

Saudi Awwal Bank Consolidated Financial Statements

For the year ended
31 December 2025



Consolidated Financial Statements

For the year ended 31 December 2025

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Independent Auditors' Report

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Saudi Awwal Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 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, which include material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, a description of how our audit addressed the matter is provided in that context:

Independent Auditors' Report (continued)

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

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
<i>Expected credit loss allowance against loans and advances and credit related commitments and contingencies</i>	
<p>As at 31 December 2025, gross loans and advances and credit related commitments and contingencies of the Group were Saudi Arabian Riyals (SAR) 305.83 billion and SAR 207.47 billion respectively against which provision for expected credit losses ("ECL") of SAR 7.20 billion and SAR 1.09 billion were maintained, respectively.</p> <p>We considered the above as a key audit matter, as the determination of provision for ECL involves significant estimation and management judgment, and this has a material impact on the consolidated financial statements of the Group. The key areas of judgment include:</p> <ol style="list-style-type: none"> 1. Categorisation of loans into Stages 1, 2 and 3 based on the identification of: <ol style="list-style-type: none"> (a) exposures with a significant increase in credit risk ("SICR") since their origination; and (b) individually impaired / defaulted exposures. <p>The Group has applied additional judgments to identify and estimate the likelihood of borrowers experiencing SICR due to the current economic outlook.</p> 2. Assumptions used in the ECL models for determining probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") including, but not limited to, assessment of financial condition of the counterparties, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages. 	<ul style="list-style-type: none"> • We obtained and updated our understanding of management's assessment of the provision for ECL against loans and advances and credit related commitments and contingencies, including the Group's internal rating model, accounting policy and model methodology, considering any key changes made during the year. • We compared the Group's accounting policy on the provision for ECL and the ECL methodology with the requirements of IFRS 9. • We assessed the design and implementation, and on a sample basis tested the operating effectiveness of key controls (including relevant IT general and application controls) over: <ul style="list-style-type: none"> ○ the ECL models, including governance over the models and their updates performed during the year, including approval by the IFRS 9 Committee of the key inputs, assumptions and post model overlays; ○ the classification of loans and advances and credit related commitments and contingencies 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 models; and ○ the integrity of data inputs into the ECL models. • For a sample of customers, we assessed: <ul style="list-style-type: none"> ○ the internal ratings determined by management for corporate loans, based on the Group's internal rating model, and considered these assigned ratings in the light of external market conditions and available industry information. We also confirmed that these were consistent with the ratings used as inputs in the ECL models; and ○ management's computation of provision for ECL.

Independent Auditors' Report (continued)

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

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
<i>Expected credit loss allowance against loans and advances and credit related commitments and contingencies (continued)</i>	
<p>3. The need to apply post model adjustments using expert credit judgment to reflect all relevant risk factors that might not have been captured by the ECL models.</p> <p>The application of these judgments and estimates results in greater estimation uncertainty, and the associated audit risk regarding the provision for ECL calculation as at 31 December 2025.</p> <p><i>Refer to note 1.1f(i) to the consolidated financial statements for the disclosure of critical accounting judgments, estimates and assumptions relating to provision for ECL on financial assets, loan commitments and financial guarantee contracts and the ECL methodology used by the Group; note 2B(v) and (vi) for the material accounting policies of the impairment of financial assets and financial guarantees and loan commitments; note 6 for the provision of ECL against loans and advances; note 20 for the provision of ECL against loan commitments and financial guarantee contracts and note 31(ii) for details of credit quality analysis and key assumptions and factors considered in the determination of provision for ECL.</i></p>	<ul style="list-style-type: none"> For selected loans, we evaluated management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any. We assessed the appropriateness of the Group's criteria for the determination of SICR and identification of "default" or "individually impaired" exposures and their classification into stages. Furthermore, for a sample of exposures, we assessed the appropriateness of the staging classification of the Group's loan portfolio. We assessed the governance process implemented and the qualitative factors considered by the Group when applying any overlays or making any adjustments to the output from the ECL models, due to data or model limitations or otherwise. We assessed the reasonableness of the underlying assumptions used by the Group in the ECL models, including forward looking assumptions, keeping in view the uncertainty and volatility in economic scenarios. We tested the completeness and accuracy of data supporting the provision for ECL calculations as at 31 December 2025. Where required, we involved our internal experts to assist us in evaluating models calculations, interrelated inputs (including EADs, PDs and LGDs) and assessing the reasonableness of assumptions used in the ECL models, particularly around macroeconomic variables, and probability weights. We assessed the adequacy of disclosures in the consolidated financial statements.

Independent Auditors' Report (continued)

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

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
<p><i>Derivative financial instruments and hedge accounting</i></p>	
<p>The Group has entered into various derivative transactions, including special commission rate swaps ("swaps"); commodity swaps ("swaps"); special commission rate options ("options"); currency swaps ("swaps"); forward foreign exchange contracts ("forwards") and other derivative contracts. Swaps, options, forwards and other derivative contracts include over-the-counter ("OTC") derivatives, and the valuation of these contracts is subjective as it takes into account a number of assumptions and model calibrations.</p> <p>The majority of these derivatives are held for trading. However, the Group utilises certain derivatives for hedge accounting purposes in the consolidated financial statements for hedging cash flows or fair value risks. An inappropriate valuation of derivatives could have a material impact on the consolidated financial statements and, in case of hedge ineffectiveness, impact the hedge accounting as well.</p> <p>We considered this as a key audit matter, as there is complexity and subjectivity involved in determining the valuation and, where appropriate, hedge effectiveness.</p> <p>As at 31 December 2025, the positive and negative fair values of derivatives held by the Group amounted to SAR 2.41 billion and SAR 2.27 billion respectively.</p> <p><i>Refer to the basis of preparation note 1.1f(ii) to the consolidated financial statements for the disclosure of critical accounting judgments, estimates and assumptions regarding fair value measurement; note 2.D for the material accounting policies relating to derivative financial instruments and hedge accounting; and note 11 for the derivative positions as at the reporting date.</i></p>	<ul style="list-style-type: none"> ● We assessed the design and implementation, and on a sample basis tested the operating effectiveness of the key controls over management's process for valuation of derivatives and hedge accounting, including testing of relevant automated and manual controls covering the fair valuation process for derivatives. ● We selected a sample of derivatives and: <ul style="list-style-type: none"> ○ tested the accuracy of system bookings by comparing the terms and conditions with relevant agreements and deal confirmations; ○ involved our internal experts to assist us in assessing the appropriateness of the key inputs to the derivative valuation models; ○ involved our internal experts to assist us in re-performing valuations of the derivatives and compared the result with management's valuation; and ○ considered the hedge effectiveness performed by the Group and assessed the related hedge accounting. ● We assessed the adequacy of disclosures regarding the valuation basis in accordance with IFRS 13 as endorsed in the Kingdom of Saudi Arabia and inputs used in the fair value measurement as detailed in the consolidated financial statements.

Independent Auditors' Report (continued)

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

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
<p><i>Carrying value of goodwill</i></p>	
<p>As at 31 December 2025, the Group's goodwill balance amounted to SAR 8.78 billion. Management performed a goodwill impairment test as at the reporting date.</p> <p>We considered the impairment assessment of goodwill as a key audit matter because it involves the determination of value in use ("VIU") and subjectivity surrounding the allocation of goodwill to individual CGUs. The VIU calculations are based on future forecasts, which are inherently uncertain, require significant judgment and are subject to the risk of management bias. Aside from profit forecasts, other significant judgments included in the VIU are discount rates and macroeconomic assumptions such as long-term growth rates. Consequently, there is a risk that if the judgments and assumptions underpinning the impairment assessment are inappropriate, then the carrying amount of goodwill balance may be misstated.</p> <p><i>Refer to the basis of preparation note 1.1f(iii) to the consolidated financial statements for the disclosure of critical accounting judgments, estimates and assumptions regarding the impairment of the goodwill; note 2H(i) for the material accounting policies for the impairment policy for goodwill; and note 9 for the disclosure of the impairment testing of goodwill.</i></p>	<ul style="list-style-type: none"> • We obtained an understanding of management's processes for impairment assessment and evaluated the design and implementation of controls. • We assessed whether the identification of the cash generating units ("CGUs") and the allocation of the goodwill to individual CGUs is appropriate and reflects our understanding of the business and how it operates. • We reviewed the strategic / operating plan as approved by the Board of Directors and checked that forecast information used in the goodwill impairment assessment conducted by management was consistent with this plan. • We evaluated the reasonableness of the VIU calculations and the underlying assumptions and engaged our internal valuation experts to independently assess the long-term profit growth rate and discount rate using relevant market data and external benchmarks. • We evaluated the sensitivity of the VIU model to changes in key assumptions that are; long-term profit growth rate and discount rate by assessing outcomes within a reasonably possible range. • We assessed the adequacy of disclosures in the consolidated financial statements.

Independent Auditors' Report (continued)**To the Shareholders of Saudi Awwal Bank (A Saudi Joint Stock Company)****Report on the audit of the consolidated financial statements (continued)****Other information included in the Group's 2025 annual report**

Management is responsible for the other information in the Group's annual report. Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditors' report thereon. The Group's annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the Group's 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

Independent Auditors' Report (continued)**To the Shareholders of Saudi Awwal Bank (A Saudi Joint Stock Company)****Report on the audit of the consolidated financial statements (continued)****Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

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

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

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

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

Independent Auditors' Report (continued)

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

Report on the audit of the consolidated financial statements (continued)

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

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

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers

Ernst & Young Professional Services

Mufaddal A. Ali
Certified Public Accountant
License number: 447

Ahmed Ibrahim Reda
Certified Public Accountant
License number: 356

27 Sha'ban 1447
(15 February 2026)



Saudi Awwal Bank

Consolidated statement of financial position

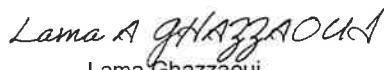
As of 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

	Notes	2025 # '000	2024 # '000 (Restated)*
ASSETS			
Cash and balances with Saudi Central Bank ('SAMA')	3	23,840,096	17,362,692
Due from banks and other financial institutions, net	4	2,878,181	3,429,772
Investments, net	5, 41	107,641,898	99,572,794
Positive fair value of derivatives, net	11	2,405,729	2,631,208
Loans and advances, net	6	298,626,505	259,345,516
Investment in an associate	7	399,507	463,350
Property, equipment and right of use assets (ROU), net	8	3,586,736	4,087,561
Goodwill and other intangibles, net	9	11,219,326	10,660,468
Other assets	10	3,856,506	3,050,018
Total assets		454,454,484	400,603,379
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	12	25,700,960	40,996,981
Customers' deposits	13	323,273,854	267,010,659
Negative fair value of derivatives, net	11	2,273,572	2,546,204
Debt securities in issue and term loans	14	7,895,554	5,178,059
Other liabilities	15	15,972,005	15,424,723
Total liabilities		375,115,945	331,156,626
EQUITY			
Equity attributable to equity holders of the Bank			
Share capital	16	20,547,945	20,547,945
Share premium		8,524,882	8,524,882
Statutory reserve	17	20,547,945	20,547,945
Other reserves	18, 41	(354,432)	(1,900,284)
Retained earnings	41	17,685,699	11,706,470
Proposed dividends			2,054,795
Total equity attributable to equity holders of the Bank		66,952,039	61,481,753
Additional Tier 1 Sukuk	19	12,386,500	7,965,000
Total equity		79,338,539	69,446,753
Total liabilities and equity		454,454,484	400,603,379

*Refer to note 41

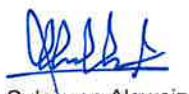
The accompanying notes [1 to 42] form an integral part of these consolidated financial statements.


Lama Ghazzaoui

Chief Financial Officer



Tony Cripps
Chief Executive Officer & Managing Director


Sulaiman Algwaiz
Board Vice Chair



Consolidated statement of income

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

	Notes	2025 SR '000	2024 SR '000 (Restated)*
Special commission income	21, 41	22,362,510	20,609,021
Special commission expense	21	(10,735,966)	(9,477,916)
Net special commission income		11,626,544	11,131,105
Fee and commission income	22, 41	4,247,539	3,880,761
Fee and commission expense	22, 41	(2,920,915)	(2,538,804)
Net fee and commission income		1,326,624	1,341,957
Exchange income, net		1,086,595	1,132,874
Gain from FVSI financial instruments, net	23	563,326	554,929
Dividend income		26,535	7,323
Gain / (loss) on FVOCI debt instruments, net		94,497	(60,924)
Gain / (loss) on amortised cost investments, net		2,021	(41,808)
Other operating income		117,592	69,549
Other operating expense		(119,771)	(117,333)
Net other operating income		(2,179)	(47,784)
Total operating income		14,723,963	14,017,672
Provision for expected credit losses, net	31(i) (a)	(703,514)	(566,063)
Operating expenses			
Salaries and employee related expenses	24	(2,418,677)	(2,271,876)
Rent and premises related expenses		(84,804)	(77,818)
Depreciation and amortization	8,9	(711,910)	(546,646)
General and administrative expenses	25	(1,246,915)	(1,394,556)
Total operating expenses		(4,462,306)	(4,290,896)
Income from operating activities		9,558,143	9,160,713
Share in earnings of an associate	7	141,012	205,369
Net income for the year before Zakat and income tax		9,699,155	9,366,082
Provision for income tax	27	(551,101)	(629,817)
Provision for Zakat	27	(695,960)	(665,804)
Net income for the year after Zakat and income tax		8,452,094	8,070,461
Basic and diluted earnings per share (in SR)	26	3.81	3.78

*Refer to note 41

The accompanying notes [1 to 42] form an integral part of these consolidated financial statements.

Lama A. Ghazzaoui

Lama Ghazzaoui
Chief Financial Officer

DM

Tony Cripps
Chief Executive Officer & Managing Director

Sulaiman Algwaiz

Sulaiman Algwaiz
Board Vice Chair



Consolidated statement of comprehensive income

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

	Notes	2025 SR '000	2024 SR '000
Net income for the year after Zakat and income tax		8,452,094	8,070,461
Other comprehensive income / (loss) for the year			
Items that will not be reclassified to consolidated statement of income in subsequent years			
Net changes in fair value of FVOCI equity instruments	18	123,080	113,805
Re-measurement of defined benefit liability	18, 29	(90,723)	62,470
Items that will be reclassified to consolidated statement of income in subsequent years			
Debt instrument at FVOCI:			
Net changes in fair value, net	18	1,488,132	(1,261,373)
Transfer to consolidated statement of income, net	18	(64,235)	60,924
Cash flow hedges:			
Net changes in fair value	18	25,357	(249,308)
Transfer to consolidated statement of income, net	18	-	1,171
Total other comprehensive income / (loss)		1,481,611	(1,272,311)
Total comprehensive income for the year		9,933,705	6,798,150

The accompanying notes [1 to 42] form an integral part of these consolidated financial statements.

Lama A. GHAZZAOUI

Lama Ghazzaoui
Chief Financial Officer

Tony Cripps

Tony Cripps
Chief Executive Officer & Managing Director

Sulaiman Algwaiz

Sulaiman Algwaiz
Board Vice Chair

Saudi Awwal Bank

Consolidated statement of changes in equity

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

2025	Note	Attributable to equity holders of the Bank							Additional Tier 1 Sukuk ‘000	Total Equity ‘000
		Share Capital ‘000	Share premium ‘000	Statutory reserve ‘000	Other reserves ‘000	Retained Earnings ‘000	Proposed dividends ‘000	Total ‘000		
Balance at the beginning of the year		20,547,945	8,524,882	20,547,945	(2,818,768)	11,464,384	2,054,795	60,321,183	7,965,000	68,286,183
Effect of restatement	41	-	-	-	918,484	242,086	-	1,160,570	-	1,160,570
Balance at the beginning of the year (restated)		20,547,945	8,524,882	20,547,945	(1,900,284)	11,706,470	2,054,795	61,481,753	7,965,000	69,446,753
Total comprehensive income / (loss) for the year		-	-	-	-	8,452,094	-	8,452,094	-	8,452,094
Net income for the year after Zakat and income tax		-	-	-	-	-	-	-	-	8,452,094
Net changes in fair value of cash flow hedges	18	-	-	-	25,357	-	-	25,357	-	25,357
Net changes in fair value of FVOCI equity instruments	18	-	-	-	123,080	-	-	123,080	-	123,080
Net changes in fair value of FVOCI debt instruments	18	-	-	-	1,488,132	-	-	1,488,132	-	1,488,132
Re-measurement of defined benefit liability	18, 29	-	-	-	(90,723)	-	-	(90,723)	-	(90,723)
Transfer to consolidated statement of income, net	18	-	-	-	(64,235)	-	-	(64,235)	-	(64,235)
-	-	-	-	-	1,481,611	8,452,094	-	9,933,705	-	9,933,705
Employee share plan reserve net charge and shares vested		-	-	-	64,241	-	-	64,241	-	64,241
Additional Tier 1 Sukuk payments		-	-	-	-	(625,238)	-	(625,238)	-	(625,238)
Additional Tier 1 Sukuk issued	19	-	-	-	-	-	-	-	4,421,500	4,421,500
Additional Tier 1 Sukuk issuance cost	19	-	-	-	-	(20,505)	-	(20,505)	-	(20,505)
2025 interim dividend, net of Zakat and income tax	16	-	-	-	-	(2,089,619)	-	(2,089,619)	-	(2,089,619)
2024 final dividend, net of Zakat and income tax	16	-	-	-	-	262,497	(2,054,795)	(1,792,298)	-	(1,792,298)
Balance at the end of the year		20,547,945	8,524,882	20,547,945	(354,432)	17,685,699	-	66,952,039	12,386,500	79,338,539

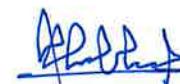
The accompanying notes [1 to 42] form an integral part of these consolidated financial statements.



Lama Ghazzaoui
Chief Financial Officer



Tony Cripps
Chief Executive Officer & Managing Director



Sulaiman Algwaiz
Board Vice Chair

Saudi Awwal Bank

Consolidated statement of changes in equity

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

Attributable to equity holders of the Bank										
2024 (Restated)*	Note	Share Capital 非 '000	Share premium 非 '000	Statutory reserve 非 '000	Other reserves 非 '000	Retained Earnings 非 '000	Proposed dividends 非 '000	Total 非 '000	Additional Tier 1 Sukuk 非 '000	Total Equity 非 '000
Balance at the beginning of the year		20,547,945	8,524,882	20,547,945	(1,414,343)	9,708,134	-	57,914,563	3,985,000	61,899,563
Effect of restatement	41	-	-	-	918,484	242,086	-	1,160,570	-	1,160,570
Balance at the beginning of the year (restated)		20,547,945	8,524,882	20,547,945	(495,859)	9,950,220	-	59,075,133	3,985,000	63,060,133
Total comprehensive income / (loss) for the year		-	-	-	-	8,070,461	-	8,070,461	-	8,070,461
Net income for the year after Zakat and income tax		-	-	-	-	8,070,461	-	8,070,461	-	8,070,461
Net changes in fair value of cash flow hedges	18	-	-	-	(249,308)	-	-	(249,308)	-	(249,308)
Net changes in fair value of FVOCI equity instruments	18	-	-	-	113,805	-	-	113,805	-	113,805
Net changes in fair value of FVOCI debt instruments	18	-	-	-	(1,261,373)	-	-	(1,261,373)	-	(1,261,373)
Re-measurement of defined benefit liability	18, 29	-	-	-	62,470	-	-	62,470	-	62,470
Transfer to consolidated statement of income, net	18	-	-	-	62,095	-	-	62,095	-	62,095
		-	-	-	(1,272,311)	8,070,461	-	6,798,150	-	6,798,150
Purchase of treasury shares		-	-	-	(176,804)	-	-	(176,804)	-	(176,804)
Employee share plan reserve net charge and shares vested		-	-	-	44,690	-	-	44,690	-	44,690
Additional Tier 1 Sukuk Payments		-	-	-	-	(304,617)	-	(304,617)	-	(304,617)
Additional Tier 1 Sukuk issued	19	-	-	-	-	-	-	-	3,980,000	3,980,000
Additional Tier 1 Sukuk issuance cost	19	-	-	-	-	(16,587)	-	(16,587)	-	(16,587)
2024 final dividend proposed, net of Zakat and income tax		-	-	-	-	(2,054,795)	2,054,795	-	-	-
2024 interim dividend, net of Zakat and income tax	16	-	-	-	-	(2,090,828)	-	(2,090,828)	-	(2,090,828)
2023 final dividend, net of Zakat and income tax	16	-	-	-	-	(1,847,384)	-	(1,847,384)	-	(1,847,384)
Balance at the end of the year		20,547,945	8,524,882	20,547,945	(1,900,284)	11,706,470	2,054,795	61,481,753	7,965,000	69,446,753

*Refer to note 41

The accompanying notes [1 to 42] form an integral part of these consolidated financial statements.



Lama Ghazzaoui
Chief Financial Officer



Tony Cripps
Chief Executive Officer & Managing Director



Sulaiman Algwaiz
Board Vice Chair

Consolidated statement of cash flows

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

	Note	2025 K '000	2024 K '000 (Restated)*
OPERATING ACTIVITIES			
Net income for the year before Zakat and income tax		9,699,155	9,366,082
Adjustments to reconcile net income before Zakat and income tax to net cash from operating activities:			
Amortisation of premium on investments not held as FVSI investments, net		(372,867)	(358,971)
Depreciation and amortization	8.9	711,910	546,646
Special commission expense on debt securities in issue and term loans		361,383	402,538
Special commission expense on lease liabilities		(36,342)	13,149
(Gain) / Loss on amortised cost financial instruments		(2,021)	41,808
Gain on FVOCI financial instruments		(30,262)	-
(Gain) / Loss transferred to consolidated statement of income	18	(64,235)	62,095
Share in earnings of an associate	7	(141,012)	(205,369)
Provision for expected credit losses, net	31 (i) (a)	703,514	566,063
Employee share plan reserve		64,241	44,690
		10,893,464	10,478,731
Change in operating assets:			
Statutory deposit with SAMA		(2,029,984)	(1,417,215)
Due from banks and other financial institutions		137,441	66,411
Investments held as FVSI		(441,131)	14,011
Loans and advances		(40,023,303)	(43,864,853)
Positive fair value derivatives		250,836	(512,134)
Other assets		(404,015)	(58,840)
Change in operating liabilities:			
Due to banks		(15,296,021)	21,318,063
Customers' deposits		56,263,195	13,553,169
Negative fair value derivatives		(272,632)	314,734
Other liabilities		237,661	916,552
		9,315,511	808,629
Special commission paid on debt securities in issue		(399,553)	(402,341)
Zakat and income tax paid	27	(1,254,873)	(1,155,222)
Net cash generated / (used in) from operating activities		7,661,085	(748,934)
INVESTING ACTIVITIES			
Proceeds from sale and maturity of investments not held as FVSI		7,286,100	22,802,264
Purchase of investments not held as FVSI		(12,899,886)	(25,490,935)
Dividend received from an associate	7	204,855	204,065
Purchase of property, equipment and intangibles, net		(769,943)	(893,382)
Net cash used in investing activities		(6,178,874)	(3,377,988)
FINANCING ACTIVITIES			
Proceeds from debt securities in issue and term loans		7,755,665	-
Repayment of debt securities in issue		(5,000,000)	-
Payment of lease liabilities		(109,027)	(118,321)
Additional Tier 1 Sukuk payments		(625,238)	(304,617)
Additional Tier 1 Sukuk issued		4,421,500	3,980,000
Additional Tier 1 Sukuk issuance cost		(20,505)	(14,289)
Dividends paid		(3,869,052)	(3,946,034)
Purchase of treasury shares		-	(176,804)
Net cash generated / (used in) from financing activities		2,553,343	(580,065)
Net change in cash and cash equivalents		4,035,554	(4,706,987)
Cash and cash equivalents at beginning of the year	28	5,491,697	10,198,684
Cash and cash equivalents at end of the year	28	9,527,251	5,491,697
Special commission income received	41	22,362,333	20,255,212
Special commission expenses paid		(10,589,194)	(9,502,684)
Supplemental non-cash information			
Net changes in fair value and transfers to consolidated statement of income		1,481,611	(1,272,311)

*Refer to note 41

The accompanying notes [1 to 42] form an integral part of these consolidated financial statements.

