Public Investment Fund and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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KPMG Professional Services
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Board of Directors of Public Investment Fund

Opinion

We have audited the consolidated financial statements of Public Investment Fund ("the Fund") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

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 Auditor's 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 are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Classification of investments The Group's principal activity is in investing and managing investments. As of 31 December 2023, the Fund has 202 direct investments comprising of subsidiaries, associates, and joint ventures (the "investees").	Our audit procedures in this area included, among others: • Assessing the design and implementation of key controls over management's process for determining classification of investments on initial recognition and subsequent reassessments.

Independent Auditor's Report

To the Board of Directors of Public Investment Fund (continued)

Key audit matters (continued)

The key audit matter	How the matter was addressed in our audit
Classification of investments (continued) The Group is required to assess whether it controls, jointly controls or exercises significant influence on these investments to classify them appropriately as subsidiaries, joint ventures, or associates in accordance with the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia. We have identified the classification of investments to be a key audit matter, as the determination of appropriate classification in many instances involves significant judgment by management. Refer to note 3 for the summary of material accounting policies, notes 4.1, 4.2, 4.4, 4.5 and 4.6 for the significant accounting judgments, estimates and assumptions used in relation to classification of investments by the Group and notes 13 and 43 for the related disclosures.	• Inspecting, on a sample basis, contractual arrangements relating to investments (including shareholder agreements) held by the Group, focusing on the rights attributed to the Group in investees. • Evaluating, on a sample basis, management's assessment of determining the existence of control, joint control or significant influence or the loss of it in accordance with the applicable IFRS that are endorsed in the Kingdom of Saudi Arabia. • Obtaining, on a sample basis, direct confirmations from investees to confirm shareholding interest of the Group and numbers of directors representing the Group in the investees. • Assessing the adequacy of the relevant disclosures in the consolidated financial statements of the Group, in line with disclosure requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia.
Revenue recognition of telecommunication industry The Group's revenue from the telecommunication industry consists primarily of subscription fees for telecommunication, data packages and use of the network. The total telecommunication revenue of the Group amounted to SAR 71,349 million for the year ended 31 December 2023 which comprises 30.03% of the total consolidated revenue. We have identified this to be a key audit matter, as the application of accounting standard for revenue recognition in the telecommunication sector includes number of key judgements and estimates. Additionally, there are inherent risks involved due to complexities associated with the network environment, dependency on IT applications, large volume of data, changes caused by price updates and promotional offers affecting various products and services offered. Refer to note 30 for a summary of the material accounting policy relating to revenue recognition for telecommunication industry used by the Group and related disclosures.	Our audit procedures in this area included, among others: • Assessing the design and implementation of key automated controls related to revenue recognition and testing their operating effectiveness by involving our IT specialists. • Assessing the group's accounting policies and methodology for revenue recognition for compliance with IFRS that are endorsed in the Kingdom of Saudi Arabia. • Inspecting, on a sample basis, revenue reconciliations prepared by the respective component's management between the primary billing system and the general ledger. • Testing, on a sample basis, the accuracy of customer invoice generation and the credits and discounts applied to customers invoices. • Testing, on a sample basis, cash receipts of customers back to the invoice. • Performing analytical procedures by comparing expectations of revenues with actual results and analysing variances. • Assessing adequacy of the relevant disclosures in the consolidated financial statements of the Group, in line with the disclosure requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia.

Key audit matters (continued)

The key audit matter	How the matter was addressed in our audit
Expected Credit Loss ("ECL") allowance against financing and advances The Group's financing and advances are primarily driven from the banking operations of the Group. The Expected Credit Loss (ECL) allowance against financing and advances amounted to SAR 11,558 million as at 31 December 2023. We have identified this as a key audit matter due to significant estimates and judgments involved in classifying financing and advances into various stages as stipulated by IFRS 9 and the related determination of ECL allowance. Refer to note 3.4(e) for the summary of material accounting policies and note 4.14 for the significant accounting judgments, estimates and assumptions used by the Group in relation to the impairment losses on financial assets and the impairment assessment methodology and note 7 for the related disclosures.	Our audit procedures in this area included, among others: • Assessing whether the Group's accounting policies and methodology for measurement of ECL allowance are in line with the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia. • Assessing the design and implementation and testing the operating effectiveness of key controls, automated and manual, relating to determination of ECL allowance. • Assessing appropriateness of the Group's criteria for the determination of significant increase in credit risk (SICR) and identification of "default" or "individually impaired" exposures, and their classification into stages. Also assessing, for a sample of exposures, the appropriateness of the staging classification of the Group's financing and advances portfolio. • Assessing the reasonableness of the underlying assumptions used by the Group in the ECL model. • Testing the completeness and accuracy of data underpinning the ECL calculations as at 31 December 2023. • Where required, involving our specialists to assist us in reviewing model calculations, evaluating interrelated inputs, and assessing reasonableness of assumptions used in the ECL model. • Assessing adequacy of the relevant disclosures in the consolidated financial statements of the Group, in line with the disclosure requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia.
Impairment of property, plant, and equipment As at 31 December 2023, the Group's consolidated statement of financial position included property, plant and equipment amounting to SAR 311,655 million.	Our audit procedures in this area included, among others: • Evaluating the management's assessment to assess the existence of impairment indicator, if any.

