	72,942,492	76,351,154	7,788,478	6,866,745	80,730,970	83,217,899
Floating rate securities	16,500,509	12,422,644	-	-	16,500,509	12,422,644
Equities and mutual funds	1,168,282	916,045	12,463	10,248	1,180,745	926,293
<b>Total</b>	<b>90,611,283</b>	<b>89,689,843</b>	<b>7,800,941</b>	<b>6,876,993</b>	<b>98,412,224</b>	<b>96,566,836</b>

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## d) Movement in provision for expected credit losses

An analysis of changes in provision for ECL of debt instruments measured at amortized cost, is as follows:

2024	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Net change for the year	(2,591)	-	-	(2,591)
Balance as at 31 December 2024	8,783	-	-	8,783

2023	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Net change for the year	1,913	-	-	1,913
Balance as at 31 December 2023	11,374	-	-	11,374

An analysis of changes in provision for ECL of debt instruments measured at FVOCI, is as follows:

2024	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Net change for the year	1,458	-	-	1,458
Balance as at 31 December 2024	11,610	-	-	11,610

2023	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Net change for the year	2,799	-	-	2,799
Balance as at 31 December 2023	10,152	-	-	10,152

## e) The analysis of the composition of investments is as follows:

	2024			2023		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Fixed rate securities	78,644,631	2,086,339	80,730,970	80,876,282	2,341,617	83,217,899
Floating rate securities	13,752,999	2,747,510	16,500,509	8,499,725	3,922,919	12,422,644
Equities and mutual funds	962,642	218,103	1,180,745	743,919	182,374	926,293
<b>Total</b>	<b>93,360,272</b>	<b>5,051,952</b>	<b>98,412,224</b>	<b>90,119,926</b>	<b>6,446,910</b>	<b>96,566,836</b>

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## f) The Investments, net includes Shariah based investments as below:

	2024	2023
<b>Debt instruments:</b>		
Sukuk	79,137,057	70,558,359
Provision for expected credit losses	(8,187)	(9,149)
	<b>79,128,870</b>	<b>70,549,210</b>
Equities and mutual funds	485,562	461,999
<b>Total</b>	<b>79,614,432</b>	<b>71,011,209</b>

## g) The analysis of investments by external ratings grade

The following table sets out information about the credit quality of investment which are defined as below:

- > Investment Grade is composed of Strong Credit Quality (AAA to BBB-) or equivalent.
- > Non-Investment Grade is composed of: Good, Satisfactory and Special Mention Credit Quality (BB+ to C) or equivalent.
- > Unrated include securities which do not have a current or valid rating by a credit rating agency.

31 December 2024	Held at Amortised Cost	FVOCI	FVSI	Total
Investment grade	43,720,871	50,722,726	851,715	95,295,312
Non-investment grade	-	679,639	-	679,639
Unrated	908,752	1,377,185	151,336	2,437,273
<b>Total</b>	<b>44,629,623</b>	<b>52,779,550</b>	<b>1,003,051</b>	<b>98,412,224</b>

31 December 2023	Held at Amortised Cost	FVOCI	FVSI	Total
Investment grade	46,514,481	46,199,838	514,618	93,228,937
Non-investment grade	-	1,166,152	-	1,166,152
Unrated	851,992	817,311	502,444	2,171,747
<b>Total</b>	<b>47,366,473</b>	<b>48,183,301</b>	<b>1,017,062</b>	<b>96,566,836</b>

## h) The analysis of investments by counterparty is as follows:

	2024	2023
Government and quasi government	84,466,808	80,705,930
Corporate	6,494,332	6,730,785
Banks and other financial institutions	7,249,553	8,964,542
Others	201,531	165,579
<b>Total</b>	<b>98,412,224</b>	<b>96,566,836</b>

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## 6. Loans and advances, net

## a) Loans and advances comprise of the following:

	2024			
	Credit cards	Other retail lending	Corporate and institutional lending	Total
12 month ECL	3,429,308	60,464,399	175,649,961	239,543,668
Lifetime ECL not credit impaired	128,065	2,154,682	16,014,621	18,297,368
Lifetime ECL credit impaired	84,482	681,965	3,274,578	4,041,025
Purchased or originated credit impaired	83	121,470	3,600,503	3,722,056
<b>Total loans and advances, gross</b>	<b>3,641,938</b>	<b>63,422,516</b>	<b>198,539,663</b>	<b>265,604,117</b>
Provision for Expected credit losses	(245,107)	(791,755)	(5,221,739)	(6,258,601)
<b>Loans and advances, net</b>	<b>3,396,831</b>	<b>62,630,761</b>	<b>193,317,924</b>	<b>259,345,516</b>
Non-performing loans and advances	47,481	406,395	3,159,275	3,613,151

	2023			
	Credit cards	Other retail lending	Corporate and institutional lending	Total
12 month ECL	2,967,942	49,078,628	138,385,203	190,431,773
Lifetime ECL not credit impaired	111,496	2,147,838	21,300,335	23,559,669
Lifetime ECL credit impaired	54,937	679,699	3,525,019	4,259,655
Purchased or originated credit impaired	184	127,141	3,685,794	3,813,119
<b>Total loans and advances, gross</b>	<b>3,134,559</b>	<b>52,033,306</b>	<b>166,896,351</b>	<b>222,064,216</b>
Provision for Expected credit losses	(213,565)	(741,663)	(5,173,143)	(6,128,371)
<b>Loans and advances, net</b>	<b>2,920,994</b>	<b>51,291,643</b>	<b>161,723,208</b>	<b>215,935,845</b>
Non-performing loans and advances	34,509	341,511	3,499,224	3,875,244

Lifetime ECL credit impaired includes non-performing loans and advances. It also includes exposures that are now performing but have yet to complete a period of 12 months of performance ('the curing period') to be eligible to be upgraded to a not-impaired category. The financial assets recorded in each stage have the following characteristics:

- > 12 month ECL not credit impaired (stage 1): without significant increase in credit risk on which a 12-month allowance for ECL is recognised;
- > Lifetime ECL not credit impaired (stage 2): a significant increase in credit risk has been experienced since initial recognition on which a lifetime ECL is recognised;
- > Lifetime ECL credit impaired (stage 3): objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised; and
- > Purchased or originated credit impaired ('POCI'): purchased or originated at a deep discount that reflects the expected lifetime credit losses at time of purchase or origination. A lifetime ECL is recognised if further credit losses are expected. POCI includes non-performing loans and advances acquired through the merger with AAB that were recorded at fair value as of acquisition date.

## Saudi Awwal Bank

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**b) Movement in gross carrying amount**

The following table further explains changes in gross carrying amount of the loans and advances to help explain their significance to the changes in the provision for ECL of the same portfolio:

**> Credit cards**

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>2,967,942</b>	<b>111,496</b>	<b>54,937</b>	<b>184</b>	<b>3,134,559</b>
Transfer to Stage 1	34,669	(28,630)	(6,039)	-	-
Transfer to Stage 2	(79,785)	85,052	(5,267)	-	-
Transfer to Stage 3	(33,608)	(13,598)	47,206	-	-
Net other changes for the year	540,090	(26,255)	81,735	(101)	595,469
Write-offs	-	-	(88,090)	-	(88,090)
<b>Balance as at 31 December 2024</b>	<b>3,429,308</b>	<b>128,065</b>	<b>84,482</b>	<b>83</b>	<b>3,641,938</b>

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>2,406,246</b>	<b>112,842</b>	<b>52,208</b>	<b>85</b>	<b>2,571,381</b>
Transfer to Stage 1	39,590	(34,047)	(5,543)	-	-
Transfer to Stage 2	(62,446)	69,627	(7,181)	-	-
Transfer to Stage 3	(28,657)	(12,616)	41,273	-	-
Net other changes for the year	613,209	(24,310)	50,413	99	639,411
Write-offs	-	-	(76,233)	-	(76,233)
<b>Balance as at 31 December 2023</b>	<b>2,967,942</b>	<b>111,496</b>	<b>54,937</b>	<b>184</b>	<b>3,134,559</b>

**> Other retail lending**

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>49,078,628</b>	<b>2,147,838</b>	<b>679,699</b>	<b>127,141</b>	<b>52,033,306</b>
Transfer to Stage 1	565,423	(537,369)	(28,054)	-	-
Transfer to Stage 2	(694,503)	934,682	(240,179)	-	-
Transfer to Stage 3	(181,730)	(185,630)	367,360	-	-
Net other changes for the year	11,696,581	(204,839)	158,959	(5,671)	11,645,030
Write-offs	-	-	(255,820)	-	(255,820)
<b>Balance as at 31 December 2024</b>	<b>60,464,399</b>	<b>2,154,682</b>	<b>681,965</b>	<b>121,470</b>	<b>63,422,516</b>

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2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>41,648,747</b>	<b>2,401,715</b>	<b>826,047</b>	<b>147,568</b>	<b>45,024,077</b>
Transfer to Stage 1	687,446	(524,744)	(162,702)	-	-
Transfer to Stage 2	(549,833)	811,052	(261,219)	-	-
Transfer to Stage 3	(127,171)	(177,288)	304,459	-	-
Net other changes for the year	7,419,439	(362,897)	195,353	(20,427)	7,231,468
Write-offs	-	-	(222,239)	-	(222,239)
<b>Balance as at 31 December 2023</b>	<b>49,078,628</b>	<b>2,147,838</b>	<b>679,699</b>	<b>127,141</b>	<b>52,033,306</b>

**> Corporate and institutional lending**

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>138,385,203</b>	<b>21,300,335</b>	<b>3,525,019</b>	<b>3,685,794</b>	<b>166,896,351</b>
Transfer to Stage 1	292,826	(292,826)	-	-	-
Transfer to Stage 2	(1,659,605)	1,659,605	-	-	-
Transfer to Stage 3	(26,289)	(11,926)	38,215	-	-
Net other changes for the year	38,657,826	(6,640,567)	157,076	(85,291)	32,089,044
Write-offs	-	-	(445,732)	-	(445,732)
<b>Balance as at 31 December 2024</b>	<b>175,649,961</b>	<b>16,014,621</b>	<b>3,274,578</b>	<b>3,600,503</b>	<b>198,539,663</b>

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>113,788,692</b>	<b>20,048,085</b>	<b>4,016,719</b>	<b>3,693,775</b>	<b>141,547,271</b>
Transfer to Stage 1	19,323	(19,323)	-	-	-
Transfer to Stage 2	(1,543,676)	1,544,673	(997)	-	-
Transfer to Stage 3	(3,871)	(38,749)	42,620	-	-
Net other changes for the year	26,124,735	(234,351)	280,404	(7,981)	26,162,807
Write-offs	-	-	(813,727)	-	(813,727)
<b>Balance as at 31 December 2023</b>	<b>138,385,203</b>	<b>21,300,335</b>	<b>3,525,019</b>	<b>3,685,794</b>	<b>166,896,351</b>

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## c) Movement in provision for expected credit losses

The following table shows reconciliations from the opening to the closing balance of the provision for expected credit losses against loans and advances.

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>814,617</b>	<b>2,345,382</b>	<b>2,274,799</b>	<b>693,573</b>	<b>6,128,371</b>
Transfer to Stage 1	50,527	(36,466)	(14,061)	-	-
Transfer to Stage 2	(19,276)	93,345	(74,069)	-	-
Transfer to Stage 3	(6,587)	(32,846)	39,433	-	-
Net re-measurement of loss allowance	(154,760)	(198,818)	388,551	540,989	575,962
Write-offs	-	-	(445,732)	-	(445,732)
<b>Balance as at 31 December 2024</b>	<b>684,521</b>	<b>2,170,597</b>	<b>2,168,921</b>	<b>1,234,562</b>	<b>6,258,601</b>

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>573,972</b>	<b>2,177,072</b>	<b>2,806,054</b>	<b>453,382</b>	<b>6,010,480</b>
Transfer to Stage 1	94,271	(30,377)	(63,894)	-	-
Transfer to Stage 2	(12,241)	89,006	(76,765)	-	-
Transfer to Stage 3	(3,225)	(31,520)	34,745	-	-
Net re-measurement of loss allowance	161,840	141,201	388,386	240,191	931,618
Write-offs	-	-	(813,727)	-	(813,727)
<b>Balance as at 31 December 2023</b>	<b>814,617</b>	<b>2,345,382</b>	<b>2,274,799</b>	<b>693,573</b>	<b>6,128,371</b>

## &gt; Credit cards

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>132,054</b>	<b>39,967</b>	<b>41,544</b>	-	<b>213,565</b>
Transfer to Stage 1	11,049	(6,753)	(4,296)	-	-
Transfer to Stage 2	(4,911)	8,739	(3,828)	-	-
Transfer to Stage 3	(2,592)	(4,925)	7,517	-	-
Net re-measurement of loss allowance	(512)	2,873	29,181	-	31,542
<b>Balance as at 31 December 2024</b>	<b>135,088</b>	<b>39,901</b>	<b>70,118</b>	-	<b>245,107</b>

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2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>107,649</b>	<b>39,632</b>	<b>39,218</b>	-	<b>186,499</b>
Transfer to Stage 1	11,626	(7,721)	(3,905)	-	-
Transfer to Stage 2	(4,257)	9,549	(5,292)	-	-
Transfer to Stage 3	(1,882)	(4,174)	6,056	-	-
Net re-measurement of loss allowance	18,918	2,681	5,467	-	27,066
<b>Balance as at 31 December 2023</b>	<b>132,054</b>	<b>39,967</b>	<b>41,544</b>	-	<b>213,565</b>

## &gt; Other retail lending

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>269,826</b>	<b>147,235</b>	<b>251,925</b>	<b>72,677</b>	<b>741,663</b>
Transfer to Stage 1	32,162	(22,397)	(9,765)	-	-
Transfer to Stage 2	(8,939)	79,180	(70,241)	-	-
Transfer to Stage 3	(3,607)	(26,829)	30,436	-	-
Net re-measurement of loss allowance	(33,012)	(17,732)	69,384	31,452	50,092
<b>Balance as at 31 December 2024</b>	<b>256,430</b>	<b>159,457</b>	<b>271,739</b>	<b>104,129</b>	<b>791,755</b>

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>205,737</b>	<b>141,324</b>	<b>288,794</b>	<b>71,030</b>	<b>706,885</b>
Transfer to Stage 1	82,162	(22,173)	(59,989)	-	-
Transfer to Stage 2	(6,153)	77,127	(70,974)	-	-
Transfer to Stage 3	(1,318)	(24,123)	25,441	-	-
Net re-measurement of loss allowance	(10,602)	(24,920)	68,653	1,647	34,778
<b>Balance as at 31 December 2023</b>	<b>269,826</b>	<b>147,235</b>	<b>251,925</b>	<b>72,677</b>	<b>741,663</b>

## &gt; Corporate and Institutional lending

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>412,737</b>	<b>2,158,180</b>	<b>1,981,330</b>	<b>620,896</b>	<b>5,173,143</b>
Transfer to Stage 1	7,316	(7,316)	-	-	-
Transfer to Stage 2	(5,426)	5,426	-	-	-
Transfer to Stage 3	(388)	(1,092)	1,480	-	-
Net re-measurement of loss allowance	(121,236)	(183,959)	289,986	509,537	494,328
Write-offs	-	-	(445,732)	-	(445,732)
<b>Balance as at 31 December 2024</b>	<b>293,003</b>	<b>1,971,239</b>	<b>1,827,064</b>	<b>1,130,433</b>	<b>5,221,739</b>

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2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>260,586</b>	<b>1,996,116</b>	<b>2,478,042</b>	<b>382,352</b>	<b>5,117,096</b>
Transfer to Stage 1	483	(483)	-	-	-
Transfer to Stage 2	(1,831)	2,330	(499)	-	-
Transfer to Stage 3	(25)	(3,223)	3,248	-	-
Net re-measurement of loss allowance	153,524	163,440	314,266	238,544	869,774
Write-offs	-	-	(813,727)	-	(813,727)
<b>Balance as at 31 December 2023</b>	<b>412,737</b>	<b>2,158,180</b>	<b>1,981,330</b>	<b>620,896</b>	<b>5,173,143</b>

## d) Economic sector risk concentrations for the loans and advances are as follows:

2024	Performing	Non-performing	POCI	Provision for expected credit losses	Loans and advances, net
Government and quasi government	3,455,805	-	-	(437)	3,455,368
Finance	17,416,554	16,021	-	(56,750)	17,375,825
Agriculture and fishing	936,558	-	241	(7,075)	929,724
Manufacturing	22,682,081	853,833	668,470	(769,996)	23,434,388
Mining and quarrying	8,640,476	-	34	(17,445)	8,623,065
Electricity, water, gas, and health Services	25,974,525	-	385,493	(280,640)	26,079,378
Building and construction	16,141,996	705,241	915,579	(1,127,479)	16,635,337
Commerce	61,849,467	1,253,865	1,379,726	(2,631,087)	61,851,971
Transportation and communication	13,898,176	3,114	1,876	(46,586)	13,856,580
Services	11,076,207	252,335	123,558	(249,402)	11,202,698
Credit cards and other retail lending	66,489,025	453,876	121,553	(1,036,862)	66,027,592
Others	9,708,040	74,866	125,526	(34,842)	9,873,590
<b>Total</b>	<b>258,268,910</b>	<b>3,613,151</b>	<b>3,722,056</b>	<b>(6,258,601)</b>	<b>259,345,516</b>

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2023	Performing	Non-performing	POCI	Provision for expected credit losses	Loans and advances, net
Government and quasi government	-	-	-	-	-
Finance	11,510,254	16,021	-	(43,250)	11,483,025
Agriculture and fishing	629,659	-	241	(27,187)	602,713
Manufacturing	21,737,788	698,518	738,974	(500,348)	22,674,932
Mining and quarrying	7,200,480	-	612	(20,010)	7,181,082
Electricity, water, gas, and health Services	20,785,568	-	385,706	(117,800)	21,053,474
Building and construction	16,099,169	586,322	892,596	(1,532,425)	16,045,662
Commerce	50,673,552	1,792,344	1,421,785	(2,518,253)	51,369,428
Transportation and communication	12,993,096	3,330	1,877	(20,050)	12,978,253
Services	10,384,370	372,442	121,593	(354,646)	10,523,759
Credit cards and other retail lending	54,664,520	376,020	127,325	(955,228)	54,212,637
Others	7,697,399	30,245	122,410	(39,174)	7,810,880
<b>Total</b>	<b>214,375,855</b>	<b>3,875,242</b>	<b>3,813,119</b>	<b>(6,128,371)</b>	<b>215,935,845</b>

## e) The following table sets out information about the credit quality of loans and advances. The amounts in the table represent gross carrying amounts.