Lama A. GHAZZAOUI

Lama Ghazzaoui
Chief Financial Officer

TONY CRIPPS

Tony Cripps
Chief Executive Officer & Managing Director

Sulaiman Algwaiz

Board Vice Chair



Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

1. General and basis of preparation

Saudi Awwal Bank ('SAB') is a Saudi joint stock company incorporated in the Kingdom of Saudi Arabia and was established by a Royal Decree No. M/4 dated 12 Safar 1398H (21 January 1978). SAB formally commenced business on 26 Rajab 1398H (1 July 1978) by taking over of the operations of The British Bank of the Middle East in the Kingdom of Saudi Arabia. SAB operates under Commercial Registration No. 1010025779 and Unified No. 7000018668 dated 22 Dhul Qadah 1399H (13 October 1979) as a commercial bank through a network of 100 branches (31 December 2024: 103 branches) in the Kingdom of Saudi Arabia. The address of SAB's head office is as follows:

Saudi Awwal Bank
7383 King Fahad Branch Rd
2338 Al Yasmeen Dist.
13325
Riyadh
Kingdom of Saudi Arabia

The shareholders of the Saudi British Bank and Alawwal Bank ('AAB') approved the merger of the two banks at Extraordinary General Meetings held on 15 May 2019 pursuant to Articles 191-193 of the Companies Law issued under Royal Decree No. M3 dated 28/1/1437H (corresponding to 10/11/2015G) (the 'Companies Law'), and Article 49 (a) (1) of the Merger and Acquisitions Regulations issued by the Capital Markets Authority of the Kingdom of Saudi Arabia (the 'CMA').

Subsequent to the above merger, the Group has changed its commercial name from 'The Saudi British Bank' to 'Saudi Awwal Bank' effective from 11 June 2023.

The objectives of SAB are to provide a range of banking services. SAB also provides Shariah-compliant products, which are approved and supervised by an independent Shariah Committee established by SAB.

Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

The details of the Group's significant subsidiaries and associate are as follows:

Name of Subsidiary / Associate	Ownership %		Description
	2025	2024	
Arabian Real Estate Company Limited ('ARECO')	100%	100%	A limited liability company incorporated in the Kingdom of Saudi Arabia under the unified No. 7001750764 dated 12 Jumada I 1424H (12 July 2003). ARECO is engaged in real estate activities.
SAB Markets Limited	100%	100%	A limited liability company incorporated in the Cayman Islands under commercial registration No 323083 dated 21 Shaban 1438H (17 May 2017). SAB Markets is engaged in derivatives trading and repo activities.
Alawwal Invest Company ('SAB Invest')	100%	100%	A closed joint stock company incorporated in the Kingdom of Saudi Arabia under the unified No. 7001571335 dated 30 Thul-Hijjah 1428H (9 January 2008). Alawwal Invest was formed and licensed as a capital market institution in accordance with the CMA's Resolution No. 1 39 2007. SAB Invest's principal activity is to engage in security activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities.
Alawwal Real Estate Company ('AREC')	100%	100%	A limited liability company incorporated in the Kingdom of Saudi Arabia under the unified No. 7001711535 dated 21 Jumada I 1429H (26 May 2008). AREC is engaged in real estate activities.
X-Tech fund	100%	100%	A private equity fund incorporated in the Kingdom of Saudi Arabia dated 12 Shawwal 1445H (21 April 2024) which is engaged in investing activities and managed by SAB Invest.
HSBC Saudi Arabia (Associate)	49%	49%	A closed joint stock company incorporated in the Kingdom of Saudi Arabia under the unified No. 7001507842 dated 27 Jumada II 1427H (23 July 2006). HSBC Saudi Arabia is an associate of the Group, formed and licensed as a capital market institution in accordance with the Resolution No. 37-05008 of the CMA dated 05 Thul-Hijjah 1426H corresponding to 05 January 2006. HSBC Saudi Arabia's principal activity is to engage in securities activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities.

SAB has participated in the following structured entity for the purpose of effecting syndicated loan transactions in the Kingdom of Saudi Arabia. This entity has no other business operations. SAB does not consolidate this entity. The details of the entity are as follows:

Name of entity	Ownership %		Description
	2025	2024	
Saudi Kayan Assets Leasing Company	50%	50%	The entity was incorporated for the purpose of effecting syndicated loan transactions and securing collateral rights over specific assets of the borrowers of those facilities under Islamic financing structure.

Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

1.1. Basis of preparation

a) Statement of compliance

The consolidated financial statements of the Group have been prepared:

- in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ('SOCPA'); and
- in compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia, and By-laws of the Bank.

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of derivatives, financial instruments held at fair value through statement of income (FVSI), at fair value through other comprehensive income (FVOCI) and employee benefits which are stated at present value of their obligation. In addition, assets and liabilities that are hedged in a fair value hedging relationship are carried at fair value to the extent of the risks that are being hedged.

c) Functional and presentation currency

These consolidated financial statements are expressed in Saudi Arabian Riyals (﷼), which is also the functional currency of SAB, and are rounded off to the nearest thousands, except where otherwise indicated.

d) Presentation of consolidated financial statements

The Group presents its consolidated statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) relating to financial assets and financial liabilities is presented in note 33(b).

e) Basis of consolidation

These consolidated financial statements comprise the financial statements of SAB and its subsidiaries (as mentioned in note 1 collectively referred to as 'the Group'). The financial statements of the subsidiaries are prepared for the same reporting year as that of SAB, using consistent accounting policies.

Subsidiaries are entities which are directly or indirectly controlled by SAB. SAB controls an entity (the 'investee') over which it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which control is transferred to SAB and cease to be consolidated from the date on which the control is transferred from SAB. Intra-group transactions and balances have been eliminated upon consolidation.

The Group acts as a Fund Manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried interests and expected management fees) and the investors' rights to remove the Fund Manager. As a result, the Group has concluded that it acts as an agent for the investors in all cases except as mentioned in note 1, and therefore has not consolidated these funds.

Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

f) Critical accounting judgements and estimates

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

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

Estimates:

i. Expected credit losses (ECL) on financial assets and loan commitments and financial guarantee contracts

ECL methodology

The measurement of impairment losses under IFRS 9 on the applicable categories of financial assets and loan commitments and financial guarantee contracts requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- the Group's internal credit grading model, which assigns Probability of Default (PDs) to the individual grades;
- the Group's criteria for assessing if there has been a significant increase in credit risk, allowances for financial assets are measured on a Lifetime ECL basis and the qualitative assessment;
- the segmentation of financial assets when the ECL is assessed on a collective basis;
- development of ECL models, including the various formulae and the choice of inputs;
- determination of associations between macroeconomic scenarios, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, Exposure at Default (EADs) and Loss Given Default (LGDs); and
- selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The Group applies a low credit risk expedient on its margin financing portfolio as they are over collateralized by shares and cash.

Collateral and other credit enhancements held

The Group's practice is to lend on the basis of customers' ability to meet their obligations out of cash flow resources rather than rely on the value of security offered. Depending on a customer's standing and the type of product, facilities may be provided without security. For other lending, a charge over collateral is obtained and considered in determining the credit decision and pricing. In the event of default, the Group may utilise the collateral as a source of repayment. Depending on its form, collateral can have a significant financial effect in mitigating our exposure to credit risk.

Additionally, risk may be managed by employing other types of collateral and credit risk enhancements such as second charges, other liens, and unsupported guarantees, but the valuation of such mitigants is less certain and their financial effect has not been quantified.

Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

ii. Fair value measurement

The Group measures financial instruments, such as investments and derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 35 to these consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3 — Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For assets and liabilities that are recognised in these consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

iii. Impairment of goodwill

For impairment testing, goodwill acquired through business combination is allocated to the cash generating units (CGUs) – Wealth & Personal Banking (WPB), Corporate & Institutional Banking (CIB) and Treasury, which are also operating and reportable segments.

The impairment test is performed by comparing the estimated recoverable amount of the Group's CGUs that carry goodwill, as determined through a Value-In-Use (VIU) model, with the carrying amount of net assets of each CGU. Refer to note 9 for key assumption used for the VIU calculation.

Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

- iv. Impairment of financial assets at amortised cost (refer to note 2B (v))
- v. Depreciation and amortisation (refer to note 2G, 2H and 2I)
- vi. Defined benefit plan (refer to note 2J)
- vii. Provisions for liabilities and charges

The Group receives legal claims against it in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process being followed as per law.

- viii. Provisions for lease liabilities

The Group recognises the lease liabilities and right of use assets, on initial recognition, is based on discounted lease payments using the incremental borrowing rate over the lease term.

- ix. Zakat and Income tax (refer to note 2M)

Judgments:

- i. Determination of control over investees

The control indicators set out in note 1.1 (e) are subject to management's judgements.

- ii. Classification of investments at amortised cost (refer to note 2B (i))

- iii. Determination of significant influence over investees

The Group exercises judgements in assessing the significant influence over investees. The significant influence determination requires ongoing evaluation of the related facts and circumstances for each investment including governance arrangements, voting rights, underlying terms and conditions and material transactions with the investee.

- iv. Equity vs liability for Tier 1 Sukuk

The Group classifies Sukuks issued with no fixed redemption / maturity dates (perpetual Sukuk), and where the Bank may elect not to pay profit, as part of equity. The related initial costs and distributions thereon are recognised directly in the consolidated statement of changes in equity under retained earnings. Management exerts judgment in the determination of equity classification for the Tier 1 Sukuk, after considering the terms and conditions in the Offering Circular.

- v. Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

2. Material accounting policies and impact of changes due to adoption of new standards

A. Changes in accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024. Based on the adoption of new standards and in consideration of the current economic environment, the following accounting policies are applicable effective 1 January 2025 replacing, amending, or adding to the corresponding accounting policies set out in 2024 annual consolidated financial statements.

New standards, interpretations and amendments adopted by the Group

The following standards, interpretations or amendments are effective from the current year and are adopted by the Group, however, these do not have significant impact on the consolidated financial statements of the year.

Accounting Standards, interpretations, amendments	Description
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.

New standards, interpretations and amendments issued but not yet effective

The International Accounting Standard Board (IASB) has issued the following accounting standards and / or amendments, which will become effective from periods beginning on or after 1 January 2026. The Group has opted not to early adopt these pronouncements and is in the process of assessing the impact on the consolidated financial statement of the Group.

Accounting Standards, interpretations, amendments	Description	Effective periods beginning on or after
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	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.	1 January 2026
Annual improvements to IFRS – Volume 11	The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026

Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

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.

1 January 2027

The group is in the process of enhancing its systems and allocating resources to align with the classification and disclosure requirements of IFRS 18, ensuring its readiness to apply IFRS 18 on effective date.

Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 (Business Combinations) and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full.

Effective date deferred indefinitely

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

B. Financial assets and financial liabilities

i) Initial recognition, measurement and classification of financial assets

The Group on initial recognition classifies all of its financial assets based on the business model. Following are the three classifications:

Amortised Cost (AC):

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVSI:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised.

Fair value through other comprehensive income (FVOCI):

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Special commission income and foreign exchange gains and losses are recognised in consolidated statement of income.

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

Equity instruments at FVOCI are not subject to an impairment assessment.

Fair value through statement of income (FVSI):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through statement of income. A gain or loss on a debt investment that is subsequently measured at fair value through statement of income and is not part of a hedging relationship is recognised in the consolidated statement of income in the year in which it arises.

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

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Assessments whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

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

ii) Initial recognition, measurement and classification of financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. The Group recognises its financial liabilities at fair value. Subsequent to initial recognition, financial liabilities as measured at amortised cost using the Effective Interest Rate (EIR) except for financial liabilities at fair value through statement of income. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

iii) Derecognition

a. Financial assets

A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognised, when the contractual rights to the cash flows from the financial asset expires.

In instances where the Group is assessed to have transferred a financial asset, the asset is derecognised if the Group has transferred substantially all the risks and rewards of ownership. Where the Group has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognised only if the Group has not retained control of the financial asset. The Group recognises separately as assets or liabilities any rights and obligations created or retained in the process.

On derecognition, any cumulative gain or loss previously recognised in the consolidated statement of comprehensive income is included in the consolidated statement of income for the year. Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in consolidated statement of income on derecognition of such securities.

b. Financial liabilities

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

iv) Modifications of financial assets and financial liabilities

a. Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised with the difference recognised as a de-recognition gain or loss and a new financial asset is recognised at fair value.

In case the modification of asset does not result in de-recognition, the Group will recalculate the gross carrying amount of the asset by discounting the modified contractual cash-flows using EIR prior to the modification. Any difference between the recalculated amount and the existing gross carrying amount is recognised in the consolidated statement of income for asset modification.

b. Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated statement of income.

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v) Impairment

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

- financial assets that are measured at amortised cost;
- debt instruments measured at FVOCI;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures provisions for ECL at an amount equal to lifetime ECL, except for the following, for which they are measured at 12 month ECL:

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

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

12 month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are 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 not credit-impaired. Financial instruments for which the lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that have not experienced a significant increase in credit risk since initial recognition, the Group recognises a 12 month expected credit loss, representing the present value of expected cash shortfalls resulting from possible default events within the next 12 months.
- financial assets that are credit-impaired or have experienced a significant increase in credit risk, expected credit losses are measured as the present value of all expected cash shortfalls over the expected life of the asset.
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure expectations of customer behaviour, the likelihood of default and its future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Bank calculates ECL for these products, is five years for corporate, three years for credit cards and seven years for retail products. The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

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The interest rate used to discount the ECL for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently not charged interest. The calculation of ECL, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

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

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

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset;
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and FVOCI are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or a financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit- impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired. In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessments of creditworthiness;
- the country's ability to access the capital markets for new debt issuance; and
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

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POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

Presentation of provision for ECL in the consolidated statement of financial position

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision in other liabilities;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve. Impairment losses are recognised in consolidated statement of income.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees, real estate, receivables, inventories, other non- financial assets, and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

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

Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their fair value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non- financial assets at the repossession date in line with the Group's policy.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the consolidated statement of financial position.

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vi) Financial guarantees and loan commitments

Financial guarantees are initially recognised in the consolidated financial statements at fair value in other liabilities, being the value of the premium received.

Subsequent to the initial recognition, the Group's liability under each guarantee is measured at higher of the unamortised amount and the provision for ECL.

The premium received is recognised in the consolidated statement of income in 'Fees and commission income' on a straight-line basis over the life of the guaranteee.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. The Group has issued no loan commitments that are measured at FVSI. For loan commitments, the Group recognises provisions for ECL.

C. Trade date accounting

All regular way purchases and sales of financial assets are recognised and derecognised on the trade date e.g. the date on which the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales are purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

D. Derivative financial instruments and hedge accounting

Derivative financial instruments including foreign exchange contracts, special commission rate futures, forward rate agreements, equity forwards, currency and special commission rate swaps, currency, and special commission rate options (both written and purchased), are measured at fair value (premium received for written options). All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are generally obtained by reference to quoted market prices, discounted cash flow models or pricing models, as appropriate.

The treatment of changes in their fair value depends on their classification into the following categories:

i) Derivatives held for trading

Any changes in the fair value of derivatives that are held for trading purposes are taken directly to the consolidated statement of income for the year. Derivatives held for trading also include those derivatives which do not qualify for hedge accounting.

ii) Embedded derivatives

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through statement of income. The embedded derivatives separated from the host are carried at fair value in the trading derivatives portfolio with changes in fair value recognised in the consolidated statement of income.

iii) Hedge accounting

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships. For the purpose of hedge accounting, hedges are classified into two categories; (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability, and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction that will affect the reported net gain or loss.

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

In relation to fair value hedges, which meet the criteria for hedge accounting, any gain or loss from remeasuring the hedging instruments to fair value is recognised immediately in the consolidated statement of income. The related portion of the hedged item is recognised in the consolidated statement of income.

Where the fair value hedge of a special commission bearing financial instrument ceases to meet the criteria for hedge accounting, the adjustment in the carrying value is amortised to the consolidated statement of income over the remaining life of the instrument. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated statement of income.

In relation to cash flow hedges, which meet the criteria for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in the consolidated statement of comprehensive income. The ineffective portion, if any, is recognised in the consolidated statement of income.

For cash flow hedges affecting future transactions, the gains or losses recognised in other reserves are transferred to the consolidated statement of income in the same period in which the hedged transaction affects the consolidated statement of income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. On discontinuation of hedge accounting on cash flow hedges any cumulative gain or loss that was recognised in other reserves, is retained in Shareholders' equity until the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in other reserves is transferred to the consolidated statement of income for the year.

E. Revenue / expenses recognition

i. Special commission income and expense

Special commission income and expense for all commission-bearing financial instruments is recognised in the consolidated statement of income on an effective yield basis.

The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective commission rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as special commission income or expense. If the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, special commission income continues to be recognised using the original effective commission rate applied to the new carrying amount.

The calculation of the effective yield takes into account all contractual terms of the financial instruments (prepayment, options etc.) and includes all fees paid or received related transaction costs, and discounts or premiums that are an integral part of the effective commission rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset or liability.

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When the Group enters into special commission rate swap to change special commission from fixed to floating (or vice versa) the amount of special commission income or expense is adjusted by the net special commission on the swap.

Special commission income on Shariah approved products received but not earned is netted off against the related assets.

ii. Exchange income / loss

Exchange income/loss is recognised when earned / incurred.

iii. Dividend income

Dividend income is recognised when the right to receive income is established.

iv. Fees and commission income and expenses

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. Loan commitment fees for loans that are likely to be drawn down are deferred and, together with the related direct cost are recognised as an adjustment to the effective yield on the loan.

When a loan commitment is not expected to result in the drawdown of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Asset management fee are recognised based on a fixed percentage of net assets under management ('asset-based'), or a percentage of returns from net assets ('returns-based') subject to applicable terms and conditions and service contracts with customers and funds. The Group attributes the revenue from management fees to the services provided during the year, because the fee relates specifically to the Group's efforts to transfer the services for that period. The asset management fee is not subject to any claw backs.

Advisory and investment banking services revenue is recognised based on services rendered under the applicable service contracts.

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

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the service is received. Any fee income received but not earned is classified under other liabilities.

v. Day one profit

Where the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from active markets, the Group immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit) in the consolidated statement of income in 'Gain/(loss) on FVSI financial instruments'. In cases where use is made of data which is not observable, the amount deferred should be recognised when there is a change in factors that market participants would take into account when pricing the asset or liability.

In some cases, the Group does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input), nor based on a valuation technique that uses only data from observable markets.

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vi. Customer Loyalty Program

The Group offers a customer loyalty program (reward points / air miles herein referred to as 'reward points'), which allows card members to earn points that can be redeemed at certain Partner outlets. The Group allocates a portion of the transaction price (interchange fee) to the reward points awarded to card members, based on the relative stand-alone selling price. The amount of revenue allocated to reward points is deferred and released to the consolidated statement of income when reward points are redeemed under fee commission income. The related expenses for the customers' loyalty program are recognised under fee commission expense. The cumulative amount of contract liability related unredeemed reward points is adjusted over time based on actual experience and current trends with respect to redemption.

F. Investment in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in an associate are accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income ('OCI') of equity-accounted investees, until the date on which significant influence ceases.

The consolidated statement of income reflects the Group's share of earnings of the associate.

The reporting dates of the associates is identical to the Group and their accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate.

G. Property and equipment

Property and equipment are stated at cost and presented net of accumulated depreciation and impairment loss, if any. Freehold land is not depreciated.

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

Buildings	40 years
Leasehold improvements	Shorter of useful life or lease term
Furniture, equipment, and vehicles	3 to 10 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of income.

The assets' residual values and useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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H. Intangible assets

i. Goodwill

Goodwill acquired in a business combination represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, including intangibles, liabilities, and contingent liabilities of the acquiree. When the excess is negative (bargain purchase), it is recognised immediately in the Group's consolidated statement of income.

Measurement

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicate the need for impairment, they are written down if required.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated statement of income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

ii. Capitalised software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the Group's consolidated statement of income on a straight-line basis over the estimated useful life (range from five to ten years) of the software, from the date that it is available for use.

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iii. Other intangibles

Acquired other intangibles are recognised at their cost upon initial recognition. The specific criteria which need to be satisfied for an intangible asset to be recognised separately from goodwill in an acquisition is that the intangible asset must be clearly identifiable, in that it either:

- be separable, that is, be capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset, or liability; or
- arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Other intangibles are amortised using the straight-line method over the useful life of the asset, which is estimated to be 10 years for Purchased Credit Cards Relationships ('PCCR'), 14 years for Core Deposit Intangible ('CDI'), 5 years for brand and 11-12 years for Capital Markets ('CM'), Customer Relationships. If an indication of impairment arises, the recoverable amount is estimated, and an impairment loss is recognised if the recoverable amount is lower than the carrying amount.

The banking license has an indefinite life and is tested for impairment annually. For impairment testing purposes, the banking license is allocated to the relevant cash generating unit.

I. Leases

Right of use asset (ROU) / Lease liabilities

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

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Right of use assets

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

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

Lease Liability

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

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J. End of service benefits

The provision for end of service benefits is made based on actuarial valuation in accordance with Saudi Arabian Labour Laws. Net obligation, with respect to end of service benefits, to the Group is reviewed by using a projected unit credit method. Actuarial gains and losses (Re-measurements) are recognised 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 recognises the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the consolidated statement of income:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- net interest expense or income

The assumptions used to calculate the scheme obligations include assumptions such as expected future salaries growth, expected employee resignation rates, and discount rate to discount the future cash flows.

K. Share based payments

Under the terms of the Equity Based Long Term Bonus Plan, eligible employees of the Group are offered shares at a predetermined price for a fixed period of time. At the vesting dates determined under the terms of the plan, the Group delivers the underlying allotted shares to the employees, subject to the satisfactory completion of the vesting conditions. The cost of the plans is recognised over the period in which the service condition is fulfilled, ending on the date on which the relevant employees become fully entitled to the shares ('the vesting date').

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

L. Government grant

The Group recognises a government grant related to income, if there is a reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant.

The benefit is accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The government grant is recognised in the consolidated statement of income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate. The grant income is only recognised when the ultimate beneficiary is the Group. Where the customer is the ultimate beneficiary, the Group only records the respective receivable and payable amounts.

M. Zakat and Income tax

Zakat

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ('ZATCA'). Zakat expense is charged to the consolidated statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to Zakat.

Income tax

The income tax expense for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate in Saudi Arabia, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the

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reporting period in the countries where the bank and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of 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.

Value Added tax (VAT)

The Group collects VAT from its customers for qualifying services provided and makes VAT payments to its vendors for qualifying payments. On a monthly basis, net VAT remittances are made to the ZATCA representing VAT collected from its customers, net of any recoverable VAT on payments. Unrecoverable VAT is borne by the Group and is either expensed or in the case of property, equipment, and intangibles payments, is capitalised and either depreciated or amortised as part of the capital cost.

N. Islamic banking products

In addition to conventional banking, the Group also provides Shari'ah-compliant products, which are approved and supervised by an independent Shari'ah Committee established by SAB. All Shari'ah approved banking products are accounted for using IFRS and are in conformity with the accounting policies described in these consolidated financial statements.

Major Islamic products are as follow:

- i. **Murabaha financing:** is an agreement whereby the Group sells to a customer an asset or a commodity, which the Group has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin and is paid as agreed.
- ii. **Istisna'a:** is a contract to manufacture goods, assemble or process them, or to build a house or other structure according to exact specifications and a fixed timeline
- iii. **Ijarah:** is an agreement whereby the Group, acting as a lessor, purchases an asset for lease according to the customer request (lessee), based on his promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee.
- iv. **Musharaka:** is an agreement between the Group and a customer to contribute to a certain investment enterprise or the ownership of a certain property ending up with the acquisition by the customer of the full ownership. The profit or loss is shared as per the terms of the agreement.
- v. **Tawarruq:** is a form of Murabaha transaction where the Group purchases a commodity and sells it to the customer at agreed-upon deferred installment terms. The customer sells the underlying commodity at spot to a third party and uses the proceeds for his financing requirements.
- vi. **Mudaraba:** is a form of participation in profit where the client provides the capital to the Group or vice versa depending. The product type. The capital owner is called the Rab Almaal and the worker is Mudharib. The worker's duty is to invest the capital in activities that comply with Shariah rules. The income is divided according to the agreement. In the case of loss, 'Rab Almaal' has to bear all the losses from his capital and the 'Midharib' loses his efforts.

