Integrated Annual Report 2024

مصرف الراجحي
alrajhi bank

harmonize the group

In The Name of Allah
The Most Merciful, The Most Gracious

The Custodian of the Two Holy Mosques

King Salman Bin Abdulaziz Al Saud

His Royal Highness Crown Prince, Prime Minister,

Mohammad Bin Salman Bin Abdulaziz Al Saud


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alrajhi bank

harmonize the group

Every decade or so, new trends, technologies, and rapidly evolving customer needs cause seismic shifts in the banking industry. Over these past few decades, alrajhi bank has been at the forefront of such industry changes. With YOU as our primary focus, our approach to these inevitable transitions has been strategic, yet bold. Prudent, yet innovative. Progressive, yet sustainable. We evolved alongside you and your needs, from a bank to an ecosystem of broader financial capabilities and solutions, ready for the next paradigm shift.

A seamlessly connected, digitally elevated, hyper-personlised, omnichannel, universal banking experience, harmonized to fulfil YOUR evolving financial needs.

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alrajhi bank

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The web and mobile HTML versions are published on-line on the same date as the date of issue of this publication at

https://www.alrajhibank.com.sa/ir24/index.html

about the report

GRI 2-2, 2-3, 2-4

alrajhi bank is pleased to present its Integrated Annual Report for the financial year ended 31 December 2024, in accordance with the International Integrated Reporting <IR> Framework, now part of the International Financial Reporting Standards (IFRS) Foundation. The Report acts as the primary publication and balanced overview presented to the bank's shareholders, investors and other stakeholders of alrajhi bank's performance, operations and strategy – as far as it is prudent to disclose such information – for the year in review. This comprehensive integrated annual report is available online in HTML as well as in print and PDF versions.

Report boundary

The boundary for financial reporting in this document extends to cover alrajhi bank, referred to as "the bank", and its subsidiaries, which, together with the bank, are collectively referred to as the "group". Where applicable, other group entities are referred to as "group" or "Consolidated".

Reporting period

This Report covers the 12-month period from 1 January to 31 December 2024, and is consistent with the bank's conventional annual reporting cycle for integrated financial and sustainability reporting. The bank's most recent integrated report covered the 12-month period that ended 31 December 2023. There are no restatements of information from previous reports and no major changes from previous reporting periods in the scope and aspect boundaries.

Data collection approach

The bank has adopted a comprehensive data collection methodology to ensure the accuracy and reliability of the information presented in this report. This methodology includes internal systems for collecting environmental, social and governance metrics, including but not limited to indicators such as greenhouse gas emissions, energy consumption, employee demographics, employee engagement and data breaches.

The report reflects on:

The value created against the trends that shaped the operating environment in the short, medium and long-term.	The governance, risk management and sustainability frameworks entrenched across the group.	The financial, operational, environmental and social reviews and results of the group for the year.

Compliance

alrajhi bank Integrated Annual Report 2024 complies with all applicable laws, regulations and standards, and guidelines for voluntary disclosures. Additional details can be found in the chapter on Governance (pages 214 to 275) and in the Financial Statements and the Notes therein (pages 277 to 407).

The consolidated Environmental, Social and Governance (ESG) data has been prepared in alignment with the Saudi Exchange ESG Disclosure Guidelines (www.sseinitiative.org), and in reference to the GRI Sustainability Reporting Standards (www.globalreporting.org).

As organisations preparing an integrated report are not required to adopt the International <IR> Framework categorisation of capitals (as provided in the paragraphs 2.10 and 2.17-2.19 in the <IR> Framework), the bank has categorised the capitals distinctively in its value creation model diagram, to aptly describe its value creation process. The process of preparing this Report continues to strengthen and reinforce integrated thinking across the bank.

The Consolidated Financial Statements presented in this report are in line with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards, and pronouncements issued by the Saudi Organisation for Certified Public Accountants (SOCPA). The Statements comply with the provisions of the banking Control Law, the Regulations for Companies in the KSA, and the bank's Articles of Association.

Precautionary principle

alrajhi bank is conscious of the wider impact of its operations, and always takes into consideration the financial, economic, social and environmental consequences of its actions when launching new ventures and initiatives. One particular area of interest to the bank is the indirect results of the actions of businesses to whom the bank lends. The bank is guided by its 'Sustainable Finance Framework' regarding the allocation of proceeds of sustainable financing instruments, with an annual 'Allocation and Impact Report' issued by the bank providing details of the impact of projects benefitting from these allocations.

Although the bank's business model and nature of operations do not directly create a significant negative impact on the environment; every effort is made to reduce its own carbon footprint through initiatives such as renewable energy usage, prudent energy and water consumption, the utilisation of building management systems, waste management, and the elimination of paper usage across its operations.

Queries

Your comments on this Report are most welcome. Please email: IR@alrajhibank.com.sa to send in your feedback on the bank's Integrated Annual Report 2024.

Standards and guidelines followed for reporting

تداول السعودية
Saudi Exchange

The Saudi Exchange ESG Disclosure Guidelines **(https://www.saudiexchange.sa/wps/portal/saudiexchange/listing/issuer-guides/esg-guidelines)**

INTEGRATED REPORTING
Now part of IFRS Foundation

The International Integrated Reporting Framework **(www.integratedreporting.org)**

GRI

GRI Sustainability Reporting Standards – GRI Standards **(www.globalreporting.org)**

this is alrajhi bank

GRI 2-1

our vision

To be a trusted leader delivering innovative financial solutions to enhance quality of life everywhere.

our mission

To be the most successful bank, admired for its innovative service, people, technology and Shariah compliant products, both locally and internationally.

our values

Our core values articulate why we are the number one bank of choice in the Kingdom.

Integrity and Transparency
Openness and highest standards of corporate and personal ethics in all that we do.

A Passion to Serve Our Customers
A strong commitment to anticipate and address customer needs beyond expectations, helping them achieve their objectives.

Modesty
Humility in thought and deed in everything we do.

Innovativeness
Nurturing imagination and fostering creativity for better results.

Meritocracy
Defining, differentiating and reinforcing excellence in people.

Care for Society
Contributing towards a better tomorrow.

our evolution

alrajhi bank is a Saudi joint stock company. The Bank was formed and licensed in accordance with Royal Decree No. M/59 and Article 6 of the Council of Ministers' Resolution No. 245, in June 1987.

1957
Established as an exchange house

1978
Several individual entities under the Al Rajhi name were merged under the umbrella organisation Al Rajhi Trading and Exchange Corporation

1988
Converted to a bank under the name Al Rajhi Banking and Investment Corporation

2006
Named Al Rajhi Bank

Established Al Rajhi Bank Malaysia – the first overseas branch

2008
Established Al Rajhi Capital Company as a securities business subsidiary

2010
Established Al Rajhi Bank Kuwait

2011
Established Al Rajhi Bank Jordan

2013

Established Tuder Real Estate Company to manage the growing real estate and properties of the Al Rajhi Group

2018

Established Emkan Finance Company for microfinancing

2019

Established Tawtheeq for financial leasing contracts registration and streamlining litigation processes

2021

Established Neoleap as a FinTech company focused on payment solutions

Centralised and absorbed all operations, automation, and professional services under Tanfeeth, later rebranded as Atmaal

2022

Fully acquired Ejada Systems Limited Co. to extend IT capabilities

2024

Established Neotek as a FinTech company focused on data aggregation

Acquired majority stake of the Drahim App – a personal financial management (PFM) and automated investment app – the first-of-its-kind investment in the region.

the bank

GRI 2-1

Headquartered in Riyadh, Kingdom of Saudi Arabia, alrajhi bank operates under Commercial Registration No. 1010000096. A member of the alrajhi bank group, the bank is listed on the Saudi Stock Exchange (Tadawul) with the Ticker No. RJHI [1120]. alrajhi bank is the world's largest Islamic bank with SAR 974 Bn. (USD 260 Bn.) in assets, a paid-up capital of SAR 40 Bn. (USD 11 Bn.) and an employee base of over 23,000 associates.

The bank's business is diversified across the following verticals:

alrajhi bank group

GRI 2-6

alrajhi bank group provides customers with innovative financial products and services that are simultaneously in line with Islamic banking principles and rapidly evolving market requirements.

The group is Shariah-compliant and is instrumental in bridging the gap between 21st-century financial demands and intrinsic Islamic values.

Map with locations of subsidiaries and branches

Subsidiaries and International Network

GRI 2-6

Al Rajhi Capital Company
KSA

A Saudi closed joint stock company authorised by the Capital Market Authority to carry on securities business in the activities of dealing/brokerage, managing assets, advising, arranging and custody.

Atmaal
KSA

A limited liability company registered in the Kingdom of Saudi Arabia to provide recruitment services, automation, and business solutions.

alrajhi bank - Kuwait
Kuwait

Foreign branch registered with the Central Bank of Kuwait.

alrajhi bank - Jordan
Jordan

Foreign branch operating in the Hashemite Kingdom of Jordan, providing financing, banking, and investments services, and importing and trading in precious metals and stones in accordance with Islamic Shariah and applicable banking laws.

alrajhi bank - Malaysia
Malaysia

Foreign subsidiary and licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia.

Tuder Real Estate Company
KSA

A limited liability company registered in the Kingdom of Saudi Arabia to carry out the real estate and property management function on behalf of the bank.

Emkan Finance Company
KSA

A closed joint stock company registered in the Kingdom of Saudi Arabia providing micro consumer financing, finance lease and small and medium business financing.

Tawtheeq Company
KSA

A closed joint stock company registered in the Kingdom of Saudi Arabia providing financial leasing contracts registration to organise contracts data and streamline litigation processes, and transferring and holding the title deeds of real estate properties on behalf of the bank.

alrajhi Financial Markets Ltd.
Cayman Islands

A Limited Liability Company registered in the Cayman Islands with the objective of managing certain treasury related transactions on behalf of the bank.

International Digital Solutions Co. (Neoleap)
KSA

A closed joint stock company owned by the bank for the purpose of practising technical work in financial services, digital payment systems, financial settlements and related services.

Ejada System Limited Co.
KSA

A Saudi Limited Liability owned by the bank for the purpose of providing professional, scientific, technological activities, information communication services, system analysis and senior management consultation services.

Neotek
KSA

A FinTech company regulated by the Saudi Central Bank (SAMA) as a Third-Party Provider (TPP) of cutting-edge financial technology solutions.

Drahim
Cayman Islands

A leading financial management and automated investment platform licensed by the Saudi Central Bank (SAMA) within the FinTech Lab and the Capital Market Authority's regulatory environment.

Strength and reach

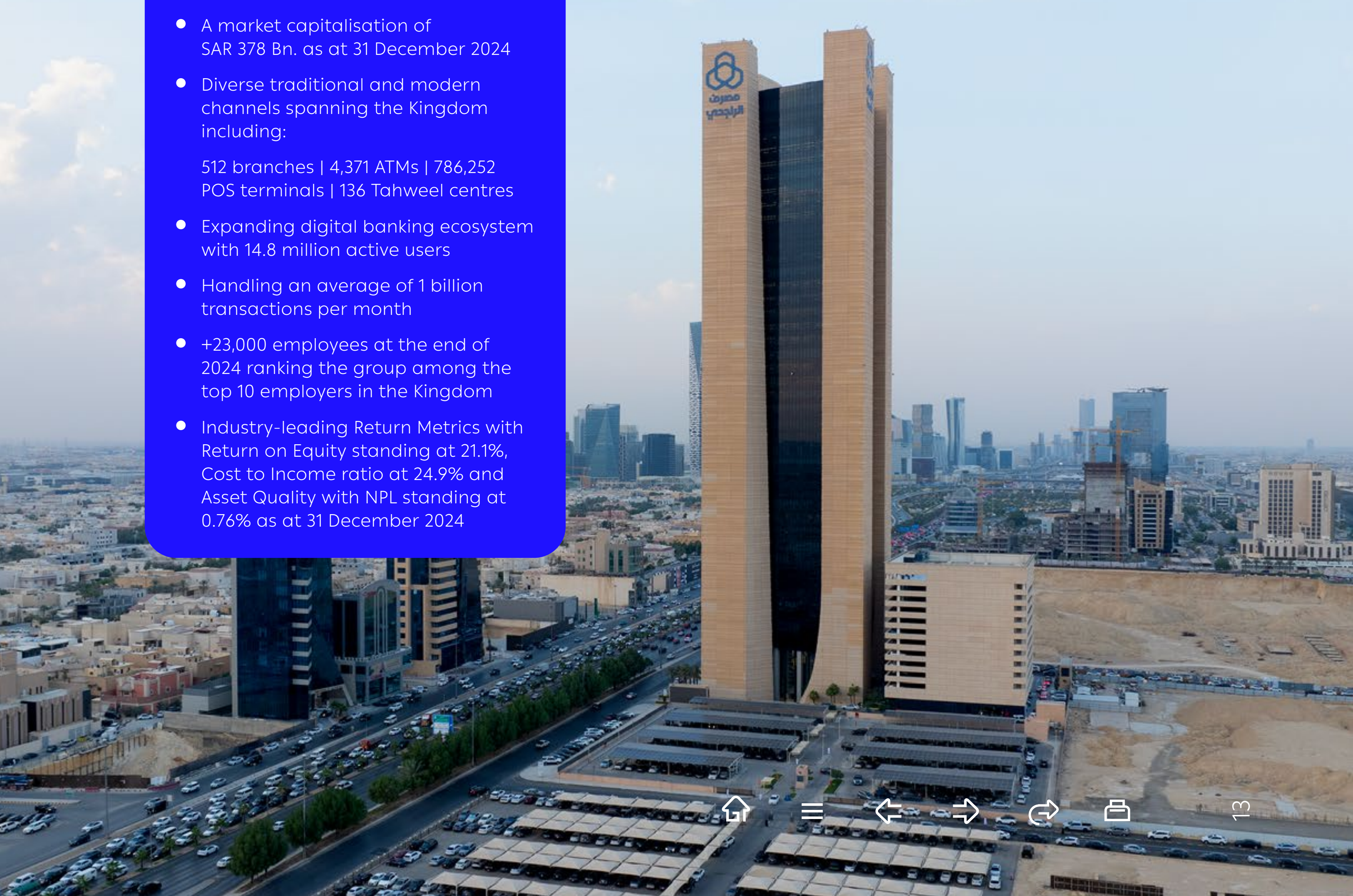
- The largest Islamic bank in the world with the largest branch network in the Middle East including 13 branches in Jordan, 2 branches in Kuwait and 13 branches in Malaysia
- The largest bank in terms of financing portfolio and total deposits, and the second largest bank in Saudi Arabia in terms of assets – accounting for 23.2% of total assets, 24.7% of loans, 23.4% of total deposits among banks in the Kingdom as of 31 December 2024
- Total group assets amounted to SAR 974 Bn. as at 31 December 2024
- A market capitalisation of SAR 378 Bn. as at 31 December 2024
- Diverse traditional and modern channels spanning the Kingdom including:

  512 branches | 4,371 ATMs | 786,252 POS terminals | 136 Tahweel centres
- Expanding digital banking ecosystem with 14.8 million active users
- Handling an average of 1 billion transactions per month
- +23,000 employees at the end of 2024 ranking the group among the top 10 employers in the Kingdom
- Industry-leading Return Metrics with Return on Equity standing at 21.1%, Cost to Income ratio at 24.9% and Asset Quality with NPL standing at 0.76% as at 31 December 2024

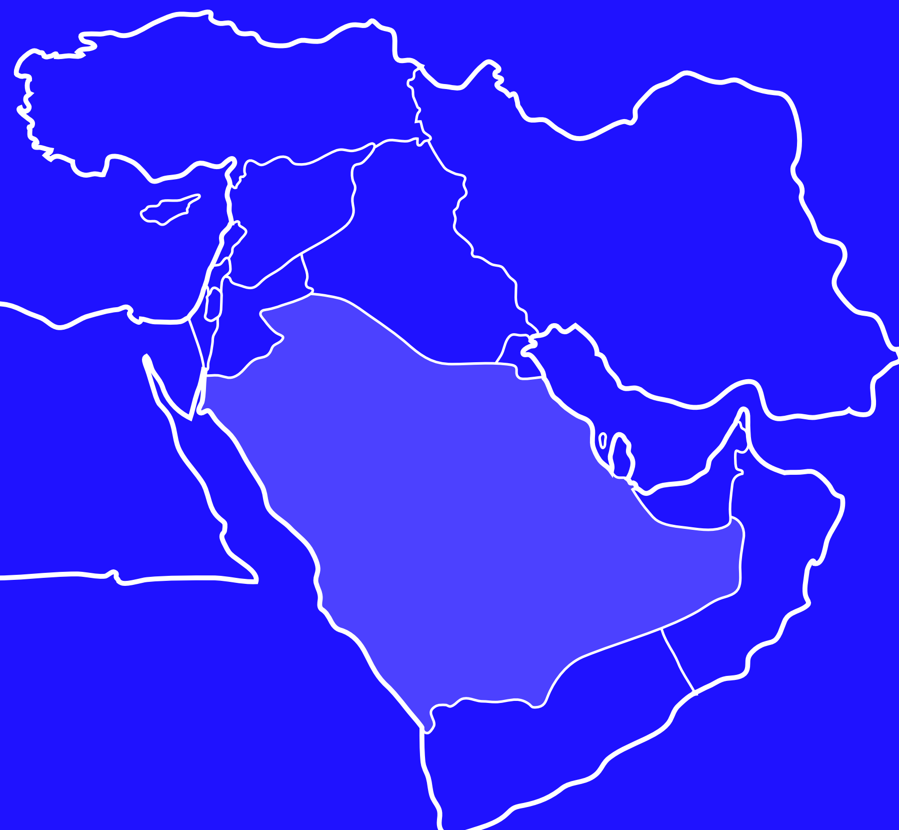
VISION رؤيـــة 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Commitment to Vision 2030

alrajhi bank remains one of the Kingdom's main contributors towards the three themes of Vision 2030: a vibrant society, a thriving economy, and an ambitious nation. With a significant number of the goals of Vision 2030 either directly or indirectly connected with finance, the bank and its subsidiaries are ideally placed to further the Kingdom's aspirations, policies, and plans in its journey towards realising Vision 2030 in the coming years.



value drivers: 2024 at a glance



World's largest Islamic Bank (by assets and market cap)

#1 in

- Bank in KSA (by number of customers)
- Retail bank in the Middle East (Retail Deposits and Income)
- Distribution network in the Middle East (by # of Branches, POS, ATMs, Remittance Centres)
- In banking transactions in KSA (+1 billion transactions per month, on average)
- Bank for remittances in Middle East (by payment value)

#3

in Corporate Banking in KSA

2024 – 85

Highest Customer Satisfaction Net Promoter Score (NPS) in the Kingdom

2023 – 76

Net income after Zakat
2024
SAR 19.7 Bn.
2023 – SAR 16.62 Bn.

Total assets
2024
SAR 974 Bn.
2023 – SAR 808 Bn.

Earnings per share
2024
SAR 4.67
2023 – SAR 3.95

value drivers: 2024 at a glance

Total number of customers
2024
18.5 Mn.
2023 – 15.8 Mn.

Customer deposits
2024
SAR 628 Bn.
2023 – SAR 573 Bn.

Digital: Manual ratio
2024
95:5
2023 – 94:6

Mortgage financing grew YoY by
13.8%

Corporate financing grew YoY by
31.8%

SME financing grew YoY by
29.6%

Team strength
23,406

Training hours per employee
45.5

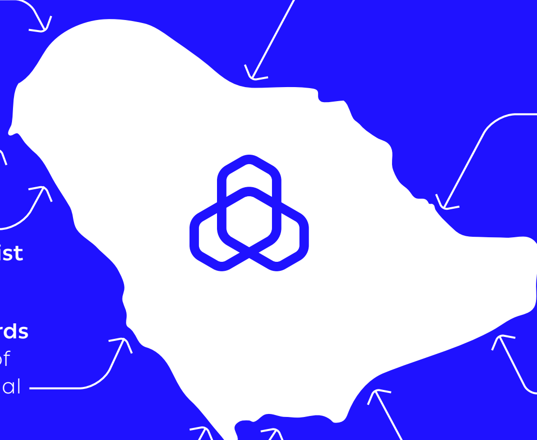
Saudisation rate
98%

USD 1 Bn.
1st Sustainable AT1 capital sukuk issuance denominated in USD

SAR 3 Bn.
Sustainable Financing directed towards renewable energy projects

+39K families
benefitting from sustainable financing directed towards affordable housing solutions

Awards and recognitions received in 2024



#1 Bank Brand in KSA (Brand Power Score)

Most Valuable Saudi Brand of 2024 as ranked by Kantar BrandZ

Included in the **Forbes World's Best banks 2024 List**

Top honours at inaugural **Social Responsibility Awards** organised by the Ministry of Human Resources and Social Development of KSA.

Best Customer Experience in Financial Services Award – SCXA 2024

Best Loyalty Program in the middle East & Africa – The Digital Banker Magazine

Best Online Banking in Saudi Arabia 2024 - International Business Magazine

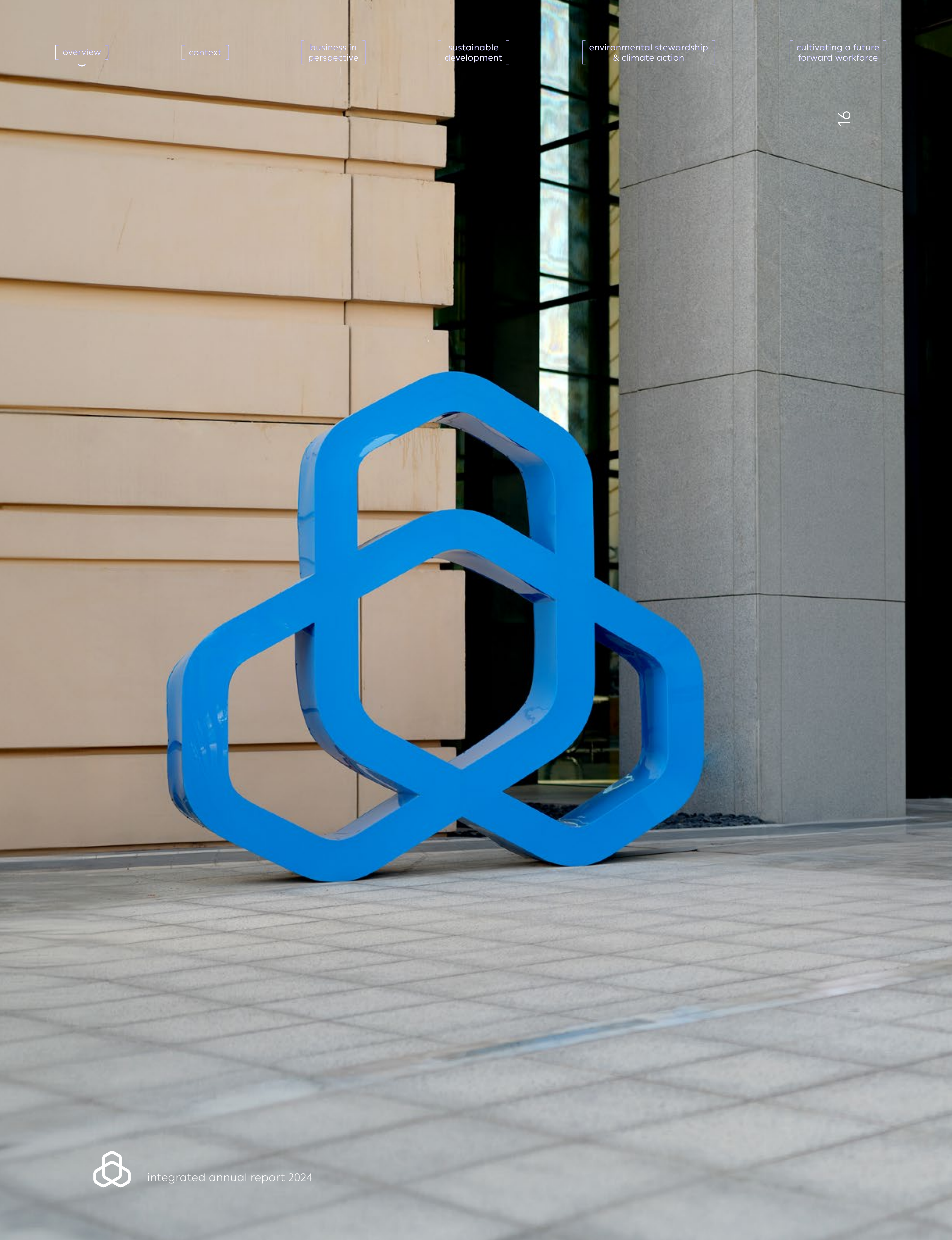
Most Reliable Digital Payments Service Provider in Saudi Arabia 2024 - World Business Outlook

Best Digital Bank - The Asian Business Review

Best Mobile Banking App and **Most Innovative Mobile App** in Saudi Arabia 2024 – The Global Economics

Most Innovative Retail Bank in Saudi Arabia 2024 - Global Business Magazine

*Full lists of awards are mentioned under respective chapters throughout the Report.



five-year summary

Key indicators from the consolidated financial statements for the years ended 31 December 2024.

For the years ended 31 December	2024	2023	2022	2021	2020
Operating results for the year, SAR '000					
Net financing and investment income	**24,843,046**	21,269,119	22,172,687	20,391,936	16,913,017
Total operating income	**32,055,303**	27,531,409	28,575,019	25,716,398	20,721,260
Total operating expenses	**10,087,408**	9,002,124	9,452,329	9,271,608	8,907,641
Net income	**19,731,186**	16,621,159	17,150,825	14,746,211	10,595,548
Total comprehensive income	**19,516,348**	16,955,074	16,640,035	15,190,996	10,676,861
Assets and liabilities, SAR '000					
Financing, net	**693,409,723**	594,204,806	568,338,114	452,830,657	315,712,101
Customer deposits	**628,238,501**	573,100,607	564,924,688	512,072,213	382,631,003
Total assets	**974,386,656**	808,098,272	761,618,888	623,644,628	468,824,723
Total liabilities	**851,247,425**	701,338,841	661,393,853	556,363,064	410,706,205
Total equity	**123,139,231**	106,759,431	100,225,035	67,281,564	58,118,518
Profitability					
Return on average assets (%)	**2.26**	2.12	2.46	2.70	2.56
Return on average equity (%)	**21.06**	19.35	22.68	23.87	19.94
Earnings per share	**4.67**	3.95	4.24	3.69	2.65
Dividend per share	**2.71***	2.30	1.25	0.88	0.63
Regulatory ratios					
Capital adequacy ratio:					
Tier I (%)	**19.29**	20.40	20.27	16.36	17.99
Tier I and II (%)	**20.21**	21.52	21.41	17.50	19.08
Growth					
alrajhi group Staff (Nos.)	**23,406**	20,878	19,964	15,078	13,445
Branches (Nos.)	**512**	509	516	521	543
ATMs (Nos.)	**4,371**	4,552	4,727	4,891	5,211
POS Terminals (Nos.)	**786,252**	601,153	533,442	326,121	204,549

*The Board of Directors recommended to the General Assembly to distribute SAR 1.46 dividends per share for the second half of 2024.

chairman's statement

GRI 2-22

In line with the Kingdom's transformative changes and the major development revitalisation spanning all sectors, we are proud to report that alrajhi bank achieved its highest net income after Zakat.

GRI 2-22

It is with great pleasure that we present alrajhi bank's Annual Report for the year 2024 to our esteemed shareholders, customers, partners, and the financial and business community. This report highlights our key performance indicators (KPIs) including achievements, development projects, social and environmental responsibility initiatives, progress in digital transformation, local and international accolades, and future aspirations of alrajhi bank, all within the framework of our new "harmonize the group" strategy.

chairman's statement

Amid numerous regional and global challenges that have persisted in recent years including disruptions to supply chains, global trade and investment flows, as well as cyber and climate risks, the Kingdom has demonstrated its capacity to not only absorb external shocks, but also to successfully strengthen and diversify its economy in a challenging global operating environment. The Kingdom has seen remarkable growth, particularly in the non-oil sector, which grew by 4.3%, alongside increased government spending and the completion of several significant infrastructure projects. These achievements have bolstered the Kingdom's capacity to host major global events, culminating in gaining global support for Saudi Arabia's hosting of Expo 2030 and the FIFA World Cup 2034. These historic achievements, which coincide with the tourism boom and Saudi Arabia's transformation into a global destination, reflects the impressive progress already made as a result of the Kingdom's Vision 2030 initiatives. These significant milestones continue to be achieved ahead of schedule, and are significantly contributing toward the strategic objectives of building a vibrant society, a thriving economy, and an ambitious nation.

As a key pillar of the national economy, alrajhi bank's successes contribute significantly to the Kingdom's economic prosperity. The bank plays a vital role in advancing the banking sector under the guidance of the Saudi Central Bank (SAMA). It remains at the forefront of programs, initiatives, and projects aligned with the Kingdom's Vision 2030, embedding this vision at the core of its strategy and operations. alrajhi bank, supported by its foreign branches and subsidiaries, continued to build on the successes of previous years, and deliver a strong performance, achieving positive results across multiple business lines. The bank has successfully navigated the challenges posed by global economic crises and fluctuations, leveraging its key strengths. These include maintaining high asset quality with non-performing loans (NPL ratio) accounting for only 0.76%, and sustaining a robust capital position with a capital adequacy ratio (CAR) of 20.2%. Additionally, the ratio of demand and other non-profit bearing deposits to total deposits reached 73.4%, reflecting the confidence of the bank's large customer base, while also contributing towards mitigating liquidity risks. While the loan to deposit ratio (LDR) stands at 85.5%,

the bank maintains a solid proportion of high-quality liquid assets, with a liquidity coverage ratio (LCR) of 120%. In line with the Kingdom's transformative changes and the major development renaissance spanning all sectors, we are also proud to report that alrajhi bank achieved its highest net income after Zakat since establishment, totalling SAR 19.7 Bn., reflecting a growth rate of 19%. The bank's assets grew by 20.6% compared to 2023, reaching SAR 974 Bn., while shareholders' equity increased by 15.2% to reach SAR 123 Bn.

The non-retail finance portfolio grew by 31%, while the real estate finance portfolio expanded by 14%, reflecting the bank's commitment to increasing citizens' homeownership rates. Additionally, the bank continued its support for small and medium-sized enterprises (SMEs), providing over SAR 39 Bn. through a range of bundled services, innovative and diverse financial solutions that optimise group synergies, to foster sustainable growth. The SME finance portfolio grew by 30% compared to 2023 as a result of these focused efforts. The bank also holds the largest market share in real estate finance, with 41.1%, in retail finance with 41.2%, and in the number of point-of-sale (POS) devices, reaching 41%. Confirming our success in attracting foreign investments, a key goal of the Kingdom's Vision 2030, the percentage of foreign ownership in the bank's shares has surpassed 14%, with a market value of SAR 54 Bn. This achievement positions alrajhi bank as one of the largest companies listed on the Saudi Exchange in terms of foreign ownership.

Reaffirming its regional and international leadership in issuing sustainable sukuk and supporting global efforts to mitigate the negative impacts of climate change, alrajhi bank reached a significant milestone in 2024 with the successful launch of its first sustainable capital sukuk issuance, valued at USD 1 Bn. This marks the first tranche of alrajhi bank's USD-denominated AT1 issuance in global markets, building on the bank's strong track record in international offerings. With subscription volumes exceeding USD 3.5 Bn.,

chairman's statement

this accomplishment underscores the bank's robust position in global markets and reflects strong investor demand, further advancing the bank's business and sustainable projects.

By presenting this report, we also reaffirm our commitment to the continued application of corporate governance principles, adhering to regulatory guidelines on disclosure and transparency, providing greater value to our stakeholders, and strengthening communication with our customers. After completing the implementation of the "Bank of the Future (BOTF)" strategy, we launched our new "harmonize the group" strategy in 2024. This strategy emphasises on collaboration and integration across the bank's business units and subsidiaries, expanding product offerings, acquiring new customer segments through unique value propositions, and increasing investments in digital transformation, automation, and artificial intelligence. It prioritises delivering customer-centric financial solutions while providing an exceptional experience for both corporate and retail customers. To support this approach, we acquired a 65% stake in "Drahim," a leading financial management and automated investment platform licensed by SAMA. This acquisition leverages advanced technologies to strengthen the bank's leadership in the financial sector, empowering fintech companies to develop solutions for corporate and retail financial needs, investments, and payments, while enhancing service quality. Additionally, we established "neotek," a company specialising in open banking and financial technology, which has received SAMA approval to operate within the regulatory sandbox. This initiative enhances neotek's ability to develop cutting-edge financial technology solutions, reinforcing alrajhi bank's pioneering role in advancing the Kingdom's financial sector in alignment with the goals of the Kingdom's Vision 2030.

Embodying alrajhi bank's commitment to social responsibility as both a national duty and a fundamental right to the society it serves, the bank operates under the slogan "Right and Duty". It is devoted to supporting social housing and education initiatives, such as the Graduate Development Program and the Educational Orphans Care Program, which benefits over 200 male and female students pursuing higher education in 37 academic specialisations at 28 private universities across the Kingdom. Furthermore, the bank continues to support and establish medical centres for cardiac catheterisation, diabetes treatment and care, physical therapy, and kidney transplants for patients referred through the "Shifa" platform. Additionally, the bank contributes to public health by providing blood donation vehicles in Riyadh and Medina to support the blood bank at King Faisal Specialist Hospital in Riyadh. In addition to enabling its customers to contribute to charitable initiatives through the "Quick Donation" service through the alrajhi mobile app, the bank, together with its customers, has donated over SAR 250 Mn. to the "Jood Eskan" housing project. Further details of these initiatives, as well as investments exceeding SAR 5 Bn. in social responsibility and environmental sustainability efforts, are provided in this report.

In recognition of its growing and impactful role, alrajhi bank has been awarded top honours in social responsibility by the Ministry of Human Resources and Social Development in its inaugural Social Responsibility Awards, achieving first place in the Gold Category for "Social Responsibility Practices". Further solidifying its position, alrajhi bank was crowned the "Most Valuable Brand" in Saudi Arabia by Kantar BrandZ, and ranked as the Most Valuable Banking Brand in the financial and banking sector by Brand Finance. Additional local and international awards and achievements are detailed within the page 15 of this annual report.

Through proactive engagement with environmental concerns that increasingly impact all aspects of life and human activity, alrajhi bank has reaffirmed its commitment to the Kingdom's net zero emissions target. In alignment with the goals of the "Saudi Green Initiative (SGI)" and the principles of green financing aligned with ESG practices, the bank continues to lead in adopting carbon-free renewable energy sources. Key initiatives include investments in solar energy, biofuels, alternative energy sources, water desalination, and wastewater treatment. The bank also focuses on energy and electricity management through environmentally friendly technologies and designs, the use of recycled materials, and the adoption of paperless operations, supported by the rapid transition from traditional to digital processes. These measures have collectively contributed to energy conservation and a significant reduction in alrajhi bank's carbon footprint.

At alrajhi bank, we believe that investing in people is the most valuable investment of all. As such, we are deeply committed to nurturing and developing the Kingdom's talent in line with the highest international standards. Through the alrajhi Academy, university graduates are equipped with cutting-edge skills in integrated banking services. To date, the academy has trained over 740 employees, with an intake of over 100 graduates annually. These graduates are well-prepared to navigate the competitive labour market and are often ready to assume leadership positions within two years of completing the training program. This ensures that the bank has a strong, diverse pool of leadership talent capable of meeting the demands of today and shaping the future.

With nearly seventy years of accumulated experience and a proven track record of success in serving the national economy and customers with different aspirations across multiple segments, alrajhi bank remains a key player in the development of the financial sector under the guidance of SAMA. Moving forward, the bank will continue its progressive journey in line with the "harmonize the group" strategy. The bank is also committed to adhering to regulatory directives, meeting environmental standards, and addressing the challenges of climate change. alrajhi bank will also remain at the forefront of innovation, staying aligned with advancements in technology, digital transformation, and artificial intelligence. This progress is fuelled by an unwavering spirit of optimism and confidence, inspired by the remarkable achievements and prosperity of our beloved Kingdom across all sectors.

In conclusion, all of us at alrajhi bank are deeply honoured to extend our utmost thanks, gratitude, and appreciation to the Custodian of the Two Holy Mosques and His Highness the Crown Prince – may Allah protect them and grant them success – for their steadfast guidance and wise leadership, steering our country towards boundless horizons of progress and prosperity. We also extend our heartfelt thanks and appreciation to SAMA, the Capital Market Authority, and all government entities. Additionally, we express our sincere gratitude to our esteemed shareholders, clients and partners. We extend our gratitude to the Honourable Chairman and members of the Shariah Council and I also wish to express my appreciation to my esteemed colleagues, the members of the Board of Directors. Further, I express my utmost appreciation to our exceptional team members, who continue to drive alrajhi bank's success in the world of Islamic banking services. Together, as one unified team, we are ready to embark on a journey toward new horizons and an even brighter future.

May Allah grant success,

Abdullah bin Sulaiman Al Rajhi
Chairman of the Board of Directors

managing director and chief executive officer's review

In 2024, alrajhi bank commenced the implementation of its "harmonize the group" strategy, bringing together an ecosystem of banking and financial solutions to service both retail and corporate customers, while elevating the benchmark for customer experience.

The year 2024 stands as a testament to alrajhi bank's excellence across multiple domains, adding a distinguished chapter to our seven-decade legacy of success. As we witness the bank's continued growth, we are filled with renewed pride in its pioneering spirit and its profound impact on our nation's development. Our contributions to the Kingdom's economic revitalisation continue to yield results, with each passing day revealing

managing director and chief executive officer's review

new achievements that affirm our direction and purpose. This sustained progress, visible in our nation's comprehensive development, reinforces our conviction to remain steadfast on our path to excellence.

The Saudi economy has demonstrated remarkable resilience and adaptability in the face of global economic uncertainties stemming from international tensions and volatility in energy and commodity markets. Our nation has successfully navigated external challenges, achieving robust growth across diverse sectors. The Kingdom's bold steps towards economic diversification, coupled with energy transition initiatives and reduced oil dependency, has yielded impressive results. This transformation is particularly evident in the non-oil GDP growth, projected to reach 4-5% in coming years, driven by major projects and Saudi Vision 2030 targets.

The Saudi banking sector, a cornerstone of our national economy, has been instrumental in maintaining economic and financial stability, and enhancing and keeping pace with the strong GDP growth. Operating within comprehensive regulatory and supervisory frameworks aligned with international best practices, the sector ensures confidence and transparency, ensuring continuous alignment with national economic requirements and the Vision 2030 National Investment Strategy. In 2024, the banking sector delivered a robust performance, fuelled by major projects, with financing growth reaching 14.4%, and deposits rising by 8.9%. This steady deposit expansion enabled the sector to maintain healthy liquidity ratios, positioning it well to meet the anticipated increase in financing demand in 2025. As the world's largest Islamic bank and a key player in the Saudi banking landscape, alrajhi bank continues to be a driving force in the Kingdom's financial and investment ecosystem.

During 2024, alrajhi bank, with steadfast support from its Board of Directors, achieved exceptional results across all KPIs in various business verticals, further solidifying its market leadership. Notable achievements include: 19% increase in net income after Zakat, 10% growth in customer deposits, 21% expansion in total assets, significant growth in digital transactions, 29.6% growth in SME portfolio, 31.8% growth in corporate financing, 13.8% increase in mortgage portfolio, maintaining the largest market share in mortgage at 41.1%, maintaining market leadership in retail financing at 41.2%, enhanced market share in demand deposits at 28.6%, and the 41% market share dominance in POS terminals. These achievements underscore alrajhi bank's sustained leadership in retail banking while demonstrating remarkable growth in the corporate banking and the MSME sectors. The bank's expansion in fee-based products and services has driven revenue and profit growth. As a result of outstanding performance throughout the year, alrajhi bank maintained the highest customer satisfaction Net Promoter Score (NPS) in the Kingdom.

In 2024, alrajhi bank commenced the implementation of its "harmonize the group" strategy, bringing together an ecosystem of banking and financial solutions to service both retail and corporate customers, while elevating the benchmark for customer experience.
This strategy integrates all banking products, services, and solutions into a seamless digital financial ecosystem, enhanced by advanced data management and artificial intelligence technologies. By ensuring accessibility, speed, and flexibility for all customer segments, the Bank is unlocking new growth opportunities, driving cross-selling, boosting banking fee income, and enhancing operational efficiency—ultimately generating additional value and revenue. Simultaneously, leveraging the Kingdom's largest personal banking customer base, alrajhi bank is actively expanding its market share in the corporate banking sector through strategic collaboration between various business units and subsidiaries.
Additionally, in alignment with the release of the second version of the Open Banking framework by the Saudi Central Bank (SAMA), alrajhi bank forged strategic partnerships with several fintech companies, established "neotek" for digital financial solutions, and acquired a 65% stake in "Drahim", a fintech start-up specialising in financial management and automated investment. These initiatives are pivotal in advancing the financial ecosystem and promoting digital financial inclusion for retail and corporate customers, supporting the economic aspirations of Saudi Vision 2030. As a testament to these efforts, the Bank received prestigious global awards, including the Best

managing director and chief executive officer's review

Digital Bank award from MEED and the Data and AI Excellence Award from the Finnovex Summit.

Internationally, alrajhi bank Malaysia experienced a remarkable breakthrough in 2024, becoming the third-largest foreign Islamic bank in terms of assets, with a 77% surge in net profits, 8% growth in financing, and a 26% increase in Sukuk holdings. In Kuwait, despite economic headwinds stemming from the global slowdown and reduced oil production, alrajhi bank Kuwait achieved robust growth, reinforcing its financing and investment portfolio in collaboration with its Saudi counterpart. Meanwhile, alrajhi bank Jordan recorded an impressive 23% rise in net income compared to 2023, driven by strong returns, fee-based revenues, and effective operational costs management.

On the subsidiary front, alrajhi bank's subsidiaries demonstrated strong performance indicators throughout 2024. Al Rajhi Capital retained its top position in terms of trading value on the Tadawul securities market and advanced to second place in assets under management (AUM), recording an impressive 62% growth and a 43% increase in total active clients. Emkan, the leading digital financial solutions provider, further strengthened its market position by expanding its footprint in consumer financing and in the SME sector. This was achieved through the introduction of innovative products such as POS financing, the "Buy Now, Pay Later" service, and SME credit cards, alongside enhancements to its technical infrastructure and operational efficiencies. Meanwhile, Neoleap, alrajhi bank's fintech arm, sustained its strong performance and market share growth by launching a diverse array of cutting-edge solutions and services tailored for both retail and corporate customers. Among its key innovations was a digital wallet designed for the business sector, offering seamless services including financing, transfers, and card issuance. Ejada Systems, a regional leader in digital transformation, is preparing for its next phase of growth by planning a public offering of 20.25 million shares—representing 45% of its total equity—on the Saudi market, following the Capital Market Authority's approval. The subscription value is expected to be announced during 2025. Overall, the expansion in cross-selling and development of value propositions for target sectors led to all subsidiaries achieving strong growth in market share and profits, as well as increasing income from subsidiaries as a percentage of total group income. The leading alrajhi bank branch network also contributed as an additional sales channel, providing a significant competitive advantage for all subsidiaries.

In alignment with Saudi Vision 2030, which envisions a future founded on economic, social, and environmental sustainability, alrajhi bank, as one of the Kingdom's largest financial institutions and leading brands, with an extensive base of clients, shareholders, and employees, acknowledges its responsibility in driving sustainable progress. We are committed to upholding the highest Environmental, Social, and Governance (ESG) standards, fostering ethical business practices, and implementing globally recognised best practices in risk management and compliance. In this context, our efforts centre on embedding sustainability principles across all banking operations, ensuring that our objectives and strategies—such as "Bank of the Future" and "harmonize the group"—are closely aligned with Saudi Vision 2030, the Saudi Green Initiative (SGI), the Saudi Stock Exchange ESG Guidelines as well as UN SDGs. These initiatives, along with other key sustainability-driven efforts, are detailed in this report.

alrajhi bank embraces a comprehensive and forward-thinking approach to customer centricity, continuously striving to enhance the customer experience by offering personalised and exceptional banking services tailored to their needs and aspirations. The Bank prioritises effective, responsible communication and broadens customer touchpoints, actively gathering insights from both traditional and digital channels. This valuable feedback is leveraged to develop innovative solutions that address the evolving needs of diverse customer segments. To achieve this, the bank employs cutting-edge technologies, including data management and analytics systems, and artificial intelligence, while maintaining a strong presence across social media platforms. Additionally, the "Voice of the Customer" indicator is closely monitored to identify and proactively resolve potential concerns at their roots. These practices with their significant positive impact, underscore alrajhi bank's unwavering commitment to continuous improvement.

alrajhi bank's esteemed position, both locally and globally, reflects its core and most valuable asset—its human resources—a team that has played, and continues with dedication to play an integral role in driving the bank's success. As such, alrajhi bank places significant emphasis on investing in the care, development, and growth of its human resources, ensuring a holistic enhancement of their professional experience. This begins by fostering a healthy, positive, and motivating work environment, developing their skills and capabilities through specialised training programs, and providing the necessary infrastructure and technological solutions for optimal performance and excellence. The bank also adopts best practices in performance management, evaluation, development, communication, benefits, and compensation. Within this framework, alrajhi Academy continues to implement talent development initiatives and workforce training across various functions and disciplines, along with graduate development programs. Moreover, the bank designs and executes development programs focused on cultivating the essential skills required at all job levels, ensuring alignment with the bank's strategic objectives. Additionally, alrajhi bank launched the "Nomu" platform, fostering internal career mobility across our departments and subsidiaries. This platform aims to nurture our employees' growth journey while enhancing their engagement and satisfaction within our institution.

As we reflect on 2024's remarkable achievements and transformative progress, we look to 2025 and beyond with unwavering confidence and optimism. We remain committed to advancing in our journey of excellence and innovation, continuously developing pioneering solutions and services. Our "harmonize the group" strategy serves as a powerful springboard, propelling alrajhi bank confidently into the future. This strategic foundation enables us to adapt to evolving market dynamics, overcome challenges, and secure long-term success, further cementing our position as a leading force in banking services across local, regional, and international markets.

In conclusion, I extend my heartfelt gratitude to our Chairman and Board members for their steadfast support and guidance. My deepest appreciation goes to our esteemed clients, shareholders, and partners who have been instrumental in our success. I am particularly grateful to our dedicated colleagues at alrajhi bank—from our executive team to our staff across all departments, sectors, branches, and subsidiaries—whose unwavering commitment and sincere efforts continue to strengthen and sustain this distinguished financial and economic institution. With Allah's blessing, we look forward to a new year filled with promise, growth, and prosperity for all.

May Allah grant success,

Waleed Abdullah Almogbel
Managing Director and CEO

context

operating context

Global economic growth is projected to hold steady at 3.2% in 2024 and 2025, with inflation in most countries falling close to central bank targets. According to the International Monetary Fund's (IMF) World Economic Outlook published in October 2024, the United States will be a central driver of global economic growth, offsetting downgrades forecast to other advanced economies, especially across Europe. The United States Federal Reserve pivoted to cutting interest rates in September 2024, starting with a 50 basis-point drop followed by two 25 basis-point rate cuts by end of 2024. However, the latest five-year forecast by the IMF remains at around 3.1%, below the historical (2000-19) pre-pandemic average of 3.8%.

Global operating environment

The IMF sees resilience in key markets including India, Brazil and Southeast Asia, despite geopolitical, trade and other risks, including the possibility of significant tariff hikes and retaliatory actions. Global headline inflation is expected to fall from an annual average of 6.7% in 2023 to 5.8% in 2024, and further to 4.3% in 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. The global economy has remained unusually resilient throughout the disinflationary process, avoiding a global recession, despite the sharp and synchronised tightening of monetary policy around the world. Following a period of stagnation in 2023, global trade is also expected to continue to grow in line with GDP, reaching an average of 3.25% growth annually in 2024 and 2025, despite an increase in cross-border restrictions affecting trade between geopolitically distant blocs.

The need for structural reforms, however, remains urgent as ever. In 2024, half of the world's population across nearly 70 countries elected new governments, leading to exceptional policy uncertainty. The Report thus highlights the need for economic growth to come from ambitious domestic reforms that boost technology and innovation, improve competition and resource allocation, further economic integration, and stimulate productive private investment.

Among the key risks identified by the IMF in terms of its economic outlook, is the intensifying Sovereign debt stress in emerging markets and developing economies. Many of these countries have stretched the ability to service their debt with borrowing costs and sovereign spreads still at elevated levels. Sovereign debts are also constraints on the implementation of essential funding of ESG initiatives; with cost of debt hitting a 20-year high in 2023 according to the World Bank's latest International Debt Report, interest payments have been squeezing national budgets of vulnerable nations from critical areas such as health, education and climate change adaptation. Such market-based constraints of international financing might be overcome by easing monetary policy, and by the incorporation of ESG performance into financing schemes for sustainable development.

At the UN Climate Change Conference (COP29) held in November 2024, nearly 200 countries came together and reached a breakthrough agreement that will triple finance developing countries, from the previous goal of USD 100 Bn. annually, to USD 300 Bn. annually by 2035. This new agreement aims to protect people and economies against climate disasters, and share in the vast benefits of clean energy. The International Energy Agency expects global clean energy investment to exceed USD 2 Tn. for the first time in 2024. COP29 also reached agreement on carbon markets, helping countries deliver their climate plans more quickly and cheaply, and make faster progress in halving global emissions this decade, as required by science.

Advancements in artificial intelligence (AI) – especially Generative AI – continued to unfold at a rapid pace during the year in review. In financial markets across the world, various emerging technologies including AI continue to improve price discovery, deepening markets, and often dampening volatility in times of stress. Legislators, regulators and standard setters around the world are starting to develop frameworks to maximize AI's benefits to society while mitigating its risks. With greater use of emerging technologies such as AI, and the accelerated pace of digitalisation, the risk of cyber incidents and cyber threats have also continued to increase, posing serious concerns not only for data safety and security, but also financial stability at a global scale. The financial sector remains uniquely exposed to cyber risk, with the sensitivity and scale of financial data.

Indeed, more firms are focusing on the ESG standards when it comes to addressing risks rising from AI, or concerns with data privacy and security. This way, the organisations committed to ethical AI and clear datasets are likely to build trust within the stakeholders as more of them realise the societal impacts of technologies utilisation.

Given the above snapshot of the global operating environment during the year in review, and for the immediate and foreseeable future, the outlook for financial institutions is being shaped by the following global trends;

Trend 1

Substantial shift in macroeconomic environment

While global inflation rates are on the decline in a world undergoing significant political changes, the global economic growth remains steady despite geopolitical, trade, and other risks.

Trend 2

Continued acceleration of technological progress

The emergence of generative AI and other similar future-ready technologies that could be a game changer.

Trend 3

Sustainability and ESG Focus

The growing emphasis on environmental, social and governance factors within the financial sector. Institutions are integrating ESG criteria into their investment strategies and risk assessments, responding to increasing demand for sustainable finance solutions.

Trend 4

Deepening regulatory intensity

Stringent regulation of non-traditional financial institutions and intermediaries as the macroeconomic system comes under stress from new technologies, players and risks.

Trend 5

Shift in the nature of systemic risk

Increased volatility from rising geopolitical tensions, which spur restrictions on trade and investment in the real economy.

Trend 6

Cybersecurity

Cybersecurity remains the top near-term risks for banks around the world, with banks as well as corporate organisations across the world suffering from a growing number of cyber-attacks and data breaches in 2024.

Regional operating environment

According to the World Bank's Gulf Economic Update: Fall 2024, the GCC region is estimated to have economic growth of 1.6% in 2024, but is forecast to grow at 4.2% in 2025-2026. The region has shown remarkable resilience in the face of many challenges, as growth continues to be driven by the non-oil sector which has shown robust growth of 3.7%. This is mainly powered by the ongoing diversification efforts and ambitious reforms throughout the region. Inflation in 2024 remained low and stable at 2.1%, supported by subsidies, fuel price caps, and currency pegs. However, inflationary pressures in the housing sector persist in several countries. The fiscal sector has been impacted by rising government spending and reduced oil revenues, with significant variation across the region.

The Islamic banking sector meanwhile, continued to demonstrate notable resilience and growth amidst challenging global conditions. Islamic capital markets remained resilient and demonstrated growth, underpinned by solid fundamentals, innovation, and a growing alignment with global investment trends towards sustainability. Global ESG sukuk issuances are expected to continue rising over Q4 2024-2025, driven by diversification targets, international sustainable goals, and investor demand for ESG-based bonds and greater exposure to sustainable financing options. Among the GCC countries, ESG debt reached USD 46.3 Bn. outstanding, with 42% in sukuk as at Q3 2024.

Quite notably, the GCC is advancing gender equality and female empowerment in the workforce through national reforms and initiatives, in line with their respective Vision 2030 objectives. At the close of 2023, Qatar and the UAE recorded the highest female inclusion in the workforce with 60% and 52% respectively, well above the global average of around 47%. Saudi Arabia saw female participation across its workforce soaring to 37%, exceeding their ambitious Vision 2030 target of 30% seven years earlier than expected. (alrajhi bank's own gender equity rate exceeds that of the KSA average, with a feminisation rate of 34% at the close of the year). This important and commendable progress made by GCC member countries towards the Sustainable Development Goal 5 on gender equality was highlighted by the United Nations Secretary General in 2024, especially through legislative reforms in many areas including labour laws, taking great strides towards the empowerment of women.

Local trends

Powered by its bold economic diversification agenda of Vision 2030 to reduce its dependence on oil, Saudi Arabia's non-oil activities have contributed towards the Kingdom's expected real GDP growth of 1.3% in 2024, following its 0.8% contraction in 2023. Non-oil activities have recorded a robust growth of 4.3%, which partially offset the expected 4.5% contraction in oil GDP, resulting from extended voluntary oil production cuts until the end of 2024. Growth is expected to accelerate to an average of 3% to 4% in 2025-2026 as oil production increases.

The non-oil sector, which is critical to Saudi Arabia's economic diversification agenda, is expected to stay steady at an estimated 4.5% in 2025-2026, spurred by domestic demand. The Saudi Arabia Purchasing Managers' Index (PMI) reached 58.4 in December 2024. This robust expansion, marked by accelerated output and demand, reflects the increasing capacity of non-oil sectors to contribute to Saudi Arabia's economic activity independently of oil price fluctuations. Non-oil growth across sectors such as tourism, entertainment and technology in KSA aligns with Vision 2030 objectives to be a low-carbon economy. This strategic shift continues to change the financial structure of the Kingdom, and opens new opportunities for banks and financial institutions to finance fledgling industries with future promise.

Diversification has been driven by improvements in the regulatory and business environment in Saudi Arabia. As a result of a new set of laws to promote entrepreneurship, protect investors' rights, and reduce the costs of doing business, new investment deals continued to flow in during the year in review. The number of investment licenses surged by 73.7% in Q3 2024, as per the Kingdom's Ministry of Investment. Such regulatory improvements also support KSA's intent to adopt good corporate governance principles, high transparency standards, and sound business ethics, seamlessly integrating ESG considerations across the business sector. In addition, the Saudi Investment Fund (PIF) is gradually shifting from overseas investments to home-based projects in a bid to boost the domestic economy. This shift offers financial institutions the chance to participate in financing and advisory services for large-scale national projects. PIF expanded its green project investment plan to over USD 19.4 Bn. in nearly 100 eligible projects focused on strategic and sustainable development areas in line with ESG standards.

operating context

These focus areas range from renewable energy and green infrastructure projects to clean transportation and pollution prevention.

Consumer spending in Saudi Arabia increased by nearly 11% in December 2024 compared to the same month last year; this was fuelled by a remarkable performance by the digital payments vertical, with a 9% YoY growth in point-of-sale (POS) Sales, a 26% YoY increase in e-commerce sales through 'Mada' cards, and a 1% YoY increase in ATM cash withdrawals. This continued increase in consumer spending is driven by Saudi Arabia's advancement in adopting multiple digital payment methods, to complement the ESG agenda for economic growth by enhancing financial inclusion, increasing access to credit, and improving environmental management by enhancing the use of digital banking to effect transactions that do not require use of physical structure.

Saudi Arabia's real estate market is experiencing continued its upward trajectory in 2024, spurred by declining interest rates and proactive government initiatives. The drop in borrowing costs, coupled with a strong pipeline of construction projects moving into the execution phase, is driving optimism and energising activity throughout the Kingdom's real estate sector. With the introduction of 18 new legislations, including updated real estate systems and regulatory frameworks, the Kingdom now ranks second among the most improved markets globally in terms of real estate transparency. Saudi Arabia's Vision 2030 strategic framework supports sustainable city growth and housing affordability, with future policies and projects underpinning green construction and smart land utilisation to strengthen the position of real estate industry.

The Saudi banking sector

The operating environment for banks in the Kingdom remains favourable in 2024, driven by high oil prices, a solid non-oil GDP growth, and by government spending, supporting the country's giga projects for Vision 2030. Saudi Arabia scored an operating environment rating of 'bbb+' by Fitch Ratings, the highest across the GCC's banking sectors.

Saudi banks recorded strong gains on securities and trading, increasing non-interest income to reach a combined profit of SAR 80 Bn. in FY 2024, The improvement was underpinned by the interest rate cut by SAMA in the second half of 2024 in line with the US Fed, leading to a positive revaluation of some securities. Focus on non-interest income and improved cost efficiencies will remain crucial for Saudi banks going forward.

The sector's financing book grew 14.4% in 2024, while the growth of customer deposits was significantly weaker due to the increased reliance of banks on external liabilities, diversifying their funding sources into international debt capital markets – including sustainable products – due to an increased demand by corporate customers involved in the execution of giga projects.

The total bank credit granted to the public and private sectors by Saudi Arabia's banks reached its highest peak at over SAR 2.95 Tn. at the end of December 2024, an annual growth rate of 14.4% YoY. This bank credit spanned over 17 economic activities in both the public and private sectors, further supporting the Kingdom's comprehensive and sustainable economic growth and contributing to the objectives of Saudi Vision 2030.

Asset quality across banks remained largely healthy, and financing and risk-weighted assets expansion was greater than internal capital generation. The sector average T1 Capital ratio (end-4Q24: 18.3%) has been viewed as healthy in light of Saudi banks' risk profiles and asset quality metrics through the cycle.

Despite the challenges in the global economy, SAMA has been proactive in addressing various risks in order to maintain stability and resilience in the Saudi banking sector, highlighting the strong commitment to good governance and robust regulatory framework for a stable economy, while gaining investors' trust. Further, SAMA continued its support of technological innovation and digital solutions to meet evolving needs of households and corporations, while ensuring a resilient framework is properly in place. These digital advancements are fundamental to financial inclusion efforts, making banking services more accessible and efficient, while supporting the social pillar of ESG. From a regulatory perspective, the implementation of Basel III Reforms were completed ahead of the stated deadline, and the banking system's prudential ratios continue to be maintained well above the regulatory requirements.

The Financial Sector Development Programme plays an important role in driving the Kingdom's economic growth while also acting as an active vehicle towards achieving the Saudi Vision 2030 goals. SAMA is actively engaged with the Programme to promote technological innovation and digital solutions, thereby offering a wide-range of products and services across the sector. Refining laws and regulations to meet benchmark international standards also remains a crucial component of the Programme's attempt to modernise Saudi Arabia's financial landscape, promoting entrepreneurship and private sector growth. The Financial Sector Development Programme highlights ESG and Sustainable Financing, and the need to issue Sovereign sustainable debt instruments in the present operating environment to attract foreign investments. Through such actions, the Saudi Banking sector will increase transparency of its compliance efforts with international ESG standards.

As the fintech ecosystem in Saudi Arabia continues to expand, many banks are collaborating with local and international fintechs to create innovative solutions, as SAMA continues to support the endeavours through a highly conducive Open Banking regulatory environment. Saudi banks are partnering with fintech companies to launch services such as mobile wallets, instant loan approvals, and digital payment platforms, appealing to the country's tech-savvy youth demographics.

KSA banking sector updates for 2024

Profitability/ROE 15.16%	NPL 1.04%
ROA 2.01%	Operating Income SAR 143.1 Bn.
COF 3.45%	Cost-to-Income Ratio 31.49%
Interest Rates/ SAIBOR 3M SAIBOR 5.54%	SAMA Reserves SAR 1,640 Bn.
Interest Rates/ SAMA Repo Rate 5%	Interest Rates/ SAMA Reverse Repo Rate 4.5%

In 2024 the Kingdom expects a total revenue of SAR 1,230 Bn. and a total expenditure of SAR 1,345 Bn. In 2025, cybersecurity threats and fraud risks are expected to rise directly proportionately to the unrelenting pace of digitisation and technological advancement across the banking sector. The government expects limited budget deficits to continue in the medium term as a result of expansionary spending policies that support economic growth. Furthermore, the government will meet financing needs by borrowing and will seek to diversify its funding sources. As a result, real GDP has been projected to grow by 1.3% in 2024, and 3.3% and 4.1% in 2025-2026.

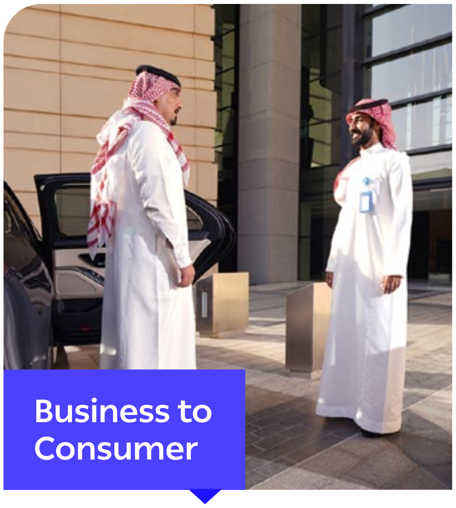
strategic direction

2024 marked the launch of alrajhi bank's new **'harmonize the group'** strategy; leveraging the synergistic connections both within the bank and across its subsidiaries; to create greater value for our stakeholders, while serving as an enabler in achieving the Kingdom's Vision 2030 objectives.

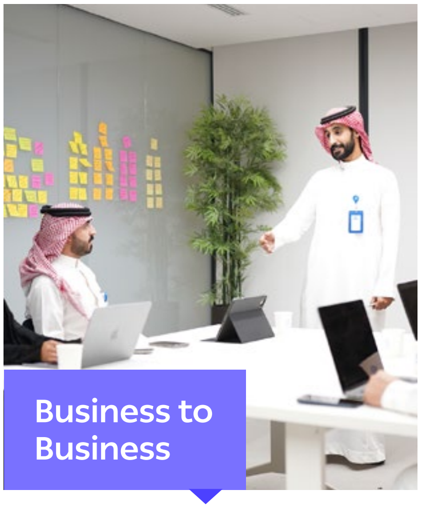
The bank of the Future (BOTF) strategy cycle from 2020 – 2023 has successfully concluded; we grew our core banking franchise, while penetrating new segments such as payments and microfinancing through newly established businesses. We have now evolved into a full-service bank supported by subsidiaries and future-ready capabilities; powered by the latest technology infrastructure and digital core systems; it all coming together to service the full range of financial needs of our growing customer base.

In 2024, we rolled out the new **'harmonize the group'** strategy; with the aim of creating strong, seamless connections between the bank's various business verticals as well as with our subsidiaries; to create an **"ecosystem"** of financial services. The comprehensive new strategy comprises four pillars; **Business to Consumer** (B2C), **Business to Business** (B2B), **Support Businesses,** and **Digital and Data.** These four pillars, each with three measurable strategic imperatives, are underpinned by four key objectives that reinforce our commitment towards our broader stakeholders.

'harmonize the group'



Business to Consumer



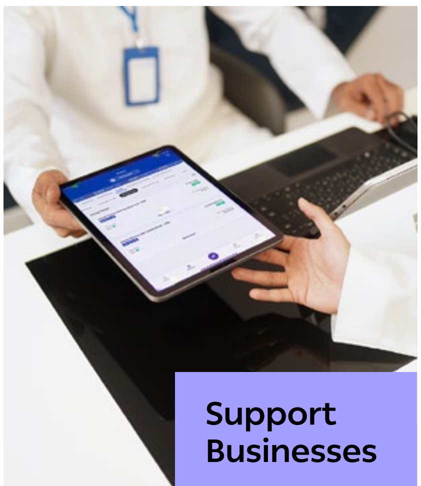
Business to Business

AREA OF FOCUS 2024-2026

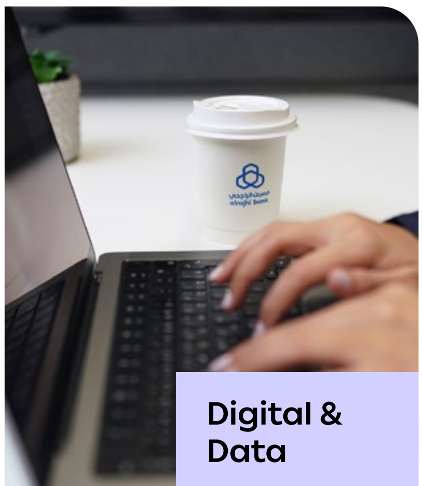
Business to Consumer	Business to Business
Leverage customer base via cross-sell	Become "main bank" of large corporates
Enter new segments	Develop Investment Banking business
Develop customer focused propositions	Grow SME via tailored solutions

Stakeholder Engagement

Maintain leadership in customer experience	Ensure alrajhi group's a great place to work



Support Businesses



Digital & Data

Support Businesses	Digital & Data
Centralisation and standardisation	Expand digital apabilities group-wide
Increase automation & efficiency	Customer-centric digital journeys group-wide
Increase scale and agility via Cloud	Group-wide insights and real-time marketing

Build successful careers across alrajhi group	Leader in Financial Conduct and Sustainability

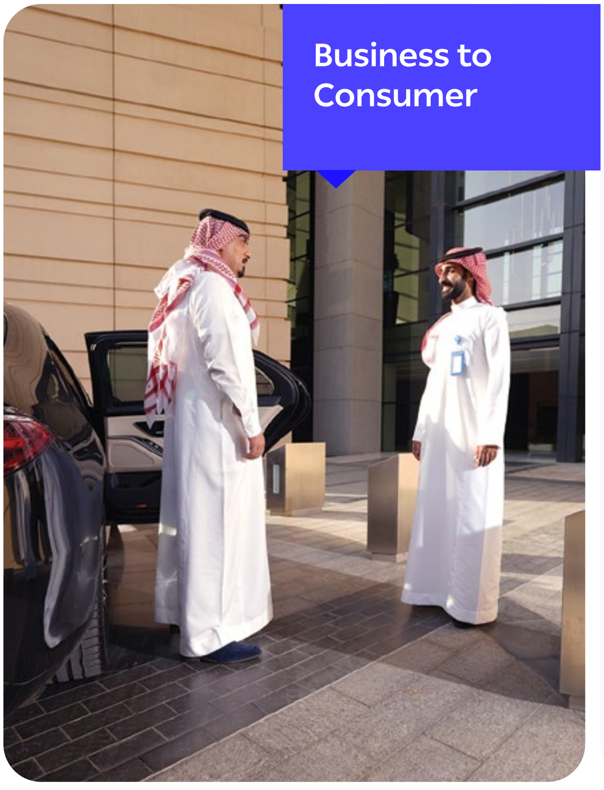
Our strategy 'harmonize the group' is customer-focused and supports increased cross-sales with efficiency from support businesses; creating multiple growth opportunities

Business to consumer (B2C)

The B2C pillar focuses on bringing together alrajhi's banking and financial services ecosystem to service our retail customers. One of the key strategic objectives under the B2C pillar, is to identify and **'Enter New Customer Segments',** which allows us to build a deeper understanding of each demographic's needs; thereby designing and delivering unique customer value propositions. alrajhi conducted a quantitative analysis to understand existing retail market share and identified four key customer segments we wished to penetrate or expand our existing presence in; Premium, Expat, Family, and the Mass market. Each segment is broken down further to address varying needs among each demographic, e.g. the Premium segment addresses the needs of a growing high net-worth individual (HNWI) market; the traditionally blue-collared Expat segment is expanding to address needs of the rapidly growing demographic of white-collar expats, who are taking on higher paying professional service roles in Saudi Arabia resulting from Vision 2030 projects; the Family segment was established to cover evolving financial needs of youth and young families; and the Mass segment will focus on consumer financial needs of the mass market.

With the segmentation approach, we are able to **'Develop Customer-focused Value Propositions'** for each customer profile, based on the core needs of any retail customer; the need to transact, the need for credit (both on secured and unsecured basis), the need to manage risks (be insured against the unexpected), and the need to create wealth (through a range of investments). Building on these value propositions, and orchestrating how best to connect each customer segment to the bank's growing retail products and solutions, we aim to **'Leverage the Customer Base via Cross-Sell'.** alrajhi bank's Retail Banking Group will collaborate with other business verticals and subsidiaries across the alrajhi group to meet varying consumer needs. Customers can choose from a multitude of options such as microfinancing solutions via Emkan, payment wallets by Neoleap, wealth management and brokerage solutions via Al Rajhi Capital, and personal insurance solutions via alrajhi takaful. Customers are also encouraged to utilise alrajhi's market leading 'mokafaa' loyalty programme to avail rewards based on the broader use of alrajhi group solutions.

The progress of each strategic imperative against the FY 2023 baseline is demonstrated via a key metric, and communicated quarterly to our shareholders and investors. At the close of FY 2024, all key metrics of the B2C pillar were showing strong progress.



Business to Consumer

Leverage customer base via cross-sell

% of customers with more than one product

38.0% FY 2023 → +4.4% → **42.4%** FY 2024

Enter new segments

Sales growth from target customers – indexed

100 FY 2023 → +184% → **284** FY 2024

Develop customer focused propositions

# of Customers

15.8 Mn. FY 2023 → +17% → **18.5 Mn.** FY 2024

Business to business (B2B)

The second strategic pillar focuses on alrajhi's corporate consumer segments. One of our three key strategic objectives here is to **'Become the 'Main Bank' of Large Corporates**. Over the past few years, alrajhi bank has grown in repute as a highly sought-after partner in Corporate Banking, by offering a comprehensive set of services and corporate financial solutions to meet evolving market needs. With the launch of the new strategy, alrajhi brings together its ecosystem of products and services to the B2B segments, expanding our relationship as main bank beyond simple transactions and financing, to become a partner in their long-term success.

alrajhi's Corporate Banking group offers wide ranging corporate products and advisory services, complemented by B2B services in Wealth Management and Brokerage from Al Rajhi Capital, corporate/group insurance products from alrajhi takaful, while also cross-selling exclusive Private Banking services for HNWI customers. We leverage the region's most expansive Financial Institutions (FI) network to facilitate cross-border transactions and forex trading through the Treasury Group, and provide a range of Trade Finance products to facilitate foreign trade and commerce.

The measure of progress for this strategic imperative is the growth in corporate banking market share in the Kingdom, which went up 1.3% from the baseline year to 13.6% at the close of FY 2024. alrajhi's commitment to improve its B2B offerings over the past few years is reflected in its steady rise in the ranks to be among the top 3 corporate banks in Saudi Arabia, and significantly narrowing the gap to the market leaders.

Business to Business

Become "main bank" of large corporates

Corporate Banking market share

12.3% FY 2023 → +1.3% → **13.6%** FY 2024

Develop Investments Banking business

Revenue growth from investment Banking – Indexed

100 FY 2023 → +119% → **219** FY 2024

Grow SME via tailored solutions

SME portfolio growth

SAR 30 Bn. FY 2023 → +29.6% → **SAR 39 Bn.** FY 2024

'Developing the Investment Banking Business' is the second key objective under the B2B pillar. With Vision 2030 projects attracting foreign capital inflows into Saudi Arabia, alrajhi bank identified an opportunity to serve as the Corporate Bank for foreign investors, and the syndication of such deals. All operations are underpinned and supported by Treasury capabilities which help organise the funding for the bank, as well as provide investment and income and hedging services. The measure of success for this objective is the indexed revenue growth from investment banking, which recorded a notable 119% increase over the FY 2023 baseline value at the close of the year.

The third strategic imperative in B2B is to **'Grow SME via Tailored Solutions'**, which comprises both micro as well as small and medium enterprises. The SME sector is a major area of focus in Vision 2030, and serves as an engine for future economic growth in Saudi Arabia, while also taking on the role of catalyst in terms of economic diversification, technological innovation and job creation across the Kingdom. In alrajhi bank's role as an enabler of Vision 2030; we have amplified our efforts to support the growth of both micro and SME businesses over the past few years by introducing multiple financial services and solutions. With nearly 41% market share of physical Point-of-Sale (POS) terminals in the Kingdom, we offer POS financing solutions against cash flows, and a full range of other digital banking solutions, providing SMEs with quick and easy access to funds, while also reducing their operational expenses. As with large corporations, we continue to build a unique, digitised value proposition by adding other beneficial components to the SME solutions, such as access to Marketplaces, and access to "mokafaa" – the largest loyalty program in the Kingdom with 16.85 million members.

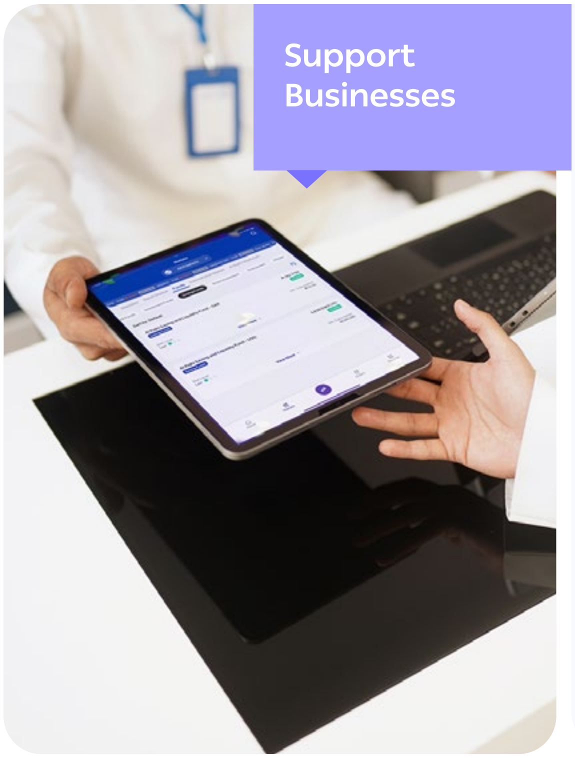
We also introduced the 'qaema' FinTech Accounting Solution for simplified financial management, allowing for SMEs to conduct day-to-day financial operations while meeting accounting and regulatory compliance. The progress of this objective is measured by the growth of our SME portfolio, which showed a notable 29.6% increase to SAR 39 Bn. as at 31 December 2024, from an SAR 30 Bn. baseline value in 2023.

Support businesses

The third pillar comprises IT and other support operations servicing the alrajhi group. During our previous BOTF Strategy cycle, all back-office operations across the bank were upgraded with advanced, contemporary digital technologies. All legacy-core banking systems have now been replaced with real-time, digital-core banking systems, while all technology infrastructure across alrajhi's key business verticals have also been simultaneously upgraded. Our efforts resulted in a digital transformation of a scale, scope, and speed that was unprecedented in Saudi Arabia's banking industry, and ensured alrajhi group is equipped for the digital future.

As alrajhi bank successfully concluded the BOTF Strategy and transitioned to **'harmonize the group'** at the onset of 2024, the first key objective of this pillar – **'Centralisation and Standardisation'** was already in progress alongside the second objective of **'Increasing Automation and Efficiency'.** A number of operations across the bank were absorbed under one corporate entity instead of remaining spread around as siloed departments and workflows were streamlined, re-engineered and automated; leading to significant economies of scale, lower cost to serve, and improved customer experience. The company – atmaal – now runs centralised operations, staffing solutions, automation, and call centre operations, streamlining processes to improve operational efficiencies and reduce overhead costs.

The bank's real estate and property management arm Tuder oversees alrajhi's large real estate footprint consisting of our growing network of branches and offices, and provides other real estate services such as engineering, consulting, property evaluations, facility management, and real estate documentation and registration. Tawtheeq is a fully automated and scalable operation that provides financial registration services to both alrajhi bank as well as third-party customers. The percentage of capabilities centralised and standardised at the close of the reporting period was 35.7% with the bank recording an 22.2% improvement over the baseline value of 13.5%. The percentage of processes automated was 52% at the close of the year, with a 27% improvement on the baseline value.



Support Businesses

Centralisation and standardisation

% of capabilities centralised & standardised

13.5% FY 2023 → +22.2% → **35.7%** FY 2024

Increase automation and efficiency

% of processes automated

25% FY 2023 → +27% → **52%** FY 2024

Increase scale and agility via Cloud

# of applications that are Cloud ready

29% FY 2023 → +39% → **68%** FY 2024

The successful acquisition of Ejada Systems by alrajhi bank took place in 2022, with the IT services and solutions provider assisting the bank's IT and digital team in rapidly building and deploying digital capabilities to keep pace with competitors as well as market needs. Apart from increased levels of automation, the bank was also upgrading infrastructure and systems to be cloud-ready, aligning with the last strategic imperative under the Support Businesses pillar, **'Increase Scale and Agility via Cloud'.** With Saudi Arabia now supporting cloud adoption, a number of major global cloud-service providers are also operating in KSA. alrajhi bank's foresight to integrate cloud-ready technologies across our upgraded infrastructure and systems enabled us to take advantage of these recent developments, with 68% of all applications cloud ready at the close of the year. Apart from the improved scalability and agility acquired through cloud adoption, alrajhi bank will also continue to explore cloud technologies to enhance business continuity by enabling advanced disaster recovery capabilities.

Digital and data

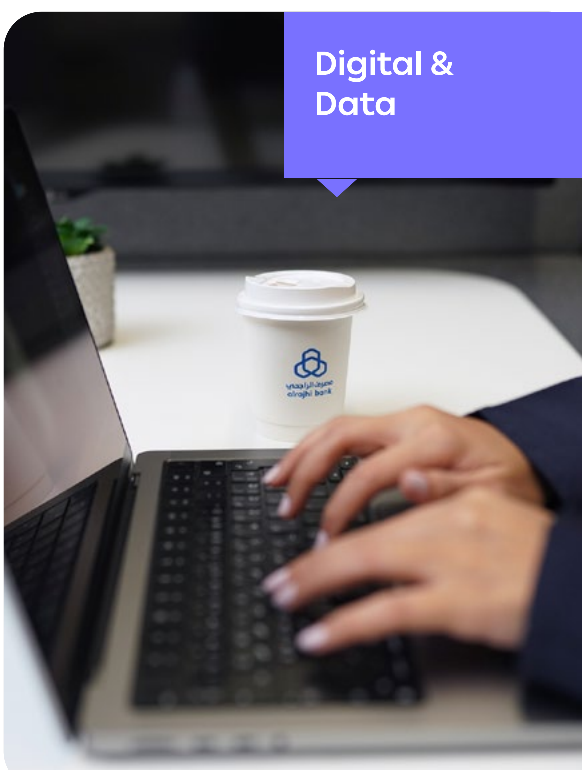
The fourth pillar of **harmonize the group** recognises the critical role of digital in modern banking, and focuses on strengthening the connectivity of the alrajhi ecosystem through digital capabilities, as well as the bank's efforts in the open banking domain. The first two key objectives under this pillar go hand-in-hand; we are committed to **'Expand Digital Capabilities Group-wide'** and build **'Customer-centric Digital Journeys Group-wide'.** alrajhi bank continues to be on a very successful journey of building and expanding our digital estate; digitising almost all service and sales journeys at the bank. We are now extending this expertise Groupwide; using the digital and data expertise we have created within the bank; this centre of excellence continues to be leveraged across the entire alrajhi ecosystem to create unique, customer-centric digital experiences. Seamless digital journeys enable customers to choose a bundled banking solution that meets their needs, with the bank bringing together all products and services required by the customer via digital journeys.

alrajhi bank's FinTech investments also fall under this pillar. As Open Banking starts to redefine Saudi Arabia's banking landscape, alrajhi bank's financial-services ecosystem has been complemented by our payments company Neoleap, the newly established data aggregation fintech Neotek, and Drahim, a personal finance manager (PFM) app. With the customer's explicit and well-informed consent under Open Banking regulations and strict security protocol, customers are able to share their data across alrajhi bank, its subsidiaries, as well as other financial institutions, making their digital journeys hyper-personalised, and seamless across multiple apps and experiences. alrajhi bank will continue its investments in FinTechs, and remains ready and equipped to take full advantage of the opportunities presented as the Open Banking environment develops in KSA.

The progress of the expanding digital capabilities is measured by the Digital : Manual ratio, which has reached 95:5 at the close of the year from a baseline ratio of 94:6. The metric to measure the progress of customer-centric digital journeys is the number of group and open banking APIs, which has increased 83% from 119 APIs in 2023 to reach 218 APIs at the end of the reporting period.

The third component of the Digital and Data pillar is **'Group-wide Insights and Real-time Marketing'.** With real-time event processing enabled through our upgrade to digital core banking systems, alrajhi bank is able to follow the customer's progress across their journeys, and track their behaviour in real-time. This also enables the bank to respond to customer behaviour and actions in real-time, based on the nature of the occurring event, or anticipated trigger, and complement their journey with data-driven marketing or services. The events could range from a large value transaction on a credit card, or the rejection of a purchase due to lack of funds, to a trigger notification of the nearing expiration date of a fixed facility. Each event or trigger will activate a unique, automated response from among hundreds of pre-programmed real-time responses, i.e. a text or push-message notification, an offer to increase a credit limit, or a curated loyalty offer from a partner merchant at the point of purchase.

This unique capability, while greatly enriching our customer experience, has also generated greater value for alrajhi bank, with a 180% revenue increase from data-driven marketing at the close of the year.



Digital & Data

Expand digital capabilities Group-wide

Digital: Manual ratio

94:6 FY 2023 → +1% → **95:5** FY 2024

Customer-centric digital journeys Group-wide

% of Group and open banking APIs

119 FY 2023 → +83% → **218** FY 2024

Group-wide insights and real-time marketing

Revenue increase from data driven marketing - Indexed

100 FY 2023 → +180% → **280** FY 2024

Stakeholder engagement

Underpinning the four strategic pillars, we have four more strategic imperatives that demonstrate our commitment to our key stakeholders.
The first is to **'Maintain Leadership in Customer Experience'**, with the progress of the objective demonstrated by the Net Promoter Score (NPS) – a well-recognised measure of customer satisfaction. The long-standing loyalty of our customers and our well-established reputation as a customer-centric bank comes from the effort we continue to put towards understanding our customers, and proactively anticipating and addressing their needs to ensure customer satisfaction.

A constant theme of alrajhi bank's strategies has been our focus on customers, especially with 'customer-centricity' being the connecting priority between the BOTF strategy and its successor – harmonize the group. Where we built product and infrastructure from a customer-focused lens during BOTF; the new strategy brings the new products, new technologies, new subsidiaries and new capacities together to create value and build deeper, data-driven relationships with customers by truly understanding and addressing their full set of financial needs. The customer experience is further enriched by alrajhi bank providing the best sales and aftersales services, ensuring all customer touchpoints provide consistent attention and engagement to customers. Customer satisfaction was reflected via an improving overall NPS, going up by 9 points from a baseline value of 76 recorded in FY 2023 to reach 85 at the close of 2024.

Maintain leadership in customer experience

Net-Promoter-Score (NPS)

76% FY 2023 → +9% → **85%** FY 2024

Ensure alrajhi group's a great place to work

Employee Engagement

74% FY 2023 → +0% → **74%** FY 2024

Build successful careers across alrajhi group

Training Days Total – Indexed

100 FY 2023 → +90% → **190** FY 2024

Leader in Financial Conduct and Sustainability

ESG rating

BBB FY 2023 → +1 → **A** FY 2024

The second and third imperatives are employee-centric, with the objective to **'Ensure alrajhi group is a Great Place to Work'** and to **'Build successful careers across alrajhi group.** As a highly sought-after employer in the Kingdom, alrajhi bank has maintained its strong standing as a financial institution with benchmarked talent attraction, development and retention practices, especially among the top talent of the Kingdom. The bank's employee engagement rating of 74% evidences our dedicated efforts to foster workplaces where all employees feel empowered, encouraged, and equipped to drive forward alrajhi's ambitious goals and strategic objectives, while experiencing rewarding careers.

strategic direction

Employees are also able to enjoy career progression within the alrajhi group, across our business verticals and subsidiaries. We use training as a key input for this objective, with alrajhi bank investing in the knowledge transfer, capacity building and skill development of our employees. The total training increased by 90% in the reporting period compared to the baseline.

The fourth and final strategic imperative is to **'Be a Leader in Financial Conduct and Sustainability'.** alrajhi bank remains conservatively managed, conducts responsible business with current and informed regulatory compliance, and applies good governance practices across all banking operations. We build upon our reputation as a Leader in Financial Conduct in our position as the World's largest Islamic Bank, as Islamic banking remains compatible with 21st century sensibilities surrounding ESG ideals and the broader objectives of sustainable finance.

alrajhi bank has been a proactive adopter of ESG principles in the Kingdom of Saudi Arabia led by our core-focus on being a provider of Shariah-led Islamic Finance. The bank is actively embedding sustainability across all business and operational functions, and aligning the overarching business strategy with the bank's four key sustainability priorities; **Supporting the Kingdom's vision 2030 and KSA Net Zero, Creating a Digital Future, Conducting Responsible Business with Good Governance and Fostering Ties with Communities.**

As part of our commitment to addressing climate change, we developed a Sustainable Finance Framework, an initiative that was spearheaded by the Sustainable Finance Working Group, an ESG Committee which oversees the bank's broader ESG agenda. This framework acts as the foundation of our sustainable financing instruments. Our Sustainable Finance Framework is aligned with the Social Bond Principles, ICMA, 2021, Social Loan Principles, LMA/LSTA/APLMA, 2021, Green Bond Principles, ICMA, 2021, Green Loan Principles, LMA/LSTA/APLMA, 2021 and Sustainability Bond Guidelines ICMA, 2021 and has been independently verified by S&P Global. Additionally, through our sustainable financing projects, we support the advancement of the United Nation's Sustainable Development Goals (UN SDGs) and proactively drive investments in renewable energy, water and wastewater management, pollution prevention, clean transportation, green buildings, employment generation, affordable housing and access to essential services. We also publish an annual Allocation Impact Report to provide details regarding the allocation of proceeds of sustainable financing instruments issued under the Framework, and the impact of the projects benefiting from these allocations.

Our chosen metric to measure the final strategic imperative is our ESG Rating; a score that is provided based on the assessment of our ESG disclosures in the public domain by third-party ESG rating agencies. The bank is primarily focussing on its MSCI rating for its new strategy, which has improved one notch to A at the close of this year from a BBB baseline rating in 2023.

We remain dedicated to working with our stakeholders, peers and regulators such as SAMA, the Saudi Stock Exchange and the Ministry of Economy and Planning, to establish regulatory requirements and guidelines for ESG disclosures for the Saudi banking industry, broadly covering taxonomy, risk policy, ESG data and metrics, and ESG criteria qualifying for financing and financial solutions.

alrajhi bank will continue to implement the **'harmonize the group'** strategy across its three-year cycle from 2024-2026, and further strengthen and expand its ecosystem of financial-services during the strategy execution.

Creating sustainable value for all stakeholders

value creation model

GRI 2-6

Vision, Mission, and Values

Operating Environment

Stakeholders and Materiality

Strategy

Inputs

Financial capital (on balance sheet)

Strong capitalisation profile and healthy liquidity position at the beginning of 2024
- Tier 1 Ratio 19.3%
- CAR 20.2%
- LCR 120.1%

Institutional capital (off balance sheet)

Accumulated knowledge and expertise; digital-core systems, processes, data capabilities and intellectual property; ethics and values; brand; capacity to innovate; all contributing towards the creation of value, and the unique culture and identity of the Bank.

Investor capital

Loyal investor base engaged through frequent reporting and disclosure, and rewarded with sound governance and ethical business practices.

Customer capital

Trust and loyalty earned by remaining customer-centric at all times, providing unique, data-driven digital customer journeys that meet all banking needs.

Business partner capital

Building a strong network of business partners through optimum contracting methods, enhancing the end-to-end procurement process of the Bank.

Employee Capital

An innovative team of over 23,000 driven professionals, empowered by opportunities to learn and develop within a conducive, non-discriminatory and safe work environment.

Social and Environmental Capital

Continued contributions to financial inclusion, social development and environmental sustainability, with long-term impact created through allocating proceeds of Sustainable Financing Instruments in accordance with the alrajhi Sustainable Finance Framework.

Activities

Centres of Expertise

- Support businesses
- Digital and data

Core banking businesses

- Retail Banking
- Corporate Banking
- Treasury
- SME
- International Businesses

Group ecosystem

- ICT Services and Solutions
- Brokerage
- Payments
- Securities
- Insurance
- Microfinancing

Stewardship

- Governance Structure
- Risk Management
- Regulatory Compliance
- Strong Internal Controls
- Good Financial Conduct and Sustainability

value creation model

Stewardship

Monitoring and Evaluation

Outputs	Outcomes	Impact
Strong financial performance • SAR 974 Bn. in total assets • SAR 628 Bn. customer deposits • SAR 19.7 Bn. Net income (after Zakat) • SAR 693 Bn. In net financing	• Maintaining strong capitalisation (among the highest in the GCC), and healthy liquidity position, creating value for all stakeholders	• Contributing to Saudi Vision 2030 targets of economic diversification and growth, financial sector development, and the overall theme of creating a thriving economy in Saudi Arabia
• Ranked most valuable Saudi brand of 2024 according to the Kantar BrandZ ranking • 14.8 Mn. active digital users • 95:5% digital-to-manual transaction ratio • Processing an average of +1 Bn. transactions monthly • 109 cloud-ready applications	• Strengthening digital leadership in the banking sector • Enhancing operational performance and resilience by evolving from the traditional banking business model to a banking ecosystem	• Strengthening the position and brand of the bank as an innovation leader in the financial sector • Building an ecosystem of agile, secure digital services beyond the core banking offering to fulfil a growing range of banking and financial needs
• Market leading return on equity at 21.1% • Maintained strong credit quality, capitalisation, and funding profile • Fully Shariah-compliant	• Strengthening investor confidence through globally benchmarked disclosures, good governance and ethical business practices	• Increasing the Bank's share value over the long-term, and maintaining market leading return on equity
• Leading NPS of 85 • Strategically segmented approach to meet unique retail and corporate customer needs • Growing customer base 17% YoY to reach more than 18.5 Mn. • Among top 3 Corporate Banks in the Kingdom • Growing MSME portfolio 29.6% to reach SAR 39 Bn.	• Delivering personalised and digitalised banking experiences to meet all customer banking and financing needs, increasing customer satisfaction	• Going beyond the traditional transactional relationship of a Bank to nurture long-term partnerships with customers, and providing them with a universal banking offering, and creating long-term value
• 94% local supplier network • SAR 5.16 Bn. directed towards local vendors • SAR 274.4 Mn. in cost savings • Introduced new Partnership Portal integrated with multiple other value-added support service platforms for SMEs in the Kingdom	• Acquiring the highest quality of goods and services at the best possible price, while creating growth opportunities for local vendors with banking services to grow and scale their businesses	• Ensuring the long-term management of a sustainable supply chain with continuous supply, and mitigated supply risks
• +90,000 total training days • Employee engagement score reached 74% • +98% Saudisation rate • 34% of female employees	• Nurturing an engaged, digitally-empowered, internally mobilised workforce with equal opportunity for progressive careers, resulting in higher retention and greater employee satisfaction	• Creating job opportunities across Saudi Arabia, contributing towards reducing unemployment rate, and increasing female participation in the workforce
• Over SAR 100 Mn. donated for healthcare projects • Over 200 students assisted through Orphan Care Program • Launched 12 graduates development programs • Recorded SAR 2.5 Mn. in annual savings through controlled energy and resource consumption, energy efficient solutions, and investments in renewable energy • Closed issuance of first sustainable AT1 capital sukuk issuance at USD 1 Bn.	• Empowering underserved segments with improved accessibility to banking products and services • Advancing financial inclusion for people with disabilities • Nurturing a sense of responsibility among alrajhi employees towards the communities they serve, and building a volunteer-culture • Building a strong reputation as an issuer of sustainable financing instruments • Reducing the Bank's operational carbon footprint	• Enhancing access to financial services • Enhancing societal well-being and reducing inequality • Directing sustainable funding towards eligible sustainable projects with long-term impact • Contributing towards the Kingdom's 2060 Net Zero goals

A seamlessly connected, digitally elevated, hyper-personlised banking experience

business in perspective

chief financial officer's review of 2024 performance

An overview

Government-backed economic diversification efforts across the Kingdom steadily advanced during 2024, resulting in Saudi Arabia's economy exceeding previous estimates to grow by 1.3% at the close of the year. With the non-oil sector expanding at a healthy pace, Saudi Arabia's GDP is expected to accelerate to 3.3% in 2025. Consumer spending continued its positive trend with an increase of 7.5% in 2024 on the back of improved economic activity. Furthermore, the migration to cashless transactions across Saudi Arabia reached 61%, with more individuals and businesses adopting new technologies for payments and transactions. Credit growth too, is expected to remain positive in 2025 and beyond, supported by government initiatives around Vision 2030 and a lower interest-rate environment.

The year saw alrajhi bank take advantage of improving economic activities and market opportunities that emerged in the Kingdom

Backed by this positive outlook, alrajhi bank continued its momentum from 2023 to deliver a strong performance across all business lines, driven by our new 'harmonize the group' strategy and its key objectives. we leveraged an ecosystem of banking and financial services and capabilities that were strategically built and strengthened over the years, to meet the growing financial needs of our customers.

In FY 2024, our balance sheet recorded a growth of 20.6% YoY. The growth was mainly driven by alrajhi's financing portfolio growing at 16.7% YoY, reaching to SAR 693 Bn. Mortgage has grown 13.8% YoY, and represents almost 38% of our total financing portfolio, as well as 55% of our retail book. Additionally, our non-retail book grew by 30.7% YoY, supported by a 31.8% growth in our corporate book and 29.6% growth in SME financing, as alrajhi bank continued to strengthen its reputation as one of the top 3 corporate banks in the Kingdom. Also, our assets growth was further boosted in 2024. By a notable 31% YoY growth in our investment portfolio, exceeding SAR 175 Bn. by year end.

We also delivered a solid net income of SAR 19.7 Bn. in 2024, driven by both net-yield income and fee income, with net yield income representing more than 77% of total operating income.