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	42,781,292	-	-	-	42,781,292
Good	100,916,950	935,920	-	-	101,852,870
Satisfactory	31,951,719	10,680,257	11,821	-	42,643,797
Special mention	-	4,398,444	103,481	-	4,501,925
Unrated	63,893,707	2,282,747	312,572	-	66,489,026
Non-performing	-	-	3,613,151	3,722,056	7,335,207
<b>Total</b>	<b>239,543,668</b>	<b>18,297,368</b>	<b>4,041,025</b>	<b>3,722,056</b>	<b>265,604,117</b>

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	35,391,651	240,000	-	-	35,631,651
Good	78,217,247	3,212,795	-	-	81,430,042
Satisfactory	24,776,306	10,076,695	25,796	-	34,878,797
Special mention	-	7,770,845	-	-	7,770,845
Unrated	52,046,569	2,259,334	358,615	-	54,664,518
Non-performing	-	-	3,875,244	3,813,119	7,688,363
<b>Total</b>	<b>190,431,773</b>	<b>23,559,669</b>	<b>4,259,655</b>	<b>3,813,119</b>	<b>222,064,216</b>

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- > **Strong:** Financial status, capitalisation, earnings, liquidity, cash generation and management will all be of highest quality. A strong capacity to meet longer-term and short-term financial commitments.
- > **Good:** Financial condition exhibits no major adverse trends prevalent. Capacity to meet medium and short-term financial commitments is considered fair, but more sensitive to external changes or market conditions.
- > **Satisfactory:** A counterparty whose financial position is average but not strong. The overall position will not be causing any immediate concern, but more regular monitoring will be necessary as a result of susceptibilities to external changes or market conditions.
- > **Special mention:** Financial condition weak and capacity, or inclination, to repay, is in doubt. The financial status of the borrower requires close monitoring and ongoing assessment.
- > **Unrated:** Represents performing retail loans and advances that are not rated.
- > **Non-performing:** A counterparty who is classified as in default or as POCI

## f) Shariah loans and advances

2024	Corporate and institutional lending			Total
	Credit cards	Other retail lending	Corporate and institutional lending	
Tawarruq	3,641,938	32,883,343	123,314,295	159,839,576
Murabaha	-	20,122,832	3,977,744	24,100,576
Ijarah	-	6,303,352	14,973,532	21,276,884
<b>Total Shariah based loans and advances</b>	<b>3,641,938</b>	<b>59,309,527</b>	<b>142,265,571</b>	<b>205,217,036</b>
Provision for expected credit losses	(245,107)	(761,820)	(2,964,246)	(3,971,173)
<b>Shariah based loans and advances, net</b>	<b>3,396,831</b>	<b>58,547,707</b>	<b>139,301,325</b>	<b>201,245,863</b>

2023	Corporate and institutional lending			Total
	Credit cards	Other retail lending	Corporate and institutional lending	
Tawarruq	3,134,559	27,830,578	107,855,299	138,820,436
Murabaha	-	7,237,989	9,219,498	16,457,487
Ijarah	-	14,447,989	2,669,164	17,117,153
<b>Total Shariah based loans and advances</b>	<b>3,134,559</b>	<b>49,516,556</b>	<b>119,743,961</b>	<b>172,395,076</b>
Provision for expected credit losses	(213,565)	(729,385)	(3,139,236)	(4,082,186)
<b>Shariah based loans and advances, net</b>	<b>2,920,994</b>	<b>48,787,171</b>	<b>116,604,725</b>	<b>168,312,890</b>

## g) Collateral

The Group in the ordinary course of lending activities holds collateral as security to mitigate credit risk in the loans and advances. This collateral mostly includes time, demand, other cash deposits, financial guarantees, local and international equities, real estate, project proceeds and other fixed assets. The collateral is held against commercial and consumer loans and are managed against relevant exposures at their net realisable values. For financial assets that are credit impaired at the reporting period, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk. As of 31 December 2024, the fair value of collateral held against those loans and advances amount to ₪ 1,552 million (2023: ₪ 1,446 million).

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## 7. Investment in an associate

	2024	2023
<b>HSBC Saudi Arabia</b>		
<b>Balance at beginning of the year</b>	<b>462,046</b>	<b>599,289</b>
Share in earnings	205,369	188,214
Dividend received	(204,065)	(325,457)
<b>Balance at end of the year</b>	<b>463,350</b>	<b>462,046</b>

The associate's financial statements:

	2024	2023
Total Assets	1,320,815	1,317,770
Total Liabilities	416,397	412,951
Total Equity	904,418	904,819
Total Income	862,461	777,379
Total expenses	467,220	384,304

## 8. Property, equipment and right of use assets, net

2024	Land and buildings	Leasehold improvements / ROU	Equipment, furniture, and vehicles	Total
<b>Cost:</b>				
<b>As at 1 January</b>	<b>2,611,753</b>	<b>1,563,699</b>	<b>1,038,497</b>	<b>5,213,949</b>
Additions	237,568	21,869	118,506	377,943
Disposals	(299,548)	(236,886)	(343,582)	(880,016)
<b>As at 31 December</b>	<b>2,549,773</b>	<b>1,348,682</b>	<b>813,421</b>	<b>4,711,876</b>
<b>Accumulated depreciation:</b>				
<b>As at 1 January</b>	<b>420,903</b>	<b>1,118,577</b>	<b>817,221</b>	<b>2,356,701</b>
Charge for the year	45,442	113,768	91,240	250,450
Disposals	(54,594)	(236,885)	(343,582)	(635,061)
<b>As at 31 December</b>	<b>411,751</b>	<b>995,460</b>	<b>564,879</b>	<b>1,972,090</b>
<b>Net book value:</b>				
<b>As at 31 December</b>	<b>2,138,022</b>	<b>353,222</b>	<b>248,542</b>	<b>2,739,786</b>
<b>Capital work in progress</b>				<b>1,347,775</b>
<b>Total</b>				<b>4,087,561</b>

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2023	Land and buildings	Leasehold improvements / ROU	Equipment, furniture, and vehicles	Total
<b>Cost:</b>				
As at 1 January	1,585,031	1,612,371	836,879	4,034,281
Additions / re-measurement	1,152,772	17,222	202,283	1,372,277
Disposals	(126,050)	(65,894)	(665)	(192,609)
<b>As at 31 December</b>	<b>2,611,753</b>	<b>1,563,699</b>	<b>1,038,497</b>	<b>5,213,949</b>
<b>Accumulated depreciation:</b>				
As at 1 January	405,458	1,058,418	748,217	2,212,093
Charge for the year	15,445	126,053	69,406	210,904
Disposals	-	(65,894)	(402)	(66,296)
<b>As at 31 December</b>	<b>420,903</b>	<b>1,118,577</b>	<b>817,221</b>	<b>2,356,701</b>
<b>Net book value:</b>				
As at 31 December	2,190,850	445,122	221,276	2,857,248
Capital work in progress				987,678
<b>Total</b>				<b>3,844,926</b>

The movement of ROU is as below:

	2024	2023
<b>Cost:</b>		
As at 1 January	858,248	907,747
Additions / re-measurement	17,857	16,395
Terminations	(236,874)	(65,894)
<b>As at 31 December</b>	<b>639,231</b>	<b>858,248</b>
<b>Accumulated depreciation:</b>		
As at 1 January	455,871	408,316
Charge for the year	101,757	113,449
Terminations	(236,874)	(65,894)
<b>As at 31 December</b>	<b>320,754</b>	<b>455,871</b>
<b>Net book value</b>	<b>318,477</b>	<b>402,377</b>

## 9. Goodwill and other intangibles, net

Intangibles comprise of the following:

	2024	2023
<b>Amounts arising from acquisitions:</b>		
Goodwill	8,778,091	8,778,091
Other intangibles	1,352,800	1,519,279
Software	529,577	258,997
<b>Total</b>	<b>10,660,468</b>	<b>10,556,367</b>

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2024	Goodwill	Software	Customer relationship PCCR-	Core deposit intangible	Brand	Customer relationship - CM	Carbon Offsets	Total
<b>Cost:</b>								
As at 1 January	16,195,867	982,923	71,200	1,875,400	75,000	228,601	-	19,428,991
Additions	-	395,825	-	-	-	-	4,958	400,783
Disposal	-	(307,703)	-	-	-	-	-	(307,703)
<b>As at 31 December</b>	<b>16,195,867</b>	<b>1,071,045</b>	<b>71,200</b>	<b>1,875,400</b>	<b>75,000</b>	<b>228,601</b>	<b>4,958</b>	<b>19,522,071</b>
<b>Accumulated impairment / amortization:</b>								
As at 1 January	7,417,776	723,926	32,040	602,807	67,500	28,575	-	8,872,624
Charge for the year	-	124,759	7,120	133,957	7,500	22,860	-	296,196
Disposal	-	(307,217)	-	-	-	-	-	(307,217)
<b>As at 31 December</b>	<b>7,417,776</b>	<b>541,468</b>	<b>39,160</b>	<b>736,764</b>	<b>75,000</b>	<b>51,435</b>	<b>-</b>	<b>8,861,603</b>
<b>Net book value</b>								
As at 31 December	8,778,091	529,577	32,040	1,138,636	-	177,166	4,958	10,660,468

2023	Goodwill	Software	Customer relationship PCCR-	Core deposit intangible	Brand	Customer relationship - CM	Carbon Offsets	Total
<b>Cost:</b>								
As at 1 January (restated)	16,195,867	862,339	71,200	1,875,400	75,000	228,601	-	19,308,407
Additions	-	120,584	-	-	-	-	-	120,584
<b>As at 31 December</b>	<b>16,195,867</b>	<b>982,923</b>	<b>71,200</b>	<b>1,875,400</b>	<b>75,000</b>	<b>228,601</b>	<b>-</b>	<b>19,428,991</b>
<b>Accumulated impairment / amortization:</b>								
As at 1 January	7,417,776	548,164	24,920	468,850	52,500	5,715	-	8,517,925
Charge for the year	-	175,762	7,120	133,957	15,000	22,860	-	354,699
<b>As at 31 December</b>	<b>7,417,776</b>	<b>723,926</b>	<b>32,040</b>	<b>602,807</b>	<b>67,500</b>	<b>28,575</b>	<b>-</b>	<b>8,872,624</b>
<b>Net book value</b>								
As at 31 December	8,778,091	258,997	39,160	1,272,593	7,500	200,026	-	10,556,367

## Impairment testing of goodwill

The goodwill acquired through business combination is reviewed annually for impairment. At each reporting period, an assessment is made for indicators of impairment. If indicators exist, an impairment test is required. The impairment test compares the estimated recoverable amount of the Group's CGUs that carry goodwill, as determined through a Value-in-Use (VIU) model, with the carrying amount of net assets of each CGU. The goodwill has been allocated to the following cash-generating units:

- > Wealth & personal banking
- > Corporate and institutional banking
- > Treasury

## Key assumptions used to value-in-use calculation

The recoverable amount of the cash-generating units has been determined based on a value in use calculation. The VIU

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model uses projected cash flows in perpetuity through a five-year forward period of projections, and thereafter applying a (long-term) terminal growth rate.

The calculation of VIU in the CGUs is mainly driven by the following assumptions:

- > Economic outlook, notably the projected nominal Gross Domestic Product ('GDP');
- > Discount rates;
- > Long term assets growth rates;
- > Benchmark interest rates and net special commission income margins;
- > Future cost of risk from expected credit losses;
- > Local inflation rates; and
- > Target Capital ratio and profit retention.

The following key assumptions were used in the calculation of the VIU:

- > Discount rate of 10.69% (2023: 10.02%), which is derived using a weighted average cost of capital "WACC" that calculates the cost of capital by applying weightage of equity and debt to their respective cost of financing.
- > Long term asset growth rate of 4.0% (2023: 4.0%), applied to projected periods beyond 2029.
- > Long-term profit growth rate of 5.57% (2023: 4.89%), derived from economic intelligent units' forecasts of nominal GDP for KSA adjusted for expected changes in benchmark interest rates and sector growth rates over time, applied to projected periods beyond 2029.

**Key assumptions used in impairment testing for goodwill**

The calculation of value in use in the cash-generating units is sensitive to the following assumptions:

- > interest margins;
- > discount rates;
- > projected growth rates used to extrapolate cash flows beyond the projection period; and
- > current Kingdom of Saudi Arabia nominal GDP.

**Interest margins**

Interest margins are based on prevailing market rates at the start of the budget period. These are changed over the budget period for anticipated market conditions.

**Discount rates**

Discount rates reflect management's estimate of weighted average cost of capital required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using a capital asset pricing model.

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**Projected growth rate, GDP, and local inflation rates**

On 31 December 2024, the goodwill impairment test determined there was no impairment required to any of the CGUs and goodwill was allocated to the following CGUs:

	<b>Goodwill allocated 2024</b>
<b>Cash generating units</b>	
Wealth & personal banking	4,649,572
Corporate and institutional banking	771,772
Treasury	3,356,747

The forecasted cash flows have been discounted using the discount rate mentioned above. A 1% increase in the discount rate or decrease in the terminal growth rate keeping other factors constant would reduce the recoverable amount of the CGUs as mentioned in the table below:

<b>Cash generating units</b>	<b>31 December 2024 Impact on the recoverable amount of CGUs</b>	
	<b>1% increase in discount rate (S million)</b>	<b>1% decrease in terminal growth rate (S million)</b>
Wealth & personal banking	(4,613)	(3,941)
Corporate and institutional banking	(9,898)	(8,422)
Treasury	(2,862)	(2,639)

<b>Cash generating units</b>	<b>31 December 2023 Impact on the recoverable amount of CGUs</b>	
	<b>1% increase in discount rate (S million)</b>	<b>1% decrease in terminal growth rate (S million)</b>
Wealth & personal banking	(4,986)	(4,234)
Corporate and institutional banking	(11,338)	(9,625)
Treasury	(2,929)	(2,488)

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## 10. Other assets

	Note	2024	2023
Accounts receivable		1,609,221	1,947,676
Collateral margin		976,126	54,922
Deferred tax	26	167,371	264,131
Others		297,300	491,789
<b>Total</b>		<b>3,050,018</b>	<b>2,758,518</b>

## 11. Derivatives

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

## a) 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 daily.

## b) 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 predetermined price.

## c) Swaps

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

## Risk-related adjustments

## Bid-offer:

Valuation models generates mid-market values. The bid-offer adjustment reflects the extent to which bid-offer cost would be incurred if substantially all residual net portfolio market risks were closed using available hedging instruments or by disposing of or unwinding the position.

## Credit valuation adjustment (CVA):

The credit valuation adjustment is an adjustment to the valuation of Over the Counter (OTC) derivative contracts to reflect within fair value the possibility that the counterparty may default and that SAB may not receive the full market value of the transactions.

## Debit valuation adjustment (DVA):

The debit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that SAB may default, and that SAB may not pay the full market value of the transactions.

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## Credit valuation adjustment/debit valuation adjustment methodology:

SAB calculates a separate CVA and DVA for each counterparty to which the entity has exposure. SAB calculates the CVA by applying the probability of default ('PD') of the counterparty conditional on the non-default of SAB to the expected positive exposure to the counterparty and multiplying the result by the loss expected in the event of default.

Conversely, SAB calculates the DVA by applying the PD of SAB, conditional on the non-default of the counterparty, to the expected positive exposure of the counterparty to SAB and multiplying by the loss expected in the event of default. Both calculations are performed over the life of the potential exposure.

## Derivatives 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 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, with the expectation of profiting from price differentials between markets or products.

## Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk (see note 30 - financial risk management, note 31 - market risk and note 32 - liquidity risk). Part of the risk management process involves managing the Group's exposure to fluctuations in various asset classes including, but not limited to foreign exchange, interest rates and commodities within acceptable levels, as determined by the Board Risk Committee within the guidelines issued by SAMA. The Board Risk Committee establishes the levels of risk appetite for the Bank. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions are maintained within the established limits. Asset and liability special commission rate gaps are reviewed on a periodic basis and hedging strategies are used to maintain special commission rate gaps within the established limits.

As part of its asset and liability management process, the Group uses derivatives for hedging purposes in order to adjust its exposure to currency and special commission rate risks. This is generally achieved by hedging specific transactions as well as by strategic hedging against overall statement of financial position exposures. Strategic hedging other than portfolio hedging does not qualify for hedge accounting and the related derivatives are accounted for as held for trading. The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks. In addition, the Group uses special commission rate swaps to hedge against the special commission rate risk arising from specifically identified fixed special commission rate exposures. The Group also uses special 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 the details of the hedged items and hedging instruments, are formally documented and the transactions are accounted for as fair value or cash flow hedges.

## Hedge effectiveness testing

To qualify for hedge accounting, SAB requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective both prospectively and retrospectively, on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed, and the method adopted by an entity to assess hedge effectiveness will depend on its risk management strategy. For prospective effectiveness, the hedging instrument must be expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated, with the effectiveness range being defined as 80% to 125%. Hedge ineffectiveness is recognised in the consolidated statement of income 'Income from FVSI financial instruments'. For Cash flow hedges 'the critical terms matches' methodology is used at time of designation of hedge.

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## Source of ineffectiveness for fair value hedges and cash flow hedges

Possible source of ineffectiveness for fair value hedges and cash flow hedges are as follows:

- > difference between the expected and actual volume of prepayments, as the Group hedges to the expected repayment date taking into account expected prepayments based on past experience;
- > difference in the discounting between the hedge item and hedge instrument, as cash collateralized interest rate swaps are discounted using Overnight Indexed Swaps discount curves, which are not applied to the fixed rate mortgages;
- > hedging derivative with a non-zero fair value at the date of initial designation as a hedging instrument;
- > counter party credit risk which impacts the fair value of uncollateralized interest rate swaps but not the hedge items.