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- vii. **Promise:** is a mandatory commitment by the Group to its client or vice versa to enter into a sale or purchase transaction for the purpose of hedging against fluctuations in rates, index prices, and currency prices.
- viii. **Murabaha deposit:** is based on commodity Murabaha. The Group acts as an agent for its customers in purchasing commodities on their behalf with their funds and then purchases these commodities for its own account from customers at an agreed-upon price and deferred maturities. Since the Group purchases commodities from its customers, it is liable to them for the capital they invested plus a profit.
- ix. **Shariah compliant foreign exchange products:** are offered to clients to hedge their existing exposure to foreign currencies. It is based on the concept of Waad (binding promise) where the Group promises to buy/sell a particular amount of foreign currency at an agreed upon price. It may include only one Waad or a combination of Waads.
- x. **Shariah compliant rates products:** are offered to clients who have exposure to fixed/floating rates and need hedging solutions. The products are designed around the concept of Waad (binding promise) to enter into Murabaha where the profit is based on a rates index or formula. It may include only one Waad or a combination of Waads.

3. Cash and balances with SAMA

	2025	2024
Cash in hand	2,003,426	1,794,960
Statutory deposit	17,194,140	15,164,156
Placements with SAMA	4,511,000	313,000
Other balances	131,530	90,576
Total	23,840,096	17,362,692

In accordance with the Banking Control Law and regulations issued by SAMA, SAB is required to maintain a statutory deposit with SAMA at stipulated percentages of its deposit liabilities calculated on monthly average balances at the end of reporting period. The statutory deposit with SAMA is not available to finance SAB's day-to-day operations and therefore is not part of cash and cash equivalents (note 28). Placements with SAMA represents securities purchased under an agreement to re-sell (reverse repo) with SAMA. Balances with SAMA are investment grade as defined in note 5 (g).

4. Due from banks and other financial institutions, net

a) Due from banks and other financial institutions are classified as follows:

	2025	2024
Current accounts	2,881,295	3,293,161
Money market placements	-	137,440
Provision for expected credit losses	(3,114)	(829)
Total	2,878,181	3,429,772

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b) Movement in gross carrying amount

The following table explains changes in gross carrying amount of due from banks and other financial institutions to help explain their significance to the changes in the provision for ECL of the same portfolio:

2025	Non-credit impaired		Credit impaired			Total
	Stage 1	Stage 2	Stage 3	POCI		
Balance at 1 January 2025	3,430,601	-	-	-	-	3,430,601
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Net other changes for the year	(549,306)	-	-	-	-	(549,306)
Balance as at 31 December 2025	2,881,295	-	-	-	-	2,881,295

2024	Non-credit impaired		Credit impaired			Total
	Stage 1	Stage 2	Stage 3	POCI		
Balance at 1 January 2024	7,407,642	-	599	-	7,408,241	
Transfer to Stage 1	599	-	(599)	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Net other changes for the year	(3,977,640)	-	-	-	-	(3,977,640)
Balance as at 31 December 2024	3,430,601	-	-	-	-	3,430,601

c) Credit quality analysis

The following table sets out information about the credit quality of due from banks and other financial institutions, net:

	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Purchased credit Impaired	Total
31 December 2025	2,878,181	-	-	-	2,878,181
31 December 2024	3,429,772	-	-	-	3,429,772

Balances under due from banks and other financial institutions are held with investment grade financial institutions.

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d) Movement in provision for expected credit losses

The following table shows reconciliations from the opening to the closing balance of the provision for expected credit losses against due from banks and other financial institutions:

	31 December 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2025	829	-	-	829
Transfer from lifetime ECL credit impaired	-	-	-	-
Net change for the year	2,285	-	-	2,285
Balance as at 31 December 2025	3,114	-	-	3,114

	31 December 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2024	550	-	210	760
Transfer from lifetime ECL credit impaired	210	-	(210)	-
Net change for the year	69	-	-	69
Balance as at 31 December 2024	829	-	-	829

5. Investments, net

a) Investment securities are classified as follows:

	Notes	2025	2024 (Restated)
FVOCI – Debt		63,540,042	52,170,144
FVOCI – Equity	41	1,647,137	1,527,890
FVSI – Debt		709,664	431,713
FVSI – Equity	41	975,759	813,424
Held at amortised cost		40,775,951	44,638,406
Provision for expected credit losses for investments held at amortised cost		(6,655)	(8,783)
Total		107,641,898	99,572,794

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b) Movement in gross carrying amount

The following table explains changes in gross carrying amount of the investments to help explain their significance to the changes in the provision for ECL of the same portfolio.

FVOCI – Debt

2025	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	52,170,144	-	-	-	52,170,144
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net change for the year	11,369,898	-	-	-	11,369,898
Balance as at 31 December 2025	63,540,042	-	-	-	63,540,042

2024	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	47,759,449	-	-	-	47,759,449
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net change for the year	4,410,695	-	-	-	4,410,695
Balance as at 31 December 2024	52,170,144	-	-	-	52,170,144

Held at amortised cost

2025	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	44,638,406	-	-	-	44,638,406
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net change for the year	(3,862,455)	-	-	-	(3,862,455)
Balance as at 31 December 2025	40,775,951	-	-	-	40,775,951

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2024	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	47,377,847		-	-	47,377,847
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net change for the year	(2,739,441)		-	-	(2,739,441)
Balance as at 31 December 2024	44,638,406		-	-	44,638,406

c) Investments by type of securities

	Domestic		International		Total	
	2025	2024 (Restated)	2025	2024 (Restated)	2025	2024 (Restated)*
Fixed rate securities	78,889,484	72,942,492	9,720,264	7,788,478	88,609,748	80,730,970
Floating rate securities	16,409,254	16,500,509	-	-	16,409,254	16,500,509
Equities and mutual funds	2,235,917	2,086,766	386,979	254,549	2,622,896	2,341,315
Total	97,534,655	91,529,767	10,107,243	8,043,027	107,641,898	99,572,794

* Refer to note 41

d) Movement in provision for expected credit losses

An analysis of changes in provision for ECL of debt instruments measured at amortized cost, is as follows:

2025	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 1 January 2025	8,783	-	-	8,783
Net change for the year	(2,128)	-	-	(2,128)
Balance as at 31 December 2025	6,655	-	-	6,655

2024	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 1 January 2024	11,374	-	-	11,374
Net change for the year	(2,591)	-	-	(2,591)
Balance as at 31 December 2024	8,783	-	-	8,783

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An analysis of changes in provision for ECL of debt instruments measured at FVOCI, is as follows:

2025	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 1 January 2025	11,610	-	-	11,610
Net change for the year	4,256	-	-	4,256
Balance as at 31 December 2025	15,866	-	-	15,866

2024	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 1 January 2024	10,152	-	-	10,152
Net change for the year	1,458	-	-	1,458
Balance as at 31 December 2024	11,610	-	-	11,610

e) The analysis of the composition of investments is as follows:

	2025			2024 (Restated)*		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Fixed rate securities	85,882,974	2,726,774	88,609,748	78,644,631	2,086,339	80,730,970
Floating rate securities	13,879,580	2,529,674	16,409,254	13,752,999	2,747,510	16,500,509
Equities and mutual funds	1,179,572	1,443,324	2,622,896	1,205,128	1,136,187	2,341,315
Total	100,942,126	6,699,772	107,641,898	93,602,758	5,970,036	99,572,794

* Refer to note 41

f) The Investments includes Shariah based investments as below:

	2025	2024
Debt instruments:		
Sukuk	87,178,912	79,137,057
Provision for expected credit losses	(6,256)	(8,187)
	87,172,656	79,128,870
Equities and mutual funds	522,616	485,562
Total	87,695,272	79,614,432

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g) The analysis of investments by external ratings grade

The following table sets out information about the credit quality of investment which are defined as below:

- Investment Grade is composed of Strong Credit Quality (AAA to BBB-) or equivalent.
- Non-Investment Grade is composed of: Good, Satisfactory and Special Mention Credit Quality (BB+ to C) or equivalent.
- Unrated includes securities which do not have a current or valid rating by a credit rating agency.

	31 December 2025			
	Held at Amortised Cost	FVOCI	FVSI	Total
Investment grade	40,192,432	61,812,083	1,518,273	103,522,788
Non-investment grade	-	669,062	-	669,062
Unrated	576,864	2,706,034	167,150	3,450,048
Total	40,769,296	65,187,179	1,685,423	107,641,898

	31 December 2024 (Restated)			
	Held at Amortised Cost	FVOCI	FVSI	Total
Investment grade	43,720,871	50,722,726	1,093,801	95,537,398
Non-investment grade	-	679,639	-	679,639
Unrated	908,752	2,295,669	151,336	3,355,757
Total	44,629,623	53,698,034	1,245,137	99,572,794

h) The analysis of investments by counterparty is as follows:

	2025	2024 (Restated)*
Government and quasi government	89,976,224	84,466,808
Corporate	6,642,321	6,736,418
Banks and other financial institutions	9,620,991	7,249,553
Others	1,402,362	1,120,015
Total	107,641,898	99,572,794

* Refer to note 41

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i) Assets pledged

Assets pledged as collateral with other financial institutions for security are as follows:

	2025		2024	
	Assets	Related liabilities	Assets	Related liabilities
Debt securities	8,527,894	8,312,154	19,312,949	19,807,023

6. Loans and advances, net

a) Loans and advances comprise of the following:

	2025						
	Corporate and institutional lending		Retail lending				
	Corporate & Institutional Banking	MSME	Home loan	Personal Loan	Other retail lending	Credit cards	Total
12 month ECL	191,679,662	12,773,495	39,793,103	21,402,414	7,912,678	3,573,679	277,135,031
Lifetime ECL not credit impaired	16,636,095	645,829	2,018,364	928,403	81,322	185,231	20,495,244
Lifetime ECL credit impaired	3,321,656	432,888	588,062	144,126	1,957	64,175	4,552,864
Purchased or originated credit impaired	3,293,359	215,689	1,254	136,130	-	63	3,646,495
Total loans and advances, gross	214,930,772	14,067,901	42,400,783	22,611,073	7,995,957	3,823,148	305,829,634
Provision for expected credit losses	(5,831,393)	(245,803)	(308,999)	(533,702)	(40,246)	(242,986)	(7,203,129)
Balance as at 31 December 2025	209,099,379	13,822,098	42,091,784	22,077,371	7,955,711	3,580,162	298,626,505
Non-performing loans and advances	3,215,295	432,394	313,334	85,750	5,012	36,925	4,088,710

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	2024						
	Corporate and institutional lending		Retail lending				
	Corporate & Institutional Banking	MSME	Home loan	Personal Loan	Other retail lending	Credit cards	Total
12 month ECL	165,010,266	10,639,695	33,260,562	20,500,243	6,703,594	3,429,308	239,543,668
Lifetime ECL not credit impaired	15,493,561	521,060	1,467,048	595,945	91,689	128,065	18,297,368
Lifetime ECL credit impaired	2,889,281	385,297	510,076	32,918	138,971	84,482	4,041,025
Purchased or originated credit impaired	3,386,187	214,316	3,193	118,277	-	83	3,722,056
Total loans and advances, gross	186,779,295	11,760,368	35,240,879	21,247,383	6,934,254	3,641,938	265,604,117
Provision for expected credit losses	(4,952,723)	(269,016)	(262,304)	(503,676)	(25,775)	(245,107)	(6,258,601)
Balance as at 31 December 2024	181,826,572	11,491,352	34,978,575	20,743,707	6,908,479	3,396,831	259,345,516
Non-performing loans and advances	2,812,055	347,220	301,816	88,927	15,652	47,481	3,613,151

The comparative figures have been disaggregated to align with the current year's presentation. Other retail lending, previously presented as a single category, has been separated into Home Finance, Personal Finance. Similarly, corporate and institutional banking previously presented as a single category, have been further disaggregated into Micro, Small and Medium Enterprises (MSME) exposures.

Lifetime ECL credit impaired includes non-performing loans and advances. It also includes exposures that are now performing but have yet to complete a period of 12 months of performance ('the curing period') to be eligible to be upgraded to a not-impaired category. The financial assets recorded in each stage have the following characteristics:

- 12 month ECL not credit impaired (stage 1): without significant increase in credit risk on which a 12-month allowance for ECL is recognised;
- Lifetime ECL not credit impaired (stage 2): a significant increase in credit risk has been experienced since initial recognition on which a lifetime ECL is recognised;
- Lifetime ECL credit impaired (stage 3): objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised; and
- Purchased or originated credit impaired ('POCI'): purchased or originated at a deep discount that reflects the expected lifetime credit losses at time of purchase or origination. A lifetime ECL is recognised if further credit losses are expected. POCI includes non-performing loans and advances acquired through the merger with AAB that were recorded at fair value as of acquisition date.

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b) Movement in gross carrying amount

The following table further explains changes in gross carrying amount of the loans and advances to help explain their significance to the changes in the provision for ECL of the same portfolio:

Corporate and institutional lending

Corporate and institutional lending comprises of Corporate & Institutional Banking and MSME:

2025	Non-credit impaired		Credit impaired			Total
	Stage 1	Stage 2	Stage 3	POCI		
Balance at 1 January 2025	175,649,961	16,014,621	3,274,578	3,600,503	198,539,663	
Transfer to Stage 1	331,463	(331,463)	-	-	-	-
Transfer to Stage 2	(481,239)	481,239	-	-	-	-
Transfer to Stage 3	(12,958)	(139,312)	152,270	-	-	-
Net other changes for the year	28,965,930	1,256,839	786,093	(91,455)	30,917,407	
Write-offs	-	-	(458,397)	-	(458,397)	
Balance as at 31 December 2025	204,453,157	17,281,924	3,754,544	3,509,048	228,998,673	

2024	Non-credit impaired		Credit impaired			Total
	Stage 1	Stage 2	Stage 3	POCI		
Balance at 1 January 2024	138,385,203	21,300,335	3,525,019	3,685,794	166,896,351	
Transfer to Stage 1	292,826	(292,826)	-	-	-	-
Transfer to Stage 2	(1,659,605)	1,659,605	-	-	-	-
Transfer to Stage 3	(26,289)	(11,926)	38,215	-	-	-
Net other changes for the year	38,657,826	(6,640,567)	157,076	(85,291)	32,089,044	
Write-offs	-	-	(445,732)	-	(445,732)	
Balance as at 31 December 2024	175,649,961	16,014,621	3,274,578	3,600,503	198,539,663	

Retail lending

Retail lending comprises of all retail lending excluding credit cards:

2025	Non-credit impaired		Credit impaired			Total
	Stage 1	Stage 2	Stage 3	POCI		
Balance at 1 January 2025	60,464,399	2,154,682	681,965	121,470	63,422,516	
Transfer to Stage 1	462,610	(424,208)	(38,402)	-	-	-
Transfer to Stage 2	(1,662,642)	1,844,643	(182,001)	-	-	-
Transfer to Stage 3	(180,204)	(240,853)	421,057	-	-	-
Net other changes for the year	10,024,032	(306,175)	102,612	15,914	9,836,383	
Write-offs	-	-	(251,086)	-	(251,086)	
Balance as at 31 December 2025	69,108,195	3,028,089	734,145	137,384	73,007,813	

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2024	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	49,078,628	2,147,838	679,699	127,141	52,033,306
Transfer to Stage 1	565,423	(537,369)	(28,054)	-	-
Transfer to Stage 2	(694,503)	934,682	(240,179)	-	-
Transfer to Stage 3	(181,730)	(185,630)	367,360	-	-
Net other changes for the year	11,696,581	(204,839)	158,959	(5,671)	11,645,030
Write-offs	-	-	(255,820)	-	(255,820)
Balance as at 31 December 2024	60,464,399	2,154,682	681,965	121,470	63,422,516

Credit cards

2025	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	3,429,308	128,065	84,482	83	3,641,938
Transfer to Stage 1	36,729	(30,819)	(5,910)	-	-
Transfer to Stage 2	(143,596)	150,537	(6,941)	-	-
Transfer to Stage 3	(36,075)	(15,502)	51,577	-	-
Net other changes for the year	287,313	(47,050)	28,444	(20)	268,687
Write-offs	-	-	(87,477)	-	(87,477)
Balance as at 31 December 2025	3,573,679	185,231	64,175	63	3,823,148

2024	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	2,967,942	111,496	54,937	184	3,134,559
Transfer to Stage 1	34,669	(28,630)	(6,039)	-	-
Transfer to Stage 2	(79,785)	85,052	(5,267)	-	-
Transfer to Stage 3	(33,608)	(13,598)	47,206	-	-
Net other changes for the year	540,090	(26,255)	81,735	(101)	595,469
Write-offs	-	-	(88,090)	-	(88,090)
Balance as at 31 December 2024	3,429,308	128,065	84,482	83	3,641,938

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c) Movement in provision for expected credit losses

The following table shows reconciliations from the opening to the closing balance of the provision for expected credit losses against loans and advances.

2025	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	684,521	2,170,597	2,168,921	1,234,562	6,258,601
Transfer to Stage 1	56,338	(39,423)	(16,915)	-	-
Transfer to Stage 2	(22,064)	88,737	(66,673)	-	-
Transfer to Stage 3	(4,736)	(86,784)	91,520	-	-
Net re-measurement of loss allowance	161,586	588,262	557,487	95,590	1,402,925
Write-offs	-	-	(458,397)	-	(458,397)
Balance as at 31 December 2025	875,645	2,721,389	2,275,943	1,330,152	7,203,129

2024	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	814,617	2,345,382	2,274,799	693,573	6,128,371
Transfer to Stage 1	50,527	(36,466)	(14,061)	-	-
Transfer to Stage 2	(19,276)	93,345	(74,069)	-	-
Transfer to Stage 3	(6,587)	(32,846)	39,433	-	-
Net re-measurement of loss allowance	(154,760)	(198,818)	388,551	540,989	575,962
Write-offs	-	-	(445,732)	-	(445,732)
Balance as at 31 December 2024	684,521	2,170,597	2,168,921	1,234,562	6,258,601

Corporate and Institutional lending

Corporate and institutional lending comprises of Corporate & Institutional Banking and MSME:

2025	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	293,003	1,971,239	1,827,064	1,130,433	5,221,739
Transfer to Stage 1	11,245	(11,245)	-	-	-
Transfer to Stage 2	(1,511)	1,511	-	-	-
Transfer to Stage 3	(102)	(49,508)	49,610	-	-
Net re-measurement of loss allowance	152,155	553,839	523,576	84,284	1,313,854
Write-offs	-	-	(458,397)	-	(458,397)
Balance as at 31 December 2025	454,790	2,465,836	1,941,853	1,214,717	6,077,196

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2024	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	412,737	2,158,180	1,981,330	620,896	5,173,143
Transfer to Stage 1	7,316	(7,316)	-	-	-
Transfer to Stage 2	(5,426)	5,426	-	-	-
Transfer to Stage 3	(388)	(1,092)	1,480	-	-
Net re-measurement of loss allowance	(121,236)	(183,959)	289,986	509,537	494,328
Write-offs	-	-	(445,732)	-	(445,732)
Balance as at 31 December 2024	293,003	1,971,239	1,827,064	1,130,433	5,221,739

Retail lending

Retail lending comprises of all retail lending excluding credit cards:

2025	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	256,430	159,457	271,739	104,129	791,755
Transfer to Stage 1	33,761	(21,163)	(12,598)	-	-
Transfer to Stage 2	(13,154)	74,561	(61,407)	-	-
Transfer to Stage 3	(2,360)	(32,694)	35,054	-	-
Net re-measurement of loss allowance	93	26,488	53,305	11,306	91,192
Balance as at 31 December 2025	274,770	206,649	286,093	115,435	882,947

2024	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	269,826	147,235	251,925	72,677	741,663
Transfer to Stage 1	32,162	(22,397)	(9,765)	-	-
Transfer to Stage 2	(8,939)	79,180	(70,241)	-	-
Transfer to Stage 3	(3,607)	(26,829)	30,436	-	-
Net re-measurement of loss allowance	(33,012)	(17,732)	69,384	31,452	50,092
Balance as at 31 December 2024	256,430	159,457	271,739	104,129	791,755

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Credit cards

2025	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	135,088	39,901	70,118	-	245,107
Transfer to Stage 1	11,332	(7,015)	(4,317)	-	-
Transfer to Stage 2	(7,399)	12,665	(5,266)	-	-
Transfer to Stage 3	(2,274)	(4,582)	6,856	-	-
Net re-measurement of loss allowance	9,338	7,935	(19,394)	-	(2,121)
Balance as at 31 December 2025	146,085	48,904	47,997	-	242,986

2024	Non-credit impaired		Credit impaired		
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	132,054	39,967	41,544	-	213,565
Transfer to Stage 1	11,049	(6,753)	(4,296)	-	-
Transfer to Stage 2	(4,911)	8,739	(3,828)	-	-
Transfer to Stage 3	(2,592)	(4,925)	7,517	-	-
Net re-measurement of loss allowance	(512)	2,873	29,181	-	31,542
Balance as at 31 December 2024	135,088	39,901	70,118	-	245,107

d) Economic sector risk concentrations for the loans and advances are as follows:

2025	Performing	Non-performing	POCI	Provision for expected credit losses	Loans and advances, net
Government and quasi government	3,714,610	-	-	(630)	3,713,980
Finance	22,489,696	12,819	-	(83,343)	22,419,172
Agriculture and fishing	1,471,017	-	241	(5,202)	1,466,056
Manufacturing	25,677,702	379,090	833,865	(731,693)	26,158,964
Mining and quarrying	8,908,747	-	34	(213,255)	8,695,526
Electricity, water, gas, and health Services	27,519,731	267	392,087	(246,953)	27,665,132
Building and construction	24,442,565	1,330,959	978,661	(1,232,306)	25,519,879
Commerce	64,160,441	1,676,637	1,107,064	(2,782,284)	64,161,858
Transportation and communication	16,543,577	3,020	1,874	(447,058)	16,101,413
Services	21,550,125	183,361	69,187	(282,105)	21,520,568
Credit cards and retail lending	76,252,493	441,021	137,447	(1,125,933)	75,705,028
Others	5,363,725	61,536	126,035	(52,367)	5,498,929
Total	298,094,429	4,088,710	3,646,495	(7,203,129)	298,626,505

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2024	Performing	Non-performing	POCI	Provision for expected credit losses	Loans and advances, net
Government and quasi government	3,455,805	-	-	(437)	3,455,368
Finance	17,416,554	16,021	-	(56,750)	17,375,825
Agriculture and fishing	936,558	-	241	(7,075)	929,724
Manufacturing	22,682,081	853,833	668,470	(769,996)	23,434,388
Mining and quarrying	8,640,476	-	34	(17,445)	8,623,065
Electricity, water, gas, and health Services	25,974,525	-	385,493	(280,640)	26,079,378
Building and construction	16,141,996	705,241	915,579	(1,127,479)	16,635,337
Commerce	61,849,467	1,253,865	1,379,726	(2,631,087)	61,851,971
Transportation and communication	13,898,176	3,114	1,876	(46,586)	13,856,580
Services	11,076,207	252,335	123,558	(249,402)	11,202,698
Credit cards and retail lending	66,489,025	453,876	121,553	(1,036,862)	66,027,592
Others	9,708,040	74,866	125,526	(34,842)	9,873,590
Total	258,268,910	3,613,151	3,722,056	(6,258,601)	259,345,516

e) The following table sets out information about the credit quality of loans and advances. The amounts in the table represent gross carrying amounts.

