arab national bank

A Saudi joint stock company

Consolidated Financial Statements

As at and for the year ended December 31, 2025

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For the Consolidated Financial Statements

* The independent auditors' report is included at the beginning of these Consolidated Financial Statements.

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Paid-up capital: ⃁ 5,500,000 (Five million five hundred thousand Saudi Riyal)

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Independent Auditors' Report
To the Shareholders of Arab National Bank (A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab National Bank (the "Bank") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Finanical Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing as 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"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for 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 auditors' opinion thereon, and we do not provide a separate opinion on these matters.

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

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
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Expected credit loss allowance against loans and advances

As at December 31, 2025, the gross loans and advances of the Group were SAR 198 billion against which an expected credit loss ("ECL") allowance of SAR 3.1 billion was maintained.

The determination of ECL involves significant estimation and management judgement, and this has a material impact on the consolidated financial statements of the Group. The key areas of judgement include:

1. Categorisation of loans and advances into Stage 1, 2 and 3 based on the identification of:
   (a) exposures with a significant increase in credit risk ("SICR") since their origination; and
   (b) individually impaired/defaulted exposures.
2. Assumptions used in the ECL model for determining the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), including but not limited to assessment of financial condition of counterparties, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probabilities weightages.

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- We obtained and updated our understanding of management's assessment of ECL allowance against loans and advances including the Group's internal rating model, accounting policy and model methodology.
- We compared the Group's accounting policy for ECL allowance and the ECL methodology against the requirements of IFRSs as endorsed in the Kingdom of Saudi Arabia.
- We assessed the design and implementation, and tested the operating effectiveness of the key controls (including relevant general Information Technology ("IT") and application controls) over;
  - the ECL model, including governance over the model, and any model updates during the year, including the approval of the ECL committee of key inputs and assumptions;
  - 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;
  - the IT systems and applications supporting the ECL model; and
  - the integrity of data inputs into the ECL model.
- For a sample of customers, we assessed:
  - 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;
  - management's computations for ECL; and
  - management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment.

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

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

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance against loans and advances (continued) We considered this to be a key audit matter as a result of the following: • the quantitave signficance of the amount to the consolidated financial statements; • the judgements applied and estimates made by management; and • the level of audit effort required. *Refer to the material accounting policy information note 3.6 which describes the accounting policy relatde to allowance for expected credit losses; note 2.6.1 which contains the disclosure of critical accounting judgements, estimates and assumptions relating to ECL on financial assets and the impairment assessment methodology used by the Group; note 7 which contains the disclosure of impairment against loans and advances; and note 32.4 for details of credit quality analysis and key assumptions and factors considered in determination of ECL.*	▪ We assessed the Group's criteria for the determination of SICR and identification of "default" or "individually impaired" exposures. Further, for a sample of exposures, we assessed the staging classification of the Group's loan portfolio. ▪ We assessed the underlying assumptions used by the Group in the ECL model including forward looking assumptions. ▪ We tested the completeness and accuracy of data supporting the ECL calculations as of December 31, 2025. ▪ We involved our specialists to assist us, where necessary, in reviewing model calculations, evaluating interrelated inputs and assessing the reasonableness of assumptions used in the ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weights. ▪ We assessed disclosures in the consolidated financial statements relating to this matter against the requirment of IFRSs that are endorsed in the Kingdom of Saudi Arabia .

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

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

Other Matter
The consolidated financial statements of the Group for the year ended December 31, 2024 were jointly audited by another joint auditor who expressed an unmodified opinion on those statements on February 13, 2025 (corresponding to Sha'ban 14, 1446H).

Other Information
Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditors' report thereon. The Board of Directors of the Bank are responsible for the other information in its annual report. The Group's 2025 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 other information, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's Bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank was not in compliance, in all material respects, with the applicable provisions of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's Bylaws in so far as they affect the preparation and presentation of the consolidated financial statements for the year ended December 31, 2025.

Ernst & Young Professional Services

Fahad M. Altoaimi
Certified Public Accountant
License No. 354

Deloitte and Touche & Co.
Chartered Accountants

Tariq Mohammad Alfattani
Certified Public Accountant
License No. 446

21 Sha'ban 1447H
(9 February 2026)

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EY
سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

ديلويت آند توش وشركاهم
CR.: 1010600030
HO-Riyadh
Chartered Accountants
Deloitte and Touche & Co.

Consolidated statement of financial position

As at December 31, 2025 and 2024

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2025	2024 - restated
Assets			
Cash and balances with Saudi Central Bank	4	13,167,397	12,342,361
Due from banks and other financial institutions, net	5	2,334,847	3,853,380
Positive fair value of derivatives	11	2,070,228	2,290,596
Investments, net	6-41	60,011,931	52,949,576
Loans and advances, net	7	195,299,305	169,494,661
Investments in associates	8	908,126	889,646
Other real estate owned, net		228,220	909,064
Property, equipment and right of use assets, net	9	3,299,379	2,978,359
Other assets	10-41	3,813,756	3,132,328
Assets held for sale	39	250,085	-
Total assets		**281,383,274**	**248,839,971**
Liabilities and equity			
Liabilities			
Due to banks, Saudi Central Bank and other financial institutions	12	11,948,622	14,410,463
Negative fair value of derivatives	11	1,326,794	1,598,910
Customers' deposits	13	209,286,780	182,223,718
Debt securities in issue	15.1	451,962	2,828,870
Other liabilities	14	8,844,755	9,096,305
Liabilities associated with assets held for sale	39	11,358	-
Total liabilities		**231,870,271**	**210,158,266**
Equity			
Share capital	16.1	20,000,000	20,000,000
Treasury shares	16.2	(316,366)	(98,329)
Statutory reserve	17	13,175,000	11,890,000
Other reserves	18-41	1,411,642	715,427
Retained earnings	41	7,444,734	6,144,860
Equity attributable to shareholders of the Bank		**41,715,010**	**38,651,958**
Tier I Sukuk	15.2	7,767,500	-
Total equity attributable to equity holders of the Bank		**49,482,510**	**38,651,958**
Non-controlling interest		30,493	29,747
Total equity		**49,513,003**	**38,681,705**
Total liabilities and equity		**281,383,274**	**248,839,971**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of income
For the years ended December 31, 2025 and 2024
All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2025	2024 - restated
Special commission income	20-41	15,205,132	14,406,461
Special commission expense	20	7,108,066	6,479,826
Special commission income, net		**8,097,066**	**7,926,635**
Fee and commission income	21	2,283,365	1,866,507
Fee and commission expense	21	1,404,953	1,157,691
Fee and commission income, net		**878,412**	**708,816**
Exchange income, net		350,845	325,796
Gains on FVSI financial instruments, net		230,748	174,409
Trading income, net		81,146	59,274
Dividend income	22-41	269,823	205,381
(Losses)/ gains on sale of non-trading instruments, net	23	(18,703)	6,140
Other operating (loss)/ income, net	24	(6,208)	18,544
Total operating income		**9,883,129**	**9,424,995**
Salaries and employee related expenses	29	2,012,359	1,771,718
Premises related expenses		50,676	55,387
Depreciation and amortisation	9	261,381	222,004
Other general and administrative expenses		1,012,819	1,017,967
Total operating expenses before impairment charges		**3,337,235**	**3,067,076**
Expected credit losses (ECL) and other impairment charges, net	25	692,660	644,813
Impairment (reversals)/ charges on other real estate owned		(100,000)	119,156
Total operating expenses		**3,929,895**	**3,831,045**
Net operating income		**5,953,234**	**5,593,950**
Share in earnings of associates, net	8	27,403	144,801
Net income before Zakat and tax		**5,980,637**	**5,738,751**
Zakat	27.5	373,898	334,056
Tax	27.5	495,715	447,856
Net income from continued operations		**5,111,024**	**4,956,839**
Income for the year from discontinued operations, net of Zakat and tax	39	5,960	10,508
Net income		**5,116,984**	**4,967,347**
Attributable to:			
Shareholders of the Bank		5,116,238	4,966,022
Non-controlling interest		746	1,325
Net income		**5,116,984**	**4,967,347**
Basic and diluted earnings per share (expressed in ⃁)	26	2.49	2.48

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of comprehensive income

For the years ended December 31, 2025 and 2024

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2025	2024 - restated
Net income		**5,116,984**	**4,967,347**
Other comprehensive income/ (loss):			
Items that will not be reclassified to consolidated statement of income in subsequent periods			
Equity instruments at FVOCI:			
- Net changes in fair value	41	256,790	(189,506)
Actuarial gain/ (loss) on defined benefit plans	30	67,177	(7,872)
Items that may be reclassified to the consolidated statement of income in subsequent periods			
Debt instruments at FVOCI:			
- Net changes in fair value	41	333,229	(131,907)
- Net amounts transferred to consolidated statement of income		(34,528)	(6,140)
Cash flow hedges:			
- Effective portion of change in the fair value		45,225	31,346
Total other comprehensive income/ (loss)		**667,893**	**(304,079)**
Total comprehensive income		**5,784,877**	**4,663,268**
Attributable to:			
Shareholders of the Bank		5,784,131	4,661,943
Non-controlling interest		746	1,325
Total comprehensive income		**5,784,877**	**4,663,268**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of changes in equity

For the year ended December 31, 2025

All amounts in thousands of Saudi Riyals unless stated otherwise

		Attributable to equity holders of the Bank								
2025	Note	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Tier I Sukuk	Total	Non-controlling interests	Total equity
Restated balance as at December 31, 2024		**20,000,000**	**(98,329)**	**11,890,000**	**715,427**	**6,144,860**	**-**	**38,651,958**	**29,747**	**38,681,705**
Net income		-	-	-	-	5,116,238	-	5,116,238	746	5,116,984
Changes in equity for the year:										
Net changes in fair values of FVOCI equity investments		-	-	-	256,790	-	-	256,790	-	256,790
Net changes in fair values of FVOCI debt instruments		-	-	-	333,229	-	-	333,229	-	333,229
Net changes in fair value of cash flow hedges		-	-	-	45,225	-	-	45,225	-	45,225
Net transfers to consolidated statement of income		-	-	-	(34,528)	-	-	(34,528)	-	(34,528)
Actuarial gain	30	-	-	-	67,177	-	-	67,177	-	67,177
Total comprehensive income		**-**	**-**	**-**	**667,893**	**5,116,238**	**-**	**5,784,131**	**746**	**5,784,877**
Net loss on derecognition of FVOCI equity investments		-	-	-	4,168	(4,168)	-	-	-	-
Employee share plan reserve		-	-	-	24,154	-	-	24,154	-	24,154
Issuance of Tier I Sukuk	15.2	-	-	-	-	-	7,767,500	7,767,500	-	7,767,500
Tier I Sukuk cost	15.2	-	-	-	-	(187,411)	-	(187,411)	-	(187,411)
Transfer to statutory reserve	17	-	-	1,285,000	-	(1,285,000)	-	-	-	-
2024 final dividends	27.3	-	-	-	-	(1,166,127)	-	(1,166,127)	-	(1,166,127)
2025 interim dividends	27.4	-	-	-	-	(1,173,658)	-	(1,173,658)	-	(1,173,658)
Treasury shares	16.2	-	(218,037)	-	-	-	-	(218,037)	-	(218,037)
Balance as at December 31, 2025		**20,000,000**	**(316,366)**	**13,175,000**	**1,411,642**	**7,444,734**	**7,767,500**	**49,482,510**	**30,493**	**49,513,003**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of changes in equity

For the year ended December 31, 2024

All amounts in thousands of Saudi Riyals unless stated otherwise

		Attributable to equity holders of the Bank							
2024 – restated	Note	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total
Balance as at December 31, 2023 as previously presented		**15,000,000**	-	**10,648,000**	**436,656**	**9,693,683**	**35,778,339**	**28,422**	**35,806,761**
Restatement	41	-	-	-	543,739	(71,825)	471,914	-	471,914
Restated balance as at January 1, 2024		**15,000,000**	-	**10,648,000**	**980,395**	**9,621,858**	**36,250,253**	**28,422**	**36,278,675**
Net income		-	-	-	-	4,966,022	4,966,022	1,325	4,967,347
Changes in equity for the year:									
Net changes in fair values of FVOCI equity investments	41	-	-	-	(189,506)	-	(189,506)	-	(189,506)
Net changes in fair values of FVOCI debt instruments	41	-	-	-	(131,907)	-	(131,907)	-	(131,907)
Net changes in fair value of cash flow hedges		-	-	-	31,346	-	31,346	-	31,346
Net transfers to consolidated statement of income		-	-	-	(6,140)	-	(6,140)	-	(6,140)
Actuarial loss	30	-	-	-	(7,872)	-	(7,872)	-	(7,872)
Total comprehensive income		-	-	-	**(304,079)**	**4,966,022**	**4,661,943**	**1,325**	**4,663,268**
Net loss on derecognition of FVOCI equity investments		-	-	-	39,111	(39,111)	-	-	-
Transfer to statutory reserve	17	-	-	1,242,000	-	(1,242,000)	-	-	-
2023 final dividends	27.1	-	-	-	-	(956,692)	(956,692)	-	(956,692)
2024 interim dividends	27.2	-	-	-	-	(1,205,217)	(1,205,217)	-	(1,205,217)
Treasury shares	16.2	-	(98,329)	-	-	-	(98,329)	-	(98,329)
Issuance of bonus shares	16.1	5,000,000	-	-	-	(5,000,000)	-	-	-
Balance as at December 31, 2024		**20,000,000**	**(98,329)**	**11,890,000**	**715,427**	**6,144,860**	**38,651,958**	**29,747**	**38,681,705**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Consolidated statement of cash flow

For the years ended December 31, 2025 and 2024

All amounts in thousands of Saudi Riyals unless stated otherwise

	Note	2025	2024 - restated
Operating activities			
Net income before Zakat and tax		5,980,637	5,738,751
Adjustments to reconcile net income to net cash from operating activities:			
Amortisation relating to debt instruments, net		(255,873)	(173,459)
Special commission expense on debt securities in issue	20	79,619	93,544
Losses/ (gains) on sale of non-trading investments, net	23	18,703	(6,140)
Gains on FVSI financial instruments, net		(230,748)	(174,409)
Dividend income	22	(269,823)	(205,381)
Depreciation and amortisation	9	284,488	245,894
Gains on disposal of property and equipment, net	24	(1,452)	(13,559)
ECL and other provisions charges, net	25	692,660	644,813
Impairment (reversals)/ charges on other real estate owned		(100,000)	119,156
Share in earnings of associates, net	8	(27,403)	(144,801)
Losses on sale of other real estate owned	24	17,000	-
Net (increase)/ decrease in operating assets:			
Statutory deposit with Saudi Central Bank		(1,343,589)	(871,797)
Investments held at FVSI		616,884	(292,963)
Positive fair value of derivatives		220,368	(488,705)
Loans and advances		(26,492,924)	(17,889,161)
Other real estate owned		50,000	-
Other assets		(731,958)	(1,038,354)
Net increase/ (decrease) in operating liabilities:			
Due to banks, Saudi Central Bank and other financial institutions		(2,461,841)	5,979,687
Negative fair value of derivatives		(272,116)	195,550
Customers' deposits		27,063,062	16,355,709
Other liabilities		(117,168)	1,845,490
Zakat and income tax paid		(986,743)	(662,058)
Net cash from operating activities		**1,731,783**	**9,257,807**
Investing activities			
Proceeds from sale and maturities of investments not held as FVSI		2,765,312	1,386,566
Purchase of investments not held as FVSI		(8,642,839)	(6,039,920)
Dividends received from investments		269,823	205,381
Dividends received from associates		8,923	204,558
Proceeds from sale of property and equipment		2,385	31,968
Purchase of property and equipment		(638,321)	(627,342)
Net cash used in investing activities		**(6,234,717)**	**(4,838,789)**
Financing activities			
Dividends paid		(2,339,785)	(2,161,909)
Special commission paid on debt securities in issue		(93,544)	(93,537)
Net repayments of debt securities in issue		449,517	-
Redemption of Tier II Sukuk		(2,812,500)	-
Tier I sukuk issuance		7,767,500	-
Tier I sukuk cost		(187,411)	-
Purchase of treasury shares		(218,037)	(98,329)
Payment of lease liabilities		(100,433)	(109,198)
Net cash from/ (used in) financing activities		**2,465,307**	**(2,462,973)**
Net (decrease)/ increase in cash and cash equivalents		**(2,037,627)**	**1,956,045**
Cash and cash equivalents at the beginning of the year		6,505,335	4,549,290
Cash and cash equivalents at the end of the year	28	**4,467,708**	**6,505,335**

The notes to Consolidated Financial Statements are an integral part of these statements.

Saad Al-Dughish
Chief Financial Officer

Obaid A. Al-Rasheed
Managing Director

Hesham Al-Jabr
Authorised Board Member

Notes to consolidated financial statements

As at and for the years ended December 31, 2025 and 2024

1. General

Arab National Bank (a Saudi Joint Stock Company, the "Bank") was formed pursuant to Royal Decree No. M/38 dated Rajab 18,1399H (corresponding to June 13, 1979). The Bank commenced business on February 2, 1980 by taking over the operations of Arab Bank Limited in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration No. 1010027912 dated Rabi Awal 1, 1400H (corresponding to January 19, 1980) through its 121 branches (2024: 122 branches), 54 remittance centres (2024: 58 remittance centres) in the Kingdom of Saudi Arabia and one branch in the United Kingdom. The address of the Bank's head office is as follows:

Arab National Bank

P.O. Box 56921

Riyadh 11564

Kingdom of Saudi Arabia

The objective of the Bank is to provide a full range of banking services. The Bank also provides its customers non-commission based banking products which are approved and supervised by an independent Shariah Board established by the Bank.

The consolidated financial statements comprise the financial statements of the Bank and the following subsidiaries (collectively referred to as "the Group"):

1.1 ANB Capital

In accordance with the Capital Market Authority (CMA) directives, a wholly owned subsidiary and a Saudi closed joint stock company registered in the Kingdom under Commercial Registration No. 1010239908 issued on Shawwal 26, 1428H (corresponding to November 7, 2007), to takeover and manage the Bank's investment services and asset management activities consisting of dealing, managing, arranging, advising and custody of securities regulated by the CMA. The subsidiary commenced its operations effective Muharram 3, 1429H (corresponding to January 12, 2008). On Muharram 19, 1436H (corresponding to November 12, 2014), the subsidiary changed its legal structure from a limited liability company to a closed joint stock company.

The objective of the subsidiary was amended and approved by CMA Board of Commissioners on Muharram 28, 1437H (corresponding to November 10, 2015) through a resolution number S/1/6/14832/15 to include dealing as a principal activity.

The objective of the subsidiary was further amended on Sha'ban 26, 1437H (corresponding to June 2, 2016) to provide loans to the subsidiary's customers to trade in shares as per the Saudi Central Bank (SAMA) circular No. 371000014867 dated Safar 5, 1437H, and the CMA's circular No. S/6/16287/15 dated Rabih Al-Awal 10, 1437H.

1.2 Arabian Heavy Equipment Leasing Company ("AHEL")

An 87.5% owned subsidiary incorporated in the Kingdom, as a Saudi closed joint stock company, under Commercial Registration no 1010267489 issued in Riyadh dated Jumada I 15, 1430H (corresponding to May 10, 2009). The Company is engaged in the leasing of heavy equipment and operates in compliance with Shari'ah principles.

AHEL is under sale process and has been classified as non-current assets held for sale and discontinued operations (note 39).

