

# GIB

بنك الخليج الدولي

2024 ANNUAL REPORT

# EMPOWERING GROWTH

Gulf International Bank - Saudi Arabia



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



**His Royal Highness**  
**Prince Mohammed bin Salman bin Abdulaziz Al Saud**  
Crown Prince, Deputy Prime Minister and Minister of Defence



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## Profile

# Gulf International Bank – Saudi Arabia

Gulf International Bank began operating in the Kingdom of Saudi Arabia in 1999 as a foreign bank, providing wholesale and investment banking services. In 2019, GIB became the first foreign-domiciled bank to establish a local commercial bank in the Kingdom with the conversion of its existing branches into a fully-fledged bank, Gulf International Bank – Saudi Arabia (GIB Saudi Arabia).

GIB Saudi Arabia provides diverse range of financial products, services and bespoke banking solutions to a wide client base. GIB Saudi Arabia aims to be the trusted business partner recognised for innovation, regional expertise, and international reach; providing tailored solutions that leverage its digital advantage across wholesale and retail banking (meem) with its Riyadh-based subsidiary, GIB Capital, delivering the Bank's investment banking and asset management activities.

GIB Saudi Arabia is owned equally by the Saudi Public Investment Fund and Gulf International Bank B.S.C., with a paid-up capital of SAR 7.5 billion. GIB Saudi Arabia is headquartered in Al Khobar, with branches in Riyadh and Jeddah, and a subsidiary, GIB Capital, based in Riyadh.

**The trusted partner recognised for innovation, regional expertise and international reach**

# Board of Directors



Mr. Abdulla bin Mohammed Al Zamil

Chairman



Mr. Abdulaziz bin Abdulrahman Al-Helaissi

Vice-Chairman



H.E. Dr. Najem bin Abdullah Al Zaid

Director



Mr. Rajeev Kakar

Director



Mr. Bander bin Abdulrahman bin Mogren

Director



Mr. Sultan bin Abdul Malek Al-Sheikh

Director



Mrs. Anju Patwardhan

Director



Engr. Muhannad bin Kusai bin Hasan Al Azzawi

Director



Mr. Yousif Al-Harjan

Director



Mr. Nabeel bin Ali bin Hassan Shoalb

Director

# Credit Ratings

<b>Fitch</b>		
Long – term deposit rating		A-
Long term senior unsecured debt rating		A-
Short term deposit rating		F2
Financial strength		N/A
Outlook		Stable

<b>Moody's</b>		
Long – term deposit rating		A2
Long term senior unsecured debt rating		A2
Short term deposit rating		P-1
Financial strength		Ba1
Outlook		Stable

# Financial Highlights

	2024	2023	2022	2021	2020
<b>Financial Performance (SAR millions)</b>					
Net income / (loss) after Zakat	341.3	220.5	131	110.96	(437.9)
Net special commission income	971.6	923.3	639.2	469.6	461.1
Net fee and commission income	331.9	287.5	240.3	180.3	94.3
Operating expenses before expected credit losses	909.8	904.1	749.5	612.2	527.3
<b>Financial position (SAR millions)</b>					
Total assets	58,065.1	46,602.8	42,427.1	37,789.6	32,882.4
Loans and advances	31,770.5	27,300.0	24,790.7	23,574.9	18,761.7
Investments	10,320.3	9,105.5	6,792.4	5,866.5	3,161.1
Customer deposits	39,028.9	32,105.6	29,595	27,236.5	22,368.4
Total equity	7,821.6	7,499.8	7,231.8	7,117.6	7,059.2
<b>Ratios (per cent)</b>					
<b>Profitability / (loss)</b>					
Return on equity	4.4%	2.9%	1.8	1.6	(6.2)
Return on assets	0.6%	0.47%	0.3	0.3	(1.3)
<b>Capital</b>					
<b>Capital Adequacy ratios</b>					
Tier I ratio	14.75%	16.8%	19.52	21.37	25.8
Total ratio	18.37%	20.8%	20.20	22.12	26.48
Equity as % of total assets	13.47%	16.1%	17.05	18.83	21.5
<b>Asset quality</b>					
Investments as % of total assets	17.8%	19.5%	16.01	15.52	9.6
Loans and advances as % of total assets	54.7%	58.6%	58.43	62.38	57.1

# Chairman's Statement

“

With the continued confidence of our investors and the steadfast support of our strategic partners, the Bank has successfully delivered on its strategic objectives and delivered robust financial results. Building on this solid foundation, we remain committed to pursuing targeted strategic investments aimed at maximising returns on capital through sustained revenue growth and enhanced operational efficiency.”

Abdulla bin Mohammed Al Zamil  
Chairman of the Board



## Economic Landscape

The ongoing momentum of economic diversification across the Gulf Cooperation Council (GCC) continues to underpin regional growth. The rapid expansion of non-oil sectors has effectively cushioned the impact of reduced oil output associated with the OPEC+ production cuts, which aim to stabilise global energy markets. Meanwhile, continued government expenditure has served as a key engine of economic activity across the region.

## Strategic Progress

The Bank has made steadfast progress this year in the following strategic areas:

- Reduced reliance on net interest income by offering differentiated products and services as ancillary business
- Increased and diversified revenues by cross-selling across businesses and entities
- Maintained an effective funding profile by diversifying deposit types and customers, and continued optimising our cost of funding
- Increased return on assets by focusing on value-accretive asset deployment
- Enhanced client acquisition, experience and service with enhanced product offerings

## Financial Performance

This year's financial performance is a testament of the successful execution of the Bank's strategy. GIB continued to demonstrate its ability to deliver sustainable growth resulting in increasing net income by 55 per cent to SAR 341.3 million. GIB reported a strong improvement in its core revenues. Net Interest Income (NII) increased by 5 per cent to SAR 971.6 million, while fee income surged by 15 per cent reaching SAR 332 million.

Robust management of our asset book continued throughout 2024, enabling GIB to maintain a strong balance sheet, with consolidated assets reaching SAR 58.1 billion by year-end. Loans and advances grew from SAR 27.3 billion in 2023 to SAR 31.8 billion. An additional diversification strategy has focused on expanding our investment portfolio, with investment securities rising by 13 per cent year-on-year.

## Funding Profile

Bank and customer deposits on 31 December 2024 totalled SAR 46.5 billion. Customer deposits amounted to SAR 39 billion, representing 84 per cent of total deposits; while bank deposits totalled SAR 7.5 billion, accounting for 16 per cent.

## Credit Rating Upgrades

In 2023, Moody's upgraded GIB's credit rating from Baa1 to A3, and in 2024, the rating was further upgraded from A3 to A2— marking the highest rating the Group has attained thus far. This improvement reflects the strength of our earnings and overall financial health, including a decrease in non-performing loans (NPL) and enhanced provisions coverage ratios.

## Sustainability

Sustainability integrates into all GIB's services, and we made significant progress towards our goals in this area. Our third sustainability report, published in 2023, was well received across the region, and our fourth, for this year, will be released soon.

## Looking ahead

In 2025, our focus will be on several key transformation programmes and ensuring successful progress and delivery. These include major enhancements to modernise our IT systems and architecture, rolling out additional products to our Global Transaction Banking (GTB) suite, upgrading our channels, and increasing straight-through-processing in our operations to streamline customer service and realise efficiencies. Additionally, we have begun exploring artificial intelligence, already integrated into some of our operation processes using machine learning and will test use additional cases in 2025. GIB Saudi Arabia's CEO statement provides further details on the execution of our strategic plans in 2024, 2025, and beyond.

## Acknowledgments

On behalf of the Board of Directors, I express my gratitude for the unwavering trust and loyalty of our clients, the steadfast confidence and backing of our shareholders, and the ongoing support of our counterparties. We also appreciate and value the guidance provided by the supervisory and regulatory bodies in the Kingdom of Saudi Arabia. Finally, I commend our management and employees for their hard work and dedication.

**Abdulla bin Mohammed Al Zamil**  
Chairman of the Board

# CEO's Statement

“

2024 was another year of robust performance by GIB Saudi Arabia. Balance sheet expansion, diversification of income, enhanced operational excellence and continued focus on customer centricity contributed to increased return on equity and shareholder value.”

Khaled Abbas  
CEO, GIB Saudi Arabia



Driven by the diversification initiatives as part of Saudi Arabia's Vision 2030, the Kingdom continues to grow and expand especially in non-oil sectors. We are part of this journey as demonstrated by the landmark deals mandated and recognitions awarded during the year. As the third phase of Vision 2030 draws nearer, GIB Saudi Arabia is poised to align with the increased focus on sustaining the transformation's impact and leveraging new growth opportunities.

## HIGHLIGHTS OF THE YEAR

### People: focusing on talent and succession

Attracting and retaining Saudi talent is an essential part to our success, with numerous high-performing recruits joining GIB from leading financial institutions. However, we have always prioritised internal promotion and succession planning.

Our development programmes include the Jammaz Al Suhaimi graduate training scheme, widely regarded as one of the best in the region. We also offer an active internship programme and provide scholarships to talented students to support their university education. These initiatives help ensure high levels of employee engagement and retention.

GIB is also a strong supporter of female talent development, and we continue to improve our overall female employee ratio. In 2025, we will further increase our focus, particularly at the mid-management level.

With the private sector and government institutions now competing for talent, our focus on investing in staff, retaining and growing our talent pool and building robust succession plans is crucial.

Additionally, we are focusing on building a strong employer brand, offering competitive compensation packages, providing ongoing professional development opportunities, and fostering a culture of innovation and collaboration. This will allow us to attract and retain the best talent in the industry.

### Technology: driving efficiency, speed and scalability

The rapid evolution of technology presents both opportunities and risks. Our technology strategy ensures we stay ahead of the curve by selectively investing in cutting-edge technology and digital solutions to optimise operations and enhance the customer experience. This has positioned us well to navigate the opportunities and challenges ahead. With continued focus, we aim to drive growth and deliver exceptional value to our clients.

In 2024, we successfully launched an upgraded digital platform, adopted a fully digital onboarding process for Investment Banking clients, and invested in prioritised, client-led product rollouts. Ensuring an effective operating model across our jurisdictions and partnering with FinTech firms to leverage their technology and reach will allow us to move forward with speed and scalability.

Other successes include the automation of processes, reducing manual intervention and improving efficiency while maintaining quality. This has led to a significant improvement in turn-around-time and increased customer satisfaction. Technology was leveraged to develop dashboards providing real-time, essential analytics to support transparent and quick decision-making.

Technology resilience is key to the bank's success. The rapid adoption of digital banking heightens technology and cybersecurity risks. To mitigate this, we continue to prioritise best-practice IT frameworks and strengthen our controls.

### Operations boosts efficiency, speed and scalability

In 2024, GIB's operations strategy aligned with our priorities of enhancing customer experience and improving services by increasing scalability, improving turnaround times and driving efficiency.

During the year, we reviewed sixty-four end-to-end processes to optimise customer journeys. We implemented three robotic process automations, twenty-five workflows, five trade customer e-forms and twenty-five automations and integrations to eliminate manual work. In addition, we implemented six product dashboards to further enhance analytics, transparency and control.

## CEO's Statement continued

### Compliance increases control with centralised system

SAMA, the Central Bank of the Kingdom of Saudi Arabia, has further advanced its open banking framework, and is promoting the financial sector as a whole. This has led to increased regulation and associated compliance requirements.

In 2024, we enhanced compliance across all areas, implementing a centralised monitoring system to support regulatory tracking and reporting. We also conducted comprehensive risk assessments across all regions.

The Bank remains dedicated to training employees across all locations on sanctions, fraud prevention, anti-money laundering, detecting and preventing terrorist and proliferation financing, anti-bribery and corruption. We also reinforced our compliance networks, thereby detecting and preventing several attempted frauds as well as reporting suspected activities to law enforcement bodies across our subsidiaries.

In 2025, GIB will continue to bolster our compliance processes – plans include further centralisation of oversight and enhanced monitoring of complex financial transactions.

### Risk management helps diversify portfolios

Similar to other banks in the region and internationally, GIB Saudi Arabia faces evolving regulatory, cybersecurity, interest rate volatility, economic and geopolitical risks, and increased market competition. We have continued to enhance our existing Operational Risk Management framework, whilst focusing attention on Non-Financial Risk and Operational Resilience as new emerging themes.

In 2024, Non-Financial Risk management was at the forefront of our business practices. We made good progress in developing and establishing robust frameworks, with attention focused on non-financial risks relating to ESG, talent management, fraud, digital/AI and third-party risk, among others.

To mitigate risks, we prioritise liquidity stress testing, early warning indicators, risk identification, materiality assessment, rapid portfolio reviews, credit underwriting and monitoring. We also undertake industry and geographic risk assessments, with the emphasis on concentration risk. Other focuses include customer onboarding processes, plus our non-financial risk framework and heat map. Furthermore, the Bank's information security management system is designed in line with industry standards, regulatory mandates and best practices.

We have fortified our mitigation strategy by investing in technologies like data rights management, governance risk and compliance solutions, and security orchestration systems.

We address potential rising loan defaults by continuously enhancing our solid risk management frameworks, ensuring we have a diversified and quality portfolio, selectively booking low-risk assets. We additionally invest in differentiated products and services, including FVOCI and trading portfolios.

### Wholesale banking revenues grow

In 2024, Wholesale Banking Group achieved notable success, growing revenues and winning prestigious awards. The business continued to grow its borrowing and non-borrowing client base across the region.

Understanding our clients' needs was a key driver of success in converting facilities for existing and new relationships. It was also instrumental to growing our loan portfolio during the year, adding quality credits that generated positive returns.

In 2025, the focus will continue to be on expanding existing facilities, booking new deals, onboarding new relationships and increasing the originate-to-distribute model to ensure value-accretive growth.

### Global Transaction Banking expands

As one of the Group's key transformation programmes, Global Transaction Banking continued to grow in 2024. By expanding our offerings, including local clearing and increased currency corridors, we were able to grow non-funded income from cash management, trade, FX and transaction fees.

With growing demand for API-based solutions, our award-winning API banking platform streamlines and automates corporate business processes. In addition, our newly introduced real estate escrow services aimed at developers align with the Kingdom's vision of increasing household ownership by helping ensure funds are spent correctly.

### Treasury grows income

In 2024, the Treasury business delivered positive performance, increasing income and introducing a number of new products to diversify revenue sources and the depositor base.

We continued to maintain high-quality liquid assets, enhance customer experience and retention, maximise cross-selling by diversifying our client base to include non-corporate clients and increasing active FX clients. We also diversified GIB Saudi Arabia's long-term funding profile through new international and regional sources.

Challenges lie ahead, with anticipated interest rate cuts over the next two years potentially lowering net interest income (NII), which GIB Saudi Arabia plans to mitigate through robust hedging strategies.

### Record growth in retail

GIB is diversifying into retail banking and booked record growth in retail customer acquisition, deposits, and fees between 2023 and 2024.

Our mass-market digital offering, meem, ensures a seamless digital experience. Regular enhancement sprints get features to market quickly and ensure the app is up-to-date and user-friendly. Ratings of the meem app have increased steadily between 2022 and 2024.

Our focus so far has been on client acquisition, but we plan to grow much further through acquisition and strategic alliances, as well as organically.

### GIB Capital strengthens franchise and broadens investment offering

In 2024, GIB Capital advanced its franchise across investment banking and asset management, completing key transactions and expanding its suite of investment solutions.

The Investment Banking division delivered several milestone deals that reinforced its market position, while the Asset Management division maintained stable revenues and consistently delivered top-quartile performance across its strategies.

Seven new products were introduced in the alternative investment space, alongside the successful execution of multiple turnkey real estate transactions, cementing GIB Capital's leadership in the sector. Assets under management in alternative funds rose to SAR 2.66 billion.

Two additional public funds were launched: the GIB Opportunistic Indian Equity Fund, the first of its kind in Saudi Arabia focused on the Indian equity market, and a Saudi small- and mid-cap equity fund, further enhancing GIB Capital's local equity offering.

Digital transformation remained a core focus, with continued investment in platforms and tools designed to improve client experience and operational efficiency.

### Khaled Abbas

CEO, GIB Saudi Arabia

**In 2025, the focus will continue to be on expanding existing facilities, booking new deals, onboarding new relationships and increasing the originate-to-distribute model to ensure value-accretive growth.**

# Deals and Transactions

## Regional Transactions:

### Wholesale Banking



#### Vision Invest

GIB was mandated as an Underwriter, Structuring Bank, Facility, and Investment Agent for a SAR 1 billion Islamic term finance facility. The facility aims at supporting ongoing investment activities of the company.



#### Altakassusi Alliance Medical Limited Company

GIB financed the first privatisation transaction by the Ministry of Health in the Kingdom of Saudi Arabia in line with Vision 2030, being a 10-year extendable concession agreement for privatisation of Radiology services of Cluster 2. The consortium was extended a progress payment financing facility for delivery of services including medical services and the financing, permitting, insurance, operation, and maintenance of seven hospitals under Cluster 2 of the Riyadh region.



#### Aviation Services Co. “Riyadh Air”

During FII 8, Riyadh Air announced their inaugural debt raising of SAR 5.0 billion revolving credit facility from eight leading financial institutions in Saudi Arabia and the GCC region (SAR 625 million each). This strategic financial arrangement highlights Riyadh Air's strong market positioning and readiness to make a significant impact in the aviation sector, even before the commencement of its operations. The successful arrangement of this facility reflects the confidence and support from the banking community and marks a crucial step in solidifying the airline's financial foundation as it prepares to take to the skies. This flexible financing tool will play a critical role in supporting Riyadh Air's ambitious aircraft acquisition activities and addressing the airline's short-term working capital needs as it prepares to launch operations in the summer of 2025.



#### Aircraft Leasing Company “AviLease”

GIB participated in SAR 9.4 billion 5-year unsecured term facility. The unsecured term facility was used, inter alia, to fully refinance a bridge facility AviLease raised in 2023 when acquiring the Standard Chartered aircraft leasing platform. The facility was supported by a syndicate of banking partners across three continents, and reflects of AviLease's global aircraft leasing reach. AviLease will continue to explore a variety of debt funding sources as it delivers on its ambitious strategic objectives which aim to contribute to the development of the aviation ecosystem in the Kingdom.



#### AlNassr Club Company “AlNassr”

Expanding on GIB's partnership with AlNassr Club, a working capital facility was granted to AlNassr to support their operations and their growing global brand. GIB continues to support the development of Saudi sports in collaboration with AlNassr, as part of our commitment to the local community and supporting initiatives that promote community partnerships and sustainable development.

## Regional Transactions:

### Investment Banking



#### MBC Group – Initial Public Offering

GIB Capital acted as Financial Advisor to the Substantial Shareholders on the successful SAR 831 million IPO of MBC Group, offering 33.25 million shares representing 10 per cent of its share capital. MBC Group is a leading entertainment platform in the Arab world and the first of its kind to be listed on the Saudi Exchange as part of the Media and Entertainment index. The institutional tranche was more than 66.0 times oversubscribed and received SAR 54.8 billion in bids; while the retail tranche was more than 17.6 times oversubscribed. MBC was listed in January 2024.



#### Tihama Power Generation Company

GIB Capital acted as Financial Advisor on the sale of a 40 per cent stake in Tihama Power Generation Company (Tihama) to Rakiza Infrastructure Fund in Oman. Tihama has a number of gas-fired cogeneration plants located in the eastern region of Saudi Arabia and also has a European shareholder. The sale was completed in February 2024.

#### Mega Real Estate Developer

GIB Capital was appointed as an independent financial advisor to a large real estate developer in relation to the establishment of a REIT.



#### Saudi Aramco – Triple-tranche Bond Issuance

Saudi Aramco priced a Reg S/ 144A SAR 22.5 billion triple-tranche project financing transaction in July 2024. GIB Capital acted as a Passive Joint Bookrunner and Bookrunner on the transaction. The combined orderbook closed at 6.2 times oversubscription with impressive price tightening of 35-40bps.

# Awards

In 2024, GIB Saudi Arabia won a wide array of awards, reflecting our continued leadership in digital banking, regional debt capital markets, cross-border payments and more. They included:



## EMEA Finance Middle East Banking Awards 2024

- ◆ Best Loan House – Saudi Arabia
- GIB Capital
- ◆ Best Local Investment Bank
- ◆ Best Debt House



## Asian Banking & Finance Awards 2024 - Wholesale Banking

- ◆ Saudi Arabia International Cash Management Bank of the Year



## Saudi Trade Finance Summit Awards

- ◆ Best Bank in Supply Chain Finance in Saudi Arabia
- ◆ Best Working Capital Finance Bank in Saudi Arabia



## Capital Markets & ESG Finance Saudi Arabia Awards 2024

- ◆ Syndicated Loan Deal of the Year
- ◆ Transport Finance Deal of the Year
- GIB Capital
- ◆ Oil & Gas Finance Deal of the Year
- ◆ Ground-breaking Deal of the Year



## EMEA Finance Annual Achievement Awards 2023

- ◆ Best Syndicated Loan in the Middle East
- ◆ Best Loan House in Saudi Arabia



# Sustainability Review

GIB is committed to integrating sustainability, including environmental, social and governance (ESG) factors, across the business. We consider sustainability both in terms of the financial products and services we provide to our clients, and in the way we conduct our own business.

We believe that finance can be a force for good, to boost productivity and enable human flourishing. We know that we have an important role to play in supporting all of our clients in the transition to a more sustainable economic system. In 2024, we prioritised the following areas:

- Expanding our sustainable finance activities and supporting clients on sustainability-related matters.
- Embedding sustainability goals into our own operations, particularly with respect to meeting environmental performance and gender representation targets.
- Reporting transparently on our sustainability-related activities and impacts.
- Engaging with policymakers and regulators on relevant sustainability-related matters.

Additional details on the Bank's sustainability approach, record and metrics can be found in our 2024 Sustainability Report which will be published shortly.

We know that we have an important role to play in supporting all of our clients in the transition to a more sustainable economic system.



## ENVIRONMENTAL

Increased sustainable finance labelled lending and took our first green deposit.



## SOCIAL

Supporting CSR and sustainability initiatives aligned with Bahrain's and Saudi Arabia's Vision 2030.



## GOVERNANCE

Consistently and progressively adopting and implementing best practice corporate governance standards.

# Corporate Social Responsibility Review

Gulf International Bank (GIB) has launched an ambitious corporate social responsibility (CSR) programme aimed at advancing several United Nations Sustainable Development Goals (SDGs).

The initiative reflects the Bank's deep commitment to giving back and supporting communities through a sustainable approach that generates long-term, meaningful value. Reflecting the Bank's long-standing commitment to community support and sustainable impact, the programme is structured around tailored initiatives that address the specific needs of the communities where GIB operates.

The bank has recently redesigned and relaunched its CSR program to deepen its social engagement and broaden employee involvement. The programme seeks to embed core corporate values and responsible practices throughout the Bank's operations, integrating them into business functions and employee performance metrics. By doing so, GIB aims to cultivate a conscious, values-driven institutional culture anchored in accountability and long-term impact.

Employees are encouraged to embrace these values through the adoption of individual social responsibility objectives, underlining GIB's belief that sustainable development and responsible citizenship are essential to its identity and mission.

GIB's diverse portfolio of community initiatives underscores its strong commitment to addressing urgent societal challenges and supporting long-term aspirations within its areas of operation. In 2024, the Bank prioritised environmental sustainability and support for underprivileged populations.

The following section highlights key CSR activities, events, and initiatives undertaken by GIB and its employees throughout 2024, aimed at promoting sustainability and enhancing social outreach and community resilience:

**Moroog Foundation under the National Center for Vegetation Cover Development and Combating Desertification**

GIB entered into a community partnership with Moroog Foundation to plant more than 22,000 trees, including mangrove trees, across the Eastern Province. This initiative aims to combat desertification, reduce sand encroachment, conserve natural resources, and support the region's long-term environmental and economic development.

**King Abdulaziz Center for World Culture (Ithra)**

As part of its strategy to strengthen its community presence in the Eastern Province, the Bank established a corporate partnership with the King Abdulaziz Center for World Culture in 2024 to sponsor the "Tanween Season for Creativity," a prominent event that seeks to foster the development of young Saudi talent through creative and sustainable programmes focused on developing talent and experiences through culture.

**Aknan Charity Association**

GIB Saudi Arabia supported the Aknan Charity Association to enhance cooperation and joint efforts to improve the quality of housing and development programmes in the Eastern Province and to support institutional efforts contributing to the realisation of Vision 2030 goals.

**Running Race**

GIB supported the 26<sup>th</sup> Eastern Province International Race, held on the Khobar Corniche under the patronage of His Royal Highness Prince Saud bin Nayef bin Abdulaziz Al Saud, Governor of the Eastern Province, with the participation of more than 15,000 runners. This sponsorship reflects the Bank's commitment to supporting national efforts aimed at building a vibrant society (one of the pillars of Vision 2030) and enhancing the well-being and prosperity of citizens by promoting a sustainable, healthy lifestyle.

**Saudi Food Bank**

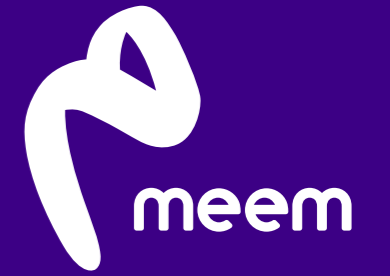
As part of the Ramadan Baskets initiative, GIB volunteers prepared food baskets in collaboration with the Saudi Food Bank and the Iftar Sa'im initiative in the Eastern Province.

**Children with Disability Association**

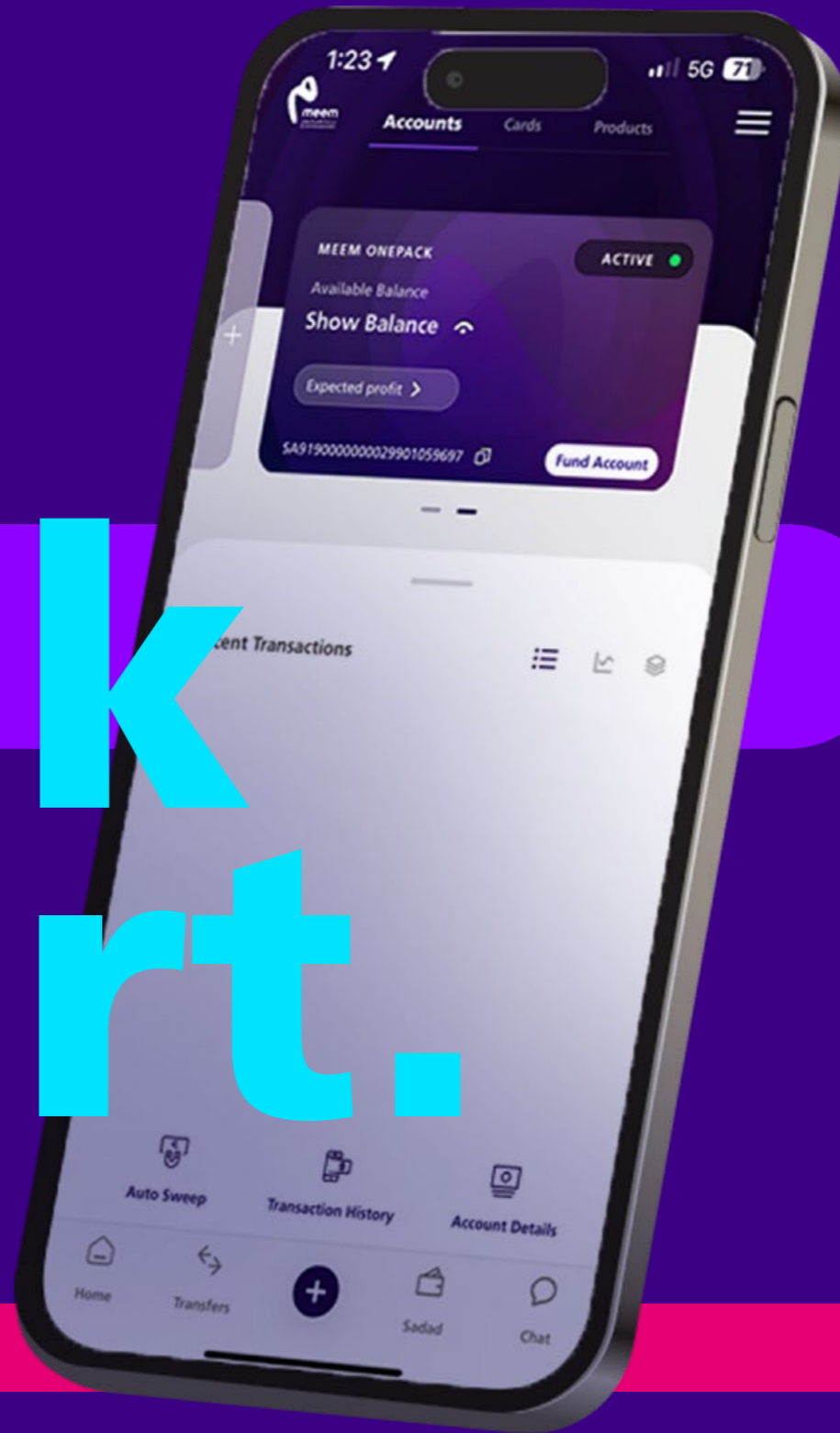
GIB supported the "Mubadaraty" programme of the Children with Disability Association, which provides educational and rehabilitation sessions aimed at developing children's language, cognitive, social, and motor skills according to their ages and abilities.

**Saudi Cancer Society**

GIB partnered with the Saudi Cancer Society to raise cancer awareness, support the society in providing necessary healthcare to cancer patients in the Eastern Province, and deliver high-quality awareness programmes to the local community.



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# Financial Review

**The Bank's strong performance highlights its ongoing financial stability, driven by an expanded market presence and effective risk management.**

Total operating income for the year increased to SAR 1,466.2 million from SAR 1,362.5 million in 2023, as a result of increased and diversified revenues, one of the Bank's key strategic initiatives. Total operating expenses of SAR 1,044.1 million compared to SAR 1,094.9 million the previous year, resulting in net income before provisions and Zakat of SAR 556.4 million, up from SAR 458.4 million in 2023.

A net provision charge of SAR 134.3 million was recorded in 2024, versus a SAR 190.8 million charges in the previous year. The successful introduction of a Special Assets Unit in recent years to proactively manage recoveries, moreover the increase in the loan portfolio aided in increasing in the Bank's total provision coverage ratio to 171 per cent in 2024 from 141 per cent in 2023 and NPL ratio changed to 1.67 per cent in 2023 from 2.1 per cent in 2023.

As a result of the above, GIB reported a net profit of SAR 341.3 million for the current year compared to SAR 220.5 million in 2023.

The Bank continued to maintain a strong balance sheet, with consolidated total assets at the end of the year standing at SAR 58.1 billion, and the asset profile continuing to reflect a high level of liquidity. Cash and other liquid assets that includes cash and balances with Saudi Central Bank (SAMA) and due from banks other financial institutions, stood at SAR 14.5 billion, representing 25 per cent of total assets. Loans and advances at the end of 2024 of SAR 31.8 billion compared to SAR 27.3 billion the previous year, an increase of 16 per cent, while customer deposits stood at SAR 39 billion in 2024 with a strong Loans to Deposits (LTD) Ratio.

## Financial Review continued

### Net Interest Income

Net interest income for 2023 increased to SAR 971.6 million from SAR 923.3 million in the previous year, up by 5 per cent, with the Bank benefitting from an increase the loans and overall interest earning assets as compared to prior year, instead of interest rate cuts in the last part of the year 2024.

Interest income is principally derived from the following sources:

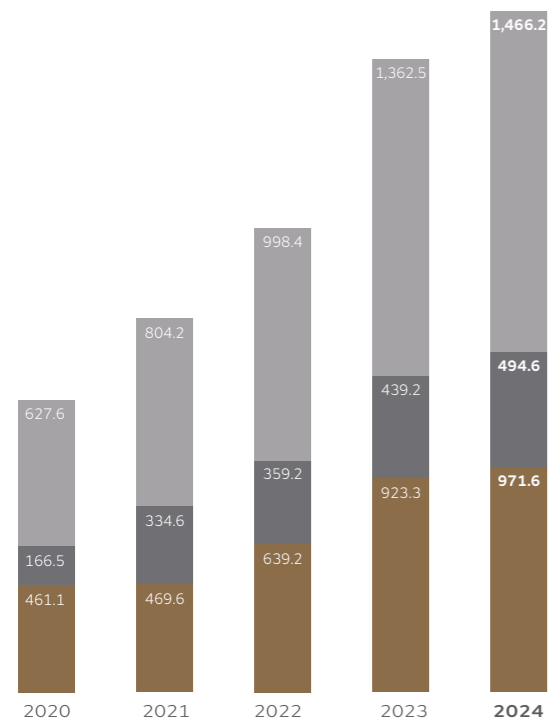
- Loans and advances
- Investment securities
- Placements

Interest expense is principally incurred on the following sources:

- Customer deposits
- Deposits from banks and other financial institutions
- Subordinated debt

Interest income on loans and advances of SAR 2,088 million was up by 14 per cent from prior year, interest income on investment securities of SAR 460 million was up by 30 per cent from prior year, and interest income on placements with banks and other financial institutions of SAR 351 million, down by 22 per cent from prior year due to utilisation of these funds in investments.

### Gross income development (SAR millions)



● Net interest income ● Non-interest income ● Gross income

The decrease in market interest rates in the last part of the year and change in mixture of the customer deposits contributed a decrease in the interest expense on customer deposits by SAR 131 million, down by 7 per cent.

As a result of all above factors, the Bank's net interest income increased by SAR 48 million as compared to prior year.

### Non-Interest Income

Non-interest income comprises fee and commission income, exchange income, trading income, dividend income and other income.

Fee and commission income of SAR 332 million was 15 per cent up on the prior year level, reflecting the success of the bank's strategic initiative of revenue diversification. An analysis of fee and commission income with prior year comparatives is set out in note 20 to the consolidated financial statements. Commissions on letters of credit and guarantee at SAR 121 million were the major source of fee-based income, comprising 36 per cent of fee and commission income for the year.

Investment banking and management fees comprise fees generated by the Group's asset management, fund management, corporate advisory, debt and equity capital markets and brokerage, and underwriting activities. Investment banking and management fees of SAR 106 million represented 32 per cent of fee and commission income.

The Group's various trading activities recorded a SAR 41 million income for 2024. An analysis of trading income is set out in note 22 and 23 to the consolidated financial statements. Trading income principally comprised mark-to-market changes recorded on equity securities and funds classified as fair value through profit or loss (FVTPL), commodity options and customer-related interest rate derivatives.

The Bank proactively assessed FX requirements in the prevailing market conditions. Foreign exchange income at SAR 75 million for the year representing 5 per cent of the total operating income.

Foreign exchange income principally comprises income generated from customer-initiated foreign exchange transactions that are offset in the market with matching transactions. Accordingly, there is no market risk associated with the transactions that contribute to this material source of income. The continued strong foreign exchange earnings reflected continued success in the cross-selling of innovative products to meet customers' requirements, and the development of new products to meet their changing needs. Instead of a net loss on other financial instrument, still a growing demand is being witnessed for these products as customers experience the benefits derived in effectively managing and hedging their currency exposures. During 2024, the Group continued to expand its customer base to create a broader and a more desirable diversification of earnings from these products, as well as generating repeat business from existing clients.

Dividend income was at SAR 1.4 million for the year 2024 against SAR 4 million for the prior period and represented dividends from the Group's strategic equity portfolio.

Other income stood at SAR 46 million in 2024. An analysis of other income is set out in note 25 to the consolidated financial statements.

### Operating Expenses

Total operating expenses at SAR 909.8 million were SAR 5.7 million higher than in 2023.

Staff expenses at SAR 553 million, which accounted for 61 per cent of total operating expenses, were higher than the prior year and reflected the Bank's focused investment in strengthening its human capital. Depreciation and amortisation expenses increased by SAR 7 million to SAR 69 million during 2024.

Other operating expenses including rent and premises related expenses and general administrative expenses at SAR 288 million, were SAR 43 million lower than 2023, mainly due to the allocation of shared expenses to the Affiliates.

### Provisions

The Group recorded a net provision charge of SAR 134.3 million compared with SAR 190.8 million in the prior year. A net loan provision charge for loans and advances of SAR 118 million, compared to SAR 169 million in 2023. The loan provision charge comprised a SAR 26 million specific (stage 3) provision charge, and a SAR 92 million non-specific (stages 1 and 2) provision charge. A SAR 0.4 million provision charge was booked for stage 1 investment securities, furthermore a total charge of SAR 16 million was recorded for financial contingencies and commitments.

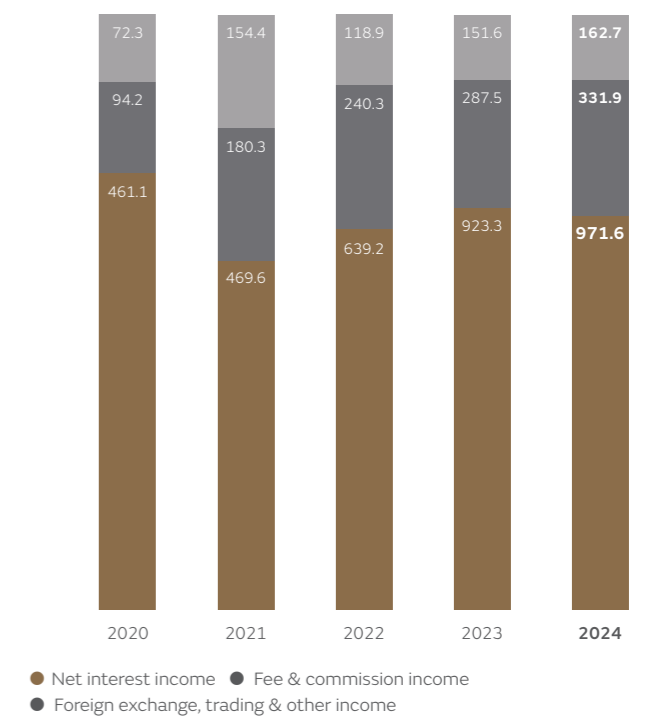
### Capital Strength

Total equity amounted to SAR 7,821.6 million as at 31 December 2024, which was attributable to the shareholders of the Bank.

With a total regulatory capital base of SAR 9,561.5 million and total risk-weighted exposures of SAR 52,037.5 million, the total risk asset ratio calculated in accordance with the Saudi Central Bank (SAMA) Basel 3 guidelines was 18.37 per cent, while the tier 1 ratio was 14.75 per cent, ratios that are above the regulatory thresholds as set out by the Saudi Central Bank (SAMA). Tier 1 capital comprised 80 per cent of the total regulatory capital base.

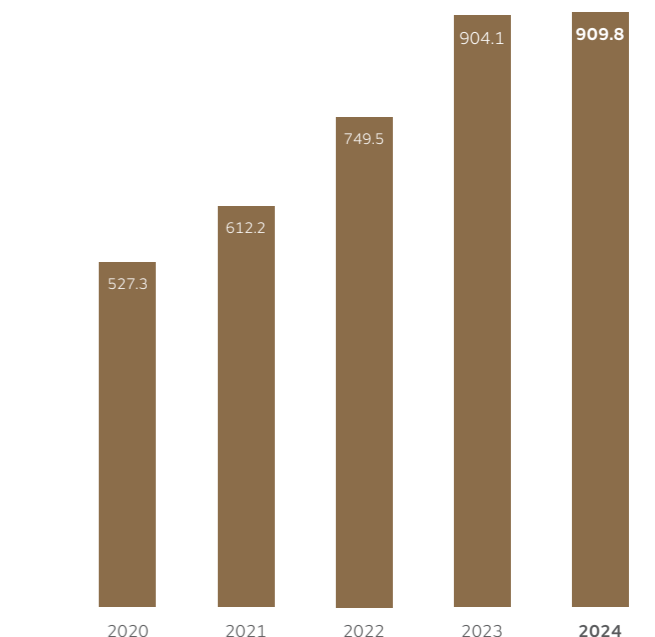
The Risk Management and Capital Adequacy report set out in a later section of the Annual Report provides further detail on capital adequacy and the Group's capital management framework. The Group's policies in relation to capital management are set out in note 36 and 37 to the consolidated financial statements. As described in more detail in the note, the Group's policy is to maintain a strong capital base to maintain investor, counterparty and market confidence and to sustain the future development of the Group's business.