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Independent Auditor's Report

To the Board of Directors of Public Investment Fund (continued)

Key audit matters (continued)

The key audit matter	How the matter was addressed in our audit
Impairment of property, plant, and equipment (continued) At each reporting date, the Group's management assesses whether there is any indication that property, plant, and equipment may be impaired. If such indication exists, the Group estimates the recoverable amount of individual asset or cash generating unit (CGU). We have identified the impairment of property, plant, and equipment as a key audit matter, due to significance of estimate and judgments involved in assessing the existence of impairment indicators and determining the recoverable amount, if required. Refer to note 4.10 for the significant accounting judgments, estimates and assumptions used by the Group in relation to impairment of property, plant and equipment and note 15 for summary of material accounting policies and related disclosures.	• Assessing the reasonableness and appropriateness of Group's methodology, assumptions and estimates used to determine the recoverable amount of the assets, in line with the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia. • Testing, on sample of impairment calculations, the completeness and accuracy of key data inputs in determining the recoverable amount of the assets or CGU by involving our valuation specialist, where required. • Where required, for a sample of impairment calculations, involving our valuation specialists to assist us in reviewing model calculations, evaluating interrelated inputs, and assessing reasonableness of assumptions used in estimation of recoverable amount of the assets or CGU, as applicable. • Assessing the adequacy of the relevant disclosures in the consolidated financial statements of the Group, in line with the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Fund's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Independent Auditor's Report

To the Board of Directors of Public Investment Fund (continued)

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's 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 auditor's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance 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 of the Fund and the Group.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1
KPMG
ترخيص رقم ٤٦
KPMG Professional Services

Khalil Ibrahim Al Sedais
License No: 371

Riyadh, 30 June 2024
Corresponding to: 24 Dhul Hijjah, 1445

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in million SAR unless otherwise stated)

	Notes	As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
ASSETS				
Cash and deposits with banks and other financial institutions	5	**329,785**	257,514	282,258
Investment securities	6	**1,728,778**	1,241,525	924,432
Trade receivables	10	**58,566**	52,532	54,330
Financing and advances	7	**658,759**	592,244	535,362
Promissory notes	8	**-**	122,183	222,303
Derivatives	9	**25,537**	24,844	9,936
Inventories	11	**25,515**	19,797	12,546
Other assets	12	**159,855**	98,593	85,715
Investments in associates and joint ventures	13	**165,049**	147,315	118,470
Investment properties	14	**60,051**	46,680	37,105
Property, plant and equipment	15	**311,655**	212,462	165,502
Mine properties	16	**12,917**	11,641	11,688
Intangible assets and goodwill	17	**111,288**	77,356	68,492
Right-of-use assets	18	**12,726**	10,871	10,049
Deferred tax assets		**3,167**	973	881
TOTAL ASSETS		**3,663,648**	**2,916,530**	**2,539,069**
LIABILITIES AND EQUITY				
LIABILITIES				
Customer deposits	19	**685,397**	607,002	603,381
Loans and borrowings	20	**466,039**	321,773	249,341
Derivatives	9	**23,565**	23,011	16,182
Deferred government grants	21	**10,241**	5,119	3,955
Zakat and income tax	22	**7,645**	6,767	4,996
Trade and other payables	23	**208,875**	146,790	120,877
Lease liabilities	24	**13,544**	11,610	10,619
Employees' benefits	25	**13,298**	9,914	10,413
Provisions	26	**17,141**	14,085	13,736
Deferred tax liabilities		**5,068**	1,856	1,797
TOTAL LIABILITIES		**1,450,813**	**1,147,927**	**1,035,297**
EQUITY				
Capital contribution	27	**364,673**	364,673	364,673
Additional capital contribution	27.1	**942,919**	632,769	315,281
Retained earnings		**616,312**	565,187	595,579
General reserves	27.2	**30,589**	30,589	30,589
Other reserves	27.3	**60,072**	(13,188)	25,033
Equity attributable to owner of the Fund		**2,014,565**	**1,580,030**	**1,331,155**
Non-controlling interest	28	**198,270**	188,573	172,617
TOTAL EQUITY		**2,212,835**	**1,768,603**	**1,503,772**
TOTAL LIABILITIES AND EQUITY		**3,663,648**	**2,916,530**	**2,539,069**