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	47,559,022	-	-	-	47,559,022
Good	125,743,146	3,120,651	-	-	128,863,797
Satisfactory	31,150,989	11,274,430	85,245	-	42,510,664
Special mention	-	2,886,843	21,610	-	2,908,453
Unrated	72,681,874	3,213,320	357,299	-	76,252,493
Non-performing	-	-	4,088,710	3,646,495	7,735,205
Total	277,135,031	20,495,244	4,552,864	3,646,495	305,829,634

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	42,781,292	-	-	-	42,781,292
Good	100,916,950	935,920	-	-	101,852,870
Satisfactory	31,951,719	10,680,257	11,821	-	42,643,797
Special mention	-	4,398,444	103,481	-	4,501,925
Unrated	63,893,707	2,282,747	312,572	-	66,489,026
Non-performing	-	-	3,613,151	3,722,056	7,335,207
Total	239,543,668	18,297,368	4,041,025	3,722,056	265,604,117

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- **Strong:** Financial status, capitalisation, earnings, liquidity, cash generation and management will all be of highest quality. A strong capacity to meet longer-term and short-term financial commitments.
- **Good:** Financial condition exhibits no major adverse trends prevalent. Capacity to meet medium and short-term financial commitments is considered fair, but more sensitive to external changes or market conditions.
- **Satisfactory:** A counterparty whose financial position is average but not strong. The overall position will not be causing any immediate concern, but more regular monitoring will be necessary as a result of susceptibilities to external changes or market conditions.
- **Special mention:** Financial condition weak and capacity, or inclination, to repay, is in doubt. The financial status of the borrower requires close monitoring and ongoing assessment.
- **Unrated:** Represents performing retail loans and advances that are not rated.
- **Non-performing:** A counterparty who is classified as in default or as POCI

f) Shariah loans and advances

2025	Corporate and institutional lending	Retail lending	Credit cards	Total
Tawarruq	140,460,036	37,420,323	3,823,148	181,703,507
Murabaha	1,645,918	25,363,221	-	27,009,139
Ijarah	19,911,173	5,563,530	-	25,474,703
Others	3,655,074	1,811,474	-	5,466,548
Total Shariah based loans and advances	165,672,201	70,158,548	3,823,148	239,653,897
Provision for expected credit losses	(4,074,307)	(882,946)	(242,986)	(5,200,239)
Shariah based loans and advances, net	161,597,894	69,275,602	3,580,162	234,453,658

2024	Corporate and institutional lending	Retail lending	Credit cards	Total
Tawarruq	123,314,295	32,883,343	3,641,938	159,839,576
Murabaha	3,977,744	20,122,832	-	24,100,576
Ijarah	14,973,532	6,303,352	-	21,276,884
Total Shariah based loans and advances	142,265,571	59,309,527	3,641,938	205,217,036
Provision for expected credit losses	(2,964,246)	(761,820)	(245,107)	(3,971,173)
Shariah based loans and advances, net	139,301,325	58,547,707	3,396,831	201,245,863

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g) Collateral

The Group in the ordinary course of lending activities holds collateral as security to mitigate credit risk in the loans and advances. This collateral mostly includes time, demand, other cash deposits, financial guarantees, local and international equities, real estate, project proceeds and other fixed assets. The collateral is held against commercial and consumer loans and are managed against relevant exposures at their net realisable values. For financial assets that are credit impaired at the reporting period, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk. As of 31 December 2025, the fair value of collateral held against those loans and advances amount to ₩ 1,888 million (2024: ₩ 1,552 million).

7. Investment in an associate

	2025	2024
HSBC Saudi Arabia		
Balance at beginning of the year	463,350	462,046
Share in earnings	141,012	205,369
Dividend received	(204,855)	(204,065)
Balance at end of the year	399,507	463,350

The associate's financial statements:

	2025	2024
Total Assets	1,213,653	1,320,815
Total Liabilities	450,139	416,397
Total Equity	763,514	904,418
Total Income	760,985	862,461
Total expenses	465,092	467,220
Net income	295,893	395,241

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8. Property, equipment and right of use assets (ROU), net

2025	Land and buildings	Leasehold improvements and ROU	Equipment, furniture, and vehicles	Total
Cost:				
As at 1 January	2,549,773	1,348,682	813,421	4,711,876
Additions	72,389	51,402	172,591	296,382
Disposals	(62,531)	(75,971)	(6,508)	(145,010)
Remeasurements	65,072	(28,297)	142,167	178,942
As at 31 December	2,624,703	1,295,816	1,121,671	5,042,190
Accumulated depreciation:				
As at 1 January	411,751	995,460	564,879	1,972,090
Charge for the year	59,111	109,639	115,677	284,427
Disposals	(75,795)	(75,940)	(11,154)	(162,889)
Remeasurements	68,174	(17,507)	128,275	178,942
As at 31 December	463,241	1,011,652	797,677	2,272,570
Net book value:				
As at 31 December	2,161,462	284,164	323,994	2,769,620
Capital work in progress				817,116
Total				3,586,736

2024	Land and buildings	Leasehold improvements and ROU	Equipment, furniture, and vehicles	Total
Cost:				
As at 1 January	2,611,753	1,563,699	1,038,497	5,213,949
Additions	237,568	21,869	118,506	377,943
Disposals	(299,548)	(236,886)	(343,582)	(880,016)
As at 31 December	2,549,773	1,348,682	813,421	4,711,876
Accumulated depreciation:				
As at 1 January	420,903	1,118,577	817,221	2,356,701
Charge for the year	45,442	113,768	91,240	250,450
Disposals	(54,594)	(236,885)	(343,582)	(635,061)
As at 31 December	411,751	995,460	564,879	1,972,090
Net book value:				
As at 31 December	2,138,022	353,222	248,542	2,739,786
Capital work in progress				1,347,775
Total				4,087,561

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The movement of right of use assets is as below:

	2025	2024
Cost:		
As at 1 January	639,231	858,248
Additions	51,285	17,857
Terminations / remeasurements	(65,766)	(236,874)
As at 31 December	624,750	639,231
Accumulated depreciation:		
As at 1 January	320,754	455,871
Charge for the year	100,852	101,757
Terminations / remeasurements	(65,766)	(236,874)
As at 31 December	355,840	320,754
Net book value	268,910	318,477

9. Goodwill and other intangibles, net

Intangibles comprise of the following:

	2025	2024
Amounts arising from acquisitions:		
Goodwill	8,778,091	8,778,091
Other intangibles	1,188,863	1,352,800
	9,966,954	10,130,891
Software	1,252,372	529,577
Total	11,219,326	10,660,468

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2025	Goodwill	Software	Customer relationship		Core deposit		Customer relationship		Carbon Offsets	Total
			-	PCCR	intangible	Brand	- CM			
Cost:										
As at 1 January	16,195,867	1,071,045	71,200	1,875,400	75,000		228,601	4,958	19,522,071	
Additions	-	948,525	-	-	-	-	-	-	948,525	
Disposals	-	-	-	-	(75,000)	-	-	-	(75,000)	
Remeasurements	-	283,826	-	-	-	-	-	-	283,826	
As at 31 December	16,195,867	2,303,396	71,200	1,875,400		-	228,601	4,958	20,679,422	
Accumulated impairment / amortisation:										
As at 1 January	7,417,776	541,468	39,160	736,764	75,000		51,435	-	8,861,603	
Charge for the year	-	263,546	7,120	133,957	-	22,860	-	427,483		
Disposals / reclassification	-	(11,565)	-	-	(75,000)	-	-	-	(86,565)	
Remeasurements	-	283,826	-	-	-	-	-	-	283,826	
As at 31 December	7,417,776	1,077,275	46,280	870,721		-	74,295	-	9,486,347	
Net book value										
As at 31 December	8,778,091	1,226,121	24,920	1,004,679		-	154,306	4,958	11,193,075	
Capital work in progress										
Total									26,251	
									11,219,326	

2024	Goodwill	Software	Customer relationship		Core deposit		Customer relationship		Carbon Offsets	Total
			-	PCCR	intangible	Brand	- CM			
Cost:										
As at 1 January	16,195,867	982,923	71,200	1,875,400	75,000		228,601	-	19,428,991	
Additions	-	395,825	-	-	-	-	-	4,958	400,783	
Disposals	-	(307,703)	-	-	-	-	-	-	(307,703)	
As at 31 December	16,195,867	1,071,045	71,200	1,875,400	75,000		228,601	4,958	19,522,071	
Accumulated impairment / amortisation:										
As at 1 January	7,417,776	723,926	32,040	602,807	67,500		28,575	-	8,872,624	
Charge for the year	-	124,759	7,120	133,957	7,500	22,860	-	296,196		
Disposals	-	(307,217)	-	-	-	-	-	-	(307,217)	
As at 31 December	7,417,776	541,468	39,160	736,764	75,000		51,435	-	8,861,603	
Net book value										
As at 31 December	8,778,091	529,577	32,040	1,138,636		-	177,166	4,958	10,660,468	

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Impairment testing of goodwill

The goodwill acquired through business combination is reviewed annually for impairment. At each reporting period, an assessment is made for indicators of impairment. If indicators exist, an impairment test is required. The impairment test compares the estimated recoverable amount of the Group's CGUs that carry goodwill, as determined through a Value-In- Use (VIU) model, with the carrying amount of net assets of each CGU. The goodwill has been allocated to the following cash-generating units:

- Wealth & personal banking
- Corporate and institutional banking
- Treasury

Key assumptions used to value-in-use calculation

The recoverable amount of the cash-generating units has been determined based on a value in use calculation. The VIU model uses projected cash flows in perpetuity through a five-year forward period of projections, and thereafter applying a (long-term) terminal growth rate.

The calculation of VIU in the CGUs is mainly driven by the following assumptions:

- Economic outlook, notably the projected nominal Gross Domestic Product ('GDP');
- Discount rates;
- Long term assets growth rates;
- Benchmark interest rates and net special commission income margins;
- Future cost of risk from expected credit losses;
- Local inflation rates; and
- Target Capital ratio and profit retention.

The following key assumptions were used in the calculation of the VIU:

- Discount rate of 10.3% (2024: 10.69%), which is derived using a weighted average cost of capital "WACC" that calculates the cost of capital by applying weightage of equity and debt to their respective cost of financing.
- Long term asset growth rate of 4.0% (2024: 4.0%), applied to projected periods beyond 2029.
- Long-term profit growth rate of 5.26~5.39% (2024: 5.57~5.69%), derived from economic intelligent units' forecasts of nominal GDP for KSA adjusted for expected changes in benchmark interest rates and sector growth rates over time, applied to projected periods beyond 2030.

Key assumptions used in impairment testing for goodwill

The calculation of value in use in the cash-generating units is sensitive to the following assumptions:

- interest margins;
- discount rates;
- projected growth rates used to extrapolate cash flows beyond the projection period; and
- current Kingdom of Saudi Arabia nominal GDP.

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Interest margins

Interest margins are based on prevailing market rates at the start of the budget period. These are changed over the budget period for anticipated market conditions.

Discount rates

Discount rates reflect management's estimate of weighted average cost of capital required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using a capital asset pricing model.

Projected growth rate, GDP, and local inflation rates

On 31 December 2025, the goodwill impairment test determined there was no impairment required to any of the CGUs and goodwill was allocated to the following CGUs:

Cash generating units	Goodwill allocated
Wealth & personal banking	4,649,572
Corporate and institutional banking	771,772
Treasury	3,356,747

The forecasted cash flows have been discounted using the discount rate mentioned above. A 1% increase in the discount rate or decrease in the terminal growth rate keeping other factors constant would reduce the recoverable amount of the CGUs as mentioned in the table below:

Cash generating units	31 December 2025	
	Impact on the recoverable amount of CGUs	
	1% increase in discount rate (# million)	1% decrease in terminal growth rate (# million)
Wealth & personal banking	(4,432)	(3,805)
Corporate and institutional banking	(12,041)	(10,306)
Treasury	(3,016)	(2,656)

Cash generating units	31 December 2024	
	Impact on the recoverable amount of CGUs	
	1% increase in discount rate (# million)	1% decrease in terminal growth rate (# million)
Wealth & personal banking	(4,613)	(3,941)
Corporate and institutional banking	(9,898)	(8,422)
Treasury	(2,862)	(2,639)

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10. Other assets

	Note	2025	2024
Accounts receivable		2,018,153	1,609,221
Collateral margin		1,272,692	976,126
Deferred tax	27	175,017	167,371
Others		390,644	297,300
Total		3,856,506	3,050,018

11. Derivatives

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

a) Forwards and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Foreign currency and special commission rate futures are transacted in standardised amounts on regulated exchanges, and changes in futures contract values are settled daily.

b) Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at a fixed future date or at any time during a specified period, a specified amount of a currency, commodity, or financial instrument at a predetermined price.

c) Swaps

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

Risk-related adjustments

Bid-offer:

Valuation models generates mid-market values. The bid-offer adjustment reflects the extent to which bid-offer cost would be incurred if substantially all residual net portfolio market risks were closed using available hedging instruments or by disposing of or unwinding the position.

Credit valuation adjustment (CVA):

The credit valuation adjustment is an adjustment to the valuation of Over the Counter (OTC) derivative contracts to reflect within fair value the possibility that the counterparty may default and that SAB may not receive the full market value of the transactions.

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Debit valuation adjustment (DVA):

The debit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that SAB may default, and that SAB may not pay the full market value of the transactions.

Credit valuation adjustment/debit valuation adjustment methodology:

SAB calculates a separate CVA and DVA for each counterparty to which the entity has exposure. SAB calculates the CVA by applying the probability of default ('PD') of the counterparty conditional on the non-default of SAB to the expected positive exposure to the counterparty and multiplying the result by the loss expected in the event of default.

Conversely, SAB calculates the DVA by applying the PD of SAB, conditional on the non-default of the counterparty, to the expected positive exposure of the counterparty to SAB and multiplying by the loss expected in the event of default. Both calculations are performed over the life of the potential exposure.

Derivatives held for trading purposes

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

Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk (see note 31 - financial risk management, note 32 - market risk and note 33 - liquidity risk). Part of the risk management process involves managing the Group's exposure to fluctuations in various asset classes including, but not limited to foreign exchange, interest rates and commodities within acceptable levels, as determined by the Board Risk Committee within the guidelines issued by SAMA. The Board Risk Committee establishes the levels of risk appetite for the Bank. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions are maintained within the established limits. Asset and liability special commission rate gaps are reviewed on a periodic basis and hedging strategies are used to maintain special commission rate gaps within the established limits.

As part of its asset and liability management process, the Group uses derivatives for hedging purposes in order to adjust its exposure to currency and special commission rate risks. This is generally achieved by hedging specific transactions as well as by strategic hedging against overall statement of financial position exposures. Strategic hedging other than portfolio hedging does not qualify for hedge accounting and the related derivatives are accounted for as held for trading. The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks. In addition, the Group uses special commission rate swaps to hedge against the special commission rate risk arising from specifically identified fixed special commission rate exposures. The Group also uses special commission rate swaps to hedge against the cash flow risk arising on certain floating rate exposures. In all such cases, the hedging relationship and objective, including the details of the hedged items and hedging instruments, are formally documented and the transactions are accounted for as fair value or cash flow hedges.

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Hedge effectiveness testing

To qualify for hedge accounting, SAB requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective both prospectively and retrospectively, on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed, and the method adopted by an entity to assess hedge effectiveness will depend on its risk management strategy. For prospective effectiveness, the hedging instrument must be expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated, with the effectiveness range being defined as 80% to 125%. Hedge ineffectiveness is recognised in the consolidated statement of income 'Income from FVSI financial instruments'. For Cash flow hedges 'the critical terms matches' methodology is used at time of designation of hedge.

Source of ineffectiveness for fair value hedges and cash flow hedges

Possible source of ineffectiveness for fair value hedges and cash flow hedges are as follows:

- difference between the expected and actual volume of prepayments, as the Group hedges to the expected repayment date taking into account expected prepayments based on past experience;
- difference in the discounting between the hedge item and hedge instrument, as cash collateralised interest rate swaps are discounted using Overnight Indexed Swaps discount curves, which are not applied to the fixed rate mortgages;
- hedging derivative with a non-zero fair value at the date of initial designation as a hedging instrument;
- counter party credit risk which impacts the fair value of uncollateralised interest rate swaps but not the hedge items.

Cash flow hedges

The Group is exposed to variability in future special commission cash flows on non-trading assets which bear special commission income at a variable rate. The Group uses commission rate/cross - currency swaps as cash flow hedges to hedge these special commission rate risks.

Below is the schedule indicating as at 31 December, the periods when the hedged cash flows are expected to occur and when they are expected to affect statement of income:

2025	Within 1 year	1-3 years	3-5 years	Over 5 years
Cash inflows (assets)	132,675	80,826	6,897	-
Net cash inflow	132,675	80,826	6,897	-
2024				
Cash inflows (assets)	219,750	203,689	30,416	-
Net cash inflow	219,750	203,689	30,416	-

The schedule reflects special commission income cash flows expected to arise on the hedged items in cash flow hedges based on the repricing profile of the hedged assets and liabilities. The tables below show the positive and negative fair values of derivative financial instruments held, together with their notional amounts as at 31 December, analysed by the term to maturity.

The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of future cash flows involved.

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These notional amounts, therefore, are neither indicative of the Group's exposure to market risk nor credit risk, which is generally limited to the positive/negative fair value of the derivatives.

2025	Notional amounts by term to maturity						
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Derivatives held for trading:							
Special commission rate swaps	1,561,418	(1,321,329)	128,634,808	10,375,041	15,776,348	49,847,538	52,635,881
Special commission rate options	204,190	(213,364)	8,091,300	238,000	1,429,719	3,573,581	2,850,000
Forward foreign exchange contracts	33,630	(31,728)	10,170,236	7,836,742	1,664,347	669,147	-
Currency swaps	182,904	(180,326)	28,849,453	2,250,000	750,000	6,229,706	19,619,747
Commodity Swap	414,213	(413,753)	364,232	198,802	165,430	-	-
Equity forward	-	(5,435)	362,994	362,994	-	-	-
Derivatives held as fair value hedges:							
Special commission rate swaps	3,271	(97,263)	4,378,750	-	168,750	2,700,000	1,510,000
Derivatives held as cash flow hedges:							
Special commission rate swaps	6,103	(7,921)	4,285,000	1,100,000	1,360,000	1,825,000	-
Currency swaps	-	(2,453)	562,500	-	-	562,500	-
Total	2,405,729	(2,273,572)	185,699,273	22,361,579	21,314,594	65,407,472	76,615,628
Fair values of netting arrangements	497,860	(346,354)					
Cash collateral, net	(102,457)	740,395					
Fair values after netting	395,403	394,041					

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2024	Notional amounts by term to maturity						
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Derivatives held for trading:							
Special commission rate swaps	2,258,153	(2,135,384)	113,946,402	7,513,500	6,316,483	56,076,167	44,040,252
Special commission rate options	228,736	(240,401)	8,958,872	222,000	1,062,500	4,824,372	2,850,000
Forward foreign exchange contracts	48,823	(58,496)	11,624,832	9,187,352	2,437,480	-	-
Currency swaps	10,866	(9,478)	4,017,111	187,500	-	3,829,611	-
Commodity Swap	21,699	(21,059)	975,659	769,139	206,520	-	-
Derivatives held as fair value hedges:							
Special commission rate swaps	62,662	(51,194)	6,422,500	-	-	4,812,500	1,610,000
Derivatives held as cash flow hedges:							
Special commission rate swaps	269	(30,192)	4,285,000	-	-	4,285,000	-
Total	2,631,208	(2,546,204)	150,230,376	17,879,491	10,022,983	73,827,650	48,500,252
Fair values of netting arrangements	705,948	(69,104)					
Cash collateral, net	(118,120)	608,012					
Fair values after netting	587,828	538,908					

The Group enters into structured currency option products with clients which involve one or more derivatives included in the structure. In such instances, the fair value of the individual structured product represents a net valuation of the underlying derivatives. The sum of all option notional amounts included in each structure, as of the reporting date, is disclosed in the table above.

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Shariah approved derivative products as below:

2025	Notional amounts by term to maturity						
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Derivatives held for trading:							
Special commission rate swaps	22,845	(56,661)	14,853,638	11,000	1,451,206	8,909,318	4,482,114
Special commission rate options	34,306	(7,058)	1,146,558	119,000	14,000	713,558	300,000
Currency swaps	20,716	-	2,981,250	375,000	281,250	2,325,000	-
Forward foreign exchange contracts	1,287	(383)	472,500	67,500	202,500	202,500	-
Total	79,154	(64,102)	19,453,946	572,500	1,948,956	12,150,376	4,782,114

2024	Notional amounts by term to maturity						
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	Over 5 years
Derivatives held for trading:							
Special commission rate swaps	21,732	(199,141)	14,454,783	11,000	1,631,283	6,883,615	5,928,885
Special commission rate options	46,128	(4,813)	749,410	-	-	449,410	300,000
Currency swaps	2,132	-	468,750	-	-	468,750	-
Commodity swaps	16,750	(370)	401,914	314,872	87,042	-	-
Total	86,742	(204,324)	16,074,857	325,872	1,718,325	7,801,775	6,228,885

The tables below show a summary of the hedged items, the nature of the risk being hedged, the hedging instruments and their fair values.

2025	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
Description of the hedged items:						
Fixed commission rate investments	4,129,637	4,323,500	Fair value	Special commission rate swap	3,271	(97,263)
Floating commission rate investments	4,249,168	4,285,000	Cash flow	Special commission rate swap	6,103	(7,921)
Fixed commission rate investments	503,613	562,500	Cash flow	Currency swap	-	(2,453)

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2024	Fair value	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
Description of the hedged items:						
Fixed commission rate investments	5,987,519	6,422,500	Fair value	Special commission rate swap	62,662	(51,194)
Floating commission rate investments	4,281,466	4,285,000	Cash flow	Special commission rate swap	269	(30,192)

Approximately 70% (2024: 90%) of the positive fair value of the Bank's derivatives are entered into with financial institutions and out of which 82% (2024: 83%) of the positive fair value contracts are with a single counterparty at the year end.

The amounts relating to items designated as hedged items as follows:

2025	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedge item included in the carrying amount of the hedge item		Line item in the consolidated statement of financial position in which hedge item is included	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
Held as fair value hedges:							
Government Bonds/Sukuk	4,129,637	-	96,702	-	Investment at FVOCI and Amortised cost	118,802	(127,477)
Total	4,129,637	-	96,702	-		118,802	(127,477)

2024	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedge item included in the carrying amount of the hedge item		Line item in the consolidated statement of financial position in which hedge item is included	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value adjustments remaining in the statement of financial position for any hedge items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
Held as fair value hedges:							
Government Bonds/Sukuk	5,987,519	-	(22,100)	-	Investment at FVOCI and Amortised cost	(6,596)	(140,537)
Total	5,987,519	-	(22,100)	-		(6,596)	(140,537)

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

	Positive fair value	Negative fair value	Notional amount Total	Change in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI		Hedge ineffectiveness recognised in statement of income	Amount reclassified from the hedge reserve to statement of income
Held as cash flow hedges:								
Special Commission rate swaps	6,103	(7,921)	4,285,000		27,810	27,810	-	-
Currency swaps	-	(2,453)	562,500		(2,453)	(2,453)	-	-
Total	6,103	(10,374)	4,847,500	25,357	25,357	25,357	-	-

	Positive fair value	Negative fair value	Notional amount Total	Change in fair value used for calculating hedge ineffectiveness	Changes in the value of the hedging instrument recognised in OCI		Hedge ineffectiveness recognised in statement of income	Amount reclassified from the hedge reserve to statement of income
Held as cash flow hedges:								
Special Commission rate swaps	269	(30,193)	4,285,000		2,586	2,586	-	(1,171)
Currency swaps	-	-	-		-	-	-	-
Total	269	(30,193)	4,285,000	2,586	2,586	2,586	-	(1,171)

The amounts relating to items designated as hedged items as follows:

	Line item in the statement of financial position in which hedge item is included	Changes in value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Balance remaining in cash flow hedge reserve for hedge relationships for which hedge accounting is no longer applied	
2025					
Held as cash flow hedges:					
Government Bonds/Sukuk	Investment at FVOCI/AC	(25,357)	(5,445)	-	-
Total		(25,357)	(5,445)	-	-

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2024	Line item in the statement of financial position in which hedge item is included	Changes in value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Balance remaining in cash flow hedge reserve for hedge relationships for which hedge accounting is no longer applied
Held as cash flow hedges:				
Government Bonds/Sukuk	Investment at FVOCI/AC	(2,586)	(3,907)	-
Total		(2,586)	(3,907)	-

In the table below, the Bank sets out the accumulated fair value adjustments arising from the corresponding continuing hedge relationships, irrespective of whether or not there has been a change in hedge designation during the year.