In line with asset growth, we intend to expand and diversify our funding mix to accommodate and further support the expansion of the balance sheet. In 2024, the bank successfully issued a USD 1 Bn. AT1 Sustainable Sukuk at a competitive price for the first time in the global markets. The bank also successfully re-tapped an international sukuk issuance of USD 1 Bn. senior unsecured sukuk in March 2024, bringing its total to USD 2.13 Bn. at the close of the reporting period. The funding mix was further diversified in 2024 with the introduction of Syndicated and Bilateral deals amounting to more than USD 4.6 Bn. We continue to focus on enhancing our customer experience which resulted in a leading Net Promoter Score (NPS) of 85 in the local banking sector.

Abdulrahman Abdullah Al-Fadda

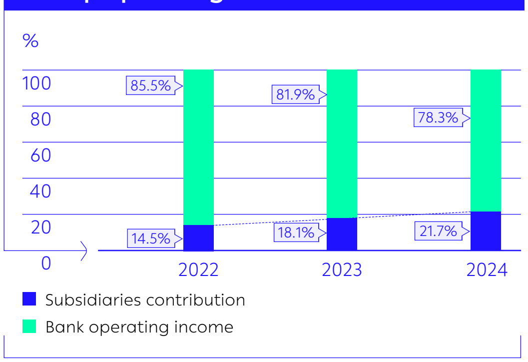
Five-year summary of the income statement

GRI 201-1

Description	2024 SAR '000	2023 SAR '000	2022 SAR '000	2021 SAR '000	2020 SAR '000
Income					
Gross financing and investment income	**47,018,123**	38,737,616	28,201,631	21,441,506	17,377,963
Return on customers', banks' and financial institutions' time investments	**(22,175,077)**	(17,468,497)	(6,028,944)	(1,049,570)	(464,946)
Net financing and investment income	**24,843,046**	21,269,119	22,172,687	20,391,936	16,913,017
Fee from banking services, net	**4,692,727**	4,225,650	4,624,140	3,933,107	2,659,680
Exchange income, net	**1,292,866**	1,246,450	1,162,162	787,898	783,894
Other operating income, net	**1,226,664**	790,190	616,030	603,457	364,669
Total operating income	**32,055,303**	27,531,409	28,575,019	25,716,398	20,721,260
Expenses					
Salaries and employees' related benefits	**3,723,809**	3,525,096	3,395,191	3,132,346	2,977,344
Depreciation and amortisation	**1,981,914**	1,578,009	1,330,119	1,141,932	1,118,148
Other general and administrative expenses	**2,264,941**	2,394,841	2,725,760	2,652,244	2,646,409
Operating expenses before credit impairment charge	**7,970,664**	7,497,946	7,451,070	6,926,522	6,741,901
Impairment charge for financing and other financial assets, net	**2,116,744**	1,504,178	2,001,259	2,345,086	2,165,740
Total operating expenses	**10,087,408**	9,002,124	9,452,329	9,271,608	8,907,641
Income for the year before Zakat	**21,967,895**	18,529,285	19,122,690	16,444,790	11,813,619
Zakat Expense	**(2,236,709)**	(1,908,126)	(1,971,865)	(1,698,579)	(1,218,071)
Net income for the year	**19,722,206***	16,621,159	17,150,825	14,746,211	10,595,548

* Excluding Non-controlling interests

Group operating income distribution



Subsidiaries operating income 2024

	SAR '000
ARC	1,817,356
Tuder	145,749
Atmaal	1,006,392
Emkan	2,302,739
Tawtheeq	24,446
Neoleap	545,167
Ejada	410,052
Drahim	11,601
ARB Malaysia	393,750
ARB Kuwait	109,953
ARB Jordan	197,080
Total	6,964,284

chief financial officer's review of 2024 performance

Total operating income

alrajhi bank delivered a strong 16.4% growth in operating income amounting SAR 32.1 Bn. for the year 2024, mainly driven by a 16.8% YoY growth in yield income, which was further supported by a 15.2% YoY growth in non-yield income. This increase was the result of a key strategic imperative to 'leverage the customer base via cross-sell' under the bank's new 'harmonize the group' strategy; our focus on cross-selling products saw the percentage of alrajhi customers with more than one product increasing to 42.4% at the close of 2024, directly contributing to the increase yield and non-yield income.

Trade and cash management fee income corresponding to the growth of the corporate business registered a strong YoY increase and contributed to the revenue mix. coupled with fees from digital-payment services such as cards and POS, all these factors contributed to 11.1% YoY higher fees from banking services. Exchange income grew by 3.7% YoY.

Operating expenses

The bank's operating expenses for the period reached SAR 7.9 Bn., recording a 6.3% YoY increase that corresponds with the overall YoY growth of the bank's balance sheet and transaction volumes compared to the same period last year. A number of strategic investments were also made during the year to meet ambitious targets of the new strategy cycle, contributing towards the increase in operating expenses. At the close of the reporting period, alrajhi bank delivering a cost-to-income ratio (CIR) of 24.9%, holding our position as one of the most operationally efficient banks in KSA.

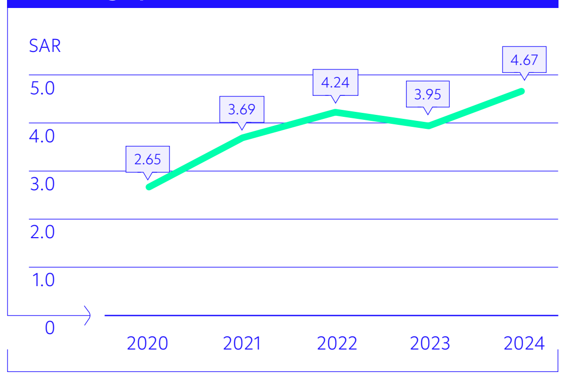
Impairment charges

In accordance with IFRS 9 requirements issued by the International Accounting Standards Board (IASB), we updated the bank's 'expected credit loss' (ECL) model for the recognition of impairment, taking into consideration the positive macroeconomic outlook for the Kingdom of Saudi Arabia. The net impairment charge for 2024 amounted to SAR 2.1 Bn., a YoY increase of 40.7%. The cost of risk for the period increased by 7 basis points to 0.32%, given the higher impairment charges and the solid growth of the financing portfolio during the year in review.

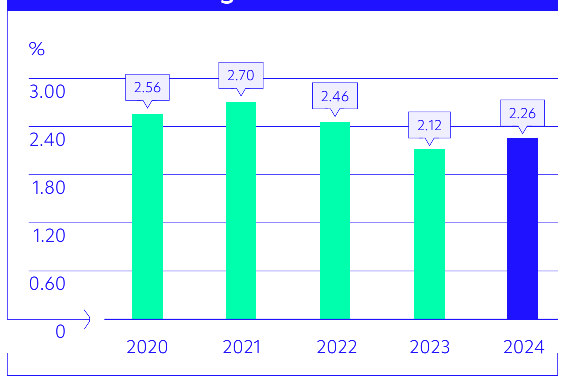
Profitability

alrajhi bank delivered the highest net income after Zakat since its establishment in 2024, amounting to SAR 19.7 Bn. with a strong 18.7% YoY increase.
In addition, the bank continued to deliver industry leading return metrics, with a steady Return on Risk-Weighted Assets (RORWA) at 3.49%, Return on Assets (ROA) 2.3%, and market leading Return on Equity (ROE) at 21.1% for 2024.

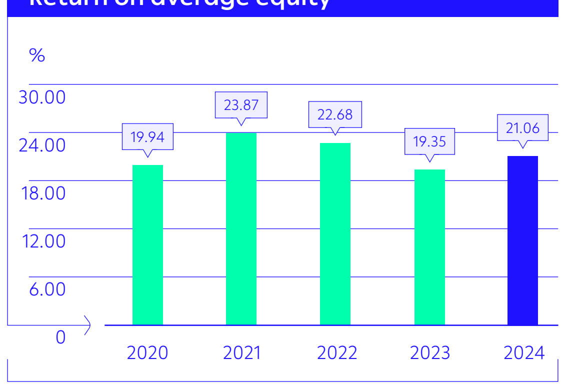
Earnings per share (EPS)



Return on average assets



Return on average equity



Statement of financial position: five-year summary

Description	2024 SAR '000	2023 SAR '000	2022 SAR '000	2021 SAR '000	2020 SAR '000
Cash and balances with Central Banks	**53,244,710**	41,767,641	42,052,496	40,363,449	47,362,522
Due from banks and other financial institutions, net	**19,529,727**	9,506,673	25,655,929	26,065,392	28,654,842
Investments, net	**175,033,587**	133,375,565	101,325,425	84,138,142	60,285,272
Financing, net	**693,409,723**	594,204,806	568,338,114	452,830,657	315,712,101
Investment in associates	**1,034,262**	923,046	820,717	295,253	–
Investment properties, net	**1,358,638**	1,362,658	1,364,858	1,411,469	1,541,211
Property, equipment, and right of use assets, net	**13,894,302**	12,852,774	11,338,782	10,147,688	10,234,785
Goodwill and other intangible assets, net	**1,435,512**	1,510,568	1,214,547	518,111	–
Positive fair value of Shariah complaint derivatives	**1,905,903**	877,676	996,143	352,085	–
Other assets, net	**13,540,292**	11,716,865	8,511,877	7,522,382	5,033,990
Total Assets	**974,386,656**	808,098,272	761,618,888	623,644,628	468,824,723
Due to banks, Saudi Central Bank and other financial institutions	**173,434,597**	97,246,889	70,839,117	17,952,140	10,764,061
Customers' deposits	**628,238,501**	573,100,607	564,924,688	512,072,213	382,631,003
Negative fair value of Shariah compliant derivatives	**1,679,043**	793,541	961,405	311,138	–
Sukuk issued	**8,450,753**	3,789,117	–	–	–
Other liabilities	**39,444,531**	26,408,687	24,668,643	26,027,573	17,311,141
Total liabilities	**851,247,425**	701,338,841	661,393,853	556,363,064	410,706,205
Share capital	**40,000,000**	40,000,000	40,000,000	25,000,000	25,000,000
Statutory reserve	**38,373,547**	33,442,996	29,287,706	25,000,000	25,000,000
Other reserves	**(311,814)**	(96,606)	(427,569)	282,107	(134,728)
Retained earnings	**21,417,282**	16,913,041	9,864,898	16,999,457	8,253,246
Proposed dividends	**–**	–	5,000,000	–	–
Equity attributable to shareholders of the Bank	**99,479,015**	90,259,431	83,725,035	67,281,564	58,118,518
Equity sukuk	**23,553,815**	16,500,000	16,500,000	–	–
Total equity attributable to equity holders of the Bank	**123,032,830**	106,759,431	100,225,035	67,281,564	58,118,518
Non-controlling interests	**106,401**	–	–	–	–
Total equity	**123,139,231**	106,759,431	100,225,035	67,281,564	58,118,518
Total liabilities and equity	**974,386,656**	808,098,272	761,618,888	623,644,628	468,824,723

Assets

The year in review saw alrajhi bank reaching yet another major milestone as we are about to reach SAR 1 trillion. in total assets, closing 2024 with assets amounting to SAR 974 Bn., a 20.6% YoY growth. The bank's asset quality continued to lead the market with 96.9% of our financing portfolio falling under the definition of stage 1 assets under the IFRS 9 classification. In addition, stage 2 and stage 3 assets stood at 2.0% and 1.1% of the financing portfolio respectively. Our stage coverage ratios remained healthy, with a stage 3 coverage of 54.8%, a stage 2 ratio of 12%, and stage 1 ratio stable at 0.4%.

Our prudent risk management and strong credit quality continued to be reflected in our NPL ratio, which remained one of the lowest in the market at 76 bps. The bank's NPL coverage ratio was healthy at 159.4% the close of the year.

Deposits and other liabilities

Total liabilities of alrajhi bank stood at SAR 851 Bn. at the end of the reporting period, a YoY increase of 21.4%. We recorded a notable SAR 55 Bn. increase in our customer deposits in 2024 to reach SAR 628 Bn., a YoY growth of 9.6%. Demand and other non-profit bearing deposits made up almost 73.4% of the overall customer deposits, while time deposits decreased by 19.7% YoY. Interbank borrowing increased to SAR 173.4 Bn. It is worth mentioning that of the syndicated loan facilities of SAR 17 Bn. raised by the bank, nearly SAR 10 Bn. comes from a USD denominated syndicated green loan, which will be issued under alrajhi bank's Sustainable Finance Framework, further underscoring our commitment towards meeting the growing appetite among consumers for sustainable, climate-linked financing instruments.

Stability

With a strong balance sheet backed by market-leading asset quality, healthy regulatory liquidity position and comfortable levels of capital ratios, alrajhi bank successfully maintained its steady growth and consistent performance, demonstrating the stability, shareholder loyalty and creditworthiness of the bank.

Liquidity position

alrajhi bank retained a healthy liquidity position in 2024, with a Liquidity Coverage Ratio (LCR) of 120.1%, and a regulatory Loan-to-Deposit Ratio (LDR) of 85.5%. Our Net Stable Funding Ratio (NSFR) stood at 108.7%, comfortably above regulatory requirements. Additionally, alrajhi's High-Quality Liquid Assets (HQLA) stood at SAR 128.1 Bn.

Capital position

alrajhi bank maintained a strong capital position in 2024, with a tier 1 ratio of 19.3%, and a total capital adequacy ratio of 20.2%. Our total Tier 1 and Tier 2 capital stands at SAR 123.6 Bn., out of which 95% is Tier 1 capital. Our total Risk-Weighted Assets (RWA) stand at SAR 611.4 Bn., a 17.5% YoY increase mainly driven by the growth in the financing book that led to a 17.6% increase in Credit Risk RWAs. Our RWA density improved to 62.8% at the close of the year.

Overall, alrajhi bank's financial health continues to strengthen, as demonstrated by an increase in shareholders' equity (excluding equity sukuk) from SAR 90 Bn. to SAR 99 Bn., marking a rise of 10% YoY. Total assets climbed to SAR 974 Bn., up by 21%, while customer deposits grew by 10% to reach SAR 628 Bn. The bank also reported a return on assets and shareholders' equity of 2.3% and 21.1% respectively, with a market leading return on risk weighted assets (RORWA) stands at 3.49%. Notably, higher return metrices with improved RWA density at 63% have contributed effectively in our internal capital generation.

Future outlook

We are proud of the record-breaking performance that has been achieved by alrajhi bank at the close of 2024, demonstrating the overall impact of the execution of the new 'harmonize the group' strategy. During the subsequent financial year, alrajhi bank will continue to focus on our core retail banking vertical, while resolutely improving our corporate position in the Kingdom. Given the improved outlook and continued diversification of the Saudi economy, alrajhi bank will explore and capture new opportunities through tapping into new segments, with greater focus on fee-generated income across the SME business, with the SME sector playing a key role in growing the Kingdom's non-oil economy.

The bank will continue the mandate to create a digital financial ecosystem, providing our loyal customers with innovative, accessible and seamless financial solutions that address their evolving needs. Guided by the new strategy, we will continue to focus on cross-selling and increasing products per customer, and optimising synergies across alrajhi bank and its subsidiaries, providing customers solutions in investments, microfinancing, digital payment and other financial needs, addressing evolving needs of a growing customer base with an incomparable customer value proposition.

business portfolio review

retail banking group

The Retail Banking Group (RBG) of alrajhi bank retained its top position as the largest retail lender in the Kingdom in 2024, with 41.2% market share during the reporting period.

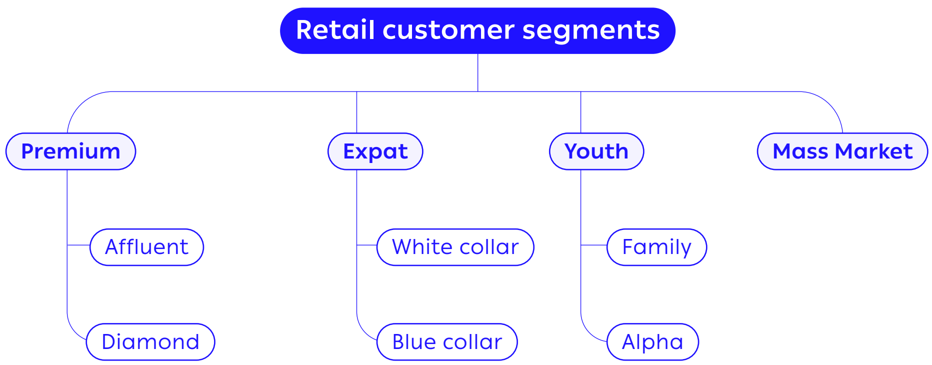
While the operating environment remained largely favorable, the reporting period presented a number of challenges to the retail business; RBG faced growing competition from domestic and regional FinTech players, as well as Big Tech companies entering the financial services domain, in addition to new banks entering KSA. Following our far-sighted transition to digital-core banking systems supported by bank-wide automation, digitalization, and unprecedented infrastructure and technology upgrades during the previous strategy cycle, alrajhi bank remains well-positioned to adapt to evolving market demands and meet the growing expectations of retail customers.

Now, with the launch of alrajhi bank's new **'Harmonize the group'** strategy at the onset of 2024, RBG extended its role from core banking vertical to become the foundation of the first of four key pillars of the new strategy - **Business-to-Consumer (B2C)** offerings. RBG plays the key role of leveraging synergistic connections within the bank and across our subsidiaries to bring together seamlessly integrated banking and financial solutions to meet the varying needs of retail customers. During this new strategy cycle from 2024 – 2026, RBG will focus on several strategic imperatives to sustain and grow our strong retail franchise; to **'Enter New Customer Segments'**, to **'Develop Customer-focused Value Propositions', and to 'Leverage the Customer Base via Cross-Sell'.**

We conducted quantitative analyses to understand existing retail market share, and identified key customer segments to further penetrate or grow our presence in, based on projected economic and social indicators of the Kingdom powered by Vision 2030 objectives. This needs-based segmented approach allowed RBG to develop unique customer value propositions to cover the fundamental financial needs of each retail customer segment; to transact, to access credit, to manage risks, and to create wealth.

business portfolio review

retail banking group



The needs-based segmented approach proved successful during the reporting period, with RBG recording growth across all key target customer segments. Overall, the bank recorded a 2 Mn. YoY growth in new customer acquisition against the FY2023 baseline, reaching a total of 18.0 million customers at the close of the year. Significant growth was recorded in the Expat segment with an increase of +1. 3M new customers, with the surge in acquisitions driven by targeted National Day Expat Promotions. The youth segment also showed notable growth, with an increase of +200k young retail customers, with the growth resulting from the successful launch of targeted products such as Student Credit Cards and Gamers Prepaid Cards.

From building this primary banking relationship with our retail customers, RBG now aims to leverage the bank's unmatched digital and data capabilities to create seamless, connected journeys and personalised experiences within the alrajhi group ecosystem, thereby leveraging the existing customer base via cross-sell. Such focused efforts to bundle products for customers to meet their varying needs saw more than 42.4% retail customers with 2 or more products from the alrajhi ecosystem at the close of the reporting period.

Retail banking group offering

Against a challenging backdrop of intense competition, RBG demonstrated a strong performance across key metrics against the new baseline year of 2023. This included a noteworthy 26% YoY increase in the overall Expat segment at the close of 2024.

In 2024, we sustained our position as the market leader in retail financing in the Kingdom during the year in review; our leading position in personal finance was maintained by holding 41.6% of the market share. We retained a robust presence in the auto leasing sector, holding a significant 40.3% share of the market, and maintained a steady 41.1% share of the mortgage market at the close of the year.

Challenges to the retail business stemmed from margin compression, resulting from increased Saudi Arabian Interbank Offered Rate (SAIBOR) borrowing rates, which impacted the bank's asset demand and liabilities position. To mitigate the impact, the bank launched higher yielding products to increase yield income by 13% YoY, and increased consumer finance rates during the year, resulting in a significant 27% increase in fee income YoY. The increased need for external funding to support the bank's asset growth during the year was also a challenge, and swiftly addressed by diversifying the bank's funding sources and accessing debt capital markets.

The bundled offering

With a diverse retail product portfolio that covers all consumer financial needs, from banking accounts and cards to retail finance and insurance, RBG is now focused on curating customer experiences by connecting a wide array of products and services as distinctive client propositions, to meet segmented customer needs.

RBG introduced several new and innovative retail products during the year in review; key among them is SWAR – a payment bracelet for children introduced as a secure way to carry out their daily transactions with parental control, EIRAD+ real estate financing product, and the Overdraft Murabaha and Automated Margin Lending products from alrajhi Capital.

With the issuance, management, and processing of credit, debit, and prepaid cards now fully under the bank's advanced card management system – Cortex, RBG continued to introduce a diverse array of card products to retail customers during the reporting period, including the newly launched and widely purchased Student Credit Card and Gamer Prepaid Card for youth customers.

We recorded a noteworthy YoY increase in card spend by +17% at the close of 2024. This continued growth is indicative of the success of the segmented approach, as well as the resulting penetration into targeted market segments. It is also reflective of how we leverage actionable data insights on customer spending behavior to introduce card offerings that meet evolving customer needs.

A number of innovative liabilities products were introduced during the preceding financial year, including the Million Saving Account, the Awaeed Investment Account, the Future Savings Account and the Hassad Savings Account, all contributing towards increasing customer deposits during the reporting period. RBG recorded a strong 65% YoY growth in Savings Accounts at the close of 2024, with a 10% increase in total liabilities.

We maintained leadership in the mortgage market with our extensive mortgage portfolio as the Kingdom's housing market matured, offering more personalised solutions for evolving mortgage needs.

Retail customers could also choose from a range of Shariah-compliant Takaful insurance products, as part of RBG's expanding B2C offering:

Travel insurance programmes

A range of plans for outbound, inbound and student travel, with coverage against travel inconveniences, personal accidents and medical emergencies.

Saving and protection programmes

Investment plans for savings to achieve long-term goals and financial stability, with the flexibility of payment and contract terms at any time.

Health insurance programmes

Comprehensive covers to provide financial stability for family members, as well as other health covers including protection for domestic helpers.

General insurance programmes

Comprehensive home coverage from unforeseen risks and associated financial costs, covering three categories: building, contents, and personal accidents.

Motor insurance programmes

A range of vehicle insurance cover from comprehensive to third- party liability coverage, supported by online claims portal for optimal turnaround times.

As a result of our unique customer proposition of bundled offerings, the Insurance product sales growth increased a remarkable 306% YoY, greatly strengthening our B2C offering.

Real estate finance risk

The bank's total outstanding residential real estate finance portfolio as of 31 December 2024 stood at SAR 266 Bn. We have prudently developed adequate policies and procedures to ensure 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 continue to be dealt according to the bank's internal risk management framework.

Types of insurance covers that the bank could utilise to hedge various risks associated with its residential real estate finance portfolio, are listed below:

1. **Life Insurance:** provides financial protection in the event of death resulting from natural or accidental events, or a specified cause as per the insurance policy in order to recover the outstanding finance amount from the insurance company.
2. **Disability Insurance:** provides financial protection to recover the outstanding financing amount in the event that the policyholder becomes fully and permanently disabled and is unable to work or engage in an income earning activity.
1. **Property Insurance:** provides coverage for physical damage or loss to the property caused by events such as fire, flood, or natural disasters etc. This is aimed to mitigate the financial impact of property damage, allowing the bank to recover the costs due to unexpected/unforeseen events.

The seamless customer journey

The customer-centric approach has empowered alrajhi bank to effectively harness group synergies, and optimise the customer lifetime value across multiple business verticals. With our entire suite of retail products and services made accessible via the internet and mobile channels, we empower existing and potential customers with increased accessibility to financial services, purposefully contributing to the realisation of Vision 2030 objectives.

During the course of the year, over 400 digitalisation initiatives were carried out across retail banking products and services, from enhancements and upgrades to existing products, to the launch of entirely new customer journeys, greatly improving customer experience, convenience, alongside operational efficiencies. (Refer the Digital Transformation section on pages 186-190 for more details)

With all physical branch transactions now fully automated, we focused on rationalising the alrajhi branch network, with the relocation and merging of low performing branches to increase efficiencies, reduce costs, and eliminate idle capacities. This was complemented by the 'Branchless Banking' initiative carried out by the bank to enable more physical branch services via digital channels. The physical channel to digital channel ratio for account opening was at 1:20 at the close of the reporting period, reflecting the receptiveness of digital transformation by our customers.

Our efforts have resulted in notable improvements in customer satisfaction and retention rates, as indicated by an improved Retail Net Promoter Score (NPS) of 84 in 2024, an increase from 81 YoY. The continuous upward trajectory of the NPS emphasises the positive impact of our new initiatives on the overall customer experience, affirming the effectiveness of the bank's new strategy in maintaining and enhancing customer loyalty.

Awards and recognition

RBG's commitment to continuously deliver innovative, customer-centric, hyper-personalised solutions to meet evolving segment needs were recognised and celebrated in 2024:

- Gold Award for Best Customer Experience in Financial Services – awarded by Saudi Customer Experience Association
- Best Islamic Bank – awarded by Global Finance
- Best Islamic Bank – Middle East awarded by Global Finance
- Best Islamic Bank – Saudi Arabia awarded by Global Finance
- Most Valuable Bank – Middle East by Forbes Middle East
- Best Retail Bank – Middle East awarded by Meed
- Best Private Banking – Middle East awarded by Meed
- Best Digital Bank – Middle East awarded by Meed
- Data & AI Excellence – awarded by Finnovex
- Best Project Finance Bank – Middle East awarded by Meed
- Excellence in Retail Banking Award – by Finnovex
- Best Credit Card (Cash Back) – Middle East & Africa awarded by Digital Banker Magazine
- Best Credit Card (Travel) – Middle East & Africa awarded by Digital Banker Magazine
- Best Loyalty programme – Middle East & Africa awarded by Digital Banker Magazine
- Best Loyalty programme – Saudi Arabia by 5th Annual Future Banks Awards

Future outlook

Customer primacy remains top priority for RBG as we continue to execute the 'harmonize the group' strategy over the next two years. RBG will continue to strengthen alrajhi bank's B2C offering by leveraging the bank's collective capacities and business offerings, seeking to improve its customer value proposition through the orchestration of data, insights and technology.

corporate banking group

A favourable operating environment led to strong profitability metrics and growth prospects for Saudi corporate banks in 2024. This was underpinned by high oil prices, and by government spending directed towards the rapid execution of multiple Vision 2030 transformation programs and Giga projects. Collectively, these Vision 2030 initiatives continued to create opportunities across non-oil sectors including manufacturing, retail, trade, construction and logistics during 2024, creating a high credit demand in the Kingdom's corporate banking sector. This also led to pressure on spreads, especially for top-tier credit due to the intense competition for corporate banking market share.

Corporate banking therefore, remained the major focus for most KSA banks during 2024, with consecutive QoQ increases in aggregate loans and advances mainly driven by the segment. Even though liquidity has once again tightened, Saudi banks remained financially well equipped to meet the expected surge in corporate borrowing with US interest rates expected to fall towards the end of the reporting period. The funding however, while being available, remained more expensive, with rate reductions likely to be very gradual.

Against this promising backdrop, alrajhi bank's Corporate Banking Group (CBG) strengthened its position as one of the top 3 Corporate Banks in the Kingdom, recording a 31% growth during the year in review.

A primary pillar of the bank's new strategy

With the launch of alrajhi bank's new overarching **'harmonize the group'** strategy at the onset of 2024, the collective portfolio of corporate products and services spread across the alrajhi group continued to grow under the Business-to-Business (B2B) strategic pillar. Four key segments were identified within the B2B business: Corporate and Investment Banking; Micro, Small and Medium Enterprises; Government and Enterprises; and Private Banking, each segment discussed in more detail in this chapter.

Key B2B Segments

1. Corporate & Investment Banking
2. Micro, Small & Medium Enterprises
3. Government & Enterprises
4. Private Banking

One of the key objectives of the B2B pillar is to **'Become the 'House Bank'** of Large Corporates'. Beyond the core corporate banking solution, CBG offered corporate customers a broader set of products and services leveraging alrajhi group synergies; Trade Finance and Treasury products to facilitate foreign trade and commerce, Corporate Insurance products from alrajhi takaful, Wealth Management and Brokerage from Al Rajhi Capital, exclusive Private Banking services for HNWI customers, alongside payments, payroll, and accounting solutions tailored to meet evolving business needs.

For 2024, CBG successfully recorded a notable 1.47% YoY growth in foreign exchange (FX) business, with a 23.7% increase in Trade Fee income during the year.

The second strategic imperative under the B2B pillar is **'Developing the Investment Banking Business'**; here, CBG collaborates with the Capital arm of alrajhi group to expand its Investment Banking offering and establish advisory services, including Mergers and Acquisitions (M&A), Advisory and Underwriting services, Access to Equity/Debt Capital Market (ECM/DCM) and more. CBG recorded a 427% YoY revenue growth through its investment banking business in 2024.

This overall concentrated effort contributed a strong performance by CBG in 2024; Total gross financing recorded a YoY increase of 31% to reach SAR 179 Bn. at the close of the year. Corporate operating income increased by 6% to SAR 7.8 Bn., Non-performing loans (NPL) improved to 1.63% and net credit losses (NCL) were held at 0.58%, stabilised by significant recoveries made during 2024. At the close of 2024, alrajhi's corporate banking market share had risen to 13.6%.

Corporate banking group offering

Introducing innovative products and solutions

A number of new products and solutions were introduced under alrajhi bank's B2B offering during the reporting period; a real estate financing solution with a unique value proposition focused on cross-selling to existing private banking clients was added to the bank's growing private banking portfolio for affluent and high net-worth individuals (HNWI). alrajhi became the first bank in KSA to launch a Travel Account in 2024, introducing a virtual card solution targeting travel agencies to support the Kingdom's emerging Tourism sector.

Corporate client acquisition was further expanded via a novel approach during the year in review; CBG partnered with aggregators – networks or platforms of related service providers under one company or brand name – to provide them with the Embedded Finance offering. By leveraging the synergies between alrajhi bank and its subsidiaries, CBG now delivers aggregators a combination of financial products such as payments, lending, insurance, so that the aggregators can provide their own clients and end consumers a highly convenient digital customer experience.

A similar approach was taken with several Government entities, to support their digitisation efforts with alrajhi bank's collective group capabilities.

A segmented approach to better serve customers

For Small and Medium Enterprises (SMEs), a suite of SME financing solutions was revamped with bespoke variants of the products, to better address specific needs of SMEs. At the time of launching, the suite contained Point-of-Sale (POS) Finance, Fleet Finance, and Transaction Finance solutions. alrajhi dominated the aggressively growing merchant ecosystem of Saudi Arabia during the reporting period with a leading POS market share of 41.0%, with nearly +786K POS terminals and 742,220 merchants.

The Supply Chain Finance (SCF) Programme also continued to support private sector growth and its growing financing requirements. Key features of the SCF Programme includes customer assessments, receivables verification, concentration management, ledger reconciliation and control of customer payments, enabling the bank to manage product, dispute, fraud and other risks that may result in non-payment by the Buyer. Furthermore, the SCF Programme is powered by a strong technological platform/solution that is accessible to all supply chain participants, which contributes to the progress of Saudi Arabia's evolving merchant ecosystem.

Overall, CBG follows a more focused approach to servicing the Kingdom's growing Micro and SME sector, with product portfolios tailored to meet distinct business needs, with Group synergies leveraged to provide the segment with comprehensive, bundled banking and financial solutions. More details on these initiatives can be found on our dedicated MSME Business section on page 63 of this Report.

Banking solutions for multinational corporations (MNCs) and government entities

Beyond the strong support provided to SMEs through tailored banking solutions, CBG offered solutions across its carefully segmented approach to corporate customers, continuing to be a major contributor to several other primary drivers of Vision 2030 in 2024; the bank engaged with major public and private sector corporations to provide best-in-class financial solutions across emerging verticals such as tourism, entertainment and industrial sectors, as well as the emerging construction sector (with special focus on large-scale contractors and MNCs involved in such construction/infrastructure projects).

CBG formalised memorandums of understanding (MOUs) with government institutions such as the Ministry of Investment, the National Centre for Privatisation, and the Local Content and Government Procurement Authority in 2023, to support public sector projects through advanced financial solutions. Charitable accounts were also shifted under the B2B pillar, and have been segmented alongside Government accounts and other projects that are part of the Kingdom's Vision 2030 agenda. CBG also continued to collaborate with the Kingdom's Public Investment Fund (PIF), formalising facilities for infrastructure projects in line with Vision 2030, strengthened by PIF's plan to increase domestic funding during the reporting period.

Driving growth through digitisation

CBG continued to enhance the digital functionality of corporate banking products and journeys during the year in review, with a superior customer experience underpinned by the deployment of numerous digital and technology enhancements throughout the year.

The Customer Relationship Management (CRM) system established to better service customers was made accessible via tablet devices during the reporting year, contributing towards further enhancing the corporate customer experience. Letter of Credit (LC) and Letter of Guarantee (LG) issuances were enabled digitally on the alrajhi bank business app for simplified documentation and reduced turnaround time, while the digital activation of POS financing and Buyer Invoice financing under SCF offered customers easier and faster access to credit. Further development efforts are ongoing at the time this report is being compiled, to offer end-to-end digital onboarding services to embedded finance solutions, overdrafts, fleet finance and payroll finance facilities.

We saw increased utilisation of both e-Business Portal and the alrajhi Business Mobile App in 2024, with a 14% YoY growth in the number of e-Business Accounts opened online. More statistics on the digital transformation of the B2B offering can be found in the Digital transformation section on page 186 of this report.

The development of a unified dynamic pricing engine for CBG-wide products got underway during the reporting period, which will allow the bank to offer rates and fees tailored to corporate client segments and risk profiles, benefiting customers with a strong credit history with the bank. Other facilities that also kicked off the development phase during the reporting period include unified loan application solutions and unified credit scoring.

Enhancing client engagement

One of the key differentiators of alrajhi bank's B2B offering is client engagement, which remains a key driver of business growth and expansion. With the overarching strategy driving group synergies forward, CBG continued to build on the bank's 360-degree client coverage model during the year in review, with a 360-degree approach to holistically cover customer requirements and manage corporate relationships.

The Corporate Banking Group connects frequently with clients, making 15,433 calls/client visits during the year in review. This consistent engagement has given CBG greater insight into corporate client needs, concerns, and market sentiments, enabling CBG to address specific, otherwise overlooked or undetected customer concerns.

CBG leveraged collective digital and data capabilities of the alrajhi group to provide relevant product recommendations and create new cross-sell opportunities. Regular reporting and monitoring enabled a strong data-driven performance.

As alrajhi bank continued to consolidate resources and co-locate under the 'One Stop Shop' initiative during the reporting period, CBG Business Solution Offices (BSOs) or 'Corporate Desks' at alrajhi Retail Banking branches reached 100 at the close of the reporting year. As a result, alrajhi bank recorded a Net Promoter Score (NPS) of 78 for Corporate Banking, leading the market in customer loyalty and satisfaction.

Awards and recognition

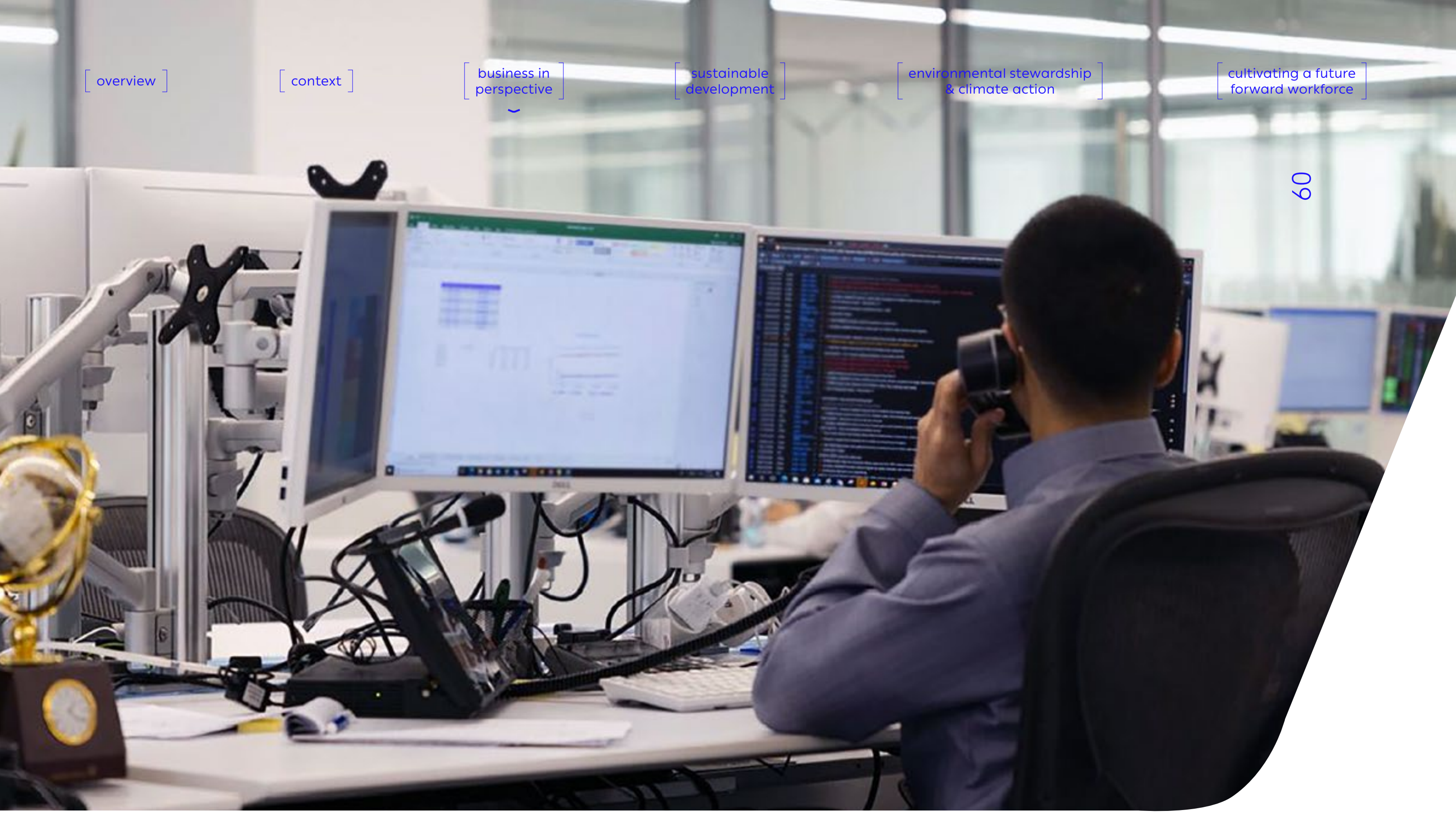
The focused effort made by CBG during the year in review to provide segmented and highly-curated corporate banking solutions to clients won several recognitions including:

- Best Private Banking in the Middle East Award presented Meed
- Best Project Finance Bank in the Middle East Award presented by Meed

Future outlook

The Corporate Banking Group will continue to play its crucial role as the foundation for the bank's B2B pillar during the 2024-2026 harmonize the group strategy cycle. A multifaceted approach will be used to grow the bank's corporate customer base; expanding the product offering, increasing group product penetration, utilising data-driven insights, targeting new wealth, and offering bundled solutions to meet evolving corporate client needs.

Supporting the Kingdom's ambitious Vision 2030 targets will remain a top priority of the CBG, further solidifying alrajhi's reputation as the bank of choice for corporate clients across the Kingdom.



treasury group

As the Saudi economy continued to grow in 2024 buoyed by a strong performance across non-oil sectors, the Kingdom's banking industry maintained its role as a key enabler of Saudi Arabia's ambitious Vision 2030 programme. The Kingdom continued to strengthen its debt market, to diversify financial portfolios and manage risk more effectively as mega and giga construction projects under Vision 2030 continued to roll out. The Kingdom surpassed China in concrete consumption per capita, and also surpassed China as the leading emerging market issuer of fixed-income securities. Saudi financial institutions tapped new markets in trade finance, while also increasing cash management activities.

The alrajhi bank Treasury Group remained strongly positioned to capture business opportunities in this rapidly evolving operating environment during the year in review. In line with the bank's new 'harmonize the group' strategy, Treasury expanded into new markets, strengthened our foreign exchange (FX) business, introduced new products, diversified and optimised funding mix, and strengthened the Investment Portfolio by diversifying into new asset classes, making all products and services accessible to clients through continued investments in digital technologies.

For the reporting period, Treasury recorded:

Operating income
SAR 2,994 Mn.

Net income
SAR 2,798 Mn.

Total treasury assets
SAR 240,492 Mn.

Total treasury liabilities
SAR 198,118 Mn.

Diversifying funding sources

The Treasury Group continued to strengthen the bank's balance sheet structure and support liquidity requirements by diversifying funding sources. During the reporting period, Treasury tapped into both local and international debt capital markets, while continuing to leverage alternative funding tools introduced in 2022. We expanded long-term funding (especially syndication), Certificates of Deposits (CDs), trade loans, term repurchase agreements (term repos), most of which paved way for a number of historic firsts in the Kingdom's banking sector, including the largest Shariah-compliant syndication loan in the Middle East. As a result of this growing confidence shown by investors, alrajhi bank tapped the international market twice in 2024; a five-year USD 1 Bn. senior unsecured sukuk, and the first sustainable additional capital (AT1) sukuk issuance, also with a size of USD 1 Bn. This was the first AT1 issuance from alrajhi bank in the global debt market in US dollars.

An expanding product portfolio

Treasury expanded its product offerings in structured investment solutions during the reporting year, further strengthening the bank's balance sheet and market repute to build stable liabilities. The Treasury portfolio remains well diversified in terms of duration, credit rating and geographical distribution, with the bank obtaining Shariah approvals on new investment solutions to expand its range of comprehensive Shariah-compliant asset classes and products to meet the market demand for yield enhancement as well as hedging.

The key objective behind expanding the investment portfolio was ensuring balance sheet management. alrajhi bank recorded a YoY growth of High Quality Liquid Assets (HQLA), while our Investment Desk obtained required approvals to on-board new investment solutions for yield enhancement during the reporting period. Steered by the bank's new strategy and its objective to leverage our existing customer base, Treasury Group also continued to successfully cross-sell the growing Treasury products portfolio with Corporate, Retail and Private Banking businesses within the bank. Given the balance sheet growth in 2024, the Treasury Group also initiated a Cost of Fund (CoF) control initiative to optimise the bank's P&L.

Additionally, alrajhi bank remained a Primary Dealer for the National Debt Management Centre (NDMC) in 2024, driven by our commitment to contribute towards achieving the Kingdom's Vision 2030 goals and ensuring KSA's continued and strengthened presence in debt markets. During the year in review, alrajhi bank strengthened this leading role in serving the national economy and keeping pace with increasing positive indicators, while maintaining our commitment to providing banking services and achieving the broader goal of sustainable financing.

The forex business

For the reporting period, alrajhi bank strengthened our FX footprint in the market against all competitors, maintaining top rank in providing best FX pricing across the Kingdom in the digital sphere in 2024. The bank's FX Desk enjoyed wide market coverage in trading and market making over 46 currencies, and laid claim to the largest financial institution (FI) network regionally. Overall, the FX income recorded a 3.7% YoY increase in 2024.

We secured 18.3% of the Kingdom's FX income market share at the close of the reporting period, and were recognised for our achievements in the forex domain with the bank winning **'Best Foreign Exchange Provider in Saudi Arabia'** while also being named the regional winner for **'Best FX Provider in the Middle East'** 2024 by Global Finance. We maintained the bank's Long-Term Foreign Currency (LT FC) credit rating during the reporting period at **'A-'** by S&P Global – a leading global provider of credit ratings, benchmarks and analytics.

Strengthening client value proposition

We facilitated direct client engagement through both physical and virtual meetings in 2024. Visits were conducted to gain deeper insight to client sentiment and needs, while virtual sessions were held to ensure our clients were provided with necessary awareness on how alrajhi bank's new product offerings meet their existing and emerging financial requirements.

To further enhance client satisfaction, the bank continued to enhance capabilities of the Treasury team in line with our overarching business strategy. Treasury Group closely collaborated with HR to facilitate training courses for employees, while

business portfolio review

treasury group

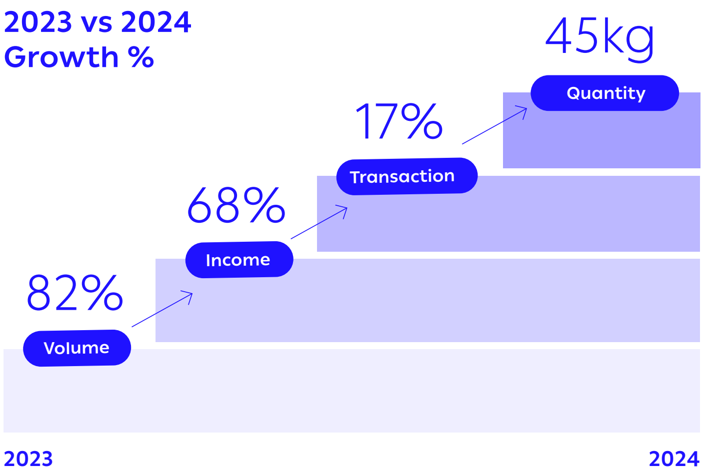
also strengthening the team by recruiting top talent from the market. A number of Treasury team members were selected for intensive workshops overseas in 2024, organised by highly-reputed global banks. These investments in capacity building are aimed at not only elevating the level of knowledge and expertise across the team, but also in ensuring the bank navigates through evolving market conditions with a focus on identifying new, unexplored opportunities by a well-equipped team.

We complemented the advancement of our teams by investing in Treasury tech, carrying out a number of significant upgrades and improvements on our core technology infrastructure. Key among these upgrades is the integration of a new module to the Treasury Management System, which enabled the Treasury Group to expand product offerings across several asset classes, namely; the expanding FX derivatives, commodities hedging and investment products, as well as structured products and deposits. Furthermore, a major upgrade to our Electronic Trading Engine went live smoothly during the last quarter of 2024, ensuring business continuity and avoiding any security risks. Segmentation was introduced for digital channels for both retail and corporate customers to enrich and better personalise each interaction.

Gold trading

Gold retained its status as a global safe-haven asset and demonstrated resilience in the market during 2024. As a result, the bank's gold trading business performed exceptionally well during the reporting period, with our clients able to access the bullion market through both conventional and digital channels. Treasury's digital gold wallet 'Paper Gold' was extended to commercial entities through the bank's eBusiness Portal during the preceding financial year, while Bank's physical gold business rapidly expanded to the Saudi wholesale market. This resulted in the bank successfully attracting new gold customers during the year in review, backed by strategic relationship management practices. This proactive engagement not only enriched the customer experience, but also significantly improved gold sales with a 68% increase in income YoY.

2023 vs 2024 Growth %



Future outlook

As the bank's new strategy cycle continues to be executed over the next two years, the Treasury Group will focus on expanding our market share through competitive prices and new products. We will continue and further enhance CoF control initiatives, and diversifying and expanding our funding sources. Treasury will also focus on exploring Foreign Investments in the market, and providing unfunded and funded services to banking counterparts and their clients. The Investment Desk will continue to play a significant role in the bank's 'harmonize the group' strategy by continuing to engage with international Tier-1 counterparties for portfolio diversification and yield enhancement.

MSME business

The Kingdom's maturing small and medium enterprise (SME) landscape continued to show promising signs of growth and development in 2024, as per the Small and Medium Enterprise General Authority of Saudi Arabia – Monsha'at. By Q3 2024, the number of commercial registrations of SMEs surpassed 1.5 million to record a remarkable 62% YoY increase, a clear indication that private sector activity continues to power the Kingdom's non-oil GDP. Apart from taking on the role of catalyst in terms of economic diversification, the SME sector also promotes job creation, technological innovation, and entrepreneurship across the Kingdom. Notably, 46.8% of the total registrations are female-owned companies, with youth-owned company registrations counting for an equally impressive 38%.

Over the past few years, alrajhi bank has contributed to the growth of micro and SME businesses by introducing financial products and services to meet the distinctive needs of this growing market. Now, with the launch of alrajhi bank's new **'harmonize the group'** strategy, which brings together and leverages our group-wide capabilities, the MSME business vertical is positioned to offer an unparalleled customer value proposition to support the sustainable growth of micro, small and medium enterprises across the Kingdom.

Our concerted efforts to grow this business vertical during the reporting period saw the bank's MSME Portfolio – inclusive of medium-sized enterprises – successfully grow 29.6% from SAR 30.2 Bn. in 2023 to reach SAR 39.1 Bn. at the close of the 2024 financial year, with a steadily increasing market share.

Qualitative disclosure of micro, small and medium enterprise for financial services

The approved definition of micro, small and medium enterprises and initiatives adopted by the bank follows the classifications published by Monsha'at:

Micro (Ultrafine)

1-5 full-time employees with annual revenues less than SAR 3 Mn.

Small

6-49 full-time employees with annual revenues between SAR 3 Mn. to SAR 40 Mn.

Medium (Average)

50-249 full-time employees with annual revenues between SAR 40 Mn. to SAR 200 Mn.

Alrajhi bank services businesses classified as "Micro" through structured lending products offered by its dedicated **Micro and Small Business (MSB) Unit**, and collectively serves businesses classified as "Small" and "Medium" through its **SME Unit**, both under the Corporate Banking Group with different policies for lending due to their varying financing requirements.

The bank routinely monitors the progress and growth of MSB clients, to better service them in terms of products, and cross sell relevant financing solutions as businesses show the potential to transition through its categorisation as they scale up.

Becoming the MSME Bank of Choice

During the year in review, the MSB and SME Units continued to focus on customer expectations and market sentiment, introducing new and innovative solutions to address emerging sector challenges, while also enhancing existing products and services to meet growing business needs. Improving customer experience remained top priority, with data insights and tailored solutions complementing the delivery of a seamless, streamlined and agile digital experience, resulting in improved turnaround times (TAT) to meet the demanding pace of business. The end-to-end digitalisation and automation of processes gave our customer base greater access to an expanding portfolio of sales and financing products including POS financing, eCommerce financing, Fleet Financing and Business Instalment solutions.

Our leading POS position in the Kingdom with 41.0% market share in 2024 of physical Point-of-Sale (POS) terminals allows us to offer POS financing solutions against cash flows, thereby maintaining good MSME portfolio quality with reduced levels of risk. Letter of Credit (LC) and Letter of Guarantee (LG) issuances were enabled digitally on the alrajhi bank business app, streamlining and greatly simplifying the process to reduce customer documentation for trade solutions.

We leverage collective group capabilities across alrajhi to deliver a unique value proposition of bundled solutions for MSME businesses that go beyond financial support at market entry; a comprehensive suite of non-financial services also accompany alrajhi's SME bundled solution; from a range of payment options as well as eCommerce and marketplace access, to payroll services and FinTech solutions for financial management. This allows our SME clients to in turn leverage embedded finance solutions across their business, thereby offering their own customers a seamless consumer experience.

The MSME business focused on solutions that secured a steadily increasing inflow of fee-based income as a result of increased product penetration within our growing SME customer base. We improved our yield income by converting non-borrowing clients to borrowing by leveraging superior data capabilities and insights that helped us understand client needs better. The MSME call centre continued to provide unrivalled customer service via the two dedicated toll-free numbers for MSB as well as SME customers.

Aligning with Vision 2030

A number of ambitious metrics have been established under the Financial Sector Development Programme of the Kingdom's Vision 2030 for SMEs – including microenterprises. We continued to align with Vision 2030 objectives during the year in review, supporting entrepreneurship and enabling job creation by expanding the MSME lending portfolio to empower this target segment.

Beyond our responsibility as a leading financial institution to provide support through tailored products and solutions for SMEs, we also aim to enable small businesses and entrepreneurs to benefit from various support programmes facilitated by government, semi-government as well as private sector entities. We strengthened our partnership with Monsha'at during the year in review, formalising agreements to streamline MSME access to the General Authority's finance and advisory services, facilitating entrepreneurial support for small business owners. The bank also partnered with Monsha'at to conduct a number of financial guidance and business development sessions, to educate and empower MSME clients.

alrajhi was one of five Saudi Banks to formalise an agreement in August 2024, to finance a new arts fund managed by the Cultural Development Fund of Saudi Arabia. The fund seeks to specifically finance Saudi SMEs across the cultural sphere. This is in addition to the bank's ongoing agreements with the Real Estate Development Fund and the Tourism Development Fund to facilitate funding for SMEs across non-oil sectors. We continued our partnership with the Small and Medium Enterprises Bank of Saudi Arabia during the reporting period, to provide more inclusive financing for MSME businesses.

The bank facilitated funding for 351 clients during 2024 through the Small and Medium Enterprises Loan Guarantee Programme – referred to as the Kafalah Programme established by the Ministry of Finance. This totalled to a remarkable SAR 1.6 Bn. in funding, a notable growth from a total SAR 332 Mn. funding for 48 clients in 2023.

Future outlook

As the MSME Sector continues to remain strongly aligned with Vision 2030 objectives, alrajhi bank will continue to meet its rapidly evolving needs by leveraging the collective strength of our B2B offering. Our customer-centric approach, while ensuring the sustainable and profitable growth of our business vertical, will also continue to bridge identified financing gaps in the MSME market. By introducing innovative new products, increasing Group product penetration through cross-sell, and diversifying lending solutions. We will focus on continued digitalisation and automation to provide customers with a seamless experience across multiple products, channels and solutions to meet demanding market needs. Partnerships will continue to be formalised with both private and public sector entities, enabling more financing for the sector.

MSME financing breakdown for 2024

	Micro and Small		Medium		Total	
Loans to MSMEs	2024	2023	2024	2023	2024	2023
On balance sheet (SAR '000)	**26,271,556**	17,325,783	**12,836,605**	12,859,758	**39,108,161**	30,185,541
On balance sheet loans to MSMEs as a % of total on balance sheet loans	**3.8**	2.9	**1.9**	2.2	**5.6**	5.1

subsidiaries and international network

Name of Subsidiary	Capital (SAR '000)	Ownership of the Company (%)	Country of Establishment	Country of Operation
Al Rajhi Capital Company	500,000	100	KSA	KSA
Atmaal	500	100	KSA	KSA
Tuder Real Estate Company	1,000	100	KSA	KSA
Emkan Finance Company	2,000,000	100	KSA	KSA
Tawtheeq Company	10,000	100	KSA	KSA
International Digital Solutions Co. (Neoleap)	150,000	100	KSA	KSA
Ejada Systems Limited Co.	1,000	90	KSA	KSA
Drahim	26,463	65	Cayman Islands	KSA

subsidiaries and international network

Name of International Network	Capital (SAR '000)	Ownership of the Company (%)	Country of Establishment	Country of Operation
alrajhi bank – Kuwait	389,888	100	Kuwait	Kuwait
alrajhi bank – Jordan	264,843	100	Jordan	Jordan
alrajhi bank – Malaysia	1,511,126	100	Malaysia	Malaysia
Cayman alrajhi Financial Markets Ltd.	188	100	Cayman Islands	Cayman Islands

International Business Group Highlights 2024

	Revenue (SAR '000)	Expenses (SAR '000)	Net Profit (SAR '000)
Kuwait	109,953	74,824	35,129
Jordan	197,079	136,780	60,300
Malaysia	393,750	255,125	138,625

subsidiaries

Al Rajhi Capital

الراجحي المالية
alrajhi capital

Al Rajhi Capital (ARC) – the fully-owned investment banking subsidiary of alrajhi bank, and market leader in bespoke brokerage and investment solutions, maintained its leadership position as one of the top traders by value with 16.3% in overall market share, ranked second in the market. ARC also reached second position in the Kingdom in terms of Assets under Management (AuM), with a remarkable 62% YoY growth in total AuM. New onboardings more than doubled (130% growth), with the subsidiary recording a 43% YoY increase in active clients during the reporting period. In terms of international trading, ARC expanded its global outreach to cover 38 markets worldwide. ARC also became the first equities market maker in the Saudi Main Market during the preceding financial year, operating in line with market maker obligations of the Saudi Exchange.

The year 2024 started on a solid note with average daily traded value touching two-year highs in Q1 2024. The optimism on the back of US Fed rate cut expectations, resilient oil prices in H1 2024, and the strong performance of IPOs in H1 2024 supported the investor sentiment. However, the liquidity squeeze caused by multiple IPOs & large scale secondary offerings at the end of Q2 2024 weighed on the overall market performance during the end of Q2 2024. Furthermore, the geopolitical concerns coinciding with weaker oil prices also impacted sentiments. Thus, H2 2024 saw a decline in trading activity. Overall however, the year was encouraging in terms of trading volumes, with average daily traded value up almost 39% YoY.

A notable achievement in 2024 was the launch of ARC's first international private fund – the 'Alrajhi International Corporate Credit Fund'. ARC's International Investments Department – which was established in 2022 – continued to expand its portfolio during the year in review, across both public and private investment strategies.

Expanding the asset management portfolio

As one of the top Asset Managers in the Kingdom, ARC offers a wide range of innovative investment products across all major asset classes, with varying investment objectives and risk appetite. The Division manages regional and local mutual funds, in addition to customised discretionary portfolios for institutional and high net worth clients. Key asset classes under management include Equity Funds (Local, GCC, MENA and International), Commodity Murabaha Funds, and various Multi Asset Funds.

The Asset Management Division's Fund Factory has launched a total of 3 new public funds in 2024:

- Al Rajhi Large Cap Fund
- Al Rajhi Petrochemical Fund
- Al Rajhi Awaed Fund

Subscriptions were covered for both the Large Cap Fund and Petrochemical Fund before the end of its offering period, contributing to ARC's rise in the ranks to reach #2 in AuM in the Saudi Market. The Awaed Fund was launched with the aim to achieve growth in both capital and liquidity with low risks.

ARC funds continued to perform well during 2024, with the Al Rajhi Mid/Small-Cap Fund closing the year in the lead with a 35.0% YoY increase. Three more ARC Funds (Al Rajhi Freestyle Saudi Equity Fund, Al Rajhi Inclusion Fund and Al Rajhi Momentum Fund) rounded up the top five performing equity funds as listed in the market (for equity funds above SAR 100 Mn.).

Table 01

Top Performing ARC Equity Mutual Funds in 2024 (for equity funds above SAR 100 Mn.)

Fund name	Fund manager	NAV SAR Mn.	% YoY
Alrajhi Small/ Mid-cap Fund	Al Rajhi Capital	2,023.4	35.0
Alrajhi Freestyle Fund	Al Rajhi Capital	2,831.9	31.7
Alrajhi Inclusion Fund	Al Rajhi Capital	567.9	28.4
Alrajhi Momentum Fund	Al Rajhi Capital	533.7	25.2
Alrajhi Saudi Equity Fund	Al Rajhi Capital	2,240.1	24.8

subsidiaries

Al Rajhi Capital

On the real estate front, ARC launched 5 private funds during the year in review, with the value of the real estate AuM recording a 48% YoY growth. Furthermore, for custody and agency services the value of total Assets under Custody (AuC) of ARC surpassed SAR 1 Bn. in 2024. The subsidiary has been accredited as an independent custody member in the Saudi Market.

During the reporting period, ARC managed government debt instrument issuances worth more than SAR 721 Bn. The Securities Services Team of ARC was managing the issuance of 105 government and institutional sukuk programmes at the close of 2024, and had successfully executed 219 Murabaha transactions. ARC has been accredited as a primary dealer for submitting bids to purchase sukuk issued by the KSA government through Bloomberg platform.

2024 also saw ARC participating in 49 IPOs in both main and parallel markets (Nomu), while automating operational processes for main and Nomu IPO activities to enable greater efficiencies for clients. ARC also launched agency services for dividends distribution in the Nomu market during the year in review.

Facilitating socially conscious savings and investments

With evolving international investment policy frameworks and a niche demographic of socially conscious investors, ARC continued to introduce such sought-after investment options for its clients during the year in review. Having launched seven Endowment (Awqaf) Funds in 2023 as sustainable financial products, ARC launch four more Endowment Funds in 2024, cementing the subsidiary's role in contributing towards social cohesion by promoting investments in non-profits.

Endowment funds launched in 2024:

- Takaful Endowment Fund
- Trahum Endowment Fund
- Al Suqia Associations Endowment Fund
- Al Rajhi Endowment fund (Unified)

ARC also introduced the Thrift Plan product during the reporting period, a unique savings plan offered to employees by their employers, to direct part of their income towards an investment program, with the possible participation of the employer to match a percentage of the employee's contributions. While employees benefit from a savings and investment plan, they are also afforded the possibility of compound savings from their employers to multiply their investments over time, with the savings doubling as a retirement fund for employees. For employers, beyond ensuring the long-term financial security of their teams, Thrift Plans have the potential to increase employee retention rates, and enhance their loyalty. ARC offers tailored plans for corporations based on their scale and headcounts.

ARC's Investment Banking Division offers a complete range of strategic financial advisory services, including debt and equity structuring, in addition to mergers and acquisitions, to assist clients in achieving their business and financial goals. The Investment Banking Division marked an exceptional year by closing a multitude of deals in the local and international financial markets, largely driven by the synergies strengthened and optimised across alrajhi group.

This exceptional performance during the reporting period saw ARC's Investment Banking Division being ranked second in terms of Sukuk issuance in the Kingdom, and SAR Sukuk issuances, and third in terms of Sukuk issued globally in 2024 (sources: Bloomberg Debt Capital Market League Tables – Local Issuances/Global Issuances)

The digital evolution of advisory and brokerage services

In 2023, ARC introduced its all-in-one industry-redefining 'Super App', providing mobile access to all ARC services and products. Users were able to access brokerage services to trade in the Saudi Tadawul Market, and also explore the international brokerage feature that allows users to access a diverse range of global investment opportunities.

In 2024, the ARC Super App underwent several upgrades and enhancements, key among which was the introduction of 'alrajhi Mashora' – the robo advisory platform within the App. ARC enabled automated investing by integrating alrajhi Mashora to the ARC Super App during the year in review. Customers registered on the ARC Super App are now able to build their own personalised, Shariah-compliant portfolios based on individual financial goals as well as risk tolerance, and timelines. alrajhi Mashora leverages emerging technologies to provide automated, algorithm-driven, daily rebalancing portfolio management services.

Continuous improvement on the functionality and features of the Super App were carried out by ARC, looping in customer feedback to further enrich the customer experience, while also achieving the desired benchmark in line with ARC's digital transformation agenda. One of the most notable upgrades was enabling customers to participate in IPO subscriptions directly through the App.

Additionally, the reporting period introduced end-to-end digital journeys for several more products, in addition to a new 'international markets' trading interface, as well as Voice Commands, allowing the users to execute their transactions using the voice inputs. The Super App also launched the systematic investment plan (SIP) – a tool that allows registered users to make recurring investments over a period of time. The App also launched end-to-end Murabaha journey as further enhancements in 2024.

As a result of enabling online trade and enriching the digital experience, over SAR 7 Bn. in subscriptions in mutual funds were made collectively via both the ARC Super App and the alrajhi mobile app, following the introduction of the new feature during the reporting period. Clients onboarding digitally in 2024 doubled in growth from last year. Overall, the ARC Super App recorded 2+ million downloads in total at the close of the year in review, with an impressive 4.6/5 App Store rating.

Leveraging group synergies

ARC launched its own 2024-2026 Business Strategy cycle, coinciding with the launch of alrajhi's new 'harmonize the group' strategy cycle for 2024-2026. This has enabled the subsidiary to collaborate with alrajhi bank in order to better leverage group synergies, and provide highly tailored investment solutions for alrajhi bank customers under the Business-to-Consumer (B2C) and Business-to-Business (B2B) offerings. Investment options have also been integrated into the alrajhi bank app.

Furthermore, the subsidiary also launched a Human Capital Transformation Program in 2024. This initiative was designed to support ARC's growth by attracting top talent, and will focus on the capacity development of both technical and soft capabilities, thereby enhancing the overall corporate culture and engagement across the subsidiary.

Future outlook

Al Rajhi Capital will focus on continuing its strong growth momentum by increasing its offerings, introducing innovative products, and enhancing the overall investment journey for customers over the next two years, with the subsidiary's 2024-2026 strategy cycle closely aligning with alrajhi's overarching 'harmonize the group' strategy.

ARC plans to expand its local and international brokerage offerings, introduce new institutional offerings, and scale on all fronts and provide innovative investment solutions.

tuder real estate company

With the launch of alrajhi bank's new 'harmonize the group' strategy at the onset of 2024, Tuder – the real estate and property management arm of the bank took on a more significant role as a support business, to contribute towards the group's new strategic objectives. Goal alignment between the bank and Tuder's strategies saw the subsidiary rolling out a number of initiatives for cost and revenue optimisation, quality enhancements, and efficiency improvements across the group during the year in review, recording SAR 134 Mn. in total revenue for the bank and its subsidiaries at the close of 2024.

Cost efficiencies through value engineering

Tuder's value engineering initiatives continued to eliminate unnecessary costs in 2024, while gradually in-sourcing highly sought-after services through applicable means. Initiatives rolled out by Tuder during 2024 have resulted in substantial cost savings amounting to millions for the group, and are projected to save significant operational expenses in the long-term. The utilisation of fixed assets was also a point of focus, with Tuder looking to sell or relocate tangible assets such as unused or underused furniture across its managed properties. The execution unit rates for renovation projects were reduced further, resulting in more effective budget allocation for projects as well as those with granted approvals across the entire project portfolio. This improvement was further complemented by new budgeting and forecasting tools, and strategic negotiations with bidders for fair prices and favourable long-term partnerships.

For revenue optimisation, Tuder introduced a fee structure for all previously uncharged services, as well as for new services tailored to client needs in 2024, given its more centralised role within the group. More outsourced services are also being brought under Tuder's management in-house, thereby making substantial savings in management fees. Tuder collaborated with the bank and the other subsidiaries to monitor performance metrics and conduct regular audits to implement quality enhancements across the group. These efforts were supported by streamlining processes and automating tasks, with Tuder leveraging technology to enhance productivity and efficiency.

In 2024, Tuder successfully met a number of performance objectives, successfully completing 97 projects across the group, as well as the installation, renovation and cancellation of a total 581 ATMs, successfully optimising the bank's reach and coverage across the Kingdom. Tuder also reached an overall occupancy rate of 92% in real estate

subsidiaries

tuder real estate company

under management during the reporting period, achieving a noteworthy 100% occupancy at the alrajhi bank Cash Centre.

The year was not without its challenges; While Tuder achieved the 50% licence compliance target set for 2024 by launching the 'Government Regulation Compliance Initiative', By continuing the implementation of this initiative, Tuder remains committed and on track to reach 100% compliance and zero fines in 2025. Yet another pressing challenge faced by Tuder was the requirement for round-the-clock security for all branches and remittance centres, which was addressed by Tuder with the implementation of 'The Command Centre Project' within four months during the reporting period. The Command Centre, considered a crucial support service for the group, provides for daily security report reviews as well as CCTV reviews for all branches, ensuring benchmarked standards in safety and security for alrajhi bank and its subsidiaries.

During the year in review, a value engineering study was conducted on vendors for multiple services including mechanical, electrical and plumbing (MEP) services; the study helped Tuder procure the most cost-effective vendors and materials, resulting in additional cost reductions with zero compromise on quality. A value engineering initiative was also conducted and applied on the Al Fursan branch project for alrajhi bank, to ensure best prices in the procurement of materials without affecting the quality and standards. Tuder's efforts resulted in a significant 14% cost reduction for the project.

Driving energy efficiencies

Under its comprehensive Energy Efficiency Programme implemented to reduce the operational carbon footprint across alrajhi bank properties, Tuder continued to enhance power and energy efficiencies, covering a number of initiatives for energy saving including the installation of solar panels, air-conditioner (AC) upgrades, and the adoption of LED lighting.

Through the 'Utilities Consumption Optimisation Project', Tuder wished to improve savings on water and electricity bills across 58 high-consuming branches identified during the preceding financial year, introducing resource-efficiency solutions with a goal to reduce utility payments up to 30% by 2026. Tuder invested SAR 900K in capital expenditure for energy efficient solutions across 118 branches and 60 AC upgrades across the group, with a projected ROI of SAR 100K in annual savings in operational expenses in the long-term. Tuder's efficiency in Facility Management saw the subsidiary reach a noteworthy 97% resolution rate for maintenance tickets.

At the close of 2024, Tuder had installed solar power systems across 64 alrajhi properties across the Kingdom. While the initial investment in the solar systems amounted to SAR 16 Mn., the solar installations alongside other strategic measures taken by the bank to reduce power usage, are collectively contributing towards an estimated cost saving of approximately SAR 2.5 Mn. per year – a significant and highly sustainable ROI for the bank. The solar power systems will also generate clean and green energy, contributing to further reducing the bank's operational carbon footprint.

Tuder highlights for 2024

Projects

- Completed 97 projects, as well as the installation, renovation and cancellation of a total 581 ATMs across the Kingdom
- Delivered 98% of projects on time
- Achieved remarkable 50% decrease of received incidents from branches

Facility Management

- Implemented energy-efficient solutions across 118 branches and upgraded 60 air conditioning systems to reduce electricity costs
- Conducted analyses of all locations to identify those with the highest electricity bills, aiming to reduce these costs by 30% by 2026.
- Improved resolution rate for maintenance tickets to 97%.

Real Estate

- Achieved 92% overall occupancy rate in real estate under management, with 100% occupancy of the ARB Cash Centre
- Estimate reduction around SAR 663K on renting by negotiation

Evaluation

- Issued 4,000 Technical Reports, generating a net revenue of SAR 9.6 Mn. to date.
- Worked towards avoiding cancellation of reports without major reasons.
- Maintained effective communication with the judicial arbitration tribunal consulting engineering services.
- Expanded real estate services provided to the bank and its subsidiaries in terms of supervision and follow-up.
- Utilised CRM to complete requests in the shortest time possible.

Rebranding the alrajhi bank network

The year 2024 saw Tuder remain on track to meet its objective of rebranding the entire alrajhi bank network and its subsidiary projects, with a highly satisfactory project completion rate of 98% at the close of the reporting period.

Tuder also continued to replace the primary ATM signage at certain alrajhi bank locations according to the requirements presented by the Retail Banking Group. The subsidiary carried out signage replacements across 95 ATM locations, accounting for an impressive 100% completion of the agreed-upon target for the reporting period.

31 branches rebranded

7 new branches set-up

14 subsidiary projects completed

16 branches relocated

4 properties in pre-operation phase

Primary ATM signage replaced in **95** locations

Safety and Security

- Implemented evacuation plans for the HQ Tower and Operation Building (NRR), the Digital Building in Al-Ramal District, and the Call Centre in Qassim.
- Audited for security gaps in the HQ Tower.
- Facilitated procedures of the work team for projects at the Command Centre in the Operations Building (NRR).
- Upgraded surveillance cameras in the Tawtheeq Company building.
- Developing and operating the VMS Visitor Management system and applying it across the bank's buildings.
- Added dashboards for all buildings to provide visibility on how many users enter each building, and how many users are available at any time with automatic dashboard updates carried out every 30 seconds.

Capacity building

Tuder conducted a comprehensive training needs analysis aimed at identifying learning gaps and requirements during the year in review, to help design effective training programmes and ensure optimal results in capacity building and human resource development. Successful recruitment strategies implemented by Tuder also ensured the subsidiary employed highly qualified candidates as in-house experts to further improve Tuder's service standards, thereby reducing the dependence on third-party service providers. With a positive work environment strengthened by employee recognition, high engagement, career development opportunities and work-life balance initiatives, Tuder maintained high employee satisfaction and retention rates for the reporting period.

Future outlook

Given their proven success, Tuder plans to continue the implementation of the cost and revenue optimisation initiatives in 2025. The subsidiary will identify and introduce more resource-efficient solutions, ensure optimal fixed asset utilisation, and aim for full regulatory compliance across all Tuder managed projects and properties.

The subsidiary will also explore new revenue streams in 2025, having initiated the expansion of the evaluation services portfolio in 2024 to cover machinery and equipment, a process still underway at the close of the year.

Overall, the future outlook for Tuder based on its strategic objectives reflects a strong emphasis on revenue growth, service diversification, operational efficiency, customer satisfaction, cost management, and employee engagement. By effectively executing these objectives, Tuder aims to position itself for success.

Our approach to innovation remains focused on the future

neoleap

Driven by robust government support, the aggressively growing FinTech industry remains central in the Saudi Arabia's efforts to diversify the economy, with the National FinTech Strategy recognised as a key pillar of the Kingdom's Financial Sector Development Program of Vision 2030; At the close of 2023, Saudi Arabia boasted 216 active Fintechs across the Kingdom, creating over 6,500 jobs, and attracting unprecedented venture capital investments worth a remarkable USD 1.84 Bn. across several subsectors including payments, finance, insurance and open banking.

This very promising and highly competitive market set the backdrop for a strong performance by alrajhi bank's payments FinTech neoleap, as it continued to transform the digital payments landscape in Saudi Arabia with cutting-edge solutions that simplify financial transactions. Aligned with the new **'harmonize the group'** strategy, neoleap contributed to the bank's consumer (B2C) and business (B2B – inclusive of both merchants and financial institutions) offerings during the year in review.

In order to maintain and grow market share during the reporting period, neoleap continued to enhance the stability and agility of its technology and services, and evolve as an end-to-end fintech ecosystem that provides merchants and customers with an unparalleled user experience. Despite the challenges from the competitive market and a highly regulated operating environment, neoleap recorded significant growth in numbers by the end of the reporting period.

subsidiaries

neoleap

Key Business Highlights of 2024

B2C

End Consumers

- urpay reached **#1 spot as largest digital wallet in KSA** (with 28% Pre-Paid Card market share)
- Fastest growing wallet in KSA with 6.2 million users
- Processed over 200 million transactions amounting to over SAR 52 Bn. in value
- Recording a notable growth in revenues by 38% YoY
- Launched unique and new-to-market products (urpay Premium wallet, Visitor wallet) and added international remittance services (partnering with service providers Tahweel AlRajhi, TRANSFAST)
- Growing beyond the core business (introducing local and international telecom recharge, eSIM, marketplace, Insurance) and evolving into a lifestyle app
- Launched various of payroll products (Musaned, Mudad, and Payroll)

B2B

Merchants

- Increased merchant onboarding by launching Unified Merchant Platform (UMP)
- Launched digital channels for merchant wallets (neoleap portal and mobile App)
- Launched MADA Card for merchants with default offering during Point-of-Sale (POS) registration
- Launched Corporate Pre-Paid Cards for merchants with default offering during Merchant Wallet Creation
- Introduced customisation options for Merchant Wallets
- Increased the sales of aggregation POS by expanding the service to business partners
- Entered into new partnerships with various companies to offer unmatched merchant experience (Rewaa – POS management/zid – eCommerce/Future Work – freelancer platform)
- Launched aggregation E-commerce product in Q4 2024
- Released cash management solutions to handle cash collection partners pain
- Enabled the issuing of corporate cards, Mada and VISA prepaid
- Launched Payroll product in Q4 2024
- Enabled instant activation of Soft POS product that gives neoleap an advantage over competitors
- Enabled mokafaa'a redemption on POS devices as a payment method
- Enabled POS financing applications through neoleap digital channels
- Cross sell Neotek Qaema through neoleap digital channels

Financial Institutions (FI)

Payment Gateway Updates

- Increased acceptance ratio of 80% during the year in review, from 73% last year
- Introduced two-factor authentication for added security
- Introduced 'Super User' login option for merchants operating under multiple merchant IDs (MIDs)
- AMEX cards are now accepted for payment
- Introduced recurring payment functionality via Apple Pay, simplifying subscription and automated billing processes. This ensures convenience and a seamless payment experience for users

Points-of-Sales (POS) Updates

- Expanded list of certified, fully-owned POS terminals (Newland N950)
- Signed a strategic agreement with PAX for a new terminal model following stringent evaluation of vendors
- Introduced self-servicing WOSUL POS Kiosks supporting multiple payment methods
- Enabled NCNP by setting up monitoring channels to track all charity donations made through POS and payment gateway (PG). This ensures transparency and real-time oversight of donation transactions
- Formed a strategic partnership with Qiddiya to deliver tailored payment solutions. This collaboration aims to streamline their financial transactions and enhance customer experience
- Implemented automated payment solutions for King Fahd Causeway to enhance efficiency and streamline toll collection. This initiative ensures faster and more convenient transactions for users

Key Performance Highlights of 2024 and YoY Comparison

Payment Gateway (neogate)

Total Number of Merchants	Neoleap Payment Gateway Market Share	Total processed transaction volume (in Payment Gateway)
707 2024	**17%** 2024	**146+ million** 2024
590 2023	16% 2023	136+ million 2023

Points-of-Sale (POS)

Neoleap managed Registered Merchants	Neoleap managed POS Terminals
255K+ 2024	**680K+** 2024
208K+ 2023	188K+ 2023

Neoleap POS Terminal Market Share		
	25% 2024	23% 2023

subsidiaries

neoleap

The subsidiary launched a Data Aggregation business vertical with POS data provision as its main product. Given the data-driven nature of the B2B segment, the product was well received by clients, and showed strong growth during the first full year of going live:

	2024 December	2023 December
Number of Merchants	**23,950**	1,680
Number of Installed POS Terminals	**44,572**	4,198
Transaction Value (SAR Bn.)	**1.3**	0.0436
Total Volume (Mn.)	**39**	1.27
Activated Terminals	**31,142**	3,103
Urpay Acceptance # Merchants	**55**	29
Urpay Acceptance Volume ('000)	**48**	44
Urpay Acceptance Value (SAR Mn.)	**17.1**	6.7
Corporate Card # of Customers	**10,392**	n/a
Corporate Issued Card	**13,683**	n/a
Corporate Active Cards	**12,637**	n/a
Mada Card # of Customers	**7,699**	n/a
Mada Issued Card	**8,017**	n/a
Mada Active Cards	**7,302**	n/a
ECR Sold Licenses	**827**	590

Exploring new business models and geographies

As part of the alrajhi group, neoleap continued to explore and leverage Group synergies in line with the new 'harmonize the group' strategy, and cross-sell products to merchants and customers, providing bundled solutions such as POS financing, insurance, Cards and Marketplace to name a few. Such tailored solutions based on distinct requirements allows neoleap to develop specialised business propositions, and penetrate new markets and geographies that operate under different regulations, business setups, operating environments and market needs. As such, the successful expansion of Merchant Acquiring Processing for the alrajhi bank Jordan branch in 2023, will be followed by the launch of card processing services for both Jordan and Kuwait international branches in 2025.

Finding the right talent

During the reporting period, attracting and retaining professionals with domain expertise remained a key challenge across the Saudi FinTech industry. As part of alrajhi group's growing ecosystem of subsidiaries and financial services, hiring from within the group takes priority. However, given the unique skills and expertise required by neoleap, the subsidiary also focused on expanding its external recruitment channels; this included the participation in relevant job fairs as well as collaborating with recruiters to provide them a better understanding of the distinctive blend of technical, financial, regulatory and commercial talent required in the FinTech domain. With a strong reputation as one of the Kingdom's fastest growing, market leading FinTechs, neoleap offered an attractive employee value proposition comprising an innovation-led work environment, competitive compensation and benefits, learning and development opportunities, and promising career progression.

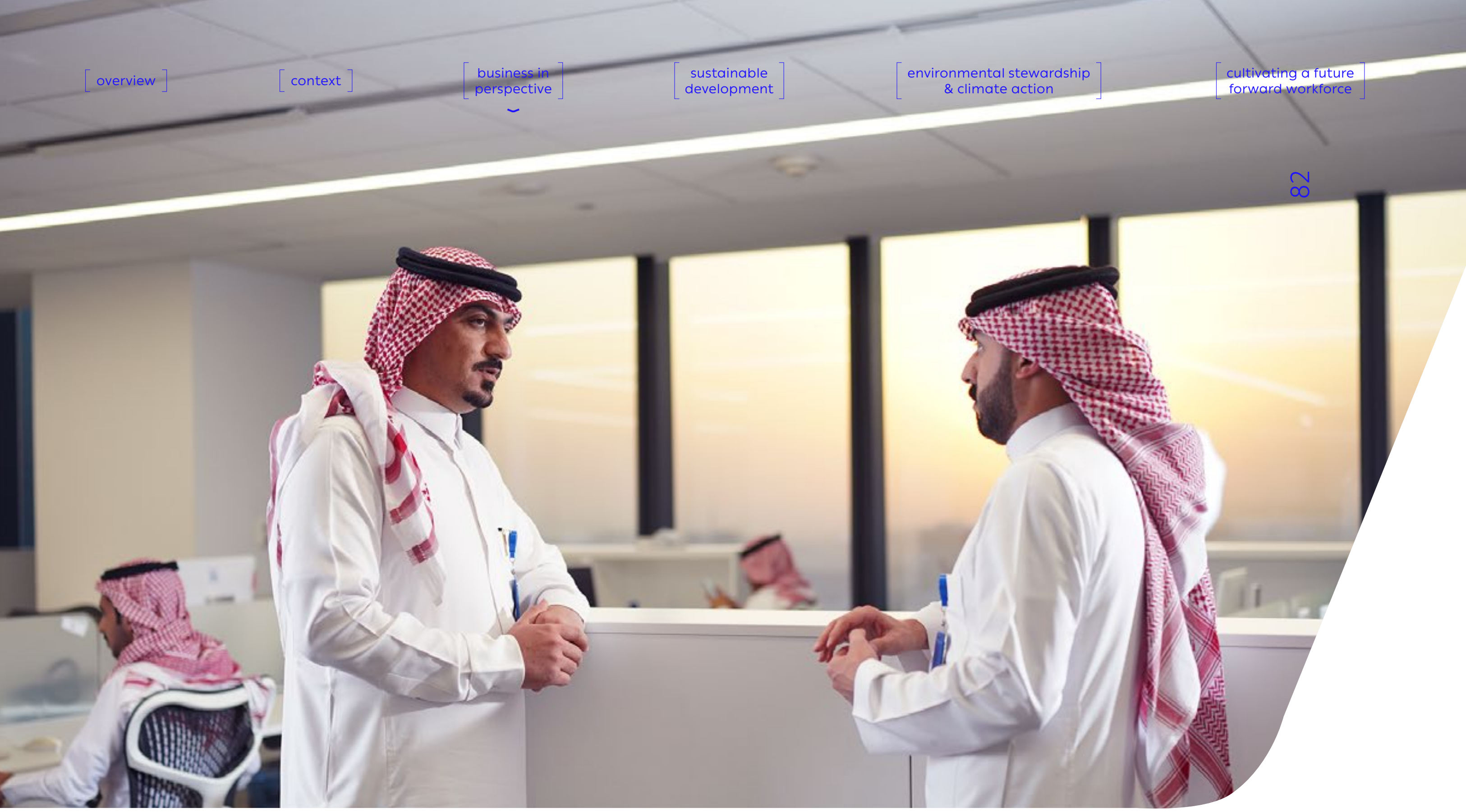
Employee engagement plays a vital role at neoleap, with the subsidiary hosting a number of events throughout the year in review to nurture a company culture that fosters collaboration and inclusivity as much as innovation. The neoleap onboarding programme gave new employees a detailed induction and better understanding of the subsidiary and their teams to enable better engagement. The 'Employee of the Month' recognition continued to celebrate employee performances and achievements throughout 2024, and Team Day-outs were planned by department heads among other sporting, cultural and religious events to boost team morale and nurture a strong team culture. Volunteering was also encouraged across events related to the FinTech industry. Taking advantage of the supportive regulatory environment, neoleap also actively participated in programs facilitated by regulatory bodies during the year in review.

Future outlook

Aligned with the overarching harmonize the group strategy, neoleap will continue to expand its value propositions across both B2C and B2B segments during the 2024-2026 strategy cycle. To strengthen its dominance in the B2C market, the subsidiary will focus on expanding its value proposition and serve new segments. New initiatives will be backed by data-driven decision making and targeted marketing, with plans to put more strategic, sustainable fee structures in place.

For Merchants under the B2B segment, several initiatives are under development to further enhance and enrich the neoleap digital merchant journey; mokafaa merchant loyalty programme, Wallet-as-a-service, merchant medical insurance offering in collaboration with alrajhi Takaful, and SME Credit Cards in collaboration with Emkan are a few such initiatives currently underway, with targets to go live in the coming months. For Financial Institutions, the subsidiary aims to introduce a POS installation and maintenance service by building in-house capabilities. Targets have already been set for 2025 to shift the development of payment applications and POS Software in-house, to result in greater cost efficiencies as well as revenue generation over the next few years. Plans are also in place to introduce advanced POS devices to FIs to further improve efficiencies. A number of Value-Added Services (VAS) will also be introduced to merchants and FIs in the subsequent financial year.

One of the key initiatives slated for 2025 is the rollout of Network Service Provider (NSP) connectivity for POS terminals, with neoleap's NSP certification currently in its final stages of approval. Once certified, this initiative will enhance neoleap's capabilities to eliminate reliance on third-party NSPs for neoleap POS terminals. Additionally, the NSP connectivity offers the opportunity to expand services to other Merchant Service Providers (MSPs). Neoleap also aims to launch and scale Dynamic Currency Conversion (DCC) offerings for alrajhi and other banks early next year.



emkan finance

Emkan Finance – the microcredit arm of alrajhi bank recorded double-digit growth during 2024, diversifying and expanding its product and customer portfolios in a rapidly growing microfinancing market.

Continued volatility of the Saudi Arabian Interbank Offered Rate (SAIBOR) – the key gauge of borrowing costs for banks in the Kingdom – posed a significant challenge to Emkan's business in 2024, impacting the subsidiary's cost of funds (COF). Having reached an all-time high of 6.32% in December 2023, the average 3-month SAIBOR rate remained unsteadily above 6% until August this reporting year, dipping below 6% from September and continuing to fluctuate.

However, through its adaptability and swift response to changing market conditions, Emkan successfully navigated these challenges while meeting the demands of an equally volatile market. The subsidiary's farsighted readiness resulted in the successful issuance of 3 Private Sukuk programmes totalling SAR 3.3 Bn., and 4 Securitisation transactions valued at SAR 5.1 Bn., contributing to lowering COF by approximately 21%.

With the launch of alrajhi bank's new 'harmonize the group' strategy in 2024, Emkan has taken on a significant role within alrajhi's growing financial services ecosystem. Among Emkan's key objectives is to target specific segments within alrajhi bank's existing customer base to drive growth and increase market share, while also identifying and penetrating untapped markets. During the year in review, Emkan focused on growing across both Retail and SME lending segments by introducing new products such as SME Point-of-Sale (POS) Financing, Buyout, Buy Now Pay Later (BNPL).

Having diversified into retail and merchant financing in 2022, Emkan counted a total of 97 kiosks/sales promoters set up at select Retail locations, and 99 booths at Merchant Branches across the Kingdom by the end of the reporting period, to better service and assist merchant partners.

All these initiatives, coupled with increased customer penetration in both B2C and B2B markets, led to a growth of 40% YoY, with Emkan exceeding SAR 1 Bn. in monthly new sales in 2024.

Upgrading digital infrastructure

In 2024, Emkan initiated the migration to a digital core banking system, modernising its technology infrastructure and greatly enhancing operational efficiencies. Beyond the digital transformation of the core system, Emkan also continued to leverage process automation, data analytics and machine learning technologies, to enhance customer service, further streamline the underwriting process, optimise data management, drive business growth, and refine marketing strategies. Following the successful launch of the new BNPL product during the year in review, the subsidiary initiated the development of a cutting-edge technology platform, to power its innovative BNPL solutions and increase its share in a promising market.

A number of significant updates and improvements were implemented on Emkan's mobile app throughout the reporting year, with the aim to further streamline the digital financing process. Customer feedback was also incorporated into the changes that were carried out, with Emkan addressing user pain points alongside functional upgrades. The app now offers an end-to-end, enhanced digital experience with an extensive microfinancing product portfolio, allowing users to choose from a range of products, receive instant approvals, and sign contracts directly through the app.

The upgrades have resulted in an improved Apple App Store rating of 4.5/5 at the close of the year, well above competitor average. Customer satisfaction with Emkan's commitment to provide functionally rich and secure digital user experiences is reflected in the improved Net Promoter Score (NPS) of 74 at the close of the year.

The subsidiary's passion for innovation and commitment to creating an unparalleled, seamless digital experience for customers won Emkan the **'Most Innovative Digital Microfinance Company' and 'Most Innovative New SME Digital Financial Platform'** at the International Finance Awards held this year organised by the International Finance Magazine, an esteemed British publication. The subsidiary was also awarded a **MENA Effie Award** for effective and responsible marketing in November 2024 for its **'Don't Finance what you don't need'** campaign, which promoted the concept of responsible financing among its customers.

Building capacities

Emkan strengthened its employee value proposition during the reporting period in an increasingly competitive job market by implementing comprehensive training programmes with the launch of the Emkan Digital Academy. With a range of online courses made available for employees, the Digital Academy facilitates an online learning environment that can be accessed anytime anywhere, with clear transparency of each employee's learning progress. The ability to track and measure this progress also enables Emkan to provide employees with opportunities for promotions, mapping required skillsets and training programmes for their career progression. This robust training programme is complemented by regular performance reviews and annual assessments. With a competitive salary package aligned with market standards, Emkan achieved a high employee satisfaction rate, and went on to be nominated for the Best Workplace Award 2024.

The subsidiary also partnered with Prince Mohammed Bin Salman College of Business and Entrepreneurship – a leading higher education institution in the Kingdom – to facilitate Executive Leadership Programmes to enhance and expand the subsidiary's leadership capabilities.

Future outlook

Emkan is poised for significant growth in 2025 and beyond, fuelled by the booming microfinance sector and supportive regulations in Saudi Arabia. To capitalise on this opportunity, Emkan is focusing on several key areas with immediate focus on expanding our product offerings for SME and Retail customers, optimising operations and reducing costs through streamlining and automation, consolidating its market position with data-driven target marketing, and increasing customer loyalty and retention by continuing to provide an unmatched user experience. 2025 will also see Emkan focusing on strengthening its risk management practices to further mitigate credit and operational risks alongside the growth of the business.

In the long-term, the digital financing subsidiary will continue to innovate new products and services to address consumer needs, and also look at diversifying its revenue streams by exploring new segmentation and introducing value-added services. Data analytics will be further leveraged to make informed decisions, and personalise customer experiences. Emkan, in its capacity as a leader in digital financing, also aims to collaborate with key financial institutions outside the alrajhi ecosystem, as well as with mega merchants, to penetrate newer, untapped segments and expand market reach in the long-term.

ejada systems

Ejada Systems, a leading IT solutions and consulting services provider with a prominent tech footprint in the Kingdom and the wider Middle East and North Africa (MENA) region, and the IT subsidiary of alrajhi bank, experienced an accelerated expansion in 2024 driven by contracts from large government accounts/mega projects, and with the alrajhi group.

The subsidiary recorded an impressive performance in 2024, with a significant 41% YoY increase in new contract value, which reached SAR 2,156 Mn. at the close of 2024, leading to a 133% target achievement for the reporting period. Overall, Ejada recorded a 22% YoY increase in revenue, at the close of the year in review.

A highly anticipated IPO

Given the Kingdom's favourable operating environment and its escalating success, Ejada Systems wished to explore new, untapped growth opportunities for technology companies in Saudi Arabia resulting from ambitious Vision 2030 goals and positive investor sentiment.

This led to the subsidiary preparing to file for an Initial Public Offering (IPO) on the Saudi Stock Exchange (Tadawul) during the reporting period. The subsidiary converted to a closed joined stock company, and established relevant governance, risk, compliance and audit functions as necessary, with a Board of Directors and Board Committee structure in accordance with Capital Market Authority (CMA) requirements. Simultaneously, Ejada carried out successful Deep Dive presentations with local, regional and global investors during the reporting period, receiving positive feedback with 98% of investors confirming their interest to remain engaged.

With approval from Tadawul, Ejada successfully completed filing with the CMA, receiving approval in December 2024 to float 20.25 million shares (45% of total shares) in its IPO to eligible investors. A comprehensive digital media marketing plan has been put in place to support the IPO in early 2025.

subsidiaries

ejada systems

During the year in review, Ejada Systems made great progress in executing well-defined strategic initiatives under the four main pillars of its new **STAR** Strategy:

S — Solidify the Core

Double down on current business to increase share of customer wallet, diversify client base, expand offerings within existing capabilities, and prepare for growth by launching rebranding and revamping the capabilities

T — Transform to Digital Orchestrator

Expand offering and capabilities across new domains (cloud, cybersecurity, emerging tech) to capture market growth and reposition as a digital orchestrator

A — Accelerate Growth

Pursue scale through penetration into new industries, Mega-projects segment, and Mid-market & SME segment and through geographic expansion

R — Reinvent Software Business Model

Create software powerhouse focusing on building scalable vertical-specific products, Mid-market/SME focused products, and incubating new business ideas

Key Highlights and Achievements in 2024

Solidify the Core

- Acquired 14 new government-sector clients, and 6 new BFSI-sector clients
- Initiated Masar Programme to acquire young Saudi talent and develop their digital skillsets
- Completed successful rebranding with conventional and digital marketing channels activated to increase brand awareness
- Kicked off development Infrastructure & Networks service line capabilities for NoCaaS (Network Command Centre) and ITaaS offerings
- Implemented advanced ERP system to increase operational efficiency and effectiveness
- Solidified GRC (governance, risk and compliance) function of the subsidiary to complement mature business model with internal controls and professional accreditations to meet benchmark international compliance standards
- Received upgraded credit rating from A to A+ from SIMAH Saudi Credit Bureau

Transform to Digital Orchestrator

- Established and expanded new lines of business with 90%+ revenue growth in 2024 resulting from new capabilities
- First company in KSA to achieve Google Partner Specialisation in Cloud Infrastructure
- Evolving strategic partnerships with global partners such as Oracle, Microsoft, GCP, AWS, Redhat, Informatica, Tableau etc.
- Established Strategic partnerships and new alliances with
- PWC: to collaborate in jointly promoting Cloud business
- ServiceNow and CISCO: to promote complete portfolio of Observability solutions
- Contracted 6 AI projects with a total value of SAR 23 Mn.

Accelerate Growth

- Won 2 Mega-project deals (SAR 160+ Mn.) under Saudi Vision 2030 Vision Realisation Programmes
- Acquired 6 new clients across new non-core industries
- Acquired 15+ new clients in Mid-market and SME segments

Reinvent Software Business Model

- Launched Ejada Marketplace (eHub) and 3 SaaS products – Ramz (e-Invoicing), Paynow, and Payflow (Beta Version)
- Revamping existing assets into SaaS products

Expanding lines of business

During 2024, Ejada successfully expanded and established four distinct Lines of Business (LOB) by extending Cloud, Cybersecurity, Observability and Emerging Technology offerings, closing the year with 587 contracts across all four LOBs in total.

Lines of Business	Number of Contracts	Contract value SAR Mn.
Enterprise Architecture (EA) & Emerging Tech	330+	993
Mobility & Customer Experience (CX)	75+	201
Data & Analytics	130+	293
Cloud, Infrastructure, Cybersecurity and Observability	195+	669
Total	700+	2,156

Under the EA & Emerging Tech LOB, Ejada focused on enhancing transformative AI and Generative AI capabilities to drive innovation and operational efficiencies. Key areas of focus included Smart Virtual Agents, Credit and Risk Decision Engines, and OCR & Computer Vision Enhancements. A total of 6 AI projects were contracted by the subsidiary in 2024, accounting for a total value of SAR 23 Mn.