The Governor
Yasir O. Al-Rumayyan

Chief Financial Officer
Yasir Alsalman

The notes 1 to 48 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(All amounts in million SAR unless otherwise stated)

	Notes	*For the year ended 31 December 2023*	*2022*
CONTINUING OPERATIONS			
Revenue	30	**237,575**	206,602
Income / (loss) from investment activities	30.3	**93,785**	(41,550)
Total revenue		**331,360**	**165,052**
Cost of revenue	31.1	**(150,614)**	(116,822)
Cost from investment activities	31.2	**(1,984)**	(1,161)
Total cost		**(152,598)**	**(117,983)**
Other operating income, net	32	**754**	4,321
Selling and distribution expenses	33	**(12,613)**	(9,590)
Administrative expenses	34	**(103,489)**	(61,711)
Net impairment losses on financial assets	38	**(2,675)**	(3,795)
Share of profit of associates and joint ventures, net	13	**9,201**	8,913
OPERATING PROFIT / (LOSS)		**69,940**	**(14,793)**
Finance cost	35	**(10,036)**	(4,332)
Finance income	36	**11,141**	8,021
PROFIT / (LOSS) BEFORE ZAKAT AND INCOME TAX		**71,045**	**(11,104)**
Zakat and income tax expense	22	**(6,613)**	(5,652)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		**64,432**	**(16,756)**
DISCONTINUED OPERATIONS			
Profit from discontinued operations, net of zakat and income tax		-	2,034
PROFIT / (LOSS) FOR THE YEAR		**64,432**	**(14,722)**
Attributable to:			
Owner of the Fund		**50,474**	(36,568)
Non-controlling interest		**13,958**	21,846
		64,432	**(14,722)**

The Governor
Yasir O. Al-Rumayyan

Chief Financial Officer
Yasir Alsalman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in million SAR unless otherwise stated)

	Notes	For the year ended 31 December 2023	2022
Profit / (Loss) for the year		**64,432**	(14,722)
Other Comprehensive Income / (Loss)			
Items that are or may be reclassified to profit or loss in subsequent periods (net of tax):			
Debt instruments measured at FVOCI – net changes in fair value		**1,590**	(6,247)
Foreign operations – foreign currency translation differences		**(2,876)**	(2,021)
Share of other comprehensive (loss) / income of associates and joint ventures	13	**(977)**	2,112
Cash flow hedges – effective portion of changes in fair value		**(34)**	(269)
		(2,297)	**(6,425)**
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain / (loss) on equity instruments designated at fair value through other comprehensive income		**76,346**	(39,005)
Remeasurement (loss) / gain on employees' defined benefits obligation		**(448)**	1,047
Share of other comprehensive income of associates and joint ventures	13	**45**	560
		75,943	**(37,398)**
Other comprehensive income / (loss) for the year, net of tax		73,646	**(43,823)**
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		138,078	**(58,545)**
Attributable to:			
Owner of the Fund		**126,014**	(74,810)
Non-controlling interest		**12,064**	16,265
		138,078	**(58,545)**

The Governor
Yasir O. Al-Rumayyan

Chief Financial Officer
Yasir Alsalman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in million SAR unless otherwise stated)

For the year ended 31 December 2023		Attributable to the Owner of the Fund							
	Notes	*Capital contribution*	*Additional capital contribution*	*General Reserves*	*Other reserves*	*Retained earnings*	*Total*	*Non-controlling interest **	*Total equity*
As at 1 January 2023		**364,673**	**632,769**	**30,589**	**(13,188)**	**565,187**	**1,580,030**	**188,573**	**1,768,603**
Profit for the year		-	-	-	-	50,474	**50,474**	13,958	**64,432**
Other comprehensive income / (loss)		-	-	-	75,540	-	**75,540**	(1,894)	**73,646**
Total comprehensive income		**-**	**-**	**-**	**75,540**	**50,474**	**126,014**	**12,064**	**138,078**
Capital contribution	27	-	310,150	-	**-**	**-**	**310,150**	**-**	**310,150**
Dividends		-	-	-	-	-	**-**	(9,048)	**(9,048)**
Deemed dividends		-	-	-	-	(528)	**(528)**	-	**(528)**
Acquisition and disposal of subsidiary		-	-	-	-	-	**-**	296	**296**
Changes in ownership interests that do not result in a loss of control (**)		-	-	-	-	(196)	**(196)**	4,363	**4,167**
Share-based payments transactions		-	-	-	-	134	**134**	1,340	**1,474**
Reclassification of FVOCI reserve to retained earning		-	-	-	(730)	730	**-**	-	**-**
Tier 1 Sukuk and related cost, net	28(a)	-	-	-	-	(216)	**(216)**	(658)	**(874)**
Other movements, net		-	-	-	(1,550)	727	**(823)**	1,340	**517**
At 31 December 2023		**364,673**	**942,919**	**30,589**	**60,072**	**616,312**	**2,014,565**	**198,270**	**2,212,835**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(All amounts in million SAR unless otherwise stated)