1.3 Al-Manzil Al-Mubarak Real Estate Financing Ltd.

A wholly owned Saudi limited liability company, registered in the Kingdom under the commercial registration no. 1010199647 issued in Riyadh dated Jumada I 18, 1425H (corresponding to July 6, 2004). The subsidiary is engaged in the purchase of lands and real estates and invest them through sale or rent in favor of the company, maintenance and management of owners and others' assets as guarantee, sale and purchase of real estates for financing purposes as per SAMA approval No. 361000109161 dated Shaban 10, 1436H.

1.4 ANB Global Markets Limited

The Bank established on Jumada I 3, 1438H (corresponding to January 31, 2017) ANB Global Markets Limited, as a limited liability company registered in the Cayman Islands. The Bank has 100% ownership in the investee. The objective of ANB Global Markets Limited is trading in derivatives and Repo activities on behalf of the Bank.

Notes to consolidated financial statements

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2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared;

2.1.1 in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia; other standards and pronouncements endorsed by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA") referred to as "IFRS as endorsed in KSA"; and

2.1.2 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.

2.2 Basis of measurement and presentation

The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the measurement at fair value of derivatives, financial instruments held at Fair Value through Statement of Income ("FVSI"), financial instruments held at Fair Value through Other Comprehensive Income ("FVOCI"), and employee defined benefit obligations which are stated at present value of their obligation using the projected unit credit method. In addition, financial assets or liabilities that are hedged in a fair value hedging relationship and otherwise adjusted to record changes in fair value attributable to the risks that are being hedged. The statement of financial position is stated in order of liquidity.

The new Regulations for Companies issued through Royal Decree M/132 on Dhul Hijjah 1, 1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on Jumada II 26, 1444H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from Jumada II 26, 1444H (corresponding to January 19, 2023). On March 26, 2024, the Extra Ordinary General Assembly of the Bank has approved the amendments to the Bank's By-laws to comply with the new Law. The regulatory procedures to update the Bank's By-Laws were completed during the year ended December 31, 2024.

2.3 Going concern

In making the going concern assessment, the Group has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources etc. 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.

2.4 Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting year as that of the Bank, using consistent accounting policies. Adjustments have been made to the financial statements of the subsidiaries where necessary to align them with the Bank's financial statements.

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

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

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

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

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

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

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If the Group loses control over a subsidiary, it:

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

Non-controlling interests represent the portion of net income or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of income and separately from equity holders of the Bank within equity in the consolidated statement of financial position. Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions of non-controlling interests are accounted for using the purchase method of accounting, whereby, the difference between the cost of acquisition and the fair value of the share of the net assets acquired is recognised as goodwill.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Non-controlling interest is subsequently adjusted for the Group's share of changes in the equity of the consolidated subsidiary after the date of acquisition.

All intra-group assets and liabilities, equity, income and expenses relating to transactions between members of the Group are eliminated in full on consolidation.

2.5 Functional and presentation currency

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

2.6 Critical accounting judgements, estimates and assumptions

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

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and the assessment of the recoverable amount of non-financial assets.

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

2.6.1 Expected Credit Losses ("ECL") on financial assets:

The measurement of ECL under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining 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 selection of an estimation technique or modelling methodology, covering below key judgements and assumptions:

- The Group's internal credit grading model, which assigns Probabilities of Defaults ("PDs") to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs; and

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- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- The Bank applies overlay adjustments to its expected credit loss model to reflect factors not fully captured by model inputs, such as macroeconomic conditions, forward-looking information, or borrower-specific circumstances. These overlays involve significant judgment and the underlying assumptions considered include current and forecasted economic conditions, sectoral trends, and other factors that may materially affect credit risk. The overlay adjustments are regularly reviewed and revised to ensure they remain appropriate and reflective of the current credit risk environment. These adjustments are made in line with the Bank's credit risk management policies.

2.6.2 Fair value of financial instruments:

The fair value of financial instruments 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 most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Assumptions and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

2.6.3 Tier 1 Sukuk classification

The determination of equity classification of Tier 1 Sukuk requires significant judgement as certain clauses of the Offering Circular require interpretation. The Group classifies as part of equity the Tier 1 Sukuk issued with no fixed redemption/maturity dates (Perpetual Sukuk) and not obliging the Group for payment of profit upon the occurrence of a non-payment event or non-payment election by the Bank subject to certain terms and conditions that are under the control of the Bank. The related initial costs and distributions thereon are recognized directly in the consolidated statement of changes in equity.

2.6.4 Define benefit plans (note 30); and
2.6.5 Fair value of other real estate owned.

3. Summary of material accounting policies

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

3.1 Changes in accounting policies

3.1.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of new standards effective as of January 1, 2025.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. An amendment applies for the first time in 2025, but does not have an impact on the consolidated financial statements of the Group.

- Amendment to IAS 21 – Lack of exchangeability: IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique. Effective date is January 1, 2025.

3.1.2 Accounting standards issued but not yet effective

- Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full. Effective date deferred indefinitely.
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

  The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system. Effective date is January 1, 2026.
- Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity: Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements. Effective date is January 1, 2026.

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- Annual improvements to IFRS – Volume 11: Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows. Effective date is January 1, 2026.
- IFRS 18, Presentation and Disclosure in Financial Statements: IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity’s financial performance as ‘management-defined performance measures’ (‘MPMs’). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences. Effective date is January 1, 2027.
- IFRS 19, Subsidiaries without Public Accountability: Disclosures: IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards. Effective date is January 1, 2027.

3.2 Classification of financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVSI.

3.2.1 Financial asset at amortised cost (AC)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at 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 of cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.2.2 Financial asset at fair value through other comprehensive income (FVOCI)

3.2.2.1 Debt instrument

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest 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 Other Comprehensive Income (OCI). Interest income and foreign exchange gains and losses are recognised in the consolidated statement of income.

3.2.2.2 Equity Instruments

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

3.2.2.3 Financial Asset at fair value through statement of income (FVSI)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVSI.

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

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

3.2.3 Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

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- 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.

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

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

3.2.4 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).

3.2.5 Designation at FVSI

At initial recognition, the Group may designate certain financial assets at FVSI. The designated financial assets (if any) are required to be managed, evaluated and reported internally on a fair value.

3.3 Classification of financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium and costs that are an integral part of the Effective Interest Rate (“EIR”).

3.4 Derecognition

3.4.1 Financial assets

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

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

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

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

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in statement of income on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

3.4.2 Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

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3.5 Modifications of financial assets and financial liabilities

3.5.1 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.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of income. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with allowance for expected credit losses.

3.5.2 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 statement of income.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in consolidated statement of income. For financial liabilities, the Group considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than ten percent.

3.6 Allowance for expected credit losses

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVSI:

- Due from banks and other financial institutions;
- Investments in debt instruments;
- Loans and advances;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No allowance for expected credit losses is recognised on FVOCI equity investments.

The Group measures allowances for credit losses at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

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

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

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage1' financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised 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 nor credit-impaired.

Financial instruments for which the lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

3.6.1 Measurement of ECL

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

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

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

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

3.6.2 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 EIR of the existing financial asset.

3.6.3 Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have 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 other 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 allowance for expected credit losses. In addition, a loan that is overdue for 90 days or more is considered impaired.

In assessing of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

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

3.6.4 Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision classified under 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 under other liabilities; and
- debt instruments measured at FVOCI: no ECL allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the ECL allowance is disclosed and is recognised in the fair value reserve. Allowances charge for expected credit losses are recognised in the consolidated statement of income and changes between the amortised cost of the assets and their fair value are recognised in OCI.

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3.6.5 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 allowance charges for expected credit losses and other provisions.

3.6.6 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 ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

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

3.6.7 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 its internal operations are transferred to their relevant asset category, 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 to settle outstanding debt, but engages external agents to recover funds generally at auction. 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.

3.7 Financial guarantees, loan commitments, and other commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued and commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.

The Group has not issued loan commitments that are measured at FVSI. It recognises an expected credit loss allowance for all other loan commitments.

3.8 Government grant

The Group recognizes a government grant related to income, if there is a reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of interest is treated as a government grant related to income. The below-market rate deposit is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the deposit determined in accordance with IFRS 9 and the proceeds received.

The benefit is accounted for in accordance with IAS 20. Government grant is recognised in statement of consolidated 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.

3.9 Revenue/ expenses recognition

3.9.1 Special commission income and expenses

Special commission income and expense are recognised in the consolidated statement of income using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts of the financial instrument or the amortised cost of the financial instrument.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, excluding expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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3.9.2 Measurement of amortised cost and special commission income

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

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

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

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

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

3.9.3 Exchange income/ (loss)

Exchange income/ (loss) is recognised when earned/ incurred.

3.9.4 Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the special commission income/ expense as applicable.

Income from asset management and brokerage are recognised at a point-in-time when the performance obligation of the Group is satisfied.

Investment banking and corporate finance fee revenues are recognised over the period of time that the performance obligations are met in accordance with the applicable terms of the contract.

Other fee and commission income, including account servicing fees, sales commission, placement fees and syndication fees, is recognised as the related services are performed and performance obligations are achieved as point-in-time. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

3.10 Rendering of services

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

The Group has concluded that revenue from rendering of various services related to share trading and fund management, trade finance, corporate finance, and advisory and other banking services, should be recognized at the point when services are rendered i.e., when performance obligation is satisfied. Whereas for free services related to credit card, the Group recognizes revenue over the period of time.

3.10.1 Brokerage income

Brokerage income is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Group is satisfied when the Group carries out the transaction, which is considered as a performance obligation satisfied at a point in time, which triggers immediate recognition of the revenue, as the Group will have no further commitments.

3.10.2 Asset management fees

Asset management fees are recognised based on a fixed percentage of net assets under management ("asset-based"), or a percentage of returns from net assets ("returns-based"), or % of capital deployed/raised subject to applicable terms and conditions and service contracts with customers and funds. The Group attributes the revenue from management fees to the services provided during the period, because the fee relates specifically to the Group's efforts to transfer the services for that period. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised.

This fee compensates and contributes to single performance obligation, the Group's obligation will generally be satisfied upon the provision of non-restrictive legal custodial structure and therefore recognized over time as the overall services are performed.

3.10.3 Advisory and investment banking services revenue

Advisory and investment banking services revenue is recognised when services are determined as complete in accordance with the underlying agreement based on performance obligations being met, agreed with the customer and invoiced, as generally set forth under the terms of the engagement.

Revenue recognition of retainer fees is recognized over a period of time and it is generally linked to the timing of performance obligation (i.e., monthly, quarterly, etc.).

Success fees are recognized upon the fulfilment of performance obligations. For example, either on the satisfaction of financial advisory services or completion of underwriting agreement.

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3.11 Investments in associates

Investments in associates are initially recognised at cost and subsequently equity accounted. An associate is an entity in which the Group has significant influence (but not control) over financial and operating policies and which is neither a subsidiary nor a joint venture. Investments in associates are carried in the statement of financial position at cost, plus post-acquisition changes in the Group share of net assets of the associate, less any impairment in the value of individual investments. The Group share of its associates' post-acquisition profits or losses are recognised in the statement of income, and its share of post-acquisition movements in other comprehensive income is recognised in reserves.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables (if applicable), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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

The Group's share of profit of an associate is shown on the face of the statement of income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in any subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

3.12 Settlement date accounting

All regular-way purchases and sales of financial assets are accounted for on settlement date. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or market convention. For financial instruments held at fair value, the Group accounts for any change in fair values between the trade date and the settlement date.

A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Instead, such a contract is accounted for as a derivative in the period between the trade date and the settlement date.

3.13 Derivative financial instruments and hedge accounting

Derivative financial instruments, including forward foreign exchange contracts, commission rate futures, forward rate agreements, currency and commission rate swaps and currency and commission rate options are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

The treatment of changes in fair values depends on classifying derivatives into the following categories:

3.13.1 Derivatives held for trading

Changes in the fair value of derivatives held for trading are taken directly to the consolidated statement of income and disclosed under trading income, net. Derivatives held for trading do not qualify for hedge accounting and embedded derivatives.

3.13.2 Embedded derivatives

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

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

Separated embedded derivatives are measured at fair value. with all changes in fair value recognised in statement of income unless they form part of a qualifying cash flow or net investment hedging relationship.

3.13.3 Hedge accounting

The Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships to manage exposures to interest rate, foreign currency, and credit risks, including

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exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria.

For the purpose of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability and (b) cash flow hedges which hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or to a highly probable forecasted transaction that will affect the reported net gain or loss.

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

Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an ongoing basis.

3.13.3.1 Fair Value Hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect statement of income, any gain or loss from re-measuring the hedging instruments to fair value is recognised immediately in the consolidated statement of income together with change in the fair value of the hedged item attributable to the hedged risk under non-trading gains / losses in the statement of income.

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

3.13.3.2 Micro fair value hedges

A fair value hedge relationship is a 'Micro fair value hedge' when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments.

The financial instruments hedged for interest rate risk in a micro fair value hedge relationship include fixed rate corporate and small business loans, fixed rate debt instruments at FVOCI and fixed rate issued long-term deposits. These hedge relationships are assessed for prospective and retrospective hedge effectiveness on a monthly basis. If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or the Group decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively.

If the relationship does not meet the hedge effectiveness criteria, the Group discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement. For fair value hedge relationships where the hedged item is not measured at amortised cost, such as debt instruments at FVOCI, changes in fair value that were recorded in the income statement whilst hedge accounting was in place are amortised in a similar way to amortised cost instruments using the EIR method. However, as these instruments are measured at their fair values in the statement of financial position, the fair value hedge adjustments are transferred from the income statement to OCI. There were no such instances in either the current year or in the comparative year.

3.13.3.3 Portfolio macro fair value hedges

The Group applies macro fair value hedging to its fixed rate mortgages. The Group determines hedged items by identifying portfolios of homogenous loans based on their contractual interest rates, maturity and other risk characteristics. Loans within the Identified portfolios are allocated to repricing time buckets based on expected, rather than contractual, repricing dates. The hedging instruments (pay fix/receive floating rate interest rate swaps) are designated appropriately to those repricing time buckets. Hedge effectiveness is measured on a monthly basis, by comparing fair value movements of the designated proportion of the bucketed loans due to the hedged risk, against the fair value movements of the derivatives, to ensure that they are within an 80% to 125% range. The aggregated fair value changes in the hedged loans are recognised as an asset in the Fair value hedge accounting adjustment on the face of the statement of financial position.

Should hedge effectiveness testing highlight that movements for a particular bucket fall outside the 80-125% range (i.e., the hedge relationship was ineffective for the period), no fair value hedge accounting adjustment is recorded for that month for that particular bucket. Regardless of the results of the retrospective hedge effectiveness testing, at the end of every month, in order to minimise the ineffectiveness from early repayments and accommodate new exposures, the Group voluntarily de-designates the hedge relationships and re-designates them as new hedges. At de-designation, the fair value hedge accounting adjustments are amortised on a straight-line basis over the original hedged life. The Group has elected to commence amortisation at the date of de-designation.

IBOR reform Phase 2 provide relief for items within a designated group of items such as those forming part of the Group's macro

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fair value hedging strategy, that are amended as a result of IBOR reform. The reliefs allow the Group's hedging strategy to remain and not be discontinued. As items within the hedged group transition at different times from IBORs to RFRs, the Group transfers them to sub-groups of instruments that reference RFRs as the hedged risk.

3.13.3.4 Cash flow hedges

For designated and qualifying cash flow hedging, derivatives instruments in a hedge of a variability in cash flows attributable to a particular risk associated with recognised asset or a liability or a highly probable forecast transaction that could affect the statement of income, the portion of the gain or loss on the hedging instrument that is determined to be an effective portion is recognised directly in other comprehensive income and the ineffective portion, if any, is recognised in the consolidated statement of income. For cash flow hedges affecting future transactions, the gains or losses recognised in other reserves, are transferred to the consolidated statement of income in the same period in which the hedged item affects the consolidated statement of income.

However, if the Group expects that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into the statement of income as a reclassification adjustment the amount that is not to be recognised.

Where the hedged forecasted transaction results in the recognition of a non- financial asset or a non-financial liability, then at the time such asset or liability is recognised the associated gains or losses that had previously been recognised directly in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of such asset or liability. When the hedging instrument is expired or sold, terminated, or exercised, or no longer qualifies for hedge accounting, or the forecast transaction is no longer expected to occur, or the Group revokes the designation then hedge accounting is discontinued prospectively.

At that point of time, any cumulative gain or loss on the cash flow hedging instrument that was recognised in other comprehensive income from the period when the hedge was effective is transferred from equity to statement of income when the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur and affects the statement of income, the net cumulative gain or loss recognised in "other comprehensive income" is transferred immediately to the consolidated statement of income for the period.

3.14 Foreign currencies

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

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non- monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

The Group's consolidated financial statements are presented in Saudi Arabian Riyals, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the spot rates prevailing at transaction dates. Monetary assets and liabilities at year-end (other than monetary items that form part of the net investment in a foreign operation), denominated in foreign currencies, are translated into Saudi Arabian Riyals at rates of exchange prevailing at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for the effective interest rate and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. All differences arising on non-trading activities are taken to other non-operating income in the statement of income, with the exception of differences on foreign currency borrowings that provide an effective hedge against a net investment in foreign entity.

Foreign currency differences arising from the translation of the following items are recognized in OCI:

- FVOCI equity instruments in respect of which an election has been made to present subsequent changes in fair value in OCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedge is effective.

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

As at the reporting date, the assets and liabilities of foreign operations are translated into Saudi Arabian Riyals at the rate of exchange as at the statement of financial position date, and their statement of incomes are translated at the weighted average

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exchange rates for the year. Exchange differences arising on translation are recognized in other comprehensive income. Goodwill and fair value adjustments, arising on the acquisition of foreign subsidiaries are maintained in the functional currency of the foreign operation are translated at the closing rate and included in hedges of net investments where appropriate.

If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the statement of income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of income.

3.15 Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised on the consolidated statement of financial position and are measured in accordance with relevant accounting policies for trading, FVSI, FVOCI and at amortised cost securities. The counterparty liability for amounts received under these agreements is included in due to banks, SAMA and other financial institutions or customers' deposits, as appropriate. The difference between the sale and repurchase price is treated as special commission expense and accrued over the life of the repo agreement on an effective yield basis. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognised in the consolidated statement of financial position of the Group. Amounts paid under these agreements are included in cash and balances with SAMA, due from banks, SAMA and other financial institutions or loans and advances, as appropriate. The difference between the purchase and resale price is treated as special commission income and accrued over the life of the reverse repo agreement on an effective yield basis.

3.16 Tier I Sukuk

The Group classifies Sukuk issued with no fixed redemption/ maturity dates (Perpetual Sukuk) and not obliging the Group for payment of profit, as part of the equity in the consolidated statement of financial position. The related costs and distributions thereon are recognised directly in the retained earnings.

3.17 Share based payments

Under the terms of the Employee Share Program ('ESP'), 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 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.

3.18 Non-Current assets held for sale and discontinued operations

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the assets is recognised at the date of derecognition. Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

3.19 Other real estate owned

The Group, in the ordinary course of business, acquires certain real estate against settlement of loans and advances. Such real estate is considered as assets held for sale and are initially stated at the carrying amount of the defaulted loans and advances. No depreciation is charged on such real estate.

Subsequent to initial recognition, write downs to fair value, less costs to sell, is charged to the consolidated statement of income. Similarly, subsequent gains in fair value less costs to sell are recognised as income to the extent that it does not exceed the cumulative write down. Gains or losses on disposal are recognised in the consolidated statement of income.

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3.20 Property and equipment

Property and equipment are stated at cost and presented net of accumulated depreciation and accumulated allowance for expected credit losses. Freehold land is not depreciated.

Changes in the expected useful life are accounted for by changing the period or method, as appropriate, and treating it as a change in accounting estimates.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the group. On-going repairs and maintenance are expensed as incurred.