Ejada's client portfolio expanded with a number of high-profile clients with several new clients acquired from new non-core industries including Retail, Real Estate, Transportation, Education, Commercial and Energy. The new clients include, but are not limited to the Saudi Authority for Intellectual Property, National Infrastructure Fund, Education and Training Evaluation Commission, General Food Security Authority, Saudi Industrial Development Fund, Abu Dhabi Commercial Bank, SME Bank, Insurance Authority, Bupa as well as alrajhi bank Malaysia.

Ejada contributed to several Vision Realisation Programmes (VRPs) during 2024 by successfully delivering a wide range of projects. These include a CRM Project for the Ministry of Finance (MOF), a Unified Platform for the Ministry of Sports (MOS), an Aviation System and Cloud Disaster Recovery Services for the General Authority of Civil Aviation (GACA), Data Integration and Business Intelligence Services for the Ministry of Economy and Planning (MEP), a Donation System (mega programme) for the National Centre of Development for Non-Profits (NCNP), Data Warehouse and Business Intelligence Services for the Digital Government Authority (DGA), and a Modern Data and Analytics Platform for NEOM, to name a few.

Ejada's core competencies and new lines of business also enabled alrajhi bank to successfully launch and implement the new 'harmonize the group' strategy cycle from 2024 – 2026, with Ejada carrying out a number of group-wide projects to better leverage collective synergies across the alrajhi group. Some of the major Group projects included implementation of KSA Data Management and Personal Data Protection Standards (NDMO/PDPL); Development of alrajhi group Unified Customer Profile; standardising and centralising Applications Operations and Applications Development; and Establishing a central and unified product catalogue and Monetisation Platform across the group, to list a few. Ejada also worked with overseas branches in both Malaysia and Kuwait to streamline and accelerate their digital transformation journeys, and increase their new products time-to-market. A number of projects were carried out with several alrajhi subsidiaries; the Loan Management and Loan Origination Systems Migration solution was implemented for alrajhi's microfinance arm Emkan; while the group's newest FinTech was provided with several Value-Added Products and API Subscription Products to enhance its Open Banking functionality.

Strengthening partnerships across tech value chain

Ejada continued to nurture strategic partnerships with global technology and software giants in 2024, including but not limited to Oracle, Microsoft, Google Cloud Platform (GCP), IBM, Red Hat, Informatica, Tableau, etc., while also forming new and promising alliances with emerging tech players in the market such as Amazon Web Services (AWS), ADAM AI, GitHub, Sprinklr, Qlik, Securiti, etc. Ejada also established a strategic partnership with PricewaterhouseCoopers (PwC) to collaborate in jointly promoting the Cloud business, and partnered with ServiceNow and CISCO to promote their complete portfolio of Observability Solutions.

Ejada's commitment towards strengthening the tech value chain through these partnerships have been duly recognised and rewarded by its partner companies, as well as its growing portfolio of clients:

Key awards and recognition

- Honoured by the Ministry of Health, Saudi Arabia for pivotal role in the digital transformation of Healthcare in the Kingdom
- Awarded Top Regional Google Cloud Partner Performance of Year 2024
- Awarded "The Fastest Growing Partner" from Google (in terms of specialisation, certifications, and revenue)
- Awarded the "Emerging Partner Award" from Sitecore
- Partnership with Cisco upgraded to "Premier Provider"
- Awarded Informatica's Global Channel Partner and EMEA Emerging Market Channel Partner SVP of the Year
- Reached Highest Tier of Partnership as Premier Partner for Tableau
- Awarded Tableau A&C Partner of the Year at Salesforce Middle East Partner Awards FY24
- Reached Advanced Business Partnership Tier for Red Hat
- Achieved Services Partner status with Snowflake

Building a capable and qualified talent pool

Ejada's accelerated growth driven by a growing portfolio of industry-leading clientele also strengthened its reputation as a sought-after employer during the year, attracting top tier talent across a wide spectrum of technical domains, and complex, challenging projects. The long-term learning approach towards nurturing Engineering careers at Ejada has also proven to be a point of employee attraction and retention.

With the accelerated growth resulting in the need to scale internal capabilities, Ejada launched the Masar Programme (Saudisation initiative) in 2024, partnering with 7 universities/education institutes across the Kingdom to acquire young Saudi talent and develop their digital skillsets. The positive impact of the Masar Programme saw Ejada being recognised by several Partner Universities including Imam Abdulrahman Bin Faisal University, Princess Norah University and Um Al Qura University. Ejada also utilised other recruitment methods including participating in university job fairs and industry events, partnering with head hunters and agencies, as well as through internships and referrals to attract new talent.

Overall, Ejada's delivery team grew by 28% YoY with the number of full-time employees reaching 3,545 at the close of 2024. A total of 44 internships were facilitated to students from across 9 universities.
A Competency Centre in Qassim is scheduled to be operational in January 2025 to accommodate, train and advance fresh Saudi talent. Ejada achieved a 52% Saudisation rate at the close of the year, and also maintained its high-potential employee (HiPo) attrition rate at 2.85%. The subsidiary was also able to grow and expand its overseas branches in Egypt (2014 employees), Jordan (93 employees) and India (61 employees), with more than 95% resources belonging to the technical stream.

The fast expanding team was supported by an advanced Human Capital Management (HCM) system, which is set to revolutionise and digitise HR processes across the subsidiary. Employee engagement surveys were carried out to gain deeper insight to employee sentiment and enhance engagement levels, while doubling as a channel to disseminate information and receive feedback on organisational development strategies.
A number of programmes aimed at rewards and incentives were launched during the reporting, while a comprehensive succession plan to identify and nurture future leaders within Ejada is currently under development, and on schedule to be implemented in Q1 2025.

Transitioning into a mature business model

Now with a solidified GRC function with internal controls to complement its mature business model, Ejada continued to enhance its regulatory compliance and professional accreditations to strengthen internal systems, and set an industry benchmark for operating standards, particularly across its Application Development Centre and Application Testing Centre of Excellence.

Accreditations/Regulatory Compliance obtained/active (valid) in 2024

CMMI Maturity Level 3
Achieving a capability maturity level 3 certification based on best practices in software development

APMP Certification
Achieved global standard in proposal management set by Association of Proposal Management Professionals (APMP)

ISO 27001
Information Security Management Systems

ISO 22301
Business Continuity Management Systems

Amazon Web Services (AWS) Certifications
Achieved 24 accreditation, foundation and professional certifications

AWS Well-Architected Partner
Achieved AWS Well-Architected Partner status for implementing best practices

Google Cloud Accreditation
For Infrastructure Specialisation

ISO 9001
Quality Management Systems

ISO 20000
Information Technology Service Management

CCC
Cybersecurity Compliance Certificate

ISTQB – Platinum Partnership
International Software Testing Qualification Board

OCI
Oracle Cloud Infrastructure

Application Development Centre (ADC)

Established by Ejada to successfully deliver custom development projects through highly competent on-shore and off-shore teams continued to operate optimally during 2024, fulfilling customer requirements and achieving several noteworthy performance KPIs:

SAR 300+ Mn.
total contract value from 5 active engagements with BFSI and Government clients

300+
digital projects delivered across both Retail and Corporate Segments in ARB

180+
experts specialising across a range of technologies

120+
integration services implemented

Application Testing Centre of Excellence (TCoE)

Provides comprehensive services for customers' testing needs across BFSI and other domains, covering BAU, transformation projects and greenfield initiatives. Expertise spans both functional and non-functional testing, leveraging a diverse range of tools for test management, automation, performance, and cybersecurity.

200+
testing professionals including experts in market-leading commercial and open-source automation and performance testing tools

Over 50% Engineers
are ISTQB/ISEB certified at Foundation/Advanced Level and specialised in Agile methodologies and mobile testing

500,000+
test cases executed, showcasing Ejada's extensive experience and capability in delivering reliable services across banking and non-financial domains

ISO 9001 certified
successfully passed first surveillance audit

Future outlook

In 2025, Ejada will continue its focus on implementing the STAR strategy, and advancing initiatives under its 4 pillars; Several major initiatives are scheduled to be rolled out as per the STAR strategy including the engagement with two mega projects and other Vision Realisation Programmes (e.g. NTP, NIDLP, HSTP, etc.) in the subsidiary's role as an enabler of the Kingdom's Vision 2030. Ejada also plans to set up an Innovation/Venture Lab (startup incubation space) in 2025 with a mandate to identify, acquire and nurture innovative ideas for software business.

Other initiatives scheduled for the subsequent financial year include expanding a number of Ejada's service offerings including cloud professional services and cybersecurity offerings; the monetisation of new offerings within the Infrastructure and Networks business line; introducing new AI and other emerging technology solutions; developing industry-specific product and solution portfolios.

Ejada will look into strategically leveraging its established industry position and strong foundation following the highly anticipated IPO in 2025, to maintain accelerated growth across its established LOBs, with special focus on Data and Analytics, Cloud as well as AI – despite potential delays in the adoption of emerging technologies due to demanding regulatory requirements.

The subsidiary will also look into leveraging new synergies uncovered through the implementation of the new 'harmonize the group' strategy, and collaborate with the Corporate Banking Group (CBG) of alrajhi bank to provide their Tier 1 clients across non-core sectors with highly tailored solutions under the Business-to-Business (B2B) offering, thereby unlocking untapped customer value.

atmaal

In 2022, as part of the recently concluded 'Bank of the Future' Group strategy, and its objective to 'Unbank' the bank, a number of operations and workflows across alrajhi bank were centralised and absorbed under a newly established corporate entity, greatly improving operational efficiencies across the alrajhi group. Over the past two years, this subsidiary has evolved into a leading Business Process Outsourcing (BPO) company in the Kingdom, specialising in delivering intelligent, scalable solutions in automation, financial operations, and business solutions, expanding across the alrajhi group to include all its subsidiaries. Now rebranded as atmaal – the entity streamlines processes and improves efficiencies, optimising business workflows with innovative solutions, transforming the alrajhi group into a high-performance financial ecosystem.

With **centralisation and standardisation** being a key strategic objective of alrajhi bank's newly launched 'harmonize the group' strategy, Atmaal's role within alrajhi group has become more significant during the reporting period. The subsidiary is guided in this endeavour by RISE – its three-year strategy that was launched during the preceding financial year:

RISE

Reimagine ARG Partnership

Expanding the scale and scope of services and migrating operational functions from within the alrajhi group, re-engineering and automating them to improve efficiencies, performance, and cost drivers.

Increase Financial Services Presence

Deepening presence across all financial service domains, enhancing the accuracy and speed in payment processing, and improving compliance and overall operational excellence.

Seek opportunities in New Sectors

Leveraging strength and expertise in common services offered by Atmaal such as Customer Care, Reconciliation, Retentions, Onboarding and Regulatory services, and extending them to adjacent sectors.

Evolve into a Solutions Orchestrator

Investing in AI, Automation, and Machine Learning capabilities as required to operate at scale with fast turnaround times and low unit costs.

subsidiaries

atmaal

Steered by these four strategic objectives and operating at scale, Atmaal continued to optimise overheads and reduce the cost of operations across the group in 2024, resulting in greater returns in its investments into technology and process consolidation.

Continued migration of group operations

In 2023, all core operations processes of alrajhi bank were successfully migrated to Atmaal. In terms of Group subsidiaries, key processes for Emkan, Neoleap, alrajhi Takaful and alrajhi Capital were also migrated successfully. The steady migration of subsidiary operations continued in 2024, with Atmaal increasing operations for the group by 48%.

Atmaal currently undertakes operations that include services for Retail, Corporate, Capital, Insurance and Fintech. New capabilities and services include outbound units for Customer Satisfaction and Retention, Middle-Office Management for Corporate Banking and SME, Marketplace Operations, Merchant Services Automation, and Corporate KYC. The additional services increased the total operations units under Atmaal to 73 at the close of the reporting period, with 29% YoY decrease in unit costs.

Strengthening the value offering

Atmaal continued to focus on creating value within alrajhi group; the Staffing Solutions business generated a net income of 3% and an optimisation of 12% on full-time employees (FTEs) during the reporting period, with Atmaal improving workforce management through internal staff migration and further consolidation within the group. Atmaal's unique employee cost structure has also benefited the group from provision-and-allowance-based cost avoidance. Overall Saudisation rate at Atmaal remained strong at 95%, with the female employee ratio increasing to 80%, driven by the largely female operated Qassim Contact Centre.

At the close of the reporting period, Atmaal's efforts to streamline workflows across the group saw a 16% increase in process automation YoY. This invested focus on automation and scaled operations saw the subsidiary successfully maintain Contact Centre service levels above 90% during the year in review.

The scalable nature of Atmaal's own operation saw the subsidiary recruit 2,150 individuals during the year in review, from development initiatives and technical colleges. Atmaal earned recognition from the Institute of Public Administration for graduate recruitment development, attracting over 2,400 applicants. The subsidiary was also recognised by the Ministry of Human Resources and Social Development – Al Qassim branch for recruiting job seekers via the SAAID system – a civil services job portal for Saudi citizens. Furthermore, the Kingdom's leading higher educational institution – King Saud University also commended Atmaal for its contribution towards the National Training Programme, which provides opportunities for Saudi nationals to improve their skills and competencies across various fields, and is also a key contributor towards achieving the Kingdom's ambitious Vision 2030 targets.

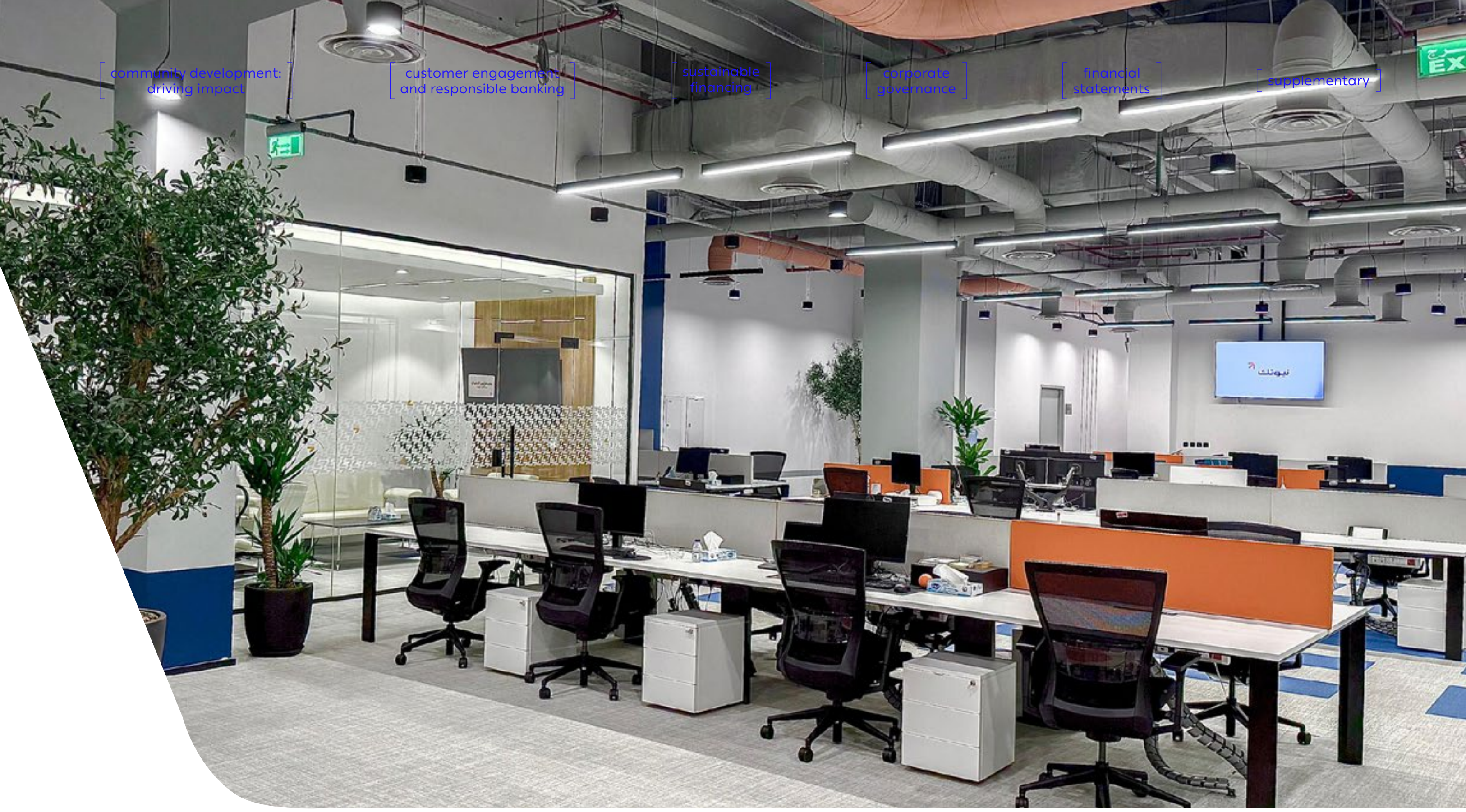
Future outlook

Atmaal remains highly optimistic of the future, and will continue to focus on advancing its automation, AI and Machine Learning capabilities, to sustain the scale and speed of its business growth. Simultaneously, the subsidiary aims to continue investing in the capacity and skill development of its people, equipping Atmaal operations teams with intricate process knowledge that will enable them to join and lead technology initiatives.

The contact centre business model is being revised to modernise its service model and technologies. While reducing avoidable calls, the objective of this transformation is to also develop customer engagements that add value to both customers and clients through cross-sell and entrenchment, driven through contextual AI.

With strategic objectives and targets in place, Atmaal aims to achieve a 5% YoY decrease in unit rates in the subsequent financial year, further boosting efficiency and cost to income ratio across alrajhi bank and its subsidiaries.

8K+ trained professionals	**300k+** requests processed daily	**30 million** calls handled yearly	**100 million+** transactions processed annually



neotek

One of the latest additions to alrajhi's growing financial services ecosystem is neotek, an independent fintech enabler focusing on data aggregation and payment processing. Through this new fintech, alrajhi group aims to foster an open ecosystem that enables interoperability and collaboration among financial institutions, service providers, and third-party applications.
This seamless integration allows businesses to develop innovative financial solutions by connecting with a wide range of partners and services. The establishment of neotek reflects alrajhi group's growing investments in the fintech space, and our drive to develop capabilities to competitively participate in Saudi Arabia's burgeoning open banking environment and digital transformation. Within the group, neotek's role is to serve as a key enabler of digital transformation, providing the fintech infrastructure necessary to deliver innovative services and unique experiences. With neotek enhancing the journey of financial products, alrajhi bank has been able to reap resulting benefits including cost optimisation, and growth across multiple banking verticals.

In September 2024, neotek received permission from the Saudi Central Bank (SAMA) to operate within the regulatory sandbox, highlighting SAMA's confidence in neotek's capabilities to develop innovative fintech solutions to enhance the digital infrastructure of the Kingdom's financial sector.

Prioritising regulatory compliance

With 2024 as its first full financial year in operation, one of neotek's primary focuses was to achieve and maintain regulatory compliance. The subsidiary main objective in the establishment phase is to put together strong Governance, Risk, Compliance and Cybersecurity teams to ensure all its products and processes comply with relevant local and international regulations. In terms of data security, neotek complies with relevant local regulations to ensure the safety of confidential financial information, in order to protect it from theft, corruption, and unauthorised access.

In terms of controls and in alignment with SAMA cybersecurity requirements, neotek implemented various administrative and technical controls to strengthen its infrastructure using international best practices and latest technologies. These controls helped to enhance compliance with SAMA regulations, protection of customer data, customer trust and confidence, while also ensuring operational resilience. The subsidiary remains committed to continuously enhancing its security and privacy controls, ensuring that neotek not only meets regulatory requirements but also proactively addresses emerging threats to protect customers and their data. By doing so, neotek will continue to uphold the highest standards of trust, security, and compliance.

An expanding portfolio

neotek aims to build partnerships with key organisations, to support and drive their digital transformation agendas, taking on the role of fintech enabler. By adding this offering to its service portfolio, neotek wishes to enable big corporations to overcome their digital transformation challenges, and modify how value is delivered to their stakeholders.

During the year in review, neotek focused on establishing and operating its product offerings to help service providers deliver a seamless customer experience, while also improving their end-users' financial outcomes. This approach led neotek to establish the reputation as a leading infrastructure company in the fintech domain within less than a year in operation and stand out by delivering innovative solutions tailored to the saudi market. The subsidiary offers financial data aggregation through its key business vertical, including Account Information Services (AIS) and other innovative solutions, all developer-friendly infrastructure that enables service providers to deliver hyper-personalised financial experiences for their customers.

Yet another addition to neotek's fast-growing product portfolio is the Qaema Accounting Solution, a core application developed by neotek to simplify financial management and accounting affairs for small and medium enterprises (SMEs). The accounting tool is powered by innovative features, which will allowing users accessibility to aggregated bank accounts in one-platform, thereby providing a seamless experience to conduct day-to-day financial operations. While assisting SMEs in ensuring they meet accounting and regulatory compliance, Qaema also aims to strategically boost the group's penetration and engagement within the SME sector.

At neotek, product development is driven by a dynamic and adaptive approach that aligns with our commitment to innovation and rapid market responsiveness. During product discovery, our team collaboratively defines the scope, conducts market research, and identifies opportunities to address gaps with innovative solutions. Leveraging agile methodologies, we iterate quickly through design, development, and user feedback cycles, ensuring solutions evolve to meet real-time user needs. With a focus on continuous improvement, quality assurance, and compliance, we deliver products that exceed expectations, while staying flexible to adapt to fast-changing market dynamics.

Building a winning team

neotek attracts top fintech talent by building a strong employer brand focused on innovation and impactful work. Our recruitment efforts include partnerships with universities, participation in industry events, and engagement across digital channels to reach skilled professionals. During the year in review, neotek invested in developing internal talent through targeted training in fintech skills including data analytics, product management and cybersecurity. Mentorship and knowledge-sharing sessions were also facilitated to nurture a culture of continuous learning, ensuring that neotek not only attracts but also retains top talent, maintaining a competitive edge in the fintech space.

In 2024, neotek launched several employee engagement initiatives, including team-building activities, wellness programmes, and recognition schemes to enhance morale and nurture a positive work environment. We also organised open forums for feedback to foster transparency. The subsidiary's performance management system also went through continuous improvements during the year, with more frequent check-ins and clearer goal settings being introduced alongside flexible work policies.

Future outlook

Data aggregation and payment processing will play a crucial role in the fast-evolving modern financial ecosystem, increasing collaboration among financial institutions and fintech companies. Opportunities for neotek lie in the growing demand for secure digital solutions in the expanding domain of open banking. However, risks such as regulatory changes and cybersecurity threats will require ongoing focus on compliance and security. In the longer term, neotek plans to grow its offering by providing Payment Initiation Services (PIS), leveraging various data providers to come up with innovative solutions. The subsidiary will also look at building strategic partnerships to boost its services and stay ahead of industry trends such as Banking as a service. Internally, neotek plans to launch a new learning platform to support the continuous development and career growth of its employees, further strengthening its employee value proposition in a highly-competitive job market.

drahim

In September 2024, alrajhi bank acquired a 65% stake in the 'Drahim' application, a leading personal financial management (PFM) and automated investment platform licensed by SAMA within the FinTech Lab, and the Capital Market Authority's regulatory environment. The acquisition marks the first of its kind in the region, with a Saudi bank securing a majority stake in a local fintech startup, and also reflects alrajhi bank's vision to be preferred partner for innovative companies in the fast-growing FinTech sector.

With the acquisition by alrajhi bank expediting the FinTech's growth, Drahim further strengthened its status as one of the Kingdom's best open banking and robo advisory solutions. By providing automated, algorithm-driven, market-disrupting investment and wealth management services, Drahim recorded a remarkable increase in assets under management (AUM) on the app, with the number of registered users on the app growing by more than 250% YoY at the close of 2024.

A strong year backed by a strong team

During the year in review, Drahim's well-balanced team of financial, investment and technology experts powered its rapid growth and success. The team was behind building Drahim's complete investment pipeline within a short time period, and also went on to implement one of the best categorisation and transaction enrichment engines currently in operation within the Saudi FinTech market.

The multi-layered engine has enabled the classifying of financial transactions into predefined categories, with the data enrichment process enhancing transactional data into actionable insights, leading to improved customer satisfaction. To date, the engine has categorised and enriched over 2.5 Billion transactions, with the volume of processed data enabling Drahim to gain even more deeper transaction insights to further improve the app features and outputs.

subsidiaries

drahim

Drahim launched over 30 major product features on the app during the year in review, to stay ahead in a highly competitive market; most notable among these is Drahim's new Active Portfolio that allows users to invest in some of the top-performing equity funds in Saudi. The app also introduced a Savings Portfolio, and a Custom Portfolio Builder, with users also able to utilise the app feature to link with and monitor external portfolios. The Zakat calculation feature is automated to further improve the customer experience.

Cultivating a saving and investment mindset

From a budget-conscious beginner looking to build savings and prioritise expenses, to an active investor looking for deeper insights into their portfolio performance, Drahim empowers users with insights to better manage money and make smarter, informed financial decisions. Drahim users are able to:

- Consolidate all bank accounts (belonging to any local bank) in one app, thereby having an overall clear view of their financial health.
- Monitor spending in real-time with all transactions categorised and enriched by its AI engine, helping to better control, forecast, and prioritise expenses, while instilling healthy spending habits.
- Save and invest by opening a personalised investment portfolio with diverse assets, encouraging users to set long-term financial goals and building wealth for a secure future.

Becoming part of a growing ecosystem

Within a short window of time, Drahim has seamlessly become part of the growing financial services ecosystem of alrajhi bank. The bank's retail app is now powered by the Drahim PFM, enabling users to make smart, well-informed financial decisions. The FinTech also collaborated with alrajhi Capital – the largest broker in the Kingdom – adding its public equity funds to Drahim's robo advisory portfolios.

Beyond the alrajhi ecosystem, the Drahim app has shown great promise and potential to reach non-alrajhi retail customers as an all-in-one personal finance manager and robo advisory, providing them with a unique value proposition and user experience that can drive new retail customer acquisitions for alrajhi bank.

Future outlook

The FinTech sector plays a key role in driving innovation and competition across the Saudi banking landscape, thereby contributing directly towards the development of the financial sector, a key objective of Saudi Vision 2030. Drahim will continue to advance the FinTech sector of Saudi Arabia as it continues its growth momentum into 2025, remaining committed to its vision to cultivate a saving and investment mindset that can guarantee a more secure financial future for users.

Proud to be a key enabler of the Kingdom's ambitious Vision 2030 objectives

international network

alrajhi bank – Malaysia

Malaysia's economy in 2024 demonstrated resilience despite a complex global environment. Strong domestic demand and private sector activity drove GDP growth, supported by government initiatives to stimulate consumption and investments. Inflation moderated compared to previous years, with the banking sector benefitting from Bank Negara Malaysia's (BNM) stable monetary policy stance. However, external pressures, including global economic slowdown and geopolitical uncertainties, continued to impact trade and currency stability.

For alrajhi bank Malaysia (ARBM), the operating environment provided both challenges and opportunities. Malaysia's strong position as an Islamic finance leader aligns well with ARBM's own strategic objectives. ARBM continued to leverage its strong brand reputation and alrajhi bank's expertise in offering world-class Islamic bank products, meeting the needs of retail and SME customers seeking ethical financial solutions.

alrajhi bank Malaysia continued digital transformation also resonated with Malaysia's growing preference for online and mobile banking, particularly among the urban and young demographic. This digital focus allowed ARBM to enhance operational efficiency, deepen customer engagement, and strengthen its position as a critical player in the local market.

Despite rising competition, particularly from local digital banks, ARBM's commitment to innovation, customer-centricity, and adherence to Shariah principles enabled steady growth across its business verticals. These results underscore the Malaysian bank alignment with expanding alrajhi bank's international footprint and reinforcing alrajhi's role as a leader in Islamic finance.

A strong performance

In 2024, alrajhi bank Malaysia recorded a growth rate of 8% in financing, closing the year at MYR 10.8 Bn., while Sukuk holdings reached MYR 6.1 Bn. with a 26% YoY increase. Powered by the growth in financing and Sukuk holdings, ARBM's net profit recorded a substantial 77% YoY growth at the close of the reporting year.

During the year, ARBM addressed the challenge of rising borrowing costs by implementing new strategies to attract customer deposits across retail and SME segments. To improve acquisition rates of new-to-bank customers, alrajhi bank Malaysia also focused on seeking more mutually beneficial partnerships to improve brand salience across Malaysia through association. The strategic focus on attracting deposits resulted in ARBM's CASA market share growing to 1.98% in 2024, compared to 1.70% in 2023. Total assets market share grew to 1.58% at the close of 2024. (2023 – 1.37%)

alrajhi bank Malaysia (ARBM) also focused on enhancing fee income by leveraging existing customer relationships and launching campaigns with the aim of increasing retail productivity and asset management. ARBM also launched an unfunded Trade Risk Participation program (TRP) to introduce new non-yield revenue streams during the reporting period.

With quality asset acquisition remaining a key objective of ARBM during the year in review, the Home Financing (HF) product was restarted and was supported by the HF Acceleration Campaign, which aimed to grow the HF portfolio and achieve an optimal portfolio balance. The successful implementation of this campaign saw the HF product reaching MYR 15 Mn. in monthly bookings by Q4 2024. ARBM also introduced a Refinancing scheme under the Personal Financing product as part of anti-attrition measures.

Making a significant leap from its lowest position in the Malaysian Banking Sector in 2020, ARBM became the third-largest asset holding Foreign Islamic Bank in 2024, a milestone achievement. The profitability of ARBM has shown a remarkable improvement, recording a 68% compound annual growth rate (CAGR) on its Return on Equity (ROE) from 2020, closing the year in review with an ROE of 8.4%. These performances highlight the focused effort and remarkable progress made by the bank to strengthen its position in the industry.

Promoting sustainable banking practices

ARBM formed a Sustainability Committee during the preceding financial year to better align with sustainability mandates of both Malaysia as well as the alrajhi group. ARBM is a member of the Value-Based Intermediation (VBI) Community of Practitioners (CoP) of Malaysia, contributing towards generating a positive sustainable impact for Malaysia's recovering economy, community and environment, and its overarching objective to deliver the intended outcomes of Shariah through practice.

In line with the VBI Principle of Community Empowerment, ARBM has disbursed MYR 2.4 Bn. to 213 SME accounts, predominantly supporting entrepreneurial activities. This aligns with ARBM's commitment to fostering entrepreneurship, economic growth, and sustainable development within the SME sector, reinforcing our role in responsible and impactful financing. The bank also provided MYR 1.34 Bn. across 39 corporate accounts for public amenity financing, directing funding towards upgrading essential public amenities including infrastructure such as roads, schools, hospitals, and green/renewable energy projects.

In tandem with the VBI Principle of Good Self-Governance, ARBM demonstrated its readiness to encourage financial flows towards companies and projects that meet climate objectives and provide greater transparency in reporting climate-related exposures. alrajhi bank Malaysia drafted the 'Environmental, Social and Governance (ESG) Assessment Checklist' to better categorise the customer's nature of business and economic activity based on BNM's Guiding Principles as per the Climate Change and Principle-based Taxonomy (CCPT). ARBM implemented The ESG Risk Management Policy (Corporate Credit Policy & Sustainability Policy), as well as the ESG classification requirement for ARBM's entire corporate book. To further enhance its risk assessment framework, ARBM plans to introduce an ESG scorecard developed by leading global data, intelligence and analytics company Moody's in 2025. This scorecard, subject to management approval, will be used alongside the CCPT score and corporate customer credit rating.

alrajhi bank Malaysia also incorporated sectoral guidelines into its existing evaluation, assessment, and financing processes. ARBM representatives participated in the sectoral guide review exercise during the reporting period for the Construction and Infrastructure (C&I) sector.

Furthermore, ARBM continued to provide financing under the "My First Home Scheme" from BNM's Fund for Affordable Homes to lower-income families in line with its commitment to promoting social equity and financial inclusivity for the B40 (low-income) market segment. At the close of 2024, 50% of ARBM's Retail Home Financing portfolio comprised of first-time home buyers, focusing on financial empowerment and long-term stability for individuals entering the housing market. Personal financing solutions are also made easily accessible to lower income groups and underserved segments through solutions such as Rize and Cashline-*i* (overdraft facility).

ARBM successfully launched the 5kali3 Cashback Campaign to encourage customers to adopt smart saving habits and empower them to achieve their financial goals. This campaign offered cashback rewards over three months to new customers, motivating them to save and make transactions using their ARBM accounts or debit cards.

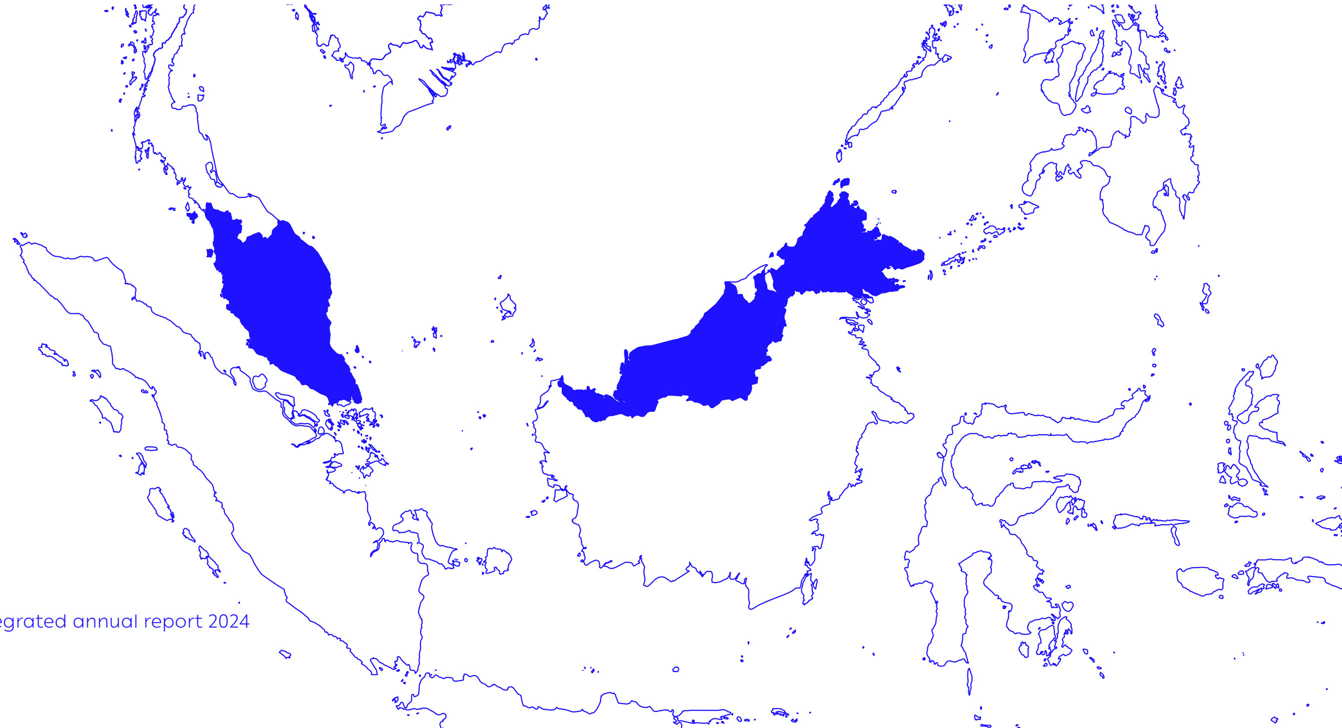
Earning greater brand recognition

ARBM's focused efforts as a member of the VBI CoP has greatly strengthened its brand recognition as a bank that creates greater impact through Islamic financing with the aim of delivering the intended outcomes of Shariah. ARBM was included in the Annual VBI Report for 2023 highlighting its VBI initiatives and achievements under sustainable banking, financial inclusion, and caring for society. The ARBM CEO is featured in an exclusive interview in this Report, to provide industry insights by CoP Member Banks. This was followed by ARBM's very own video and social media posts on ARBM's VBI journey, further strengthening the bank's standing.

This, along with various other media releases by ARBM covering key milestones of 2024 including the C-Suite appointments, campaign launches and other events earned over MYR 414k in collective PR value during the year.

Future-proofing IT infrastructure

The Malaysian bank launched a three-phase IT System Consolidation Roadmap in 2024, with Phase One addressing End of Life (EOL) and End of Support (EOS) Systems currently on track, in line with BNM regulatory requirements. Phases Two and Three of the Roadmap is scheduled to be implemented from 2024 – 2026, aiming to consolidate the technology stack for improved cost optimisation, greatly improving customer acquisition costs.



One of the key initiatives of this Roadmap is the 'Rize Enhancement Project', which resulted in the launch of a new, enhanced front end/user interface for ARBM's Rize digital bank during the reporting period. The new front end was created in collaboration with Ejada, with ARBM leveraging alrajhi group synergies and capabilities to improve operations.

Vendor dependency was reduced by identifying and putting in place key IT resources for critical roles. A Technology Governance Forum was also set up in 2024, to drive technology decisioning and design at the working level, leading to more efficient ways of working.

ARBM fully complies with ISO 20022 for payments, trade services, and other financial operations. Project Phoenix – ARBM's Real-Time Retail Payments Platform (RPP) migration project was implemented in 2024, resulting in cost savings of USD 2.6 Mn. for a 5-year cost of ownership (TCO). New services introduced via API included real-time payment options through Malaysia's national payments channels DuitNow QR, DuitNow Transfer (both interbank and intrabank), and a host of new process improvement features such as enabling auto reversal for rejected entries, bank host reversal, etc. ARBM's real-time retail payments volume increased a remarkable 94% YoY as a result of the successful roll-out of Project Phoenix during 2024. Several more services are on schedule to be implemented in 2025 and beyond.

The 'Rize' digital experience

Rize, the first-of-its-kind digital bank in Malaysia, which was officially launched to the public in February 2023, went through a number of upgrades, as well as product and service expansions and enhancements during the reporting period. Part of this continuous improvement included the migration of the mobile app development framework from native to 'react native', allowing for more agile development of complex user interfaces for the Rize app, with the ability to respond more quickly to user input. The onboarding journey was greatly enhanced, with the number of clicks reducing from 76 to 44.

In 2024, ARBM achieved remarkable YoY growth in Rize customer acquisitions and product performance, showcasing the success of targeted strategies. The bank onboarded 28,180 new Rize Savings Account customers, successfully surpassing the 23,645 signed up in 2023. This milestone was driven by customer-centric campaigns, competitive profit rates, and seamless digital onboarding processes, which appealed to Malaysia's digitally savvy population.

Other notable advancements made during 2024 include deploying a new corporate website, rebranding, and launching partnerships with strong local and community-focused brands in Malaysia; these updates align with the bank's commitment to enriching customer experiences while supporting local businesses. By teaming up with well-recognised local brands across various sectors, the partnerships drove higher engagement with our products and strengthened customer loyalty.

Transformation and sustainability: laying the foundation for 2025 and Beyond

2024 was a pivotal year for ARBM, setting the stage for a transformative journey towards becoming a leader in Islamic banking. Guided by a clear strategy, ARBM achieved significant milestones in digital transformation, operational efficiency, and sustainability, providing a strong foundation for future growth. These accomplishments will drive the bank's continued evolution in 2025 and beyond.

international network

alrajhi bank – Malaysia

Strategic pillars for growth

1

Revenue diversification

In 2024, ARBM expanded Sukuk holdings by 26% and introduced new products tailored to High-Net-Worth Individuals (HNWIs) and SMEs. These efforts lay the groundwork for further revenue diversification through enhanced product offerings and market engagement in 2025.

2

Operational Efficiency

Streamlined processes and a focus on asset optimisation led to a 77% YoY increase in net profit in 2024. In 2025, ARBM will build on these efficiencies to sustain profitability and strengthen workforce productivity.

3

Digital Transformation

Building on the success of the Rize digital bank and Project Phoenix in 2024, ARBM will continue advancing customer experiences and IT infrastructure with ongoing upgrades and innovative technologies in 2025.

4

Customer Growth

ARBM's steady customer base growth in 2024, supported by personalised financial solutions, positions the bank to accelerate this momentum in 2025 through innovative and inclusive offerings.

Community impact

In 2024, ARBM's initiatives empowered underserved communities through programmes like the "My First Home Scheme" and tailored financial products for the B40 segment. These programmes will expand in 2025 to drive greater financial inclusion. Employee-driven efforts, such as "Kempen Semarak Zakat" and "Waqf for All," further reinforced our commitment to social responsibility and cultural values. ARBM will also introduce new initiatives aimed at addressing emerging community needs and enhancing societal well-being, ensuring a sustained positive impact.

Future outlook

As ARBM progresses, the bank remains steadfast in balancing growth with sustainability. By leveraging the achievements of 2024 and driving forward its strategic pillars in 2025, ARBM aims to solidify its position as a trusted leader in Islamic banking while delivering long-term economic and social value for Malaysia.

alrajhi bank – Jordan

Jordan continued to show resilience and maintain macroeconomic stability in 2024, reflecting the steadfast implementation of sound macroeconomic policies and structural reforms that have enabled the Hashemite Kingdom to weather successive external impacts. The recent upgrades to Jordan's credit ratings – the first in over 20 years – testify to the credibility of economic policies formulated and implemented by the authorities.

The continuation of the regional conflict and disruption to trade routes is expected to dampen Jordan's economy, affecting consumer and investor sentiment, as well as tourism, trade and construction. However, the overall impact is expected to remain relatively contained; Jordan's economic growth is projected by the IMF to moderate to 2.4% in 2024, with weaker domestic demand offset by a stronger performance in net exports. Growth is projected at 2.5% for 2025. Inflation remains low at 2%, thanks to the Central Bank of Jordan's (CBJ) firm commitment to monetary stability and safeguarding the exchange rate peg.

Amidst the various impacts, Jordan's financial sector remained healthy and well capitalised during the year in review. The current account deficit – projected to narrow to 4.4% of GDP at the close of the year – will enable CBJ to further build reserve buffers, and to widen slightly to 4.7% of GDP in 2025. The adoption of contractionary monetary policy around the globe however, elevated funding costs to unprecedented levels, leading to fierce competition between local banks to preserve their deposit base. Customer appetite towards borrowing was also reduced as a result.

Against this backdrop, alrajhi bank – Jordan (ARBJ) recorded a profitable performance with a significant 23% YoY increase in net income in 2024. This was driven by strong performances in yield income and fee-based revenue, as well as equally effective management of operational expenses and cost of funds. The overseas branch's strategic focus on optimising its business growth and enhancing efficiency contributed to improving key financial indicators, including a lower cost-to-income ratio, higher return on assets (ROA) and return on equity (ROE). This performance positioned ARBJ ahead of many competitors in the Jordanian banking sector during the year in review.

Opening of new HQ in Amman

The year in review marked a major milestone for ARBJ, with the international branch opening its new headquarters in the capital city of Amman in September 2024. The inauguration ceremony was

international network

alrajhi bank – Jordan

held under the patronage of the Governor of CBJ, His Excellency Dr Adel Sharkas, and was graced by senior leadership of alrajhi group from both Saudi Arabia and Jordan offices.

The Amman headquarters marks a significant strategic milestone, a reflection of ARBJ's growth and expansion since its initial entry to the Jordanian market in 2011. Today, the ARBJ network has grown from the initial 2 branches to 13 across various governorates in the Hashemite Kingdom, with 3 of the branches being opened during this reporting period. The new headquarters also reflects alrajhi bank's strengthened position in the Jordanian market, which remains promising and significant.

Upgrading technology infrastructure and systems

In 2024, a number of technology infrastructure upgrades were carried out at ARBJ; the overseas branch reached a strategic milestone with the implementation of a new Core Banking System (CBS) during the year in review. The new, comprehensive system with a digital core addressed the limitations of the previous legacy system in order to meet the rapidly evolving pace of Jordan's banking sector.

The implementation of the CBS paved the way for ARBJ to deploy a digital banking platform for individuals and corporations that powered both online and mobile banking applications, with innovative services and features for ultimate customer convenience. The overseas branch also deployed a new financing system integrated to the CBS, to support the overall financing workflow of ARBJ, including transfers and account openings.

One of the key deliverables from the infrastructure and systems upgrade was the digital account opening service, a highly anticipated enhancement in customer experience. The implementation of digital onboarding marked a pivotal point in ARBJ's digital transformation journey, and was complemented by a comprehensive digital promotional campaign, achieving remarkable results; the campaign reached over 3 million social media accounts in Jordan, garnered more than 2 million video views, and drove 100,000 new users to the ARBJ website. The campaign resulted in more than 22,000 new mobile app downloads, and the opening of over 3,000 new accounts digitally, with a total deposit amount exceeding JOD 1 Mn.

The new CBS also enabled ARBJ to leverage a broader suite of solutions, providing customers with additional digital features and facilities such as cardless payments, international transfers, cards management, additional account opening options, as well as the ability to book appointments, requests for a safe deposit box, or certificates, among other services. The alrajhi Mobile JO app also provides a user-centric experience for easy account and card management, with new features such as bill payments as well as an instant financing option without the need to physically visit a branch, making banking more convenient and efficient. The app complies with industry standards and integrates multiple market leading payment services including Apple Pay, DOB, and Jordan's own instant pay system CliQ, as per CBJ instructions. The Customer Relationship Management (CRM) was also integrated to the mobile app and internet banking system to further enhance, enrich, and personalise the customer experience.

At the close of the year in review, over 50% of ARBJ customers were registered on its mobile app and internet banking platforms.

Alongside this major technology infrastructure upgrade, several IT services that were outsourced also transitioned to in-house services, providing the overseas branch with greater autonomy across multiple operational areas, also leading to improvements in efficiency and flexibility.

ARBJ collaborated with Neoleap – the group's fintech subsidiary – in 2023 to launch alrajhi's digital wallet urpay to the Jordanian Market. With services such as instant payments and transfers, bill payments, virtual card issuance among other features, urpayJO was well received by the evolving consumer market, counting over 5000 registered users at the close of 2024. This year, the overseas-branch initiated discussions with vendors during the year in review to develop an upgraded version of urpayJO, with new features and services to enhance the user experience.

The Merchant Acquiring Service launched in 2023 with yet another Neoleap product – neoPOS – provides seamless in-store and online payment acceptance solutions to local merchants. In 2024, ARBJ continued to expand its POS network with 492 merchants and over 600 POS terminals.

international network

alrajhi bank – Jordan

Leveraging greater autonomy

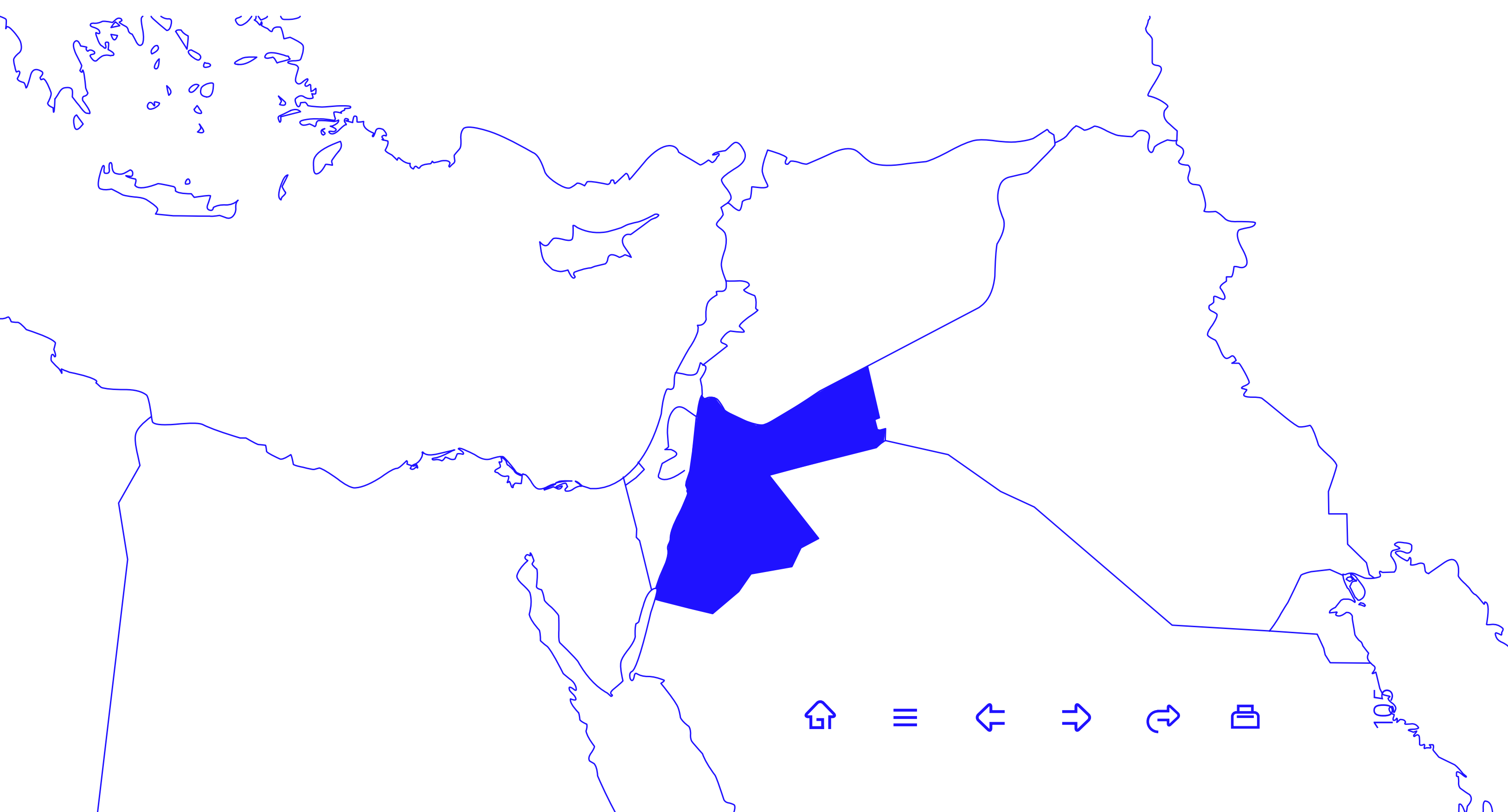
With the launch of the group-wide strategy 'harmonize the group' at the onset of the reporting period, the business departments of all international branches – including ARBJ – were officially announced as the ultimate custodians as per the new management structure, allowing greater flexibility in credit decision making. Following the launch of this new strategy, ARBJ identified and addressed an emerging local market gap, expanding foreign exchange products to new client segments, and established a foothold in the market for the best forex rate. This strategic and timely product launch was a success, generating more than 45% growth in FX revenue for ARBJ this year.

Beyond this, alrajhi group backed ARBJ in multiple international deals, boosting the revenue of the overseas branch. ARBJ was also promoted as the clearing agent for Jordanian Dinar among all alrajhi correspondents, enhancing ARBJ's liquidity profile while increasing fee income.

Attracting and retaining top talent

The international branch saw a number of new leadership hires during the reporting period, key among them the appointments of the Head of Retail Banking, and the Head of Human Resources. Both appointments have resulted in business and operational developments at ARBJ during the year. Under new HR leadership, the Jordan branch reviewed HR policies and procedures, ensured regulatory compliance, enhanced its recruitment process, implemented automation solutions, streamlined HR operations, and fostered a culture of learning and collaboration as well as inclusivity, boosting employee satisfaction and driving higher productivity across ARBJ.

Employee engagement remains a cornerstone of ARBJ, as the overseas branch actively fosters an interactive culture by regularly launching initiatives aimed at boosting morale and enhancing overall employee engagement. ARBJ implemented a new methodology to optimize our organisational structure that not only optimises structural design but also supports career progression and talent acquisition. During the year in review, the international branch redesigned job descriptions to ensure they are fully aligned with the updated organisational structure, reflecting clear roles and responsibilities. Automation was leveraged to streamline key processes, driving operational efficiency and fostering innovation across HR functions. A performance appraisal cycle was also initiated, with managers being proactively guided on best practices for conducting effective and successful appraisal sessions.



international network

alrajhi bank – Jordan

ARBJ invests heavily in capacity building and development of its talent, and has provided a comprehensive range of online courses across diverse topics to ensure employees stay updated on the most important aspects of the industry. Special focus was given to front-line staff through a tailored training programme designed to enhance their skills, elevate the customer experience, and promote a positive image of the bank.

Furthermore, ARBJ continued its efforts to build a strong pipeline of future talent by hosting a diverse group of university students and graduates as part of the Graduate Development Programme, providing them with valuable hands-on experience, with several transitioning into full-time roles within ARBJ upon the successful completion of their training.

Future outlook

alrajhi bank Jordan will remain aligned with alrajhi group's new 'harmonize the group' strategy as it continues to implement its ongoing 3-year strategy in 2025, focusing on business growth across all segments, and capitalising on the new core banking system by introducing new, innovative products and banking solutions that are benchmarked at group level. ARBJ also finalised an agreement with alrajhi group's IT subsidiary Ejada, to upgrade its CRM system and enhance the UX/ UI of the mobile application in the immediate future.

alrajhi bank – Kuwait

Having recorded a subdued economic performance in the face of multiple challenges in 2023, advancing long overdue economic diversification and structural reforms remained crucial for Kuwait during the reporting period, following the appointment of a new government in May 2024.

Kuwait's oil sector further contracted during the year in review, largely due to OPEC+ production cuts implemented in January 2024. Overall, GDP is projected to contract by 1% in 2024, reflecting this reduction in oil production. In contrast, the non-oil sector demonstrated a robust rebound driven by recoveries in key sectors such as manufacturing, transport and services. With gradual recovery of oil output and stable external conditions, overall GDP is projected to grow by 2.5% in 2025.

The local banking sector has proven to be resilient against the combined shock of lower oil prices and lowered production. The Central Bank of Kuwait (CBK), in its most recently published Annual Financial Stability Report states that diversifying national sources of income, coupled with more prudent and targeted spending, remains crucial to instilling investor confidence and long-term financial stability in Kuwait.

Fitch Ratings affirmed Kuwait's Sovereign Credit Rating at 'AA-' with a 'Stable Outlook' in 2024, supported by exceptionally strong fiscal and external balance sheets. At the close of the year, Kuwait also laid claim to the world's fifth largest Sovereign Wealth Fund valued at just under USD 1 Tn. With economic diversification underpinning Kuwait's ambitious Vision 2035 targets, the newly appointed government announced its approval of 35 major infrastructure modernization projects with a combined value of USD 51 Bn. during the final quarter of 2024. The first 29 projects with a value of USD 25 Bn. are expected to be completed by 2030.

While the Kuwaiti banking sector enjoyed a strong performance at the level of profits, liquidity and risk management during the year in review, the enactment of delayed reforms such as the mortgage law, which would enable banks to provide residential mortgages, is expected to boost the performance of the sector.

Against this promising backdrop, alrajhi bank Kuwait (ARBK) demonstrated agile adaptability to growth opportunities, participating in major syndication deals and sukuk offerings, introducing new products to market, and enhancing various internal functions to ensure greater alignment with alrajhi bank's new Group strategy, as well as national objectives of Kuwait.

international network

alrajhi bank – Kuwait

A strong performance

During the year in review, ARBK has made significant efforts to enhance its financing and investment portfolio in order to reduce the weight of funding costs, which underwent a dramatic increase during the year. Being the only foreign Islamic bank in Kuwait, ARBK maintained its strong hold in the local market and saw a significant 21% increase in assets. ARBK also implemented a number of cost control initiatives that saw a 3% YoY decrease in operating expenses.

The reporting period saw ARBK collaborate with the alrajhi bank head office in KSA, successfully participating in major syndication deals amounting to over USD 200 Mn. Trade finance products such as back-to-back Letters of Credit (LC) and Letters of Guarantee (LG) confirmations were backed by alrajhi bank's expansive FI network. A number of cross-border dealings comprising real estate deals and corporate transactions to the value of KWD 180 Mn. were facilitated between ARBK and the Saudi ARB head office during 2024.

This continued collaboration with ARB has also strengthened ARBK's reputation as one of the leading providers of Treasury services in the Kuwait market, with the overseas branch acting as a gateway between Kuwaiti businesses and the KSA market. ARBK reached record levels of FX transactions during the year, thereby increasing forex and fee income, which contributed to a large portion of ARBK's net profit for the reporting period. ARBK's fee income alone recorded a remarkable 175% increase YoY.

Strategic alignment

In 2024, alrajhi bank launched the new 'harmonize the group' strategy with the aim of creating a unified, customer-centric and efficient banking eco-system across the group. Simultaneously, ARBK focused on improving four key areas that not only better aligned the overseas branch with the group's strategic objectives, but also strengthened its position within the Kuwait market:

New products and services

In 2024, ARBK was successful in obtaining the approval from the Central Bank of Kuwait (CBK) to deal with structured products, which will be introduced by the overseas branch in the coming months. Other new products and services launched during the year in review include a personal financing offer with a 24-month deferment for the first instalment payment. Tokenisation of debit and credit cards were enabled for customers through connected smart watches. The Kuwait branch also partnered with Tap Payments, a leading payment gateway in Kuwait, to introduce Point-of-Sales (POS) and payment link services to meet market demand.

ARBK's mobile app underwent a full revamp during the year in review, with enhanced usability and features complemented by an improved look and feel, all contributing towards an improved user experience. International transfers were enabled through the SWIFT network during the year, while a number of new features and services have been in the final stages of development, including quick payment for telecom bill settlements, easy pay for local bank account transfers, and push notifications from the app, which will be introduced in the coming months. Additional services such as digital onboarding, credit card requests, and Kuwait's own instant payment service WAMD have been approved and initiated for development in the ensuing financial year.

Human resources

The overseas branch also remained committed to the professional development of its employees. ARBK continued to work with the Kuwait Foundation for the Advancement of Sciences (KFAS) – a non-profit organisation – to enhance capacities and build high-calibre employees by connecting them with reputable training programmes. The year in review also saw employees of ARBK being hosted by the ARB KSA Treasury for an in-depth workshop at the Saudi head office, as the branch strengthens its reputation for treasury services in the local market.

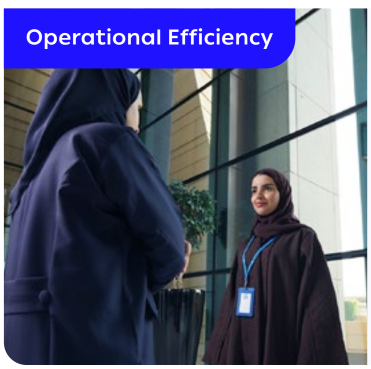
international network

alrajhi bank – Kuwait

Customer Focus

- **Enhanced Customer Experience:** ARBK is prioritising customer satisfaction by improving digital banking services, expanding product offerings, and enhancing branch operations.
- **Personalised Services:** The overseas branch is focusing on understanding customer needs, and tailoring products and services accordingly.

Operational Efficiency



- **Cost Optimisation:** ARBK is streamlining operations to reduce costs and improve profitability.
- **Process Improvement:** The Kuwait branch is implementing efficient processes to enhance service delivery.

Digital Transformation

- **Digital Innovation:** ARBK is investing in technology to improve operational efficiencies and deliver innovative digital solutions.
- **Cybersecurity:** The Kuwait branch is strengthening its cybersecurity measures to protect customer data and ensure secure digital transactions.

Risk Management

- **Robust Risk Framework:** ARBK is maintaining a robust risk management framework to mitigate potential risks.
- **Compliance:** The overseas branch is adhering to regulatory requirements and industry best practices.

ARBK also collaborated with a local recruiting agency to outsource a sales team to support its retail business, boosting efficiencies and increasing monthly sales as a result. Experts were also hired to take on critical senior leadership roles in both legal and risk teams at ARBK during the year in review, which has further strengthened with liaisons between the ARB head office in KSA, and better aligned ARBK's internal risk management and legal functions with the alrajhi group's benchmark.

With the new appointments and recruitments for the year, ARBK maintained the nationally mandated ratio for Kuwaitisation for upper and middle management at over 70%, recording an overall of 71.2% Kuwaitisation ratio at the close of the year.

Future outlook

The overseas branch will continue to align with the new 'harmonize the group' strategy in 2025 and leverage Group capabilities as well as alrajhi bank's FI network to further expand offerings in trade finance, treasury products, forex business, and remittance services. ARBK will also collaborate with the group's payments fintech subsidiary Neoleap to launch alrajhi's digital wallet UrPay in the Kuwait market.

ARBK is prepared to assist the Kuwait government's efforts with home financing solutions once the mortgage law is enacted, and will look at opportunities to collaborate with local automobile companies to promote auto leasing products. The Treasury arm of ARBK will continue to introduce alternative investment products, hedging, and derivatives to customers while exploring diverse funding sources.

shared services group

As alrajhi bank kicked off the implementation of the new **'harmonize the group'** strategy in 2024, its Shared Services Group continued to leverage the technology, infrastructure and expertise accrued to power the transition of the bank and its subsidiaries into a collective financial-services ecosystem. The year in review saw the Shared Services Group continue to enhance and automate their internal operations and processes in order to better service internal stakeholders, and strengthen its internal partnerships as the Shared Services Group works towards realising the vision of the bank's overarching strategy.

Information technology

In a rapidly evolving market where technology remains a top differentiator in the banking sector, alrajhi bank's foresight during the previous 2020-2023 strategy cycle led to a comprehensive transformation of the bank's IT infrastructure. The strategic modernisation of core systems and technologies that powered the bank's business verticals gave alrajhi bank the necessary competitive advantage, equipping itself to achieve the objectives of the new **'harmonize the group'** strategy (2024-2026) launched this year.

During this reporting period, the IT Department leveraged its modernised infrastructure and worked towards achieving new, ambitious strategic objectives, heavily focusing on advancing the bank's capabilities in Data, Digital, Cloud and AI. The new objectives, when executed accordingly, will support alrajhi group's transformation into an ecosystem of financial solutions, thereby realising the overarching vision of **'harmonize the group'**. These objectives include:

Increasing centralisation and standardisation

Optimising and increasing the **maturity level** of IT infrastructure across the Al Rajhi Group; leading to improved **response time, minimised complexity** and **reduced cost.**

Achieving agile delivery through automation and efficiency

Improving **operational efficiencies** and providing faster **turnaround time** (TAT) to enhance customer satisfaction.

Creating Group-wide customer journeys and leveraging scale

Improving **Group-wide synergies** to provide a seamless digital customer journey through multiple product and service portfolios across the Group; accelerating **speed-to-market** and **growing the Bank's customer base.**

Enhancing and maintaining regulatory compliance

Expand the coverage of fraud, AML, Security, and maintain a compliance-by-design approach to ensure an **'always-compliant'** state to protect both bank and customers.

In order to achieve these objectives, the IT Department launched several strategic initiatives in 2024

Strategic Initiative 1

Establishing the ARB Quality Centre of Excellence

In order to leverage the IT capabilities accrued during the previous 2020-2023 strategy cycle, and to develop and deploy new competencies to keep pace with competitors and market needs, the IT Department brought together the collective IT capabilities from across the alrajhi group to establish a **Centre of Excellence.** This has enabled the bank to better extend its accrued IT expertise Group-wide, resulting in greater process optimisation and increased levels of automation across the alrajhi group.

Business process automation exceeded annual delivery targets, recording a 111% completion rate at the close of the reporting period. A total of 32 Group-wide processes were migrated or created within Atmaal – alrajhi's centralised operations subsidiary, with streamlined and automated processes making way to greater operational efficiencies and significant economies of scale.

Greater interoperability across the group was enabled with a modern microservices platform built during the year in review. A total of 10 key applications were migrated onto the platform in 2024 (including eBusiness, Product Catalogue Engine, API Marketplace, Enterprise Middleware, and Drahim). The segmentation capability is in production to support the up/cross-sell strategy, with 90% of the Product Catalogue already complete.

Strategic Initiative 2

Advancing the cloud journey

To meet the bank's strategic objective of **increasing scale and agility via cloud,** the IT team surpassed the 2024 strategic targets in its cloud journey with 109 cloud-ready applications delivered during the reporting period. With 60 more in the pipeline in non-production, the team had also reached 57% of its 2025 goal. As the Kingdom continues to promote and expedite cloud adoption, the IT team's farsightedness in developing cloud-ready applications has enabled the bank to explore the benefits of scalability, agility, operational efficiency and cost savings as a result.

While advancing the bank's cloud journey, the IT Department prioritised applications critical to business operations for early migration, to benefit from cloud scalability and reliability, while also mitigating any risks during migration such as data corruption, inconsistencies, and potential security vulnerabilities. Rigorous testing and security protocols were enforced to maintain system integrity throughout the transition.

Strategic Initiative 3

Implementing ServiceNow for centralised IT service management

The IT team successfully completed the managed services transition into a centralised operation during the reporting period, and implemented a dedicated and centralised IT Services Management (ITSM) function for the IT Department – **ServiceNow**.

By establishing the ServiceNow function, the IT Department was able to successfully reduce redundancies and improve cost efficiencies across IT operations, improving team productivity and IT asset management. As the group expanded on its digital services, automation tools were introduced in the deployment processes to help achieve greater agility while maintaining operational efficiencies. This resulted in faster turn-around times (TAT) and improved internal-stakeholder satisfaction, with the Department successfully maintaining high levels of system uptime.

Enhanced deployment success rate

Reaching a 99.7% success rate in deployed changes, ensuring system stability.

Exceptional system uptime

Maintaining an impressive 99.98% system availability.

Exceeded project delivery targets

Delivery speed increased by 2.5x from nearly 700 projects per year in 2023 to over 1,500 projects in 2024.

As the department centralised IT service management and standardised processes across the group, complexities arose in aligning diverse systems and operational practices. The IT team implemented a phased approach to the overall restructure in order to address this challenge, minimising any disruptions, while also ensuring a smooth, incremental transition for internal stakeholders. The architecture refresh for 2024 was also successfully completed, and was overseen by the group Technology Committee.

Strategic Initiative 4

Building a world-class data platform

Building a modern, scalable data platform to power the bank's analytics and leverage emerging technologies remains a priority for the IT team during the new strategy cycle. The bank invested in a global industry-leading data platform to deliver an AI-enabled experience to ARB customers. The data platform consists of a range of functions from data transformation, visualisation, processing and storage, to governance and orchestration of data, ensuring the bank complies with the laws, regulations and standards required to safeguard the data of the bank as well as its customers.

Strategic Initiative 5

Creating a command centre for proactive incident management

Beyond the dedicated ITSM function mentioned above, the IT Department established a Command Centre for proactive incident management, to proactively eliminate any potential incidents causing major disruptions. The Command Centre focuses on preventing incidents rather than responding to them, improving overall efficiencies across the bank's IT operations. Initial challenges in adapting to a broader real-time monitoring tool were addressed by developing Intelligent dashboards, thereby providing the IT team with immediate insights into system performance and enabling faster decision-making.

Strategic Initiative 6

Expanding the group-wide digital ecosystem

Digital transformation across the alrajhi group continued during the year in review; the IT Department offloaded mobile login data from the legacy mainframe, with the data replication resulting in significant advantages in both flexibility and cost reduction, alongside improved resilience. Over 200 Group-wide digital APIs were published to advance the objective of **increasing customer-centric digital journeys group-wide.** ARB expanded its digital ecosystem by enabling interoperability for 41 products (e.g. neotek Income Verification (GOSI), Fast Customer Onboarding, ARG Loyalty, Mutual funds, Takaful products), which allows for seamless integration with third-party services.

The IT Department continued its progress with the DigiCore initiative, deploying mortgage products and the migration of contract processing into the new system. Overall, more than one million contracts were active on the new technology stack at the close of the reporting period. The DigiCore programme is on track to complete Auto, Cards, and mortgage product implementations by year-end.

These strategic initiatives led by the IT Department in 2024 have yielded notable operational enhancements, underscoring the Bank's commitment to operational excellence and customer-focused service. Key performance outputs achieved as a result during the reporting period include:

Increased transaction volume

Successfully processing an average of more than one billion transactions monthly, a 400% increase from 2019.

High mobile login activity

Recording over 380 million mobile logins monthly, a 550% increase since 2020. Of all mobile transactions, 65% were carried out using advanced mobile payment authentication methods such as MPIN, Touch ID, or Face ID.

Growth in instant payments

Achieving 18 million instant payment transactions per month.

Enhanced digital transaction rate

Increasing digital transactions to 95% of total transactions, compared to 50% in 2019, as part of ARB's ongoing transformation (leading to the significant reduction in traditional branch, ATM, and IVR transactions, currently down to 5% of total transactions).

These achievements highlight the IT Department's role in enabling Al Rajhi Bank to respond effectively to the increasing demands of a digital-first environment, transforming the Bank into a digitally-driven financial ecosystem, supporting long-term growth and operational resilience.

Capacity development

A number of training and development initiatives were delivered to the IT Department in 2024, among which 17 courses were dedicated to technical skill development, ensuring the IT team remained on a par with the latest and emerging tools and technologies. An additional 16 courses on compliance, regulatory requirements and risk management were also delivered to enhance the team's overall understanding of Saudi Arabia's rapidly evolving banking and regulatory environment. A total 403 individual employees benefited from these tailored training programmes during the reporting period.

Trainings conducted for the IT Department 2024

Focus area	Description	Number of courses
Technical	Courses dedicated to technical skill development, to ensure employees stay up-to-date with the latest technologies and tools	17
Banking	Insights into the banking domain, to equip participants with industry knowledge	2
Compliance, Regulatory, and Risk Management	Courses designed to enhance the understanding of compliance, regulatory requirements and risk management	16
Management	Tailored courses to improve managerial skills and leadership competencies	3
Self-development	Courses to empower employees, enabling them to enhance their personal and professional development	12
Induction	Onboarding course for new employees	1

These comprehensive training initiatives underscores the bank's commitment to nurture a skilled and knowledgeable workforce, enhancing their competencies to contribute to the success and innovation of the bank.

Stringent adherence to regulatory compliance

As an ecosystem that is operating within a continuously and rapidly evolving multi-regulatory environment, the IT Department remains highly vigilant in terms of maintaining regulatory compliance and practicing good governance in IT. The Department abides by national regulations for data management and protection, complying with the National Data Management Office (NDMO) framework and Personal Data Protection Law (PDPL) at Group level, with PDPL phase 1 implementation successfully completed. The SAMA IT Governance Framework (ITGF) Assessment was also satisfactorily completed at the onset of 2024, with the centralised IT operation ensuring the bank meets the SAMA-regulated maturity level 3 for IT controls.

Security solutions were deployed group-wide, including Endpoint Protection (EPP and EDR), CyberArk, Enterprise Security Intelligence (Splunk), Threat Intelligence, Email Phishing protection, data monitoring, and Cloud security. Anti-fraud initiatives set up by the IT Department reduced fraudulent cases by 99% during the year in review, with additional fraud detection and prevention strategies put in place to further strengthen the bank's internal controls.

Future outlook

In line with the 2024-2026 timeline of the 'harmonize the group' strategy, the IT Department has set clear strategic milestones and targets to be achieved over the next two years, structured into 34 key projects. The Department is on schedule to meet the annual objectives of 2025, having surpassed a number of annual targets at the close of this year.

Business continuity and crisis management

As alrajhi bank and its subsidiaries evolve into an ecosystem of greater scale and scope, the resilience of the business against expected challenges, as well as its adaptability to unexpected disruptions, becomes more vital. The bank's approach to Business Continuity and Crisis Management (BCM) has been one of continuous improvement, since the approval of the first Business Continuity Policy at alrajhi in 2009. alrajhi bank has successfully overcome industry disruptions by drawing from years of preparedness, with robust plans, processes and people in place, leveraging intelligent tools and technologies to be agile and adapt in the face of unprecedented change.

In 2024, in line with the launch of the new **'harmonize the group'** strategy, the bank focused on enhancing the roles, tasks, responsibilities, authority, scale and scope of the BCM function, transforming BCM capabilities to capture 'Organisational Resilience' as a whole, across the bank and its subsidiaries. As part of this development, the bank's BCM and Crisis Management Policy was revised and updated during the reporting period, following a stringent evaluation by the Internal Audit Department and observations made by SAMA, ensuring ARB's Policy framework remains effective, relevant, and well aligned with evolving risks. For the year in review, alrajhi bank maintained an average maturity level of 3.49 across 13 BCM domains, meeting SAMA regulations of 3 and above, and maintaining robust BCM capabilities and Disaster Recovery Systems.

Enhancing resilience through automation

Key among the updates for 2024 is the automation of the BCM function; By automating key business continuity functions, the group is now better equipped to keep pace with business growth and accommodate fundamental changes. Automation will reduce manual intervention, ensuring greater data accuracy. The BCM team automated incident response and management capabilities during the reporting period, greatly reducing risk of exposure by identifying real threats and responding rapidly to security incidents by launching immediate countermeasures. Detailed incident logs are automatically generated for further analysis.

As a result of the automation of the BCM function, ARB's reports (namely the BIA – business impact analysis, TRA – threat risk assessment, and BCP – business continuity plans) have transitioned from traditional periodic reviews to dynamic reports that are generated to reflect significant real-time changes to the health and performance of the business, and its continuity plans. This capability enables decision-makers to make well-informed decisions. A mandatory periodic review is also conducted to ensure no more than 12 months pass without any developments.

Technical investments and infrastructure improvements have positively impacted the bank's Recovery Time Objectives (RTOs) for products and services. The RTO for mobile and desktop technology was reduced to 30 minutes during the reporting period as a result. ARB achieved active-active capabilities for its technology, ensuring high availability of mission critical applications, while other mission critical apps were reconfigured with active-passive backup.

A Crisis Communications Team was established in 2023 to strengthen internal and external communication as part of strengthening the bank's crisis management function. During the year in review, the Crisis Communications Team focused on managing effective and consistent communications to protect the reputation and credibility of the bank, and the trust placed in the bank by its stakeholders.

Bolstering readiness with testing, training and planning

The BCM, team conducted integrated simulation testing programmes in 2024, including tests on employee relocation, cybersecurity systems, and various technical tests for both the bank and its subsidiaries, to test their collective responsiveness to various types of business disruption scenarios. Week-long live tests were carried out in both January and September 2024; as ransomware continues to be one of the biggest and fastest growing cybersecurity threats for financial institutions, alrajhi bank tested and evaluated its ransomware readiness and recovery with a ransomware rehearsal. A distributed denial-of-service (DDoS) attack was also simulated to test the resilience of the group's network resources and capacity to handle high volumes of traffic, while also identifying any weak points to implement better security measures.

Given the rise in supply chain disruptions during recent years, ARB strengthened its process to evaluate the business continuity capabilities of critical suppliers. Suppliers were actively involved in tests as needed, and continuity requirements were documented within their contracts, backed by acknowledgement of their ability to meet these requirements. The bank's efforts to develop contingency plans have resulted in a strong database of suppliers meeting its expected compliance standards.

The bank also delivered specialised business continuity training programmes for employees across all levels of the group. Following the success of training simulations for primary members of the crisis management team during the previous financial year, the bank extended the training to deputy members of the team, to ensure the team is well equipped in crisis response. ARB also facilitated one-on-one awareness sessions for new team members, making several critical eLearning modules mandatory within the first three months of employment. workshops for response teams, and disseminated regular awareness messages across the group. A significant number of employees also obtained professional certificates in business continuity, better familiarising themselves of their roles and responsibilities, and critical business recovery actions.

Future outlook

In 2025, the BCM function will focus on further bolstering the resilience across Al Rajhi Group in a rapidly changing business landscape. Dependency mapping will be an area of focus as it becomes more sophisticated, improving decision-making with real-time information.

Supply chain management

GRI 204-1

The Procurement Transformation Project was successfully completed and closed during the year in review. The project was implemented with the aim to enhance the end-to-end procurement process for the bank and its subsidiaries, and has greatly improved service levels provided across the group via automation and other developments, successfully recording a service level delivery rate of 99.6% at the close of the year.

The Procurement Department continues to acquire the highest quality of goods and services at the best possible price by strengthening the competitive position maintained by alrajhi bank in the market. Mutually beneficial relationships are nurtured with top vendors to source goods and services in a timely manner to mitigate supply risks, and employ optimum contracting methods to protect the rights of both parties throughout the entire procurement process. In 2024, the Procurement Department recorded cost savings totalling to SAR 274.4 Mn., a significant 60.9% YoY increase.

The procurement department's performance during the year in review (YoY)

SAR 274.4 Mn. Cost savings

151 Number of bids/tenders

1,830 Number of Purchase Orders (POs) issued

19,190 Number of Blanket Purchase Agreement (BPA) releases

244 Number of contracts issued

	2024	2023	2022	2021	2020
Total number of suppliers engaged	**328**	301	340	384	335
Total procurement spending (SAR Bn.)	**5.5**	4.5	4.2	3.7	3.1
Total number of local suppliers engaged	**234**	205	263	285	261
Procurement spending on local suppliers (SAR Bn.)	**5.2**	4.1	4.0	3.4	2.9
Percentage of spending on local suppliers (%)	**94**	90	95	92	93

The bank's Procurement Policy aligns with industry standards, and remains compliant with all internal regulatory requirements. It aims to minimise procurement-related risks and ensure that the process is conducted in a transparent and efficient manner, respecting ethical and fairness principles. The Policy safeguards alrajhi from challenges that may arise from last-minute contract changes, vendor negotiations, and late sourcing requests. Every team member involved in the procurement process on behalf of the bank is required to be familiar with this Policy and abide by it. The procurement team has been further equipped with knowledge on the bank's Business Continuity and Crisis Management (BCM) function and Counter Fraud measures through awareness sessions held during the reporting period.

Empowering vendors through continuous engagement

The Online Procurement Portal continued to register vendors during the reporting period, taking the total of active vendors on the Portal up to 1,199.

Active vendors 2022, 2023, and 2024

2022
703

2023
937

2024
1,199

A number of new module enhancements were also carried out on the Portal during the year through the 'Clarity' feature, which automates procurement functions; these included the Contracts Module, Credit Note Tracking Module, and Contracts Dashboard Module that were implemented in 2024, further improving the overall procurement function.

The bank also prioritises sourcing from locally established businesses, with 94% of all vendor payments being made in local currency.

While it is a great strategy to cross-sell to vendors and make an ARB account a necessity, we are suggesting the narrative to be changed slightly as written here, to make it sound beneficial for the vendor instead of for the Bank.

Future outlook

The vision of the Procurement Department is to be a true value creator, a trusted and strategic partner for all internal stakeholders across Al Rajhi Bank and its subsidiaries, with a clear focus on delivering to their needs, and thereby contributing towards meeting the Group's overarching objectives. In the near-term, the Department hopes to further enhance the planning of the sourcing process by integrating a supply chain sourcing module to the existing system.

Staying true to the principles of Shariah through our products, services and operations

shariah group

Islamic banking continues to grow steadily, driven by innovation, adaptability, and a commitment to delivering modern financial solutions that meet evolving customer needs. The past several decades saw Islamic banking cementing its rightful role as a vital part of the global financial landscape. By leveraging advancements in technology, digitisation, and emerging technologies such as artificial intelligence, Islamic banking has become a dynamic and forward-thinking player, driving growth, attracting customers, and delivering fast, integrated services.

Since its inception over 60 years ago, alrajhi bank has upheld its position as the world's largest Islamic bank by staying true to the principles of Islamic Shariah. The Shariah Group at alrajhi bank, working under the Council of Shariah, ensures that every aspect of the bank's operations, products, and services adheres to Shariah law.

The group includes the Council of Shariah Secretariat and the Shariah Supervision Departments, which play pivotal roles in maintaining and strengthening this commitment. The Council of Shariah Secretariat Department —comprising consultants and subject matter experts— analyses contracts, agreements, and products, preparing detailed reports for the Council's review. Once decisions are made, the Secretariat Department communicates them to the relevant departments and provides ongoing guidance and instructions to ensure full compliance. Simultaneously, the Shariah Supervision Department oversees all transactions to ensure they align with the Council's directives and decisions with regards to contracts, agreements, and products. It also performs Shariah audits through automated systems, specialised programmes, and field visits. The Department's team of supervisors and specialists is responsible for developing and reviewing auditing standards, in line with the Council's directives and decisions.

alrajhi bank is considered one of the world's first banks to implement Shariah governance through the General Assembly's adoption of the "Council of Shariah Regulations" in 1999 and all updates that followed. This practice remains strengthened by the "Shariah Governance Framework for Local Banks" issued by the Saudi Central Bank, which represents direct support for alrajhi bank's view of Islamic banking.

In 2024, the Shariah Group launched several initiatives to raise awareness and compliance with Shariah principles, benefiting employees, customers, the broader community, and other stakeholders. Key highlights include:

- Holding 32 meetings to discuss more than 280 topics;
- Issuing over 280 directives to the bank and its subsidiaries;
- Carrying out supervisory and awareness visits to more than 170 bank locations, including branches, financing halls, and sales outlets in various regions nationwide;
- Delivering more than 15 training courses and workshops for employees of the branches, direct sales and "tahweel alrajhi" in various regions of the Kingdom;
- Responding to over 270 mail inquiries and 500 telephone inquiries;
- Disseminating 12 awareness messages to the bank's employees about Shariah principles in banking and the Shariah policy of the bank;
- Developing and updating the Shariah Group's website to include clarifications of the Shariah provisions related to various products;
- Training undergraduate students from Shariah colleges in collaboration with alrajhi academy;
- Enrolling Shariah Group employees in professional development courses on cybersecurity, governance, risk management, and related topics.

Future outlook

All indicators point to a bright future for Islamic banking, with continued growth on the horizon. This growth will not only advance the Islamic banking industry, but also benefit the banks and financial institutions involved, further nurtured by the Saudi Central Bank's mandatory "Shariah Governance Framework for Local Banks." This framework is set to help Islamic banking products meet customer expectations and adapt to rapidly changing market demands, while protecting the interests of all stakeholders—shareholders and clients alike—and providing enhanced banking experiences.

Furthermore, advancements in fintech, digitisation, and emerging technologies are unlocking unprecedented opportunities for Islamic banking. Looking ahead, the Shariah Group remains dedicated to enhancing Islamic financial products, proposing innovative Shariah-compliant solutions, and driving alrajhi bank's leadership in the global Islamic banking sector.

Members of the Council of Shariah at alrajhi bank

His Excellence Sheikh Abdulaziz Bin Hameen Al Hamain

Chairman

Current Positions

- Member of the Council of Shariah, Emkan Finance Company

Previous Positions

- Judge at the Public Court, Al-Ula Province
- President of the Public Court, Al-Rass Province
- Advisor at the Royal Court
- President General, Committee for the Promotion of Virtue and the Prevention of Vice

Qualifications

- Bachelor's Degree in Shariah from the College of Shariah, Imam Mohammad Ibn Saud Islamic University

Experience

- Three and a half decades of experience in Islamic Jurisprudence in scholarly and advisory capacities

His Excellence Sheikh Sulaiman bin Abdullah Al-Majed

Vice Chairman

Current Positions

- Member of the Council of Shariah, Emkan Finance Company

Previous Positions

- Judge at the Presidency of the Courts, Al-Ahsa Province
- Judge at the Public Court, Riyadh
- Member of the Shura Council
- Member of the Arbitration Committee for the Judicial Decisions Registry

Qualifications

- Bachelor's Degree in Shariah from the College of Shariah, Imam Mohammad Ibn Saud Islamic University

Experience

- Draws from a career spanning nearly four decades in Islamic Jurisprudence in scholarly and advisory capacities

His Excellence Sheikh Dr. Saad bin Turki Al-Khathlan

Member

Current Positions

- Teacher at the Grand Mosque and the Prophet's Mosque
- Member of the Council of Shariah, Al Rajhi Capital
- Shariah Advisor at the Saudi Food and Drug Authority
- Member of the Council of Sharia, Emkan Finance Company

Previous Positions

- Member of the Council of Senior Scholars
- Chairman of the Board of Directors, Saudi Jurisprudence Association

Qualifications

- Bachelor's Degree in Shariah from the College of Shariah, Imam Mohammad Ibn Saud Islamic University
- Master's Degree in Islamic Jurisprudence from the College of Shariah, Imam Mohammad Ibn Saud Islamic University
- PhD in Islamic Jurisprudence from the College of Shariah, Imam Mohammad Ibn Saud Islamic University

Experience

- Over 3 decades of experience in scholarly and advisory capacities in Islamic Jurisprudence

His Eminence Sheikh Dr. Saleh bin Abdullah Allheidan

Member and Secretary

Current Positions

- Member of the Council of Shariah at Al Rajhi Cooperative Insurance Company (alrajhi Takaful)
- Member of the Council of Shariah at Emkan Finance Company

Previous Positions

- Teaching Assistant, then Lecturer at the College of Shariah, Imam Mohammad Ibn Saud Islamic University
- Assistant Professor, Associate Professor, and Professor of Comparative Jurisprudence at the Higher Institute of Judiciary
- Vice Dean of the Higher Institute of Judiciary
- General Manager of the Shariah Group at alrajhi Bank

Qualifications

- Bachelor's Degree in Shariah and Fundamentals of Religion from the College of Shariah and Fundamentals of Religion, Imam Mohammad Ibn Saud Islamic University, Qassim Branch
- Master's Degree in Comparative Islamic Jurisprudence from the Higher Institute of Judiciary, Imam Mohammad Ibn Saud Islamic University
- PhD in Comparative Islamic Jurisprudence from the Higher Institute of Judiciary, Imam Mohammad Ibn Saud Islamic University

Experience

- A well-established, nearly four-decade long career as a scholar, educator, executive, and subsequently as an advisor of Islamic Jurisprudence

His Excellence Sheikh Dr. Abdullah bin Nasser Al Salmi

Member

Current Positions

- Professor of Comparative Islamic Jurisprudence at the Higher Institute of the Judiciary
- Member of the Council of Shariah, Emkan Finance Company

Previous Positions

- Associate Professor Islamic Jurisprudence at the Higher Institute of the Judiciary

Qualifications

- Bachelor's Degree in Shariah and Fundamentals of Religion from the College of Shariah and Fundamentals of Religion, Imam Mohammad Ibn Saud Islamic University, Qassim Branch
- Master's Degree in Comparative Islamic Jurisprudence from the Higher Institute of the Judiciary, Imam Mohammad Ibn Saud Islamic University
- PhD in Comparative Islamic Jurisprudence from the Higher Institute of the Judiciary, Imam Mohammad Ibn Saud Islamic University

Experience

- Nearly thirty years of experience in Islamic Jurisprudence in scholarly and advisory capacities

sustainable development

sustainability overview

Financial Sustainability	**Environmental**	**Social**		**Governance**	**Gender Diversity**
0% financing exposure in Tobacco, Alcohol & Gambling	95:5 Digital to manual ratio	94% of sourcing expenditure directed to local suppliers	Approving 4 graduate development programs with a total intake of 140 graduates in 2024	4 independent directors out of 11 board members	+100% growth in female customers since 2015
SAR 19.7 Bn. Net Profit after Zakat	50,231.26 $MTCO_2e$ Total Greehouse gase emissions (Scope 1 and Scope 2 emissions)	SAR 39 Bn. in financing SMEs	45.5 hours of training per employee	137 policies and frameworks	24% growth in female employees in 2024
SAR 974 Bn. Total Assets	5.56 $MTCO_2e$/employee Greenhouse gas emissions intensity	98% of Saudisation rate	Contributed SAR 250 Mn. to the "Jood Eskan" housing initiative for disadvantaged families	282 shariah board resolutions in 2024	34% of women in the workforce
	35 GJ/employee Energy intensity	Over SAR 5 Bn. invested in community development projects and environmental sustainability initiatives since the year 2000 to date	214 Scholarships to orphan students to join universities	ISO 22301:2019 Business Continuity Management	
	Initiatives to reduce operational carbon emissions by implementing energy-efficient systems like LED lighting, solar panels, and building management systems (BMS)	100% coverage of Occupational Health and Safety Management System	Achieved +77 number of kidney transplants under the Shifa initiative	Established an ESG Committee under Board oversight	
	Issued USD 2 Bn. Sustinable Sukuk in 2024			Adopted comprehensive ESG frameworks and policies	

sustainability journey

alrajhi bank has been an early implementor of sustainability efforts in the country. Some key achievements over the years include:

1988
First Annual Report published

2018
First ESG Report published as part of Annual Report

2021
Received first ESG rating by MSCI (BB Average)

2022
Sustainable Finance Working Group constituted

2022
Sustainable Finance Framework formulated

2023
Sustainable Finance Working Group released findings

2023
ESG Framework formulated

2024
Improved on MSCI ESG Rating with an 'A' rating in 2024

2024
First Allocation and Impact Report published

2025
Second Allocation and Impact Report published

sustainability strategy

alrajhi bank's approach to ESG

With the increasing focus on ESG factors in the financial industry, alrajhi bank continued to assess, mitigate and seek ESG opportunities and integrate ESG risks into its control and management structure and business strategy during the year in review. The bank continued to focus on offering Shariah compliant, digital ready banking solutions, with its strong foundations in Islamic banking positioning the bank to better address emerging ESG and sustainable finance objectives. This alignment continues to protect the bank from participating in any investments that do not conform to broader ESG standards.

Based on Shariah principles, alrajhi bank has a unique approach to ethical investments, and refrains from participating in any investments in businesses that are considered unlawful and unethical by Shariah law, including alcohol, gambling, and tobacco. Based on the Shariah compliant ESG framework, the bank has adopted a sustainable value creation model that entails good governance, management and ethical financial practices. This approach has enabled the bank to retain and strengthen its position as the world's leading Islamic Bank in market cap with USD 100.9 Bn. by the end of the reporting period.

The Bank continued to maintain its focus in financial conduct and sustainability, prioritising and progressing high impact initiatives in line with the new 'harmonize the group' strategy and enhancing third-party ESG ratings. This collective and focused effort resulted in the bank achieving an 'A' ESG Rating from MSCI in 2024.

alrajhi bank's sustainability strategy was most recently reviewed in 2024, which set quantitative and temporal ESG targets such as launching a sustainable fund and increasing the female workforce. These objectives align to the bank's overall business KPIs to drive its successful delivery, and were strategically spread across four key pillars:

Supporting Vision 2030 & KSA Net Zero	**Creating** A Digital Future	**Conducting** Responsible Business with Good Governance	**Fostering** Ties with Communities
Private Sector Contribution to GDP Corporate Loans Market Share	**Financial Inclusion through Digital** New Account Opening Online	**Shariah Compliant** Number of Shariah Resolutions	**Employer of Choice** Employee Engagement
Saudi Home Ownership Mortgage Market Share	**Digital Leader for Customer Insight** Active Digital Customers	**Board Independence** Number of Independent Board Members	**Employee Learning** Total Employee Learning Hours
MSME Contribution to GDP MSME as % of Corporate Portfolio	**Digital Execution and Offering** End-to-End Digital Personal Financing	**Customer Experience** Net Promoter Score	**Employment Opportunities** Female Employee Ratio
KSA Net Zero by 2060 Green Financing and Funding	**Digital Care Banking Platform** Digital to Manual Ratio	**Corporate Governance** Number of Policy and Procedure reviewed	**Support Local Content** Spending on Local Suppliers
Move to Cashless Society POS Terminal Market Share	**Modernize our Technology** % of Applications modernised	**Regulatory Compliance** Fine % of Total Operating Income	**Donation and Social Initiatives** Total Spending on Social Activities

With an ESG vision aligned with the overall corporate strategy, alrajhi bank aims to align with the ESG Disclosure Guidelines issued by the Saudi Exchange and Saudi Central Bank, creating a responsible financial ecosystem with transparency and integrity at its heart. The Bank also continues contributing towards managing climate change in line with the Kingdom's Vision 2030 plans to Net Zero and becoming more ESG-driven throughout its operations and business risk management, while identifying areas for ESG Investment opportunities.

The ESG Vision of alrajhi bank

"Realising a sustainable future by pioneering a responsible financial ecosystem for customers, employees, society and the environment"

The first pillar proves alrajhi bank's readiness as a financial leader to contribute to the Kingdom's Vision 2030 goals by fostering the growth and diversification of the Saudi economy. This includes the expansion of the bank's operations in the private sector and the SMEs with an aim of enhancing their contribution towards the GDP, and the expansion of the product and service offering by the bank to support multiple Vision 2030 goals. The Bank's commitment to supporting the Kingdom's Net Zero goals through financing green energy projects, as well as the bank's own investment in renewable energy and resource efficiency is highlighted under this pillar.

The second pillar focuses on Digital Future, where the bank will also remain committed to strengthening the digital banking platform with advanced technology and infrastructure. This commitment also contributes to financial inclusion by leveraging digital solutions. alrajhi bank has successfully positioned itself as an industry pioneer in utilising customer analytics and cultivating digital talent. Additional information about the bank's digital skills can be found in pages 186 to 190 of this report.

alrajhi bank being a Shariah compliant bank is committed to sound financial conduct and governance which is reflected in the third pillar of ESG. This commitment is evident in the bank's constant efforts to offer the Kingdom's best customer service, and the bank has recently been rated at a Net Promoter Score (NPS) of 85 by a leading consultancy firm. This pillar also covers safety and security as well as the bank's benchmarked governance standards.

The fourth pillar consists of social development initiatives aimed at strengthening community connections. alrajhi bank sustains its social license to operate throughout the Kingdom by focusing on the provision of financial services, volunteering, supporting community projects, and enhancing the quality of life for vulnerable groups.

ESG management and disclosure

Similar to previous years, all voluntary ESG disclosures of alrajhi bank for the year under review have been prepared in accordance with Saudi Exchange ESG Disclosure Guidelines which can be accessed at www.sseinitiative.org. These guidelines were released by the Saudi Exchange as part of its on-going efforts to promote sustainable and transparent capital markets in line with its role as a Partner Stock Exchange in the United Nations Sustainable Stock Exchanges (SSE) initiative.

External ratings

MSCI

A Average
2024

BBB Average
2023

S&P Global ESG Score

25
2024

24
2023

Sustainalytics

26.5
2024

25.3
2023

sustainability governance

GRI 2-12, 2-13, 2-14

alrajhi bank has set up an ESG Committee (Sustainable Finance Working Group) to lead its sustainability efforts, advance ESG initiatives, and mainstream ESG considerations across the bank's operations. The ESG Committee is chaired by the Chief Financial Officer (CFO), and comprises the Chief Risk Officer (CRO), the General Managers of both B2B and B2C business verticals, and the Group Treasurer. The Committee's oversight lies with the Board Risk Management Committee, where the Board is responsible for the committee's direction, in order to guarantee that ESG related goals are integrated into the bank's governance system, business model and decision-making procedures. All these efforts are disclosed in the accountability reports that are prepared in compliance with the required local standards.