## Cash flow hedges

The Group is exposed to variability in future special commission cash flows on non-trading assets which bear special commission income at a variable rate. The Group uses commission rate/cross - currency swaps as cash flow hedges to hedge these special commission rate risks.

Below is the schedule indicating as at 31 December, the periods when the hedged cash flows are expected to occur and when they are expected to affect statement of income:

2024	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	219,750	203,689	30,416	-
<b>Net cash inflow</b>	<b>219,750</b>	<b>203,689</b>	<b>30,416</b>	-
2023				
Cash inflows (assets)	180,557	451,469	52,111	13,177
<b>Net cash inflow</b>	<b>180,557</b>	<b>451,469</b>	<b>52,111</b>	<b>13,177</b>

The schedule reflects special commission income cash flows expected to arise on the hedged items in cash flow hedges based on the repricing profile of the hedged assets and liabilities. The tables below show the positive and negative fair values of derivative financial instruments held, together with their notional amounts as at 31 December, analysed by the term to maturity.

The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of future cash flows involved.

These notional amounts, therefore, are neither indicative of the Group's exposure to market risk nor credit risk, which is generally limited to the positive/negative fair value of the derivatives.

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2024	Positive fair value	Negative fair value	Notional amount	Notional amounts by term to maturity			
				Within 3 months	3-12 months	1-5 years	Over 5 years
<b>Derivatives held for trading:</b>							
Special commission rate swaps	2,258,153	(2,135,384)	113,946,402	7,513,500	6,316,483	56,076,167	44,040,252
Special commission rate options	228,736	(240,401)	8,958,872	222,000	1,062,500	4,824,372	2,850,000
Forward foreign exchange contracts	48,823	(58,496)	11,624,832	9,187,352	2,437,480	-	-
Currency swaps	10,866	(9,478)	4,017,111	187,500		3,829,611	
Commodity Swap	21,699	(21,059)	975,659	769,139	206,520	-	-
<b>Derivatives held as fair value hedges:</b>							
Special commission rate swaps	62,662	(51,194)	6,422,500	-	-	4,812,500	1,610,000
<b>Derivatives held as cash flow hedges:</b>							
Special commission rate swaps	269	(30,192)	4,285,000	-	-	4,285,000	-
<b>Total</b>	<b>2,631,208</b>	<b>(2,546,204)</b>	<b>150,230,376</b>	<b>17,879,491</b>	<b>10,022,983</b>	<b>73,827,650</b>	<b>48,500,252</b>
<b>Fair values of netting arrangements</b>	<b>705,948</b>	<b>(69,104)</b>					
<b>Cash collateral, net</b>	<b>(118,120)</b>	<b>608,012</b>					
<b>Fair values after netting</b>	<b>587,828</b>	<b>538,908</b>					

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2023	Notional amounts by term to maturity						
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
<b>Derivatives held for trading:</b>							
Special commission rate swaps	1,809,112	(1,692,732)	88,912,539	3,277,765	11,027,021	34,818,287	39,789,466
Special commission rate options	221,240	(227,245)	6,545,126	225,313	977,313	2,040,500	3,302,000
Forward foreign exchange contracts	94,477	(64,097)	16,189,169	14,571,392	1,617,777	-	-
Currency swaps	785	(465)	1,687,500	-	-	1,687,500	-
<b>Derivatives held as fair value hedges:</b>							
Special commission rate swaps	214,550	(222,705)	9,075,000	400,000	337,500	1,762,500	6,575,000
<b>Derivatives held as cash flow hedges:</b>							
Special commission rate swaps	24,624	(22,574)	3,566,000	-	-	3,281,000	285,000
Currency swaps	3,594	(1,652)	75,000	75,000	-	-	-
<b>Total</b>	<b>2,368,382</b>	<b>(2,231,470)</b>	<b>126,050,334</b>	<b>18,549,470</b>	<b>13,959,611</b>	<b>43,589,787</b>	<b>49,951,466</b>
<b>Fair values of netting arrangements</b>	<b>526,248</b>	<b>(177,869)</b>					
<b>Cash collateral, net</b>	<b>(355,372)</b>	<b>300,450</b>					
<b>Fair values after netting</b>	<b>170,876</b>	<b>122,581</b>					

The Group enters into structured currency option products with clients which involve one or more derivatives included in the structure. In such instances, the fair value of the individual structured product represents a net valuation of the underlying derivatives. The sum of all option notional amounts included in each structure, as of the reporting date, is disclosed in the table above.

Shariah approved derivative products as below:

2024	Notional amounts by term to maturity						
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
<b>Derivatives held for trading:</b>							
Special commission rate swaps	21,732	(199,141)	14,454,783	11,000	1,631,283	6,883,615	5,928,885
Special commission rate options	46,128	(4,813)	749,410	-	-	449,410	300,000
Currency swaps	2,132	-	468,750	-	-	468,750	-
Commodity swaps	16,750	(370)	401,914	314,872	87,042	-	-
<b>Total</b>	<b>86,742</b>	<b>(204,324)</b>	<b>16,074,857</b>	<b>325,872</b>	<b>1,718,325</b>	<b>7,801,775</b>	<b>6,228,885</b>

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2023	Notional amounts by term to maturity						
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
<b>Derivatives held for trading:</b>							
Special commission rate swaps	25,198	(119,995)	8,686,345	90,516	446,163	4,086,733	4,062,933
Special commission rate options	33,381	(5,256)	639,541	-	63,541	50,000	526,000
<b>Total</b>	<b>58,579</b>	<b>(125,251)</b>	<b>9,325,886</b>	<b>90,516</b>	<b>509,704</b>	<b>4,136,733</b>	<b>4,588,933</b>

The tables below show a summary of the hedged items, the nature of the risk being hedged, the hedging instruments and their fair values.

2024	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
<b>Description of the hedged items:</b>						
Fixed commission rate investments	5,987,519	6,422,500	Fair value	Special commission rate swap	62,662	(51,194)
Floating commission rate options	4,281,466	4,285,000	Cash flow	Special commission rate swap	269	(30,192)
Fixed commission rate investments	-	-	Cash flow	Currency swap	-	-

2023	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
<b>Description of the hedged items:</b>						
Fixed commission rate investments	8,653,731	9,019,750	Fair value	Special commission rate swap	214,550	(222,705)
Floating commission rate options	3,565,347	3,566,000	Cash flow	Special commission rate swap	24,624	(22,574)
Fixed commission rate investments	74,624	75,000	Cash flow	Currency swap	3,594	(1,652)

Approximately 90% (2023: 86%) of the positive fair value of the Bank's derivatives are entered into with financial institutions and out of which 83% (2023: 78%) of the positive fair value contracts are with a single counterparty at the year end.

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The amounts relating to items designated as hedged items as follows:

2024	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedge item included in the carrying amount of the hedge item		Line item in the consolidated statement of financial position in which hedge item is included	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
<b>Held as fair value hedges:</b>							
Government Bonds/Sukuk	5,987,519	-	(22,100)	-	Investment at FVOCI and Amortised cost	(6,596)	(140,537)
<b>Total</b>	<b>5,987,519</b>	<b>-</b>	<b>(22,100)</b>	<b>-</b>		<b>(6,596)</b>	<b>(140,537)</b>

2023	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedge item included in the carrying amount of the hedge item		Line item in the consolidated statement of financial position in which hedge item is included	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
<b>Held as fair value hedges:</b>							
Government Bonds/Sukuk	8,653,731	-	(15,504)	-	Investment at FVOCI and Amortised cost	477,095	(207,747)
<b>Total</b>	<b>8,653,731</b>	<b>-</b>	<b>(15,504)</b>	<b>-</b>		<b>477,095</b>	<b>(207,747)</b>

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

2024	Positive fair value	Negative fair value	Notional amount Total	Change in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in statement of income	Amount reclassified from the hedge reserve to statement of income
<b>Held as cash flow hedges:</b>							
Special Commission rate swaps	269	(30,193)	4,285,000	2,586	2,586	-	(1,171)
Currency swaps	-	-	-	-	-	-	-
<b>Total</b>	<b>269</b>	<b>(30,193)</b>	<b>4,285,000</b>	<b>2,586</b>	<b>2,586</b>	<b>-</b>	<b>(1,171)</b>

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2023	Positive fair value	Negative fair value	Notional amount Total	Change in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in statement of income	Amount reclassified from the hedge reserve to statement of income
<b>Held as cash flow hedges:</b>							
Special Commission rate swaps	24,624	(22,574)	3,566,000	(1,066)	(1,066)	-	3,046
Currency swaps	3,594	(1,652)	75,000	-	-	-	-
<b>Total</b>	<b>28,218</b>	<b>(24,226)</b>	<b>3,641,000</b>	<b>(1,066)</b>	<b>(1,066)</b>	<b>-</b>	<b>3,046</b>

The amounts relating to items designated as hedged items as follows:

2024	Line item in the statement of financial position in which hedge item is included	Changes in value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Balance remaining in cash flow hedge reserve for hedge relationships for which hedge accounting is no longer applied
<b>Held as cash flow hedges:</b>				
Government Bonds/Sukuk	Investment at FVOCI/AC	(2,586)	(3,907)	-
<b>Total</b>		<b>(2,586)</b>	<b>(3,907)</b>	<b>-</b>

2023	Line item in the statement of financial position in which hedge item is included	Changes in value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Balance remaining in cash flow hedge reserve for hedge relationships for which hedge accounting is no longer applied
<b>Held as cash flow hedges:</b>				
Government Bonds/Sukuk	Investment at FVOCI/AC	(1,066)	(1,322)	654
<b>Total</b>		<b>(1,066)</b>	<b>(1,322)</b>	<b>654</b>

## Saudi Awwal Bank

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In the table below, the Bank sets out the accumulated fair value adjustments arising from the corresponding continuing hedge relationships, irrespective of whether or not there has been a change in hedge designation during the year.

2024	Carrying Amount of Hedged Items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
<b>Micro fair value hedges</b>				
Fixed rate FVOCI debt instruments	5,415,410	-	27,054	-
Fixed rate Held at amortised cost debt instruments	572,108	-	(49,154)	-
<b>Total</b>	<b>5,987,518</b>	<b>-</b>	<b>(22,100)</b>	<b>-</b>

2023	Carrying Amount of Hedged Items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
<b>Micro fair value hedges</b>				
Fixed rate FVOCI debt instruments	7,299,726	-	114,383	-
Fixed rate Held at amortised cost debt instruments	1,354,005	-	(129,888)	-
<b>Total</b>	<b>8,653,731</b>	<b>-</b>	<b>(15,505)</b>	<b>-</b>

The below table sets out the outcome of the Bank's hedging strategy, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness:

Hedged Items	Hedging Instruments	2024			2023		
		Hedged Items	Hedging Instruments	Hedge Ineffectiveness	Hedged Items	Hedging Instruments	Hedge Ineffectiveness
<b>Micro fair value hedge relationship hedging assets</b>							
Fixed rate FVOCI debt instruments	Special commission rate swaps	(87,330)	84,303	(3,026)	261,297	(246,236)	15,061
Fixed rate Held at amortised cost debt instruments	Special commission rate swaps	80,734	(78,007)	2,727	215,797	(218,754)	(2,957)
<b>Total</b>		<b>(6,596)</b>	<b>6,296</b>	<b>(299)</b>	<b>477,094</b>	<b>(464,990)</b>	<b>12,104</b>

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The following table shows the maturity and interest rate risk profiles of the Bank's hedging instruments used in its cash flow hedges. As the Bank applies one-to-one hedging ratios, the below table effectively shows the outcome of the cash flow hedges:

2024	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>Micro cash flow hedges</b>						
Commission rate swaps	-	-	-	-	-	-
Notional principal	-	-	-	4,285,000	-	<b>4,285,000</b>
Average fixed rate	-	-	-	4.87%	-	-
<b>Micro cash flow hedges</b>						
Currency swaps	-	-	-	-	-	-
Notional principal	-	-	-	-	-	-
Average fixed rate	-	-	-	-	-	-
Average USD/ﷲ rate	-	-	-	-	-	-

2023	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>Micro cash flow hedges</b>						
Commission rate swaps	-	-	-	-	-	-
Notional principal	-	-	-	3,281,000	285,000	<b>3,566,000</b>
Average fixed rate	-	-	-	4.86%	4.00%	-
<b>Micro cash flow hedges</b>						
Currency swaps	-	-	-	-	-	-
Notional principal	-	75,000	-	-	-	<b>75,000</b>
Average fixed rate	-	4.76%	-	-	-	-
Average USD/ﷲ rate	-	3.75	-	-	-	-

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## 12. Due to banks and other financial institutions

	Note	2024	2023*
Current accounts		4,782,449	5,293,646
Money market	41	13,893,022	4,670,081
Repo with banks		19,807,023	6,974,026
Others**		2,514,487	2,741,165
<b>Total</b>		<b>40,996,981</b>	<b>19,678,918</b>

\*Refer note 41

\*\*Others include deposits from SAMA.

## 13. Customers' deposits

	Note	2024	2023*
Demand		137,066,920	138,953,931
Time	41	125,373,090	111,095,584
Savings		2,987,570	2,092,397
Margin and others		1,583,079	1,315,578
<b>Total</b>		<b>267,010,659</b>	<b>253,457,490</b>

\*Refer note 41

The above deposits include the following deposits in foreign currencies:

	2024	2023
Demand	16,466,325	17,954,605
Time	24,104,473	21,522,300
Savings	23,034	99,816
Margin and others	337,710	187,636
<b>Total</b>	<b>40,931,542</b>	<b>39,764,357</b>

Customers' deposits include the following deposits under Shariah approved product contracts:

	2024	2023
Demand	83,808,390	85,723,036
Time	78,438,046	60,972,171
Savings	2,263,693	1,876,964
Margin and others	510,653	392,219
<b>Total</b>	<b>165,020,782</b>	<b>148,964,390</b>

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## 14. Debt securities in issue

## ﷲ 5 Billion 10 year Sukuk – 2020

SAB issued ﷲ 5 billion Tier II Sukuk on 22 July 2020 under the Group's local Sukuk Programme (the 'Local Programme'). The Sukuk are unsecured and due in 2030, with SAB having an option to repay the Sukuk after 5 years, subject to prior approval of SAMA and terms and conditions of the Local Programme. The Sukuk carry effective special commission expense at six months' SAIBOR plus margin of 195 bps payable semi-annually.

## 15. Other liabilities

	2024	2023
Accounts payable	10,437,261	8,554,339
Provision against loan commitments and financial guarantee contracts (note 20)	1,137,922	1,025,977
End of service benefits (note 28)	784,311	812,150
Lease liabilities	408,285	491,652
Others	2,656,944	3,312,215
<b>Total</b>	<b>15,424,723</b>	<b>14,196,333</b>

## 16. Share capital

The authorised, issued and fully paid share capital of SAB consists of 2,054,794,522 shares of ﷲ 10 each (2023: 2,054,794,522 shares of ﷲ 10 each). The ownership of the SAB's share capital is as follows:

	2024	2023
HSBC Holdings B.V	31%	31%
Other shareholders*	69%	69%

\*Other shareholders include both Saudi and non-strategic foreign shareholders.

SAB paid a final dividend of ﷲ 1,847 million for the second half of 2023 as approved by the Board of Directors, to the shareholders of the Group for the year 2023. This resulted in ﷲ 0.98 per share for Saudi shareholders, net of Zakat. The income tax of the foreign shareholders was deducted from their share of the dividends.

SAB also paid an interim dividend approved by the Board of Directors for distribution to the shareholders of the Group for the first half of year 2024 of ﷲ 2,091 million (2023: ﷲ 1,993 million). This equates to ﷲ 1.00 per share for Saudi shareholders' net of Zakat (2023: ﷲ 0.88). The income tax of the foreign shareholders was deducted from their share of the dividend.

## Saudi Awwal Bank

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**17. Statutory reserve**

In accordance with the Banking Control Law of the Kingdom of Saudi Arabia, no further transfer of annual net income is required to the statutory reserve as its balance equals the paid up share capital of the Group. The statutory reserve is not currently available for distribution.

**18. Other reserves**

2024	Cash flow hedges	FVOCI	Treasury shares	Employee share plan reserve	Remeasurement of defined benefit liability	Total
<b>Balance at beginning of the year</b>	<b>217,335</b>	<b>(1,544,750)</b>	<b>(135,129)</b>	<b>62,944</b>	<b>(14,743)</b>	<b>(1,414,343)</b>
Net change in fair value	(249,308)	(1,147,568)	-	-	-	(1,396,876)
Transfer to consolidated statement of income	1,171	60,924	-	-	-	62,095
Net movement defined benefit liability	-	-	-	-	62,470	62,470
Net charge, vested and shares purchased	-	-	(127,502)	(4,612)	-	(132,114)
<b>Balance at end of the year</b>	<b>(30,802)</b>	<b>(2,631,394)</b>	<b>(262,631)</b>	<b>58,332</b>	<b>47,727</b>	<b>(2,818,768)</b>

2023	Cash flow hedges	FVOCI	Treasury shares	Employee share plan reserve	Remeasurement of defined benefit liability	Total
<b>Balance at beginning of the year</b>	<b>212,830</b>	<b>(1,336,658)</b>	<b>(179,000)</b>	<b>111,756</b>	<b>8,724</b>	<b>(1,182,348)</b>
Net change in fair value	149,222	(212,984)	-	-	-	(63,762)
Transfer to consolidated statement of income	(144,717)	4,892	-	-	-	(139,825)
Net movement defined benefit liability	-	-	-	-	(23,467)	(23,467)
Net charge, vested and shares purchased	-	-	43,871	(48,812)	-	(4,941)
<b>Balance at end of the year</b>	<b>217,335</b>	<b>(1,544,750)</b>	<b>(135,129)</b>	<b>62,944</b>	<b>(14,743)</b>	<b>(1,414,343)</b>

**19. Additional Tier 1 Sukuk**

On 31 October 2023, the Bank issued 4 billion Additional Tier 1 Capital Sukuk (SAR-denominated) by way of private placement and on 12 December 2024 issued another 4 billion Additional Tier 1 Capital Sukuk, which were approved by the regulatory authorities and Board of Directors of the Bank. These Sukuk are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets. The applicable profit rate on the Sukuk is payable on each periodic distribution date, except in the event 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 elections are not considered to be events of default.