The cost of property and equipment is depreciated on a straight-line method over the estimated useful lives of assets as follows:

Buildings:

30 to 40 years

Leasehold improvements:

shorter of lease term or useful life

Furniture, equipment, vehicles, computer and software:

3 to 15 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of income.

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.21 Provisions

Provisions other than allowance charges for expected credit losses are recognised when a reliable estimate can be made of a present legal or constructive obligation as a result of past events that is more likely than not to lead to an outflow of resources to settle the obligation.

3.21.1 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.

3.22 Accounting for leases

3.22.1 Right of Use Assets / Lease Liabilities

On initial recognition, at inception of the contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the group and the group can direct the usage of such assets.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3.22.2 Right of Use Asset

The Group applies a cost model, and measures the right of use of an asset at cost;

- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any re-measurement of the lease liability for lease modifications.

3.22.3 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 remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

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3.22.4 Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.23 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as those amounts included in cash, cash with others, balances with SAMA (excluding statutory deposit) and due from banks and other financial institutions maturing within 90 days.

3.24 Employee defined benefit obligation

The provision for employee defined benefit obligation 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.

3.25 Zakat and income tax

3.25.1 Zakat

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). The Zakat expense is charged to the consolidated statement of income. Zakat principles are not the same basis as income tax and as such no deferred tax is required to be calculated.

3.25.2 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, 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 based on 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 regulation is 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.

3.25.3 Value added tax ("VAT")

The Group collects VAT from its customers for qualifying services and makes VAT payments to its vendors for qualifying payments. On a monthly basis, net VAT remittances are made to 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 capitalised and either depreciated or amortised as part of the capital cost.

3.25.4 Deferred income 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 the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation 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 recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised.

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3.26 Investment management services

The Group offers investment services to its customers, through its subsidiary, ANBC, which include management of certain investment funds. The Group's share of these funds is included in the FVSI investments and fees earned are disclosed under related party transactions. Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in the consolidated financial statements.

3.27 Shari'ah compliant banking products

In addition to conventional banking, the Group offers its customers the following non-special commission based banking products, which are approved by its Shari'ah Board:

3.27.1 **Murabaha** is an agreement whereby the Group sells to a customer a commodity or an asset, which the Group has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.

3.27.2 **Tawarruq** is a form of Murabaha transactions where the Group purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for his financing requirements.

These non-commission based banking products are included in "loans and advances" in conformity with the related accounting policies described in these consolidated financial statements.

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4. Cash and balances with Saudi Central Bank

	2025	2024
Cash in hand	1,280,148	1,204,664
Cash held in custody with others	823,629	881,827
Statutory deposit	11,038,536	9,694,947
Placement with SAMA	24,000	560,000
Current account	1,084	923
Total	**13,167,397**	**12,342,361**

In accordance with the Banking Control Law and regulations issued by SAMA, the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its deposit liabilities calculated on monthly averages at the end of reporting period. The statutory deposit with SAMA is not available to finance the Bank's day-to-day operations and is therefore not part of cash and cash equivalents (note 28).

5. Due from banks and other financial institutions, net

	2025	2024
Current accounts	763,614	458,195
Money market placements	1,575,233	3,399,726
ECL allowance	(4,000)	(4,541)
Total	**2,334,847**	**3,853,380**

5.1 The following table further explains changes in gross carrying amount of the due from banks and other financial institutions:

	2025			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	3,857,921	-	-	3,857,921
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	(1,519,074)	-	-	(1,519,074)
Write-offs	-	-	-	-
Closing balance as at December 31	**2,338,847**	**-**	**-**	**2,338,847**

	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	2,480,258	-	-	2,480,258
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	1,377,663	-	-	1,377,663
Write-offs	-	-	-	-
Closing balance as at December 31	**3,857,921**	**-**	**-**	**3,857,921**

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5.2 An analysis of changes of the ECL allowance for due from banks and other financial institutions are as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	4,541	-	-	4,541
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	(541)	-	-	(541)
Write-offs	-	-	-	-
Closing balance as at December 31	**4,000**	**-**	**-**	**4,000**

	2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	2,309	-	-	2,309
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	2,232	-	-	2,232
Write-offs	-	-	-	-
Closing balance as at December 31	**4,541**	**-**	**-**	**4,541**

6. Investments, net

6.1 Investment securities are classified as follows:

	2025	2024 - restated
Investments at amortised cost	42,792,004	38,685,327
Equity investments at FVOCI	5,130,571	4,551,959
Debt investments at FVOCI	9,915,984	7,868,485
Investments at FVSI	2,182,687	1,854,979
ECL allowance	(9,315)	(11,174)
Total	**60,011,931**	**52,949,576**

Certain equity investments designated at FVOCI were disposed of during the year and a cumulative net loss was transferred within the equity amounted to ⃁ 4,168 thousands for the year ended December 31, 2025 (2024: loss ⃁ 39,111 thousands).

Investments include items which have been utlised as pledged collateral under repurchase agreement and securities available under other arrangements. The market value of such investments held as a collateral against active repurchase agreements at December 31, 2025 is ⃁ 1,580 million (2024: ⃁ 1,473 million).

The uncalled portion of the Group's committed capital contributions to investment funds as at December 31, 2025, which remains subject to drawdown at the discretion of the respective fund managers, amounts to ⃁ 409 million.

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6.2 Investments by type of securities:

	Domestic		International		Total	
	2025	2024 - restated	2025	2024	2025	2024 - restated
Fixed rate debt securities	43,307,881	37,237,759	5,815,246	5,521,550	49,123,127	42,759,309
Floating rate debt securities	3,584,861	3,794,503	-	-	3,584,861	3,794,503
Equities and funds	5,273,655	4,249,308	2,039,603	2,157,630	7,313,258	6,406,938
ECL allowance	(8,333)	(10,302)	(982)	(872)	(9,315)	(11,174)
Total	**52,158,064**	**45,271,268**	**7,853,867**	**7,678,308**	**60,011,931**	**52,949,576**

6.3 Staging details by class of investments:

6.3.1 The following table further explains changes in gross carrying amount of debt investments at amortised cost:

	2025			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	38,685,327	-	-	38,685,327
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	4,106,677	-	-	4,106,677
Closing balance as at December 31	**42,792,004**	**-**	**-**	**42,792,004**

	2024 - restated			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	36,438,350	-	-	36,438,350
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	2,246,977	-	-	2,246,977
Closing balance as at December 31	**38,685,327**	**-**	**-**	**38,685,327**

6.3.2 The following table further explains changes in gross carrying amount of debt investments at FVOCI:

	2025			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	7,868,485	-	-	7,868,485
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	2,047,499	-	-	2,047,499
Write-offs	-	-	-	-
Closing balance as at December 31	**9,915,984**	**-**	**-**	**9,915,984**

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	2024 - restated			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	6,288,279	-	-	6,288,279
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	1,580,206	-	-	1,580,206
Closing balance as at December 31	**7,868,485**	**-**	**-**	**7,868,485**

6.3.3 The analysis of changes in ECL allowance for debt instruments carried at amortised cost:

	2025			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	11,174	-	-	11,174
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	(1,859)	-	-	(1,859)
Write-offs	-	-	-	-
Closing balance as at December 31	**9,315**	**-**	**-**	**9,315**

	2024			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	12,370	-	-	12,370
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	(1,196)	-	-	(1,196)
Write-offs	-	-	-	-
Closing balance as at December 31	**11,174**	**-**	**-**	**11,174**

6.3.4 The analysis of changes in ECL allowance for debt instruments carried at FVOCI:

	2025			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	40,899	-	-	40,899
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	6,780	-	-	6,780
Write-offs	-	-	-	-
Closing balance as at December 31	**47,679**	**-**	**-**	**47,679**

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	2024			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	26,733	-	-	26,733
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Net change for the year	14,166	-	-	14,166
Write-offs	-	-	-	-
Closing balance as at December 31	**40,899**	**-**	**-**	**40,899**

6.4 The analysis of the composition of investments is as follows:

	2025			2024 - restated		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Fixed rate debt securities	48,922,467	200,660	49,123,127	42,479,425	279,884	42,759,309
Floating rate debt securities	1,802,452	1,782,409	3,584,861	1,802,172	1,992,331	3,794,503
Equities and funds	3,597,139	3,716,119	7,313,258	4,916,336	1,490,602	6,406,938
ECL allowance	(4,803)	(4,512)	(9,315)	(4,312)	(6,862)	(11,174)
Investments, net	**54,317,255**	**5,694,676**	**60,011,931**	**49,193,621**	**3,755,955**	**52,949,576**

6.5 The analysis of unrealised gains and losses and fair values of investments held at amortised cost is as follows:

	2025				2024 - restated			
	Carrying value	Gross unrealised gains	Gross unrealised losses	Fair value	Carrying value	Gross unrealised gains	Gross Unrealized losses	Fair value
Fixed rate debt securities	39,420,253	272,555	(3,381,754)	36,311,054	35,312,787	70,928	(3,663,406)	31,720,309
Floating rate debt securities	3,371,751	9,941	(5,628)	3,376,064	3,372,540	13,344	(6,561)	3,379,323
ECL allowance	(9,315)	-	-	(9,315)	(11,174)	-	-	(11,174)
Total	**42,782,689**	**282,496**	**(3,387,382)**	**39,677,803**	**38,674,153**	**84,272**	**(3,669,967)**	**35,088,458**

6.6 The analysis of investments by counter-party is as follows:

	2025	2024 - restated
Government and quasi government	45,607,553	39,557,379
Banks and other financial institutions	7,019,838	6,362,025
Corporate	7,384,540	7,030,172
Total	**60,011,931**	**52,949,576**

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6.7 Investments include Shariah based investments as follows:

	2025	2024 - restated
Investments at amortised cost	40,567,071	36,330,736
Equity investments at FVOCI	1,242,889	948,808
Debt investments at FVOCI	1,378,991	567,566
ECL allowance	(7,570)	(9,126)
Total	**43,181,381**	**37,837,984**

6.8 Involvement with unconsolidated structured entities

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest:

Type of structured entity	Nature and purpose	Interest held by the Group
Private equity funds	To generate returns from long-term capital appreciation in the net worth of the fund, realised via periodic distributions and eventual exit at the end of the life of the fund. These funds are financed through the issue of units/ shares to investors.	Investments in units/ shares issued by the funds.

The table below sets out an analysis of the carrying amounts of interest held by the Group in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the assets held.

	2025	2024
Private equity funds	92,847	72,437

During the years ended December 31, 2025 and 2024, the Group did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

7. Loans and advances, net

7.1 Loans and advances held at amortised cost comprise of the following:

2025	Corporate Banking	Retail Banking	Total
Performing loans and advances	145,687,375	50,891,780	196,579,155
Non-performing loans and advances	1,762,761	100,884	1,863,645
Total loans and advances	**147,450,136**	**50,992,664**	**198,442,800**
ECL allowance	(2,428,718)	(714,777)	(3,143,495)
Loans and advances, net	**145,021,418**	**50,277,887**	**195,299,305**

2024	Corporate Banking	Retail Banking	Total
Performing loans and advances	125,805,472	44,691,169	170,496,641
Non-performing loans and advances	1,952,154	114,763	2,066,917
Total loans and advances	**127,757,626**	**44,805,932**	**172,563,558**
ECL allowance	(2,400,863)	(668,034)	(3,068,897)
Loans and advances, net	**125,356,763**	**44,137,898**	**169,494,661**

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7.2 Loans and advances include Shariah based products as follow:

	2025	2024
Murabaha	26,170,176	22,915,207
Tawarruq	144,472,910	117,738,366
ECL allowance	(2,781,053)	(2,507,276)
Total	**167,862,033**	**138,146,297**

7.3 The following table further explains changes in gross carrying amount:

	2025			
Total loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	158,186,016	12,252,942	2,124,600	172,563,558
Transfers to stage 1	2,532,530	(2,513,260)	(19,270)	-
Transfers to stage 2	(4,167,540)	4,215,901	(48,361)	-
Transfers to stage 3	(124,693)	(170,616)	295,309	-
Net change for the year	27,421,617	(1,127,983)	405,931	26,699,565
Write-offs	-	-	(820,323)	(820,323)
Closing balance as at December 31	**183,847,930**	**12,656,984**	**1,937,886**	**198,442,800**

	2024			
Total loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	138,660,682	14,531,404	2,372,184	155,564,270
Transfers to stage 1	2,012,454	(1,958,155)	(54,299)	-
Transfers to stage 2	(6,059,969)	6,092,181	(32,212)	-
Transfers to stage 3	(201,033)	(986,572)	1,187,605	-
Net change for the year	23,773,882	(5,425,916)	(445,670)	17,902,296
Write-offs	-	-	(903,008)	(903,008)
Closing balance as at December 31	**158,186,016**	**12,252,942**	**2,124,600**	**172,563,558**

	2025			
Corporate banking	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	117,129,774	8,667,073	1,960,779	127,757,626
Transfers to stage 1	1,765,547	(1,765,547)	-	-
Transfers to stage 2	(1,734,402)	1,759,583	(25,181)	-
Transfers to stage 3	(71,970)	(121,432)	193,402	-
Net change for the year	20,919,825	(891,435)	249,139	20,277,529
Write-offs	-	-	(585,019)	(585,019)
Closing balance as at December 31	**138,008,774**	**7,648,242**	**1,793,120**	**147,450,136**

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	2024			
Corporate banking	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	101,931,827	10,544,315	2,191,887	114,668,029
Transfers to stage 1	868,925	(861,198)	(7,727)	-
Transfers to stage 2	(3,982,165)	3,989,944	(7,779)	-
Transfers to stage 3	(131,833)	(923,684)	1,055,517	-
Net change for the year	18,443,020	(4,082,304)	(660,523)	13,700,193
Write-offs	-	-	(610,596)	(610,596)
Closing balance as at December 31	**117,129,774**	**8,667,073**	**1,960,779**	**127,757,626**

	2025			
Retail banking	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	41,056,242	3,585,869	163,821	44,805,932
Transfers to stage 1	766,983	(747,713)	(19,270)	-
Transfers to stage 2	(2,433,138)	2,456,318	(23,180)	-
Transfers to stage 3	(52,723)	(49,184)	101,907	-
Net change for the year	6,501,792	(236,548)	156,792	6,422,036
Write-offs	-	-	(235,304)	(235,304)
Closing balance as at December 31	**45,839,156**	**5,008,742**	**144,766**	**50,992,664**

	2024			
Retail banking	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	36,728,855	3,987,089	180,297	40,896,241
Transfers to stage 1	1,143,529	(1,096,957)	(46,572)	-
Transfers to stage 2	(2,077,804)	2,102,237	(24,433)	-
Transfers to stage 3	(69,200)	(62,888)	132,088	-
Net change for the year	5,330,862	(1,343,612)	214,853	4,202,103
Write-offs	-	-	(292,412)	(292,412)
Closing balance as at December 31	**41,056,242**	**3,585,869**	**163,821**	**44,805,932**

7.4 ECL allowance for expected credit losses:

7.4.1 Movement in ECL allowance balance is as follows:

2025	Corporate banking	Retail banking	Total
Opening balance as at January 1	2,400,863	668,034	3,068,897
Net change for the year	612,874	282,047	894,921
Written-off against allowance	(585,019)	(235,304)	(820,323)
Closing balance as at December 31	**2,428,718**	**714,777**	**3,143,495**

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2024	Corporate banking	Retail banking	Total
Opening balance as at January 1	2,761,278	567,883	3,329,161
Net change for the year	250,181	392,563	642,744
Written-off against allowance	(610,596)	(292,412)	(903,008)
Closing balance as at December 31	**2,400,863**	**668,034**	**3,068,897**

ECL allowance for loans and advances, net for the year ended December 31, 2025 amounted to ⃁ 715,230 thousands (2024: ⃁ 494,298 thousands) (note 25), including bad debts directly written-off to consolidated statement of income amounting to ⃁ 8,670 thousands (2024: ⃁ 6,982 thousands), and net of recoveries and others amounting to ⃁ 188,361 thousands (2024: ⃁ 155,428 thousands).

7.4.2 An analysis of changes in the ECL allowance by product is as follows:

	2025			
Total loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	875,672	717,419	1,475,806	3,068,897
Transfers to stage 1	79,307	(68,103)	(11,204)	-
Transfers to stage 2	(57,625)	98,256	(40,631)	-
Transfers to stage 3	(14,642)	(10,371)	25,013	-
Net change for the year	249,976	94,368	550,577	894,921
Write-offs	-	-	(820,323)	(820,323)
Closing balance as at December 31	**1,132,688**	**831,569**	**1,179,238**	**3,143,495**

	2024			
Total loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	860,756	901,604	1,566,801	3,329,161
Transfers to stage 1	96,874	(57,960)	(38,914)	-
Transfers to stage 2	(50,550)	73,294	(22,744)	-
Transfers to stage 3	(2,582)	(154,154)	156,736	-
Net change for the year	(28,826)	(45,365)	716,935	642,744
Write-offs	-	-	(903,008)	(903,008)
Closing balance as at December 31	**875,672**	**717,419**	**1,475,806**	**3,068,897**

	2025			
Corporate banking	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	542,417	515,039	1,343,407	2,400,863
Transfers to stage 1	27,273	(27,273)	-	-
Transfers to stage 2	(16,503)	39,315	(22,812)	-
Transfers to stage 3	(13,720)	(2,827)	16,547	-
Net change for the year	238,765	46,307	327,802	612,874
Write-offs	-	-	(585,019)	(585,019)
Closing balance as at December 31	**778,232**	**570,561**	**1,079,925**	**2,428,718**

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	2024			
Corporate banking	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	588,054	752,367	1,420,857	2,761,278
Transfers to stage 1	16,207	(12,741)	(3,466)	-
Transfers to stage 2	(23,514)	28,457	(4,943)	-
Transfers to stage 3	(1,085)	(147,947)	149,032	-
Net change for the year	(37,245)	(105,097)	392,523	250,181
Write-offs	-	-	(610,596)	(610,596)
Closing balance as at December 31	**542,417**	**515,039**	**1,343,407**	**2,400,863**

	2025			
Retail banking	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	333,255	202,380	132,399	668,034
Transfers to stage 1	52,034	(40,830)	(11,204)	-
Transfers to stage 2	(41,122)	58,941	(17,819)	-
Transfers to stage 3	(922)	(7,544)	8,466	-
Net change for the year	11,211	48,061	222,775	282,047
Write-offs	-	-	(235,304)	(235,304)
Closing balance as at December 31	**354,456**	**261,008**	**99,313**	**714,777**

	2024			
Retail banking	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	272,702	149,237	145,944	567,883
Transfers to stage 1	80,667	(45,219)	(35,448)	-
Transfers to stage 2	(27,036)	44,837	(17,801)	-
Transfers to stage 3	(1,497)	(6,207)	7,704	-
Net change for the year	8,419	59,732	324,412	392,563
Write-offs	-	-	(292,412)	(292,412)
Closing balance as at December 31	**333,255**	**202,380**	**132,399**	**668,034**

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7.5 Concentration for loans and advances, net is as follow:

7.5.1 Economic sector risk concentration for loans and advances, net:

2025	Performing	Non-performing	ECL allowance	Loans and advances, net
Government	438,348	-	(673)	437,675
Banks and other financial institutions	7,898,147	657	(56,372)	7,842,432
Agriculture and fishing	1,662,290	-	(10,439)	1,651,851
Manufacturing	15,175,912	657,440	(589,133)	15,244,219
Mining and quarrying	7,736,097	1,532	(65,125)	7,672,504
Electricity, water, gas and health services	7,613,255	837	(50,037)	7,564,055
Building and construction	5,618,283	241,417	(208,228)	5,651,472
Commerce	11,331,904	304,481	(338,949)	11,297,436
Real estate activities	25,313,707	44,873	(169,742)	25,188,838
Transportation and communication	6,443,658	10,611	(254,194)	6,200,075
Services	16,567,471	77,767	(181,113)	16,464,125
Consumer loans and credit cards	50,891,780	100,884	(714,777)	50,277,887
Other	39,888,303	423,146	(504,713)	39,806,736
Total	**196,579,155**	**1,863,645**	**(3,143,495)**	**195,299,305**