### Gross income composition (%)



● Net interest income ● Fee & commission income ● Foreign exchange, trading & other income

### Expenses development (SAR millions)



● Operating expenses

## Financial Review continued

### Asset Quality

The geographical distribution of risk assets is set out in note 32 to the consolidated financial statements. The credit risk profile of financial assets, based on internal credit ratings, is set out in notes 6 and 8.

Further assessment of asset quality is referenced in note 35 to the consolidated financial statements, on the fair value of financial instruments. Based on the valuation methodologies set out in that note, the net fair values of all on- and off-balance sheet financial instruments as at 31 December 2024 were not significantly different to their carrying amounts except disclosed.

At the end of 2024, cash and balances with Saudi Central Bank (SAMA) and due from banks and other financial institutions accounted for 25 per cent of total assets; investment securities accounted for a further 18 per cent, while loans and advances represented 55 per cent.

### Investment Securities

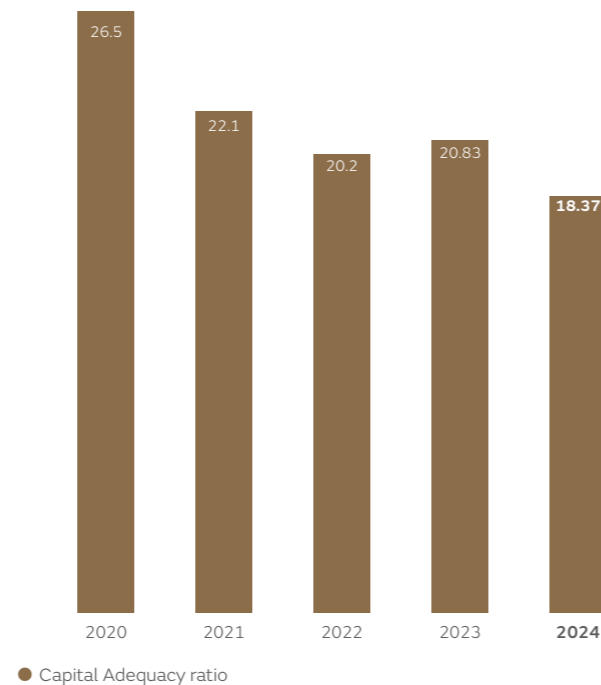
Investment securities totalled SAR 10,320.3 million as at 31 December 2024. The investment securities portfolio primarily represents the Group's liquidity reserve and accordingly, principally comprises investment-grade rated debt securities issued by major financial institutions and government-related entities.

Investment securities comprise two types of debt security portfolios, and a limited investment in equities and equity funds. The larger debt security portfolio comprises floating rate securities or fixed rate securities that have been swapped to yield and treasury bills.

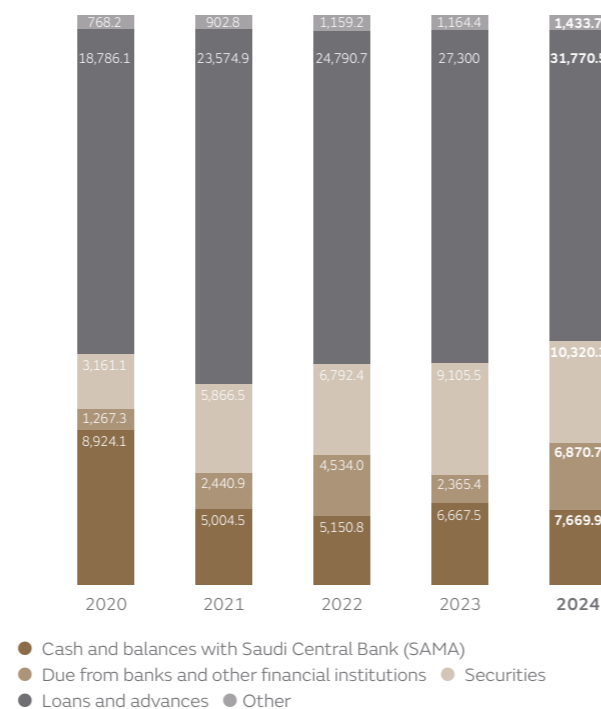
An analysis of the investment securities portfolio by rating category is set out in note 6 to the consolidated financial statements. All debt securities at 2024 year end were investment grade rated securities.

There were no past due or impaired investment securities as at 31 December 2024. All debt securities were categorised as stage 1 for provisioning purposes.

Capital Adequacy ratio (%)



Asset mix by category (%)



### Loans and Advances

The Bank reported a significant increase in net loans and advances to SAR 31,770.5 million at the end of 2024, up from SAR 27,300 million at the end of the prior year. Gross loans and advances were SAR 4,547 million higher than at 2023-year end. The strength of the loan book, and the Bank's continued focus on being selective in the extension of new loans is reflected in the quality of the loan book with 90 per cent of net loans being stage 1.

As at 31 December 2024, the largest industry sectorial exposures were to the manufacturing, trading and services, energy, real estate and construction and engineering, comprising 54 per cent of gross loans, compared to 58 per cent at the end of 2023. This was followed by the financial sector, comprising 13 per cent.

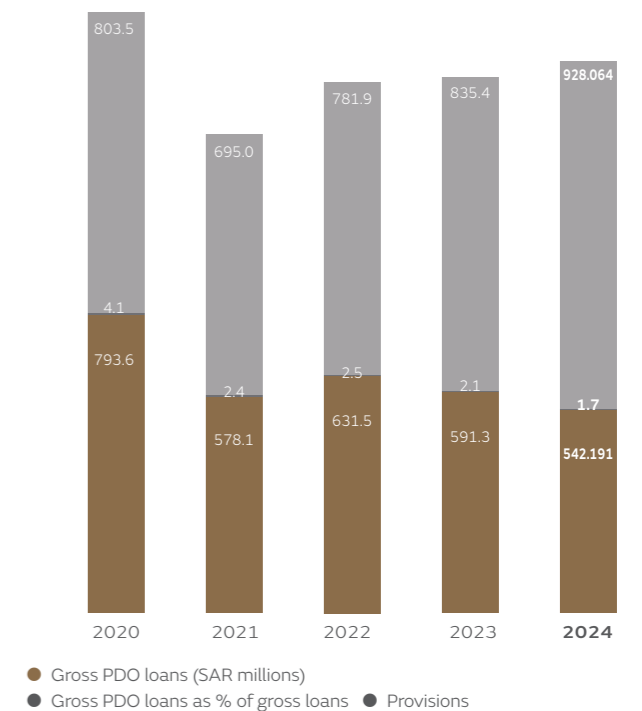
The credit risk profile of loans and advances, based on internal credit ratings, is set out in note 8 to the consolidated financial statements. SAR 22,295 million or 69 per cent of total loans were rated 4- or above, i.e. the equivalent of investment grade rated. Only SAR 2,850 million or 9 per cent of loans and advances, were classified as stage 2 exposures in accordance with IFRS 9, i.e. loan exposures that had experienced a significant increase in credit risk since inception. In addition, exposures classified as stage 3 in accordance with IFRS 9 were SAR 542.2 million, or only 1.67 per cent of loans and advances. Stage 3 exposures are those exposures which are specifically provisioned based on the present value of expected future cash flows.

Total loan loss provisions as at 31 December 2024 amounted to SAR 750 million. Counterparty specific provisions (stage 3) amounted to SAR 397 while non-specific provisions (stages 1 and 2) were SAR 353 million. During 2024, SAR 41.2 million of 100 per cent provisioned loans were transferred to the memorandum records. This resulted in the utilisation of an equivalent amount of stage 3 provisions.

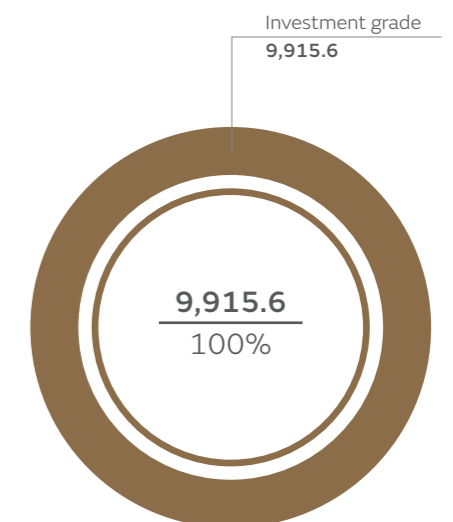
Specific provisions are determined based on the recoverable amount of the loan. The recoverable amount is measured as the present value of the expected future cash flows discounted based on the interest rate at the inception of the facility.

For the purpose of the calculation of the non-specific (stages 1 and 2) provisions, the Group only takes account of collateral held in the form of cash or exchange-traded equities. While collateral in the form of securities, unlisted equities and physical assets is used for risk mitigation and protection purposes, it is not taken into account in the calculation of the non-specific provisions.

PDO loan development (SAR millions)



Investment debt securities rating profile (%)



## Financial Review continued

### Other Asset Categories

Cash and other liquid assets amounting to SAR 14,541 million at the end of 2024, are analysed in note 4 and 5 to the consolidated financial statements. This principally comprises cash and balances with central bank, and financial institutions in the key geographic locations in which the Group operates.

Due from banks and other financial institutions totalled SAR 6,871 million at the end of 2024, and were well diversified by geography, as illustrated in note 32 to the consolidated financial statements. Placements were largely with Saudi Arabian, GCC, European and North American bank counterparties and represented 12 per cent of total assets at the end of 2024. These represented collateralised placements, thereby reducing the Group's risk exposure to the financial institution sector.

An analysis of trading securities is set out in note 6 to the consolidated financial statements. Trading securities at SAR 378.7 million as at 31 December 2024 largely comprised investments in funds managed by GIB's subsidiary.

### Risk Asset and Commitment Exposure

Risk asset and commitment exposure as at 31 December 2024 amounted to SAR 81,776.3 million. These comprise all assets included in the balance sheet and credit-related contingent items. As referred to earlier, an analysis of risk asset and commitment exposure by category and geography is contained in note 32.1 to the consolidated financial statements. SAR 72,285 million or 88 per cent of total risk assets and commitments represented exposure to counterparties and entities located in the Kingdom of Saudi Arabia. The remaining risk asset exposure largely represented short-term placements with major GCC, Middle Eastern and European banks, and investment securities issued by highly rated. An analysis of derivative and foreign exchange products is set out in note 7 to the consolidated financial statements.

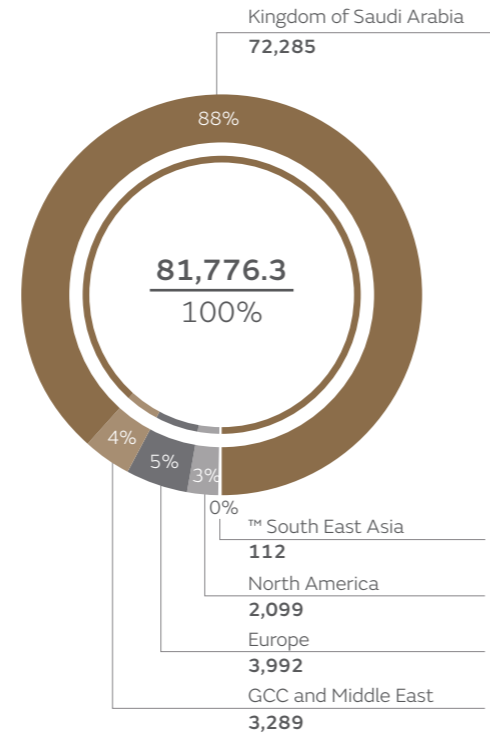
### Funding

Bank and customer deposits at 31 December 2024 totalled SAR 46,494 million. Customer deposits amounted to SAR 39,029 million, representing 84 per cent of total deposits; while bank deposits totalled SAR 7,465 million, accounting for 16 per cent.

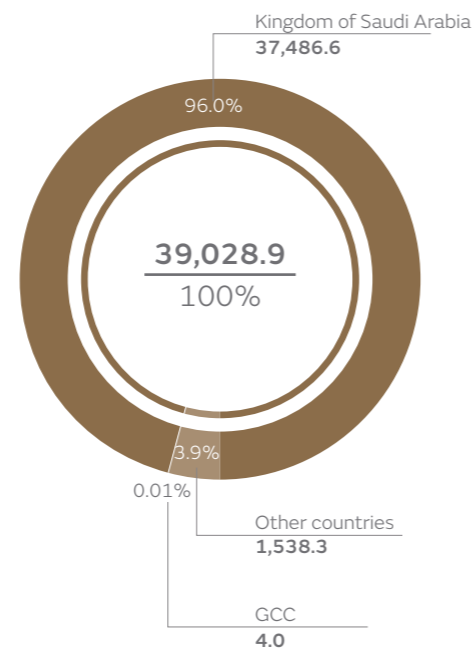
Customer deposits are analysed by geography in note 32 to the consolidated financial statements. SAR 37,486.6 million or 96 per cent of total customer deposits were derived from counterparties in Kingdom of Saudi Arabia. Deposits derived from other countries amounted to SAR 1,538.3 or 4 per cent of customer deposits.

Further commentary on liquidity and funding is provided in the Risk Management and Capital Adequacy report.

Risk asset and commitment exposure



Deposits - geographical profile



# Board of Directors Report

## 1. Overview

Operating in Saudi Arabia since 1999 as a branch, Gulf International Bank - Saudi Arabia ("GIB KSA" or the "Bank") was incorporated in Saudi Arabia on April 2019 as a subsidiary of Gulf International Bank B.S.C. (headquartered in Bahrain) ("GIB") and is owned equally by the Public Investment Fund of Saudi Arabia (PIF) and GIB. GIB KSA is licensed by the Saudi Central Bank ("SAMA") and offers a full range of banking products through its branches in Riyadh, Jeddah and Khobar.

## 2. Shareholding Structure

	Holding %	Number of Shares	Value of Share
Gulf International Bank B.S.C.	50%	375,000,000	SAR 10
The Public Investment Fund	50%	375,000,000	SAR 10

## 3. Geographical Coverage

GIB is the first foreign domiciled bank to establish a local commercial bank in the Kingdom of Saudi Arabia. GIB KSA is headquartered in the Eastern Province and operates branches in Riyadh, Jeddah and Khobar. GIB KSA is a subsidiary of GIB B.S.C., which itself is headquartered in Bahrain with branch offices in the United Arab Emirates, Oman, the United Kingdom, and the United States of America. In addition, GIB Capital (a single shareholder company) is a CMA licensed entity fully owned by GIB KSA, which has been operating and providing various investment banking services in the Kingdom of Saudi Arabia since April 2008. GIB Capital previously was a subsidiary of GIB B.S.C., which was transferred in its entirety to GIB KSA as of 1 January 2021.

## 4. Subsidiaries and Group Companies

GIB KSA owns shares in the following companies:

- i. **GIB Capital (a single shareholder company):** a closed joint-stock subsidiary fully owned by GIB KSA, established in the Kingdom of Saudi Arabia and headquartered in Riyadh. GIB Capital is regulated by the Capital Markets Authority with paid-up capital of SAR 200MM (references to "MM" herein shall mean Millions). GIB Capital provides corporate finance services in the Saudi capital market. GIB Capital offers a comprehensive range of investment banking products and services which are designed to provide innovative and customised financial and investment solutions for clients. GIB Capital provides a full spectrum of investment banking services to help corporates, family businesses, entrepreneurs, governments and quasi-government entities obtain financing through debt and equity offerings. The GIB Capital portfolio incorporates financial advisory services in connection with equity placements (initial public offerings and private placements), mergers, disposals and acquisitions, privatisations, debt capital market products and services, strategic debt advisory and asset management.

- ii. **Dar Enjaz Gulf Real Estate Company:** a subsidiary fully owned by GIB KSA and is a limited liability company registered in the Kingdom of Saudi Arabia and regulated by the Ministry of Commerce. Dar Enjaz Gulf Real Estate Company is headquartered in Riyadh with a capital of SAR 50,000. The main activities of the company are dealing, managing and holding real estate on behalf of GIB KSA as security for the GIB KSA's financings and selling, purchasing and mortgaging such real estate as part of its objects.

- iii. **Bayan Credit Bureau:** a closed joint stock company registered in the Kingdom of Saudi Arabia and regulated by SAMA and the Ministry of Commerce in which GIB KSA owns 15 per cent of its shareholding. Bayan Credit Bureau is headquartered in Riyadh with a capital of SAR 50MM. The company provides its clients credit information.

- iv. **GIB KSA Markets Limited:** a special purpose vehicle fully owned by GIB KSA and is an exempted company with limited liability incorporated and headquartered in the Cayman Islands with an authorised share capital of USD \$50,000. The main activities of the company are to enter into treasury transactions (including without limitation, derivative trades) on behalf of GIB KSA.

## 5. Strategy

GIB KSA's goal is to be a trusted partner and industry leader with regional and global reach, recognised for its innovation, client-centricity and differentiated world-class products and services. Leveraging GIB's international network and offerings enables GIB KSA to capture trade and financial flows between the Kingdom and the rest of the world. The wider levels of collaboration in the region and wider MENA have presented a unique opportunity for the Bank's niche reach. The growth in the Kingdom and the active execution of Vision 2030 places GIB KSA, a relatively new entrant to the market offering a full suite of products and services with a strong value proposition and in a unique position to capitalise on the unprecedented economic opportunities in its largest target market. The Bank's business model is centred around a core Wholesale Banking proposition and ancillary offerings of investment banking, Shariah-compliant banking and asset management and niche expertise in the sustainability space through the Group's GIB UK subsidiary. The Group's sustainability framework takes into account international and regional standards, catering to the regulations of the jurisdictions within which the Group operates in. GIB KSA also provides a fully-digital consumer lending proposition through meem, leveraging its digital expertise.

## Board of Directors Report continued

### 5. Strategy (continued)

GIB KSA's strategic priorities are in line with the Groups' strategic priorities to grow the GIB franchise. GIB KSA plays a critical role in delivering to the strategic priorities below:

- i. reduce reliance on lending net interest income through selective investment in capital-lite, fee generative products and services;
- ii. increase and diversify revenues through targeted cross-selling across its businesses and across the wider GIB group of companies and fast-tracking business-driven projects;
- iii. enhance client acquisition and experience through targeted customer acquisitions, enhanced product offerings, automation and streamlined processes;
- iv. maintain an effective funding profile through a focus on optimising cost of funding and reducing deposit concentration; and
- v. optimise capital deployment and return on assets by focusing on value-accretive asset growth.

To achieve the strategic goals and priorities highlighted above, GIB KSA continues to focus on the following strategic enablers, in line with the Group's strategic enablers:

- i. talent acquisition and retention - focusing on merit, competence and development;
- ii. effective governance - agile decision making with accountability under a robust risk management framework;
- iii. digital focus - accelerating our digital transformation journey; and
- iv. operational excellence - optimising the Group's infrastructure and streamlining its processes.

The 'client comes first' approach is embedded in GIB KSA's business and reflected in its product offerings, digital solutions and internal processes.

Its digital strategy cuts across the organisation and continues to progress through investment in digital solutions, namely in its retail and global transaction banking business offerings. The Bank's Tech and Ops are integral to operational excellence and cost efficiencies and several key initiatives are underway to ensure the robustness and efficiency of the Banks platforms.

The bank's sustainability strategy is embedded across the GIB Group and advanced through sustainability-linked transactions, launch of client-led sustainability products and services, numerous sustainability publications and a sustainability-linked asset management fund through its subsidiary GIB Capital.

In 2024, GIB KSA made material progress in contributing to strategic priorities, reflected in the positive growth trajectory across key performance metrics. Through a focus on client requirements, targeted client acquisitions, a full suite of solutions offered to clients, collaborative cross selling, ESG expertise and prudent management of accounts, a growing customer base across business lines was matched by a range of revenue opportunities resulting in increased and more diversified income streams.

Importantly, the bank continuous to maintain a strong balance sheet and healthy liquidity levels whilst achieving client and product diversification. The strength of its balance sheet has enabled its current growth trajectory and puts it on sound financial footing for continued growth in both financial performance and shareholders returns.

### 6. Risk Management

GIB KSA has established a robust Risk Management Framework and governance structure to maintain a prudent and disciplined approach to risk taking by upholding a well thought out risk strategy, risk appetite and a comprehensive set of risk management policies and processes.

GIB KSA adopts a holistic view of risks by understanding risks on an enterprise-wide basis analysed through a top-down (risk aggregation) and a bottom-up (risk decomposition) approach. Risk aggregation takes a portfolio view of risks aggregated across GIB KSA's business units taking due consideration of the portfolio effects and correlation of risks prior to determination of the management approach to each single risk. This approach provides guidance to allow balancing risk and reward optimally. Risk decomposition ensures a comprehensive identification and prioritisation of all material risks and the definition and implementation of risk policies and processes that control daily decision making throughout GIB KSA. This approach enables employees to make the right risk-return trade-offs in day-to-day activities.

The Board delegates some of its supervisory responsibilities to the Board Risk Committee (BRC) which assists the Board in reviewing the risk profile of GIB KSA, establishing the Risk Management Framework and relevant controls, reviewing the risk appetite, policies, and overall limits and parameters within which GIB KSA conducts its business.

GIB KSA has established a dedicated Risk Management function involving personnel with adequate skills and experience. The Risk Management function is independent of business units and is headed by the Chief Risk Officer (CRO) with a direct reporting line to the Board Risk Committee.

The key material risk types that GIB KSA is exposed to, given its current balance sheet, include Credit Risk, Market Risk, Operational Risk, Liquidity Risk, and Information and Cyber Security Risk. The following provides an overview of each of these risk types in terms of GIB KSA's definition of the risk and the respective control framework.

#### Credit Risk

Credit risk is the risk that a customer, counterparty or an issuer of securities or other financial instruments fails to perform under its contractual payment obligations thus causing GIB KSA to suffer a loss in terms of cash flow or market value. Credit risk is the predominant risk type faced by GIB KSA in its banking, investment and treasury activities, both on and off-balance sheet.

Credit risks could arise from a specific deterioration in the credit quality of certain borrowers, issuers and counterparties of GIB KSA, from a general deterioration in local or global economic conditions, decline in collaterals value, or from systemic risks within the financial system. This could affect the recoverability and value of GIB KSA's assets which may result in an increase in GIB KSA's provisions for the impairment of loans, securities and other credit exposures.

Credit risks of GIB KSA are actively managed and monitored in accordance with well-defined credit policies and procedures and comprehensive limit setting and approval authorisation requirements. GIB KSA seeks to minimise its credit exposure, to the extent possible, using a variety of risk management techniques such as obtaining collateral, seeking third party guarantees and netting through strategic arrangements.

#### Market Risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. The most significant market risks to which GIB KSA is exposed are interest rate, foreign exchange and equity price risks associated with its trading, investment and asset and liability management activities. Changes in interest rate levels and spreads may affect the interest rate margin realised between GIB KSA's lending and investment activities and its borrowing costs, and the value of assets that are sensitive to interest rate and spread changes. Changes in foreign exchange (FX) rates may affect the value of assets and liabilities denominated in foreign currencies and the income from foreign exchange dealing.

GIB KSA actively manages its market risk through planning and assessment to determine the nature and level of market risk exposure that GIB KSA is permitted to undertake, a rigorous process of security selection and approval, Value-at-Risk analysis and Expected Shortfall and stress shocks based on scenarios and historical events to provide a comprehensive and consistent measure of GIB KSA's market risk exposure to adverse market movements, limit management to monitor portfolio concentrations such as IRRBB limits based on EVE, stress testing to assess and manage the risks associated with extreme market movements on the market values of the portfolios and a prudent valuation process to determine the mark-to-market or fair values of market risk related financial instruments. GIB KSA also ensures that policies and governance are set for market risk adherence. For the regulatory market risk capital requirement, the Bank applies the standardised approach as prescribed by SAMA.

#### Operational Risk

Operational risk is the risk of losses resulting from inadequate or failed internal controls or procedures, systems failures, frauds, business interruption, compliance breaches, human error, management failure or inadequate staffing.

While operational risk cannot be entirely eliminated, it is managed and mitigated by ensuring that the appropriate infrastructure, controls, systems, procedures, and trained and competent people are in place throughout GIB KSA. The Operational Risk Management (ORM) framework is based on the guidelines provided by the Basel Committee on Banking Supervision (BCBS) and SAMA and encompasses the management and

oversight of operational risk activities across the Bank. The ORM framework facilitates the management of operational risk across the three lines of defence and serves to promote a culture of collaboration, integrity, agility and perceptiveness, which has been strengthened by the implementation of an ORM system. In addition, the ORM Framework has been enhanced to include self and independent testing of controls for further improvement of the control environment within the Bank. Looking forward, the ORM Framework will continue to be enhanced through natural evolution and the development of a broader Non-Financial Risk Framework which encompasses ongoing emerging risk identification and materiality assessment activities.

#### Liquidity Risk

Liquidity risk is the risk that GIB KSA will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately.

GIB KSA's liquidity management policies are designed to ensure that funds are available at all times to meet the funding requirements of GIB KSA, even in adverse conditions. In normal conditions the objective is to ensure that there are sufficient funds available not only to meet current financial commitments but also to facilitate business expansion. These objectives are met through the application of prudent liquidity controls. These controls provide security of access to funds without undue exposure to increased costs from the liquidation of assets or the aggressive bidding for deposits, by supplying adequate reserves that meet liquidity requirements under stressed conditions.

GIB KSA's liquidity controls ensure that limits are in place over the medium-term horizon through currency wise gap limits, diversified funding sources and adequate liquidity buffers. Additionally, GIB KSA conducts frequent stress testing of its resilience to potential stress events on cashflows and other key ratios. GIB KSA ensures that the right parameters and reporting are in place for monitoring liquidity and funding risks which are fully integrated with Early Warning Indicators, Risk Appetite limits and the Contingency Funding Plan (CFP) which includes market-based liquidity tests

#### Information and Cyber Security Risk

Information and Cyber Security risks can be commonly defined as an exposure to harm or loss resulting from breaches or attacks on information systems. This relates to the loss of confidentiality, integrity, or availability of information and reflect the potential adverse impacts to organisational operations, including its mission, functions, reputation and assets. Cyber security is the practice of protecting organisation's information assets and customer data from any intrusions or digital attacks by using a combination of people, processes and technology.

GIB's cyber security is managed by a dedicated Information Security department and is governed by a robust cyber security framework consisting of cyber security strategy, aligned with the Bank's business strategy, and a policy framework, aligned with regulatory frameworks, industry standards and best practices under the supervision of Board delegated "Information Security Management Committee" with key business stakeholders.

## Board of Directors Report continued

### 6. Risk Management (continued)

Cyber Security risk is minimised greatly by the implementation of layered security controls such as perimeter security solutions, application and infrastructure controls, end user protection controls, 24/7 security monitoring, independent security assessments, third-party maturity and benchmarking exercises, brand monitoring and threat intelligence services, etc.

The Information Security Department consists of; the Governance, Risk and Compliance (GRC) function from a cyber security perspective; Security Operations Centre (SOC) which focuses on 24/7 security monitoring and incident management; System Security team that manages security of the business applications; Infrastructure Security team which manages the infrastructure and network security; Cyber Security Architect to ensure information security controls are embedded into all solutions; Cyber Fraud function to align and facilitate antifraud programs in technology; Identity and Access management team for centralised user access management, Cyber Threat Analyst function to research and analyse cyber threats and predict potentials cyber threats, Cybersecurity Incident responder for identifying, investigating, and mitigating security incidents within an organisation, and the Program Management Team that supports implementation of security solutions and ensures participation of Information Security in all business initiatives and projects.

#### Fraud Risk

GIB KSA is committed to proactively preventing, detecting and responding to fraud. Furthermore, the Bank recognises that in addition to financial losses, an incident of fraud may also negatively impact the bank's image and reputation. Therefore, to combat fraud GIB KSA has implemented control requirements of "Counter-Fraud Framework (CFF)".

Counter-Fraud Unit, is an independent Unit under the Compliance Division and is responsible for the following:

- Monitoring and overseeing compliance with Counter-Fraud policies, standards, and procedures. Designing and implementing organisation wide required counter-fraud controls covering people, process, and technology dimensions. Performing an in-depth organisation wide Fraud Risk Assessment. Analysis of Counter-Fraud data and intelligence to proactively identify fraud trends. Sharing Counter-Fraud Intelligence with SAMA, police and other relevant regulators and law enforcement authorities.
- Proactively and reactively tuning Counter-Fraud systems. Monitoring of Counter-Fraud Operations.
- Performing comprehensive fraud investigations, identifying the root causes of fraud incidents, and documenting corrective actions. Monitoring Fraud Risk Appetite measures and actively engaging the crisis management task force if defined limits are breached and there is an impact on customers. Ensuring alignment of Counter-Fraud capabilities with Cyber Security and Financial Crime. Periodic reporting to senior management covering at a minimum: Fraud Risk Assessment results, identified fraud typologies, Fraud Risk Appetite measures and performance against thresholds and limits, as well as operational and customer fraud losses.

- Evaluating the staffing requirements of the Counter-Fraud Department on a periodic basis, considering both the capacity and capability, and in response to material changes in the business, operational and fraud landscape, or the Fraud Risk Assessment. Promoting fraud awareness among employees, customers and third parties to report actual and suspected fraud upon discovery. Training employees to prevent and detect fraud in workplace, as well as potential fraud originating from external sources.
- Function independently under the oversight and guidance of the Chief Compliance Officer (CCO), with ultimate reporting to the Board Audit Committee. Submit and obtain approvals/endorsements from the Board Audit Committee and / or Counter-Fraud Governance Committee, as applicable, on matters requiring the intervention and support of the respective stakeholders.
- Periodically report fraud-related matters to Board Audit Committee and / or Counter-Fraud Governance Committee, as applicable, and provide quarterly updates and notifications to the Board Risk Committee, if required or requested.

#### Real Estate Finance Risk

The Bank's total outstanding residential real estate finance portfolio as of 31 December 2024 was SAR 251,416,656. The Bank has developed adequate policies and procedures to ensure that appropriate insurance coverage is in place to hedge against potential financial losses associated with residential real estate portfolio. However, risk elements which are not part of the insurance coverage are managed in accordance with the Bank's internal risk management framework.

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

- Life Insurance:** Life insurance provides financial protection in the event of death resulting from natural or accidental causes, as specified in the insurance policy, enabling the Bank to recover the outstanding finance amount from the insurance company.
- Disability Insurance:** Disability insurance provides financial protection to recover the outstanding finance amount if the policyholder becomes fully and permanently disabled and is unable to work or engage in any income-generating activity.
- Property Insurance:** Property insurance provides coverage for physical damage to, or loss of, the property caused by events such as fire, flood, or natural disasters. It is intended to mitigate the financial impact of such damage, allowing the Bank to recover the costs due arising from unexpected or unforeseen events.

### 7. Financial Highlights

	2024 (SAR '000)
Total Operating Income	1,466,239
Total Operating Expenses Before Expected Credit Losses	909,848
Total Operating Expenses After Expected Credit Losses	1,044,130
Net Income After Zakat	341,325
Capital Adequacy: Tier 1 Ratio	14.75%
Capital Adequacy: Total Ratio	18.37%

International rating agencies have endorsed their confidence in GIB KSA's financial strength. Fitch Ratings affirmed GIB KSA's long term issuer default ratings (IDR) at A- with a Stable outlook and highlighted GIB KSA's sound management strategy, strong capitalisation and niche wholesale franchise among the key rating drivers. Moody's Investor Service also affirmed GIB KSA's long term deposit rating at A2 with a Stable outlook. Moody's have cited GIB KSA's strong loss absorption capacity resulting from its strong capital adequacy ratios as its key strength.

### 8. Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with the IFRS Accounting Standards as issued by International Accounting Standards Board and endorsed in the Kingdom of Saudi Arabia ("IFRS") and in compliance with other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

### 9. Loans and Advances

	31 December 2024 (SAR '000)
Gross loans and advances	32,520,537
Allowance for Expected Credit Losses	(750,023)
Loans and advances, net	31,770,514

### 10. Internal Audit Function

The Internal Audit reports functionally to the Audit Committee and administratively to the Chief Executive Officer, making it independent of management, with the ability to make objective judgements, and having the authority to conduct its work across the whole organisation without constraint. The Internal Audit review of GIB KSA's corporate governance framework is conducted based on the risk assessment of the audit entity. The latest report was issued in October 2022. The purpose of the audit was to provide a reasonable assurance on the corporate governance framework of GIB KSA in light of the SAMA rules and guidance prescribed in "Principles of Corporate Governance for Banks Operating in Saudi Arabia".

The overall conclusion of the audit was that the corporate governance framework of GIB KSA is considered adequate and effective in providing a sound framework to control the risks inherent in GIB KSA's current business activities.

### 11. External Auditors

At the Annual Shareholders General Assembly, held on 29 April 2024, EY and KPMG were appointed as external auditors for the year ending 31 December 2024.

### 12. Zakat

The Bank has filed its zakat declaration with the Zakat, Tax and Customs Authority ("ZATCA") for the period from 3<sup>rd</sup> April 2019 to 31 December 2019 and for the years ended 31 December 2020 to 2023. The assessments have been finalised by ZATCA for the period / year 2019 and 2020, without any additional liability, however, no assessment has been raised by the ZATCA for the year 31 December 2021 to 2023.

### 13. Financial Compensation and Remuneration

GIB KSA engaged external consultant(s) to undertake annual Market Total Compensation Positioning Review. The objective of the exercise is to assess competitive pay levels and to enable pay for performance approach driven through the bespoke Variable Remuneration Model, which was approved by the Governance Nomination and Remuneration Committee (GNRC) and by GIB KSA's Board of Directors.

An annual review of GIB KSA's compensation practices and structure is conducted by the auditors and submitted to the Saudi Central Bank along with management reports. This is in line with the guidance issued by the Saudi Central Bank, the principles and standards of the Financial Stability Board, as well as prevailing market practices. GIB KSA is compliant with the Compensation Practices and Policies as prescribed by the Saudi Central Bank.

According to the Labour Law of Saudi Arabia and GIB KSA's internal policies, employee end of service benefits become payable at the end of an employee's period of service. End-of-service benefits have been provided based on the employees' length of service. As of 31 December 2024, the total end-of-service provision is SAR 97.13 million.

### 14. Micro, Small and Medium Enterprises (MSMEs)

The MSME department was established in 2020 as part of the Wholesale Banking Group at GIB KSA.

The objective was to create a dedicated team to serve MSMEs by providing a differentiated proposition and services, supporting the Kingdom's Vision 2030 goal of increasing the GDP contribution of MSMEs.

Being part of the Wholesale Banking Group enables the MSME team to identify opportunities and create synergies while utilising the existing range of products and services.

GIB KSA will provide products and services tailored to each customer segment within MSME, spanning a variety of sectors and locations, leveraging GIB KSA's strong digital proposition and platforms.

A primary product in the proposition is the Digital Lending Programme, which aims to address the core pain points for MSMEs by providing fast financing through a simple, fully digital process. The Programme enables GIB KSA to reach a wider spectrum of customers who could not be served through regular customer propositions.

As at the end of December 2024, the total MSME funded portfolio size was SAR3.56 billion, with 212 borrowing clients.

Additionally, MSME deposits amounted to SAR1.08 billion, held by 690 depositing clients.

## Board of Directors Report continued

### 15. Compliance and Financial Crime Compliance

#### Compliance

The Compliance framework adopted by the Board reflects the principles for promoting sound compliance practices at GIB KSA. It also demonstrates the Bank's commitment to the adherence with applicable legal and regulatory requirements, and to high professional standards. The role of the Compliance function is to assist senior management in ensuring that the activities of GIB KSA and its employees are conducted in conformity with all applicable laws and regulations, and generally with sound practices pertinent to those activities. The Chief Compliance Officer reports directly to the Board through the Audit Committee in accordance with SAMA Compliance principles.

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the Bank's reputation arising from failure to comply with the regulatory requirements. Compliance independently assesses compliance risk and evaluates the departments across the bank for adherence to applicable laws, rules and regulations, including identifying compliance issues and risks, performing independent spot checks, and reporting on the state of compliance activities in GIB to the top management.

Also, the bank submits a Compliance Annual Report to SAMA advising the state of compliance of the bank every year, with detailed explanations of all identified breaches and the remedial measures taken by the bank to rectify it.

The Bank's approach to the management of compliance risk is described in the Compliance Policy, which outlines the requirements of the Bank's compliance program, and defines roles and responsibilities of Board, senior management, Internal Audit and all Bank employees in managing compliance risk. The requirements work together to drive a comprehensive risk-based approach for the proactive identification, management, and escalation of compliance risks within GIB KSA. Hence, the policy echoes the Bank's control pronouncing 'Zero Tolerance for Non-compliance'. This is further ensured by periodical testing and monitoring by a dedicated Compliance team. Issues identified are discussed at the quarterly Compliance Committee membered by key stakeholders in risk management and operations and escalated to the Audit Committee as appropriate.

#### 16. Fines and Penalties

The below table shows the financial fines by SAMA for the 2024 fiscal year:

Subject of the violation	Previous Financial Year		Current Financial Year		
	Number of Punitive Decisions	Total Amount of Financial Penalties (SAR)	Number of Punitive Decisions	Total Amount of Financial Penalties (SAR)	Total Amount of Financial Penalties (SAR)
Violation of SAMA Supervisory Instructions	5	2,519,000	3	280,450	280,450
Violation of SAMA's Due Diligence Instructions for Anti-Money Laundering and Counter-Terrorism Financing	1	-	-	-	-

The Compliance Policy and the Program also sets the requirements for reporting compliance risk information to senior management as well as the Board or appropriate Board level committees in support of Compliance's responsibility for conducting independent oversight of the Bank's compliance risk management activities. The Board provides oversight of compliance risk mainly through its Audit Committee.

In ensuring that the tone emanates from the top, the CEO issues a yearly message to all GIB KSA employees reminding everyone of the importance of complying with all laws and regulations issued by the regulators. This is supplemented by multiple awareness messages issued by the Chief Compliance Officer to all employees throughout the year using various mediums of communication. Good compliance behaviour is also rewarded by making it a mandatory measurement criterion in employee evaluations.

#### Financial Crime Compliance

The Bank's Financial Crime Compliance comprises of Money Laundering & Counter Terrorism Financing (AML/CTF), Anti-Commercial Concealment, Anti-Fraud, Anti-Bribery & Corruption and Sanctions Unit. All GIB Compliance policies and procedures/guidelines conform to the legal and regulatory requirements of the Kingdom of Saudi Arabia. These legal and regulatory requirements largely reflect local and international best practices in the field of combating Financial Crime.

The operations of FCC have been automated in coherence with the Banks strategy, systems are in place to ensure that business relationships are commenced with clients whose identity and activities can reasonably be established to be legitimate; to collect and record all relevant client information; to monitor and report suspicious transactions; to provide periodic training to employees; and to review with internal and external auditors the effectiveness of the procedures and controls. The Financial Crime Units' procedures prohibit dealing with shell companies/banks located in sanctioned countries, Specially Designated Nationals and Blocked Persons (SDN)s and any sanctioned entity. A proactive structure of officers is in place to ensure compliance with procedures based on regulatory bodies, and the timely update of the same to reflect the changes in regulatory requirements.