2025	Carrying Amount of Hedged Items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
Micro fair value hedges				
Fixed rate FVOCI debt instruments	4,128,746	-	96,652	-
Fixed rate Held at amortised cost debt instruments	892	-	49	-
Total	4,129,638	-	96,701	-

2024	Carrying Amount of Hedged Items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
Micro fair value hedges				
Fixed rate FVOCI debt instruments	5,415,410	-	27,054	-
Fixed rate Held at amortised cost debt instruments	572,108	-	(49,154)	-
Total	5,987,518	-	(22,100)	-

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The below table sets out the outcome of the Bank's hedging strategy, in particular, to changes in the fair value of the hedged items and hedging instruments in the current year and the comparative year, used as the basis for recognising ineffectiveness:

Hedged Items	Hedging Instruments	2025			2024		
		Gain / (Losses) attributable to hedged risk		Hedge Ineffectiveness	Gain / (Losses) attributable to hedged risk		Hedge Ineffectiveness
		Hedged Items	Hedging Instruments		Hedged Items	Hedging Instruments	
Micro fair value hedge relationship hedging assets							
Fixed rate FVOCI debt instruments	Special commission rate swaps	69,599	(55,983)	13,616	(87,330)	84,303	(3,027)
Fixed rate Held at amortised cost debt instruments	Special commission rate swaps	49,203	(49,477)	(274)	80,734	(78,007)	2,727
Total		118,802	(105,460)	13,342	(6,596)	6,296	(300)

The following table shows the maturity and interest rate risk profiles of the Bank's hedging instruments used in its cash flow hedges. As the Bank applies one-to-one hedging ratios, the below table effectively shows the outcome of the cash flow hedges:

2025	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	
Micro cash flow hedges							
Commission rate swaps							
Notional principal	-	-	-	4,285,000	-	4,285,000	
Average fixed rate	-	-	-	4.85%	-	-	
Micro cash flow hedges							
Currency swaps							
Notional principal	-	-	-	562,500	-	562,500	
Average fixed rate	-	-	-	2.33%	-	-	
Average USD/SAR rate	-	-	-	3.75	-	-	
2024	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	
Micro cash flow hedges							
Commission rate swaps							
Notional principal	-	-	-	4,285,000	-	4,285,000	
Average fixed rate	-	-	-	4.87%	-	-	
Micro cash flow hedges							
Currency swaps							
Notional principal	-	-	-	-	-	-	
Average fixed rate	-	-	-	-	-	-	
Average USD/SAR rate	-	-	-	-	-	-	

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12. Due to banks

	2025	2024
Current accounts	3,363,720	4,782,449
Money market	13,976,860	13,893,022
Repo with banks	8,357,992	19,807,023
Others	2,388	2,514,487
Total	25,700,960	40,996,981

13. Customers' deposits

	2025	2024
Demand	138,258,973	137,066,920
Time	179,981,969	125,373,090
Savings	3,288,144	2,987,570
Margin and others	1,744,768	1,583,079
Total	323,273,854	267,010,659

The above deposits include the following deposits in foreign currencies:

	2025	2024
Demand	18,383,146	16,466,325
Time	24,792,776	24,104,473
Savings	24,929	23,034
Margin and others	339,619	337,710
Total	43,540,470	40,931,542

Customers' deposits include the following deposits under Shariah approved product contracts:

	2025	2024
Demand	83,332,821	83,808,390
Time	109,995,698	78,438,046
Savings	2,269,536	2,263,693
Margin and others	791,560	510,653
Total	196,389,615	165,020,782

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14. Debt securities in issue and term loans

On 22 July 2025, SAB obtained the necessary approvals from SAMA for exercising its call option on its ₩ 5 billion Tier 2. The Sukuk was redeemed at face value (100% of issue price) at the end of 5 years from issuance.

During the year ended 31 December 2025, SAB issued USD 1.25 billion (equivalent to ₩ 4.688 billion) Tier 2 Notes, under the Group's Medium-Term Note Programme (the 'International Programme') on 4 September 2025. The Notes are unsecured and due in 2035, with SAB having an option to repay the Sukuk after 5 years, subject to prior approval of SAMA and terms and conditions of the International Programme. The Notes carry special commission expense rate of 5.95% (fixed rate) payable semi-annually.

In addition, SAB issued certificate of deposits (CDs) under its CDs programme and entered into an arrangement of bilateral borrowings (term loans) during the year ended 31 December 2025.

	2025	2024
Debt securities in issue (Tier 2 Notes)	4,751,472	5,178,059
Certificate of deposits	2,201,495	-
Term loans	942,587	-
Total	7,895,554	5,178,059

Below is the movement of debt securities in issue:

	2025	2024
Balance at beginning of the year	5,178,059	5,177,862
Debt securities issued	4,687,500	-
Repayment of debt securities in issue	(5,000,000)	-
Other movements	(114,087)	197
Balance at the end of the year	4,751,472	5,178,059

Certificates of deposit and term loans issued by the Bank under its various programs include:

Issue Date	Type	Market	Tenure	Currency	Value	Term	Maturity
Aug 12 2025	Certificate Deposit	International FI	Less than 1 Year	USD	723 Million	4.77%	May 19 2026
Aug 14 2025	Certificate Deposit	International FI	1 Year	USD	358 Million	4.72%	Aug 19 2026
Aug 19 2025	Certificate Deposit	International FI	Less than 1 Year	USD	366 Million	4.55%	Feb 26 2026
Aug 20 2025	Certificate Deposit	International FI	1 Year	USD	716 Million	4.62%	Aug 27 2026
Jul 7 2025	Term Loan	International FI	3 Years	USD	562 Million	Term SOFR +70bps	Jun 23 2028
Jul 7 2025	Term Loan	International FI	Less than 3 Years	USD	375 Million	Term SOFR +79bps	Apr 28 2028

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15. Other liabilities

	2025	2024
Accounts payable	11,385,626	10,437,261
Provision against loan commitments and financial guarantee contracts (note 20)	1,094,663	1,137,922
End of service benefits (note 29)	964,785	784,311
Lease liabilities	258,949	408,285
Others	2,267,982	2,656,944
Total	15,972,005	15,424,723

Others mainly include deferred income, Zakat and income tax liability and accruals.

16. Share capital

The authorised, issued and fully paid share capital of SAB consists of 2,054,794,522 shares of ₩ 10 each (2024: 2,054,794,522 shares of ₩ 10 each). The ownership of the SAB's share capital is as follows:

	2025	2024
HSBC Holdings B.V	31%	31%
Other shareholders*	69%	69%

*Other shareholders include both Saudi and non-strategic foreign shareholders.

SAB paid an interim dividend for the first half of year 2025 of ₩ 2,090 million (2024: ₩ 2,091 million). This equates to ₩ 1.00 per share for Saudi shareholders' net of Zakat (2024: ₩ 1.00).

SAB paid a final dividend of ₩ 1,792 million (2024: ₩ 1,847 million) as approved by the Board of Directors, to the shareholders of the Group for the year 2024. This resulted in ₩ 1.00 per share for Saudi shareholders, net of Zakat (2024: ₩ 0.98).

The income tax of the foreign shareholders was deducted from their share of the dividends.

17. Statutory reserve

In accordance with the Banking Control Law of the Kingdom of Saudi Arabia, no further transfer of annual net income is required to the statutory reserve as its balance equals the paid up share capital of the Group. The statutory reserve is not currently available for distribution.

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18. Other reserves

2025	Cash flow hedges	FVOCI	Treasury shares	Employee share plan reserve	Remeasurement of defined benefit liability	Total
Balance at beginning of the year	(30,802)	(2,631,394)	(262,631)	58,332	47,727	(2,818,768)
Restatement (note 41)	-	918,484	-	-	-	918,484
Balance at beginning of the year	(30,802)	(1,712,910)	(262,631)	58,332	47,727	(1,900,284)
Net change in fair value	25,357	1,611,212	-	-	-	1,636,569
Transfer to consolidated statement of income	-	(64,235)	-	-	-	(64,235)
Net movement in defined benefit liability	-	-	-	-	(90,723)	(90,723)
Treasury shares vested during the year	-	-	56,937	(56,937)	-	-
Net charge during the year	-	-	-	64,241	-	64,241
Balance at end of the year	(5,445)	(165,933)	(205,694)	65,636	(42,996)	(354,432)

2024 (Restated)	Cash flow hedges	FVOCI	Treasury shares	Employee share plan reserve	Remeasurement of defined benefit liability	Total
Balance at beginning of the year	217,335	(1,544,750)	(135,129)	62,944	(14,743)	(1,414,343)
Restatement (note 41)	-	918,484	-	-	-	918,484
Balance at beginning of the year	217,335	(626,266)	(135,129)	62,944	(14,743)	(495,859)
Net change in fair value	(249,308)	(1,147,568)	-	-	-	(1,396,876)
Transfer to consolidated statement of income	1,171	60,924	-	-	-	62,095
Net movement in defined benefit liability	-	-	-	-	62,470	62,470
Treasury shares purchased during the year	-	-	(176,804)	-	-	(176,804)
Treasury shares vested during the year	-	-	49,302	(49,302)	-	-
Net charge during the year	-	-	-	44,690	-	44,690
Balance at end of the year	(30,802)	(1,712,910)	(262,631)	58,332	47,727	(1,900,284)

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19. Additional Tier 1 Sukuk

The Bank has issued Additional Tier 1 Capital Sukuk by way of private placement as follows:

Issuance date	Amount (in ₩ billions)	Issuance Currency	Fixed / Floating	Coupon rate	Coupon Payment frequency
31 October 2023	4.00	₳	Floating	3 months SAIBOR + 125 bps	Quarterly
12 December 2024	3.65	₳	Fixed	6.07%	Quarterly
12 December 2024	0.35	₳	Floating	3 months SAIBOR + 134 bps	Quarterly
21 May 2025	2.44	USD	Fixed	6.50%	Semi-annually
24 July 2025	2.00	₳	Fixed	6.30%	Quarterly

The issuances were approved by the regulatory authorities and Board of Directors of the Bank. These Sukuk are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets. The applicable profit rate on the Sukuk is payable on each periodic distribution date, except in the event of a non-payment or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment elections are not considered to be events of default.

20. Commitments and contingencies

a) Legal proceedings

There are no material outstanding legal proceedings against the Group.

b) Capital commitments

As at 31 December 2025, the Group has capital commitments of ₩ 935 million (2024: ₩ 1,340 million) in respect of buildings, equipment and software purchases.

c) Credit related commitments and contingencies

Credit related commitments and contingencies mainly comprise guarantees letters of credit acceptances and commitments to extend credit. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances. Documentary letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are generally 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 cash requirement under these instruments is considerably less than the amount of the related commitment because the Group generally expects the customers to fulfill their primary obligation.

Commitments to extend credit represent the unutilised portion of authorisations to extend credit, principally in the form of loans and advances, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unutilised commitments. However, the likely amount of loss, which cannot readily be quantified, is expected to be considerably less than the total unutilised commitment as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of the

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commitments could expire or be terminated without being funded. Credit related commitments and contingencies are as follows:

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Letters of credit	17,069,977	831,764	30,401	54,123	17,986,265
Letters of guarantee	138,404,047	3,083,219	2,155,258	963,737	144,606,261
Acceptances	3,367,466	123,081	292	1,157	3,491,996
Irrevocable commitments to extend credit	40,115,254	459,544	596,274	216,964	41,388,036
Total	198,956,744	4,497,608	2,782,225	1,235,981	207,472,558

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Letters of credit	17,400,063	1,075,404	29,418	146,289	18,651,174
Letters of guarantee	120,073,318	5,603,214	1,270,719	1,170,729	128,117,980
Acceptances	2,897,037	390,256	-	3,827	3,291,120
Irrevocable commitments to extend credit	19,225,105	1,063,070	-	38,372	20,326,547
Total	159,595,523	8,131,944	1,300,137	1,359,217	170,386,821

The un-utilised portion of non-firm commitments, which can be revoked unilaterally at any time by the Group, is ₩ 150,830 million (2024: ₩ 141,303 million). The following table further explains changes in gross carrying amount of the credit related commitments and contingencies to help explain their significance to the changes in the loss allowance for the same portfolio.

Letters of credit

2025	Non-credit impaired			Credit impaired	
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	17,400,063	1,075,404	29,418	146,289	18,651,174
Transfer to Stage 1	360,151	(360,151)	-	-	-
Transfer to Stage 2	(276,123)	276,123	-	-	-
Transfer to Stage 3	-	(1,424)	1,424	-	-
Net other changes for the year	(414,114)	(158,188)	(441)	(92,166)	(664,909)
Balance as at 31 December 2025	17,069,977	831,764	30,401	54,123	17,986,265

2024	Non-credit impaired			Credit impaired	
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	14,746,763	874,480	2,893	38,833	15,662,969
Transfer to Stage 1	11,591	(11,591)	-	-	-
Transfer to Stage 2	(297,549)	297,549	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	2,939,258	(85,034)	26,525	107,456	2,988,205
Balance as at 31 December 2024	17,400,063	1,075,404	29,418	146,289	18,651,174

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Letters of guarantee

2025	Non-credit impaired			Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI		
Balance at 1 January 2025	120,073,318	5,603,214	1,270,719	1,170,729	128,117,980	
Transfer to Stage 1	1,212,634	(1,212,632)	(2)	-	-	-
Transfer to Stage 2	(294,332)	294,332	-	-	-	-
Transfer to Stage 3	(29,814)	(1,048,259)	1,078,073	-	-	-
Net other changes for the year	17,442,241	(553,436)	(193,532)	(206,992)	16,488,281	
Balance as at 31 December 2025	138,404,047	3,083,219	2,155,258	963,737	144,606,261	

2024	Non-credit impaired			Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI		
Balance at 1 January 2024	88,243,609	7,844,758	1,241,777	1,232,269	98,562,413	
Transfer to Stage 1	3,236,569	(3,236,569)	-	-	-	-
Transfer to Stage 2	(1,681,336)	1,681,336	-	-	-	-
Transfer to Stage 3	(5,275)	(151,515)	156,790	-	-	-
Net other changes for the year	30,279,751	(534,796)	(127,848)	(61,540)	29,555,567	
Balance as at 31 December 2024	120,073,318	5,603,214	1,270,719	1,170,729	128,117,980	

Acceptances

2025	Non-credit impaired			Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI		
Balance at 1 January 2025	2,897,037	390,256	-	3,827	3,291,120	
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Net other changes for the year	470,429	(267,175)	292	(2,670)	200,876	
Balance as at 31 December 2025	3,367,466	123,081	292	1,157	3,491,996	

2024	Non-credit impaired			Credit impaired		Total
	Stage 1	Stage 2	Stage 3	POCI		
Balance at 1 January 2024	3,672,874	194,943	520	830	3,869,167	
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Net other changes for the year	(775,837)	195,313	(520)	2,997	(578,047)	
Balance as at 31 December 2024	2,897,037	390,256	-	3,827	3,291,120	

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Irrevocable commitments to extend credit

2025	Non-credit impaired			Credit impaired	
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	19,225,105	1,063,070	-	38,372	20,326,547
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	20,890,149	(603,526)	596,274	178,592	21,061,489
Balance as at 31 December 2025	40,115,254	459,544	596,274	216,964	41,388,036

2024	Non-credit impaired			Credit impaired	
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	11,953,358	537,713	-	217,829	12,708,900
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
Net other changes for the year	7,271,747	525,357	-	(179,457)	7,617,647
Balance as at 31 December 2024	19,225,105	1,063,070	-	38,372	20,326,547

The following table shows reconciliations of the provision for expected credit losses against loan commitments and financial guarantee contracts:

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2025	74,421	308,898	685,107	69,496	1,137,922
Transfer to Stage 1	13,605	(13,603)	(2)	-	-
Transfer to Stage 2	(1,083)	1,083	-	-	-
Transfer to Stage 3	(137)	(170,332)	170,469	-	-
Net other changes for the year	19,466	(18,106)	(40,644)	(3,975)	(43,259)
Balance as at 31 December 2025	106,272	107,940	814,930	65,521	1,094,663

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2024	121,810	249,985	606,108	48,074	1,025,977
Transfer to Stage 1	66,682	(66,682)	-	-	-
Transfer to Stage 2	(3,494)	3,494	-	-	-
Transfer to Stage 3	(10)	(6,332)	6,342	-	-
Net other changes for the year	(110,567)	128,433	72,657	21,422	111,945
Balance as at 31 December 2024	74,421	308,898	685,107	69,496	1,137,922

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d) The analysis of credit related commitments and contingencies by counterparty is as follows:

	2025	2024
Government and quasi government	13,699,998	7,674,306
Corporate	155,116,289	131,718,106
Banks and other financial institutions	34,171,047	29,714,384
Others	4,485,224	1,280,025
Total	207,472,558	170,386,821

The following table sets out information about the credit quality of commitments and contingencies. The amounts in the table represent gross carrying amounts.

2025	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	73,625,016	-	-	-	73,625,016
Good	107,238,665	594,662	-	-	107,833,327
Satisfactory	18,093,063	3,700,781	-	-	21,793,844
Special mention	-	202,165	39,064	-	241,229
Non-performing	-	-	2,743,161	1,235,981	3,979,142
Total	198,956,744	4,497,608	2,782,225	1,235,981	207,472,558

2024	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	67,004,292	-	-	-	67,004,292
Good	83,674,774	702,561	-	-	84,377,335
Satisfactory	8,916,457	5,074,908	62	-	13,991,427
Special mention	-	2,354,475	79,714	-	2,434,189
Non-performing	-	-	1,220,361	1,359,217	2,579,578
Total	159,595,523	8,131,944	1,300,137	1,359,217	170,386,821

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21. Net special commission income

	Notes	2025	2024 (Restated)*
Special commission income			
Loans and advances	41	17,544,304	16,000,702
Due from banks and other financial institutions		435,643	552,530
Investments:			
FVOCI		2,287,325	2,267,685
Held at amortised cost		2,095,238	1,788,104
		4,382,563	4,055,789
Total		22,362,510	20,609,021
Special commission expense			
Customers' deposits		(8,742,229)	(7,937,014)
Due to banks		(1,681,069)	(1,122,469)
Debt securities in issue		(351,783)	(402,538)
Others		39,115	(15,895)
Total		(10,735,966)	(9,477,916)
Net special commission income		11,626,544	11,131,105

*Refer to note 41

Special commission income and Special commission expenses from Shariah-compliant products are as follows:

	2025	2024
Special commission income		
Loans and advances		
Tawarruq	10,765,626	10,003,346
Ijarah	1,546,819	1,431,235
Murabaha	1,406,519	947,510
Total	13,718,964	12,382,091
Investments:		
Held at amortised cost / Sukuk	1,852,734	1,621,167
FVOCI / Sukuk	1,552,568	1,602,985
Total	3,405,302	3,224,152
Due from Banks and other financial institutions - Tawarruq	11,912	39,618
Special commission expense		
Customers' deposits		
Murabaha (Tawarruq)	(5,102,444)	(4,701,038)
Mudarabah	(37,335)	(31,627)
Total	(5,139,779)	(4,732,665)
Debt securities in issue - Murabaha	(218,575)	(402,538)
Due to Banks - Tawarruq	(146,655)	(36,922)
Special commission income, net	11,631,169	10,473,736

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22. Net fee and commission income

	Notes	2025	2024 (Restated)*
Fee and commission income:			
Card products		2,262,836	1,899,938
Trade finance		926,671	889,637
Corporate finance and advisory	41	209,193	212,550
Fund management fees		322,580	329,808
Payments and transfers		220,526	212,235
Other banking services		305,733	336,593
Total fee and commission income		4,247,539	3,880,761
Fee and commission expense:			
Card products		(2,668,098)	(2,244,884)
Corporate finance and advisory	41	(45,009)	(44,712)
Fund management fees		(44,796)	(57,836)
Payments and transfers		(64,507)	(64,195)
Custodial services		(2,247)	(1,555)
Other banking services		(96,258)	(125,622)
Total fee and commission expense		(2,920,915)	(2,538,804)
Net fees and commission income		1,326,624	1,341,957

*Refer to note 41

23. Gain from FVSI financial instruments, net

	2025	2024
Derivatives	193,476	308,160
Foreign exchange income, net	185,341	184,952
Debt securities	38,023	11,126
Others	146,486	50,691
Total	563,326	554,929

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24. Salaries and employee related expenses

The following table summarises the Group's employee categories defined in accordance with SAMA's Banks Remuneration Rules and includes the total amounts of fixed and variable compensation paid to employees during the years ended 31 December 2025 and 31 December 2024, and the forms of such payments.

2025	Number of employees*	Fixed compensation	Variable compensation		Total
			Cash	Shares	
Senior executives requiring SAMA no objection	24	(44,576)	(26,069)	(26,611)	(52,680)
Employees engaged in risk taking activities	1042	(560,921)	(195,090)	(28,922)	(224,012)
Employees engaged in control functions	454	(129,446)	(23,161)	(23)	(23,184)
Other employees	2953	(624,954)	(168,638)	(6,625)	(175,263)
Outsourced employees	753	(96,653)	(48,478)	-	(48,478)
Total	5,226	(1,456,550)	(461,436)	(62,181)	(523,617)
Variable compensation accrued in 2025		(566,496)			
Other employee related benefits **		(395,631)			
Total salaries and employee related expenses		(2,418,677)			

2024	Number of employees*	Fixed compensation	Variable compensation		Total
			Cash	Shares	
Senior executives requiring SAMA no objection	24	(44,077)	(28,983)	(21,300)	(50,283)
Employees engaged in risk taking activities	1042	(544,343)	(180,146)	(27,205)	(207,351)
Employees engaged in control functions	429	(123,504)	(20,697)	(23)	(20,720)
Other employees	2975	(602,187)	(146,283)	(774)	(147,057)
Outsourced employees	995	(95,318)	(47,932)	-	(47,932)
Total	5,465	(1,409,429)	(424,041)	(49,302)	(473,343)
Variable compensation accrued in 2024		(523,941)			
Other employee related benefits **		(338,506)			
Total salaries and employee related expenses		(2,271,876)			

* Represents all employees who worked for the Group and were compensated during the year 2025 or 2024, whether they are still active or no longer employed by the Group.

** Other employee related benefits include insurance premiums paid, General Organisation for Social Insurance contributions (GOSI), recruitment expenses and certain other non-recurring employee related costs.

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Senior executives (requiring SAMA no objection):

This comprises senior management having responsibility and authority for formulating strategies, directing and controlling the activities of the Group whose appointment requires non objection from SAMA. This covers the CEO & Managing Director and other executives directly reporting to him and other roles.

Employees engaged in risk taking activities:

This comprises of management staff within the business lines (Corporate and Institutional Banking, Treasury, Investment, Wealth and Personal Banking employees), who are responsible for executing and implementing the business strategy on behalf of the Group. This also includes those involved in recommending and evaluating credit limits and credit worthiness, pricing of loans, undertaking and executing business proposals and treasury dealing activities as well as other executives whom, are not under the senior executives (requiring SAMA no objection).

Employees engaged in control functions:

This refers to employees working in divisions that are not involved in risk taking activities but engaged in review functions (Risk Management, Compliance, Internal Audit and Legal). These functions are fully independent from risk taking units.

Other employees:

This includes all other employees of the Group, excluding those already reported under categories mentioned above.

Outsourced employees:

This includes staff employed by various agencies who supply services to the Group on a full-time basis in non-critical roles. None of these roles require risk undertaking or control.

Compensation disclosure for the annual consolidated financial statements:

SAMA being the Banking industry regulator for the Kingdom of Saudi Arabia has issued its Banks Remuneration Rules. In compliance with the SAMA's Banks Remuneration Rules, a compensation policy endorsed by the Nomination and Remuneration Committee and approved by the Board of Directors has been formulated and implemented.