For the year ended 31 December 2022	Notes	Capital contribution	Additional capital contribution	General Reserves	Other reserves	Retained earnings	Total	Non-controlling interest *	Total equity
		Attributable to the Owner of the Fund							
As at 1 January 2022		**364,673**	**315,281**	**30,589**	**25,033**	**595,579**	**1,331,155**	**172,617**	**1,503,772**
(Loss) / Profit for the year		-	-	-	-	(36,568)	**(36,568)**	21,846	**(14,722)**
Other comprehensive loss		-	-	-	(38,242)	-	**(38,242)**	(5,581)	**(43,823)**
Total comprehensive (loss) / income		-	-	-	**(38,242)**	**(36,568)**	**(74,810)**	**16,265**	**(58,545)**
Capital contribution	27	-	317,488	-	-	-	**317,488**	-	**317,488**
Dividends		-	-	-	-	-	**-**	(9,109)	**(9,109)**
Deemed dividends		-	-	-	-	(835)	**(835)**	-	**(835)**
Acquisition and disposal of subsidiary		-	-	-	-	-	**-**	(2,166)	**(2,166)**
Changes in ownership interests that do not result in a loss of control (**)		-	-	-	-	4,093	**4,093**	6,117	**10,210**
Share-based payments transactions		-	-	-	-	(35)	**(35)**	1,760	**1,725**
Reclassification of FVOCI reserve to retained earning		-	-	-	(242)	242	**-**	-	**-**
Tier 1 Sukuk and related cost, net	28(a)	-	-	-	-	(176)	**(176)**	3,008	**2,832**
Other movements, net		-	-	-	263	2,887	**3,150**	81	**3,231**
At 31 December 2022		**364,673**	**632,769**	**30,589**	**(13,188)**	**565,187**	**1,580,030**	**188,573**	**1,768,603**

* Non-controlling interest as at 31 December 2023 include Tier 1 Sukuk bonds amounting to SAR 13,188 million (as at 31 December 2022: SAR 13,488 million).

** Includes capital contribution by NCI in subsidiaries.

The Governor
Yasir O. Al-Rumayyan

Chief Financial Officer
Yasir Alsalman

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in million SAR unless otherwise stated)

	Notes	For the year ended 31 December 2023	2022
OPERATING ACTIVITIES			
Profit / (Loss) before zakat and income tax from continuing operations		71,045	(11,104)
Profit before zakat and income tax from discontinued operations		-	2,012
		71,045	(9,092)
Adjustments to reconcile profit / (loss) before zakat and income tax to net cash flow from operating activities:			
Depreciation, amortization and impairment of mine properties, PPE, investment properties, intangible assets and right-of-use assets	14,15,16,17, 18	51,045	25,194
Net loss on disposal/write off of PPE, investment properties, intangible assets and termination of right-of-use assets		605	311
Impairment loss on other assets (net) and amortization of contract costs		356	390
Impairment loss on financial assets and contract assets, net	38	2,675	3,795
(Reversal of) / Impairment loss on associates and joint ventures	33	(890)	938
Net gain from sale of investment in associates and joint ventures		(466)	(283)
Net loss on settlement/sale of Non - FVTPL financial instruments		5,393	2,324
Net (gain) / loss from fair value changes in financial instruments measured at FVTPL		(52,451)	62,789
Realized loss / (gain) on redemption / disposal of investments measured at FVTPL, net	30.2	334	(1,353)
Finance income [non-banking and non-investment operations]	36	(11,141)	(8,021)
Finance costs [non-banking and non-investment operations]	35	10,036	4,332
Other expenses		6,258	3,395
Share of profit of associates and Joint ventures - net	13	(9,201)	(8,913)
Gain on disposal of subsidiary		(8)	(1,615)
Provision for slow moving and obsolete inventories	11	3,141	2,174
Provision for employees' benefit obligations	25	1,678	1,284
Amortization of deferred government grants	32	(2,504)	(1,607)
Other provision (reversed) made during the year		(228)	2,785
Net foreign exchange differences		(2,443)	(1,345)
Dividend income from investments securities		(39,210)	(21,103)
Gain on disposal of assets & liabilities classified as held for sale	32	(1,296)	-
Net cash from operating activities from discontinued operations		-	52
		32,728	56,431
Changes in:			
Inventories		(8,837)	(8,034)
Trade receivables		(4,389)	(5,783)
Other assets		(37,868)	(18,996)
Financing and advances [banking operations]		(67,832)	(57,079)
Due from bank and other financial institutions with original maturity over three months [banking operations]		(3,172)	5,298
Trade and other payables		42,848	13,701
Customer deposits and Islamic customer deposits [banking operations]		78,224	1,923
Due to banks and other financial institutions [banking operations]		66,786	31,777
Fair value of derivatives, net		(139)	(8,079)
Investments held at FVTPL [banking operations]		(5,372)	1,406
Others		-	161
		92,977	12,726