### 17. Effectiveness of Internal Control Environment

Senior management is responsible for establishing, maintaining, and monitoring GIB KSA's internal control systems to ensure the effective functioning of GIB KSA. The internal control systems comprise the establishment and implementation of policies, procedures, processes, systems and a risk framework across all functions of GIB KSA, which are approved by the Board of Directors.

The **Board of Directors**, supported by the **Board Risk Committee** and the **Audit Committee**, is responsible for ensuring that the internal systems and controls framework are effective for GIB KSA's business and associated risks.

The Board Risk Committee sets and endorses the organisation's risk appetite, which is approved by the Board of Directors, and works alongside management to identify the principal risks facing the organisation. It has oversight in respect of GIB KSA's overall risk appetite, parameters and limits within which GIB KSA conducts its activities. The Committee seeks ongoing assurance that management is responding to such risks appropriately and in a timely manner.

The **Audit Committee** oversees the effectiveness of GIB KSA's internal controls systems by reviewing and evaluating them, and by meeting with Internal Audit, External Audit, and management to assess their adequacy and effectiveness. The Committee also obtains reasonable assurance on a periodic basis from these parties. The Audit Committee periodically receives reports on any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect GIB KSA's ability to record, process, summarise and report financial information. It also receives reports on any instances of fraud - whether or not material - involving management or other employees who play significant role in GIB KSA's internal control over financial reporting. Furthermore, the Audit Committee Chairman provides updates to the Board on the key discussions and decisions considered by the Audit Committee.

For the period ended 31 December 2024, and pursuant to the Audit Committee Mandate which requires the Audit Committee to report its opinion on the adequacy of GIB KSA's internal control framework, the Audit Committee was made aware of opportunities for enhancement within the internal controls of GIB KSA. These recommendations have either been addressed or are currently being addressed by management. Furthermore, the implementation of these recommendations is independently tracked and validated by Internal Audit, with periodic updates provided to the Audit Committee. Accordingly, the Audit Committee is of the opinion that the Bank's management has maintained an effective internal control system capable of providing reasonable assurance. The results of internal audits, along with discussions held during Audit Committee meetings, have provided sufficient basis for forming this opinion.

Pursuant to the above review, the Board has endorsed management's assessment of GIB KSA's internal control systems.

### 18. Ethical Standards and Code of Conduct

GIB KSA has a Board-approved Code of Conduct that sets out rules on conduct, ethics, and the avoidance of conflicts of interest, applicable to all employees and directors of GIB KSA. The Code of Conduct is designed to guide employees and directors in adhering to best practices as they fulfil their responsibilities and obligations towards GIB KSA's stakeholders - including shareholders, clients, employees, regulators, suppliers, the public, and the host countries in which GIB KSA operates. It ensures compliance with all applicable laws and regulations and aligns with the Code of Conduct issued by SAMA for all financial institutions.

The Code addresses a range of key issues, including: upholding the law and adhering to best practices; acting responsibly, honestly, fairly, and ethically; avoiding conflicts of interest; protecting GIB KSA's property and data; safeguarding client-confidential information the information of others; complying with rules on inside information and the prohibition of insider trading; preventing money laundering and terrorism financing; rejecting bribery and corruption; avoiding compromising gifts; and encouraging speaking up and whistleblowing.

All employees and directors of GIB KSA are reminded annually of their obligations under the Code of Conduct through an e-learning module, which includes a copy of the Code of Conduct in English and Arabic. Each individual is required to sign an Acknowledgment and Declaration confirming that they have received and read the Code of Conduct, understand its requirements; have complied with and will continue to comply with those requirements, and agree to raise any concerns about potential misconduct or breaches of the Code with the appropriate parties within GIB KSA, in accordance with the procedures outlined in the Code.

In addition, all employees of GIB KSA are required to sign an annual Declaration regarding outside employment and other activities, to ensure that no conflicts of interest exist. These Declarations have been moved from GIB KSA's Human Resources Department Code of Conduct to the Corporate Governance Policy. Similarly, all directors and members of the Management Committee must complete and sign a comparable annual Declaration, which is subsequently presented to the Governance, Nomination & Remuneration Committee of the Board.

### 19. Corporate Social Responsibility (CSR), Sustainability Initiatives, and Learning and Talent Management

#### Corporate Social Responsibility (CSR)

Since 1975, GIB has built a proud tradition and legacy of actively participating in, donating to, and collaborating with the communities in which it operates. The Bank's approach to Corporate Social Responsibility focuses on identifying and partnering with groups, causes, communities, stakeholders, and themes where it can create long-term positive impact through philanthropic and voluntary engagement.

CSR initiatives also offer a valuable opportunities for our people to volunteer their time in support of others, and the Bank proactively encourages and supports their involvement.

## Board of Directors Report continued

### 19. Corporate Social Responsibility (CSR), Sustainability Initiatives, and Learning and Talent Management (continued)

Key examples of such Corporate Social Responsibility initiatives include the following:

- **Moroog Foundation under the National Center for Vegetation Cover Development and Combating Desertification:** A community collaboration with Moroog Foundation to plant over 22,000 trees, including mangroves, across the Eastern Province. This significant initiative aims to combat desertification, reduce sand encroachment, and preserve natural resources, ultimately contributing to the region's long-term environmental and economic development.
- **King Abdulaziz Center for World Culture (Ithra):** Our collaboration with Ithra forms a key part of our strategy to deepen community engagement and strengthen our presence in Saudi Arabia's Eastern Province. In 2024 we partnered with Ithra by sponsoring one of its largest programmes "Tanween Ithra's Creativity Season", a diverse range of initiatives designed to support Saudi youth development by promoting creativity, sustainability, talent development, and cross-cultural exchange.
- **Aknan charity:** GIB KSA provided support to enhance cooperation and joint efforts aimed at improving the quality of residential and developmental programmes in the Eastern Province, thereby contributing to the goals of Vision 2030.
- **Running Race Company:** GIB supported the 26<sup>th</sup> Al Sharqiyah International Race, held at Al Khobar Corniche under the patronage of His Royal Highness Prince Saud bin Nayef bin Abdulaziz Al Saud, Governor of the Eastern Province. This sponsorship reflects GIB's commitment to promoting community well-being, health, and inclusivity across Saudi Arabia.
- **Saudi Food Bank:** As part of our Ramadan Baskets initiative, GIB volunteers prepared food baskets in collaboration with the Saudi Food Bank Charity in Dammam.
- **Children with Disability Association:** GIB supported the Children with Disability Association's "Mubadaraty" programme which included funding for educational sessions tailored to the age and abilities of children with disabilities. The rehabilitation sessions aim to develop linguistic, cognitive, social, and motor skills using a variety of tools designed to match each child's individual capabilities.
- **Saudi Cancer Society:** GIB entered into a new partnership with the Saudi Cancer Society to raise cancer awareness and support the provision of essential care for cancer patients in the Eastern Province. Through this collaboration, GIB Saudi Arabia supported the Society's initiatives in delivering quality healthcare services and awareness programmes to the local community.

#### Sustainability

GIB KSA is committed to sustainability, both in terms of its business offerings and the way it conducts its business. Sustainability, which encompasses Environmental, Social and Governance (ESG) factors, is relevant for nearly all aspects of GIB KSA's activities. In 2024, the following areas were identified as key priorities:

- Expanding sustainable finance activities and supporting clients on sustainability-related matters.** A key milestone was the launch of the [Sustainable and Transition Finance Framework](#), which clearly and transparently outlines how GIB classifies and manages its sustainable financing activities.

- Embedding sustainability into operations.** Within its environmental workstream, particular focus was placed on implementing the recommendations of the Taskforce for Climate-related Financial Disclosure and IFRS S2 reporting. Within its social workstream, GIB became a signatory to the UN Women's Empowerment Principles and took active steps to increase the representation of women within the Bank's workforce.
- Reporting transparently and expanding on sustainability-related activities and impacts.** In 2024, the GIB published its fourth Sustainability Report and made disclosures about its activities aligned with the [Principles for Responsible Banking](#).
- Engagement with policymakers** on relevant sustainability-matters, particularly through the ESG Saudi Banks Advisory Committee (EBAC), established by the Saudi Central Bank (SAMA) in 2023. EBAC focuses on the risks and opportunities provided by sustainability to the Saudi banking sector. Five workstreams were established under EBAC: Risk, Taxonomy, Disclosure, and Sustainable Products and Solutions, with GIB represented in four of the five. A highlight for GIB in 2024 was its participation in COP29 and the signing of a Cooperation Agreement with the Saudi Arabia Voluntary Carbon Market Company (VCM) to purchase carbon offsets.

For further details, please refer to the 2024 [Sustainability Report](#).

#### Learning and Talent Management

In 2024, GIB KSA undertook several key learning and talent management initiatives, including:

- In-House Face-to-Face programmes:** Women's Leadership Strategy 2024, Women's Empowerment Professional, Kunooz Programme 2.0, Project Management Professional PMP, ACAMS, ORM, Internal Controls Policies and Procedure Training, and Certified Compliance Officer.
- Training Need Analysis (TNA 2024):** A record number of over 900 training sessions were successfully conducted, with an implementation rate of 75 per cent and 64 per cent delivered through in-person sessions.
- Talent Development Programmes** conducted through global partners such as Colombia Business School, MIT, National University of Singapore (NUS), ESCP Business School. Key programmes included: Managerial Discovery Programme, Management Development Programme, Senior Leaders Programme
- Jammaz Al Suhaimi Programme:** Future Executive Graduates and Professional Development Programme
- ITQAN Programme:** A specialised programme designed for junior to mid-level staff
- Executive Insights Webinars** targeting Board members, CEOs and MANCOM, covering topics such as Risk and Regulation, Strategic Challenges and Opportunities in Financial Services, Leadership, Sustainability, Transformation, etc.
- Leadership Development:** Partnerships with prestigious business schools such as INSEAD, London Business School, Harvard Business School, University of Oxford, Euromoney, etc., to deliver: Ro'ya Programme: targeted to Senior Executives covering Global Leadership Trends and Future Leaders Programme
- Health and Wellness:** wellness webinars were conducted in collaboration with healthcare partners such as Plumm, Dr Sulaiman Al Habib Hospital, Bahrain Specialist Hospital

### 20. Related Party Transactions

GIB KSA operates under a Board-approved Conflict of Interest and Related Party Transaction Policy, which governs the conflict of interests and related party transactions relating to both the Board and senior management. GIB KSA's dealings with its related parties are conducted on an arms-length basis in respect of its exposure to and deposits received from them. If loans are extended to related parties, these are approved on the basis of authorities delegated by the Board to the CEO. If the loans exceed these authorities, then further approval from the Executive Committee or the Board is requested. GIB KSA will not deal with any of its directors or senior management in a lending capacity unless permitted by Saudi Arabian law or regulation.

In the event of proposed dealings with companies associated with a GIB KSA Director or senior management, the proposals are

(i) referred to the Board for approval with the abstention of the Director involved from voting; or (ii) raised to the attention of the Board Risk Committee and Board / Executive Committee if such approvals are within the credit limits of the CEO; or (iii) raised in a report to the Governance, Nomination and Remuneration Committee and the Audit Committee for any related party transactions relating to senior management which are in turn raised for Board/Shareholder approval.

In the ordinary course of its activities, GIB KSA transacts business with related parties. Related party transactions are governed by limits set by the Banking Control Law and regulations issued by SAMA. GIB KSA also adheres to the required process (including by way of authorisation from the ordinary general assembly) for related party transactions as per Articles 27 and 71 of the Saudi Companies Law to seek shareholder authorisation for such transactions.

Details of the Related Party Transactions in 2024 are set out in the below table:

Name of Director	Related party	Period	Relationship	Details of transactions and amounts
Mr. Abdulaziz bin Abdulrahman Al-Helaissi	Bahrain Institute for Banking and Finance (BIBF)	2024	Indirect interest - member of the Board of Directors	SAR 555k fee for the trainings to the Bank's staff without preferential terms
	Institute of International Finance	2024	Indirect interest - member of the Board of Directors	SAR 25k fee for the trainings to the Bank's staff without preferential terms
Mr. Bander bin Abdulrahman bin Mogren and Mr. Najem bin Abdulla Al Zaid	The Saudi Tadawul Group Exchange	2024	Indirect interest - Mr. Bander bin Abdulrahman bin Mogren, a member of the Nomination & Remuneration Committee, and Mr. Najem bin Abdulla Al Zaid, a member of the Regulatory Policy & Oversight Committee	SAR 353k charges for services provided related to information access without preferential terms
Mr. Muhannad bin Kusai bin Hasan Al Azzawi	Riyad Bank	2024	Indirect interest as his brother, Mo'taz Al Azzawi, is Vice Chairman of the Board of Directors.	SAR 200k fee for SIBOR collection and Saudi Banks Chairman Committee secretary fees without preferential terms
Mr. Abdulla bin Mohammed Al Zamil	Saudi Global Ports Company	2024	Indirect interest - Chairman of the Board of Directors.	Exposure totalling SAR 1,297 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR 220 million.
	Zamil Industrial Investment Company	2024	Indirect interest - Chairman of the Board of Directors	Exposure totalling SAR 250 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR Nil.
Mr. Bander bin Abdulrahman bin Mogren	Saudi Arabian Investment Company (Sanabil)	2024	Indirect interest - member of the Nomination & Remuneration Committee	Exposure totalling SAR 1,706 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR 728 million.
	Saudi Military Industries Company (Note 1)	2024	Indirect interest - member of the Nomination & Remuneration Committee	Exposure totalling SAR 1,538 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR Nil million.

## Board of Directors Report continued

### 20. Related Party Transactions (continued)

Name of Director	Related party	Period	Relationship	Details of transactions and amounts
<b>Mr. Muhannad bin Kusai bin Hasan Al Azzawi</b>	Savola Group	2024	Indirect interest as his brother, Mo'taz Al Azzawi, is a member of the Board of Directors	Exposure totalling SAR 700 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR Nil.
	Riyad Bank	2024	Indirect interest as his brother, Mo'taz Al Azzawi, is Vice chairman of the Board of Directors	Exposure totalling SAR 900 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR Nil.
	Etihad Etisalat Company (Mobily)	2024	Indirect interest as his brother, Mo'taz Al Azzawi, is a member the Board of Directors	Exposure totalling SAR 175 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR Nil.
	Saudi Bin Laden Group (Note 2)	2024	Indirect interest - Chairman of the Board of Directors	Exposure totalling SAR 522 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR 522 million.
<b>Mr. Sultan bin Abdul Malek Al-Sheikh</b>	Saudi Real Estate Refinance Company	2024	Indirect interest - member of the Board of Directors	Exposure totalling SAR 608 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR 151 million.
	Al Nasr Club Company	2024	Indirect interest - member of the Executive Committee	Exposure totalling SAR 300 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR 300 million.
<b>Mr. Yousef Al-Harjan</b>	Ministry of Finance	2024	Indirect interest - member of the Steering Committee in the Ministry of Finance	Exposure totalling SAR 7,513 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR 6,262 million
<b>Mr. Bander bin Abdulrahman bin Mogren and Mr. Najem bin Abdulla Al Zaid</b>	The Saudi Tadawul Group Exchange	2024	Indirect interest - Mr. Bander bin Abdulrahman bin Mogren, a member of the Nomination & Remuneration Committee, and Mr. Najem bin Abdulla Al Zaid, a member of the Regulatory Policy & Oversight Committee	Exposure totalling SAR 300 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR Nil.
<b>Mr. Najem bin Abdulla Al Zaid</b>	Saudi Electricity Company	2024	Indirect interest - Chairman of the Board of Directors	Exposure totalling SAR 38 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR Nil
<b>Mr. Rajeev Kakar</b>	Commercial International Bank (CIB), Egypt	2024	Indirect interest - Independent Non-Executive Director	Exposure totalling SAR 94 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was Nil.
<b>Mr. Abdulla bin Mohammed Al Zamil</b>	-	2024	Direct interest - represented by a personal loan without preferential terms.	Total amount SAR 27 million with the outstanding amount SAR 27 million
<b>Mr. Salman Al Fares (Note 3)</b>	National Medical Care Company (CARE)	2024	Indirect interest - member of the Board of Directors	Exposure totalling SAR 350 million was provided without preferential terms. As of 31 December 2024, the outstanding balance was SAR 38 million.

The term "exposure" may include on-balance and off-balance sheet loans and advances, treasury-related exposures and investments.

Note 1: Tenure of the esteemed member Mr. Bander bin Abdulrahman bin Mogren in Nomination & Remuneration Committee of Saudi Military Industries Company ended on 20 February 2024

Note 2: Tenure of the esteemed member Muhannad bin Kusai bin Hasan Al Azzawi as Chairman of the Board of Directors of the Saudi Bin Laden Group ended on 2 December 2024.

Note 3: Esteemed member Mr. Salman Al Fares resigned on 30 July 2024 from the Board of the Bank.

### 21. Board of Directors, Committee Members and Executive Management

#### I. Composition of the Board of Directors and Attendance at Board Meetings

The year 2024 included the end of the previous Board term on 29 April 2024, and the beginning of the current term from 30 April 2024 until 29 April 2027.

The following are the GIB KSA Board of Directors' members for the previous term, which ended on 29 April 2024, and for the current term, which began on 30 April 2024 and will run until 29 April 2027.

Directorships until 29 April 2024		Directorships starting from 30 April 2024	
Member name	Classification	Member name	Classification
Mr. Abdullah Al Zamil	Non-Executive	Mr. Abdullah Al Zamil	Non-Executive
Mr. Salman Al Fares	Independent	Mr. Salman Al Fares <sup>1</sup> (Replaced by Mr. Nabeel Shoaib)	Independent
Mr. Abdulaziz Al-Helaissi	Executive	Mr. Abdulaziz Al-Helaissi	Non-Executive <sup>2</sup>
Dr. Najem bin Abdulla Al Zaid	Non-Executive	Dr. Najem bin Abdulla Al Zaid	Non-Executive
Mr. Sultan Al-Sheikh	Non-Executive	Mr. Sultan Al-Sheikh	Non-Executive
Mr. Rajeev Kakar	Non-Executive	Mr. Rajeev Kakar	Non-Executive
Mr. Bander bin Abdulrahman bin Mogren	Non-Executive	Mr. Bander bin Abdulrahman bin Mogren	Non-Executive
Mrs. Anju Patwardhan	Non-Executive	Mr. Muhannad Al Azzawi	Independent
Mr. Muhannad Al Azzawi	Independent	Mrs. Anju Patwardhan	Independent <sup>3</sup>
Mr. Yousef Al-Harjan	Independent	Mr. Yousef Al-Harjan	Independent
		Mr. Nabeel Ali Shoaib <sup>4</sup> (Replacing Mr. Salman Al Fares)	Independent

The Board of Directors held six meetings in 2024. Two meetings were for the previous Board term, which ended on 29 April 2024, while four meetings were for the current Board term, which started on 30 April 2024.

#### A. Board of Directors' attendance for the Board term ended on 29 April 2024

Name	Function	Membership classification	15 February 2024	29 April 2024
Engr. Abdulla bin Mohammed Al Zamil	Chairman	Non-Executive	P	P
Mr. Salman bin Fares Al Fares	Vice Chairman	Independent	P	P
Mr. Abdulaziz bin Abdulrahman Al-Helaissi	Member	Executive	P	P
Dr. Najem bin Abdulla Al Zaid	Member	Non-Executive	P	P
Mr. Sultan bin Abdul Malek Al-Sheikh	Member	Non-Executive	P	P
Mr. Bander bin Abdulrahman bin Mogren	Member	Non-Executive	(Absent)	P
Mr. Rajeev Kakar	Member	Non-Executive	P	P
Mrs. Anju Patwardhan	Member	Non-Executive	P	P
Engr. Muhannad Al Azzawi	Member	Independent	P	P
Mr. Yousef Al-Harjan	Member	Independent	P	P

1. Mr. Salman Al Fares resigned from the Board and the Audit Committee on 30 July 2024.

2. Mr. Abdulaziz Al-Helaissi, is the Group Chief Executive Officer of GIB B.S.C. and has been vested with some executive powers in GIB KSA based on the granted authorities from the Board of Directors.

3. Classification of Mrs. Anju Patwardhan has changed from Non-Executive to an Independent Board Member, as she no longer represents PIF on GIB KSA's Board of Directors.

4. Mr. Nabeel Shoaib was appointed as an Independent Board Member and Chairman of the Audit Committee on 22 October 2024.

## Board of Directors Report continued

### 21. Board of Directors, Committee Members and Executive Management (continued)

#### B. Board of Directors' attendance for the Board term started from 30 April 2024<sup>1</sup>

Name	Function	Membership classification	31 July 2024	30 September 2024	06 November 2024	12 December 2024	Total number of meetings per member
Engr. Abdulla bin Mohammed Al Zamil	Chairman	Non-Executive	P	P	P	P	4/4
<b>Mr. Abdulaziz bin Abdulrahman Al-Helaissi</b> (appointed as Vice Chairman effective from 26/09/2024)	Vice Chairman	Non-Executive	P	P	P	P	4/4
Dr. Najem bin Abdulla Al Zaid	Member	Non-Executive	P	P	P	P	4/4
Mr. Sultan bin Abdul Malek Al-Sheikh	Member	Non-Executive	P	P	P	P	4/4
Mr. Bander bin Abdulrahman bin Mogren	Member	Non-Executive	P	P	P	P	4/4
Mr. Rajeev Kakar	Member	Non-Executive	P	P	P	P	4/4
Mrs. Anju Patwardhan	Member	Independent	P	P	P	P	4/4
Engr. Muhannad Al Azzawi	Member	Independent	P	P	P	P	4/4
Mr. Yousef Al-Harjan	Member	Independent	P	P	P	P	4/4
Mr. Nabeel bin Ali Shoaib <sup>2</sup>	Member	Independent	Not appointed	Not appointed	P	P	2/4

#### II. Remuneration of the Directors and Executive Management

The compensation that the non-executive members of the Board of GIB KSA in their capacity as Directors are entitled to for the year ended 31 December 2024 was SAR 4,513,999.990 (excluding travel costs and out of pocket expenses).

GIB KSA's policy to determine the compensation paid to members of the Board of Directors of GIB KSA or members from outside the Board is determined in accordance with the frameworks issued by the supervisory authorities and governed by prime principles of governance of banks operating in Saudi Arabia and the compensation regulations issued by SAMA, the provisions of the Companies Law, GIB KSA's bylaws, GIB KSA's Corporate Governance Policy and the Board Remuneration Policy.

Directors and members from outside the Board shall be entitled to an annual remuneration approved by the Shareholders at the Annual General Assembly Meeting, which shall be paid on a pro-rata basis in line with their attendance to Board meetings throughout a given year. Any payments to Executive Members will be addressed in their relevant contracts with GIB KSA.

Other than as stated in this Report, none of the Board or sub-committee members have assumed any work in a technical or advisory role, and therefore they did not obtain any consideration or special benefits in this respect.

The table below shows details of remuneration that the Non-Executive Board / Board Committee Members were entitled to in 2024.

Annual Remuneration for 2024 for Non-Executive Board / Board Committee Members (in SAR)			
Member	Board & Committee Sitting Fee and allowance	Annual Remuneration	Total
Engr. Abdulla bin Mohammed Al Zamil	66,900.00	582,500.00	649,400.00
Dr. Najem bin Abdulla Al Zaid	45,000.00	420,000.00	465,000.00
Mr. Rajeev Kakar	45,000.00	400,000.00	445,000.00
Mr. Salman Al Fares	86,500.00	145,333.33	231,833.33 <sup>1</sup>
Engr. Muhannad Al Azzawi	57,000.00	400,000.00	457,000.00
Dr. Abdulla Al Shwer <sup>2</sup>	-	-	-
Mr. Bander bin Abdulrahman bin Mogren	28,000.00	333,333.33	361,333.33 <sup>3</sup>
Mr. Sultan bin Abdul Malek Al-Sheikh	45,000.00	400,000.00	445,000.00 <sup>4</sup>
Mrs. Anju Patwardhan	54,000.00	400,000.00 <sup>5</sup>	454,000.00
Mr. Yousef Al-Harjan	129,000.00	406,666.67	535,666.67 <sup>6</sup>
Mr. Nabeel Shoaib	19,000.00	165,333.33	184,333.33
Mr. Hassan Al Mulla	21,000.00	213,333.33	234,333.33
Mr. Mohammed Aloyaidi	15,000.00	120,000.00	135,000.00
Mr. Waleed Al-Marshad	3,000.00	40,000.00	43,000.00
<b>Total</b>	<b>614,400</b>	<b>4,026,499.99</b>	<b>4,640,899.99</b>

#### Remuneration of the Executive Management for 2024

#### Awards of the top five senior executives who received the highest rewards and compensation, including the CEO and Chief Financial Officer (in SAR)

Fixed Remuneration			Variable Remuneration					End-of-service award	Total remunerations for Board Executives, if any	Aggregate amount
Salaries	Allowances	In-kind benefits	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value) Total			
<b>Total</b>	<b>31,790,612.51</b>		<b>Total</b>		<b>10,748,898.72</b>			-	-	<b>42,539,511.23</b>

In addition, remuneration of the five highest paid members of the executive management, including the Chief Executive Officer and Chief Financial Officer, for the year ending 31 December 2024 was SAR 18,274,307.75 (consisting of SAR 12,596,376.56 as fixed compensation and SAR 5,677,931.19 as variable compensation).

#### 22. Board Committees

The Committees of the Board derive their authorities and powers from the Board. Details of Committees' membership are listed in the tables below:

##### Board Committees' Membership and Attendance January - December 2024 Meetings

###### o Executive Committee

The Executive Committee is authorised to formulate executive policy of GIB KSA and supervise its implementation. It assists the Board by reviewing, evaluating and making recommendations to the Board on key strategic issues such as mergers, acquisitions or material changes in key strategic objectives or direction. It also approves credit limits that exceed the authority of the CEO, subject to the limits approved by the Board, along with other responsibilities specifically mandated by Board resolution.

1. Mr. Salman Al Fares was appointed for the Board current term and resigned from the Board on 30 July 2024 before attending any Board meetings for the current term.

2. Mr. Nabeel Shoaib was appointed as independent board member and Chairman of the Audit committee on 22 October 2024.

1 Inclusive of IT Task Force allowances paid from GIB B.S.C. Account (SAR 33,750 for the year 2024 and SAR 33,750 for the year 2023), as well as annual sitting allowances for attending GIB KSA meetings in 2024.

2 Dr. Abdulla Al Shwer's term as a member of the Audit Committee ended on 29 April 2024. He is not eligible for the committee allowance and annual remuneration due to his absence.

3 Payments disbursed directly to the Public Investment Fund

4 Payments disbursed directly to the Public Investment Fund

5 Payments disbursed directly to the Public Investment Fund

6 Inclusive of IT Task Force allowances paid from GIB B.S.C. Account (SAR 45,000 for the year 2024 and SAR 33,750 for the year 2023), as well as annual sitting allowances in 2024.

## Board of Directors Report continued

### 22. Board Committees (continued)

#### • Committee Membership:

Board Committees	Member Name	Member Position/ Classification	Experience and Positions	Qualifications	Directorship in other entities (whether inside or outside Saudi Arabia)
<b>Executive Committee</b>	Engr. Abdulla bin Mohammed Al Zamil	Chairman (Non-Executive Board Member)	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"
	Mr. Abdulaziz bin Abdulrahman Al-Helaissi	Member (Non-Executive Board Member)	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"
	Mr. Sultan bin Abdul Malek Al-Sheikh	Member (Non-Executive Board Member)	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"
	Mr. Khaled Abbas	Member (Executive - Non-Board Member)	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"
	Engr. Muhannad Al Azzawi	Member (Independent Board Member)	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"

#### • Committee Attendance

The Executive Committee held six meetings in 2024: three meetings during the previous ExCom term which ended on 29 April 2024, and three meetings for the current ExCom term, which began on 30 April 2024, as follows:

##### A. Executive Committee attendance for the term ended on 29 April 2024

Name	Function	Membership classification	12 February 2024	15 February 2024	29 April 2024	Total number of meetings per member
Engr. Abdulla bin Mohammed Al Zamil	Chairman	Non-Executive	P	P	P	3/3
Mr. Abdulaziz bin Abdulrahman Al-Helaissi	Member	Executive	P	P	P	3/3
Mr. Sultan bin Abdul Malek Al-Sheikh	Member	Non-Executive	P	P	(Absent)	2/3
Mrs. Anju Patwardhan <sup>1</sup>	Member	Non-Executive	P	P	P	3/3
Engr. Muhannad Al Azzawi	Member	Independent	P	P	P	3/3

##### B. Executive Committee attendance for the term started from 30 April 2024

Name	Function	Membership classification	05 September 2024	06 November 2024	05 December 2024	Total number of meetings per member
Engr. Abdulla bin Mohammed Al Zamil	Chairman	Non-Executive	P	P	P	3/3
Mr. Abdulaziz bin Abdulrahman Al-Helaissi	Member	Non-Executive	P	P	P	3/3
Mr. Sultan bin Abdul Malek Al-Sheikh	Member	Non-Executive	P	P	P	3/3
Engr. Muhannad Al Azzawi	Member	Independent	P	P	P	3/3
Mr. Khaled Abbas <sup>2</sup>	Member	Executive	P	P	P	3/3

<sup>1</sup> Mrs. Anju Patwardhan's term as a member of the Executive Committee ended on 29 April 2024.

<sup>2</sup> Mr. Khaled Abbas was appointed on 30 April 2024 during the current Board term.

#### o Board Risk Committee<sup>3</sup>

The primary objective of the committee is to assist the Board in fulfilling its oversight responsibilities in respect of setting GIB KSA's overall risk appetite, parameters and limits within which it conducts its activities.

#### • Committee Membership:

Board Committees	Member Name	Member Position/ Classification	Experience and Positions	Qualifications	Directorship in other entities (whether inside or outside Saudi Arabia)
<b>Board Risk Committee</b>	Dr. Najem bin Abdulla Al Zaid	Chairman (Non-Executive Board Member)	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"
	Mr. Rajeev Kakar	Member (Non-Executive Board Member)	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"
	Mrs. Anju Patwardhan	Member (Independent Board Member)	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"	Please refer to Point 23 "Directors and Senior Executive Interest"

#### • Committee Attendance

The Risk committee held five meetings in 2024. Two meetings for the previous Risk Committee term ended on 29 April 2024, and three meetings for the current Risk Committee term started from 30 April 2024, as follows:

##### A. Risk Committee attendance for the term ended on 29 April 2024

Name	Function	Membership classification	12 February 2024	28 April 2024	Total number of meetings per member
Dr. Najem bin Abdulla Al Zaid	Chairman	Non-Executive	P	P	2/2
Mrs. Anju Patwardhan	Member	Executive	P	P	2/2
Mr. Rajeev Kakar	Member	Non-Executive	P	P	2/2

##### B. Risk Committee attendance for the term started from 30 April 2024

Name	Function	Membership classification	5 August 2024	9 October 2024	23 October 2024	Total number of meetings per member
Dr. Najem bin Abdulla Al Zaid	Chairman	Non-Executive	P	P	P	3/3
Mrs. Anju Patwardhan	Member	Executive	P	P	P	3/3
Mr. Rajeev Kakar	Member	Independent	P	P	P	3/3

#### o Audit Committee

The Audit Committee's responsibilities include, without limitation, assisting the Board in providing oversight of the integrity of GIB KSA's financial statements; GIB KSA's compliance with legal and regulatory requirements; GIB KSA's compliance with the rules of good corporate governance; the external auditors' qualifications and independence; performance of GIB KSA's internal audit function; independent audits and regulatory inspections; the review of GIB KSA's systems of internal controls regarding finance, accounting, legal, compliance and ethics that management and the Board have established; the review of GIB KSA's compliance, auditing, accounting and financial reporting policies and processes, and the review of internal audit, external audit and compliance reports and ensure that senior management is taking necessary corrective actions in a timely manner to address any control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors, the compliance officer and other control functions.

<sup>3</sup> Given that previous title of the committee was (Board Risk Policy Committee- BRPC) changed by Board of Directors decision on February 2025 to be Board Risk Committee.

## Board of Directors Report continued

### 22. Board Committees (continued)

#### • Committee Membership:

Board Committees	Member Name	Member Position/ Classification	Experience and Positions	Qualifications	Directorship in other entities (whether inside or outside Saudi Arabia)
Audit Committee	Mr. Salman Al Fares	Chairman (Independent Board Member)	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”
	Mr. Nabeel Ali Shoaib	Chairman (Independent Board Member)	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”
	Mr. Mohammed Aloyaidi	Member (Independent Non-Board Member)	<b>Current:</b> Aloyaidi & Alsaloum CPAs Partner.  <b>Previous:</b> 1. The Consulting Clinics Public Relationship 2. Ernst & Young Assurance Services (External Audit). 3. Seconded to The World Bank Group Audit Analyst. 4. Saudi Arabian Capital Market Authority (CMA) Capital Market Institutions Supervision Acting Head of Cycle Inspection Unit. 5. KPMG Risk Consulting Director. 6. Al-Imam Mohammad Ibn Saud University Accounting Department Part-time Teacher.	1. Bachelor’s in Accounting, King Saud University 2. MBA, University of Oklahoma. 3. Diploma in Computer Programming, New Horizons Institute.	<b>Current memberships:</b> 1. Kingdom Holding Co. Audit Committee Member. 2. Saudi Helicopter Co. Audit Committee Member. 3. The Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf) - Independent Board Member - Audit Committee Chairman 4. Saudi Organization for Auditors and Accountants (SOCPA) Auditing Standards Committee Member. 5. Saudi Real Estate Refinancing Co. Audit Committee Member. 6. SNB Capital Funds Independent Funds Board Member.
	Mr. Hassan Al Mulla	Member (Independent Non-Board Member)	<b>Previous:</b> 1. EY-Bahrain, Audit Assistant, 1983. 2. GIB B.S.C, Internal Auditor, Group Chief Auditor, 2016 3. GIB B.S.C, Advisor to the CEO, 2018.	1. Bachelor’s in Accounting, Riyadh University, 1980. 2. Certificate in Banking, Chartered Institute of Bankers - UK, 1994.	<b>Current Memberships:</b> 1. King Fahd Causeway Authority 2. GIB KSA 3. GIB Capital

#### • Committee Attendance

The Audit committee held five meetings in 2024. Two meetings for the previous Audit Committee term ended on 29 April 2024, and three meetings for the current Audit Committee term started from 30 April 2024, as follows:

#### A. Audit Committee attendance for the term ended on 29 April 2024

Name	Function	Membership classification	13 February 2024	28 April 2024	Total number of meetings per member
Mr. Salman AlFares	Chairman	Independent	P	P	2/2
Dr. Abdullah Alshwer	Member	Independent	(Absent)	(Absent)	0/2
Mr. Hassan Al Mulla	Member	Independent	P	P	2/2
Mr. Mohammed Aloyaidi	Member	Independent	P	P	2/2

#### B. Audit Committee attendance for the term started from 30 April 2024

Name	Function	Membership classification	29 July 2024	22 October 2024	03 December 2024	Total number of meetings per member
Mr. Salman AlFares <sup>1</sup>	Chairman	Independent	P	(Resigned)	(Resigned)	1/3
Mr. Nabeel Shoaib <sup>2</sup>	Chairman	Independent	P	P	P	3/3
Mr. Hassan Al Mulla	Member	Independent	P	P	P	3/3
Mr. Mohammed Aloyaidi	Member	Independent	P	P	P	3/3

#### o Governance, Nomination and Remuneration Committee

The Governance, Nomination and Remuneration Committee’s role is to act as the agent of the Board in ensuring good corporate governance to govern and outline the procedures and guidelines in relation to compliance with the corporate governance principles applicable to GIB KSA, formulation of GIB KSA’s executive and staff remuneration policy as well as establishing processes for the identification of, and recommending, suitable candidates for senior management, establishing processes for the review of the performance of the individual directors and the Board as a whole, establishing processes for the review of the performance of senior management, and recommending to the Board the appropriate skill criteria and any applicable regulatory requirements to be taken into account in the shareholders’ assessment of new candidates for directorships.

#### • Committee Membership:

Board Committees	Member Name	Member Position/ Classification	Experience and Positions	Qualifications	Directorship in other entities (whether inside or outside Saudi Arabia)
Governance, Nomination & Remuneration Committee	Mr. Yousef Al-Harjan	Chairman (Independent Board Member)	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”
	Engr. Muhannad Al Azzawi	Member (Independent Board Member)	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”
	Mr. Bander bin Abdulrahman bin Mogren	Member (Non-Executive Board Member)	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”	Please refer to Point 23 “Directors and Senior Executive Interest”
	Mr. Waleed Khalid Almarshad	Member (Independent Non-Board Member)	<b>Previous:</b> 1. Human Resources Service and Culture & people Experience Director – Tahakom 2. Human Resources Director - Delivery & Rapid Intervention Centre 3. Human Resources Director – Daikin 4. Human Resources Director - Al-Safi DANONE	Bachelor of Computer Engineering King Fahd University of Petroleum and Minerals, 1999 - 2005	<b>Current Memberships:</b> 1. GIB KSA – GNRC member 2. Munshaat 3. Intigral

<sup>1</sup> Mr. Salman Al Fares resigned from the Board and Audit Committee on 30 July 2024.

<sup>2</sup> Mr. Nabeel Shoaib was appointed as a member of the Audit Committee on 30 April 2024, and appointed as an independent board member and Chairman of the Audit committee on 20 October 2024.

## Board of Directors Report continued

### 22. Board Committees (continued)

#### • Committee Attendance

The Governance, Nomination and Remuneration Committee held three meetings in 2024. Two meetings for the previous GNRC term ended on 29 April 2024, and one meeting for the current GNRC term started from 30 April 2024, as follows:

#### A. Governance, Nomination and Remuneration Committee attendance for the term ended on 29 April 2024

Name	Function	Membership classification	14 February 2024	20 March 2024	Total number of meetings per member
Mr. Hassan Al Mulla	Chairman	Independent	P	P	2/2
Engr. Muhannad Al Azzawi	Member	Independent	P	P	2/2
Mr. Bander bin Abdulrahman bin Mogren	Member	Non-Executive	(Absent)	(Absent)	0/2
Mr. Yousef Al-Harjan	Member	Independent	P	P	2/2

#### B. Governance, Nomination and Remuneration Committee attendance for the term started from 30 April 2024

Name	Function	Membership classification	04 December 2024	Total number of meetings per member
Mr. Yousef Al-Harjan	Chairman	Independent	P	1/1
Engr. Muhannad Al Azzawi	Member	Independent	P	1/1
Mr. Bander bin Abdulrahman bin Mogren	Member	Non-Executive	P	1/1
Mr. Waleed Al-Marshad <sup>1</sup>	Member	Independent	P	1/1

<sup>1</sup> Mr. Waleed Al-Marshad was appointed as a member of the GNR Committee on 30 April 2024.

### 23. Directors and Senior Executive Interest

#### o Board Members

All the members of the Board of Directors were duly appointed, for the term of 3 years, during the General Assembly Meeting held on 30 April 2024.