SAB compensation policy

i. Policy objectives

The policy establishes the guidelines for the management of fixed and variable remuneration at SAB. The policy covers all categories of employees, all compensation elements, key remuneration determinants, approval and governance processes (covered in the HR Delegation of Authority), reporting requirements, bonus deferral process, share retention and relevant stakeholder's roles and responsibilities. The objectives of the policy are to ensure elements of the policy are consistently applied; reflects a total compensation approach (fixed pay, variable pay and benefits); and supports equal opportunity, promotes market competitiveness, supports pay for performance parity, is applied in the context of relevant risk controls and compliance considerations in the application of compensation decisions; meets regulatory requirements, centered on effective risk management and achieving financial soundness and stability of the bank.

ii. Compensation structure

SAB's compensation operates on a Total Package basis that is benchmarked to market data from peers in the appropriate industry. Total Package comprises of the following blend of fixed and variable compensation elements: salaries, allowances, benefits, annual bonuses, short-term incentives, and long-term incentives.

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iii. Performance management system

The performance of all employees is evaluated against agreed targets using a Performance Scorecard methodology, financial, customer, process, and people. A calibration process is applied to ensure fair and equitable performance evaluation. The performance management methodology at SAB focuses on the differentiation of individual performance and drives the variable reward strategy which encourages high performance within a risk compliant manner.

iv. Risk-adjustment for variable pay schemes

The Group has reviewed all its variable pay schemes, with the assistance of external remuneration consultants, to ensure that any bonus pay pools have taken into account relevant risks. The determination of bonus pools is based on appropriate performance factors adjusted for risk. The bonus pool for the Control functions have been ring fenced from short-term profits in alignment with SAMA regulations.

v. Bonus deferral

Bonus deferral in the form of equity applies to all employees who are subject to SAMA 'No Objection', those identified as material risk takers, or those meeting a quantitative deferral trigger. Deferred bonus awards are delivered in the form of SAB shares and vest over a three year period. Deferred awards are subject to malus and clawback provisions in accordance with regulatory requirements and internal policy.

vi. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has oversight of the remuneration structures and policies for all employees to ensure that: all performance based bonuses are adjusted for risk, compensation structures are regulatory compliant, and effective in achieving its stated objectives.

a) Share based bonus payments

SAB has in place share-based equity settled bonus payment plans for eligible employees, which were outstanding as of the end of the year. Under the terms of these plans, eligible employees are granted shares at a predetermined price. On the respective vesting dates, SAB delivers the allotted shares to the employees once vesting terms and conditions have been satisfactorily met.

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). At each reporting date, the cumulative expense recognised for these plans up 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.

At present, the Bank operates three share-based equity plans. The bonus deferral program, under these, plans were initiated at various dates during 2023, 2024, and 2025. These plans have a three year maturity period from the respective grant dates, with shares vesting occurring in three portions: 33%, 33% and 34% in the first year, second year and third year respectively. Additionally, SAB operates two long-term incentive plans. One plan, concluded in Q1 2025, had a maturity of four years of the respective grant date. Under this plan, awards vested as 30%, 20% and 40% in shares, with the remaining as cash rewards. The second plan applies cliff vesting after a maturity of either two or three years, with the final vesting scheduled for Q1 2027.

As per the settlement terms of these plans, the ownership of these shares will transfer to the employees upon the respective vesting dates, subject to successful completion of the vesting conditions.

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The movement in the number of shares under Share Based Equity settled plans is as follows:

Number of shares	2025	2024
Beginning of the year	3,811,884	2,677,932
Forfeited	(50,667)	(75,009)
Exercised / Expired	(1,639,242)	(1,452,637)
Granted during the year	1,878,167	2,661,598
End of the year	4,000,142	3,811,884

The weighted average price of shares granted during the year was ₩ 32.44 (2024: ₩ 34.61). Total treasury shares held by the Group as at 31 December 2025 were 5,181,834 shares (2024: 6,821,076 shares).

The movement in the number of treasury shares is as follows:

Number of shares	2025	2024
Beginning of the year	6,821,076	3,573,713
Acquired	-	4,700,000
Vested	(1,639,242)	(1,452,637)
End of the year	5,181,834	6,821,076

25. General and administrative expenses

	2025	2024
Information technology expenses	579,879	566,788
Legal and professional fees	175,060	230,288
Cash Operations expenses	100,443	95,188
Maintenance and security expenses	92,646	79,276
Communications expenses	52,098	65,489
Other operational expenses	246,789	357,527
Total	1,246,915	1,394,556

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26. Basic and diluted earnings per share

Basic and diluted earnings per share for the years ended 31 December 2025 and 31 December 2024 are calculated by dividing the net income after Zakat and income tax (adjusted by profit paid on additional Tier 1 Sukuk), by the weighted average number of shares 2,054,794,522 (December 2024: 2,054,794,522) outstanding during the years.

	2025	2024
Net income after Zakat and income tax	8,452,094	8,070,461
Profit paid on additional Tier 1 Sukuk	(625,238)	(304,617)
Net income after Zakat and income tax (adjusted by profit paid on additional Tier 1 Sukuk)	7,826,856	7,765,844
Weighted average number of ordinary shares*	2,054,794,522	2,054,794,522
Basic and diluted earnings per share	3.81	3.78

* The impact of treasury shares is immaterial

27. Zakat and income tax

The Zakat base computed in accordance with the formula specified in the Zakat Regulations is also subject to thresholds for minimum and maximum liability. In addition, SAB is subject to pay corporate income tax to reflect the portion of the shareholder base that is non-Saudi. Corporate income tax is calculated at a rate of 20%, applied to the share of taxable income of the non-Saudi shareholders.

As of 31 December 2025, SAB has filed its Zakat and income tax return up to 2024. Income tax assessments from 2015 to 2018 have not been received by the Bank. The assessment of Zakat and Income tax for 2019 up to 2023 are closed and settled. The assessment of 2024 are still under Zakat, Tax, and Customs Authority's (ZATCA) review.

The below table represents the movements in the current Zakat and income tax liability:

	2025	2024
Opening Zakat and income tax liability	1,020,755	977,116
Charge for the year:		
Provision for Zakat	695,960	665,804
Provision for income tax	558,747	533,057
Total charged	1,254,707	1,198,861
Payments during the year:		
Payment of Zakat liability	(663,030)	(597,463)
Payment of income tax liability	(591,843)	(557,759)
Total payment	(1,254,873)	(1,155,222)
Closing Zakat and income tax liability	1,020,589	1,020,755

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Deferred tax

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The following table shows the movement in deferred tax:

	2025	2024
Opening deferred tax asset	167,371	264,131
Provision for deferred tax	7,646	(96,760)
Closing deferred tax asset	175,017	167,371

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

	2025	2024
Property, equipment, ROU, goodwill and other intangibles	51,023	54,720
Other liabilities	52,260	50,168
Provision for expected credit losses	71,734	62,483
Total	175,017	167,371

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 the statutory deposit (note 3)	6,645,956	2,198,536
Due from banks and other financial institutions with an original maturity of three months or less from date of the acquisition	2,881,295	3,293,161
Total	9,527,251	5,491,697

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29. Employee benefit obligation

a) General description

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

b) Reconciliation of defined benefit obligation as 31 December

	2025	2024
Defined benefit obligation at the beginning of the year	784,311	812,150
Charge for the year:		
Current service cost	72,968	77,574
Interest cost	40,813	36,454
Past service cost	48,120	(9,005)
Benefits paid	(72,204)	(70,493)
Transferred in	54	101
Re-measurement of defined benefit liability:		
Financial assumptions	44,144	(95,325)
Demographic adjustments	489	3,747
Experience adjustments	46,090	29,108
Defined benefit obligation at the end of the year	964,785	784,311

c) Principal actuarial assumptions (in respect of the employee benefit scheme)

	2025	2024
Discount rate	5.05%	5.45%
Expected rate of salary increase	4.25%	4.25%
Normal retirement age	65 Years	65 Years

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d) Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the defined benefit obligation valuation as at 31 December to the discount rate and salary increase rate.

Base Scenario 2025	Impact on defined benefit obligation – increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(62,741)	71,309
Expected rate of salary increase	1%	73,412	(65,736)

Base Scenario 2024	Impact on defined benefit obligation – increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(104,893)	69,003
Expected rate of salary increase	1%	71,220	(62,857)

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

e) Expected maturity

Expected maturity analysis of undiscounted defined benefit obligation for the end of service plan is as follows:

2025	Less than a year	1-2 years	2-5 years	Over 5 years	Total
	126,491	88,052	271,567	966,160	1,452,270
2024	Less than a year	1-2 years	2-5 years	Over 5 years	Total
	71,968	69,149	194,607	995,673	1,331,397

The weighted average duration of the defined benefit obligation is 7 years (2024: 8 years).

f) Defined contribution plan

The Group makes contributions for a defined contribution retirement benefit plan to the GOSI in respect of its staff. The total amount expensed during the year in respect of this plan was ₩ 104 million (2024: ₩ 99 million).

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30. Operating segments

The Group's primary business is conducted in the Kingdom of Saudi Arabia. Transactions between the operating segments are on normal commercial terms and conditions. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance. The Group's reportable segments are as follows:

- **Wealth & Personal Banking** – Wealth and Personal Banking offers a variety of wealth and consumer lending products. Having a mix of domestic and international customers, WPB aims to be the Bank of choice for wealth and internationally-minded customers.
- **Corporate and Institutional Banking** – The Corporate and Institutional Banking provides tailored solutions to a wide range of customer segments including Global Corporates and Institutional Banking, Multinational Corporates, Large and Commercial Banking Corporates, and Small and Medium Enterprises. CIB offers a wide range of products that includes core banking, liquidity management, trade-finance and treasury services.
- **Treasury** – The Treasury business provides Corporate, Institutional, Wealth and Private banking clients with access to treasury and capital markets products across multiple asset classes, including foreign exchange, interest rate, and commodities hedging solutions. In addition, Treasury manages the liquidity and market risk of the Bank, including deployment of its commercial surplus through its investment portfolio.
- **Capital Markets** – The Capital Markets segment brings together the margin lending, brokerage, and asset management business and are managed by our wholly-owned subsidiary SAB Invest.
- **Others** – Includes activities of the Group's investment in its associate, HSBC Saudi Arabia and equity investments. It also includes elimination of inter-group income and expense items.

Transactions between the operating segments are reported as recorded by the Group's transfer pricing policy. The Group's total assets and liabilities as at 31 December 2025 and 2024, its total operating income and expenses, and the results for the years then ended, by operating segment, are as follows:

2025	Wealth & Personal Banking	Corporate and Institutional Banking	Treasury	Capital markets	Others	Total
Total assets	84,185,145	227,179,353	137,769,609	2,725,358	2,595,019	454,454,484
Loans and advances, net	74,055,044	222,921,477	-	1,649,984	-	298,626,505
Investments, net	-	-	104,899,187	727,936	2,014,775	107,641,898
Investment in an associate	-	-	-	-	399,507	399,507
Total liabilities	92,703,005	197,172,669	84,998,216	220,457	21,598	375,115,945
Operating income from external customers	2,739,621	9,903,422	1,390,143	456,749	234,028	14,723,963
Inter-segment operating income / (expense)	1,670,520	(1,953,801)	283,281	-	-	-
Total operating income, of which:	4,410,141	7,949,621	1,673,424	456,749	234,028	14,723,963
Net special commission income	3,996,153	6,740,599	703,062	139,127	47,603	11,626,544
Net fees and commission income / (expenses)	121,603	893,147	(5,818)	300,950	16,742	1,326,624
(Provision for expected credit losses) / reversal, net	(172,441)	(528,589)	(4,412)	1,928	-	(703,514)
Total operating (expenses) / income	(2,162,868)	(1,720,292)	(307,712)	(278,417)	6,983	(4,462,306)
Share in earnings of an associate	-	-	-	-	141,012	141,012
Net income for the period before Zakat and income tax	2,074,832	5,700,740	1,361,300	180,260	382,023	9,699,155

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2024 (Restated)	Wealth & Personal Banking	Corporate and Institutional Banking	Treasury	Capital markets	Others	Total
Total assets	73,972,695	197,516,592	123,932,472	2,750,569	2,431,051	400,603,379
Loans and advances, net	64,325,916	193,317,924	-	1,701,676	-	259,345,516
Investments, net	-	-	97,222,242	580,575	1,769,977	99,572,794
Investment in an associate	-	-	-	-	463,350	463,350
Total liabilities	90,963,009	159,836,636	80,122,773	186,890	47,318	331,156,626
Operating income / (loss) from external customers	2,226,800	9,342,582	2,003,356	446,306	(1,372)	14,017,672
Inter-segment operating income / (expense)	2,114,010	(1,361,009)	(753,001)	-	-	-
Total operating income / (loss), of which:	4,340,810	7,981,573	1,250,355	446,306	(1,372)	14,017,672
Net special commission income	3,739,912	6,847,496	403,151	140,546	-	11,131,105
Net fees and commission income / (expenses)	208,616	843,090	(4,406)	294,657	-	1,341,957
(Provision for expected credit losses) / reversal, net	(198,735)	(367,758)	1,064	(634)	-	(566,063)
Total operating expenses	(1,892,851)	(1,783,294)	(342,881)	(257,674)	(14,196)	(4,290,896)
Share in earnings of an associate	-	-	-	-	205,369	205,369
Net income for the period before Zakat and income tax	2,249,224	5,830,521	908,538	187,998	189,801	9,366,082

a) The Group's credit exposure by operating segment is as follows:

2025	Wealth & Personal Banking	Corporate and Institutional Banking	Treasury	Capital markets	Total
Assets	74,055,044	222,921,477	65,244,374	1,889,757	364,110,652
Commitments and contingencies	576,285	106,342,618	69,914	-	106,988,817
Total	74,631,329	329,264,095	65,314,288	1,889,757	471,099,469

2024	Wealth & Personal Banking	Corporate and Institutional Banking	Treasury	Capital markets	Total
Assets	64,325,916	193,317,924	63,241,549	2,087,254	322,972,643
Commitments and contingencies	311,681	90,518,909	8,601	-	90,839,191
Total	64,637,597	283,836,833	63,250,150	2,087,254	413,811,834

Credit exposure comprises the carrying value of assets excluding cash, property and equipment, other assets, investment in associates and equity investments. Commitments, contingencies and derivatives are presented based on the credit conversion factor as prescribed by SAMA.

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31. Financial risk management

i) Credit risk

The Group follows SAMA Rules on Credit Risk Management whereby the Board of Directors has ultimate responsibility for the effective management of risk and approves the risk appetite. The Board has constituted a Board Risk Committee (BRC) for the ongoing monitoring, assessment and management of the risk environment and the effectiveness of the risk management framework. Day-to-day responsibility for risk management is delegated to senior managers with individual accountability for decision making.

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Credit risk arises principally from direct lending, trade finance and leasing activities, but also from other products such as guarantees and derivatives.

The Group continues to assess the impact of economic developments on specific customers, customer segments or portfolios. As credit conditions change, the Group takes mitigating actions, including the revision of risk appetites or limits and tenors, as appropriate. In addition, the Group continues to manage credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. Credit approval authorities are delegated by the Board to the Managing Director together with the authority to sub-delegate them. The Credit Risk function is responsible for the key policies and processes for managing credit risk, which include formulating credit policies and risk rating frameworks, guiding the Group's appetite for credit risk exposures, undertaking independent reviews and objective assessment of credit risk, and monitoring performance and management of portfolios.

Concentrations of credit risk arise when a number of counterparties have comparable economic characteristics, or such counterparties are engaged in similar business activities, or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political, or other conditions. The Group uses a number of controls and measures to minimise undue concentration of exposure in the portfolios. These include portfolio and counterparty limits, approval and review controls, and stress testing.

a) Provision for expected credit losses, net

The following table shows the provision for expected credit losses for due from banks and other financial institutions, investments, loans and advances and off balance sheet exposures:

	Notes	2025	2024
Net provision for expected credit losses:			
Due from banks and other financial institutions	4 (d)	(2,285)	(69)
Investments	5 (d)	(2,128)	1,133
Loans and advances	6 (c)	(1,402,925)	(575,962)
Loan commitments and financial guarantee contracts	20 (c)	43,259	(111,945)
Write-offs net, recoveries of debts previously written-off*		660,565	120,780
Net charge for the year		(703,514)	(566,063)

* Write-offs net, recoveries of debts previously written-off include purchase price allocation release from POCI accounts of ₩ 721 million (2024: ₩ 248 million).

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b) Geographical concentration of financial assets, liabilities, commitments and contingencies, and the maximum exposure to credit risk.

2025	Kingdom of Saudi Arabia	GCC and Middle East	Europe	North America	Other countries	Total
Assets						
Cash and balances with SAMA						
Cash in hand	2,003,426	-	-	-	-	2,003,426
Balances with SAMA	21,705,140	-	-	-	-	21,705,140
Other balances	131,530	-	-	-	-	131,530
Due from banks and other financial institutions, net:						
Current accounts	1,433,035	130,673	515,559	421,401	377,513	2,878,181
Money market placements	-	-	-	-	-	-
Positive fair value derivatives, net:						
Held for trading	665,752	6,344	1,724,259	-	-	2,396,355
Held as fair value hedges	-	-	3,271	-	-	3,271
Held as cash flow hedges	-	-	6,103	-	-	6,103
Investments, net:						
FVOCI	53,819,778	1,407,129	-	8,313,135	-	63,540,042
FVSI	709,664	-	-	-	-	709,664
Amortised cost	40,769,296	-	-	-	-	40,769,296
Loans and advances, net:						
Credit cards	3,580,162	-	-	-	-	3,580,162
Retail lending	72,124,866	-	-	-	-	72,124,866
Corporate and institutional lending	205,229,279	5,067,043	6,191,615	-	6,433,540	222,921,477
Other assets	3,856,506	-	-	-	-	3,856,506
Total	406,028,434	6,611,189	8,440,807	8,734,536	6,811,053	436,626,019
Liabilities						
Due to banks:						
Current accounts	1,429,972	402,497	630,396	520,005	380,850	3,363,720
Money market deposits	10,292,801	397,580	1,584,751	1,139,031	562,697	13,976,860
Repo with banks	-	462,795	7,895,197	-	-	8,357,992
Others	2,388	-	-	-	-	2,388
Customer deposits:						
Demand	137,450,149	44,158	489,604	45,362	229,700	138,258,973
Time	179,634,549	318	29,356	145,364	172,382	179,981,969
Saving	3,257,362	-	12,834	-	17,948	3,288,144
Margin and other deposits	1,733,236	-	274	-	11,258	1,744,768
Debt securities in issue and term loans	4,751,472		2,201,495	565,504	377,083	7,895,554
Negative fair value derivatives, net:						
Held for trading	724,079	3,782	1,438,074	-	-	2,165,935
Held as fair value hedges	-	-	97,263	-	-	97,263
Held as cash flow hedges	-	-	10,374	-	-	10,374
Other liabilities	15,972,005	-	-	-	-	15,972,005
Total	355,248,013	1,311,130	14,389,618	2,415,266	1,751,918	375,115,945
Commitments and contingencies	171,610,900	5,411,250	8,452,510	1,285,640	20,712,258	207,472,558
Maximum credit exposure (stated at credit equivalent amounts)						
Assets	344,973,308	5,197,716	6,707,174	421,401	6,811,053	364,110,652
Commitments and contingencies	88,695,342	2,800,900	4,283,150	659,964	10,549,461	106,988,817
Total credit exposure	433,668,650	7,998,616	10,990,324	1,081,365	17,360,514	471,099,469

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2024	Kingdom of Saudi Arabia	GCC and Middle East	Europe	North America	Other countries	Total
Assets						
Cash and balances with SAMA						
Cash in hand	1,794,960	-	-	-	-	1,794,960
Balances with SAMA	15,477,156	-	-	-	-	15,477,156
Other balances	90,576	-	-	-	-	90,576
Due from banks and other financial institutions, net:						
Current accounts	1,839,674	107,450	182,984	1,022,950	139,293	3,292,351
Money market placements	137,421	-	-	-	-	137,421
Positive fair value derivatives, net:						
Held for trading	304,678	5,028	2,258,571	-	-	2,568,277
Held as fair value hedges	-	-	62,662	-	-	62,662
Held as cash flow hedges	-	-	269	-	-	269
Investments, net:						
FVOCI	44,381,667	1,698,483	-	6,089,994	-	52,170,144
FVSI	960,806	9,807	-	-	-	970,613
Amortised cost	44,629,623	-	-	-	-	44,629,623
Loans and advances, net:						
Credit cards	3,396,831	-	-	-	-	3,396,831
Retail lending	62,630,761	-	-	-	-	62,630,761
Corporate and institutional lending	184,171,960	2,809,852	2,552,050	-	3,784,062	193,317,924
Other assets	3,050,018	-	-	-	-	3,050,018
Total	362,866,131	4,630,620	5,056,536	7,112,944	3,923,355	383,589,586
Liabilities						
Due to banks						
Current accounts	3,335,555	304,321	475,466	382,517	284,590	4,782,449
Money market deposits	8,539,757	3,307,355	1,649,579	396,331	-	13,893,022
Repo with banks	15,298,918	-	4,508,105	-	-	19,807,023
Others	2,514,487	-	-	-	-	2,514,487
Customer deposits:						
Demand	136,566,021	41,269	335,401	730	123,499	137,066,920
Time	124,998,595	-	-	355,367	19,128	125,373,090
Saving	2,955,495	-	15,785	-	16,290	2,987,570
Margin and other deposits	1,572,431	323	182	143	10,000	1,583,079
Debt securities in issue	5,178,059	-	-	-	-	5,178,059
Negative fair value derivatives, net:						
Held for trading	778,512	3,749	1,682,557	-	-	2,464,818
Held as fair value hedges	-	-	51,194	-	-	51,194
Held as cash flow hedges	-	-	30,192	-	-	30,192
Other liabilities	15,424,723	-	-	-	-	15,424,723
Total	317,162,553	3,657,017	8,748,461	1,135,088	453,507	331,156,626
Commitments and contingencies	141,648,137	4,382,091	8,474,177	1,925,105	13,957,311	170,386,821
Maximum credit exposure (stated at credit equivalent amounts)						
Assets	357,716,475	4,625,592	2,735,034	7,112,944	3,923,355	376,113,400
Commitments and contingencies	74,804,897	2,481,213	4,683,317	1,058,808	7,810,956	90,839,191
Total credit exposure	432,521,372	7,106,805	7,418,351	8,171,752	11,734,311	466,952,591

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c) The distributions by geographical concentration of non-performing loans and advances and provision for credit losses are as follows:

2025	Kingdom of Saudi Arabia	GCC and Middle East	Europe	Other countries	Total
Non-performing loans and advances	4,088,710	-	-	-	4,088,710
Provision for expected credit losses	7,137,691	20,365	12,593	32,480	7,203,129

2024	Kingdom of Saudi Arabia	GCC and Middle East	Europe	Other countries	Total
Non-performing loans and advances	3,613,151	-	-	-	3,613,151
Provision for expected credit losses	6,206,911	39,173	5,907	6,610	6,258,601

ii) Credit quality analysis

Expected credit losses (ECL) are recognised for loans and advances to customers, due from banks and financial institutions, other financial assets held at amortised cost, debt instruments measured at fair value through other comprehensive income (FVOCI) and certain loan commitments and financial guarantee contracts. At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months, or less (12-month ECL applicable to instruments under Stage 1). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL applicable to instruments under Stages 2, Stage 3 and POCI.).

ECL is required to be computed across all financial instruments i.e. Stages 1 - good, Stage 2 - significantly deteriorated and Stage 3 – credit impaired financial instruments. This computation requires considering forward looking information including expected future economic conditions / events along with the instrument's historical credit performances.

Significant Increase in Credit Risk (SICR)

IFRS9 requires considering if a financial instrument has undergone a significant increase in credit risk (SICR) since initial recognition, the assessment of the change in the risk of default occurring over the expected life of the instrument and the bank compares the current risk of default at the reporting date with its risk since origination or initial recognition. This is required for assigning Stage 2 i.e. credit deterioration of a financial instrument.

Significant increase in credit risk is a relative, rather than absolute, measure. Therefore, assets with greater absolute credit risk can stay in stage 1 while less risky assets that have significantly deteriorated can be held in stage 2 if they have significantly deteriorated since their origination.