## Saudi Awwal Bank

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**20. Commitments and contingencies****a) Legal proceedings**

There are no material outstanding legal proceedings against the Group.

**b) Capital commitments**

As at 31 December 2024, the Group has capital commitments of 1,340 million (2023: 1,316 million) in respect of land, buildings, equipment and software purchases.

**c) Credit related commitments and contingencies**

Credit related commitments and contingencies mainly comprise guarantees letters of credit acceptances and commitments to extend credit. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances. Documentary letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are generally collateralized by the underlying shipments of goods to which they relate and therefore have significantly less risk.

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The cash requirement under these instruments is considerably less than the amount of the related commitment because the Group generally expects the customers to fulfill their primary obligation.

Commitments to extend credit represent the unutilised portion of authorisations to extend credit, principally in the form of loans and advances, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unutilised commitments. However, the likely amount of loss, which cannot readily be quantified, is expected to be considerably less than the total unutilised 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 the commitments could expire or be terminated without being funded. Credit related commitments and contingencies are as follows:

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Letters of credit	17,400,063	1,075,404	29,418	146,289	18,651,174
Letters of guarantee	120,073,318	5,603,214	1,270,719	1,170,729	128,117,980
Acceptances	2,897,037	390,256	-	3,827	3,291,120
Irrevocable commitments to extend credit	19,225,105	1,063,070	-	38,372	20,326,547
<b>Total</b>	<b>159,595,523</b>	<b>8,131,944</b>	<b>1,300,137</b>	<b>1,359,217</b>	<b>170,386,821</b>

2023	Stage 1	Stage 2	Stage 3	POCI	Total
Letters of credit	14,746,763	874,480	2,893	38,833	15,662,969
Letters of guarantee	88,243,609	7,844,758	1,241,777	1,232,269	98,562,413
Acceptances	3,672,874	194,943	520	830	3,869,167
Irrevocable commitments to extend credit	11,953,358	537,713	-	217,829	12,708,900
<b>Total</b>	<b>118,616,604</b>	<b>9,451,894</b>	<b>1,245,190</b>	<b>1,489,761</b>	<b>130,803,449</b>

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The un-utilized portion of non-firm commitments, which can be revoked unilaterally at any time by the Group, is ٢١٤,٣٠٣ million (2023: ٢١٢,١٦٥ million). The following table further explains changes in gross carrying amount of the credit related commitments and contingencies to help explain their significance to the changes in the loss allowance for the same portfolio.

## Letters of credit

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>14,746,763</b>	<b>874,480</b>	<b>2,893</b>	<b>38,833</b>	<b>15,662,969</b>
Transfer to Stage 1	11,591	(11,591)	-	-	-
Transfer to Stage 2	(297,549)	297,549	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	2,939,258	(85,034)	26,525	107,456	2,988,205
<b>Balance as at 31 December 2024</b>	<b>17,400,063</b>	<b>1,075,404</b>	<b>29,418</b>	<b>146,289</b>	<b>18,651,174</b>

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>15,267,551</b>	<b>801,470</b>	<b>7,469</b>	<b>38,502</b>	<b>16,114,992</b>
Transfer to Stage 1	36,393	(36,393)	-	-	-
Transfer to Stage 2	(363,885)	363,885	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	(193,296)	(254,482)	(4,576)	331	(452,023)
<b>Balance as at 31 December 2023</b>	<b>14,746,763</b>	<b>874,480</b>	<b>2,893</b>	<b>38,833</b>	<b>15,662,969</b>

## Letters of guarantee

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>88,243,609</b>	<b>7,844,758</b>	<b>1,241,777</b>	<b>1,232,269</b>	<b>98,562,413</b>
Transfer to Stage 1	3,236,569	(3,236,569)	-	-	-
Transfer to Stage 2	(1,681,336)	1,681,336	-	-	-
Transfer to Stage 3	(5,275)	(151,515)	156,790	-	-
Net other changes for the year	30,279,751	(534,796)	(127,848)	(61,540)	29,555,567
<b>Balance as at 31 December 2024</b>	<b>120,073,318</b>	<b>5,603,214</b>	<b>1,270,719</b>	<b>1,170,729</b>	<b>128,117,980</b>

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>64,348,335</b>	<b>8,231,151</b>	<b>1,308,921</b>	<b>1,665,909</b>	<b>75,554,316</b>
Transfer to Stage 1	363,670	(363,670)	-	-	-
Transfer to Stage 2	(648,988)	648,988	-	-	-
Transfer to Stage 3	(162)	(92,076)	92,238	-	-
Net other changes for the year	24,180,754	(579,635)	(159,382)	(433,640)	23,008,097
<b>Balance as at 31 December 2023</b>	<b>88,243,609</b>	<b>7,844,758</b>	<b>1,241,777</b>	<b>1,232,269</b>	<b>98,562,413</b>

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## Acceptances

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>3,672,874</b>	<b>194,943</b>	<b>520</b>	<b>830</b>	<b>3,869,167</b>
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	(775,837)	195,313	(520)	2,997	(578,047)
<b>Balance as at 31 December 2024</b>	<b>2,897,037</b>	<b>390,256</b>	<b>-</b>	<b>3,827</b>	<b>3,291,120</b>

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>2,844,988</b>	<b>304,046</b>	<b>-</b>	<b>24,572</b>	<b>3,173,606</b>
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	827,886	(109,103)	520	(23,742)	695,561
<b>Balance as at 31 December 2023</b>	<b>3,672,874</b>	<b>194,943</b>	<b>520</b>	<b>830</b>	<b>3,869,167</b>

## Irrevocable commitments to extend credit

2024	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2024</b>	<b>11,953,358</b>	<b>537,713</b>	<b>-</b>	<b>217,829</b>	<b>12,708,900</b>
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	7,271,747	525,357	-	(179,457)	7,617,647
<b>Balance as at 31 December 2024</b>	<b>19,225,105</b>	<b>1,063,070</b>	<b>-</b>	<b>38,372</b>	<b>20,326,547</b>

2023	Non-credit impaired		Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
<b>Balance at 1 January 2023</b>	<b>4,953,207</b>	<b>147,960</b>	<b>-</b>	<b>-</b>	<b>5,101,167</b>
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	7,000,151	389,753	-	217,829	7,607,733
<b>Balance as at 31 December 2023</b>	<b>11,953,358</b>	<b>537,713</b>	<b>-</b>	<b>217,829</b>	<b>12,708,900</b>

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The following table shows reconciliations of the provision for expected credit losses against loan commitments and financial guarantee contracts:

2024	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Balance at 1 January 2024</b>	<b>121,810</b>	<b>249,985</b>	<b>606,108</b>	<b>48,074</b>	<b>1,025,977</b>
Transfer to Stage 1	66,682	(66,682)	-	-	-
Transfer to Stage 2	(3,494)	3,494	-	-	-
Transfer to Stage 3	(10)	(6,332)	6,342	-	-
Net other changes for the year	(110,567)	128,433	72,657	21,422	111,945
<b>Balance as at 31 December 2024</b>	<b>74,421</b>	<b>308,898</b>	<b>685,107</b>	<b>69,496</b>	<b>1,137,922</b>

2023	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Balance at 1 January 2023</b>	<b>52,215</b>	<b>288,017</b>	<b>606,250</b>	<b>7,255</b>	<b>953,737</b>
Transfer to Stage 1	3,353	(3,353)	-	-	-
Transfer to Stage 2	(1,050)	1,050	-	-	-
Transfer to Stage 3	-	(2,232)	2,232	-	-
Net other changes for the year	67,292	(33,497)	(2,374)	40,819	72,240
<b>Balance as at 31 December 2023</b>	<b>121,810</b>	<b>249,985</b>	<b>606,108</b>	<b>48,074</b>	<b>1,025,977</b>

## d) The analysis of credit related commitments and contingencies by counterparty is as follows:

	2024	2023
Government and quasi government	7,674,306	8,577,898
Corporate	131,718,106	100,830,633
Banks and other financial institutions	29,714,384	20,936,191
Others	1,280,025	458,727
<b>Total</b>	<b>170,386,821</b>	<b>130,803,449</b>

The following table sets out information about the credit quality of commitments and contingencies. The amounts in the table represent gross carrying amounts.

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	67,004,292	-	-	-	67,004,292
Good	83,674,774	702,561	-	-	84,377,335
Satisfactory	8,916,457	5,074,908	62	-	13,991,427
Special mention	-	2,354,475	79,714	-	2,434,189
Non-performing	-	-	1,220,361	1,359,217	2,579,578
<b>Total</b>	<b>159,595,523</b>	<b>8,131,944</b>	<b>1,300,137</b>	<b>1,359,217</b>	<b>170,386,821</b>

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2023	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	49,069,467	-	-	-	49,069,467
Good	58,561,947	3,116,074	-	-	61,678,021
Satisfactory	10,985,190	3,640,868	24,829	-	14,650,887
Special mention	-	2,694,952	-	-	2,694,952
Non-performing	-	-	1,220,361	1,489,761	2,710,122
<b>Total</b>	<b>118,616,604</b>	<b>9,451,894</b>	<b>1,245,190</b>	<b>1,489,761</b>	<b>130,803,449</b>

## 21. Net special commission income

	Note	2024	2023*
<b>Special commission income</b>			
Loans and advances		15,893,097	12,838,133
Due from banks and other financial institutions		552,530	536,102
<b>Investments:</b>			
FVOCI		2,267,685	2,060,475
Held at amortised cost		1,788,104	1,653,731
<b>Total</b>		<b>4,055,789</b>	<b>3,714,206</b>
<b>Special commission expense</b>			
Customers' deposits	41	(7,937,014)	(5,732,281)
Due to banks and other financial institutions	41	(1,122,469)	(608,358)
Debt securities in issue		(402,538)	(387,029)
Others		(15,895)	(19,304)
<b>Total</b>		<b>(9,477,916)</b>	<b>(6,746,972)</b>
<b>Net special commission income</b>		<b>11,023,500</b>	<b>10,341,469</b>

\*Refer note 41

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Special commission income and Special commission expenses from Shariah-compliant products are as follows:

	2024	2023
<b>Special commission income</b>		
<b>Loans and advances</b>		
Tawarruq	9,928,241	8,058,294
Ijarah	1,420,296	1,114,054
Murabaha	947,510	634,575
<b>Total</b>	<b>12,296,047</b>	<b>9,806,923</b>
<b>Investments:</b>		
Held at amortised cost / Sukuk	1,621,167	1,504,319
FVOCI / Sukuk	1,602,985	1,144,652
<b>Total</b>	<b>3,224,152</b>	<b>2,648,971</b>
<b>Due from Banks and other financial institutions - Tawarruq</b>	<b>39,618</b>	<b>7,019</b>
<b>Special commission expense</b>		
<b>Customers' deposits</b>		
Murabaha	(4,147,403)	(2,739,970)
Tawarruq	(553,635)	(283,178)
Mudarbah	(31,627)	(47,219)
<b>Total</b>	<b>(4,732,665)</b>	<b>(3,070,367)</b>
<b>Debt securities in issue – Murabaha</b>	<b>(402,538)</b>	<b>(390,479)</b>
<b>Due to Banks and other financial institutions - Tawarruq</b>	<b>(36,922)</b>	<b>-</b>
<b>Special commission income, net</b>	<b>10,387,692</b>	<b>9,002,067</b>

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## 22. Net fee and commission income

	2024	2023
<b>Fee and commission income:</b>		
Card products	1,899,938	1,463,971
Trade finance	889,637	789,407
Corporate finance and advisory	328,802	258,179
Fund management fees	329,808	241,115
Other banking services	548,828	502,731
<b>Total fee and commission income</b>	<b>3,997,013</b>	<b>3,255,403</b>
<b>Fee and commission expense:</b>		
Card products	(2,244,884)	(1,849,538)
Corporate finance and advisory	(53,359)	(53,199)
Fund management fees	(57,836)	(27,394)
Custodial services	(1,555)	(3,711)
Other banking services	(189,817)	(177,023)
<b>Total fee and commission expense</b>	<b>(2,547,451)</b>	<b>(2,110,865)</b>
<b>Net fees and commission income</b>	<b>1,449,562</b>	<b>1,144,538</b>

## 23. Gain from FVSI financial instruments, net

	2024	2023
Derivatives	308,160	140,820
Foreign exchange income, net	184,952	126,804
Debt securities	11,126	35,431
Others	50,691	42,543
<b>Total</b>	<b>554,929</b>	<b>345,598</b>

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**24. Salaries and employee related expenses**

The following table summarises the Group's employee categories defined in accordance with SAMA's Banks Remuneration Rules and includes the total amounts of fixed and variable compensation paid to employees during the years ended 31 December 2024 and 31 December 2023, and the forms of such payments.

2024	Number of employees*	Fixed compensation	Variable compensation		Total
			Cash	Shares	
Senior executives requiring SAMA no objection	24	(44,077)	(28,983)	(21,300)	(50,283)
Employees engaged in risk taking activities	1,042	(544,343)	(180,146)	(27,205)	(207,351)
Employees engaged in control functions	429	(123,504)	(20,697)	(23)	(20,720)
Other employees	2,975	(602,187)	(146,283)	(774)	(147,057)
Outsourced employees	995	(95,318)	(47,932)	-	(47,932)
<b>Total</b>	<b>5,465</b>	<b>(1,409,429)</b>	<b>(424,041)</b>	<b>(49,302)</b>	<b>(473,343)</b>
Variable compensation accrued in 2024		(523,941)			
Other employee related benefits **		(338,506)			
<b>Total salaries and employee related expenses</b>		<b>(2,271,876)</b>			

2023	Number of employees*	Fixed compensation	Variable compensation		Total
			Cash	Shares	
Senior executives requiring SAMA no objection	22	(42,259)	(18,724)	(29,220)	(47,944)
Employees engaged in risk taking activities	918	(453,194)	(123,689)	(36,011)	(159,700)
Employees engaged in control functions	356	(102,172)	(14,796)	(40)	(14,836)
Other employees	2,899	(613,177)	(106,564)	(153)	(106,717)
Outsourced employees	910	(78,457)	(35,031)	-	(35,031)
<b>Total</b>	<b>5,105</b>	<b>(1,289,259)</b>	<b>(298,804)</b>	<b>(65,424)</b>	<b>(364,228)</b>
Variable compensation accrued in 2023		(401,750)			
Other employee related benefits **		(396,790)			
<b>Total salaries and employee related expenses</b>		<b>(2,087,799)</b>			

\* Represents all employees who worked for the Group and were compensated during the year 2024 or 2023, whether they are still active or no longer employed by the Group.

\*\* Other employee related benefits include insurance premium paid, General Organization for Social Insurance contribution (GOSI), recruitment expenses and certain other non-recurring employee related costs.

**Senior executives (requiring SAMA no objection):**

This comprises senior management having responsibility and authority for formulating strategies, directing and controlling the activities of the Group whose appointment requires no objection from SAMA. This covers the CEO & Managing Director and other executives directly reporting to him and other roles.

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**Employees engaged in risk taking activities:**

This comprises of management staff within the business lines (Corporate and Institutional Banking, Treasury and Wealth and Personal Banking employees), who are responsible for executing and implementing the business strategy on behalf of the Group. This also includes those involved in recommending and evaluating credit limits and credit worthiness, pricing of loans, undertaking and executing business proposals and treasury dealing activities as well as other executives whom, are not under the senior executives (requiring SAMA no objection).

**Employees engaged in control functions:**

This refers to employees working in divisions that are not involved in risk taking activities but engaged in review functions (Risk Management, Compliance, Internal Audit and Legal). These functions are fully independent from risk taking units.

**Other employees:**

This includes all other employees of the Group, excluding those already reported under categories mentioned above.

**Outsourced employees:**

This includes staff employed by various agencies who supply services to the Group on a full-time basis in non-critical roles. None of these roles require risk undertaking or control.

**Compensation disclosure for the annual consolidated financial statements:**

SAMA being the Banking industry regulator for the Kingdom of Saudi Arabia has issued its Banks Remuneration Rules. In compliance with the SAMA's Banks Remuneration Rules, a compensation policy endorsed by Nomination and Remuneration Committee and approved by the Board of Directors has been formulated and implemented.

**SAB compensation policy****i. Policy objectives**

The policy sets the guidelines as to how both fixed and variable pay will be managed at SAB. The scope of policy covers the following: all categories of employees; all compensation elements; key determinants of compensation; approval process (covered in the HR Delegation of Authority); reporting processes; bonus deferral process; share retention and relevant stakeholder's roles and responsibilities. The objectives of the policy are: fair and transparent elements of the policy are applied consistently; reflects a total compensation approach (fixed pay + variable pay + benefits); provides equal opportunity; is market competitive; supports pay for performance parity, is applied in the context of relevant risk controls and compliance considerations in the application of compensation decisions; meets regulatory requirements; centered on effective risk management and achieving financial soundness and stability of the bank.

**ii. Compensation structure**

SAB's compensation operates on a Total Package basis that is benchmarked to market data from peers in the appropriate industry. Total Package comprises of the following blend of fixed and variable compensation elements: salaries, allowances; benefits; annual bonuses; short-term incentives; and long-term incentives.

**iii. Performance management system**

The performance of all employees is evaluated against agreed targets using a Performance Scorecard methodology, financial, customer, process, and people. A calibration process is applied to ensure fair and equitable performance evaluation. The performance management methodology at SAB focuses on the differentiation of individual performance and drives the variable reward strategy which encourages high performance within a risk compliant manner.

**iv. Risk-adjustment for variable pay schemes**

The Group has reviewed all its variable pay schemes, with the assistance of external remuneration consultants, to ensure that any bonus pay pools have taken into account all relevant risks. The determination of bonus pools is based on appropriate performance factors adjusted for risk. The bonus pool for the Control functions have been ring fenced from short-term profits in alignment with SAMA regulations.

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**v. Bonus deferral**

Bonus deferral in the form of equity applies to all employees who are either subject to SAMA 'No Objection' and /or undertake or control material risk undertaking by the Group, also, a quantitative deferral trigger upon meeting a quantitative threshold per policy. Bonuses of all these employees will be subject to deferral over a 3 year vesting period. The vesting will be subject to clawback and malus conditions.