The following ESG governance framework presents a clear strategy that shall be followed by the bank in order to ensure sustainability and good corporate governance practices are applied across the bank, thus contributing towards the Kingdom's Vision 2030 objectives, and Saudi Arabia's multidimensional approach to emission reduction in reaching its Net Zero 2060 target. The framework focuses on the four key pillars of the earlier mentioned sustainability strategy framework, with the main strategic plans focusing on the improvement of the financial accessibility of various services and products, development of green financing concepts, digitalization of services and products, and compliance with the existing regulations as well as meeting the customers' needs.

The ESG Committee is central to the governance structure and meets at least bi-annually. The Committee reports its outcomes to the Board Risk Management Committee.

The bank's new Business Strategy 'harmonize the group' is customer-focused and supports increased cross-sales with efficiency from support businesses, creating multiple growth opportunities.

The Bank's 'harmonize the group' strategy focuses on the use of governance structures as the means to ensure that business targets correlate to the ESG standards, where stakeholders' engagement is seen as an enabler. The strategy aligns all operations from B2C, B2B, support functions, and digital/data to integrate ESG governance throughout the company.

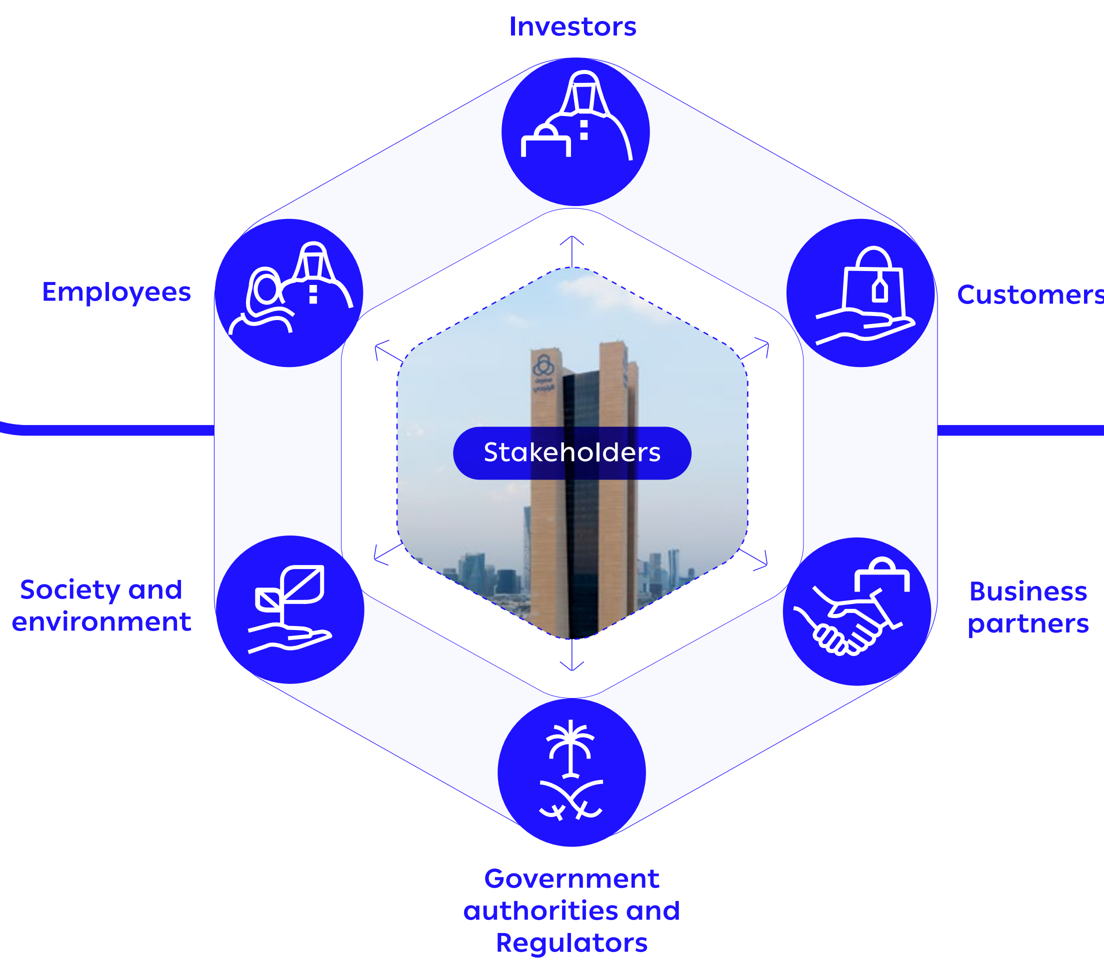
Stakeholder engagement is a critical factor in this alignment and the objectives include leading customer experience, cultivating employee support, and developing careers throughout the company. These initiatives exhibit a direct relation to the governance framework which protects the sustainable banking policy as well as the aspirations to adhere to the best practice with respect to financial conduct.

stakeholders

GRI 2-29

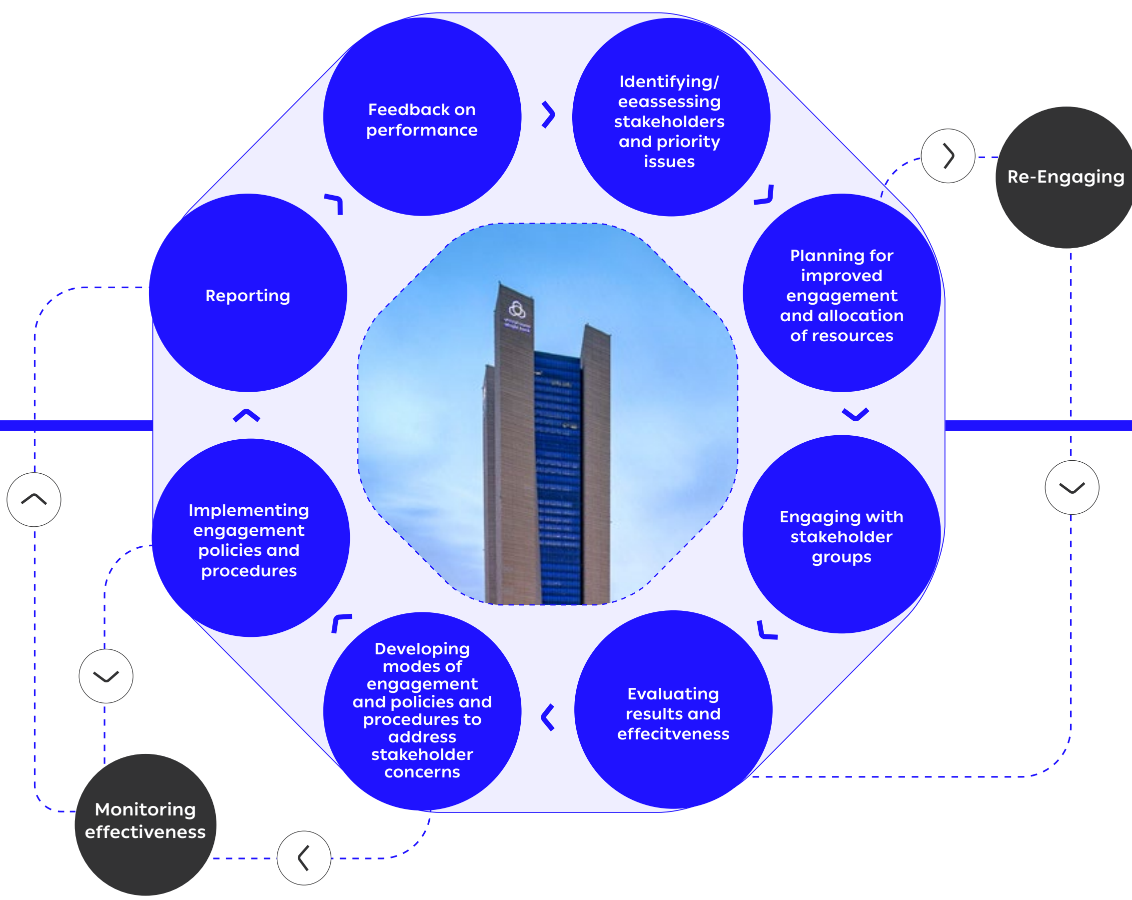
alrajhi bank continued to engage with its stakeholders during the reporting period, seeking to understand their concerns and needs in a rapidly evolving operating environment. With the launch of the new 'harmonize the group' strategy, the bank's commitment to key stakeholders has been further accentuated, effectively incorporating their expectations into the new strategy to drive sustainable value creation during and beyond the three-year strategy cycle.

In order to nurture, strengthen and better manage these vital stakeholder relationships, alrajhi bank has categorised all stakeholders into key groups, so that the bank is well-informed and equipped to capably prioritise and address their needs and concerns.



Stakeholder engagement process

In order to remain effectively and frequently engaged with its stakeholder groups, alrajhi bank has established a stakeholder engagement process that allows for continuous improvement through timely communication, responsiveness, and transparency. This stakeholder engagement process is captured in the graphic below:



Mode and frequency of engagement

Stakeholder group	Topics of engagement	Modes of engagement	ANN	QUA	MON	AR	CON
			Frequency of engagement				
Investors	• Financial Performance • Strategy • Governance • Shareholder Returns • Business Expansion Plans • Risk Management • Sustainable Growth • ESG Considerations	General Assembly Meeting	✓				
		Extraordinary General Meetings				✓	
		Integrated Annual Report with ESG Disclosure	✓				
		Interim Financial Statements		✓			
		Investor Earnings Call		✓			
		Investor Roadshows and Presentations				✓	
		Investor Disclosures		✓			
		Press Conferences and Press Releases				✓	
		Announcements made on the Saudi Stock Exchange				✓	
		Dedicated Page on Corporate Website					✓
		One-on-One Discussions				✓	
		Feedback Surveys				✓	
Customers	• Banking Hours • Customer Data Security and Privacy • Service Quality • Financial Inclusion • Affordability of Services and Convenience • Digital Accessibility (to accommodate various impairments and disabilities) • Grievance Handling Mechanism • Financial Education and Literacy • Personalised Products and Services	Branches					✓
		Service Centres					✓
		ATM Network (with accessibility features)					✓
		Online Banking					✓
		Mobile App (with accessibility features)					✓
		Corporate Website					✓
		Digital Media and Conventional Media				✓	
		Customer Satisfaction Surveys				✓	
		Customer Visits				✓	
		Customer Queries and Complaints				✓	
		Net Promoter Score (NPS)					✓

stakeholders

Stakeholder group	Topics of engagement	Modes of engagement	Frequency of engagement: ANN	QUA	MON	AR	CON
Business partners	• Contractual Performance • Future Business Opportunities • Maintaining Healthy Relationships • Timely Settlement of Dues • Ease of Working • Growth Potential • Fintech and Other Collaborations	Supplier Relationship Management				✓	
		On-site Visits and Meetings				✓	
Employees	• Performance Standards • Career Planning • Training and Development • Corporate Values • Corporate Strategies and Plans • Trends in Banking • Saudisation • Remuneration and Benefits • Employee Loyalty and Recognition • Social and Environmental Advocacy	Induction and Training Programmes					✓
		Key Performance Indicators (KPIs)					✓
		alrajhi Academy					✓
		Career Development Guidance	✓				
		Internal Communications				✓	
		Staff Societies				✓	
		Volunteerism				✓	
		HR Management Systems					✓
		Employee Self-Service App SAHL					✓
		Employee Engagement Surveys	✓				

stakeholders

Stakeholder group	Topics of engagement	Modes of engagement	ANN	QUA	MON	AR	CON
Government authorities and Regulators	• Financial Performance • Strategy • Governance • Business Expansion Plans and Sustainable Growth • Risk Management • Saudisation • Employment Opportunities • Contribution to Economic Development and Diversification	Consultations				✓	
		Relationship Building Meeting				✓	
		Informal Briefings and Communications				✓	
		General Assembly Meeting	✓				
		Extraordinary General Meetings				✓	
		Integrated Annual Report with ESG disclosure	✓				
		Interim Financial Statements		✓			
		Announcements made on the Saudi Stock Exchange				✓	
Communities and environment	• Financial Inclusion • Affordable Financing for Disadvantaged Segments • Community Empowerment • Assistance to Disadvantaged and Vulnerable Groups • Saudisation • Employment Opportunities • Microfinancing and MSME Support • Environmental Performance	Multi-Channel Delivery					✓
		Integrated Annual Report with ESG Disclosure	✓				
		Press Releases and Media Briefings				✓	
		Informal Briefings and Communications				✓	
		Public Events				✓	
		Corporate Website					✓
		Educational Projects				✓	
		Youth Development and Employment Projects				✓	
		Microfinancing for Women				✓	
		Programmes for MSMEs				✓	
		Assistance to the Needy and Vulnerable through CSR Projects				✓	

Frequency of engagement: ANN – Annually | QUA – Quarterly | MON – Monthly | AR – As Required | CON – Continuous

materiality

GRI 3-1, 3-2

Determining materiality

During the implementation of its previous Bank of the Future (BOTF) Strategy, alrajhi bank engaged a leading sustainability consultancy to undertake a peer benchmarking study, evaluating the bank's performance against its domestic and global peers, in order to determine the key ESG risks and opportunities that affect the bank's stakeholders and operations.

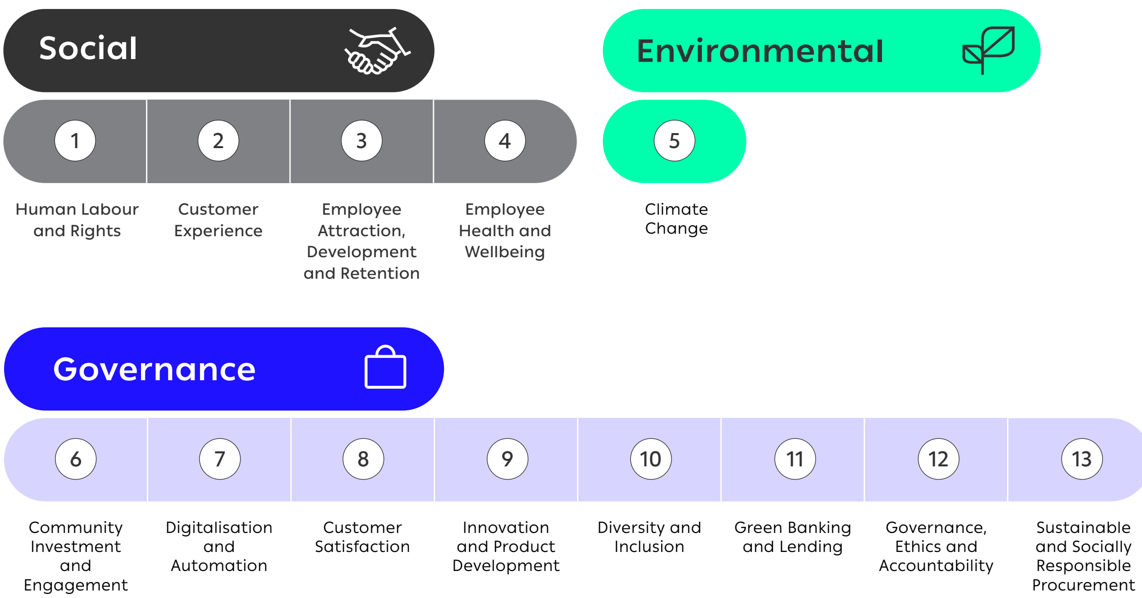
From this process, the following 13 refined ESG-related material topics were identified and served as the basis of the bank's ESG Framework. These topics are reviewed for materiality every year to ensure that they capture new trends and expectations from the global market, and have remained relevant for the new 'harmonize the group' strategy cycle that was launched by alrajhi bank in 2024. The material issues that are relevant for external stakeholders have been tabulated below for reference:

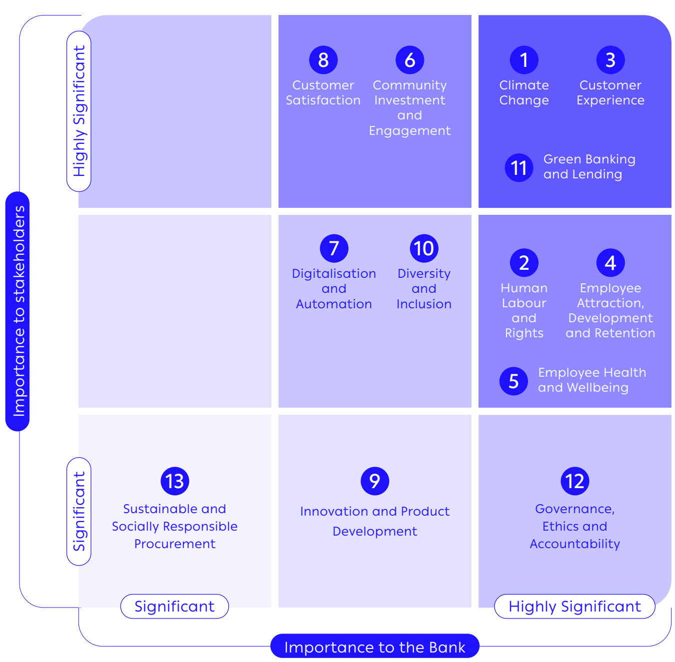
Climate Change	Investors	Customers		
Human Labour and Rights	Government Authorities and Regulators	Investors		
Customer Experience	Customers			
Community Investment and Engagement	Communities	Investors		
Digitalisation and Automation	Investors	Customers		
Customer Satisfaction	Investors	Customers		
Innovation and Product Development	Investors	Customers		
Diversity and Inclusion	Investors			
Green Banking and Lending	Investors	Customers		
Governance, Ethics, and Accountability	Government Authorities and Regulators			
Sustainable and Socially Responsible Procurement	Investors	Customers	Communities	Business Partners

The materiality process also revealed both short-term and long-term benefits for alrajhi bank and allowed the bank to implement the best practices from around the world and respond to new ESG challenges. The Materiality metrics for external stakeholders are comprehensively captured through the Value Creation Model outputs and outcomes as well as the UN SDG Mapping Table, which highlights the initiatives and performance under each materiality topic. These resources provide a detailed view of the bank's impact and accountability across all relevant areas.

materiality

This approach helped the bank to provide more value to its stakeholders, increase its sustainability, and make a positive impact on the Kingdom's Vision 2030 goals. The material topics also form the basis of alrajhi bank's ESG Disclosures in compliance with the Saudi Exchange ESG Disclosure Guidelines, and act as a guide to integrating sustainability into the bank's governance, strategy, and management. This continuous approach makes alrajhi bank a leader in Islamic banking and creates a sustainable value and positive social change.





Management approach

Material topics are relevant to management as they influence the bank's business model, resource management and activities. These topics are allocated to relevant business or functional units during the strategic planning process, and resources are then assigned depending on the importance of the risk or opportunity. During the materiality determination process, the bank establishes and maintains policies, goals, targets and KPIs under each topic. These are updated when required and communicated internally to employees, ensuring the team is on par with the objectives concerning these important topics.

mapping to the UN Sustainable Development Goals (UNSDGs)

GRI 3-3

Material Topics

Climate Change

UN Sustainability Development Goals (UN SDGs)

Targets

Target 7.a: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Target 13.2: Integrate climate change measures into national policies, strategies and planning

Key Initiatives

- alrajhi bank aligns its efforts in environmental stewardship and climate action with KSA's commitment to Net Zero emissions by 2060, and focuses on **green financing and renewable energy infrastructure investments** to contribute towards building energy resilience, while reducing dependencies on non-renewable energy
- The Bank identified and financed a number of high impact green energy projects that enabled the generation of over 2,200 MW of cumulative power generated by renewable energy sources
- The Bank has decreased its operational carbon footprint with an estimated annual saving of SAR 2.5 Mn. by using strategic measures in their operational assets
- alrajhi bank has thus far issued USD 3 Bn. Sustainable Sukuk, reflecting the bank's commitment to align with global sustainable financing trends

Material Topics

Human and Labour Rights

UN Sustainability Development Goals (UN SDGs)

Targets

Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms

Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Key Initiatives

- As explained in detail in the Human Rights section in Chapter 05, the bank abides by all applicable labour laws and regulations of KSA
- All employees are required to familiarise themselves with the bank's Code of Conduct which covers a wide range of topics from human rights and non-discrimination, to fair dealing and whistleblowing. All employees are also made aware of the consequences of violating the Code of Conduct
- The bank facilitates open communication where employee concerns and grievances can be safely and anonymously communicated, fostering a workplace culture where everyone is treated with respect and fairness

mapping to the UN Sustainable Development Goals (UNSDGs)

Material Topics

Customer Experience

UN Sustainability Development Goals (UN SDGs)

1 NO POVERTY

Targets

Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

Key Initiatives

- By leveraging best-in-class digital capabilities and data insights, alrajhi bank has optimised digital journeys for customers belonging to identified segments under both retail and corporate verticals. This strategic and timely Digital Transformation ensures anytime anywhere access to economic resources through new technology and financial services for all demographics
- The customer-centric digital solutions are anchored to the bank's strategically modernised and mature Information Technology infrastructure and digital core systems, advancing capabilities in data, digital, cloud and AI
- alrajhi bank's dedicated MSME Business Unit continues to empower the MSME sector of KSA – which plays a vital role in the economic diversification and job creation across the Kingdom. The core MSME banking solutions are supported by an ecosystem of group services including payment, accounting, payroll as well as insurance solutions
- The bank's subsidiary, Emkan Finance, focuses on microfinance solutions that empower small business owners and entrepreneurs with limited capital and financing means
- The customer experience is further enhanced by a stringent customer protection policy and fair marketing practices

mapping to the UN Sustainable Development Goals (UNSDGs)

Material Topics

Employee Attraction, Development and Retention

UN Sustainability Development Goals (UN SDGs)

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

Targets

Target 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Key Initiatives

- alrajhi bank continues to strengthen its reputation as a sought-after employer offering highly competitive compensation and benefits
- Implementation of digitised talent acquisition tools as part of the bank's talent attraction and retention efforts resulted in the dedicated alrajhi bank Careers website surpassing six million visits during the year.
- Over 500K training hours delivered to alrajhi bank employees in 2024, with the dedicated alrajhi Academy offering learning and development opportunities to equip employees with skills and knowledge required for career progression in the banking and financial services sector. This promotes a secure, conducive and growth-oriented work environment.
- alrajhi group's female employees ratio increased from 30% to 34%, backed by focused efforts on creating female friendly as well as female-only job opportunities.
- 2024 marked a significant milestone with percentage of new female hires overtaking the percentage of female employees at the bank
- The bank abides by a Health, Safety and Security Policy in line with SAMA guidelines and national Safety regulations to ensure occupational health and safety for its employees
- The bank has implemented multiple initiatives to promote employee engagement and wellbeing, including comprehensive healthcare benefits, wellness programmes, and employee engagement events.

mapping to the UN Sustainable Development Goals (UNSDGs)

Material Topics

Community Investment and Engagement

UN Sustainability Development Goals (UN SDGs)

Targets

Target 1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Target 4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

Target 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training

Key Initiatives

- alrajhi bank participated in the "Jood Eskan" Housing Programme, collectively contributing SAR 250 Mn. with its clients to support the initiative, enabling low-income families to access affordable housing
- As part of its Community Development initiatives, the bank continued to work closely with the Real Estate Development Fund and the Ministry of Housing in its efforts to increase affordable home ownership for Saudi Nationals. Through sustainable financing instruments, alrajhi bank provided over 15,000 housing loans, benefitting more than 39,000 beneficiaries
- The bank considers providing access to healthcare as one of its key corporate social responsibilities, and has donated over SAR 100 Mn. for healthcare related programs such as kidney transplants and diabetes care centres. These initiatives provide critical healthcare services to vulnerable populations in Saudi Arabia
- The bank focuses on improving access to education across the Kingdom through multiple initiatives, key among them being a collaboration with the Adeid Association on the 'Orphan Care Educational Program', with 214 scholarships provided to orphan students over the past 3 years, allowing them to pursue tertiary education at private universities in Saudi Arabia, to meet the Kingdom's labour market demands
- The Bank collaborates with government initiatives like the Health Endowment Fund to improve healthcare access and affordability
- The Bank offers internships for fresh graduates through the Graduate Development Programme, ensuring smooth entry into the workforce
- The bank has achieved a Saudisation rate of over 98%, reflecting its commitment to reduce unemployment rates in KSA, and fostering economic stability

mapping to the UN Sustainable Development Goals (UNSDGs)

Material Topics

Digitalisation and Automation

UN Sustainability Development Goals (UN SDGs)

Targets

Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Key Initiatives

- alrajhi bank successfully processes over 1 billion transactions each month, backed by modernised information technology infrastructure, digital core systems, with 95% of all transactions carried out across digital channels, contributing towards minimising the utilisation of physical resources
- The bank invested in a modern, scalable data platform to power the bank's analytics and leverage emerging technologies such as AI
- Over 200 digital APIs were published group-wide to further augment customer-centric digital journeys
- The alrajhi mobile app maintained its top position among all Saudi mobile banking apps, improving convenience, security and accessibility in order to provide the best mobile experience
- The bank continued to achieve agile delivery through automation, exceeding business process automation targets in 2024 with 111% completion rate
- alrajhi bank's head office and operations building continued monitoring and optimising energy consumption, lighting distribution, and fresh air distribution by leveraging environmentally friendly technologies through its Business Management System (BMS)

Material Topics

Customer Satisfaction

UN Sustainability Development Goals (UN SDGs)

Targets

Target 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

Key Initiatives

- Taking a highly strategic, segmented approach to identify and discern the banking and financial needs of specific customer demographics, and presenting each customer segment with a unique value proposition to meet their needs
- Leveraging collective group capabilities to deliver a unique value proposition of bundled solutions for MSME businesses beyond financial support; from payment solutions and eCommerce and marketplace access, to payroll services and accounting solutions
- Emkan Finance, a subsidiary of alrajhi bank, focuses on providing microfinance solutions to small businesses and individuals who might otherwise lack access to traditional financing

mapping to the UN Sustainable Development Goals (UNSDGs)

Material Topics

Innovation and Product Development

UN Sustainability Development Goals (UN SDGs)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Targets

Target 9.b: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities

Key Initiatives

- alrajhi bank supports the development of financial technology in Saudi Arabia through strategic investments in FinTechs; neoleap, neotek and drahim, fostering innovation while also contributing to the growth of the Kingdom's FinTech space
- alrajhi bank's Sustainable Finance Framework supports projects that power the research and development of sustainable technologies, including renewable energy technologies and energy-efficient solutions

Material Topics

Diversity and Inclusion

UN Sustainability Development Goals (UN SDGs)

5 GENDER EQUALITY

Targets

Target 5.b: Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women

Key Initiatives

- alrajhi bank aligns with Saudi Vision 2030 objectives to advance female participation in the economy, increasing female representation across the group to 34% of its entire workforce through focused diversity and inclusion initiatives, contributing towards female empowerment and gender diversity.
- The first female batch of the IT Development Programme (ITDP) inducted 30 female graduates, focusing on the Digital Business Line. This initiative is considered a high-impact programme, significantly increasing the number of female employees in technology roles, ensuring structured development and clear career progression.

Material Topics

Green Banking and Lending

UN Sustainability Development Goals (UN SDGs)

13 CLIMATE ACTION

Targets

Target 13.a: Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilising jointly USD 100 Bn. annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalise the Green Climate Fund through its capitalisation as soon as possible

Key Initiatives

- alrajhi bank has issued USD 3 Bn. in Sustainable Sukuks to fund both social and environmental projects under its Sustainable Finance Framework. Eligible green financing categories include projects focusing on Renewable Energy, Energy Efficiency, Sustainable Water and Wastewater Management, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Clean Transportation and Green Buildings.

mapping to the UN Sustainable Development Goals (UNSDGs)

Material Topics

Governance, Ethics and Accountability

UN Sustainability Development Goals (UN SDGs)

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Targets

Target 16.3: Promote the rule of law at the national and international levels and ensure equal access to justice for all

Target 16.5: Substantially reduce corruption and bribery in all their forms

Key Initiatives

- alrajhi bank has implemented a robust governance structure to ensure compliance with Saudi regulatory frameworks and international best practices.
- The bank's efforts to provide equal access to financial services, particularly through digital transformation and microfinance initiatives, contribute to broader economic justice.
- alrajhi bank enforces stringent anti-money laundering (AML) and counter-terrorism financing (CTF) policies.
- An internal whistleblowing mechanism allows employees to report unethical practices anonymously, ensuring transparency and accountability.
- The risk management framework actively monitors and addresses any breaches in compliance.

Material Topics

Sustainable and Socially Responsible Procurement

UN Sustainability Development Goals (UN SDGs)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Targets

Target 12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities

Key Initiatives

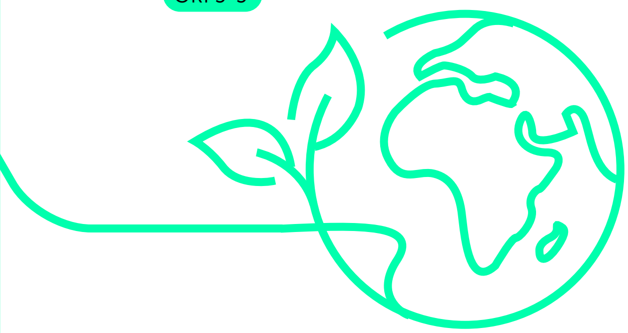
- The bank's Supply Chain Management function abides by its Procurement Policy, and ensures the process is conducted in a transparent and efficient manner, respecting ethical and fairness principles. 94% of all alrajhi vendors are local.
- alrajhi bank has introduced an Online Procurement Portal to increase transparency as well as improve efficiencies, cost savings and data driven decisions. The number of registered vendors on the portal rose to 1,199 at the close of the year.

142

environmental stewardship & climate action

alrajhi bank remains committed to minimising the environmental impact of its operations. The bank uses natural resources judiciously, while also contributing to the Saudi Vision 2030 and the Saudi Green Initiative through sustainable financing initiatives.

GRI 3-3



Material topics

Climate change

UN SDGs

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

Key highlights

50,231.26 $MTCO_2e$ ▲

Total GHG Emissions in 2024

15,000 + ▲

LED lights installed

2 Building Management Systems installed

5.56 $MTCO_2e$/ employee ▲

Emissions Intensity

environmental initiatives

Reducing the bank's environmental footprint

GRI 302-4

We remained focused on reducing the bank's operational carbon footprint during the year in review. Tuder – the real estate, property, and facility management arm of the alrajhi group continued to promote energy and resource conservation across group properties during the reporting period.

In 2024, we further improved energy efficiency by continuing to implement multiple initiatives; these include air conditioning and temperature control upgrades, switching to power-down equipment, window film installation and the adoption of LED lighting, all contributing towards increased energy savings.

alrajhi bank tower – the bank's head office and operations building (completed in 2018) – continued to become more power efficient by leveraging its Business Management System (BMS), monitoring and optimising energy consumption, lighting distribution, and fresh air distribution, while maintaining a secure and efficient work environment for its occupants. Furthermore, 64 alrajhi properties were equipped with solar power systems contribute towards greater cost savings. (Refer Tuder Real Estate Company on page 73 for more details)

GRI 302-1, 302-2, 302-3

Energy Consumption (Sources)	Energy (GJ)	Total Energy (GJ)
Energy Consumption from Petrol and Diesel	397	
Energy Consumption from non-renewable electricity purchased from grid	285,691	319,756
Energy Consumption from renewable sources (solar energy)	33,668	
Energy intensity (GJ/employee)	35.4	

Initiative	Progress made at the close of 2024
Heating, Ventilation and Air Conditioning	Installation of 2 Building Management Systems (BMS) with intelligent controllers to manage overall energy consumption of devices.
Fresh Air Distribution	11 Fresh Air Handling Units (FAHU) and 53 Air Handling Units (AHU) installed better regulation and circulation of air within building structures, minimising the chance for overloading chillers, and reducing power consumption through better ventilation.
Power-Down Equipment	Fixing 300 programmable timer switches for automating the optimised utilisation of energy for lights to improve energy saving.
Medium Voltage (MV) Distribution Feeders	11 MV feeders with capacitor banks to regulate power, with 1.5MW of power generated from solar installations as renewable energy.
LED Lighting	Over 15,000 LED lights installed across alrajhi bank tower and 80 buildings that belong to the bank's network.
Cooling Systems	3 water cooling chillers utilising fresh water as cooling agent to improve chilled water temperature through condensing units installed in HQ.
Light Distribution Monitoring	16 Control Battery Units (CBUs) and a network of Motion Sensor Control Units implemented across the HQ and Operations Building to avoid excessive power consumption.
Window Film Installation	7200m^2 of thermal insulation for windows at HQ, Operations Building and 17 more alrajhi bank branches. Over 10,000 double-glazed tinted glass panels were used for facade material to cut heat absorption in half, thereby reducing energy requirement for temperature control.

These strategic measures have resulted in an overall decrease of the bank's operational carbon footprint, with an estimated savings of approximately SAR 2.5 Mn. from the total annual energy bill each year, resulting in improved long-term performance.

Natural resource management

One of alrajhi bank's key objectives is to optimise the utilisation of natural resources across all group operations. To this end, the bank has implemented multiple initiatives to conserve natural resources while managing the environmental impact of its operations.

Land use and biodiversity

GRI 304-1

In partnership with its property management arm, Tuder, alrajhi bank continued to mitigate adverse impacts of its operations on biodiversity by taking necessary measures in the use of land for new constructions or revamped bank branches.

Optimising water consumption

GRI 303-1, 303-2, 303-5

Given that water is a very scarce resource within the GCC, the bank has implemented several measures to optimise its water consumption. This includes the installations of ultrasonic water flow metres as part of the BMS to monitor and control water consumption. A Reverse Osmosis plant that was installed at alrajhi tower was further upgraded to utilise treated wastewater for irrigation purposes. Due to the success of these measures, the bank's water consumption stood at 443.64 megalitres in 2024.

Promoting the use of digital

Being one of the largest banks in the region, alrajhi bank conducts more than 200,000 transactions in a day and thus runs a largely paperless operation in its efforts towards creating a digital future. Quite notably, 95% of all new current accounts opened during the year in review were digitally created, while approximately 60% of personal financing was also conducted through digital channels, evidencing the bank's successful shift towards digital banking.

Rize – The future of banking has arrived

Rize, powered by the overseas branch alrajhi bank – Malaysia, is a digital-only bank where customers can open their savings accounts anywhere, anytime simply by using the Rize app. The platform aims to democratise banking in a way that customers never have to visit a branch and all banking related transactions can be done online, seamlessly without any hassle. The platform provides one of Malaysia's best profit rates and customers can create up to 10 digital savings pots for all their life goals. Additionally, the DuitNow transfer or Duitnow QR function enables customers to make instant transfers, potentially reducing their time and effort spent, in addition to reducing their carbon footprint. Rize is fully digital and paperless, and customers can upload their documents via the app and take advantage of extensive personal finance management tools to effectively manage their money.

Abatement of pollutants and waste

GRI 306-2, 306-4

alrajhi bank ensures it adheres to all applicable laws and regulations regarding waste management in the respective countries it operates in. This includes the reuse, recycling, storage and treatment of waste collected. The branch network across KSA has engaged a third-party vendor, registered with the Riyadh Municipality, to manage its waste disposal and recycling operations in compliance with local regulatory standards. This partnership ensures the bank adheres to sustainable and efficient waste management practices. In addition to waste disposal, the bank also ensures that it regularly donates electronic devices it no longer uses such as laptops, printers and full PC setups. Plans are underway to activate an annual donation of electronic items.

environmental initiatives

Towards a sustainable future in the GCC Region

Countries in the GCC region continue to transition towards diversification of their economy by boosting non-oil sectors; the United Arab Emirates (UAE) initiated the UAE Energy Strategy 2050 and pledged to invest AED 150-200 billion by 2030; the Kingdom of Saudi Arabia aims to achieve net zero greenhouse gas emissions by 2060 and targets 50% renewable energy by 2030 under its Vision 2030. As a result, green investments are gaining momentum in the GCC region.

In 2024, Saudi Arabia's NEOM appointed banks including the securities unit of alrajhi bank to advise on the sale of the first riyal-denominated bond sale of USD 1.5 Tn. worth of funding for the futuristic city.

alrajhi bank has ventured into green lending by raising a USD 1.92 Bn. sustainability-linked Islamic syndicated loan, considered to be the largest financing from a Middle Eastern bank in 2024. The bank recognises the crucial role that financial institutions play in transitioning towards a clean and low carbon economy in order to tackle climate change. With this in mind, the bank has identified and continued to integrate ESG risk into its overall credit approval process in order to finance projects in 2024.

The bank regularly engages with external consultants to assess projects from an environmental and social impact perspective. Although the bank is not a signatory, it strives to align with the Equator Principles and Green Loan Principles.

alrajhi bank's commitment to sustainable finance has helped strengthen its reputation for green financing deals; particularly focussing on meeting the future energy needs of the Kingdom. The bank's projects focus on achieving an optimal energy mix with the ultimate goal of reducing greenhouse gas emissions. These include clean energy projects such as green ammonia and hydrogen production assets currently being developed in the region. The bank views sustainable finance deals as a means to contribute to the Saudi Vision 2030 and the Saudi Green Initiative.

The bank identified and financed a number of large-scale, high-impact green energy projects across the Kingdom in the recent years, with the total renewable energy capacity of these projects amounting to 2,140 MW.

Project type

Solar PV

Alignment with the UNSDGs

Impact created in 2024

629,697 MWh attributed annual renewable energy generation

372,595 tCO_2e attributed annual avoided emissions

Alignment with the Saudi National Vision 2030

A Thriving Economy

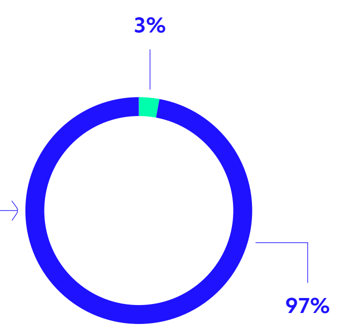
Investing for the Long-Term

environmental performance

GRI 305-1, 305-2, 305-4

During the past year, alrajhi bank took the significant step of collating and calculating its greenhouse gas emissions, in an effort to manage its carbon footprint more holistically. In the year 2024, the bank's cumulative greenhouse gas emissions were 50,231.26 MTCO_2e, with intensity being 5.56 MTCO2e/employee, with Scope 1 emissions primarily originating from the use of refrigerants, fire extinguishers, fuel consumption by diesel generators and company-owned petrol vehicles. The bank's Scope 2 emissions were predominantly driven by electricity consumption. Given below is a breakdown of greenhouse gas emissions for the year 2024 by scope and category:

GHG emission (tCO_2e) in FY 2024



Category	Emission Source	Emission (MCO_2e)	Emissions by Category (MTCO_2e)
Scope 1 emissions	Stationary	4.66	1486.09
	Mobile	23.82	
	Fugitive	1457.61	
Scope 2 emissions	Electricity consumption	48,745.18	48,745.18
Total emissions (Scope 1 + Scope 2)			50,231.26
Emissions intensity (MTCO_2e/ employee)			5.56

The bank has adhered to the guidelines set by the GHG Corporate Accounting and Reporting Standard (GHG Protocol). The operational boundary considered includes the bank's owned and leased assets in Malaysia, Kuwait, Jordan and Saudi Arabia, where it currently operates ATMs and bank branches.

climate risks and opportunities

GRI 201-2

alrajhi bank recognises the importance of understanding and mitigating the impacts of climate change and is committed to conducting a comprehensive climate risk assessment in the future to ensure that its business strategy, operations and decision-making processes are resilient while remaining aligned with global sustainability commitments. To ensure transparency, the bank is committed to engaging with key stakeholders such as customers, employees, investors and regulators whilst conducting the climate risk assessment and understand their priorities and expectations. The bank aspires to lead by example and remains dedicated to supporting sustainable economic growth in the region in alignment with the Saudi Vision 2030.

cultivating a future forward workforce

Powering the continued success and growth of bank is its dedicated team of 23,406 professionals. Their exceptional and seamless adaptability to the ever-changing business environment and evolving job requirements ensures the bank consistently delivers outstanding value to both customers and shareholders, leveraging their position as alrajhi's most valuable asset.

GRI 3-3

The team's unwavering commitment not only drives customer loyalty but also significantly enhances the bank's reputation as an employer that nurtures high performance work environments that are conducive for empowered employees. By embracing innovation and maintaining a customer-centric approach, alrajhi employees continuously strive to exceed expectations and set new standards of excellence in the banking industry.

Material topics

- Employee Attraction, Development and Retention
- Employee Health and Wellbeing
- Diversity and Inclusion
- Human Labour and Rights

UN SDGs

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

Key highlights

23,406 ▲
Employees in the Workforce

+98% ▲
Saudisation rate of the bank

100%
Employees receiving performance and career development reviews

548,544 ▲
Training Hours

74%
Employee Engagement

cultivating a future forward workforce

In 2024, the local and global operating environment presented unique opportunities as well as challenges that shaped the bank's approach to Human Capital. The Human Capability Development Program – one of the key Saudi Vision Realisation Programs demanded closer alignment of matching training outcomes with needs of the job market, while Saudisation targets led to increased job market competitiveness. The Kingdom's economic diversification and substantial job creation across various key sectors also added to the competitiveness in the job market. Industry-specific trends in the Banking and Financial services sector including the rapid pace of digitisation and penetration by fintechs have prompted investments in tech skill development to bridge growing skill gaps. Furthermore, these dynamic changes in the operating environment also resulted in frequent regulatory shifts and amendments in labour laws, which were further compounded by increased pressure for ESG considerations.

Now, following the successful launch of the Bank's new **'harmonize the group'** strategy cycle (2024-2026), the bank's Human Resource (HR) Group integrated and aligned its HR Strategy objectives with those of the bank's overarching strategy, for efficient skill mapping and greater overall success.

The fundamental objective of the HR Group during the reporting period was to equip and direct alrajhi's human capital to drive the new strategy; In order for alrajhi bank and its subsidiaries to leverage their synergies, successfully implement the strategy, and explore the tremendous potential of the Group as one 'ecosystem', all alrajhi employees were required to share in this vision. It was necessary for alrajhi employees to understand their evolving roles and responsibilities within the growing alrajhi ecosystem, and its resulting cross-sell culture during the execution of the new strategy.

As such, the HR Group focused on three areas crucial to the success of the strategy execution:

1

Implementing a talent mobility framework

- Ensures existing talent is strategically utilised and optimised
- Nurtures an agile workforce
- Offers rewarding career opportunities within the alrajhi group, resulting in higher retention and greater employee satisfaction

2

Mapping business growth and expansion with talent development opportunities

- Bridges emerging skill gaps through multi-skilling and up-skilling
- Creates exceptional learning experiences
- Fosters a culture of continuous learning and development across the bank

3

Enriching the employee experience

- Creates a progressive career journey
- Offers competitive compensation and benefits
- Utilises digital, data and tech capabilities internally to provide employees a seamless HR experience

With the successful implementation of the targeted strategic initiatives within each focus area, the bank established best-in-class, effective HR practices and governance frameworks to build a strong people value proposition.

talent attraction and retention

The Saudi National Vision 2030 advocates the creation of a culture of high performance by attracting and retaining the finest Saudi and foreign talent to aid in the economic development of the Kingdom.

During the reporting period, ensuring effective talent acquisition became more crucial with ambitious growth plans alongside the launch of alrajhi bank's new strategy. The talent scarcity of calibre in certain emerging and non-conventional domains resulted in a two-pronged approach by the HR Group;

1. Exploring new talent sourcing approaches – including the implementation of digitised talent acquisition tools and methods, successfully strengthening the bank's talent pool. In addition to streamlining the acquisition of young talent, the bank successfully launched four new programs in 2024.
2. Facilitating effective knowledge transfer, multi-skilling, up-skilling and overall capacity development of the bank's employee base, inclusive of freshly acquired talent.

Having strengthened its reputation as an employer of choice during the previous 'Bank of the Future' (BOTF) strategy cycle, alrajhi bank demonstrated its unique Employee Value Proposition (EVP), conducive working environment and enriched employee experience with live examples at two major Career Fairs in 2024. This, among other initiatives and campaigns to attract top talent resulted in the dedicated alrajhi bank Career website surpassing a staggering six million visits during the reporting period.

Continuing to build on its reputation as one of the Kingdom's most sought-after employers, the year 2024 saw the bank attract and retain best-in-class talent through a range of initiatives, including employee benefits programs, both financial and non-financial training programs as well as a comprehensive Human Resources (HR) Policy that aims to empower and protect its employees.

Focus area

Competency-driven talent acquisition

Key highlights in 2024

8,871
new hires

Focus area

Nurturing talent through planned capacity building and development with motivating career progression

Key highlights in 2024

548,544
hours of training

Focus area

Creating an attractive employer brand through employee value proposition

Key highlights in 2024

20%
increase in participation in employee engagement survey

Focus area

Driving a performance-driven culture coupled with robust performance management framework and a performance-based rewards proposition

Key highlights in 2024

100%
employees receiving performance and career development reviews

talent attraction and retention

Focus area

Increasing employee satisfaction and loyalty by effectively and rapidly actioning employee engagement survey results

Key highlights in 2024

7 initiatives implemented

Focus area

Integrating future-ready HR Technology

Key highlights in 2024

- 35,992 site visits
- 266 job opportunities listed

Focus area

Instilling a digital and agile mindset and culture

Key highlights in 2024

80,205
e-learning hours

alrajhi bank continuously invests in enriching all stages of the Employee Lifecycle during their engagement with the bank; talent onboarding is considered an equally significant stage of this lifecycle, with the bank delivering an engaging, educational as well as empowering onboarding experience to newly recruited alrajhi employees. At the time of onboarding, the bank provides the following benefits to employees:

- A Welcome Kit
- A new, exclusive 'Staff Banking Account' opened through the alrajhi banking app
- Digital hospitality with urpay wallet
- Introduction to the Buddy Programme to connect with an allocated existing employee for support and fellowship

These efforts have resulted in a 98% success ratio in offer acceptance, (98% offer acceptance rate by senior management level and above appointments) during the reporting period. In the year 2024, a total of 8,871 employees were hired across levels with a 21.7% turnover rate, cementing the bank's position as an employer of choice in the Kingdom.

talent management

alrajhi bank's Talent Management Policy focuses on providing employees the necessary skills to ensure a high-quality talent pool, with the bank incorporating a few strategic enhancements to its Talent Management and Leadership Development Framework recently. The key highlights of these initiatives are shared below:

Talent identification and succession planning

Critical roles assessment

Identifying "critical roles" that contribute significantly to business and could pose a risk to the organisation if made vacant. All senior management roles were assessed to identify roles deemed critical from an organisation and regulatory point of view.

Progress made in 2024

242 roles assessed

77 critical roles identified

Succession planning

In order to ensure necessary talent remains available in case critical positions are suddenly made vacant, and to ensure there is a steady supply of talented and motivated employees, a succession planning exercise is regularly undertaken. This is particularly important to ensure business continuity.

Progress made in 2024

197 successors were identified for critical roles and provided development opportunities as a part of the bank's Talent Development Agenda.

Talent assessment

A talent assessment exercise was conducted where all head office employees were assessed, to identify the percentage of employees with the potential to grow within the organisation.

Progress made in 2024

31% of the assessed population identified having the potential to grow within the organisation.

Talent pipeline development

Opportunities through internal mobility

In 2023, the bank launched 'Nomu', an internal mobility platform, empowering employees with the opportunity to explore broader career prospects within alrajhi group, expand capabilities, and become part of an agile workforce.

Progress made in 2024

35,992 visits

266 job opportunities listed

289 employees internally mobilised

Competency-based development

Development programmes at leadership level for Senior Management were implemented to target two specific competencies: Managing Ambiguity and Developing Talent, followed by one-on-one coaching sessions on the application of new learnings.

Progress made in 2024

4 development programs facilitated

80+ Senior Managers coached

Transition management programs

Programs designed to equip individuals with the necessary skills, knowledge, and mindset to succeed in new leadership roles. The Leadership Transition Development Program comprising a blended learning approach with assessments was introduced to build the talent pipeline for leadership roles.

Progress made in 2024

40 future alrajhi leaders equipped to take on greater roles and responsibilities.

Workforce profile

alrajhi group's human capital remains its engine for continuous value creation, with the 23,406 strong team, comprising of 23,292 permanent employees and 14 temporary employees, demonstrating loyalty to the bank in a highly competitive landscape, and successfully adapting to the group's evolving business model, as well as their own evolving roles and responsibilities.

This marks an approximately 12% increase in the workforce from 2023.

GRI 2-7, 405-1

Year			2024						
			<30 years		30-50 years		>50 years		
S. No.	Employee Category	Unit	Men	Women	Men	Women	Men	Women	Total
1.	Number of employees	Nos.	4,406	4,450	10,793	3,336	351	70	23,406
2.	No. of permanent employees	Nos.	4,405	4,450	10,789	3,333	347	68	23,392
	Senior management	Nos.	0	0	145	12	46	3	206
	Middle management	Nos.	60	37	955	165	89	35	1,341
	Non-management employees	Nos.	4,345	4,413	9,689	3,156	212	30	21,845
3.	Number of temporary employees	Nos.	1	0	4	3	4	2	14
4.	Number of full-time employees	Nos.	4,406	4,450	10,793	3,336	351	70	23,406

Total new hires by age group and gender for 2024

GRI 401-1

	Female	Male	Total
Age 18-30	3,542	2,476	6,018
Age 31-50	1,263	1,559	2,822
Age 51+	7	24	31

Employee turnover for 2024

GRI 401-1

	Female	Male	Total
Age 18-30	1,806	1,201	3,007
Age 31-50	771	1,241	2,012
Age 51+	15	59	74

diversity and inclusion

alrajhi group is an equal opportunity employer, and aligns with Saudi Vision 2030 objectives to advance gender diversity and female participation in the workforce. This commitment is reflected in the group's HR policy and the Code of Conduct.

7,856
women in the workforce

29+
Nationalities in the workforce

33.56%
gender diversity in the workforce

alrajhi bank is committed to promoting gender pay equity and ensuring that all employees are compensated fairly for their skills, experience, and contributions, regardless of gender.

The group HR Policy provides female employees with a range of benefits, including the right to maternity leave with full pay for a period of ten weeks, with the choice to extend the leave for a period of one month as unpaid leave. Furthermore, the Policy also provides female employees returning from maternity leave one hour to feed their child, which is included in the working hours of the day. The Bank provides female employees a monthly nursery allowance for their children aged six and above. These efforts showcase the HR Group's unwavering commitment towards ensuring a safe and inclusive working environment for all employees.

GRI 406-1

The Bank's Code of Conduct states all employees will be treated with dignity and respect. Keeping up the spirit of providing equal opportunity to all, the Bank has well-established grievance channels to record instances of discrimination and harassment. In 2024, there were no incidents of discrimination during the reporting period.

alrajhi bank continued to encourage female participation in its workforce by creating female-friendly and female-only job opportunities, such as the largely female-operated Contact Centre in Qassim. In 2023, the first female-only IT Development Programme (ITDP) was launched, enrolling 30 female graduates. This high-impact initiative aims to significantly increase the number of women in the digitally-proficient workforce through well-structured development programs, offering assured and rewarding career progression. In 2024, we expanded our efforts by launching 2 new graduate development programs for business and IT, benefiting more than 60 females. alrajhi bank's commitment to diversity and inclusion is reflected in its employee figures: women in the workforce have increased from 30% last year to 33.56% in 2024.

Saudisation

In compliance with the Nitaqat policy to transform the Saudi labour market, alrajhi bank's talent attraction and retention strategy continued to be powered with Saudisation objectives at its core; in 2024, the bank achieved a remarkable 98% Saudisation rate by focusing on hiring, investing in, and retaining skilled local talent. First preference when hiring is given to Saudi nationals as per the bank's HR Policy, which states that candidates who fill vacant positions must be Saudi nationals, with the only exception being the inability to acquire a suitable Saudi candidate for said vacancy.

The bank's exceptional Saudisation rate also supports the Vision 2030 pillar – 'A Thriving Economy', by contributing directly towards the following Vision 2030 objectives:

Target as per Saudi National Vision 2030

To increase women's participation in the workforce from 22% to 30% by 2030

To lower the rate of unemployment from 11.6% to 7% by 2030

diversity and inclusion

KPI tracked by alrajhi bank

- Number of women in the workforce
- Employee turnover rate
- New hires

Progress in 2024

- 33.56% Saudi women in the workforce
- 54.2% of female hires in 2024 from total new hires
- 8,871 new hires
- 21.7% employee turnover rate

Saudisation also aligns with the UN Sustainable Development Goal (UN SDG) 08: 'To promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all'. By actively participating in the Saudisation initiative, the bank aims to contribute to the following targets of Goal 08:

- Target 8.5: Full employment and decent work with equal pay
- Target 8.6: Promote youth employment, education and training

employee engagement and wellbeing

Employees experiencing high levels of engagement and wellbeing tend to feel more motivated and inspired in their workplaces. At alrajhi bank, employees are provided with conducive, engaging workplaces to thrive and explore their fullest potential. The wellbeing of the bank's employees, both in terms of physical and mental health, also remains a top priority. The HR Group provides all employees with several financial as well as non-financial benefits, further strengthening alrajhi's employee value proposition.

Employee Compensation and Benefits

The bank's remuneration philosophy is to attract, retain, develop, motivate and equitably compensate employees relative to their contribution to the organisation. This philosophy is enshrined in its Remuneration Policy that sets the foundation for the bank's remuneration structure. As per the Policy, the remuneration structures for various employees should be designed considering effective risk management. Salary levels are monitored periodically. At present the bank calculates the remuneration of employees considering the following metrics:

- Industry standards
- Job grade
- Internal funding
- Inflation rate

Employees are also provided with variable bonus and short-term incentives as per industry standards, their performance, job grade, performance of the bank, behaviour of the employee and their contribution to the bank. Each employee undergoes a performance evaluation at the end of the year based upon mutually agreed key performance indicators (KPIs) with their line manager, in line with the 'SMART' criteria: Specific, Measurable, Attainable, Realistic and Time- bound. During this process, line managers assess each employee's contribution towards achieving the targets set by them, with equal emphasis on their behaviour and conduct. The bank pays out variable bonuses in the form of performance bonus to eligible employees. Spot bonus is also provided. Long-term incentives include the Employee Share Grant Plan (ESGP). Senior management is granted deferred bonuses in the form of vested shares in order to encourage a long-term relationship with the bank. The bank also provides its employees with generous severance packages upon retirement, which includes the continuation of medical insurance for an extended duration. alrajhi bank has a Clawback Policy in place and reserves the right to claw back on past bonuses or withhold deferred bonus in specific instances which include behaviour breach, gross misconduct, non-compliance or disregard of bank policies.

Rewards and recognitions are integral to the bank's philosophy and are structured to ensure an appropriate balance between variable and fixed rewards as well as motivations versus activity. Rewards are provided to high performing employees on the basis of individual performance and contribution to the team with an objective to retain employees of the required high calibre. Employees are nominated by their line managers through a written justification and rewarded in the form of a cash payment, the amount of which varies on the achievement and approval by the MD and CEO. The bank's Reward Policy is informed by market trends and industry standards. In 2023, the bank automated its Incentive Calculation process with a dashboard for viewing the incentives, with an open channel for employees to raise their concerns or direct complaints on their calculated incentive amount. The nomination and evaluation process of candidate requests for supervisory positions in branches was also automated during the year, with candidates earning the highest evaluation points according to programmed criteria being automatically selected for the position.

In addition to compensation, employees are also entitled to monthly allowances based on their job grade, in alignment with industry standards. This includes the following:

- Housing allowance
- Transport allowance
- Job-specific allowances
- Shift allowance
- Year-end bonus
- Ramadan bonus
- Nursery allowance
  (for female employees with toddlers)

Employees are entitled to overtime compensation on the basis of their grade post authorisation of the concerned entity. There are several monetary benefits such as leave ticket allowance, education allowance, loans and facilities, medical insurance and employee indemnity fund.

Dedicated programs were also introduced to ensure both physical and mental wellbeing of employees, fostering productive and conducive work environments that alleviate preventable workplace pressures.

alrajhi bank continued to make celebratory payments to employees on special occasions during the year in review, rewarding 4,991 employees in total at the close of 2024 by celebrating personal milestones including marriage, birth of a child, performing the Hajj pilgrimage and educational achievements, while also funding medical insurance upgrades as necessary for individual employees. The MD and CEO of alrajhi bank also extended his well-wishes to employees on their marriages and the birth of a child, while also reaching out to encourage employees receiving medical care and treatment.

The Vacation Allowance of One Basic Salary was also offered in 2024, to further strengthen the bank's Employee Value Proposition. A number of initiatives were also directed at encouraging a culture of saving and investment among employees of alrajhi bank and its subsidiaries; Savings Scheme 2 – the two-year savings programme launched in 2022 that saw the participation of 5,603 employees from across the group was successfully completed during the reporting period. The bank also launched the exclusive Alwalla Fund in 2023 and 2024, a Private Fund providing employees promising investment opportunities.

GRI 401-2

There are several non-monetary benefits employees are eligible for, which include annual leave entitlement and paid leave on public holidays. Male employees are entitled to paid paternity leave for three working days. All Muslim employees are entitled to Hajj leave once during their service for up to five working days with pay, given that they have spent two or more years in the service of the bank. Employees who are continuing their education at one of the educational institutions recognised in the KSA are entitled to an examination leave. Other leaves include marriage leave, death/bereavement leave, Iddah leave, child companion leave, relocation leave, English study leave and volunteer leave (for employees volunteering for charitable/ community initiatives).

Salaries and benefits in 2024

SAR '000	2024			2023		
	Fixed compensation	Variable compensations		Fixed compensation	Variable compensations	
		Cash	Shares		Cash	Shares
Executives	62,740	31,723	82,025	61,015	29,338	77,531
Employees engaged in risk taking activities	618,299	221,631	44,100	598,839	196,498	42,417
Employees engaged in control functions	237,875	50,857	37,966	220,382	46,242	35,694
Other employees	2,075,259	471,550	62,539	1,928,200	337,098	58,537
Total	2,994,173	775,761	226,630	2,808,436	609,176	214,179
Accrued variable compensations	262,280	–	–	256,852	–	–
Other employees' costs	467,356	–	–	459,808	–	–
Gross total	3,723,809	775,761	226,630	3,525,096	609,176	214,179

Celebratory payments made in 2024

Initiative type	Marriage	Newborn	Insurance upgrade	Back to school	Hajj	Total
Number of employees	198	1,048	0	3,621	124	4,991

CEO customised gifts in 2024

Initiative type	Marriage	Newborn	Medical care/ Treatment
Number of employees	201	936	142

Employee saving scheme

Employee savings schemes	ARB employees	Subsidiary employees	Total
Plan 1 (2019 to 2021)	3,034	0	3,034
Plan 2 (2022 to 2024)	4,565	1,038	5,603

Parental leave by gender 2024

GRI 401-3

Parental leave by gender 2024	2024	2023
Number of female employees that were entitled to parental leave	101	102
Number of female employees that availed parental leave	101	102
Number of female employees that returned to work during the reporting period after parental leave ended	84	101
Number of female employees that returned to work after parental leave ended that were still employed 12 months after their return to work	84	100
Return to work and retention rated of female employees who took parental leave	83%	98%

Employee engagement events

The bank hosts several interactive events such as the Annual Roadshow, strategic off-sites, CEO Recognition Awards, Coffee Chats with the CEO and regular branch visits by Head Office Seniors to enhance employee engagement and morale. Annual employee engagement surveys are also implemented. In 2024, a total of 7 events and engagement initiatives were held, contributing towards enhancing the overall employee engagement rate across the bank.

Of the multiple objectives set out by the bank's new **'harmonize the group'** strategy, one is to **'Ensure alrajhi group is a Great Place to Work',** with its measure of success identified as alrajhi's employee engagement rate. The HR Group focused on short, medium- and long-term objectives in terms of employee engagement, to achieve a sustainable employee engagement rating. The bank achieved a 20% increase in employee participation in engagement surveys during the year in review, with survey insights showing increased employee satisfaction rates, reflected in an overall employee engagement rate of 74% recorded at the close of the year.

Embracing and fast adopting HR-Tech

Group HR has leveraged internal digital, data and technology capabilities to drive innovation across alrajhi's HR function, introducing a number of back-end and user-focused platforms and systems that have enriched the end-user experience for employees. These include the bank's internal mobility platform - Nomu, alrajhi bank's Recruitment and On-Boarding System, and its Talent Acquisition Process. SAHL – the employee self-service app also improved the bank's employee value proposition by providing a more enriched and personalised user experience.

Case story

Internal Mobility Platform – Nomu

alrajhi bank's internal mobility platform, 'Nomu' was launched in 2023 as a virtual job board that provides all employees across the bank and its subsidiaries the opportunity to explore internal mobility options and new career prospects within the Group. The platform displays the required skill sets and experience for the job opportunity and facilitates easy application and progress tracking. The option for colleagues to provide referrals is also integrated into the platform.

Key highlights for 2024

35,992
site visits

266
job opportunities listed

289
employees internally mobilised

employee engagement and wellbeing

Case story

SAHL

alrajhi bank's employee self-service (ESS) app, SAHL (customised specifically for alrajhi bank) was launched with the objective of being the primary point of contact and communication between the bank and its employees. The app improved accessibility to HR self-services, increasing administrative efficiencies, improving communication, and enhancing levels of HR compliance. Geo-fencing was also enabled for District Managers to mark their attendance during their branch visits. An employee loyalty and benefits feature was also integrated into the app, providing employees the chance to avail exclusive offers and rewards.

Key highlights for 2024

48%
Digitized HR Services as a percentage of transactions through SAHL Mobile App
Target 40%

97%
Staff using the SAHL app as a percentage of total staff
Target 96%

94%
Total available/eligible txns features in SAHL as a percentage of total ORACLE txn features
Target 90%

Employee grievance redressal

GRI 2-25 2-26

alrajhi bank is committed to providing a safe and inclusive working environment for all employees. A crucial aspect of a safe and inclusive work environment is the freedom to lodge grievances. In line with these ideals, alrajhi bank has initiated a Grievance Policy, with the following objectives:

- To create a healthy and fair work environment for all employees in the bank
- To ensure protecting alrajhi employees' rights, hearing their grievances and reaching fair solutions without referring to entities outside the bank.
- To make alrajhi employees aware of the procedures that shall be followed to resolve the grievance

The bank provides employees with several avenues to report their concerns, including an annual employee engagement survey, employee emails, HR internal communication messages, periodic news broadcasts, HR hotline, townhalls, meetings and messages from senior management, and the HR ESS app. Grievances lodged are then escalated to the concerned person of contact. All grievance related information, including the identity of the person filing the grievance is kept confidential, unless it is required to be disclosed for investigative purposes.

The HR Group is concerned with hearing and investigating the grievances filed and is allowed to take a decision in accordance with the grievance procedure manual and Saudi laws and work regulations at alrajhi bank. With regard to grievance redressal, the HR Group has the following responsibilities:

- Conducting a thorough investigation into the grievance filed, including summoning all concerned parties deemed related to the grievance.
- Cancel or amend decisions regarding the grievance.
- Ensure that the violator is penalised in accordance with the bank's Violations and Penalties Regulations, depending on the gravity of the violation.

All records in relation to the grievances filed are maintained in line with SAMA requirements and bank policies.

learning and development at alrajhi group

GRI 404-2

alrajhi bank remains committed to providing its employees with opportunities to upskill themselves, accelerate their growth, enhance their competitive edge, boost morale and improve retention rates, collectively contributing towards building a high-quality workforce that powers the bank's performance. In 2024, aligning itself with the ideals of the Saudi National Vision 2030, alrajhi group continued to invest in learning and development (L&D) initiatives with a blended learning approach inclusive of classroom, virtual, e-learning, on-the-job training, certifications, coaching and mentoring.

The ARB Academy is responsible for training the bank's employees, and comprises two main schools: The School of Leadership and the School of Banking. The School of Banking focuses on providing the latest and state of the art training with regards to banking and banking products, while the School of Leadership focuses on building the next level of leaders within the bank, covering the progress of employees with comprehensive graduate-to-leadership level development programmes. The Academy's Learning Management Platform TALEEM makes the online learning journey enjoyable and engaging, with employees able to explore exclusive learning content and benefits with anytime anywhere accessibility. During the reporting period, 9,307 employees accessed TALEEM to enhance their skillsets and capabilities. METAKKED – the AI-embedded gamification app is utilised as part of the learning experience, with over 10,000 employees engaged in interactive gaming experiences that require knowledge on a variety of learning modules and topics to win rewards points. The Academy also continued to partner with best-in-class vendors to conduct tailored development initiatives in line with the L&D agenda for the year.

Through the 'Knowledge Hub Portal', the bank's frontline sales employees were empowered with the necessary knowledge and understanding on all retail products, to better equip them to accommodate queries raised by retail customers, while also achieving strategic cross-selling targets and objectives.

A key objective under the new **'harmonize the group'** strategy is to **'Build Successful Careers Across alrajhi group.** The HR Group has continuously invested in new learning tools and platforms, integrating the bank's talent development and growth opportunities to its business strategy, thereby creating exceptional blended learning experiences for employees. This also aids the HR Group to successfully achieve key training targets, which act as the measuring metrics for the progress of this objective.

By carrying out an annual Learning Needs Analysis (LNA) the HR Group plans to meet several set milestones; a short-term target to effectively ensure the percentage of employees trained out of the learning needs analysis (LNA) population reaches 75%; a medium-term target to ensure these 75% of employees have access to continuous learning opportunities to meet current and emerging business demands (i.e. Cross-Selling, Technology); and a long-term objective to achieve the sustainable development of its workforce by implementing personalised learning paths that build longstanding careers.

Every year, the ARB Academy formulates the general framework for the bank's developmental needs in line with the LNA, and provides a set of strategic training initiatives in line with the business strategy of the bank. Throughout 2024, the Academy strengthened its training initiatives, prioritising the achievement of key strategic goals and addressing identified skill and capacity gaps across the bank's various business divisions. Training largely falls under four focus areas:

learning and development at alrajhi group

GRI 404-1

Regulatory

Being the largest retail Bank in the Kingdom, the bank is committed to ensuring that its employees are certified and accredited to impart sound financial advice to its customers.

Strategy

In order to meet the targeted growth across the new segmented offerings in line with the **'harmonize the group'** Strategy, the ARB Academy focuses on training sales staff on Cross-Selling opportunities among other focus areas to effectively achieve the bank's business goals.

Competency

New competency development initiatives were introduced to meet identified skill and capability gaps, to encourage career growth and manage ambiguity.

Domain-specific

Development programmes also continued to be curated according to domain-specific training requirements and launched during the year in review, including new technical certifications, advanced systems accreditations and other regulatory requirements

A total of five mandatory compliance-based training programs have been made available, which includes cybersecurity awareness, counter fraud awareness, anti-corruption and anti-bribery, and data protection, in compliance with the requirements of the Saudi Central Bank and SAMA.

During the year in review, the number of total training hours per employee increased to 45.5 from 39.8 last year, a 14% YoY increase that reflects the banks growing focus on tailored training for each employee based on LNA results.

SAMA certification statistics of alrajhi employees

Certifications	Targeted audience	Certified	Percentage %
Retail Banking Foundations Professional Exam	5,436	5,382	99.01
Credit Adviser Professional Exam	2,976	2,883	96.88
Tahweel Professional Exam	789	746	94.55
Insurance Foundation Certification Exam (Implemented in September 2024)	3,057	357	11.67

Employee training statistics for 2024

	2024	2023	2022	2021
No. of training programmes	**1,285**	2,773	2,315	1,109
Total no. of participants	**12,042**	15,295	26,474	15,322
Training days	**91,424**	101,573	141,547	98,335
Training hours	**548,544**	609,438	849,284	590,012
Training hours per employee	**45.5**	39.8	32.1	38.5

learning and development at alrajhi group

Training hours by grade

Employee grade	Total training hours
Senior Management	882
Middle Management	6,207
other	541,544
Total	548,544

Training hours by skill type

Employee grade	No. of employees trained	Training hours
Technical skills	8,436	399,501
Soft skills	3,606	149,043

Employee training by gender

Type	Number of employees			Trainings hours		
	Male	Female	Total	Male	Female	Total
Mandatory	7,917	1,728	9,645	107,036	114,141	251,177
Non-mandatory	5,710	1,339	7,049	114,954	115,177	230,129
e-Learning	7,754	1,690	9,444	64,379	15,826	80,205

Employee training by category

Type	Number of employees			Trainings hours		
	Male	Female	Total	Male	Female	Total
Senior Management	48	1	49	880	2	882
Middle Management	511	33	544	6,004	203	6,207
Other	9,337	2,112	11,449	392,240	149,215	541,454

The development of future talent

alrajhi bank, in line with its new strategy aims to build a strong pipeline of qualified Saudi professionals, with the HR Group identifying high potential candidates for employment, improving the quality of future recruits while also cultivating skill sets that align with the emerging requirements of the alrajhi group. The alrajhi bank Graduate Development Programme (GDP) annually provides the best-in-class fresh graduates an opportunity to enter the workforce, explore a range of career prospects, and gain unparalleled hands-on experience as part of the alrajhi team. Candidates who successfully complete the Programme are deployed in junior and mid-level roles across the alrajhi group. Several modules and practises were continued due to their success in elevating the GDP programme:

- Banking 101 for IT Professionals
- Digital and Fintech Certification – by reputed external firms
- Robust 'Rotation process' with Pre and Post evaluations

GDP Highlights

- Approved 4 Graduate Programs with a total intake of 140 graduates, including 1 flagship GDP, 1 IT Development Programs (ITDP), 1 information Security Development Program (ISDP) and 1 Business Excellence Program (BE). The GDP commenced during at 1st of Jan 2025, while the remaining 3 Programmes have initiated the selection process, and are on schedule to commence during Q1 of 2025.
- The chosen graduates are facilitated with engagement sessions with the Talent Development Team to provide clarity on development journey and career path, building continuous engagement and encouraging clear communication to request any further coaching and counselling throughout their journey.
- Focus group sessions conducted to understand the needs of the new generation and accordingly shape the 42-month journey as a graduate at alrajhi bank with a promising career path and performance-based rewards, with an intent to increase retention.

Awaiting deployment of 140 graduates in junior and mid-level roles following the completion of the programme, bringing the total of recruited GDP graduates to more than 800 since the inception of the programme in 2015.

occupational health and safety

GRI 403-1

alrajhi bank has formulated a Health, Safety and Security Policy in line with SAMA guidelines and national Safety regulations. The objective of the Policy is to ensure the safety and security of its employees, customers as well as its facilities, fixed assets and documents. The Health, Safety and Security Department is responsible for ensuring the safety of all employees as well as communicating with the bank's departments and conducting training programs for all employees in compliance with safety standards. The Department's primary duty is to ensure that all safety methods are available at all locations, organising and supervising the preparation and implementation of emergency plans and establishing a review process to assess the effectiveness of internal emergency services and security facilities. Regular risk assessments are also conducted, and preventive measures are applied based on the risks that have been identified. Inspections, including both routine scheduled inspections as well as non-routine inspections for major maintenance activities or special projects, are periodically conducted. In case any hazards are identified, they are either eliminated from the workplace entirely or are replaced with safer alternatives. Internal audits are also periodically conducted, and evaluations are conducted for suppliers and contractors to ensure adherence to health and safety standards.

All employees of the bank as well as contractors are covered by the Occupational Health and Safety Management System (OHSMS) in compliance with legal requirements and recognised standards. The OHSMS has been designed to address all potential risks and hazards identified and implement health and safety standards consistently throughout the organisation. The Central Monitoring Station (CMS) supervises the bank's safety and security systems and always ensures their proper upkeep and maintenance. The CMS works in conjunction with the Health, Safety and Security Department to ensure a rapid response to incidents.

100%
Coverage of Occupational Health and Safety Management System

1,764
Workers (Contractors) audited internally

1,400
Contractors audited externally

GRI 403-4, 403-5, 403-6

All employees and workers have access to healthcare services which include medical consultations, treatment and emergency care through the bank's approved healthcare providers. Similarly, contractors are also provided with access to healthcare services either directly or through their respective employers. alrajhi bank strives to maintain the highest occupational health and safety (OHS) standards and provides its employees and workers requisite OHS training programs regarding new safety procedures and equipment. Worker Safety Representatives are also appointed to monitor and report on the effectiveness of the OHSMS. Periodic surveys are conducted tos gather worker feedback and newsletters and emails are distributed to keep workers informed of the OHSMS. Employees are encouraged to follow a series of health, safety and security modules made available on the ARB Academy's online platform and can choose to learn about the bank's OHS initiatives at their own pace.

occupational health and safety

GRI 403-8

Workers covered by an occupational health and safety management system

S. No.	Parameters	Unit	Year 2024	Year 2023
1	Employees covered by a OH&S management system	Nos.	9,056	8,685
2	Workers who are not employees covered by an OH&S management system	Nos.	1,789	1,226
3	Percentage of employees who have been covered by an OH&S management system	%	100	100
4	Percentage of workers who have been covered by an OH&S management system	%	100	100
5	Employees covered by a OH&S management system that has been internally audited	Nos.	9,056	8,685
6	Workers who are not employees covered by an OH&S management system that has been internally audited	Nos.	1789	1226
7	Percentage of employees who have been covered by an OH&S management system that has been internally audited	%	100	100
8	Percentage of workers who have been covered by an OH&S management system that has been internally audited	%	100	100

GRI 403-2, 403-3

alrajhi bank's occupational health and safety management system is designed to be comprehensive and ensures that all potential hazards are identified and mitigated. Towards this, regular OHS risk assessments are undertaken. The following processes are included:

Routine Processes:

- Scheduled Inspections: Regular workplace inspections to identify hazards.

Non-Routine Processes:

- **Incident Investigations:** Analyzing incidents to identify previously unrecognized hazards.
- **Special Projects and Maintenance:** Conducting risk assessments for non-routine activities such as major maintenance or special projects. Application of the Hierarchy of Controls

Elimination:
Removing the hazard from the workplace entirely.

Substitution:
Replacing a hazardous substance or process with a less hazardous one.

Personal Protective Equipment (PPE):
Using protective gear as the last line of defense

Regular Audits and Reviews:
Conducting internal and external audits to ensure the quality of hazard identification and risk assessment processes.

Feedback Loops:
Using results from hazard identification and risk assessments to refine safety policies and procedures.

Performance Metrics:
Tracking key performance indicators (KPIs) related to safety and using them to drive improvements.

human rights

GRI 2-30

alrajhi bank abides by all applicable labour laws and regulations of the Kingdom of Saudi Arabia. While freedom of association is not applicable to alrajhi bank given the KSA legal framework, the bank facilitates a culture of open communication where all employee concerns and grievances if any are communicated to relevant members of the Management, fostering an inclusive workplace where everyone is treated with respect and fairness.

The bank's Code of Conduct states that all people will be treated with dignity regardless of whether they are colleagues, customers, suppliers or any third-party contractors. alrajhi bank does not condone any type of harassment or bullying and should any individual face any form of discrimination or harassment, they should report it through the bank's grievance handling mechanisms. All employees are regularly required to acquaint themselves with the provisions of the Code of Conduct and provide an annual affirmation of the same. In 2024, 8,366 employees provided this affirmation, denoting the bank's spirit of providing a safe and inclusive work environment. A comprehensive behaviour and ethical framework provides guidelines to employees on how to ensure professionalism at all times. Employees were also made aware of the consequences of violating the ideals of the framework, which range from disciplinary action such as warnings or potential legal action and even termination of the employee, depending on the gravity of misconduct.

The bank also has a Whistleblowing Policy which allows employees to raise their concerns through anonymous channels and provide a safe and secure means to speak up and raise any concerns confidentially (or anonymously if preferred) with the bank's senior management.

Future outlook

The HR Group will continue to focus on multi-skilling and up-skilling programs to meet both horizontal and vertical development objectives of the workforce in order to meet evolving industry demands. The HR Group will continue to proactively address emerging skill gaps, improve retention strategies, while at the same time ensuring regulatory compliance with relevant national and international HR regulations and Labour Laws. As such, the HR Group has initiated the process of updating the HR Policy in order to align with the amendments carried out to the KSA Labour Law in August 2024.

The bank will also continue to advance HR Management by implementing globally accepted best practices in HR, powered by the latest tools and emerging technologies in order to further enhance operations of the HR function, and enrich the employee experience at alrajhi bank. Employees health, safety and wellbeing will remain a priority.

In the long-term, the bank aims to embrace digital transformation and agile methodologies to elevate its competitiveness, drive sustainability, and grow a multi-skilled, diverse and inclusive workforce. These efforts position alrajhi bank as a progressive employer aligned with the future of banking and workforce trends.

Enhancing the quality and standard of living as a vibrant community

community development: driving impact

alrajhi bank strives to enhance the quality and standard of living, empowering communities in their journey towards becoming a vibrant society by implementing strategic development projects. These efforts align with the United Nations Sustainable Development Goals (UN SDGs), and current national strategic plans including Saudi Vision 2030.

The bank seeks to promote greater financial accessibility; while assisting in the development and advancement across other social verticals such as healthcare, education, housing and charitable support; so that individuals can lead their best possible lives and communities can continue to progress sustainably. When focusing on investments in social development, the goal is to enable people to live financially independent, healthy, fulfilling lives, while advancing communities through holistic development programs.

All social responsibility projects and supporting initiatives implemented and supported by alrajhi bank have been monitored since the year 2000, with the bank having invested more than SAR 5 Bn. in major community development projects and environmental sustainability to date.

Material topics

Community Investment and Engagement

UN SDGs

3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

Key highlights

Over SAR 5 Bn. invested in community development projects and environmental sustainability initiatives since the year 2000 to date.

+39k Families benefited from the affordable housing solutions

77 Kidney Transplants in 2024

Currently participating in

5 major ongoing national-scale community development programs

214 Scholarships to orphan students to join universities

SAR 2.2 Bn. Zakat

community development: focus areas

The social responsibility policy of alrajhi bank remains consistent with the governance principles adopted by Saudi Banks as per SAMA directives. alrajhi bank has a focus on developing and executing corporate sustainability and responsibility (CSR) strategies that encompass a broad approach to social responsibility and the delivery of best practices in all CSR Projects. The policy applies to the bank's local business environment; including the bank's departments and branches; its employees, customers, products, and the broader community.

According to the bank; Social Responsibility is defined as the commitment of the business leaders to support sustainable development through collaboration with the bank's employees, families, local communities and the society in general. This commitment is to improve the quality of life while fostering business development and social advancement. Examples include initiatives in areas such as financial inclusion, environmental conservation, health, education, housing, entrepreneurship, charitable support and sustainable development.

The bank's Community Service seeks to achieve the above framed social responsibility concept, and to implement its various practices through the following focus areas:

1 Responsibility towards the Internal Environment

alrajhi bank is committed to fostering a healthy and safe environment for all employees; the bank maintains strict hygiene standards to promote good health and well-being for all employees, while providing an environment of cleanliness, orderliness, and safety. alrajhi bank has formulated a Health, Safety and Security Policy in line with SAMA guidelines and national Safety regulations. The Health, Safety and Security Department is responsible for ensuring the safety of all employees as well as communicating with, and training all employees to ensure compliance with safety standards. A comprehensive set of health-promotion activities that support healthy behaviour and improve health outcomes among employees is facilitated. These include health checks and screenings, vaccination drives, health insurance covers, on-site gym with membership discounts for employees, and leave, among other initiatives. Adequate ventilation and lighting is provided across all alrajhi working spaces. alrajhi bank also observes the safety and security of its employees and customers by meeting building safety standards. Additionally, the bank prioritises the development of social connections and relationships among its employees to create a supportive, engaging and cohesive workplace culture.

2 Responsibility towards the Employees

alrajhi bank is committed to supporting its employees' well-being and stability by addressing their professional as well as social and personal needs. This greatly contributes to the holistic growth of its employees, and thus, the growth of the business. The bank also focuses on strengthening the level of employee loyalty, and in the responsible and fair recruitment of new talent through the Human Resources Group.

3 Responsibility towards the bank's shareholders and customers

alrajhi bank ensures all its operations maintain transparency and adheres to disclosure policies as outlined by SAMA. The bank assures Shariah-compliance in all services and financial transactions, while leveraging advanced technology to enhance customer service. To save the customers' time and effort, the bank uses modern branch designs, advanced ATMs, and comprehensive digital services with a focus on continuous improvement of these services.

The bank's Social Responsibility Unit works with the Network Branch's Department (Retail and Corporate) to provide excellent banking services. Thus, the bank aims to improve the quality services provided, create new products for customers, and meet the requirements of Islamic Shariah and SAMA.

4 Responsibility towards the community

The bank ensures that all its products are Shariah-compliant, adhering to resolutions that are monitored by the Shariah Authority and audited by the Shariah Audit Department. These practices are in accordance with the Shariah Group Policy in line with Resolution No. (317) and the Shariah Policy and Procedures Guide that includes sections on introduction, quality and the importance of audit.

In order to support environmental sustainability, the bank uses smart applications to regulate electricity and water consumption, limit paper usage, recycle used paper, and improve internal and external electronic communication with the cooperation of the Administration Department.

The bank is also committed towards providing youth with opportunities to build better futures, contributing towards youth employment, and preparing them for the job market through training programs such as summer training offered by the Training Department. Social Responsibility is carried out according to a strict procedure, which allows helping only official organisations and non-profit organisations with legal documents confirming their identity and financial report on their activities.

Funding is provided to programmes and projects that have clear objectives, defined timelines, implementation mechanisms, financial plans and follow-up procedures. Fundamental development projects, awareness programmes and creativity development programmes are favoured, especially those that will have sustainable impact in the long term. One such key project is the "Jood Eskan" national charitable housing project for families in need. Having participated in a Guinness World Record breaking campaign for the platform in 2023 where alrajhi raised SAR 100 Mn. together with its clients, the bank continued to make contributions to the platform during the year in review, with total donations to Jood Eskan to date surpassing SAR 250 Mn.

The bank emphasizes gender-inclusive programmes aligned with its principles and values, and aligned with geographical and societal requirements. All activities should be authorised by the CEO, endorsed by the Board of Directors, and approved by the General Assembly. Donation payments are documented through written agreements on operational expenses, and all programme documentation is kept for review and verification purposes.

key social responsibility initiatives

GRI 413-1

Access to Finance

alrajhi bank is the largest Islamic Bank in the world, and claims ownership to the largest bank branch network in the Kingdom and the Middle East with 512 branches, 136 remittance centres, 4,371 automated teller machines (ATMs), and 786,252 Point-of-Sales (POS) terminals. This extensive network allows the bank to provide a wide range of financial services to the largest number of active customers in the Kingdom, with over 18.5 million active clients and counting.

alrajhi bank is committed to providing marginalised communities with access to finance. In doing so, the Bank has targeted lending programmes for low-income individuals, Saudi nationals and widows. In 2024, the Bank reached a cumulative of 22,651 individuals.

Products & services		Targeted clients	Number of clients reached	Number of transactions/ contracts
Type of product	Product name		2024	2024
Loans	Government supported Mortgage Programme	Low-income individuals	22,415	19,021
		Saudi Nationals		
Loans	Widow Financing	Low-income individuals	236	153

The rapid implementation and growth of digital services such as virtual and mobile banking by alrajhi bank have played a significant role in developing effective strategies of increasing financial services to the mass market as well as marginalised demographics. The bank continues to be a market leader in subsidising home ownership for Saudi Nationals, with a 41.1% mortgage market share. alrajhi's overall efforts also positions the bank as a key enabler of the Kingdom's Vision 2030 targets.

In an effort to enhance financial inclusion, the bank has ensured that all branches are fully accessible to the physically challenged or persons with disabilities. This entails refitting ATMs with features such as voice prompt and sign language to enable the specially-abled, the visually and hearing impaired, persons with disabilities, and those who have mobility issues. Many branches provide special parking spaces for persons with disabilities, and are ready to accommodate these customers. In 2023, the bank upgraded the mobile application to show branch locations that provide services for persons with disabilities, including sign language interpreting services – a process that continues to be refined and upgraded.

The programs implemented by alrajhi bank are consistent with the Saudi Vision 2030 objective of enabling people with disabilities to lead productive lives and become integrated members of society.

In 2023, the bank further established its operations in the Small and Medium Enterprises (SMEs) space by launching the SME Business Unit to provide appropriate financial products and services in line with the Vision 2030 goal of enhancing the SME contribution to KSA's GDP. The bank also provides services to micro businesses with its Micro and Small Business (MSB) Unit, encouraging an entrepreneurial culture in the Kingdom. More details on the bank's SME and MSB services can be found in pages 63-65.

The constant advancement of core banking solutions and process automation and integration has also helped the growing customer base of alrajhi bank. The call centres and dedicated channels for SME and MSB clients have further strengthened the bank's customer service advantage in the Kingdom.

key social responsibility initiatives

alrajhi bank also meets the credit needs of consumer segments outside its core credit risk profile through Emkan Finance, a fintech subsidiary, and improves accessibility of microfinance requirements. Further information is provided in the Emkan Finance section (pages 82-84). The bank also provides banking facilities for the lower income labour sector, introducing foreign remittance account services to enable fund transfers to their families.

In the course of the reporting period, the Corporate Social Responsibility (CSR) Team in conjunction with the Marketing team embarked on several public service programs aimed at improving the financial literacy of the population across different categories. Key among these were an anti-fraud campaign for Hajj pilgrims, and the "Wise Banker" financial awareness workshop for students at Prince Sultan University.

Access to healthcare

alrajhi bank remained committed to its contributions to the healthcare sector, working with the Ministry of Health and independent Health Endowment Fund to improve the quality of healthcare facilities, treatments and availability of services. During the year, the bank supported a number of key projects and donated over SAR 100 Mn. for various initiatives, programs and events related to healthcare, thus continuing its mission of providing quality healthcare for every Saudi citizen.

Major healthcare initiatives carried out by the bank include:

- King Saud University Endowments in Riyadh: Donating SAR 70 Mn. to introduce healthcare facilities including main medical services for high-quality health services, outpatient clinics, specialised clinics, and a capacity of 100 beds, to be constructed and managed by InterHealth Medical Group
- alrajhi bank Medical Centre in Tarif: Supporting the establishment and equipping of building for a centre for medical and functional treatment, and specialised centre for smoking cessation within the campus of Tarif General Hospital at a cost of SAR 7.5 Mn. Following the completion of the construction process, operations were conducted under the supervision and follow-up of the Ministry of Health.
- alrajhi bank Cardiac Catheterisation Centre: Supporting the establishment and equipping of a Cardiac Catheterisation Centre at Al Rass General Hospital in Al Qassim region at a cost of SAR 10.1 Mn. The first phase of the project has been completed with the Centre, which includes a cardiology department and a cardiac catheterisation laboratory, currently being utilised; The Centre has been equipped with the latest technologies and the best medical staff, with the aim of reducing waiting times for appointments. The Centre has completed 100 Cardiac Catheterisation procedures to date.
- alrajhi bank Diabetes Centre in Qassim: Support for the establishment of an integrated centre for type 1 diabetes in Qassim at King Fahad Specialist Hospital in Buraidah. The construction phases are currently being completed. The centre will specialise in treating and following up on type 1 diabetes patients, contributing to reducing diabetes complications and providing accurate and integrated medical care.
- alrajhi bank Kidney Transplant Program: Al Habib Medical Group continues to perform kidney transplants for eligible patients referred from the Shifaa platform (a charitable organisation). A total of 77 operations have been performed so far out of 91 scheduled operations, with a total community investment of SAR 19 Mn.
- alrajhi bank Blood Donation Carts: Donation carts continue to receive donors in the cities of Riyadh and Medina, with the aim of supporting the blood bank at King Faisal Specialist Hospital in Riyadh, with the number of donors surpassing 4K.

Ejada systems recognised for advancing saudi healthcare digital transformation

The Saudi Ministry of Health honoured Ejada Systems Company for its pivotal role in the digital transformation of healthcare in the Kingdom. This recognition was bestowed during the inauguration of the 'Unified Platform for the Saudi Centre for Medical Appointments and Referrals' in May 2024, a milestone in digital transformation journey of the healthcare sector of Saudi Arabia. Deputy Minister of Health for Planning and Development, His Excellency Abdulaziz Al-Rumaih honoured Mr. Abdullah Al-Omari, the Chairman of Ejada Systems Company with a commemorative shield for the company's significant contributions.

Ejada Systems has been involved in the execution of the Saudi Centre for Medical appointments and Referrals, a strategic digital transformation project in the Kingdom of Saudi Arabia that seeks to improve the efficiency of the healthcare sector and patients' services. This achievement underlines the company's mission to contribute to the goals of the Kingdom's Vision 2030, which includes the restructuring of the healthcare sector to enhance the quality of care for all.

The company continues a robust strategic cooperation with the Ministry of Health that have continued to bolster the healthcare system in Saudi Arabia. Notable projects include 'Awtar' for automating poison control centres across the country, and 'Sadeed', which regulates and automates forensic medicine centres.

Access to education

alrajhi bank contributes towards the national strategic Saudi 'Vision 2030' objectives of transforming the educational systems in Saudi Arabia, and creating a foundation that nurtures innovation by expanding educational opportunities. One of the most successful programmes is alrajhi bank's 'Educational Orphan Care Programme'. Now in its third year, the programme has grown into one of the largest educational and social initiatives in Saudi Arabia. alrajhi bank donates SAR 10 Mn. annually to the programme, which provides students with specialised university education to meet rapidly evolving labour market demand. The bank collaborates with the Adeid Association on this project, with the civil society organisation fully supervising the implementation and follow-up. At the close of the reporting period, over 200 students were registered across 28 private universities and 37 academic specialisations. The project enables these students to discover the best career paths to explore their full potential, and at the same time contribute towards the broader objective of achieving self-sufficiency in human capabilities as a society. alrajhi bank was honoured by the Ministerial Committee for Social Development Affairs of the Gulf Corporate Council, for contributing towards creating a positive impact for a vulnerable section of society.

In addition, alrajhi bank is the first Saudi bank to directly partner with the leading universities and schools to facilitate industry visitations to the bank. These visits provide indispensable insight to real-world working environments, and offer students an opportunity to interact and network with financial sector professionals, and learn more about the wide spectrum of career opportunities across the banking industry. At the close of 2024, the bank had hosted students from more than 12 schools including Al Almutagadimih High School, Alnamothajiah High School and Al Yamamah University, King Saud University, Imam Mohammad Ibn Saud Islamic University (IMSIU).

The bank also aligns with the Kingdom's Human Capability Development Programme under Saudi Vision 2030, by onboarding best-in-class fresh graduates to the alrajhi Graduate Development Programme (GDP), the preferred internship programme for top graduates across the Kingdom. This annual programme trains and grooms this select group to meet the demanding pace of the bank's operating environment, deploying them in junior and mid-level roles upon successful completion of the Programme (more details can be found on page 151 in 'Cultivating a Future Forward Workforce')

alrajhi bank remains a key contributor to the transformation of Saudia Arabia's educational systems by focusing on providing educational opportunities for promising youth across the Kingdom.

alrajhi bank Jordan facilitated several awareness sessions on Islamic banking as well as Shariah-compliant alrajhi products to students across various Jordanian universities, to foster a sense of responsibility in personal financial management, and cultivate a saving mindset.

Other social opportunities

GRI 203-2

Aside from financial inclusion, healthcare, and education, alrajhi bank also focuses on other aspects of community development. Key CSR projects carried out across these verticals in 2024 include:

- Launching the "Quick Donation" service: Enabling customers to directly donate to over 1,700 accredited non-profit organisations and over 17 Endowment Funds through the alrajhi bank app.
- Classifying Endowment Funds: Identifying and classifying Endowment Funds and their activity within social responsibility projects.
- Continued contributions towards the Jood Eskan charitable housing platform.
- Hosting Iftar for children from SOS Villages in Amman, Jordan: alrajhi bank Jordan hosted Iftar for a total of 50 children from SOS Villages in Amman, with bank employees volunteering to join community members and officials to host the event. The celebration included fun activities and competitions, ending with the distribution of Eid clothes and gifts, spreading joy among children.
- Disseminating knowledge and promoting responsible financial management: alrajhi bank Jordan partnered with the Central Bank of Jordan to conduct eight training programs on Financial Management and Sustainable Pioneering for women in underserved areas (Al Shuna and Suwayma). Over 200 women participated in these programs between August and November 2024.
- Distributing meals during the holy month of Ramadan: Employees from alrajhi bank Kuwait volunteered to participate in the distribution of Iftar Meals across multiple communities during the holy month of Ramadan.
- Sahabat Korporat Tabung Haji Program Sponsorship: alrajhi bank Malaysia contributed to the Hajj season via Tabung Haji during the reporting period. As part of the corporate sponsorship package, the overseas branch co-sponsored Tabung Haji's 10-episode television program, Seruan Haji, which aired on local station RTM TV1.
- Ramadan Relief Programme organised by Association of Islamic Banking and Financial Institutions Malaysia (AIBIM): alrajhi bank Malaysia participated in the Kempen Seorang Sekampit Beras Programme for the fourth year running during the reporting period. An industry-wide initiative, all Islamic banks collectively contribute to low income B40 and asnaf families during the holy month of Ramadan.
- Ramadan Bubur Lambuk Community Cookout, Malaysia: alrajhi bank Malaysia provided financial assistance to university students through this Ramadan initiative, particularly those in the asnaf category. The Community Cookout benefitted around 1000 recipients, with employees of the overseas branch volunteering for the project.
- Ramadan Iftar Pack Contribution to Students of University of Malaya, Kuala Lumpur: An initiative to assist university students, particularly from asnaf category. Hosted in collaboration with PPZ-MAIWP, the event targeted 800 students with volunteers comprising alrajhi bank Malaysia staff and PPZ employees.
- Charitable Ramadan Contribution to Masjid Ibnu Mas'ud: alrajhi bank Malaysia offered monetary contributions to Masjid Ibnu Mas'ud in Kuala Lumpur for its Ramadan program.
- ARBM Qurban Programme: The Malaysian branch of alrajhi bank continued the Islamic tradition of qurban in conjunction with Aidiladha. During the reporting period, ARBM collaborated with EZ Qurban, Universiti Putra Malaysia, and IKIM to allow ARBM Muslim employees to participate in qurban. ARBM employees contributed five cattle, the meat of which was distributed to underprivileged families and individuals.
- Helping Hands Hopeful Hearts 2024: alrajhi bank Malaysia continued to donate to this impactful initiative during the year in review, helping to refurbish the "Nur Kasih Therapy Garden" for autistic children at Sekolah Kebangsaan Desa Tasik, Kuala Lumpur.
- The Zakat and Waqf Run 2024: alrajhi bank Malaysia contributed MYR 200k to the underprivileged in conjunction with the Zakat & Waqf Run 2024, held in December 2024.

key social responsibility initiatives

alrajhi bank wins prestigious social responsibility awards

alrajhi bank has received top honours in the inaugural Social Responsibility Awards organised by the Ministry of Human Resources and Social Development of the Kingdom of Saudi Arabia. The bank was awarded first position in the Gold Category for **"Social Responsibility Practices",** which was the top honour of the night. alrajhi bank was also named the best in the **"Financial Institutions Sector"** category, while also securing fourth place in the **"Housing Sector Platform"** category. The awards reflect alrajhi bank dedication to social responsibility, and the bank's role in enhancing social awareness, fostering community development, and advancing public education across communities.

alrajhi bank was recognised for its contributions towards community development and awarded the **"Majmaah University Award"** for community service by His Highness, the Prince of Riyadh Region. The bank also received the **"National Excellence Award in Localisation Initiatives"** in the private sector category awarded by His Highness Prince of Qassim Region in recognition of the bank's efforts in supporting the localisation sector in the Kingdom.