2024	Performing	Non-performing	ECL allowance	Loans and advances, net
Government	431,717	-	(176)	431,541
Banks and other financial institutions	9,352,923	668	(45,921)	9,307,670
Agriculture and fishing	1,041,168	497	(4,165)	1,037,500
Manufacturing	12,006,752	837,453	(664,938)	12,179,267
Mining and quarrying	5,009,097	2,353	(42,473)	4,968,977
Electricity, water, gas and health services	7,484,505	1,433	(35,405)	7,450,533
Building and construction	4,484,085	281,875	(237,758)	4,528,202
Commerce	14,449,454	281,699	(428,815)	14,302,338
Real estate activities	26,339,209	59,388	(179,702)	26,218,895
Transportation and communication	6,879,587	11,531	(117,979)	6,773,139
Services	6,826,620	83,759	(138,396)	6,771,983
Consumer loans and credit cards	44,691,169	114,763	(668,034)	44,137,898
Other	31,500,355	391,498	(505,135)	31,386,718
Total	**170,496,641**	**2,066,917**	**(3,068,897)**	**169,494,661**

7.5.2 Loans by customer type:

2025	Retail	MSMEs *	Other Corporate	Total
Performing loans and advances	50,891,780	31,753,147	113,934,228	196,579,155
Non-performing loans and advances	100,884	529,150	1,233,611	1,863,645
Total loans and advances	**50,992,664**	**32,282,297**	**115,167,839**	**198,442,800**
ECL allowance	(714,777)	(709,883)	(1,718,835)	(3,143,495)
Loans and advances, net	**50,277,887**	**31,572,414**	**113,449,004**	**195,299,305**

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2024	Retail	MSMEs *	Other Corporate	Total
Performing loans and advances	44,691,169	25,546,540	100,258,932	170,496,641
Non-performing loans and advances	114,763	690,159	1,261,995	2,066,917
Total loans and advances	**44,805,932**	**26,236,699**	**101,520,927**	**172,563,558**
ECL allowance	(668,034)	(693,459)	(1,707,404)	(3,068,897)
Loans and advances, net	**44,137,898**	**25,543,240**	**99,813,523**	**169,494,661**

* Micro, Small, and Medium Enterprises (MSMEs)

7.5.3 Retail loans by product type:

2025	Credit card	Auto lease	Housing	Personal loans	Total
Performing loans and advances	1,411,904	1,955,452	27,431,216	20,093,208	50,891,780
Non-performing loans and advances	13,489	5,599	46,966	34,830	100,884
Total loans and advances	**1,425,393**	**1,961,051**	**27,478,182**	**20,128,038**	**50,992,664**
ECL allowance	(112,357)	(76,109)	(95,819)	(430,492)	(714,777)
Loans and advances, net	**1,313,036**	**1,884,942**	**27,382,363**	**19,697,546**	**50,277,887**

2024	Credit card	Auto lease	Housing	Personal loans	Total
Performing loans and advances	1,219,849	1,396,594	23,770,017	18,304,709	44,691,169
Non-performing loans and advances	21,722	141	47,176	45,724	114,763
Total loans and advances	**1,241,571**	**1,396,735**	**23,817,193**	**18,350,433**	**44,805,932**
ECL allowance	(142,487)	(53,998)	(92,647)	(378,902)	(668,034)
Loans and advances, net	**1,099,084**	**1,342,737**	**23,724,546**	**17,971,531**	**44,137,898**

8. Investments in associates

	2025	2024
Balance at beginning of the year	889,646	949,403
Dividends received during the year	(8,923)	(204,558)
Share in earnings, net	27,403	144,801
Balance at end of the year	**908,126**	**889,646**

8.1 SHL Finance Company

The Group participated in the setting up of SHL Finance Company (SHL). The associate’s authorised capital was ⃁ 1 billion and its issued and paid-up capital was ⃁ 1 billion. The Group’s share of the paid-up capital amounted to ⃁ 400 million, (40 million shares at ⃁ 10 per share), representing 40% of the issued share capital of the associate.

During the year 2022, the Group offered 30% of its shareholding (12 million shares) as part of the company’s initial public offering (IPO) which reduces the group ownership in the company to 29.4% (29.4 million shares). The group continues to classify its remaining interest as an associate as the Group still exercises significant influence over SHL.

The associate is a specialised Islamic home and real estate finance company with all its products and services being fully Shariah compliant. The associate was launched at the end of the fourth quarter of 2007 and is accounted for under the equity method.

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Below is the latest available financial information of the company:

	2025	2024
Total assets	4,744,096	4,523,803
Total liabilities	3,022,913	2,846,752
Total equity	1,721,183	1,677,051
Total income	298,162	263,881
Total expenses	(257,429)	(244,149)

8.2 ANBC Business Gate Fund

The Group has no remaining interest in ANBC Business Gate Fund (the Fund) as at December, 31 2025 (2024: 12.75%), which is a closed-ended private placement real estate investment fund launched on August 25, 2014 for a period of 5 years starting from the date of closure of the first offering on January 11, 2015. Since its launch the fund was extended a number of times. The last being December 14, 2020 when the unitholders approved an extension to December 31, 2025.

During the year ended December 31, 2024, the Fund sold the underlying assets and the gain of the transaction has been recognized as share in earnings in the Group consolidated statement of income, the Fund was closed on July 31, 2025.

8.3 Sara Second Real Estate Investment Fund (Sara Second Fund)

The Group invested in the Sara Second Real Estate Investment Fund, a private, CMA regulated and closed ended fund. It was formed to acquire an income generating residential compound in Khobar. The Fund commenced operations in May 2020 and the Group's interest in the Fund is 31.9%.

Below is the latest available financial information of the Sara Second Fund:

	2025	2024
Total assets	1,697,945	1,729,277
Total liabilities	478,549	528,727
Total equity	1,219,396	1,200,550
Total income	135,351	163,660
Total expenses	(86,284)	(93,994)

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9. Property, equipment and right of use assets, net *

	Land and buildings	Leasehold improvements	Equipment, furniture and vehicles	Computer and software	Work in-progress	Right of Use Assets (ROU)	Total
Cost:							
Balance at beginning of the year	1,374,245	782,616	743,000	1,465,809	638,726	1,238,336	6,242,732
Additions	-	99,444	53,130	180,267	305,480	200,298	838,619
Disposals/ adjustments	-	(2,087)	(8,454)	(52,084)	-	(79,006)	(141,631)
Reclassified related to disposal group classified as held for sale	(644)	-	(516,160)	(4,911)	-	-	(521,715)
Balance as at December 31, 2025	**1,373,601**	**879,973**	**271,516**	**1,589,081**	**944,206**	**1,359,628**	**6,418,005**
Balance at beginning of the year	1,382,266	727,222	686,141	1,312,244	302,094	1,168,979	5,578,946
Additions	9,500	56,462	71,174	153,574	336,632	202,862	830,204
Disposals/ adjustments	(17,521)	(1,068)	(14,315)	(9)	-	(133,505)	(166,418)
Balance as at December 31, 2024	**1,374,245**	**782,616**	**743,000**	**1,465,809**	**638,726**	**1,238,336**	**6,242,732**
Accumulated depreciation:							
Balance at beginning of the year	574,436	629,384	533,464	1,187,817	-	339,272	3,264,373
Charge for the year	17,644	38,685	45,606	101,335	-	81,218	284,488
Disposals/ adjustments	-	(2,087)	(7,523)	(52,082)	-	(33,448)	(95,140)
Reclassified related to disposal group classified as held for sale	(644)	-	(329,589)	(4,862)	-	-	(335,095)
Balance as at December 31, 2025	**591,436**	**665,982**	**241,958**	**1,232,208**	**-**	**387,042**	**3,118,626**
Net book value as at December 31, 2025	**782,165**	**213,991**	**29,558**	**356,873**	**944,206**	**972,586**	**3,299,379**
Balance at beginning of the year	556,777	594,946	500,751	1,117,290	-	311,505	3,081,269
Charge for the year	17,659	35,506	46,141	70,535	-	76,053	245,894
Disposals/ adjustments	-	(1,068)	(13,428)	(8)	-	(48,286)	(62,790)
Balance as at December 31, 2024	**574,436**	**629,384**	**533,464**	**1,187,817**	**-**	**339,272**	**3,264,373**
Net book value as at December 31, 2024	**799,809**	**153,232**	**209,536**	**277,992**	**638,726**	**899,064**	**2,978,359**

* The table above includes movements related to discontinued operations.

10. Other assets

	2025	2024 - restated
Paid derivatives collateral margins	1,316,356	938,023
Accrued commission	101,768	584,877
Prepaid expenses	223,094	228,911
Accrued income	173,791	122,198
Other	1,998,747	1,258,319
Total	**3,813,756**	**3,132,328**

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11. Derivative financial instruments

In the ordinary course of business, the Group utilises the following derivative financial instruments for both trading and hedging purposes:

Swaps

Swaps are commitments to exchange one set of cash flows for another. For commission rate swaps, counterparties generally exchange fixed and floating rate commission payments in a single currency without exchanging principal. For currency swaps, fixed commission payments and principal are exchanged in different currencies. For cross-currency commission rate swaps, principal, fixed and floating commission payments are exchanged in different currencies.

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 on a date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Foreign currency and commission rate futures are transacted in standardised amounts on regulated exchanges with changes in fair values settled daily.

Forward rate agreements

Forward rate agreements are individually negotiated commission rate contracts that call for the cash settlement, on a specified future date or series of dates, of the difference between the contracted commission rate and the market rate calculated on a notional principal.

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, on a fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Held for trading purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers and banks in order to, inter alia, enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favorable movements in prices, rates or indices. Arbitrage involves identifying, with the expectation of profiting from price differentials between markets or products.

Held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Group's exposure to fluctuations in foreign exchange and commission rates to reduce its exposure to currency and commission rate risks to acceptable levels as determined by the Board of Directors (the Board) within the guidelines issued by SAMA.

The Board of Directors has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the set limits. The Board of Directors has established the level of commission rate risk by setting limits on commission rate gaps for stipulated periods. Asset and liability commission rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce commission rate gap to be within the set limits.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to adjust its exposure to currency and commission rate risks to acceptable levels. This is generally achieved by hedging specific transactions as well as strategic hedging against overall statement of financial position exposures. Strategic hedging, other than portfolio hedges for commission rate risk, do not qualify for hedge accounting and 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 commission rate swaps and commission rate futures to hedge against commission rate risk arising from specifically identified fixed commission rate exposures.

The Group also uses commission rate swaps to hedge against the cash flow risk arising on certain floating rate exposures. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument are formally documented and the transactions are accounted for as either fair value or cash flow hedges.

The tables below show the notional amounts and the positive and negative fair values of derivative financial instruments 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

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not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk:

2025	Positive fair value	Negative fair value	Notional amount total	Notional amounts by term to maturity			
				Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Commission rate and cross currency swaps	1,289,147	1,176,907	49,276,156	466,750	3,788,260	29,963,830	15,057,316
Commission rate futures and options	2,153	1,839	1,823,019	56,250	100,000	1,666,769	-
Forward foreign exchange and commodity contracts	146,819	133,635	4,413,823	3,758,265	171,058	225,000	259,500
Currency and commodity options	458	429	107,601	89,437	18,164	-	-
Held as fair value hedges:							
Commission rate swaps	631,651	4,881	20,932,486	-	5,178	4,191,058	16,736,250
Held as cash flow hedges:							
Commission rate swaps	-	9,103	1,800,000	1,800,000	-	-	-
Total	**2,070,228**	**1,326,794**	**78,353,085**	**6,170,702**	**4,082,660**	**36,046,657**	**32,053,066**

2024	Positive fair value	Negative fair value	Notional amount total	Notional amounts by term to maturity			
				Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Commission rate and cross currency swaps	1,535,398	1,455,714	40,765,093	50,000	3,341,478	20,860,880	16,512,735
Commission rate futures and options	9,600	8,795	1,335,374	375,000	612,389	337,985	10,000
Forward foreign exchange and commodity contracts	89,533	73,321	7,023,979	6,573,060	450,919	-	-
Currency and commodity options	1,628	1,467	179,274	59,625	119,649	-	-
Held as fair value hedges:							
Commission rate swaps	654,437	5,285	13,695,363	1,307,309	5,893	3,663,411	8,718,750
Held as cash flow hedges:							
Commission rate swaps	-	54,328	1,800,000	-	-	1,800,000	-
Total	**2,290,596**	**1,598,910**	**64,799,083**	**8,364,994**	**4,530,328**	**26,662,276**	**25,241,485**

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11.1 Cash flow hedges

The Group is exposed to variability in future commission cash flows on non-trading assets which bear commission income at a variable rate. The Group uses commission rate swaps as cash flow hedges to hedge these commission rate risks. The below table indicating, the periods when the hedged cash flows are expected to occur and when they are expected to affect statement of income:

2025	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	33,815	-	-	-
Cash out flows (liabilities)	(21,823)	-	-	-
Net cash flow	**11,992**	**-**	**-**	**-**

2024	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	141,988	33,544	-	-
Cash out flows (liabilities)	(94,329)	(21,794)	-	-
Net cash flow	**47,659**	**11,750**	**-**	**-**

11.2 The previous table includes Shariah approved derivatives products as follows:

2025	Positive fair value	Negative fair value	Notional amount total	Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Commission rate and cross currency swaps	339,965	202,831	10,573,545	-	529,170	9,464,159	580,216
Commission rate futures and options	-	1,839	258,653	-	100,000	158,653	-
Forward foreign exchange and commodity contracts	6,302	-	242,250	-	-	112,500	129,750
Total	**346,267**	**204,670**	**11,074,448**	**-**	**629,170**	**9,735,312**	**709,966**

2024	Positive fair value	Negative fair value	Notional amount total	Within 3 months	3-12 months	1-5 years	Over 5 years
Held for trading:							
Commission rate and cross currency swaps	416,845	325,395	9,856,266	7	1,165,793	6,606,400	2,084,066
Commission rate futures and options	-	4,699	168,993	-	-	168,993	-
Total	**416,845**	**330,094**	**10,025,259**	**7**	**1,165,793**	**6,775,393**	**2,084,066**

11.3 The table below shows a summary of hedged items and portfolios, the nature of the risk being hedged, the hedging instrument and its fair value:

2025	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
Fixed commission rate investments	13,525,930	14,109,375	Fair value	Commission rate swap	583,674	229
Floating commission rate investments	1,809,103	1,800,000	Cash flow	Commission rate swap	-	9,103
Fixed commission rate loans	4,716,760	4,762,825	Fair value	Commission rate swap	46,065	-
Fixed commission rate deposits	2,696,543	2,693,803	Fair value	Commission rate swap	1,912	4,652

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2024	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
Fixed commission rate investments	5,758,758	6,260,625	Fair value	Commission rate swap	501,867	-
Floating commission rate investments	1,854,328	1,800,000	Cash flow	Commission rate swap	-	54,328
Fixed commission rate loans	6,111,925	6,264,495	Fair value	Commission rate swap	152,570	-
Fixed commission rate deposits	2,045,285	2,040,000	Fair value	Commission rate swap	-	5,285

The Group is exposed to variability in future special commission cash flows on non-trading assets and liabilities which bear special commission at variable rates. The Group generally uses special commission rate swaps as hedging instruments to hedge against these special commission rate risks.

In the case of discontinued fair value hedges, the remaining unamortised accumulated fair value hedge adjustment to the carrying amount of hedged items held at amortised cost is ⃁ 694 million (2024: ⃁ 725 million). This amount will continue to be amortised over the remaining term of the original hedge.

Approximately 63.9 % (2024: 67.5%) of the positive fair value of the Group's derivatives are entered into with financial institutions and approximately 36.1 % (2024: 32.5%) of the positive fair value contracts are with non-financial institutions at the reporting date. Derivative activities are mainly carried out by the Group's treasury segment.

11.4 The amounts relating items designated as hedging instruments and hedge ineffectiveness as follows:

2025	Positive fair value	Negative fair value	Notional amount Total	Change in fair value used to calculate hedge ineffectiveness	Ineffectiveness recognised in statement of income
Held as fair value hedges:					
Commission rate swaps	631,651	4,881	20,932,486	2,047	(4,705)

2024	Positive fair value	Negative fair value	Notional amount Total	Change in fair value used to calculate hedge ineffectiveness	Ineffectiveness recognised in statement of income
Held as fair value hedges:					
Commission rate swaps	654,437	5,285	13,695,363	3,610	(6,730)

12. Due to banks, Saudi Central Bank and other financial institutions

	2025	2024 – restated
Current accounts	112,621	162,151
Money market deposits	7,090,386	4,635,340
Deposits from SAMA	4,745,615	9,612,972
Total	**11,948,622**	**14,410,463**

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13. Customers' deposits

	2025	2024
Demand	96,784,498	92,727,933
Time	106,261,549	82,216,649
Saving	606,115	464,613
Other	5,634,618	6,814,523
Total	**209,286,780**	**182,223,718**

Other customers' deposits include ⃁ 1,890 million (2024: ⃁ 2,285 million) of margins held against commitments.

13.1 The above include Shariah approved customer deposits as below:

	2025	2024
Demand	75,867,271	61,352,273
Time	100,822,650	60,234,628
Other	1,873,140	1,714,210
Total	**178,563,061**	**123,301,111**

13.2 Customers' deposits include foreign currency deposits as follows:

	2025	2024
Demand	9,445,350	6,778,803
Time	17,326,938	16,091,783
Saving	887	2,752
Other	186,563	399,044
Total	**26,959,738**	**23,272,382**

14. Other liabilities

	2025	2024 - restated
Employee defined benefit obligation (note 30)	602,424	595,214
ECL allowance on loan commitment and financial guarantee contracts	536,952	566,256
Accrued expenses	767,289	869,364
Zakat and income tax accrual	519,659	629,816
Lease liability	1,053,329	966,444
Received derivatives collateral margins	1,041,936	1,244,322
Others	4,323,166	4,224,889
Total	**8,844,755**	**9,096,305**

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14.1 Movement in ECL allowance for credit related commitments and contingencies:

2025	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	64,008	41,433	460,815	566,256
Transfer to stage 1	861	(861)	-	-
Transfer to stage 2	(709)	727	(18)	-
Transfer to stage 3	-	(71)	71	-
Net change for the year	(10,154)	142,593	(159,389)	(26,950)
Write-off	-	-	(2,354)	(2,354)
Closing balance as at December 31	**54,006**	**183,821**	**299,125**	**536,952**

2024	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	44,137	34,956	353,744	432,837
Transfer to stage 1	2,315	(2,092)	(223)	-
Transfer to stage 2	(1,755)	1,898	(143)	-
Transfer to stage 3	-	(661)	661	-
Net change for the year	19,311	7,332	108,670	135,313
Write-off	-	-	(1,894)	(1,894)
Closing balance as at December 31	**64,008**	**41,433**	**460,815**	**566,256**

14.2 Movement in gross carrying amounts for credit related commitments and contingencies:

2025	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	47,740,024	1,743,706	594,937	50,078,667
Transfer to stage 1	1,511,727	(1,511,727)	-	-
Transfer to stage 2	(1,604,269)	1,604,305	(36)	-
Transfer to stage 3	(665)	(1,293)	1,958	-
Net change for the year	7,739,349	(200,644)	(10,598)	7,528,107
Closing balance as at December 31	**55,386,166**	**1,634,347**	**586,261**	**57,606,774**

2024	Stage 1	Stage 2	Stage 3	Total
Opening balance as at January 1	35,770,689	1,470,874	752,671	37,994,234
Transfer to stage 1	1,223,604	(1,223,381)	(223)	-
Transfer to stage 2	(718,376)	718,662	(286)	-
Transfer to stage 3	-	(17,708)	17,708	-
Net change for the year	11,464,107	795,259	(174,933)	12,084,433
Closing balance as at December 31	**47,740,024**	**1,743,706**	**594,937**	**50,078,667**

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15. Debt securities in issue and Tier I Sukuk

15.1 Debt securities in issue

On October 21, 2020 the Group issued a USD 750 million (equivalent to ⃁ 2,812 million) 10 years subordinated Tier II capital Sukuk callable in 5 years and carrying a special commission rate of 3.326%. The Group exercised the call option and fully redeemed the Sukuk in October 2025.