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Occurrence of SICR vary by portfolios and needs to be reassessed at each reporting date (monthly) and its assessment should consider a combination of quantitative, qualitative and hard backstops as below:

- **Quantitative criteria** – should generally be the primary indicator of significant increase in credit risk. It refers to Probability of Default (PD) based criteria or other criteria which capture deterioration in credit risk and can be numerically evaluated either as decision rules or through incorporation into a specific model. Credit risk rating/grade deterioration beyond a 'maximum notch' threshold is an important quantitative indicator for occurrence of SICR and therefore, transfer of instruments to Stage 2.
- **Qualitative criteria** – While the quantitative criteria are expected to be incorporating qualitative factors within the credit, however, any qualitative information not reflected in the credit quality deterioration should also be considered as important trigger for determining occurrence of SICR

While the occurrence of these factors should lead CRR adjustments and SICR based on quantitative factors, credit approvers are also allowed to apply expert judgment and transfer stages.

- **Backstops** – In addition to establishing quantitative and qualitative Stage 2 transfer criteria, the bank is expected to establish certain backstops which are bright line triggers, which if met, would directly result in to stage transfers. IFRS9 provides guidance that instruments with Days Past Due more than 30 days (30 DPD) qualify for SICR.

Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Forbearance

Loans are identified as forborne and classified as either performing or non-performing when the Bank modifies the contractual terms due to financial difficulty of the borrower. Non-performing forborne loans are stage 3 and classified as non-performing until they met the cure criteria. Performing forborne loans are initially stage 2 and remain classified as forborne until they meet applicable cure criteria. At this point, the loan is either stage 1 or stage 2 as determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

Definition of (default)

The Bank considers a financial asset to be in default when:

- A quantitative objective based indicator where the obligor's contractual repayments are past due in excess-over-limits or has overdrawn advised agreed limits for more than 90 days on any material credit obligation to the Bank.
- A qualitative criterion by which the Bank considers that the obligor is 'unlikely-to-pay' its obligations to the Bank in full without recourse by the Bank to action such as realising securities (if any).

Some of the primary indicators for qualitative criteria to objectively define 'Unlikeliness to Pay' (UTP) events' could be the following:

- Distressed debt restructuring resulting in diminished financial obligation
- Significant and/or persistent deteriorations in financial performance, financial ratios, covenants waivers/easing, cash flow and liquidity concerns and future outlook of the obligor
- Imminent probability of facility foreclosure and/or repossession of collaterals / securities due to insolvency or other financial difficulties indicating Bank's inability to recover the exposure.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

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Loan modifications other than forborne loans

Loan modifications that are not identified as forborne are considered to be commercial restructurings. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that the Bank rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided.

Measurement of ECL

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

In general, the Bank calculates ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes the time value of money.

The ECL for wholesale stage 3 is determined on an individual basis using a discounted cash flow (DCF) methodology. The expected future cash flows are based on the credit risk officer's estimates as of the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest.

The cash flows are discounted at a reasonable approximation of the effective interest rate by using the contractual interest rate.

During 2025, the Bank has recalibrated the wholesale PD models to remediate deficiencies with an existing variable in which the behavior of the Government Expenditure to GDP was distorting the PD scenarios. The net impact to ECL from this redevelopment was not material.

Forward-looking economic inputs

The Bank applies multiple forward-looking economic scenarios determined with reference to external forecast distributions representative of their view of forecast economic conditions. This approach is considered sufficient to calculate unbiased expected credit losses in most economic environments. In certain economic environments, additional analysis may be necessary and may result in additional scenarios or adjustments, to reflect a range of possible economic outcomes sufficient for an unbiased estimate.

The economic scenarios used for the models included the following ranges of key indicators.

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The economic scenarios used for the redeveloped models as at 31 December 2025 and 31 December 2024 included the following ranges of key indicators.

Economic indicators	2025	2024
Government expenditure (as a % of GDP)	Upside: 26.9 Base: 27.1 Mild Downside: 27.3 Moderate Downside: 27.4 Severe Downside: 27.6	Upside: 34.5 Base: 34.7 Mild Downside: 35.0 Moderate Downside: 35.2 Severe Downside: 35.3
Gross government debt (as a % of GDP)	Upside: 29.7 Base: 29.8 Mild Downside: 29.9 Moderate Downside: 30.0 Severe Downside: 30.1	Upside: 24.0 Base: 24.3 Mild Downside: 24.9 Moderate Downside: 25.1 Severe Downside: 25.3
Oil Price – Arabian Light (US\$ per barrel)	Upside: 69.9 Base: 69.5 Mild Downside: 69.1 Moderate Downside: 68.7 Severe Downside: 68.1	Upside: 81.9 Base: 81.3 Mild Downside: 80.0 Moderate Downside: 79.4 Severe Downside: 79.0
Unemployment Rate (%)	Upside: 2.7 Base: 2.8 Mild Downside: 2.9 Moderate Downside: 3.0 Severe Downside: 3.0	Upside: 5.0 Base: 5.0 Mild Downside: 5.0 Moderate Downside: 5.0 Severe Downside: 5.0
Tax revenue, expenditure (SARin million)	Upside: 298,245 Base: 296,401 Mild Downside: 293,484 Moderate Downside: 291,983 Severe Downside: 290,287	Upside: 281,109 Base: 279,302 Mild Downside: 276,676 Moderate Downside: 275,276 Severe Downside: 273,758
Government Non-oil Revenue (SARin million)	Upside: 523,230 Base: 519,715 Mild Downside: 514,601 Moderate Downside: 511,878 Severe Downside: 508,753	Upside: 522,186 Base: 518,356 Mild Downside: 512,744 Moderate Downside: 509,743 Severe Downside: 506,542
Money Supply (SARin million)	Upside: 3,137,846 Base: 3,135,319 Mild Downside: 3,123,337 Moderate Downside: 3,118,137 Severe Downside: 3,113,312	Upside: 2,905,409 Base: 2,901,028 Mild Downside: 2,893,392 Moderate Downside: 2,890,283 Severe Downside: 2,884,945

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The Group has used the below base case forecast in its ECL model, which is based on information available at the time of the ECL calculation:

	Forecast calendar years used in 2025 ECL model			Forecast calendar years used in 2024 ECL model		
	2026	2027	2028	2025	2026	2027
Government expenditure (as % of GDP)	27.0	26.5	25.7	31.8	30.6	31.3
Gross government debt (as a % of GDP)	32.1	32.4	31.9	23.3	21.3	18.8
Oil Price – Arabian Light (US\$ per barrel)	64.0	66.9	70.2	74.8	74.8	76.1
Unemployment Rate (%)	2.8	2.8	2.8	5.0	4.9	4.8
Tax revenue, expenditure (₹ in million)	322,261	343,288	361,992	307,730	331,674	352,066
Government Non-oil Revenue (₹ in million)	533,170	558,536	584,178	489,891	466,240	574,698
Money Supply (₹ in million)	3,304,443	3,480,455	3,663,493	3,073,272	3,155,800	3,322,802

Key assumptions for ECL allowance:

The table below illustrates the impact of macroeconomic variables used over the year, as these present the dynamic relationships between them and the sensitivity of ECL to scenario weightages used in the model, at the year end.

Impact of macro-economic variables	PL Impact	PL Impact
	2025 ₹ '000	2024 ₹ '000
Macro-economic factors (Base scenario 2025):		
Government expenditure (as % of GDP) reduce by 8%		
Oil Price – Arabian Light (US\$ per barrel) reduce by 13%		
Gross government debt (as a % of GDP) increase by 20%		
Unemployment Rate (%) reduce by 20%	(54,689)	(41,053)
Tax revenue, expenditure (₹ in million) increase by 3%		
Government Non-oil Revenue (₹ in million) increase by 3%		
Money Supply (₹ in million) increase by 7%		
Sensitivity of scenario weightages:		
Down/Upturn scenario sensitised by +/- 10%	64,000	22,310

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32. Market risk

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as special commission rates, foreign exchange rates, and equity prices. The Group classifies exposures to market risk into either trading and non-trading or banking-book. Market Risk exposures in the trading book result from instruments classified as held for trading as disclosed in these consolidated financial statements. Market Risk exposures in the non-trading or banking-book arise on special commission rate risk and equity price risk as disclosed in part b) of this disclosure.

The market risk for both the trading book and the non-trading book is managed and monitored using a combination of VAR, stress testing and sensitivity analysis.

a) Market risk-trading book

The Board has set limits for the acceptable level of risks in managing the trading book. The Group applies a VAR methodology to assess the market risk positions held and to estimate the potential economic loss based upon a number of parameters and assumptions for change in market conditions.

A VAR methodology estimates the potential negative change in market value of a portfolio at a given confidence level and over a specified time horizon. The Group uses simulation models to assess the possible changes in the market value of the trading book based on historical data.

VAR models are usually designed to measure the market risk in a normal market environment and therefore the use of VAR has limitations because it is based on historical correlations and volatilities in market prices and assumes that the future movements will follow a statistical distribution.

The VAR that the Group measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for 1 day. The use of 99% confidence level depicts that within a one-day horizon, losses exceeding VAR figure should occur, on average, not more than once every hundred days. The VAR represents the risk of portfolios at the close of a business day, and it does not account for any losses that may occur beyond the defined confidence interval. The actual trading results, however, may differ from the VAR calculations and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

In addition to VAR, the Group also carries out stress testing of its portfolio to simulate conditions outside normal confidence intervals. The potential losses occurring under stress test conditions are reported regularly to the Group's Risk Management Committee (RMC) for their review.

The Group's VAR related information is as follows:

2025	Foreign exchange	Special commission rate	Equity risk	Overall risk
VAR as at 31 December 2025	2,900	5,039	245	540
Average VAR for 2025	2,828	8,563	3,356	14,748
Minimum VAR for 2025	1,007	4,874	27	8,167
Maximum VAR for 2025	6,041	30,361	10,292	42,358

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2024 (Restated)	Foreign exchange	Special commission rate	Equity risk	Overall risk
VAR as at 31 December 2024	2,680	8,302	8,874	19,857
Average VAR for 2024	3,129	10,779	9,933	23,867
Minimum VAR for 2024	1,568	6,815	8,139	18,140
Maximum VAR for 2024	4,813	19,208	11,862	31,470

b) Market risk - non-trading or banking-book

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

i) Special commission rate risk

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

The following table depicts the sensitivity to a reasonably possible change in commission rates, with other variables held constant, on the Group's consolidated statement of income or equity. The sensitivity of the income is the effect of the assumed changes in commission rates on the net special commission income for one year, based on the floating rate non-trading financial assets and financial liabilities repricing as at 31 December 2025 including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing the fixed rate FVOCI assets including the effect of any associated hedges as at 31 December 2025 for the effect of assumed changes in commission rates.

The sensitivity of equity is analysed by maturity period of the asset or swap and represents only those exposures that directly impact OCI of the Group.

	2025						
	Increase in basis points	Sensitivity of Equity					
		Sensitivity of special commission income	6 months or less	1 year or less	1-5 years	Over 5 years	Total
SAR	+100	476,088	(7,638)	(19,034)	(777,637)	(1,433,461)	(2,237,770)
USD	+100	(102,878)	(3,019)	(7,857)	(284,544)	(680,061)	(975,481)
EUR	+100	(1,613)	-	-	-	-	-
Others	+100	(2,503)	-	-	-	-	-

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2025

	Decrease in basis points	Sensitivity of special commission income	Sensitivity of Equity					Total
			6 months or less	1 year or less	1-5 years	Over 5 years		
SAR	- 100	(476,088)	7,638	19,034	777,637	1,433,461	2,237,770	
USD	- 100	102,878	3,019	7,857	284,544	680,061	975,481	
EUR	- 100	1,613	-	-	-	-	-	
Others	- 100	2,503	-	-	-	-	-	

2024 (Restated)

	Increase in basis points	Sensitivity of special commission income	Sensitivity of Equity					Total
			6 months or less	1 year or less	1-5 years	Over 5 years		
SAR	+ 100	206,782	(5,058)	(13,832)	(667,755)	(1,140,096)	(1,826,741)	
USD	+ 100	36,356	(2,360)	(5,777)	(192,803)	(644,216)	(845,156)	
EUR	+ 100	(395)	(5)	-	-	-	(5)	
Others	+ 100	(314)	-	-	-	-	-	

2024 (Restated)

	Decrease in basis points	Sensitivity of special commission income	Sensitivity of Equity					Total
			6 months or less	1 year or less	1-5 years	Over 5 years		
SAR	- 100	(206,782)	5,058	13,832	667,755	1,140,096	1,826,741	
USD	- 100	(36,356)	2,360	5,777	192,803	644,216	845,156	
EUR	- 100	395	5	-	-	-	5	
Others	- 100	314	-	-	-	-	-	

The Group is exposed to risks associated with fluctuations in the levels of market special commission rates. The table below summarises the Group's exposure to special commission rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of the contractual repricing or the maturity dates. The Group is exposed to special commission rate risks as a result of mismatches or gaps in the amounts of assets and liabilities and derivative financial instruments that reprice or mature in a given period.

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The Group manages this risk by matching the repricing of financial assets and liabilities through risk management strategies.

2025	Within 3 months	3-12 months	1-5 years	Over 5 years	Non special commission bearing	Total
Assets						
Cash and balances with SAMA:						
Cash in hand	-	-	-	-	2,003,426	2,003,426
Balances with SAMA	4,511,039	-	-	-	17,194,101	21,705,140
Other balances	-	-	-	-	131,530	131,530
Due from banks and other financial institutions, net:						
Current accounts	1,307,227	-	-	-	1,570,954	2,878,181
Money market placements	-	-	-	-	-	-
Positive fair value derivatives, net:						
Held for trading	1,510,104	438,299	198,433	249,519	-	2,396,355
Held as fair value hedges	3,271	-	-	-	-	3,271
Held as cash flow hedges	2,620	3,483	-	-	-	6,103
Investments, net:						
FVOCI	477,641	819,599	20,984,169	40,083,502	2,822,268	65,187,179
FVSI	-	-	229,344	469,552	986,527	1,685,423
Amortised cost	2,600,016	12,210,892	15,130,629	10,827,759	-	40,769,296
Loans and advances, net:						
Credit cards	3,580,162	-	-	-	-	3,580,162
Retail lending	4,373,840	2,812,520	22,661,626	42,276,880	-	72,124,866
Corporate and institutional lending	188,099,555	31,007,367	2,932,913	881,642	-	222,921,477
Other assets						
Total assets	206,465,475	47,292,160	62,137,114	94,788,854	28,565,312	439,248,915
Liabilities						
Due to banks:						
Current accounts	566,983	-	-	-	2,796,737	3,363,720
Money market deposits	11,602,861	2,373,999	-	-	-	13,976,860
Repo with banks	1,743,306	569,675	1,891,080	4,153,931	-	8,357,992
Others	2,388	-	-	-	-	2,388
Customer deposits:						
Demand	-	-	-	-	138,258,973	138,258,973
Time	163,914,502	16,067,467	-	-	-	179,981,969
Saving	3,288,144	-	-	-	-	3,288,144
Margin and other deposits	-	-	-	-	1,744,768	1,744,768
Debt securities in issue and term loans	7,895,554	-	-	-	-	7,895,554
Negative fair value derivatives, net:						
Held for trading	1,394,582	346,138	284,250	140,965	-	2,165,935
Held as fair value hedges	97,263	-	-	-	-	97,263
Held as cash flow hedges	7,643	-	2,731	-	-	10,374
Other liabilities	68,287	34,165	195,121	110,712	15,563,720	15,972,005
Total liabilities	190,581,513	19,391,444	2,373,182	4,405,608	158,364,198	375,115,945
Commission rate sensitivity on assets and liabilities	15,883,962	27,900,716	59,763,932	90,383,246	(129,798,886)	64,132,970
Commission rate sensitivity on derivative financial instruments	-	-	4,492,611	(4,492,611)	-	-
Total special commission rate sensitivity gap	15,883,962	27,900,716	64,256,543	85,890,635	(129,798,886)	-
Cumulative special commission rate sensitivity gap	15,883,962	43,784,676	108,041,219	193,931,854	64,132,970	-

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2024 (Restated)	Within 3 months	3-12 months	1-5 years	Over 5 years	Non special commission bearing	Total
Assets						
Cash and balances with SAMA:						
Cash in hand	-	-	-	-	1,794,960	1,794,960
Balances with SAMA	313,000	-	-	-	15,164,156	15,477,156
Other balances	-	-	-	-	90,576	90,576
Due from banks and other financial institutions, net:						
Current accounts	1,448,025	-	-	-	1,844,326	3,292,351
Money market placements	137,421	-	-	-	-	137,421
Positive fair value derivatives, net:						
Held for trading	1,591,383	520,460	392,845	63,589	-	2,568,277
Held as fair value hedges	58,526	4,136	-	-	-	62,662
Held as cash flow hedges	269	-	-	-	-	269
Investments, net:						
FVOCI	931,686	698,226	14,471,788	35,589,008	2,007,326	53,698,034
FVSI	4,665	1,799	65,625	357,754	815,294	1,245,137
Amortised cost	3,596,430	15,594,553	13,063,031	12,375,609	-	44,629,623
Loans and advances, net:						
Credit cards	3,396,831	-	-	-	-	3,396,831
Retail lending	14,042,779	2,038,888	21,287,288	25,261,806	-	62,630,761
Corporate and institutional lending	164,360,051	26,659,295	2,063,401	235,177	-	193,317,924
Other assets						
Total assets	189,881,066	45,517,357	51,343,978	73,882,943	24,766,656	385,392,000
Liabilities						
Due to banks:						
Current accounts	412,404	-	-	-	4,370,045	4,782,449
Money market deposits	9,983,686	3,909,336	-	-	-	13,893,022
Repo with banks	15,148,699	-	4,658,324	-	-	19,807,023
Others	1,812,577	701,910	-	-	-	2,514,487
Customer deposits:						
Demand	-	-	-	-	137,066,920	137,066,920
Time	112,558,178	12,480,412	334,500	-	-	125,373,090
Saving	2,987,570	-	-	-	-	2,987,570
Margin and other deposits	-	-	-	-	1,583,079	1,583,079
Debt securities in issue	5,178,059	-	-	-	-	5,178,059
Negative fair value derivatives, net:						
Held for trading	1,584,565	450,936	426,292	3,025	-	2,464,818
Held as fair value hedges	51,194	-	-	-	-	51,194
Held as cash flow hedges	30,192	-	-	-	-	30,192
Other liabilities	68,287	34,165	195,121	110,712	15,016,438	15,424,723
Total liabilities	149,815,411	17,576,759	5,614,237	113,737	158,036,482	331,156,626
Commission rate sensitivity on assets and liabilities						
					(133,269,826)	54,235,374
Commission rate sensitivity on derivative financial instruments						
					5,781,730	(5,781,730)
Total special commission rate sensitivity gap	40,065,655	27,940,598	51,511,471	67,987,476	(133,269,826)	
Cumulative special commission rate sensitivity gap	40,065,655	68,006,253	119,517,724	187,505,200	54,235,374	

The net gap between derivative financial instruments represents the net notional amounts of derivative financial instruments, which are used to manage the special commission rate risk.

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ii) Currency risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Group does not maintain material non-trading open currency positions. Foreign currency exposures that arise in the non-trading book are transferred to the trading book and are managed as part of the trading portfolio. The foreign exchange risk VAR disclosed in note 32 (a) reflects the Group's total exposure to currency risk.

The Group is exposed to fluctuations in foreign currency exchange rates. The Board of Directors sets limits on the level of exposure by currency, and in total for both overnight and intraday positions, which are monitored daily. At the end of the year, the Group had the following significant net exposures denominated in foreign currencies:

	2025 Long / (short)	2024 (Restated) Long / (short)
US Dollar	(1,261,267)	27,337
Euro	1,805	(1,423)
Sterling Pounds	(2,732)	3,298
Other	(32,926)	42,802

The table below shows the currencies to which the Bank has a significant exposure on its non-trading monetary assets and liabilities and forecasted cash flows. The analysis calculates the effect of reasonable possible movement of the currency rate against ₩, with all other variables held constant, on the statement of income and equity. A positive effect shows a potential increase in the statement of income or equity, whereas a negative effect shows a potential net reduction in the statement of income or equity.

Currency Exposures	31 December 2025		
	Changes in currency rate in %	Effect on net income	Effect on Equity
US Dollar	+5	(763)	884
	-5	763	(884)
Euro	+3	(55)	-
	-3	55	-
Pound Sterling	+3	(7)	-
	-3	7	-

Currency Exposures	31 December 2024 (Restated)		
	Changes in currency rate in %	Effect on net income	Effect on Equity
US Dollar	+5	(853)	736
	-5	853	(736)
Euro	+3	(40)	-
	-3	40	-
Pound Sterling	+3	(20)	-
	-3	20	-

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iii) **Equity risk**

Equity price risk refers to the risk of decrease in fair values of equities in the bank's non-trading investment portfolio as a result of reasonable possible changes in levels of equity indices and the value of individual stocks.

The effect on the equity investments held as FVOCI due to reasonable possible change in equity indices, with all other variables held constant is as follows:

	31 December 2025		31 December 2024	
Market Indices	Change in Equity Price %	Effect in Market Value	Change in Equity Price %	Effect in Market Value
Tadawul	+5	10,191	+5	19,585
Tadawul	-5	(10,191)	-5	(19,585)

33. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management has diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents and readily marketable securities and monitors future cash flows and liquidity on a daily basis. The Group also has committed lines of credit that it can access to meet liquidity needs.

In accordance with the Banking Control Law and the regulations issued by SAMA, the Group maintains a statutory deposit with SAMA of 7% of monthly average demand deposits and 4% of monthly average of savings and time deposits. In addition to the statutory deposit, the Group also maintains liquid reserves of not less than 20% of the deposit liabilities, in the form of cash, Saudi Government Development Bonds or assets, which can be converted into cash within a period not exceeding 30 days. The Group has the ability to raise additional funds through repo facilities available with SAMA against Saudi Government Development securities.

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date and does not take account of effective maturities as indicated by the Group's deposit retention history. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows. All derivatives used for hedging purposes are shown by maturity based on their contractual, undiscounted repayment obligations. As the major portion of the derivatives trading book comprises of back to back transactions and consequently the open derivatives trading exposures are small, the management believes that the inclusion of trading derivatives in the contractual maturity table is not relevant for an understanding of the timing of cash flows and hence these have been excluded. Management monitors the maturity profile to ensure that adequate liquidity is maintained. The weekly liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Asset and Liability Committee ('ALCO').

A summary report, covering the Group and operating subsidiaries, including any exceptions and remedial action taken, is submitted monthly to ALCO.

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a) Analysis of undiscounted financial liabilities by remaining contractual maturities

2025	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Financial liabilities						
Due to banks						
Current accounts	3,363,720	-	-	-	-	3,363,720
Money market deposits	11,582,503	2,533,519	-	-	-	14,116,022
Repos with banks	1,743,448	569,963	1,892,740	4,172,840	-	8,378,991
Others	2,388	-	-	-	-	2,388
Customer deposits						
Demand	-	-	-	-	138,258,973	138,258,973
Time	167,370,434	12,725,947	98,483			180,194,864
Saving	3,288,144	-	-	-	-	3,288,144
Margin and other deposits	186,282	551,243	748,243	259,000	-	1,744,768
Debt securities in issue and term loans	526,531	2,093,784	7,882,755	-	-	10,503,070
Lease liabilities	21,801	65,404	195,748	24,230	-	307,183
Total undiscounted financial liabilities	188,085,251	18,539,860	10,817,969	4,456,070	138,258,973	360,158,123
2024	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Financial liabilities						
Due to banks						
Current accounts	4,782,449	-	-	-	-	4,782,449
Money market deposits	10,616,905	3,309,864	-	-	-	13,926,769
Repos with banks	17,365,353	-	2,780,084	-	-	20,145,437
Others	1,821,397	701,910	-	-	-	2,523,307
Customer deposits						
Demand	-	-	-	-	137,066,920	137,066,920
Time	112,493,453	12,753,154	379,895	-	-	125,626,502
Saving	2,987,570			-	-	2,987,570
Margin and other deposits	102,893	329,729	752,106	398,351	-	1,583,079
Debt securities in issue	182,813	179,070	1,433,210	5,365,388	-	7,160,481
Lease liabilities		91,591	300,765	53,084	-	445,440
Total undiscounted financial liabilities	150,352,833	17,365,318	5,646,060	5,816,823	137,066,920	316,247,954

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b) Maturity analysis of financial assets and liabilities

The table below shows an analysis of financial assets and liabilities analysed according to when they are expected to be recovered or settled.