With its slogan "Right and Duty", alrajhi bank encourages employee participation in community activities, and to promote a culture of volunteerism that stems from its founding Sharia values, the bank informs its employees on its policy in place for availing 'Volunteer Leave'. While improving employee morale and soft skills, such community engagement opportunities enrich relationships between the bank and the communities which it serves. Through the program, the bank also improves the image as an organisation that cares for the community, thereby improving its ability to attract and retain employees.

alrajhi bank Announces Sponsorship of Renowned "Power" Team

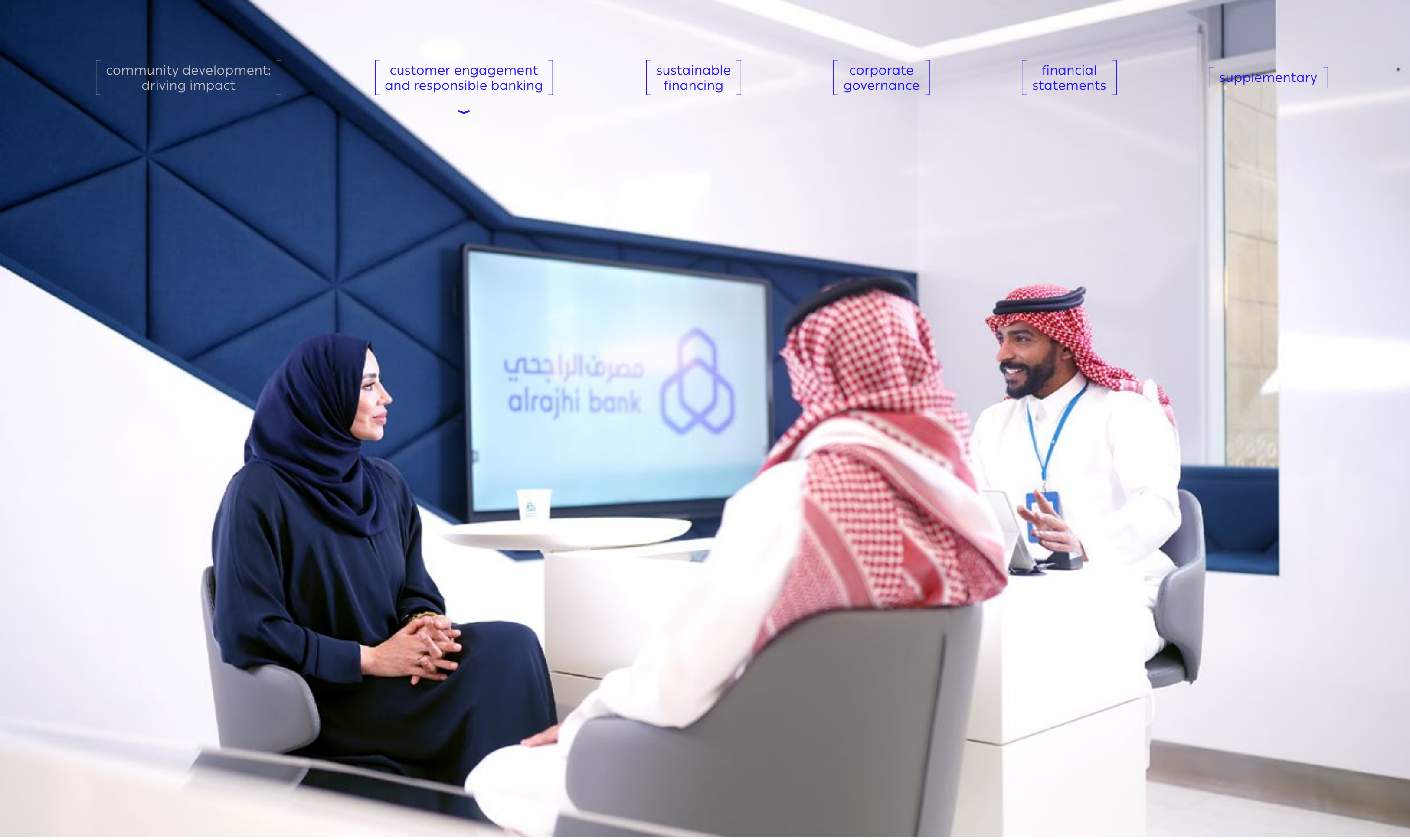
alrajhi bank has signed an exclusive sponsorship deal with the **"Power" Team,** an entertainment and e-Games content creators' group in the region. This partnership makes alrajhi bank the first financial institution in the Kingdom to sponsor such content creators, and remains consistent with the bank's dedication to social responsibility by promoting sports activities that engage diverse social segments, and fostering skill development across diverse fields. The agreement also aligns with alrajhi bank commitment to support the objectives of the National Strategy for Gaming and Electronic Sports launched by the Crown Prince, to develop Saudi youth's skills in electronic sports and promote the Kingdom's presence in the gaming industry internationally. This collaboration reflects alrajhi bank's commitment to nurturing local talent and contributing to the eSports community in Saudi Arabia.

alrajhi bank Launches 'Quick Donation' to Boost Social Responsibility

Demonstrating strong and exemplary leadership in corporate philanthropy, alrajhi bank launched the 'Quick Donation' service, enabling customers to donate to charities and actively participate in community causes through the alrajhi bank app. Having significantly simplified the donation process, this service supports over 1,700 accredited non-profit organisations and over 17 endowment funds by making direct contributions by alrajhi customers faster and more accessible via the app, thereby crediting donations directly to these organisations. The bank has also provided customers the option of donating their earned "mokafaa" loyalty rewards points to a charity of choice directly via the app, which has led to contributions exceeding SAR 30 Mn. The 'Quick Donation' feature is part of alrajhi bank's broader efforts to foster social responsibility, and plans to introduce more innovative initiatives to encourage community participation in philanthropic initiatives.

Overall, the 'Quick Donation' service has facilitated customer donations amounting to SAR 2.7 Bn. at the close of 2024. These funds have been allocated to the national charitable housing platform "Jood Eskan," the national platform for charitable work "ehsan", and over 1,700 other charitable organisations.

customer engagement and responsible banking



In this rapidly evolving digital banking era, a seamless, cross-channel banking experience with personalised, customer-centric services has become a clear differentiator for consumers. alrajhi bank has remained attuned with its customers over the years, identifying them and segmenting them according to their financial needs, bringing together new technologies, capabilities and insights to create unique customer experiences, and nurture deeper customer relationships.

The bank ensures all customer touchpoints remain engaging and attentive, with alrajhi bank recording a 6.5-point average increase in both digital and conventional banking Net Promoter Scores (NPS), reflecting its efforts to sustain a high level of customer satisfaction.

Material topics

Customer Experience
Customer Satisfaction
Digitalisation and Automation
Innovation and Product Development

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Key highlights

Net Promoter Score (NPS) for both conventional and digital banking increased by 6.5 points on average

13.7 million customers served in 2024

Most Valuable Saudi Brand of 2024 as ranked by Kantar BrandZ

No. 1 In Digital banking in 2024

customer relationship management

With the launch of alrajhi bank's new **'harmonize the group'** strategy at the onset of 2024, the Marketing and Customer Experience Group took on the responsibility of communicating the concept and positioning of the strategy to its customers during the year in review. The bank focused on a digitally-driven, synergistic marketing approach to communicate the message of **'Group Harmony'** – the core essence of alrajhi bank's new strategy. During the reporting period, the Marketing and Customer Experience Group successfully leveraged digital avenues, emerging technologies and data-powered insights to promote alrajhi bank and its subsidiaries as a growing ecosystem of financial services.

The bank recorded an impressive Net Promoter Score (NPS) for both conventional and digital banking for the reporting period. At the close of the year, alrajhi bank successfully reached a brand value of 13.959 Bn., to be named the Most Valuable Saudi Brand of 2024 according to the Kantar BrandZ ranking, reflecting the satisfaction and loyalty of the bank's customers, the success of its marketing strategy, and its fortified brand salience in a rapidly evolving Saudi market.

A truly progressive brand

A dedicated 'Synergy Taskforce' was established to work closely and collaborate with the bank and its subsidiaries, to initiate group synergy and align the group marketing strategy with the bank's overarching strategic goals and results. In order to highlight the concept of 'Group Harmony', the Marketing Team launched agile and effective marketing campaigns that swiftly captured individual achievements of each banking business, as well as the overall group performance collectively. The collaborative marketing efforts across the group led to resource optimisation among marketing teams in terms of internal as well as external resources, resulting in impactful and effective go-to-market activities that created greater value add.

As part of the new strategy adaptation, the Marketing Team launched the first group brand campaign introducing the bank, its brands, and its businesses as one, evolving ecosystem. This strategic approach resulted in higher share of voice and stronger positioning of individual brands through the already well-established alrajhi brand association.

One of the key objectives of alrajhi bank's 'harmonize the group' strategy has been to identify and enter new customer segments, and the business success of this segmentation approach has been complemented by strategic, data-backed marketing initiatives. Several uniquely tailored customer propositions and campaigns were launched to overcome challenges in market penetration; the youth segment was captured by offering the Gamer proposition that was communicated through a campaign resulting in a significant increase in Gamers card issuance and spend. The Team also targeted the rapidly growing expat segment by introducing **'alrajhi global'** – the expat financial hub – to fulfil the evolving needs of expats by providing exclusive benefits such as discounts on international transfers and competitive exchange rates.

The Marketing and Customer Experience Group has also created a dedicated function to oversee all group brands, ensuring synergy and brand coherence to further support the bank's position in the market. This consistency has enabled the Team to launch multiple brand campaigns throughout the year in review, showcasing business, product and service excellence across various domains and subsidiaries of alrajhi bank.

Most valuable Saudi brand

2024 saw alrajhi bank secure the top position as the most valuable Saudi brand of 2024 according to the Kantar BrandZ ranking. This achievement marks an improvement from last year where the bank was ranked second, and reflects the continuous growth of the alrajhi brand value as it reached 13.959 Bn. This result reflects the bank's ongoing efforts to foster innovation and strengthen alrajhi bank's presence in the Saudi market by offering innovative services that meet the evolving and diverse needs of its customers. This achievement reinforces alrajhi bank's position as an influential economic force in the Kingdom and serves as motivation for further growth and excellence in the years to come.

The bank continued to strengthen its public relations across conventional and digital/social media during the year in review for alrajhi bank and its subsidiaries, enhancing the role of the alrajhi 'ecosystem' to raise the level of awareness among customers of all financial services offered across the alrajhi group.

customer relationship management

alrajhi bank launched several large-scale campaigns to strengthen its evolving brand identity, including the alrajhi group brand campaign during Ramadan, and the Corporate Banking Group excellence campaign. The bank encouraged the migration of its account holders to the digital app with the digital app excellence campaign, highlighting the efficiencies and benefits of the digital user journeys while educating potential users of the many different and unique features of the alrajhi digital banking app. Additionally, the bank participated in global observance days to reach relevant customer segments. In terms of new brand identities, tahweel alrajhi (remittance proposition for expats) was rebranded during the reporting period with a new logo change, while Tanfeeth was renamed 'atmaal' with a complete identity transformation and relaunch. Two new brands were also launched as part of the alrajhi group; neotek (open banking solutions provider), and qaema (accounting solution provided by neotek).

Overall, a total of 204 media activities were carried out for the bank and its subsidiaries, resulting in an 88.24% YoY increase in bank-related media publications, and an impressive 97.56% YoY increase in subsidiary-related media publications in 2024.

An enriched customer experience

The Marketing and Customer Experience Group conducts regular surveys across key customer contact points and main product offerings, to better understand customer needs and sentiment. Feedback is carefully reviewed, and actionable suggestions are implemented where possible, further strengthening alrajhi's reputation as a customer-centric bank, while enhancing service quality.

In order to maximise the synergies fostered across the group to deliver a seamless customer experience, the bank better aligned operations, product development, and customer service, ensuring that every touchpoint is optimised to create a customer journey where their needs and expectations are met, and even exceeded. A dedicated Customer Experience Committee comprising the heads of all relevant departments meets regularly to ensure urgent customer needs are addressed and met efficiently and effectively.

During the year, several strategic initiatives were introduced to streamline processes, significantly enhancing the overall customer experience across all banking verticals. Notable developments include:

- **Corporate banking:** The Corporate Banking Group recorded a 4-point jump in the NPS during the reporting period for Corporate Banking through multiple customer-focused improvements across all corporate segments; among the new developments was the streamlining and simplification of **converting establishment accounts into corporate accounts.** Corporate customers have also been given the option of digitally **opening current accounts for multi-owners,** and merchants are now able to receive and activate a new POS device within 15 minutes with **automated terminals onboarding.**
- **Credit Cards:** Customers were offered a variety of new features to enrich their purchasing experiences, including the capability to **modify credit card limit through** digital channels, earn rewards from incentivised continuous spending through **credit card streaks,** raise claims for fraudulent transactions or refunds with the **credit card claims feature** on the alrajhi Mobile app, where consumers can also **track credit card applications.** Such customer-centric initiatives improved the credit card product NPS with a 7-point increase in 2024.
- **Digital banking:** alrajhi's Digital Banking NPS improved by 5 points during 2024. Some of the enhanced features include **Swift Code accessibility** from the alrajhi Mobile app, and the improvements made to the **account liquidation** journey, making it more informative and user-friendly.

The personal loan product, home loan product and auto lease product all recorded improved NPS scores for the year in review, with an average increase of 14 points.

The bank introduced innovative new services such as smart assistants, as well as support via social media, making customer interactions more engaging and effective. The bank also organised workshops and awareness campaigns to help customers use and better utilise the bank's digital channels and digital service offerings.

Engaging with customers

A clear social media strategy was in place in 2024, focused on increasing visibility and presence across all available social media platforms. Data-driven tools were utilised to create more targeted and effective social media campaigns. By leveraging analytics platforms during the reporting period, the bank gained insights into customer preferences, engagement patterns, and trending topics, allowing the bank to optimise and customise relevant formats of content for each platform based on platform-specific user behaviours. This strategic focus led to an impressive 30+% increase in followers YoY, reflecting the bank's success in expanding its reach and brand presence.

In 2024, all alrajhi social media channels played a key role in enhancing the customer journey and experience by providing valuable, segment-based content that resonates with its audiences. Through informative posts, financial tips, and interactive content, the bank continues to foster stronger connections with its customers and support them in ways that are purposeful and impactful. This customer-focused approach resulted in an increase of over 13% in average engagement rate across all social media channels, reflecting the effectiveness of the content in driving deeper interactions and stronger engagement with the bank's audience.

Rewarding loyalty

The mokafaa loyalty program, serving more than 16 million members at the close of the reporting period, is the largest loyalty program in Saudi Arabia's banking industry in terms of the total reward value provided to customers. During the year in review, the mokafaa loyalty program continued to evolve with a strong focus on enhancing Customer Value Propositions, expanding engagement by broadening the range of services within the bank's partner network, and extending product offerings to valued members.

The digital experience was significantly upgraded during the reporting period with a wider selection of exclusive mokafaa offers from various 'offer partners' made available via the app. A new, streamlined points summary was introduced for easier tracking, complemented by improved navigation to enhance overall user experience.

Additionally, promotional and partner banners were strategically placed to capture members' attention, alongside a dedicated mokafaa notification tracker. The tracker provides detailed notifications to members of their mokafaa points transactions, keeping them up to date with targeted communications sent to them for offers and relevant program updates.

Notably, mokafaa's external earning portfolio saw substantial growth, allowing members to accrue points through more than 25+ partners (and counting). Key partnerships were established to enhance the frequency and recency of member purchases, adding significant appeal to the program and boosting engagement levels. The year closed with 245 partners across Saudi Arabia, making mokafaa the most expansive loyalty portfolio in the financial services sector in the Kingdom. The partner network now covers over 20 diverse categories, including retail, dining, travel, luxury brands, pharmacies, delivery services, groceries, and furniture, among others. The program also expanded its reach to the POS merchant network, enabling Neoleap merchants to facilitate points redemptions through POS terminals.

Over 50 mokafaa campaigns were executed during the reporting period through various marketing channels, and a dedicated X (formerly Twitter) account was launched for mokafaa, rapidly amassing a following of 50,000+. These efforts collectively contributed to achieving mokafaa's highest Net Promoter Score (NPS) and Customer Satisfaction Score (CSAT) to date.

mokafaa	2024	2023
Net Promoter Score (NPS)	**78**	68
Customer Satisfaction Score (CSAT)	**4.62**	4.43
Customer Effort Score (CES)	**1.42**	1.57

Having the most preferred loyalty program in the Kingdom further solidified the bank's position within the competitive banking landscape, driving customer acquisition and fostering stronger partnerships through its growing brand loyalty.

mokafaa metrics	2024	Increase (%)
Total Members	16.85 million	51
Partner Network	252 Brand Partners	36

Awards and recognition

The customer-centric approach by alrajhi bank and its subsidiaries, and the overall commitment to improve its banking and group offering to further enrich the customer experience was lauded and recognised by the industry and its stakeholders during 2024. Key wins for customer experience and customer loyalty include:

- Best Customer Experience in Financial Services Award – SCXA 2024 (Saudi Customer Experience Awards)
- Excellence in Customer-Centric banking Award – Digibank Summit
- Best Loyalty Program in the middle East & Africa – The Digital banker Magazine
- Best Loyalty Program in banking sector KSA – Gazet International Magazine
- Best Loyalty Program in banking industry in KSA – 5th Annual Future Banks Awards

Future outlook

As the bank continues to implement the 'harmonize the group' strategy in 2025, the Marketing and Customer Experience Group is poised to drive transformative initiatives aligned with the bank's vision of unifying customer experiences across the group's diverse entities. The strategic focus will be on both short- and long-term initiatives to sustain competitive differentiation while adapting to evolving market dynamics.

In the near term, focus will remain on scaling digital transformation by offering more personalised digital customer journeys, and achieving hyper-personalisation by the Marketing Team's data-driven smart marketing strategy.

The bank will also continue to prioritise educational and experiential content. This will not only raise awareness around financial inclusion but also empower customers with knowledge of financial products and services, reaching untapped customer segments across the Kingdom.

Over the next few years, the bank plans to introduce loyalty programs driven by gamification and community engagement platforms, allowing customers to feel more personally connected and invested in their financial journey with alrajhi bank.

As the bank and its investors continue to place growing significance to Environmental, Social, and Governance (ESG) criteria, the bank will align marketing efforts to highlight sustainable banking practices, thereby building a socially responsible brand image.In the long-term, the bank's marketing strategy will evolve to align with emerging industry trends and customer expectations, exploring opportunities to create highly customised, immersive experiences that allow customers to interact with financial products and services in innovative ways. In essence, alrajhi bank's marketing strategy for 2025 and beyond will be driven by a commitment to innovation, personalisation, and a cohesive customer experience across the group. This aligns seamlessly with the bank's broader mission of becoming a market leader in customer-centric financial solutions.

digital transformation

alrajhi bank continued to enrich the customer experience and differentiate its customer value propositions in 2024 through digital and technology-led advancements across the alrajhi group. With the launch of its new **'harmonize the group'** strategy, the bank continued to strengthen its position as **leaders in digital,** by leveraging best-in-class digital capabilities. With **'Digital and Data'** identified as a key pillar of the new strategy, the bank highlighted its strategic significance as a **'centre of excellence'** to power a segmented approach to customers, and enable the **Business-to-Consumer (B2C) and Business-to-Business (B2B)** strategic pillars through digitally optimised journeys that simplify group offerings.

The bank focuses on three key objectives under the **Digital and Data** pillar; to **'Expand Digital Capabilities Group-wide',** to build **'Customer-centric Digital Journeys Group-wide',** and to leverage **'Group-wide Insights and Real-time Marketing'.** The strides made over the past few years in digitally optimising the bank's customer journeys have enabled it to provide customers with the option of choosing products from across multiple businesses within the alrajhi ecosystem. These efforts are backed by alrajhi group's continuously expanding data capabilities, which have enabled the bank to harness data insights from emerging technologies such as GenAI and Machine Learning, thereby hyper-personalising and raising the benchmark in customer experience.

The **Digital and Data** pillar also focuses on the bank's efforts in the Open Banking domain, and its value addition to alrajhi's segmented customer propositions. Open Banking has empowered customers with greater control over their financial data, allowing them to choose solutions better suited to address their needs, and seamlessly connect across multiple apps and solutions. The reporting period saw alrajhi expanding its FinTech portfolio from its payments company neoleap, to add neotek – a data aggregation FinTech, and Drahim – a personalised finance manager (PFM) app, to further strengthen alrajhi's wide-ranging banking solutions.

This far-sighted and comprehensive approach towards digitalisation, and its strategic leveraging of these new digital capabilities and resources across all business verticals have resulted in 95% of all active alrajhi customers utilising digital channels for their banking needs in 2024, a remarkable transition.

Improved agility and efficiencies

Focused efforts during the previous strategy cycle resulted in enhanced digital products and journeys, from card and savings account applications and multiple payment methods, to easily customisable financing journeys for personal, mortgage and motor products. Retail journeys addressed segment-based requirements, with digital products meeting evolving requirements of youth, minors and families, while also focusing on the unique demographic-based requirements to service unique segments such as military personnel, students and retirees. Digital transactions and mobile payments via digital wallets were further encouraged with enhanced security and additional authentication. Insurance products were made easily accessible online by collaborating with alrajhi takaful, where six new digital insurance products were delivered in 2024 to meet market demand.

While strengthening partnerships within the alrajhi group, strategic collaborations with multiple other business partners enhanced the digital customer experience, with several products and services being introduced exclusively online. Key collaborations saw agreements being formalised with a number of leading service companies such as Zain (telecommunication and digital services), Suplift (leading platform for travel and tourism), Almosafer (leading travel brand in Middle East), Al Wallan (leading automobile distributor), as well as a few Government Organisations such as GOSI (General Organisation for Social Insurance), and Ejar (Government-led real estate leasing platform). These partnerships have enabled the bank to engage customers beyond their banking and financial needs, and provide them with holistic lifestyle experiences, building unmatched customer value propositions that helps the bank nurture deeper customer relationships and long-term loyalty.

During 2024, as the bank's investments in FinTechs expanded, it was able to introduce more services and highly beneficial digitalised features. This included the Account Finder feature that enables users to consolidate all their banking accounts (belonging to any local bank) onto the alrajhi app. The advances in Open Banking regulations and the continued pace in digital transformation continues to require the rapid and more urgent adoption of APIs across the bank's digital banking functions. At alrajhi, ensuring secure and efficient API exposure remained a significant priority during the reporting period, with the bank implementing robust security measures and optimising API performance to successfully overcome security concerns.

During the previous strategy cycle, the bank introduced the **'One Minute Approach'** to enable high-speed transactions and services in under a minute to enhance customer experience. alrajhi bank continued this approach under the new strategy cycle in 2024 by leveraging its digital capabilities. A number of digital journeys were enhanced during the year in review including the auto lease application journey, the standing order journey, the Guest Login journey, and the entirety of the personal finance journey, from application and execution to cancellation, greatly reducing turnaround times and improving customer experience. Main-product application journeys were complemented with related add-on products to reduce customer search and decision-making times. Several dashboards were revamped to enable greater customisation and provide actionable insights. The SIRI voice command service was extended to avail the search feature.

The **'Branchless Banking'** initiative also continued in 2024, as the bank continued to deliver new features to enable more branch services via digital channels. New services extended digitally during the year include the first-in-market personal finance buyout feature, the instalment-based Sahlha financing program, the digital cheque feature, and the QR-code based cash deposit functionality. Users were provided the ability to digitally revoke authorisations, cancel Awaeed accounts, request for Mada debit cards, and raise credit card and ATM deposit claims. Digital signatures can now be utilised to securely disable B9 services. Additionally, while the bank provides 24*7 customer support via chat through its app, plans are underway to introduce a Virtual Relationship Manager during the next financial year, to further enrich and personalise the customer experience.

The mobile experience

alrajhi bank remained highly focused on improving convenience, security and accessibility of the alrajhi mobile app during the year in review, addressing the evolving needs of customers. Achieving an average 4.7/5 from over 3.2 million ratings to maintain its top position among all Saudi mobile banking apps is testament to the digital and technological standards set by the alrajhi mobile app. The user-friendly and robust banking application features allow alrajhi customers to meet all their banking needs through one app, with assured fraud controls, security and data privacy measures complementing the evolving technology.

During the year in review, the bank integrated the Over-the-Air (OTA) updates feature for the alrajhi app. This technology, also known as wireless updates, enables alrajhi to deploy code fixes and updates directly to users, and avoid awaiting approval upon app review by the relevant app marketplace. This development streamlines the bank's workflow and allows for quicker resolutions to production incidents of the alrajhi app.

This technology update and other enhancements to the app design, navigation and user interface continued to improve user experience and boost engagement in 2024, contributing to an improved digital banking Net Promoter Score (NPS) has increased by 5 points comparing with last year.

Enhancing and expanding the B2C and B2B offering

In 2024, the bank continued to optimise working processes through agile methodologies, maintaining a strong focus on delivering value to customers by closely collaborating with project and product stakeholders across its business verticals, and ensuring quality benchmarks were met within time and budget constraints. The bank's digital migration project continued, successfully completing the migration of the entire Personal Finance journey and most alrajhi cards, with plans underway to move mortgage and auto finance to NewGen's digital lending system. Retail banking saw over 400 digitalisation initiatives carried out in 2024 alone – comprising new digital journeys, as well as enhancements made to existing products and services.

On the B2C front, over 200 digitalisation initiatives, upgrades and enhancements were carried out during the reporting period. Significant updates were made on the digital issuance and management of cards, with digital native experiences introduced to both business owners and their employees. New B2B accounts being opened digitally were equipped with both a Mada Card and SME Pre-paid Card as part of the bank's ongoing strategy to enrich the B2B cards portfolio.

digital transformation

A new Partnership Portal was introduced to alrajhi Business Partners. Existing corporate clients onboarding alrajhi as Business Partners were allowed to use their e-Business credentials when registering on the Partnership Portal, further simplifying the process. The Partnership Portal connects to multiple other platforms that form a supportive foundation to uplift Saudi's growing SME ecosystem; the Partnership Portal connects with the Qawaem portal (enabling direct deposit of financial statements by SMEs), GOSI electronic services (for social insurance), THIQAH (smart business solutions), and Bayan – the leading integrated trade, credit, and financial data provider in the Kingdom. The integration with these platforms aims to improve SME participation in the Saudi economy by facilitating greater access to an ecosystem of services.

For the micro and small business (MSB) unit, a system upgrade during the year resulted in the launch of MSB 3.0, which introduced an upgraded Need-based Financing suite of products; this includes cash financing available for Point-of-Sales (POS), Business Instalment Financing (BIF) and eCommerce, real estate financing options through Eirad credit facilities, fleet financing solutions, payroll financing solutions, as well as invoice financing solutions that also includes alrajhi takaful insurance financing. To further improve the eBusiness customer experience, the alrajhi Business Application was enhanced to be tablet compatible for an easy and hassle-free experience.

With the progressing digitalisation of alrajhi takaful products, the bank been able to introduce a range of digitised insurance journeys that meet varying needs of its corporate client segments. The alrajhi takaful Health Insurance offering covers employers, employees and their respective dependents.

alrajhi introduced an upscaled SADAD payments module through its eBusiness channels, enhancing efficiencies for corporate customers, while improving its own revenue stream from SADAD payments by availing features such as scheduling, favouriting, and retrieving bills linked to a CR. The addition of this module has been exceptionally well received by corporate clients, resulting in over SAR 2 Mn. in SADAD payments carried out in the month of October 2024, a record high for the Corporate Banking Group.

Retail banking

- 97% new retail customers onboarded online
- 26% of all retail financing initiated through digital channels
- 120% YoY increase in Personal Financing, with around 86% executed through digital channels
- 1,175% increase in Emkan Finance
- 117% increase in Home Finance
- 52% card growth and 72% increase in card issuance
- 500% significant increase in buying Mutual Funds
- 30% growth in Digital Account liabilities
- 71% increase in Million Savings Account
- 22% increase in 'Jamyah' (money circles) collective savings customers

Corporate banking

- 14% growth in eBusiness Accounts opened online
- 17% of new corporate customers onboarded online
- 57% growth in SME Accounts opened online
- 41% increase in Digital Accounts opened during the year
- 26% increase in average monthly login volume
- 13% growth in Digital Account liabilities
- 34% increase in eBusiness from internal transfer of customers
- 60% increase in SADAD transactions, and 26% increase in the value of SADAD payments made via alrajhi
- 27% increase in Payroll facility subscription by corporate clients
- 37% increase in international/cross-border transactions made by corporate customers online

Awards and recognition

The scale, scope and speed of the bank's digital transformation, and the benchmark achieved in digital banking functionality by alrajhi bank has earned recognition and commendation from local and global industry peers, publications and organisations. alrajhi bank received a number of awards during the reporting period:

International Business Magazine

- Best Digital Payments and Remittance bank – Saudi Arabia 2024
- Best Online banking – Saudi Arabia 2024
- Best Mobile banking App – Saudi Arabia 2024

World Business Outlook

- Leading Digital bank – Saudi Arabia 2024
- Most Reliable Digital Payments Service Provider – Saudi Arabia 2024
- Best bank for Remittances – Saudi Arabia 2024

Forbes

- Included in the Forbes World's Best banks 2024 List

The Asian Business Review

- Best Digital bank

The Digital banker

- Best AI/ML-based Solutions Provider to SMEs

Business Transformation and Operational Excellence (BTOPEX)

- Achievement in Customer Experience Excellence
- Achievement in Digital Innovation

The Global Economics

- Best Mobile banking App – Saudi Arabia 2024
- Most Innovative Mobile bank – Saudi Arabia 2024

Verve Management DMCC

- Best CX Digital Transformation/CX Solution
- Best Experience in Mobile banking

Global Business Magazine

- Best Mobile banking App – Saudi Arabia 2024
- Best User Experience and Design – Saudi Arabia 2024
- Most Innovative Retail bank – Saudi Arabia 2024

Meed

- Best Digital bank in the Middle East

Future outlook

A wide range of new digitalisation initiatives are scheduled to be undertaken and implemented during the new strategy cycle. These include a revamp of the card execution process with immediate activation for credit, prepaid and charge cards enabled for customer convenience; enhanced end-to-end digital journeys for existing products; digital journeys for structured products and direct investments offerings for the bank's growing private customer segment; expansion of the bank's digital wallet options including Google Wallet support; security enhancements; enhancements to the Partnership Portal via additional services; a new API Portal for payment service providers (PSPs); a new marketplace platform; further improvements to the SADAD customer journey, among other enhancements have been planned for execution in the immediate-to-mid-term future.

By strengthening its collaboration with partners within and outside the alrajhi ecosystem, the bank will continue to evolve its banking-as-a-Service (BaaS) business model by continuously improving digital banking infrastructure, products and services.

alrajhi bank will continue to leverage digital and data to further personalise and improve customer journeys by creating a unified customer experience across its ecosystem, from customer discovery to onboarding, adoption and retention.

The bank's dedicated investments in Open Banking will aim to expand its offerings from Personal Finance Management (PFM) to Business Financial Management (BFM), to enrich and enhance both retail and business customer experiences.

customer care

alrajhi bank abides by its **Customer Care Department Policy,** of which the primary objective is to manage customer interactions received such as complaints and compliments through channels which are outlined in the Policy. This includes ensuring timely response, efficient execution and proper documentation of the responses aligning with the bank's policies and principles aimed at serving customers. The Policy has been developed in compliance with SAMA guidelines on customer protection, and in accordance with the relevant circulars.

This Policy applies to all individuals working within the Customer Care Department, including both alrajhi bank employees and outsourced staff tasked with responsibilities outlined in the Policy.

The vision

alrajhi bank's Customer Care Department always strives to provide its support and services to understand customer expectations, and provide suggestions and effective solutions to any kind of concerns they may face. When dealing with customers across all business levels, the Customer Care Department promises to treat customers fairly, honestly and with integrity, with extra attention provided to vulnerable groups. All customers are considered important to the bank; hence the Customer Care Department remains committed to building strong, long-lasting relationships with them. alrajhi bank understands that customer satisfaction is the key to its success, and strives to ensure customers are always satisfied.

About the policy

The Customer Care Department aims to deliver the best banking experience. The Department is constantly on the lookout for ways to improve banking services and products to meet customer needs. The Customer Care Department functions under the bank's Board of Directors and reports directly to the highest executive position, the Managing Director & CEO of alrajhi bank. The department adheres to SAMA regulations in the handling of customer complaints, whereby every complaint is assigned a reference number followed by an SMS to the complainant to enable the customer to follow its progress. The complaint resolution handling follows SAMA's specified Service Level Agreement (SLA), with customers updated with the progress as per the bank's customer protection principles. The only expectations made are if the complaints are international.

Any communication or direct contact with the media during crises is strictly prohibited, aside from other internal policies including disclosure and social media policies. Hence, alrajhi bank may provide official statements that are provided by the CEO or their representative in coordination with SAMA. The Customer Care Department complies with the Business Continuity Policy and Crisis Communication plans, ensuring customer rights and transactions are protected. Complaints are bought to SAMA's attention through SAMA CARE, an email address or telephone call.

Channels, customer segments and product services

The Customer Care Department serves several customer segments which provides support for a range of products and services, including:

- Current account products and services
- Loan products and services for all types
- tahweel products and services
- Channel related products and services
- Corporate and MSME current account products and services

Customer complaints are managed for all segments according to the policy, through approved channels such as:

- Bank branches
- Website
- Mobile application
- Call centre
- Social media applications
- Email
- Fax
- SAMA CARE Website

This ensures efficient handling of complaints across all customer types and services provided by the bank.

The Customer Care Department is accredited by the ISO 10002 Standard for Quality Management in Customer Satisfaction, and the ISO 10004 Standard for Monitoring and Measuring Customer Satisfaction. Employees receive annual training within their work environment on how best to manage a customer complaint. The bank understands its responsibility as a leading financial institution in the Kingdom, to raise customer awareness of banking and financial services by developing the knowledge, skills and understanding of customers in terms of basic financial risks, and assisting them in taking effective decisions and guiding them on where and how to source accurate information.

customer fraud prevention

Customer protection

The protection of bank customers means the application of measures directed at risks which those customers may become exposed to when interacting with the bank, by establishing the necessary regulatory provisions, including policies and procedures, which ensure customers obtaining various financial services in an integrated framework of integrity and disclosure in their financial dealings.

At alrajhi bank, the **Customer Protection Policy** is premised on principles and guidelines provided in customer protection instructions as approved by SAMA, which the bank is bound to adhere to when offering products or services to its customers. alrajhi bank is committed to actively protecting its clients by ensuring all operations and staff abide by the guidelines provided in the **Customer Protection Guide.** The bank operates to the highest ethical and professional standards as outlined in the Policy, which requires to be approved by the Board of Directors. Its implementation is based on the action plan which remains in compliance with SAMA Circulars on Consumer Protection Principles, with the oversight of the Compliance Group.

Principles of customer protection at alrajhi bank

alrajhi bank adheres to the following principles to ensure the protection of its customers:

1. Fair and Equitable Treatment: The bank respects its customers honestly, fairly and with integrity throughout all stages of the relationship. Extra attention is provided to vulnerable groups such as low-income individuals, less-educated customers, older adults and those with special needs.
2. Disclosure and Transparency: The bank presents the details of its products and services clearly and ensures it is accessible by including key terms, rights and responsibilities, fees, taxes, risks and termination details. Information about alternative options is also offered.
3. Education and Awareness: alrajhi bank develops programs and initiatives to enhance customer knowledge and reasoning to help them understand risks and identify sources for further information.
4. Professional Behaviour and Ethics: The bank ensures professionalism and customer interests in all its activities. It provides adequate human resources, accessible centres, and documented communication channels across Saudi Arabia.
5. Fraud Protection: alrajhi bank protects customer assets by maintaining proper robust systems to detect and prevent fraud, embezzlement, and misuse, taking necessary actions as per regulations.
6. Data Privacy: alrajhi bank protects customer data in line with applicable laws, including the Personal Data Protection Law, by implementing high-level controls and specifying the purposes for data collection.
7. Complaint Handling: The bank provides clear procedures and processes for customers to report their complaints, ensuring timely, fair, and effective resolutions in compliance with regulations.
8. Promoting Competition: The bank enables customers to compare products and services easily, offers innovative solutions, and maintains high-quality offerings at reasonable costs.
9. Outsourcing Responsibility: The bank ensures that outsourced providers comply with the principles of customer protection, maintaining responsibility for their compliance with laws and regulations.
10. Conflict of Interest: The bank has a written policy to identify and address conflicts of interest. It notifies authorities of potential conflicts when necessary.

Cybersecurity

Cybersecurity is crucial to maintaining the trust of the bank's customers, and guarding sensitive data of both bank and customer, while protecting the bank's reputation, compliance and shareholder confidence. Acknowledging its importance, alrajhi bank prioritises cybersecurity with the Board along with the Executive Management taking accountability for cybersecurity, as they remain strongly committed to supporting the bank's cybersecurity strategy, policies, goals and principles.

Cybersecurity Key Principles

1. Confidentiality: Ensuring information is accessible only to authorised individuals
2. Integrity: Maintaining the accuracy and reliability of data
3. Availability: Ensuring information is accessible when required

alrajhi bank staff must adhere to the **Cybersecurity Policy** and all related cybersecurity frameworks, standards, processes, guidelines, and agreements. The Information Security Department (ISD) oversees the periodic maintenance and compliance review of this Policy to meet legal, regulatory, and contractual obligations.

It is mandatory to adhere to the Cybersecurity Policy and other documents relating to it; any failure to do so is penalised through alrajhi bank's disciplinary measures. All requests for exceptions or waivers should be made in writing to the ISD office, supported by appropriate justification and the expected duration of the request. These requests are reviewed with respect to risk, compliance, and purpose, while approval from the business owner is sought with support from ISD. Requests for waiver of requirements pertaining to the SAMA Cybersecurity Framework must follow the established SAMA waiver procedure. This Policy ensures that alrajhi bank abides by the recommended cybersecurity standards and meets legal requirements.

Cybersecurity Governance Framework and the roles and responsibilities

Role/Department	Responsibilities
Board of Directors (BoD)	• Oversight of cybersecurity governance, policy, and strategy. • Allocates budgets and resources. • Assigns responsibilities to management. • Endorses key cybersecurity policies and charters.
Cyber and Information Security Committee (CISC)	• Supports and monitors cybersecurity programs and risk management. • Reviews governance, strategy, and compliance. • Oversees KRIs, KPIs, and risk appetite adjustments.
Chief Information Security Officer (CISO)	• Develops and enforces cybersecurity policies, strategies, and frameworks. • Manages threat intelligence, risk assessments, and incident investigations. • Conducts training and awareness programs.
Information Security Department (ISD)	• Maintains cybersecurity standards and compliance. • Oversees IT asset management and secure system development. • Manages third-party compliance and project integration.
Senior Management	• Ensures compliance within functions. • Provides resources and support for cybersecurity implementation.
IT Department (ITD)	• Implements cybersecurity controls and ensures regulatory compliance. • Integrates cybersecurity into project lifecycles and manages IT assets.
Information Users	• Comply with cybersecurity policies. • Report incidents and violations to ISD.
Information Asset Owners	• Ensure proper usage and protection of information assets. • Grant access based on business needs.

Role/Department	Responsibilities
Legal Department	Provides legal advice for cybersecurity compliance.
Procurement Department	Ensures contracts and outsourcing adhere to cybersecurity requirements.
Compliance Group	Communicates regulatory requirements. Supports compliance with cybersecurity laws and standards.
Internal Audit Group	Conducts cybersecurity audits to assess adherence to policies.
Change Management Department	Integrates cybersecurity into project methodologies.
Digital Department	Protects electronic banking services and ensures regulatory adherence.
Human Resources Group	Embeds cybersecurity in staff agreements and HR processes.
Safety and Security Department	Aligns physical security with cybersecurity controls.
Data Governance Department	Classifies data and ensures breach notifications align with standards.
Marketing Department	Secures social media presence and conducts cybersecurity risk assessments. Provides training for social media managers.
Outsource Monitoring Unit	Ensures cybersecurity requirements are integrated into outsourcing policies and processes.

Employee training and compliance with cybersecurity

As part of alrajhi bank's commitment to fostering a culture of security and compliance, all employees are required to read and acknowledge the Code of Conduct. To reinforce this understanding, employees are also automatically enrolled in mandatory online training courses. These courses cover critical topics such as **Cybersecurity Awareness, Counter-Fraud Awareness,** and **Data Protection,** ensuring that all employees are equipped with the knowledge and skills necessary to uphold the bank's standards and protect its customers as well as its operations.

Increasing stakeholder awareness on cybersecurity

alrajhi bank participated in a number of cybersecurity awareness campaigns during the reporting period, to further strengthen its brand salience as a trusted financial institution in the Kingdom. Cybersecurity-related awareness campaigns carried out during 2024 include:

- Phishing awareness campaign during Eid al-Adha
- Dissemination of Newsletter with information on phishing scams during National Day
- Awareness campaign for Data Rights Management (DRM) solution and protection
- Onsite Interactive Event: Cybersecurity Awareness Event for internal stakeholders held at alrajhi's premises
- Onsite Interactive Event: Cybersecurity and Fraud Awareness Event for external stakeholders (customers)

fair advertising

The Marketing and Communications Department at alrajhi bank abides by its **Marketing and Communications Department Policy,** which aims to create consistency and transparency in the Department's functions while ensuring compliance with legal, regulatory and SAMA requirements to avoid contradicting alrajhi bank's Shariah Policies.

The vision of the Policy is to ensure that the bank achieves good quality benchmarks in its promotional services and marketing communications to the customers and the public by utilising marketing management tools and methodologies that drive profitable returns on marketing investments.

The mission of the Policy is to develop and implement marketing strategies that enhance brand awareness, foster a positive perception of the alrajhi bank brand, and target the right audience with the right products and services.

The Policy comprises financial and service objectives:

Category	Responsibilities
Financial objectives	1. Provide marketing support to business units to help meet financial targets. 2. Align marketing communications with the overall business strategy. 3. Measure and monitor returns on marketing investments.
Service objectives	Support business requirements through: 1. Marketing Research: Gathering insights for decision-making. 2. Marketing Analytics: Evaluating performance metrics. 3. Competitive Intelligence: Staying competitive in the market. 4. Marketing Communication: Implementing effective outreach strategies. 5. Digital Marketing: Leveraging online platforms for engagement. 6. Idea Generation and Innovation: Introducing fresh and innovative approaches. 7. Corporate Communication: Strengthening stakeholder engagement. 8. Brand Management: Building and maintaining a strong brand identity. 9. Internal Communication: Streamlining communication within the organisation. 10. Ensure timely updates and accurate reporting to relevant departments. 11. Comply with internal policies and procedures related to purchasing, finance, customer service, and banking products.

Marketing research and analytics

alrajhi bank emphasizes the importance of marketing research and analytics in customer acquisition, development and management. The bank utilises customer research, competitive benchmarking, marketing statistics and customer trends to initiate its annual marketing plans. These tools allow the bank to align its marketing strategies with customer requirements.

Marketing plans and campaigns

Marketing strategies at alrajhi bank are formulated to fit the strategic business plan while reflecting the bank's brand equity. Any marketing communication that is to be used must align with the SAMA guidelines, alrajhi bank's Shariah policy and the Consumer Protection Code. Every campaign should involve the customer on matters of importance like information security and computer crimes. Prior to execution, marketing campaigns must be presented to the compliance group for approval, to ensure adherence to regulatory and institutional requirements.

Regulatory compliance

alrajhi bank fully complies with SAMA rules and regulations for marketing materials. Advertisements are prohibited from the use of Saudi or foreign currency images, religious destinations, or any misleading information. All fees, commissions, and annual percentage rates (APR) must be disclosed clearly, and marketing materials must avoid terms like “free” unless the product or service is entirely free. The advertising of credit products to consumers below the age of 18 is restricted and all the contents of any advert must be free from misleading information.

Content requirements

Any marketing messages which are conveyed through SMS or by email should not contain any links. Advertisements must specify the validity of promotional offers, and any conditions associated with them. Any promotional material must avoid exaggerated claims or misleading content and provide explicit explanations of key terms, including APR and applicable fees. alrajhi marketing department guarantees that all the information published is appropriate and does not contain misleading or overstated information.

Customer communication

alrajhi bank ensures that all marketing communications are consistent with the nature and the needs of the customer. This means that customers have to opt in to receive marketing messages via SMS or email and that marketing messages have to contain information on how PINs, ATM cards and credit card details should be protected. Directions for communicating theft, loss or fraud must also be provided for customer protection and awareness.

Education and awareness

alrajhi bank has the vision of enhancing the level of financial literacy amongst its customers. The bank develops programs and mechanisms to educate existing and potential customers about financial risks, enabling them to make informed decisions. Such attempts include directing the customers to other places for more information in case they need it in a bid to enhance the confidence of the customers in the bank’s services.

Channels for marketing

The bank utilises a variety of channels to market its products and services, including branches, websites, ATMs, account statements, and public media. Marketing communications are well coordinated to meet the SAMA guidelines of consumer credit, credit cards and other products and services to provide customers with relevant and truthful information.

Anti-fraud compliance

alrajhi bank complies fully with SAMA’s Counter Fraud Framework, ensuring that all marketing activities adhere to strict anti-fraud guidelines. Any suspicious activities are promptly reported to designated channels, including a dedicated hotline and email address. This proactive approach reinforces the bank’s commitment to safeguarding customer trust and maintaining the integrity of its marketing practices.

This approach of structure and coverage will enable ARB to maintain compliance with regulatory requirements in the marketing campaigns it undertakes, while delivering effective, transparent, and customer-centric communication.

Digital marketing

Through enhanced profiling, predictive analytics, and targeted digital marketing campaigns in 2024, the bank has achieved significant improvements in click-through-rate (CTR) and precision marketing. By tailoring the bank’s approach to align more closely with customer preferences and behaviours, there has been a notable 80% YoY increase in customer interactions and engagement quality, far above industry average. These strategies have allowed the bank to reach the right audience with greater accuracy, resulting in stronger relationships with customers and improved effectiveness of overall marketing efforts.

The success of these campaigns underscores the importance of data-driven insights, personalised outreach in delivering value to target audiences and reinforcing brand loyalty. This year’s results reflect the bank's commitment to continually refining its approach, to better meet the needs of its diverse customer base.

Recognising the rising influence of gaming culture among the youth segment, the bank has doubled down on its gaming-related products, aiming to build brand affinity within this segment and drive new card issuance through targeted digital marketing and strategic partnerships. The gamers card campaign exceeded the expectations, driving a remarkable 1,295% YoY increase in card issuances.

Furthermore, the corporate banking offerings campaign which was designed to increase sales and attract new small and medium-sized business (MSB) customers. In a market where MSBs are constantly seeking efficient, reliable financial solutions, the campaign aimed to position the bank's services as top choice for the segment by focusing on their unique needs and offering tailored solutions. The campaign successfully drove a 133% increase in total sales YoY.

Corporate communication

The bank strives to maintain and improve relationships with various stakeholders, including the public, customers, target markets, suppliers, partners, governmental authorities, regulators, and the media. Whenever corporate communication services are tendered out, the Head of Marketing and Corporate Communication is responsible for guaranteeing that the projects of the external firm are in line with alrajhi bank's objectives.
Also, all corporate communications are made in accordance with the relevant SAMA regulations.

promoting financial inclusion

alrajhi bank has continued its efforts to promote financial inclusion by enhancing access to financial services for underserved segments. This includes adding branch locations to the alrajhi application that offer services for individuals with special needs, supported by sign language interpreters. This initiative, launched during the reporting year, is ongoing and remains in progress at the end of the reporting period.

Financial and Non-Financial Offerings by alrajhi bank

Financial Products

1 Current Accounts

Secure and flexible banking for day-to-day transactions.

2 Savings Accounts

Options for saving with competitive benefits.

3 Personal Financing

Shariah-compliant personal financing solutions for various needs.

4 Auto Financing

Car financing options tailored to customer preferences.

5 Home Financing

Affordable home financing solutions to support property ownership.

6 Credit Cards

A variety of credit card options, offering features like rewards and cashback.

7 Remittance

Well accessible remittance network with more than 230 centers along with advanced mobile application, Powered by partnerships of over 120 correspondent banks in around 50 countries

8 Kafalah Program

Is a program and initiative backed by the government designed to support small and medium sized enterprises (SMEs) that lack sufficient guarantee to secure funding. This enables banks to come up with funding based on economic feasibility studies. The program focuses on the affordability of financing and includes support for female entrepreneurs and young business owners. Additionally, alrajhi bank launched the first SME and Corporate banking mobile app in 2020 to further enhance accessibility for SMEs.

9 MSME Support

The main goal of alrajhi banks' product development is the support of micro, small and medium enterprises (MSMEs), while facilitating products' that align with SAMA requirements. The bank offers financial and digital solutions and, among them, special financing options that aim to support business development. In light of COVID-19 pandemic, the bank supported and strengthened the SME segment by eliminating fee charges, thereby empowering these businesses during times of crisis. MSMEs remain an important focus area for the bank and their financing portfolio expanded considerably in the year.

10 Takaful Insurance

alrajhi bank offers a comprehensive collection of Shariah-compliant insurance products, known as Takaful insurance, designed to cater to the diverse needs of its customers. Some of these offerings include:

a. Protection and Savings Programs: Tailored plans that combine savings with protection, assisting customers in achieving their financial goals while ensuring their family's financial security.

b. Motor Insurance: Coverage options for vehicles, including third-party liability and comprehensive plans, providing financial protection against accidents, theft, and other unforeseen events.

c. Home Insurance: Policies that safeguard homes and their contents from unexpected risks such as fire, theft, and natural disasters, ensuring peace of mind for homeowners.

d. Medical Malpractice Insurance: Designed for healthcare professionals, this insurance offers protection against claims of malpractice, ensuring that practitioners can operate with confidence.

e. Travel Insurance: Provides coverage for various travel-related risks, including trip cancellations, medical emergencies, and lost luggage, ensuring a worry-free travel experience.

f. Medical Insurance for Businesses: Offers comprehensive health coverage for employees, ensuring compliance with regulations and promoting workforce well-being.

Non-financial services

1 Digital banking platforms

Online banking and mobile application for easy account management and transactions.

2 Financial literacy resources

Educational materials and tools to help customers make informed financial decisions.

3 Accessibility enhancements

Services catering to underserved segments, including digital accessibility solutions.

4 Corporate Social Responsibility (CSR) Initiatives

Programs that support community development and economic empowerment.

promoting financial inclusion

Lines of Business	Products offered	# of relationships in 2023	Total loan as of 2023 (SAR Mn.)	# of relationships in 2024	Total loan as of 2024 (SAR Mn.)
Women owned business	Financing (POS, Fleet, BIF, Ecommerce, Eirad)	8	14	27	97.3
Micro & Small Businesses (MSB)	Financing (POS, Fleet, BIF, Ecommerce, Eirad)	22,336	18,561	31,011	28,238
Medium businesses (SME)	Financing (POS, Fleet, BIF, Ecommerce, Eirad, Kafalah Program, General Lending)	592	13,120	744	13,080

The table illustrates the financial services provided by alrajhi bank to various business segments, including women-owned businesses, micro and small businesses (MSBs), and medium businesses (SMEs). It outlines the range of financing products offered, such as POS (Point of Sale), Fleet, BIF (Business Instalment Finance), Ecommerce, Eirad, the Kafalah Program, and general lending.

In 2023, there were 8 relationships established with women-owned businesses, resulting in total loans amounting to SAR 14 Mn. By 2024, these relationships increased to 27, with loans growing to SAR 97.3 Mn. For MSBs, the number of relationships rose significantly from 22,336 in 2023, with loans totalling SAR 18,561 Mn., to 31,011 relationships in 2024, with a loan total of SAR 28,238 Mn. Similarly, SMEs experienced growth, with relationships increasing from 592 in 2023 (loans totalling SAR 13,120 Mn.) to 744 in 2024, with a total loan value of SAR 13,080 Mn.

This data highlights the bank's commitment to expanding financial inclusion and supporting the growth of diverse business segments through tailored financing solutions.

Providing non-financial support to undeserved groups:

Sign language training program

alrajhi bank has launched a comprehensive sign language training program aimed at enhancing accessibility for customers with disabilities. Over 35 employees across 9 cities have received specialised training, enabling them to effectively communicate with deaf and hard-of-hearing customers. Branches that have trained staff are now conveniently listed on the bank's website and mobile app, allowing customers to easily locate branches offering these services. This initiative reflects alrajhi bank's commitment to inclusivity and is part of the broader effort to support Saudi Vision 2030, which emphasizes improving services for all segments of society. By fostering a more inclusive banking environment, the bank continues to enhance its customer service experience while promoting accessibility.

EMKAN expands digital financing portfolio with new offerings for SMEs

EMKAN Finance, a leading FinTech company and microcredit arm of alrajhi bank, expanded its portfolio by introducing its new digital financing product tailored for micro, small, and medium enterprises (SMEs). This initiative aims to provide innovative, secure, and user-friendly financial solutions that cater to the diverse needs of various societal segments. Recognising the pivotal role micro and small businesses, as well as entrepreneurs play in economic sustainability, diversification, and innovation, EMKAN remains committed to offering adaptable financing options to support their growth. More on Emkan's contribution to Saudi's microfinancing market can be found under Emkan Finance on page 82 in the Report's Business in Perspective chapter.

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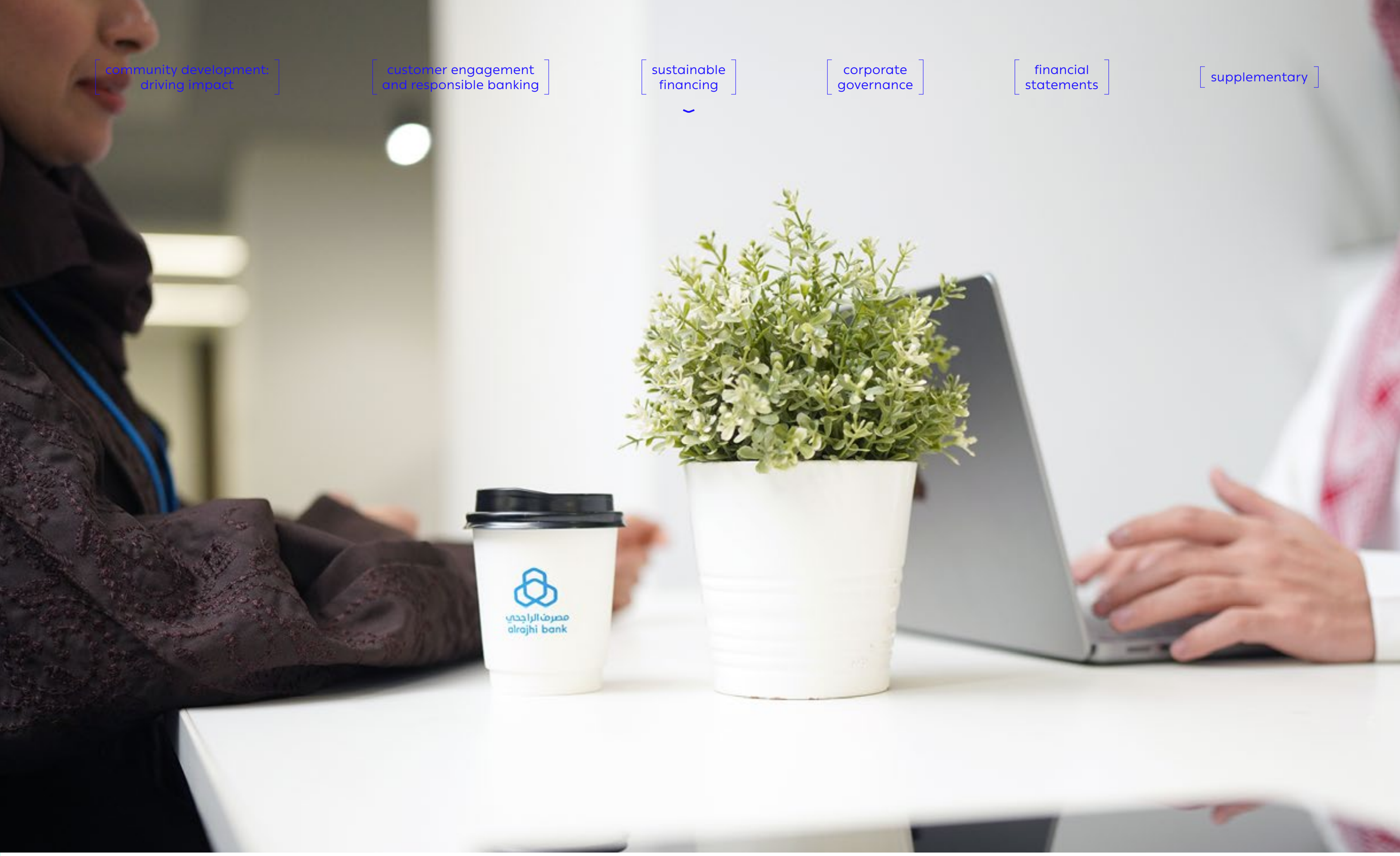
sustainable financing



Islamic banking continues to remain compatible with evolving ESG considerations and the broader objectives of sustainable finance, and consequently, with over five decades of strong Shariah-compliant operations, environmental, social and governance priorities have become an integral part of alrajhi bank's very foundations.

The bank has remained committed to providing Shariah-compliant, future-ready banking services, and this Shariah-based ESG orientation continues to protect the bank from investments that are at 'high risk' of failing to meet ESG criteria. By principle, alrajhi bank does not participate in any investments that fail to meet Shariah guidelines, including investments in alcohol, gambling and tobacco products.

Material topics

Green Banking and Lending

UN SDGs

13 CLIMATE ACTION

Key highlights

USD 7.746 billion
Total allocation sustainable financing

7 eligible green categories financed through sustainable finance instruments

388,937 tCO_2e total attributable annual avoided emissions through sustainably financed projects

10 Total Eligible Projects

sustainable financing at alrajhi bank: a timeline

alrajhi bank's approach to sustainable finance is based in Shariah-led Islamic principles, with social responsibility at its core. Furthermore, in line with its ESG strategy, the Saudi Vision 2030 and the King Salman Renewable Energy Initiative, the bank has played a key role in financing solar projects under the Kingdom's Renewable Energy Project Development Office (REPDO). By financing these projects, the bank contributes towards providing economic stability, diversification of energy sources and fulfils the Kingdom's commitments to lower its carbon footprint.

1st transaction completed under the Sustainable Finance Framework

alrajhi bank successfully conducted a **USD 1.165 Bn. 3-year** dual tranche Sustainable Commodity Murabaha facility

2022

2023

2024

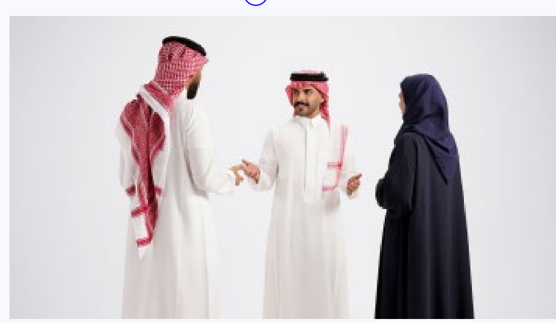
Successfully closed 1st USD Sustainable Sukuk issuance in international debt markets

alrajhi bank issued a USD 1 Bn. 5-year USD-denominated Sustainable Sukuk

The orderbook for the Sukuk peaked over **USD 3.75 Bn.**

Successfully concluded 2nd successive shariah-compliant syndication

alrajhi bank closed a **USD 1.43 Bn.** Senior Secured Syndicated loan facility



1st issuance of USD-denominated AT1 Sukuk

alrajhi bank succeeded in offering the first sustainable additional capital (AT1) USD-denominated sukuk of **USD 1 Bn.** and a profit rate of **6.375%** annually.

2nd issuance of Sustainable Sukuk in the USD

USD 1 Bn. 5-year

3rd successive shariah-compliant syndication

alrajhi bank conducted a **USD 1.92 Bn.** sustainable Senior Secured Syndicated loan facility

sustainable finance framework

In 2022, alrajhi bank developed and introduced its Sustainable Finance Framework that acts as the basis of issuing sustainable sukuks, syndicated loans and other debt capital market instruments; collectively termed as sustainable financing instruments. Through its sustainable finance framework, the bank will finance eligible sustainable projects which conform to the sustainable finance principles listed below:

- The International Capital Market Association's (ICMA) Sustainable Bond Principles (GBPs) 2021, Social Bond Principles (SBPs) 2021, and Sustainable Bond Guidelines (SBGs) 2021; and/or
- The Loan Market Association's (LMA) Sustainable Loan Principles (GLPs) 2021 and Social Loan Principles (SLPs) 2021.

alrajhi bank's Sustainable Finance Framework is centred around four components, to ensure its alignment with the Principles:

1 Use of proceeds

alrajhi bank is committed to allocating funds at least equivalent to the net proceeds from its Sustainable Financing Instruments to support sustainable projects that meet specific eligibility criteria outlined in the Framework. For projects that are being refinanced, a maximum three-year look-back period will be in place, and the bank expects to fully allocate each issuance within two years of its issuance date.

2 Project evaluation and selection process

The methodology for evaluating and selecting projects will guarantee that the funds from any Sustainable Financing Instrument are utilised for financing or refinancing eligible sustainable projects.

3 Management of proceeds

The funds raised from alrajhi bank's Sustainable Financing Instruments will be placed in the bank's general funding accounts and earmarked for eligible projects, tracked via the bank's Sustainable Finance Register. Any funds that are not immediately allocated will be invested according to the bank's standard liquidity policy in cash or cash equivalents.

4 Reporting

Each year, alrajhi bank will provide both an allocation report and an impact report concerning its eligible projects. These reports will be updated annually until all net proceeds from any Sustainable Financing Instrument are fully allocated or until the instrument is no longer active.

Furthermore, to align with industry best practices, the bank intends to hire an external reviewer to assess annually how well the allocation of funds corresponds to the Framework's established criteria. To this extent, the bank achieved third party verification of its Sustainable Finance Framework from S&P Global in 2023. To measure the social and environmental impact of its projects, the bank also sought the Carbon Trust's assistance in conducting an impact assessment on the eligible sustainable finance projects under its Sustainable Finance Framework. The details of the impact assessment are available here and the independent verification report is available here.

Eligible sustainable project categories

Through its Sustainable Finance Framework, alrajhi bank's objective is to advance environmental and social prosperity through its investments. The bank considers the following categories under its Sustainable Finance Framework:

- **Eligible Green Categories:**

1. Renewable Energy
2. Energy Efficiency
3. Sustainable Water Management
4. Pollution Prevention and Control
5. Environmentally Sustainable Management of Living Natural Resources and Land Use
6. Clean Transportation
7. Sustainable Buildings

- **Eligible Social Categories:**

1. Employment Generation and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socio-economic Crises
2. Affordable Housing
3. Access to Essential Services

Exclusion List: The proceeds of any Sustainable Financing Instruments will not be allocated to projects where the majority of revenues are derived from fossil fuels, nuclear power generation, conflict minerals, weapons, gambling, vaping, tobacco, alcohol, mining, and/or oil and gas.

Responsible financing

alrajhi bank's Sustainable Finance Working Group (SFWG) is responsible for governing and implementing the initiatives set out in the Sustainable Finance Framework. The SFWG comprises of several members of the Bank's senior leadership; It is chaired by the Chief Financial Officer (CFO), and comprises the Chief Risk Officer (CRO), the General Managers of both B2B and B2C business verticals, and the Group Treasurer. The Group's responsibilities entail the following:

- Meet at least twice each year, with meetings distributed evenly throughout the year
- Ensure that the approval of Eligible Sustainable Projects will follow the bank's existing loan approval processes
- Ratify eligible Sustainable Projects that have been proposed by the constituent group members
- Ensure that all Eligible Sustainable projects have been assessed from an environmental and social risk management perspective, in line with alrajhi bank's existing risk management framework
- Undertake regular monitoring of all projects to ensure the eligibility of Sustainable Projects with the criteria set out below, whilst replacing any ineligible Sustainable Projects with new eligible Sustainable Projects
- Facilitate regular reporting on any Sustainable issuance in alignment with the bank's Reporting commitments
- Review and update the Framework regularly

The Sustainable Finance Working Group (SFWG) met twice during the reporting period. Topics discussed during the meetings included the success and impact of ongoing projects, potential future projects, as well as the progress of Asset Allocation Report 2025 and the green and social assets of the bank.

alrajhi bank pledges to allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments under the Sustainable Finance Framework to finance and/or re-finance, in whole or in part, sustainable projects that meet the eligibility criteria mentioned below:

Green projects category	Eligibility criteria	Impact reporting metrics
Renewable Energy	Projects related to the production, transmission and storage of energy from the following renewable sources: • Solar (PV and Concentrated Solar Power with a minimum 85% of power generation derived from solar sources) • Wind energy • Green hydrogen and green ammonia (from electrolysis powered by 100% renewable energy including wind and solar) • Biofuels produced from waste sources, such as used cooking oil • Biomass from sustainable feedstock only	• Capacity of renewable energy plant(s) constructed or rehabilitated in MW • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) • Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent (where possible)

sustainable finance framework

Green projects category	Eligibility criteria	Impact reporting metrics
Energy efficiency	Projects that reduce energy consumption by at least 20% compared to the average of national energy consumption of an equivalent project or technology, such as: • District cooling systems • Upgrade in grid infrastructure to improve electricity transmission efficiency and reduce transmission losses • Investment in smart energy grids, energy meters, management systems and battery storage facilities • Upgrading older generation (3G/4G) telecommunications infrastructure and networks to 5G For the avoidance of doubt, improvement activities that result in the lock in of fossil fuel technologies will be excluded	• Annual energy savings in MWh (electricity) and GJ/TJ (other energy savings)
Sustainable Water management	Projects related to construction, upgrades, renovations or improvements for transportation and treatment of wastewater, including: • Water and wastewater treatment plants (WWTP) including reuse of WWTP effluents • Sewer systems and pumping stations Projects that increase water-use efficiency, such as water recycling and reuse projects, water saving systems, technologies and water metering • Water desalination projects running on reverse osmosis technology with a carbon intensity of less than 100gCO_2e/kWh over the residual asset life. (The asset may be partially powered by renewables)	• Annual reduction in water use in % • Annual amount of wastewater treated, reused or avoided before and after the project in m^3/a
Pollution Prevention and Control	Projects related to construction, upgrades and renovation of facilities for collection, sorting, processing and conversion and treatment of waste, including: • Waste collection and storage • Waste sorting, separation and material recovery • Recycling and reuse • Biological treatment facilities (including anaerobic digestion and composting facilities) • Waste to energy plants, where recyclables are sorted and there is bottom ash recovery	• Waste reduced/avoided (tonnes) • Annual GHG emissions reduced/avoided (tonnes of CO_2 equivalent)

sustainable finance framework

Green projects category	Eligibility criteria	Impact reporting metrics
Environmentally Sustainable Management of Living Natural Resources and Land Use	Projects related to sustainable forestry practices certified in accordance with the Forestry Stewardship Council (FSC) or Programme for the Endorsement of Forest Certified (PEFC)	• Amount or % of water consumption reduced • Increase in production efficiency • Maintenance/ safeguarding/increase of natural landscape area (including forest) in km^2 and in % for increase • Increase of area under certified land management in km^2 or m^2 and in % (in buffer zones of protected areas) • Annual GHG emissions reduced in tCO_2e p.a.
Clean Transportation	Projects related to low carbon vehicles and associated infrastructure for public, passenger and freight transportation meeting the following criteria: • passenger cars and public rail transportation (under $75gCO_2/km$ up to 2020, and $50gCO_2/km$ thereafter up till 2030); • freight transportation (under $25gCO_2/t$-km up till 2030, $21gCO_2/tkm$ from 2030 up to 2050) Projects supporting the deployment of electric vehicles including charging infrastructure	• Number and type of clean transportation infrastructure financed • Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent
Sustainable Buildings	Projects related to acquisition, development, construction and refurbishment of buildings that belongs to the top 15% in terms of energy efficiency of their local market or have received, or expect to receive based on its design, construction and operational plans, certification according to third-party verified green building standards, including: • LEED "Gold" or above • Mostadam "Gold" or above • BREEAM "Excellent" or above • Global Sustainability Assessment System (GSAS) "4 star" or above Projects related to acquisition, development, construction and refurbishment of data centres with a PUE of under 1.5	• Type of scheme, certification level • Energy efficiency gains in MWh or % versus baseline/ building code

sustainable finance framework

Social Projects Category	Eligibility Criteria	Impact Reporting Metrics
Employment Generation, and Programs Designed to Prevent and/ or Alleviate Unemployment Stemming from Socio-economic Crises	Financing and/or refinancing of loans to Micro, Small and Medium Enterprises (MSME) and microfinance clients, as well as the provision of support measures to these clients such as offering extension of payment periods and exemption of facility fees during natural disasters and pandemics Target Populations • MSMEs • Women-owned and women-focused businesses • MSMEs whose economic activities have been affected by pandemics and natural disasters	• Number and amount of loans to SMEs • Number and amount of loans to women-owned SMEs • Number and amount of loans to microfinance entities • Number and amount of microfinance loans
Affordable Housing GRI 203-1	Financing and/or refinancing of government-supported or government subsidised mortgages in partnership with mortgage financing programmes for the provision of affordable housing as well as projects related to the development and construction of homes covered under such programmes Target Population: Populations eligible for government-supported affordable housing mortgage financing schemes	• Number of housing units constructed • Number of individuals and families benefiting from subsidised housing
Access to Essential Services GRI 203-1	Projects related to the construction or expansion of public hospitals and schools for the provision of not-for-profit, free or subsidised healthcare and education, including government-owned public-private partnerships (PPP) for the: • Provision/distribution of healthcare equipment and public services • Infrastructure for the provision of emergency medical response and disease control services • Provision of child, youth or adult education and vocational training services Target Population: General population, including populations that lack quality access to essential goods and services	• Number of people benefited (e.g. patients benefited or students supported) • Number of public hospitals, clinics and health care centres financed • Numbers of places and beds • Number of schools and universities financed

sustainable finance framework

The Bank will take measures to disclose to investors the expected share of financing versus refinancing for any Sustainable Financing instrument.

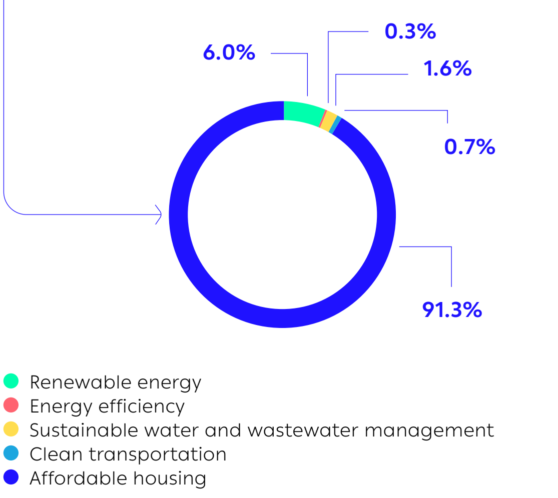
The Sustainable Finance Register, which is used to allocate funds towards Eligible Sustainable Projects, will contain information relating to:

a. Sustainable Financing Instrument details: pricing date, maturity date, principal amount of proceeds, coupon, ISIN number etc.
b. Eligible Sustainable Projects, including the project category, project description, project location, total loan amount and the Banks's loan amount, amount disbursed, settled currency etc.
c. Amount of unallocated proceeds

Our current portfolio

alrajhi bank's current allocation of proceeds prioritizes the social aspect, dedicating 91.3% of funds to the affordable housing project, while 8.7% is allocated for environmental initiatives such as renewable energy, energy efficiency, sustainable water management and clean transportation.

% of Allocated eligible portfolio



Financing environment and social impact

In 2024, alrajhi bank partnered with Carbon Trust to conduct an impact assessment of the Eligible Sustainability Projects it finances and/or co-finances through. This includes identifying projects that have resulted in the reduction or avoidance of greenhouse gas emissions estimated to have occurred, energy generation figures and number of beneficiaries of mortgage subsidies. The assessment is based for the net benefit resulting from the asset in a given period of operation and reporting period was between 01 January 2024 to 31 December 2024, the following highlights were observed:

USD 7.75 Bn.
total sustainable assets, with 100% outstanding sustainable financing instrument proceeds allocated

388,937 tCO_2e
operational attributable avoided emissions

1.5 tCO_2e
under construction estimated attributable avoided emissions

10
assessed projects

sustainable finance framework

Out of the 10 assessed projects, 9 are already operational, and just one project is currently under construction

3 Solar PV Projects
The total renewable energy capacity of these projects is 2,140 MW, with an attributable annual production of 629,697 MWh.

Attributable annual avoided emissions (tCO_2e):

372,595

1 Battery Energy Storage Project

This project is partly operational and partly under construction, with an attributable electrical storage capacity of

1,200 MWh.

2 Sewage Treatment Plants
Attributed Annual Wastewater Collected (m^3): 17,815,302

Attributable Annual Wastewater Treated (m^3):

17,058,429

1 District Cooling Project

The project has 1 operational plant and 1 under construction plant, with total attributable energy savings of

4.79 MWh.

1 Electric Vehicle Project
alrajhi bank has allocated USD 53 Mn. to promote clean transportation in Saudi Arabia.

*Note: Impact for this project is yet to be assessed as it is still in the early stages of development, and hence was not included in the scope of Carbon Trust's impact assessment.

1 Biodiesel Powered Plant
The total attributable annual production from the plant is 1,276MWh.

Attributable annual avoided emissions (tCO_2e):

58

1 Desalination Plant Project
Attributed Annual Water Collected (m^3): 3,788,902

Attributable Annual Water Treated (m^3):

1,553,450

Attributed annual avoided emissions (tCO_2e):

11,899

Attributable annual energy savings (MWh):

19,127

1 Affordable Housing Project
alrajhi bank works with the Real Estate Development Fund and the Ministry of Housing to finance or re-finance government supported or subsidised mortgages, as well as development and construction of homes, under housing support programs.

Housing units constructed

35,659

Individuals benefitting from affordable housing

89,147

Empowering the micro, small and medium enterprises with access to credit

With the KSA government setting am ambitious Vision 2030 target to increase SME contribution to the Kingdom's GDP from 20% to 35% by 2030, working capital needs of the growing sector needed to be prudently addressed.

alrajhi bank's Corporate Banking Group (CBG) takes a segmented and tailored approach to finance and support the growth of the micro, small and medium enterprise (MSME) sector of the Kingdom, which plays a key role in the diversification of the Saudi economy. MSMEs are supported with a growing portfolio of lending products to meet their varying financing requirements by leveraging collective group capabilities.

A digital first approach is applied when introducing products and services to the SME segment, with the availability of an online portal, mobile app and end-to-end digitalised journeys made available. Empowering SMEs with remote banking facilities that not only provide easy access to credit, but also greater convenience and affordability, anywhere anytime access to payments, payroll and accounting among other facilities, greater security, better cashflow management, data-driven insights to grow the business, and overall operational efficiencies.

More details on how the bank supports MSMEs can be found in the MSME Business section in page 63 of the Report, while more details on the Bank's microcredit subsidiary Emkan can be found on page 82.

sustainable products and digitisation

alrajhi bank's farsighted, rapid and comprehensive digital transformation across its core banking verticals, shared services and subsidiaries over the past few years have resulted in the bank significantly lowering carbon emissions associated with traditional banking operations.

The bank modernised its IT infrastructure and transitioned from legacy to digital core systems and technologies, reducing energy consumption and increasing operational efficiencies. This shift is being complemented by the bank's cloud adoption journey. More details on alrajhi bank's IT infrastructure and its upgrades for the reporting period can be found in the IT section of this Report on page 112.

Consistent with this modernised and optimised IT infrastructure, the bank continues to introduce, upgrade and enhance digital banking journeys and solutions, promoting remote banking, as well as other digital payments, accounting, payroll, insurance and related financial services, leading to paperless transactions and reduced operational energy consumption. More details on the bank's digitisation journey can be found in the Digital Transformation section on page 186 of this Report.

To complement its digitisation efforts and reduce reliance on physical branches, alrajhi bank also continued to rationalise its branch network, merging and relocating low performing branches while minimising the energy consumption associated with maintaining physical branch infrastructure, while also increasing the range of products and group subsidiary businesses that customers can access via alrajhi bank branches.

corporate governance

alrajhi bank prioritises transparency, accountability, and ethical conduct. The bank's governance framework includes strong board oversight, robust risk management, and strict regulatory compliance.
By maintaining rigorous internal controls and engaging with stakeholders through various communication channels such as the Integrated Annual Report and other interim publications, the bank's website, surveys and regular meetings, alrajhi bank ensures sustainable growth powered by transparency, accountability and good governance.

Material Topics

Governance, Ethics and Accountability

UN Sustainability Development Goals (UN SDGs)

36% ▲
Board Independence

92.6% ▲
Employees provided affirmation towards the Code of Conduct

0 ▲
Cybersecurity breaches during the reporting period

ISO 27001 certified

Information Security Management System

board of directors

GRI 2-11

Abdullah bin Sulaiman Al Rajhi

Committee Memberships

- Executive Committee

Current Positions

Chairman of the Board of many companies in KSA including:

- Al Rajhi Banking and Investment Corporation (Al Rajhi Bank)
- Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)
- Al Rajhi Capital
- Al Rajhi Holding Group
- Alfarbi Petrochemicals Company
- Interior & Exterior Floor Textiles Solutions Holding Co.
- Al Ajyal Holding Company

Previous Positions

Held many positions in Al Rajhi Bank from 1979 to 31 March 2012 including:

- Managing Director and Chief Executive Officer
- Chief Executive Officer
- General Manager
- First Deputy General Manager
- Deputy General Manager of Financial Affairs
- Deputy General Manager of Investment and Foreign Relations

Qualifications

- Bachelor of Business Administration – King Abdulaziz University, KSA

Experience

- Contributed to the conversion of Al Rajhi Exchange and Trade Company into a public joint stock company and held many strategic leadership positions at Al Rajhi Bank for over 35 years.

Ibrahim bin Mohammed Alromaih

Committee Memberships

- Executive Committee
- Nominations and Remunerations Committee

Current Positions

- Vice Chairman of the Board, Chairman of the Nominations and Remunerations Committee, Member of the Executive Committee – Al Rajhi Bank
- Board Member – Saudi Arabian Investment Company

Previous Positions

- CEO – Saudi Arabian Investment Company
- Board Vice Chairman – Capital Market Authority
- Associate Secretary General – Public Investment Fund
- Board Member – National Commercial Bank
- Board Member – ACWA Power

Qualifications

- Bachelor of Economics – Portland State University, USA
- Master's in Economics – Central Michigan University, USA
- Finance Course at Chase Manhattan Bank, USA

Experience

- Close to 30 years of experience in banking, finance and investment fields

board of directors

Abdulaziz bin Khalid Alghufaily

Committee Memberships
- Executive Committee
- Nominations and Remunerations Committee

Current Positions
- Board Member, and Member of both Executive Committee and Nominations and Remunerations Committee – Al Rajhi Bank
- Board Member – Al Rajhi Capital
- Board Member – Alujain Corp

Previous Positions
- General Manager Financial Investments – Hassana Company
- Board Member – Industrialization Energy Services Company (TAQA)
- Board Member – Riyadh Hotels and Entertainment Company
- Board Member – Saudi Industrial Development Company
- Board Member – Tabuk Agricultural Development Company
- Board Member – National Medical Care Company
- Board Member – Herfy Foods Company
- Board Member – Panda Retail Company
- Board Member – Savola Foods Company
- Board Member – Savola Group
- Board Member – National Petrochemical Industries Company (NATPET)

Qualifications
- Bachelor of Economics – King Saud University, KSA
- Master's in Economics – Western Illinois University, USA

Experience
- Long-established career in the field of investment spanning over three decades

Badr bin Mohammed Al Rajhi

Committee Memberships
- Governance Committee

Current Positions
- Board Member and Member of the Governance Committee – Al Rajhi Bank
- Chairman – Al Rajhi Steel
- Chairman – Berain Company
- Chairman – Saudi Tourism Development Company
- Board Member and Chairman of the Executive Committee – Saudi Iron & Steel Company (Hadeed)
- Chairman – Albadr Alzaher Co.
- Chairman – Great United Co.
- Managing Director and Vice Chairman – Mohammed Abdulaziz Al Rajhi & Sons Investment Company
- Vice Chairman of the Board of Directors – Aljazirah Home Appliance Co. Ltd.
- Vice Chairman of the Board of Directors – Falcon Plastic Products Company

Previous Positions
- Held several leading positions in areas of management, industry and real estate investment, and has served as Board Member of joint-stock companies

Qualifications
- High School

Experience
- More than 30 years of experience in areas of administrative investment, industrial, tourism, and real estate fields. Serves as a member of the boards of directors for a number of listed companies

board of directors

Khalid bin Abdulrahman Al Gwaiz

Committee Memberships

- Risk Management Committee

Current Positions

- Board Member and Chairman of the Risk Management Committee – Al Rajhi Bank
- Chairman of the Board of Directors, Chairman of the Executive Committee and Member of the Nominations Committee – Riyadh Cables Company
- Board Member, Member of the Executive Committee, Chairman of the Audit Committee and Member of the Nominations Committee – Saudi Pharmaceutical Industries and Medical Appliances Company (SPIMACO)
- Board Member and Chairman of the Nominations Committee – Bawan Holding Company
- Board Member – Itihad International Construction Company
- Board Member – Eastnets Saudi
- Board Member – Unique Solutions for Chemical Industries Co.

Previous Positions

- Managing Director - ACWA Holding Group
- Board Member and Chairman of the Nominations and Remunerations Committee – Saudi Cooling Company
- Board Member, Member of the Audit Committee, and Chairman of the Nominations and Remuneration Committee - Swicorp
- Board Member – Synergy Management Consulting Company
- Executive Director of Bin Ladin Global Holding Company
- Board Member - National Medical Products Company
- Board Member - Vision of the Nation Investment Company
- Board Member - Roaa Developmental Holding Company
- Board Member and Chairman of the Audit Committee - EMCOR Saudi Company
- Board Member – Tasnee for Unique Chemical

Qualifications

- Bachelor of Urban Planning – University of Washington, USA

Experience

- Over 30 years of experience in finance, industrial, and banking fields

Mansour bin Abdulaziz Albosaily

Committee Memberships

- Governance Committee
- Nominations and Remunerations Committee

Current Positions

- Board Member, Chairman of the Governance Committee and Member of the Nominations and Remunerations Committee – Al Rajhi Bank
- Board Member – Saudi Ground Services Company
- Board Member – Sinad Holding Company

Previous Positions

- Board Member – Amlak International Real Estate Development Company
- Board Member – Gas Arabian Services Company
- Board Member – Saudi Reinsurance Cooperative Company (Saudi Re)
- Chairman of the Board of Directors – HSBC Saudi Arabia
- Board Member – Jabal Omar Development Company
- Executive General Manager for Legal Affairs and Secretary General – The Saudi British Bank (SABB)
- Board Member – United Electronics Company

Qualifications

- Bachelor of Laws – King Saud University, KSA

Experience

- Over 25 years of experience in the banking sector

board of directors

Motassim bin Abdulaziz Almaashouq

Committee Memberships

- Risk Management Committee

Current Positions

- Board Member and Member of the Risk Management Committee – Al Rajhi Bank
- Chairman of the Board of Directors, and Member of both the Audit Committee and the Nominations and Remunerations Committee – Northern Trust Company
- Board Member, Chairman of the Audit Committee, and Member of the Executive Committee – Rabigh Refining and Petrochemical Company

Previous Positions

- Board Member – Al Borg Diagnostics
- Board Member – Lamprell Energy Company
- Board Member – Johns Hopkins Aramco Medical Center
- Board Member – Dussur Industrial Investments Company
- Board Member – Industrialization Energy Services Company (TAQA)
- Chairman of the Board of Directors – Aramco Development Company
- Chairman of the Board of Directors – Saudi Aramco Base Oils Company (Lubref)
- Board Member – Rabigh Refining and Petrochemical Company (Petro Rabigh)
- Held several positions in Saudi Aramco and its subsidiaries

Qualifications

- Bachelor of Arts – University of East Anglia, UK
- Master of Arts – University of London, UK

Experience

He has more than 36 years of practical experience in Saudi Aramco, holding several leadership positions including: Vice President for the IPO – Vice President for Corporate Planning – Vice President for New Business Development – President of Treasury – CEO of Petron and Petrolube Company (subsidiaries of Aramco). He also participated in board memberships in several companies affiliated with Saudi Aramco

Hamza bin Othman Khushaim

Committee Memberships

- Executive Committee
- Risk Management Committee

Current Positions

- Board Member, and Member of both the Executive Committee and Risk Management Committee – Al Rajhi Bank
- Head of Strategy – Hassanah Investment Company
- Board Member and Member of the Audit Committee – Seera Holding Group
- Member of the Advisory Board of the Center for Business and Government of the Kennedy School – Harvard University

Previous Positions

- Hedge Fund Portfolio Manager – King Abdullah University of Science and Technology Endowment
- Hedge Fund Portfolio Manager – Investment Management – Treasury – Saudi Aramco
- Financial Analyst – Investment Management – Treasury – Saudi Aramco
- Board Member and Member of the Remuneration and Nominations Committee – Dallah Healthcare Holding Company

Qualifications

- Bachelor of Finance – Michigan State University, USA
- Master's in Business Administration – Michigan State University, USA
- Chartered Financial Analyst – CFA Institute

Experience

- 19 years of experience in the investment field

Raeed bin Abdullah Al Tamimi

Committee Memberships

- Governance Committee
- Nominations and Remunerations Committee
- Audit Committee

Current Positions

- Board Member, and Member of the Governance Committee, Nominations and Remunerations Committee, and Audit Committee – Al Rajhi Bank
- Board Member, and Member of both Audit and Risk Committees – National Gas and Industrialization Company

Previous Positions

- CEO – Tawuniya Insurance
- CEO – National Medical Care Company
- Member of the Board of Directors – Tawuniya Insurance
- Member of the Board of Directors – National Medical Care Company
- Board Member – Waseel HealthTech Company
- Board Member – Najm Insurance Services Company
- Board Member and Member of the Nominations and Remuneration Committee – Saudi Public Transport Company

Qualifications

- Bachelor of Medical Sciences, University of Wales, Britain

Experience

- He has administrative experience for more than 20 years. He also currently serves as a member of the boards of directors and committees of a number of listed companies

Abdulatif bin Ali Alseif

Committee Memberships

- Executive Committee
- Audit Committee

Current Positions

- Board Member, Chairman of the Audit Committee, and Member of the Executive Committee – Al Rajhi Bank
- Board Member – Wisayah Investment Company
- Board Member – Al Nahdi Medical Company
- Board Member – Arab Internet and Communications Services Company (Solutions by STC)
- Managing Director and CEO – Sabeen Investment Company
- Board Member – Al Bilad Tourism Fund
- Board Member – Saudi Agricultural and Livestock Investment Company (SALIC)
- Board Member – Southern Province Cement Company
- Board Member – Awqaf Investments
- Board Member – Mohafiz Alnomo Company

Previous Positions

- Vice President and Chief Investment Officer – King Abdullah Humanitarian Foundation
- Director of Portfolio Management – Mask
- Head of Portfolio Management, Investment Management Division – Aramco
- Board Member – HSBC Saudi Arabia
- Executive Director – Joint Vision Company Limited
- Board Member and CEO – Pioneer Investment Company
- Board Member – National Petrochemical Company (Petrochem)
- Board Member – Abdullah Al Othaim Investment Company
- Board Member – Riva Investment Company
- Board Member – Olam Agricultural Company
- Board Member – Arabian Cement Company

board of directors

Waleed bin Abdullah Al Mogbel

Qualifications

- Bachelor's and Master's in Business Administration – Boston University, USA
- Master's in Economics – Boston University, USA
- Certified Public Accountant (CPA) – American Institute of Certified Public Accountants (AICPA)
- Chartered Financial Analyst (CFA) – CFA Institute

Experience

- Over 23 years of experience in finance and investment fields also Board and Committee Member of many companies

Current Positions

- Managing Director and CEO – Al Rajhi Bank
- Board Member – Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)
- Chairman of the Board of Directors – Emkan Finance Company
- Chairman of the Board of Directors – International Digital Solutions Company (NeoLeap)
- Chairman of the Board of Directors – Human Resources Management and Development Company (Atmaal)
- Board Member – Al Rajhi Capital
- Chairman of the Board of Directors – Neotek
- Chairman of the Board of Directors – Drahim Holdings

Previous Positions

- Executive Vice President – Al Rajhi Bank
- Head of Operations – Al Rajhi Bank
- Head of the Financial Group – Al Rajhi Bank
- Chairman of the Board of Directors – Ejada Systems

Qualifications

- PhD in Auditing – Cardiff University, UK
- Master in Finance – University of Southampton, UK
- Bachelor of Accounting – King Saud University, KSA

Experience

- Over 27 years of experience in finance, banking, auditing, tax, and administrative financial consulting

executive management

1. Waleed Abdullah Al-Mogbel
2. Abdulrahman Abdullah Al-Fadda
3. Majed Saleh Al-Rajhi
4. Hossam Essam Al-Basrawi
5. Abdulrahman Mohammad Al-Ajaji
6. Abdullah Saleh Al-Omari
7. Ahmed Saleh Al-Sudais
8. Saleh Abdullah Al-Heidan
9. Abdullah Ali Al-Furaiji
10. Abdullah Saad Aljabr
11. Dhary Mohali Al-Shammry
12. Hamad Ibrahim Al-Washmi
13. Thamer Abdullah Alhumud
14. Salim Hamad Musallam
15. Turki Mohammed Al Dhfayan

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12

executive management

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15

executive management

1

Waleed Abdullah Al-Mogbel

Current position
Managing Director and Chief Executive Officer

Previous positions
Deputy Chief Executive Officer – Al Rajhi Bank

Qualifications
PhD in Accounting and Auditing

Experience
27 Years

2

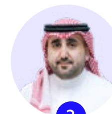
Abdulrahman Abdullah Al-Fadda

Current position
Chief Financial Officer and Acting Chief Risk Officer

Previous positions
General Manager of Treasury and Financial Institutions – Al Rajhi Bank

Qualifications
Bachelor's degree – Electrical Engineering

Experience
28 Years



3

Majed Saleh Al-Rajhi

Current position
General Manager Retail Banking

Previous positions
AGM Private and Affluent Banking – Al Rajhi Bank

Qualifications
MBA – London Business School

Experience
20 Years

7

Ahmed Saleh Al-Sudais

Current position
Chief Human Resources Officer

Previous positions
VP Human Capital – ACWA Power International, KSA

Qualifications
Bachelor's degree in Accounting

Experience
33 Years

8

Saleh bin Abdullah Allheidan

Current position
General Manager of the Shariah Group

Previous positions
Associate Professor in the High Institute of Judiciary – Al Imam Mohammed bin Saud Islamic University

Qualifications
PhD in Comparative Fiqh (Islamic Law) Experience

Experience
38 Years

9

Abdullah Ali Al-Furaiji

Current position
Chief Digital Officer

Previous positions
AGM Digital Business – Al Rajhi Bank

Qualifications
Bachelor Degree in Organization and Management Development, Financial Accounting

Experience
24 Years

13

Thamer Abdullah Alhumud

Current position
Chief Governance and Legal Officer

Previous positions
Chief of Legal, Compliance, Risk and Governance – Culture Development Fund

Qualifications
Master's degree in Finance and Securities Law

Experience
20 Years

14

Salim Hamad Musallam

Current position
Acting Chief Credit Officer

Previous positions
AGM – Head of Corporate Credit

Qualifications
Master's Degree in Business Administration

Experience
21 Years

15

Turki Mohammed Al-Dhfayan

Current position
Chief Strategic Projects

Previous positions
Chief Marketing and Customer Experience Officer

Qualifications
Associate Degree in Telecommunications

Experience
18 Years

executive management


4

Hossam Essam Al-Basrawi

Current position
General Manager Corporate Banking Group

Previous positions
Head of the Corporate Banking Group – Banque Saudi Fransi

Qualifications
Bachelor's degree in Law

Experience
27 Years


5

Abdulrahman Mohammad Al-Ajaji

Current position
General Manager Treasury Group

Previous positions
Head of Global Market Sales – (SABB)

Qualifications
Bachelor of Science – Computer Science

Experience
21 Years


6

Abdullah Saleh Alomari

Current position
Chief Operating Officer

Previous positions
Chief Information Officer – Al Rajhi Bank

Qualifications
Bachelor's degree – Electrical Engineering

Experience
23 Years


10

Abdullah Saad Aljabr

Current position
Chief Marketing and Customer Experience Officer

Previous positions
Chief Marketing and Customer Experience Officer – Emkan Finance

Qualifications
Master's degree in Advertising and Marketing Communications

Experience
12 Years


11

Dhary Mohali Al-Shammry

Current position
Chief Internal Auditor

Previous positions
General Director of Internal Audit – Capital Market Authority

Qualifications
Master's degree of Business Administration – Finance

Experience
23 Years


12

Hamad Ibrahem Al-Washmi

Current position
Chief Compliance Officer

Previous positions
Chief Risk and Compliance officer – HSBC Saudi Arabia

Qualifications
Master of Business Administration

Experience
25 Years

chief executive officers of subsidiaries and international network

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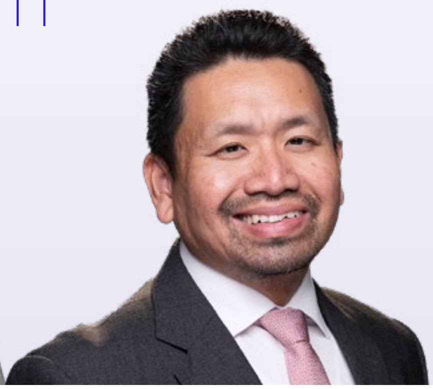
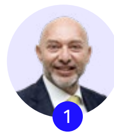


chief executive officers of subsidiaries and international network

4

8



1

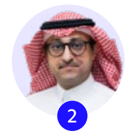
Fawaz Abou Nasr

Current position
Chief Executive Officer – Ejada System Limited Co.