The notes 1 to 48 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(All amounts in million SAR unless otherwise stated)

	Notes	For the year ended 31 December 2023	2022
OPERATING ACTIVITIES (continued)			
Other items within operating activities			
Finance costs paid [non-banking and non-investment operations]		(7,944)	(3,207)
Finance income received [non-banking and non-investment operations]		25,305	12,080
Dividend income received from investment securities		39,142	21,076
Purchase of investment securities [investment operations]		(161,597)	(182,400)
Proceeds from disposal/redemption of investment securities [investment operations]		120,435	83,667
Employees' end of service benefits paid	25	(1,076)	(963)
Other provisions paid during the year	26	(3,066)	(2,472)
Zakat and income tax paid	22	(6,006)	(3,971)
Net cash generated from / (used in) operating activities		98,170	(63,464)
INVESTING ACTIVITIES			
Purchase of mine properties, PPE, intangible assets and investment properties	14,15,16,17	(134,012)	(65,040)
Proceeds from sale/ disposal of mine properties, PPE, intangible assets and investment properties		459	348
Acquisition of subsidiaries - net of cash acquired		(40,200)	(5,341)
Net cashflow from disposal of subsidiaries		-	(3,527)
Investments made in associates and joint ventures	13	(13,121)	(19,466)
Proceeds from disposal of investments in associates and joint ventures		1,696	975
Dividends received from associates and joint ventures	13	5,348	4,675
Purchase of investment securities [non-banking and non-investment operations]		(30,240)	(29,624)
Purchase of investment securities (other than held at FVTPL) [banking operations]		(51,417)	(71,295)
Proceeds from sale of investment securities [non-banking and non-investment operations]		18,227	26,651
Proceeds from sale of investments made in investment securities (other than held at FVTPL) [banking operations]		40,841	44,520
Net movement in deposits with banks and other financial institutions and restricted cash [non-banking operations]	5	(12,320)	(9,335)
Loans and advances given [non-banking operations]		(1,875)	(7)
Loans and advances repaid [non-banking operations]		102,404	95,966
Net cash flow from investing activities from discontinued operations		2,459	66
Other investing activities		588	-
Net cash used in investing activities		(111,163)	(30,434)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(All amounts in million SAR unless otherwise stated)

	Notes	For the year ended 31 December 2023	2022
FINANCING ACTIVITES			
Capital contribution by Owner	27	**1,286**	15,711
Gross proceeds from borrowings (Non-banking operations)	20	**75,463**	88,147
Repayment of borrowings (Non-banking operations)	20	**(12,966)**	(55,767)
Payment of principal portion of lease liabilities	24	**(3,420)**	(2,504)
Proceed from debts issued and other borrowed funds [banking operations]	20	**14,454**	30,209
Repayment of debts Issued and other borrowed funds [banking operations]	20	**(3,137)**	(18,395)
Tier 1 Sukuk and related cost, net	28	**(874)**	2,832
Receipts from Government grants		**5,422**	3,272
Contribution from non-controlling interests		**207**	5,035
Dividends paid to non-controlling interests		**(9,082)**	(9,109)
Cash flows arising from changes in ownership interests in subsidiaries that do not result in a loss of control		**3,394**	6,318
Net cash generated from financing activities		**70,747**	**65,749**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		57,754	**(28,149)**
Net foreign exchange differences		(975)	(479)
Cash and cash equivalents at the beginning of the year	5	186,657	215,285
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	243,436	**186,657**

The Governor
Yasir O. Al-Rumayyan

Chief Financial Officer
Yasir Alsalman

The notes 1 to 48 form an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in million SAR unless otherwise stated)

1. ACTIVITIES

The Public Investment Fund ("PIF" or the "Fund") was established on 25 Jumada Al-Thani 1391H (corresponding to 18 August 1971G) by virtue of Royal Decree No. M/24. The Fund was established with the aim of funding key projects and companies and providing financial support to initiatives of strategic importance to the national economy and operated as an administrative department of the Ministry of Finance and National Economy with the authority to carry out functions for which it was established.