**vi. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has oversight of the remuneration structures and policies for all employees to ensure that: all performance based bonuses are adjusted for risk, compensation structures are regulatory compliant, and effective in achieving its stated objectives.

**a) Share based bonus payments**

The Group has Share Based Equity settled Bonus payment plans outstanding at the end of the year. Under the terms of these plans, SAB's eligible employees are offered shares at a predetermined price. At the vesting dates determined under the terms of the plan, SAB delivers the underlying allotted shares to the employees, subject to the satisfactory completion of the vesting conditions.

The cost of the plans is recognised 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 (the vesting date). The cumulative expense recognised for these plans at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The Group has currently three Share Based Equity Plan, under which the grant for the Bonus Deferral Program was made at various dates during 2022, 2023 and 2024 with a maturity period of three years from the respective grant dates and shares vesting is 33%, 33% and 34% for the first, second and third year, respectively. As for the Long Term Plan with a maturity of four years of the respective grant date and shares vesting is 30%, 20% and 40%, with remaining as cash rewards, lastly, the Retention Scheme with a maturity of three years with a cliff vesting. As per the settlement method, the ownership of these shares will pass to the employees at the respective vesting dates, subject to satisfactory completion of the vesting conditions.

The movement in the number of shares under Share Based Equity settled plans is as follows:

<b>Number of shares</b>	<b>2024</b>	<b>2023</b>
<b>Beginning of the year</b>	<b>2,677,932</b>	<b>4,232,334</b>
Forfeited	(75,009)	(596,159)
Exercised / Expired	(1,452,637)	(1,607,790)
Granted during the year	2,661,598	649,547
<b>End of the year</b>	<b>3,811,884</b>	<b>2,677,932</b>

The weighted average price of shares granted during the year was ₪ 34.61 (2023: ₪ 40.99). Total treasury shares held by the Group as at 31 December 2024 were 6,821,076 shares (2023: 3,573,713 shares).

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**25. Basic and diluted earnings per share**

Basic and diluted earnings per share for the years ended 31 December 2024 and 31 December 2023 are calculated by dividing the net income after Zakat and income tax (adjusted by profit paid on additional Tier 1 Sukuk), by the weighted average number of shares 2,054,794,522 (December 2023: 2,054,794,522) outstanding during the years.

	<b>2024</b>	<b>2023</b>
Net income after Zakat and income tax	8,070,461	7,002,373
Profit paid on additional Tier 1 Sukuk	(304,617)	-
<b>Net income after Zakat and income tax (adjusted by profit paid on additional Tier 1 Sukuk)</b>	<b>7,765,844</b>	<b>7,002,373</b>
Weighted average number of ordinary shares*	2,054,794,522	2,054,794,522
<b>Basic and diluted earnings per share</b>	<b>3.78</b>	<b>3.41</b>

\* The impact of treasury shares is immaterial

**26. Zakat and income tax**

The Zakat base computed in accordance with the formula specified in the Zakat Regulations is also subject to thresholds for minimum and maximum liability. In addition, SAB is subject to pay corporate income tax to reflect the portion of the shareholder base that is non-Saudi. Corporate income tax is calculated at a rate of 20%, applied to the share of taxable income of the non-Saudi shareholders.

SAB has filed its Zakat and income tax return up to 2023. Income tax assessments from 2015 to 2018 have not been received by the Bank. Zakat and Income tax for 2019 up to 2022 are closed and settled. The assessment of 2023 is still with ZATCA review.

The below table represents the movements in the current Zakat and income tax liability:

	<b>2024</b>	<b>2023</b>
<b>Opening Zakat and income tax liability</b>	<b>977,116</b>	<b>1,028,636</b>
Charge for the year:		
Provision for Zakat	665,804	592,745
Provision for income tax	533,057	488,125
Charged for the current year	1,198,861	1,080,870
Prior year charge:		
Provision for Zakat	-	109,170
Provision for income tax	-	296
Charged for the prior year	-	109,466
<b>Total charged</b>	<b>1,198,861</b>	<b>1,190,336</b>
Payment of Zakat and income tax liability	(1,155,222)	(1,241,856)
<b>Closing Zakat and income tax liability</b>	<b>1,020,755</b>	<b>977,116</b>

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**Deferred tax**

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The following table shows the movement in deferred tax:

	2024	2023
<b>Opening deferred tax asset</b>	<b>264,131</b>	<b>294,564</b>
Provision for deferred tax	(96,760)	(30,433)
<b>Closing deferred tax asset</b>	<b>167,371</b>	<b>264,131</b>

The deferred tax included in these financial statements comprise of the following:

	2024	2023
Property, equipment, ROU, goodwill and other intangibles	54,720	149,890
Other liabilities	50,168	49,249
Provision for expected credit losses	62,483	64,992
<b>Total</b>	<b>167,371</b>	<b>264,131</b>

**27. Cash and cash equivalents**

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

	2024	2023
Cash and balances with SAMA excluding the statutory deposit (note 3)	2,198,536	2,994,294
Due from banks and other financial institutions with an original maturity of three months or less from date of the acquisition	3,293,161	7,204,390
<b>Total</b>	<b>5,491,697</b>	<b>10,198,684</b>

**28. Employee benefit obligation****a) General description**

The Group operates an end of service benefit plan for its employees based on the prevailing Saudi Labour Laws. Accruals are made in accordance with the actuarial valuation under the projected unit credit method while the benefit payments obligation is discharged as and when it falls due.

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**b) Reconciliation of defined benefit obligation as 31 December**

	2024	2023
<b>Defined benefit obligation at the beginning of the year</b>	<b>812,150</b>	<b>748,494</b>
<b>Charge for the year:</b>		
Current service cost	77,574	72,114
Interest cost	36,454	30,112
Past service cost	(9,005)	-
Benefits paid	(70,493)	(62,037)
Transferred in	101	-
<b>Re-measurement of defined benefit liability:</b>		
Financial assumptions	(95,325)	1,438
Demographic adjustments	3,747	1,082
Experience adjustments	29,108	20,947
<b>Defined benefit obligation at the end of the year</b>	<b>784,311</b>	<b>812,150</b>

**c) Principal actuarial assumptions (in respect of the employee benefit scheme)**

	2024	2023
Discount rate	5.45%	4.70%
Expected rate of salary increase	4.25%	4.70%
Normal retirement age	65 Years	60 Years

**d) Sensitivity of actuarial assumptions**

The table below illustrates the sensitivity of the defined benefit obligation valuation as at 31 December to the discount rate and salary increase rate.

	Impact on defined benefit obligation – increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
<b>Base Scenario 2024</b>			
Discount rate	1%	(104,893)	69,003
Expected rate of salary increase	1%	71,220	(62,857)

	Impact on defined benefit obligation – increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
<b>Base Scenario 2023</b>			
Discount rate	1%	(60,509)	69,274
Expected rate of salary increase	1%	70,558	(62,994)

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

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## e) Expected maturity

Expected maturity analysis of undiscounted defined benefit obligation for the end of service plan is as follows:

	Less than a year	1-2 years	2-5 years	Over 5 years	Total
<b>2024</b>					
	71,968	69,149	194,607	995,673	<b>1,331,397</b>
<b>2023</b>					
	78,465	66,625	197,310	903,188	<b>1,245,588</b>

The weighted average duration of the defined benefit obligation is 8 years (2023: 8 years).

## f) Defined contribution plan

The Group makes contributions for a defined contribution retirement benefit plan to the GOSI in respect of its staff. The total amount expensed during the year in respect of this plan was ﷻ 99 million (2023: ﷻ 88 million).

## 29. Operating segments

The Group's primary business is conducted in the Kingdom of Saudi Arabia. Transactions between the operating segments are on normal commercial terms and conditions. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance. The Group's reportable segments are as follows:

- > **Wealth & Personal Banking** – Wealth and Personal Banking offers a variety of wealth and consumer lending products. Having a mix of domestic and international customers, WPB aims to be the Bank of choice for wealth and internationally-minded customers.
- > **Corporate and Institutional Banking** – The Corporate and Institutional Banking provides tailored solutions to a wide range of customer segments including Global Corporates and Institutional Banking, Multinational Corporates, Large and Commercial Banking Corporates, and Small and Medium Enterprises. CIB offers a wide range of products that includes core banking, liquidity management, trade-finance and treasury services.
- > **Treasury** – The Treasury business provides Corporate, Institutional, Wealth and Private banking clients with access to treasury and capital markets products across multiple asset classes, including foreign exchange, interest rate, and commodities hedging solutions. In addition, Treasury manages the liquidity and market risk of the Bank, including deployment of its commercial surplus through its investment portfolio.
- > **Capital Markets** – The Capital Markets segment brings together the margin lending, brokerage, and asset management business and are managed by our wholly-owned subsidiary SAB Invest.
- > **Others** – Includes activities of the Group's investment in its associate, HSBC Saudi Arabia and equity investments. It also includes elimination of inter-group income and expense items.

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Transactions between the operating segments are reported as recorded by the Group's transfer pricing policy. The Group's total assets and liabilities as at 31 December 2024 and 2023, its total operating income and expenses, and the results for the years then ended, by operating segment, are as follows:

	Wealth & Personal Banking	Corporate and Institutional Banking	Treasury	Capital markets	Others	Total
<b>2024</b>						
<b>Total assets</b>	<b>73,972,695</b>	<b>197,516,592</b>	<b>123,932,472</b>	<b>2,750,569</b>	<b>1,270,481</b>	<b>399,442,809</b>
Loans and advances, net	64,325,916	193,317,924	-	1,701,676	-	259,345,516
Investments, net	-	-	97,222,242	580,575	609,407	98,412,224
Investment in an associate	-	-	-	-	463,350	463,350
<b>Total liabilities</b>	<b>90,963,009</b>	<b>159,836,636</b>	<b>80,122,773</b>	<b>186,890</b>	<b>47,318</b>	<b>331,156,626</b>
Operating income / (loss) from external customers	2,226,800	9,342,582	2,003,356	446,306	(1,372)	14,017,672
Inter-segment operating income / (expense)	1,887,185	(1,808,426)	(78,759)	-	-	-
<b>Total operating income / (loss), of which:</b>	<b>4,113,985</b>	<b>7,534,156</b>	<b>1,924,597</b>	<b>446,306</b>	<b>(1,372)</b>	<b>14,017,672</b>
Net special commission income	3,513,087	6,292,474	1,077,393	140,546	-	11,023,500
Net fees and commission income / (expenses)	208,616	950,695	(4,406)	294,657	-	1,449,562
<b>(Provision for expected credit losses) / reversal, net</b>	<b>(198,735)</b>	<b>(367,758)</b>	<b>1,064</b>	<b>(634)</b>	<b>-</b>	<b>(566,063)</b>
<b>Total operating expenses</b>	<b>(1,865,017)</b>	<b>(1,719,728)</b>	<b>(434,281)</b>	<b>(257,674)</b>	<b>(14,196)</b>	<b>(4,290,896)</b>
Share in earnings of an associate	-	-	-	-	205,369	205,369
<b>Net income for the period before Zakat and income tax</b>	<b>2,050,233</b>	<b>5,446,670</b>	<b>1,491,380</b>	<b>187,998</b>	<b>189,801</b>	<b>9,366,082</b>

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2023	Wealth & Personal Banking	Corporate and Institutional Banking	Treasury	Capital markets	Others	Total
<b>Total assets</b>	<b>61,934,769</b>	<b>165,446,807</b>	<b>124,613,981</b>	<b>2,185,929</b>	<b>2,460,150</b>	<b>356,641,636</b>
Loans and advances, net	53,013,292	161,723,208	-	1,199,345	-	215,935,845
Investments, net	-	-	95,756,549	386,435	423,852	96,566,836
Investment in an associate	-	-	-	-	462,046	462,046
<b>Total liabilities</b>	<b>82,222,616</b>	<b>152,853,673</b>	<b>59,441,350</b>	<b>171,439</b>	<b>52,995</b>	<b>294,742,073</b>
Operating income / (loss) from external customers	1,878,386	8,417,825	2,088,289	337,515	(11,555)	12,710,460
Inter-segment operating income / (expense)	1,575,447	(1,548,150)	(27,297)	-	-	-
<b>Total operating income / (loss), of which:</b>	<b>3,453,833</b>	<b>6,869,675</b>	<b>2,060,992</b>	<b>337,515</b>	<b>(11,555)</b>	<b>12,710,460</b>
Net special commission income	3,060,389	5,792,332	1,374,810	113,938	-	10,341,469
Net fees and commission income / (expenses)	134,627	802,646	(27)	207,292	-	1,144,538
<b>Provision for expected credit losses, net</b>	<b>(77,806)</b>	<b>(480,836)</b>	<b>(3,584)</b>	<b>(216)</b>	<b>-</b>	<b>(562,442)</b>
<b>Total operating expenses</b>	<b>(1,868,207)</b>	<b>(1,581,273)</b>	<b>(397,072)</b>	<b>(227,644)</b>	<b>(38,894)</b>	<b>(4,113,090)</b>
Share in earnings of an associate	-	-	-	-	188,214	188,214
<b>Net income for the year before Zakat and income tax from continuing operations</b>	<b>1,507,820</b>	<b>4,807,566</b>	<b>1,660,336</b>	<b>109,655</b>	<b>137,765</b>	<b>8,223,142</b>

## a) The Group's credit exposure by operating segment is as follows:

2024	Wealth & Personal Banking	Corporate and Institutional Banking	Treasury	Capital markets	Total
Assets	64,325,916	193,317,924	63,241,549	2,087,254	322,972,643
Commitments and contingencies	311,681	90,518,909	8,601	-	90,839,191
Derivatives	-	-	34,720,963	-	34,720,963
<b>Total</b>	<b>64,637,597</b>	<b>283,836,833</b>	<b>97,971,113</b>	<b>2,087,254</b>	<b>448,532,797</b>

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2023	Wealth & Personal Banking	Corporate and Institutional Banking	Treasury	Capital markets	Total
Assets	53,013,292	161,723,208	69,244,979	1,693,701	285,675,180
Commitments and contingencies	7,973	70,672,306	-	-	70,680,279
Derivatives	-	-	62,294,652	-	62,294,652
<b>Total</b>	<b>53,021,265</b>	<b>232,395,514</b>	<b>131,539,631</b>	<b>1,693,701</b>	<b>418,650,111</b>

Credit exposure comprises the carrying value of assets excluding cash, property and equipment, other assets, investment in associates and equity investments. Commitments, contingencies and derivatives are presented based on the credit conversion factor as prescribed by SAMA.

## 30. Financial risk management

## i) Credit risk

The Group follows SAMA Rules on Credit Risk Management whereby the Board of Directors has ultimate responsibility for the effective management of risk and approves the risk appetite. The Board has constituted a Board Risk Committee (BRC) for the ongoing monitoring, assessment and management of the risk environment and the effectiveness of the risk management framework. Day-to-day responsibility for risk management is delegated to senior managers with individual accountability for decision making.

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Credit risk arises principally from direct lending, trade finance and leasing activities, but also from other products such as guarantees and derivatives.

The Group continues to assess the impact of economic developments on specific customers, customer segments or portfolios. As credit conditions change, the Group takes mitigating actions, including the revision of risk appetites or limits and tenors, as appropriate. In addition, the Group continues to manage credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. Credit approval authorities are delegated by the Board to the Managing Director together with the authority to sub-delegate them. The Credit Risk function is responsible for the key policies and processes for managing credit risk, which include formulating credit policies and risk rating frameworks, guiding the Group's appetite for credit risk exposures, undertaking independent reviews and objective assessment of credit risk, and monitoring performance and management of portfolios.

Concentrations of credit risk arise when a number of counterparties have comparable economic characteristics, or such counterparties are engaged in similar business activities, or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political, or other conditions. The Group uses a number of controls and measures to minimize undue concentration of exposure in the portfolios. These include portfolio and counterparty limits, approval and review controls, and stress testing.

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## a) Provision for expected credit losses, net

The following table shows the provision for expected credit losses for due from banks and other financial institutions, investments, loans and advances and off balance sheet exposures:

	Notes	2024	2023
<b>Net provision for expected credit losses:</b>			
Due from banks and other financial institutions	4 (d)	(69)	1,128
Investments	5 (d)	1,133	(4,712)
Loans and advances	6 (c)	(575,962)	(931,618)
Loan commitments and financial guarantee contracts	20 (c)	(111,945)	(72,240)
Write-offs net, recoveries of debts previously written-off*		120,780	445,000
<b>Net charge for the year</b>		<b>(566,063)</b>	<b>(562,442)</b>

\* Write-offs net, recoveries of debts previously written-off include purchase price allocation release from POCI accounts of 248 million (2023: 486 million).

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## b) Geographical concentration of financial assets, liabilities, commitments and contingencies, and the maximum exposure to credit risk.