Previous positions
Deputy CEO Sales and Strategy – Ejada System Limited Co.

Qualifications
Bachelor of Science – Computer Science

Experience
34 Years



2

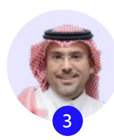
Mohammad M. Hassoobh

Current position
Chief Executive Officer – Atmaal

Previous positions
AGM Process Excellence – Al Rajhi Bank

Qualifications
Master's Degree in Business Administration – Finance

Experience
21 Years



3

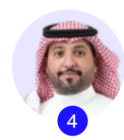
Waleed Al Rashed Al-Humaid

Current position
Chief Executive Officer – Al Rajhi Capital

Previous positions
General Manager of Asset Management – HSBC Saudi Arabia

Qualifications
Master's degree in Financial economics

Experience
18 Years



4

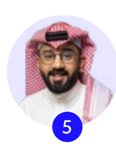
Abdullah A. Al-Habdan

Current position
Chief Executive Officer – Emkan Finance Company

Previous positions
AGM - Head of Micro & Small Business – Al Rajhi Bank

Qualifications
Master's Degree in International Financial Management

Experience
19 Years



5

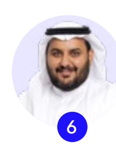
Abdulaziz Ali Al-Jdeed

Current position
Chief Executive Officer – Tawtheeq Company

Previous positions
Executive Manager Retail Credit Review and Quality Assurance

Qualifications
Bachelor in Business Banking

Experience
11 years



6

Abdullah Alibrahim

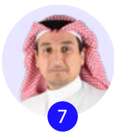
Current position
Chief Executive Officer – Neoleap

Previous positions
Chief Digital Officer – Al Rajhi Capital

Qualifications
Master's Degree in Business Banking

Experience
18 Years

chief executive officers of subsidiaries and international network



7

Sultan Alkhayal

Current position
Chief Executive Officer – Drahim

Previous positions
Co-Founder and Board Member – Aqwas

Qualifications
Bachelor of Science – Software Engineering with Mini-MBA for SME Growth

Experience
10 Years

8

Rayan Alguwaee

Current position
Chief Executive Officer – neotek

Previous positions
AGM Open Banking, Digital Office – Al Rajhi Bank

Qualifications
Master's Degree in Digital Business and Information Management

Experience
11 Years

9

Eyad Mohammad Jarrar

Current position
Chief Executive Officer – Al Rajhi Bank Jordan

Previous positions
CEO – AL TAS-HEELAT

Qualifications
Bachelors of Economics

Experience
31 Years

10

Jassim Ismaeil Al-Awadhi

Current position
Chief Executive Officer – Al Rajhi Bank – Kuwait

Previous positions
Head of Business – Al Rajhi Bank Kuwait

Qualifications
Master's Degree in Business Administration

Experience
24 Years

11

Syahrul Ishak

Current position
Chief Executive Officer – Al Rajhi Bank – Malaysia

Previous positions
Managing Director and Regional Head, Cash Management, Group Transaction Banking – CIMB Bank

Qualifications
Bachelor of Science in Business Administration

Experience
20 Years

corporate governance structure at alrajhi

11 board members

4 independent board members

3 years average Board tenure

5 Board Committees

The governance framework at Al Rajhi Bank comprises the General Assembly, the Board of Directors, the Shariah Board, as well as five Board committees and a group of executive management committees of the first and second levels. This governance structure relies on a set of key pillars that ensure clarity and sound governance. These pillars are the Bank's values, design of the organisational structure, policies and procedures, the delegation of authority matrix, and effective communication between various internal and external stakeholders.

Policies related to the Corporate Governance Manual

The Bank applies the Key Principals of Governance in Financial Institutions under the Control & Supervision of the Saudi Central Bank (SAMA) as well as the Corporate Governance Regulations issued by the Capital Market Authority (CMA). The Bank has developed its Corporate Manual and the charters governing the Board Committees and management committees. These documents are subject to periodic review by the Board of Directors and its committees.

The Bank adopts a comprehensive set of policies and procedures that strengthen the Bank's governance framework. At the forefront of these policies is the Related Party Transactions and Conflict of Interest Policy to better achieve transparency and integrity, while remaining compliant with the regulatory requirements under the Companies Law, its Executive Regulation, the CMA Governance Regulations, the Key Principals of Governance in Financial Institutions under the Control & Supervision of the Saudi Central Bank (SAMA) and any relevant principles and regulations.

The Bank also relies on written disclosure policies, procedures and regulations that enable shareholders and stakeholders to have access to all material information and developments without discrimination and in a timely manner. This includes information required to be disclosed according to the related laws and regulations, particularly those issued by the Saudi Central Bank (SAMA) and Capital Market Authority (CMA).

The Bank pays adequate attention to the training and qualification of members of the Board of Directors and the executive management. The Bank has prepared an introductory guide to assist the new Board members and provide them with necessary information on the Bank's strategy, financial and operational aspects, and their obligations and duties.

The Bank also applies procedures for settling customers and shareholders complaints. These procedures are monitored by SAMA and the CMA. The Bank has also implemented a social responsibility policy and procedures aiming at enhancing the Bank's social role.

CMA Corporate Governance Regulations

The bank has given due cognisance to apply all related laws, regulations and instructions, particularly the Corporate Governance Regulations as issued by the CMA in the Kingdom of Saudi Arabia. The following is a report on the bank's corporate governance practices and the extent of its compliance with CMA's regulations.

Implemented and not implemented provisions of the Corporate Governance Regulations and reasons for non-implementation

The bank applies all the provisions of the Corporate Governance Regulations issued by the CMA on 13 February 2017 and amended on 18 January 2023, except for the following articles:

Article/ Clause No.	Article/Clause	Justifications for non-implementation
Article (39) Clause "E"	The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years. (Guiding paragraph)	The evaluation is done internally on an annual basis.
Article (84)	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the society for purposes of developing the social and economic conditions of the society. (Guiding article)	ARB has a social responsibility Policy approved by the Board of Directors.

Board Structure

GRI 2-9, 2-17

The Bank is managed by a Board of Directors consisting of eleven (11) members, elected by the ordinary general assembly every three (3) years. Members whose term has expired may be re-elected each time according to the bank's charters.

Names of the companies inside and outside the Kingdom in which a Board Member is a manager or a member of their current or previous Board

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Abdullah bin Sulaiman Al Rajhi 	• Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful) • Al Rajhi Capital • Al Rajhi Holding Group • Alfarbi Petrochemicals Company • Interior & Exterior Floor Textiles Solutions Holding Co. • Al Ajyal Holding Company	Inside the Kingdom	• Listed joint-stock company • Closed joint-stock company • Closed joint-stock company • Closed joint-stock company • Closed joint-stock company • Closed joint-stock company	• Al Rajhi Bank (CEO)	Inside the Kingdom	• Listed joint-stock company

corporate governance structure at alrajhi

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Ibrahim bin Mohammed Alromaih 	• Saudi Arabian Investment Company	Inside the Kingdom	• Unlisted joint-stock company	• The Saudi Arabian Investment Company (CEO) • National Commercial Bank • ACWA Power	Inside the Kingdom	• Unlisted joint-stock company • Listed joint-stock company • Listed joint-stock company
Abdulaziz bin Khalid Alghufaily 	• Al Rajhi Capital • Alujain Corp.	Inside the Kingdom	• Unlisted joint-stock company • Listed joint-stock company	• Industrialization Energy Services Company (TAQA) • Riyadh Hotels and Entertainment Company • Saudi Industrial Development Company • Tabuk Agriculture Development Company • National Medical Care Company • Herfy Foods Company • Panda Retail Company • Savola Group • Savola Foods Company • National Petrochemical Industries Company (NAPTET)	Inside the Kingdom	• Unlisted company • Unlisted company • Unlisted company • Listed joint-stock company • Listed joint-stock company • Unlisted company • Unlisted company • Listed joint-stock company • Unlisted joint-stock company • Unlisted joint-stock company

corporate governance structure at alrajhi

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Badr bin Mohammed Al Rajhi 	• Mohammed Abdul Aziz Al Rajhi and Sons Investment Company • Al Rajhi Steel • Berain Company • Saudi Tourism Development Company • AlJazirah Home Appliances Company • Falcon Plastic Products Company • Great United Co. • Albadr Alzaher Co. • Saudi Iron and Steel Company (Hadeed)	Inside the Kingdom	• Closed joint-stock company • Closed joint-stock company • Closed joint-stock company • Closed joint-stock company • Closed joint-stock company • Closed joint-stock company • Closed joint-stock company • Limited liability company • Closed joint-stock company	• DAEM Real Estate Investment	Inside the Kingdom	• Closed joint-stock company

corporate governance structure at alrajhi

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Khalid bin Abdulrahman Al Gwaiz 	• Riyadh Cables Company • Bawan Holding Company • Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO) • Itihad International Construction Company • Unique Solutions for Chemical Industries (USCI) • Eastnets Saudi	Inside the Kingdom	• Listed joint-stock company • Listed joint-stock company • Listed joint-stock company • Limited liability company • Limited liability company • Limited liability company	• ACWA Holding Group • Astra Industrial Group • Samba Financial Group • Arab National Bank • Swicorp Company • Synergy Management Consulting Co. • Bin Ladin International Holding Group (Executive Director) • The National Medical Products Co. • Ro'yat Watan Investment Company • Roaa Development Holding Company • Tasnee for Unique Chemical • Saudi Tabreed Company	Inside the Kingdom	• Listed joint-stock company • Listed joint-stock company • Listed joint-stock company • Listed joint-stock company • Unlisted joint-stock company • Limited liability company • Unlisted joint-stock company • Limited liability company • Limited liability company • Limited liability company • Limited liability company • Closed joint-stock company

corporate governance structure at alrajhi

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Mansour bin Abdulaziz Albosaily 	• Sinad Holding Company • Saudi Ground Services Company	Inside the Kingdom	• Listed joint-stock company • Listed joint-stock company	• GAS Arabian Services Company • Saudi Reinsurance Company "Saudi Re" • HSBC Saudi Arabia • Jabal Omar Development Company • Saudi British Bank (SABB) • Amlak International Real Estate Development Company • United Electronics Company (Extra)	Inside the Kingdom	• Unlisted joint-stock company • Listed joint-stock company • Closed joint-stock company • Listed joint-stock company • Listed joint-stock company • Listed joint-stock company • Listed joint-stock company
Motassim bin Abdulaziz Almaashouq 	• Northern Trust Company – Saudi Arabia • Rabigh Refining & Petrochemical Company	Inside the Kingdom	• Closed joint-stock company • Listed joint-stock company	• Al Borg Diagnostics • Lamprell Energy Company • Johns Hopkins Aramco Medical Centre • Dussur Industrial Investments Company • Industrialization Energy Services Company (TAQA) • Aramco Development Company • Saudi Aramco Base Oil Company - Luberef • Saudi Aramco Entrepreneurship Centre (Wa'ed Ventures) • Saudi Aramco energy projects • Rabigh Refining and Petrochemical Company (Petro Rabigh)	Inside the Kingdom	• Unlisted joint-stock company • Limited liability company • Limited liability company • Unlisted joint-stock company • Unlisted joint-stock company • Limited liability company • Listed joint-stock company • Limited liability company • Limited liability company • Listed joint-stock company

corporate governance structure at alrajhi

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Hamza bin Othman Khushaim 	• Hassana Investment Company • Seera Holding Group	Inside the Kingdom	• Unlisted joint-stock company • Listed joint-stock company	• Dallah Healthcare Holding Company	Inside the Kingdom	• Listed joint-stock company
Raeed bin Abdullah Al Tamimi 	• National Gas and Industrialization Company	Inside the Kingdom	• Listed joint-stock company	• Tawuniya Cooperative Insurance Company • National Medical Care Company • Waseel HealthTech Company • Cooperative Real Estate Investment Company • Najm Company for Insurance Services • Saudi Arabia Public Transport Company	Inside the Kingdom	• Listed joint-stock company • Listed joint-stock company • Unlisted joint-stock company • Unlisted joint-stock company • Unlisted joint-stock company • Listed joint-stock company
Abdulatif bin Ali Alseif 	• Wisayah Investment Company • Al Nahdi Medical Company • Solutions by STC • Sabeen Investment Company • The Saudi Agricultural and Livestock Investment Company (SALIC) • Southern Province Cement Company • Awqaf Investments Company • Mohafiz Alnomo Company	Inside the Kingdom	• Limited liability company • Closed joint-stock company • Listed joint-stock company • Closed joint-stock company • Closed joint-stock company • Listed joint-stock company • Closed joint-stock company • Limited liability company	• HSBC Saudi Arabia • Joint Vision Company Ltd • Pioneer Investments Company • Abdullah Al Othaim Investment Co. • Riva Investment Company • National Petrochemical Company (PETROCHEM) • Olam Agriculture Company • Arabian Cement Company	Inside the Kingdom	• Unlisted joint-stock company • Limited liability company • Unlisted company • Closed joint-stock company • Limited liability company • Listed joint-stock company • Closed joint-stock company • Listed joint-stock company

corporate governance structure at alrajhi

Member name	Names of companies where the Board Member is a member of the current Boards or one of their directors	Inside/ outside the Kingdom	Legal entity	Names of companies where the Board Member is a member of the previous Boards or one of their directors	Inside/ outside the Kingdom	Legal entity
Waleed bin Abdullah Al Mogbel 	• Al Rajhi Company for Cooperative Insurance (Al Raihi Takaful) • Emkan Finance Company • International Digital Solutions Company (NeoLeap) • Human Resources Management & Development Company (Atmaal) • Al Rajhi Capital • Neotek • Drahim Holdings	Inside the Kingdom Outside the Kingdom	• Listed joint-stock company • Closed joint-stock company • Closed joint-stock company • Limited liability company • Closed joint-stock company • Limited liability company • Holding limited liability company	• Ejada Systems Limited Co.	Inside the Kingdom	• Closed joint-stock company

Composition of the Board and classification of its members, as: executive members, non-executive members, or independent members

Member name	Membership classification (executive/non-executive/ independent)
Abdullah bin Sulaiman Al Rajhi	Non-executive
Ibrahim bin Mohammed Alromaih	Independent
Abdulaziz bin Khalid Alghufaily	Non-executive
Badr bin Mohammad Al Rajhi	Non-executive
Khalid bin Abdulrahman Al Gwaiz	Non-executive
Mansour bin Abdulaziz Albosaily	Non-executive
Motassim bin Abdulaziz Almaashouq	Independent
Hamza bin Othman Khushaim	Non-executive
Raeed bin Abdullah Al Tamimi	Independent
Abdulatif bin Ali Alseif	Independent
Waleed bin Abdullah Al Mogbel	Executive

Committees of the Board of Directors

The functions and responsibilities of the Committees are identified based on internal bylaws and regulatory requirements. The membership term is set at three years, ending with the expiration of the term of the Board. The Board of Directors has the power to appoint, reappoint, or terminate the membership of any member of the Committees. The Committees submit their recommendations and minutes of their meetings to the Board of Directors.

The following is a brief description of the bank's Committees and their work.

A – Executive Committee:

The main purpose of the Executive Committee (ExCom) is to exercise all powers authorised to it by the Board and to study all matters as requested by the Board to submit recommendations or make the appropriate decisions thereof pursuant to the powers identified and authorised to it by the Board.

The Committee held seven (7) meetings during the year 2024 as follows:

		Member name				
Meeting No.	Date	Abdullah bin Sulaiman Al Rajhi Chairman	Ibrahim bin Mohammed Alromaih Member	Abdulaziz bin Khalid Alghufaily Member	Hamza bin Othman Khushaim Member	Abdulatif bin Ali Alseif Member
1	07 February 2024	✓	✓	✓	✓	✓
2.	24 March 2024	✓	✓	✓	✓	✓
3.	26 May 2024	✓	✓	✓	✓	✓
4.	26 August 2024	✓	✓	✓	✓	✓
5.	02 October 2024	✓	✓	✓	✓	✓
6.	12 December 2024	✓	✓	✓	✓	✓
7.	17 December 2024	✓	✓	✓	✓	✓

B – Nominations and Remunerations Committee

GRI 2-10

The main purpose of the Nominations and Remunerations Committee is to submit recommendations on the nomination of Board Members, committee members, senior executives, and candidates for positions, subject to non-objection of the Saudi Central Bank, to the Board of Directors. The Committee prepares a description of the capabilities and qualifications required for Board of Director's membership, evaluates the effectiveness and efficiency of the Board and senior management performance, and ensures that the Bank remains compliant with the internal incentive policies, the rules of incentive practices issued by the Saudi Central Bank, and the principles and criteria for compensation, in a manner that best achieves the interests of depositors, shareholders and the Bank's strategic objectives.

The Committee held four (4) meetings during the year 2024 as follows:

		Member name			
Meeting No.	Date	Ibrahim bin Mohammed Alromaih Chairman	Abdulaziz bin Khalid Alghufaily Member	Raeed bin Abdullah Al Tamimi Member	Mansour bin Abdulaziz Albosaily Member
1	09 January 2024	✓	✓	✓	✓
2.	10 March 2024	✓	✓	✓	✓
3.	13 June 2024	✓	✓	✓	✓
4.	12 December 2024	✓	✓	✓	✓

C – Governance Committee

GRI 2-15

The main purpose of the Governance Committee is to support and maintain the highest standards in corporate governance, on behalf of the Board of Directors, by ensuring that sound governance practices are followed in all activities carried out by the bank through conducting an annual review of the general governance framework and related mechanisms. In addition, the Committee monitors conflicts of interest, ensures the continuous updating of the register of Related Parties, reviews requests for exemption from the governance requirements applicable at the bank, and coordinates with the Bank's subsidiaries to support good and consistent corporate governance standards for all activities of the alrajhi bank group. The Committee also focuses on increasing awareness of the importance of governance and its activities within the Bank among all employees, shareholders, and external stakeholders, and conducts an annual evaluation of the performance of the Board of Directors, members of the Board, all Board Committees and Management Committees. It is also responsible for reviewing and updating the policies related to the Board of Directors and its members, the bank's governance, and the conflict of interests.

corporate governance structure at alrajhi

The Committee held four (4) meetings during the year 2024 as follows:

Meeting No.	Date	Member name: Mansour bin Abdulaziz Albosaily – Chairman	Badr bin Mohammed Al Rajhi – Member	Raeed bin Abdullah Al Tamimi – Member
1	25 January 2024	✓	✓	✓
2.	26 May 2024	✓	✓	✓
3.	26 August 2024	✓	✓	✓
4.	02 October 2024	✓	✓	✓

D – Audit Committee

The main purpose of the Audit Committee is to supervise the financial reporting process, oversee the internal and external auditors, and submit recommendations to the Board of Directors and shareholders to approve, appoint, and determine the remunerations and dismissal of the external auditors. The Committee also reviews and approves the scope of the audit operations and their implementation, receives key audit reports, evaluates and monitors the bank's policy for combating financial fraud, and reviews the objectives and observations of the Shariah audit. Moreover, the Committee ensures that the senior management takes all necessary corrective measures in a timely manner to address any weaknesses in controls or non-compliance with policies, laws, and regulations, or any other issues identified by the auditors.

The Audit Committee held eight (8) meetings during the year 2024 as follows:

Meeting No.	Date	Member name: Abdulatif bin Ali Alseif – Chairman	Raeed bin Abdullah Al -Tamimi – Member	Khalid bin Saleh Alsubail – Member	Yousef bin Mohammad Alsuhaibani – Member	Osamah bin Saleh Alhedathi – Member
1	30 January 2024	✓	✓	✓	✓	✓
2.	28 April 2024	✓	✓	✓	✓	✓
3.	02 June 2024	✓	✓	✓	✓	✓
4.	21 July 2024	✓	✓	✓	✓	✓
5.	06 October 2024	✓	✓	✓	✓	✓
6.	22 October 2024	✓	✓	✓	✓	✓
7.	24 October 2024	✓	✓	✓	✓	✓
8.	22 December 2024	✓	✓	✓	✓	✓

corporate governance structure at alrajhi

Name	Committees memberships in Al Rajhi Bank	Current positions	Previous positions	Qualifications	Experience
Osamah bin Saleh Alhedathi	Audit Committee	• Member of the Audit Committee - Al Rajhi Bank • Head of the General Department of Internal Audit of the Royal Commission for the City of Riyadh • Member of the Audit Committee of Alawwal Investment Company • Member of the Real Estate Development Fund Review Committee • Member of the SRC Review Committee (PIF) • Member of the Al Soudah Development Company Review Committee (PIF) • Member of the Review Committee of King Faisal Specialist Hospital and Research Centre • Member of the Board of Directors of the Economic Portal	• Head of Internal Audit Salik • Chairman of the Audit Committee Salek (Ukraine) • Chairman of the Audit Committee, Salik (Australia) • Head of Internal Audit, Human Resources Development Fund • Head of Cooperative Insurance Internal Audit • Head of Internal Audit, Med Gulf • Head of Internal Audit, Capital Market Authority • Member of the Audit Committee of Awj International Company • Member of the Board of Directors of the Internal Auditors Authority • Member of the Audit and Risk Committee G3 CANADA	• Bachelor of Accounting, King Khalid University, KSA • Master's degree in Computer Science and Information Systems, University of Detroit, USA	Held many leadership and advisory positions in the financial, administrative, and economic fields. Over 30 years of experience in the field of internal auditing.

corporate governance structure at alrajhi

Name	Committees memberships in Al Rajhi Bank	Current positions	Previous positions	Qualifications	Experience
Khalid bin Saleh Alsubail	Audit Committee	• Member of the Audit Committee - Al Rajhi Bank • Member of the Audit Committee of the National Services Company "NAS" • Member of the National Housing Company Audit Committee	• Head of the Division for Combating Financial Crimes, Money Laundering and Terrorist Financing – Saudi Central Bank • Director of the Banking Inspection Department – Saudi Central Bank • Director of the Banking Implementation Department – Saudi Central Bank • Advisor to the Ministry of Housing • Member of the Audit Committee of the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company - Med-Gulf • Member of the Audit, Compliance and Risk Committee of the Saudi Export-Import Bank • Member of the Audit Committee, The Saudi British Bank (SABB) • Member of the Audit and Risk Committee of the National Centre for Measuring the Performance of Public Agencies	• Bachelor of Arts, King Saud University, KSA • Higher Diploma in advanced banking studies, Institute of Public Administration, Riyadh, KSA • Master of Accounting, University of Illinois, USA • CPA Certification	Held many leadership and advisory positions in the financial, administrative, and economic fields. He has more than 30 years of experience in the field of internal auditing

corporate governance structure at alrajhi

Name	Committees memberships in Al Rajhi Bank	Current positions	Previous positions	Qualifications	Experience
Yousef bin Mohammad Alsuhaibani	Audit Committee	• Member of the Audit Committee – Al Rajhi Bank • Member of the Audit Committee – Najm Insurance Services Company • Member of the Board of Directors – Azad Real Estate Company • Member of the Al Rumaih Industrial and Commercial Group Review Committee • Member of the Audit Committee – Tibbiyah Holding Company	• Ernst Young Senior Advisor • Operational Risk Manager for the Mediterranean, Gulf and Reinsurance Company • Director of Internal Audit, Malath Insurance Company • Internal Audit Manager, Pioneer Investments Company/ Integrated Osool • Member of the Board of Directors of SABIC Agri Nutrients Company • Member of the SABIC Agri Nutrients Company Audit Committee • Member of the Investment Committee of SABIC Agri Nutrients Company • Member of the Audit Committee of Raza Real Estate Company • Member of the Umm Al-Qura Cement Review Committee • Member of the Audit Committee, City Cement Company	• Bachelor of Accounting, King Saud University, KSA • Master of Finance, University of Portsmouth, UK	Held many leadership and advisory positions in the financial, administrative and economic fields with over 13 years of experience in the field of internal and external auditing.

E – Risk Management Committee

The primary purpose of the Risk Management Committee is to assist the Board of Directors in maintaining oversight responsibility for activities and decisions related to Risk Management. This includes the management of capital and liquidity strategies, market risk management, operational risk, reputational risk, and any other potential risks that the bank may face.

The Committee held five (5) meetings during the year 2024 as follows:

Meeting No.	Date	Member name: Khalid bin Abdulrahman Al Gwaiz – Chairman	Member name: Motassim bin Abdulaziz Almaashouq – Member	Member name: Hamza bin Othman Khushaim – Member
1	19 February 2024	✓	✓	✓
2.	26 May 2024	✓	✓	✓
3.	18 August 2024	✓	✓	✓
4.	02 October 2024	✓	✓	✓
5.	16 December 2024	✓	✓	✓

Procedures of the Board of Directors to inform its members of shareholders' suggestions and comments on the bank and its performance

The bank documents shareholders' suggestions provided through the General Assembly and notifies the Chairman of the Board of any other suggestions related to the bank to be presented at the next Board meeting. There is also an e-mail address dedicated to the comments and suggestions of the shareholders, which is published on the official website of the bank and on Tadawul website so that the Board can review the suggestions and comments of the shareholders.

Methods adopted by the Board of Directors in evaluating its performance and that of its committees and members

GRI 2-18

The bank's Governance Committee evaluates the performance of the Board, its committees, and members through specific surveys at three levels: Board evaluation based on the Board of Directors terms of reference specified in the bank's Governance Manual, evaluation of Board's Committees and the Audit Committee based on their approved work regulations, and the self-evaluation of the Board and Committees member. The Governance Committee then prepares the annual evaluation report and submits it to the Nominations and Remunerations Committee.

Remunerations of Board members, Board Committee members, and Executive Management

GRI 2-19, 2-20

A - Summary of the most important provisions of the remuneration policy for members of the Board, its Committees and the Executive Management:

1 - Board of Directors remunerations and compensations:

The members of the bank's Board of Directors receive a fixed annual remuneration amounting to (SAR 400,000) on an annual basis for their membership on the bank's Board of Directors and their participation in its activities.

Each member of the Board of Directors receives an amount of (SAR 5,000) for attending each of the Board's sessions, whether the attendance is physical or through any remote means of communication.

The bank pays all actual expenses incurred by members of the Board for attending the Board meetings, including travel and accommodation expenses.

2 - Remunerations and compensations of Board members for their membership in Board sub-committees:

The bank's Board members do not receive additional remuneration for their participation in the Board sub-committees as the annual remuneration includes additional remunerations if the member participates in any Board sub-committees.

Each member of the Board of Director receives an amount of (SAR 5,000) for attending each Committee meeting, whether the attendance is physical or through any remote means of communication.

The bank pays all actual expenses incurred by members of the Board for attending the Committee meetings, including travel and accommodation expenses.

3 - Remunerations and compensations for Audit Committee members:

Each member of the Audit Committee, whether from within or outside the Board, receives a fixed annual remuneration for his or her participation in the Committee's work, estimated at (SAR 150,000) annually. Annual remunerations and compensations for non-Board Audit Committee members are not calculated as part of the annual remunerations and compensations granted to the Board member.

Each member of the Audit Committee receives an amount of (SAR 5,000) for attending each Committee meeting, whether the attendance is physical or through any remote means of communication.

The bank pays all actual expenses incurred by members of the Committee for attending the Committee meetings, including travel and accommodation expenses.

4 - Granting shares:

The bank does not grant shares as remuneration to any Board member, Board Committee member, or Audit Committee member.

5 - Allocation and payment mechanisms for remunerations and compensations:

Compensations and remunerations due to Board members and non-Board members are calculated on an annual basis, based on the recommendation of the Nominations and Remunerations Committee and approval of the Board of Directors. Amounts are then presented to the General Assembly for approval at its next meeting.

Remunerations can vary to reflect the member's experience, competencies, tasks, independence, and the number of attended meetings among other considerations.

Attendance remunerations are paid annually to beneficiaries based on their attendance records for Board, sub-committees, and Audit Committee meetings.

Payments are made through Bank transfers, cheques, or any other methods approved by the bank, and members are informed of details through the relevant department at the bank.

Remunerations and compensations paid to Board members may not exceed (SAR 500,000) annually. Any additional due amounts will not be disbursed, except for the members of the Audit Committee from within the Board. Total amounts paid to Board members should not exceed 5% of total net profits.

corporate governance structure at alrajhi

6 - Remunerations and compensations of Senior Executives:

The role of the Board of Directors includes, but is not limited to the following:

- The Board of Directors is responsible for approving the overall structure of numerations and oversight of all aspects of the remuneration system and may not delegate this responsibility to the executive management.
- The Board of Directors reviews and approves the Remuneration Policy and any of its subsequent updates, if appropriate, based on the recommendation of the Nominations and Remunerations Committee, taking into account, inter-alia, SAMA Rules on Compensation Practices approved in January 2024 and any future updates or revisions issued by the Saudi Central Bank.
- The Board of Directors reviews and approves, if appropriate, the recommendations of the Nominations and Remunerations Committee regarding the remunerations of senior executives. For this purpose, senior executives include senior managers and all those executives whose appointments are subject to non-objection by the Saudi Central Bank or other regulators.
- The Board of Directors ensures that the management has put in place detailed systems and procedures and an effective oversight mechanism to ensure compliance with the Saudi Central Bank Rules on Compensation Practices and the Financial Stability Board Principles and Standards.

7 - Structure of remunerations and compensations of Senior Executives:

Remunerations structures are designed for the various levels of employees in a manner that enhances the effectiveness of risk management and achieves remunerations and compensations objectives in accordance with the highest standards of remunerations practices.

Forms of remunerations vary according to the position and role of the employee and may include cash payments, shares, and other forms of rewards and compensations.

The proportion of fixed and variable remuneration components for different business sectors is determined based on the nature and level of the employee's responsibilities, the field of business, and the general philosophy of the Remuneration Policy of alrajhi bank. The bank ensures that the total variable remuneration does not limit its ability to strengthen the capital base.

The remunerations structure for employees working in control functions such as Risk and Compliance, Internal Auditing, etc., is designed with the aim of ensuring the objectivity and independence of these functions. In this regard, performance management and the determination of remunerations and compensations for these employees are not assigned to any person who works or has any relationship with the business sector that these employees monitor or supervise.

When determining remuneration allocations, the overall performance of the bank is taken into consideration, while their distribution to employees is based on the performance of the employees in addition to the performance of the business unit or department in which they operate. However, there is no guaranteed minimum remuneration or similar payment, other than an employee's salary that is not based on performance.

As part of the Remuneration Policy, the bank may postpone a reasonable percentage of the performance bonus for a period of no less than three (3) years. The deferred bonus percentage and the maturity period are determined based on the nature of the business, its risks, and the activities carried out by the employee.

Where the Remuneration Policy provides for the payment of part of the remuneration and compensation in the form of shares, criteria must be set to determine the value of the share allocation. Moreover, the allocation of shares should be subject to an appropriate policy of shares retention.

Joining bonuses are not permitted unless clearly aligned with long-term value creation and prudent risk-taking. Payments should be related to the performance achieved over time and designed in a way that does not reward failure. Joining bonuses should be at least linked to successful completion of the probation period and where possible, they should be deferred according to terms similar to the those of deferred bonuses in the employee's previous employer.

The bank should demand from its employees that they commit themselves not to use personal hedging strategies or remunerations and liability-related insurance to undermine the risk alignment effects embedded in their remuneration and compensation arrangements. The bank confirms that there are no major deviations between granted remunerations and applicable Remunerations Policy.

B - Summary of the most important provisions of the remuneration policy for members of the Board, its Committees and the Executive Management:

No.	Name	Board of Directors meetings		Audit and Compliance Committee meetings		Executive Committee meetings	
		No.	SAR	No.	SAR	No.	SAR
1.	Abdullah bin Sulaiman Al Rajhi	7	35,000	–	–	7	35,000
2.	Ibrahim bin Mohammed Alromaih	6	30,000	–	–	7	35,000
3.	Abdulaziz bin Khalid Alghufaily	7	35,000	–	–	7	35,000
4.	Khalid bin Abdulrahman Al Gwaiz	7	35,000	–	–	–	–
5.	Badr bin Mohammed Al Rajhi	7	35,000	–	–	–	–
6.	Raeed bin Abdullah Al Tamimi *	7	35,000	8	40,000	–	–
7.	Hamza bin Othman Khushaim	7	35,000	–	–	7	35,000
8.	Abdulatif bin Ali Alseif *	6	30,000	8	40,000	7	35,000
9.	Waleed bin Abdullah Al Mogbel	7	35,000	–	–	–	–
10.	Mansour bin Abdulaziz Albosaily	7	35,000	–	–	–	–
11.	Motassim bin Abdulaziz Almaashouq	7	35,000	–	–	–	–
12.	Khalid bin Saleh Alsubail	–	–	8	40,000	–	–
13.	Yousef bin Mohammad Alsohibani	–	–	8	40,000	–	–
14.	Osamah bin Saleh Alhedathi	–	–	8	40,000	–	–
	Total	75	375,000	40	200,000	35	175,000

* Annual remuneration includes: remuneration for Board membership and remuneration for membership in the Audit Committee.

C - Remunerations and compensations paid to five Senior Executives who received the highest remunerations from the bank, including the CEO and CFO, in 2024.

Elements	2024 full elements	2023 full elements
Salaries and compensations	**11,490,000**	11,310,000
Allowances	**5,935,115**	5,795,441
Periodic and annual rewards	**12,130,000**	12,930,000
Incentive schemes	**24,500,000**	22,019,667
Any other in-kind compensations	**2,338,053**	1,223,086
Total	**56,393,168**	53,278,194

Nomination and Remunerations Committee meetings		Governance Committee meetings		Risk Committee meetings		Annual remuneration	Total	Total paid to member according to policy
No.	SAR	No.	SAR	No.	SAR	SAR	SAR	SAR
–	–	–	–	–	–	400,000	470,000	470,000
4	20,000			–	–	400,000	485,000	485,000
4	20,000	–	–	–	–	400,000	490,000	490,000
		–	–	5	25,000	400,000	460,000	460,000
–	–	4	20,000	–	–	400,000	455,000	455,000
4	20,000	4	20,000	–	–	550,000	665,000	665,000
–	–	–	–	5	25,000	400,000	495,000	495,000
–	–	–	–	–	–	550,000	655,000	655,000
–	–	–	–	–	–	400,000	435,000	435,000
4	20,000	4	20,000	–	–	400,000	475,000	475,000
–	–	–	–	5	25,000	400,000	460,000	460,000
–	–	–	–	–	–	150,000	190,000	190,000
–	–	–	–	–	–	150,000	190,000	190,000
–	–	–	–	–	–	150,000	190,000	190,000
16	80,000	12	60,000	15	75,000	5,150,000	6,115,000	6,115,000

Employee benefits and plans

GRI 201-3

The bank offers its employees a number of benefits and bonuses during or at the end of the service period, according to the Saudi Labour Law and the bank's policies. The provision for employees' end-of-service benefits is calculated using the entitlement assessment form in accordance with the Saudi Labour Law and local regulatory requirements. The provision for the end-of-service benefits amounted to SAR 997 Mn.

The bank also grants deferred shares to its senior employees and to valuable human assets that the Bank needs to retain. This ensures strengthening the bank's long-term relationship with those employees. Granting of shares is subject to the approval of the Board of Directors upon the recommendation of the Nominations and Remunerations Committee.

Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the Bank by the CMA or any supervisory, regulatory, or judicial authority

There are no fines imposed by the Capital Market Authority.

Penalties imposed by Saudi Central Bank

GRI 2-27

Violation subject*	Fiscal year 2024		Fiscal year 2023	
	Number of penalty decisions	Total amount of fines in SAR	Number of penalty decisions	Total amount of fines in SAR
Violating the supervisory instructions of the Saudi Central Bank	59	102,638,386	53	34,313,692
Violating the instructions of Saudi Central Bank related to customer protection	5	4,098,840	8	1,960,760
Violating the instructions of Saudi Central Bank related to cybersecurity's risk	1	11,860,000	2	580,000
Violating the instructions of Saudi Central Bank related to due diligence in combating money laundering and terrorism financing	2	115,000	5	565,000

* the bank has creating corrective action plans for each penalty imposed by SAMA.

Fines imposed by other legal entities

GRI 2-27

No.	Violation subject	Total amount of fines in SAR	
		Fiscal year 2024	Fiscal year 2023
1.	Due to not renewing the licenses and failure to display the QR code on ATMs	105,169	2,569,100

Outcomes of the annual review of internal control procedures at the Bank, in addition to the Audit Committee opinion on the adequacy of the Bank's internal control system

The bank's executive management is responsible for designing and maintaining an appropriate internal control system with the Board of Directors' direct supervision. The system has been designed to properly mitigate risks that could impair the realisation of the bank's strategic and operational objectives. The bank's executive management has adopted a suitable integrated internal control system aligned with the regulatory requirements of the Saudi Central Bank. The following are some of the key components of the bank's internal control system:

The bank has completed, approved, and continuously develops the overall governance framework through which appropriate control tools are prepared and updated at the bank level and the roles and responsibilities of the Bank's various levels are clarified, including the Board of Directors, the Board committees, and other administrative committees.

Monitoring the bank's activities in general and making important decisions through committees formed to ensure that the bank's activities are running properly in order to protect and ensure the quality of the bank's assets.

The Auditing Department monitors the adequacy of the bank's supervisory procedures and adheres to them, and prepares a presentation clarifying the focus and development aspects.

The Internal Control Committee (ICC) formed at the bank continuously follows up on the observations and control operations in departments such as Internal Auditing, Risks and Compliance, Account Differences, and other departments, and reviews the level of progress in addressing those observations and developing solutions to any obstacles that the bank's departments may face in this regard.

The bank has a set of policies and procedures that govern its various activities. The bank also reviews these policies and procedures periodically to verify their adequacy, efficiency, and suitability for the bank's activities.

Most of the operations of the bank are executed through automated systems, which helps in reducing manual errors and chances of fraud.

The bank has specialised departments for evaluating and monitoring internal control systems, including Internal Audit, Compliance, Fraud Control, and various risk departments.

There is an effective Audit Committee supervising internal and external auditors' activities in order to promote their independence. This Committee receives regular and periodic reports on outcomes of audits carried out on different departments and their activities.

The comments and reports of the Shariah Group are conveyed to the Audit Committee to enhance the independence of the Shariah Group.

Follow up on important transactions, fraud cases, legal cases, tax and Zakat cases, disclosures, and any matters requested by the Board of Directors from the Audit Committee.

Regular reviews on the efficiency and adequacy of the internal control system are carried out by the Internal Auditing Group based on an annual plan approved by the Audit Committee, in addition to regular reviews of some aspects of internal control by external auditors as well as the audit carried out by the Saudi Central Bank.

Annual review of internal control procedures

During 2024, alrajhi bank made every effort to ensure the adequacy and effectiveness of the internal control system, in line with the requirements issued by the Saudi Central Bank.

In addition, the activities implemented during the year 2024, which included a review of the efficiency of the internal control system through the works of Departments of Internal Audit, Risk and Compliance, have contributed to providing reasonable assurances of the adequacy of the applied internal controls, in addition to confirming the existence of systems and procedures necessary to identify and evaluate the high risks that the bank may face, the method of dealing with them, as well as the safety of their application. No findings affecting the adequacy of the internal control system were detected. Accordingly, and based on the results of the internal control system evaluation, Al Rajhi Bank has an adequate internal control system that works appropriately and is monitored and strengthened on an ongoing basis, bearing in mind that any internal control system, regardless of the level of its design and effectiveness, cannot provide absolute assurances.

General Assembly

The bank adheres to the regulatory requirements in all matters relating to Ordinary and Extraordinary General Assemblies. The bank is also obliged to provide sufficient information to enable shareholders to make their decisions.

Historical information of General Assembly meetings during the fiscal year:

No.	Name	Attendance record Extraordinary General Assembly 15th Meeting held on 24/03/2024
1.	Abdullah bin Sulaiman Al Rajhi	✓
2.	Ibrahim bin Mohammed Alromaih	✓
3.	Khalid bin Abdulrahman Al Gwaiz	✓
4.	Waleed bin Abdullah Al Mogbel	✓
5.	Abdulaziz bin Khalid Alghufaily	✓
6.	Badr bin Mohammad Al Rajhi	✓
7.	Mansour bin Abdulaziz Albosaily	✓
8.	Hamza bin Othman Khushaim	✓
9.	Raeed bin Abdullah Al Tamimi	✓
10.	Abdulatif bin Ali Alseif	✓
11.	Motassim bin Abdulaziz Almaashouq	✓

Bank's significant plans, decisions, and future expectations

alrajhi bank continues to lead in the retail banking market, and intends to enhance its leadership in this sector by increasing the financing portfolio in general and real estate financing in particular. The bank also intends to strengthen its position in the corporate banking market as well as SMEs sector, while continuing to invest in the latest technologies to ensure the provision of the best banking services and products to customers through connections built within the bank and across its subsidiaries, in addition to expanding the customer base.

Description of the Bank's dividends policy

(A) The net annual profits of the bank, which are determined after deducting all overheads and other costs and creating the necessary reserves to face doubtful debts, investment losses, and emergency obligations that the Board of Directors deems necessary in accordance with the provisions of the Banking Control Law and the directives of the Saudi Central Bank, are distributed as follows:

1. The amounts required to pay the Zakat prescribed for the shareholders are calculated and the Bank pays these amounts to the competent authorities.
2. At least 25% of the remainder of the net profits after deducting Zakat is carried over to the statutory reserve until the aforementioned reserve becomes at least equal to the paid-up capital.

3. An amount not less than 5% of the paid-up capital, after deducting the statutory reserve and Zakat, is allocated from the remainder of the profits for distribution to the shareholders in accordance with the Board of Directors' proposal and the General Assembly's decision. If the remaining percentage of the profits owed to the shareholders is not sufficient to pay this percentage, then shareholders may not claim its payment in the following year or years, and the General Assembly may not decide to distribute a percentage of the profits exceeding what was proposed by the Board of Directors.
4. The remaining amount is used after allocating the amounts mentioned in Paragraphs (1), (2), and (3), as proposed by the Board of Directors and decided by the General Assembly.

(B) Subject to the provisions of Paragraph (A) and the relevant regulations and after obtaining no objection from the Saudi Central Bank, the Company may distribute interim dividends on a semi-annual or quarterly basis.

Description of any interest of the Bank's board members, senior executives and their spouses and minor children in the Bank's securities or any of its subsidiary companies.

A - Members of the Board of Directors:

No.	Holder of interest, contractual papers, or subscription rights	Number of shares at the beginning of year 2024	Number of shares at the end of year 2024	Net change	Percentage of change %
1.	Abdullah bin Sulaiman Al Rajhi	87,229,416	87,229,416	–	0.00
2.	Ibrahim bin Mohammed Alromaih	28,342	28,342	–	0.00
3.	Abdulaziz bin Khalid Alghufaily	51,691	51,691	–	0.00
4.	Badr bin Mohammad Al Rajhi	101	101	–	0.00
5.	Khalid bin Abdulrahman Al Gwaiz	1,000	3,000	2,000	200.00
6.	Raeed bin Abdullah Al Tamimi	100	100	–	0.00
7.	Abdulatif bin Ali Alseif	1,600	1,600	–	0.00
8.	Hamza bin Othman Khushaim	50	50	–	0.00
9.	Waleed bin Abdullah Al Mogbel	100	100	–	0.00
10.	Mansour bin Abdulaziz Albosaily	190,011	150,315	(39,696)	-20.89
11.	Motassim bin Abdulaziz Almaashouq	–	–	–	0.00

B - Senior executives:

No.	Holder of interest, contractual papers, or subscription rights	Number of shares at the beginning of 2024	Number of shares at the end of year 2024	Net change	Percentage of change %
1.	Saleh bin Abdullah Allheidan	111,444	124,900	13,456	12.07
2.	Waleed bin Abdullah Al Mogbel	100	100	–	0.00
3.	Abdulrahman bin Abdullah Al Fadda	79,505	79,505	–	0.00
4.	Ahmed bin Saleh Al Sudais	75,000	70,000	(5,000)	-6.67
5.	Abdulrahman bin Mohammed Al Ajjaji	450	–	(450)	-100.00
6.	Majed bin Saleh Al Rajhi	146,261	188,062	41,801	28.58
7.	Hussam bin Issam Al Basrawi	52,787	99,918	47,131	89.29
8.	Abdullah bin Saleh Al Omari	–	15,705	15,705	0.00
9.	Turki bin Mohammad Al Dafyan	21,529	21,647	118	0.55
10.	Hamad bin Ibrahim Alwashmi	10,848	16,000	5,152	47.49
11.	Dhary bin Mohali Alshammry	4,258	14,456	10,198	239.50
12.	Thamer bin Abdullah Al Humud	17,082	–	(17,082)	-100.00
13.	Abdullah bin Ali Al Furaiji	–	–	–	0.00
14.	Salim bin Hamad bin Musallam	15,180	18,347	3,167	20.86
15.	Abdullah bin Saad Aljabr	550	–	(550)	-100.00

corporate governance structure at alrajhi

Board of Directors meetings

No.	Member name	Number of meetings: First Meeting 24 March 2024	Second Meeting 24 April 2024	Third Meeting 26 May 2024	Fourth Meeting 26 August 2024	Fifth Meeting 02 October 2024	Sixth Meeting 17 December 2024	Seventh Meeting 18 December 2024
1.	Abdullah bin Sulaiman Al Rajhi	✓	✓	✓	✓	✓	✓	✓
2.	Ibrahim bin Mohammed Alromaih	✓	✓	✓	✓	✓	✗	✓
3.	Abdulatif bin Ali Alseif	✓	✓	✓	✓	✓	✓	✗
4.	Abdulaziz bin Khalid Alghufaily	✓	✓	✓	✓	✓	✓	✓
5.	Badr bin Mohammed Al Rajhi	✓	✓	✓	✓	✓	✓	✓
6.	Khalid bin Abdulrahman Al Gwaiz	✓	✓	✓	✓	✓	✓	✓
7.	Hamza bin Othman Khushaim	✓	✓	✓	✓	✓	✓	✓
8.	Raeed bin Abdullah Al Tamimi	✓	✓	✓	✓	✓	✓	✓
9.	Waleed bin Abdullah Al Mogbel	✓	✓	✓	✓	✓	✓	✓
10.	Mansour bin Abdulaziz Albosaily	✓	✓	✓	✓	✓	✓	✓
11.	Motassim bin Abdulaziz Almaashouq	✓	✓	✓	✓	✓	✓	✓

Critical concerns

GRI 2-16

The Bank's Board holds at a minimum four meetings a year, in which it reviews all matters reported by the Bank's business and control functions, highlighting each function's ad hoc matters as well as any concerns related to the Bank's business conduct in its operations and its business relationships.

Bank requests for shareholder register

No.	Request date	Request justifications
1.	04 February 2024	Company actions
2.	04 March 2024	Company actions
3.	26 March 2024	Dividend Distribution File
4.	04 April 2024	Company actions
5.	02 May 2024	Company actions
6.	03 June 2024	Company actions
7.	03 July 2024	Company actions
8.	04 August 2024	Company actions
9.	14 August 2024	Dividend Distribution File
10.	02 September 2024	Company actions
11.	02 October 2024	Company actions
12.	04 November 2024	Dividend Distribution File
13.	02 December 2024	Company actions

Related party transactions

During its normal business cycle, the bank makes transactions with related parties which are subject to the controls stipulated by the Kingdom's legislative entities. The bank has disclosed related party transactions in Note (37) of its final Financial Statements for the year 2024. The following is a summary of the nature and balances of those transactions for the year ended on 31 December 2024 (all amounts are in thousands of Saudi Arabian Riyal):

Members of the Board of Directors

Financing	236,487
Current accounts	849,089

Companies and establishments guaranteed by members of the Board of Directors

Financing	4,561,137
Contingent liabilities	2,219,133

Associate

Contributions payable	67,399
Receivable against claims	400,240
Bank balances	656,413
Net income from financing and other financial assets	428,474
Mudaraba Fees	324,130
Employees' salaries and benefits (air tickets)	2,167
Rent and premises related expenses	1,106
Contribution – policies written	6,756,555
Claims incurred and notified during the year	946,779
Claims paid	1,070,214
Board of Directors' remunerations	6,115
Short-term benefits	176,488
Provision for employees' end of service benefits	4,709

Following is information related to businesses and contracts in which the Bank was a party and in which there was an interest for a member of the Board of Directors, a senior executive, or any person related to their professions during the year 2024:

corporate governance structure at alrajhi

1 – Commercial contracts and service contracts (all figures are in Saudi Arabian Riyal)

No.	Related party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2024
1.	Fursan Travel & Tourism Co.	Abdullah bin Sulaiman Al Rajhi	Chairman of the Board	Owned by Board member	Travel & tourism services contract	Pricing contract for a period of one year automatically renewed for a similar period	Without any preferred conditions or advantages	2,136,119
2.	Berain Company	Badr bin Mohammed Al Rajhi	Board Member	Chairman of the Board of the company	Mineral water supply services Indemnity Insurance	Pricing contract for a period of one year automatically renewed for a similar period	Without any preferred conditions or advantages	338,963
3.	Saudi Credit Bureau	Majed bin Saleh Al Rajhi	Senior Executive	Board member of the Company	Subscriptions	Pricing contract for a period of one year automatically renewable for similar period	Without any preferred conditions or advantages	79,771,786

2 – Lease contracts (All figures are in Saudi Arabian Riyal)

No.	Related party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2024
1.	Mohammed Abdul Aziz Al Rajhi and Sons Investment Company	Badr bin Mohammad Al Rajhi	Board Member	The member holds a director position in the Company	Lease contract of the Southern Regional Management Building	Seven years, automatically renewed for a similar period	Lease Contract	282,373
2.	Mohammed Abdul Aziz Al Rajhi and Sons Investment Company	Badr bin Mohammad Al Rajhi	Board Member	The member holds a director position in the Company	Lease contract for Abha direct sales office	Seven years, automatically renewed for a similar period	Lease Contract	46,000

No.	Related party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2024
3.	Mohammed Abdul Aziz Al Rajhi and Sons Investment Company	Badr bin Mohammad Al Rajhi	Board Member	The member holds a director position in the Company	Lease contract for ATM site	Five years, automatically renewed for a similar period	Lease Contract	40,250
4.	Second Unique Stores Company	Abdullah bin Sulaiman Al Rajhi Abdulaziz bin Khalid Alghufaily Waleed bin Abdullah Almogbel	Chairman of the Board Board Member Managing Director and CEO	Al Rajhi Bank's Board members are members of Al Rajhi Capital's BoD and there is a relation of ownership and influence by Al Rajhi Capital over Al Rajhi REIT Fund and Al-Makhazen Al-Mumayazah Al-Thaniyah Company is a SPV for Al Rajhi REIT Fund	Lease contract for a branch in Riyadh	Five years	Lease Contract	672,980

3 – Insurance contracts (All figures are in Saudi Arabian Riyal)

No.	Related party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2024
1.	Al-Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi Waleed bin Abdullah Al Mogbel Saleh bin Abdullah Allheidan	Chairman of the Board Managing Director and CEO Senior Executive	Board members in the Company Managing Director and CEO is a Board member Member of Shariah Board in the Company	Micro and Small Business Motor Insurance	Annual contract	Without any preferred conditions or advantages	175,674,249
2.	Al-Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Chairman of the Board	Board members in the Company	Banker's Blanket Bond and Professional Indemnity Insurance	Annual contract	Without any preferred conditions or advantages	18,778,213.40

corporate governance structure at alrajhi

No.	Related party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2024
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Allheidan	Senior Executive	Member of Shariah Board in the Company				
3.	Al-Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Chairman of the Board	Board members in the Company	Directors and Officers Insurance	Annual contract	Without any preferred conditions or advantages	**1,518,023.00**
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Allheidan	Senior Executive	Member of Shariah Board in the Company				
4.	Al-Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Chairman of the Board	Board members in the Company	Properties All Risk Policy	Annual contract	Without any preferred conditions or advantages	**9,653,043**
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Allheidan	Senior Executive	Member of Shariah Board in the Company				
5.	Al-Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Chairman of the Board	Board members in the Company	Fire and Allied Perils – Mortgage Insurance Agreement	Annual contract	Without any preferred conditions or advantages	**499,900**
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Allheidan	Senior Executive	Member of Shariah Board in the Company				

No.	Related party	Party associated with related party	Position in ARB	Type of relation with related party	Relation type	Period	Conditions	Transactions amount for the year 2024
6.	Al-Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Chairman of the Board	Board members in the Company	Bancassurance Agreement	Annual contract	Without any preferred conditions or advantages	**6,111,842,137***
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Allheidan	Senior Executive	Member of Shariah Board in the Company				
7.	Al-Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Chairman of the Board	Board members in the Company	Motor Insurance Agreement	Annual contract	without any preferred conditions or advantages	**436,943,275**
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Allheidan	Senior Executive	Member of Shariah Board in the Company				
8.	Al-Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Chairman of the Board	Board members in the Company	Marine Cargo Open Cover	Annual contract	Without any preferred conditions or advantages	**1,561,522.00**
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Managing Director and CEO is a Board member				
		Saleh bin Abdullah Allheidan	Senior Executive	Member of Shariah Board in the Company				
9.	Al-Rajhi Company for Cooperative Insurance	Abdullah bin Sulaiman Al Rajhi	Chairman of the Board	Board members in the Company	General Commercial Liability	Annual contract	Without any preferred conditions or advantages	**84,433.00**
		Waleed bin Abdullah Al Mogbel	Managing Director and CEO	Board members in the Company				
		Saleh bin Abdullah Allheidan	Senior Executive	Member of Shariah Board in the Company				

*this represents the premium amount on insurance policies sold through the bank's channels to the customer, and the bank received a commission of 446,400,000 Saudi riyals on the sale of these policies

Competing Business with the Bank or with any of its activities that any member of the Board is engaging in

Board member's name	Name of the Company	The Company's main activity	The Company's legal form	Classification of the membership
Motassim Abdulaziz Almaashouq	Northern Trust	Providing advice in securities, custody in securities, investment management and fund operation.	Closed joint stock company	Independent

Legal payments

Legal payments due by the bank during the year consist of Zakat owed by shareholders, taxes, amounts paid to the General Organisation for Social Insurance, and costs of issuing visas, passports, etc.

The following table shows details of the legal payments made during the year:

	2024			
Description	**Paid**	**Due for payment by end of fiscal period (unpaid)**	**Brief description**	**Reasons**
Zakat	2,725,225,627	–	Paid	–
Taxes	203,165,707	–	Paid	–
VAT	868,446,620	–	Paid	–
General Organisation for Social Insurance	281,025,663	–	Paid	–
Visa and passport costs	57,793	–	Paid	–
Ministry of Labour fees	1,661,287	–	Paid	–

Basis for preparing the bank's consolidated financial statements

The bank prepares its consolidated financial statements in accordance with international accounting standards for financial institutions approved in the Kingdom of Saudi Arabia as well as other standards and publications issued by Saudi Organization for Chartered and Professional Accountants and the requirements of the Banking Control Law, the Companies Law applicable in the Kingdom of Saudi Arabia, and the bank's Articles of Association.

Basel 3

The Bank publishes its quantitative and qualitative disclosure data on an annual basis. These disclosures are available on the Bank's website (www.alrajhibank.com.sa).

Auditors

During the Ordinary General Assembly of the shareholders, Messrs. Ernst & Young and KPMG Al Fozan & Partners were appointed as auditors for the bank's accounts for the fiscal year 2024. The next General Assembly will appoint external auditors for the fiscal year 2025 based on the recommendation of the Audit Committee in this regard.

The Board did not recommend replacing the external auditors before the end of the contract period.

Board of directors' acknowledgments:

According to the available information, the auditor's report, and current market data, the Board of Directors acknowledges the following:

- Accounting records have been prepared properly
- The internal control system has been prepared based on proper fundamentals and is executed effectively
- There is no doubt about the Bank's ability to continue its business.

Conclusion

The Board of Directors expresses its pleasure and pride in the positive results achieved by the bank during the year 2024. On this occasion, the Board would like to convey its appreciation to the Custodian of the Two Holy Mosques, HRH the Crown Prince, and our wise Government.

The bank also extends its sincere thanks to the Ministry of Finance, the Ministry of Commerce, the Saudi Central Bank, and the Capital Market Authority for their consistent cooperation and continuous support in developing the financial sector, which had a great impact and role in supporting the growth of the national economy.

The Board also seizes this opportunity to express its thanks and appreciation to the shareholders, the bank's valued customers and its correspondents for their support, confidence and cooperation, which have had a positive impact on the Bank's progress and prosperity. The Board also conveys its sincere thanks and appreciation to all employees of the bank for their sincere efforts and dedication. In addition, the bank extends its appreciation to Shariah Board members for their loyal efforts and effective contributions to the bank's business.

risk management

Overview

In 2024, the Risk Group reinforced its role in safeguarding the bank's sustainability and profitability by establishing risk thresholds aligned with the bank's risk appetite. These thresholds enable the precise identification and assessment of risks, their impact on the bank's value creation process, and the prudent management of such risks to ensure sustainable returns for shareholders.

The Risk Group is headed by the Chief Risk Officer, and functions within the bank's risk framework and policies approved by the Board of Directors to manage risk across the entirety of the bank's operations. The Group's reporting scope to the Board and related committees comprise different aspects of risks including portfolio asset quality, operational risks, liquidity risks, market risks, reputational risks, Counter Fraud risk, technology and cybersecurity risks among others.

alrajhi bank's **Board Risk Management Committee (BRMC)** supports the Board of Directors in their role by overseeing the bank's performance in line with its risk appetite. The BRMC operates under a charter governed by the bank's Corporate Governance Manual, which applies the Principles of Governance for Banks issued by SAMA as well as the Corporate Governance Regulations issued by the Capital Market Authority, alongside market best practices.

The bank's risk management framework is covered by the bank's Internal Capital Adequacy Assessment Process (ICAAP), and details the bank's risk appetite, risk management approach and primary risk controls. The ICAAP is reviewed by the BRMC, approved by the Board, and submitted to SAMA annually. In parallel, the BRMC reviews and provides recommendations to the Board on the Internal Liquidity Adequacy Assessment Plan (ILAAP), which is also submitted to SAMA on an annual basis. Additionally, the BRMC reviews and provides recommendations on all risk-related policies including but not limited to: Expected Credit Loss Policy, Operational Risk Policy, Counter Fraud Policy, Market and Liquidity Risk Policies, Cyber Security Policy and other risk related policies. These policies are presented to the Board for final approval, ensuring a robust and comprehensive approach to managing the bank's risk landscape.

At a management level, the bank's **Risk Management Committee (RMC)** plays a critical role within the bank's Risk Governance and Risk Management Framework. The purpose of the Committee is to review how effectively businesses within the bank are managing their risks, and to provide strategic and tactical direction for the management of risks. The Committee shall report to the Board Risk Management Committee (BRMC) on its activities and any recommendations.

Top risks

By the nature of its operation, alrajhi bank is exposed to a number of risks conventionally, which it manages through a robust risk management framework. Various other external and internal factors also affect the bank's risk profile on an ongoing basis, with the Risk Group identifying risks and uncertainties with potential to increase the unpredictability of the operating environment. Aside from the conventional risks, Cyber Risk and Financial Crime continue to be the top concerns of the Risk Group during the reporting period.

Credit risk

In order to enhance the focus and objectivity for credit decision making, the bank segregated the Credit Risk function from the Risk Management, wherein, the Credit Group is now being headed by the Chief Credit Officer, that functions within the Bank's Credit risk framework and policies approved by the Board of Directors to manage Credit risk across the entirety of the Bank's operations.

The Group's reporting scope to the Board and related committees span around credit risks and portfolio asset quality only.

alrajhi bank's Board Executive Committee (EC) supports the Board of Directors in their role of overseeing the Bank's performance in line with its Credit risk appetite. The EC Charter is being updated as per the bank's Corporate Governance Manual to apply best market best practices, applicable for credit risk management.

Operating primarily as a Retail bank providing credit facilities to customers on-balance and off-balance sheets, credit risk remained the largest risk source for alrajhi bank in 2024. However, given the solid nature of its portfolio, which has a bigger concentration of Public Sector customers with salary assignments, the credit risk also remained lowest among its peers during the reporting period.

Due to the potential a retail portfolio comprising a large number of individual customers with small loans has to hurt the bank when in collective default, alrajhi bank continued to conduct regular data integrity and portfolio monitoring in 2024, providing fair evaluation of individual borrowers and their capacity to repay the bank.

A change in the retail portfolio mix initiated in December 2021 and continued throughout 2024 saw a shift toward big-ticket loans such as mortgages, which posed a higher risk concentration per customer. Regular portfolio monitoring was conducted to build feedback loops and aid the Retail business and Risk Group in implementing effective mitigations and controls to minimise impacts.

This also led to a re-evaluation of the bank's target markets, with the credit Risk Group shifting focus from high-risk segments where defaults and delinquency rates are higher than the bank's risk appetite to low-risk groups by targeting the higher-income, salary-aligned segment with stable employers.

The business verticals, Credit Risk, and Compliance Groups worked together throughout the reporting period to ensure prompt compliance with all new and altered regulations and governing rules issued during 2024.

Accelerated digital banking posed credit risk from a customer acquisition perspective during the reporting period, which the bank addressed by adopting a phased approach to managing credit risk at the origination level and ensuring compliance with approved risk acceptance criteria. Stakeholders were consulted in the conceptualisation and implementation of the digitisation process.

Different strategies were executed to ensure lower inflows going to late buckets and address issues related to systems and logic to assess genuine defaults and find solutions. The bank also introduced a full ecosystem to manage any potential default in the Retail book, supported by a Task Force to oversee all related legal cases.

alrajhi bank is also accelerating to serve its non-retail businesses and has revamped its Wholesale Credit Policy to serve the growth in non-retail business, aligning its credit risk appetite to expand into preferred and targeted industries under its Corporate business, supporting growth in MSME business and expanding its Private Banking lending.

The bank has developed a vigorous Portfolio Monitoring mechanism by proactively managing its lending portfolio quality by revamping its rating models to automate the evaluation of customer credit worthiness using unique quantitative and qualitative criteria, especially for MSMEs. The bank is also automating its Early Warning System (EWS) model geared to detect any weaknesses in the quality of portfolios to enable the Bank to proactively engage appropriate remedial measures through relationship teams or the Special Assets Management Unit to rectify any credit risk issues.

These actions resulted in non-performing loans (NPL) of the non-retail portfolio being contained at the same level during the reporting period, despite significant year-on-year portfolio growth.

2024 saw a significantly reduced error rate and improved turnaround time through continued automation as well as policy and control function enhancements, across different segments of the bank. With all credit decisions that will be executed via the bank's different credit decision engine, the error rate is expected to be further reduced towards an ambitious zero error rate once the phased implementation is completed by 2025.

Concentration risk

The bank's geographical diversity and loyal patronage of its varied customer base mitigates concentration risk by providing greater stability in the face of external impacts. In 2024, Corporate Banking enjoyed the advantage of a well-diversified portfolio across different emerging business segments, industries and wallet sizes. The Credit Risk Group continued to monitor the same, against predefined Risk Appetite parameters.

The Retail portfolio, too, remained highly diversified. The bank proactively created an ecosystem to support low-income segments whose disposable income may be affected by higher inflation, providing multiple options especially across its growing mortgage portfolio, which the Credit Risk Group continued to monitor closely.

Liquidity risk

During the year in review, alrajhi bank continued to strengthen its liquidity risk management framework, ensuring robust controls and monitoring systems are in place. The bank's proactive liquidity management has maintained a solid liquidity position to pay off its obligations when become due by a diversified funding mix and strong balance sheet. This has been achieved by exploring and introducing new funding solutions such as syndicated Murabaha, senior unsecured sukuk and other funding tools. The bank plans to continue enhancing its liquidity management strategies for balance sheet optimisation and to remain well-positioned to meet future challenges and opportunities.

Market risk

After the successful implementation of the Fundamental Review of the Trading Book "FRTB" last year, the bank currently ensures maintaining a robust market risk framework complying with Basel regulatory requirements. This included enhancing its systems, policies and procedures periodically to establish clear Governance, Control and Monitoring as well as setting well-defined boundaries between the Trading and Banking books.

Operational risk

alrajhi bank reviews its Operational Risk Management Policy annually, in order to adhere to the new Basel and SAMA requirements to govern all significant aspects of operational risk management in a systematic and consistent manner. To further enhance the performance of its Enterprise Operational Risk Management System, the automation of a number of operational risk tools and activities were carried out during 2024; the automation of Risk Control and Self-Assessment (RCSA), reporting and monitoring of Key Risk Indicators (KRI), incident logging and Root Cause Analysis (RCA), action plans logging and monitoring, new products and services risk assessment, risk register maintenance as well as risk reporting.

The bank is committed to strengthening its control environment and improving its operating platform efficiencies proactively, increasing reliance on the use of technology, and improving the bank's collective knowledge and awareness of risk controls through various communication channels and training sessions.

To ensure a robust and consistent approach; Operational Risk Coordinators have been assigned from all departments of the bank and are responsible for implementation of the Framework in coordination with the Operational Risk Management department. The Group Operational Risk Management Committee (GORC) monitors and oversees operational risk issues.

The bank's operational risk profile is regularly shared with senior management and the Board Risk Management Committee, which ensures a robust and consistent approach to operational risk management at all levels of the organization.

Fraud risk

Fraud Risk is the likelihood that an individual or organisation will intentionally deceive others for personal or financial gain, potentially causing financial, reputational, or legal harm. Given its continuous compliance with SAMA's Counter Fraud Framework, alrajhi bank's Counter Fraud strategic approach is to ensure comprehensive coverage at Group level, enabling the bank to proactively protect its customers and its business operations.

As part of the rapid growth in fraud trends and fraudster techniques, the Counter Fraud Department has dedicated its full efforts and resources to ensure the following:

- Enabling a culture of awareness of counter fraud risks and fraudulent techniques for both our customers and the bank's business areas;
- Minimise fraud losses by utilising cutting edge technologies, techniques, and conducting deep analysis of transactions to identify unknown or suspected fraud trends and threats;
- Engage counter fraud professionals to ensure a clear baseline is developed and implemented in order to further enable the Kingdom's 2030 Vision;
- Establish awareness of the international fraud landscape to gain insight on international trends and techniques ahead of time; and
- Further develop alrajhi bank's counter fraud resources by conducting both technical and non-technical training to allow for enhanced fraud vision internally and externally, and clear view of the international market fraud trends and techniques.

Cybersecurity risk

In 2024, the accelerated pace of digital transformation continued to expand the threat landscape, leading to a consequential rise in cybersecurity risks. alrajhi bank employs a comprehensive range of dynamic defences, incorporating preventive, detective, and incident response measures to proactively combat, detect, and address emerging cyber threats.

To strengthen its cybersecurity posture, alrajhi bank implemented advanced measures based on multi-layered cybersecurity principles. The bank adheres to the highest cybersecurity standards issued by the National Cybersecurity Authority (NCA), SAMA, CMA, and other regulatory bodies. This commitment ensures robust governance practices that safeguard the confidentiality, integrity, and privacy of customer information, as well as critical business and technology processes.

The bank also prioritises cultivating a strong cybersecurity culture by implementing targeted training and awareness programs for employees and customers. These initiatives enhance their understanding of the evolving threat landscape and provide guidance on minimising exposure to cyber risks. To maintain the reliability and security of its services, the bank conducts continuous cybersecurity assessments of its systems, applications, and networks.

Additionally, alrajhi bank engages independent internal and external auditors to verify the effectiveness of its cybersecurity controls and ensure compliance with national and international standards, including PCI DSS, SAMA, SWIFT, SARIE, and NCA requirements. The bank's 24/7 cybersecurity operations centre continuously monitors and responds promptly to cyber threats and attacks. Through these advanced measures, alrajhi bank has demonstrated resilience against cyberattacks, **with no cybersecurity-related failures or operational impacts recorded to date.**

Trust remains at the core of the bank's relationships with customers and stakeholders. This trust is founded on robust safeguards to protect sensitive financial data, ensure customer privacy, and uphold the integrity of financial transactions. In 2024, alrajhi bank continued to strengthen its cybersecurity frameworks, conduct regular audits, and adhere to evolving regulatory standards. These measures underscore the bank's commitment to maintaining a highly secure and trustworthy environment for both customers and employees, ensuring long-term stability and confidence in its operations.

Information Technology (IT) Risk

In 2024, the rapidly evolving technological landscape within Saudi and global financial institutions has positioned technology risks as a critical area of focus. As reliance on advanced technologies becomes increasingly pervasive, financial institutions must adopt a comprehensive approach to managing IT risks. With alrajhi bank and its group members advancing and integrating innovative technologies to transform operations, the spectrum of potential risks continues to expand. These risks include sophisticated cyber-attacks, systemic failures, data breaches, and compliance lapses, each carrying significant implications for business continuity, customer trust, and financial stability. Effectively managing these risks demands a balanced approach that prioritizes resilience, trust, agility, and business enablement, allowing the bank to navigate technological challenges while capitalizing on emerging opportunities.

alrajhi bank's primary goal in managing IT risks is to proactively establish a resilient and trustworthy IT ecosystem. This involves implementing a multifaceted strategy that integrates agility, alignment with regulatory requirements, and support for the bank's broader business objectives. By treating technology as a strategic asset rather than a mere operational tool, the bank not only enhances efficiency but also drives innovation and competitive advantage. Resilience, as envisioned by the bank, transcends technical robustness. It includes the capacity to anticipate, prepare for, respond to, and adapt to both gradual changes and sudden disruptions in the technological environment. This resilience is reinforced by a culture of continuous improvement, where lessons learned from past incidents shape future risk mitigation efforts.

Emerging risks

Apart from the conventional risks inherent in financial intermediation, a number of emerging risks were identified during the reporting period based on internal assessments and external market trends.

Emerging risk type	Description
Compliance risk	As regulation becomes more robust, banks need to demonstrate that their compliance programmes are effective.
ESG risk	The energy transition is accelerating and banks have to move on the same direction where banks must embed climate risks – both physical and transition risk- into each stage of credit life cycle.
Changing Consumer Behaviour risk	Unpredictable or misunderstood customer demand are caveats that would leave banks in a disadvantage against the customer and competition.
Geopolitical risk	A changing geopolitical landscape leading to a significant escalation would impact oil production and export capacity constraining growth opportunities.
Strategy risk	Shifts in expectations on economic and social developments outpace the Bank's response. Resistance to change may restrict the organization from making necessary adjustments to the business model and core operations.

Credit rating

alrajhi bank has solidified its reputation among international rating agencies by consistently achieving stable to positive credit ratings for the current year:

Rating agency	Rating (Long term)	Short term	Outlook
S&P	A-	A-2	POSITIVE
Moody's	Aa3	P-1	STABLE
Fitch	A-	F2	STABLE

It's worth to highlight that Moody's has upgraded Alrajhi bank credit rating to Aa3 by December 2024, and this upgrade is aligned with the upgrade of Saudi Arabia sovereign credit rating and based on the bank credit strengths:

1. Dominant Saudi retail franchise
2. Solid asset quality
3. Strong capital

Future outlook

In 2024, the bank prioritised strengthening its risk management capabilities by developing advanced frameworks for measuring, monitoring, and reporting all material risk types. These initiatives are crucial for aligning the bank with regulatory standards. Looking ahead to 2025, the bank plans to further enhance risk management capabilities and is committed to maintaining financial stability and resilience, laying a sustainable foundation for future growth.

data privacy and information management

Data is considered a valuable asset at alrajhi bank, one that plays a vital role in improving performance and productivity. The Bank ensures all applicable data standards are met, and applies recommended practices in data governance and privacy to increase compliance, while effectively managing data and maximising its value, enhancing customer experience. The oversight of data privacy at alrajhi bank falls under the Chief Digital Officer, while cybersecurity falls under the purview of the Chief Risk Officer. The Cyber and Information Security Committee provides oversight, support and direction for implementation and governance cyber and information security requirements and ensure adequate monitoring of cyber and information security programs.

alrajhi bank's Data Governance Policy was introduced in 2022, and ensures privacy and protection that is aligned with regulatory requirements. The Data Governance Policy covers 14 Data Governance Domains:

1. Data governance office
2. Data catalogue and metadata
3. Data quality
4. Data operations
5. Document and content management
6. Data architecture and modelling
7. Reference and master data management
8. Business intelligence and analytics
9. Data sharing and interoperability
10. Data value realisation
11. Open data
12. Freedom of information
13. Data classification
14. Personal data protection

The Policy ensures that applicable data standards and recommended practices are aligned with the overall objective of increasing compliance with relevant laws, enhancing customer experience and becoming more effective in managing data.

The Kingdom's first data protection law – the Personal Data Protection Law (PDPL) – was declared effective during 2023 by the Saudi Data and Artificial Intelligence Authority (SDAIA). alrajhi bank worked closely with the National Data Management Office (NDMO) – the Kingdom's national data regulator – to set up personal data controls that are also in compliance with data privacy guidelines issued by SAMA, to regulate the collection, processing, storage and transfer of personal data of alrajhi bank customers.

In 2023, the bank evaluated the potential impact of data processing activity on an individual's privacy and data protection rights, documenting the bank's data processing activities, and creating a central repository of information regarding the processing of personal data. An assessment was also carried out for data subject rights that the bank undertakes to evaluate compliance as required by data protection regulations. As a result, alrajhi bank introduced a Privacy Policy in 2024, sharing a Privacy Notice in compliance with PDPL and NDMO management standards to educate customers on what data is collected, why the bank collects data, and how the bank handles data throughout its lifecycle.

The Privacy Notice also educates customers on their individual rights, including the right to withdraw consent for processing their personal data at any time.

tax transparency and financial reporting

GRI 207-1, 207-2

For the year 2024, alrajhi bank continued to comply with globally accepted regulations on tax transparency and the disclosure of its financial statements, publishing its interim condensed and expanded consolidated financial statements both quarterly and annually. The statements are prepared in compliance with endorsed International Financial Reporting Standards (IFRS) as issued by the Saudi Organisation for Chartered and Professional Accountants (SOCPA), the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and the bank's by-laws. All standards, rules and regulations are consistently applied under the supervisory monitoring of the Saudi Central Bank (SAMA), to ensure proper disclosure and full financial reporting integrity has been met.

The bank's financial reporting function is also regulated by the Capital Market Authority (CMA), which ensures required levels of transparency are met, and investor information sessions are conducted. Among such regulated best practices is the appointment of two external auditors, approved solely by the shareholders' general assembly, and selected from the four big global audit firms established in the Kingdom.

alrajhi bank has a robust reporting platform for investors as well as the public, specifically designed to ensure financial information and public interest reports are generated through strongly validated financial data processing engines, financial standards compliance, and quality assurance policies and procedures.

The bank also has many internal governance committees and monitoring departments engaging and working together towards producing accurate, transparent financial information for all of investors and public users, which is in-line with the SAMA requirements.

All generated financial reports and other additional information is readily available for viewing and downloading on alrajhi bank dedicated online Investor Relations page. The bank also has a dedicated Investor Relations App with direct access to financial reports as well as alrajhi bank stock information, dividend history, investment calculator and the latest announcements for an enriched investor experience.

The revenue recognition policy and procedures of alrajhi bank are fully compliant with the international financial standards, and use the effective profit yield in driving the bank's income and fees. The bank also provides several services to customers where the relevant fee and income are recognised as soon as those services are rendered.

alrajhi bank makes a varied range of Zakat and tax payments to the Zakat, Tax and Customs Authority (ZATCA) of Saudi Arabia. The bank employs qualified internal and external experts to ensure perfect compliance with all Zakat and tax rules and regulations applied in the Kingdom of Saudi Arabia. The Zakat paid for the year 2024 Increased by 17% YoY.

Equity ownership structure

Al Rajhi Bank follows the Capital Market Authority (CMA) regulations of one vote per share and disclosure of 5% or more ownership.

business ethics

alrajhi bank complies with SAMA's requirements contained in Compliance Principles for Banks Operating in the Kingdom of Saudi Arabia. To this end, the bank has formulated a Compliance Policy that applies to all bank employees at all levels including international branches, subsidiaries and third-party employees' contracted by the bank. The Compliance Group at alrajhi bank closely works together to raise the level of compliance with laws and regulations issues by SAMA as well as other locations where the bank operates. Compliance Group's responsibility is to assist senior management in effectively managing and handling noncompliance risks faced by the bank (advice, control and monitoring). Compliance Group has responsibilities and functions of six core business units, all of which are directly and indirectly related to noncompliance risks, namely:

1. Responsibility for compliance control (control, relationship with the central bank, consultations);
2. Responsibility for compliance with AML/CTF and preventing the proliferation of arms;
3. Responsibility for combatting financial fraud;
4. Responsibility for combatting corruption;
5. Responsibility for Self-Supervision Unit;
6. Responsibility for handling reports of violations.

In case of any breach of policies, the Compliance Group investigates the incident, reviews appropriate corrective plans and ensures controls are sufficient.

The commitment to the highest standards of ethical, moral and statutory conduct and corporate behaviour at alrajhi bank cascades from the Board of Directors and Senior Management down the organisational hierarchy to the employees across all strata of the organisation. Compliance is instilled into alrajhi bank's everyday business practices, and is viewed as an integral part of its operations and banking activities. It is the responsibility of all employees to observe high ethical, moral and statutory standards nurtured by the bank, which continues to strengthen its relationship with its customers and, consequently, its reputation.

Employees are considered as the first line of defence towards compliance issues and expected violations and therefore must be made aware of their role in making sure that compliance is maintained at the bank. As such, training is provided for employees in relation to compliance principles and their individual responsibilities.

GRI 206-1

Instances of Anti-competitive, anti-trust and monopoly practices

Compliance with laws and regulations

S. No.	Employee Category	Unit	2024	2023
1.	Total number of significant instances of non-compliance with laws and regulations for which fines were incurred	Nos.	56	68
2.	Total number of significant instances of non-compliance with laws and regulations for which non-monetary sanctions were incurred	Nos.	1	4
3.	Total number of significant instances of non-compliance with laws and regulations	Nos.	57	72

policies related to the corporate governance manual

GRI 2-23, 2-24

alrajhi bank has adopt a comprehensive set of policies and procedures that strengthens its governance framework in line with the Board of Directors approved Delegation of Authorities (DoA) matrix to adequately reflect internal practices.

Code of Conduct

The bank's Code of Conduct provides its employees with the values and philosophy of the bank and how to main the highest ethics while conducting their day-to-day responsibilities. The Code of Conduct covers the following areas:

1. Demonstrating the highest standards of ethics, transparency, integrity and honesty
2. Treating all people with dignity and maintaining an inclusive work environment. This includes speaking up against discrimination and harassment in the workplace
3. Protecting and safeguarding confidential information of customers and fellow employees.
4. Assisting in the prevention of the misuse of material, non-public information

The bank's Code of Conduct applies to all employees. alrajhi bank operates with full integrity and transparency and ensures that no personal or financial interests of its employees, stakeholders or partners conflict with its business operations through its Code of Conduct by providing some general considerations to identify potential conflicts of interest. They are enumerated as follows:

- Perception: Could the activity or transaction be perceived as a potential conflict by others? If all the related facts were made public, would you or ARB Group be viewed negatively?
- Intent: Is the offer or request an attempt to influence the recipient's or your judgment?
- Impact: Will the Bank or its customers be disadvantaged without legitimate reason if you participate in the activity or transaction?
- Objectivity: Will participation in the activity or transaction affect a customer's or your judgment or your ability to be objective with regard to any business decisions.
- Time considerations: Will the time required by the outside activity interfere with your ability to effectively carry out your job responsibilities to the company, its shareholders or its customers?

The Code of Conduct contains key principles that employees must follow while carrying out their duties. These include guidelines on how to conduct oneself in the workplace, complying with all applicable laws, rules and regulations, and decisions of the Shariah Board, preventing money laundering, terrorist financing and corruption, preventing conflict of interest from arising and serving customers and shareholders. All employees are required to report any activity or behaviour that is non-compliant with the Code of Conduct through the Whistleblowing channels (As per procedures as explained in the next section). This includes matters related to but not limited to the following:

- Fraud, embezzlement, theft, money laundering, financing terrorism, and insider trading
- Counterfeiting and falsifying documents
- A colleague exploiting or misusing his/her position for personal gain.
- Presenting or receiving a bribe or acting as a middleman for one.
- Harassment or Extortion
- Unethical behaviour of any colleague(s) such as breach of honesty and integrity
- Any other violation of the Code of Conduct or Whistle-Blowing policy

Anti-bribery and corruption (ABC) policy

alrajhi bank has a zero-tolerance approach towards all forms of bribery, corruption and facilitation payments and if any employee is found to be indulging in bribery or corruption, disciplinary action will be undertaken and may include legal prosecution.

All employees, including staff across alrajhi's local and international branches and subsidiaries as well as third parties are covered under this policy. All employees must be made aware of the provisions of this Policy and that they have an obligation to report any suspected violations through the reporting channels.

policies related to the corporate governance manual

GRI 205-2

Communication and training about anti-corruption policies and procedures (Employees at bank level)

Parameters	2024			
	Senior management	Middle management	Junior Management	Non-management/ Workers
Total number of employees	14	174	518	8,329
Total number of employees that the organization's anti-corruption policies and procedures have been communicated to	14	174	518	8,329
Total number of employees that have received training on anticorruption	14	174	518	8,329
Percentage of employees that the organization's anti-corruption policies and procedures have been communicated to	100%	100%	100%	100%
Percentage of employees that have received training on anticorruption	100%	100%	100%	100%

The Whistleblowing and ABC Department is the owner of the Policy and is responsible for overseeing compliance with the Policy while the Legal Department of the Human Resources Group is responsible for taking decisions and taking actions against employees involved in bribery and corruption cases.

Whistleblower policy

alrajhi bank is committed to ensuring the highest ethical and professional standards and has formulated a Whistleblower Policy to take reasonable steps to prevent and control any act of bribery or corruption. The Bank encourages staff at its local and international branches as well as subsidiaries to report any violations, misconduct, manipulations, vandalism, bribery, corruption, breach of its policies, aiding and abetting and provides various channels for people to report such acts including hotline number & e-mail.

The bank will take necessary measures to maintain the confidentiality and/or anonymity of the whistleblower. The Whistleblowing and ABC Department is responsible for investigating the cases reported through the policy. Al Rajhi Bank does not tolerate acts of retaliation against those who report their concerns and consider retaliatory acts as a potential disciplinary matter.

The bank's ABC and Whistleblowing Policy Statement can be accessed here.

Anti-money laundering (AML) policy

alrajhi bank complies with the international standards set in relation to the following: Anti-Money Laundering (AML), Weapons of Mass-Destruction (WMD), Countering Terrorism Financing (CTF), Anti-Bribery and Corruption (ABC). In order to manage compliance risks, the bank has integrated the following:

1. Risk Assessment: The bank has developed a risk scoring methodology by which customers are rated into High, Medium or Low Risk based on their profile. The bank also conducts risk assessments of products and services and geographical risks on an annual basis.
2. Customer Due Diligence (CDD): alrajhi bank has adopted a risk-based approach for conducting customer due diligence to ensure that the procedures taken are adequate and proportionate to the customer.

policies related to the corporate governance manual

3. Enhanced Due Diligence (EDD): In addition to the basic Know-Your-Customer requirements and CDD, enhanced due diligence is conducted when there is a business relationship has a greater risk of money laundering and/or terrorist financing. EDD is the additional examination and scrutiny performed on the customer, aimed at identifying customers and confirming that their activities and funds are legitimate.
4. Sanction screening: The bank screens customers, beneficiaries and transactions against lists issued by the Saudi Arabian Monetary Authority (SAMA), Saudi Arabian Ministry of Interior, United Nations (UN), United States (OFAC lists), European Union (EU), United Kingdom (HMT), Switzerland (SWISS list) and alrajhi bank's internal lists.
5. Customers Transaction Monitoring: Customer transactions are monitored through the AML transaction system based on certain rules/scenarios that trigger alerts which are reviewed by AML-CTF Department.
6. Suspicious Transaction Reporting: All suspected cases of money laundering and terrorist financing are reported to the Saudi Financial Investigation Unit (SAFIU).

More information on alrajhi bank's AML Compliance Program can be found here.

Remuneration policy

The Remuneration Policy is designed to attract and retain quality talent with required knowledge, skills and expertise. As per the Remuneration Policy, an employee's remuneration should take into account all existing and potential risks. The remuneration should vary depending on the employee's position and role, it should consider the full range of financial and non-financial incentives, and may include cash, equity and other forms of remuneration. Control functions and Human Resources function should be adequately involved in remuneration design and decision-making to ensure effective remuneration incentives in addressing misconduct risk.

Insider information policy

The insider Information policy has been created to establish guidelines intended to prevent both intentional and unintentional acts of prohibited insider trading or any type of utilization of insider information for personal purposes, thereby to promote compliance with applicable laws by the bank and its employees.

Risk management policy

The Policy outlines alrajhi bank's strategy and objectives towards operational risk management. The bank has adopted Basel and SAMA's definition of operational risk, and follows a three-lines-of-defence approach to operational risk:

1. First line – Business Line Management who have immediate responsibility over day-to-day activities of their businesses and responsible for establishing and developing their policies in line with this policy.
2. Second line – Operational Risk Management function which provides oversight and objective challenge to the first line of defence.
3. Third line – Internal Audit function that provides independent assurance over the effectiveness of the operational risk management practices of 1st and 2nd lines throughout the Bank.

Business Continuity and Crisis Management Policy
The Business Continuity and Crisis Management Policy enables alrajhi bank to enable a response mechanism to minimise the impact of incidents on the Bank. The Policy is applicable to all subsidiaries and local and international branches of alrajhi bank. The Policy is in compliance with the following:

1. Business Continuity Management Framework issued by Saudi Central Bank (SAMA)
2. Essential Cybersecurity Controls issued by the National Cybersecurity Authority (NCA)
3. ISO 22301:2019 – Security and Resilience – Business Continuity Management System – Requirements

The Policy states that alrajhi bank, through the Business Continuity Management Committee (BCMC) shall implement a Business Continuity Management System (BCMS) that conforms to the local regulatory requirements. The BCMC shall act as the steering committee for the BCMS.

Policy of dealing with politically exposed persons (PEP)

Politically Exposed Persons are a category of customers who are classified as High-Risk customers based on SAMA regulations and other competent registry bodies (Manual of AML & CTF). As per the requirements issued by the regulatory authorities, KYC & EDD procedures shall be applied to analyse the potential risk of PEPs and their family or close relatives when starting a relation with a PEP customer.

setting exemplary standards in ethics, transparency, integrity and honesty

financial statements

independent auditors' report

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Ernst & Young Professional Services (Professional LLC)

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

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Headquarters in Riyadh

Independent Auditors' Report

To the Shareholders of Al Rajhi Banking and Investment Corporation (A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our auditors' opinion thereon, and we do not provide a separate opinion on these matters. Independent Auditors' Report to the Shareholders of Al Rajhi Banking and Investment Corporation (continued)

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Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance against financing	
As at 31 December 2024, the Group's gross financing amounted to SAR 701,915.04 million (2023: SAR 602,930.74 million), against which an expected credit loss ("ECL") allowance of SAR 8,505.32 million (2023: SAR 8,725.94 million) was recorded. We considered this as a key audit matter, as the determination of ECL involves significant estimation and management judgment, and this has a material impact on the consolidated financial statements of the Group. The key areas of judgment include: 1. Categorisation of financing into Stages 1, 2 and 3 based on the identification of: (a) exposures that have a significant increase in credit risk ("SICR") since their origination; and (b) individually impaired/defaulted exposures.	• We obtained an understanding of management's assessment of the ECL allowance in respect of financing, including the Group's internal risk rating models, accounting policy and methodology, as well as any key changes made during the year. • We compared the Group's accounting policy and methodology for ECL allowance with the requirements of IFRS 9: 'Financial Instruments'. • We understood the design and implementation, and tested the operating effectiveness of the key controls (including relevant IT general and application controls) in relation to: – the ECL model (including governance over the model, its validation and any model updates performed during the year); – the classification of financing into Stages 1, 2 and 3, timely identification of SICR, and the determination of default/individually impaired exposures; – the IT systems and applications supporting the ECL model; and – the integrity of data inputs into the ECL model. • For a sample of customers, we tested the internal risk ratings determined by management based on the Group's internal models for their reasonableness. We also compared whether these were consistent with the ratings used as inputs in the ECL model. • For a selected sample of customers, we tested management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any.

Key audit matter	How our audit addressed the key audit matter
2. Assumptions used in the ECL model for determining probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), including, but not limited to, assessment of the financial condition of the counterparties, expected future cash flows, and developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios. The application of these judgments continues to result in heightened estimation uncertainty around ECL calculations, and therefore affected the associated audit risk thereon as at 31 December 2024. *Refer to the summary of material accounting policies note 3(c)(5) for the impairment of financial assets; note 2(f)(1) which contains the disclosure of critical accounting judgments, estimates and assumptions relating to impairment losses on financial assets and the impairment assessment methodology used by the Group; note 8(e) which contains the disclosure of impairment against financing; and note 32(1)(a) for details of credit quality analysis and key assumptions and factors considered in determination of ECL.*	• We assessed the appropriateness of the Group's criteria for the determination of definition of default and SICR, and the identification of individually impaired exposures. Furthermore, for a sample of exposures, we tested the appropriateness of the corresponding staging classification of financing facilities. • We assessed the reasonableness of the underlying assumptions used by the Group in the ECL models, including forward looking assumptions. • We tested the completeness and accuracy of input data supporting the ECL calculations as at 31 December 2024. • Where required, we involved our specialists to assist us in reviewing the ECL models' calculations, evaluating interrelated inputs (including EAD, PDs and LGDs) and assessing the reasonableness of assumptions used in the ECL models, particularly around macroeconomic variables and forecasted macroeconomic scenarios. • We evaluated the adequacy of the disclosures in the consolidated financial statements.