During the year ended December 31,2025, the Group established a Certificate of Deposits programme, and the balance of ⃁ 452 million as of December 31, 2025 pertain to issuances made under this programme.

15.2 Tier I Sukuk

On January 13, 2025, the Bank announced its intention to issue a Saudi Riyal denominated additional Tier I capital Sukuk by way of private placement in the Kingdom of Saudi Arabia pursuant to its ⃁ 11,250 million additional Tier I capital Sukuk program. The necessary regulatory approvals on the program and offerings were obtained during the year. As at December 31, 2025, the value of issued Sukuk is ⃁ 4,955 million.

On August 28, 2025, the Bank announced its intention to issue a US Dollar denominated additional Tier I capital sustainable Sukuk by way of an offer to eligible investors in the Kingdom of Saudi Arabia and internationally pursuant to its additional Tier I capital sustainable Sukuk program. The necessary regulatory approvals on the program and offerings were obtained during the year. As at December 31, 2025, the value of the issued Sukuk is US Dollar 750 million (equivalent to ⃁ 2,812.5 million).

The above 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, constituting an unsecured, conditional and subordinated obligation of the Group classified under equity. However, the Group shall have the exclusive right to redeem or call the Sukuk in a specific period of time, subject to the terms and conditions stipulated in the Sukuk agreements.

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

16. Share capital and treasury shares

16.1 Share capital

As at December 31, 2025, the authorised, issued and fully paid share capital of the Bank consists of 2,000 million shares of ⃁ 10 each (2024: 2,000 million shares of ⃁ 10 each). The ownership of the Bank's share capital is as follows:

	2025	2024
Saudi and non-strategic foreign shareholders	60%	60%
Strategic shareholder - Arab Bank PLC - Jordan	40%	40%

On February 7, 2024, the Board of Directors recommended to the Extraordinary General Assembly of the Bank to increase the share capital by SAR 5 billion through capitalization from the retained earnings by way of granting one share for every three shares (i.e. issue of bonus shares). The issue of bonus shares was approved by Extraordinary General Assembly on May 20, 2024 after obtaining the necessary regulatory approvals. The regulatory procedures to update the Bank's bylaws and Commercial Registration to reflect the increase in share capital were completed during the year ended December 31, 2024.

16.2 Treasury shares

On May 20, 2024, the Extraordinary General Assembly Meeting approved the purchase of 5 million treasury shares. The purchase was completed during the year ended December 31, 2024 at a total cost of ⃁ 98 million. These shares are intended for allocation to the Employee Share Program.

On December 17, 2024, the Board of Directors recommended to buy-back additional number of the Bank's shares with a maximum of 10 million shares to allocate them to Employee Share Program. This buy-back was approved by the Extraordinary General Assembly meeting held in April 8, 2025. The purchase was completed by purchasing 10 million shares during the year ended December 31, 2025 at a total cost of ⃁ 218 million.

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17. Statutory reserve

In accordance with the Saudi Arabian Banking Control Law and the By-Laws of the Bank, a minimum of 25% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid-up share capital of the Bank. Accordingly, ⃁ 1,285 million was transferred from 2025 net income to statutory reserve (2024: ⃁ 1,242 million). The statutory reserve is not currently available for distribution.

18. Other reserves

The movement of the other reserve for the years ended December 31, 2025 and 2024 is summarised as follows:

2025	FVOCI - debt instruments	FVOCI - equity instruments	Cash flow hedge	Actuarial defined benefit plan	Employee share plan reserve	Total
Balance as at December 31, 2024	**4,539**	**859,350**	**(54,328)**	**(94,134)**	**-**	**715,427**
Net changes in fair values	333,229	256,790	45,225	-	-	635,244
Actuarial gain	-	-	-	67,177	-	67,177
Net transfers to consolidated statement of income	(34,528)	-	-	-	-	(34,528)
Total comprehensive income for the year	**298,701**	**256,790**	**45,225**	**67,177**	**-**	**667,893**
Net loss on derecognition of FVOCI equity investments	-	4,168	-	-	-	4,168
Employee share plan reserve	-	-	-	-	24,154	24,154
Balance as at December 31, 2025	**303,240**	**1,120,308**	**(9,103)**	**(26,957)**	**24,154**	**1,411,642**

2024 – restated	FVOCI - debt instruments	FVOCI - equity instruments	Cash flow hedge	Actuarial defined benefit plan	Total
Balance as at December 31, 2023 as presented previously	142,586	466,006	(85,674)	(86,262)	436,656
Restatement	-	543,739	-	-	543,739
Restated balance as at January 1, 2024	142,586	1,009,745	(85,674)	(86,262)	980,395
Net changes in fair values	(131,907)	(189,506)	31,346	-	(290,067)
Actuarial loss	-	-	-	(7,872)	(7,872)
Net transfers to consolidated statement of income	(6,140)	-	-	-	(6,140)
Total comprehensive loss for the year	(138,047)	(189,506)	31,346	(7,872)	(304,079)
Net loss on derecognition of FVOCI equity investments	-	39,111	-	-	39,111
Balance as at December 31, 2024	**4,539**	**859,350**	**(54,328)**	**(94,134)**	**715,427**

19. Commitments and contingencies

19.1 Legal proceedings

As at December 31, 2025 and 2024 there were legal proceedings of a routine nature outstanding against the Group. No material provision has been made as professional legal advice indicates that the possibility of any adverse outcome is remote.

19.2 Capital commitments

As at December 31, 2025 the Group had capital commitments of ⃁ 944 million (2024: ⃁ 1,627 million) in respect of capital projects.

19.3 Credit related commitments and contingencies

The primary purpose of these instruments is to ensure that funds are available to customers as required.

Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances. Cash requirements under

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guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement.

Documentary letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are generally collateralised by the underlying shipments of goods to which they relate, and therefore have significantly less risk.

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be presented before being reimbursed by the customers.

Commitments to extend credit represent the unused portion of 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 unused commitments. However, the likely amount of loss, which cannot readily be quantified, is expected to be considerably less than the total unused commitment as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The below mentioned commitments and contingences are callable on demand of the counter-party. Furthermore, the total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of these commitments could expire or terminate without being funded.

19.3.1 The Group's commitments and contingencies is as follows:

	2025	2024
Letters of credit	8,049,979	5,899,143
Letters of guarantee	35,494,079	32,268,297
Acceptances	2,259,696	2,061,217
Irrevocable commitments to extend credit	11,793,270	9,840,260
Other	9,750	9,750
Total	**57,606,774**	**50,078,667**

The unutilised portion of non-firm commitments for commercial and corporate loans as at December 31,2025, which can be revoked unilaterally at any time by the Group, amounts to ⃁ 28.34 billion (2024: ⃁ 26.66 billion).

19.3.2 The analysis of commitments and contingencies by counter-party is as follows:

	2025	2024
Corporate	50,966,689	46,418,195
Banks and other financial institutions	5,220,240	3,103,584
Other	1,419,845	556,888
Total	**57,606,774**	**50,078,667**

19.3.3 Assets pledged

Securities utilized as pledged collateral under repurchase agreements with other financial institutions. The market value of assets pledged as collateral with other financial institutions as security is as follows:

	2025		2024	
	Assets	Related liabilities	Assets	Related liabilities
Debt securities	1,579,620	1,530,664	1,472,669	1,773,750

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20. Special commission income, net

	2025	2024 - restated
Special commission income:		
Investments at FVOCI	457,980	400,643
Investments at amortised cost	2,154,413	1,910,821
Due from banks and other financial institutions	256,405	192,705
Loans and advances	12,336,334	11,902,292
Total	**15,205,132**	**14,406,461**
Special commission expense:		
Due to banks, SAMA and other financial institutions	628,259	505,551
Customers' deposits	6,362,175	5,847,074
Debt securities in issue	79,619	93,544
Other	38,013	33,657
Total	**7,108,066**	**6,479,826**
Special commission income, net	**8,097,066**	**7,926,635**

Net special commission income for the years ended December 31, 2025 and 2024 include income from shariah transactions amounting to ⃁ 6,247 million and ⃁ 5,438 million respectively.

21. Fee and commission income, net

	2025	2024
Fee and commission income:		
Share trading and fund management	241,168	167,640
Trade finance	299,006	224,866
Credit cards	497,963	464,839
Credit facilities	512,760	450,192
Other banking services	732,468	558,970
Total	**2,283,365**	**1,866,507**
Fee and commission expense:		
Credit cards	672,895	511,314
Credit facilities	204,151	162,814
Other banking services	527,907	483,563
Total	**1,404,953**	**1,157,691**
Fee and commission income, net	**878,412**	**708,816**

22. Dividend income

	2025	2024 - restated
FVSI investments	42,643	31,714
FVOCI investments	227,180	173,667
Total	**269,823**	**205,381**

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23. (Losses)/ gains on sale of non-trading investments, net

	2025	2024
Debt investments at FVOCI	38,147	6,140
Investments at amortised cost	(56,850)	-
Total	**(18,703)**	**6,140**

24. Other operating income

	2025	2024
Gains on disposal of property and equipment, net	1,452	13,559
Losses on disposal of other real estate, net	(17,000)	-
Others	9,340	4,985
Total	**(6,208)**	**18,544**

25. Impairment charges, net

	2025	2024
ECL allowance for loans and advances, net (note 7)	715,230	494,298
ECL allowance for other financial assets	4,380	15,202
(Reversals)/ charges of ECL allowance for credit-related commitments and contingencies (note 14.1)	(26,950)	135,313
Total	**692,660**	**644,813**

26. Basic and diluted earnings per share

Basic and diluted earnings per share for the years ending on December 31, 2025 and 2024 is calculated by dividing net income for the year attributable to equity holders, adjusted for Tier 1 Sukuk costs, by the weighted average number of outstanding shares as of December 31, 2025: 1,992.2 million shares (December 31, 2024: 1,999.7 million shares) after accounting for treasury shares.

27. Dividends, Zakat and income tax

27.1 On February 6, 2024, the Board of Directors approved to pay cash dividends of ⃁ 1,050 million from net income after deducting Zakat for the second half of 2023. This final dividend resulted in a net payment of ⃁ 0.70 per share to Saudi shareholders. Upon distribution, the tax liability of the non-Saudi strategic shareholder for the current and prior period was deducted from their share of the dividend. This cash dividend was distributed on February 25, 2024.

27.2 On August 7, 2024, the Board of Directors approved to pay cash dividends of ⃁ 1,300 million from net income after deducting Zakat for the first half of 2024. This interim dividend resulted in a net payment of ⃁ 0.65 per share to Saudi shareholders. Upon distribution, the tax liability of the non-Saudi strategic shareholder for the related period was deducted from their share of the dividend. This cash dividend was distributed on August 21, 2024.

27.3 On February 5, 2025, the Board of Directors approved to pay cash dividends of ⃁ 1,300 million from net income after deducting Zakat for the second half of 2024. This final dividend resulted in a net payment of ⃁ 0.65 per share to Saudi shareholders. Upon distribution, the tax liability of the non-Saudi strategic shareholder for the current and prior period was deducted from their share of the dividend. This cash dividend was distributed on February 19, 2025.

27.4 On July 22, 2025, the Board of Directors approved to pay cash dividends of ⃁ 1,300 million from the net income after deducting Zakat for the first half of 2025. This interim dividend resulted in a net payment of ⃁ 0.65 per share to Saudi shareholders. Upon distribution, the tax liability of the non-saudi strategic shareholder for the current and prior period was deducted from their share of the dividend. This cash dividend was distributed on August 6, 2025.

The dividends are paid to Saudi and the non-Saudi strategic shareholder after deduction of Zakat and tax respectively.

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27.5 Zakat and tax

27.5.1 Zakat

Zakat for the year attributable to Group on Saudi shareholders amounted to ⃁ 374 million (2024: ⃁ 334 million).

27.5.2 Tax

Income tax attributable to Group on the current year's share of net income for the non-Saudi strategic shareholder is ⃁ 496 million (2024: ⃁ 478 million), including reversals recognized in the statement of income during the year amounted to ⃁ 6.4 million (2024: ⃁ 29.8 million) respectively.

27.5.3 Deferred tax

The deferred tax balance included in these financial statements comprise of the following:

	2025	2024 - restated
Accelerated depreciation for accounting purposes	2,316	8,977
Provision for employee benefit obligation	45,692	44,721
Provision for losses	49,811	96,158
Fair value of investments	(11,988)	(73,916)
Total	**85,831**	**75,940**

28. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

	2025	2024
Cash and balances with SAMA excluding statutory deposit (note 4)	2,128,861	2,647,414
Due from banks and other financial institutions maturing within ninety days of acquisition	2,338,847	3,857,921
Total	**4,467,708**	**6,505,335**

29. Salaries and employee related expenses

The Group has implemented a "Risk-Based Compensation Policy" in compliance with the rules issued by SAMA, which are consistent with the principles and standards of the Financial Stability Board (FSB). The policy was approved by the Board of Directors and gives highest consideration to the alignment of compensation with risk and provides a competitive and balanced package of fixed and variable compensation. The policy ensures that compensation takes into account the likelihood and timelines of earnings and its impact on the Group's capital. It also focuses on promoting effective risk management, achieving financial stability and dealing with risks posed by the Group's compensation practices. The Group takes into account all types of existing and potential material risks and ensures a balance between general industry practices and Group-specific factors such as business model, financial condition, operating performance, market perception, business prospects and appropriate managerial judgement, etc.

The Board of Directors, while determining and approving the bonus pool of the Group, considers performance in absolute and relative terms, consistency of earnings, long term performance, historical bonus pool, market conditions, etc. Similarly, while allocating the Group-wide bonus pool to business units, due consideration is given to the type of business transacted, level of risk assumed, relative importance of earnings, distinctive business drivers, historical bonus pool, current performance and the business unit's consistency of performance.

The Board of Directors has ultimate responsibility for promoting effective governance and sound compensation practices. In order to assist it in overseeing the compensation policies design and its operation, the Board of Directors has appointed a Nomination & Compensation Committee. The Nomination & Compensation Committee comprises three non-executives members of the Board of Directors and is chaired by an independent member of the Board of Directors. The Committee has full authority on behalf of the Board of Directors to review and were considered appropriate propose changes to the Group's compensation policy and practices and recommend the same to the Board of Directors, for its approval and to ensure adequacy and effectiveness of the policy in meeting its intended objectives. The Committee also reviews the level and composition of remuneration of key executives of the Group and recommends a risk-adjusted bonus pool to the Board of Directors, for approval.

The governance process ensures that the Compensation Policy is consistently applied and operates as intended. The Group has established an oversight mechanism to regularly evaluate the design characteristics of compensation practices and their implementation.

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2025 **	Number of employees	Fixed compensation	Variable cost paid (cash basis)
Senior executive requiring SAMA no objections	22	51,897	34,175
Employees engaged in risk taking activities	341	177,213	54,399
Employees engaged in control functions	623	201,801	38,712
Other employees	3,418	867,662	120,810
Total	**4,404**	**1,298,573**	**248,096**
Variable compensation accrued		265,350	
Other employee related costs *		448,436	
Total salaries and employee related expenses		**2,012,359**	

2024 **	Number of employees	Fixed compensation	Variable cost paid (cash basis)
Senior executive requiring SAMA no objections	21	49,556	38,060
Employees engaged in risk taking activities	302	152,353	46,963
Employees engaged in control functions	559	176,553	33,991
Other employees	3,296	748,890	99,665
Total	**4,178**	**1,127,352**	**218,679**
Variable compensation accrued		274,571	
Other employee related costs *		369,795	
Total salaries and employee related expenses		**1,771,718**	

* Other employee related costs include defined benefit obligation plan, GOSI, business travel, training and development, and other employees' benefits.

** Tables above reflect the impact of reclassification related to discontinued operations.

29.1 Share Based Bonus Payments

The Group has Share Based Equity settled Bonus payment plan outstanding at the end of the year. Under the terms of the plan, anb's eligible employees are offered shares at a predetermined price. At the vesting dates determined under the terms of the plan, anb delivers the underlying allotted shares to the employees, subject to the satisfactory completion of the vesting conditions.

The cost of the plan 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 one Share Based Equity Plan, introduced during 2025 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. 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 plan is as follows:

Number of shares	2025 *	2024
Beginning of the year	-	-
Granted during the year	3,775,925	-
Forfeitied during the year	(54,633)	-
End of the year	**3,721,292**	**-**

* No vesting happened during the year.

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30. Employee benefit obligation

30.1 General description

The Group operates a defined benefit obligation plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefit payments obligation is discharged as and when it falls due.

30.2 The movement of the defined benefit obligation plan balance based on its present value is as follows:

	2025	2024
Employee defined benefit obligation at the beginning of the year	595,214	552,161
Past service cost	812	-
Current service cost	70,927	61,244
Special commission cost	31,672	30,196
Benefits paid	(29,024)	(56,259)
Remeasurements due to actuarial (gain)/ loss	(67,177)	7,872
Employee defined benefit obligation at the end of the year	**602,424**	**595,214**

30.3 Charge for the year:

	2025	2024
Current service cost	70,927	61,244
Special commission cost	31,672	30,196
Past service cost	812	-
	103,411	**91,440**

30.4 Re-measurement recognised in other comprehensive income:

	2025	2024
Loss from change in experience assumptions	45,168	23,242
Gain from change in financial assumptions	(112,345)	(15,370)
	(67,177)	**7,872**

30.5 Principal defined benefit obligation plan actuarial assumptions in respect of the employee benefit scheme:

	2025	2024
Discount rate	5.55%	5.55%
Expected rate of salary increase	2.00%	4.00%
Normal retirement age	65 years	65 years

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30.6 Sensitivity of actuarial assumptions:

The table below illustrates the sensitivity of the defined benefit obligation valuation as at December 31, 2025 and 2024 based on the principal actuarial assumptions disclosed in note 30.5 above:

2025	Impact on defined benefit obligation – Increase/ (Decrease)		
Base Scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+1%	(51,398)	-
	-1%	-	49,104
Expected rate of salary increase	+1%	50,519	-
	-1%	-	(53,319)
Withdrawal rate	+20%	9,707	-
	-20%	-	(22,466)

2024	Impact on defined benefit obligation – Increase/ (Decrease)		
Base Scenario	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+1%	(52,043)	-
	-1%	-	58,642
Expected rate of salary increase	+1%	58,981	-
	-1%	-	(53,208)
Withdrawal rate	+20%	2,651	-
	-20%	-	(6,249)

The above sensitivity analyses are based on a change in an assumption holding all other assumptions constant.

31. Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer in order to allocate resources to the segments and to assess its performance.

For management purposes, the Group is organised into the following major operating segments:

Retail banking

Deposit, credit and investment products for individuals.

Corporate banking

Loans and advances, deposits and other credit products for corporate and institutional customers, small to medium sized businesses.