The Board of Directors, including any persons directly related to them, neither hold any shares nor have any other interest in the company. The below table shows their directorship in entities, whether inside or outside of the Kingdom of Saudi Arabia as of 31 December 2024:

Name	Qualifications	Experience and Positions:	Other Directorships and Associations with enterprises inside and outside Saudi Arabia
<b>Engr. Abdulla bin Mohammed Al Zamil</b>	<ol style="list-style-type: none"> <li>Bachelor's in Industrial Engineering, University of Washington, 1987.</li> <li>MBA, King Fahd University of Petroleum and Minerals, 1993.</li> </ol>	<p><b>Current:</b> Zamil Industrial, Chief Executive Officer.</p> <p><b>Previous:</b>  <ol style="list-style-type: none"> <li>Zamil Air Conditioners, Industrial Engineer, 1995.</li> <li>Zamil Air Conditioners, Vice President, 2000.</li> <li>Zamil Industrial, Senior Vice President, 2003.</li> <li>Zamil Industrial, Chief Operating Officer, 2009.</li> </ol> </p>	<p><b>Current Memberships:</b></p> <ol style="list-style-type: none"> <li>GIB KSA - Chairman of the Board of Directors .</li> <li>GIB B.S.C. - Chairman of the Board of Directors.</li> <li>GIB Capital - Chairman of the Board of Directors.</li> <li>GIB UK - member of the Board of Directors.</li> <li>Zamil Industrial Investment Company - Chairman of the Board of Directors.</li> <li>RANCO Zamil Concrete Industries - member of the Board of Directors.</li> <li>Gulf Insulation Group (GIG) - member of the Board of Directors.</li> <li>Zamil Offshore Services Co. - member of the Board of Directors.</li> <li>Zamil Steel Holding Co. - Chairman of the Board of Directors</li> <li>Saudi Global Ports (SGP) - Chairman of the Board of Directors.</li> <li>Waqf Sulaiman Al Rajhi Hold Company - member of the Board of Directors.</li> <li>STC Bahrain – member of the Board of Directors</li> <li>Folk Maritime - Chairman of the Board of Directors</li> </ol> <p><b>Previous Memberships:</b></p> <ol style="list-style-type: none"> <li>Eastern Province Council (Government Entity) Member of the Board of Directors.</li> <li>Dammam Airports Company (DACO) - Chairman of the Board of Directors.</li> <li>General Authority of Civil Aviation (GACA).</li> <li>Job Creation Commission - member of the Board of Directors.</li> <li>Chamber of Commerce &amp; Industry Eastern Province - member of the Board of Directors.</li> <li>Neom Industrial City - member of the Board of Directors.</li> <li>Human Resources Development Fund (HRDF) - member of the Board of Directors.</li> <li>Dhahran Ahliyya School (DAS) - member of the Board of Directors.</li> <li>Saudi Food Bank - member of the Board of Directors.</li> <li>Endeavor Saudi Arabia - member of the Board of Directors.</li> <li>Zamil Air Conditioners Holding Co. - Chairman of the Board of Directors.</li> </ol>
<b>Mr. Salman Al Fares</b>	Bachelor's in MIS, Arizona State University.	<p><b>Current:</b> The member resigned from the Board and Audit Committee on 30 July 2024.</p>	<p><b>Current Memberships:</b> The member resigned from the Board and Audit Committee on 30 July 2024.</p>

## Board of Directors Report continued

### 23. Directors and Senior Executive Interest (continued)

Name	Qualifications	Experience and Positions:	Other Directorships and Associations with enterprises inside and outside Saudi Arabia
<b>Mr. Abdulaziz bin Abdulrahman Al-Helaissi</b>	Bachelor of Art, Economics, University of Texas, 1989.	<p><b>Current:</b> GIB B.S.C, Group Chief Executive Officer.</p> <p><b>Previous:</b> 1. Saudi Hollandi Bank, Relationship Manager, Portfolio Manager Division Manager, 1996. 2. Arab National Bank, Team Leader, Head of Corporate Banking, Deputy Group Head, Head of Merchant Banking, 2007. 3. The Saudi British Bank, Area General Manager, 2010. 4. JPMorgan Chase, Head of Global Corporate Banking MENA, 2013. 5. SAMA, Deputy Governor, Senior Advisor to the Governor, 2015.</p>	<p><b>Current Memberships:</b> 1. GIB KSA - Vice-Chairman of the Board of Directors. 2. GIB B.S.C. - GCEO and member of the Board of Directors. 3. GIB UK Limited (GIB UK) - Chairman of the Board of Directors. 4. GIB Capital - member of the Board of Directors. 5. Saudi Golf Federation - member of the Board of Directors. 6. Golf Saudi Company - member of the Board of Directors. 7. Emerging Market Advisory Council of Institute of International Finance, Inc. (IIF - USA) - member. 8. Bahrain Institute for Banking and Finance (BIBF) - member. 9. Institute of International Finance (IIF) – member of the Board of Directors</p> <p><b>Previous Memberships:</b> 1. Tadawul Stock Exchange. 2. Astra Foods Company Riyadh. 3. JPMorgan Investment Bank. 4. King Fahd Causeway Authority - member of the Board of Directors.</p>
<b>Dr. Najem bin Abdulla Al Zaid</b>	<p>1. Bachelor's in Islamic Law and Saudi Legal system, Umm Al-Qura University, 1994</p> <p>2. High diploma in Law, Institute of Public Administration, 1995.</p> <p>3. Master's in Corporate Law; International Law and Contracts, University of Minnesota Law School, 1999.</p> <p>4. Doctorate in Law, George Washington University, 2010.</p>	<p><b>Current:</b> Deputy Minister of Justice</p> <p><b>Previous:</b> 1. Commission of Investigation and Public Prosecution, Public Prosecutor, 1997. 2. The World Bank Group, Consultant, 2000. 3. The Islamic Development Bank Group, Lawyer, 2004 4. The Capital Market Authority, Assistant General Counsel, General Director and Legal Counsel, Commissioner, 2016. 5. Al Rajhi Bank, Chief Governance &amp; Legal Counsel, 2017. 6. Higher Education Fund (HEF), Advisor, 2021. 7. ZS&amp;R Law Firm (Al Zaid, Al Sheikh &amp; Al Rashed Law Firm) in association with Hogan Lovells, Founder and Managing Partner.</p>	<p><b>Current Memberships:</b> 1. Ministry of Justice – Vice Minister 2. GIB B.S.C.- Vice Chairman of the Board of Directors, Chairman of the Risk Committee, and Chairman of the GNRC. 3. GIB KSA - member of the Board of Directors and Chairman of the Risk Committee. 4. Saudi Electricity Company – Chairman of the Board, Chairman of the ExCom and member of the HR &amp; Remuneration committee 5. Saudi Tadawul Group- member of the Regulatory Policy &amp; Oversight Committee. 6. Public Investment Fund - Member of the Audit and Compliance Committee 7. Royal Commission for Riyadh City - Board Member</p> <p><b>Previous Memberships:</b> 1. Arabian Centers Company. 2. The Diriyah Gate Development Authority. 3. The Mediterranean &amp; Gulf Cooperative Insurance &amp; Reinsurance Co. (Medgulf). 4. Saudi Agricultural &amp; Livestock Investment Company (SALIC). 5. Saudi Falcon. 6. National Privatization Centre. 7. Saudi Arabia's Accession to The World Trade Organization. 8. Sahara International. Petrochemical Company (SIPCHEM).</p>

Name	Qualifications	Experience and Positions:	Other Directorships and Associations with enterprises inside and outside Saudi Arabia
<b>Mr. Sultan bin Abdul Malek Al-Sheikh</b>	<p>1. Bachelor's in Finance, King Fahd University of Petroleum and Minerals, 1992.</p> <p>2. Master's in Finance, George Washington University, 2009.</p>	<p><b>Current:</b> Public Investment Fund, Senior Director.</p> <p><b>Previous:</b> 1. National Commercial Bank, Relationship Manager, 2006. 2. Capital Market Authority, Officer, 2013. 3. Saudi Fransi Capital, Associate, Vice President, 2015. 4. Public Investment Fund, Vice President, Senior Vice President, Director, 2021.</p>	<p><b>Current Memberships:</b> 1. Public Investment Fund - Employee 2. GIB B.S.C.- member of the Board of Directors. 3. GIB KSA- member of the Board of Directors. 4. Saudi Real Estate Refinance Co.- member of the Board of Directors. 5. Tahakoum Investment Company member of the Board of Directors. 6. Tawreed Company for Financing solutions- Chairman of the Board of Directors. 7. Saudi Sports Company- member of the Board of Directors. 8. Al-Nassr Club Company member of Executive Committee. 9. The Regional Voluntary Carbon Market Company (RVCMC) - Board Member (Representing PIF) &amp; Member of ExCom &amp; NRC.</p> <p><b>Previous Memberships:</b> 1. The Helicopter Company. 2. Saudi Telecom Company. 3. Saudi Company for Exchanging Digital Information (Tabadul)- Chairman of the Board of Directors. 4. Al Marai Co.</p>

## Board of Directors Report continued

### 23. Directors and Senior Executive Interest (continued)

Name	Qualifications	Experience and Positions:	Other Directorships and Associations with enterprises inside and outside Saudi Arabia
<b>Mr. Bander bin Abdulrahman bin Mogren</b>	Bachelor's in Human Resources and Business, Eastern Washington, 2000.	<p><b>Current:</b> Public Investment Fund (PIF), Chief Operating Officer.</p> <p><b>Previous:</b> 1. STC, Several Managerial positions, 2007. 2. Jadwa Investment, Head of Human Resources, 2014. 3. NCB Capital, Managing Director Human Resources Corporate Services.</p>	<p><b>Current Memberships:</b> 1. GIB KSA - member of the Board of Directors and GNRC. 2. GIB B.S.C. - member of the Board of Directors and GNRC. 3. Sports Investment Company - Chairman of the Board of Directors. 4. Public Investment Fund – Chief Operating Officer 5. King Abdulla Financial District Development &amp; Management Company (KAFFD) - member of the Board of Directors and Chairman of the Nomination and Remuneration Committee. 6. Neom Company - member of the Remuneration and Nomination Committee. 7. Sanabil Investments - member of the Nomination and Remuneration Committee. 8. Tadawul - member of the Nomination and Remuneration Committee. 9. National Centre for Privatization (NCP) - member of the Nomination and Remuneration Committee. 10. Qiddiya - member of the Nomination and Remuneration Committee. 11. Royal Court Decision Support Center (DSC) - member of the Nomination and Remuneration Committee. 12. Savvy - member of the Nomination and Remuneration Committee. 13. Riyadh Air- member of the Nomination and Remuneration Committee. 14. Professional Fighters League (PFL)- Board member and Compensation Committee member 15. Newcastle United Football Club (NUFC)- member of the Nomination and Remuneration Committee 16. ROSHN - member of the Nomination and Remuneration Committee. 17. Riyadh Lake – Chairman of the Nomination and Remuneration Committee.</p> <p><b>Previous Memberships:</b> 1. Central Ar-riyadh Development Company. 2. Saudi Real Estate Company (Al Akaria). 3. Projects Capital - member of the Nomination and Remuneration Committee. 4. The Saudi Arabian Military Industries company (SAMI) - member of the Nomination and Remuneration Committee. 5. Noon Investment Company - member of the Nomination and Remuneration Committee. 6. Jasara - Chairman of the Board of Directors. 7. Saudi Development and Investment Company (TAQNIA) - member of the Board of Directors. 8. E-games Infrastructure Company (VoV) - member of the Board of Directors and Nomination Committee.</p>

Name	Qualifications	Experience and Positions:	Other Directorships and Associations with enterprises inside and outside Saudi Arabia
<b>Mr. Rajeev Kakar</b>	<p>1. Diploma, Physics, Chemistry, Mathematics, Social Sciences, Humanities, St. Columba's School, New Delhi, India, 1980. 2. Bachelor's in Mechanical Engineering, Indian Institute of Technology, New Delhi, India, 1985. 3. Master's in Finance &amp; Marketing, Indian Institute of Management, Ahmedabad, India, 1987.</p>	<p><b>Previous:</b> 1. Citi India, Various Senior roles in the cities of Kolkata, New Delhi, and Mumbai, Marketing Director-Citibank India (Based in Chennai, India), 1987-1996. 2. Citicorp Maruti/Suzuki Finance Ltd, Founder, Managing Director &amp; CEO- Citicorp Suzuki Finance Ltd. (HQ New Delhi, India), 1998-2000. 3. Citi India Auto Finance Business, CEO &amp; Business Manager-Citibank Auto Finance (HQ in New Delhi, India), 1996-2000. 4. Citi Egypt, CEO &amp; Country Head-Citibank N.A. Egypt (HQ in Cairo, Egypt), 2000-2002. 5. Citi Turkey and Egypt, CEO &amp; Country Head-Citibank N.A. Turkey &amp; Egypt Region (HQ in Istanbul Turkey), 2002-2003. 6. Citibank Turkey, Middle East &amp; Africa (TMEA), CEO &amp; Division Executive-Citibank Turkey, Middle East &amp; Africa Region (HQ in Dubai, UAE), 2003-2006. 7. Fullerton Financial Holdings, Singapore, Global Co-founder, Executive Vice President, Founder member, Regional CEO -CEEMEA, Global CEO - Consumer Banking, Fullerton Financial Holdings (Global)- HQ: Singapore, 2006-2017. 8. Dunia Finance LLC (Fullerton Affiliate), UAE, Founder, Managing Director on Board, and Chief Executive Officer - Dunia Finance (UAE), 2008-2018.</p>	<p><b>Current Memberships:</b> 1. GIB KSA - member of Board of Directors. 2. Eurobank Ergasias, Greece - member of the Board of Directors. 3. GIB B.S.C. - member of Board of Directors. 4. Commercial International Bank (CIB), Egypt - member of the Board of Directors. 5. University of Chicago's Booth School of Business, USA - Board Advisory 6. S P Jain School of Global Management, UAE - Board Advisory 7. Indian Institutes of Management - PAN IIM Board GCC - Board Advisory.</p> <p><b>Previous Board Memberships:</b> 1. Satin Credit care Network Ltd, India. 2. Association of External Search Consultants- USA. 3. Adira Dinamika Multi Finance Tbk, Indonesia. 4. Fullerton India Credit Corporation, India. 5. Fullerton Securities &amp; Wealth Advisors, India. 6. Fullerton Financial Holdings Pte Ltd, Singapore. 7. Dunia Finance LLC, UAE. 8. Visa International, CEEMEA. (HQ: London, United Kingdom). 9. Private Sector Volunteers Association, Turkey. 10. Citicorp Maruti (Suzuki) Finance Ltd, India. 11. University of Chicago's Booth School of Business, USA (Global Advisory Board). 12. S P Jain School of Global Management, UAE (Advisory Board). 13. Sicreva Global DMCC, UAE - member of the Board of Directors and Owner. 14. PAN IIM Alumni Network (Gulf &amp; Middle East), UAE - Independent non-executive board member. 15. UTI Mutual Fund, India - member of the Board of Directors 16. CIB Mayfair Bank, Kenya - member of the Board of Directors. 17. Unit Trust of India Asset Management Co. Ltd – Independent Non-executive Director.</p>

## Board of Directors Report continued

### 23. Directors and Senior Executive Interest (continued)

Name	Qualifications	Experience and Positions:	Other Directorships and Associations with enterprises inside and outside Saudi Arabia
<b>Engr. Muhannad Al Azzawi</b>	Bachelor's in Computer Engineering, King Saud University, 1993.	<b>Current:</b> 1. Saudi Industrial Constructions & Engineering Projects Co. (SICEP), Partner & CEO. 2. Saudi Technology and Trade Co. (ST&T), CEO & Partner. 3. Al Wusataa Development company, Partner & CEO.	<b>Current Memberships:</b> 1. Al-Rajhi Company for Cooperative Insurance (PJSC)- Board Member and Remuneration and Nomination Committee Member. 2. Saudi Golf Co - Board Member, Member of the Executive Committee, and Chairman of the Audit and Risk Committee 3. GIB KSA - member of the Board of Directors. 4. Saudi Golf Federation (SGF) - Member of the Board of Directors 5. TAIBA Investment (PJSC) - Member of the Board of Directors. 6. Merrill Lynch Kingdom of Saudi Arabia- Chairman of the Board of Directors. 7. Saudi Contractors Authority (SCA) - member of the Board of Directors. 8. Saudi Industrial Constructions & Engineering Projects Co. (SICEP) - Chief Executive Officer 9. Alwusataa Development Company - Chief Executive Officer 10. Saudi Technology and Trace Co. (ST&T) - Chief Executive Officer  <b>Previous Memberships:</b> 1. Bin Laden International Holding Co. BIHG - Chairman of the Board of Directors.
<b>Mrs. Anju Patwardhan</b>	1. Bachelor's in Chemical Engineering, Indian Institute of Technology (IIT), 1987. 2. Master's in Finance, Indian Institute of Management (IIM), 1989. 3. Fulbright Fellow and Visiting Scholar, Financial Technology Management and Financial Services, Stanford University, 2016. 4. Distinguished Careers Institute (DCI) Fellow, Fintech, VC, PE, Financial Well-Being, Stanford University, 2018.	<b>Current:</b> None  <b>Previous:</b> 1. Citibank, Various roles in Citibank India, Audit Manager, Chief Digital Officer, Asia-Pacific Consumer Risk Head, 2007. 2. Standard Chartered Bank, Global Chief Operating Officer, Risk Appetite, Chief Risk Officer, Global Chief Innovation Officer, 2016. 3. CreditEase, Managing Director, 2019. 4. National University of Singapore, Director, Productive Longevity, 2021.	<b>Current Memberships:</b> 1. GIB KSA – Board Member and Risk Committee member 2. Stanford University: Global Advisory Council Member, Distinguished Careers Institute (DCI) - Council Member 3. Upgrade Inc. San Francisco, California - Independent Non-Executive Director on the Board, Member of the Board Audit & Risk Committee 4. Xapo VASP, Europe - member of the Board of Directors. 5. AWARE Singapore - Board Director and Vice Treasurer, Chair of Board Technology Committee, Member of Board Audit Committee 6. NED - Deep Future Analytics (USA) - Independent Board Member 7. Alliance for Innovative Regulation (AIR), Washington DC. - Global Advisory Council Member  <b>Previous Memberships:</b> 1. Government of Estonia. 2. Standard Chartered Bank, Thailand. 3. SG Motor Loans Pte Limited (formerly GE Money) Singapore. 4. SC Securities (Singapore). 5. World Economic Forum. 6. Fulbright Fellow and Visiting Scholar at Stanford University. 7. Singapore Institute of Banking and Finance. 8. FTAC Olympus Acquisition Corp. SPAC. 9. Curve Inc., United Kingdom. 10. Distinguished Careers Institute, Stanford University- Global Advisory Council Member. 11. 'Ekagrid: University of the Future' India- Global Advisory Board Member 12. CE Innovation Capital Fund - Advisor.

Name	Qualifications	Experience and Positions:	Other Directorships and Associations with enterprises inside and outside Saudi Arabia
<b>Mr. Nabeel Ali Shoaib</b>	Holds a degree in GCE from University of Cambridge	<b>Current:</b> None  <b>Previous:</b> 1. Chief Operating Officer & Deputy CEO, HSBC SA 2014 - 2016 2. General Manager, Internal Audit, SABB Mar 2009 – May 2014 3. Global Head of HSBC Amanah 2007 - 2009 4. General Manager Operations and Senior Executive Country Operation in SABB, Riyadh 1998 - 2007	<b>Current Memberships:</b> 1. GIB KSA – Member of the Board of Directors and Chairman of Audit Committee 2. Alkhaleej Training and Education – Audit Committee Member 3. Al Rajhi Takaful for Cooperative Insurance - Board member 4. Tatimah Capital - Audit Committee Member
<b>Mr. Yousef Al-Harjan</b>	Bachelor's in Computer Engineering, King Fahd University of Petroleum.	<b>Current:</b> National Centre for Government Resources Sys (NCGR), Chief Executive Officer.  <b>Previous:</b> Ministry of Finance - Saudi Arabia, Assistant Deputy Chief Executive Officer.	<b>Current Memberships:</b> 1. National Center for Government Resources Sys (NCGR) - Board Member and Chief Executive Officer 2. Ministry of Finance - Saudi Arabia - member of Steering Committee.  <b>Previous Memberships:</b> National Technology Development Program - member of the Board of Directors.

#### o Senior Management

The Senior Management team is responsible for the day-to-day management of GIB KSA entrusted to it by the Board. It is headed by the CEO, who is assisted by the Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, Chief Operating Officer, Wholesale Banking Head, Retail Banking Head, Chief Investment and Treasury Officer, Chief Information Officer and Chief Human Resources Officer.

#### o Composition of the Executive Management

Name	Current Role	Experience and Positions	Qualifications
<b>Khaled Jalal Abbas</b>	GIB KSA, Chief Executive Officer	<b>Current:</b> 1. GIB KSA, Chief Executive Officer 2. GIB B.S.C. - Country Head UAE  <b>Previous:</b> 1. Bank Saudi Fransi, Relationship Officer, 2001. 2. Samba Financial Group, Assistant General Manager/Unit Head, 2010. 3. Abu Dhabi Islamic Bank, EVP/Regional Head, 2010.	1. Bachelor's in finance, Lebanese American University, 1997. 2. Executive Education in Corporate Finance, London Business School, 2007. 3. Executive Education in Management Acceleration Program, 2006. 4. Executive Education in Leadership Development Program, University of Virginia, 2016.

## Board of Directors Report continued

### 23. Directors and Senior Executive Interest (continued)

Name	Current Role	Experience and Positions	Qualifications
<b>Mushari Al Otaibi</b>	Group Chief Operating Officer and Acting Head of Retail Banking	<p><b>Current:</b></p> <ol style="list-style-type: none"> <li>GIB KSA, Group Chief Operating Officer.</li> <li>GIB KSA – Acting Head of Retail Banking</li> </ol> <p><b>Previous:</b></p> <ol style="list-style-type: none"> <li>The Saudi British Bank, Credit Cards New Accounts Manager, Manager Credit Charge Back, Manager Credit &amp; New Accounts, Deputy Head of Credit Cards Centre, Senior Human Resources Relationship Manager, Senior Executive Network Services and Processing, Regional Head of Retail Banking &amp; Wealth Management, Head of Human Resources Relationship, General Manager Operations and Processing, 2016.</li> <li>GIB KSA, Deputy Chief Operating Officer, 2018.</li> </ol>	<ol style="list-style-type: none"> <li>INSEAD Business School, High Performance Leadership, 2008.</li> <li>Harvard Business School, Strategic Management, 2012.</li> <li>London Business School, High Performance Leadership, 2014.</li> <li>Finance for Non-Finance Executives Programme at London Business School, UK 2018</li> <li>Media Interview Training International School of Communication 2018</li> </ol>
<b>Naif Albaz</b>	Chief Risk Officer	<p><b>Current:</b></p> <p>GIB, Chief Risk Officer.</p> <p><b>Previous:</b></p> <p>Samba Financial Group, Regional Manager, 2013.</p>	<ol style="list-style-type: none"> <li>Bachelor's in Financial Economy, King Fahd University of Petroleum and Minerals, 2000.</li> <li>Master's in General Finance, King Saud University,</li> <li>Doctorate in Financial Executives, 2017.</li> </ol>
<b>Saleem Al Dabbagh</b>	Group Chief Compliance Officer & Anti-Financial Crime	<p><b>Current:</b></p> <p>GIB, Chief Compliance Officer &amp; Anti-Financial Crime.</p> <p><b>Previous:</b></p> <ol style="list-style-type: none"> <li>Banque Saudi Fransi, Deputy Manager, 2007.</li> <li>Samba Financial Group Senior Manager 2011.</li> <li>Deutsche Bank Riyadh Branch, Head of Compliance And AML, 2011</li> <li>Arab National Bank Head Compliance and AML, 2014.</li> <li>Al Rajhi Bank, Deputy General Manager, 2018.</li> <li>Saudi Fransi Capital (SFC), Chief Risk Officer, 2021.</li> </ol>	<ol style="list-style-type: none"> <li>Certificate ACAMS - Audit, 2017.</li> <li>Certificate, General Security Qualification, CME-1, 2018.</li> <li>Certificate, London Business School, Enterprise Risk Management Professional, 2020.</li> <li>Certificate, University of Wales, Advanced Management for Bankers, 2011.</li> <li>Master's in Business Administration, Anglia Ruskin University, 2020.</li> </ol>
<b>Nawaf Kably</b>	Chief Human Resources Officer	<p><b>Current:</b></p> <p>GIB, Chief Human Resources Officer.</p> <p><b>Previous:</b></p> <ol style="list-style-type: none"> <li>BAE Systems, HR Organisation Manager, 2008.</li> <li>Integrated Telecom Company, Recruitment Manager, 2009.</li> <li>BAE Systems, Senior HR Professional &amp; Business Partner, 2010.</li> <li>Intergrated Telecom Company, Head of Talent Acquisition, 2011.</li> <li>GIB Group Head Recruitment &amp; HR Operations, 2017.</li> </ol>	<ol style="list-style-type: none"> <li>Certificate in HR, Chartered Institute of Personal and Development (CIPD), 2005.</li> <li>Post Graduate Diploma in HR, University of Leicester, 2013.</li> <li>Executive Education in HR, London Business School, 2019.</li> <li>Executive Education in Leadership Development Program, London Business School, 2020.</li> </ol>

Name	Current Role	Experience and Positions	Qualifications
<b>Mazen Faisal Azoony</b>	Chief Financial Officer	<p><b>Current:</b></p> <p>GIB, Chief Financial Officer.</p> <p><b>Previous:</b></p> <ol style="list-style-type: none"> <li>SAMBA Bank, Teller 1996.</li> <li>NCB, Accounting, Sr. Accounting, Financial Control Office, External Report Manager, Head of Financial Reporting, Head of Accounting Internal Control, 1997</li> <li>Standard Chartered Bank, Chief Financial Officer, 2021</li> <li>Banque Saudi Fransi, Head of Financial Reporting and Accounting – Acting CFO, 2021</li> </ol>	<ol style="list-style-type: none"> <li>Bachelor of Science in Accounting, King Abdulaziz University, 1996.</li> <li>Master's in Professional Accounting, King Abdulaziz University, 2009.</li> <li>Association of Chartered Certified Accountants (ACCA-Diploma in International Financial Reporting), 2009.</li> </ol>
<b>Abdulla Al Salman</b>	Deputy COO & Head of Operations	<p><b>Current:</b></p> <p>GIB, Deputy COO and Head of Operations.</p> <p><b>Previous:</b></p> <ol style="list-style-type: none"> <li>SABB, JODP Trainee, Systems Engineer, Projects Leader, Manager HR Operations, 2009.</li> <li>NAS Holding, Director of Infrastructure and Business Development, 2012.</li> <li>SABB, Head of HR Transformation &amp; Operations, 2015.</li> <li>HSBC Saudi Arabia, Chief Information Officer, Chief Operating Officer, General Manager Head of Asset Management, 2021.</li> </ol>	<p>Bachelor's in Computer Engineering, King Fahd University of Petroleum and Minerals, 2003.</p>
<b>Ali Hassan Abdulhadi</b>	Chief Auditor	<p><b>Current:</b></p> <p>GIB, Chief Auditor.</p> <p><b>Previous:</b></p> <ol style="list-style-type: none"> <li>Arthur Andersen, Audit Manager, 2002.</li> <li>Ernst &amp; Young, Principal Manager, 2004.</li> <li>Samba Financial Group, Credit Approval Officer, 2006.</li> <li>Saudi Hollandi Bank, Senior Financial Auditor, 2007.</li> <li>Al Rajhi Capital, Chief Audit Executive, 2012.</li> <li>SNB Capital, Chief Audit Executive, 2015.</li> <li>Murabaha Finance, Chief Audit Executive, 2016.</li> <li>Arab National Bank, Deputy Chief, 2020.</li> </ol>	<ol style="list-style-type: none"> <li>Bachelor's in Accounting, King Abdulaziz University, 1992.</li> <li>Certificate in Accounting, Institute of Management Accountants, 1995.</li> <li>Certificate in Investment Management, Capital Market Authority, 2010.</li> <li>Certificate in Internal Audit, Certified Risk Based Auditor.</li> <li>Certificate in Internal Audit, International Financial Reporting (IFRS), 2019.</li> </ol>

## Board of Directors Report continued

### 23. Directors and Senior Executive Interest (continued)

Name	Current Role	Experience and Positions	Qualifications
<b>Khalil Baghdadi</b>	Head of Legal and Governance Department and Board Secretary	<p><b>Current:</b> GIB, Head of Legal, Corporate Governance, &amp; Board Secretary</p> <p><b>Previous:</b> 1. Senior Legal Counsel at the Saudi British Bank, from March 2010 until December 2021. 2. Secondee in the Legal Department in HSBC Bank Middle East Limited, UAE, from September 2019 until September 2020. 3. Served as a member of the board of managers in SABB Insurance Agency Services from 2015 until 2021.</p>	<p>1. Graduate Diploma in Law (GDL), BPP University, UK - 2021. 2. L.L.M in International Commercial Law, the University of Westminster, UK - 2009. 3. L.L.B in Law, King Abdulaziz University, Saudi Arabia - 2008.</p>
<b>Mohammed AlThobaiti</b>	Chief Information Officer	<p><b>Current:</b> GIB, Chief Information Officer.</p> <p><b>Previous;</b> 1. Banque Saudi Fransi - Head of Group Digital &amp; Innovation, 2024 2. Banque Saudi Fransi - Chief Technology Officer, 2023 3. Banque Saudi Fransi - Sr. Technical Project Manager, 2019 4. IBM - Sr. Technical Project Manager, 2017 5. SABB - Technical Engineering Manager, 2015</p>	<p>1. King Saud University Bachelor of Science in Computer Engineering 2011 2. IE Business School - Executive Master of Business Administration 2021</p>
<b>Ahmed Abdulrahman Algaidy</b>	Group Head of Shariah Compliant Banking	<p><b>Current:</b> Group Shariah Compliant Banking Head</p> <p><b>Previous:</b> 1. Al-Rajhi Bank, Shariah consultant, Shariah board member, 2004 2. Aljazera Bank, Assistant General Manager, Advisor to the Shariah Group, Shariah board member, 2007 3. Jadwa Investment, Head of Shariah Research Department, Shariah Board Member, 2008.</p>	<p>1. PH. D. in Comparative Jurisprudence, Imam Muhammed Bin Saud University, 2018 2. Master of Judicial, Imam Muhammed Bin Saud, 2012 3. Master of Laws, Brunel University London, 2023</p>
<b>Meshari Al-Mogbel</b>	Group Chief Investment & Treasury Officer	<p><b>Current:</b> Group Chief Investment &amp; Treasury Officer</p> <p><b>Previous:</b> 1. Gulf International Bank – Saudi Arabia, Head of Treasury, 2024 2. First Abu Dhabi Bank – Saudi Arabia, Head of Global Markets (Treasurer), 2020 3. The Saudi Investment Bank, Head of Structured Solutions Desk, 2019 4. Banque Saudi Fransi, Group Treasury - Deputy Head of Risk Solution and Structured Product, 2016 5. Saudi Hollandi Bank, Head of Foreign Exchange Trading and Derivatives, 2015</p>	<p>1. Bachelor of Science in Applied Medical Sciences from King Saud University, Saudi Arabia 2. Graduate of the Senior Executive Program at London Business School</p>

Name	Current Role	Experience and Positions	Qualifications
<b>Sulaiman Balghonaim</b>	Group Chief Wholesale Banking Officer	<p><b>Current:</b> Group Chief Wholesale Banking Officer</p> <p><b>Previous:</b> 1. Wholesale Banking GIB B.S.C. (Bahrain) &amp; Regional Head (Eastern Region, Wholesale Banking). 2. Gulf International Bank 2024 3. Regional Head – Eastern Region, Wholesale Banking 4. Gulf International Bank (GIB), AlKhobar, KSA.2023 5. Division Head, Corporate Banking Group 6. AlAwwal Bank (previously known as Saudi Hollandi Bank), Al-Khobar, KSA.2017 7. Executive Manager- Client Coverage, Corporate Banking Group 8. Banque Saudi Fransi, Al Khobar, K.S.A,2015</p>	<p>Bachelor of Science in Finance and Economics from King Fahd University of Petroleum and Minerals, Saudi Arabia.</p>

### 24. Annual General Meeting

The Bank held one annual general meeting for the shareholders in 2024 and issued Shareholder's Resolutions by circulation. The virtual meeting was attended by representatives of the Public Investment Fund, Gulf International Bank B.S.C., the external auditors of the Bank, the Chairman of the Audit Committee, and the Chairman of the Board.

Number of the GA meeting	Date	Meeting Classification
1	23 April 2024	Virtual (Annual General Assembly)
2	4 July 2024	By circulation (Shareholders' Resolution)
3	30 December 2024	By circulation (Shareholders' Resolution)

### 25. Shariah Committee (SC)

The Shariah Committee of GIB KSA ("SC") is a separate and independent body which is made of esteemed Shariah scholars, appointed by the Board of Directors. The Committee reports to the Board of Directors and consists of three members. The Committee is the highest authority in making the final decision on matters related to the Shariah in GIB KSA's Shariah-compliant banking operations.

#### 1. Responsibilities of the Committee

The key responsibilities of the SSB include the following:

- I. Undertake Shariah supervision of Islamic businesses of GIB KSA across all segments (e.g. Retail, Wholesale and Treasury), activities, products, services, contracts, documents, including the distribution of profits to investment account holders.
- II. Issue Fatwas, approvals and recommendations on GIB KSA's Islamic products and services before the same are offered to the clients;
- III. Determine Shariah parameters necessary for GIB KSA's activities, and its compliance with Islamic Shariah within the framework of the rules, principles, and standards set by the Saudi Central Bank (SAMA); and  
Assist the Board and the Management or any other related party thereof in overseeing the enforcement and implementation of the SSB's resolutions.

The Shariah Secretary has uploaded the Shariah Committee resolutions onto the GIB website by product.

During the year 2024, the Shariah Committee undertook Shariah supervision by discussing Shariah-compliant banking activities, reviewing internal audit reports related to Shariah compliance, and ensuring that all activities adhered to Shariah principles.

#### 2. Independence of the Shariah Committee

The Shariah Committee acknowledges that it has carried out its duties independently and with the support and cooperation of GIB KSA's Senior Management and Board of Directors. The Committee received the required assistance to access all Islamic documents and data, and it reviewed and discussed the necessary amendments and Shariah requirements in order to issue objective Shariah decisions.

## Board of Directors Report continued

### 26. Shariah Committee (SC) (continued)

#### 3. Shariah Committee Pronouncements and Resolutions

##### • Retail

Products	SC Resolutions No	Resolutions Feedback SC review and Endorsement
Credit Cards	9	1* Fees for Tawarruq 2* Mechanism of Fees calculations 3* Update into T&C 4* New card (Marsol) 5* New card (Signature) 6* New card (Infint) 7* Summer Campaign for Credit Card 8* Meem Ashal 9* AlNassr New Card
Personal Finance	2	1* Update T&C for Murabaha Personal Finance 2* Transfer of debit
Home Finance	N/A	N/A
Accounts	4	1* Update T&C for One Pac account 2* Referral program 3* Amend the excepted profit from Saving account 4* Mechanism of manual profit calculation
Others related to retail	7	1* Marketing Material 2* Ageeb points 3* Murabaha deposit revamp 4* Structured Murabaha deposit 5* Monthly profit for Murabaha deposit 6* Samsung pay 7* Push notification for Murabaha deposit

##### • WSB

Products	SC Resolutions No	Resolutions Feedback SC review and Endorsement
Murabaha finance	2	1* Amend the date of settlement for client 2* Early settlement for client
Trade Finance products	2	1* Update into LC Murabaha Terms (Initial Idea) 2* New clause related to Insurance into LC Murabaha
Syndications	5	1* Structure of Vision Invest 2* Sadara 3* Red Sea 4* Alrajhi secondary Market 5* Riyadh Air
Boat finance	1	New product
Murabaha deposit	3	1* Discrepancy in Execution 2* Back dated 3* Update the concept of the product

##### • Treasury & Investments

Products	SC Resolutions No	Resolutions Feedback SC review and Endorsement
Structured Murabaha	3	1* Review the T&C of Structured Murabaha with different index 2* Master Agreement review and endorsement 3* Agreement annexure review
Carbon	1	New product to utilise Carbon in Murabaha finance
Hedging	1	Review hedging policy
Dual Currency	1	New product
Sukuk	1	New Sukuk issuance
Islamic Collateral floater	1	New product

##### • SC Resolutions related to other Divisions

Divisions	SC Resolutions No	Resolutions Feedback SC review and Endorsement
Governance	2	1* New SC charter 2* Shariah Group Policy
Risks	2	1* Credit policy 2* Reserved policy
Operations	3	1* Operations Policy 2* Data Policy 3* Mechanism of broker fees 4* Backdated Murabaha deposit
IT	1	Amend in System related to Shariah product name
Corporate Communication	1	Donation
Shariah Group	7	1* Appointment of SC secretary (Head of Shariah Group) 2* Delegation to Head of Shariah Group 3* SAMA Observation towards Shariah Group 4* Annual Shariah Review for 2024 5* Internal Audit report related to Shariah Group 6* Accounting segregation 7* Amendment of SC charter

## Board of Directors Report continued

### 26. Shariah Committee (SC) (continued)

#### 4. The Shariah Committee Meetings / Membership

##### • Committee Membership:

Board Committees	Member Name	Member Position/ Classification	Experience and Positions	Qualifications	Directorship in other entities (whether inside or outside Saudi Arabia)
Shariah Committee	Dr. Adnan bin Jamaan AlZahrani	Chairman (Independent Non-Board Member)	<p><b>Current:</b> AlAdnan Law Firm - Founder.</p> <p><b>Previous:</b> 1. Served as Head of Shariah Control and as a Shariah advisor to several companies and banks. 2. Providing resolutions and consultations for organisations such as Bank AlJazira, SABB, Alinma Bank, Savola Company, Ewaan Real Estate Company, and Al-Kabli Holding Company</p>	PhD in the jurisprudence of e-commerce from Umm Al-Qura University	Founder of AlAdnan Law Firm
	Dr. Abdulrahman bin Nafi Alsulami	Member (Independent Non-Board Member)	<p><b>Current:</b> 1. A professor of jurisprudence and judicial studies and supervises the postgraduate judicial studies programs - King Abdulaziz University- Supervisor of postgraduate judicial studies 2. Leading several arbitration bodies 3. Teaching portfolio includes subjects such as financial judiciary and the jurisprudence of financial transactions 4. Supervised and reviewed numerous doctoral theses on Islamic finance, jurisprudence, and judicial affairs, and he authored several books and research papers in his field.</p>	PHD in Fiqh (jurisprudence) from Umm Al-Qura University	None
	Dr. Maher bin Mohammed Al-Qurashi	Member (Non-Executive Board Member)	<p><b>Current:</b> 1. A professor of judicial studies and regulations at Umm Al-Qura University 2. Member of the Supreme Committee for Law and Judicial Programmes at the University of Jeddah 3. Teaching courses in the Department of Regulations at the College of Judicial Studies and at the Accounting Department of the College of Business Administration Regulations, Umm Al-Qura University</p> <p><b>Previous:</b> Serves as chairman of the Legal Committee for Drafting the Executive Regulations.</p>	PHD in (jurisprudence) and regulations from King Abdulaziz University.	None

##### • Committee Attendance

There were four Shariah Committee meetings held in 2024, with the following details of attendance:

The year 2024 included the end of the previous Board term on 29 April 2024, and the beginning of the current term started from 30 April 2024 until 30 April 2027. There was no change on the Committee composition for the current Board term as the Shariah Committee was formed to carry out its activities from the period 1 January 2023 to 31 December 2025

SC Members	Shari Committee			
	20 February	5 June	29 August	10 December
Dr. Adnan Alzahrani	✓	✓	✓	✓
Dr. Maher Al-Qurashi	✓	✓	✓	✓
Dr. Abdulrahman Alsulami**	✓	✓	✓	✓

##### 5. Remuneration of the Committee Members \*\*\*

Fixed remuneration	SAR 281,250
Allowances for attending committee meetings	SAR 67,500
Total	SAR 348,750

\*\*\* These figures do not include VAT

##### 26. Applicable Laws

GIB KSA is subject to the laws of the Kingdom of Saudi Arabia which follows the general principles of Shariah. As there are different schools of Islamic jurisprudence and some schools have majority and minority views on various issues, the Saudi Arabian courts or other adjudicatory authorities have considerable discretion in the application of the principles of Shariah to each case. In addition, there are no binding precedents generally for decisions in later cases.