Pursuant to Royal Decree No. M/62 dated 4 Shawal 1435H (corresponding to 31 July 2014G) PIF was further authorized to invest in existing companies or to establish new companies, within or outside of the Kingdom of Saudi Arabia, either alone or in partnership with third parties from the public or private sectors.

On 3 Jumada Al-Thani 1436H (corresponding to 23 March 2015G), the Council of Ministers' issued its Resolution No. 270, moving PIF's stewardship from the Ministry of Finance to the Council of Economic and Development Affairs ("CEDA") with His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince, Prime Minister, and Chairman of CEDA, becoming the Chairman of PIF's board.

PIF's major source of funding include capital injections in cash or in kind from the Government of the Kingdom of Saudi Arabia (the "Owner" or the "Government") and borrowings through special purpose vehicles ("SPV").

The Public Investment Fund is developing a portfolio of domestic and international investments, diversified across sectors, geographies and asset classes. PIF has investments in subsidiaries, associates and joint ventures. The details and the principal activities of direct subsidiaries are disclosed in note 43. The details and the principal activities of associates and joint ventures are disclosed in note 13.

The Group's banking operations comprise of retail banking, corporate banking, investment banking services, treasury and asset management, and are referred to as 'Banking Operations'. The Group's Banking Operations and its real estate refinancing activities are collectively referred to as 'Banking and Financing Operations'. The Group's investment operations activities comprise of investment management services where its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both and is referred to as 'investment operations'.

During the year, the Fund changed its official address from; MU04, Al Taqneeyah Road, Al Raidah Digital City, Al Nakheel District, P.O. Box 6121, Riyadh 11442 – Kingdom of Saudi Arabia to The Public Investment Fund Tower, 1.16 King Abdullah Financial District, Al Aqiq district, Riyadh 13519, Kingdom of Saudi Arabia.

These consolidated financial statements of PIF and its subsidiaries (together referred to as the "Group") have been approved and authorized for issue by the Board of directors of PIF on 24 Dhul Hijjah 1445 (corresponding to 30 June 2024G).

2. BASIS OF PREPARATION

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2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS endorsed in the Kingdom of Saudi Arabia").

2.2 Functional and presentation currency

The consolidated financial statements are presented in Saudi Arabian Riyals ("SAR"), which is the Fund's functional currency, being the currency of the primary economic environment in which it operates. All amounts have been rounded to the nearest million SAR, unless otherwise indicated.

2. BASIS OF PREPARATION (continued)

2.3 Accounting convention

The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention modified to include the fair value of certain financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies.

2.4 Change in Presentation of Consolidated Statement of Financial Position

The Group has changed the presentation of Assets and Liabilities from Current/Non-Current classification into Order of Liquidity. Order of Liquidity provides information that is reliable and more relevant. The Group consider Order of Liquidity provides reliable and more relevant information due to the composition of the Group's assets base and how these assets are managed. Majority of the Group's assets and liabilities consists of financial assets and financial liabilities and assets are managed for investment objectives.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS

The material accounting policies applied in the preparation of the consolidated financial statements are divided into:

- the material accounting policies applied in the comprehensive preparation of the consolidated financial statements and cannot be assigned to specific note.
- other material accounting policies applicable to a particular note within the consolidated financial statements. They can be identified by the following symbol

The material accounting policies applied in preparing these consolidated financial statements are consistent with those applied in comparative periods presented.

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments require entities to disclose their material rather than their significant accounting policies. The Group adopted the amendments effective 1 January 2023. Whilst these amendments do not change the Group's accounting policies, the Group has reviewed the accounting policy information disclosed in these financial statements against the new requirements. Under the amendments, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of PIF and its subsidiaries (the "Group") as at and for the year ended 31 December 2023. Subsidiaries are entities controlled by the Group. The list of Group's direct subsidiaries is provided in note 43.

The Group controls an investee if and only if the Group has all of the following:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights in the investee, the Group takes into consideration all relevant facts and circumstances when determining whether it exercises control over the investee, including:

- Contractual arrangement(s) with other voting rights holders in the investee entity;
- Rights arising from other contractual arrangements; and
- Group's voting rights and potential voting rights.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.1 Basis of consolidation (continued)

Special Purpose Vehicles ("SPVs") are entities that are created to accomplish a well-defined objective; for instance, the investment in particular asset, fund or a project, or the execution of a specific borrowing or lending transaction. These circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPV.

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 elements of control mentioned above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation. Profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.2 Common control transactions

Transactions involving the acquisition of set of activities and assets (that would meet the definition of a business) under common control of the Owner, which are based on a decision by the Owner and where the transaction has economic substance are accounted for using the acquisition method. For transactions involving the acquisition of set of activities and assets (that would meet the definition of a business) under common control of the Owner, which are based on a decision by the Owner and where the transaction does not have any economic substance, the Group adopts the pooling of interest method.