2024	Kingdom of Saudi Arabia	GCC and Middle East	Europe	North America	Other countries	Total
<b>Assets</b>						
<b>Cash and balances with SAMA</b>						
Cash in hand	1,794,960	-	-	-	-	1,794,960
Balances with SAMA	15,477,156	-	-	-	-	15,477,156
Other balances	90,576	-	-	-	-	90,576
<b>Due from banks and other financial institutions, net:</b>						
Current accounts	1,839,674	107,450	182,984	1,022,950	139,293	3,292,351
Money market placements	137,421	-	-	-	-	137,421
<b>Positive fair value derivatives, net:</b>						
Held for trading	304,678	5,028	2,258,571	-	-	2,568,277
Held as fair value hedges	-	-	62,662	-	-	62,662
Held as cash flow hedges	-	-	269	-	-	269
<b>Investments, net:</b>						
FVOCI	44,381,667	1,698,483	-	6,089,994	-	52,170,144
FVSI	960,806	9,807	-	-	-	970,613
Amortised cost	44,629,623	-	-	-	-	44,629,623
<b>Loans and advances, net:</b>						
Credit cards	3,396,831	-	-	-	-	3,396,831
Other retail lending	62,630,761	-	-	-	-	62,630,761
Corporate and institutional lending	184,171,960	2,809,852	2,552,050	-	3,784,062	193,317,924
Other assets	3,050,018	-	-	-	-	3,050,018
<b>Total</b>	<b>362,866,131</b>	<b>4,630,620</b>	<b>5,056,536</b>	<b>7,112,944</b>	<b>3,923,355</b>	<b>383,589,586</b>
<b>Liabilities</b>						
<b>Due to banks and other financial institutions</b>						
Current accounts	3,335,555	304,321	475,466	382,517	284,590	4,782,449
Money market deposits	8,539,757	3,307,355	1,649,579	396,331	-	13,893,022
Repo with banks	15,298,918	-	4,508,105	-	-	19,807,023
Others	2,514,487	-	-	-	-	2,514,487
<b>Customer deposits:</b>						
Demand	136,566,021	41,269	335,401	730	123,499	137,066,920
Time	124,998,595	-	-	355,367	19,128	125,373,090
Saving	2,955,495	-	15,785	-	16,290	2,987,570
Margin and other deposits	1,572,431	323	182	143	10,000	1,583,079
Debt securities in issue	5,178,059	-	-	-	-	5,178,059
<b>Negative fair value derivatives, net:</b>						
Held for trading	778,512	3,749	1,682,557	-	-	2,464,818
Held as fair value hedges	-	-	51,194	-	-	51,194
Held as cash flow hedges	-	-	30,192	-	-	30,192
Other liabilities	15,424,723	-	-	-	-	15,424,723
<b>Total</b>	<b>317,162,553</b>	<b>3,657,017</b>	<b>8,748,461</b>	<b>1,135,088</b>	<b>453,507</b>	<b>331,156,626</b>
<b>Commitments and contingencies</b>	<b>141,648,137</b>	<b>4,382,091</b>	<b>8,474,177</b>	<b>1,925,105</b>	<b>13,957,311</b>	<b>170,386,821</b>
<b>Maximum credit exposure (stated at credit equivalent amounts)</b>						
Assets	357,716,475	4,625,592	2,735,034	7,112,944	3,923,355	376,113,400
Commitments and contingencies	74,804,897	2,481,213	4,683,317	1,058,808	7,810,956	90,839,191
Derivatives	33,514,672	9,328	1,174,720	22,243	-	34,720,963
<b>Total credit exposure</b>	<b>466,036,044</b>	<b>7,116,133</b>	<b>8,593,071</b>	<b>8,193,995</b>	<b>11,734,311</b>	<b>501,673,554</b>

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2023	Kingdom of Saudi Arabia	GCC and Middle East	Europe	North America	Other countries	Total
<b>Assets</b>						
<b>Cash and balances with SAMA</b>						
Cash in hand	1,775,854	-	-	-	-	1,775,854
Balances with SAMA	13,802,941	-	-	-	-	13,802,941
Other balances	1,162,440	-	-	-	-	1,162,440
<b>Due from banks and other financial institutions, net:</b>						
Current accounts	1,225,397	28,919	1,111,329	3,859,965	154,930	6,380,540
Money market placements	1,026,941	-	-	-	-	1,026,941
<b>Positive fair value derivatives, net:</b>						
Held for trading	261,620	12,683	1,851,305	-	6	2,125,614
Held as fair value hedges	-	-	214,550	-	-	214,550
Held as cash flow hedges	-	-	28,218	-	-	28,218
<b>Investments, net:</b>						
FVOCI	40,892,704	4,736,387	-	2,130,358	-	47,759,449
FVSI	985,189	-	-	-	-	985,189
Amortised cost	47,366,473	-	-	-	-	47,366,473
<b>Loans and advances, net:</b>						
Credit cards	2,920,994	-	-	-	-	2,920,994
Other retail lending	51,291,643	-	-	-	-	51,291,643
Corporate and institutional lending	155,894,865	5,107,423	-	-	720,920	161,723,208
Other assets	2,758,518	-	-	-	-	2,758,518
<b>Total</b>	<b>321,365,579</b>	<b>9,885,412</b>	<b>3,205,402</b>	<b>5,990,323</b>	<b>875,856</b>	<b>341,322,572</b>
<b>Liabilities</b>						
<b>Due to banks and other financial institutions</b>						
Current accounts	1,494,066	369,403	927,808	435,218	2,067,151	5,293,646
Money market deposits	3,116,468	1,478,601	-	-	75,012	4,670,081
Repo with banks	4,392,438	-	2,581,588	-	-	6,974,026
Others	2,741,165	-	-	-	-	2,741,165
<b>Customer deposits:</b>						
Demand	138,329,610	30,965	423,017	46,587	123,752	138,953,931
Time	110,642,192	-	-	437,027	16,365	111,095,584
Saving	2,068,837	-	13,827	-	9,733	2,092,397
Margin and other deposits	1,305,030	323	182	43	10,000	1,315,578
Debt securities in issue	5,177,862	-	-	-	-	5,177,862
<b>Negative fair value derivatives, net:</b>						
Held for trading	553,369	8,022	1,423,096	52	-	1,984,539
Held as fair value hedges	-	-	222,588	117	-	222,705
Held as cash flow hedges	-	-	24,202	24	-	24,226
Other liabilities	14,196,333	-	-	-	-	14,196,333
<b>Total</b>	<b>284,017,370</b>	<b>1,887,314</b>	<b>5,616,308</b>	<b>919,068</b>	<b>2,302,013</b>	<b>294,742,073</b>
<b>Commitments and contingencies</b>						
<b>Total</b>	<b>111,291,810</b>	<b>3,382,527</b>	<b>5,796,720</b>	<b>1,564,821</b>	<b>8,767,571</b>	<b>130,803,449</b>
<b>Maximum credit exposure (stated at credit equivalent amounts)</b>						
Assets	316,569,587	9,872,729	1,111,329	5,990,323	875,850	334,419,818
Commitments and contingencies	59,948,878	1,860,390	3,188,196	860,651	4,822,163	70,680,278
Derivatives	61,459,136	31,766	778,310	25,440	-	62,294,652
<b>Total credit exposure</b>	<b>437,977,601</b>	<b>11,764,885</b>	<b>5,077,835</b>	<b>6,876,414</b>	<b>5,698,013</b>	<b>467,394,748</b>

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c) The distributions by geographical concentration of non-performing loans and advances and provision for credit losses are as follows:

2024	Kingdom of Saudi Arabia	GCC and Middle East	Europe	Other countries	Total
Non-performing loans and advances	3,613,151	-	-	-	<b>3,613,151</b>
Provision for expected credit losses	6,206,911	39,173	5,907	6,610	<b>6,258,601</b>

2023	Kingdom of Saudi Arabia	GCC and Middle East	Europe	Other countries	Total
Non-performing loans and advances	3,723,383	151,859	-	-	<b>3,875,242</b>
Provision for expected credit losses	6,120,839	6,769	-	763	<b>6,128,371</b>

## ii) Credit quality analysis

Expected credit losses (ECL) are recognized for loans and advances to banks and customers, other financial assets held at amortised cost, debt instruments measured at fair value through other comprehensive income (FVOCI) and certain loan commitments and financial guarantee contracts. At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months, or less, where the remaining life is less than 12 months (12-month ECL). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

## Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realization of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

## Forbearance

Loans are identified as forbore and classified as either performing or non-performing when the Group modifies the contractual terms due to financial difficulty of the borrower. Non-performing forbore loans are stage 3 and classified as non-performing until they meet the cure criteria. Performing forbore loans are initially stage 2 and remain classified as forbore until they meet applicable cure criteria. At this point, the loan is either stage 1 or stage 2 as determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

## Definition of (default)

The Group considers a financial asset to be in default when:

- > A quantitative objective based indicator where the obligor's contractual repayments are past due in excess-over-limits or has overdrawn advised agreed limits for more than 90 days on any material credit obligation to the Group.
- > A qualitative criterion by which the Group considers that the obligor is 'unlikely-to-pay' its obligations to the Group in full without recourse by the Group to action such as realizing securities (if any).

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Some of the primary indicators for qualitative criteria to objectively define 'Unlikelihood to Pay' (UTP) events' could be the following:

- > Distressed debt restructuring resulting in diminished financial obligation
- > Significant and/or persistent deteriorations in financial performance, financial ratios, covenants waivers/easing, cash flow and liquidity concerns and future outlook of the obligor
- > Imminent probability of facility foreclosure and/or repossession of collaterals / securities due to insolvency or other financial difficulties indicating Bank's inability to recover the exposure.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

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

**Loan modifications other than forbore loans**

Loan modifications that are not identified as forbore are considered to be commercial restructurings. Where a commercial restructuring results in a modification (whether legalized through an amendment to the existing terms or the issuance of a new loan contract) such that the Group rights to the cash flows under the original contract have expired, the old loan is derecognized and the new loan is recognized at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided.

**Measurement of ECL**

During 2024 the Bank has completed the redevelopment of its IFRS 9 wholesale and retail models in accordance with SAMA's triennial model redevelopment requirement and IFRS 9 compliance standards. The primary objective of this initiative was to enhance the models' accuracy and alignment with regulatory requirements. A change introduced was the segmentation of the small and medium enterprises (SME) portfolio as a standalone category, which was previously incorporated within the Corporate model. The financial impact of this redevelopment is detailed in the financial impact section.

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

In general, the Group calculates ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes the time value of money.

The ECL for wholesale stage 3 is determined on an individual basis using a discounted cash flow (DCF) methodology. The expected future cash flows are based on the credit risk officer's estimates as of the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest.

The cash flows are discounted at a reasonable approximation of the effective interest rate by using the contractual interest rate.

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**Forward-looking economic inputs**

The Group applies multiple forward-looking economic scenarios determined with reference to external forecast distributions representative of their view of forecast economic conditions. This approach is considered sufficient to calculate unbiased expected credit losses in most economic environments. In certain economic environments, additional analysis may be necessary and may result in additional scenarios or adjustments, to reflect a range of possible economic outcomes sufficient for an unbiased estimate.

The economic scenarios used for the redeveloped models as at 31 December 2024 included the following ranges of key indicators.

Economic indicators	2024
	Upside: 34.5 Base: 34.7
Government expenditure (as a % of GDP)	Mild Downside: 35.0 Moderate Downside: 35.2 Severe Downside: 35.3
	Upside: 24.0 Base: 24.3
Gross government debt (as a % of GDP)	Mild Downside: 24.9 Moderate Downside: 25.1 Severe Downside: 25.3
	Upside: 81.9 Base: 81.3
Oil Price – Arabian Light (US\$ per barrel)	Mild Downside: 80.0 Moderate Downside: 79.4 Severe Downside: 79.0
	Upside: 5.0 Base: 5.0
Unemployment Rate (%)	Mild Downside: 5.0 Moderate Downside: 5.0 Severe Downside: 5.0
	Upside: 281,109 Base: 279,302
Tax revenue, expenditure (ﷲ in million)	Mild Downside: 276,676 Moderate Downside: 275,276 Severe Downside: 273,758
	Upside: 522,186 Base: 518,356
Government Non-oil Revenue (ﷲ in million)	Mild Downside: 512,744 Moderate Downside: 509,743 Severe Downside: 506,542
	Upside: 2,905,409 Base: 2,901,028
Money Supply (ﷲ in million)	Mild Downside: 2,893,392 Moderate Downside: 2,890,283 Severe Downside: 2,884,945

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The economic scenarios used for the old models as at 31 December 2023 included the following ranges of key indicators.

Economic indicators	2023
Government revenue, oil (ﷲ in million)	Upside: 692,742 Base: 663,833 Downside: 627,580
Oil Price – Arabian Light (US\$ per barrel)	Upside: 87.9 Base: 84.3 Downside: 79.6
GDP, Non-oil, LCU (ﷲ in million)	Upside: 2,551,903 Base: 2,498,757 Downside: 2,426,130
Unemployment Rate (%)	Upside: 5.55 Base: 5.56 Downside: 5.57

The Group has used the below base case forecast in its ECL model, which is based on information available at the time of the ECL calculation:

	Forecast calendar years used in 2024 ECL model			Forecast calendar years used in 2023 ECL model		
	2025	2026	2027	2024	2025	2026
Government expenditure (as % of GDP)	31.8	30.6	31.3	-	-	-
Gross government debt (as a % of GDP)	23.3	21.3	18.8	-	-	-
Oil Price – Arabian Light (US\$ per barrel)	74.8	74.8	76.1	85.2	81.6	81.3
Unemployment Rate (%)	5.0	4.9	4.8	5.5	5.5	5.4
Tax revenue, expenditure (ﷲ in million)	307,730	331,674	352,066	-	-	-
Government Non-oil Revenue (ﷲ in million)	489,891	466,240	574,698	2,666,705	2,842,013	3,032,994
Money Supply (ﷲ in million)	3,073,272	3,155,800	3,322,802	713,571	717,925	732,039

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## Sensitivity of ECL allowance:

The table below illustrates the sensitivity of ECL to key factors used in determining it as at the year end, noting that the macroeconomic factors present dynamic relationships between them.

Assumptions sensitized	PL Impact 2024 ﷲ'000
<b>Macro-economic factors(Base scenario 2025):</b>	
Government expenditure (as % of GDP) reduction by 7%	
Oil Price – Arabian Light (US\$ per barrel) increase by 3.6%	
Gross government debt (as a % of GDP) increase by 0.5%	
Unemployment Rate (%) increase by 11%	(41,053)
Tax revenue, expenditure (ﷲ in million) reduce by 6%	
Government Non-oil Revenue (ﷲ in million) reduce by 20.5%	
Money Supply (ﷲ in million) reduce by 7.5%	
<b>Scenario weightages:</b>	
Down/Upturn scenario sensitized by +/- 10%	22,310

## 31. Market risk

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as special commission rates, foreign exchange rates, and equity prices. The Group classifies exposures to market risk into either trading and non-trading or banking-book. Market Risk exposures in the trading book result from instruments classified as held for trading as disclosed in these consolidated financial statements. Market Risk exposures in the non-trading or banking-book arise on special commission rate risk and equity price risk as disclosed in part b) of this disclosure.

The market risk for both the trading book and the non-trading book is managed and monitored using a combination of VAR, stress testing and sensitivity analysis.

## a) Market risk-trading book

The Board has set limits for the acceptable level of risks in managing the trading book. The Group applies a VAR methodology to assess the market risk positions held and to estimate the potential economic loss based upon a number of parameters and assumptions for change in market conditions.

A VAR methodology estimates the potential negative change in market value of a portfolio at a given confidence level and over a specified time horizon. The Group uses simulation models to assess the possible changes in the market value of the trading book based on historical data.

VAR models are usually designed to measure the market risk in a normal market environment and therefore the use of VAR has limitations because it is based on historical correlations and volatilities in market prices and assumes that the future movements will follow a statistical distribution.

The VAR that the Group measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for 1 day. The use of 99% confidence level depicts that within a one-day horizon, losses exceeding VAR figure should occur, on average, not more than once every hundred days. 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

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market conditions.

In addition to VAR, the Group also carries out stress testing of its portfolio to simulate conditions outside normal confidence intervals. The potential losses occurring under stress test conditions are reported regularly to the Group's Risk Management Committee (RMC) for their review.

The Group's VAR related information is as follows

	Foreign exchange	Special commission rate	Overall risk
<b>2024</b>			
VAR as at 31 December 2024	1,767	8,302	8,808
Average VAR for 2024	2,328	10,779	11,078
Minimum VAR for 2024	1,127	6,815	7,955
Maximum VAR for 2024	3,719	19,208	20,102

	Foreign exchange	Special commission rate	Overall risk
<b>2023</b>			
VAR as at 31 December 2023	2,955	8,481	9,252
Average VAR for 2023	4,293	5,542	6,736
Minimum VAR for 2023	450	2,818	3,240
Maximum VAR for 2023	9,142	12,907	14,069

**b) Market risk - non-trading or banking-book**

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

**i) Special commission rate risk**

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

The following table depicts the sensitivity to a reasonably possible change in 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 commission rates on the net special commission income for one year, based on the floating rate non-trading financial assets and financial liabilities repricing as at 31 December 2024 including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing the fixed rate FVOCI assets including the effect of any associated hedges as at 31 December 2024 for the effect of assumed changes in commission rates.

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The sensitivity of equity is analysed by maturity period of the asset or swap and represents only those exposures that directly impact OCI of the Group.

2024							
	Increase in basis points	Sensitivity of special commission income	Sensitivity of Equity				Total
			6 months or less	1 year or less	1-5 years	Over 5 years	
ﷲ	+100	206,782	(5,058)	(13,832)	(667,755)	(1,140,096)	<b>(1,826,741)</b>
USD	+100	36,356	(2,360)	(5,777)	(192,803)	(644,216)	<b>(845,156)</b>
EUR	+100	(395)	-	-	-	-	-
Others	+100	(314)	-	-	-	-	-

2024							
	Increase in basis points	Sensitivity of special commission income	Sensitivity of Equity				Total
			6 months or less	1 year or less	1-5 years	Over 5 years	
ﷲ	-100	(206,782)	5,058	13,832	667,755	1,140,096	<b>1,826,741</b>
USD	-100	(36,356)	2,360	5,777	192,803	644,216	<b>845,156</b>
EUR	-100	395	-	-	-	-	-
Others	-100	314	-	-	-	-	-

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2024							
	Increase in basis points	Sensitivity of special commission income	Sensitivity of Equity				Total
			6 months or less	1 year or less	1-5 years	Over 5 years	
ﷲ	+100	298,680	(9,039)	(9,665)	(403,132)	(1,299,058)	<b>(1,720,894)</b>
USD	+100	52,513	(1,731)	(5,601)	(187,139)	(671,630)	<b>(866,101)</b>
EUR	+100	(571)	(37)	-	-	-	<b>(37)</b>
Others	+100	(454)	-	-	-	-	-

2023							
	Increase in basis points	Sensitivity of special commission income	Sensitivity of Equity				Total
			6 months or less	1 year or less	1-5 years	Over 5 years	
ﷲ	-100	(298,680)	9,039	9,665	403,132	1,299,058	<b>1,720,894</b>
USD	-100	(52,513)	1,731	5,601	187,139	671,630	<b>866,101</b>
EUR	-100	571	37	-	-	-	<b>37</b>
Others	-100	454	-	-	-	-	-

The Group is exposed to risks associated with fluctuations in the levels of market special commission rates. The table below summarises the Group's exposure to special commission rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of the contractual repricing or the maturity dates. The Group is exposed to special commission rate risks as a result of mismatches or gaps in the amounts of assets and liabilities and derivative financial instruments that reprice or mature in a given period.