2025	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA						
Cash in hand	2,003,426	-	-	-	-	2,003,426
Balances with SAMA	4,511,000	-	-	-	17,194,140	21,705,140
Other balances	131,530	-	-	-	-	131,530
Due from banks and other financial institutions, net						
Current accounts	2,878,181	-	-	-	-	2,878,181
Money market placements	-	-	-	-	-	-
Positive fair value derivatives, net						
Held for trading	665,752	6,344	1,724,259	-	-	2,396,355
Held as fair value hedges	-	-	3,271	-	-	3,271
Held as cash flow hedges	-	-	6,103	-	-	6,103
Investments, net						
FVOCI	-	249,794	22,465,557	40,824,691	1,647,137	65,187,179
FVSI	-	367,639	232,983	476,681	608,120	1,685,423
Amortised cost	1,102,365	1,366,271	15,490,805	22,794,855	15,000	40,769,296
Loans and advances, net						
Credit cards	3,580,162	-	-	-	-	3,580,162
Retail lending	4,761,461	2,019,937	23,230,468	42,113,000	-	72,124,866
Corporate and institutional lending	50,288,129	62,396,828	58,058,132	52,178,388	-	222,921,477
Other assets						
Total assets	69,922,006	66,406,813	121,211,578	158,387,615	23,320,903	439,248,915
Liabilities						
Due to banks						
Current accounts	3,363,720	-	-	-	-	3,363,720
Money market deposits	11,524,089	2,452,771	-	-	-	13,976,860
Repo with banks	1,743,306	569,675	1,891,080	4,153,931	-	8,357,992
Others	2,388	-	-	-	-	2,388
Customer deposits						
Demand	-	-	-	-	138,258,973	138,258,973
Time	167,531,715	12,358,067	92,187	-	-	179,981,969
Saving	3,288,144	-	-	-	-	3,288,144
Margin and other deposits	186,282	551,243	748,243	259,000	-	1,744,768
Debt securities in issue and term loans	101,061	-	7,794,493	-	-	7,895,554
Negative fair value derivatives, net						
Held for trading	284,416	236,391	399,068	1,246,060	-	2,165,935
Held as fair value hedges	-	-	75,096	22,167	-	97,263
Held as cash flow hedges	703	-	9,671	-	-	10,374
Other liabilities	1,244,300	613,220	401,478	30,163	13,682,844	15,972,005
Total liabilities	189,270,124	16,781,367	11,411,316	5,711,321	151,941,817	375,115,945

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2025	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Commitments and contingencies					
Letters of credit	9,661,369	5,155,467	1,220,345	1,949,084	17,986,265
Letters of guarantee	18,293,169	42,934,250	40,602,522	42,776,320	144,606,261
Acceptances	2,658,256	832,861	879	-	3,491,996
Irrevocable commitments to extend credit	16,678,202	23,191,426	86,038	1,432,370	41,388,036
Total commitments and contingencies	47,290,996	72,114,004	41,909,784	46,157,774	207,472,558
 2024 (Restated)					
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity
Assets					
Cash and balances with SAMA					
Cash in hand	1,794,960	-	-	-	1,794,960
Balances with SAMA	313,000	-	-	15,164,156	15,477,156
Other balances	90,576	-	-	-	90,576
Due from banks and other financial institutions, net					
Current accounts	3,292,351	-	-	-	3,292,351
Money market placements		137,421	-	-	137,421
Positive fair value derivatives, net					
Held for trading	98,556	37,646	861,295	1,570,780	- 2,568,277
Held as fair value hedges	-	-	60,524	2,138	- 62,662
Held as cash flow hedges	-	-	269	-	- 269
Investments, net					
FVOCI	-	302,023	15,367,853	36,259,730	1,768,428 53,698,034
FVSI	3,587	1,839	308,848	364,605	566,258 1,245,137
Amortised cost	513,189	4,347,013	15,769,098	24,000,323	- 44,629,623
Loans and advances, net					
Credit cards	3,390,859	-	5,972	-	- 3,396,831
Retail lending	4,358,402	3,085,320	21,116,468	34,070,571	- 62,630,761
Corporate and institutional lending	57,013,786	44,470,409	45,722,458	46,111,271	- 193,317,924
Other assets					
Total assets	70,869,266	52,381,671	99,212,785	142,379,418	20,548,860 385,392,000
Liabilities					
Due to banks					
Current accounts	4,782,449	-	-	-	- 4,782,449
Money market deposits	10,661,278	3,231,744	-	-	- 13,893,022
Repo with banks	17,343,589	-	2,463,434	-	- 19,807,023
Others	1,813,190	701,297	-	-	- 2,514,487
Customer deposits					
Demand	-	-	-	-	- 137,066,920 137,066,920
Time	112,504,626	12,531,534	336,930	-	- 125,373,090
Saving	2,987,570	-	-	-	- 2,987,570
Margin and other deposits	105,497	329,729	749,378	398,475	- 1,583,079
Debt securities in issue	178,059	-	5,000,000	-	- 5,178,059
Negative fair value derivatives, net					
Held for trading	90,229	34,541	834,036	1,506,012	- 2,464,818
Held as fair value hedges	-	-	50,282	912	- 51,194
Held as cash flow hedges	-	-	30,192	-	- 30,192
Other liabilities	1,349,541	756,408	497,778	49,085	12,771,911 15,424,723
Total liabilities	151,816,028	17,585,253	9,962,030	1,954,484	149,838,831 331,156,626

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2024	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Commitments and contingencies					
Letters of credit	8,484,084	7,225,631	1,981,081	960,378	18,651,174
Letters of guarantee	16,361,006	37,125,267	40,594,091	34,037,616	128,117,980
Acceptances	2,907,190	370,186	13,744	-	3,291,120
Irrevocable commitments to extend credit	13,565,901	6,107,988	-	652,658	20,326,547
Total commitments and contingencies	41,318,181	50,829,072	42,588,916	35,650,652	170,386,821

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, balances with SAMA, items in the course of collection, loans and advances to banks and loans and advances to customers. Letters of guarantee are as per contractual terms and in the event of default may be payable on demand and therefore are current in nature.

34. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and are reported net in the consolidated statement of financial position when there is a currently legally enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2025	Gross amounts recognized	Gross amounts offset in the consolidated statement of financial position	Amount not set off in the consolidated statement of financial position		
			Net amounts presented in the consolidated statement of financial position	Collateral / pledged	Net amount
Financial assets					
Positive fair value of derivatives	2,405,729	-	2,405,729	(102,457)	2,303,272
Financial liabilities					
Negative fair value of derivatives	2,273,572	-	2,273,572	(740,395)	1,533,177
Repurchase agreements	8,357,992	-	8,357,992	(8,527,894)	(169,902)

2024

Financial assets					
Positive fair value of derivatives	2,631,208	-	2,631,208	(118,120)	2,513,088
Financial liabilities					
Negative fair value of derivatives	2,546,204	-	2,546,204	(608,012)	1,938,192
Repurchase agreements	19,807,023	-	19,807,023	(19,312,949)	494,074

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the consolidated statement of financial position as the Group retains substantially all the risks and rewards of ownership and continued to be measured in accordance with related accounting policies for the underlying financial assets held as 'FVSI', 'FVOCI' and amortised cost.

Assets pledged under these transactions may be re-pledged and sold by the counter-parties (in the event of default) to whom they have been transferred. These transactions are conducted under the terms that are usual and customary to standard

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securities borrowing and lending activities as well as requirements determined by exchanges in which the Group acts as a participant.

The Group, as part of its derivative management activities, has entered into a master agreement in accordance with the International Swaps and Derivative Association (ISDA) directives. Under this agreement, the terms and conditions for derivative products purchased or sold by the SAB Group are unified. As part of the master agreement, a credit support annex (CSA) has also been signed. The CSA allows the Group to receive improved pricing by way of exchange of mark to market amounts in cash as collateral whether in favor of the Group or the counter party.

For commission rate swaps entered into with European counterparties, the SAB Group and the European counterparty both comply with the European Market Infrastructure Regulation (EMIR). EMIR is a body of European legislation for the central clearing and regulation of OTC derivatives. The regulation includes requirements for reporting of derivatives contracts and implementation of risk management standards and establishes common rules for central counterparties and trade repositories. Accordingly, all such standardised OTC derivatives contracts are traded on exchanges and cleared through a Central Counter Party (CCP) through netting arrangements and exchanges of cash to reduce counter party credit and liquidity risk.

35. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Consequently, differences can arise between the carrying values and fair value estimates.

2025	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivative financial instruments	2,405,729	-	2,405,729	-	2,405,729
Investments held as FVSI – Debt	709,664	-	709,664	-	709,664
Investments held as FVSI – Equity	975,759	534,966	440,793	-	975,759
Investments held as FVOCI – Debt	63,540,042	-	63,540,042	-	63,540,042
Investments held as FVOCI – Equity	1,647,137	203,813	-	1,443,324	1,647,137
Financial assets not measured at fair value					
Due from banks and other financial institutions	2,878,181	-	2,878,181	-	2,878,181
Investments held at amortised cost	40,769,296	-	38,354,981	-	38,354,981
Loans and advances	298,626,505	-	-	294,233,231	294,233,231
Financial liabilities measured at fair value					
Derivative financial instruments	2,273,572	-	2,273,572	-	2,273,572
Financial liabilities not measured at fair value					
Due to banks	25,700,960	-	25,700,960	-	25,700,960
Customers' deposits	323,273,854	-	323,151,525	-	323,151,525
Debt securities in issue and term loans	7,895,554	-	7,895,554	-	7,895,554

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2024 (Restated)	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivative financial instruments	2,631,208	-	2,631,208	-	2,631,208
Investments held as FVSI – Debt	431,713	-	431,713	-	431,713
Investments held as FVSI – Equity	813,424	528,071	285,353	-	813,424
Investments held as FVOCI – Debt	52,170,144	-	52,170,144	-	52,170,144
Investments held as FVOCI – Equity	1,527,890	391,703	-	1,136,187	1,527,890
Financial assets not measured at fair value					
Due from banks and other financial institutions	3,429,772	-	3,429,772	-	3,429,772
Investments held at amortised cost	44,629,623	-	41,975,536	-	41,975,536
Loans and advances	259,345,516	-	-	255,731,817	255,731,817
Financial liabilities measured at fair value					
Derivative financial instruments	2,546,204	-	2,546,204	-	2,546,204
Financial liabilities not measured at fair value					
Due to banks	40,996,981	-	40,996,981	-	40,996,981
Customers' deposits	267,010,659	-	266,809,826	-	266,809,826
Debt securities in issue	5,178,059	-	5,178,059	-	5,178,059

The Group uses widely recognised valuation models for determining the fair value of common and simpler financial instruments. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives, and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. The difference between the transaction price and the model value is commonly referred to as 'day one profit or loss'. It is either amortised over the life of the transaction or deferred until the instrument's fair value can be determined using market observable data or realised through disposal. Subsequent changes in fair value are recognised immediately in the consolidated statement of income without reversal of deferred day one profits and losses.

Valuation techniques include net present value and discounted cash flow models, and comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices and foreign currency exchange rates.

Derivatives classified as Level 2 comprise OTC special commission rate swaps, currency swaps, special commission rate options, forward foreign exchange contracts, currency options and other derivative financial instruments. These derivatives are fair valued using the Group's proprietary valuation models that are based on discounted cash flow techniques. The data inputs to these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers.

FVOCI equity investments include investments in local listed shares carried at market price listed on local stock exchange.

FVOCI investments classified as Level 2 include bonds and sukuks for which market quotes are not available. These are fair valued using simple discounted cash flow techniques that use observable market data inputs for yield curves and credit spreads.

FVOCI investments classified as Level 3 represents private equity investments and valued at their respective fair value. The movement in Level 3 financial instruments during the period relates to fair value and capital repayment movements only.

Fair values of listed investments are determined using mid marked prices. Fair values of unlisted investments are determined using valuation techniques that incorporate the prices and future earning streams of equivalent quoted securities.

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

The fair values of due from and due to banks which are carried at amortised cost, are not significantly different from the carrying values included in the consolidated financial statements, since these are short dated and the current market special commission rates for similar financial instruments are not significantly different from the contracted rates.

The fair values of demand deposits are approximated by their carrying value. For deposits with longer-term maturities, fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities. Debt securities in issue are floating rate instruments that re-price within a year (every 6 months) and accordingly, the fair value of this portfolio approximates the carrying value. The fair value of the remaining portfolio is not significantly different from its carrying value.

There were no transfers between the levels of fair value hierarchies during the period. The values obtained from valuation models may be different from the transaction price of financial instruments on transaction date.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring level 3 fair value at 31 December 2025 and 31 December 2024 as well as the significant unobservable input used:

31 December 2025

Type	Valuation technique	Significant unobservable input	Sensitivity of significant unobservable inputs +/- 100 bps change	Inter-relationship between significant unobservable input and fair value measurement
Investment held at FVOCI equity	The valuation model is based on market assigned weightage of multiples derived from quoted prices of companies comparable to investee, Discounted Cash flow and Residual Income	Terminal growth rate and weighted average cost of capital (WACC)	Terminal growth rate ₦ 280 million / (₦ 194 million) WACC (₦ 237 million) / ₦ 343 million	The estimated discounted cash flow would increase (decrease) if: a) Terminal growth rate was higher/ (lower). b) WACC was higher/ (lower).
Investment held at FVOCI equity	The valuation model is based on market assigned weightage of multiples derived from quoted prices of comparable companies to investee, and discounted Cash flow.	Terminal growth rate and weighted average cost of capital (WACC)	Terminal growth rate ₦ 4 million / (₦ 3 million) WACC (₦ 4 million) / ₦ 5 million	a) Terminal growth rate was higher/ (lower). b) WACC was higher/ (lower).

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31 December 2024

Type	Valuation technique	Significant unobservable input	Sensitivity of significant unobservable inputs +/- 100 bps change	Inter-relationship between significant unobservable input and fair value measurement
Investment held at FVOCI equity	The valuation model is based on market assigned weightage of multiples derived from quoted prices of companies comparable to investee, Discounted Cash flow and Residual Income	Terminal growth rate and weighted average cost of capital (WACC)	Terminal growth rate +/- 240 million / (+/- 166 million) WACC (+/- 203 million) / +/- 294 million	The estimated discounted cash flow would increase (decrease) if: a) Terminal growth rate was higher/ (lower). b) WACC was higher/ (lower).
Investment held at FVOCI equity	The valuation model is based on market assigned weightage of multiples derived from quoted prices of comparable companies to investee, and discounted Cash flow.	Terminal growth rate and weighted average cost of capital (WACC)	Terminal growth rate +/- 3 million / (+/- 3 million) WACC (+/- 4 million) / +/- 4 million	a) Terminal growth rate was higher/ (lower). b) WACC was higher/ (lower).

Reconciliation of Level 3 fair values

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values for Investment held at FVOCI – equity.

	2025	2024 (Restated)
Opening balance	1,136,187	1,092,290
Net change in fair value (unrealised)	307,137	43,263
Addition	-	634
Closing balance	1,443,324	1,136,187

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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 the Management and the Board, the related party transactions are performed in normal course of business. The related party transactions are governed by limits set by the Banking Control Law and the regulations issued by SAMA.

Managerial and specialised expertise is provided under a technical services agreement with HSBC Holdings plc, the parent company of HSBC Holdings BV. This agreement was amended on 3 October 2018 and renewed for a period of 10 years, commencing on 30 September 2017. The year end balances included in the consolidated financial statements resulting from related party transactions are as follows:

	2025	2024
HSBC:		
Due from banks and other financial institutions	588,663	678,257
Investments	1,086	6,395
Fair value derivatives, net	8,635	6,776
Due to banks	2,583,774	3,116,767
Debt securities in issue and term loans	15,200	-
Retained earnings	1,791	-
Additional Tier 1 Sukuk	135,000	-
Commitments and contingencies	14,127,580	9,941,065
Associates:		
Investments	399,507	463,350
Other assets	3,416	7,925
Other liabilities	50,883	-
Customer deposits	679,530	934,062
Retained earnings	4,348	12,578
Commitments and contingencies	1,515	1,764
Directors, board committees, other major Shareholders, key management personnel and their affiliates:		
Investments*	1,432,150	1,125,350
Loans and advances	2,172,999	2,337,076
Customers' deposits	1,361,668	4,668,221
Fair value derivatives, net	855	12,513
Other liabilities	23,847	23,391
Additional Tier 1 Sukuk	209,000	204,000
Commitments and contingencies	1,706,320	134,139

* Refer to note 41

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

	2025	2024
Related mutual funds:		
Investments	456,287	420,403
Customers' deposits	863,186	39,266
Debt securities in issue	-	200,000
Subsidiaries:		
Investments	91,777	75,366

Below represent transactions with an associate other than those disclosed elsewhere in these consolidated financial statements.

Associates	2025	2024
Special commission income	363	73
Special commission expense	225,352	243,398
Fees and commission income	9,624	11,378
Service charges paid to an associate	4,961	7,861
Service charges recovered from associate	17,000	29,267
Profit share paid to associate relating to investment banking activities	62,429	107,915

HSBC, directors, board committees, other major shareholders, key management personnel and their affiliates:	2025	2024
Special commission income	119,607	183,797
Special commission expense	89,490	119,675
Fees and commission income	64,958	68,689
General and administrative expenses	67,341	53,080
Service charges paid to HSBC	122,527	312,872
Directors' and board committees' remuneration	18,903	17,361

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

	2025	2024
Short-term employee benefits **	56,587	51,987
Other long-term benefits	16,312	19,995
Share-based payments	13,555	7,449

** Short-Term Employee benefits includes: Salaries, Allowances, Benefits, Cash bonus paid during the year

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

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37. Capital risk management

The Group's objectives when managing capital are to comply with the capital requirements set by SAMA to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base.

Capital adequacy and the use of regulatory capital are monitored regularly by management. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to the risk weighted assets at or above Basel prescribed minimum.

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

The following table summarises the Bank's Pillar-1 Risk Weighted Assets, Tier 1 and Tier 2 capital and capital adequacy ratios

	2025	2024 (Restated)
Risk Weighted Assets (RWA)		
Credit Risk RWA	359,687,719	310,526,485
Operational Risk RWA	14,221,244	12,249,137
Market Risk RWA	1,734,293	2,706,266
Total Pillar 1 RWA	375,643,255	325,481,888
Common Equity Tier 1 (CET1) Capital	55,732,713	50,821,286
Additional Tier 1 Capital (Note 19)	12,386,500	7,965,000
Core capital (Tier 1)	68,119,213	58,786,286
Supplementary capital (Tier 2)	5,695,047	5,778,894
Core and supplementary capital (Tier 1 and Tier 2)	73,814,260	64,565,180
Capital Adequacy Ratio %		
Common Equity Tier 1 Capital (CET1)	14.84%	15.61%
Core capital (Tier 1)	18.13%	18.06%
Core and supplementary capital (Tier 1 and Tier 2 ratios)	19.65%	19.84%

The Group uses the Standardised approach of SAMA's Basel Framework to calculate the Risk-Weighted Assets and required regulatory capital for Pillar 1 (including Credit Risk, Market Risk and Operational Risk). The management are responsible for ensuring that minimum required Regulatory Capital calculated is compliant with SAMA's Basel Framework requirements. Quarterly prudential returns are submitted to SAMA showing the Capital Adequacy Ratio.

38. Investment management and brokerage services

The Group offers investment management services to its customers that include the management of investment funds and discretionary portfolios with total assets of ₩ 35.85 billion (2024: ₩ 35.04 billion) in consultation with professional investment advisors. Financial statements of these funds are not consolidated with the consolidated financial statements of the Group. The Group's investment in these funds is included in investments held as FVSI. Fees earned from management services are recorded within fee and commission income and are disclosed under 'related party transactions'. Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and, therefore, are not included in these consolidated financial statements.

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39. Profit sharing investment account (PSIA)

a) Analysis of PSIA income according to types of investments and their financing

As of 31 December 2025, all joint financing is funded by comingled pools which includes funds from Mudaraba based unrestricted investment accountholder.

Average gross financing and investments (IAH funds only) during the period by type of contract:

	2025	2024
Sales and other receivables (Murabaha)	1,552,603	1,311,080
Ijarah	124,010	166,270
Other instruments including Sukuk investments	616,993	552,266
Total average financing and investments	2,293,606	2,029,616

b) The basis for calculating and allocating profits between the Group and the IAHs:

Computation of pool income is as follows:

	2025	2024
Total pool income	100,610	91,907
Pool Income	100,610	91,907
Mudarib fee including Mudarib's share of profit	63,275	60,280
Total amount attributable to shareholders pool	37,335	31,627

The basis of allocating the profits between IAH and the Group

The profit sharing allocation percentages between IAH and Group vary for different types of customers and are agreed through terms and conditions or any subsequent updates. The exact amount of profit paid to each customer, from the distributable profit is shown in their statement of account.

c) Average equity of the IAHs during the reporting period:

	2025	2024
Average investment account holders balance before profit	2,293,606	2,029,616
Profit for the IAH during the year	37,335	31,627
Profit paid out during the year	(37,335)	(31,627)
Total average equity for investment account holders	2,293,606	2,029,616

40. Auditors' remuneration

	2025	2024
Fees for the quarterly reviews and annual audit of the Group	11,144	10,361
Fees for other services	4,989	1,378
Total	16,133	11,739

Notes to the consolidated financial statements

For the year ended 31 December 2025

All amounts in thousands of Saudi Riyals unless otherwise stated

41. Comparative figures

During the year ended 31 December 2025, the Bank corrected the valuation of its interest in an equity investment that is classified as investments at fair value through other comprehensive income (FVOCI) which was historically valued at net asset value instead of fair value. The impact of the change in valuation method from net asset value to fair value has resulted in an increase in carrying value of ₩ 918.484 million as of 1 January 2024 and as of 31 December 2024.

Management has identified an equity investment held by the Bank that was not recorded in prior years. This has resulted in an understatement of investments at "fair value through statement of income (FVSI)" and the corresponding net gains. Upon identification, management classified this investment at FVSI in accordance with IFRS 9, at the amount of ₩ 242.086 million as of 1 January 2024 and as of 31 December 2024.

These adjustments are considered as correction of errors as per IAS 8 (Accounting policies, Changes in Accounting Estimates and Errors) and are material to the consolidated financial statement and accordingly the consolidated statement of financial position and consolidated statement of changes in equity have been restated. The impact of these equity investments on the consolidated statement of income and consolidated statement of other comprehensive income for the year ended 31 December 2024 was insignificant and accordingly, comparatives have not been restated.

Accordingly, the Bank has restated the impacted line items to correct the financial statement for prior year as follows:

	As previously presented	Restatement	Restated
As at 1 January 2024			
Consolidated statement of financial position			
Investments, net	96,566,836	1,160,570	97,727,406
Consolidated statement of financial position and consolidated statement of changes in equity			
Retained earnings	9,708,134	242,086	9,950,220
Other reserves	(1,414,343)	918,484	(495,859)

	As previously presented	Restatement	Restated
As at 31 December 2024			
Consolidated statement of financial position			
Investments, net	98,412,224	1,160,570	99,572,794
Consolidated statement of financial position and consolidated statement of changes in equity			
Retained earnings	11,464,384	242,086	11,706,470
Other reserves	(2,818,768)	918,484	(1,900,284)

During the year ended 31 December 2025, the Bank has reclassified corporate management fee previously recorded in fee and commission income to special commission income amounting to ₩ 107.6 million, net in accordance with the requirement of IFRS 9 (Financial Instruments) in the consolidated statement of income. Accordingly, the reclassification has been reflected in consolidated statement of cashflow, notes 21, 22 and 30 to the consolidated financial statements.

42. Board of Directors' approval

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 17 Sha'ban 1447H (Corresponding 5 February 2026).