GIB KSA adheres to all the provisions of the Banking Control Law and all other applicable laws, rules and regulations.

##### 27. Declarations

The Board of Directors hereby confirms (with reference to year ended 31 December 2024) that:

- Proper books of accounts have been maintained.
- GIB KSA prepares its consolidated financial statements in accordance with International Financial Reporting Standard.
- The Internal Audit and external reviewers' reports have highlighted the opportunities for enhancement in the internal controls of GIB KSA which were either addressed or are in the process of being addressed by the management. Internal Audit tracks these recommendations and provides an update on the implementation to senior management and the Audit Committee on periodic basis.
- In accordance with the relevant rules and regulations and the Conflicts of Interest and Related Party Transaction Policy (the "Policy") which covers Related Party Transactions, GIB KSA has disclosed in its audited financial statements the related party contracts with entities in which a Director has a material interest and those requiring the approval of the shareholders will be submitted at the annual general meeting in line with the Policy. The Directors involved abstained from discussions and voting in relation to these contracts.
- There is no doubt over GIB KSA's ability to continue to operate accordingly as a going concern.
- The Audit Committee and Board have endorsed management's assessment of GIB KSA's internal control systems.
- After the review by the Audit Committee, the Board approved the consolidated financial statements for the year 2024 on 13 February 2025 as recommended by the Audit Committee.

# Internal Controls Report

Senior management is responsible for establishing, maintaining and monitoring GIB KSA's internal control systems to ensure the effective functioning of GIB KSA. The internal control systems comprise the establishment and implementation of policies, procedures, processes, systems and a risk framework across all functions of GIB KSA, which are approved by the Board of Directors.

## Internal Controls Report continued

The *Board of Directors*, supported by the *Board Risk Policy Committee* and the *Audit Committee*, is responsible for ensuring that the internal systems and controls framework is effective for GIB KSA's business and associated risks.

The *Board Risk Policy Committee* sets and endorses the organisation's risk appetite (which is approved by the Board of Directors) and also seeks to identify the principal risks facing the organisation, together with the management. It has oversight in respect of GIB KSA's overall risk appetite, parameters, and limits within which GIB KSA conducts its activities, to seek assurance on an ongoing basis that the management is responding appropriately to such risks in a timely manner.

To achieve this, the Board Risk Policy Committee ensures that GIB KSA has an effective enterprise-wide risk management framework in place and that all risk controls operating throughout GIB KSA are in accordance with regulatory requirements and best practice standards for management of risks in banks. The *Enterprise Risk Management (ERM)* framework-based approach followed by GIB KSA takes a comprehensive view of all risk families on a proactive basis – including credit risk, market risk, operational risk, interest rate risk, liquidity risk, and non-financial risks such as strategic risk, information and cyber security risks, business model risk, reputational risk, concentration risk, etc. This enables management to effectively deal with uncertainty, and any associated risk and opportunity, enhancing the capacity to build stakeholder value. This includes aligning GIB KSA's risk appetite and strategies, ensuring well thought out risk-response decisions, reducing the frequency and severity of operational losses, identifying and helping to proactively manage multiple and cross-enterprise risks, preparing GIB KSA to realise arising opportunities, and improving capital deployment effectiveness.

To ensure the effectiveness of the set enterprise risk management framework, the Board Risk Policy Committee relies on adequate line functions for independent monitoring and assurance functions within GIB KSA, using a '*Three Lines of Defense*' risk management model to ensure that control roles are independent and responsibilities are segregated – with the '*First line of defense*' owning and managing risk as direct line functions, the '*Second line of defense*' overseeing through specialists in risk management, financial control, and compliance functions, and the '*Third line of defense*' providing independent assurance through specialist functions like internal audit and external statutory audit teams. GIB KSA follows a *Forward-looking Stress Testing Framework* across all risk families to identify possible events or changes in market conditions that could adversely impact GIB KSA, helping to identify action plans including contingency funding readiness for timely and adequate risk mitigating actions.

The *Audit Committee* oversees the effectiveness of GIB KSA's internal controls systems by reviewing and evaluating the systems of internal controls and meeting with internal audit, external audit, and management to assess the adequacy and effectiveness of the systems of internal controls and obtain reasonable assurances from them on a periodic basis. The Audit Committee periodically receives reports regarding any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect GIB KSA's ability to record, process, summarise, and report financial information, and regarding any fraud, whether or not material, that involves management or other employees who have a significant role in GIB KSA's internal control over financial reporting. Further, the Audit Committee Chairman provides updates to the Board on the key discussions and decisions considered by the Audit Committee.

The *Internal Audit Unit*, as the third line of defence, provides an independent appraisal to the Board's Audit Committee and the management regarding the effectiveness of internal controls, including conducting independent periodic reviews of the activities of the Compliance and Anti-Money Laundering Department, to review adherence to regulatory compliance and conformity with the Bank's approved policies and procedures.

All significant and material findings from internal audit reviews are reported to the Audit Committee of the Board through quarterly activity reports. These updates include descriptions of the internal control gaps noted and the corrective action plans by Management to adequately address those gaps. The Audit Committee actively monitors the adequacy and effectiveness of the internal control system to ensure that identified risks are mitigated in order to safeguard the interests of the Bank and its stakeholders.

Concerted and integrated efforts are made by all functions of the Bank to improve the control environment at the grassroots level through continuous review and streamlining of procedures to prevent and rectify any control deficiencies. Each function, under the supervision of Senior Executive Management, is entrusted with the responsibility to oversee the rectification of control deficiencies identified by control bodies.

The Compliance and Anti-Money Laundering Department works closely with other control functions to establish an effective control framework through its duties and responsibilities under the programmes of Compliance and Anti-Money Laundering. These programmes set out its planned activities such as the implementation and review of specific policies and procedures, compliance risk assessment, and establishment of a strong compliance culture among employees. The department submits relevant reports to the Audit Committee, which in turn assesses these programmes and sets out relevant recommendations.

The Bank's internal control system has been designed to provide reasonable assurance to the Board, regarding the management of risks in achieving the Bank's strategic objectives. Internal control systems, no matter how effectively designed, have inherent limitations and may not prevent or detect all control deficiencies. Moreover, projecting of current evaluations of the effectiveness into future periods is subject to a limitation that controls may become inadequate due to changes in conditions or compliance with policies and procedures.

Based on the results of the ongoing evaluation of internal controls carried out by management during the year, Management considers that the Bank's existing internal control system is adequately designed, operating effectively, and consistently monitored.

The process of *Internal Control* is facilitated through a set of separate functions, which report directly to senior management. These functions include risk management, financial control, and compliance. This multi-faceted approach aids the effective management of risk by identifying, measuring, and monitoring controls from a variety of perspectives.

GIB KSA maintains a disciplined approach to risk-taking by upholding a comprehensive set of risk management policies, processes, and limits; employing qualified people with the appropriate skills; investing in technology and training; and actively promoting a culture of sound risk management at all levels.

In relation to *Operational risk*, GIB KSA has implemented an operational risk management framework that includes tools such as risk and control self-assessment, key risk indicators, and an internal control testing framework. This framework entails a robust system for validating controls across the first and second lines of defence and facilitates the escalation of operational risk events and remedial measures to prevent recurrence. These tools provide business areas with the opportunity to reassess the effectiveness of controls within their processes. Any control deficiencies identified through the use of these tools by the Business Units are overseen by a segregated Operational Risk Management Department and governed through the Bank's Operational Risk & Internal Control Committee, which reports ultimately to the Board Risk Policy Committee. Any key issues requiring the attention of senior management are escalated to GIB KSA's Management Committee.

The *Information Security function* ensures the adequate protection of GIB's and its customers' information by securing the Bank's IT and Information Security infrastructure from internal and external threats through the implementation of a "Defence in Depth" approach, i.e., layered security controls. GIB's overall Information Security Management System is

designed in line with industry standards, regulatory mandates and best practices, and comprises an integrated model of people, policy, process, procedures and technology. This includes a 24/7 Security Operations Centre, cybersecurity risk management and cyber fraud prevention, vulnerability and incident management processes, periodic penetration testing, threat intelligence management, brand protection services, and preventive and detective endpoint/perimeter security solutions, etc.

GIB KSA's *Compliance and Anti-Money Laundering function* performs its duties through a continuous process of compliance risk assessment and ensures adherence to all applicable regulatory requirements. The Compliance Unit has a direct reporting line to the Audit Committee.

GIB KSA endeavours to inculcate a strong appreciation for risk and internal controls through periodic *training programmes* for its employees, aiming to increase their awareness of the importance of risk assessment, and their responsibility in maintaining the system of internal controls.

Whilst the risk of failures in internal controls cannot be entirely eliminated, *Management* mitigates and manages such risk by maintaining the appropriate infrastructure, controls, systems, and procedures, and by ensuring that trained and competent people are employed to protect the interest of GIB KSA and its stakeholders.

### Opinion on Internal Control by the Audit Committee

For the year ended 31 December 2024, and pursuant to the Audit Committee Mandate, which requires the Audit Committee to report its opinion on the adequacy of the internal controls framework at GIB KSA, the Audit Committee was made aware of opportunities for enhancement in the internal controls of GIB KSA. These recommendations were addressed, or are in the process of being addressed, by management. Furthermore, these recommendations are tracked and independently validated by Internal Audit, and updates on the implementation are provided to the Audit Committee on a periodic basis. Accordingly, the Audit Committee is of the opinion that the Bank's management has maintained an effective internal controls system capable of providing reasonable assurance, and that the outcomes of the audits, together with the Audit Committee meeting discussions, have provided reasonable grounds for formulating this opinion.

# Board of Directors Biographies

## Mr. Abdulla bin Mohammed Al Zamil

Chairman of the Board since 2019

Mr. Abdulla bin Mohammed Al Zamil is the Chairman of the Board of Zamil Industrial Investment Company, having previously served as Chief Executive Officer. Prior to this, he was the Senior Vice President at Zamil Air Conditioners, where he started his career as an industrial engineer.

He is also the Chairman of Saudi Global Ports, Zamil Steel Holding Co., Gulf Insulation Group, Folk Maritime, Gulf International Bank - Saudi Arabia, GIB Capital, and GIB B.S.C. His board memberships include Ranco & Zamil Concrete Industries, Zamil Offshore Services Company, Saudi Telecom Company (STC) – Bahrain, Waqf Sulaiman Bin Abdulaziz Al-Rajhi Holding Co., and Gulf International Bank (UK) Limited.

Mr. Al Zamil holds an MBA (with a concentration in Finance) from King Fahd University of Petroleum and Minerals, Saudi Arabia, and a BSc in Industrial Engineering from the University of Washington, USA. He has 38 years' professional experience.

## Mr. Abdulaziz bin Abdulrahman Al-Helaissi

Group Chief Executive Officer  
Director since 2019  
Vice-Chairman since Sep 2024

Mr. Abdulaziz bin Abdulrahman Al-Helaissi is the Group Chief Executive Officer and a Board Member of Gulf International Bank B.S.C., Chairman of Gulf International Bank (UK) Limited and Vice Chairman of Gulf International Bank – Saudi Arabia. His board memberships include GIB Capital, Golf Saudi, Saudi Golf Federation and the Bahrain Institute of Banking & Finance (BIBF). Mr. Al-Helaissi also serves as a member of the Global Board of the Institute of International Finance (IIF) and co-chair of its Emerging Markets Advisory Council (EMAC).

Prior to joining GIB in February 2016, Mr. Al-Helaissi was the Deputy Governor for Supervision at the Saudi Central Bank (SAMA), having started there in 2013. At SAMA, his responsibilities included the oversight of the banking and insurance sectors as well as finance company regulations (mortgage, leasing, and other nonbank finance institutions). He was also responsible for consumer protection.

Prior to SAMA, Mr. Al-Helaissi was Senior Country Officer and Managing Director, Saudi Arabia, for JP Morgan Chase, as well as Head of Global Corporate Banking for the Middle East and North Africa. Earlier in his career, he was General Manager, Central Province of Saudi British Bank (affiliate of HSBC) and covered all key lines of business, including corporate and consumer banking. He has also served on a number of boards, including the Saudi Stock Exchange (Tadawul), King Fahd Causeway Authority and Astra Foods Company.

Mr. Al-Helaissi has 35 years' banking and regulatory experience and holds a BA in Economics from the University of Texas in Austin, USA.

## H.E Dr. Najem bin Abdullah Al Zaid

Director since 2019

H.E Dr. Najem bin Abdulla Al Zaid is the Vice Minister of Justice in Saudi Arabia. He was the Founding Partner of ZS&R law firm in association with Hogan Lovells. He is the Chairman of the Saudi Electricity Company and a member of the Tadawul Group's Regulatory Policies and Oversight Committee. Further, he is a Board and Board Risk Committee member at Gulf International Bank - Saudi Arabia, Board member in GIB B.S.C., a Board Member in the Royal Commission for Riyadh City. Additionally, he is member of the Audit Committee in the Public Investment Fund.

He also served as the Vice Chairman of the Mediterranean & Gulf Cooperative Insurance & Reinsurance Company, Board Member of the National Centre for Privatization & PPP, member of the Saudi Agriculture & Livestock Company (SALIC), member of the governance committee at Arabian Centres Company, member of the governance committee at the Saudi International Petrochemical Company, member of the executive committee of the Saudi Falcon Club and member of the Saudi Delegation that negotiated Saudi Arabia's World Trade Organization (WTO) membership, Arabian Centres Company.

Prior to founding ZS&R, Dr. Al Zaid was the Chief Governance and Legal Officer at Al Rajhi Bank Group and had previously served as the Commissioner and a Board Member of the Saudi Capital Market Authority, appointed by royal order. He also worked as Counsel at the Islamic Development Bank Group.

Dr. Al Zaid holds a Doctor of Juridical Science from the George Washington University Law School, USA, a Master of Laws from the University of Minnesota Law School, USA, a High Diploma in Law from the Institute of Public Administration, Saudi Arabia, and a BA in Islamic Jurisprudence & Law from Umm AlQura University, Saudi Arabia. Further, he successfully completed the Harvard Law School Leadership Program and the London Business School Management Development Program. He has 30 years' professional experience.

## Mr. Rajeev Kakar

Director since 2019

Mr. Rajeev Kakar is a Board Member of Eurobank Ergasias SA (Greece), Commercial International Bank (Egypt) and is a Global Advisory Board member at the University of Chicago's Booth School of Business, SP Jain School of Global Management and Indian Institute of Management – Pan IIM Board (GCC). He is also a Board Member at Gulf International Bank - Saudi Arabia, and member in GIB B.S.C.

From 2006-2018, he was the Global Co-Founder of Fullerton Financial Holdings, a wholly owned subsidiary of Temasek Holdings, Singapore; and served concurrently as the Global CEO of Consumer Banking, Regional CEO for Central Europe, Middle East and Africa; and as the founder, Managing Director and CEO of Dunia Finance, Fullerton's UAE subsidiary. Prior to that, he was at Citibank for 20 years, finishing as the Regional CEO & Division Executive - Turkey, Middle East and Africa. Additionally, he also served as Board Member of Commercial International Bank (Kenya) and Unit Trust of India Asset Management Co. Ltd.

Mr. Kakar holds an MBA, Finance & Marketing from the Indian Institute of Management, and a B. Tech in Mechanical Engineering from the Indian Institute of Technology. He has 38 years' professional experience.

## Mr. Bander bin Abdulrahman bin Mogren

Director since 2019

Mr. Bander bin Abdulrahman bin Mogren is the Chief Operating Officer at the Public Investment Fund of Saudi Arabia (PIF). He is also a member of the PIF Nomination Committee, a board member of the Saudi Development and Investment Company and the Chairman of its Remuneration Committee, and a board member of the Saudi Real Estate Company and a member of its Nomination and Remuneration Committee. Mr. Mogren is a board member of King Abdullah Financial District and the Chairman of its Nomination Committee, a board member of Jassara, and a member of the Nomination and Remuneration committees of Tadawul, Sanabil Investments, Noon, and the National Center for Privatization, Neom, Qiddiya, and Central Riyadh Development Company. Previously, he was Managing Director of Human Resources and Corporate Services at NCB Capital, and Head of Human Resources at Jadwa Investment; as well as having held managerial positions at STC. Mr. Mogren holds a BA in Human Resources and Business Administration from Eastern Washington University, USA. He has 23 years of professional experience.

## Board of Directors Biographies continued

### Mr. Sultan bin Abdul Malek Al-Sheikh

Director since 2019

Mr. Sultan bin Abdul Malek Al-Sheikh is a Senior Director - Head of Financial Institutions Sector at the MENA Investments Division at the Public Investment Fund of Saudi Arabia (PIF). He is the Board Chairman of Tawrid Company for Financing Solutions. He also serves as a Board Member of Tahakom Investment Company, Gulf International Bank - Saudi Arabia, Board member in GIB B.S.C., and Saudi Real Estate Refinance Company (SRC). In addition, Mr. Al-Sheikh is a Board member, Member of the Executive Board Committee and Member of the Nomination & Remuneration Committee of the Regional Voluntary Carbon Market Company (RVCMC). Mr Al-Sheikh also serves as Board Director at the Saudi Sports Company and as Member of the Executive Board Committee at AL-Nassr Club Co. Prior to joining PIF, Mr. Al-Sheikh held key positions in reputable financial institutions. He served as an Associate and Vice President of Investment Banking at Saudi Fransi Capital. Mr. Al-Sheikh also worked as an Officer in the Securities Listing Department at the Saudi Capital Market Authority (CMA) and as a Relationship Manager at the National Commercial Bank (NCB) of Saudi Arabia. Additionally, he previously served as a director at Al-Marai Company and the Helicopter Company and as Chairman of Saudi Company for Exchanging Digital Information (Tabadul).

Mr. Al-Sheikh holds a MSc in Finance from the George Washington University, USA, and a BSc in Finance from King Fahd University of Petroleum and Minerals, Saudi Arabia. He has 21 years' professional experience.

### Mrs. Anju Patwardhan

Director since 2019

Ms. Anju Patwardhan is a globally experienced board director, banker, and Fintech venture investor. She has worked in Singapore, San Francisco, and India. She is a member of the Board of Directors of Gulf International Bank – Saudi Arabia, a member of the Risk Committee, a member of the Board of Directors of the Stanford Institute for Distinguished Careers, a member of the Advisory Board of Stanford University, in addition to a member of the boards of directors of several companies.

Ms. Anjou was the Managing Director of the US\$500 million Credit Is Fintech Investment Fund; prior to that, Ms. Anjou worked with Citibank and Standard Chartered Bank in Singapore. She has held leadership positions at the regional and global levels, including Head of Global Innovation, Chief Risk and Risk Officer and Chief Risk Officer and Chief Operating Officer of Global Operations. She was also a member of Standard Chartered Bank's Global Executive Leadership team.

Professor Anjou has served on the boards of various banks, banks and regulators in the USA, UK, Europe, Singapore, Saudi Arabia and Thailand. As a visiting professor at Stanford University's Graduate School of Business Administration, Professor Anjou has received numerous academic awards, including a Fulbright Fellow and a visiting scholar at Stanford University in California, USA. She also served as Director of Longevity Productivity at the National University of Singapore and was a member of the Advisory Board of the Government of Estonia.

Ms. Anjou Patwardhan is also a member of the World Economic Forum's Steering Committee on Innovation in Financial Services, and a board member of the Deep Future Analytics (NED). She has 30 years of professional experience.

### Engr. Muhannad bin Kusai bin Hasan Al Azzawi

Director since 2019

Engr. Muhannad bin Kusai bin Hasan Al Azzawi is the Chief Executive Officer (CEO) of Saudi Industrial Construction & Engineering Projects Company (SICEP), Chairman and CEO of Saudi Training & Technology Company (ST&T) Chairman and CEO of Al Wusata Development Company. Engr. Al Azzawi is Chairman of Merrill Lynch Kingdom of Saudi Arabia and Chairman of the Board's Remuneration and Nomination Committee; board member of Taiba Investments, and member of the Investment Committee and Remuneration and Nomination Committee, and board member of the Saudi Arabian Golf Federation, and Chairman of the Investment Committee and board member of the General Authority of Civil Aviation, and member of the Executive Committee, he is a member of the Board of Directors of Gulf International Bank – Saudi Arabia, a member of the Governance, Remuneration and Nomination Committee. He was Vice-Chairman of the National Contractors' Committee, Council of Saudi Chambers; Vice-Chairman of the Contractors' Committee, Riyadh Chamber of Commerce and Industry; and a member of the Joint Saudi-French Business Council. In addition, He represents the private sector on several Government committees concerned with the contracting sector in Saudi Arabia. He has been a member of the Young Presidents' Organisation since 2000. Engr. Al Azzawi holds a BSc degree in Computer Engineering from King Saud University, Saudi Arabia. He has 26 years of professional experience.

### Mr. Yousif Al-Harjan

Director since 2022

Mr. Yousif Al-Harjan is a member of the Board of Directors of Gulf International Bank – Saudi Arabia, Chairman of the Governance, Remuneration and Nomination Committee, member of the Risk Committee. He is the Chief Executive Officer and board member at the National Centre for Government Resources Systems and a board member in the National Technology Development Program. Prior to this, he spent 14 years with the Ministry of Finance of Saudi Arabia, including as the Assistant Deputy Minister of Finance.

Mr Al-Harjan holds a BSc in Computer Engineering from the King Fahd University of Petroleum and Minerals, Saudi Arabia, and an advanced leadership qualification from the London Business School. He has 17 years' of professional experience.

### Mr. Nabeel bin Ali bin Hassan Shoaib

Director since 2024

Mr. Nabeel bin Ali Shoaib has been a board member of Gulf International Bank - Saudi Arabia since October 2024. He is also a board member of Al Rajhi Takaful Company since May 2021, and a member of the Audit Committees of both Tatima Capital and Alkhaleej Training and Education.

Mr. Shoaib holds a General Education Certificate from London and has more than 35 years of experience in the banking sector. He spent a large part of his career at the Saudi British Bank (SABB) (currently Saudi Awwal Bank), where he held several senior positions, including: Managing Director of HSBC Amanah (Islamic Banking), General Manager of Internal Audit at SABB Bank, Chief Operating Officer and Executive Vice President of HSBC Saudi Arabia, and Company Secretary at the Saudi Brotosh Bank "SABB".

# Senior Management Biographies

## Khaled Abbas

Chief Executive Officer, GIB Saudi Arabia,  
Non-Executive Board Member, GIB Capital

Khaled Abbas has 28 years' regional banking experience in Saudi Arabia, Bahrain and the UAE. He holds a BSc in Business Studies from Lebanese American University, Beirut, Lebanon and has obtained executive education degrees from Harvard Business School, Darden Business School at the University of Virginia, and INSEAD, France. Khaled has also completed the Advanced Management Program (AMP) at Harvard Business School.

## Mushari Al Otaibi

Group Chief Operating Officer and interim Group Head of Retail Banking

Mushari Al Otaibi has over 33 years' experience in back office operations, human resources, retail banking and wealth management. Mushari attended the High Performers Leadership Programme at INSEAD, France, and the Finance for Non-Finance Executives Programme at London Business School in UK.

## Engr. Abdullah AlSalman

Deputy COO and Head of Operations

Engr. Abdullah AlSalman has more than 22 years' experience in financial industry in Saudi Arabia, including banking and capital markets. He holds a BSc in Computer Engineering from King Fahd University of Petroleum and Minerals, Saudi Arabia.

## Nawaf Kably

Chief Human Resources Officer

Nawaf has more than 28 years of professional experience. He is a Chartered Fellow member of the Chartered Institute of Personnel and Development (CIPD) and holds a post graduate degree from the University of Leicester, UK, with a specialisation in Human Resources Development and Performance Management. He has also completed executive education programs, including the Senior Leadership Program at the London Business School, UK, and the Human Resource Executive Program at the Michigan Ross School of Business, USA.

## Ali Abdulhadi

Group Chief Auditor

Ali Abdulhadi has 33 years of experience in external and internal auditing within the investment and commercial banking sector. He holds a Bachelor's degree in accounting from King Abdulaziz University in Jeddah and is a member of the Institute of Internal Auditors "IIA", Saudi Authority for Internal Auditors "SAIA" and the Institute of Management Accountants.

## Senior Management Biographies continued

### Saleem T. Al-Dabbagh

Group Chief Compliance Officer and MLRO

Saleem Al-Dabbagh has 31 years' experience in compliance and risk management gained across a range of financial institutions. He holds a Master of Business Administration from Anglia Ruskin University in London, along with several related certifications, including Certified Anti-Money Laundering Specialist (ACAMS), Certified ACAMS-Audit, and Certified Enterprise Risk Management Professional from the London School of Business & Finance. He is also a graduate of the Next-Level Leadership Program from London Business School.

### Mazen Azoony

Chief Financial Officer

Mazen Azoony has more than 28 years' experience in different managerial roles in banking, finance, and accounting functions within the Saudi banking industry. He holds a BSc in Accounting and a Masters of Professional Accounting degrees from King Abdulaziz University, and an ACCA-IFRS diploma. He attended several IFRS, Professional, Managerial and Leadership programs.

### Mohammed Al-Thbiti

Chief Information Officer

Mohammed Al-Thbiti has more than 17 years of experience. He holds a BSc in Computer Engineering from King Saud University, and an EMBA from IE Business School in Madrid. Mohammed has also completed specialised development courses and programmes in the digital leadership program at INSEAD Business School, and the banker leadership program at London Business School.

### Meshari Al-Mogbel

Group Chief Treasury and Investment Officer

Meshari has 20 years of banking experience related to treasury and investment, and holds a BSc degree from King Saud University in Riyadh. He is a graduate of the Senior Executive Program from London Business School.

### Naif Al Baz

Chief Risk Officer

Naif Al Baz has over 25 years of executive experience in regional banking and financial institutions. He serves as a Board Member for several financial and non-financial organisations. He holds a BSc in Finance and Economics from King Fahd University of Petroleum and Minerals, as well as an MBA from King Saud University. Naif has also completed leadership programs at INSEAD and Harvard Business School. Additionally, he holds an Executive Doctorate degree from Cranfield University in the UK.

### Dr. Ahmed Algaidy

Group Head of Shariah Compliant Banking

Dr. Ahmed bin Abdulrahman Algaidy has over 20 years' experience in Shariah, legal, and compliance advisory within the banking and investment sectors. He has held leadership roles in Shariah research, development, and governance across regional and international institutions. Dr. Algaidy holds a PhD in private equity funds from the Higher Judicial Institute, and a Master's degree in Corporate Financial Law from Brunel University London, UK.

### Sulaiman Balghonaim

Group Chief Wholesale Banking Officer

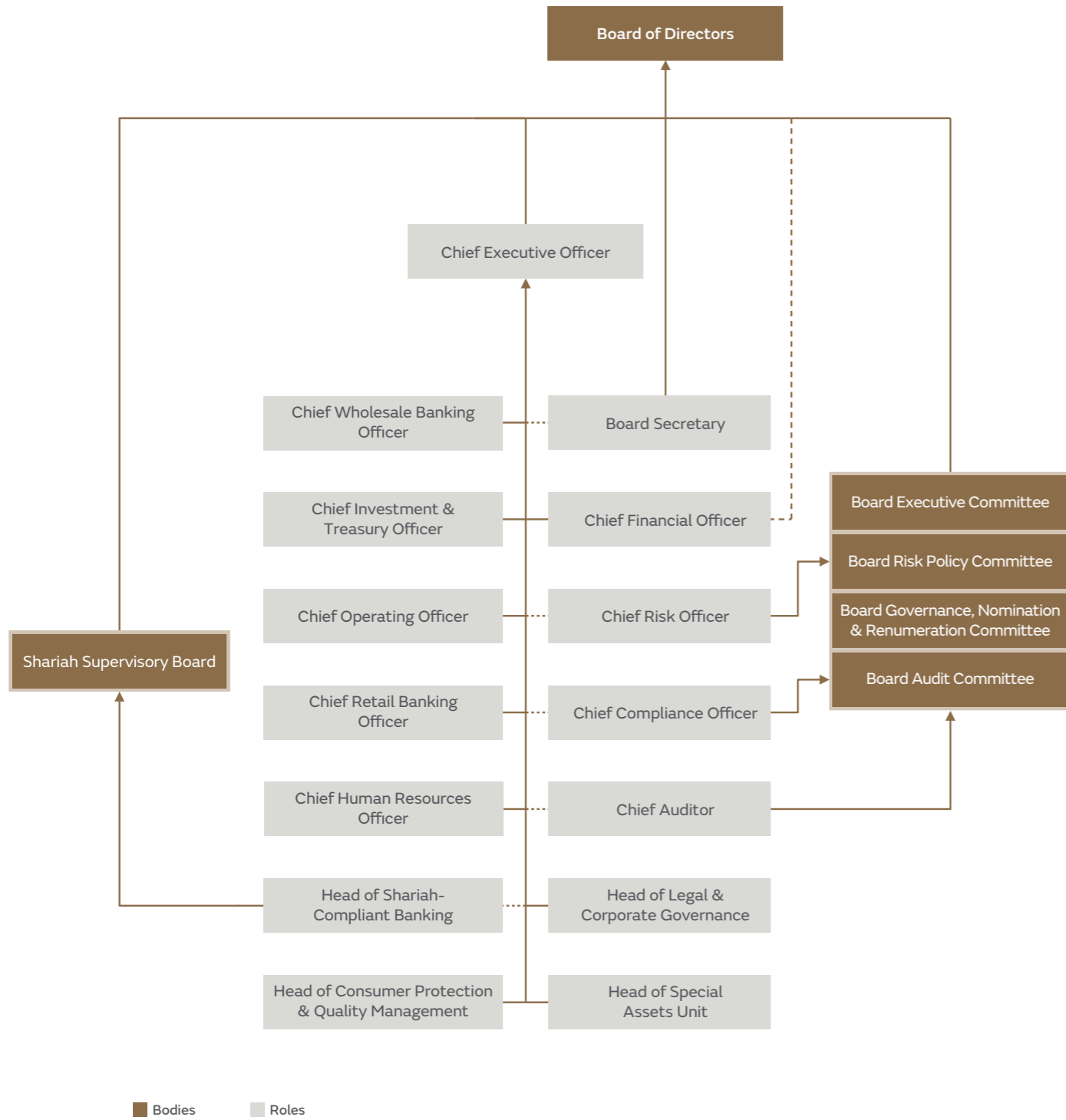
Sulaiman Balghonaim has 18 years' experience in corporate banking, with expertise in corporate banking, financial institutions, and global transaction banking. Sulaiman holds a BSc in Finance and Economics from King Fahd University of Petroleum and Minerals, Saudi Arabia.

### Khalil A. Baghdadi

Head of Legal and Governance, and Board Secretary

Khalil Baghdadi has more than 15 years' experience in banking and finance legal practice, in addition to his experience in corporate governance. He holds an LL.M. in International Commercial Law from the University of Westminster, London, UK; a Graduate Diploma in Law, from BPP University, London, UK; and a BSc in Law from King Abdulaziz University, Jeddah, Saudi Arabia.

## GIB KSA Corporate Governance Structure



Head of Legal & Corporate Governance and Board Secretary roles are held by the same incumbent. Due to the reporting requirements of these accountabilities, they are shown as separate.

# Consolidated Financial Statements

For the year ended 31<sup>st</sup> December 2024

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## Independent Auditors' Report

To the shareholders of Gulf International Bank- Saudi Arabia  
(A Saudi Closed Joint Stock Company)



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

#### Opinion

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

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

#### Basis for opinion

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

#### Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditors' report thereon. The management is responsible for the other information in its annual report. The Group's 2024 annual report is expected to be made available to us after the date of this auditors' report.

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

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

#### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, the applicable provisions of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia, the Bank's By-Laws and for such internal controls 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. Audit Committee is responsible for overseeing the Group's financial reporting process.

#### Auditors' responsibilities for the audit of the consolidated financial statements

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

Ernst & Young Professional Services (Professional LLC)  
Paid-up capital (SR 5,500,000 - Five million five hundred thousand Saudi Riyal)  
C.R. No. 2051058792

Tel: +966 13 840 4600 Fax: +966 13 882 0087  
eyksa@sa.ey.com ey.com

KPMG Professional Services  
(Professional Closed Joint Stock Company)  
Paid-up capital SR 110,000,000  
Licence No. 46/11/323 issued on 11/3/1992  
C.R. No. 2051062328

## Independent Auditors' Report

To the shareholders of Gulf International Bank- Saudi Arabia  
(A Saudi Closed Joint Stock Company)  
(continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 controls.
- 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 audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

### Report on other legal and regulatory requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank was not in compliance, in all material respects, with the applicable provisions of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's By-laws in so far as they affect the preparation and presentation of the consolidated financial statements for the year ended 31 December 2024.

### Ernst & Young Professional Services



**Marwan S. AlAfaliq**  
Certified Public Accountant  
License No. 422



25 Ramadan 1446H  
25 March 2025

### KPMG Professional Services Company

**Nasser Ahmed Al Shutairy**  
Certified Public Accountant  
License no. 454



## Consolidated Statement of Financial Position

As At 31 December 2024  
(Amounts in SAR'000)

	Note	2024	2023
<b>ASSETS</b>			
Cash and balances with Saudi Central Bank (SAMA)	4	7,669,915	6,667,497
Due from banks and other financial institutions, net	5	6,870,653	2,365,409
Investments, net	6	10,320,339	9,105,539
Positive fair value of derivatives	7	273,838	316,414
Loans and advances, net	8	31,770,514	27,299,961
Other assets	9	725,676	698,686
Property, furniture, fixtures and equipment, net	10	289,976	58,668
Intangible assets, net	11	144,192	90,608
<b>Total assets</b>		<b>58,065,103</b>	<b>46,602,782</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to banks, SAMA and other financial institutions	12	7,465,343	3,856,211
Customers' deposits	13	39,028,889	32,105,619
Negative fair value of derivatives	7	188,341	250,613
Subordinated debt	14	1,503,726	1,504,072
Other liabilities	15	2,057,244	1,386,476
<b>Total liabilities</b>		<b>50,243,543</b>	<b>39,102,991</b>
<b>Equity</b>			
<b>Equity attributable to the shareholders of the Bank</b>			
Share capital	16	7,500,000	7,500,000
Statutory reserve	17	87,084	1,753
Fair value reserve		(10,194)	(2,482)
Retained earnings		244,670	520
<b>Total equity attributable to the shareholders of the Bank</b>		<b>7,821,560</b>	<b>7,499,791</b>
<b>Total equity</b>		<b>7,821,560</b>	<b>7,499,791</b>
<b>Total liabilities and equity</b>		<b>58,065,103</b>	<b>46,602,782</b>

The consolidated financial statements were approved by the Board of Directors and signed on its behalf by :-

**Abdulla Mohammed Al Zamil**  
Chairman

**Khaled Abbas**  
Chief Executive Officer

**Mazen Faisal Azoony**  
Chief Financial Officer

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements

## Consolidated Statement of Income

For the year ended 31 December 2024

(Amounts in SAR'000)

	Note	2024	2023
Special commission income	19	2,899,916	2,638,973
Special commission expense	19	(1,928,303)	(1,715,633)
<b>Net special commission income</b>		<b>971,613</b>	923,340
Fee and commission income	20	381,907	306,666
Fee and commission expense	20	(49,985)	(19,132)
<b>Net fee and commission income</b>		<b>331,922</b>	287,534
Exchange income, net	21	74,517	76,771
Gain on investments held at FVSI, net	22	49,013	57,245
(Loss) / gain on other financial instruments, net	23	(8,123)	11,411
Dividend income	24	1,433	3,977
Other operating income	25	45,864	2,221
<b>Total operating income</b>		<b>1,466,239</b>	1,362,499
Salaries and employees' related expenses	26	(553,363)	(511,962)
Rent and premises related expenses	27	(14,203)	(12,608)
Depreciation and amortisation	28	(68,801)	(61,877)
Other general and administrative expenses	29	(273,481)	(317,662)
<b>Total operating expenses before expected credit losses</b>		<b>(909,848)</b>	(904,109)
<b>Expected credit losses on:</b>			
Loans and advances	8	(118,020)	(168,549)
Financial contingencies and commitments	18	(15,837)	(20,867)
Investments and placements	5/6	(425)	(1,362)
<b>Total expected credit losses</b>		<b>(134,282)</b>	(190,778)
<b>Total operating expenses</b>		<b>(1,044,130)</b>	(1,094,887)
<b>Net income for the year before zakat</b>		<b>422,109</b>	267,612
Zakat charge	30	(80,784)	(47,136)
<b>Net income for the year</b>		<b>341,325</b>	220,476
<b>Earnings per share (expressed in SAR per share)</b>			
Basic and diluted earnings per share		<b>0.455</b>	0.294

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

(Amounts in SAR'000)

	Note	2024	2023
<b>Net income for the year</b>		<b>341,325</b>	220,476
<b>Other comprehensive income / (loss)</b>			
<i>Items that will not be reclassified to the consolidated statement of income in subsequent years:</i>			
- Net change in fair value of FVOCI equity investments		(4,700)	41,403
- Re-measurement on defined benefit plans	15	(11,859)	6,142
<i>Items that are or may be reclassified to the consolidated statement of income in subsequent years:</i>			
- Debt instruments at fair value through other comprehensive income:			
Net change in fair value		(3,295)	-
Net change in expected credit losses		298	-
<b>Other comprehensive (loss)/ income for the year</b>		<b>(19,556)</b>	47,545
<b>Total comprehensive income for the year</b>		<b>321,769</b>	268,021

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

(Amounts in SAR'000)

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total equity
<b>Balance at 1 January 2024</b>	<b>7,500,000</b>	<b>1,753</b>	<b>(2,482)</b>	<b>520</b>	<b>7,499,791</b>
Net income for the year	-	-	-	<b>341,325</b>	<b>341,325</b>
<b>Other comprehensive income for the year</b>					
Equity investments classified as FVOCI	-	-	<b>(4,700)</b>	-	<b>(4,700)</b>
Debt securities classified as FVOCI	-	-	<b>(3,295)</b>	-	<b>(3,295)</b>
Expected credit losses on debt securities	-	-	<b>298</b>	-	<b>298</b>
Remeasurement of defined benefit plan	-	-	-	<b>(11,859)</b>	<b>(11,859)</b>
Total other comprehensive loss for the year	-	-	<b>(7,697)</b>	<b>(11,859)</b>	<b>(19,556)</b>
Total comprehensive income for the year	-	-	<b>(7,697)</b>	<b>329,466</b>	<b>321,769</b>
Disposal of FVOCI equity investments	-	-	<b>(15)</b>	<b>15</b>	-
Transfer of profit to statutory reserve	-	<b>85,331</b>	-	<b>(85,331)</b>	-
<b>Balance at 31 December 2024</b>	<b>7,500,000</b>	<b>87,084</b>	<b>(10,194)</b>	<b>244,670</b>	<b>7,821,560</b>

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2023	7,500,000	1,753	16,163	(286,146)	7,231,770
Net income for the year	-	-	-	220,476	220,476
Other comprehensive income for the year					
Equity investments classified as FVOCI	-	-	<b>41,403</b>	-	<b>41,403</b>
Remeasurement of defined benefit plan	-	-	-	<b>6,142</b>	<b>6,142</b>
Total other comprehensive income for the year	-	-	<b>41,403</b>	<b>6,142</b>	<b>47,545</b>
Total comprehensive income for the year	-	-	<b>41,403</b>	<b>226,618</b>	<b>268,021</b>
Disposal of FVOCI equity investments	-	-	<b>(60,048)</b>	<b>60,048</b>	-
Balance at 31 December 2023	7,500,000	1,753	(2,482)	520	7,499,791

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements

## Consolidated Statement of Cash Flows

For the year ended 31 December 2024

(Amounts in SAR'000)

	Note	2024	2023
<b>OPERATING ACTIVITIES</b>			
Net income for the year before zakat		<b>422,109</b>	267,612
<b>Adjustments to reconcile net income before zakat to net cash flow (used in) / generated from operating activities:</b>			
Depreciation of property, furniture, fixtures and equipment	10	<b>19,453</b>	19,106
Amortisation of intangible assets	11	<b>23,506</b>	18,181
Depreciation of right-of-use assets	28	<b>25,842</b>	24,590
Interest expense on lease liabilities	29	<b>11,780</b>	13,010
Expected credit losses on:			
Financial contingencies and commitments	18	<b>15,837</b>	20,867
Loans and advances	8	<b>118,020</b>	168,549
Investments held at amortised cost	6	<b>425</b>	1,362
Gain on investments held at FVSI	22	<b>(49,013)</b>	(57,245)
Loss/ (gain) on other financial instruments, net	23	<b>8,123</b>	(11,411)
End of service benefits		<b>17,065</b>	16,381
Operating income before changes in operating assets & liabilities		<b>613,147</b>	481,002
<b>Net (increase) / decrease in operating assets:</b>			
Statutory deposit with SAMA		<b>(14,427)</b>	(230,571)
Due from banks and other financial institutions		<b>(30,000)</b>	100
Positive fair value of derivatives		<b>42,576</b>	101,066
Loans and advances		<b>(4,588,573)</b>	(2,677,773)
Other assets		<b>(52,832)</b>	(9,245)
<b>Net increase / (decrease) in operating liabilities:</b>			
Due to banks and other financial institutions		<b>3,609,132</b>	(331,831)
Negative fair value of derivatives		<b>(70,395)</b>	(69,535)
Customers' deposits		<b>6,923,270</b>	2,510,609
Other liabilities		<b>645,522</b>	(179,939)
		<b>7,077,420</b>	(406,117)
Zakat paid		<b>(47,141)</b>	(23,556)
End of service benefits paid	15	<b>(5,584)</b>	(5,250)
<b>Net cash generated from / (used in) operating activities</b>		<b>7,024,695</b>	(434,923)
<b>INVESTING ACTIVITIES</b>			
Purchase of investments held at amortised cost		<b>(3,380,125)</b>	(5,605,002)
Matured investments held at amortised cost		<b>2,621,858</b>	3,464,907
Purchase of investments held at FVSI		<b>(46,912)</b>	(25,000)
Purchase of investments held at FVOCI		<b>(372,725)</b>	-
Proceeds from sale of investments held at FVOCI		<b>4,295</b>	300,918
Proceeds from sale of investments held at FVSI		<b>-</b>	2,442
Purchase of property, furniture, fixtures and equipment	10	<b>(250,761)</b>	(26,233)
Purchase of intangible assets	11	<b>(77,090)</b>	(59,502)
<b>Net cash used in investing activities</b>		<b>(1,501,460)</b>	(1,947,470)

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements

## Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024

(Amounts in SAR'000)

	Note	2024	2023
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of Subordinated debt		-	1,500,000
<b>Net cash generated from financing activities</b>		-	1,500,000
<b>Net change in cash and cash equivalents</b>		<b>5,523,235</b>	(882,393)
Cash and cash equivalents at the beginning of the year		<b>7,227,783</b>	8,110,176
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	31	<b>12,751,018</b>	7,227,783
Special Commission received during the year		<b>2,808,312</b>	2,504,749
Special Commission paid during the year		<b>(1,869,278)</b>	(1,691,652)
<b>Supplemental non-cash information</b>			
Net changes in fair value of FVOCI investments		<b>(7,697)</b>	41,403

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 1. GENERAL

Gulf International Bank – Saudi Arabia (a Closed Joint Stock Company - incorporated in the Kingdom of Saudi Arabia) (the “Bank”) was formed after conversion from a foreign branch in accordance with Ministerial resolution number 2007 dated 14 March 2018G, corresponding to 26 Jumada Al-Thani 1439H, and SAMA approval number 391000082125 dated 9 April 2018G, corresponding to 23 Rajab 1439H.