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The Group manages this risk by matching the repricing of financial assets and liabilities through risk management strategies.

2024	Within 3 months	3-12 months	1-5 years	Over 5 years	Non special commission bearing	Total
<b>Assets</b>						
<b>Cash and balances with SAMA:</b>						
Cash in hand	-	-	-	-	1,794,960	1,794,960
Balances with SAMA	313,000	-	-	-	15,164,156	15,477,156
Other balances	-	-	-	-	90,576	90,576
<b>Due from banks and other financial institutions, net:</b>						
Current accounts	1,448,025	-	-	-	1,844,326	3,292,351
Money market placements	137,421	-	-	-	-	137,421
<b>Positive fair value derivatives, net:</b>						
Held for trading	1,591,383	520,460	392,845	63,589	-	2,568,277
Held as fair value hedges	58,526	4,136	-	-	-	62,662
Held as cash flow hedges	269	-	-	-	-	269
<b>Investments, net:</b>						
FVOCI	931,686	698,226	14,471,788	35,589,008	1,088,842	52,779,550
FVSI	4,665	1,799	65,625	357,754	573,208	1,003,051
Amortised cost	3,596,430	15,594,553	13,063,031	12,375,609	-	44,629,623
<b>Loans and advances, net:</b>						
Credit cards	3,396,831	-	-	-	-	3,396,831
Other retail lending	14,042,779	2,038,888	21,287,288	25,261,806	-	62,630,761
Corporate and institutional lending	164,360,051	26,659,295	2,063,401	235,177	-	193,317,924
Other assets	-	-	-	-	3,050,018	3,050,018
<b>Total assets</b>	<b>189,881,066</b>	<b>45,517,357</b>	<b>51,343,978</b>	<b>73,882,943</b>	<b>23,606,086</b>	<b>384,231,430</b>
<b>Liabilities</b>						
<b>Due to banks and other financial institutions:</b>						
Current accounts	412,404	-	-	-	4,370,045	4,782,449
Money market deposits	9,983,686	3,909,336	-	-	-	13,893,022
Repo with banks	15,148,699	-	4,658,324	-	-	19,807,023
Others	1,812,577	701,910	-	-	-	2,514,487
<b>Customer deposits:</b>						
Demand	-	-	-	-	137,066,920	137,066,920
Time	112,558,178	12,480,412	334,500	-	-	125,373,090
Saving	2,987,570	-	-	-	-	2,987,570
Margin and other deposits	-	-	-	-	1,583,079	1,583,079
Debt securities in issue	5,178,059	-	-	-	-	5,178,059
<b>Negative fair value derivatives, net:</b>						
Held for trading	1,584,565	450,936	426,292	3,025	-	2,464,818
Held as fair value hedges	51,194	-	-	-	-	51,194
Held as cash flow hedges	30,192	-	-	-	-	30,192
Other liabilities	68,287	34,165	195,121	110,712	15,016,438	15,424,723
<b>Total liabilities</b>	<b>149,815,411</b>	<b>17,576,759</b>	<b>5,614,237</b>	<b>113,737</b>	<b>158,036,482</b>	<b>331,156,626</b>
<b>Commission rate sensitivity on assets and liabilities</b>	<b>40,065,655</b>	<b>27,940,598</b>	<b>45,729,741</b>	<b>73,769,206</b>	<b>(134,430,396)</b>	<b>53,074,804</b>
<b>Commission rate sensitivity on derivative financial instruments</b>	-	-	<b>5,781,730</b>	<b>5,781,730</b>	-	-
<b>Total special commission rate sensitivity gap</b>	<b>40,065,655</b>	<b>27,940,598</b>	<b>51,511,471</b>	<b>67,987,476</b>	<b>134,430,396</b>	-
<b>Cumulative special commission rate sensitivity gap</b>	<b>40,065,655</b>	<b>68,006,253</b>	<b>119,517,724</b>	<b>187,505,200</b>	<b>53,074,804</b>	-

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2023	Within 3 months	3-12 months	1-5 years	Over 5 years	Non special commission bearing	Total
<b>Assets</b>						
<b>Cash and balances with SAMA:</b>						
Cash in hand	-	-	-	-	1,775,854	1,775,854
Balances with SAMA	56,000	-	-	-	13,746,941	13,802,941
Other balances	-	-	-	-	1,162,440	1,162,440
<b>Due from banks and other financial institutions, net:</b>						
Current accounts	5,143,947	-	-	-	1,236,593	6,380,540
Money market placements	823,089	203,852	-	-	-	1,026,941
<b>Positive fair value derivatives, net:</b>						
Held for trading	-	-	-	-	2,125,614	2,125,614
Held as fair value hedges	-	-	-	-	214,550	214,550
Held as cash flow hedges	-	-	-	-	28,218	28,218
<b>Investments, net:</b>						
FVOCI	1,026,380	1,222,280	5,571,221	39,939,568	423,852	48,183,301
FVSI	602	589	27,873	490,333	497,665	1,017,062
Amortised cost	3,891,299	4,177,936	24,208,854	15,088,384	-	47,366,473
<b>Loans and advances, net:</b>						
Credit cards	2,920,994	-	-	-	-	2,920,994
Other retail lending	1,664,626	1,947,797	20,109,173	27,570,047	-	51,291,643
Corporate and institutional lending	125,856,048	32,870,651	2,858,858	137,651	-	161,723,208
Other assets	-	-	-	-	2,758,518	2,758,518
<b>Total assets</b>	<b>141,382,985</b>	<b>40,423,105</b>	<b>52,775,979</b>	<b>83,225,983</b>	<b>23,970,245</b>	<b>341,778,297</b>
<b>Liabilities</b>						
<b>Due to banks and other financial institutions:</b>						
Current accounts	80,718	-	-	-	5,212,928	5,293,646
Money market deposits	3,990,417	679,664	-	-	-	4,670,081
Repo with banks	6,403,742	-	570,284	-	-	6,974,026
Others	230,836	2,510,329	-	-	-	2,741,165
<b>Customer deposits:</b>						
Demand	-	-	-	-	138,953,931	138,953,931
Time	99,550,958	11,518,539	26,087	-	-	111,095,584
Saving	2,092,397	-	-	-	-	2,092,397
Margin and other deposits	-	-	-	-	1,315,578	1,315,578
Debt securities in issue	5,177,862	-	-	-	-	5,177,862
<b>Negative fair value derivatives, net:</b>						
Held for trading	-	-	-	-	1,984,539	1,984,539
Held as fair value hedges	-	-	-	-	222,705	222,705
Held as cash flow hedges	-	-	-	-	24,226	24,226
Other liabilities	101,033	50,548	288,690	163,803	13,592,259	14,196,333
<b>Total liabilities</b>	<b>117,627,963</b>	<b>14,759,080</b>	<b>885,061</b>	<b>163,803</b>	<b>161,306,166</b>	<b>294,742,073</b>
<b>Commission rate sensitivity on assets and liabilities</b>	<b>23,755,022</b>	<b>25,664,025</b>	<b>51,890,918</b>	<b>83,062,180</b>	<b>(137,335,921)</b>	<b>47,036,224</b>
<b>Commission rate sensitivity on derivative financial instruments</b>	<b>3,768,394</b>	<b>306,097</b>	<b>1,634,357</b>	<b>(5,708,848)</b>	<b>-</b>	<b>-</b>
<b>Total special commission rate sensitivity gap</b>	<b>27,523,416</b>	<b>25,970,122</b>	<b>53,525,275</b>	<b>77,353,332</b>	<b>(137,335,921)</b>	<b>-</b>
<b>Cumulative special commission rate sensitivity gap</b>	<b>27,523,416</b>	<b>53,493,538</b>	<b>107,018,813</b>	<b>184,372,145</b>	<b>47,036,224</b>	<b>-</b>

The net gap between derivative financial instruments represents the net notional amounts of derivative financial instruments, which are used to manage the special commission rate risk.

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## ii) Currency risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Group does not maintain material non-trading open currency positions. Foreign currency exposures that arise in the non-trading book are transferred to the trading book and are managed as part of the trading portfolio. The foreign exchange risk VAR disclosed in note 31 (a) reflects the Group's total exposure to currency risk.

The Group is exposed to fluctuations in foreign currency exchange rates. The Board of Directors sets limits on the level of exposure by currency, and in total for both overnight and intraday positions, which are monitored daily. At the end of the year, the Group had the following significant net exposures denominated in foreign currencies:

	2024 Long / (short)	2023 Long / (short)
US Dollar	(266,533)	529,272
Euro	(1,423)	(2,200)
Sterling Pounds	3,298	(31,787)
Other	42,802	(33,645)

The table below shows the currencies to which the Bank has a significant exposure 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 ۞, with all other variables held constant, on the statement of income and equity. A positive effect shows a potential increase in the statement of income or equity, whereas a negative effect shows a potential net reduction in the statement of income or equity.

Currency Exposures	31 December 2024		
	Changes in currency rate in %	Effect on net income	Effect on Equity
US Dollar	+5	(838)	736
	-5	838	(736)
Euro	+3	(40)	-
	-3	40	-
Pound Sterling	+3	(20)	-
	-3	20	-
Currency Exposures	31 December 2023		
	Changes in currency rate in %	Effect on net income	Effect on Equity
US Dollar	+5	(727)	765
	-5	727	(765)
Euro	+3	(41)	-
	-3	41	-
Pound Sterling	+3	(30)	-
	-3	30	-

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**32. Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management has diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents and readily marketable securities and monitors future cash flows and liquidity on a daily basis. The Group also has committed lines of credit that it can access to meet liquidity needs.

In accordance with the Banking Control Law and the regulations issued by SAMA, the Group maintains a statutory deposit with SAMA of 7% of monthly average demand deposits and 4% of monthly average of savings and time deposits. In addition to the statutory deposit, the Group also maintains liquid reserves of not less than 20% of the deposit liabilities, in the form of cash, Saudi Government Development Bonds or assets, which can be converted into cash within a period not exceeding 30 days. The Group has the ability to raise additional funds through repo facilities available with SAMA against Saudi Government Development securities.

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date and does not take account of effective maturities as indicated by the Group's deposit retention history. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows. All derivatives used for hedging purposes are shown by maturity based on their contractual, undiscounted repayment obligations. As the major portion of the derivatives trading book comprises of back to back transactions and consequently the open derivatives trading exposures are small, the management believes that the inclusion of trading derivatives in the contractual maturity table is not relevant for an understanding of the timing of cash flows and hence these have been excluded. Management monitors the maturity profile to ensure that adequate liquidity is maintained. The weekly 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 and Liability Committee ('ALCO').

A summary report, covering the Group and operating subsidiaries, including any exceptions and remedial action taken, is submitted monthly to ALCO.

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**a) Analysis of undiscounted financial liabilities by remaining contractual maturities**

2024	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
<b>Financial liabilities</b>						
<b>Due to banks and other financial institutions</b>						
Current accounts	4,782,449	-	-	-	-	4,782,449
Money market deposits	10,616,905	3,309,864	-	-	-	13,926,769
Repos with banks	17,365,353	-	2,780,084	-	-	20,145,437
Others	1,821,397	701,910	-	-	-	2,523,307
<b>Customer deposits</b>						
Demand	-	-	-	-	137,066,920	137,066,920
Time	112,493,453	12,753,154	379,895	-	-	125,626,502
Saving	2,987,570	-	-	-	-	2,987,570
Margin and other deposits	102,893	329,729	752,106	398,351	-	1,583,079
Debt securities in issue	182,813	179,070	1,433,210	5,365,388	-	7,160,481
Lease liabilities	-	91,591	300,765	53,084	-	445,440
<b>Total undiscounted financial liabilities</b>	<b>150,352,833</b>	<b>17,365,318</b>	<b>5,646,060</b>	<b>5,816,823</b>	<b>137,066,920</b>	<b>316,247,954</b>

2024	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
<b>Financial liabilities</b>						
<b>Due to banks and other financial institutions</b>						
Current accounts	5,293,646	-	-	-	-	5,293,646
Money market deposits	4,021,168	697,161	-	-	-	4,718,329
Repos with banks	3,572,666	2,900,975	567,906	-	-	7,041,547
Others	275,786	-	2,523,307	-	-	2,799,093
<b>Customer deposits</b>						
Demand	-	-	-	-	138,953,931	138,953,931
Time	100,026,031	11,795,413	29,151	-	-	111,850,595
Saving	2,092,397	-	-	-	-	2,092,397
Margin and other deposits	111,337	155,118	811,093	238,031	-	1,315,579
Debt securities in issue	196,211	201,660	1,295,228	6,013,258	-	7,706,357
Lease liabilities	72,117	60,736	288,799	158,864	-	580,516
<b>Total undiscounted financial liabilities</b>	<b>115,661,359</b>	<b>15,811,063</b>	<b>5,515,484</b>	<b>6,410,153</b>	<b>138,953,931</b>	<b>282,351,990</b>

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## b) Maturity analysis of financial assets and liabilities

The table below shows an analysis of financial assets and liabilities analysed according to when they are expected to be recovered or settled.

2024	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
<b>Assets</b>						
<b>Cash and balances with SAMA</b>						
Cash in hand	1,794,960	-	-	-	-	1,794,960
Balances with SAMA	313,000	-	-	-	15,164,156	15,477,156
Other balances	90,576	-	-	-	-	90,576
<b>Due from banks and other financial institutions, net</b>						
Current accounts	3,292,351	-	-	-	-	3,292,351
Money market placements	-	137,421	-	-	-	137,421
<b>Positive fair value derivatives, net</b>						
Held for trading	98,556	37,646	861,295	1,570,780	-	2,568,277
Held as fair value hedges	-	-	60,524	2,138	-	62,662
Held as cash flow hedges	-	-	269	-	-	269
<b>Investments, net</b>						
FVOCI	-	302,023	15,367,853	36,259,730	849,944	52,779,550
FVSI	3,587	1,839	66,762	364,605	566,258	1,003,051
Amortised cost	513,189	4,347,013	15,769,098	24,000,323	-	44,629,623
<b>Loans and advances, net</b>						
Credit cards	3,390,859	-	5,972	-	-	3,396,831
Other retail lending	4,358,402	3,085,320	21,116,468	34,070,571	-	62,630,761
Corporate and institutional lending	57,013,786	44,470,409	45,722,458	46,111,271	-	193,317,924
Other assets	-	-	-	-	3,050,018	3,050,018
<b>Total assets</b>	<b>70,869,266</b>	<b>52,381,671</b>	<b>98,970,699</b>	<b>142,379,418</b>	<b>19,630,376</b>	<b>384,231,430</b>
<b>Liabilities</b>						
<b>Due to banks and other financial institutions</b>						
Current accounts	4,782,449	-	-	-	-	4,782,449
Money market deposits	10,661,278	3,231,744	-	-	-	13,893,022
Repo with banks	17,343,589	-	2,463,434	-	-	19,807,023
Others	1,813,190	701,297	-	-	-	2,514,487
<b>Customer deposits</b>						
Demand	-	-	-	-	137,066,920	137,066,920
Time	112,504,626	12,531,534	336,930	-	-	125,373,090
Saving	2,987,570	-	-	-	-	2,987,570
Margin and other deposits	105,497	329,729	749,378	398,475	-	1,583,079
Debt securities in issue	178,059	-	5,000,000	-	-	5,178,059
<b>Negative fair value derivatives, net</b>						
Held for trading	90,229	34,541	834,036	1,506,012	-	2,464,818
Held as fair value hedges	-	-	50,282	912	-	51,194
Held as cash flow hedges	-	-	30,192	-	-	30,192
Other liabilities	1,349,541	756,408	497,778	49,085	12,771,911	15,424,723
<b>Total liabilities</b>	<b>151,816,028</b>	<b>17,585,253</b>	<b>9,962,030</b>	<b>1,954,484</b>	<b>149,838,831</b>	<b>331,156,626</b>

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2024	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Commitments and contingencies</b>					
Letters of credit	8,484,084	7,225,631	1,981,081	960,378	18,651,174
Letters of guarantee	16,361,006	37,125,267	40,594,091	34,037,616	128,117,980
Acceptances	2,907,190	370,186	13,744	-	3,291,120
Irrevocable commitments to extend credit	13,565,901	6,107,988	-	652,658	20,326,547
<b>Total commitments and contingencies</b>	<b>41,318,181</b>	<b>50,829,072</b>	<b>42,588,916</b>	<b>35,650,652</b>	<b>170,386,821</b>

2023	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
<b>Assets</b>						
<b>Cash and balances with SAMA</b>						
Cash in hand	1,775,854	-	-	-	-	1,775,854
Balances with SAMA	56,000	-	-	-	13,746,941	13,802,941
Other balances	1,162,440	-	-	-	-	1,162,440
<b>Due from banks and other financial institutions, net</b>						
Current accounts	6,380,540	-	-	-	-	6,380,540
Money market placements	823,089	203,852	-	-	-	1,026,941
<b>Positive fair value derivatives, net</b>						
Held for trading	101,496	93,187	542,183	1,388,748	-	2,125,614
Held as fair value hedges	1,422	3,390	103,399	106,339	-	214,550
Held as cash flow hedges	3,594	-	-	24,624	-	28,218
<b>Investments, net</b>						
FVOCI	1,026,379	1,222,280	5,571,221	39,939,568	423,853	48,183,301
FVSI	602	589	27,873	490,333	497,665	1,017,062
Amortised cost	3,891,299	4,177,936	24,208,854	15,088,384	-	47,366,473
<b>Loans and advances, net</b>						
Credit cards	2,912,764	-	8,230	-	-	2,920,994
Other retail lending	3,057,257	1,563,031	20,540,006	26,131,349	-	51,291,643
Corporate and institutional lending	60,683,130	37,758,682	44,856,146	18,425,250	-	161,723,208
Other assets	-	-	-	-	2,758,518	2,758,518
<b>Total assets</b>	<b>81,875,866</b>	<b>45,022,947</b>	<b>95,857,912</b>	<b>101,594,595</b>	<b>17,426,977</b>	<b>341,778,297</b>
<b>Liabilities</b>						
<b>Due to banks and other financial institutions</b>						
Current accounts	5,293,646	-	-	-	-	5,293,646
Money market deposits	3,990,417	679,664	-	-	-	4,670,081
Repo with banks	6,403,742	-	570,284	-	-	6,974,026
Others	230,836	2,510,329	-	-	-	2,741,165
<b>Customer deposits</b>						
Demand	-	-	-	-	138,953,931	138,953,931
Time	99,550,958	11,518,539	26,087	-	-	111,095,584
Saving	2,092,397	-	-	-	-	2,092,397
Margin and other deposits	111,371	155,118	811,093	237,996	-	1,315,578
Debt securities in issue	177,862	-	5,000,000	-	-	5,177,862
<b>Negative fair value derivatives, net</b>						
Held for trading	53,756	110,262	462,433	1,358,088	-	1,984,539
Held as fair value hedges	-	-	1,351	221,354	-	222,705
Held as cash flow hedges	1,652	-	16,588	5,986	-	24,226
Other liabilities	899,850	157,338	1,186,721	173,558	11,778,866	14,196,333
<b>Total liabilities</b>	<b>118,806,487</b>	<b>15,131,250</b>	<b>8,074,557</b>	<b>1,996,982</b>	<b>150,732,797</b>	<b>294,742,073</b>

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2023	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
<b>Commitments and contingencies</b>					
Letters of credit	6,649,401	6,312,244	871,469	1,829,855	15,662,969
Letters of guarantee	7,616,608	28,136,313	34,883,582	27,925,910	98,562,413
Acceptances	3,027,251	572,735	12,688	256,493	3,869,167
Irrevocable commitments to extend credit	642,248	11,454,003	217,829	394,820	12,708,900
<b>Total commitments and contingencies</b>	<b>17,935,508</b>	<b>46,475,295</b>	<b>35,985,568</b>	<b>30,407,078</b>	<b>130,803,449</b>

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. Letters of guarantee are as per contractual terms and in the event of default may be payable on demand and therefore are current in nature.