Under the pooling of interest method (predecessor values method), the carrying value of assets and liabilities in the books of the transferor (as adjusted to comply with Group accounting policies), are used to account for these transactions. The consolidated financial statements of the combined entities are presented as if the business had been combined from the date when the combining entities were first brought under common control without restating and presenting the prior period. No goodwill is recognized as a result of the transfer. The only goodwill recognized is any pre-existing goodwill that existed in the combining entities. Any difference between the consideration paid and the net assets acquired is reflected within equity. Any transaction cost paid for acquisition is recognized directly in equity.

Transactions involving the acquisition of set of activities and assets (that is not deemed to meet the definition of a business) under common control of the Owner, the assets acquired and liabilities assumed shall be accounted for using the requirements of the relevant IFRS standards depending on the nature of the assets acquired and liabilities assumed.

Disposals of interest in entities to parties under common control of the Owner, which lack economic substance and are based on a decision by the Owner are accounted for on the date of transfer without restatement of prior years. Any gain or loss arising on such transaction is recorded directly in equity.

When disposals of interest in entities to parties under common control of the Owner have economic substance, the difference between the fair value of the consideration received and the net carrying value of interest in such entities is recorded in the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.2 Common control transactions (continued)

A number of factors are considered in assessing whether the transaction has substance including the following:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value;
- the existing activities of the entities involved in the transaction; and
- whether or not the transaction brings entities together into a 'reporting entity' that did not exist before.

3.3 Fair value measurement

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 in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair value of land transferred from the Government, is determined by the highest and best use of the asset for the purpose of disclosure. When calculating the fair value of land, valuation techniques that are appropriate in the circumstances are used.

The highest and best use takes into account the asset's use that is:

- physically possible – taking into account the physical characteristics that market participants would consider (for example, property location or size);
- legally permissible – taking into account the legal restrictions on the asset's use that market participants would consider (for example, planning or zoning regulations); and
- financially feasible – taking into account whether an asset's use generates adequate income or cash flows to produce an investment return that market participants would require. This should incorporate the costs of converting the asset to that use.

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

- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.;
- Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.3 Fair value measurement (continued)

Assets and liabilities that are categorized at fair value on a recurring basis, their fair value hierarchy and the valuation techniques used by the Group are disclosed within note 46.

3.4 Financial Instruments

(a) Recognition and initial measurement

The Group recognizes trade receivables and debt securities issued initially when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are recognized and derecognized on the settlement date, i.e. the date on which the asset is delivered to the counterparty. When settlement date accounting is applied, the Group accounts for any change in fair value between the trade date and the settlement date in the same way as it accounts for the acquired asset.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

- *Financial assets*

On initial recognition, a financial asset is classified as held at: amortized cost; Fair Value through Other Comprehensive Income (“FVOCI”); or Fair Value through Profit or Loss (“FVTPL”).

The Group’s financial assets include derivative financial instruments (note 9), promissory notes (note 8), investment securities (note 6), other financial assets (note 12), financing and advances (note 7), cash and deposits with banks and financial institutions (note 5) and trade receivables (note 10).

i) 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 FVTPL:

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

These assets are subsequently measured at amortized cost using the effective interest method (“EIR”). The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognized in the consolidated statement of profit or loss.

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

a. Debt instruments

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

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

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.4 Financial Instruments (continued)

(b) Classification and subsequent measurement (continued)

- *Financial assets (continued)*

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

a. Debt instruments (continued)

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to the consolidated statement of profit or loss.

b. Equity instruments

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

These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless it clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the consolidated statement of profit or loss.

iii) Financial asset at fair value through profit or loss (FVTPL)

All financial assets not classified as held at amortized cost or FVOCI as described above are classified as FVTPL.

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 FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statement of profit or loss. For derivatives designated as hedging instruments, refer to note 9 'Derivatives'.

Business model assessment

The Group makes an assessment of the objective of a business model under 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 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.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.4 Financial Instruments (continued)

(b) Classification and subsequent measurement (continued)

- *Financial assets (continued)*

Business model assessment (continued)

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

Assessments whether contractual cash flows are solely payments of principal and interest ("SPPI" criteria)

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

- *Financial liabilities*

Financial liabilities other than derivatives financial instruments are classified at amortized costs.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include derivative financial instruments (note 9), loans and borrowings including bank overdrafts (note 20), trade and other payables (note 23) and customers' deposits (note 19).