Treasury

Manages the Bank’s trading and investment portfolios and the Bank’s funding, liquidity, currency and commission rate risks.

Investment and brokerage services

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

Other

Includes income on capital and unallocated costs and assets and liabilities of Head Office and other supporting departments.

Transactions between operating segments are reported as recorded in the Group’s transfer pricing system. The basis for determining intersegment operating income/ (expense) for the current year are consistent with the basis used for December 31, 2024. Segment assets and liabilities comprise mainly operating assets and liabilities.

The Group’s primary business is conducted in the Kingdom with one international branch in United Kingdom. The total assets, liabilities, commitments and results of operations of this branch are, however, not material to the Group’s overall consolidated financial statements.

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31.1 The Group's total assets and liabilities as at December 31, 2025 and 2024 and its total operating income, expenses and net income before zakat and income tax for the years then ended, by operating segments, are as follows:

2025	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	75,743,382	125,151,775	76,484,441	1,170,421	2,833,255	281,383,274
Investments in associates	-	-	-	289,722	618,404	908,126
Total liabilities	99,272,246	115,245,588	15,204,556	183,283	1,964,598	231,870,271
Operating income/ (expense) from external customers	2,031,734	7,096,542	797,751	556,336	(599,234)	9,883,129
Intersegment operating income/ (expense)	1,750,249	(2,837,137)	627,683	-	459,205	-
Total operating income	3,781,983	4,259,405	1,425,434	556,336	(140,029)	9,883,129
Of which:						
Net special commission income	3,622,182	3,208,842	529,845	248,347	487,850	8,097,066
ECL allowance charges and other provisions, net	282,098	403,182	4,380	3,000	-	692,660
Impairment charge on other real estate owned	-	(100,000)	-	-	-	(100,000)
Depreciation and amortisation	240,139	12,265	5,528	4,818	(1,369)	261,381
Total operating expenses	2,381,901	1,161,965	135,213	197,036	53,780	3,929,895
Share in earnings of associates, net	-	-	-	11,156	16,247	27,403
Net income before Zakat and income tax	1,400,082	3,097,440	1,290,221	370,456	(177,562)	5,980,637

2024 - restated	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	68,708,018	106,365,022	70,101,114	898,984	2,766,833	248,839,971
Investments in associates	-	-	-	285,218	604,428	889,646
Total liabilities	92,394,163	96,274,063	19,171,519	147,007	2,171,514	210,158,266
Operating income/ (expense) from external customers	2,256,655	6,977,346	365,860	486,100	(660,966)	9,424,995
Intersegment operating income/ (expense)	2,113,088	(2,973,768)	424,184	-	436,496	-
Total operating income	4,369,743	4,003,578	790,044	486,100	(224,470)	9,424,995
Of which:						
Net special commission income	4,132,839	3,167,892	19,400	258,756	347,748	7,926,635
ECL allowance charges and other provisions, net	253,752	369,858	15,203	6,000	-	644,813
Impairment charge on other real estate owned	-	119,156	-	-	-	119,156
Depreciation and amortisation	208,195	10,695	40	4,767	(1,693)	222,004
Total operating expenses	2,352,227	1,173,490	162,991	178,789	(36,452)	3,831,045
Share in earnings of associates, net	-	-	-	155,773	(10,972)	144,801
Net income before Zakat and income tax	2,017,516	2,830,088	627,053	463,084	(198,990)	5,738,751

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31.2 The Group's credit exposure by operating segments is as follows:

2025	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	71,269,888	124,551,911	75,055,177	1,042,498	18,668	271,938,142
Credit-related commitment and contingencies	428,428	32,803,516	-	-	-	33,231,944
Derivatives	-	1,124,087	3,549,908	-	-	4,673,995

2024 - restated	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	65,319,725	105,128,844	68,477,355	807,805	-	239,733,729
Credit-related commitment and contingencies	809,399	27,426,976	-	-	-	28,236,375
Derivatives	-	1,000,424	4,215,071	-	-	5,215,495

Credit exposure comprises the carrying value of consolidated statement of financial position assets, excluding cash, property, equipment and right of use assets, other real estate owned, and other assets. The credit equivalent value of commitments, contingencies and derivatives are included in credit exposure (note 32.4.15).

32. Credit risk

Credit risk is the risk that a customer or counter-party may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer or counter-party is either unwilling to perform an obligation or its ability to perform such an obligation is impaired, resulting in an economic loss to the Group. The Group is exposed to credit risk when its business units extend credit to counterparties. The Group's Executive Committee (ExCom)/ Board of Directors provides oversight of Credit Risk through the documented Credit Policy.

The enterprise-wide requirements for identification, assessment, monitoring and reporting of credit risk is set by the Risk Management Group, while business/support units are accountable for the credit risks within their respective areas, aligning business strategies with Group's risk appetite.

Credit risk policies and procedures are established to provide control of credit portfolios through periodic assessment of the credit standing of borrowers and quantifying maximum permissible exposures to specific borrowers. Such individuals and/or groups exposures are monitored periodically on a portfolio basis. The Group's Credit Policy provides detailed guidelines to manage credit risk effectively; it is reviewed and updated from time to time based on experience, emerging issues, best market practices and directives from regulatory authorities. The Credit Policy is designed to ensure clear recognition of credit risk management strategies and objectives, which, inter-alia, include:

- Strengthening and enhancing Group's ability to measure and mitigate credit risks on pre-emptive basis to minimise credit losses.
- Strengthening and enhancing credit portfolio management process.
- Strengthening and enhancing Group's systems and procedures for early problem recognition.
- Compliance with local regulatory requirement and industry's best practices for credit risk management.

The Credit Policy addresses all functions and activities related to the credit process including the underwriting criteria. It stipulates Group's appetite for risk, which, inter-alia, provides guidance on the target markets (Corporate, Commercial/ Small and Medium Enterprises (SMEs), Consumer and High Net-Worth Individuals) and desirable type of borrowers/industries. Some criteria are product-specific and are governed by individual credit product policies, while others generally include credit quality standards, purpose and terms of facilities, undesirable loans, credit analysis, concentrations of credit, repayment ability, compliance with laws & regulations, expected losses and documentation.

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32.1 Portfolio Monitoring

Portfolio management is ensured through diversification of the credit portfolio on the basis of tenor, industries/business segments, risk grades and geographical areas to avoid the risk of over-exposure to certain economic sectors/credit products, which might be impacted by unfavorable developments in the economy. The Group broadly uses borrower and sector criteria for mitigating concentration risk. The Group's business is predominantly concentrated in Saudi Arabia, minimising cross-currency risk although geographical concentration remains but this is considered acceptable and within Group's risk appetite.

Consumer banking portfolio is a diversified one since relatively small exposures are approved to a large number of individuals, based mainly on assignment of salary or security with exposure caps on products/ employers, etc.

32.2 Risk Measurement and Reporting System

Credit Risk tracks trends and identifies weaknesses in the quality of corporate, commercial, retail and private banking loans portfolio by employing:

- Obligor and facility risk rating system to assess the quality of obligor and riskiness of facilities; and
- Periodic reviews and reporting of aggregate statistics on asset diversification and credit quality for key segments of the portfolio.

Rating system is established with the objective to:

- place the responsibility on business units to regularly evaluate credit risk on exposures and identify problems within their portfolios;
- establish early warning signals for detecting deterioration in credit quality;
- set standards for business units to submit their inputs on problematic exposures; and
- provide guidelines to respond and take remedial actions as soon as deterioration in credit quality is detected.

The Group classifies its exposures into 13 risk categories, of which 10 are for performing obligors and 3 are for non-performing obligors. A rating is assigned to a borrower through a system-based methodology that takes into account financial and non-financial information, translating into a grade and PD for the relationship.

Facility Risk Rating (FRR), which assesses the riskiness of facilities, is used for deriving the Loss Given Default (LGD) for a relationship, thus assigning separate rating for obligor and facility characteristics.

Management reports are generated for monitoring and control purposes on periodical basis - monthly, quarterly, semi-annually and annually. These reports are comprehensive, have wide scope and address several issues including:

- Portfolio quality, industry concentration and large exposures;
- Product concentration, credit monitoring and concentration of shares held by the Group as collateral; and
- Past due follow-up, customer-provisioning details and provision movement.

Retail portfolio comprises of personal loans, credit cards, housing loans and auto leasing.

Individual customers are assessed on the basis of standardised pre-set criteria for specific schemes to assess eligibility for each of the above products. Delinquent customers, based on days past due (bucket-wise), are classified as non-performing.

For the retail portfolio, personal loans are granted against salary assignments to borrowers who are employees of approved list of acceptable employers, mainly government and quasi-government employees. The main criteria for lending to this portfolio include approved employer, minimum salary requirements, length of service and pre-specified Debt Service Ratio (DSR). Housing loan and auto leasing products are considered generally secured since the underlying assets are owned by the Group and leased to customers in the case of auto loans, or mortgaged to the Group in the case of housing loans, thus mitigating risk to a large extent, housing loans are also insured against mortality, permanent disability and damages to property.

The Group has developed application score-cards and behavior score-cards, using internal and external data, to evaluate, monitor and control consumer credits as this is expected to go a long way in making consumer credit risk management more effective and efficient.

32.3 Asset Quality

Corporate and commercial exposures are considered non-performing in the following circumstances:

- The principal of loan or interest payment remains past due more than 90 days after its due date;
- The outstanding of an overdraft remains in excess of approved limit for more than 90 days or the overdraft account is in-active for more than 180 days.

Non-performing exposures migrate across the non-performing risk grades (substandard, doubtful and loss) according to their days past due and/or deterioration in credit quality.

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In determining whether a corporate exposure has become impaired, the Group makes judgements as to whether there is any observable data indicating decrease in the estimated future cash flows. This evidence may include an indication that there has been an adverse change in the payment status of borrowers. Management uses estimates based on historical loss experience for loans with similar credit risk characteristics, when estimating the cash flows.

The methodology and assumptions used for estimating both, the amount and timing of future cash flows, are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Consumer exposures are considered non-performing if payment remains past due more than 90 days after its due date.

32.4 Credit quality analysis

32.4.1 Financial assets measured at amortised cost and FVOCI debt investments

The following tables sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively:

	2025			
Due from bank and other financial institutions	Stage 1	Stage 2	Stage 3	Total
Investment grade	2,129,844	-	-	2,129,844
Non-investment grade	129,089	-	-	129,089
Unrated	79,914	-	-	79,914
Gross carrying amount	**2,338,847**	**-**	**-**	**2,338,847**

	2024			
Due from bank and other financial institutions	Stage 1	Stage 2	Stage 3	Total
Investment grade	3,734,456	-	-	3,734,456
Non-investment grade	123,465	-	-	123,465
Unrated	-	-	-	-
Gross carrying amount	**3,857,921**	**-**	**-**	**3,857,921**

Retail banking	2025			
Loans and advances carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Current and within 30 days	45,695,744	4,703,658	22,941	50,422,343
Past due 31-90 days	143,412	305,084	20,941	469,437
Above 90 days	-	-	100,884	100,884
Gross carrying amount	**45,839,156**	**5,008,742**	**144,766**	**50,992,664**

Retail banking	2024			
Loans and advances carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Current and within 30 days	40,962,182	3,296,253	25,969	44,284,404
Past due 31-90 days	94,060	289,616	23,089	406,765
Above 90 days	-	-	114,763	114,763
Gross carrying amount	**41,056,242**	**3,585,869**	**163,821**	**44,805,932**

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Corporate banking	2025			
Loans and advances carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Grades 1-4: Low risk	32,853,541	142,935	-	32,996,476
Grades 5-8: Fair risk	105,153,986	3,478,546	103	108,632,635
Grades 9-10: Watch list	1,247	4,026,761	30,256	4,058,264
Grades 11-13 Substandard, Doubtful, Loss	-	-	1,762,761	1,762,761
Carrying amount - corporate banking	**138,008,774**	**7,648,242**	**1,793,120**	**147,450,136**

Corporate banking	2024			
Loans and advances carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Grades 1-4: Low risk	28,739,252	136,519	67	28,875,838
Grades 5-8: Fair risk	88,390,522	5,607,965	-	93,998,487
Grades 9-10: Watch list	-	2,922,589	8,558	2,931,147
Grades 11-13 Substandard, Doubtful, Loss	-	-	1,952,154	1,952,154
Carrying amount - corporate banking	**117,129,774**	**8,667,073**	**1,960,779**	**127,757,626**

	2025			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Investment grade	41,740,913	-	-	41,740,913
Non-investment grade	45,805	-	-	45,805
Unrated	1,005,286	-	-	1,005,286
Gross carrying amount	**42,792,004**	**-**	**-**	**42,792,004**

	2024 - restated			
Debt instruments carried at amortised cost	Stage 1	Stage 2	Stage 3	Total
Investment grade	37,634,104	-	-	37,634,104
Non-investment grade	45,689	-	-	45,689
Unrated	1,005,534	-	-	1,005,534
Gross carrying amount	**38,685,327**	**-**	**-**	**38,685,327**

	2025			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Investment grade	8,515,168	-	-	8,515,168
Non-investment grade	1,400,816	-	-	1,400,816
Unrated	-	-	-	-
Gross carrying amount	**9,915,984**	**-**	**-**	**9,915,984**

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	2024 - restated			
Debt instruments carried at FVOCI	Stage 1	Stage 2	Stage 3	Total
Investment grade	5,846,790	-	-	5,846,790
Non-investment grade	1,770,744	-	-	1,770,744
Unrated	250,951	-	-	250,951
Gross carrying amount	**7,868,485**	**-**	**-**	**7,868,485**

Investment grade comprises investments having credit rating equivalent to Standard & Poor's AAA to BBB.

	2025			
Credit-related commitments and contingencies	Stage 1	Stage 2	Stage 3	Total
Grades 1-4: Low risk	23,942,791	54,712	-	23,997,503
Grades 5-8: Fair risk	30,900,663	359,894	-	31,260,557
Grades 9-10: Watch list	542,712	1,219,741	-	1,762,453
Grades 11-13 Substandard, Doubtful, Loss	-	-	586,261	586,261
Closing balance - non-funded	**55,386,166**	**1,634,347**	**586,261**	**57,606,774**

	2024			
Credit-related commitments and contingencies	Stage 1	Stage 2	Stage 3	Total
Grades 1-4: Low risk	26,599,895	24,597	-	26,624,492
Grades 5-8: Fair risk	20,431,182	530,544	-	20,961,726
Grades 9-10: Watch list	708,947	1,188,565	-	1,897,512
Grades 11-13 Substandard, Doubtful, Loss	-	-	594,937	594,937
Closing balance - non-funded	**47,740,024**	**1,743,706**	**594,937**	**50,078,667**

32.4.2 Credit analysis of financial assets held as FVSI

The following table sets out the credit analysis for financial assets measured at FVSI:

	2025	2024
Investment grade	76,700	897,808
Non-investment grade	-	-
Unrated	2,105,987	957,171
Gross carrying amount	**2,182,687**	**1,854,979**

32.4.3 Amounts arising from ECL - Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

No change has been made in the backstop criteria for all types of exposures

32.4.4 Credit risk grades

The Group allocates credit risk grades to each exposure based on a variety of variables that is determined to be predictive of the risk of default and applying experienced individual assessed. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

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Credit risk grades are defined and calibrated such that the risk of default occurring increases significantly as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 8 and 9.

The 12 month average PIT PD for the corporate exposures in grade 1 to 8 ranges from 0.36% to 3.52%. The 12 month average PIT PD for grade 9 and 10 (watch list) goes up to 18.06% .

Credit risk grade or score is allocated to each exposure at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade or score. The monitoring of exposures involves use of the following data:

Corporate exposures	Retail exposures
Information obtained during periodic review of customer files - e.g., audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes etc	Internally collected data and customer behaviour data - e.g., utilisation of credit card facilities
Data from credit reference agencies, press articles, changes in external credit ratings	Affordability metrics
Quoted bond and credit default swap (CDS) prices for the borrower where available. Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	External data from credit reference agencies; including default information

32.4.5 Generating the term structure of PD

Credit risk grades are a primary input in the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading. For retail portfolios, The Saudi Credit Bureau (SIMAH) information is also used.

The Group employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change over a period of time, and consumer Price Index.

This analysis includes the identification and calibration of relationships between changes in default rates and macro-economic factors. For most exposures, key macro-economic indicators include Oil Price, GDP, Unemployement Rate , Share Price Index and Employment.

Based on the available economic data and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts to adjust its estimates of PDs.

32.4.6 Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and a backstop based on delinquency.

Using its expert credit judgements and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The assessment of significant increase in credit risk, is assessed taking on account of:

- Days past due;
- Change in probability of default by 150% occurring since initial recognition for retail portfolio;
- Downgrade in obligor risk rating of 2 or more notches for wholesale portfolio expected life of the financial instrument.
- Reasonable and supportable information, that is available without undue cost or effort that may affect credit risk; or
- Delay in coupon or principle for treasury exposures and investments.

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Lifetime expected credit losses are recognised against any material facility which has experienced significant increase in credit risk since initial recognition. Recognition of lifetime expected credit losses will be made if any facility is past due for 30 days or more. The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default; or
- There is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date when full payment became due.

32.4.7 Modified financial assets

The contractual terms of a loan may be modified for several reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy.

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- Its remaining Net Present Value (NPV) of the cash-flows at the reporting date based on the modified terms; with
- The remaining NPV of the cash-flows calculated based on data at initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. As per Group's policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the restructuring policy.

For financial assets modified as part of the Group's policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar restructuring action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

32.4.8 Definition of 'Default'

The following criteria are used to determine obligor default, if the obligor:

- Has an obligation which is 90 (or more) days past due;
- Has an obligation for which the Group has stopped accruing interest;
- Has obligation(s) that has/have been restructured with loss to the Group;
- Has an obligation that is classified as non-performing by the Group; or
- Has an obligation that the Group has charged off in part or in full.

In assessing whether a borrower is in default, the Group considers indicators that are:

- Qualitative - e.g., breaches of covenant;
- Quantitative - e.g., overdue status and non-payment on another obligation of the same issuer to the Group;
- Based on data developed internally and obtained from external sources; and
- Inputs to 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.

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32.4.9 Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts provided by agencies, such as Moody's Economic Data services.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio using an analysis of historical data and estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used included the following weightages ranges of key indicators:

Economic Indicators	2025	2024
GDP	Upside 25% Base case 30% Downside 45%	Upside 25% Base case 30% Downside 45%
Brent oil prices	Upside 25% Base case 30% Downside 45%	Upside 25% Base case 30% Downside 45%
Tadawul all shares index	Upside 25% Base case 30% Downside 45%	Upside 25% Base case 30% Downside 45%

32.4.10 Probability weightages

The Group considered the probability weightings to provide the best estimate of the possible loss outcomes and has analysed inter-relationships and correlations (over both the short and long term) within the Group's credit portfolios in determining them.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 10 to 15 years. The Group has used below scenarios forecast in its ECL model, which is based on updated information available as at the reporting date:

Economic Indicators		Forecast calendar years used in 2025 ECL model			Forecast calendar years used in 2024 ECL model		
		2026	2027	2028	2025	2026	2027
GDP (Billions USD$)	Upside	1,025	1,059	1,089	872	902	929
	Base	1,004	1,033	1,062	853	878	904
	Downside	940	928	976	800	790	832
Brent oil prices (USD$)	Upside	70.00	70.00	70.00	79.74	72.23	70.22
	Base	65.00	67.00	69.00	74.12	68.96	69.01
	Downside	32.00	48.00	61.00	41.01	50.29	61.13
Tadawul all shares index (TASI)	Upside	12,633	12,696	13,137	12,985	12,476	12,842
	Base	11,933	12,427	12,911	11,613	11,350	11,987
	Downside	7,512	9,904	11,392	7,704	9,698	11,141

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The table below shows the sensitivity of change in economic indicators to the ECL computed under three different scenarios used by the Group:

2025	Due from Banks and other financial institutions	Investments	Loans and advances	Commitments and contingencies	Total
More optimistic (upside)	1,888	26,166	2,332,041	502,847	2,862,942
Most likely (base case)	2,393	32,941	2,620,787	509,727	3,165,848
More pessimistic (downside)	6,244	90,156	3,942,774	574,049	4,613,223

2024	Due from Banks and other financial institutions	Investments	Loans and advances	Commitments and contingencies	Total
More optimistic (upside)	2,437	26,554	2,618,248	520,712	3,167,951
Most likely (base case)	3,116	33,451	2,750,698	535,046	3,322,311
More pessimistic (downside)	6,660	78,664	3,531,390	612,364	4,229,078

32.4.11 Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (“PD”);
- Loss given default (“LGD”);
- Exposure at default (“EAD”).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described earlier.