The Bank commenced its operations as a Closed Joint Stock Company on 3 April 2019G, corresponding to 27 Rajab 1440H. The Bank operates under Commercial registration number 2052001920 through its three locations in Riyadh, Jeddah and Dhahran. The address of the Bank’s Head Office is as follows:

Gulf International Bank – Saudi Arabia  
5515 Cooperative Council Road  
Al Khuzama Area, unit No: 54, Al Khobar  
Kingdom of Saudi Arabia

The Bank’s activities comprise wholesale, commercial, and retail banking services. The Bank also provides to its customers Shariah-compliant products that are approved and supervised by an independent Shariah Board established by the Bank.

Following are the subsidiaries of the Bank (collectively referred to as “the Group”).

Name of subsidiary	Ownership interest % held by the owners of the Bank		
	31.12.24	31.12.23	Country of incorporation
GIB Capital Company (a)	100	100	Kingdom of Saudi Arabia
Dar Enjaz Gulf Real Estate Company (b)	100	100	Kingdom of Saudi Arabia
GIB KSA Markets Limited (c)	100	100	Cayman Islands

a. GIB Capital Company - a limited liability company incorporated in Kingdom of Saudi Arabia under commercial registration no. 1010244294 provides financial advisory services in connection with equity placements, mergers, disposals and acquisitions, privatisations, debt capital market products and services, strategic debt advisory and asset management. GIB Capital’s clients include institutional investors and high net worth (“HNW”) individuals.

b. Incorporated in the Kingdom of Saudi Arabia under commercial registration no.1010326338, issued in Riyadh. The Subsidiary was formed with the approval of SAMA for the purpose of dealing, managing and holding real estate on behalf of the Bank.

c. A limited liability company incorporated in the Cayman Islands. The Company is engaged in derivatives trading and repo activities.

### 2. BASIS OF PREPARATION

#### a) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the IFRS Accounting Standards as issued by International Accounting Standards Board and endorsed in the Kingdom of Saudi Arabia (“IFRS”) and in compliance with other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2023) (hereinafter referred as “the Law”) came into force on 26/6/1444H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance was expected no later than two years from 26/6/1444H (corresponding to January 19, 2023). The management has updated the By laws assessed the impact of the New Regulations of Companies on the Group and believe to be insignificant.

#### b) Basis of measurement and presentation

These consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the measurement at fair value of derivatives, investments held at fair value through the statement of income (FVSI) and fair value through the statement of other comprehensive income (FVOCI) and defined benefit obligations. In addition, financial assets or liabilities that are hedged in a fair value hedging relationship, and otherwise adjusted to record changes in fair value attributable to the risks that are being hedged. The consolidated statement of financial position is presented in order of liquidity.

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 2. BASIS OF PREPARATION (continued)

#### c) Going concern

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

#### d) Functional and presentation currency

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

#### e) Critical accounting judgements, estimates and assumptions

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

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

#### Judgement of equity vs liability for Tier 1/2 Sukuk

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

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

#### i) Expected credit losses ("ECL") on financial assets

The measurement of ECL under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining expected credit losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a. The selection of an estimation technique or modelling methodology, covering below key judgements and assumptions:

- The Bank's internal credit grading model, which assigns Probability of Default (PD) to the individual grades;
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 2. BASIS OF PREPARATION (continued)

#### e) Critical accounting judgements, estimates and assumptions (continued)

b. The selection of inputs for those models, and the interdependencies between those inputs such as macroeconomic scenarios and economic inputs.

- ii) Fair value Measurement
- iii) Impairment of FVOCI debt investments
- iv) Classification of Financial assets
- v) Determination of control over investees
- vi) Depreciation and amortisation
- vii) Consolidation decisions and classification of joint arrangements
- viii) Define benefit plan
- ix) Government grant
- x) Impairment test of intangible and furniture, fixtures and equipment
- xi) Acquisition of subsidiary: Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis
- xii) Lease accounting
- xiii) Recognition and measurement of contingencies
- xiv) Determination of significant influence over an investee
- xv) Determining the fair values less cost to sell of the disposal group on the basis of significant unobservable inputs
- xvi) Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

### 3. MATERIAL ACCOUNTING POLICIES

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

The material accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023. The following accounting policies are applicable effective 1 January 2024 replacing, amending, or adding to the corresponding accounting policies set out in 2023 annual consolidated financial statements.

#### New standards, interpretations and amendments adopted by the Group

Following standard, interpretation or amendment are effective from the annual reporting period beginning on 1 January 2024 from the current year and are adopted by the Group, however, these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

Standards, interpretations, amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants and Classification of liabilities as current or non-current	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### Accounting standards issued but not yet effective

Standards, interpretations, amendments	Description	Effective date
Amendment to IFRS 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.	1 January 2025
Amendments to IFRS 10 and IAS 28– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.  The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

#### a. Basis of consolidation

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

Subsidiaries are investees controlled by the Group. Specifically, the Group controls an investee if and only if the Group has:

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

These control indicators are subject to management's judgement, and can have a significant effect in the case of the Group's interests in investment funds.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### a. Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

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

Transactions with non-controlling interests (if material) that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. Non-controlling interests are subsequently adjusted for their share of changes in equity of the consolidated subsidiary after the date of acquisition.

All intra-group balances, transactions, income, and expenses are eliminated in full in preparing these consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as that of the Bank. The consolidated financial statements have been prepared using uniform accounting policies and valuation methods for like transactions and other events in similar circumstances. The accounting policies of subsidiaries have been changed (if any) where necessary to align them with the policies adopted by the Group.

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

#### b. Business combination under IFRS 3

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### b. Business combination under IFRS 3 (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in statement of income.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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 combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3, 'Business combinations', a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Bank elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Costs related to the acquisition are expenses as incurred. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized directly in the consolidated statement of income.

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 acquisitions not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by (a) accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IFRS 9, 'Financial Instruments'; and (b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

#### c. Business combination under common controlled transactions

A 'business combination involving entities or businesses under common control' is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The acquirer in a common control transaction should use in its consolidated financial statements either the book value (carry-over basis) accounting on the basis that the investment has simply been moved from one part of the Group to another or IFRS 3 accounting on the basis that the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole. The Group has adopted the book value as the basis of accounting for the investment in GIB Capital Company.

In applying book value accounting, an adjustment may be required in equity to reflect any difference between the consideration paid and the net assets of the acquiree. The following are possible approaches to recognising the adjustment:

- Reflect the adjustment in a capital account, called a 'merger' reserve or similar; or
- Reflect the adjustment in retained earnings.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### C. Business combination under common controlled transactions (continued)

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group, the assets acquired and liabilities assumed are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity, and any gain/loss arising is recognised directly in equity. Any consideration paid more than the net assets will directly be reflected in the retained earnings,

#### d. Financial instruments

##### i) Classification of financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through the statement of income ("FVSI").

##### Financial asset at amortised cost

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

- a. The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b. 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 amount outstanding.

##### Financial asset at FVOCI

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

- i) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ii) 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 amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in the consolidated statement of income. The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to statement of income. The accumulated loss recognised in OCI is recycled to the statement of income upon derecognition of the assets.

**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 instrument-by-instrument (i.e. share-by-share) basis.

##### Financial asset at FVSI

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVSI. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVSI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

##### ii) Business model assessment

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### d. Financial instruments (continued)

##### ii) Business model assessment (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group change the classification of the remaining financial assets held in that business model. Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVSI because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

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

##### Designation at fair value through consolidated statement of income

At initial recognition, to eliminate or significantly reduces the accounting mismatch, the Group may irrevocably designate certain financial assets at FVSI.

##### iii) Classification of financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective special commission rate ("ESCR").

##### iv) Derecognition

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCL.

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

##### Financial assets

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in consolidated statement of income. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-andrepurchase transactions, as the Group retains all or substantially all of the risks and rewards of ownership of such assets.

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

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

##### Financial liabilities

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### d. Financial instruments (continued)

##### v) Modifications of financial assets and financial liabilities

##### Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new financial asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in consolidated statement of income as part of the gain or loss on derecognition.

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

##### Financial liabilities

The Group derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of income. If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in consolidated statement of income. For financial liabilities, the Group considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

##### vi) Impairment

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

- i) Financial assets that are debt instruments;
- ii) Financial guarantee contracts issued; and
- iii) Loan commitments issued.

No impairment loss is recognised on equity investments.

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### d. Financial instruments (continued)

##### vi) Impairment (continued)

###### Measurement of ECL

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

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

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

- Financial assets other than purchased or originated credit-impaired (POCI) financial assets: 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 special commission rate of the existing financial asset.

###### Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### d. Financial instruments (continued)

##### vi) Impairment (continued)

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

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

###### POCI financial assets

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

###### Credit cards and other revolving facilities

Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group 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 Group calculates ECL for these products, is five years for corporate and seven years for retail products. The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade, but greater emphasis is also given to qualitative factors such as changes in usage.

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

The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

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

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- Loan commitments and financial guarantee contracts: generally, as a provision classified under other liabilities.

Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

###### 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 other income.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### d. Financial instruments (continued)

##### vii) Financial guarantees, letter of credits and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. The premium received is recognised in the income statement in Net fees and commission income on a straight line basis over the life of the guarantee

Loan commitments and letter of credits' are firm commitments under which, over the duration of the commitments, the Group is required to provide credit under pre-specified terms and conditions Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL is recorded.

Financial guarantees issued or commitments to provide loan at a below market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principle of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognized.

- The Group issued no loan commitment that are measured at FVSI.
- Liabilities arising from financial guarantees and loan commitments are included within provisions.

#### e. 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 of a government deposit at a below-market rate of interest is treated as a government grant related to income. The below-market rate deposit is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. Government grant is recognised in 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.

#### f. Revenue / expense recognition

##### Special commission income and expense

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

When calculating the effective special commission rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective special commission rate is calculated using estimated future cash flows including expected credit losses.

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

##### Measurement of amortised cost and special commission income

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### f. Revenue / expense recognition (continued)

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

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

##### Exchange income / (loss)

Exchange income / (loss) is recognised as discussed in foreign currencies policy.

##### Fee and commission income

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

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. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Advisory service fees are recognised based on the applicable service contract, usually on a time proportionate basis as the services are performed. Advisory services where the underlying significant act is completed or instances for which no further activities are required to be done are considered fully earned.

Asset management fee income from mutual funds and discretionary portfolio management are recognised based on a fixed percentage of net assets value under management, subject to applicable terms and conditions and service contracts with customers and funds. The Group attributes the revenue from management fees to the services provided during the period, because the fee relates specifically to the Group efforts to transfer these services. As asset management fees are not subject to refunds, management does not expect any reversal of revenue previously recognised.

Margin lending is a financing facility provided to existing customers to trade in the capital market. Special commission income is recognised based on customer utilisation of the margin lending financing facility at the applicable rates agreed in the contract with the customer. The special commission income is accrued daily on the outstanding balance at the effective special commission rate method.

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

##### Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income, net income from FVSI financial instruments or other operating income based on the underlying classification of the equity instrument.

##### Net trading income / (loss)

Net income from other financial instruments at FVSI relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships, financial assets and financial liabilities designated as at FVSI.

#### g. Sale and repurchase agreements

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

The transactions are treated as collateralised borrowing and counter-party liability for amounts received under these agreements is included in "cash and balances with Saudi Central Bank (SAMA)" or "due to banks and other financial institutions" or "customers' deposits", as appropriate. The difference between sale and repurchase price is treated as special commission expense and accrued over the life of the repo agreement on an effective special commission basis. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognised in the consolidated statement of financial position, as the Group does not obtain control over the assets. Amounts paid under these agreements are included in "cash and balances with Saudi Central Bank (SAMA)", "due from banks and other financial institutions" or "loans and advances", as appropriate. The difference between purchase and resale price is treated as special commission income and accrued over the life of the reverse repo agreement on an effective special commission basis.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### h. Settlement date accounting

All regular-way purchases and sales of financial assets are recognised and derecognised on the settlement date i.e. the date on which the asset is delivered to, or received from, the counterparty. The Group accounts for any changes in fair values between the trade date and the settlement date in the same way it accounts for the acquired asset. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or convention in the marketplace.

A financial asset or a financial liability is measured initially at fair value plus, for an item not at FVSI, transaction costs that are directly attributable to its acquisition or issue.

#### i. Rendering of services

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

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

#### j. Derivative financial instruments and hedge accounting

Derivative financial instruments, including foreign exchange contracts, commission rate futures, forward rate agreements, currency and commission rate swaps, currency and commission rate options (both written and purchased) are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value in the consolidated statement of financial position with transaction costs recognised in the consolidated statement of income. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models as appropriate.

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

##### i) Derivatives held for trading

Any changes in the fair value of derivatives that are held for trading purposes are taken directly to the consolidated statement of income and disclosed in gain / loss) on FVSI Financial Instruments, net. Derivatives held for trading also include those derivatives which do not qualify for hedge accounting.

##### ii) Embedded derivatives

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

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

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

For financial assets, the requirements are whether the financial asset contains contractual terms that give rise on specified dates to cashflows that are SPPI, and consequently the accounting of embedded derivatives are not applicable to financial assets.

##### iii) Hedge accounting

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships to manage exposures to interest rate, foreign currency, and credit risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risk, the Group applies hedge accounting for transactions that meet specific criteria.

For the purpose of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability, (or assets or liabilities in case of portfolio hedging), or an unrecognised firm commitment or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the reported net gain or loss; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or to a highly probable forecasted transaction that will affect the reported net gain or loss.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### j. Derivative financial instruments and hedge accounting (continued)

##### iii) Hedge accounting (continued)

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

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognized in the statement of income in 'Net trading income'. For situations where the hedged item is a forecast transaction, the Group also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the statement of income

##### Fair value hedges

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

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

##### Micro fair value hedges

A fair value hedge relationship is a 'Micro fair value hedge' when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a micro fair value hedge relationship include fixed rate corporate and small business loans, fixed rate debt instruments at FVOCI and fixed rate issued long-term deposits. These hedge relationships are assessed for prospective and retrospective hedge effectiveness on a monthly basis. If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or the Group decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively. If the relationship does not meet the hedge effectiveness criteria, the Group discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement. For fair value hedge relationships where the hedged item is not measured at amortised cost, such as debt instruments at FVOCI, changes in fair value that were recorded in the income statement whilst hedge accounting was in place are amortised in a similar way to amortised cost instruments using the EIR method. However, as these instruments are measured at their fair values in the statement of financial position, the fair value hedge adjustments are transferred from the income statement to OCI. There were no such instances in either the current year or in the comparative year.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### j. Derivative financial instruments and hedge accounting (continued)

##### iii) Hedge accounting

##### Portfolio (macro) fair value hedges

The Group applies macro fair value hedging to its fixed rate mortgages. The Group determines hedged items by identifying portfolios of homogenous loans based on their contractual interest rates, maturity and other risk characteristics. Loans within the Identified portfolios are allocated to repricing time buckets based on expected, rather than contractual, repricing dates. The hedging instruments (pay fix/receive floating rate interest rate swaps) are designated appropriately to those repricing time buckets. Hedge effectiveness is measured on a monthly basis, by comparing fair value movements of the designated proportion of the bucketed loans due to the hedged risk, against the fair value movements of the derivatives, to ensure that they are within an 80% to 125% range. The aggregated fair value changes in the hedged loans are recognised as an asset in the Fair value hedge accounting adjustment on the face of the Statement of financial position. Should hedge effectiveness testing highlight that movements for a particular bucket fall outside the 80-125% range (i.e., the hedge relationship was ineffective for the period), no fair value hedge accounting adjustment is recorded for that month for that particular bucket. Regardless of the results of the retrospective hedge effectiveness testing, at the end of every month, in order to minimise the ineffectiveness from early repayments and accommodate new exposures, the Group voluntarily de-designates the hedge relationships and re-designates them as new hedges. At de-designation, the fair value hedge accounting adjustments are amortised on a straight-line basis over the original hedged life.

##### Cash flow hedges

For designated and qualifying cash flow hedging, derivatives instruments in a hedge of a variability in cash flows attributable to a particular risk associated with recognised asset or a liability or a highly probable forecast transaction that could affect the statement of income, the portion of the gain or loss on the hedging instrument that is determined to be an effective portion is recognised directly in other comprehensive income and the ineffective portion, if any, is recognised in the (consolidated) statement of income. For cash flow hedges affecting future transactions, the gains or losses recognised in other reserves, are transferred to the (consolidated) statement of income in the same period in which the hedged item affects the (consolidated) statement of income. However, if the Group expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into the statement of income as a reclassification adjustment the amount that is not to be recognized.

Where the hedged forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, then at the time such asset or liability is recognised the associated gains or losses that had previously been recognised directly in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of such asset or liability. When the hedging instrument is expired or sold, terminated, or exercised, or no longer qualifies for hedge accounting, or the forecast transaction is no longer expected to occur, or the Group revokes the designation then hedge accounting is discontinued prospectively. At that point of time, any cumulative gain or loss on the cash flow hedging instrument that was recognised in other comprehensive income from the period when the hedge was effective is transferred from equity to statement of income when the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur and affects the statement of income, the net cumulative gain or loss recognised in "other comprehensive income" is transferred immediately to the (consolidated) statement of income for the period.

#### k. Foreign currencies

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### k. Foreign currencies (continued)

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the spot rates prevailing at transaction dates. Monetary assets and liabilities at year-end, denominated in foreign currencies, are translated into Saudi Arabian Riyals at rates of exchange prevailing at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for the effective special commission rate and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. All differences arising on non-trading activities are taken to other non-operating income in the consolidated statement of income.

#### l. Offsetting financial instruments

Financial assets and liabilities are offset and 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.

Income and expenses are not offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

#### m. Fair value measurement

The Group measures financial instruments, such as, derivatives and equity instruments and non-financial assets, at fair value at each consolidated statement of financial position date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 35.

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 by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing 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 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing 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.

The Group's investment committee determines the policies and procedures for both recurring fair value measurement, such as unquoted FVOCI financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation. The investment committee comprises of the senior management committee members.

Expert judgement is involved for valuation of significant assets, such FVOCI financial assets, and significant liabilities, such as contingent consideration. Involvement of experts is decided upon annually by the investment committee after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The investment committee decides, after discussions with the experts, which valuation techniques and inputs to use for each case.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### m. Fair value measurement (continued)

At each reporting date, the investment committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the investment committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The investment committee, in conjunction with the Group's experts, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

#### 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. The Group's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9. Collateral, unless repossessed, is not recorded on the Group's consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

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

#### 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 repossessed 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.

#### n. Property, furniture, fixtures and equipment

Property, furniture, fixtures and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. Changes in the expected useful life are accounted for by changing the period or method, as appropriate, and treated as changes in accounting estimates.

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

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

Buildings	35 years
Leasehold improvements	Ten years or over the period of lease, whichever is the shorter.
Furniture and equipment	Four to five years.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### o. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Group does not have any intangible assets with indefinite useful lives.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income.

#### p. Provisions

Provisions are recognised when a reliable estimate can be made by the Group for a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation.

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

#### q. Accounting for leases

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

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

#### Right-of-use assets

The Group applies the cost model, and measure Right-of-Use (RoU) asset at cost; less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability for lease modifications.

Generally, RoU asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

#### Lease liability

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

After the commencement date, Group measures the lease liability by 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### q. Accounting for leases (continued)

The lease liability is measured at amortised cost using the effective special commission method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

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

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

#### r. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, "cash and cash equivalents" include notes and coins on hand, balances with SAMA excluding statutory deposits, and due from banks and other financial institutions with original maturity of three months or less which are subject to insignificant risk of changes in their fair value.

#### s. End of service benefits (defined benefit plan)

The Group operates a non-funded employee terminal benefit plan, which is classified as a defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high-quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through the consolidated statement of comprehensive income in the period in which they arise.

#### t. Short term employee benefits

Short term employee benefits are measured on an undiscounted basis and is expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### u. 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.

#### v. Value added tax ("VAT") and withholding tax

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

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, as required under Saudi Arabian Income Tax Law.

#### w. Investment management services

The Group offers investment services to its customers, through its subsidiary, which include management of certain investment funds in consultation with investment advisors. Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in the consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### x. Customer loyalty program

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

#### y. Islamic banking products

In addition to the conventional banking, the Group offers its customers certain Islamic banking products, which are approved by its Shariah Board, as follows:

#### High level definitions of Islamic products

- (i) Murabaha is an agreement whereby the Group sells to a customer a commodity or an asset, which the Group has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.
- (ii) Tawaraq is a form of Murabaha transactions where the Group purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for his financing requirements.
- (iii) Istisna'a is an agreement between the Bank and a customer whereby the Bank sells to the customer a developed asset according to agreed upon specifications, for an agreed upon price.
- (iv) Ijarah is an agreement whereby the Group, acting as a lessor, purchases or constructs an asset for lease according to the customer request (lessee), based on his promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee.

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

#### z. Determination of control over investees

The control indicators are subject to management's judgements, and can have a significant effect in the case of the Group's interests in investments funds. The Group acts as Fund Manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried profits and expected management fees) and the investor's rights to remove the Fund Manager. The Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

#### aa. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Bank purchases the Bank's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of the Bank as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Bank.

Shares held by the Bank are disclosed as treasury shares and deducted from contributed equity

#### ab. aDeposits, debt securities issued and subordinated liabilities

When the Bank designates a financial liability as at FVSI, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in OCI as a liability credit reserve. On initial recognition of the financial liability, the Bank assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in OCI would create or enlarge an accounting mismatch in statement of income. This assessment is made by using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in the credit risk; with
- the impact on statement of income of expected changes in fair value of the related instruments.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 3. MATERIAL ACCOUNTING POLICIES (continued)

#### ac. Profit sharing investment account (PSIA)

The Bank offers Unrestricted and Restricted Investment Accounts based on fully sharia compliant concept.

In Mudaraba, the Bank (Mudarib) manages Investment Account Funds (IAH) along with its own share of investment, to an unrestricted joint investment pool. Funds from this unrestricted joint investment pool are utilized to provide financing to customers under Islamic modes and to invest in other Sharia compliant investments opportunities. Such information is available for all customers at Bank's website, branches, and call center.

Under Wakala arrangement, Bank accepts funds from investors as Wakeel and invests in Sharia compliant assets. Wakeel is entitled to a fixed fee as a lump sum or percentage of fund provided. Expected profit payout is mentioned to investors upfront while any return generated in excess of expected profit is retained by the Bank as Wakeel. Wakeel should bear the loss in case of Wakeel's default, negligence or violation of any terms and conditions of the Wakala agreement, otherwise the loss would be borne by the investor or Muwakil.

The Bank maintains necessary reserves as required by SAMA.

Any profits accrued out of the investment are shared between the two parties on a pre-agreed basis, while loss (if any) is borne by the Investor (Rab-ul-Maal). Operating expenses incurred by the Bank are not charged to investment account. In case of the loss resulting from the transactions in a jointly financed investment, such loss shall first be deducted from undistributed profits, if any. Any excess of such loss shall be deducted from Investment Risk Reserve (IRR). Any remaining of such loss shall be deducted from the total balance of fund available in the pool, as at that date, in the respective ratio of the Bank's and IAH's respective contribution to the fund.

The investment risk reserve is deducted from customer's share after allocating the Mudarib share of profit as per the approved policy in order to cater against future losses of equity of unrestricted investment accountholders. Investment risk reserve will revert to the investment accountholders as per terms and conditions of Mudaraba contract.

The profit equalization reserve is the amount the bank appropriates in excess of the profit to be distributed to equity of unrestricted accountholders before allocating the Mudarib share of income to maintain a certain level of return. Profit equalization reserve will revert to owner equity and unrestricted investment accountholders.

Unrestricted investment accountholders are commingled with Bank funds for investment, no priority is granted to any party for the purpose of investments and distribution of profits. The administration expenses are only charged on the Bank expenses.

#### ad. Transfer Pricing on Intra-Group Transactions (Subsidiaries, ("Gulf International Bank B.S.C. and its affiliates"))

The Group provides and receives services and has established a transfer pricing policy in accordance with the OECD Transfer Pricing Guidelines and applicable Saudi transfer pricing regulations. This policy ensures that intercompany transactions are conducted on an arm's length basis and are properly documented. It is reviewed annually to maintain alignment with evolving international standards and local regulatory requirements. Additionally, the entity complies with domestic transfer pricing regulations through the timely preparation and submission of all required documentation.

### 4. CASH AND BALANCES WITH SAUDI CENTRAL BANK (SAMA)

	Note	2024	2023
Money market placement with SAMA	4.1	5,858,000	4,873,000
Statutory deposits	4.2	1,789,550	1,775,123
Cash in hand		16,500	15,693
Current account		5,865	3,681
		<b>7,669,915</b>	<b>6,667,497</b>

4.1 Money market placement with SAMA represents overnight reverse repo placement with SAMA that mature on 1 January 2025 (2023: 1 January 2024).

4.2 In accordance with the Banking Control Law and regulations issued by SAMA, the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its customer demand, savings, time and other deposits liabilities, calculated at the end of each month. The statutory deposits with SAMA are not available to finance the Bank's day-to-day operations and therefore are not part of cash and cash equivalents (note 31), when preparing the consolidated statement of cash flows.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 5. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS, NET

	2024	2023
Current accounts	1,079,996	186,733
Money market placements	5,790,671	2,178,688
Less: expected credit losses	(14)	(12)
	<b>6,870,653</b>	<b>2,365,409</b>

The above includes Shariah based balances as below:

	2024	2023
Murabaha placements	-	300,047

The credit quality of due from banks and other financial institutions is assessed using external credit rating agencies. The above due from banks and other financial institutions balances are neither past due nor impaired. Due from Banks and other financial institutions only includes balances with investment grade Banks and all above balances are classified as stage 1.

### 6. INVESTMENTS, NET

#### a) Investment securities are classified as follows:

	Note	2024	2023
Investments held at amortised cost - gross	(6g)	9,546,700	8,788,433
Less: expected credit losses	(6j)	(2,722)	(2,597)
Investments held at amortised cost - net		9,543,978	8,785,836
Investments held at FVSI	(6e)	378,731	282,806
Investments held at FVOCI	(6f)	397,630	36,897
		<b>10,320,339</b>	<b>9,105,539</b>

#### b) Investment securities include Shariah based investments as follows:

	2024	2023
Investments held at amortised cost - Sukuks	7,232,612	5,069,999
Investments held at FVSI - Mutual funds	363,472	142,587
Investments held at FVOCI	84,465	26,565
Less: expected credit losses	(2,230)	(1,900)
	<b>7,678,319</b>	<b>5,237,251</b>

#### c) The analysis of investments by counterparty is as follows:

	2024	2023
Government and quasi government	8,224,882	7,713,842
Corporate	772,667	690,885
Banks and other financial institutions	1,325,512	703,409
Less: expected credit losses	(2,722)	(2,597)
	<b>10,320,339</b>	<b>9,105,539</b>

#### d) The analysis of the composition of investments is as follows

	2024			2023		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Debt securities - fixed-rate securities	9,640,304	-	9,640,304	8,459,798	-	8,459,798
Debt securities - floating-rate securities	200,054	75,231	275,285	253,364	75,271	328,635
Less: expected credit losses	(2,690)	(32)	(2,722)	(1,965)	(632)	(2,597)
Equities	34,407	9,593	44,000	51,452	10,332	61,784
Mutual Funds	363,472	-	363,472	257,919	-	257,919
	<b>10,235,547</b>	<b>84,792</b>	<b>10,320,339</b>	<b>9,020,568</b>	<b>84,971</b>	<b>9,105,539</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 6. INVESTMENTS, NET (continued)

#### e) Investments held at fair value through statement of income (FVSI)

	2024	2023
Mutual funds	363,472	257,919
Equity investments	15,259	24,887
	<b>378,731</b>	<b>282,806</b>

#### f) Investments held at fair value through other comprehensive income (FVOCI)

	2024	2023
Equity investments	28,741	36,897
Debt securities	368,889	-
	<b>397,630</b>	<b>36,897</b>

The FVOCI designation was made on the basis that the investments are expected to be held for the long-term for strategic purposes. During the year ended 31 December 2024, the Group disposed of certain investments measured at FVOCI which are not material.

The Following table shows the reconciliation from opening balances to the closing balances for level 3 fair value of FVOCI equity investments.

	2024	2023
Balance at 1 January	10,332	6,883
Net change in fair value	(739)	3,449
Balance at 31 December	<b>9,593</b>	<b>10,332</b>

#### g) Reconciliation of gross carrying amount from the opening to the closing balance of the investments held at amortised cost.

31 December 2024	Stage 1 (12-month ECL)	Total
Balance at 1 January	8,788,433	8,788,433
Net change	758,267	758,267
Balance at 31 December	<b>9,546,700</b>	<b>9,546,700</b>

31 December 2023	Stage 1 (12-month ECL)	Total
Balance at 1 January	6,294,222	6,294,222
Net change	2,494,211	2,494,211
Balance at 31 December	8,788,433	8,788,433

#### h) The following table shows the reconciliation of expected credit losses on debt investments held at FVOCI from the opening to the closing balance:

31 December 2024	Stage 1 (12-month ECL)	Total
Balance at 1 January 2024	-	-
Net remeasurement of loss allowance	298	298
Balance at 31 December 2024	<b>298</b>	<b>298</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 6. INVESTMENTS, NET (continued)

#### i) The following table shows reconciliations of gross carrying amount from the opening to the closing balance of the debt securities held at FVOCI:

31 December 2024	Stage 1 (12-month ECL)	Total
New originated	372,725	372,725
Change in fair value	(3,836)	(3,836)
Balance at 31 December 2024	<b>368,889</b>	<b>368,889</b>

#### j) The following table shows reconciliation of expected credit losses on investments held at amortised cost from the opening to the closing balance:

31 December 2024	Stage 1 (12-month ECL)	Total
Balance at 1 January	2,597	2,597
Net remeasurement of loss allowance	125	125
Balance at 31 December	<b>2,722</b>	<b>2,722</b>

31 December 2023	Stage 1 (12-month ECL)	Total
Balance at 1 January	1,235	1,235
Net remeasurement of loss allowance	1,362	1,362
Balance at 31 December	2,597	2,597

#### k) The following table shows the credit quality of the investments held at amortised cost:

31 December 2024	Stage 1 (12-month ECL)	Total
Grades 1-4 : low fair risk	9,546,700	9,546,700
	<b>9,546,700</b>	<b>9,546,700</b>

31 December 2023	Stage 1 (12-month ECL)	Total
Grades 1-4 : low fair risk	8,788,433	8,788,433
	8,788,433	8,788,433

#### l) Investments composition as per geographical

	2024			2023		
	Domestic	International	Total	Domestic	International	Total
Investments held at amortised cost	8,425,974	1,118,004	9,543,978	8,671,065	114,771	8,785,836
Investments held at FVIS	360,885	17,846	378,731	282,806	-	282,806
Investments held at FVOCI	28,741	368,889	397,630	36,897	-	36,897
	<b>8,815,600</b>	<b>1,504,739</b>	<b>10,320,339</b>	<b>8,990,768</b>	<b>114,771</b>	<b>9,105,539</b>

m) Investments include items which have been utilised as pledged collateral under repurchase agreement and securities available under other arrangements. The market value of such investments held as a collateral against active repurchase agreements at 31 December 2024 is SAR 1.6 billion (2023: SAR Nil million).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 7. DERIVATIVES

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

#### a) Swaps

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

#### b) Forwards and futures

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

#### c) Forward rate agreements

Forward rate agreements are individually negotiated commission rate contracts that call for a cash settlement for the difference between a contracted commission rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

#### d) Options

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

#### Held for trading purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers 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.

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

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

As part of its asset and liability management the Group uses derivatives for hedging purposes in order to adjust its own exposure to commission rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall statement of financial position exposures.

The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks. In addition, the Group uses commission rate swaps and commission rate futures to hedge against the commission rate risk arising from specifically identified fixed commission-rate exposures.

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

The tables below summarise the positive and negative fair values of derivative financial instruments, together with the notional amounts, analysed by the term to maturity and monthly average. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 7. DERIVATIVES (continued)

31 December 2024 Derivative financial instruments	Positive fair value	Negative fair value	Notional amount
<b>Held for trading</b>			
Commission rate swaps	83,505	(81,198)	5,142,877
Futures and currency options	93,871	(93,832)	14,789,597
Forward foreign exchange contracts	10,283	(10,618)	1,691,393
Others	3,356	(2,693)	456,058
<b>Held as fair value hedges</b>			
Commission rate swaps - investments	58,132	-	1,574,007
Commission rate swaps - loans	24,691	-	983,607
	<b>273,838</b>	<b>(188,341)</b>	<b>24,637,539</b>

31 December 2023 Derivative financial instruments	Positive fair value	Negative fair value	Notional amount
<b>Held for trading</b>			
Commission rate swaps	104,874	(98,294)	4,963,381
Futures and currency options	121,012	(121,012)	13,590,469
Forward foreign exchange contracts	6,672	(5,700)	614,661
Others	24,147	(23,967)	361,406
<b>Held as fair value hedges</b>			
Commission rate swaps - investments	34,074	(1,640)	686,256
Commission rate swaps - loans	25,635	-	748,949
	<b>316,414</b>	<b>(250,613)</b>	<b>20,965,122</b>

Derivative financial instruments	Maturity of Notional amount - 31 December 2024				Total
	Within 3 months	3 - 12 months	1 - 5 years	Over 5 years	
<b>Held for trading</b>					
Commission rate swaps	150,263	-	3,183,636	1,808,978	5,142,877
Futures and currency options	35,201	1,386,330	9,932,530	3,435,536	14,789,597
Forward foreign exchange contracts	678,501	876,302	136,590	-	1,691,393
Others	-	338,186	117,872	-	456,058
<b>Held as fair value hedges</b>					
Commission rate swaps - Investments	-	-	75,132	1,498,875	1,574,007
Commission rate swaps - Loans	-	-	233,180	750,427	983,607
	<b>863,965</b>	<b>2,600,818</b>	<b>13,678,940</b>	<b>7,493,816</b>	<b>24,637,539</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 7. DERIVATIVES (continued)

	Maturity of Notional amount - 31 December 2023				Total
	Within 3 months	3 - 12 months	1 - 5 years	Over 5 years	
Derivative financial instruments					
Held for trading					
Commission rate swaps	-	-	3,113,413	1,849,968	4,963,381
Futures and currency options	-	888,269	9,378,572	3,323,628	13,590,469
Forward foreign exchange contracts	399,021	215,640	-	-	614,661
Others	257,561	43,844	60,001	-	361,406
Held as fair value hedges					
Commission rate swaps - Investments	-	-	37,500	648,756	686,256
Commission rate swaps - Loans	-	-	374,389	374,560	748,949
	656,582	1,147,753	12,963,875	6,196,912	20,965,122

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

31 December 2024 Hedged items	Adjustments in the carrying amount of the hedge items	Notional amount of hedge item and instrument	Hedging instrument	Positive fair value	Negative fair value
Investments at amortised cost	58,132	1,574,007	Commission rate swap	58,132	-
Loans at amortised cost	24,691	983,607	Commission rate swap	24,691	-

31 December 2023 Hedged items	Adjustments in the carrying amount of the hedge items	Notional amount of hedge item and instrument	Hedging instrument	Positive fair value	Negative fair value
Investments at amortised cost	32,434	686,256	Commission rate swap	34,074	(1,640)
Loans at amortised cost	25,635	748,949	Commission rate swap	25,635	-

Approximately 52% (2023: 58%) of the positive fair value of the Group's derivatives are entered into with financial institutions and 48% (2023: 42%) of the positive fair value contracts are with non-financial institutions counterparties at the reporting date. Approximately 74% (2023: 51%) of the negative fair value of the Group's derivatives are entered into with financial institutions and 26% (2023: 49%) of the negative fair value contracts are with non-financial institutions counterparties at the reporting date. Derivative activities are mainly carried out under the Bank's treasury banking segment.