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Other Information included in the Bank's 2024 Annual Report

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

independent auditors' report

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

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

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank was not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's By-Laws/Articles of Association, 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

Waleed G.Tawfiq
Certified Public Accountant
License No. 437

KPMG Professional Services Company

Dr. Abdullah Hamad Al Fozan
Certified Public Accountant
License No. 348

07 Sha'ban 1446 H
(06 February 2025)

consolidated statement of financial position

As at 31 December	Notes	2024 (SAR '000)	2023 (SAR '000)
Assets			
Cash and balances with central banks	4	**53,244,710**	41,767,641
Due from banks and other financial institutions, net	5	**19,529,727**	9,506,673
Investments, net	6	**175,033,587**	133,375,565
Positive fair value of Shariah compliant derivatives	7	**1,905,903**	877,676
Financing, net	8	**693,409,723**	594,204,806
Other assets, net	9	**12,537,842**	11,716,865
Investment in associates	10	**1,034,262**	923,046
Investment properties, net	11	**1,358,638**	1,362,658
Property, equipment, and right of use assets, net	12	**13,894,302**	12,852,774
Goodwill and other intangible assets, net	13	**1,435,512**	1,510,568
Disposal group classified as held for sale	14	**1,002,450**	–
Total assets		**974,386,656**	808,098,272

consolidated statement of financial position

As at 31 December	Notes	2024 (SAR '000)	2023 (SAR '000)
Liabilities and equity			
Liabilities			
Due to banks, Saudi Central Bank and other financial institutions	15	**173,434,597**	97,246,889
Customers' deposits	16	**628,238,501**	573,100,607
Negative fair value of Shariah compliant derivatives	7	**1,679,043**	793,541
Sukuk issued	17	**8,450,753**	3,789,117
Other liabilities	18	**38,598,155**	26,408,687
Liabilities associated with disposal group classified as held for sale	14	**846,376**	–
Total liabilities		**851,247,425**	701,338,841
Equity			
Share capital	19	**40,000,000**	40,000,000
Statutory reserve	20	**38,373,547**	33,442,996
Other reserves	20	**(311,814)**	(96,606)
Retained earnings		**21,417,282**	16,913,041
Equity attributable to shareholders of the Bank		**99,479,015**	90,259,431
Equity sukuk	21	**23,553,815**	16,500,000
Total equity attributable to equity holders of the Bank		**123,032,830**	106,759,431
Non-controlling interests		**106,401**	–
Total equity		**123,139,231**	106,759,431
Total liabilities and equity		**974,386,656**	808,098,272

The accompanying Notes from 1 to 44 form an integral part of these consolidated financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer

consolidated statement of income

For the year ended 31 December	Notes	2024 (SAR '000)	2023 (SAR '000)
Income			
Gross financing and investment income	23	**47,018,123**	38,737,616
Gross financing and investment return	23	**(22,175,077)**	(17,468,497)
Net financing and investment income	23	**24,843,046**	21,269,119
Fee from banking services, income	24	**10,768,382**	9,394,600
Fee from banking services, expenses	24	**(6,075,655)**	(5,168,950)
Fee from banking services, net	24	**4,692,727**	4,225,650
Exchange income, net		**1,292,866**	1,246,450
Other operating income, net	25	**1,226,664**	790,190
Total operating income		**32,055,303**	27,531,409
Expenses			
Salaries and employees' related benefits	26	**3,723,809**	3,525,096
Depreciation and amortization	11, 12, 13	**1,981,914**	1,578,009
Other general and administrative expenses	27	**2,264,941**	2,394,841
Total operating expenses before credit impairment charge		**7,970,664**	7,497,946
Impairment charge for financing and other financial assets, net	8	**2,116,744**	1,504,178
Total operating expenses		**10,087,408**	9,002,124
Net income for the year before Zakat		**21,967,895**	18,529,285
Zakat Expense	28	**(2,236,709)**	(1,908,126)
Net income for the year		**19,731,186**	16,621,159
Net income for the year attributable to:			
Equity holders of the Bank		**19,722,206**	16,621,159
Non-controlling interests		**8,980**	–
Net income for the year		**19,731,186**	16,621,159
Basic and diluted earnings per share (SAR)	29	**4.67**	3.95

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer

consolidated statement of comprehensive income

For the year ended 31 December	Notes	2024 (SAR '000)	2023 (SAR '000)
Net income for the year		**19,731,186**	16,621,159
Other comprehensive income			
Items that will not be reclassified to the consolidated statement of income in subsequent periods:			
– Net change in fair value (FVOCI equity investment)	20	**(46,180)**	(9,369)
– Actuarial gain on re-measurement of employees' end of service benefits liabilities ("EOSB")	20, 30	**56,421**	2,821
– Share in FVOCI from associate	20	**1,360**	18,333
Items that may be reclassified to the consolidated statement of income in subsequent periods:			
– FVOCI instrument:			
– Net change in fair value of FVOCI Sukuk and Structured products investments	20	**(278,101)**	307,054
– Net amounts transferred to the consolidated statement of income		**30,323**	–
– Exchange difference on translating foreign operations	20	**55,984**	(42,712)
– Cash flow hedge effective portion of change in the fair value		**2,465**	57,788
– Employee share plan reserve		**(37,110)**	–
Total other comprehensive (loss)/income for the year recognized in equity		**(214,838)**	333,915
Total comprehensive income for the year		**19,516,348**	16,955,074
Attributable to:			
Equity holders of the Bank		**19,506,998**	16,955,074
Non-controlling interests		**9,350**	–
Total comprehensive income for the year		**19,516,348**	16,955,074

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer

consolidated statement of changes in equity

For the year ended 31 December 2024	Notes	Share capital (SAR '000)	Statutory reserve (SAR '000)
Balance at 31 December 2023		40,000,000	33,442,996
Net income for the year		-	-
Net change in fair value of FVOCI Equity investments	20	-	-
Net change in fair value of FVOCI Sukuk investments and Structured products investments	20	-	-
Share in OCI from associates	20	-	-
Actuarial gain on re-measurement of employees' "EOSB"	20	-	-
Exchange difference on translation of foreign operations	20	-	-
Cash flow hedge effective portion of change in the fair value	20	-	-
Net amounts transferred to the consolidated statement of income	20	-	-
Employee share plan reserve	20	-	-
Total other comprehensive loss recognized in equity		-	-
Total comprehensive income for the year		-	-
Equity Sukuk issued	21	-	-
Equity Sukuk costs		-	-
Transfer to statutory reserve	20	-	4,930,551
Dividend for annual year 2023	33	-	-
Interim dividend for the first half of 2024	33	-	-
Other consolidation adjustments		-	-
Balance at 31 December 2024		40,000,000	38,373,547

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer

consolidated statement of changes in equity

	Other reserves (SAR '000)	Retained earnings (SAR '000)	Total equity attributable to shareholders of the Bank (SAR '000)	Equity sukuk (SAR '000)	Total equity attributable to equity holders of the Bank (SAR '000)	Non-controlling interests (SAR '000)	Total equity (SAR '000)
	(96,606)	16,913,041	90,259,431	16,500,000	106,759,431	–	106,759,431
	–	19,722,206	19,722,206	–	19,722,206	8,980	19,731,186
	(46,180)	–	(46,180)	–	(46,180)	–	(46,180)
	(278,101)	–	(278,101)	–	(278,101)	–	(278,101)
	1,360	–	1,360	–	1,360	–	1,360
	57,481	–	57,481	–	57,481	(1,060)	56,421
	54,554	–	54,554	–	54,554	1,430	55,984
	2,465	–	2,465	–	2,465	–	2,465
	30,323	–	30,323	–	30,323	–	30,323
	(37,110)	–	(37,110)	–	(37,110)	–	(37,110)
	(215,208)	–	(215,208)	–	(215,208)	370	(214,838)
	(215,208)	19,722,206	19,506,998	–	19,506,998	9,350	19,516,348
	–	–	–	7,053,815	7,053,815	–	7,053,815
	–	(1,035,867)	(1,035,867)	–	(1,035,867)	–	(1,035,867)
	–	(4,930,551)	–	–	–	–	–
	–	(4,600,000)	(4,600,000)	–	(4,600,000)	–	(4,600,000)
	–	(5,000,000)	(5,000,000)	–	(5,000,000)	–	(5,000,000)
	–	348,453	348,453	–	348,453	97,051	445,504
	(311,814)	21,417,282	99,479,015	23,553,815	123,032,830	106,401	123,139,231

consolidated statement of changes in equity

For the year ended 31 December 2023	Notes	Share capital (SAR '000)	Statutory reserve (SAR '000)
Balance at 31 December 2022		40,000,000	29,287,706
Net income for the year		–	–
Net change in fair value of FVOCI Equity investments	20	–	–
Net change in fair value of FVOCI Sukuk investments and Structured products investments	20	–	–
Share in FVOCI from associates	20	–	–
Actuarial gain on re-measurement of employees' "EOSB"	20	–	–
Exchange difference on translation of foreign operations	20	–	–
Cash flow hedge effective portion of change in the fair value	20	–	–
Total other comprehensive income recognized in equity		–	–
Total comprehensive income for the year		–	–
Disposal of FVOCI equity instruments		–	–
Equity Sukuk costs		–	–
Transfer to statutory reserve	20	–	4,155,290
Dividend for annual year 2022	33	–	–
Interim dividend for the first half of 2023	33	–	–
Balance at 31 December 2023		40,000,000	33,442,996

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer

consolidated statement of changes in equity

Other reserves (SAR '000)	Retained earnings (SAR '000)	Proposed gross dividends (SAR '000)	Total equity attributable to shareholders of the Bank (SAR '000)	Equity Sukuk (SAR '000)	Total equity (SAR '000)
(427,569)	9,864,898	5,000,000	83,725,035	16,500,000	100,225,035
	16,621,159	–	16,621,159	–	16,621,159
(9,369)	–	–	(9,369)	–	(9,369)
307,054	–	–	307,054	–	307,054
18,333	–	–	18,333	–	18,333
2,821	–	–	2,821	–	2,821
(42,712)	–	–	(42,712)	–	(42,712)
57,788	–	–	57,788	–	57,788
333,915	–	–	333,915	–	333,915
333,915	16,621,159	–	16,955,074	–	16,955,074
(2,952)	2,952	–	–	–	–
–	(820,678)	–	(820,678)	–	(820,678)
–	(4,155,290)	–	–	–	–
–	–	(5,000,000)	(5,000,000)	–	(5,000,000)
–	(4,600,000)	–	(4,600,000)	–	(4,600,000)
(96,606)	16,913,041	–	90,259,431	16,500,000	106,759,431

consolidated statement of cash flows

For the year ended 31 December	Notes	2024 (SAR '000)	2023 (SAR '000)
Cash Flows from operating activities			
Net Income before Zakat		**21,967,895**	18,529,285
Adjustments to reconcile net income before zakat to net cash from operating activities:			
Gain on investments held at fair value through statement of income (FVIS)	25	**(66,803)**	(32,051)
Depreciation on property, equipment and right of use assets,net	12	**1,731,741**	1,380,865
Depreciation on investment properties	11	**20,734**	25,460
Amortization of other intangible assets	13	**229,439**	171,684
Gain on sale of property and equipment, net	25	**(5,217)**	(9,851)
Impairment charge for financing and other financial assets, net	8	**2,116,744**	1,504,178
Share in profit of associates	25	**(137,344)**	(87,866)
Dividend income	25	**(303,162)**	(136,884)
Accretion/amortization relating to Sukuk investments, net		**(160,360)**	(94,767)
Profit charge against lease obligations		**22,904**	32,232
Fair value adjustment for Shariah compliant derivatives		**(142,725)**	(49,397)
Rental income from investment properties	25	**(98,543)**	(98,077)
Employee share plan reserve	20	**(37,110)**	–
(Increase)/decrease in operating assets			
Statutory deposit with SAMA and other central banks		**(5,250,216)**	(2,088,863)
Due from banks and other financial institutions		**(4,585,138)**	4,759,466
Financing, net		**(101,321,661)**	(27,370,870)
FVIS investments, net		**(2,860,673)**	(252,238)
Other assets, net		**(878,998)**	(3,247,700)
Increase/(decrease) in operating liabilities			
Due to banks, Saudi Central Bank and other financial institutions		**76,187,708**	26,407,772
Customers' deposits		**55,137,894**	8,175,919
Other liabilities		**13,769,817**	1,908,356
Profit payment against lease obligations		**(22,904)**	(32,232)
Net cash generated from operating activities before Zakat		**55,314,022**	29,394,421
Zakat paid	28	**(2,725,225)**	(1,971,690)
Net cash generated from operating activities		**52,588,797**	27,422,731

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements.

Chairman   Chief Executive Officer   Chief Financial Officer

consolidated statement of cash flows

For the year ended 31 December	Notes	2024 (SAR '000)	2023 (SAR '000)
Cash flows from investing activities			
Purchase of property and equipment	12	**(3,029,286)**	(3,193,209)
Proceeds from disposal of property and equipment		**340,971**	441,278
Goodwill and other intangible assets		**(527,838)**	(467,705)
Purchase of FVOCI investments		**(11,809,617)**	(14,874,031)
Proceeds from disposal of FVOCI investments		**–**	11,550
Proceeds from maturities of investments recorded at amortized cost		**6,850,808**	3,961,479
Purchase of investments held at amortized cost		**(33,952,745)**	(20,390,840)
Purchase of Investment properties		**(16,714)**	(23,260)
Dividend income received	25	**303,162**	136,884
Rental income from investment properties	25	**98,543**	98,077
Net cash used in investing activities		**(41,742,716)**	(34,299,777)
Cash flows from financing activities			
Dividends paid	33	**(9,600,000)**	(9,600,000)
Equity Sukuk costs		**(1,035,867)**	(820,678)
Equity Sukuk issuance	21	**7,053,815**	–
Payment against lease obligation		**(260,896)**	(254,901)
Sukuk issued	17	**4,661,636**	3,789,117
Net cash generated from/(used in) financing activities		**818,688**	(6,886,462)
Net increase/(decrease) in cash and cash equivalents		**11,664,769**	(13,763,508)
Cash and cash equivalents at the beginning of the year		**12,435,642**	26,199,150
Cash and cash equivalents at end of the year	34	**24,100,411**	12,435,642
Financing and investment income received during the year		**45,188,022**	37,849,749
Financing and investment return paid during the year		**21,890,213**	16,308,742
Supplemental Non-cash transactions:			
ROU assets		**89,069**	133,075
Lease Liability		**111,217**	166,677
Net change in fair value of FVOCI investments		**(324,281)**	297,685
Remeasurement gain on EOSB		**57,481**	2,821
Disposal group classified as held for sale		**1,002,450**	–
Liabilities associated with disposal group classified as held for sale		**846,376**	–

The accompanying Notes from 1 to 44 form an integral part of these consolidated financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer

notes to the consolidated financial statements

1 General

(a) Incorporation and operation

Al Rajhi Banking and Investment Corporation, a Saudi Joint Stock Company, (the "Bank"), was formed and licensed pursuant to Royal Decree No. M/59 dated 3 Dhul Qadah 1407H (corresponding to 29 June 1987) and in accordance with Article 6 of the Council of Ministers' Resolution No. 245, dated 26 Shawal 1407H (corresponding to 23 June 1987).

The Bank operates under Commercial Registration No. 1010000096 and its Head Office is located at the following address:

Al Rajhi Bank
8467 King Fahd Road – Al Muruj Dist.
Unit No 1
Riyadh 12263 – 2743
Kingdom of Saudi Arabia

The objectives of the Bank are to carry out banking and investment activities in accordance with its Articles of Association and By-laws, the Banking Control Law and the Council of Ministers Resolution referred to above. Bank is engaged in banking and investment activities inside and outside the Kingdom of Saudi Arabia through 550 branches (2023:545) including the branches outside the Kingdom and 23,437 employees (2023: 20,878 employees). The Bank has established certain subsidiary companies (together with the Bank hereinafter referred to as the "Group") in which it owns all of their shares as set out below [Also see Note 2(b)]:

Name of subsidiary	Functional Currency	Shareholding 2024 %	Shareholding 2023 %	
Al Rajhi Capital Company – KSA	SAR	100	100	A Saudi Closed Joint Stock Company authorized by the Capital Market Authority to carry on securities business in the activities of Dealing/brokerage, Managing assets, Advising, Arranging, and Custody.
Management and Development for Human Resources Company – KSA	SAR	100	100	A limited liability company registered in Kingdom of Saudi Arabia to provide recruitment services.
Al Rajhi Bank – Kuwait	KWD	100	100	A foreign branch registered with the Central Bank of Kuwait.
Al Rajhi Bank – Jordan	JOD	100	100	A foreign branch operating in Hashemite Kingdom of Jordan, providing all financial, banking, and investments services and importing and trading in precious metals and stones in accordance with Islamic Shari'a' rules and under the applicable banking law.

notes to the consolidated financial statements

Name of subsidiary	Functional Currency	Shareholding 2024 %	Shareholding 2023 %	
Tuder Real Estate Company – KSA	SAR	100	100	A limited liability company registered in Kingdom of Saudi Arabia to support the mortgage programs of the Bank through transferring and holding the title deeds of real estate properties under its name on behalf of the Bank, collection of revenue of certain properties sold by the Bank, provide real estate and engineering consulting services, provide documentation service to register the real estate properties and overseeing the evaluation of real estate properties.
Al Rajhi Corporation Limited – Malaysia	MYR	100	100	A licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia.
Emkan Finance Company – KSA	SAR	100	100	A closed joint stock company registered in the Kingdom of Saudi Arabia providing micro consumer financing, finance lease and small and medium business financing.
Tawtheeq Company – KSA	SAR	100	100	A closed joint stock company registered in Kingdom of Saudi Arabia providing financial leasing contracts registration to organise contracts data and streamline litigation processes.
Al Rajhi Financial Markets Ltd –Cyman Islands	USD	100	100	A Limited Liability Company registered in the Cayman Islands with the objective of managing certain treasury related transactions on behalf of the Bank.
International Digital Solutions Co. (Neoleap) – KSA	SAR	100	100	A closed joint stock company owned by the Bank for the purpose of practicing technical work in financial services, digital payment systems, financial settlements and related services.
Ejada Systems Company Limited – KSA	SAR	90	100	A Saudi Closed Joint Stock Company owned by the Bank for the purpose of providing professional, scientific, technological activities, information communication services, and system analysis and senior management consultation services.
Drahim Holdings – Cayman Islands	USD	65	–	A holding company with the objective of offering Open Banking, investment, and financial technology services.

During June 2024, the Group acquired 65% shareholding in "Drahim Holdings". The subsidiary is based in Cayman Island with the objective of offering open banking, investment and financial technology services. The Group has completed the Purchase Price Allocation exercise and consolidated the subsidiary in these Consolidated Financial statements. The Group completed the process and legal formalities of the acquisition of the shares in Drahim Holding Company for a cash consideration of SAR 83.4 million. As part of the acquisition, the Group has received Drahim Treasury Shares presenting 3.1% shareholding. The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the 'Standard')."

(b) Shari'a Authority

As a commitment from the Bank for its activities to be in compliance with Islamic Shari'a legislations, since its inception, the Bank has established a Shari'a Authority to ascertain that the Bank's activities are subject to its approval and control. The Shari'a Authority has reviewed the Bank's activities and issued the required decisions thereon.

The Bank is regulated by the Saudi Central Bank (SAMA).

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared

- In accordance with the IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and
- In compliance with the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia and by-laws of the Bank.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2023) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management has amended its Articles of Association/By-Laws in its recent annual General Assembly meeting.

(b) Basis of measurement and preparation

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for the following items in the consolidated statement of financial position:

- Derivatives are measured at fair value;
- Financial instruments designated as Fair Value through Profit or Loss ("FVIS") are measured at fair value;
- Investments designated as Fair Value through Other Comprehensive Income ("FVOCI") are measured at fair value;
- Employee defined benefit obligations are recognized at the present value of future obligations using the Projected Unit Credit Method,and
- Financial assets or liabilities that are hedged through a fair value hedging relationship, are adjusted to record changes in fair value attributable to the risks that are being hedged.
- The Group presents its consolidated statement of financial position in order of liquidity.

(c) Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

(d) Basis of consolidation

These consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as identified in (note 1). The financial statements of 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 on which control commences until the date that control ceases.

The control indicators set out below are subject to management's judgements that can have a significant effect in the case of the Group's interests in securitisation vehicles and investments funds. 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 amount of its returns.

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year 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:

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

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

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 when necessary to align them with the policies adopted by the Group.

(e) 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.

(f) Critical accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards as endorsed in KSA and other standards and pronouncements issued by SOCPA, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgments in the process of applying the Group's accounting policies. Such estimates, assumptions and judgments 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.

Revisions to accounting estimates are recognized 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 judgments is as follows:

1. Expected Credit Losses on financial assets

The measurement of impairment losses 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 impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models such as Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default rate ("LGD"), that are considered accounting judgements and estimates include selection of an estimation technique or modelling that are considered accounting Judgements as follows:

- The Group's internal credit grading model, which assigns Probability of Default ('PDs') to the individual grades,
- The Group's criteria for assessing if there has been a significant increase in credit risk 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 the choice of inputs,
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2. Judgement of equity vs liability for Tier I Sukuk

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

3. Determination of control and significant influence over investees

The control indicators are subject to management's judgements, and are set out in (notes 3.b and 8). Investment funds management:

The Group acts as Fund Manager to a number of investment funds. Determining whether the Group controls such 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.

4. Employees' end of service benefits liabilities

The Group operates an End of Service Benefit scheme for its employees based on the prevailing Saudi Labor laws. The liability is being accrued based on projected unit credit method in accordance with the periodic actuarial valuation. For details of assumptionsand estimate refer to (note 30).

Other significant areas where management has used estimates, assumptions or exercised judgments are referd as follows:

- Fair value Measurement (note 36)
- Credit Risk Management (note 32.1.a)
- Credit Risk Measurment (note 32.1.a)
- Classification of Investments at Amortized Cost (note 3.e.1)
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (note 22)
- Judgement of equity vs liability for Tier I Sukuk (note 2.e.i)
- Determination of control and significant influence over investees (note 2.e.iii)

3 Material accounting policies

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

(a) Changes in accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual (consolidated) financial statements for the year ended 31 December 2023. Based on the adoption of new standard and in consideration of current economic environment, the following accounting policies are applicable effective 1 January 2024 replacing, amending, or adding to the corresponding accounting policies set out in 2023 annual consolidated financial statements.

New standards, interpretations and amendments adopted by the Group

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

Standard, interpretation and 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
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	subject to endorsement from SOCPA
IFRS S2, "Climate-related disclosures"	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	subject to endorsement from SOCPA

New standards not yet effective.

Standard, interpretation and 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

(b) Government grants

The Group recognizes a government grant related to income, if there is a reasonable assurance that it will be received, and the Group will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of profit is treated as a government grant related to income. The below-market rate deposit is recognized and measured in accordance with IFRS 9 – Financial Instruments. The benefit of the below-market rate of profit is measured as the difference between the initial fair value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20 – Accounting for Government grant. The government grant is recognized in the statement of income on a systematic basis over the period in which the Group recognizes as expenses for which the grant is intended to compensate. The grant income is only recognized when the ultimate beneficiary is the Group. Where the customer is the ultimate beneficiary, the Group only records the respective receivable and payable amounts.

(c) Financial assets and financial liabilities

1. Classification of financial assets

On initial recognition, a financial asset is classified and measured at: Amortized Cost, Fair Value through Other Comprehensive Income ("FVOCI") or Fair Value through Statement of Income ("FVIS"). This classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Financial Asset at amortized cost:

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

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

Financial Asset at FVOCI:

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

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

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

An Equity Instrument; the Group on initial recognition, maybirrevocably elect to present subsequent changes in fair value in OCI for an equity investment that is not held for trading. This election is made on an instrument-by-instrument (i.e. share-by-share) basis.

Financial Asset at FVIS:

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVIS.

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

Reclassification of financial assets

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

Business model assessment

The Group 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 profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- 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;
- the compensation made to the managers of the business – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

Assessments whether contractual cash flows are solely payments of principal and profit (SPPP)

For the purposes of this assessment, "principal" is the fair value of the financial asset on initial recognition. "Profit" is the consideration for the time value of money, the credit and other basic financing risk associated with the principal amount outstanding during a particular period and other basic financing 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 profit, 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 profit rates.

Designation at fair value through statement of income: At initial recognition, the Bank has designated certain financial assets at FVIS.

The Group deploys profit based products including Mutajara, installment sales and Murabaha to its customers in compliance with Shari'a rules. The Group classifies its Principal financing and Investment as follows:

Financing: These financings represent facilities granted to customers. These financings mainly constitute four broad categories i.e. Mutajara, Installment sales, Murabaha and credit cards. The Group classifies these financings at amortized cost as they are held to collect contractual cash flow and pass SPPP test.

Due from banks and other financial institutions: These consists of placements with financial Institutions (FIs). The Group classifies these balances due from banks and other financial institutions at amortized cost as they are held to collect contractual cash flows and pass SPPP criterion.

Investments (Murabaha with SAMA): These investments consists of placements with the Saudi Central Bank (SAMA). The Group classifies these investments at amortized cost as they are held to collect contractual cash flows and pass SPPP criterion.

Investments (Sukuk): These investments consists of Investment in various Sukuk. The Group classifies these investments at amortized cost and FVOCI except for those Sukuk which fails SPPP criterion, which are classified at FVIS.

Equity Investments: These are the strategic equity investments which the Group does not expect to sell, for which Group has made an irrevocable election on the date of initial recognition to present the fair value changes in other comprehensive income.

Investments (Mutual Funds): The investments consist of Investments in various Mutual Funds. The Group classifies these investment at FVIS as these investments fail SPPP criterion.

Investments (Structured Products): These investments consists of Investment in various structured products. Structured products are sukuks with an additional embedded feature which could be Range accrual, Credit linked and Floaters. The Group classifies these investments at amortized cost and FVOCI except for those structured products which fails SPPP criterion, which are classified at FVIS.

2. Classification of financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and financing commitments, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Profit Rate "EPR".

All amounts Due to banks, Saudi Central Bank and other financial institutions and customer deposits are initially recognized at fair value less transaction costs. Subsequently, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss.

3. Derecognition

Derecognition of financial assets

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

On derecognition of a financial asset (debt instrument), 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 and repurchase transactions, as the Group retains all or substantially all of the risks and rewards of ownership of such assets.

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

Any cumulative gain/loss recognized in OCI, among other reserve, in respect of equity investment securities designated as at FVOCI is not recognized in consolidated statement of income on derecognition of such securities. Cumulative gains and losses recognized in OCI in respect of such equity investment securities are transferred to retained earnings on disposal. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

In certain transactions, the Bank 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.

Derecognition of financial liabilities

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

4. Modifications of financial assets and financial liabilities

Modified financial assets

If the terms of a financial asset are modified, the Group evaluates whether the contractual cash flows of the modified asset are substantially different. If the contractual cash flows are substantially different than it was originated, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized 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 represents reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If the contractual cash flows of the modified asset carried at amortized cost are not substantially different than it was originated, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of income. For floating-rate financial assets, the original effective profit rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs of fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset

Modified financial liabilities

The Group derecognizes a financial liability when its terms are modified and the contractual 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 consolidated 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 profit rate and the resulting gain or loss is recognized in consolidated statement of income.

5. Impairment of financial assets

The loss allowance is based on the Expected Credit Losses ("ECLs") associated with the Probability of Default ("PD") in the next twelve months unless there has been a Significant Increase in Credit Risk ("SICR") since origination. If the financial asset meets the definition of Purchased or Originated Credit Impaired ("POCI"), the allowance is based on the change in the ECLs over the life of the asset. POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and financing income is subsequently recognized based on a credit-adjusted ("EPR"). ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

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

- Due from banks and other financial institutions;
- financial assets that are debt instruments;
- lease receivables;
- Financial guarantee contracts issued; and
- Financing commitments issued.

No impairment loss is recognized on equity at FVOCI 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:

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

The Group considers Sukuk 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 assets, for which 12-month ECLs are recognized, are referred to as "Stage1" financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as "Stage 2 financial assets". Financial instruments allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not yet credit-impaired.

Financial assets for which the lifetime ECLs are recognized and that are credit-impaired are referred to as "Stage 3 financial assets".

Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group 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 financing 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 POCI financial assets and lease receivables: the original effective profit rate or an approximation thereof;
- POCI assets: a credit-adjusted effective profit rate;
- Lease receivables: the discount rate used in measuring lease receivables;
- Undrawn financing commitments: the effective profit rate, or an approximation thereof, that will be applied to the financial asset resulting from the financing 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.

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

- Probability of default ("PD"),
- Loss given default ("LGD"), and
- Exposure at default ("EAD").

The above parameters are generally derived from internally developed statistical models and historical data which are adjusted for forward looking information. The Group categorizes its financial assets into the following three stages in accordance with IFRS 9 methodology:

- Stage 1: Performing assets;
- Stage 2: Underperforming assets; and
- Stage 3: Credit-impaired assets.

The three stage categories of financial assets are more elaborated in (note 32-1-a.v)

To evaluate a range of possible outcomes, the Group formulates various scenarios. For each scenario, the Group derives an ECL and applies a probability weighted approach to determine the impairment allowance in accordance with the accounting standards requirements.

For how financial assets and ECLs are allocated among the three credit stages, refer to (note 5) for due from banks and financial institutions, (note 6) for investments, (note 7) for financing facilities, and (note 18) Commitments and contingencies.

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 customer, then an assessment is made of whether the financial asset should be derecognized and then ECLs 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 profit rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost 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 customer or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing facility by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Financing facility that has been renegotiated due to deterioration in the customer'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 financing that is overdue for 90 days or more is considered impaired. In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

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

Credit cards and other revolving facilities

The Bank's products offering include a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day's notice. The Bank 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 Bank's expectations, the period over which the Bank 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.

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The profit rate used to discount the ECL for credit cards is based on the average effective profit 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 profit. 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 ECLs are presented in the consolidated statement of financial position as follows:

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

Write-off

Financing and debts securities are written off (either partially or fully) when there is no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. This is generally the case when the Group determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual assets level.

Recoveries of amounts previously written off are recognized when the cash is received and are included in "Impairment charge for expected credit losses, net" in the consolidated statement of income.

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.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or market 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. 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, if any, are transferred to their relevant asset category at the fair value, if material. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

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

6. Financial guarantees and financing commitments, letters of credit

Financial guarantees are contracts that require the Bank 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. Financing commitments are firm commitments to provide credit under pre-specified terms and conditions.

The premium received is recognized in the consolidated statement of income in net fees and yield income on a straight line basis over the life of the guarantee.

Financing commitments and letter of credits' are firm commitments under which, over the duration of the commitments, the Bank 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 financing commitments, where the financing agreed to be provided is on market terms, are not recorded in the consolidated statement of financial position. The nominal values of these instruments together with the corresponding ECL is recorded.

Financial guarantees issued or financing commitments to provide financing at a below market profit rate are initially measured at fair value. Subsequently, they are measured at the higher of the ECL 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.

- The Bank issued no financing commitments that are measured at FVIS.
- Liabilities arising from financial guarantees and financing commitments are included within provisions.

(d) Derivative financial instruments

Derivative financial instruments include foreign exchange forward contracts, profit rate swaps and FX swaps. These derivatives financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into. These instruments 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. In the ordinary course of business, the Group utilizes the following derivative financial instruments for trading purposes:

(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 FVIS Financial Instruments, net. Derivatives held for trading also include those derivatives, which do not qualify for hedge accounting.

(ii) Hedge Accounting

As indicated in the accounting policies below, the Group elected to account for hedge accounting under IFRS 9.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships to manage exposures to profit 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 recognized asset or liability, (or assets or liabilities in case of portfolio hedging), or an unrecognized 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 recognized asset or liability or to a highly probable forecasted transaction that will affect the reported net gain or loss.

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

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 recognized asset or a liability or a highly probable forecast transaction that could affect the consolidated statement of income, the portion of the gain or loss on the hedging instrument that is determined to be an effective portion is recognized directly in other comprehensive income and the ineffective portion, if any, is recognized in the consolidated statement of income. For cash flow hedges affecting future transactions, the gains or losses recognized 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 consolidated 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 recognized the associated gains or losses that had previously been recognized 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 recognized in other comprehensive income from the period when the hedge was effective is transferred from equity to consolidated statement of income when the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur and affects the consolidated statement of income, the net cumulative gain or loss recognized in "other comprehensive income" is transferred immediately to the consolidated statement of income for the period.

Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized 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 recognized immediately in the consolidated statement of income. The related portion of the hedged item is adjusted against the carrying amount of the hedged item and recognized in the consolidated statement of income. For hedged items measured at amortized cost, where the fair value hedge of a special commission bearing financial instrument ceases to meet the criteria for hedge accounting or is sold, exercised or terminated, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the effective yield basis. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the consolidated statement of income.

(iii). Held for hedging purposes

The Bank has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Bank's exposure to fluctuations in foreign exchange and profit rates to reduce its exposure to currency and profit 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 profit rate risk by setting limits on profit rate gaps for stipulated periods. Asset and liability profit rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce profit rate gap within the established limits.

As part of its asset and liability management, the Bank uses derivatives for hedging purposes in order to adjust its own exposure to currency, cash flows and profit rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall consolidated statement of financial position exposures. Strategic hedging, other than portfolio hedges for profit rate risk, do not qualify for special hedge accounting and related derivatives are accounted for as held for trading.

The Bank uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

In addition, the Bank uses profit rate swaps and profit rate futures to hedge against the profit rate risk arising from specifically identified fixed profit-rate exposures.

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

Possible sources of ineffectiveness are as follows:

- difference between the expected and actual volume of prepayments, as the Group hedges to the expected repayment date taking into account expected prepayments based on past experience;
- difference in the discounting between the hedge item and hedge instrument, as cash collateralized profit rate swaps are discounted using Overnight Indexed Swaps discount curves, which are not applied to the fixed rate mortgages;
- hedging derivative with a non-zero fair value at the date of initial designation as a hedging instrument;
- counter party credit risk which impacts the fair value of uncollateralized profit rate swaps but not the hedge items; and
- the effects of the forthcoming reforms to USD LIBOR, because these might take effect at a different time and have a different impact on the hedged item e.g. (the fixed-rate mortgages) and the hedging instrument e.g. (the derivatives used to hedge those mortgages).

(iv) Embedded derivatives

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

(a) the host contract is not an asset in the scope of IFRS 9;

(b) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and

(c) 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 recognized in statement of income unless they form part of a qualifying cash flow or net investment hedging relationship.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Bank's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquire Goodwill on acquisitions of subsidiaries is included under "intangible assets. Goodwill on acquisitions of associates and joint ventures is included under" investments in associates and joint ventures.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicate the need for impairment, they are written down if required. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8.

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

(ii) Capitalised software

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

Amortization is recognized in the Group's consolidated statement of income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

(f) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group.

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

Impairment losses relating to goodwill cannot be reversed in future periods.

(g) Investment in an associate

An associate is an entity over which the Group exercises significant influence (but not control), over financial and operating policies and which is neither a subsidiary nor a joint arrangement.

Investments in associates are carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in the value of individual investments. The Group's share of its associates' post-acquisition profits or losses are recognized in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognized in OCI included in the shareholders' equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distribution received from an investee reduces the carrying amount of the investment.

The previously recognized impairment loss in respect of investment in associate can be reversed through the consolidated statement of income, such that the carrying amount of the investment in the consolidated statement of financial position remains at the lower of the equity-accounted (before provision for impairment) or the recoverable amount. On derecognition the difference between the carrying amount of investment in the associate and the fair value of the consideration received is recognized in the consolidated statement of income.

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

Unrealized gains or losses on transactions are eliminated to the extent of the Group's interest in the investee. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(h) Revenue recognition

The following specific recognition criteria must be met before revenue is recognized.

Income from Mutajara, Murabaha; investments held at amortized cost, Installment sale and credit cards services is recognized based on the effective profit rate basis on the outstanding balances. The effective profit rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective yield, the Group estimates future cash flows considering all contractual terms of the financial instrument but excluding future credit losses. Fees from banking services are recognized when the service has been provided.

Fees that are integral to the effective profit rate on a financial asset or financial liability are included in the effective Gross financing and investment income/return as applicable.

Financing commitment fees; that are likely to be drawn down and other facility related fees are deferred above certain threshold and, together with the related direct cost, are recognized as an adjustment to the yeiled using the effective profit rate on the financing. When a financing commitment is not expected to result in the draw-down of a financing, financing commitment fees are recognized on a straight-line basis over the commitment period.

Fees from banking services; Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, at a point in time or over the period when the service is being provided i.e. related performance obligation is satisfied.

Fees received for asset management and brokerage activities; wealth Management, financial planning, custody services, capital market trading brokerage services and other similar services that are provided over an extended period of time, are recognized over the period when the service is being provided i.e. related performance obligation is satisfied. Asset management fees related to investment funds are recognized over the period the service is being provided. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognized. Wealth management and custody services fees that are continuously recognized over a period of time.

Dividend income; is recognized when the right to receive income is established which is generally when the shareholders approve the dividend. Dividends are reflected as a component of net trading income, net income from FVIS financial instruments or other operating income based on the underlying classification of the equity instrument.

Foreign currency exchange income/loss; is recognized when earned/incurred.

Net trading income; results from trading activities and include all realized and unrealized gains and losses from changes in fair value and related gross investment income or expense, dividends for financial assets and financial liabilities held for trading and foreign exchange differences.

Rendering of services

The Group provides various services to its customer. These services are either rendered separately or bundled together with rendering of other services. The Group has concluded that revenue from rendering of various services related to payment service system, share trading services, remittance business, SADAD and Mudaraba (i.e. subscription, management and performance fees), should be recognized at the point when services are rendered i.e. when performance obligation is satisfied.

(i) Customers' deposits

Customer deposits are financial liabilities that are initially recognized at fair value less transaction cost, being the fair value of the consideration received, and are subsequently measured at amortized cost.

(j) Repurchase agreements and reverse repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repurchase agreements) continue to be recognized in the consolidated statement of financial position as the Group retains substantially all of the risks and rewards of ownership, and are measured in accordance with related accounting policies for investments. The transactions are treated as a collateralized financing and the counter party liability for amounts received under these agreements is included in Due to banks, Saudi Central Bank and other financial institutions, as appropriate. The difference between the sale and repurchase price is treated as financing and investment expense and recognized over the life of the repurchase agreement on an effective yield basis.

Underlying assets purchased with a corresponding commitment to resell at a specified future date (reverse repurchase agreements) are not recognized in the consolidated statement of financial position, as the Group does not obtain control over the underlying assets. Amounts paid under these agreements are included in cash and balances with SAMA. The difference between the purchase and resale price is treated as Income from investments and financing and recognized over the life of the reverse repurchase agreement on an effective profit basis.

(k) Cash and cash equivalents

For the purposes 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 90 days or less from the date of acquisition which are subject to insignificant risk of changes in their fair value. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

(l) Share-based payments

The Group's founders had established a share-based compensation plan under which the entity receives services from the eligible employees as consideration for equity instruments of the Group which are granted to the employees.

(m) 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 recognizsed in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes 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 consolidated financial statements are presented in Saudi Arabian Riyals ("SAR"), which is also the Group's functional currency. Each subsidiary determines its own functional currency and items included in the consolidated financial statements of each subsidiary are measured using that functional currency.

Transactions in foreign currencies are translated into SAR at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities at the year-end (other than monetary items that form part of the net investment in a foreign operation), denominated in foreign currencies, are translated into SAR at exchange rates prevailing at the date of the consolidated statement of financial position.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective profit rate and payments during the year and the amortized cost in foreign currency translated at the spot exchange rate at the end of the year.

Realized and unrealized gains or losses on exchange are credited or charged to the consolidated statement of comprehensive income.

Foreign currency differences arising on translation are generally recognized in profit or loss. However, foreign currency differences arising from the translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI are recognized in OCI. The monetary assets and liabilities of foreign subsidiaries are translated into SAR at rates of exchange prevailing at the date of the consolidated statement of financial position. The statements of income of foreign subsidiaries are translated at the weighted average exchange rates for the year.

(n) Day 1 profit or loss

Where a transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognies the difference between the transaction price and fair value (a Day 1 profit or loss) in the consolidated statement of income.

In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable, or when the instrument is derecognized.

(o) Trade date

All regular way purchases and sales of financial assets are recognized and derecognized on the trade date (i.e. the date on which the Group commits to purchase or sell the assets). Regular way purchases or sales of financial assets require delivery of those assets within the time frame generally established by regulation or convention in the market place. All other financial assets and financial liabilities (including assets and liabilities designated at fair value through statement of income) are initially recognized on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(p) Offsetting financial instruments

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

(q) Customer loyalty programs

The Group offers customer loyalty programs referred to as reward points, which allows customers to earn points that can be redeemed through certain partner outlets. The Group allocates a portion of the transaction price to the reward points awarded to members, based on estimates of costs of future redemptions. The amount of expense allocated to reward points is charged to the consolidated statement of income with a corresponding liability recognized in other liabilities. The cumulative amount of the liability related to unredeemed reward points is adjusted over time based on actual redemption experience and current and expected trends with respect to future redemptions.

(r) Zakat and taxes

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 assets and liabilities are calculated relating to Zakat.

Value Added tax ("VAT")

The Group is a taxpayer for value added tax as per the Saudi law and its responsibility to collect VAT Output from the customers for qualifying services provided, and makes VAT Input payments to its vendors for qualifying payments. On a monthly basis, the net VAT remittances are made to the ZATCA representing VAT collected from its customers, net of any recoverable VAT on payments. Unrecoverable VAT is borne by the Group and is either expensed or in the case of property, equipment, and intangibles payments, is capitalised and either depreciated or amortized as part of the capital cost.

Withholding tax

Withholding tax is subject to any payment to non-resident vendors for services rendered and goods purchased with certain criteria and rate according to the tax law applicable in Saudi Arabia and are directly paid to the ZATCA on a monthly basis.

(s) Investment management services

The Group provides investment management services to its customers, through its subsidiary which include management of certain mutual funds. Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and, accordingly, are not included in the Group's consolidated financial statements. The Group's share of these funds is included under FVIS investments. Fees earned are disclosed in the consolidated statement of income.

(t) Bank's products definition

The Group provides its customers with banking products based on interest avoidance concept and in accordance with Shari'a regulations. The following is a description of some of the financing products:

Mutajara financing

It is a financing agreement whereby the Group purchases a commodity or an asset and sells it to the client based on a purchase promise from the client with a deferred price higher than the cash price, accordingly the client becomes debtor to the Group with the sale amount and for the period agreed in the contract.

Installment sales financing

It is a financing agreement whereby the Group purchases a commodity or an asset and sells it to the client based on a purchase promise from the client with a deferred price higher than the cash price. Accordingly the client becomes a debtor to the Group with the sale amount to be paid through installments as agreed in the contract.

Murabaha financing

It is a financing agreement whereby the Group purchases a commodity or asset and sells it to the client with a price representing the purchase price plus a profit known and agreed by the client which means that the client is aware of the cost and profit separately.

(u) Profit sharing investment account (PSIA)

The Bank offers unrestricted investment accounts based on fully shariah compliant concept through Mudarabah and Wakala.

In Mudarabah based accounts, the Bank (Mudarib) manages Investment Account holders' ("IAH") funds, along with its own funds, if any. Funds of these pools are utilized to provide financing to customers under Islamic modes and to invest in other Shariah 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 (Muwakil) as Wakeel, in addition to its own funds, if any, and invests in Sharia compliant assets. 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 bears the loss in case of Wakeel's default, negligence or violation of any terms and conditions of the Wakala agreement, otherwise the loss is borne by the investor or Muwakil. The Bank may maintain a Profit Equalization Reserve (PER) for the purpose of covering any shortfall in the expected future business assets performance.

Profits earned from the assets allocated to the Pool investments are shared between the Bank and IAH on a pre-agreed basis, while losses (if any) is borne by the Investor (Rab-ul-Maal). Operating expenses incurred by the Bank relating to PSIA the Pools are charged to the Pools.

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.

4 Cash and balances with Central Banks

Cash and balances with Saudi Central Bank ("SAMA") and other central banks comprise of the following:

	2024 (SAR '000)	2023 (SAR '000)
Cash in hand	**6,681,225**	6,502,729
Statutory deposit	**40,258,314**	35,008,098
Balances with central banks (current accounts)	**195,171**	256,814
Mutajara with SAMA	**6,110,000**	–
Total	**53,244,710**	41,767,641

In accordance with the Banking Control Law and regulations issued by SAMA, the Group is required to maintain a statutory deposit with SAMA and other central banks at stipulated percentages of its deposits liabilities calculated on monthly averages at the end of reporting period.

The above statutory deposits are not available to finance the Group's day-to-day operations and therefore are not considered as part of cash and cash equivalents (note 34) when preparing the consolidated statement of cash flows.

All these balances are stage 1.

5 Due from banks and other financial institutions, net

Due from banks and other financial institutions comprise the following:

	2024 (SAR '000)	2023 (SAR '000)
Current accounts	**1,639,015**	3,179,877
Mutajara	**17,892,806**	6,331,071
Less: Allowance for expected credit losses	**(2,094)**	(4,275)
Total	**19,529,727**	9,506,673

2024	Gross carrying amount (SAR '000)	Allowance for expected credit loss (SAR '000)	Net carrying amount (SAR '000)
Investment grade (credit rating AAA to BBB)	**19,389,226**	**(942)**	**19,388,284**
Non-investment grade (credit rating BB+ to B-)	**142,595**	**(1,152)**	**141,443**
Total	**19,531,821**	**(2,094)**	**19,529,727**

2023	Gross carrying amount (SAR '000)	Allowance for expected credit loss (SAR '000)	Net carrying amount (SAR '000)
Investment grade (credit rating AAA to BBB)	8,920,952	(1,810)	8,919,142
Non-investment grade (credit rating BB+ to B-)	589,996	(2,465)	587,531
Total	9,510,948	(4,275)	9,506,673

The credit quality of due from banks and other financial institutions is managed using external credit rating agencies. The above due from banks and other financial institutions balances are neither past due nor impaired and are classified in stage 1. There were no movements in staging during year.

6 Investments, net

(a) Investments comprise the following:

	2024 (SAR '000)	2023 (SAR '000)
Investments held at amortized cost		
Murabaha with Saudi Government and SAMA	**15,022,361**	20,067,953
Sukuk	**120,971,297**	87,962,033
Structured Products	**2,200,651**	2,941,573
Less: Impairment (Stage 1)	**(47,774)**	(70,234)
Total investments held at amortized cost	**138,146,535**	110,901,325
Investments held as FVIS		
Mutual funds	**2,931,542**	2,525,681
Sukuk	**276,612**	122,374
Structured Products	**3,012,532**	785,242
Equity investments	**258,890**	118,803
Total FVIS investments	**6,479,576**	3,552,100
FVOCI investments		
Sukuk	**19,208,062**	14,535,530
Structured Products	**2,618,781**	1,106,286
Equity investments*	**8,584,420**	3,282,168
Less: Impairment (Stage 1)	**(3,787)**	(1,844)
Total FVOCI investments	**30,407,476**	18,922,140
Investments, net	**175,033,587**	133,375,565

The Bank, under repurchase agreements, pledges with other banks sukuk securities that include government sukuk. The fair values of those sukuk pledged as collateral with financial institutions as at 31 December 2024 is SAR 78,538 million. (31 December 2023: 78,556 million) and the related balances of the repurchase agreements pledge is SAR 49,596 million (31 December 2023: 33,345 million).

The designated FVIS investments included above are designated upon initial recognition as FVIS and are in accordance with the documented risk management strategy of the Group.

* The Group holds SAR 6,800 million (31 December 2023: 2,360 million) in investments in Tier I Sukuk out of the total Equity investments.

All investments held at amortized cost are neither past due nor impaired as of 31 December 2024 and 2023, and are classified in stage 1. There were no movements in staging during year.

The Bank has consolidated two international and one local mutual funds where the Bank owns 100% of the three funds equity. The investments of these funds are included in the above note and accounted for as fair value through income statement.

Equity investment securities designated as at FVOCI

The Group has designated certain investment in equity securities designated at FVOCI. The FVOCI designation was made because the investments are expected to be held for the long-term for strategic purposes.

(b) The analysis of the composition of investments as of 31 December is as follows:

2024	Quoted (SAR '000)	Unquoted (SAR '000)	Total (SAR '000)
Murabaha with Saudi Government and SAMA	–	15,022,361	15,022,361
Sukuk	120,156,851	20,247,559	140,404,410
Structured Products	2,618,781	5,213,183	7,831,964
Equity investments	4,868,308	3,975,002	8,843,310
Mutual Funds	421,181	2,510,361	2,931,542
Investments, net	128,065,121	46,968,466	175,033,587

2023	Quoted (SAR '000)	Unquoted (SAR '000)	Total (SAR '000)
Murabaha with Saudi Government and SAMA	–	20,067,953	20,067,953
Sukuk	86,412,338	16,135,521	102,547,859
Structured Products	1,106,286	3,726,815	4,833,101
Equity investments	1,867,370	1,533,601	3,400,971
Mutual Funds	32,373	2,493,308	2,525,681
Investments, net	89,418,367	43,957,198	133,375,565

(c) Credit quality of investments

	2024 (SAR '000)	2023 (SAR '000)
Murabaha with Saudi Government and SAMA	**15,022,361**	20,067,953
Sukuk – Investment grade	**129,570,559**	91,071,834
Structured products – Investment grade	**7,831,964**	4,833,102
Sukuk – Non-Investment grade	**6,662,326**	5,640,904
Sukuk unrated	**4,171,525**	5,835,121
Total	**163,258,735**	127,448,914

Investment Grade includes those investments having credit exposure equivalent to rating of AAA to BBB-. Non-investment Grade includes those investments having credit exposure equivalent to rating of BB+ to B+. The unrated category only comprise of unquoted sukuk. Fitch has assigned A+ rating to KSA as a country as at 31 December 2024 (31 December 2023: A+).

As at 31 December 2024, the unrated Sukuk include investment securities of SAR 2,469 million that are internally rated by the Bank, with rating assigned ranging from BB- to A+

(d) The following is an analysis of investments according to counterparties as at 31 December:

	2024 (SAR '000)	2023 (SAR '000)
Government and quasi government	**130,149,632**	103,069,461
Banks and other financial institutions	**27,679,787**	16,217,496
Companies	**14,324,187**	11,635,005
Mutual funds	**2,931,542**	2,525,681
Less: Impairment	**(51,561)**	(72,078)
Total	**175,033,587**	133,375,565

(e) The domestic and international allocation of the Group's investments are summarised as follows:

31 December 2024	Domestic (SAR '000)	International (SAR '000)	Total (SAR '000)
Investments held at amortized cost:			
Fixed-rate Sukuk	100,502,295	13,933,817	114,436,112
Floating-rate Sukuk	21,557,546	–	21,557,546
Structured products	–	2,200,651	2,200,651
Less: Impairment (Stage 1)	(47,415)	(359)	(47,774)
Total investments held at amortized cost	122,012,426	16,134,109	138,146,535
Investments held as FVIS			
Mutual funds	1,295,328	1,636,214	2,931,542
Fixed-rate Sukuk	258,612	–	258,612
Floating-rate Sukuk	18,000	–	18,000
Structured Products	–	3,012,532	3,012,532
Equity investments	254,158	4,732	258,890
Total FVIS investments	1,826,098	4,653,478	6,479,576
Investments held as FVOCI:			
Fixed-rate Sukuk	13,378,920	5,010,893	18,389,813
Floating-rate Sukuk	339,949	478,300	818,249
Structured Products	–	2,618,781	2,618,781
Equity investments	8,041,617	542,803	8,584,420
Less: Impairment (Stage 1)	–	(3,787)	(3,787)
Total FVOCI investments	21,760,486	8,646,990	30,407,476
Investments, net	145,599,010	29,434,577	175,033,587

31 December 2023	Domestic (SAR '000)	International (SAR '000)	Total (SAR '000)
Investments held at amortized cost:			
Fixed-rate Sukuk	71,407,909	10,401,339	81,809,248
Floating-rate Sukuk	26,220,738	–	26,220,738
Structured products	–	2,941,573	2,941,573
Less: Impairment (Stage 1)	(68,634)	(1,600)	(70,234)
Total investments held at amortized cost	97,560,013	13,341,312	110,901,325
Investments held as FVIS			
Mutual funds	1,394,488	1,131,193	2,525,681
Fixed-rate Sukuk	104,374	–	104,374
Floating-rate Sukuk	18,000	–	18,000
Structured Products	–	785,242	785,242
Equity investments	118,803	–	118,803
Total FVIS investments	1,635,665	1,916,435	3,552,100
Investments held as FVOCI:			
Fixed-rate Sukuk	8,977,025	3,806,257	12,783,282
Floating-rate Sukuk	1,381,735	370,513	1,752,248
Structured Products	–	1,106,286	1,106,286
Equity investments	3,261,261	20,907	3,282,168
Less: Impairment (Stage 1)	–	(1,844)	(1,844)
Total FVOCI investments	13,620,021	5,302,119	18,922,140
Investments, net	112,815,699	20,559,866	133,375,565

7 Shariah compliant derivatives

(a) Profit rate swaps

Profit rate swaps are commitments to exchange one set of cash flows for another. For profit rate swaps, counterparties generally exchange fixed and floating rate profit payments in a single currency without exchanging principal. For cross-currency profit rate swaps, principal, fixed and floating profit 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 customised contracts transacted in the over-the-counter markets. Foreign currency and profit rate futures are transacted in standardised amounts on regulated exchanges and changes in futures contract values are settled daily.

(c) FX Swaps

FX swaps are agreements between two parties to exchange a given amount of one currency for an amount of another currency based on the current spot rate and forward rates quoted in the interbank market. The two parties will then settle their respective foreign exchange notional amounts governed by the previously agreed specific forward rate, the forward rate locks in the exchange rate at which the funds will be exchanged in the future.

(d) Cash flow hedges:

The Bank is exposed to variability in future yield cash flows on non-trading assets and liabilities which bear yield at a variable rate. The Bank uses profit rate swaps as cash flow hedges of these profit rate risks. Also, as a result of firm commitments in foreign currencies, such as its issued foreign currency debt, the Bank is exposed to foreign exchange and profit rate risks which are hedged with cross currency profit rate swaps. Below is the schedule indicating as at 31 December, the periods when the hedged cash flows are expected to occur and when they are expected to affect the statement of income.

(e) 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 Bank'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

2024	Positive fair value (SAR '000)	Negative fair value (SAR '000)	Notional amount total (SAR '000)	Notional amounts by term to maturity: Within 3 months (SAR '000)	3-12 months (SAR '000)	1-5 years (SAR '000)	Over 5 years (SAR '000)
Held for trading:							
Profit rate swaps	1,742,970	(1,630,279)	46,083,961	150,471	2,458,848	12,496,288	30,978,354
Foreign exchange forward contracts	15,818	(15,019)	2,088,861	1,079,504	1,009,357	-	-
FX Swaps	2,010	(4,383)	15,578,744	12,762,824	2,815,920	-	-
Total Held for trading	1,760,798	(1,649,681)	63,751,566	13,992,799	6,284,125	12,496,288	30,978,354
Held as cash flow hedge:							
Profit rate swaps	27,691	(9,413)	11,073,750	-	655,000	10,418,750	-
Total Held as cash flow hedge	27,691	(9,413)	11,073,750	-	655,000	10,418,750	-
Held as fair value Hedge:							
Profit rate swaps	117,414	(19,949)	25,218,171	-	-	10,645,092	14,573,079
Total Held as fair value Hedge	117,414	(19,949)	25,218,171	-	-	10,645,092	14,573,079
Total Shariah compliant derivatives	1,905,903	(1,679,043)	100,043,487	13,992,799	6,939,125	33,560,130	45,551,433

2023	Positive fair value (SAR '000)	Negative fair value (SAR '000)	Notional amount total (SAR '000)	Notional amounts by term to maturity: Within 3 months (SAR '000)	3-12 months (SAR '000)	1-5 years (SAR '000)	Over 5 years (SAR '000)
Held for trading:							
Profit rate swaps	840,868	(771,974)	31,646,205	735,000	1,143,073	17,893,603	11,874,529
Foreign exchange forward contracts	2,539	(2,267)	270,863	270,863	-	-	-
FX Swaps	176	(1,020)	10,387,362	6,262,417	4,124,945	-	-
Total Held for trading	843,583	(775,261)	42,304,430	7,268,280	5,268,018	17,893,603	11,874,529
Held as cash flow hedge:							
Profit rate swaps	34,093	(18,280)	8,743,877	-	-	8,743,877	-
Total Held as cash flow hedge	34,093	(18,280)	8,743,877	-	-	8,743,877	-
Total Shariah compliant derivatives	877,676	(793,541)	51,048,307	7,268,280	5,268,018	26,637,480	11,874,529

(f) The periods when the hedged cash flows are expected to occur and when they are expected to affect the statement of income:

2024	Within 1 year (SAR '000)	1-3 years (SAR '000)	3-5 years (SAR '000)	Over 5 years (SAR '000)
Cash inflows (assets)	186,655	71,412	–	–

2023	Within 1 year (SAR '000)	1-3 years (SAR '000)	3-5 years (SAR '000)	Over 5 years (SAR '000)
Cash inflows (assets)	191,067	280,412	–	–

(g) The tables below show a summary of hedged items and portfolios, the nature of the risk being hedged, the hedging instrument and its fair value:

2024 Description of hedged items:	Fair Value (SAR '000)	Hedge inception value (SAR '000)	Risk (SAR '000)	Hedging instrument (SAR '000)	Negative fair value (SAR '000)	Positive fair value (SAR '000)
Fixed profit rate investment	24,902,060	25,218,171	Fair Value	Profit Rate Swaps	(19,949)	117,414
Floating profit rate investments	3,881,120	3,870,000	Cash Flow	Profit Rate Swaps	(9,413)	–
Floating profit rate Deposit	6,151,488	7,203,750	Cash Flow	Profit Rate Swaps	–	27,691

2023 Description of hedged items:	Fair Value (SAR '000)	Hedge inception value (SAR '000)	Risk (SAR '000)	Hedging instrument (SAR '000)	Negative fair value (SAR '000)	Positive fair value (SAR '000)
Floating profit rate investments	4,018,691	4,000,000	Cash flow	Profit rate swaps	(18,280)	5,011
Floating profit rate Deposit	4,714,638	4,743,750	Cash flow	Profit rate swaps	–	29,082

(h) The amounts relating items designated as hedging instruments and hedge ineffectiveness at 31 December 2024 were as follows:

2024	Positive fair value (SAR '000)	Negative fair value (SAR '000)	Notional amount Total (SAR '000)	Change in fair value used for calculating hedge ineffectiveness for 2024 (SAR '000)	Changes in the value of the hedging instrument recognized in OCI (SAR '000)	Hedge ineffectiveness recognized in statement of income (SAR '000)	Amount reclassified from the hedge reserve to statement of income (SAR '000)
Held as cashflow hedges:							
Profit rate swaps	27,691	(9,413)	11,073,750	–	2,465	–	35,548
Held as fair value hedges:							
Profit rate swaps	117,414	(19,949)	25,218,171	–	–	9,001	–
Total	145,105	(29,362)	36,291,921	–	2,465	9,001	35,548

2023	Positive fair value (SAR '000)	Negative fair value (SAR '000)	Notional amount Total (SAR '000)	Change in fair value used for calculating hedge ineffectiveness for 2023 (SAR '000)	Changes in the value of the hedging instrument recognized in OCI (SAR '000)	Hedge ineffectiveness recognized in statement of income (SAR '000)	Amount reclassified from the hedge reserve to statement of income (SAR '000)
Held as cashflow hedges:							
Profit rate swaps	34,093	(18,280)	8,743,750	–	15,813	–	–
Total	34,093	(18,280)	8,743,750	–	15,813	–	–

(i) The amounts relating to items designated as hedged items were as follows:

2024	Line item in the statement of financial position in which hedge item is included	Changes in value used for calculating hedge ineffectiveness (SAR '000)	Fair value hedge reserve (SAR '000)	Cashflow hedge reserve (SAR '000)	Balance remaining in cash flow hedge reserve for hedge relationships for which hedge accounting is no longer applied (SAR '000)
Held as cash flow hedges:					
Sukuk	Investment at AC	–	–	(9,413)	–
Syndicated Murabaha Facility	Due to Bank & Other Financial Institution	–	–	27,691	–
Held as Fair Value Hedges:					
Sukuks	Investment at FVOCI	–	30,323	–	–
Total		–	30,323	18,278	–

2023	Line item in the statement of financial position in which hedge item is included	Changes in value used for calculating hedge ineffectiveness (SAR '000)	Fair value hedge reserve (SAR '000)	Cashflow hedge reserve (SAR '000)	Balance remaining in cash flow hedge reserve for hedge relationships for which hedge accounting is no longer applied (SAR '000)
Held as cash flow hedges:					
Sukuk	Investment at AC	–	–	(13,269)	–
Syndicated Murabaha Facility	Due to Bank & Other Financial Institution	–	–	29,082	–
Total		–	–	15,813	–

8 Financing, net

(a) Net financing held at amortised cost:

2024	Performing (SAR '000)	Non-performing (SAR '000)	Allowance for impairment (SAR '000)	Net financing (SAR '000)
Mutajara	**191,350,565**	**2,831,757**	**(3,513,128)**	**190,669,194**
Installment sale	**468,758,698**	**2,389,013**	**(4,438,973)**	**466,708,738**
Murabaha	**28,101,593**	**48,185**	**(352,734)**	**27,797,044**
Credit cards	**8,369,748**	**65,480**	**(200,481)**	**8,234,747**
Total	**696,580,604**	**5,334,435**	**(8,505,316)**	**693,409,723**

2023	Performing (SAR '000)	Non-performing (SAR '000)	Allowance for impairment (SAR '000)	Net financing (SAR '000)
Mutajara	140,942,388	1,915,703	(2,603,838)	140,254,253
Installment sale	430,775,863	1,840,989	(5,175,817)	427,441,035
Murabaha	21,230,777	501,410	(750,231)	20,981,956
Credit cards	5,683,776	39,837	(196,051)	5,527,562
Total	598,632,804	4,297,939	(8,725,937)	594,204,806

notes to the consolidated financial statements

In 2023, the Bank has entered into an arrangement with REDF where REDF will fund the initial down-payment for a qualifying customer when entering into a residential mortgage finance arrangement with the Bank. Under this scheme, the down payment amount may be either SAR 100,000 or SAR 150,000 depending on the salary scale of the customer. The REDF will pay the subsidy to the customer and will receive the amount from the Bank on instalment basis over a period of mortgage term which will be capped at 20 years at a flat profit rate of 1%.

In accordance with the requirements of IFRS 9, a deferred fair value loss being booked on origination of these receivable from REDF to compensate for the below-market rate which will be amortized over the period of the receivable with REDF. The outstanding amount with REDF as at 31 December 2024 is SAR 3,344 million (2023: SAR 271 million).

(b) The net financing by location, inside and outside the Kingdom of Saudi Arabia, as of 31 December is as follows:

2024	Mutajara (SAR '000)	Installment sale (SAR '000)	Murabaha (SAR '000)	Credit cards (SAR '000)	Total (SAR '000)
Inside the Kingdom of Saudi Arabia	192,424,427	465,465,241	19,512,815	8,409,609	685,812,092
Outside the Kingdom of Saudi Arabia	1,757,895	5,682,470	8,636,963	25,619	16,102,947
Gross financing	194,182,322	471,147,711	28,149,778	8,435,228	701,915,039
Allowance for impairment	(3,513,128)	(4,438,973)	(352,734)	(200,481)	(8,505,316)
Net financing	190,669,194	466,708,738	27,797,044	8,234,747	693,409,723

2023	Mutajara (SAR '000)	Installment sale (SAR '000)	Murabaha (SAR '000)	Credit cards (SAR '000)	Total (SAR '000)
Inside the Kingdom of Saudi Arabia	140,729,593	427,073,984	14,976,580	5,700,726	588,480,883
Outside the Kingdom of Saudi Arabia	2,128,498	5,542,868	6,755,607	22,887	14,449,860
Gross financing	142,858,091	432,616,852	21,732,187	5,723,613	602,930,743
Allowance for impairment	(2,603,838)	(5,175,817)	(750,231)	(196,051)	(8,725,937)
Net financing	140,254,253	427,441,035	20,981,956	5,527,562	594,204,806

(c) The table below depicts the categories of financing as per main business segments at 31 December:

2024	Retail (SAR '000)	Corporate (SAR '000)	Total (SAR '000)
Mutajara	9,237,432	184,944,890	194,182,322
Installment sale	458,807,699	12,340,012	471,147,711
Murabaha	3,422,690	24,727,088	28,149,778
Credit cards	8,429,418	5,810	8,435,228
Gross financing	479,897,239	222,017,800	701,915,039
Less: Allowance for impairment	(4,682,061)	(3,823,255)	(8,505,316)
Total	475,215,178	218,194,545	693,409,723

2023	Retail (SAR '000)	Corporate (SAR '000)	Total (SAR '000)
Mutajara	4,742,139	138,115,952	142,858,091
Installment sale	419,695,296	12,921,556	432,616,852
Murabaha	2,520,813	19,211,374	21,732,187
Credit cards	5,694,828	28,785	5,723,613
Gross financing	432,653,076	170,277,667	602,930,743
Less: Allowance for impairment	(5,413,893)	(3,312,044)	(8,725,937)
Total	427,239,183	166,965,623	594,204,806

(d) The table below summarises financing balances at 31 December that are neither past due nor impaired, past due but not impaired and impaired, as per the main business segments of the Group:

2024	Neither past due nor impaired (SAR '000)	Past due but not impaired (SAR '000)	Impaired (SAR '000)	Total (SAR '000)	Allowance for impairment (SAR '000)	Net financing (SAR '000)
Retail	**463,329,215**	**14,860,225**	**1,707,799**	**479,897,239**	**(4,682,061)**	**475,215,178**
Corporate	**214,760,805**	**3,630,359**	**3,626,636**	**222,017,800**	**(3,823,255)**	**218,194,545**
Total	**678,090,020**	**18,490,584**	**5,334,435**	**701,915,039**	**(8,505,316)**	**693,409,723**

2023	Neither past due nor impaired (SAR '000)	Past due but not impaired (SAR '000)	Impaired (SAR '000)	Total (SAR '000)	Allowance for impairment (SAR '000)	Net financing (SAR '000)
Retail	419,979,579	11,219,051	1,454,446	432,653,076	(5,413,893)	427,239,183
Corporate	165,669,997	1,764,177	2,843,493	170,277,667	(3,312,044)	166,965,623
Total	585,649,576	12,983,228	4,297,939	602,930,743	(8,725,937)	594,204,806

Financing past due for less than 90 days is not treated as impaired, unless other available information proves otherwise. "Neither past due nor impaired" and "past due but not impaired" comprise total performing financing.

(e) The movement in the allowance for impairment of financing is as follows:

2024	Retail (SAR '000)	Corporate (SAR '000)	Total (SAR '000)
Balance at the beginning of the year	**5,413,893**	**3,312,044**	**8,725,937**
Provided for the year	**2,664,282**	**1,641,549**	**4,305,831**
Bad debt written off	**(3,396,114)**	**(1,130,338)**	**(4,526,452)**
Balance at the end of the year	**4,682,061**	**3,823,255**	**8,505,316**

2023	Retail (SAR '000)	Corporate (SAR '000)	Total (SAR '000)
Balance at the beginning of the year	4,804,384	3,724,492	8,528,876
Provided for the year	3,263,594	18,113	3,281,707
Bad debt written off	(2,654,085)	(430,561)	(3,084,646)
Balance at the end of the year	5,413,893	3,312,044	8,725,937

(f) The Impairment charge movement

The details of the impairment charge on financing and other financial assets for the year recorded in the consolidated statement of income is as follows:

	2024 (SAR '000)	2023 (SAR '000)
Provided for the year for financing	**4,305,831**	3,281,707
Provided for the year for other financing assets and off balance sheet	**(20,455)**	(151,963)
Recovery of written-off financing, net	**(2,168,632)**	(1,625,566)
Allowance for financing impairment, net	**2,116,744**	1,504,178

(g) The movement of financing by stages is as follows:

	Gross carrying amount as of 31 December 2024			
	Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
Financing				
At 1 January 2024	581,556,627	13,917,065	7,457,051	602,930,743
Transfers:				
Transfer to 12-month ECL	6,378,866	(5,039,952)	(1,338,914)	–
Transfer to Lifetime ECL not credit impaired	(5,848,741)	6,145,648	(296,907)	–
Transfer to Lifetime ECL credit impaired	(2,209,266)	(1,782,603)	3,991,869	–
Write-offs	–	–	(4,526,452)	(4,526,452)
New business/Other movements	100,033,638	874,968	2,602,142	103,510,748
At 31 December 2024	679,911,124	14,115,126	7,888,789	701,915,039

	Gross carrying amount as of 31 December 2023			
	Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
Financing				
At 1 January 2023	562,049,635	9,576,654	5,240,701	576,866,990
Transfers:				
Transfer to 12-month ECL	2,958,084	(2,520,595)	(437,489)	–
Transfer to Lifetime ECL not credit impaired	(8,380,043)	8,468,850	(88,807)	–
Transfer to Lifetime ECL credit impaired	(3,057,920)	(1,252,129)	4,310,049	–
Write-offs	–	–	(3,084,646)	(3,084,646)
New business/Other movements	27,986,871	(355,715)	1,517,243	29,148,399
At 31 December 2023	581,556,627	13,917,065	7,457,051	602,930,743

Closing balance of Lifetime ECL credit impaired differs from total reported Non-Performing financing due to IFRS 9 implementation.

(h) The movements of the three credit quality stages of carrying amount of financing held at amortized cost allocated by:

(1) Retail segment

Retail	Gross carrying amount as of 31 December 2024			
	Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
Financing				
At 1 January 2024	419,544,874	8,764,939	4,343,263	432,653,076
Transfers:				
Transfer to 12-month ECL	6,177,710	(4,855,013)	(1,322,697)	-
Transfer to Lifetime ECL not credit impaired	(3,727,722)	4,007,282	(279,560)	-
Transfer to Lifetime ECL credit impaired	(1,351,631)	(835,874)	2,187,505	-
Write-offs	-	-	(3,396,114)	(3,396,114)
New business/Other movements	49,047,031	(527,791)	2,121,037	50,640,277
At 31 December 2024	469,690,262	6,553,543	3,653,434	479,897,239

Corporate	Gross carrying amount as of 31 December 2023			
	Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
Financing				
At 1 January 2023	426,179,423	5,328,999	3,311,790	434,820,212
Transfers:				
Transfer to 12-month ECL	2,503,265	(2,097,977)	(405,288)	-
Transfer to Lifetime ECL not credit impaired	(6,341,031)	6,418,160	(77,129)	-
Transfer to Lifetime ECL credit impaired	(1,721,325)	(774,729)	2,496,054	-
Write-offs	-	-	(2,654,085)	(2,654,085)
New business/other movements	(1,075,458)	(109,514)	1,671,921	486,949
At 31 December 2023	419,544,874	8,764,939	4,343,263	432,653,076

(2) Corporate segment

Retail	Gross carrying amount as of 31 December 2024 Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
Financing				
At 1 January 2024	162,011,753	5,152,126	3,113,788	170,277,667
Transfers:				
Transfer to 12-month ECL	201,156	(184,939)	(16,217)	–
Transfer to Lifetime ECL not credit impaired	(2,121,019)	2,138,366	(17,347)	–
Transfer to Lifetime ECL credit impaired	(857,635)	(946,729)	1,804,364	–
Write-offs	–	–	(1,130,338)	(1,130,338)
New business/other movements	50,986,607	1,402,759	481,105	52,870,471
At 31 December 2024	210,220,862	7,561,583	4,235,355	222,017,800

Corporate	Gross carrying amount as of 31 December 2023 Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
Financing				
At 1 January 2023	135,870,212	4,247,655	1,928,911	142,046,778
Transfers:				
Transfer to 12-month ECL	454,819	(422,618)	(32,201)	–
Transfer to Lifetime ECL not credit impaired	(2,039,012)	2,050,690	(11,678)	–
Transfer to Lifetime ECL credit impaired	(1,336,595)	(477,400)	1,813,995	–
Write-offs	–	–	(430,561)	(430,561)
New business/other movements	29,062,329	(246,201)	(154,678)	28,661,450
At 31 December 2023	162,011,753	5,152,126	3,113,788	170,277,667

(i) The movement in ECL allowances for impairment of financing by stages is as follows:

	Credit loss allowance as of 31 December 2024			
	Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
ECL allowances for impairment of financing				
At 1 January 2024	**2,523,903**	**1,695,065**	**4,506,969**	**8,725,937**
Transfers:				
Transfer to 12-month ECL	**1,286,101**	**(583,296)**	**(702,805)**	**–**
Transfer to Lifetime ECL not credit impaired	**(89,570)**	**248,804**	**(159,234)**	**–**
Transfer to Lifetime ECL credit impaired	**(299,232)**	**(221,208)**	**520,440**	**–**
Write-offs	**–**	**–**	**(4,526,452)**	**(4,526,452)**
Net charge for the period	**(939,442)**	**560,109**	**4,685,164**	**4,305,831**
At 31 December 2024	**2,481,760**	**1,699,474**	**4,324,082**	**8,505,316**

	Credit loss allowance as of 31 December 2023			
	Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
ECL allowances for impairment of financing				
At 1 January 2023	3,276,243	1,714,791	3,537,842	8,528,876
Transfers:				
Transfer to 12-month ECL	570,806	(305,258)	(265,548)	–
Transfer to Lifetime ECL not credit impaired	(142,704)	198,965	(56,261)	–
Transfer to Lifetime ECL credit impaired	(69,182)	(274,180)	343,362	–
Write-offs		–	(3,084,646)	(3,084,646)
Net charge for the period	(1,111,260)	360,747	4,032,220	3,281,707
At 31 December 2023	2,523,903	1,695,065	4,506,969	8,725,937

(j) The ECL movements of the three credit quality stages of financing held at amortized cost allocated by:

1. Retail segment:

Retail	Credit loss allowance as of 31 December 2024 Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
ECL allowances for impairment of financing				
At 1 January 2024	**1,838,820**	**1,169,417**	**2,405,656**	**5,413,893**
Transfers:				
Transfer to 12-month ECL	**1,224,188**	**(532,557)**	**(691,631)**	–
Transfer to Lifetime ECL not credit impaired	**(59,156)**	**206,996**	**(147,840)**	–
Transfer to Lifetime ECL credit impaired	**(257,422)**	**(132,330)**	**389,752**	–
Write-offs	–	–	**(3,396,114)**	**(3,396,114)**
Net charge for the period	**(1,079,968)**	**241,709**	**3,502,541**	**2,664,282**
At 31 December 2024	**1,666,462**	**953,235**	**2,062,364**	**4,682,061**

Retail	Credit loss allowance as of 31 December 2023 Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
ECL allowances for impairment of financing				
At 1 January 2023	1,886,754	892,694	2,024,936	4,804,384
Transfers:				
Transfer to 12-month ECL	511,499	(262,456)	(249,043)	–
Transfer to Lifetime ECL not credit impaired	(89,389)	138,776	(49,387)	–
Transfer to Lifetime ECL credit impaired	(35,188)	(199,895)	235,083	–
Write-offs	–	–	(2,654,085)	(2,654,085)
Net charge for the period	(434,856)	600,298	3,098,152	3,263,594
At 31 December 2023	1,838,820	1,169,417	2,405,656	5,413,893

(2) Corporate segment:

Corporate	Credit loss allowance as of 31 December 2024 Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
ECL allowances for impairment of financing				
At 1 January 2024	**685,083**	**525,648**	**2,101,313**	**3,312,044**
Transfers:				
Transfer to 12-month ECL	**61,913**	**(50,739)**	**(11,174)**	**–**
Transfer to Lifetime ECL not credit impaired	**(30,414)**	**41,808**	**(11,394)**	**–**
Transfer to Lifetime ECL credit impaired	**(41,810)**	**(88,878)**	**130,688**	**–**
Write-offs	**–**	**–**	**(1,130,338)**	**(1,130,338)**
Net charge for the period	**140,526**	**318,400**	**1,182,623**	**1,641,549**
At 31 December 2024	**815,298**	**746,239**	**2,261,718**	**3,823,255**

Corporate	Credit loss allowance as of 31 December 2023 Stage 1 (12-months ECL) (SAR '000)	Stage 2 (lifetime ECL for SICR) (SAR '000)	Stage 3 (lifetime ECL for credit impaired) (SAR '000)	Total (SAR '000)
ECL allowances for impairment of financing				
At 1 January 2023	1,389,489	822,097	1,512,906	3,724,492
Transfers:				
Transfer to 12-month ECL	59,307	(42,802)	(16,505)	–
Transfer to Lifetime ECL not credit impaired	(53,315)	60,189	(6,874)	–
Transfer to Lifetime ECL credit impaired	(33,994)	(74,285)	108,279	–
Write-offs	–	–	(430,561)	(430,561)
Net charge for the period	(676,404)	(239,551)	934,068	18,113
At 31 December 2023	685,083	525,648	2,101,313	3,312,044

(k) Installment sale under financing includes finance lease receivables, which are as follows:

	2024 (SAR '000)	2023 (SAR '000)
Gross receivables from finance leases		
Less than 1 year	**186,025**	252,224
1 to 2 years	**2,694,324**	1,326,965
2 to 3 years	**2,449,760**	3,159,702
3 to 4 years	**2,544,439**	2,480,894
4 to 5 years	**21,360,933**	18,350,749
Over 5 years	**10,900,978**	10,285,552
Total	**40,136,459**	35,856,086
Unearned future finance income on finance leases	**(4,511,241)**	(4,641,683)
Expected credit loss from finance leases	**(788,254)**	(823,840)
Net receivables from finance leases	**34,836,964**	30,390,563

9 Other Assets, net

Other assets, net comprise the following:

	2024 (SAR '000)	2023 (SAR '000)
Receivables, net	**2,934,899**	2,078,794
Value added taxes (VAT)	**690,227**	1,036,736
Prepaid expenses	**1,154,075**	900,584
Assets in transit subject to financing	**1,558,274**	3,219,499
Accrued income	**850,356**	860,352
Cheques under collection	**626,418**	923,923
Advance payments	**48,164**	65,800
Other real estate	**372,006**	35,655
Others, net	**4,303,423**	2,595,522
Total	**12,537,842**	11,716,865

10 Investments in associates

Investment in associate	2024 (SAR '000)	2023 (SAR '000)
Balance at the beginning of the year	**923,046**	820,717
Dividends during the year	**–**	(3,870)
Reclassified to disposal group classified as held for sale	**(27,488)**	–
Share in earnings, net	**138,704**	106,199
Balance at end of the Year	**1,034,262**	923,046

The Group owns 35% (31 December 2023: 35%) shares of Al Rajhi Company for Cooperative Insurance, a Saudi Joint Stock Company. The market value as of 31 December 2024 is SAR 6,006 million (31 December 2023: 2,503 million).

11 Investment properties, net

	Land (SAR '000)	Buildings (SAR '000)	Total (SAR '000)
Cost			
At 1 January 2023	894,424	651,810	1,546,234
Additions	–	23,587	23,587
Disposals	–	(327)	(327)
At 31 December 2023	894,424	675,070	1,569,494
Additions	**–**	**16,714**	**16,714**
Disposals	**–**	**–**	**–**
At 31 December 2024	**894,424**	**691,784**	**1,586,208**
Accumulated depreciation			
At 1 January 2023	–	181,376	181,376
Charge for the year	–	25,460	25,460
At 31 December 2023	–	206,836	206,836
Charge for the year	–	20,734	20,734
At 31 December 2024	**–**	**227,570**	**227,570**
Net book value			
At 31 December 2024	**894,424**	**464,214**	**1,358,638**
At 31 December 2023	894,424	468,234	1,362,658

The fair value of the investment properties as at 31 December 2024 is SAR 1.5 billion (31 December 2023: SAR 1.5 billion)

12 Property, equipment, and right of use assets, net

Property, equipment, and right of use assets net comprises the following as of 31 December:

	Land (SAR '000)	Buildings (SAR '000)	Leasehold land and buildings improvements (SAR '000)	Equipment and furniture (SAR '000)	Right-of-use assets (SAR '000)	Total (SAR '000)
Cost						
At 1 January 2023	2,617,568	4,900,886	287,696	9,153,577	1,675,592	18,635,319
Additions	45,752	300,873	256,617	2,589,967	145,434	3,338,643
Disposals	–	(118)	(339,443)	(171,485)	(12,359)	(523,405)
At 31 December 2023	2,663,320	5,201,641	204,870	11,572,059	1,808,667	21,450,557
Additions	45,046	360,782	409,068	2,214,390	142,807	3,172,093
Disposals	(4,001)	(1,491)	(340,279)	(36,935)	(24,945)	(407,651)
Reclassified to disposal group classified as held for sale	–	–	–	(28,717)	(23,202)	(51,919)
At 31 December 2024	**2,704,365**	**5,560,932**	**273,659**	**13,720,797**	**1,903,327**	**24,163,080**
Accumulated depreciation						
At 1 January 2023	–	1,003,201	37,137	5,327,631	928,568	7,296,537
Charge for the year	–	162,049	3,306	982,124	233,386	1,380,865
Disposals	–	(1)	–	(79,367)	(251)	(79,619)
At 31 December 2023	–	1,165,249	40,443	6,230,388	1,161,703	8,597,783
Charge for the year	–	170,768	3,045	1,309,766	248,162	1,731,741
Disposals	–	(1,060)	(1,285)	(23,363)	(10,622)	(36,330)
Reclassified to disposal group classified as held for sale	–	–	–	(19,385)	(5,031)	(24,416)
At 31 December 2024	–	**1,334,957**	**42,203**	**7,497,406**	**1,394,212**	**10,268,778**
Net book value						
At 31 December 2024	**2,704,365**	**4,225,975**	**231,456**	**6,223,391**	**509,115**	**13,894,302**
At 31 December 2023	2,663,320	4,036,392	164,427	5,341,671	646,964	12,852,774

Leasehold land & buildings improvements include work-in-progress amounting to SAR 185 million as at 31 December 2024 (2023 – SAR 135 million).

Right-of-use assets include land and buildings for ATMs and Branches.

13 Goodwill and other intangibles, net

	Goodwill (SAR '000)	Intangibles* (SAR '000)	Total (SAR '000)
Cost			
At 1 January 2023	248,733	1,444,614	1,693,347
Additions	–	471,745	471,745
Disposals	–	(4,100)	(4,100)
At 31 December 2023	248,733	1,912,259	2,160,992
Additions	55,065	519,525	574,590
Disposals	–	(52,425)	(52,425)
Reclassified to disposal group classified as held for sale	(248,733)	(192,437)	(441,170)
At 31 December 2024	**55,065**	**2,186,922**	**2,241,987**
Accumulated amortization			
At 1 January 2023	–	478,800	478,800
Charge for the year	–	171,684	171,684
Disposals	–	(60)	(60)
At 31 December 2023	–	650,424	650,424
Charge for the year	–	229,439	229,439
Disposals	–	(5,673)	(5,673)
Reclassified to disposal group classified as held for sale	–	(67,715)	(67,715)
At 31 December 2024	**–**	**806,475**	**806,475**
Net book value			
At 31 December 2024	**55,065**	**1,380,447**	**1,435,512**
At 31 December 2023	248,733	1,261,835	1,510,568

* Intangible assets includes software and website related costs.

14 Disposal group classified as held for sale

The Board of Directors has approved a plan to lose control over Ejada Systems Limited Company ("Ejada"), a wholly owned subsidiary, through a sequenced series of arrangements. The subsidiary meets the criteria to be classified as held for sale for the following reasons:

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

The Group has classified and presented the assets and liabilities of Ejada (the "disposal group") as "held for sale" in the Group's statement of financial position in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations". As the business of Ejada does not meet the definition of discontinued operations under IFRS 5, the results for the period have not been classified as discontinued/discontinuing operations in the consolidated statement of comprehensive income.

During the year, the Group has disposed off 10% stake in Ejada through private placement. This has resulted in sale of minority stake in a subsidiary. As per the requirements of IFRS 10 – Consolidated financial statements, the Group has recognized non-controlling interest in these consolidated financial statements.

As at 31 December 2024, the Group has obtained the necessary public offering regulatory approval, where the process of the IPO will be concluded during 2025.

As at 31 December 2024, the disposal group was stated at carrying value, which is lower than the fair value less costs to sell and comprised of the following assets and liabilities:

	As of 31 December 2024 (SAR '000)
Assets classified as held for sale	
Goodwill and other intangibles, net	373,455
Cash and balances with Central Banks	40,264
Investment In Associate*	27,488
Property, equipment, and right of use assets, net	27,503
Other assets, net	533,740
Total assets classified as held for sale	1,002,450
Liabilities directly associated with assets classified as held for sale	
Other liabilities	846,376
Total liabilities directly associated with assets classified as held for sale	846,376

* The Group owns 32.7% (31 December 2023: 32.7%) shares of Versatile Solutions Company Limited.

15 Due to banks, Saudi Central Bank and other financial institutions

Due to banks, Saudi Central Bank and other financial institutions comprise the following:

	2024 (SAR '000)	2023 (SAR '000)
Current accounts	**1,791,827**	568,771
Banks' time investments	**171,642,770**	96,678,118
Total	**173,434,597**	97,246,889

16 Customers' deposits

Customers' deposits by type comprises the following:

	2024 (SAR '000)	2023 (SAR '000)
Demand deposits and call accounts	**446,437,107**	352,107,825
Customers' time investments	**167,091,393**	207,981,393
Other customer accounts	**14,710,001**	13,011,389
Total	**628,238,501**	573,100,607

All Customers' time investments are subject to Murabaha contracts and therefore are non-interest.

	2024 (SAR '000)	2023 (SAR '000)
Saudi Arabian Riyals	**592,398,619**	533,473,301
Foreign currencies	**35,839,882**	39,627,306
Total	**628,238,501**	573,100,607

17 Sukuk Issued

During March 2024, the Bank successfully issued U.S. dollar denominated senior unsecured sustainable Sukuk, amounting to USD 1 billion (SAR 3.75 billion) with 5-years maturity and a profit rate of 5.047% and redeemable prior to scheduled maturity date in certain cases. The Sukuk represents Al Rajhi Bank's second issuance in the USD international capital markets via a USD 4 billion Sukuk programme The sustainable Sukuk is listed on the London Stock Exchange's International Securities Market and could be sold in light of applicable acts and regulations.

During April 2023, the Bank successfully issued U.S. dollar denominated senior unsecured sustainable Sukuk, amounting to USD 1 billion (SAR 3.75 billion) with 5-years maturity and a profit rate of 4.75% and redeemable prior to scheduled maturity date in certain cases. The Sukuk represents Al Rajhi Bank's first issuance in the USD international capital markets via a USD 4 billion Sukuk programme that has a multi-issuance variability of one or more tranches of senior unsecured or tier 2 subordinated Sukuk. The sustainable Sukuk is listed on the London Stock Exchange's International Securities Market and could be sold in light of applicable acts and regulations.

18 Other liabilities

Other liabilities, net comprise the following:

	Note	2024 (SAR '000)	2023 (SAR '000)
Payable to developers		**14,317,690**	4,902,655
Accounts payable		**7,431,114**	5,990,981
Accrued expenses		**3,383,705**	2,330,997
Zakat payable	28	**2,232,292**	2,759,104
Cheque under collection		**1,201,379**	1,366,311
Margin payable		**1,123,553**	308,905
Employees' end of service benefits liabilities	30	**1,010,991**	1,145,578
Lease liability		**485,218**	634,898
Loss allowance on financial commitments and financial guarantees		**255,780**	253,537
Value added taxes (VAT)		**174,285**	482,959
Special commission income excluded from the consolidated financial statements	38	**15,954**	1,891
Other		**6,966,194**	6,230,871
Total		**38,598,155**	26,408,687

The loss allowance on financial commitments and financial guarantees are further depicted in Commitments and Contingencies (note 22 - c).

19 Share capital

The authorised, issued and fully paid share capital of the Bank consists of 4,000 million shares of SAR 10 each as of 31 December 2024 (31 December 2023 4,000 million shares of SAR 10 each).

The ownership of the Bank's share capital is as follows:

	2024 (%)	2023 (%)
Saudi shareholders	**84.22**	86.13
Foreign shareholders	**15.78**	13.87

20 Statutory and other reserves

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. Accordingly, SAR 4,931 million has been transferred from 2024 net income (2023: SAR 4,155 million). The statutory reserve is not currently available for distribution.

Other reserves includes FVOCI investments reserve, foreign currency translation reserve, employee share plan reserve, cash flow hedge reserve, re-measurement of employees' end of service benefits and share in OCI from associate. The movements are summarised as follows:

2024	Note	FVOCI investments (SAR '000)	Foreign currency translation (SAR '000)	Employee share plan reserve (SAR '000)	Cash flow hedge (SAR '000)	Re-measurement of employees' end of service benefits (SAR '000)	Share in OCI from associate (SAR '000)	Total (SAR '000)
Balance at beginning of the year		4,738	(243,425)	37,110	15,813	45,465	43,693	(96,606)
Net change in fair value (FVOCI Equity investments)		(46,180)	-	-	-	-	-	(46,180)
Exchange difference on translation of foreign operations		-	54,554	-	-	-	-	54,554
Re-measurement of employees' end of service benefits		-	-	-	-	57,481	-	57,481
Share in OCI from associate		-	-	-	-	-	1,360	1,360
Net change in fair value (FVOCI Sukuk investment and Structured products investments)		(278,101)	-	-	-	-	-	(278,101)
Cash flow hedge effective portion of change in the fair value			-	-	2,465	-	-	2,465
Net amounts transferred to the consolidated statement of income		30,323	-	-	-	-	-	30,323
Employee share plan reserve		-		(37,110)	-	-	-	(37,110)
Balance at the end of the year		(289,220)	(188,871)	-	18,278	102,946	45,053	(311,814)

2023	Note	FVOCI investments (SAR '000)	Foreign currency translation (SAR '000)	Employee share plan reserve (SAR '000)	Cash flow hedge (SAR '000)	Re-measurement of employees' end of service benefits (SAR '000)	Share in OCI from associate (SAR '000)	Total (SAR '000)
Balance at beginning of the year		(289,995)	(200,713)	37,110	(41,975)	42,644	25,360	(427,569)
Net change in fair value (FVOCI Equity investments)		(9,369)	–	–	–	–	–	(9,369)
Exchange difference on translation of foreign operations		–	(42,712)	–	–	–	–	(42,712)
Re-measurement of employees' end of service benefits	30	–	–	–	–	2,821	–	2,821
Share in OCI from associate		–	–	–	–	–	18,333	18,333
Net change in fair value (FVOCI Sukuk investment) and structured products investments)		307,054	–	–	–	–	–	307,054
Cash flow hedge effective portion of change in the fair value		–	–	–	57,788	–	–	57,788
Disposal of FVOCI equity instruments		(2,952)	–	–	–	–	–	(2,952)
Balance at the end of the year		4,738	(243,425)	37,110	15,813	45,465	43,693	(96,606)

21 Equity Sukuk

In October 2024, Emkan Finance Company completed issuance of SAR 705.4 million in new perpetual Sukuk. The Sukuk has no fixed maturity, the Sukuk are callable in one year after the date of issuance.

In August 2024, Emkan Finance Company completed issuance of SAR 330 million in new perpetual Sukuk. The Sukuk has no fixed maturity, the Sukuk are callable in one year after the date of issuance.

In May 2024, the Bank has issued its first international sustainable Tier I Sukuk denominated in USD totaling USD 1 billion by way of an offer to eligible investors in the Kingdom of Saudi Arabia and internationally. These Sukuk are perpetual securities with no fixed redemption dates, the Sukuk also have an undivided ownership interest of the Sukuk-holders in the Sukuk assets without any preference or priority among those Sukuk-holders. The entire units of such Sukuk are unsecured, conditional and subordinated obligation of the Bank and classified under equity. However, the Bank has the exclusive option to redeem or call all of the Sukuk on 16 May 2029 or any periodic distribution date thereafter, subject to the terms and conditions stipulated in the Sukuk agreement. The Sukuk will be listed on the London Stock Exchange's International Securities Market. The Sukuk may be sold in reliance on Regulations under the US Securities Act of 1933, as amended.

In February 2024, Emkan Finance Company completed issuance of SAR 2.27 billion in new perpetual Sukuk. The Sukuk has no fixed maturity, the Sukuk are callable in one year after the date of issuance.

22 Commitments and contingencies

(a) Legal proceedings

As at 31 December 2024, there were certain legal proceedings outstanding against the Group in the normal course of business including those relating to the extension of credit facilities. Such proceedings are being reviewed by the concerned parties.

Provisions have been made for some of these legal cases based on the assessment of the Group's legal advisors.

The Bank was named as one of many defendants in certain lawsuits initiated in the US commencing in 2002. The Bank was successful in defending the claims, all of which were finally dismissed by the relevant courts. With respect to new lawsuits commencing in 2016, however, the most recent dismissal was reversed by the court of appeals to permit limited jurisdictional discovery, which commenced in 2021. The Bank's management believes that the claims will be defended successfully, although note that there are inherent uncertainties in litigation.

(b) Capital commitments

As at 31 December 2024, the Group had capital commitments of SAR 1,050 million (2023: SAR 1,156 million) relating to contracts for computer software update and development, and SAR 649 million (2023: SAR 407 million) relating to building new workstations, and development and improvement of new and existing branches.

(c) Credit related commitments and contingencies

The primary purpose of these instruments is to ensure that funds are available to customers as required. Credit related commitments and contingencies mainly comprise letters of guarantee, standby letters of credit, acceptances and unused commitments to extend credit. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet his obligations to third parties, carry the same credit risk as financing.

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 collateralized by the underlying shipments of goods to which they relate, and therefore, carry 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.

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

Commitments to extend credit represent unused portions of authorisation to extended credit, principally in the form of financing, guarantees and letters of credit. With respect to credit risk relating to commitments to extend unused credit, the Group is potentially exposed to a loss in an amount which is equal to the total unused commitments. The likely amount of loss, which cannot be reasonably estimated, is expected to be considerably less than the total unused commitments, since 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 without being funded.

1. **The contractual maturities of the Group's commitments and contingent liabilities are as follows:**

2024	Less than 3 months (SAR '000)	From 3 to 12 months (SAR '000)	From 1 to 5 years (SAR '000)	Over 5 years (SAR '000)	Total (SAR '000)
Letters of credit	6,203,588	2,899,891	186,720	–	9,290,199
Acceptances	1,839,171	725,401	7,449	–	2,572,021
Letters of guarantee	31,169,562	–	–	–	31,169,562
Irrevocable commitments to extend credit	19,897,404	–	–	–	19,897,404
Total	59,109,725	3,625,292	194,169	–	62,929,186

2023	Less than 3 months (SAR '000)	From 3 to 12 months (SAR '000)	From 1 to 5 years (SAR '000)	Over 5 years (SAR '000)	Total (SAR '000)
Letters of credit	5,006,794	1,784,655	581,680	–	7,373,129
Acceptances	1,640,079	182,721	–	–	1,822,800
Letters of guarantee	22,703,348	–	–	–	22,703,348
Irrevocable commitments to extend credit	12,275,623	–	–	–	12,275,623
Total	41,625,844	1,967,376	581,680	–	44,174,900

2. Commitments and contingencies that may result in credit exposure

The table below shows the gross carrying amount and ECL allowance of the financing commitments and financial guarantees.

2024	Letter of credit (SAR '000)	Acceptance (SAR '000)	Letter of guarantees (SAR '000)	Irrevocable commitments to extend credit (SAR '000)	Total (SAR '000)
Gross carrying amount					
Stage 1 – (12-months ECL)	9,246,996	2,508,802	29,924,495	19,700,609	61,380,902
Stage 2 – (lifetime ECL not credit impaired)	41,013	54,793	879,231	190,067	1,165,104
Stage 3 – (lifetime ECL for credit impaired)	2,190	8,426	365,836	6,728	383,180
Total outstanding balance at end of the period	9,290,199	2,572,021	31,169,562	19,897,404	62,929,186
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 – (12-months ECL)	46,744	1,923	35,496	5,170	89,333
Stage 2 – (lifetime ECL not credit impaired)	237	923	15,823	86	17,069
Stage 3 – (lifetime ECL for credit impaired)	218	8,078	141,035	47	149,378
Total	47,199	10,924	192,354	5,303	255,780

2023	Letter of credit (SAR '000)	Acceptance (SAR '000)	Letter of guarantees (SAR '000)	Irrevocable commitments to extend credit (SAR '000)	Total (SAR '000)
Gross carrying amount					
Stage 1 – (12-months ECL)	7,357,683	1,815,730	21,233,413	12,176,257	42,583,083
Stage 2 – (lifetime ECL not credit impaired)	15,063	243	1,126,382	97,561	1,239,249
Stage 3 – (lifetime ECL for credit impaired)	383	6,827	343,553	1,805	352,568
Total outstanding balance at end of the period	7,373,129	1,822,800	22,703,348	12,275,623	44,174,900
Credit loss allowance of the financing commitments and financial guarantees					
Stage 1 – (12-months ECL)	47,739	1,975	30,335	3,483	83,532
Stage 2 – (lifetime ECL not credit impaired)	263	3	29,122	244	29,632
Stage 3 – (lifetime ECL for credit impaired)	69	6,827	133,470	7	140,373
Total	48,071	8,805	192,927	3,734	253,537

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

	2024 (SAR '000)	2023 (SAR '000)
Corporates	**58,594,694**	40,116,996
Banks and other financial institutions	**4,334,492**	4,057,904
Total	**62,929,186**	44,174,900

23 Net financing and investment income

Net financing and investment income for the years ended 31 December comprises the following:

	2024 (SAR '000)	2023 (SAR '000)
Financing		
Corporate Mutajara	**9,245,266**	7,834,281
Installment sale	**28,237,720**	23,760,066
Murabaha	**2,296,592**	1,932,361
Investments and other		
Murabaha with SAMA	**3,617,477**	2,715,899
Mutajara with banks	**583,591**	397,010
Income from Sukuk	**3,037,477**	2,097,999
Gross financing and investment income	**47,018,123**	38,737,616
Return on customers' time investments	**(10,468,451)**	(10,107,091)
Return on due to banks and financial institutions' time investments	**(11,706,626)**	(7,361,406)
Gross financing and investment return	**(22,175,077)**	(17,468,497)
Net financing and investment income	**24,843,046**	21,269,119

In 2023, the Real Estate Development Fund ("REDF") launched a new programme ("the programme") in line with their mandate to facilitate home ownership by eligible Saudi nationals in the Kingdom of Saudi Arabia. In September 2023, the Bank has signed agreement time with REDF to become a party to this Programme and in 2024 addendums to main agreement to agree the advance payments to execute fixed number of contracts. Since the inception of the Programme, the Bank has received an total of advance payment of SAR 3,189 million (2023: SAR 1,000 million) for executing a fixed number of discounted real estate financing contracts.

In accordance with the requirements of IFRS 9, the programme results in a fair value loss being booked on origination of these mortgage facilities on day one due to the below-market profit rate. The Bank's management has determined that the amount received from REDF qualifies as a government grant under IAS 20, which will be recognized as income on a systematic basis.