PD estimates are estimates at a certain date, which are calculated, based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally and externally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral and recovery costs of any collateral that is integral to the financial asset. For secured retail loans, asset value/ type is a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modeling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described earlier and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

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However, for overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect; however this contractual right is not enforced in the normal day-to-day management but only when the Group becomes aware of significant increase in credit risk at the facility level, prompting such action. This longer period is estimated considering the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

32.4.12 Sensitivity of ECL allowance

The table below illustrates the sensitivity of ECL to key factors used in determining it as at the year-end:

	Statement of income impact (absolute values)	
Assumptions sensitised	2025	2024
Changes in Macro-economic factors while other assumptions kept constant:		
Decrease/ increase in Oil price by 1%	9,212	7,050
Decrease/ increase in GDP by 1%	55,433	39,611
Decrease/ increase in Tadawul all shares index by 1%	5,351	4,327
Scenario weightages:		
Base scenario sensitised by - 5% with corresponding change in downside	55,403	36,582
Base scenario increases by + 5% with corresponding change in upside	6,073	6,200

32.4.13 Aging of loans and advances (past due but not impaired)

2025	Retail Banking	Corporate banking	Total
Past due (1-30) days	1,361,338	1,436,439	2,797,777
Past due (31-60) days	332,458	259,259	591,717
Past due (61-90) days	116,038	69,564	185,602
Past due (91-180) days	-	37,275	37,275
Above 180 days	-	210,849	210,849
Total	**1,809,834**	**2,013,386**	**3,823,220**

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2024	Retail Banking	Corporate banking	Total
Past due (1-30) days	1,165,846	1,136,529	2,302,375
Past due (31-60) days	260,697	39,624	300,321
Past due (61-90) days	122,979	126,720	249,699
Past due (91-180) days	-	32,620	32,620
Above 180 days	-	15,213	15,213
Total	**1,549,522**	**1,350,706**	**2,900,228**

In exceptional cases financial assets past due more than 90 days are considered performing based on reasonable and supportable information (e.g., administrative oversight, delay in receipt of receivables from entities with strong credit standing) after following a rigorous review and governance process.

32.4.14 Collateral

In the ordinary course of lending activities, the Group hold collaterals as security to mitigate credit risk. These collaterals mostly include time, demand, and other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collaterals are held mainly against commercial 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.

The amount of collateral held as security for loans that are credit impaired are as follows:

	2025	2024
Less than 50%	871,556	571,872
51-70%	235,241	238,872
More than 70%	831,089	1,313,856
Total	**1,937,886**	**2,124,600**

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32.4.15 Geographical concentration

The Group's main credit exposure by geographical region is as follows in the table below:

2025	Saudi Arabia	Other GCC & Middle East	Europe	North America	Latin America	South East Asia	Other Countries	Total
Assets								
Cash and balances with SAMA								
Cash in hand	2,102,379	-	1,398	-	-	-	-	2,103,777
Balances with SAMA	11,063,620	-	-	-	-	-	-	11,063,620
Due from banks and other financial institutions								
Current accounts	-	247,008	186,542	234,624	-	13,566	81,874	763,614
Money market placements	-	821,081	750,152	-	-	-	-	1,571,233
Investments, net								
Held as FVSI	1,243,020	-	249,039	690,628	-	-	-	2,182,687
Held as FVOCI	8,177,178	2,101,144	872,655	3,389,354	205,078	92,089	209,057	15,046,555
Held at amortised cost	42,737,866	44,823	-	-	-	-	-	42,782,689
Positive fair value of derivatives								
Held for trading	415,077	206,815	491,362	325,323	-	-	-	1,438,577
Held as fair value hedges	-	777	630,874	-	-	-	-	631,651
Loans and advances, net								
Net corporate banking loans	136,323,295	464,474	6,920,859	1,312,790	-	-	-	145,021,418
Net retail banking loans	50,277,431	-	456	-	-	-	-	50,277,887
Other assets								
Accounts receivable	3,587,718	-	2,944	-	-	-	-	3,590,662
Total assets	**255,927,584**	**3,886,122**	**10,106,281**	**5,952,719**	**205,078**	**105,655**	**290,931**	**276,474,370**
Liabilities								
Due to banks, SAMA and other financial institutions								
Current accounts	-	67,677	2,587	37,125	-	135	5,097	112,621
Money market deposits & SAMA deposits	5,495,760	5,581,755	379,180	-	-	-	379,306	11,836,001
Customers' deposits								
Demand	96,445,587	-	338,911	-	-	-	-	96,784,498
Time	105,546,008	-	715,541	-	-	-	-	106,261,549
Saving	606,115	-	-	-	-	-	-	606,115
Other	5,634,618	-	-	-	-	-	-	5,634,618
Negative fair value of derivatives								
Held for trading	178,311	38,589	897,550	198,360	-	-	-	1,312,810
Held as fair value hedges	-	825	4,056	-	-	-	-	4,881
Held as cash flow hedges	2,145	-	6,958	-	-	-	-	9,103
Other Liabilities	7,690,819	-	31,853	-	-	-	-	7,722,672
Debt securities in issue	-	451,962	-	-	-	-	-	451,962
Total liabilities	**221,599,363**	**6,140,808**	**2,376,636**	**235,485**	**-**	**135**	**384,403**	**230,736,830**
Commitments and contingencies								
Letters of credit	6,582,683	1,272,382	18,808	13,168	-	-	162,938	8,049,979
Letters of guarantee	32,000,686	2,454,486	358,570	8,751	-	316,101	355,485	35,494,079
Acceptances	2,259,696	-	-	-	-	-	-	2,259,696
Irrevocable commitments to extend credit	11,793,270	-	-	-	-	-	-	11,793,270
Other	9,750	-	-	-	-	-	-	9,750
Maximum credit exposure (credit equivalent amounts)								
Derivatives								
Held for trading	1,133,894	385,279	1,104,542	74,169	-	-	241,067	2,938,951
Held as fair value hedges	210	214,400	1,456,559	63,875	-	-	-	1,735,044
Commitments and contingencies								
Letters of credit	6,200,863	1,272,382	18,808	13,168	-	-	162,938	7,668,159
Letters of guarantee	16,839,110	1,227,243	179,285	4,376	-	158,050	177,742	18,585,806
Acceptances	2,259,696	-	-	-	-	-	-	2,259,696
Irrevocable commitments to extend credit	4,717,308	-	-	-	-	-	-	4,717,308
Other	975	-	-	-	-	-	-	975

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2024 - restated	Saudi Arabia	Other GCC & Middle East	Europe	North America	Latin America	South East Asia	Other Countries	Total
Assets								
Cash and balances with SAMA								
Cash in hand	2,085,108	-	1,383	-	-	-	-	2,086,491
Balances with SAMA	10,255,870	-	-	-	-	-	-	10,255,870
Due from banks and other financial institutions								
Current accounts	-	137,881	176,831	1,187	-	16,851	125,445	458,195
Money market placements	1,495,641	308,787	1,590,757	-	-	-	-	3,395,185
Investments, net								
Held as FVSI	303,275	-	68	1,551,636	-	-	-	1,854,979
Held as FVOCI	6,337,593	1,965,815	728,293	2,917,023	190,657	82,292	198,771	12,420,444
Held at amortised cost	38,629,336	44,817	-	-	-	-	-	38,674,153
Positive fair value of derivatives								
Held for trading	349,518	233,214	654,375	399,052	-	-	-	1,636,159
Held as fair value hedges	-	-	654,437	-	-	-	-	654,437
Loans and advances, net								
Net corporate banking loans	118,300,683	527,617	5,090,337	1,438,126	-	-	-	125,356,763
Net retail banking loans	44,137,349	-	549	-	-	-	-	44,137,898
Other assets								
Accounts receivable	2,608,552	-	294,865	-	-	-	-	2,903,417
Total assets	**224,502,925**	**3,218,131**	**9,191,895**	**6,307,024**	**190,657**	**99,143**	**324,216**	**243,833,991**
Liabilities								
Due to banks, SAMA and other financial institutions								
Current accounts	-	93,361	2,955	64,670	-	486	679	162,151
Money market deposits & SAMA deposits	11,076,449	2,630,788	446,785	-	-	-	94,290	14,248,312
Customers' deposits								
Demand	92,199,997	-	527,936	-	-	-	-	92,727,933
Time	81,572,482	-	644,167	-	-	-	-	82,216,649
Saving	464,613	-	-	-	-	-	-	464,613
Other	6,814,523	-	-	-	-	-	-	6,814,523
Negative fair value of derivatives								
Held for trading	145,568	54,536	1,035,898	303,295	-	-	-	1,539,297
Held as fair value hedges	-	1,659	3,626	-	-	-	-	5,285
Held as cash flow hedges	12,413	-	41,915	-	-	-	-	54,328
Other liabilities	7,863,598	-	7,677	-	-	-	-	7,871,275
Debt securities in issue	2,828,870	-	-	-	-	-	-	2,828,870
Total liabilities	**202,978,513**	**2,780,344**	**2,710,959**	**367,965**	**-**	**486**	**94,969**	**208,933,236**
Commitments and contingencies								
Letters of credit	5,865,063	17,327	16,725	-	-	-	28	5,899,143
Letters of guarantee	31,127,725	699,407	292,552	852	-	111,190	36,571	32,268,297
Acceptances	2,058,960	2,257	-	-	-	-	-	2,061,217
Irrevocable commitments to extend credit	9,840,260	-	-	-	-	-	-	9,840,260
Other	9,750	-	-	-	-	-	-	9,750
Maximum credit exposure (credit equivalent amounts)								
Derivatives								
Held for trading	1,012,883	741,886	726,483	75,020	-	-	300,089	2,856,361
Held as fair value hedges	67	-	2,282,374	76,693	-	-	-	2,359,134
Commitments and contingencies								
Letters of credit	5,113,608	17,327	16,725	-	-	-	28	5,147,688
Letters of guarantee	16,520,106	349,703	146,276	426	-	55,595	18,285	17,090,391
Acceptances	2,058,960	2,257	-	-	-	-	-	2,061,217
Irrevocable commitments to extend credit	3,936,104	-	-	-	-	-	-	3,936,104
Other	975	-	-	-	-	-	-	975

Credit equivalent amounts reflect the amounts that result from translating the Group's off consolidated statement of financial position liabilities into the risk equivalent of loans using credit conversion factors prescribed by SAMA. Credit conversion factor is meant to capture the potential credit risk related to commitments being exercised.

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32.4.16 The distributions by geographical concentration of non-performing loans and advances and allowance for expected credit losses are as follows:

2025	Non-Performing Loans		Allowance for expected credit losses	
	Retail banking	Corporate banking	Retail banking	Corporate banking
Saudi Arabia	100,884	1,762,761	714,777	2,428,718

2024	Non-Performing Loans		Allowance for expected credit losses	
	Retail banking	Corporate banking	Retail banking	Corporate banking
Saudi Arabia	114,763	1,952,154	668,034	2,400,863

33. Market risk

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as commission rates, foreign exchange rates, and equity prices. The Group classifies exposures to market risk into either trading, non-trading or banking-book.

33.1 Market risk - trading book

The Board of Directors has set limits for the acceptable level of risk in managing the trading book. To manage market risk in the trading book, the Group periodically applies a VaR (Value at Risk) methodology to assess the market risk positions held and to estimate the potential economic loss based on a set of parameters and assumptions regarding changes in market conditions.

A VaR methodology estimates the potential negative change in market value of a portfolio at a given confidence level and over a specified time horizon. The Group uses risk 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 thereof has limitations due to it being based on historical correlations and volatilities in market prices and assumes that the future movements will follow a statistical distribution.

The VaR that the Group measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for one day. The use of 99% confidence level depicts that within a one-day horizon, losses exceeding VaR should occur, on average, not more than once every hundred days.

The VaR represents the market risk in a portfolio at the close of a business day. It does not account for any losses that may occur beyond the defined confidence interval. Actual trading results can, however, differ from the VaR calculations. VaR does not provide a meaningful indication of profits and losses in stressed market conditions.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 1-day holding period assumes that it is possible to hedge or dispose of positions within a one day horizon. This is considered to be a realistic assumption in most cases but may not be true in situations where there is severe market liquidity for a prolonged period.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed VaR.
- VaR is calculated on an end of day basis and does not reflect exposures that may arise on positions during the trading day.
- VaR is dependent upon the Group's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The limitations of VaR are recognised by supplementing the VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the Group carries out stress testing on its trading book to simulate conditions outside normal confidence intervals. The potential losses occurring under stress test conditions are reported regularly to the Bank’s Asset and Liabilities Committee (ALCO) for review.

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The Group's calculated VaR is disclosed below in ⃁ million as follows:

	2025			2024		
	Year-end	High	Low	Year-end	High	Low
Special commission rate risk	0.3371	2.4098	0.2230	0.4844	1.4188	0.3294
Foreign exchange risk	1.6809	5.2665	0.9786	1.5931	10.6243	0.1323
Diversification effect *	(0.3504)	**	**	(0.5105)	**	**
Total VaR (one day measure)	1.6675	5.4172	1.0159	1.5670	10.2134	0.3988

* Total VaR is less than the sum of the VaR of the different market risk types due to risk offsets resulting from a portfolio diversification effect.

** It is not meaningful to compute a diversification effect because the high and low may occur on different days for different risk types.

33.2 Market risk: non-trading or banking book

Market risk on non-trading or banking positions mainly arises from commission rate and foreign currency exposures and equity price changes.

33.2.1 Commission rate risk

Commission rate risk arises from the possibility that changes in commission rates will affect either the fair values or the future cash flows of financial instruments. The Board of Directors has established commission rate gap limits for stipulated periods. The Group monitors positions daily and uses hedging strategies to ensure positions are maintained within the established gap limits.

The following table shows the sensitivity of the Group's consolidated statement of income and equity to a reasonable possible change in commission rates, with other variables held constant. Income sensitivity arises from the impact of assumed changes in commission rates on net special commission income for one year, based on floating rate non-trading financial assets and liabilities held as at year end, after taking into account the effect of hedging. Equity sensitivity is calculated by revaluing fixed rate FVOCI/ FVOCI financial assets, including the effect of any associated hedges for the effect of assumed changes in commission rates. The sensitivity of equity is analyzed by maturity of the asset or swap.

Banking book exposures are monitored and analyzed in their respective currencies and relevant sensitivities are disclosed in ⃁ million as follows:

	2025						
Currency	Increase/ (decrease) in basis points	Sensitivity of net special commission income	Sensitivity of equity				Total
			6 months or less	1 year or less	1-5 years or less	Over 5 years	
⃁	+10	(8.39)	-	(0.02)	(0.27)	-	(0.29)
USD	+10	2.64	(0.07)	(1.74)	(46.59)	-	(48.40)
Others	+10	1.08	-	-	-	-	-
⃁	-10	8.39	-	0.02	0.27	-	0.29
USD	-10	(2.64)	0.07	1.74	46.59	-	48.40
Others	-10	(1.08)	-	-	-	-	-

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	2024							
Currency	Increase/ (decrease) in basis points	Sensitivity of net special commission income	Sensitivity of equity					Total
			6 months or less	1 year or less	1-5 years or less	Over 5 years		
⃁	+10	(2.36)	(0.06)	-	(0.32)	-		(0.38)
USD	+10	(2.45)	(0.02)	(2.16)	(34.26)	(8.31)		(44.75)
Others	+10	0.63	-	-	-	-		-
⃁	-10	2.36	0.06	-	0.32	-		0.38
USD	-10	2.45	0.02	2.16	34.26	8.31		44.75
Others	-10	(0.63)	-	-	-	-		-

33.2.2 Commission rate sensitivity of assets, liabilities and off consolidated statement of financial position items

The Group manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market commission rates on its financial position and cash flows.

The table in next page summarises the Group's exposure to commission rate risk. Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. The Group is exposed to commission rate risk as a result of mismatches or gaps in the amounts of financial assets and liabilities and derivatives, credit related commitment and contingencies that mature or re-price in a given period. The Group manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

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2025	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission bearing	Total
Assets						
Cash and balances with SAMA	24,000	-	-	-	13,143,397	13,167,397
Due from banks and other financial institutions	1,571,233	-	-	-	763,614	2,334,847
Positive fair value derivatives	-	-	-	-	2,070,228	2,070,228
Investments, net						
Held as FVSI	-	-	-	-	2,182,687	2,182,687
Held as FVOCI	540,644	655,270	3,766,852	6,556,312	3,527,477	15,046,555
Held at amortised cost	3,393,170	612,491	589,796	38,187,232	-	42,782,689
Loans and advances, net						
Net corporate banking loans	69,063,462	53,608,525	19,409,584	2,939,847	-	145,021,418
Net retail banking loans	2,786,881	5,644,461	20,451,415	21,395,130	-	50,277,887
Other assets						
Accounts receivable	-	-	-	-	3,590,662	3,590,662
Total assets	**77,379,390**	**60,520,747**	**44,217,647**	**69,078,521**	**25,278,065**	**276,474,370**
Liabilities						
Due to banks, SAMA and other financial institutions	9,350,247	2,485,754	-	-	112,621	11,948,622
Negative fair value derivatives	-	-	-	-	1,326,794	1,326,794
Customers' deposits	94,414,181	29,299,079	3,042,302	-	82,531,218	209,286,780
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	7,722,672	7,722,672
Debt securities in issue	-	451,962	-	-	-	451,962
Total liabilities	**103,764,428**	**32,236,795**	**3,042,302**	**-**	**91,693,305**	**230,736,830**
Commission rate sensitivity on financial assets and liabilities financial position gap	(26,385,038)	28,283,952	41,175,345	69,078,521	(66,415,240)	45,737,540
Commission rate sensitivity for derivative financial instruments	5,783,178	11,986,127	(1,033,055)	(16,736,250)	-	-
Total commission rate sensitivity gap	(20,601,860)	40,270,079	40,142,290	52,342,271	(66,415,240)	45,737,540
Cumulative commission rate sensitivity gap	(20,601,860)	19,668,219	59,810,509	112,152,780	45,737,540	-

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2024 - restated	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission bearing	Total
Assets						
Cash and balances with SAMA	560,000	-	-	-	11,782,361	12,342,361
Due from banks and other financial institutions	3,399,727	-	-	-	453,653	3,853,380
Positive fair value derivatives	-	-	-	-	2,290,596	2,290,596
Investments, net						
Held as FVSI	-	-	-	-	1,854,979	1,854,979
Held as FVOCI	794,865	245,266	3,423,576	4,540,556	3,416,181	12,420,444
Held at amortised cost	2,612,223	515,128	8,640,653	26,906,149	-	38,674,153
Loans and advances, net						
Net corporate banking loans	69,156,025	42,200,288	12,695,660	1,304,790	-	125,356,763
Net retail banking loans	2,520,974	5,190,823	18,011,356	18,414,745	-	44,137,898
Other assets						
Accounts receivable	-	-	-	-	2,903,417	2,903,417
Total assets	**79,043,814**	**48,151,505**	**42,771,245**	**51,166,240**	**22,701,187**	**243,833,991**
Liabilities						
Due to banks, SAMA and other financial institutions	10,435,163	3,813,149	-	-	162,151	14,410,463
Negative fair value derivatives	-	-	-	-	1,598,910	1,598,910
Customers' deposits	72,800,886	16,400,269	404,238	-	92,618,325	182,223,718
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	7,871,275	7,871,275
Debt securities in issue	-	-	-	2,828,870	-	2,828,870
Total liabilities	**83,236,049**	**20,213,418**	**404,238**	**2,828,870**	**102,250,661**	**208,933,236**
Commission rate sensitivity on financial assets and liabilities financial position gap	(4,192,235)	27,938,087	42,367,007	48,337,370	(79,549,474)	34,900,755
Commission rate sensitivity for derivative financial instruments	5,291,179	5,050,982	(1,623,411)	(8,718,750)	-	-
Total commission rate sensitivity gap	1,098,944	32,989,069	40,743,596	39,618,620	(79,549,474)	34,900,755
Cumulative commission rate sensitivity gap	1,098,944	34,088,013	74,831,609	114,450,229	34,900,755	-

The off consolidated statement of financial position gap represents the net notional amounts of derivative financial instruments, which are used to manage commission rate risk.