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

For commission rate swaps entered into with European counterparties, the 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 Over-the-Counter (OTC) derivatives. The regulation includes requirements for reporting of derivatives' contracts and implementation of risk management standards and establishes common rules for central counterparties and trade repositories. Accordingly, all such standardized OTC derivatives contracts are traded on exchanges and cleared through a Central Counter Party (CCP) through netting arrangements and exchanges of cash to reduce counter party credit and liquidity risk. The positive and negative fair values of derivatives including CSA and EMIR cash margins have been netted/offset when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realise the assets and settle the liability simultaneously.

The Bank execute all the derivatives with counterparties with a back to back transaction with the Parent, the management believe that hedging relationships are effective and portfolios are hedged rather than individual transaction level.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 8. LOANS AND ADVANCES, NET

a) The analysis of loans and advances is as follows:

31 December 2024	Commercial loans	Overdrafts	Retail loans	Total
Performing loans and advances	30,233,320	802,808	942,218	31,978,346
Non-performing loans and advances	527,462	-	14,729	542,191
Loans and advances, gross	30,760,782	802,808	956,947	32,520,537
Less: allowance for expected credit losses	(715,405)	(1,411)	(33,207)	(750,023)
Loans and advances, net	30,045,377	801,397	923,740	31,770,514

31 December 2023	Commercial loans	Overdrafts	Retail loans	Total
Performing loans and advances	24,699,210	1,525,814	1,156,880	27,381,904
Non-performing loans and advances	564,824	-	26,472	591,296
Loans and advances, gross	25,264,034	1,525,814	1,183,352	27,973,200
Less: allowance for expected credit losses	(632,018)	(751)	(40,470)	(673,239)
Loans and advances, net	24,632,016	1,525,063	1,142,882	27,299,961

b) Reconciliation of gross carrying amount:

31 December 2024	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL but not credit-impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2024	26,362,295	1,019,609	591,296	27,973,200
Transfers during the year				
Transfer to Stage 1	62,121	(62,121)	-	-
Transfer to Stage 2	(2,069,370)	2,069,370	-	-
Transfer to Stage 3	(1,782)	(17,071)	18,853	-
	(2,009,031)	1,990,178	18,853	-
Written-off during the year	-	-	(41,236)	(41,236)
Net change during the year	4,775,347	(160,052)	(26,722)	4,588,573
Balance at 31 December 2024	29,128,611	2,849,735	542,191	32,520,537

31 December 2023	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL but not credit-impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2023	23,858,497	941,342	631,500	25,431,339
Transfers during the year				
Transfer to Stage 1	440,602	(440,602)	-	-
Transfer to Stage 2	(735,244)	735,244	-	-
Transfer to Stage 3	(4,019)	(46,421)	50,440	-
	(298,661)	248,221	50,440	-
Written-off during the year	-	-	(135,915)	(135,915)
Net change during the year	2,802,459	(169,954)	45,271	2,677,776
Balance at 31 December 2023	26,362,295	1,019,609	591,296	27,973,200

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 8. LOANS AND ADVANCES, NET (continued)

#### c) Reconciliation of expected credit losses:

	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL but not credit- impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
<b>31 December 2024</b>				
Balance at 1 January 2024	91,406	173,492	408,341	673,239
<i>Transfers during the year</i>				
Transfer to Stage 1	2,566	(2,566)	-	-
Transfer to Stage 2	(29,121)	29,121	-	-
Transfer to Stage 3	(1,055)	(2,695)	3,750	-
	(27,610)	23,860	3,750	-
<i>Charge/(reversal) during the year</i>				
Corporate	(9,568)	100,655	(7,128)	83,959
Retail	1,635	(414)	32,840	34,061
	(7,933)	100,241	25,712	118,020
<i>Written-off during the year</i>				
Corporate	-	-	-	-
Retail	-	-	(41,236)	(41,236)
	-	-	(41,236)	(41,236)
Balance at 31 December 2024	55,863	297,593	396,567	750,023
<b>31 December 2023</b>				
Balance at 1 January 2023	76,354	148,430	415,818	640,602
<i>Transfers during the year</i>				
Transfer to Stage 1	13,134	(13,134)	-	-
Transfer to Stage 2	(2,795)	2,795	-	-
Transfer to Stage 3	(59)	(29,818)	29,877	-
	10,280	(40,157)	29,877	-
<i>Charge during the year</i>				
Corporate	980	65,864	59,788	126,632
Retail	3,792	(645)	38,770	41,917
	4,772	65,219	98,558	168,549
<i>Written-off during the year</i>				
Corporate	-	-	(107,530)	(107,530)
Retail	-	-	(28,382)	(28,382)
	-	-	(135,912)	(135,912)
Balance at 31 December 2023	91,406	173,492	408,341	673,239

#### d) Expected credit losses for the year:

	2024	2023
Corporate	83,959	126,632
Retail	34,061	41,917
Total	118,020	168,549

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 8. LOANS AND ADVANCES, NET (continued)

#### e) Details of Shariah based loans and advances:

	2024	2023
Corporate loans	16,492,017	15,038,744
Less: allowance for expected credit losses	(319,688)	(406,850)
	16,172,329	14,631,894
Credit cards	116,973	95,471
Less: allowance for expected credit losses	(7,457)	(4,447)
	109,516	91,024
Personal finance and others	839,973	1,087,881
Less: allowance for expected credit losses	(25,749)	(36,026)
	814,224	1,051,855

#### f) Credit quality of gross loans and advances:

	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL but not credit- impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
<b>31 December 2024</b>				
Grades 1-4: Low – fair risk	22,295,267	-	-	22,295,267
Grades 5-7: Fair / Moderate risk*	6,833,344	2,849,735	-	9,683,079
Grade 8: Substandard	-	-	61,014	61,014
Grade 9: Doubtful	-	-	414,006	414,006
Grade 10: Loss	-	-	67,171	67,171
	29,128,611	2,849,735	542,191	32,520,537
<b>31 December 2023</b>				
Grades 1-4: Low – fair risk	20,505,428	-	-	20,505,428
Grades 5-7: Fair / Moderate risk*	5,856,867	1,019,609	-	6,876,476
Grade 8: Substandard	-	-	80,781	80,781
Grade 9: Doubtful	-	-	486,635	486,635
Grade 10: Loss	-	-	23,880	23,880
	26,362,295	1,019,609	591,296	27,973,200

\* Grade 5-7 : Fair / Moderate risk: These includes customers under watch list

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 8. LOANS AND ADVANCES, NET (continued)

#### g) Economic sector risk concentration for the loans and advances:

	Performing loans and advances	Non-performing loans and advances	Loans and advances, gross	Allowance for expected credit losses	Loans and advances, net
<b>31 December 2024</b>					
Trading and Services	4,754,526	128,846	4,883,372	(324,322)	4,559,050
Financial Services	4,199,155	-	4,199,155	(9,535)	4,189,620
Energy, Oil and Petrochemical	4,055,423	965	4,056,388	(16,240)	4,040,148
Manufacturing	3,581,040	40,151	3,621,191	(53,486)	3,567,705
Real Estate	2,583,247	-	2,583,247	(10,250)	2,572,997
Construction and Engineering	2,207,250	50,868	2,258,118	(54,130)	2,203,988
Quasi Government	727,783	-	727,783	(46)	727,737
Transportation	1,734,017	296,161	2,030,178	(221,449)	1,808,729
Retail	942,218	14,729	956,947	(33,207)	923,740
Communication and Media	1,001,740	170	1,001,910	(1,223)	1,000,687
Agriculture and Fishing	472,656	-	472,656	(668)	471,988
Others	5,719,291	10,301	5,729,592	(25,467)	5,704,125
	<b>31,978,346</b>	<b>542,191</b>	<b>32,520,537</b>	<b>(750,023)</b>	<b>31,770,514</b>

	Performing loans and advances	Non-performing loans and advances	Loans and advances, gross	Allowance for expected credit losses	Loans and advances, net
<b>31 December 2023</b>					
Trading and Services	5,418,163	149,085	5,567,248	(195,161)	5,372,087
Financial Services	3,607,489	-	3,607,489	(5,815)	3,601,674
Energy, Oil and Petrochemical	3,510,708	2,835	3,513,543	(19,288)	3,494,255
Manufacturing	3,174,664	40,915	3,215,579	(41,516)	3,174,063
Real Estate	2,248,114	-	2,248,114	(4,425)	2,243,689
Construction and Engineering	1,641,539	70,579	1,712,118	(58,146)	1,653,972
Quasi Government	1,483,313	-	1,483,313	(351)	1,482,962
Transportation	1,314,283	301,240	1,615,523	(224,402)	1,391,121
Retail	1,156,880	26,472	1,183,352	(40,473)	1,142,879
Communication and Media	646,527	170	646,697	(1,941)	644,756
Agriculture and Fishing	597,031	-	597,031	(1,177)	595,854
Others	2,583,193	-	2,583,193	(80,544)	2,502,649
	<b>27,381,904</b>	<b>591,296</b>	<b>27,973,200</b>	<b>(673,239)</b>	<b>27,299,961</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 9. OTHER ASSETS

	2024	2023
Margin lending receivables	180,583	112,845
Derivatives related receivables	167,838	164,234
Due from related parties (note 38)	164,529	51,741
Prepayments	63,939	85,472
Right-of-use assets, net (note 9.1)	57,949	233,276
Fees and commission	15,210	11,531
Others	75,628	39,587
	<b>725,676</b>	<b>698,686</b>

9.1 During the year, the Bank mutually agreed with the landlord to terminate the lease agreement for the head office land and building located in 5515 Cooperative Council Road, Al Khuzama Area, unit No: 54, Al Khobar Kingdom of Saudi Arabia. The Bank has purchased the land and building for a total consideration of SAR 210 million (inclusive of real estate transaction tax (RETT)) and the same has been capitalized in Property, Furniture, Fixtures and Equipment, Net (Note 10).

### 10. PROPERTY, FURNITURE, FIXTURES AND EQUIPMENTS, NET

2024	Land	Building	Leasehold improvements	Furniture and equipment	Work in progress	Total
<b>Cost:</b>						
Balance at 1 January 2024	-	-	62,798	188,605	12,263	263,666
Additions	52,000	158,000	115	21,059	19,587	250,761
Transfers	-	-	1,967	-	(1,967)	-
<b>Balance at 31 December 2024</b>	<b>52,000</b>	<b>158,000</b>	<b>64,880</b>	<b>209,664</b>	<b>29,883</b>	<b>514,427</b>
<b>Accumulated depreciation:</b>						
Balance at 1 January 2024	-	-	49,839	155,159	-	204,998
Charge for the year	-	376	2,411	16,666	-	19,453
<b>Balance at 31 December 2024</b>	<b>-</b>	<b>376</b>	<b>52,250</b>	<b>171,825</b>	<b>-</b>	<b>224,451</b>
<b>Carrying amount at 31 December 2024</b>	<b>52,000</b>	<b>157,624</b>	<b>12,630</b>	<b>37,839</b>	<b>29,883</b>	<b>289,976</b>

2023	Leasehold improvements	Furniture and equipment	Work in progress	Total
<b>Cost:</b>				
Balance at 1 January 2023	62,340	172,594	2,499	237,433
Additions	188	12,810	13,235	26,233
Transfers	270	3,201	(3,471)	-
Balance at 31 December 2023	62,798	188,605	12,263	263,666
<b>Accumulated depreciation:</b>				
Balance at 1 January 2023	44,856	141,036	-	185,892
Charge for the year	4,983	14,123	-	19,106
Balance at 31 December 2023	49,839	155,159	-	204,998
Carrying amount at 31 December 2023	12,959	33,446	12,263	58,668

Above work in progress represents the projects in progress that relates to enhance the existing leasehold improvements.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 11. INTANGIBLE ASSETS, NET

2024	Software	Work in progress	Total
<b>Cost:</b>			
Balance at 1 January 2024	194,850	40,722	235,572
Additions	345	76,745	77,090
Transfers	51,632	(51,632)	-
Balance at 31 December 2024	246,827	65,835	312,662
<b>Accumulated amortisation:</b>			
Balance at 1 January 2024	144,964	-	144,964
Charge for the year	23,506	-	23,506
<b>Balance at 31 December 2024</b>	<b>168,470</b>	<b>-</b>	<b>168,470</b>
<b>Carrying amount at 31 December 2024</b>	<b>78,357</b>	<b>65,835</b>	<b>144,192</b>

2023	Software	Work in progress	Total
<b>Cost:</b>			
Balance at 1 January 2023	153,084	22,986	176,070
Additions	4,283	55,219	59,502
Transfers	37,483	(37,483)	-
Balance at 31 December 2023	194,850	40,722	235,572
<b>Accumulated amortisation:</b>			
Balance at 1 January 2023	126,783	-	126,783
Charge for the year	18,181	-	18,181
Balance at 31 December 2023	144,964	-	144,964
Carrying amount at 31 December 2023	49,886	40,722	90,608

Above work in progress represents the projects in progress that relates either to enhance existing intangible assets or to acquire new software's.

### 12. DUE TO BANKS, SAMA AND OTHER FINANCIAL INSTITUTIONS

	2024	2023
Money market deposits	5,659,461	3,730,823
Repos	1,494,659	-
Current accounts	311,223	125,388
	<b>7,465,343</b>	<b>3,856,211</b>

Money market deposits include profit free deposits of SAR 62 million (2023: SAR 358 million) from SAMA with original tenures ranging from 1 to 4.75 years in order to offset the modification losses that the Group is expected to incur in deferring the payments.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 13. CUSTOMERS' DEPOSITS

	2024	2023
Demand deposits	22,057,266	18,810,969
Time deposits	15,278,760	12,560,360
Margin	1,239,415	426,532
Saving accounts	453,448	307,758
	<b>39,028,889</b>	<b>32,105,619</b>

The above include foreign currency deposits as follows:

	2024	2023
Demand	3,861,445	2,451,483
Time	2,703,037	1,955,653
Margin	-	69
	<b>6,564,482</b>	<b>4,407,205</b>

The above include Shariah approved customer deposits as below:

	2024	2023
<b>Murabaha</b>		
Demand deposits	3,513,169	3,835,243
Time deposits	11,589,254	9,129,618
Saving accounts	453,448	307,758
Margin deposits	-	8,406
	<b>15,555,871</b>	<b>13,281,025</b>

### 14. SUBORDINATED DEBT

During the year ended 31 December 2023, the Bank started process of issuance of its SAR 3 billion Tier II Sukuks (Non-convertible and unlisted), out of which SAR 1.5 billion were subscribed on 19 December 2023. The Sukuks issuance is under the Bank's Sukuk Issuance Programme ("the Programme") and is due in 2033, with the Bank having an option to repay the Sukuk after 5 years, subject to prior approval of SAMA and terms and conditions of the Programme. The Bank's Sukuk programme is aligned with the Bank's strategic objectives to facilitate growth and actively contribute to the realization of the national economic objectives outlined in the Kingdom's Vision 2030. The structure of the Sukuk was approved by the Bank's Shari'ah committee. The Sukuk is unsecured and was offered by way of private placement in the Kingdom of Saudi Arabia carrying effective special commission income at three months' SAIBOR plus margin of 120 bps payable semi-annually. The Sukuk are denominated in Saudi Arabian Riyals.

### 15. OTHER LIABILITIES

	2024	2023
Sadad payable	670,146	46,064
Accrued expenses	300,035	215,849
Derivatives related items (premium and accrued interest)	181,620	171,299
Loss allowance on loan commitments and financial guarantee contracts (note 18)	178,041	162,204
Deferred loan, letter of credit and guarantee fees	129,147	118,640
End of service benefits (note 15.1)	107,155	84,550
Provision for zakat (note 30)	83,890	50,260
Due to related parties (note 38)	76,017	141,647
Lease liabilities	54,820	246,200
Others	276,373	149,763
	<b>2,057,244</b>	<b>1,386,476</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 15. OTHER LIABILITIES (continued)

#### i. End of service benefits

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

The amounts recognised in other liabilities in the consolidated statement of financial position and movement in the obligation during the year based on its present value are as follows:

	2024	2023
Balance at 1 January	84,550	79,561
Current service cost	13,092	12,636
Interest cost	3,973	3,745
Benefits paid during the year	(5,584)	(5,250)
Actuarial loss / (gain)	11,859	(6,142)
Amount transferred to related party	(735)	-
Balance at 31 December	107,155	84,550

#### (a) Charge for the year recognised in the consolidated statement of income

	2024	2023
Current service cost	13,092	12,636
Interest cost	3,973	3,745
	17,065	16,381

#### (b) Re-measurement recognised in the consolidated statement of other comprehensive income

	2024	2023
Loss / (gain) from change in experience assumptions	5,209	(6,315)
Loss from change in financial assumptions	2,764	7
Loss from change in demographic assumptions	3,886	166
	11,859	(6,142)

#### (c) Principal actuarial assumptions (in respect of the employee end of service benefits)

	2024	2023
Discount rate	5.3%	4.3%
Expected rate of salary increase	4.80%	4.20%
Normal retirement age	65 years	60 years

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

#### (d) Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the defined benefit obligation valuation as at 31 December 2024 to the discount rate and salary escalation rate:

2024 Base scenario	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(3,949)	4,225
Expected rate of salary increase	0.50%	3,454	(3,266)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 15. OTHER LIABILITIES (continued)

#### i. End of service benefits (continued)

##### (d) Sensitivity of actuarial assumptions (continued)

2023 Base scenario	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(2,441)	2,568
Expected rate of salary increase	0.50%	1,990	(1,916)

The above sensitivity analysis is based on a change in an assumption keeping all other assumptions constant.

The following payments are expected against the defined benefits liability in future years:

	2024	2023
Within the next 12 months (next annual reporting period)	9,726	11,176
Between 2 and 5 years	56,962	54,372
Beyond 5 years up to 10 years	96,059	74,167
Total expected payments	162,747	139,715

The average duration of the defined benefits plan obligation at 31 December 2024 is 6.7 years (31 December 2023: 5.7 years).

### 16. SHARE CAPITAL

The authorised, issued and fully paid share capital at 31 December 2024 and 2023 comprised 750 million shares of SAR 10 each. Basic and diluted earnings per share for the year ended 31 December 2024 and 2023 is calculated on a weighted average basis by dividing the net income for the year by 750 million shares. Public Investment Fund (Sovereign Wealth Fund of the Kingdom of Saudi Arabia) is the ultimate parent of the Group. Gulf International Bank B.S.C. is the parent, Public Investment Fund is the Ultimate parent and Government of Saudi Arabia is the Ultimate Controlling Party of the Group.

	2024	2023
Gulf International Bank B.S.C.	50%	50%
Public Investment Fund	50%	50%

### 17. STATUTORY RESERVE

In accordance with Saudi Arabian Banking Control Law and the By-Laws of the Bank, a minimum of 25% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid-up capital of the Bank. During the year ended 31 December 2024, an amount of SAR 85.3 million has been transferred to the statutory reserve.

### 18. CONTINGENCIES AND COMMITMENTS

#### a) Legal proceedings

As at 31 December 2024 and 2023, there were no significant legal proceedings outstanding against the Group which requires a disclosure or provision.

#### b) Capital commitments

As at 31 December 2024 the Group has no material capital commitments.

#### c) Credit related contingencies and commitments

The primary purpose of these instruments is to ensure that funds are available to customers as required. Guarantee and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement.

Documentary letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are generally collateralised by the underlying shipments of goods to which they relate, and therefore have significantly less risk. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be presented before being reimbursed by the customers.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 18. CONTINGENCIES AND COMMITMENTS (continued)

#### c) Credit related contingencies and commitments (continued)

Commitments to extend credit represent the unused portion of authorisations to extend credit, principally in the form of loans and advances, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss, which cannot readily be quantified, is expected to be considerably less than the total unused commitment as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of these commitments could expire or terminate without being funded.

#### i) The contractual maturity structure of the Group's contingencies and commitments is as follows:

2024	Notional amounts by term to maturity				Total
	Within 3 months	3-12 months	1-5 years	Over 5 years	
Letters of credit	2,165,294	491,226	58,523	-	2,715,043
Letters of guarantee	2,839,996	7,950,109	4,541,816	41,255	15,373,176
Acceptances	1,198,839	1,312,825	195,656	-	2,707,320
Irrevocable commitments to extend credit	-	12,571	2,255,185	647,855	2,915,611
	6,204,129	9,766,731	7,051,180	689,110	23,711,150

2023	Notional amounts by term to maturity				Total
	Within 3 months	3-12 months	1-5 years	Over 5 years	
Letters of credit	1,853,819	622,150	3,398	-	2,479,367
Letters of guarantee	2,385,858	7,055,781	3,625,312	101,124	13,168,075
Acceptances	658,512	846,586	48,884	-	1,553,982
Irrevocable commitments to extend credit	-	37,500	3,153,215	2,811,051	6,001,766
	4,898,189	8,562,017	6,830,809	2,912,175	23,203,190

The outstanding unused portion of commitments as at 31 December 2024 which can be revoked unilaterally at any time by the Group, amounts to SAR 16.97 billion (2023: SAR16.5 billion).

#### ii) The analysis of commitments and contingencies by counterparty is as follows:

	2024	2023
Corporate	21,043,003	20,665,862
Banks and other financial institutions	2,668,147	2,537,328
	23,711,150	23,203,190

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 18. CONTINGENCIES AND COMMITMENTS (continued)

#### iii) Reconciliation of exposure of the financial contingencies and commitments:

31 December 2024	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL but not credit-impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2024	21,569,460	1,319,808	313,922	23,203,190
<i>Transfers during the year</i>				
Transfer to Stage 1	1,292,322	(1,292,322)	-	-
Transfer to Stage 2	(575,251)	575,251	-	-
Transfer to Stage 3	-	-	-	-
	717,071	(717,071)	-	-
Net change during the year	(350,320)	887,219	(28,939)	507,960
Balance at 31 December 2024	21,936,211	1,489,956	284,983	23,711,150

31 December 2023	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL but not credit-impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2023	15,507,553	1,444,009	355,014	17,306,576
<i>Transfers during the year</i>				
Transfer to Stage 1	282,027	(282,027)	-	-
Transfer to Stage 2	(86,556)	86,556	-	-
Transfer to Stage 3	-	-	-	-
	195,471	(195,471)	-	-
Net change during the year	5,866,436	71,270	(41,092)	5,896,614
Balance at 31 December 2023	21,569,460	1,319,808	313,922	23,203,190

#### iv) Reconciliation of expected credit losses on financial contingencies and commitments:

31 December 2024	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL but not credit-impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2024	14,563	14,030	133,611	162,204
<i>Transfers during the year</i>				
Transfer to Stage 1	4,843	(4,843)	-	-
Transfer to Stage 2	(885)	885	-	-
Transfer to Stage 3	-	-	-	-
	3,958	(3,958)	-	-
Charge during the year	(90)	(524)	16,451	15,837
Balance at 31 December 2024	18,431	9,548	150,062	178,041

## Notes to the Consolidated Financial Statements

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(Amounts in SAR'000)

### 18. CONTINGENCIES AND COMMITMENTS (continued)

#### iv) Reconciliation of expected credit losses on financial contingencies and commitments: (continued)

31 December 2023	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL but not credit- impaired)	Stage 3 (lifetime ECL credit-impaired)	Total
Balance at 1 January 2023	12,056	12,286	116,995	141,337
Transfers during the year				
Transfer to Stage 1	1,984	(1,984)	-	-
Transfer to Stage 2	(370)	370	-	-
Transfer to Stage 3	-	-	-	-
	1,614	(1,614)	-	-
Charge during the year	893	3,358	16,616	20,867
Balance at 31 December 2023	14,563	14,030	133,611	162,204

### 19. SPECIAL COMMISSION INCOME AND EXPENSE

	2024	2023
<b>Special commission income</b>		
Loans and advances	2,088,348	1,829,479
Due from banks and other financial institutions	351,236	455,378
Investments	460,332	354,116
	2,899,916	2,638,973
<b>Special commission expense</b>		
Customers' deposits	1,563,222	1,694,045
Due to banks and other financial institutions	253,195	17,516
Subordinated debt	111,886	4,072
	1,928,303	1,715,633
<b>Net special commission income</b>	971,613	923,340

The breakup of income from Shariah products is as follows:

	2024	2023
<b>Investments held at amortised cost</b>		
Sukuks	246,639	179,601
<b>Due from banks and other financial institutions</b>		
Murabaha	33,562	34,031
<b>Loans and advances</b>		
Murabaha and tawaruq	1,176,787	1,076,517
	1,456,988	1,290,149

The breakup of expense from Shariah products is as follows:

	2024	2023
<b>Due to banks and other financial institutions</b>		
Murabaha	1,162	4,891
<b>Customers' deposits</b>		
Murabaha	621,929	573,360
<b>Subordinated debt</b>		
Sukuk	111,886	4,072
	734,977	582,323

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### 20. FEE AND COMMISSION INCOME AND EXPENSE

	2024	2023
<b>Fee and commission income</b>		
Interchange fee and other banking services	83,393	28,672
Asset management	73,613	65,096
Loan management fee	66,340	69,145
Letters of credit	63,541	53,953
Letters of guarantee	57,222	42,690
Advisory	32,442	41,132
Brokerage	5,356	5,978
	381,907	306,666
<b>Fee and commission expense</b>		
Bank charges and commission	(4,343)	(10,245)
Loyalty Program	(29,911)	(2,161)
Other fees	(15,731)	(6,726)
	(49,985)	(19,132)
<b>Net fee and commission income</b>	331,922	287,534
<b>Point in time:</b>		
Other banking services	83,393	28,672
Advisory	32,442	41,132
Brokerage	5,356	5,978
<b>Over time:</b>		
Trade finance	120,763	96,643
Fees on credit facilities	66,340	69,145
Asset management fee	73,613	65,096
	381,907	306,666

### 21. EXCHANGE INCOME, NET

Foreign exchange income principally comprises customer-initiated foreign exchange contracts which have been offset in the market with matching contracts. There is no remaining market risk associated with these offset customer-related foreign exchange contracts. Foreign exchange includes spot and forward foreign exchange contracts, and currency futures and options.

### 22. GAIN ON INVESTMENTS HELD AT FVSI, NET

Gains on investments held at FVSI comprised of the mark to market of the Group's investments in the funds and other trading equity securities.

### 23. (LOSS) / GAIN ON OTHER FINANCIAL INSTRUMENTS, NET

	2024	2023
Derivatives	(8,123)	11,284
Gain on sale of debt securities	-	127
	(8,123)	11,411

Gains on other financial instruments comprises gains and losses arising both on the purchase and sale, and from changes in the fair value, of instruments, together with the related interest income, interest expense. Interest rate derivatives income principally comprises customer-initiated contracts which have been offset in the market with matching contracts. There is no remaining market risk associated with these contracts.

## Notes to the Consolidated Financial Statements

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### 24. DIVIDEND INCOME

Dividend income comprises of dividend income on equity investments classified as FVOCI.

### 25. OTHER OPERATING INCOME

Other operating income mainly consists of recoveries on previously written-off assets that had previously been either written off or transferred to the memorandum records.

### 26. SALARIES AND EMPLOYEES' RELATED EXPENSES

The following table summarizes the Group's employee categories defined in accordance with SAMA's rules on compensation practices and includes the total amounts of fixed and variable compensation paid to employees during the year ended 31 December 2024 and the forms of such payments.

Category	2024			Total
	Number of employees	Fixed compensation	Variable compensation	
Senior executives requiring SAMA no objection	22	31,791	10,749	42,540
Employees engaged in risk taking activities	182	77,533	16,067	93,600
Employees engaged in control functions	128	40,704	6,082	46,786
Other employees	578	165,028	46,977	212,005
	910	315,056	79,875	394,931
Outsourced employees	280	63,626	-	63,626
	1,190	378,682	79,875	458,557
Other employee related benefits				94,806
<b>Total salaries and employees' related expenses</b>				<b>553,363</b>

Category	2023			Total
	Number of employees	Fixed compensation	Variable compensation	
Senior executives requiring SAMA no objection	18	21,349	6,819	28,168
Employees engaged in risk taking activities	172	73,590	13,744	87,334
Employees engaged in control functions	122	35,539	5,272	40,811
Other employees	585	159,950	60,844	220,794
	897	290,428	86,679	377,107
Outsourced employees	236	59,507	95	59,602
	1,133	349,935	86,774	436,709
Other employee related benefits				75,253
<b>Total salaries and employees' related expenses</b>				<b>511,962</b>

Other employee related benefits include medical insurance, recruitment expenses, end of service benefits and other employee related expenses.

### 27. RENT AND PREMISES RELATED EXPENSES

	2024	2023
Utilities and others	6,399	4,966
Repair and maintenance	5,152	5,124
Office cleaning and other premises expenses	2,652	2,518
	<b>14,203</b>	<b>12,608</b>

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### 28. DEPRECIATION AND AMORTISATION

	2024	2023
Depreciation on furniture, fixtures and equipment (note 10)	19,453	19,106
Depreciation on right-of-use assets	25,842	24,590
Amortisation on intangible assets (note 11)	23,506	18,181
	<b>68,801</b>	<b>61,877</b>

### 29. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Communication and data information services	80,375	54,457
Repair and maintenance	79,754	74,150
Valued added tax	57,651	49,920
Managed services	43,212	43,737
Advertising and business promotion	27,410	19,913
Subscription and publication	20,225	8,049
Legal, consultancy and statutory fees	14,331	7,221
Finance cost on lease liabilities	11,780	13,010
Visa card expenses	9,448	5,176
Directors' remuneration and other expenses	9,153	7,088
Auditors' fee (Note 29.1)	2,705	2,923
Others	26,505	32,018
	<b>382,549</b>	<b>317,662</b>
Cost recharged to (Note 29.2)	(109,068)	-
	<b>273,481</b>	<b>317,662</b>

#### 29.1 AUDITORS' FEE

Above Auditors's fee consist of the following:

	2024	2023
Audit and review	2,460	2,253
Other services	245	670
	<b>2,705</b>	<b>2,923</b>

29.2 Cost recharged to, are the allocation of shared expenses within the Group, including between the parent company and its affiliates, in accordance with the Group's approved transfer pricing policy.

### 30. ZAKAT

	2024	2023
Current year charge	80,784	47,136

#### Status of assessments

Gulf International Bank – Saudi Arabia

The Bank has filed its zakat declaration with the Zakat, Tax and Customs Authority ("ZATCA") for the period from 3<sup>rd</sup> April 2019 to 31 December 2019 and for the years ended 31 December 2020 to 2023. The assessments have been finalised by ZATCA for the period / year 2019 and 2020, without any additional liability, however, no assessment has been raised by the ZATCA for the year 31 December 2021 to 2023.

GIB Capital Company

In 2016, the Company obtained an approval from ZATCA for an exemption to pay zakat. Accordingly, the Company has not considered zakat for the years from 2016 to 2024.

## Notes to the Consolidated Financial Statements

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### 31. CASH AND CASH EQUIVALENTS

	2024	2023
Cash and balances with Saudi Central Bank (SAMA) excluding statutory deposit	5,880,365	4,892,374
Due from banks and other financial institutions with original maturities of three months or less	6,870,653	2,335,409
	<b>12,751,018</b>	<b>7,227,783</b>

### 32. FINANCIAL RISK MANAGEMENT

#### (a) Credit risk

The Board of Directors ("the Board") is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has appointed the Board Risk Policy Committee (BRPC) which has the responsibility to monitor the overall risk process within the Group. The BRPC has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

The Management Risk Committee is responsible for managing risk decisions and monitoring risk levels. Credit decisions are made by the Management Credit Committee. The Group manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Disciplined processes are in place at both the business unit and corporate level that are intended to ensure that risks are accurately assessed and properly approved and monitored. Formal credit limits are applied at the individual transaction, counterparty, country and portfolio levels. Overall exposures are also evaluated to ensure a broad diversified credit risk exposure.

The credit management process involves the monitoring of concentrations by product, industry, single obligor, risk grade and geography, and the regular appraisal of counterparty credit quality through the analysis of qualitative and quantitative information. The Group assesses the probability of default of counterparties using internal rating tools. Also, the Group uses the external ratings, of the major rating agencies where available.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are monitored daily. In addition to monitoring credit limits, the Group manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk. The Group's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfil their obligation, and to control the level of credit risk taken. The Group assesses counterparties using the same techniques as for its lending activities.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

The Group seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes security when appropriate. The group also seeks additional collateral from a counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. The Group regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

The debt securities included in the investment portfolio are mainly sovereign risk. Analysis of investments by counterparty is provided in note 6. For details of the composition of loans and advances refer to note 8. Information on credit risk relating to derivative instruments is provided in note 7 and for contingencies and commitments in note 18.

## Notes to the Consolidated Financial Statements

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(Amounts in SAR'000)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### 32.1 Concentration of risks of assets with credit risk exposure and liabilities Geographical concentration

2024	Kingdom of Saudi Arabia	GCC and Middle East	Europe	North America	South East Asia	Total
<b>Assets</b>						
Balance with Saudi Central Bank (SAMA)	7,669,915	-	-	-	-	7,669,915
Due from banks and other financial institutions, net	1,717,162	1,625,251	2,651,514	876,726	-	6,870,653
Investments, net	8,815,600	360,929	1,033,112	-	110,698	10,320,339
Positive fair value of derivatives	215,750	55,399	-	2,482	207	273,838
Loans and advances, net	31,770,514	-	-	-	-	31,770,514
Other assets	995,315	164,529	-	-	-	1,159,844
<b>Total</b>	<b>51,184,256</b>	<b>2,206,108</b>	<b>3,684,626</b>	<b>879,208</b>	<b>110,905</b>	<b>58,065,103</b>
<b>Liabilities</b>						
Due to banks and other financial institutions	5,285,145	1,681,944	492,351	36	5,867	7,465,343
Customers' deposits	37,486,575	4,013	1,538,301	-	-	39,028,889
Negative fair value of derivatives	53,813	134,477	51	-	-	188,341
Subordinated debt	1,503,726	-	-	-	-	1,503,726
Other liabilities	1,981,227	76,017	-	-	-	2,057,244
<b>Total liabilities</b>	<b>46,310,486</b>	<b>1,896,451</b>	<b>2,030,703</b>	<b>36</b>	<b>5,867</b>	<b>50,243,543</b>
<b>Contingencies and commitments</b>						
Letters of credit	2,145,375	569,668	-	-	-	2,715,043
Letters of guarantee	13,464,912	383,037	304,505	1,219,398	1,324	15,373,176
Acceptances	2,574,931	129,762	2,627	-	-	2,707,320
Irrevocable commitments to extend credit	2,915,611	-	-	-	-	2,915,611
<b>Maximum credit exposure (stated at credit equivalent amounts)</b>						
<b>Contingencies and commitments</b>						
Letters of credit	12,842,171	151,645	-	-	-	12,993,816
Letters of guarantee	12,311,072	354,867	89,677	385,283	352	13,141,251
Acceptances	6,227,712	34,543	699	-	-	6,262,954
Irrevocable commitments to extend credit	2,915,611	-	-	-	-	2,915,611

## Notes to the Consolidated Financial Statements

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(Amounts in SAR'000)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### 32.1 Concentration of risks of assets with credit risk exposure and liabilities Geographical concentration (continued)

2023	Kingdom of Saudi Arabia	GCC and Middle East	Europe	North America	South East Asia	Total
<b>Assets</b>						
Balance with Saudi Central Bank (SAMA)	6,667,497	-	-	-	-	6,667,497
Due from banks and other financial institutions	405,157	1,406,750	496,961	56,541	-	2,365,409
Investments, net	8,990,768	114,771	-	-	-	9,105,539
Positive fair value of derivatives	205,648	110,766	-	-	-	316,414
Loans and advances, net	27,299,961	-	-	-	-	27,299,961
Other assets	796,221	51,741	-	-	-	847,962
<b>Total</b>	<b>44,365,252</b>	<b>1,684,028</b>	<b>496,961</b>	<b>56,541</b>	<b>-</b>	<b>46,602,782</b>
<b>Liabilities</b>						
Due to banks and other financial institutions	3,730,409	123,153	2,613	36	-	3,856,211
Customers' deposits	30,513,389	75,442	1,516,788	-	-	32,105,619
Negative fair value of derivatives	119,903	130,710	-	-	-	250,613
Lease liabilities	246,200	-	-	-	-	246,200
Subordinated debt	1,504,072	-	-	-	-	1,504,072
Other liabilities	998,629	141,647	-	-	-	1,140,276
<b>Total liabilities</b>	<b>37,112,602</b>	<b>470,952</b>	<b>1,519,401</b>	<b>36</b>	<b>-</b>	<b>39,102,991</b>
<b>Contingencies and commitments</b>						
Letters of credit	2,349,740	129,627	-	-	-	2,479,367
Letters of guarantee	11,209,736	336,449	274,861	1,345,553	1,476	13,168,075
Acceptances	1,542,910	7,213	3,859	-	-	1,553,982
Irrevocable commitments to extend credit	5,955,273	46,493	-	-	-	6,001,766
<b>Maximum credit exposure (stated at credit equivalent amounts)</b>						
<b>Contingencies and commitments</b>						
Letters of credit	2,428,310	34,566	-	-	-	2,462,876
Letters of guarantee	10,426,508	263,105	73,368	426,053	393	11,189,427
Acceptances	2,439,251	1,923	1,029	-	-	2,442,203
Irrevocable commitments to extend credit	5,208,854	46,492	-	-	-	5,255,346

## Notes to the Consolidated Financial Statements

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(Amounts in SAR'000)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### 32.2 Credit quality analysis

The tables shown in investments and loans and advances notes set out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in those tables represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the respective tables represents the amounts committed or guaranteed, respectively.

##### Amounts arising from ECL – significant increase in credit risk

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

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling, the remaining lifetime PD is determined to have increased significantly. The Group also considers all counterparties internally rated 2 and above, between 2- and 3+, between 3 and 4+, and 4 and below, to be significantly deteriorated where they have been downgraded 6 notches, 5 notches, 4 notches and 3 notches respectively since initial recognition, and where the current pricing has not been adjusted to reflect the new risk profile of the counterparty. The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including whether the exposure has been watch-listed, whether the exposure is more than 30 days past due and as a backstop based on delinquency.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- The criteria is capable of identifying significant increases in credit risk before an exposure is in default;
- The criteria does not align with the point in time when an asset becomes 30 days past due; and
- There is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

##### Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3. The internal ratings map directly to the external rating grades used by the international credit rating agencies as follows; and grade 1 to 7 are performing and grade 8 to 10 are non-performing.

Category:	Internal rating grade	Internal classification	Fitch and Standard Poor's &	Moody's
<b>Investment grade:</b>	Rating grade 1	Standard	AAA	Aaa
	Rating grade 2	Standard	AA	Aa
	Rating grade 3	Standard	A	A
	Rating grade 4	Standard	BBB	Baa
<b>Sub-investment grade:</b>	Rating grade 5	Standard	BB	Ba
	Rating grade 6	Standard	B	B
	Rating grade 7	Standard	CCC	Caa
<b>Classified:</b>	Rating grade 8	Substandard	CC	Ca
	Rating grade 9	Doubtful	C	C
	Rating grade 10	Loss	D	-

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### 32.2 Credit quality analysis (continued)

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

##### Non-retail exposures

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

##### Retail exposures

- Internally collected data and customer behavior – e.g. utilisation of credit card facilities;
- Affordability metrics; and
- External data from credit reference agencies including industry-standard credit scores.