**33. Offsetting of financial assets and liabilities**

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

2024	Gross amounts recognized	Gross amounts offset in the consolidated statement of financial position	Amount not set off in the consolidated statement of financial position		
			Net amounts presented in the consolidated statement of financial position	Collateral / pledged	Net amount
<b>Financial assets</b>					
Positive fair value of derivatives	2,631,208	-	2,631,208	(118,120)	2,513,088
<b>Financial liabilities</b>					
Negative fair value of derivatives	2,546,204	-	2,546,204	(608,012)	1,938,192
Repurchase agreements	19,807,023	-	19,807,023	(19,312,949)	494,074
<b>2023</b>					
<b>Financial assets</b>					
Positive fair value of derivatives	2,368,382	-	2,368,382	(355,372)	2,013,010
<b>Financial liabilities</b>					
Negative fair value of derivatives	2,231,470	-	2,231,470	(300,450)	1,931,020
Repurchase agreements	6,974,026	-	6,974,026	(6,886,385)	87,641

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 continued to be measured in accordance with related accounting policies for the underlying financial assets held as 'FVSI', 'FVOCI' and amortised cost.

Assets pledged under these transactions may be re-pledged / sold by the counter-parties to whom they have been transferred. These transactions are conducted under the terms that are usual and customary to standard securities borrowing and lending activities as well as requirements determined by exchanges in which the Group acts as a participant.

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The Group, 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 SAB Group are unified. As part of the master agreement, a credit support annex (CSA) has also been signed. The CSA allows the Group to receive improved pricing by way of exchange of mark to market amounts in cash as collateral whether in favor of the Group or the counter party.

For commission rate swaps entered into with European counterparties, the SAB Group 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 OTC derivatives. The regulation includes requirements for reporting of derivatives contracts and implementation of risk management standards and establishes common rules for central counterparties and trade repositories. Accordingly, all such standardized OTC derivatives contracts are traded on exchanges and cleared through a Central Counter Party (CCP) through netting arrangements and exchanges of cash to reduce counter party credit and liquidity risk.

The positive and negative fair values of derivatives including CSA and EMIR cash margins have been netted/offset when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the assets and settle the liability simultaneously.

**34. Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Consequently, differences can arise between the carrying values and fair value estimates.

2024	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Derivative financial instruments	2,631,208	-	2,631,208	-	<b>2,631,208</b>
Investments held as FVSI	1,003,051	161,143	841,908	-	<b>1,003,051</b>
Investments held as FVOCI – Debt	52,170,144	-	52,170,144	-	<b>52,170,144</b>
Investments held as FVOCI – Equity	609,406	391,703	-	217,703	<b>609,406</b>
<b>Financial assets not measured at fair value</b>					
Due from banks and other financial institutions	3,429,772	-	3,429,772	-	<b>3,429,772</b>
Investments held at amortised cost	44,629,623	-	41,975,536	-	<b>41,975,536</b>
Loans and advances	259,345,516	-	-	255,731,817	<b>255,731,817</b>
<b>Financial liabilities measured at fair value</b>					
Derivative financial instruments	2,546,204	-	2,546,204	-	<b>2,546,204</b>
<b>Financial liabilities not measured at fair value</b>					
Due to banks and other financial institutions	40,996,981	-	40,996,981	-	<b>40,996,981</b>
Customers' deposits	267,010,659	-	266,809,826	-	<b>266,809,826</b>
Debt securities in issue	5,178,059	-	5,178,059	-	<b>5,178,059</b>

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2023	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Derivative financial instruments	2,368,382	-	2,368,382	-	<b>2,368,382</b>
Investments held as FVSI	1,017,062	112,971	904,091	-	<b>1,017,062</b>
Investments held as FVOCI – Debt	47,759,449	-	47,759,449	-	<b>47,759,449</b>
Investments held as FVOCI – Equity	423,852	250,046	-	173,806	<b>423,852</b>
<b>Financial assets not measured at fair value</b>					
Due from banks and other financial institutions	7,407,481	-	7,407,481	-	<b>7,407,481</b>
Investments held at amortised cost	47,366,473	-	44,893,595	-	<b>44,893,595</b>
Loans and advances	215,935,845	-	-	215,808,170	<b>215,808,170</b>
<b>Financial liabilities measured at fair value</b>					
Derivative financial instruments	2,231,470	-	2,231,470	-	<b>2,231,470</b>
<b>Financial liabilities not measured at fair value</b>					
Due to banks and other financial institutions	19,678,918	-	19,678,918	-	<b>19,678,918</b>
Customers deposits	253,457,490	-	253,223,786	-	<b>253,223,786</b>
Debt securities in issue	5,177,862	-	5,177,862	-	<b>5,177,862</b>

The Group uses widely recognized valuation models for determining the fair value of common and simpler financial instruments. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives, and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. The difference between the transaction price and the model value is commonly referred to as 'day one profit or loss'. It is either amortised over the life of the transaction or deferred until the instrument's fair value can be determined using market observable data or realized through disposal. Subsequent changes in fair value are recognized immediately in the consolidated statement of income without reversal of deferred day one profits and losses.

Valuation techniques include net present value and discounted cash flow models, and comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices and foreign currency exchange rates.

Derivatives classified as Level 2 comprise OTC special commission rate swaps, currency swaps, special commission rate options, forward foreign exchange contracts, currency options and other derivative financial instruments. These derivatives are fair valued using the Group's proprietary valuation models that are based on discounted cash flow techniques. The data inputs to these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers.

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FVOCI equity investments include investments in local listed shares carried at market price listed on local stock exchange.

FVOCI investments classified as Level 2 include bonds for which market quotes are not available. These are fair valued using simple discounted cash flow techniques that use observable market data inputs for yield curves and credit spreads.

FVOCI investments classified as Level 3 represents private equity investments, the fair value of which is determined based on the latest reported net assets value as at the reporting date. The movement in Level 3 financial instruments during the period relates to fair value and capital repayment movements only.

Fair values of listed investments are determined using mid marked prices. Fair values of unlisted investments are determined using valuation techniques that incorporate the prices and future earning streams of equivalent quoted securities.

Loans and advances are classified as Level 3, the fair value of which is determined by discounting future cash flows using expected SAIBOR rates.

The fair values of due from and due to banks and other financial institutions which are carried at amortised cost, are not significantly different from the carrying values included in the consolidated financial statements, since these are short dated and the current market special commission rates for similar financial instruments are not significantly different from the contracted rates.

The fair values of demand deposits are approximated by their carrying value. For deposits with longer-term maturities, fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities.

Debt securities in issue are floating rate instruments that re-price within a year (every 6 months) and accordingly, the fair value of this portfolio approximates the carrying value. The fair value of the remaining portfolio is not significantly different from its carrying value.

There were no transfers between the levels of fair value hierarchies during the period. The values obtained from valuation models may be different from the transaction price of financial instruments on transaction date.

**Valuation technique and significant unobservable inputs**

The following table shows the valuation technique used in measuring level 3 fair value at 31 December 2024 and 31 December 2023 as well as the significant unobservable input used:

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable input and fair value measurement
Investment held at FVOCI – equity	Using net assets per audited financial statements of Investee. Applying Bank shareholding percentage to value the investments with changes recognises in OCI.	Net assets of the Investee	Valuation has direct relationship to net assets of the Investee.

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**Reconciliation of Level 3 fair values**

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values for Investment held at FVOCI – equity.

	2024	2023
<b>Opening balance</b>	<b>173,806</b>	<b>23,763</b>
Net change in fair value (unrealized)	43,263	149,686
Addition	634	357
<b>Closing balance</b>	<b>217,703</b>	<b>173,806</b>

**35. Related party transactions**

In the ordinary course of its activities, the Group transacts business with related parties. In the opinion of the Management and the Board, the related party transactions are performed in normal course of business. The related party transactions are governed by limits set by the Banking Control Law and the regulations issued by SAMA.

Managerial and specialised expertise is provided under a technical services agreement with HSBC Holdings plc, the parent company of HSBC Holdings BV. This agreement was amended on 3 October 2018 and renewed for a period of 10 years, commencing on 30 September 2017. The year end balances included in the consolidated financial statements resulting from related party transactions are as follows:

	2024	2023
<b>HSBC:</b>		
Due from banks and other financial institutions	678,257	1,305,070
Investments	6,395	8,226
Fair value derivatives, net	6,776	9,607
Due to banks and other financial institutions	3,116,767	3,993,071
Commitments and contingencies	9,941,065	6,244,070
<b>Associates:</b>		
Investments	463,350	462,046
Other assets	7,925	5,824
Customer deposits	934,062	900,888
Retained Earnings	12,578	12,000
Commitments and contingencies	1,764	1,764
<b>Directors, board committees, other major Shareholders, key management personnel and their affiliates:</b>		
Investments	206,866	161,772
Loans and advances	2,337,076	1,464,342
Customers' deposits	4,668,221	4,583,743
Negative fair value derivatives, net	12,513	12,544
Other liabilities	23,391	17,235
Tier 1 Sukuk	204,000	-
Commitments and contingencies	134,139	127,092

Other major Shareholders represent shareholdings (excluding the non-Saudi shareholder) of more than 5% of the Group's issued share capital.

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	2024	2023
<b>Related mutual funds:</b>		
Investments	420,403	389,473
Customers' deposits	39,266	16,105
Debt securities in issue	200,000	200,000
<b>Subsidiaries:</b>		
Investments	75,366	72,527

Below represent transactions with an associate other than those disclosed elsewhere in these consolidated financial statements.

	2024	2023
<b>Associates</b>		
Special commission income	73	601
Special commission expense	243,398	221,826
Fees and commission income	11,378	7,288
Service charges paid to an associate	7,861	1,768
Service charges recovered from associate	29,267	22,696
Profit share paid to associate relating to investment banking activities	107,915	74,424
<b>HSBC, directors, board committees, other major shareholders, key management personnel and their affiliates:</b>		
Special commission income	183,797	174,262
Special commission expense	119,675	77,382
Fees and commission income	68,689	65,444
General and administrative expenses	53,080	57,550
Service charges paid to HSBC	312,872	44,315
Directors' and board committees' remuneration	17,361	6,778

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

	2024	2023
Short-term employee benefits *	51,987	47,756
Other long-term benefits	19,995	16,841
Share-based payments	7,449	5,544

\* Short-Term Employee benefits includes: Salaries, Allowances, Benefits, Cash bonus paid during the year

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

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**36. Capital risk management**

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

SAMA, through Circular Number 391000029731 dated 15 Rabi Al-Awwal 1439H (3 December 2017), provided guidance on the interim approach and transitional arrangements for accounting allocations under IFRS 9. The directive required banks to transition the initial impact on the capital adequacy ratio over five years. However, the latest SAMA guidance on Accounting and Regulatory Treatment of COVID-19 Extraordinary Support Measures allows banks to add back up to 100% of the transitional adjustment amount to Common Equity Tier 1 ('CET1') for the full two-year period of 2020 and 2021, effective from the 31 March 2021 financial statement reporting. Starting in 2022, the add-back amount will be phased out on a straight-line basis over three years. As a result of these revised transitional arrangements, the Group's Tier 1 ratio improved by 23 basis points for the year ended 31 December 2024.

The following table summarizes the Bank's Pillar-1 Risk Weighted Assets, Tier 1 and Tier 2 capital and capital adequacy ratios

	2024	2023
<b>Risk Weighted Assets (RWA)</b>		
Credit Risk RWA	308,505,820	279,968,368
Operational Risk RWA	12,233,759	10,458,162
Market Risk RWA	1,193,229	3,724,396
<b>Total RWA</b>	<b>321,932,808</b>	<b>294,150,926</b>
Common Equity Tier I Capital	49,660,716	48,053,574
Additional Tier I Capital (Note 19)	7,965,000	3,985,000
<b>Tier I Capital</b>	<b>57,625,716</b>	<b>52,038,574</b>
<b>Tier II Capital</b>	<b>5,778,894</b>	<b>5,958,473</b>
<b>Total I and II Capital</b>	<b>63,404,610</b>	<b>57,997,047</b>
<b>Capital Adequacy Ratio %</b>		
Tier I ratio	17.90%	17.69%
Tier I + Tier II ratio	19.69%	19.72%
CET1	15.43%	16.34%

**37. Investment management and brokerage services**

The Group offers investment management services to its customers that include the management of investment funds and discretionary portfolios with total assets of ₪ 35.04 billion (2023: ₪ 27.25 billion), in consultation with professional investment advisors. The financial statements of these funds are not consolidated with the consolidated financial statements of the Group. The Group's investment in these funds is included in investments held as FVSI. Fees earned from management services are recorded within fee and commission income and are disclosed under 'related party transactions'. Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and, therefore, are not included in these consolidated financial statements.

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**38. Profit sharing investment account (PSIA)****a) Analysis of PSIA income according to types of investments and their financing**

As of 31 December 2024, all joint financing is funded by comingled pools which includes funds from Mudaraba based unrestricted investment accountholder.

Average gross financing and investments (IAH funds only) by type of contract:

	2024	2023
Sales and other receivables (Murabaha)	1,311,080	1,667,071
Ijarah	166,270	192,069
Other instruments including Sukuk investments	552,266	697,042
<b>Total average financing and investments</b>	<b>2,029,616</b>	<b>2,556,182</b>

**b) The basis for calculating and allocating profits between the Group and the IAHs:**

Computation of pool income is as follows:

	2024	2023
<b>Total pool income</b>	<b>91,907</b>	<b>101,088</b>
Pool Income	91,907	101,088
Mudarib fee including Mudarib's share of profit	60,280	53,869
<b>Total amount attributable to shareholders pool</b>	<b>31,627</b>	<b>47,219</b>

**The basis of allocating the profits between IAH and the Group**

The profit sharing allocation percentages between IAH and Group vary for different types of customers and are agreed through terms and conditions or any subsequent updates. The exact amount of profit paid to each customer, from the distributable profit is shown in their statement of account.

**c) Average equity of the IAHs at the end of the reporting period:**

	2024	2023
Average investment account holders balance before profit	2,029,616	2,556,182
Profit for the IAH during the year	31,627	47,219
Profit paid out during the year	(31,627)	(47,219)
<b>Total average equity for investment account holders</b>	<b>2,029,616</b>	<b>2,556,182</b>

**39. Government grant**

During the year of 2023, the Real Estate Development Fund ('REDF') launched a new programme ('the programme') to support residential mortgage finance to certain eligible customers at a subsidized profit rate and within a specified period. The Bank signed an agreement with REDF to become a party to this programme on 11 November 2023.

In accordance with the requirements of IFRS 9, the programme has resulted in a fair value loss on origination of the subsidized mortgage facilities due to the below market profit rate which is offset by the compensation amount received from REDF. The Bank's management has determined that the amount received qualifies as a government grant under IAS 20 and is recorded as deferred income being amortized over the average life of the loans.

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**40. Auditors' remuneration**

	2024	2023
Fees for the quarterly reviews and annual audit of the Group	10,361	8,699
Fees for other services	1,378	1,892
<b>Total</b>	<b>11,739</b>	<b>10,591</b>

**41. Comparative figures**

During the year, the Bank has re-evaluated the presentation of certain balances within due to banks and other financial institutions in the consolidated statement of financial position to determine if such balances were appropriately presented in the consolidated financial statements. These balances were re-evaluated by management as new information was received to substantiate the fact that these balances were in fact deposits from customers. Where necessary, changes in presentation of prior years were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

As a result of the re-evaluation, the liability balances amounting to ﷻ 12.5 billion as of 31 December 2023 (1 January 2023: ﷻ 8.1 billion) were reclassified from due to banks and other financial institutions to customers' deposits. The consolidated statement of cash flows for the year ended 31 December 2023 was adjusted to reflect the changes in the consolidated statement of financial position. The related special commission expense for the year ended 31 December 2023 is accordingly reclassified from due to banks and other financial institutions to customers' deposits in note 21.

Further, special commission paid on debt securities in issue have been reclassified from financing activities to operating activities in the consolidated statement of cash flows to align with related classification.

These reclassifications have no impact on previously reported results or the equity of the Group.

**42. Subsequent event**

The Board of Directors has proposed on 5 Sha'ban 1446H (Corresponding 4 February 2025) a net dividend of ﷻ 2,055 million for the second half of year 2024, resulting in ﷻ 1.00 per share for Saudi shareholder's net of Zakat. The income tax of the foreign shareholders will be deducted from their share of the dividends.

**43. Board of Directors' approval**

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 3 Sha'ban 1446H (Corresponding 2 February 2025).



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