The effective commission rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current market rate for a floating rate instrument or an instrument carried at fair value.

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33.2.3 Currency risk

Currency risk represents the risk of changes in the value of financial instruments due to changes in foreign exchange rates. Foreign currency risk exposures that arise in the banking book are transferred to the trading book and are managed as part of the trading portfolio. The Board sets various types of currency risk limits that are monitored daily, including position, stop-loss and VaR limits.

The table below shows the currencies to which the Group has a significant exposure as at year end, 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 consolidated statement of income (due to changes in fair values of currency sensitive non-trading monetary assets and liabilities) and equity (due to changes in fair values of currency swaps used as cash flow hedges). A positive effect shows a potential increase in the consolidated statement of income or equity whereas, a negative effect shows a potential net reduction in the consolidated statement of income or equity, and are disclosed as per the below table:

	2025		2024	
Currency risk exposures	Changes in currency rate in %	Effect in value	Changes in currency rate in %	Effect in value
US Dollar	+5 -5	(184,466) 184,466	+5 -5	(87,786) 87,786
Euro	+3 -3	(45) 45	+3 -3	31 (31)
Pound Sterling	+3 -3	(4) 4	+3 -3	3 (3)

33.2.4 Currency position

The Group manages exposure to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions. These limits are monitored daily. At the end of the year, the Group had the following significant net exposures denominated in foreign currencies:

	Long (short) 2025	Long (short) 2024
US Dollar	(3,689,318)	(1,755,718)
Euro	(1,510)	1,039
Pound Sterling	(143)	101

33.2.5 Equity price risk

Equity price risk refers to the risk of a decrease in the fair values of equities in the non-trading investment portfolio as a result of reasonable possible changes in levels of equity indices and the value of individual stocks. The effect on the Group's FVOCI equity investments due to reasonable possible change in equity indices, with all other variables held constant is as follows:

	2025		2024	
Market indices	Change in index %	Effect in value	Change in index %	Effect in value
Tadawul	+5	107,510	+5	81,660
	-5	(107,510)	-5	(81,660)
International indices	+5	55,360	+5	70,960
	-5	(55,360)	-5	(70,960)
Unquoted	+5	109,250	+5	41,230
	-5	(109,250)	-5	(41,230)

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34. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up suddenly. To mitigate this risk, management has diversified funding sources, manages assets with liquidity in mind and maintains a healthy balance of cash, cash equivalents and readily marketable securities.

In accordance with the Banking Control Law and the regulations issued by SAMA, the Group maintains a statutory deposit with SAMA equal to 7% (2024: 7%) of total demand deposits and 4% (2024: 4%) of saving and time deposits.

The Group has the ability to raise additional funds through repo facilities with SAMA mainly against debt instruments issued by Saudi companies or Saudi government.

34.1 Analysis of undiscounted financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. As special commission payments up to contractual maturity are included in the table, totals do not match with the consolidated statement of financial position. The contractual maturities of liabilities have been determined based on the remaining period at the reporting date to the contractual maturity date and do not take into account the effective expected maturities. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not affect the expected cash flows indicated by the Group's deposit retention history.

2025	Within 3 months	3-12 months	1-5 years	Above 5 years	No fixed maturity	Total
Due to banks, SAMA and other financial institutions	9,385,728	2,530,803	-	-	112,621	12,029,152
Customers' deposits	74,042,942	30,213,206	3,424,394	-	103,025,231	210,705,773
Debt securities in issue	-	468,572	-	-	-	468,572
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	7,722,672	7,722,672
Total financial liabilities	**83,428,670**	**33,212,581**	**3,424,394**	**-**	**110,860,524**	**230,926,169**

2024 - restated	Within 3 months	3-12 months	1-5 years	Above 5 years	No fixed maturity	Total
Due to banks, SAMA and other financial institutions	10,411,882	3,883,172	-	-	162,151	14,457,205
Customers' deposits	62,040,691	17,880,147	2,842,820	-	100,562,494	183,326,152
Debt securities in issue	16,402	93,544	305,833	2,906,051	-	3,321,830
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	7,871,275	7,871,275
Total financial liabilities	**72,468,975**	**21,856,863**	**3,148,653**	**2,906,051**	**108,595,920**	**208,976,462**

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34.2 Maturity profile of Group's financial assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to contractual maturities. See note 34.1 for the Group's contractual undiscounted financial liabilities.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Bank, operating subsidiaries and the foreign branch. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

2025	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	2,128,861	-	-	-	11,038,536	13,167,397
Due from banks and other financial institutions	1,575,233	-	-	-	759,614	2,334,847
Positive fair value of derivatives	123,148	212,774	909,303	825,003	-	2,070,228
Investments, net						
Held as FVSI	-	-	-	-	2,182,687	2,182,687
Held as FVOCI	238,637	558,636	3,953,859	6,767,946	3,527,477	15,046,555
Held at amortised cost	2,330,620	95,809	1,264,279	39,091,981	-	42,782,689
Loans and advances, net						
Net corporate banking loans	55,103,439	35,195,802	34,942,499	19,779,678	-	145,021,418
Net retail banking loans	2,995,235	5,644,461	20,256,068	21,382,123	-	50,277,887
Other assets						
Accounts receivable	-	-	-	-	3,590,662	3,590,662
Total assets	**64,495,173**	**41,707,482**	**61,326,008**	**87,846,731**	**21,098,976**	**276,474,370**
Liabilities						
Due to banks, SAMA and other financial institutions	9,350,247	2,485,754	-	-	112,621	11,948,622
Negative fair value of derivatives	78,925	136,365	582,766	528,738	-	1,326,794
Customers' deposits	73,922,541	29,296,686	3,042,322	-	103,025,231	209,286,780
Debt securities in issue	-	451,962	-	-	-	451,962
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	7,722,672	7,722,672
Total liabilities	**83,351,713**	**32,370,767**	**3,625,088**	**528,738**	**110,860,524**	**230,736,830**

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2024 - restated	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	2,647,414	-	-	-	9,694,947	12,342,361
Due from banks and other financial institutions	3,399,727	-	-	-	453,653	3,853,380
Positive fair value of derivatives	313,059	150,263	910,274	917,000	-	2,290,596
Investments, net						
Held as FVSI	-	-	-	-	1,854,979	1,854,979
Held as FVOCI	376,910	275,705	2,672,420	4,543,450	4,551,959	12,420,444
Held at amortised cost	453,492	126,050	10,874,578	27,220,033	-	38,674,153
Loans and advances, net						
Net corporate banking loans	54,459,286	33,426,893	26,505,284	10,965,300	-	125,356,763
Net retail banking loans	2,608,327	5,088,862	17,969,955	18,470,754	-	44,137,898
Other assets						
Accounts receivable	-	-	-	-	2,903,417	2,903,417
Total assets	**64,258,215**	**39,067,773**	**58,932,511**	**62,116,537**	**19,458,955**	**243,833,991**
Liabilities						
Due to banks, SAMA and other financial institutions	10,435,163	3,813,149	-	-	162,151	14,410,463
Negative fair value of derivatives	218,525	104,888	635,401	640,096	-	1,598,910
Customers' deposits	63,109,390	16,685,205	2,422,054	-	100,007,069	182,223,718
Debt securities in issue	-	-	-	2,828,870	-	2,828,870
Other liabilities						
Accrued expenses and accounts payable	-	-	-	-	7,871,275	7,871,275
Total liabilities	**73,763,078**	**20,603,242**	**3,057,455**	**3,468,966**	**108,040,495**	**208,933,236**

35. Fair values of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in either:

- The accessible principal market for the asset or liability.
- The absence of a principal market, in the most advantageous accessible market for the asset or liability; or
- The fair values of on-consolidated statement of financial position for assets and liabilities are not significantly different from their carrying amounts included in the consolidated financial statements.

Determination of fair value and fair value hierarchy. The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities:

- Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking);
- Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data;
- Level 3: valuation techniques for which any significant inputs are not based on observable market data.

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35.1 Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments. It does not include the fair value hierarchy information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

35.1.1 Financial assets

2025	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments at FVSI	2,182,687	23,250	83,034	2,076,403	2,182,687
Investments at FVOCI	15,046,555	4,381,439	9,915,984	749,132	15,046,555
Positive fair value of derivatives	2,070,228	-	2,070,228	-	2,070,228
Financial assets not measured at fair value					
Investments at amortised cost	42,782,689	-	39,677,803	-	39,677,803
Loans and advances	195,299,305	-	-	191,519,118	191,519,118

2024 - restated	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments at FVSI	1,854,979	925,158	-	929,821	1,854,979
Investments at FVOCI	12,420,444	2,811,700	9,004,262	604,482	12,420,444
Positive fair value of derivatives	2,290,596	-	2,290,596	-	2,290,596
Financial assets not measured at fair value					
Investments at amortised cost	38,674,153	-	35,088,458	-	35,088,458
Loans and advances	169,494,661	-	-	165,794,208	165,794,208

35.1.2 Financial Liabilities

2025	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value					
Negative fair value of derivatives	1,326,794	-	1,326,794	-	1,326,794
Financial liabilities not measured at fair value					
Debt securities in issue	451,962	-	451,962	-	451,962

2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value					
Negative fair value of derivatives	1,598,910	-	1,598,910	-	1,598,910
Financial liabilities not measured at fair value					
Debt securities in issue	2,828,870	-	2,758,050	-	2,758,050

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35.2 Measurement of fair values

35.2.1 Transfer between levels of the fair value hierarchy

There have been no transfers between levels of the fair value hierarchy during the years ended December 31, 2025 and 2024.

35.2.2 Reconciliation of Level 3 fair values

The following table shows the movement of Level 3 instruments measured at fair value for the year:

	2025	2024 - restated
Balance at the beginning of the year	1,534,303	1,170,712
Total gains in consolidated statement of income	260,773	138,012
Additions/ Settlements	1,030,459	225,579
Balance at the end of the year	**2,825,535**	**1,534,303**

35.2.3 Valuation technique and significant unobservable inputs

The Group uses various valuation techniques for determination of fair values for financial instruments classified under levels 2 and 3 of the fair value hierarchy. These techniques and the significant unobservable inputs used therein are analysed below.

The Group utilises fund managers' reports (and appropriate discounts or haircuts where required) for the determination of fair values of private equity funds. The fund manager deploys various techniques (such as discounted cashflow models and multiples method) for the valuation of underlying financial instruments classified under levels 2 and 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the fund manager include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

For the valuation of unquoted debt securities and derivative financial instruments, the Group obtains fair value estimates from reputable third party valuers, who use techniques such as discounted cash flows, option pricing models and other sophisticated models.

Loans and advances are classified as Level 3, the fair value of which is determined by discounting future cash flows using expected SAIBOR rates.

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36. Related party transactions

In the ordinary course of its activities, the Group transacts business with related parties. In the opinion of management and the Board of Directors, the related party transactions are performed on an arm's length basis. Related party transactions are governed by limits set by the Banking Control Law and regulations issued by SAMA.

36.1 The balances resulting from transactions with related parties included in the consolidated financial statements are as follows:

	2025	2024 - restated
Non-Saudi Major Shareholder and their Affiliates:		
Investments	781,387	507,312
Due from banks and other financial institutions	95,392	35,996
Due to banks and other financial institutions	567,437	792,777
Commitments and contingencies	2,669,756	2,291,495
Directors, key management personnel, and their affiliates:		
Loans and advances	11,667,447	10,000,411
Customers' deposits	4,339,336	3,265,863
Commitments and contingencies	2,074,263	1,875,832
Investments	819,352	413,165
Associates:		
Investments in associates	908,126	889,646
Loans and advances	2,258,442	2,246,997
Customers' deposits	14,357	36,093
Commitments and contingencies	2,074	-

36.2 Income and expense transactions with related parties included in these consolidated financial statements are as follows:

	2025	2024 - restated
Special commission income	1,122,350	1,111,043
Special commission expense	157,858	128,615
Fees and commission income	43,259	53,222
Share in earnings of associates, net	27,403	144,801
Directors' remuneration expense	14,944	13,349
Miscellaneous expenses	117,459	141,667
Insurance contracts expense	90	1,541

Special commission income mainly include income from directors, key management personnel and their affiliates.

36.3 The total amount of compensation paid to key management personnel during the year is as follows:

	2025	2024
Short-term employee benefits (Salaries and allowances)	60,372	51,098
Post-employment benefits (End of service indemnity and social security)	7,324	5,338

Key management personnel are those persons, including an executive director, having direct or indirect authority and responsibility for planning, directing and controlling the activities of the Group.

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37. Capital adequacy

The Group's objectives when managing capital is to comply with the capital requirements set by SAMA; to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base. During the year, the Group fully complied with regulatory capital requirements.

The Group monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Group's eligible capital with its interim consolidated statement of financial position assets, commitments and notional amounts of derivatives at a weighted amount to reflect their relative risk.

The current year figures are presented as per Basel III revised framework issued by SAMA effective from January 1, 2023.

Accordingly, the Group's Pillar I consolidated Risk Weighted Assets (RWA), total capital and related ratios are as follows:

	2025	2024 - restated
Credit Risk RWA	227,747,430	198,277,680
Operational Risk RWA	12,256,651	10,684,489
Market Risk RWA	13,667,159	14,410,729
Total Pillar I RWA	**253,671,240**	**223,372,898**
Tier I Capital	49,482,510	38,723,783
Tier II Capital	1,305,945	3,905,342
Total Tier I & II Capital	**50,788,455**	**42,629,125**
Capital Adequacy Ratio %		
CETI	16.44%	17.30%
Tier I ratio	19.51%	17.34%
Tier I + Tier II ratio	20.02%	19.08%

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision as adopted by SAMA in supervising the Bank.

38. Investment management services

The Group offers investment services to its customers, which include management of investment funds with assets totaling ⃁ 24,563 million (2024: ⃁ 15,614 million).

The financial statements of these funds are not consolidated with these consolidated financial statements, as the Group is not significantly exposed to variability of return and hence do not qualify to be considered as a subsidiary. However, the Group's share of these non-consolidated funds is included in FVSI investments and fees earned are disclosed under related party transactions.

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

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39. Held for sale and discontinued operations

The Board of Directors has approved a plan to lose control over Arabian Heavy Equipment Leasing Company (AHEL), an 87.5% owned subsidiary. The subsidiary meets the criteria to be classified as held for sale for the following reasons:

- AHEL is available for immediate sale and can be sold in its current condition;
- There is an active buyer, where the sale plan is expected to be completed within one year from the date of initial classification; and
- The Group is committed to follow all steps required for the sale arrangements to be executed in line with the approved plan.

The Group has classified and presented the assets and liabilities of AHEL (the "disposal group") as "held for sale" in the Group's statement of financial position in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations". As the business of AHEL meets the definition of discontinued operations under IFRS 5, the results for the year have been classified as discontinued operations in the consolidated statement of income.

Summarised statement of financial position of AHEL, after intragroup adjustments, in the consolidated financial statements as at December 31, 2025 as follow:

	2025
Assets classified as held for sale:	
Property, equipment and right of use assets, net	186,624
Other assets	63,461
Total assets classified as held for sale	**250,085**
Liabilities directly associated with assets classified as held for sale:	
Other Liabilities	11,358
Total liabilities directly associated with assets classified as held for sale	**11,358**

Summarised statement of income of AHEL, after intragroup adjustments, in the consolidated financial statements for the year ended December 31, 2025 and 2024 as follow:

	2025	2024
Total operating income	67,534	75,033
Total operating expenses	58,541	60,935
Zakat and tax	3,033	3,590
Net Income from discontinued operations for the year	**5,960**	**10,508**

40. Subsequent events

40.1 Cash dividends

On January 31, 2026, the Board of Directors approved to pay cash dividends of ⃁ 1,300 million for the second half of 2025 after deducting zakat. This final dividend will result in a net payment of ⃁ 0.65 per share to Saudi shareholders. Upon distribution, the tax liability of the non-Saudi strategic shareholder for the current and prior period (if any) will be deducted from their share of the dividend. This final dividend will be distributed on February 16, 2026.

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41. Comparative figures

41.1 Certain prior year figures have been reclassified to conform with current period presentation, which are not material in nature to the consolidated financial statements.

41.2 During the year ended December 31, 2025, the Group corrected the classification of some of its investments from "Debt investments at FVOCI" and "Investments at amortised cost" to "Equity investments at FVOCI". These adjustments are considered as correction as per IAS 8 (Accounting policies, Changes and Accounting Estimates and Error) and are material to the consolidated financial statements and accordingly the disclosure note 6 to the consolidated financial statements, consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of income have been restated.

41.3 During the year ended December 31, 2025, the Group corrected its valuation of its equity interest in equity instruments that are classified as investment at FVOCI which was historically valued at cost. These adjustments are considered as correction as per IAS 8 (Accounting policies, Changes and Accounting Estimates and Error) and are material to the consolidated financial statements and accordingly the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity have been restated.

41.4 During the year ended December 31, 2025, the Group corrected its calculation of deferred tax. These adjustments are considered as correction as per IAS 8 (Accounting policies, Changes and Accounting Estimates and Error) and are material to the consolidated financial statements and accordingly the consolidated statement of financial position and consolidated statement of changes in equity have been restated.

Accordingly, the Group has restated the impacted line items to correct the financial statements for prior periods as follows:

	Note	As previously presented	Restatement	Restated
Consolidated statement of financial position as at December 31, 2024				
Investments, net	41.3	52,345,094	604,482	52,949,576
Other assets	41.4	3,204,153	(71,825)	3,132,328
Other reserves	41.3	110,945	604,482	715,427
Retained earnings	41.4	6,216,685	(71,825)	6,144,860
Consolidated statement of income for the year ended December 31, 2024				
Special commission income	41.2	14,454,214	(47,753)	14,406,461
Dividend income	41.2	157,628	47,753	205,381
Consolidated statement of comprehensive income for the year ended December 31, 2024				
Equity instruments at FVOCI: Net changes in fair value	41.3	(253,966)	64,460 *	(189,506)

* The restated amount as stated in the above table includes a credit balance of ⃁ 3,717 thousand pertains to reclassification as per note 41.2 above.

42. Board of Directors' approval

The consolidated financial statements were approved by the Board on Sha'aban 10, 1447 (corresponding to January 29, 2026).