24 Fee from banking services, net

Fee from banking services, net for the years ended 31 December comprise the following:

	2024 (SAR '000)	2023 (SAR '000)
Fee income:		
Remittance business	**557,040**	412,698
Wholesale business	**640,354**	522,375
Payment and electronic service channels	**7,766,145**	6,691,934
Brokerage business	**1,283,658**	862,338
Others	**521,185**	905,255
Total fee income	**10,768,382**	9,394,600
Fee expenses:		
Wholesale business	**(67,448)**	(39,992)
Payment and electronic service channels	**(5,707,802)**	(4,881,531)
Brokerage business	**(300,405)**	(247,427)
Total fee expenses	**(6,075,655)**	(5,168,950)
Fee from banking services, net	**4,692,727**	4,225,650

25 Other operating income, net

Other operating income, net for the years ended 31 December comprises the following:

	2024 (SAR '000)	2023 (SAR '000)
Dividend income	**303,162**	136,884
Gain on sale of property and equipment, net	**5,217**	9,851
Rental income from investment properties	**98,543**	98,077
Share in profit of an associate	**137,344**	87,866
Gain on investments held at fair value through statement of income (FVIS)	**66,803**	32,051
Other income, net	**615,595**	425,461
Total	**1,226,664**	790,190

26 Salaries and employees' related benefits

The following tables provide an analysis of the salaries and employees' related benefits for the years ended 31 December:

2024	Number of employees (SAR '000)	Fixed and variable compensation (SAR '000)	Variable compensations paid: Cash (SAR '000)	Variable compensations paid: Shares (SAR '000)
Executives	27	62,740	31,723	82,025
Employees engaged in risk taking activities	1,884	618,299	221,631	44,100
Employees engaged in control functions	582	237,875	50,857	37,966
Other employees	20,931	2,075,259	471,550	62,539
Total	23,424	2,994,173	775,761	226,630
Accrued compensations in 2024	–	262,280	–	–
Other employees' costs	–	467,356	–	–
Gross total	23,424	3,723,809	775,761	226,630

2023	Number of employees (SAR '000)	Fixed and variable compensation (SAR '000)	Variable compensations paid: Cash (SAR '000)	Variable compensations paid: Shares (SAR '000)
Executives	26	61,015	29,338	77,531
Employees engaged in risk taking activities	1,863	598,839	196,498	42,417
Employees engaged in control functions	545	220,382	46,242	35,694
Other employees	18,444	1,928,200	337,098	58,537
Total	20,878	2,808,436	609,176	214,179
Accrued compensations in 2023	–	256,852	–	–
Other employees' costs	–	459,808	–	–
Gross total	20,878	3,525,096	609,176	214,179

Salaries and employees' related benefits include end of services, social insurance, business trips, training and other benefits.

As the Kingdom of Saudi Arabia is part of the G-20, instructions were given to all financial institutions by SAMA, the Saudi Arabia Financial regulator, to comply with the standards and principles of Basel II and the Financial Stability Board, specially with regard to compensation.

In light of the above SAMA's regulations, the Group issued fixed and variable compensation policy which was implemented after the Board of Directors approval.

The scope of this policy is extended to include all permanent and temporary employees of the Group and its subsidiary companies (local and international) that are operating in the financial services sector.

For consistency with other banking institutions in the Kingdom of Saudi Arabia, the Group has used a combination of fixed and variable compensation to attract and maintain talent. The fixed compensation is assessed on a yearly basis by comparing it to other local banks in the Kingdom of Saudi Arabia including the basic salaries, allowances and benefits which is related to the employees' ranks. The variable compensation is related to the employees' performance and their compatibility to achieve the agreed-on objectives. It includes incentives, performance bonus and other benefits. Incentives are mainly paid to branches' employees whereby the performance bonuses are paid to head office employees and others who do not qualify for incentives. These bonuses and compensation are approved by the Board of Directors as a percentage of the Group's net income.

The overall 2024 staff headcount increase is driven mainly by creation and acquisition of new subsidiaries and organic growth of businesses.

27 Other general and administrative expenses

Other general and administrative expenses for the years ended 31 December comprises the following:

	2024 (SAR '000)	2023 (SAR '000)
Communications and utilities expenses	**694,037**	622,090
Maintenance and security expenses	**331,459**	349,100
Cash feeding and transfer expenses	**195,582**	209,791
Software and IT support expenses	**321,020**	313,612
Auditors' remuneration*	**22,744**	17,225
Other operational expenses	**700,099**	883,023
Total	**2,264,941**	2,394,841

Auditors' remuneration for the years ended 31 December comprises the following:

	2024 (SAR '000)	2023 (SAR '000)
Audit fee of the Bank	**11,080**	10,450
Audit fee of the subsidiaries	**4,517**	3,780
Fee for assurance engagement of the Bank	**3,247**	1,748
Fee for assurance engagement of subsidiaries	**3,623**	716
Fee for Non-audit services of the Bank	**-**	211
Fee for Non-audit services of subsidiaries	**277**	320
Total	**22,744**	17,225

28 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.

(a) Provisions for Zakat and income tax for the year ended 31 December is summarised as follows:

	2024 (SAR '000)	2023 (SAR '000)
Beginning balance for zakat provision	**2,759,104**	2,836,371
Provided during the year	**2,236,709**	1,908,126
Zakat adjustment	**(38,296)**	(13,703)
Payments made during the year	**(2,725,225)**	(1,971,690)
Provisions for Zakat and income tax	2,232,292	2,759,104

The Group has filed the required Zakat returns with the ZATCA which are due on 30 April each year. The Group's Zakat calculations and corresponding accruals and payments for Zakat are based on the ownership of the Bank to each of its subsidiaries.

On 14 March 2019, the ZATCA published rules (the "Rules") for the computation of Zakat for companies engaged in financing activities and licensed by SAMA. The Rules are issued pursuant to the Zakat Implementing Regulations and are applicable for the periods beginning 1 January 2019. In addition to providing a new basis for calculation of the Zakat base, the Rules have also introduced a minimum floor and maximum cap at 4 times and 8 times respectively of net income. The Zakat liability for the Saudi shareholders will continue to be calculated at 2.5% of the Zakat base but it should not fall below the minimum floor nor should exceed the maximum cap as prescribed by the Rules.

The Group has provided for Zakat for the year ended 31 December 2024 and 2023 on the basis of the Group's understanding of these rules.

29 Earnings per share

Basic and diluted earnings per share is calculated by dividing net income adjusted for equity Sukuk costs by weighted average number of the issued and outstanding shares as set out below:

	2024	2023
Net income for the period attributable to shareholder of the Bank	**19,722,206**	16,621,159
Less: equity Sukuk Costs	**(1,035,867)**	(820,678)
Net income after equity Sukuk payments	**18,686,339**	15,800,481
Number of outstanding shares	**4,000,000**	4,000,000
Basic and diluted earning per share (in SAR)	**4.67**	3.95

30 Employees' end of service benefits liabilities

(a) General description

The Group operates an End of Service Benefit Plan for its employees based on the applicable Labor Laws in the country in which they are employed. Accruals are made in accordance with the actuarial valuation under the projected unit credit method, while the benefit payments liabilities are discharged as and when they fall due.

(b) The amounts recognized in the consolidated statement of financial position and movement in the liabilities during the year based on its present value are as follows:

	2024 (SAR '000)	2023 (SAR '000)
Employees' end of service benefits liabilities at the beginning of the year	**1,145,578**	1,191,573
Past Service Cost/(Gain)	**2,579**	(6,627)
Current service cost	**124,873**	106,549
Financing cost	**57,544**	52,947
Benefits paid including pending to be paid for the period	**(102,242)**	(194,407)
Benefits acquired/transferred to be transferred to/(from) sister companies	-	(1,636)
EOSB reclassified to liabilities associated with disposal group classified as held for sale	**(160,920)**	-
Remeasurement gain	**(56,421)**	(2,821)
Employees' end of service benefits liabilities at the end of the year	**1,010,991**	1,145,578

(c) Charge for the year:

	2024 (SAR '000)	2023 (SAR '000)
Current service cost	**124,873**	106,549
Past service cost/(gain)	**2,579**	(6,627)
Total	**127,452**	99,922

(d) Re-measurement recognized in other comprehensive income:

	2024 (SAR '000)	2023 (SAR '000)
Loss/(gain) from change in experience assumptions	**22,058**	11,725
Loss from change in demographic assumptions	-	95
Gain from change in financial assumptions	**(78,479)**	(14,641)
Total	**(56,421)**	(2,821)

(e) Income principal actuarial assumptions (in respect of the employee benefit scheme)

	2024 (%)	2023 (%)
Discount rate	**5.90**	5.05
Expected rate of salary increase	**3.00**	3.00
Attrition rate	**5 – 14 (based on the age band)**	5 – 14 (based on the age band)

(f) Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the employees' end of service benefits liabilities valuation to the discount rate, salary increase rate and attrition rate assumptions.

2024	Impact on defined benefit obligation – Increase/(decrease)		
Base scenario	**Change in assumption**	**Increase in assumption (SAR '000)**	**Decrease in assumption (SAR '000)**
Discount rate	**+/- 100 basis points**	**(82,421)**	**95,142**
Expected rate of salary increase	**+/- 100 basis points**	**97,034**	**(85,367)**
Attrition rate	**Increase or decrease by 20%**	**15,843**	**(19,237)**

2023	Impact on defined benefit obligation – Increase/(decrease)		
Base scenario	**Change in assumption**	**Increase in assumption (SAR '000)**	**Decrease in assumption (SAR '000)**
Discount rate	+/- 100 basis points	(88,413)	108,895
Expected rate of salary increase	+/- 100 basis points	110,675	(91,429)
Attrition rate	Increase or decrease by 20%	17,701	(14,912)

(e) Expected maturity

At 31 December	Discounted liability (SAR '000)	Less than a year (SAR '000)	1-2 years (SAR '000)	2-5 years (SAR '000)	Over 5 years (SAR '000)	Total (SAR '000)
2024	**1,010,991**	**106,037**	**110,916**	**379,557**	**3,466,096**	**4,062,606**
2023	1,145,578	125,621	127,212	402,336	3,608,677	4,263,846

31 Operating segments

The Group identifies operating segments on the basis of internal reports about the activities of the Group that are regularly reviewed by the chief operating decision maker, principally the Chief Executive Officer, in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated statement of income. Segment assets and liabilities comprise operating assets and liabilities, which represents the majority of the Bank's assets and liabilities.

For management purposes, the Group is organised into the following four main businesses segments:

Retail segment	Includes individual customers' deposits, credit facilities, customer debit current accounts (overdrafts), fees from banking services and remittance business, payment services.
Corporate segment	Incorporates deposits of VIP, corporate customers' deposits, credit facilities, and debit current accounts (overdrafts).
Treasury segment	Includes treasury services, Murabaha with SAMA and international Mutajara portfolio.
Investment services, brokerage and other segments	Includes investments of individuals and corporates in mutual funds, local and international share trading services, investment portfolios and others.

(a) The Group's total assets and liabilities, together with its total operating income and expenses, and net income, as of and for the years ended 31 December for each segment are as follows:

2024	Retail segment (SAR '000)	Corporate segment (SAR '000)	Treasury segment (SAR '000)	Investment services, brokerage and other segments (SAR '000)	Total (SAR '000)
Total assets	506,310,931	218,415,822	240,492,269	9,167,634	974,386,656
Total liabilities	322,621,704	329,123,631	198,118,377	1,383,713	851,247,425
Financing and investment income from external customers	25,348,246	13,920,986	7,543,140	205,751	47,018,123
Inter-segment operating income/(expense)	(7,598,945)	5,983,951	1,614,994	-	-
Gross financing and investment income	17,749,301	19,904,937	9,158,134	205,751	47,018,123
Gross financing and investment return	(1,811,592)	(13,153,915)	(7,209,570)	-	(22,175,077)
Net financing and investment income	15,937,709	6,751,022	1,948,564	205,751	24,843,046
Fee from banking services, net	2,658,337	789,432	256,825	988,133	4,692,727
Exchange income, net	651,532	252,214	389,120	-	1,292,866
Other operating income, net	546,868	20,304	399,768	259,724	1,226,664
Total operating income	19,794,446	7,812,972	2,994,277	1,453,608	32,055,303
Depreciation and amortization	(1,547,437)	(322,199)	(47,577)	(64,701)	(1,981,914)
Impairment charge for financing and other financial assets, net	(981,237)	(1,169,800)	34,293	-	(2,116,744)
Other operating expenses	(4,841,464)	(897,453)	(182,782)	(67,051)	(5,988,750)
Total operating expenses	(7,370,138)	(2,389,452)	(196,066)	(131,752)	(10,087,408)
Income before Zakat	12,424,308	5,423,520	2,798,211	1,321,856	21,967,895

2023	Retail segment (SAR '000)	Corporate segment (SAR '000)	Treasury segment (SAR '000)	Investment services, brokerage and other segments (SAR '000)	Total (SAR '000)
Total assets	455,417,583	166,231,760	179,279,472	7,169,457	808,098,272
Total liabilities	294,229,757	271,709,235	134,641,890	757,959	701,338,841
Financing and investment income from external customers	22,380,591	10,717,736	5,465,684	173,605	38,737,616
Inter-segment operating income/(expense)	(6,868,762)	5,895,025	973,737	–	–
Gross financing and investment income	15,511,829	16,612,761	6,439,421	173,605	38,737,616
Gross financing and investment return	(809,754)	(10,369,837)	(6,288,906)	–	(17,468,497)
Net financing and investment income	14,702,075	6,242,924	150,515	173,605	21,269,119
Fee from banking services, net	2,087,303	843,214	680,221	614,912	4,225,650
Exchange income, net	566,701	281,124	398,625	–	1,246,450
Other operating income, net	135,317	3,703	301,875	349,295	790,190
Total operating income	17,491,396	7,370,965	1,531,236	1,137,812	27,531,409
Depreciation and amortization	(1,296,577)	(210,876)	(40,500)	(30,056)	(1,578,009)
Impairment charge for financing and other financial assets, net	(2,163,894)	707,550	(47,834)	–	(1,504,178)
Other operating expenses	(4,905,858)	(659,166)	(210,840)	(144,073)	(5,919,937)
Total operating expenses	(8,366,329)	(162,492)	(299,174)	(174,129)	(9,002,124)
Income before Zakat	9,125,067	7,208,473	1,232,062	963,683	18,529,285

(b) The Group's credit exposure by business segments as of 31 December follows:

2024	Retail segment (SAR '000)	Corporate segment (SAR '000)	Treasury segment (SAR '000)	Investment services, brokerage and other segments (SAR '000)	Total (SAR '000)
Consolidated balance sheet assets	475,215,178	218,194,545	236,763,172	5,533,331	935,706,226
Commitments and contingencies excluding irrevocable commitments to extend credit	–	43,031,782	–	–	43,031,782

2023	Retail segment (SAR '000)	Corporate segment (SAR '000)	Treasury segment (SAR '000)	Investment services, brokerage and other segments (SAR '000)	Total (SAR '000)
Consolidated balance sheet assets	427,239,183	166,965,623	178,723,227	3,863,069	776,791,102
Commitments and contingencies excluding irrevocable commitments to extend credit	–	31,899,277	–	–	31,899,277

32 Financial risk management

The Group 's activities are exposed it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the banking business, and these risks are an inevitable consequence of participating in financial markets. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies, procedures and systems are designed to identify and analyse these risks and to set appropriate risk mitigants and controls. The Group reviews its risk management policies and systems on an ongoing basis to reflect changes in markets, products and emerging best practices.

Risk management is performed by the Credit and Risk Management Group ("CRMG") under policies approved by the Board of Directors. The CRMG identifies and evaluates financial risks in close co-operation with the Group's operating units. The most important types of risks identified by the Group are credit risk, liquidity risk and market risk. Market risk includes currency risk, profit rate risk, operational risk and price risk.

1. Credit risk

Credit risk is considered to be the most significant and pervasive risk for the Group. The Group takes on exposure to credit risk, which is the risk that the counter-party to a financial transaction will fail to discharge an obligation causing the Group to incur a financial loss. Credit risk arises principally from financing (credit facilities provided to customers) and from cash and deposits held with other banks. Further, there is credit risk in certain off-balance sheet financial instruments, including guarantees relating to purchase and sale of foreign currencies, letters of credit, acceptances and commitments to extend credit. Credit risk monitoring and control is performed by the CRMG, which sets parameters and thresholds for the Group's financing activities.

(a) Credit risk measurement

(i) Financing

The Group provides financial products which are in accordance with Shariah law in order to meet the customers demand. These products are all classified as financing assets in the Group's consolidated statement of financial position. In measuring credit risk of financing at a counterparty level, the Group considers the overall credit worthiness of the customer based on a proprietary risk methodology.

This risk rating methodology utilizes a 10 point scale based on quantitative and qualitative factors with seven performing categories (rated 1 to 7) and three non-performing categories (rated 8-10). The risk rating process is intended to advise the various independent approval authorities of the inherent risks associated with the counterparty and assist in determining suitable pricing commensurate with the associated risk.

(ii) Credit risk grades

For corporate exposures, 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 customer.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each corporate exposure is allocated to a credit risk grade at initial recognition based on available information about the customer. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring of corporate exposure involves use of the following data.

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections.
- Data from credit reference agencies, press articles, changes in external credit ratings
- Actual and expected significant changes in the political, regulatory and technological environment of the customer or in its business activities

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 customers analysed by segment as well as by credit risk grading.

(iii) Generating the term structure of PD

The Group employs analytical techniques incorporating internal default estimates backed by transition matrices published by external agencies to construct PD term structures that can be applied to each exposure based on the its remaining lifetime. These PD term structures are then adjusted to incorporate the impact of macroeconomic outlook to arrive at a forward looking estimate of PD across the lifetime.

For retail exposure, customer and financing specific information collected at the time of application, repayment behavior etc. are used to construct risk based segmentation using statistical techniques such as Logistic Regression, Chi-square Automatic Interaction Detection (CHAID) (or Decision Tree) etc.. Risk segments are constructed to identify and aggregate customers with similar risk characteristics. For each risk segment thus formed, PD term structures are constructed using historical data that can be applied to each exposure based on its remaining lifetime.

Based on consideration of a variety of external actual and forecast information from published sources, the Group formulates a forward looking adjustment to PD term structures to arrive at forward looking PD estimates across the lifetime using macroeconomic models.

Bank has a master rating scale in place that comprises of 22 risk rating grades in total which is further split into 19 performing grades and 3 non-performing grades. Below table provides the further details around the Bank's master rating scale:

Type	Rating Grade	Description	Modifiers	PD Range
Performing				
Investment Grade	1	**Exceptional** – Obligors of unquestioned credit standing at the pinnacle of credit quality.	None	0% to 0.42%
	2	**Excellent** – Obligors of the highest quality, presently and prospectively. Virtually no risk in financing to this class, Cash flows reflect exceptionally large and stable margins of protection. Projected cash flows including anticipated credit extensions indicate strong liquidity levels and debt service coverage. Balance Sheet parameters are strong, with excellent asset quality in terms of value and liquidity.	3	
	3	**Superior** – Typically obligors at the lower end of the high quality range with excellent prospects. Very good asset quality and liquidity. Consistently strong debt capacity and coverage. There could however be some elements, which with a low likelihood might impair performance in the future.	3	
	4	**Good** – Typically obligors in the high end of the medium range who are definitely sound with minor risk characteristics. Elements of strength are present in such areas as liquidity, stability of margins, cash flows, diversity of assets, and lack of dependence on one type of business.	3	
	5	**Satisfactory** – These are obligors with smaller margins of debt service coverage and with some elements of reduced strength. Satisfactory asset quality, liquidity, and good debt capacity and coverage. A loss year or declining earnings trend may occur, but the customers have sufficient strength and financial flexibility to offset these issues.	3	
Sub Investment Grade	6	**Adequate** – Obligors with declining earnings, strained cash flow, increasing leverage and/ or weakening market fundamentals that indicate above average risk, such customers have limited additional debt capacity, modest coverage, average or below average asset quality and market share. Present customer performance is satisfactory, but could be adversely affected by developing collateral quality/adequacy etc.	3	0.42% to 99.9%
	7	**Very high risk** – Generally undesirable business constituting an undue and unwarranted credit risk but not to the point of justifying a substandard classification. No loss of principal or profit has taken place. Potential weakness might include a weakening financial condition, an unrealiztic repayment program, inadequate sources of funds, or a lack of adequate collateral, credit information or documentation. The entity is undistinguished and mediocre. No new or incremental credits will generally be considered for this category.	3	

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Type	Rating Grade	Description	Modifiers	PD Range
Non Performing				
Sub-Standard	8	**Substandard** – Obligors in default and 90 Days Past Due on repayment of their obligations. Unacceptable business credit. Normal repayment is in jeopardy, and there exists well defined weakness in support of the same. The asset is inadequately protected by the current net worth and paying capacity of the obligor or pledged collateral. Specific provision raised as an estimate of potential loss.	None	
Doubtful	9	**Doubtful** – Obligors in default and 180 Days Past Due (DPD) on their contracted obligations, however in the opinion of the management recovery/ salvage value against corporate and real estate obligors is a possibility, and hence write-off should be deferred. Full repayment questionable. Serious problems exist to the point where a partial loss of principle is likely. Weaknesses are so pronounced that on the basis of current information, conditions and values, collection in full is highly improbable. Specific provision raised as an estimate of potential loss. However, for retail obligors (except real estate) and credit cards, total loss is expected. A 100% Specific Provisioning must be triggered followed by the write-off process should be effected as per Al Rajhi Bank write-off policy.	None	100%
Loss	10	**Loss** – Obligors in default and 360 Days Past Due (DPD) on their obligations. Total loss is expected. An uncollectible asset which does not warrant classification as an active asset. A 100% Specific Provisioning must be triggered followed by the write-off process should be effected as per Al Rajhi Bank write-off policy.	None	

(iv) ECL – Significant increase in credit risk

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

For Corporate portfolio, the Group's assessment of significant increase in credit risk is based on counterparty. Significant increase in credit risk assessment for retail financing is carried out at customer level within the same product family. All the exposures which are considered to have significantly increased in credit risk are subject to lifetime ECL.

The Group considers all investment grade Sukuk issued by sovereigns including Gulf Corporation Council (GCC) countries to have low credit risk.

(v) Determining whether credit risk has increased significantly

In determining whether credit risk has increased significantly since initial recognition, the Group uses its internal credit risk grading system, external risk ratings, quantitative changes in PDs, delinquency status of accounts, expert credit judgement and, where possible, relevant historical experience.

For Corporate portfolio, the credit risk of a particular exposure is deemed to have increased significantly since initial recognition based on quantitative assessment (including, but not limited to, significant changes in ratings reflecting deterioration in credit quality, days past due, watch-listing, and macroeconomic outlook) and/or using its expert credit judgment and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

For Retail portfolio, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the customer.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

The Group classifies its financial instruments into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Group recognizes an allowance based on the 12-month ECL. All accounts at origination would be classified as Stage 1.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Group recognizes an allowance for the lifetime ECL for all financings categorized in this stage based on the actual/expected behavioral maturity profile including restructuring or rescheduling of facilities.

Stage 3: for credit-impaired financial instruments, the Group recognizes the lifetime ECL. Default identification process i.e. DPD of 90 or more is assumed to be stage 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the customer. 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	Retail exposures	All exposures
1. 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. 2. Data from credit reference agencies, press articles, changes in external credit ratings 3. Quoted Sukuk and credit default swap (CDS) prices for the customer where available 4. Actual and expected significant changes in the political, regulatory, and technological environment of the customer or in its business activities	1. Internally collected data and customer behavior – e.g., utilization of credit card facilities 2. Affordability metrics 3. External data from credit reference agencies including industry-standard credit scores	1. Payment record – this includes overdue status as well as a range of variables about payment ratios 2. Utilization of the granted limit 3. Existing and forecast changes in business, financial and economic conditions

(vi) Modified financial assets

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

The Group renegotiates finances to customers in financial difficulties (referred to as "forbearance activities" to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, finance forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of financing covenants. Both retail and corporate financing are subject to the forbearance policy.

Forbearance is a qualitative indicator of a significant increase in credit risk, and an expectation of forbearance may constitute evidence that an exposure is credit-impaired/in default. A customer needs to demonstrate consistently good payment behavior over a period of 12 months before the exposure is no longer considered to be credit-impaired/in default.

(vii) Definition of "Default"

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

- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the customer is past due more than 90 days on any material credit obligation to the Group.

Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a customer is in default. the Group considers indicators that are:

- qualitative- e.g. breaches of covenant;
- quantitative- e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

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

The definition of default largely aligns with that applied for the Group for regulatory purposes.

The Group considers macroeconomic forecasts for next 5 years (consistent with forecasts available from public sources), beyond which the long term average macroeconomic conditions prevail. The forward-looking PD curve would account for the changing expectation of macroeconomic environment over time Externally available macroeconomic forecasts from International Monetary Fund (IMF) and Saudi Central Bank (SAMA) are used for making the base case forecast. For other scenarios (namely upturn and downturn), adjustments are made to base case forecasts based standard deviation of the macroeconomic factors.

The base case represents a most-likely outcome as published by external sources. The other scenarios represent more optimistic and more pessimistic outcomes.

The Group has in place suite of macroeconomic models pertaining to specific portfolios that are used to incorporate the forward-looking information. The Group chose to adopt a macroeconomic regression-based approach to determine the link function between historical default rates (up to 10 years) and prevalent macroeconomic condition. Key factors used across different macroeconomic models being: Change in Oil price, Government net lending and Investments as percentage of GDP, Current Account Balance, Gross National Savings and Government Revenue.

(viii) Incorporation of forward looking information

The Group considers macroeconomic forecasts for next 5 years (consistent with forecasts available from public sources), beyond which the long-term average macroeconomic conditions prevail. The forward-looking PD curve would account for the changing expectation of macroeconomic environment over time Externally available macroeconomic forecasts from International Monetary Fund (IMF) and Saudi Central Bank (SAMA) are used for making the base case forecast. For other scenarios (namely upturn and downturn), adjustments are made to base case forecasts based standard deviation of the macroeconomic factors.

The base case represents a most-likely outcome as published by external sources. The other scenarios represent more optimistic and more pessimistic outcomes.

The Group has in place suite of macroeconomic models pertaining to specific portfolios that are used to incorporate the forward-looking information. The Group chose to adopt a macroeconomic regression-based approach to determine the link function between historical default rates (up to 10 years) and prevalent macroeconomic condition. Key factors used across different macroeconomic models being: Change in Oil price, Government net lending and Investments as percentage of GDP, Current Account Balance, Gross National Savings and Government Revenue.

The Group has used below base case near term forecast in its ECL model, which is based on updated information available as at the reporting date:

Economic Indicators	Forecast calendar years used in 2024 ECL model		
	2025	2026	2027
Yearly Growth in Oil Price (%)	(10.40)	(3.60)	(2.40)
General Government Net Lending (% of GDP)	(3.44)	(3.23)	(3.14)
Investment (% of GDP)	31.15	31.21	31.34
Crude Oil Production Avg Daily (million barrel)	9.7	10.2	10.5
Gross National Savings to GDP (YoY) Growth (%)	(4.60)	0.00	(0.90)
Yearly Growth in GDP Per Capita (%)	1.20	3.40	3.20
General Government Revenue (% of GDP)	29.20	29.10	28.50

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

31 December 2024	Due from Bank and other financial institutions (SAR '000)	Investment (SAR '000)	Financing (SAR '000)	Off balance sheet items (SAR '000)	Total (SAR '000)
Most likely (Base case)	2,094	51,561	8,505,316	255,780	8,814,751
More optimistic (Upside)	1,482	35,251	7,648,323	215,062	7,900,118
More pessimistic (Downside)	2,801	70,551	9,497,281	304,184	9,874,817

(ix) Measurement of ECL

The Group measures an ECL at an individual instrument level taking into account the projected cash flows, PD, LGD, CCF and discount rate.

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

i. probability of default (PD);

ii. loss given default (LGD);

iii. exposure at default (EAD).

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

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

For Corporate and Retail portfolio, Bank uses internal LGD models to arrive at the LGD estimates.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For financing commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. The period of exposure limits the period over which possible defaults are considered and thus affects the determination of PDs and measurement of ECLs (especially for Stage 2 accounts with lifetime ECL).

(x) Financings

(a) The following table sets out information about the credit quality of financings measured at amortized cost as at 31 December:

2024	12 month ECL (SAR '000)	Lifetime ECL not credit impaired (SAR '000)	Lifetime ECL credit impaired (SAR '000)	Total (SAR '000)
Carrying amount distribution by Grades				
Grade 1-3/(Aaa – A3)	58,307,222	–	–	58,307,222
Grade (4-6)/(Baa1 – B3)	151,683,672	4,476,519	–	156,160,191
Grade 7 – Watch list/(Caa1 – C)	229,968	3,085,064	–	3,315,032
Credit impaired	–	–	4,235,355	4,235,355
Total corporate performing and non-performing	210,220,862	7,561,583	4,235,355	222,017,800
Total retail (un-rated)	469,690,262	6,553,543	3,653,434	479,897,239
Total carrying amount	679,911,124	14,115,126	7,888,789	701,915,039

2023	12 month ECL (SAR '000)	Lifetime ECL not credit impaired (SAR '000)	Lifetime ECL credit impaired (SAR '000)	Total (SAR '000)
Carrying amount distribution by Grades				
Grade 1-3/(Aaa – A3)	45,609,795	–	–	45,609,795
Grade (4-6)/(Baa1 – B3)	116,401,958	2,221,570	–	118,623,528
Grade 7 – Watch list/(Caa1 – C)	–	2,930,556	–	2,930,556
Credit impaired	–	–	3,113,788	3,113,788
Total corporate performing and non-performing	162,011,753	5,152,126	3,113,788	170,277,667
Total retail (un-rated)	419,544,874	8,764,940	4,343,262	432,653,076
Total carrying amount	581,556,627	13,917,066	7,457,050	602,930,743

* For credit quality of retail exposure, please refer note 8g(1), where stage 1 represents (0-30 days), stage 2 (31-90 days) and stage 3 represents (90+days).

(b) The following table sets out information about the credit quality of commitments and contingencies measured at amortized cost as at 31 December:

	2024	2023
Carrying amount distribution by Grades		
Grade 1-3/(Aaa – A3)	**3,851,906**	6,079,559
Grade (4-6)/(Baa1 – B3)	**57,593,988**	36,762,364
Grade 7 – Watch list/(Caa1 – C)	**1,100,112**	980,409
Credit Impaired	**383,180**	352,568
Total carrying amount	**62,929,186**	44,174,900

(c) The net financing concentration risks and the related provision, by major economic sectors at 31 December are as follows:

2024	Performing (SAR '000)	Non-performing (SAR '000)	Allowance for impairment (SAR '000)	Net financing (SAR '000)
Description				
Government	45,798,991	–	–	45,798,991
Commercial	62,612,585	2,248,343	(1,103,584)	63,757,344
Industrial	41,784,075	534,577	(289,319)	42,029,333
Building and construction	9,142,752	198,470	(115,762)	9,225,460
Consumer	478,189,440	1,707,799	(1,197,887)	478,699,352
Services	30,939,193	539,924	(263,296)	31,215,821
Agriculture and fishing	1,537,753	2,997	(1,476)	1,539,274
Finance, Insurance and Investments	14,135,788	1,273	(627)	14,136,434
Others	12,440,026	101,053	(57,798)	12,483,281
Total	696,580,603	5,334,436	(3,029,749)	698,885,290
12 month and lifetime ECL not credit impaired*	–	–	(5,475,567)	(5,475,567)
Balance	696,580,603	5,334,436	(8,505,316)	693,409,723

* The amount includes Stage 3 balances which are in curing period

2023	Performing (SAR '000)	Non-performing (SAR '000)	Allowance for impairment (SAR '000)	Net financing (SAR '000)
Description				
Government	33,772,658	–	–	33,772,658
Commercial	45,095,136	1,472,523	(760,074)	45,807,585
Industrial	36,869,650	1,011,036	(993,776)	36,886,910
Building and construction	7,812,382	9,976	(5,013)	7,817,345
Consumer	431,198,630	1,454,446	(876,773)	431,776,303
Services	22,724,169	318,850	(166,229)	22,876,790
Agriculture and fishing	1,489,504	855	(503)	1,489,856
Finance, Insurance and Investments	14,640,139	526	(273)	14,640,392
Others	5,030,536	29,727	(16,041)	5,044,222
Total	598,632,804	4,297,939	(2,818,682)	600,112,061
12 month and lifetime ECL not credit impaired*	–	–	(5,907,255)	(5,907,255)
Balance	598,632,804	4,297,939	(8,725,937)	594,204,806

* The amount includes Stage 3 balances which are in curing period

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(d) The table below sets out gross balances of individually impaired financing, together with the fair value of related collateral held by the Group as at 31 December:

2024	2024 Total (SAR '000)	2023 Total (SAR '000)
Individually impaired financing	**5,334,435**	4,297,939
Fair value of collateral	**950,319**	916,683

(e) The Banks in the ordinary course of financing activities hold collaterals as security to mitigate credit risk in the financings. 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 financings and are managed against relevant exposures at their net realizable values. For financial assets that are credit impaired at the reporting year, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk. The outstanding credit impaired financing facility balances, that are covered by collateral, as of 31 December is as follows:

	2024 (SAR '000)	2023 (SAR '000)
Less than 50%	**49,573**	32,983
51-70%	**37,928**	55,153
More than 70%	**671,561**	788,358
Total exposure	**759,062**	876,494

(f) Financial liabilities subject to offsetting

2024	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the statement of financial position	Net amounts of recognized financial liabilities in the statement of financial position
Repurchase agreements	**49,595,542**	-	**49,595,542**

2023	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the statement of financial position	Net amounts of recognized financial liabilities in the statement of financial position
Repurchase agreements	33,344,937	-	33,344,937

For collaterals for above financial liabilities, please refer note 6(a).

(a) Settlement risk

The Group is also exposed to settlement risk in its dealings with other financial institutions. This risk arises when the Group pays its side of the transaction to the other bank or counterparty before receiving payment from the third party. The risk is that the third party may not pay its obligation. While these exposures are short in duration, they can be significant. The risk is mitigated by dealing with highly rated counterparties, holding collateral and limiting the size of the exposures according to the risk rating of the counterparty.

(b) Risk limit control and mitigation policies

The responsibility for credit risk management is enterprise-wide in scope. Strong risk management is integrated into daily processes, decision making and strategy setting, thereby making the understanding and management of credit risk the responsibility of every business segment.

The following business units within the Group assist in the credit control process:

- Corporate Credit Unit.
- Credit Administration, Monitoring and Control Unit.
- Remedial Unit.
- Credit Policy Unit.
- Retail Credit Unit.

The monitoring and management of credit risk associated with these financing are made by setting approved credit limits. The Group manages limits and controls concentrations of credit risk wherever they are identified – in particular, to individual customers and groups, and to industries and countries.

Concentrations of credit risks arise when a number of customers are engaged in similar business activities, 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 risks 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 its financing to ensure there is no undue concentration of risks with to individuals or groups of customers in specific geographical locations or economic sectors.

The Group manages credit risk by placing limits on the amount of risk accepted in relation to individual customers and groups, and to geographic and economic segments. Such risks are monitored on a regular basis and are subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, economic sector and by country are reviewed at least annually by the executive committee.

Exposure to credit risk is also managed through regular analysis on the ability of customers and potential customers to meet financial and contractual repayment obligations and by revising credit limits where appropriate.

Some other specific control and mitigation measures are outlined below:

The Group implements guidelines on the level and quality of specific classes of collateral, The principal collateral types are:

- Mortgages over residential and commercial properties.
- Cash, shares, and general assets for customer.
- Shares for Murabaha (collateralized share trading) transactions.

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as traditional banking products of the Group.

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Documentary and commercial 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 collateralized by the underlying goods to which they relate, and therefore, risk is partially mitigated.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of further financing products, guarantees or letters of credit.

With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The table below sets out the maximum exposure to credit risk at the reporting date without considering collateral or other credit enhancements and includes the off-balance sheet financial instruments involving credit risks as at 31 December:

On-balance sheet items	2024 (SAR '000)	2023 (SAR '000)
Investments, net:		
Cash and balances with Central Banks	**53,244,710**	41,767,641
Murabaha with Saudi Government and SAMA	**15,022,361**	20,067,953
Sukuk	**141,134,410**	102,547,859
Structured Products	**7,831,964**	4,833,101
Due from banks and other financial institutions	**19,529,727**	9,506,673
Financing, net		
Corporate	**218,194,545**	166,965,623
Retail	**475,215,178**	427,239,183
Other financial assets		
Receivables, net	**4,056,557**	2,078,794
Accrued income	**850,356**	860,352
Cheques under collection	**626,418**	923,923
Total on-balance sheet items	**935,706,226**	776,791,102
Off-balance sheet items:		
Letters of credit and acceptances	**11,862,220**	9,195,929
Letters of guarantee	**31,169,562**	22,703,348
Irrevocable commitments to extend credit	**19,897,404**	12,275,623
Total off-balance sheet items	**62,929,186**	44,174,900
Maximum exposure to credit risk	**998,635,412**	820,966,002

The exposures set out above are based on net carrying amounts as reported in the consolidated statement of financial position.

(2) Liquidity risks

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay deposits and financing parties and fulfill financing commitments. Liquidity risk can be caused by market disruptions or by credit downgrades, which may cause certain sources of funding to become unavailable immediately. Diverse funding sources available to the Group help mitigate this risk. Assets are managed with liquidity in mind, maintaining a conservative balance of cash and cash equivalents.

Liquidity risk management process

The Group's liquidity management process is as monitored by the Group's Asset and Liabilities Committee (ALCO), and includes:

- Day-to-day funding, managed by Treasury to ensure that requirements can be met, and this includes replenishment of funds as they mature or are invested;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements;
- Managing the concentration and profile of debt maturities;
- Maintaining diversified funding sources; and
- Liquidity management and asset and liability mismatching.

Monitoring and reporting take the form of analysing cash flows of items with both contractual and non-contractual maturities. The net cash flows are measured to ensure that they are within acceptable ranges. The Treasury/ALCO also monitors the level and type of undrawn financing commitments, usage of overdraft facilities and the potential impact of contingent liabilities such as standby letters of credit and guarantees may have on the Group's liquidity position.

The tables below summarises the maturity profile of the Group's assets and liabilities, on the basis of the remaining maturity as of the consolidated statement of financial position date to the contractual maturity date.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. Assets available to meet liabilities and to cover outstanding financing commitments include cash, balances with SAMA and due from banks. Further, in accordance with the Banking Control Law and Regulations issued by SAMA, the Group maintains a statutory deposit equal to a sum not less than 7% of total customers' deposits, and 4% of total other customers' accounts. In addition to the statutory deposit, the Group maintains a liquid reserve of not less than 20% of the deposit liabilities, in the form of cash, gold or assets which can be converted into cash within a period not exceeding 30 days. Also, the Group has the ability to raise additional funds through special financing arrangements with SAMA including deferred sales transactions.

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2024	Less than 3 months (SAR '000)	3 to 12 months (SAR '000)	1 to 5 years (SAR '000)	Over 5 years (SAR '000)	No Fixed Maturity (SAR '000)	Total (SAR '000)
Assets						
Cash and balance with SAMA and other central banks	6,110,000	-	-	-	47,134,710	53,244,710
Due from banks and other financial institutions	12,148,968	4,560,547	1,181,197	-	1,639,015*	19,529,727
Financing, net						
Mutajara	47,921,704	53,904,890	47,682,201	41,160,399	-	190,669,194
Installment sale	11,807,815	44,705,349	194,421,402	215,774,172	-	466,708,738
Murabaha	5,847,531	6,382,804	8,617,859	6,948,850	-	27,797,044
Credit cards	2,223,382	2,470,424	3,540,941	-	-	8,234,747
Investments, net						
Investment in an associate	-	-	-	-	1,034,262	1,034,262
Investments held at amortized cost	3,187,750	3,379,951	44,024,674	87,554,160	-	138,146,535
FVIS investments	10,588	-	2,450,638	498,400	3,519,950	6,479,576
FVOCI investments	3,557,560	-	13,798,561	11,266,489	1,784,866	30,407,476
Positive fair value of derivatives	10,730	18,566	533,726	1,342,881	-	1,905,903
Total	92,826,028	115,422,531	316,251,199	364,545,351	55,112,803	944,157,912
Liabilities						
Due to banks, Saudi Central Bank and other financial institutions	96,403,512	57,174,210	13,465,668	4,599,380	1,791,827*	173,434,597
Demand deposits and call accounts	-	-	-	-	446,437,107*	446,437,107
Customers' time investments	91,753,888	41,906,957	12,206,451	21,224,097	-	167,091,393
Other customer accounts	-	-	-	-	14,710,001*	14,710,001
Negative fair value of derivatives	12,926	18,391	431,834	1,215,892	-	1,679,043
Sukuk issued	-	359,884	8,090,869	-	-	8,450,753
Total Liabilities	188,170,326	99,459,442	34,194,822	27,039,369	462,938,935	811,802,894
Gap	(95,344,298)	15,963,089	282,056,377	337,505,982	(407,826,132)	132,355,018

* These are all receivable/payable on demand

2023	Less than 3 months (SAR '000)	3 to 12 months (SAR '000)	1 to 5 years (SAR '000)	Over 5 years (SAR '000)	No Fixed Maturity (SAR '000)	Total (SAR '000)
Assets						
Cash and balance with SAMA and other central banks	–	–	–	–	41,767,641	41,767,641
Due from banks and other financial institutions	3,027,314	1,616,094	1,683,388	–	3,179,877*	9,506,673
Financing, net						
Mutajara	24,567,170	29,004,621	52,232,333	34,450,129	–	140,254,253
Installment sale	13,364,258	41,573,047	173,988,125	198,515,605	–	427,441,035
Murabaha	5,668,525	3,267,070	7,036,864	5,009,497	–	20,981,956
Credit cards	2,183,563	1,229,353	1,672,477	442,169	–	5,527,562
Investments, net						
Investment in an associate	–	–	–	–	923,046	923,046
Investments held at amortized cost	12,223,481	2,340,446	39,900,131	56,437,267	–	110,901,325
FVIS investments	–	–	576,377	33,493	2,942,230	3,552,100
FVOCI investments	–	1,132,415	5,237,057	10,089,786	2,462,882	18,922,140
Positive fair value of derivatives	2,715	8,989	210,138	655,834	–	877,676
Total	61,037,026	80,172,035	282,536,890	305,633,780	51,275,676	780,655,407
Liabilities						
Due to banks, Saudi Central Bank and other financial institutions	56,722,318	27,990,243	11,636,807	328,750	568,771*	97,246,889
Demand deposits and call accounts	–	–	–	–	352,107,825*	352,107,825
Customers' time investments	111,032,228	61,691,663	13,702,134	21,555,368	–	207,981,393
Other customer accounts	–	–	–	–	13,011,389*	13,011,389
Negative fair value of derivatives	2,657	9,304	182,438	599,142	–	793,541
Sukuk issued	–	–	3,789,117	–	–	3,789,117
Total Liabilities	167,757,203	89,691,210	29,310,496	22,483,260	365,687,985	674,930,154
Gap	(106,720,177)	(9,519,175)	253,226,394	283,150,520	(314,412,309)	105,725,253

* These are all receivable/payable on demand

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The table below summarises the maturity profile of the Bank's financial liabilities at 31 December 2024 and 2023 based on contractual undiscounted repayment obligations. As profit payments up to contractual maturity are included in the table, totals do not match with the statement of financial position. The contractual maturities of liabilities have been determined based on the remaining period at the Statement of financial position date to the contractual maturity date and do not consider the effective expected maturities. The Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay, and the table does not affect the expected cash flows indicated by the Bank's deposit retention history.

2024	**Less than 3 months (SAR '000)**	**3 to 12 months (SAR '000)**	**1 to 5 years (SAR '000)**	**Over 5 years (SAR '000)**	**No Fixed Maturity (SAR '000)**	**Total (SAR '000)**
Due to banks, Saudi Central Bank and other financial institutions	97,650,664	59,370,728	16,914,495	5,778,113	1,791,827*	181,505,827
Demand deposits and call accounts	–	–	–	–	446,437,107*	446,437,107
Customers' time investments	93,003,392	43,619,024	15,531,000	27,004,692	–	179,158,108
Other customer accounts	–	–	–	–	14,710,001*	14,710,001
Negative fair value of derivatives	12,926	18,391	431,834	1,215,892	–	1,679,043
Sukuk Issued	–	675,222	9,349,462	–	–	10,024,684
Total	190,666,982	103,683,365	42,226,791	33,998,697	462,938,935	833,514,770

* These are all payable on demand

The cumulative maturities of commitments and contingencies are given in Note 18-c-1 of the consolidated financial statements.

2023	**Less than 3 months (SAR '000)**	**3 to 12 months (SAR '000)**	**1 to 5 years (SAR '000)**	**Over 5 years (SAR '000)**	**No Fixed Maturity (SAR '000)**	**Total (SAR '000)**
Due to banks, Saudi Central Bank and other financial institutions	59,243,641	29,123,940	12,339,896	655,663	568,771*	101,931,911
Demand deposits and call accounts	–	–	–	–	352,107,825*	352,107,825
Customers' time investments	116,112,310	65,298,796	16,385,929	22,687,316	–	220,484,351
Other customer accounts	–	–	–	–	13,011,389*	13,011,389
Negative fair value of derivatives	2,657	9,304	182,438	599,142	–	793,541
Sukuk Issued	–	–	4,548,121	–	–	4,548,121
Total	175,358,608	94,432,040	33,456,384	23,942,121	365,687,985	692,877,138

* These are all payable on demand

The cumulative maturities of commitments and contingencies are given in Note 22-c-1 of the consolidated financial statements.

(3) Market risks

The Group is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks arise on profit rate products, foreign currency and mutual fund products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as profit rates, foreign exchange rates and quoted market prices.

Market risk exposures are monitored by Treasury/Credit and Risk department and reported to ALCO on a monthly basis. ALCO deliberates on the risks taken and ensures that they are appropriate.

(a) Market risks – Trading Book

In order to manage the market risk in trading book, the Bank 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 Bank 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 Bank measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for one day. The Bank's VAR related information for the year ended 31 December 2024 and 2023 are as under. All the figures are in million SAR:

	2024		
	Foreign exchange risk	**Profit rate risk**	**Overall**
VAR as at 31 December 2024	**3.63**	**2.82**	**6.46**

	2023		
	Foreign exchange risk	**Profit rate risk**	**Overall**
VAR as at 31 December 2023	5.59	0.65	5.42

(b) Market risks – Non-Trading or Banking Book

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

(c) Market risks – banking operations

Profit rate risk

Cash flow profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market profit rates. The Group does not have any significant exposure to the effects of fluctuations in prevailing level of market profit rates on its future cash flows as a significant portion of profit earning financial assets and profit bearing liabilities are at fixed rates and are carried in the financial statements at amortized cost. In addition to this, a substantial portion of the Group's financial liabilities are non-profit bearing.

Profit rate risk arises from the possibility that the changes in profit rates will affect either the fair values or the future cash flows of the financial instruments. The Group monitors its positions to ensure it is in line with Bank's risk management strategy.

The following table depicts the sensitivity to a reasonably possible change in profit rates, with other variables held constant, on the Bank's consolidated statement of income or shareholders' equity. The sensitivity of the income is the effect of the assumed changes in profit rates on the net income for one year, based on the gross financing and investment assets held as at 31 December 2024 and 2023. All the banking book exposures are monitored and analysed in currency concentrations, and relevant sensitivities are disclosed in SAR million

2024

Currency	Increase in basis points	Sensitivity of gross financing and investment income			
		As at 31 December (SAR million)	Average (SAR million)	Maximum (SAR million)	Minimum (SAR million)
SAR	+25	497	463	497	442

Currency	Decrease in basis points	Sensitivity of gross financing and investment income			
		As at 31 December (SAR million)	Average (SAR million)	Maximum (SAR million)	Minimum (SAR million)
SAR	-25	(497)	(463)	(497)	(442)

2023

Currency	Increase in basis points	Sensitivity of gross financing and investment income			
		As at 31 December (SAR million)	Average (SAR million)	Maximum (SAR million)	Minimum (SAR million)
SAR	+25	437	428	440	412

Currency	Decrease in basis points	Sensitivity of gross financing and investment income			
		As at 31 December (SAR million)	Average (SAR million)	Maximum (SAR million)	Minimum (SAR million)
SAR	-25	(437)	(428)	(440)	(412)

Profit rate movements affect reported consolidated shareholders' equity through retained earnings, i.e. increases or decreases in financing and investment income.

Yield 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 profit rates on its financial position and cash flows.

The Board sets limits on the level of mismatch of profit rate repricing that may be undertaken, which is monitored daily by Bank Treasury.

The table below summarises the Group's exposure to profit rate risks. Included in the table are the Group's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates. The Group is exposed to profit 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.

2024	Less than 3 months (SAR '000)	3 to 6 months (SAR '000)	6 to 12 months (SAR '000)	1 to 5 years (SAR '000)	Over 5 years (SAR '000)	No Fixed Maturity (SAR '000)	Total (SAR '000)
Assets							
Cash and balance with SAMA and other central banks	6,110,000	–	–	–	–	47,134,710	53,244,710
Due from banks and other financial institutions	13,123,925	1,139,449	2,446,141	1,181,197	–	1,639,015*	19,529,727
Investments, net							
Investment in an associate	–	–	–	–	–	1,034,262	1,034,262
Investments held at amortized cost	21,604,195	2,688,083	1,304,863	27,315,504	85,233,890	–	138,146,535
FVIS investments	10,588		–	2,450,638	498,400	3,519,950	6,479,576
FVOCI investments	1,558,643	1,329,279	–	11,515,746	14,218,942	1,784,866	30,407,476
Financing, net							
Mutajara	82,690,058	33,593,826	30,176,884	25,433,150	18,775,276	–	190,669,194
Installment sale	26,955,689	26,043,219	48,408,411	194,319,915	170,981,504	–	466,708,738
Murabaha	21,536,490	3,303,546	1,925,074	43,782	988,152	–	27,797,044
Credit cards	2,223,382	823,475	1,646,949	3,540,941	–	–	8,234,747
Positive fair value of derivatives	474,513	–	78,201	180,743	1,172,446	–	1,905,903
Total assets	**176,287,483**	**68,920,877**	**85,986,523**	**265,981,616**	**291,868,610**	**55,112,803**	**944,157,912**

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2024	Less than 3 months (SAR '000)	3 to 6 months (SAR '000)	6 to 12 months (SAR '000)	1 to 5 years (SAR '000)	Over 5 years (SAR '000)	No Fixed Maturity (SAR '000)	Total (SAR '000)
Liabilities							
Due to banks, Saudi Central Bank and other financial institutions	114,238,809	26,067,302	25,527,019	920,914	4,888,726	1,791,827*	173,434,597
Demand deposits and call accounts	–	–	–	–	–	446,437,107*	446,437,107
Customers' time investments	101,564,729	14,872,730	25,735,678	3,939,931	20,978,325	–	167,091,393
Other customer accounts	–	–	–	–	–	14,710,001*	14,710,001
Negative fair value of derivatives	356,111	–	69,213	176,580	1,077,139	–	1,679,043
Sukuk Issued	–	–	359,884	8,090,869	–	–	8,450,753
Total Liabilities	216,159,649	40,940,032	51,691,794	13,128,294	26,944,190	462,938,935	811,802,894
Shareholders' equity	–	–	–	–	–	123,139,231	123,139,231
Gap	(39,872,166)	27,980,845	34,294,729	252,853,322	264,924,420	(530,965,363)	9,215,787
Profit Rate Sensitivity – On Consolidated Statement of Financial Positions	(39,872,166)	27,980,845	34,294,729	252,853,322	264,924,420	(530,965,363)	9,215,787
Profit Rate Sensitivity – Off Consolidated Statement of Financial Positions	652,727	88,877	273,991	227,811	15,179	–	1,258,585
Total Profit Rate Sensitivity Gap	(40,524,893)	27,891,968	34,020,738	252,625,511	264,909,241	(530,965,363)	7,957,202
Cumulative Profit Rate Sensitivity Gap	(40,524,893)	(12,632,925)	21,387,813	274,013,324	538,922,565	7,957,202	–

* These are all receivable/payable on demand

2023	Less than 3 months (SAR '000)	3 to 6 months (SAR '000)	6 to 12 months (SAR '000)	1 to 5 years (SAR '000)	Over 5 years (SAR '000)	No Fixed Maturity (SAR '000)	Total (SAR '000)
Assets							
Cash and balance with SAMA and other central banks	–	–	–	–	–	41,767,641	41,767,641
Due from banks and other financial institutions	1,722,847	99,741	2,294,018	2,210,190	–	3,179,877*	9,506,673
Investments, net							
Investment in an associate	–	–	–	–	–	923,046	923,046
Investments held at amortized cost	27,059,436	2,901,687	127,080	16,027,541	64,785,581	–	110,901,325
FVIS investments	–	–	542,381	33,996	33,493	2,942,230	3,552,100
FVOCI investments	736,130	358,787	256,275	4,500,927	10,607,139	2,462,882	18,922,140
Financing, net							
Mutajara	61,749,377	25,896,517	13,369,431	26,337,879	12,901,049	–	140,254,253
Installment sale	27,308,833	24,922,425	45,920,414	172,429,171	156,860,192	–	427,441,035
Murabaha	9,531,676	8,743,010	1,812,036	451,804	443,430	–	20,981,956
Credit cards	2,183,563	413,052	816,301	1,672,477	442,169	–	5,527,562
Positive fair value of derivatives	501,769	251,068	41,294	66,782	16,763	–	877,676
Total assets	130,793,631	63,586,287	65,179,230	223,730,767	246,089,816	51,275,676	780,655,407
Liabilities							
Due to banks, Saudi Central Bank and other financial institutions	56,646,470	13,337,574	14,650,891	11,636,807	406,376	568,771*	97,246,889
Demand deposits and call accounts	–	–	–	–	–	352,107,825*	352,107,825
Customers' time investments	112,517,382	27,320,724	32,885,785	13,702,134	21,555,368	–	207,981,393
Other customer accounts	–	–	–	–	–	13,011,389*	13,011,389
Negative fair value of derivatives	71,961	–	10,738	121,942	588,900	–	793,541
Sukuk issued	–	–	–	3,789,117	–	–	3,789,117
Total Liabilities	169,235,813	40,658,298	47,547,414	29,250,000	22,550,644	365,687,985	674,930,154

2023	Less than 3 months (SAR '000)	3 to 6 months (SAR '000)	6 to 12 months (SAR '000)	1 to 5 years (SAR '000)	Over 5 years (SAR '000)	No Fixed Maturity (SAR '000)	Total (SAR '000)
Shareholders' equity	–	–	–	–	–	106,759,431	106,759,431
Gap	(38,442,182)	22,927,989	17,631,816	194,480,767	223,539,172	(437,551,540)	(17,413,978)
Profit Rate Sensitivity– On Consolidated Statement of Financial Positions	(38,442,182)	22,927,989	17,631,816	194,480,767	223,539,172	(437,551,540)	(17,413,978)
Profit Rate Sensitivity – Off Consolidated Statement of Financial Positions	369,501	123,690	277,921	114,576	6,163	–	891,851
Total Profit Rate Sensitivity Gap	(38,811,683)	22,804,299	17,353,895	194,366,191	223,533,009	(437,551,540)	(18,672,563)
Cumulative Profit Rate Sensitivity Gap	(38,811,683)	(16,007,384)	1,346,511	195,712,702	419,245,711	(18,672,563)	–

* These are all receivable/payable on demand

Foreign currency risks

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Group management has set limits on positions by currencies, which are regularly monitored 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, on its non-trading monetary assets and liabilities and forecasted cash flows. The analysis calculates the effect of reasonably possible movements 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 or consolidated shareholders' equity, whereas a negative effect shows a potential net reduction in the consolidated statement of income or consolidated statement of changes in shareholders' equity.

Currency Exposures As at 31 December 2024	Change in currency rate in %	Effect on net income (SAR '000)	Effect on equity (SAR '000)
US Dollar	+/-2	12,301	12,301
Emirati Dirham	+/-2	4,560	4,560
Malaysian Ringgit	+/-5	65,430	65,430
Jordanian Dinar	+/-2	12,540	12,540
Kuwaiti Dinar	+/-5	26,229	26,229

Currency Exposures As at 31 December 2023	Change in currency rate in %	Effect on net income (SAR '000)	Effect on equity (SAR '000)
US Dollar	+/-2	84,480	84,480
Emirati Dirham	+/-2	2,238	2,238
Malaysian Ringgit	+/-5	70,468	70,468
Jordanian Dinar	+/-2	11,943	11,943
Kuwaiti Dinar	+/-5	22,029	22,029

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 foreign currencies:

	2024 Long/(short) (SAR '000)	2023 Long/(short) (SAR '000)
US Dollar	**615,055**	4,223,983
Emirati Dirham	**228,017**	111,917
Malaysian Ringgit	**1,308,594**	1,409,358
Jordanian Dinar	**627,013**	597,154
Kuwaiti Dinar	**524,585**	440,571
Others	**501,284**	448,413
Total	**3,804,548**	7,231,396

(d) Price risk

The Group has certain investments which are carried at fair value through the income statement (FVIS) and fair value through other comprehensive income (FVOCI). Price risk arises due to changes in these investments.

As these investments are in a limited number of funds and are not significant to the total investment portfolio, the Group monitors them periodically and determines the risk of holding them based on changes in market prices.

Other investments have little or no risks as these are bought for immediate sales. Investments are made only with a confirmed sale order, and therefore involve minimal risk.

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 reasonably possible changes in levels of equity indices and the value of individual stocks.

The effect on the Group's equity investments held as FVOCI due to reasonably possible changes in equity indices, with all other variables held constant, as at 31 December is as follows:

	2024		2023	
Local Market Indices	**Change in Equity price %**	**Effect in SAR million**	**Change in Equity price %**	**Effect in SAR million**
Equity investments	**+/- 10**	**+/- 178,487**	+/- 10	+/- 86,696

(e) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, and external events.

Operational risk is inherent in most of the Group's activities. This necessitates an integrated approach to the identification, measurement and monitoring of operational risk.

An Operational Risk Management Unit (ORMU) has been established within the Credit and Risk Management Group, which facilitates the management of Operational Risk within the Group. ORMU facilitates the management of Operational Risk by setting policies, developing systems, tools and methodologies, overseeing their implementation and use within the business units and providing ongoing monitoring and guidance across the Group.

The three primary operational risk management processes in the Group are Risk Control Self-Assessment, Operational Loss Database and eventual implementation of Key Risk Indicators which are designed to function in a mutually reinforcing manner.

33 Dividends

The Board of Directors has decided on 04 August 2024, distribution of cash dividends to shareholders for the first half of 2024, amounting to SAR 5,000 million, being SAR 1.25 per share after deduction of Zakat. The Bank has obtained no-objection from the Saudi Central Bank on the Board of Directors' decision to distribute cash dividends to shareholders for the first half of 2024. These dividends were paid on 26 August 2024.

The Board of Directors proposed on 24 January 2024, distribution of final dividends to shareholders for the for the second half of the financial year 2023, amounting to SAR 4,600 million, being SAR 1.15 per share after deduction of Zakat. The proposed final dividends for the second half of the financial year 2023 was approved by the Annual General Assembly in its meeting held on 24 March 2024. These dividends were paid on 3 April 2024.

On 23 July 2023, the Bank's Board of Directors approved a distribution of cash dividends to the shareholders for the first half of 2023, amounting to SAR 4,600 million (SAR 1.15 per share), these dividends were paid on 14 August 2023.

The Board of Directors proposed on 15 January 2023, distribution of final dividends to shareholders for the year ended 31 December 2022, amounting to SAR 5,000 million, being SAR 1.25 per share after deduction of Zakat. The proposed final dividends for 2022 was approved by the Annual General Assembly in its meeting held on 21 March 2023. These dividends were paid on 2 April 2023.

34 Cash and cash equivalents

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

	2024 (SAR '000)	2023 (SAR '000)
Cash in hand	**6,681,225**	6,502,729
Due from banks and other financial institutions maturing within 90 days from the date of purchased	**11,114,015**	5,676,099
Balances with SAMA and other central banks (current accounts)	**195,171**	256,814
Mutajara with SAMA	**6,110,000**	–
Total	**24,100,411**	12,435,642

35 Geographical concentration

(a) The distribution by the geographical region of the major categories of assets, liabilities, commitments, contingencies and credit exposure accounts as of 31 December is as follows:

2024	Kingdom of Saudi Arabia (SAR '000)	Other GCC and Middle East (SAR '000)	North America (SAR '000)	South East Asia (SAR '000)	Other countries (SAR '000)	Total (SAR '000)
Assets						
Cash and balances with SAMA and other central banks	52,478,123	60,505	581,158	6,747	118,177	53,244,710
Due from banks and other financial institutions	6,473,576	10,350,874	128,524	625,380	1,951,373	19,529,727
Financing, net						
Mutajara	188,953,493	1,715,701	–	–	–	190,669,194
Installment sale	461,137,638	4,004,259	–	1,566,841	–	466,708,738
Murabaha	19,204,571	1,212,313	–	7,380,160	–	27,797,044
Credit cards	8,209,234	25,471	–	42	–	8,234,747
Investments, net						
Investment in an associate	1,034,262	–	–	–	–	1,034,262
Investments held at amortized cost	122,012,426	7,412,018	3,719,945	1,592,813	3,409,333	138,146,535
FVIS Investments	1,826,098	1,640,946	–	–	3,012,532	6,479,576
FVOCI investments	21,760,486	3,379,147	–	2,477,776	2,790,067	30,407,476
Total assets	883,089,907	29,801,234	4,429,627	13,649,759	11,281,482	942,252,009
Liabilities						
Due to banks and other financial institutions	143,100,050	19,589,116	–	1,488,805	9,256,626	173,434,597
Customer deposits	607,442,847	7,594,698	–	12,943,115	257,841	628,238,501
Total liabilities	750,542,897	27,183,814	–	14,431,920	9,514,467	801,673,098
Commitments and contingencies	55,530,211	2,233,106	–	2,539,980	2,625,889	62,929,186
Credit exposure (stated at credit equivalent value)	16,573,694	304,671	–	3,019,039	–	19,897,404

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2023	Kingdom of Saudi Arabia (SAR '000)	Other GCC and Middle East (SAR '000)	North America (SAR '000)	South East Asia (SAR '000)	Other countries (SAR '000)	Total (SAR '000)
Assets						
Cash and balances with SAMA and other central banks	39,800,473	806,836	501,739	236,119	422,474	41,767,641
Due from banks and other financial institutions	842,044	3,131,503	1,467,494	1,637,502	2,428,130	9,506,673
Financing, net						
Mutajara	138,160,222	2,094,031	–	–	–	140,254,253
Installment sale	422,022,173	3,795,455	–	1,623,407	–	427,441,035
Murabaha	14,262,858	272,134	–	6,446,964	–	20,981,956
Credit cards	5,504,750	22,736	–	76	–	5,527,562
Investments, net						
Investment in an associate	923,046	–	–	–	–	923,046
Investments held at amortized cost	97,560,013	6,615,356	757,961	2,525,436	3,442,559	110,901,325
FVIS Investments	1,635,665	1,131,194	–	–	785,241	3,552,100
FVOCI investments	13,620,021	2,869,525	–	1,437,691	994,903	18,922,140
Total assets	734,331,265	20,738,770	2,727,194	13,907,195	8,073,307	779,777,731
Liabilities						
Due to banks, Saudi Central Bank and other financial institutions	94,586,369	1,188,292	–	1,472,228	–	97,246,889
Customer deposits	556,310,037	6,723,368	–	10,067,202	–	573,100,607
Total liabilities	650,896,406	7,911,660	–	11,539,430	–	670,347,496
Commitments and contingencies	38,892,876	1,229,082	–	4,052,942	–	44,174,900
Credit exposure (stated at credit equivalent value)	8,431,254	254,785	–	3,589,584	–	12,275,623

(b) The distributions by geographical concentration of non-performing financing and allowance for impairment of financing are as follows:

2024	Kingdom of Saudi Arabia (SAR '000)	GCC and Middle East (SAR '000)	South East of Asia (SAR '000)	Total (SAR '000)
Non-performing				
Mutajara	**2,798,208**	**33,549**	**–**	**2,831,757**
Installment sale	**2,320,069**	**47,183**	**21,761**	**2,389,013**
Murabaha	**26,804**	**19,587**	**1,794**	**48,185**
Credit cards	**65,480**	**–**	**–**	**65,480**
Allowance for impairment of financing				
Mutajara	**(3,470,935)**	**(42,193)**	**–**	**(3,513,128)**
Installment sale	**(4,327,602)**	**(62,253)**	**(49,118)**	**(4,438,973)**
Murabaha	**(308,244)**	**(6,185)**	**(38,305)**	**(352,734)**
Credit cards	**(200,375)**	**(106)**	**–**	**(200,481)**

2023	Kingdom of Saudi Arabia (SAR '000)	GCC and Middle East (SAR '000)	South East of Asia (SAR '000)	Total (SAR '000)
Non-performing				
Mutajara	1,893,156	22,547	–	1,915,703
Installment sale	1,765,443	54,340	21,206	1,840,989
Murabaha	501,410	–	–	501,410
Credit cards	39,837	–	–	39,837
Allowance for impairment of financing				
Mutajara	(2,569,371)	(34,467)	–	(2,603,838)
Installment sale	(5,051,811)	(65,881)	(58,125)	(5,175,817)
Murabaha	(713,722)	–	(36,509)	(750,231)
Credit cards	(195,976)	(75)	–	(196,051)

Refer to Note 7-1a for performing financing.

36 Fair values of financial assets and liabilities

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1:
quoted prices in active markets for the same instrument (i.e. without modification or additions).

Level 2:
quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3:
valuation techniques for which any significant input is not based on observable market data.

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 advantageous accessible market for the asset or liability.

2024	Carrying value (SAR '000)	Level 1 (SAR '000)	Level 2 (SAR '000)	Level 3 (SAR '000)	Total (SAR '000)
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,931,542	421,181	500,059	2,010,302	2,931,542
FVIS Sukuk	276,612	–	276,612	–	276,612
FVIS structured products	3,012,532	–	2,714,905	297,627	3,012,532
FVIS - Equity investments	258,890	243,890	15,000	–	258,890
FVOCI Sukuk	19,208,062	12,357,889	6,850,173	–	19,208,062
FVOCI structured products	2,618,781	2,618,781	–	–	2,618,781
FVOCI - Equity investments	8,584,420	4,624,418	3,935,580	24,422	8,584,420
Positive fair value Shariah compliant derivatives	1,905,903	–	1,905,903	–	1,905,903
Financial assets not measured at fair value:					
Due from banks and other financial institutions	19,529,727	–	–	19,651,276	19,651,276
Investments held at amortized cost:					
Murabaha with Saudi Government and SAMA	15,022,361	–	15,087,088	–	15,087,088
Sukuk	120,971,297	15,504,002	97,654,620	–	113,158,622
Structured products	2,200,651	–	2,168,270	–	2,168,270
Net financing	693,409,723	–	–	684,663,049	684,663,049
Total	889,930,501	35,770,161	131,108,210	706,646,676	873,525,047

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2024	Carrying value (SAR '000)	Level 1 (SAR '000)	Level 2 (SAR '000)	Level 3 (SAR '000)	Total (SAR '000)
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant derivatives	**1,679,043**	**–**	**1,679,043**	**–**	**1,679,043**
Financial liabilities not measured at fair value:					
Due to banks, Saudi Central Bank and other financial institutions	**173,434,597**	**–**	**–**	**172,880,208**	**172,880,208**
Customers' deposits	**628,238,501**	**–**	**–**	**632,493,461**	**632,493,461**
Total	**803,352,141**	**–**	**1,679,043**	**805,373,669**	**807,052,712**

2023	Carrying value (SAR '000)	Level 1 (SAR '000)	Level 2 (SAR '000)	Level 3 (SAR '000)	Total (SAR '000)
Financial assets					
Financial assets measured at fair value:					
FVIS Investments – Mutual funds	2,525,681	217,047	500,000	1,808,634	2,525,681
FVIS Sukuk	122,374	37,782	84,592	–	122,374
FVIS structured products	785,242	–	529,157	256,085	785,242
FVIS – Equity investments	118,803	118,803	–	–	118,803
FVOCI Sukuk	14,535,530	9,107,571	5,425,191	2768	14,535,530
FVOCI structured products	1,106,286	1,106,286	–	–	1,106,286
FVOCI - Equity investments	3,282,168	1,349,407	1,908,412	24,349	3,282,168
Positive fair value Shariah compliant derivatives	877,676	–	877,676	–	877,676
Financial assets not measured at fair value:					
Due from banks and other financial institutions	9,506,673	–	–	9,704,922	9,704,922
Investments held at amortized cost:					
Murabaha with Saudi Government and SAMA	20,067,953	–	20,275,002	–	20,275,002
Sukuk	87,962,033	12,903,257	69,073,906	–	81,977,163
Structured products	2,941,573	–	2,941,573	–	2,941,573
Net financing	594,204,806	–	–	589,449,280	589,449,280
Total	738,036,799	24,840,153	101,615,509	601,246,038	727,701,700

2023	Carrying value (SAR '000)	Level 1 (SAR '000)	Level 2 (SAR '000)	Level 3 (SAR '000)	Total (SAR '000)
Financial liabilities					
Financial liabilities measured at fair value:					
Negative fair value Shariah compliant derivatives	793,541	–	793,541	–	793,541
Financial liabilities not measured at fair value:					
Due to banks, Saudi Central Bank and other financial institutions	97,246,889	–	–	97,018,458	97,018,458
Customers' deposits	573,100,607	–	–	576,794,255	576,794,255
Total	671,141,037	–	793,541	673,812,713	674,606,254

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring level 2 and Level 3 fair values at 31 December 2024 and 2023, as well as the significant unobservable inputs used:

Item	Technique applied	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
FVSI mutual funds investments categorized as Level 2.	Based on the latest reported net assets value (NAV) as at the date of statement of consolidated financial position.	None	Not applicable
FVIS mutual funds investments categorized as level 3.	Based on the latest reported net assets value (NAV) as at the date of statement of consolidated financial position.	None	Not applicable
FVOCI Sukuk investments categorized as level 2.	The Bank seeks an active market inputs include quoted prices for similar Sukuk bonds, yield curves, credit spreads, and benchmark profit rates. When direct price discovery is limited, valuation techniques such as discounted cash flow models are employed, incorporating market-based risk-free rates and issuer-specific credit spreads to approximate fair value. The use of Level 2 inputs enhances valuation reliability while acknowledging that Sukuk pricing may be influenced by factors such as market liquidity, trading frequency, and prevailing credit conditions.	None	Not applicable

Item	Technique applied	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
FVIS structured products investments categorized as level 2.	For structured investments with embedded optionality classified under Level 2 fair value measurement, valuation relies on observable active market inputs, including profit rate curves, credit spreads, and implied volatilities. Market-calibrated models, are used to estimate fair value, provided key inputs remain directly observable. Adjustments for liquidity, counterparty credit risk, and bid-ask spreads ensure valuations reflect prevailing market conditions while maintaining classification within Level 2.	None	Not applicable
Derivatives categorized as Level 2 are comprised of over the counter profit rate swaps, cross currency swaps, and forward foreign exchange contracts.	These instruments are fair valued using the Group's proprietary valuation models that are based on discounted cash flow techniques. The data inputs on these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers.	None	Not applicable
Held at amortized cost Due from banks and other financial institutions categorized as level 3.	Based on cost-based spread techniques using yield curve and deal inputs.	Additional buffer is added to account for any potential model discrepancy or any stressed market conditions.	Not applicable
Held at amortized cost Murabaha with Saudi Government and SAMA categorized as level 2.	Based on simple discounted cash flow techniques that use referenced observable inputs, such as profit rates and yield curves.	None	Not applicable

Item	Technique applied	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Held at amortized cost Sukuk categorized as level 2.	The Bank seeks an active market inputs include quoted prices for similar Sukuk bonds, yield curves, credit spreads, and benchmark profit rates. When direct price discovery is limited, valuation techniques such as discounted cash flow models are employed, incorporating market-based risk-free rates and issuer-specific credit spreads to approximate fair value. The use of Level 2 inputs enhances valuation reliability while acknowledging that Sukuk pricing may be influenced by factors such as market liquidity, trading frequency, and prevailing credit conditions.	None	Not applicable
Held at amortized cost Financing categorized as level 3.	Discounted cash flow techniques that rely on referenced but unobservable inputs, including new business (discount) rates, portfolio rates, and assumptions about prepayment behavior.	New business (discount) rates, portfolio rates, and assumptions about prepayment behavior.	The relationship between inputs and fair value is inverse or direct, depending on the input: • Discount Rates: Higher new business rates than portfolio rates decrease the fair value of the financing book, as future cash flows are discounted more steeply. Conversely, lower discount rates increase fair value. • Prepayment Rates: Higher prepayment rates shorten the portfolio's duration, leading to earlier cash flow realization. If the portfolio rate exceeds the discount rate, prepayments reduce fair value as the lender loses higher-yielding cash flows. Conversely, if the discount rate exceeds the portfolio rate, prepayments increase fair value since the lender can reinvest at a higher yield.

37 Related party transactions

In the ordinary course of business, the Group transacts business with related parties. The related party transactions are governed by limits set by the Banking Control Law and the regulations issued by SAMA. The nature and balances resulting from such transactions are at arm's length between the parties as at and for the year ended 31 December are as follows:

	2024 (SAR '000)	2023 (SAR '000)
Related parties		
Members of the Board of Directors		
Financing	**236,487**	249,972
Current accounts	**849,089**	576,049
Companies and establishments guaranteed by members of the Board of Directors*		
Financing	**4,561,137**	5,496,633
Contingent liabilities **	**2,219,133**	837,537
Associate		
Contributions payable	**67,399**	111,608
Receivable against claims	**400,240**	522,390
Bank balances	**656,413**	401,627

* This is in addition to the requirements of IAS 24.
** off balance sheet items.

Income and expenses pertaining to transactions with related parties included in the consolidated financial statements for the years ended 31 December are as follows:

	2024 (SAR '000)	2023 (SAR '000)
Net income from financing and other financial assets	**428,474**	209,644
Mudaraba Fees	**324,130**	135,395
Employees' salaries and benefits (air tickets)	**2,167**	2,683
Rent and premises related expenses	**1,106**	541
Contribution – policies written	**6,756,555**	679,227
Claims incurred and notified during the year	**946,779**	422,076
Claims paid	**1,070,214**	250,747
Board of Directors' remunerations	**6,115**	6,125

The amounts of compensations recorded in favor of or paid to the Board of Directors and the Executive Management personnel during the years ended 31 December are as follows:

	2024 (SAR '000)	2023 (SAR '000)
Short-term benefits	176,488	167,883
Provision for employees' end of service benefits	4,709	3,367

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

38 Special commissions excluded from the consolidated statement of income

The following represents the movements in charities account, which is included in other liabilities (see Note 15) for the year ended 31 December:

	2024 (SAR '000)	2023 (SAR '000)
Balance at beginning of the year	1,891	6,075
Additions during the year	27,686	8,676
Payments made during the year	(13,623)	(12,860)
Balance at end of the year	**15,954**	1,891

39 Investment management services

The Group offers investment services to its customers. The Group has established a number of Mudaraba funds in different investment aspects. These funds are managed by the Group's Investment Department, and a portion of the funds is also invested in participation with the Group. The Group also offers investment management services to its customers through its subsidiary, which include management of funds with total assets under management of SAR 123,319 million (2023: SAR 76,342 million). The mutual funds are not controlled by the Group and neither are under significant influence to be considered as associates/subsidiaries. Mutual funds' financial statements are not included in the consolidated financial statements of the Group. The Group's share of investments in these funds is included under investments. Funds invested by the Group in those investment funds amounted to SAR 1,020 million at 31 December 2024 (2023: SAR 827 million).

40 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.

The Group monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Group's eligible capital with its interim consolidated statement of financial position, commitments and contingencies to reflect their relative risks.

41 Capital adequacy

In line with SAMA and the internationally agreed timeline set by the Basel Committee on Banking Supervision (BCBS), the global standard-setter for the prudential regulation of banks, the Group started reporting Capital-Adequacy Ratios (CAR) as per Basel III: Finalising post-crisis reforms regulations issued by SAMA through its Circular Number 44047144 effectively from 1 January 2023. The group complies within the regulatory requirements of capital adequacy ratios.

The following table summarises the Group's Pillar-I Risk Weighted Assets, Tier I and Tier II Capital and Capital Adequacy Ratios:

	2024 (SAR '000)	2023 (SAR '000)
Credit risk weighted assets	**553,958,302**	471,038,148
Operational risk-weighted assets	**47,008,909**	38,443,216
Market risk weighted assets	**10,471,553**	10,848,214
Total Pillar I – risk weighted assets	**611,438,764**	520,329,578
Tier I capital	**117,952,821**	106,151,971
Tier II capital	**5,636,168**	5,846,939
Total tier I and II capital	**123,588,989**	111,998,910
Capital adequacy ratio %		
Tier I ratio (%)	**19.29**	20.40
Tier I and II ratio (%)	**20.21**	21.52

42 Mudarabah and Wakala based profit sharing investment accounts

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

PSIA Assets that have been allocated and managed by the Bank through Financing, Investments, Due from financial institutions and other liquid assets of the combined pools (including Bank's contributions if any).The balances of the combined pools at the year end are as follows:

	2024 (SAR '000)	2023 (SAR '000)
Financing:		
Instalment sale mutajara	62,392,940	34,502,006
Credit cards mutajara	5,699,669	4,456,950
	18,680,283	12,123,560
Investments:		
Murabaha with Saudi Government and SAMA investments	15,022,361	–
Due from financial institutions and other liquid assets	29,500,784	4,984,675
Total pools' assets	131,296,037	56,067,191

Investment account holders and Bank's own contributions position at year end are as follows:

	2024 (SAR '000)	2023 (SAR '000)
Mudarabah and Wakalah customers contributions	131,296,037	50,349,525
Bank's contribution in PSIA funds	–	5,717,666
Total pool's contributions at year end	131,296,037	56,067,191

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

Computation of combined pools' income is as follows:

	2024 (SAR '000)	2023 (SAR '000)
Pool Income from Financing	**6,042,502**	3,515,269
Income from Investments	**1,530,070**	761,849
Total pools' Income	7,572,572	4,277,118
Allocated between IAHs and the Bank as follows:		
Mudarib fee	**2,563,634**	1,433,050
Movement from PER	**5,760**	120,548
Total amount paid to IAH Mudarabah	**5,003,178**	2,272,265
Return on Bank's contribution in PSIA funds	–	451,255
Total pools' income allocated	7,572,572	4,277,118

The basis of allocating the profits between IAH and the Bank:

	IAH Share	Bank Share
Profit Sharing Allocation Percentages (%)	**66**	34

(c) The equity of the IAHs at the end of the reporting period:

	2024 (SAR '000)	2023 (SAR '000)
Investment account holders balance before profit	**131,296,037**	50,349,525
Add: Profit for the IAH during the year	**5,003,178**	2,272,265
Less: Profit paid out during the year	**(4,334,603)**	(1,950,808)
Net value of Investment Account Holders	131,964,612	50,670,982

(d) Basis for determining PER and changes that have occurred during the reporting year

Profit equalization reserve (PER) is determined and created by the Bank through appropriating an amount out of the profits earned on the pools' assets.

PER allows the Bank to mitigate considerably its exposure to displaced commercial risk. While the purpose of this reserve is to enhance the profit payout to IAH and the Bank in periods when the assets have underperformed.

With regard to the PER, IAHs agree in advance in the contract that regulates their relationship with Bank, on the proportion of their income that may be appropriated to PER. This amount is determined by the management of the Bank at their discretion.

(e) Displaced commercial risk

Rate of return risk can give rise to displaced commercial risk. To mitigate displaced commercial risk, the Bank may decide to waive its portion of profits to increase the returns for the IAH.

(f) Movement of PER

	2024 (SAR '000)	2023 (SAR '000)
Beginning Balance	**134,279**	13,731
Addition	**5,760**	213,144
Transferred	**–**	(92,596)
Closing Balance	**140,039**	134,279

43 Subsequent Event

Subsequent to the reporting date, on 28 January 2025, the Bank's Board of Directors recommended a distribution of cash dividends to the shareholders for the second half of 2024, amounting to SAR 5,840 million (SAR 1.46 per share).

44 Approval of the Board of Directors

The consolidated financial statements were approved by the Board of Directors on 05 Shaban 1446 H (corresponding to 04 February 2025).

supplementary

additional ESG disclosures

GRI 202-2

Proportion of senior management hired from the local community (Employees at bank level)

Parameter	Unit		
Total number of senior management personals	No.s	2024	14
Number of senior management hired from the local community	No.s	2024	13
Percentage of senior management hired from the local community	%	2024	93

GRI 404-3

Employees receiving regular performance and career development reviews (Employees at bank level)

Parameter	Unit		Employees
Total number of employees – Male	Nos.	2024	7,493
Total number of employees – Female	Nos.	2024	1,542
Employees/Workers receiving career and developmental review – Male	Nos.	2024	7,493
Employees/Workers receiving career and developmental review – Female	Nos.	2024	1,542
Percentage of Employees/Workers receiving career and developmental review – Male	%	2024	100
Percentage of Employees/Workers receiving career and developmental review – Female	%	2024	100
Percentage of Employees/Workers receiving career and developmental review – Senior management employees	%	2024	100
Percentage of Employees/Workers receiving career and developmental review-Middle management employees	%	2024	100
Percentage of Employees/Workers receiving career and developmental review – Non-management employees	%	2024	100

additional ESG disclosures

GRI 415-1

Public Policy

Political contributions	**SAR**	**2024**	**0**	**2023**	**0**

GRI 418-1

Substantiated complaints concerning breaches of customer privacy and losses of customer data

Total number of identified leaks, thefts, or losses of customer data	Number	**2024**	0	2023	0
Percentage of data breaches involving personally identifiable information (PII)	Number				
Number of unique account holders who were affected by the data breaches, which includes all those whose personal data was compromised in a data breach	Number				
Number of data breach per customer	Number				

GRI content index

Statement of use	Al Rajhi Bank has reported the information cited in this GRI content index for the period January 1, 2024 to December 31 ,2024 with reference to the GRI Standards.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 8 – 9
	2-2 Entities included in the organization's sustainability reporting	
	2-3 Reporting period, frequency and contact point	Page 6
	2-4 Restatements of information	
	2-5 External assurance	Not applicable
	2-6 Activities, value chain and other business relationships	Page 10, 11, 12, 42
	2-7 Employees	Page 155
	2-8 Workers who are not employees	Not applicable as Al Rajhi Bank does not have workers.
	2-9 Governance structure and composition	Page 228 – 234
	2-10 Nomination and selection of the highest governance body	Page 236
	2-11 Chair of the highest governance body	Page 214 – 219
	2-12 Role of the highest governance body in overseeing the management of impacts	
	2-13 Delegation of responsibility for managing impacts	Page 127
	2-14 Role of the highest governance body in sustainability reporting	
	2-15 Conflicts of interest	Page 236
	2-16 Communication of critical concerns	Page 251
	2-17 Collective knowledge of the highest governance body	Page 228 – 234
	2-18 Evaluation of the performance of the highest governance body	Page 241
	2-19 Remuneration policies	Page 242 – 244
	2-20 Process to determine remuneration	
	2-21 Annual total compensation ratio	Not disclosed
	2-22 Statement on sustainable development strategy	Page 18

GRI content index

GRI STANDARD	DISCLOSURE	LOCATION
	2-23 Policy commitments 2-24 Embedding policy commitments	Page 269
	2-25 Processes to remediate negative impacts 2-26 Mechanisms for seeking advice and raising concerns	Page 162
	2-27 Compliance with laws and regulations	Page 246
	2-28 Membership associations	Not available
	2-29 Approach to stakeholder engagement	Page 129 – 132
	2-30 Collective bargaining agreements	Page 169
GRI 3: Material Topics 2021	3-1 Process to determine material topics 3-2 List of material topics	Page 133
	3-3 Management of material topics	Page 135 – 143, 150
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 47
	201-2 Financial implications and other risks and opportunities due to climate change	Page 148
	201-3 Defined benefit plan obligations and other retirement plans	Page 245
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not applicable as gender pay gap regulations are not specifically mentioned in Saudi Arabia
	202-2 Proportion of senior management hired from the local community	Page 405
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Page 207
	203-2 Significant indirect economic impacts	Page 178
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 116
	205-2 Communication and training about anti-corruption policies and procedures	Page 270
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 268
GRI 207: Tax 2019	207-1 Approach to tax 207-2 Tax governance, control, and risk management	Page 266

GRI content index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 302: Energy 2016	302-1 Energy consumption within the organization	
	302-2 Energy consumption outside of the organization	Page 144
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	Page 144
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 145
	303-2 Management of water discharge-related impacts	Page 145
	303-5 Water consumption	Page 145
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 145
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	Page 147
	305-4 GHG emissions intensity	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Page 145
	306-4 Waste diverted from disposal	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 155
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 159
	401-3 Parental leave	Page 160
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 167
	403-2 Hazard identification, risk assessment, and incident investigation	Page 168
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	Page 167
	403-6 Promotion of worker health	
	403-8 Workers covered by an occupational health and safety management system	Page 168

GRI content index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 164
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 163
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 405
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 155
GRI 406: Non discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 156
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not applicable as most of our operations are based in Saudi Arabia and the country prohibits formation of any union or collective bargaining agreements.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 175
GRI 415: Public Policy 2016	415-1 Political contributions	Page 406
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 406

glossary of key islamic finance terms

Ajr
commission or fee charged for services

Akar
instalment sale to invest in property

Financing to give customers an opportunity to invest in property with repayment to the Bank in the form of instalments over a period of time.

Bai al Arboon
down payment sale

A sale agreement

In which a down payment is provided in advance as part payment towards the price of the commodity for reserving the commodity. The down payment is forfeited if the buyer does not return to take the commodity and the seller is entitled to sell the commodity.

Bai Al Ajel
deferred payment sale

A sale on a deferred payment basis. Equipment or goods are sold by the Bank to the client for an agreed lump sum price which includes the profit required by the Bank without disclosing the cost. The client may pay by instalments within a pre-agreed period, or in a lump sum.

Bai Inah
sale and buy-back

The sale and buy-back of an asset for a higher price than that for which the seller originally sold it. The seller immediately buys back the asset just sold on a deferred payment basis at a price higher than the original price. This can be seen as a loan in the form of a sale.

Eirad
credit facilities granted against assignment of an income stream for a specific period.

Fiqh
Islamic jurisprudence

Gharar
uncertainty

One of three fundamental prohibitions in Islamic finance (the other two being Riba and Maysir). Gharar is a concept that covers certain types of haram uncertainty whereby one or more parties stand to be deceived through ignorance of an essential element in the contract. Gambling is a form of Gharar because the gambler is ignorant of the result of the gamble. The prohibition on Gharar is often used as the grounds for criticism of conventional financial practices such as short selling, speculation and derivatives.

Halal
lawful, permissible

Haram
unlawful, forbidden

Activities, professions, contracts and transactions that are explicitly prohibited by the Quran or the Sunnah.

Hawala
bill of exchange, remittance

A contract which allows a debtor to transfer his debt obligation to a third party who owes the former a debt. The mechanism of Hawala is used for settling international accounts by book transfers, thus obviating the need for a physical transfer of cash.

Ijara
leasing

A lease agreement whereby a bank or financier buys an item for a customer and then leases it to him over a specific period, thus earning profits for the Bank by charging rental. The duration of the lease and the fee are set in advance. During the period of the lease, the asset remains in the ownership of the lessor (the Bank), but the lessee has the right to use it. After the expiry of the lease agreement, this right reverts to the lessor.

Ijara Thumma Bai
leasing to purchase

The same principle governing an Ijara contract, but at the end of the lease period the lessee buys the asset for an agreed price through a purchase contract.

Ijarah wa Iqtina
buy-back leasing

Istisnaa
advance purchase of goods or buildings

A contract of acquisition of goods by specification or order, where the price is paid in advance, or progressively in accordance with the progress of a job. For example, to purchase a yet to be constructed house, payments would be made to the builder according to the stage of work completed. This type of financing, along with Salam, is used as a purchasing mechanism, and Murabaha and Bai Al Ajel are for financing sales.

Kafalah
guarantee

Sharia principle governing guarantees. It applies to a debt transaction in the event of a debtor failing to pay.

Maysir
gambling

One of three fundamental prohibitions in Islamic finance (the other two being Riba and Gharar). The prohibition on Maysir is often used as grounds for criticism of conventional financial practices such as speculation, conventional insurance and derivatives.

Mudaraba
trust financing, profit sharing

An investment partnership, whereby the investor (the Rab al mal) provides capital to the entrepreneur (the mudarib) in order to undertake a business or investment activity. While profits are shared on a pre-agreed ratio, losses are born by the investor alone. The mudarib loses only his share of the expected income.

The investor has no right to interfere in the management of the business, but he can specify conditions that would ensure better management of his money. In this way Mudaraba is sometimes referred to as a sleeping partnership.

A joint Mudaraba can exist between investors and a bank on a continuing basis. The investors keep their funds in a special fund and share the profits before the liquidation of those financing operations that have not yet reached the stage of final settlement. Many Islamic investment funds operate on the basis of joint Mudaraba.

Mudarib
entrepreneur in a Mudaraba contract

The entrepreneur or investment manager in a Mudaraba who puts the investor's funds in a project or portfolio in exchange for a share of the profits. A Mudaraba is similar to a diversified pool of assets held in a discretionary asset management portfolio.

Murabaha
cost-plus financing

A form of credit in which the Bank buys an item and sells it to the customer on a deferred basis. The price includes a profit margin agreed by both parties. Repayment, usually in instalments, is specified in the contract.

The legality of this financing technique has been questioned because of its similarity to Riba. However, the modern Murabaha has become a popular financing technique among Islamic banks, used widely for consumer finance, real estate and the purchase of machinery and for financing short-term trade.

glossary of key islamic finance terms

Musharaka
joint venture, profit and loss sharing

An investment partnership in which all partners are entitled to a share in the profits of a project in a mutually agreed ratio. Losses are shared in proportion to the amount invested. All partners to a Musharaka contribute funds and have the right to exercise executive powers in that project, similar to a conventional partnership structure and the holding of voting shares in a limited company.

This equity financing arrangement is widely regarded as the purest form of Islamic financing. The two main forms of Musharaka are –

- Permanent Musharaka: an Islamic bank participates in the equity of a project and receives a share of the profit on a *pro rata* basis. The length of contract is unspecified, making it suitable for financing projects where funds are committed over a long period.
- Diminishing Musharaka: this allows equity participation and sharing of profits on a *pro rata* basis, and provides a method through which the Bank keeps on reducing its equity in the project, ultimately transferring ownership of the asset to the participants. The contract provides for payment over and above the Bank's share in the profit for the equity held by the Bank. Simultaneously the entrepreneur purchases some of the Bank's equity, progressively reducing it until the Bank has no equity and thus ceases to be a partner.

Mutajar
an asset financing mechanism with deferred payment

A financing agreement whereby the bank purchases a commodity or an asset and sells it to the client based on a purchase promise from the client with a deferred price higher than the cash price, thus making the client a debtor to the Bank for the sale amount and for the period agreed in the contract.

Qard Hasan
benevolent loan

A loan contract between two parties for social welfare or for short-term bridging finance. Repayment is for the same amount as the amount borrowed. The borrower can pay more than the amount borrowed so long as it is not stated by contract.

Riba
interest

An increase, addition, unjust return, or advantage obtained by the lender as a condition of a loan. Any risk-free or "guaranteed" rate of return on a loan or investment is Riba. Riba in all its forms is prohibited in Islam.

In conventional terms, Riba and "interest" are used interchangeably, although the legal notion extends beyond mere interest.

Sharia
Islamic jurisprudence

Sukuk
Islamic bond

An asset-backed bond which is structured in accordance with Sharia and may be traded in the market. A Sukuk represents proportionate beneficial ownership in the underlying asset, which will be leased to the client to yield the return on the Sukuk.

Takaful
Islamic insurance

Based on the principle of mutual assistance, Takaful provides mutual protection of assets and property and offers joint risk-sharing in the event of a loss by one of the participants. Takaful is similar to mutual insurance in that members are the insurers as well as the insured. Conventional insurance is prohibited in Islam because its dealings contain several haram elements, such as Gharar and Riba.

Tawarruq
reverse Murabaha

In personal financing, a client with a genuine need buys an item on credit from the Bank on a deferred payment basis and then immediately resells it for cash to a third party. In this way, the client can obtain cash without taking out an interest-based loan.

Ujrah
fee

The financial charge for using services, or Manfaat (wages, allowance, commission, etc.).

Waqf
charitable trust

Zakat
religious tax

An obligatory contribution which every wealthy Muslim is required to pay to the Islamic state, or to distribute amongst the poor. According to Islam, Zakat – the third pillar of Islam – purifies wealth and souls. Zakat is levied on cash, cattle, agricultural produce, minerals, capital invested in industry and business.

corporate information

Name

alrajhi Banking and Investment Corporation

Trade Name

alrajhi bank

Commercial Registration No.

1010000096

Registered Logo

مصرف الراجحي
alrajhi bank

Legal Form

A Saudi joint stock company, formed and licensed pursuant to Royal Decree No. M/59 dated 3 Dhul Qadah 1407H (29 June 1987), in accordance with Article 6 of the Council of Ministers Resolution No. 245, dated 26 Shawal 1407H (23 June 1987).

Stock Exchange Listing

The shares of the Bank are listed on the Saudi Stock Exchange (Tadawul).
Stock code: 1120.SE

Auditors

Ernst and Young
KPMG Al Fozan & Partners

Head Office/Registered Office

alrajhi bank
8467, King Fahd Road – Al Muruj District
Unit No. 1
Riyadh 12263 – 2743
Kingdom of Saudi Arabia

Tel: +966920003344 (KSA) | +966114603333 (International)
Fax: +966114603351, +966114600705

Web: www.alrajhibank.com.sa

E-mail: care@alrajhibank.com.sa

Subsidiary Companies and Branches

Name of subsidiary	Country of operation	Country of establishment
Al Rajhi Capital Company – KSA	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Tuder Real Estate Company – KSA	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Management and Development for Human Resources Company (Atmaal)	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
International Digital Solutions Co. (Neoleap)	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Emkan Finance Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Ejada Systems Limited Co	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Drahim	Cayman Islands	Kingdom of Saudi Arabia
Neotek	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
alrajhi Corporation Limited – Malaysia	Malaysia	Malaysia
alrajhi bank – Jordan	Jordan	Jordan
alrajhi bank – Kuwait	Kuwait	Kuwait
Tawtheeq company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Al Rajhi Financial Markets Ltd	Cayman Islands	Cayman Islands

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