##### All exposures

- Payment record – this includes overdue status as well as a range of variables about payment;
- Utilisation of the granted limit;
- Requests for and granting of forbearance; and
- Existing and forecast changes in business, financial and economic conditions.

##### Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

##### Definition of 'default'

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidating collateral; or the borrower is past due more than 90 days on any credit obligation to the Group. In assessing whether a borrower is in default, the Group considers both qualitative factors such as breaches of covenants and quantitative factors such as overdue status and non-payment on another obligation of the same issuer to the Group.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

##### Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Chief Economist and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom of Saudi Arabia, the World Bank, the International Monetary Fund (IMF) and selected private-sector and academic forecasters.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### 32.2 Credit quality analysis (continued)

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at 31 December 2024 included the following ranges of key indicators:

KSA Model Macro Economic Variables (MEVs)			
Base 50%	2025	2026	2027
KSA General Government Net Debt (% of GDP)	15.8	16.6	17.8
KSA Crude Oil Petroleum (Average of 3 spot prices) (US dollars) (Per Barrel)	78.6	73.7	70.6
World GDP at constant prices (% change)	3.2	3.2	3.2
World Current account balance (US dollars)	568.4	554.0	519.6
World Crude Oil Petroleum (Average of 3 spot prices) (US dollars) (Per Barrel)	78.6	73.7	70.6
<b>Positive 5%</b>			
KSA General Government Net Debt (% of GDP)	15.0	15.7	17.0
KSA Crude Oil Petroleum (Average of 3 spot prices) (US dollars) (Per Barrel)	78.8	73.9	70.7
World GDP at constant prices (% change)	4.4	4.5	4.4
World Current account balance (US dollars)	662.7	648.3	613.9
World Crude Oil Petroleum (Average of 3 spot prices) (US dollars) (Per Barrel)	87.7	82.8	79.7
<b>Negative 45%</b>			
KSA General Government Net Debt (% of GDP)	16.5	17.3	18.5
KSA Crude Oil Petroleum (Average of 3 spot prices) (US dollars) (Per Barrel)	78.5	73.5	70.4
World GDP at constant prices (% change)	2.2	2.2	2.1
World Current account balance (US dollars)	491.3	476.9	442.5
World Crude Oil Petroleum (Average of 3 spot prices) (US dollars) (Per Barrel)	71.2	66.2	63.1

The MEV values are based on the April 2024 IMF data suite (with a 5-year forecast period) and they are deemed to be appropriate for 31 December 2024.

## Notes to the Consolidated Financial Statements

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(Amounts in SAR'000)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### 32.2 Credit quality analysis (continued)

##### Parameters used to derive Point-in-Time (PIT) PDs

	31.12.2024
<b>a) Weighting used for each scenario</b>	
Base Case	50%
Positive Case	5%
Negative Case	45%
<b>b) Weighting used for each economic indicator</b>	
<b>Sovereign Model</b>	
World GDP at constant prices (% change)	37%
World Current account balance (US dollars)	41%
World Crude Oil Petroleum (Average of 3 spot prices) (US dollars) (Per Barrel)	42%
<b>Corporate Bond Model</b>	
World GDP at constant prices (% change)	28%
World Current account balance (US dollars)	62%
<b>Financial institution Model</b>	
World GDP at constant prices (% change)	32%
World Current account balance (US dollars)	37%

The Bank has identified KSA GDP growth rate, Oil Price and KSA Government Revenue as the key economic variables for the Wholesale Corporate loans portfolio along with World GDP and World Investments for the Investment, Securities and Placements portfolio. Given the nature of the Bank's exposures and availability of historical information, the Bank derives the point-in-time (PIT) PD using the through-the-cycle (TTC) PD for each rating category. The Bank uses the Regression based model for the Wholesale Corporate Loans portfolio and Vasicek models for the Investments securities and placements portfolio to link the TTC PDs with forward looking economic factors to derive PIT PD estimates for each rating category. The Regression as well as the Vasicek models takes into consideration forward looking economic forecasts under three scenarios (base case, negative case, and positive case), historical economic data and TTC PDs for deriving PIT PDs. The relationship between the economic factors and default rates have been developed using historical default data and relevant macroeconomic data.

The table below shows the sensitivity of change in economic indicators to the ECL in SAR 000' computed under three different scenarios used by the Group:

##### Measurement of ECL

	Probability	Placements and debt instruments	Loans and advances	Financial Contingencies and commitment
<b>2024</b>				
Most likely base case	50%	2,780	219,175	25,957
More optimistic Upside	5%	2,367	205,102	22,700
More pessimistic downside	45%	3,513	234,141	30,283
<b>2023</b>				
Most likely base case	50%	3,826	152,055	19,995
More optimistic Upside	5%	3,239	135,437	14,409
More pessimistic downside	45%	6,442	182,396	30,197

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### 32.2 Credit quality analysis (continued)

The key input parameters into the measurement of ECL are the PD, loss given default (LGD) and exposure at default (EAD). These parameters are derived from internally developed statistical models, other historical data using both internal and external factors, and also incorporate forward-looking information.

PD estimates are estimates at a certain date. For corporate exposures, corporate PD estimates are internally derived using the Group's central default tendency for the corporate portfolio. For financial institutions and sovereign government exposures, the PDs are based on external rating data of all global financial institutions rated by Standard & Poor's.

The Vasicek Model is used to link the TTC PDs with forward looking economic factors to derive PIT PD estimates for each rating category. For exposures that have tenors in excess of one year and that are assessed on lifetime PDs, cumulative lifetime PDs are calculated by compounding the 12-month PIT PD.

LGD is the magnitude of the likely loss if there is a default. Since the Group has insufficient historical LGD data to derive statistically reliable LGD estimates, internal LGDs shall be based on external benchmarks and the management's estimated recovery rates for each asset class in the event of default.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amounts allowed under the contract including amortisation. The EAD for on-balance sheet exposures shall be equivalent to the outstanding utilisation. Only cash and equities (subject to a 25% haircut only for equities) are considered as eligible collateral for ECL calculation. For off-balance sheet exposures, the EAD shall be calculated by multiplying the gross exposure amount by a Credit-Conversion Factor (CCF).

12 months Point in Time (PIT) PD for loans and advances, financial contingencies and commitments are as follows:

Internal rating grade	Standard & Poor's	As of 31 December 2024	
			12 months Point in Time (PIT) PD
1	AAA		0.05%
2+	AA+		0.05%
2	AA		0.05%
2-	AA-		0.05%
3+	A+		0.05%
3	A		0.05%
3-	A-		0.09%
4+	BBB+		0.15%
4	BBB		0.25%
4-	BBB-		0.44%
5+	BB+		0.75%
5	BB		1.23%
5-	BB-		2.03%
6+	B+		3.39%
6	B		5.52%
6-	B-		8.42%
7	CCC/C		32.00%

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### 32. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### 32.2 Credit quality analysis (continued)

12 months Point in Time (PIT) PD for investments and other financial assets as follows:

		As of 31 December 2024		
Standard & Poor's	Moody's	Banks and financial institutions	Corporate Bonds	Sovereign
AAA	Aaa	0.05%	0.05%	0.05%
AA+	Aa1	0.05%	0.05%	0.05%
AA	Aa2	0.05%	0.05%	0.05%
AA-	Aa3	0.05%	0.06%	0.05%
A+	A1	0.05%	0.09%	0.05%
A	A2	0.05%	0.14%	0.05%
A-	A3	0.07%	0.22%	0.05%
BBB+	Baa1	0.10%	0.34%	0.05%
BBB	Baa2	0.15%	0.52%	0.05%
BBB-	Baa3	0.21%	0.81%	0.07%
BB+	Ba1	0.29%	1.24%	0.12%
BB	Ba2	0.42%	1.91%	0.19%
BB-	Ba3	0.60%	2.93%	0.29%
B+	B1	0.85%	4.47%	0.47%
B	B2	1.21%	6.76%	0.74%
B-	B3	1.71%	10.09%	1.17%
CCC+	Caa1	2.43%	14.82%	1.85%
CCC	Caa2	3.42%	21.22%	2.91%

Subject to a maximum of 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics including instrument type, credit risk ratings and geographic location of the borrower.

The Group calculates PIT PD estimates under three scenarios, a base case, negative case and positive case. A probability weighted ECL is then calculated by assigning probabilities, based on current market conditions, to each scenario.

#### Credit-impaired loans

Credit-impaired loans and advances are graded 8 to 10 in the Group's internal credit risk grading systems.

#### Modified financial assets

The contractual terms of a loan may be modified for a number of reasons including changing market conditions, and other factors not related to the current or potential credit deterioration of a customer. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of its remaining lifetime PD at the reporting date based on modified terms, with the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. The Group grants forbearance on a selective basis if there is evidence that the customer has made all reasonable efforts to honour the original contractual terms and the customer is expected to be able to meet the revised terms. Forbearance is a qualitative indicator of a significant increase in credit risk, and a customer would need to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired, or in default, or the PD has decreased such that the provision for credit-impairment reverts to being measured at an amount equal to the 12-month ECL.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### a) Credit risk (continued)

##### 32.2 Credit quality analysis (continued)

#### Collateral

The Group in the ordinary course of lending activities hold collaterals as security to mitigate credit risk in the loans and advances. These collaterals mostly include time, demand, and other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collaterals are held mainly against commercial and consumer loans and are managed against relevant exposures at their net realizable values. For financial assets that are credit impaired at the reporting period, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk. The amount of collateral held as security for loans that are credit impaired as at 31 December are as follows:

	2024	2023
Less than 50%	7,087	153,385
More than 70%	269,153	65,640
	276,240	219,025

### 33. MARKET RISK

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

#### (a) Market risk - (trading-book)

The Board has set limits for the acceptable level of risks in managing the trading book. In order to manage the market risk in the trading-book, the Group periodically applies a VaR methodology to assess the market risk positions held and also to estimate the potential economic loss based on a set of assumptions and changes in market conditions.

A VaR methodology estimates the potential negative change in market value of a portfolio at a given confidence level and over a specified time horizon. The Group uses 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 95%, 21 Day holding period and a decay factor of 0.97. The VaR represents the risk of portfolios at the close of a business day, and it does not account for any losses that may occur beyond the defined confidence interval. The actual trading results, however, may differ from the VaR calculations and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

To overcome the VaR limitations mentioned above, the Group also carries out stress tests of its portfolio to simulate conditions outside normal confidence intervals. The potential losses occurring under stress test conditions are reported regularly to the Group Asset Liability Committee (ALCO) for their review. The Group's VaR related information for the years ended 31 December 2024 and 2023 are as below, respectively.

SAR million:	Foreign exchange rate risk	Special commission rate risk	Equity price risk	Overall risk
VaR as at 31 December 2024	0.47	0.63	16.35	16.54
Average VaR for 2024	0.41	0.55	18.02	18.70
VaR as at 31 December 2023	0.19	0.03	9.08	8.94
Average VaR for 2023	0.74	23.35	18.50	37.62

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 33. MARKET RISK (continued)

#### (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 special commission rates will affect either the fair values or the future cash flows of the financial instruments. The Board has established special commission rate gap limits for stipulated periods. The Group monitors positions daily and uses hedging strategies to ensure maintenance of positions within the established gap limits.

The following depicts the sensitivity to a reasonable possible change in special commission rates, with other variables held constant, on the Group's consolidated statement of income or equity. The sensitivity of the income is the effect of the assumed changes in special commission rates on the net special commission income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at 31 December 2024 and 2023, including the effect of hedging instruments. All the banking book exposures are monitored and analysed in currency concentration, following are relevant sensitivities disclosed in SAR million.

Currency	Change in basis points	SAR in million	
		Sensitivity of net interest income	
		31.12.2024	31.12.2023
SAR	+100	15.8	26
USD	+100	5.8	3
SAR	-100	(15.8)	(26)
USD	-100	(5.8)	(3)

#### Special commission sensitivity of assets, liabilities and off-balance sheet items

The Group manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market special commission rates on its financial position and cash flows. The Board sets limits on the level of mismatch of special commission rate reprising that may be undertaken, which is monitored daily by Group Treasury.

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 contractual re-pricing or maturity dates. The Group is exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Group manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

## Notes to the Consolidated Financial Statements

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(Amounts in SAR'000)

### 33. MARKET RISK (continued)

#### (b) Market risk - (non-trading or banking book) (continued)

#### i) Special commission rate risk (continued)

2024	Within 3 Months	3-12 months	1-5 years	Over 5 years	Non-commission bearing	Total
<b>Assets</b>						
Cash and balances with Saudi Central Bank (SAMA)	5,858,000	-	-	-	1,811,915	7,669,915
Due from banks and other financial institutions	5,790,657	-	-	-	1,079,996	6,870,653
Investments, net	2,048,802	1,094,633	2,909,746	3,859,686	407,472	10,320,339
Positive fair value of derivatives	-	-	-	-	273,838	273,838
<i>Loans and advances, net</i>						
Consumer loans	221,062	251,922	281,505	187,729	(18,478)	923,740
Commercial loans	23,781,992	6,669,328	584,808	-	(189,354)	30,846,774
Other assets	-	-	-	-	1,159,844	1,159,844
<b>Total assets</b>	<b>37,700,513</b>	<b>8,015,883</b>	<b>3,776,059</b>	<b>4,047,415</b>	<b>4,525,233</b>	<b>58,065,103</b>
<b>Liabilities and equity</b>						
Due to banks and other financial institutions	7,154,120	-	-	-	311,223	7,465,343
Customers' deposits	29,838,081	4,146,458	-	-	5,044,350	39,028,889
Negative fair value of derivatives	-	-	-	-	188,341	188,341
Subordinated debt	1,503,726	-	-	-	-	1,503,726
Other liabilities	-	-	-	-	2,057,244	2,057,244
Shareholders' equity	-	-	-	-	7,821,560	7,821,560
<b>Total liabilities and equity</b>	<b>38,495,927</b>	<b>4,146,458</b>	<b>-</b>	<b>-</b>	<b>15,422,718</b>	<b>58,065,103</b>
Commission rate sensitivity - on consolidated statement of financial position	(795,414)	3,869,425	3,776,059	4,047,415	(10,897,485)	-
Commission rate sensitivity - Off consolidated statement of financial position	24,637,539	(24,637,539)	-	-	-	-
Commission rate sensitivity - Off consolidated statement of financial position	(24,637,539)	24,637,539	-	-	-	-
<b>Total commission rate sensitivity gap</b>	<b>(795,414)</b>	<b>3,869,425</b>	<b>3,776,059</b>	<b>4,047,415</b>	<b>(10,897,485)</b>	<b>-</b>
Cumulative commission rate sensitivity gap	(795,414)	3,074,011	6,850,070	10,897,485	-	-

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 33. MARKET RISK (continued)

#### (b) Market risk - (non-trading or banking book) (continued)

##### i) Special commission rate risk (continued)

2023	Within 3 Months	3-12 months	1-5 years	Over 5 years	Non-commission bearing	Total
<b>Assets</b>						
Cash and balances with Saudi Central Bank (SAMA)	4,873,000	-	-	-	1,794,497	6,667,497
Due from banks and other financial institutions	2,178,676	-	-	-	186,733	2,365,409
Investments, net	1,495,659	2,814,640	1,224,989	3,250,548	319,703	9,105,539
Positive fair value of derivatives	-	-	-	-	316,414	316,414
<b>Loans and advances, net</b>						
Consumer loans	94,298	260,306	608,362	193,914	(13,998)	1,142,882
Commercial loans	19,300,764	6,129,141	795,119	-	(67,945)	26,157,079
Other assets	-	-	-	-	847,962	847,962
<b>Total assets</b>	<b>27,942,397</b>	<b>9,204,087</b>	<b>2,628,470</b>	<b>3,444,462</b>	<b>3,383,366</b>	<b>46,602,782</b>
<b>Liabilities and equity</b>						
Due to banks and other financial institutions	3,730,823	-	-	-	125,388	3,856,211
Customers' deposits	24,475,697	2,327,738	61,999	-	5,240,185	32,105,619
Negative fair value of derivatives	-	-	-	-	250,613	250,613
Subordinated debt	1,504,072	-	-	-	-	1,504,072
Other liabilities	-	-	-	-	1,386,476	1,386,476
Shareholders' equity	-	-	-	-	7,499,791	7,499,791
<b>Total liabilities and equity</b>	<b>29,710,592</b>	<b>2,327,738</b>	<b>61,999</b>	<b>-</b>	<b>14,502,453</b>	<b>46,602,782</b>
Commission rate sensitivity - on consolidated statement of financial position	(1,768,195)	6,876,349	2,566,471	3,444,462	(11,119,087)	-
Commission rate sensitivity - Off consolidated statement of financial position	17,125,772	(17,125,772)	-	-	-	-
Commission rate sensitivity - Off consolidated statement of financial position	(17,125,772)	17,125,772	-	-	-	-
<b>Total commission rate sensitivity gap</b>	<b>(1,768,195)</b>	<b>6,876,349</b>	<b>2,566,471</b>	<b>3,444,462</b>	<b>(11,119,087)</b>	<b>-</b>
Cumulative commission rate sensitivity gap	(1,768,195)	5,108,154	7,674,625	11,119,087	-	-

The off-balance sheet gap position represents the net notional amounts of derivative financial instruments, which are used to manage special commission rate risk.

The off-balance sheet gap represents the net notional amounts of derivative financial instruments, which are used to manage the commission rate risk. The effective special commission rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current market rate for a floating rate instrument or an instrument carried at fair value.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 33. MARKET RISK (continued)

#### (b) Market risk - (non-trading or banking book) (continued)

##### ii) Currency position

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

	2024	2023
	<b>Long</b>	Long
US Dollar	71	67,944
Pound Sterling	397	265
Others	3,217	1,732
	<b>3,685</b>	<b>69,941</b>

##### iii) Currency risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Board has set limits on positions by currencies, which are monitored daily, and hedging strategies are also used to ensure that positions are maintained within the limits.

The table below shows the currencies to which the Group has a significant exposure as at 31 December 2024 and 2023, respectively, on its non-trading monetary assets and liabilities and forecasted cash flows. The analysis calculates the effect of reasonable possible movement of the currency rate against SAR, with all other variables held constant, on the consolidated statement of income (due to the fair value of the currency sensitive non-trading monetary assets and liabilities) and equity. A positive effect shows a potential increase in the consolidated statement of income; whereas a negative effect shows a potential net reduction in the consolidated statement of income.

Changes in currency rate by 5 bps	2024 - effect on net income and equity	2023 - effect on net income and equity
USD	13 / (13)	12,740 / (12,740)
GBP	93 / (93)	64 / (64)

##### iv) Equity price risk

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

Market indices	Change in equity price%	Effect (SAR 'million)
Tadawul	2024	-5% (1.4)
Tadawul	2023	-5% (1.84)

## Notes to the Consolidated Financial Statements

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### 34. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

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

ALCO is also responsible for managing depositor concentration risk, which is partially mitigated by virtue of having a significant portion of the Group's total assets as liquid assets (i.e. mature within 3 months). As at 31 December 2024, 23% percent (2023: 17%) of the Group's total assets consisted of cash, placements and securities and hence to this extent the risk of deposit withdrawals can be funded by reducing the level of surplus liquidity.

Moreover, depositor concentration risk is further partially mitigated by having a laddered maturity of deposits and maintaining a high level of short-term liquidity. As at 31 December 2024, 34% (2023: 24%) of customer deposits are placed with SAMA on an overnight basis, bank placements, short-term T-bills / securities and in cash form.

Furthermore, Public Investment Fund is the ultimate parent of the Group. Due to the long-standing and close relationship, it has sizable deposits with the Group. Therefore, it is considered as one of the core depositors for the Group with a high degree of stickiness.

In accordance with Banking Control Law and the regulations issued by SAMA, the Group maintains a statutory deposit with SAMA equal to 7% of total demand deposits and 4% of saving and time deposits. In addition to the statutory deposit, the Group also maintains liquid reserves of no less than 20% of its deposit liabilities, in the form of cash, SAMA T-bills, due from banks and other financial institutions and/or assets, which can be converted into cash within a period not exceeding 30 days.

## Notes to the Consolidated Financial Statements

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### 34. LIQUIDITY RISK (continued)

#### a) Analysis of discounted assets and liabilities by expected maturity

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

	2024						Total
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	On Demand	
<b>Assets</b>							
Cash and balances with SAMA							
Cash in hand	-	-	-	-	-	16,500	16,500
Balances with SAMA	5,858,000	-	-	-	1,789,550	5,865	7,653,415
Due from Banks and other financial institutions							
current accounts	-	-	-	-	-	1,079,996	1,079,996
money market placements	5,790,657	-	-	-	-	-	5,790,657
Investments, net	524,895	1,077,641	3,592,711	4,717,620	407,472	-	10,320,339
Positive fair value of derivatives							
Held for trading	7,083	22,194	111,705	50,033	-	-	191,015
Held as fair value hedges	-	-	7,578	75,245	-	-	82,823
Loans and advances, net							
Overdraft	801,397	-	-	-	-	-	801,397
Credit cards	109,516	-	-	-	-	-	109,516
Consumer loans	1,298	11,029	532,275	269,622	-	-	814,224
Commercial loans	4,343,818	1,547,213	22,788,425	1,365,921	-	-	30,045,377
Other assets	-	-	-	-	1,159,844	-	1,159,844
	17,436,664	2,658,077	27,032,694	6,478,441	3,356,866	1,102,361	58,065,103
<b>Liabilities and equity</b>							
Due to Banks and other financial institutions							
current accounts	-	-	-	-	-	311,223	311,223
money market deposits	5,848,841	877,270	428,009	-	-	-	7,154,120
Customers' deposits							
Demand	-	-	-	-	-	22,057,266	22,057,266
Time	10,156,762	3,531,423	1,590,575	-	-	-	15,278,760
Saving	-	-	-	-	-	453,448	453,448
Margin	-	-	-	-	-	1,239,415	1,239,415
Negative fair value of derivatives							
Held for trading	6,264	21,977	123,785	36,315	-	-	188,341
Held as fair value hedges	-	-	-	-	-	-	-
Subordinated debt	3,726	-	1,500,000	-	-	-	1,503,726
Other liabilities	3,541	10,623	33,532	7,124	-	2,002,424	2,057,244
Total equity	-	-	-	-	7,821,560	-	7,821,560
	16,019,134	4,441,293	3,675,901	43,439	7,821,560	26,063,776	58,065,103

## Notes to the Consolidated Financial Statements

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(Amounts in SAR'000)

### 34. LIQUIDITY RISK (continued)

#### a) Analysis of discounted assets and liabilities by expected maturity (continued)

	2023						Total
	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	On Demand	
<b>Assets</b>							
Cash and balances with SAMA							
Cash in hand	-	-	-	-	-	15,693	15,693
Balances with SAMA	4,873,000	-	-	-	1,775,123	3,681	6,651,804
Due from Banks and other financial institutions							
current accounts	-	-	-	-	-	186,733	186,733
money market placements	2,148,676	30,000	-	-	-	-	2,178,676
Investments, net	554,598	2,739,664	1,734,503	3,757,071	319,703	-	9,105,539
Positive fair value of derivatives							
Held for trading	39,627	16,363	200,715	-	-	-	256,705
Held as fair value hedges	-	464	28,279	30,966	-	-	59,709
Loans and advances, net							
Overdraft	1,525,063	-	-	-	-	-	1,525,063
Credit cards	91,024	-	-	-	-	-	91,024
Consumer loans	34,463	8,708	782,756	225,931	-	-	1,051,858
Commercial loans	2,215,185	2,161,574	19,470,907	784,350	-	-	24,632,016
Other assets	-	-	-	-	847,962	-	847,962
	11,481,636	4,956,773	22,217,160	4,798,318	2,942,788	206,107	46,602,782
<b>Liabilities and equity</b>							
Due to Banks and other financial institutions							
current accounts	-	-	-	-	-	125,388	125,388
money market deposits	3,392,275	276,548	62,000	-	-	-	3,730,823
Customers' deposits							
Demand	-	-	-	-	-	18,810,969	18,810,969
Time	8,355,490	2,646,987	1,557,883	-	-	-	12,560,360
Saving	-	-	-	-	-	307,758	307,758
Margin	-	-	-	-	-	426,532	426,532
Negative fair value of derivatives							
Held for trading	38,475	16,244	194,254	-	-	-	248,973
Held as fair value hedges	-	-	396	1,244	-	-	1,640
Subordinated debt	-	4,072	1,500,000	-	-	-	1,504,072
Other liabilities	8,344	25,031	100,122	112,703	-	1,140,276	1,386,476
Total equity	-	-	-	-	7,499,791	-	7,499,791
	11,794,584	2,968,882	3,414,655	113,947	7,499,791	20,810,923	46,602,782

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 34. LIQUIDITY RISK (continued)

#### b) Analysis of financial liabilities by remaining undiscounted contractual maturities

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2024 and 2023 based on contractual undiscounted repayment obligations. As special commission payments up to contractual maturity are included in the table, totals do not necessarily match with the consolidated statement of financial position. The contractual maturities of liabilities have been determined based on the remaining period at the consolidated statement of financial position date to the contractual maturity date and do not take into account the effective expected maturities. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not affect the expected cash flows indicated by the Group's deposit retention history.

	2024					
	Within 3 months	3-12 months	1-5 years	Over 5 years	On Demand	Total
<b>Liabilities</b>						
Due to banks and other financial institutions	5,848,841	877,270	428,009	-	311,223	7,465,343
Customers' deposits						
Demand	-	-	-	-	22,057,266	22,057,266
Time	10,156,762	3,531,423	1,590,575	-	-	15,278,760
Saving	-	-	-	-	453,448	453,448
Margin	-	-	-	-	1,239,415	1,239,415
Negative fair value of derivatives	6,264	21,977	123,785	36,315	-	188,341
Subordinated debt	3,726	-	1,500,000	-	-	1,503,726
Other liabilities	3,541	10,623	33,532	7,124	2,002,424	2,057,244
	16,019,134	4,441,293	3,675,901	43,439	26,063,776	50,243,543
<b>2023</b>						
	Within 3 months	3-12 months	1-5 years	Over 5 years	On Demand	Total
<b>Liabilities</b>						
Due to banks and other financial institutions	3,392,275	276,548	62,000	-	125,388	3,856,211
Customers' deposits						
Demand	-	-	-	-	18,810,969	18,810,969
Time	8,651,663	2,823,680	1,919,113	-	-	13,394,456
Saving	-	-	-	-	307,758	307,758
Margin	-	-	-	-	426,532	426,532
Negative fair value of derivatives						
Held for trading	38,475	16,244	194,650	1,244	-	250,613
Subordinated debt	4,072	-	1,500,000	-	-	1,504,072
Other liabilities	8,344	25,031	100,122	112,703	1,140,276	1,386,476
	12,094,829	3,141,503	3,775,885	113,947	20,810,923	39,937,087

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 35. FAIR VALUES 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 between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

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

Level 1:	Quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
Level 2:	Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
Level 3:	Valuation techniques for which any significant input is not based on observable market data.

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

At 31 December 2024	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Investments held at FVOCI	397,630	388,037	-	9,593	397,630
Investments held at FVSI	378,731	15,259	363,472	-	378,731
Positive fair value of derivatives	273,838	-	273,838	-	273,838
<b>Financial assets not measured at fair value</b>					
Investments held at amortised cost	9,543,978	9,112,559	-	74,967	9,187,526
Loans and advances	31,770,514	-	-	31,741,055	31,741,055

At 31 December 2023	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Investments held at FVOCI	36,897	26,565	-	10,332	36,897
Investments held at FVSI	282,806	24,887	257,919	-	282,806
Positive fair value of derivatives	316,414	-	316,414	-	316,414
<b>Financial assets not measured at fair value</b>					
Investments held at amortised cost	8,785,836	8,413,545	-	74,971	8,488,516
Loans and advances	27,299,961	-	-	26,710,214	26,710,214

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 35. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2024	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities measured at fair value</b>					
Negative fair value of derivatives	188,341	-	188,341	-	188,341
<b>Financial liabilities not measured at fair value</b>					
Customers' deposits	39,028,889	-	-	38,887,932	38,887,932
Subordinated debt	1,503,726	-	-	1,503,726	1,503,726

At 31 December 2023	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities measured at fair value</b>					
Negative fair value of derivatives	250,613	-	250,613	-	250,613
<b>Financial liabilities not measured at fair value</b>					
Customers' deposits	32,105,619	-	-	32,528,178	32,528,178
Subordinated debt	1,504,072	-	-	1,503,888	1,503,888

Cash and balances with Saudi Central bank (SAMA), due from banks, due to banks, SAMA and other financial assets and liabilities are assumed to have fair values that reasonably approximate their corresponding carrying values due to their short-term nature.

Investment securities in Level 2 and Level 3 valued based on other valuation techniques comprise discounted cash flow techniques or other valuation methodologies.

No transfers out of the level 3 measurement classification occurred during the period ended 31 December 2024 and 2023.

The Group's financial instruments are accounted for under the historical cost method with the exception of trading securities, equity investment securities and derivative financial instruments, which are accounted for at fair value. The fair value represents 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. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Generally accepted methods of determining fair value include reference to quoted prices (level 1 measurement) or to the pricing prevailing for similar financial instruments (level 2 measurement) and the use of unobservable inputs in estimation techniques such as discounted cash flow analysis (level 3 measurement).

The valuation methodologies applied are outlined below:

#### Investment held at FVSI

The fair values of FVSI are based on quoted prices (level 1).

#### Investment held at FVOCI

The fair values of equity investment at FVOCI are based on quoted prices (level 1) or valuation techniques (level 3). Certain unobservable inputs were applied for the valuation of Equity shares held at FVOCI and the impact of the sensitivity of these unobservable inputs would not be significant at classification and asset level.

#### Loans and advances and customer deposits

The fair values (level 3) of loans on a floating interest rate basis are principally estimated at book value. The fair values (level 3) of impaired loans are estimated at the recoverable amount, measured as the present value of expected future cash flows discounted based on the Group's weighted average discount rate. The fair values of fixed rate / variable loans and deposits are estimated on a discounted cash flow basis utilising discount rates equal to prevailing market rates of interest in the respective currencies for loans of similar residual maturity and credit quality.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 35. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

#### Other on-balance sheet items

The fair values of foreign exchange and derivative financial instruments are based on market prices, discounted cash flow techniques or option pricing models as appropriate. The fair values of all other on-balance sheet assets and liabilities approximate their respective book values due to their short-term nature.

#### Credit-related contingent items

There was no material fair value excess or shortfall in respect of credit-related off-balance sheet financial instruments, which include commitments to extend credit, standby letters of credit and guarantees, as the related future income streams reflected contractual fees and commissions actually charged at the consolidated statement of financial position date for agreements of similar credit standing and maturity. Impairment provisions made in respect of individual transactions where a potential for loss has been identified are included in provisions for the impairment of loans and advances.

Sensitivity of the movement in the fair value of financial instruments in the level 3 category is assessed as not significant to other comprehensive income or total equity.

### 36. CAPITAL RISK MANAGEMENT

The Bank actively manages its capital base to cover the risks inherent in its business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision including the framework and guidance regarding the implementation of capital reforms under Basel III ("Basel III Accord") which has been adopted by the Bank's regulator, SAMA. The Basel III capital ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to risk-weighted assets ("RWA") at or above 10.5%, including a capital conservation buffer (2.5%).

The Group monitors the adequacy of its capital using the methodology and ratios established by SAMA. Various committees have been established by the bank which also monitors the capital adequacy. 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.

### 37. CAPITAL ADEQUACY

SAMA through its Circular Number 391000029731 dated 15 Rabi Al-Awwal 1439H (3 December 2017), which relates to the interim approach and transitional arrangements for the accounting allocations under IFRS 9, has directed banks that the initial impact on the capital adequacy ratio as a result of applying IFRS 9 shall be transitioned over five years.

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

	2024	2023
<b>Risk-weighted exposure</b>		
Credit risk RWA	46,925,017	40,200,319
Operational risk RWA	1,591,323	1,217,537
Market risk RWA	3,521,112	2,784,820
<b>Total pillar I risk-weighted exposure</b>	<b>52,037,452</b>	<b>44,202,676</b>
<b>Regulatory capital base</b>		
Tier I capital	7,677,368	7,409,183
Tier II capital	1,884,171	1,796,088
<b>Total Tier I and II regulatory capital base</b>	<b>9,561,539</b>	<b>9,205,271</b>
<b>Capital adequacy ratios</b>		
Tier I ratio	14.75%	16.76%
Total ratio	18.37%	20.83%
Tier I + Tier II ratio	18.37%	20.83%

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 38. RELATED PARTY TRANSACTIONS

In the ordinary course of its activities, the Group transacts business with related parties. Related party transactions are governed by limits set by the Banking Control Law and regulations issued by SAMA. The Group uses the exemptions in respect of related parties' disclosures for government-related entities in IAS 24 "Related Party Disclosures". Transactions with related parties which are considered individually significant are included below. The balances and transaction related to government related entities are also disclosed in following figures.

(i) The balances as at 31 December resulting from such transactions included in the consolidated financial statements are as follows:

	2024	2023
<b>Gulf International Bank B.S.C., its subsidiaries and branches:</b>		
Due from banks and other financial institutions	24,284	72,082
Due to banks and other financial institutions	301,935	123,725
Other assets	164,529	51,741
Other liabilities	76,017	141,647
<b>Public Investment Fund and its related entities:</b>		
Loans and advances	4,120,268	3,423,462
Customers' deposits	14,032,781	8,266,172
Investments	894,824	452,700

(ii) Off-balance sheet balances are as follows:

	2024	2023
<b>Gulf International Bank B.S.C., its subsidiaries and branches:</b>		
Derivatives	9,926,827	9,873,330
Contingencies and commitments	1,619,019	1,621,904
<b>Public Investment Fund and its related entities:</b>		
Derivatives	1,172,027	1,038,698
Contingencies and commitments	498,465	1,318,608

(iii) Income and expenses pertaining to transactions with related parties included in the consolidated financial statements are as follows:

	2024	2023
<b>Gulf International Bank B.S.C., its subsidiaries and branches:</b>		
Special commission income	47,706	9,380
Special commission expense	8,471	13,093
Fees and commission income and expense, net	755	955
Cost recharged to, net	109,068	-
<b>Public Investment Fund and its related entities:</b>		
Special commission income	274,737	147,823
Special commission expense	449,518	488,050
Fees and commission income and expense, net	26,503	36,606

(iv) Following are the transaction with key management personnel:

	2024	2023
Short-term employee benefits	42,540	28,168
Post-employment benefits	7,185	5,459
Directors' remuneration and other expenses	9,448	7,088
Loans and advances	56,602	48,574

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 39. PROFIT SHARING INVESTMENT ACCOUNTS

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

As of 31 December all joint financing is funded by comingled pool which includes funds from Unrestricted Investment Accountholder (including Mudaraba and Wakala).

	2024	2023
Total financing	17,096,069	16,074,820
Total financing	17,096,069	16,074,820

#### (b) The basis for calculating and allocating profits between the bank and the IAHS;

	2024	2023
Total pool Income from Financing and placements	1,200,603	1,103,635
Pool Income	1,200,603	1,103,635
Mudarib share of profit	(196,854)	(131,071)
Movement to or from PER/IRR	-	-
Total amount paid to IAH Mudaraba	(247,696)	(133,960)
Total amount attributable to shareholders pool including Wakala	756,053	838,604

The basis of allocating the profits between IAH and the Bank:

	2024	2023
Bank's Share as provider of funds and as mudarib %	74.63%	75.99%
Investment Account Holder's Share %	20.63%	24.01%
Sukukholders share	4.74%	-
Bank's Share as provider of funds and as mudarib	896,016	969,675
Investment Account Holder's Share	247,696	133,960
Sukukholders share	56,891	-

#### (c) the equity of the IAHS at the end of the reporting period:

	2024	2023
Investment account holders balance before profit	3,491,556	3,268,024
Add: Profit for the IAH during the year/ period	247,696	133,960
Less: Profit paid out during the year	(247,696)	(133,960)
Total value of Investment Account Holders after share of profits and before the fair value reserves	3,491,556	3,268,024
Share in fair value reserve	-	-
Other movement {(Customers in / (out) / Change in account balances)}	(104,232)	223,532
Total equity for Investment Account Holders	3,387,324	3,491,556

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Amounts in SAR'000)

### 39. PROFIT SHARING INVESTMENT ACCOUNTS (continued)

#### (d) Basis for determining any PER or IRR and the changes that have occurred in any of those reserves during the reporting period

Profit equalization reserve (PER) is created by appropriating a specific amount out of the profits earned on the commingled pool of assets before the allocation to shareholders and unrestricted investment account holders. The amounts appropriated to PER reduce the profits available for distribution to both categories of investors, shareholders and investment account holders.

PER allows Bank to mitigate considerably their exposure to displace commercial risk. PER collectively belongs to investment account holders and shareholders for smoothing their profit payouts. While the purpose of these reserves is to enhance the profit payout to IAH in periods when the assets in an Bank's asset pool have underperformed, it is also the case that a PER can be used for smoothing or enhancing dividend payouts to shareholders if so desired by the management.

Investment risk reserve (IRR) is created by setting aside amounts out of the profit attributable to investment account holders, after deducing the Mudarib share, in order to cushion the effects of future investment losses on investment account holders. The IRR enables the Bank's to cover, fully or partially, unexpected losses on investments. Where the losses are fully covered, use of PER may enable a profit payout to be made to the IAH notwithstanding the loss.

With regard to both the PER and IRR, IAH agree in advance in the contract that regulates their relationship with Bank, on the proportion of their income that may be appropriated to each of these reserves. This amount is determined by the management of the Bank at their discretion.

Both profit equalization reserve (PER) and investment risk reserve (IRR) are profit smoothing techniques which are used to manage and mitigate below risk faced by Bank.

#### Displaced commercial risk

Rate of return risk can give rise to displaced commercial risk. Bank may be under pressure to pay a return that is above the rate earned on assets to match the competitors' rates. Bank cannot provide their customers fixed guaranteed returns on their deposits or investments. Instead, they follow risk/return sharing model. However, in practice, investment account holders are likely to expect competitive returns. This lead to displaced commercial risk for Banks. It is vital for Banks to effectively manage their displaced commercial risk to be able to compete with their conventional counterparts. To mitigate displaced commercial risk, Banks may decide to waive their portions of profits and thus dissuade investment account holders from withdrawing funds. However, the practice of foregoing part or all of shareholders' profits can adversely affect the bank's own capital which can lead to insolvency in extreme cases.

### 40. INVESTMENT MANAGEMENT AND BROKERAGE SERVICES

The Group through its subsidiary (GIB Capital Company), manages private investment portfolios on behalf of customers with managed assets totalling SAR 7.45 billion out of which is an Islamic portfolio totalling SAR 2.6 billion (2023: SAR 7.18 billion out of which is an Islamic portfolio totalling SAR 2.28 billion).

### 41. EVENTS AFTER THE REPORTING DATE

There were no significant events between the reporting and authorisation date of these consolidated financial statements, which requires adjustment or disclosure in these consolidated financial statements.

### 42. COMPARATIVES FIGURES

Certain other comparative amounts have been reclassified to confirm with the current year presentation.

### 43. BOARD OF DIRECTORS' APPROVAL

These consolidated financial statements were approved by the Board of Directors on 13 February 2025G (corresponding to 14 Sha'ban 1446H).

# Corporate Directory

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