For purposes of subsequent measurement, financial liabilities are classified in two categories:

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss.

ii) Financial liabilities at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.4 Financial Instruments (continued)

(c) Derecognition

- *Financial assets*

  The Group derecognize a financial asset, or a portion of 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 either substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

  On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset 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 other comprehensive income is recognized in the consolidated statement of profit or loss.

  Any cumulative gain/loss recognized in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognized in the consolidated statement of profit or loss on derecognition of such securities. 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.

  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 asset.

- *Financial liabilities*

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

(d) Modifications of financial assets and financial liabilities

- *Financial assets*

  If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

  If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented together with the account that most closely relates to the underlying reason for the modification.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.4 Financial Instruments (continued)

(d) Modifications of financial assets and financial liabilities (continued)

- *Financial liabilities*

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

(e) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets measured at amortized cost and debt instruments measured at FVOCI;
- contract assets (as defined in IFRS 15);
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued

No impairment loss is recognized on equity investments recognized under IFRS 9 requirements.

The Group measures impairment allowances either using the general approach or simplified approach as considered appropriate.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Under the general approach, 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 a debt investment security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.4 Financial Instruments (continued)

(e) Impairment of financial assets (continued)

The Group applies a three-stage approach to measuring Expected Credit Loss ("ECL") on investments and assets held at amortized cost and undrawn loan commitments. The Group assesses on a forward-looking basis the expected credit loss. Assets migrate through the following three stages based on the change in credit quality since initial recognition. Moreover, the Group has applied practical expedient, where the Group did not have requisite information.

The Group categorizes its financial assets into following three stages:

- stage 1 (12 months ECL) – 12 months ECL is recognized for financial assets with credit exposures where there has not been a significant increase in credit risk since initial recognition, and that are not credit impaired upon origination
- stage 2 (Lifetime ECL– not credit impaired) – financial assets that has significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on lifetime PD.
- stage 3 (Lifetime ECL- credit impaired) – for financial assets that are impaired, the Group recognizes the impairment allowance based on lifetime ECL.

The Group also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs. The forward-looking information will include the elements such as macroeconomic factors (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

ECL represent probability-weighted estimates of credit losses. These are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the 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, which includes amounts recoverable from guarantees and collateral;
- *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- *financial guarantee contracts:* the expected payments to reimburse the holder less cash flows that the Group expects to receive, if any.

Expected credit losses are discounted to the reporting date at the effective interest rate (EIR) determined at initial recognition or an approximation thereof and consistent with income recognition.

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). These parameters are generally derived from statistical models and other historical data. They are adjusted to reflect forward-looking information as described above. Refer to note 4 and note 42.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.4 Financial Instruments (continued)

(f) Restructured financial assets

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

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

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

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

(h) Presentation of ECL in the consolidated statement of financial position

Allowances for ECL 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.

- **Loan commitments and financial guarantee contracts**
  Generally, as a provision; in other liabilities.

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

- **Debt instruments measured at FVOCI**
  Allowance for ECL will not reduce the carrying amount of the financial asset in the consolidated statement of financial position. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of these financial assets.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.4 Financial Instruments (continued)

(i) Write off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Subsequent recoveries are netted off against the ECL charges.

(j) Collaterals

- *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 consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

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

- *Collateral repossessed by the Group's banking entities*
  The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are initially stated at the lower of net realizable value of due financing and advances or the current fair value of such related assets, less any costs to sell (if material). No depreciation is charged on such assets. Subsequent to the initial recognition for assets held for sale, these assets owned are periodically revalued and are carried at lower of their carrying values or the related net realizable value.

- *Collateral repossessed by the external agents of the Group's banking entities*
  Some of the Group's banking entities do not physically repossess properties or other assets in their financing portfolio, but engage external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the consolidated statement of financial position.

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.4 Financial Instruments (continued)

(l) Sale and repurchase agreements (including securities lending and borrowings)

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the consolidated statement of financial position as the Group retains substantially all the risks and rewards of ownership. These assets are continued to be measured in accordance with related accounting policies for investments held as FVTPL, FVOCI, and other investments held at amortized cost. The transactions are treated as collateralized borrowing and counter-party liability for amounts received under these agreements is included in "Due to banks and other financial institutions" as appropriate, under loans and borrowings. The difference between sale and repurchase price is treated as interest expense and accrued over the life of the repo agreement on an effective interest rate.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the consolidated statement of financial position, as the Group does not obtain control over the assets. Amounts paid under these agreements are included in "cash and deposits with banks and other financial institutions", "borrowings" or "financing and advances" as appropriate. The difference between purchase and resale price is treated as interest income which is accrued over the life of the reverse repo agreement using the effective yield basis.

Securities borrowing and lending transactions are typically secured; collateral takes the form of securities or cash advanced or received. Securities lent to counterparties are retained on the consolidated statement of financial position. Securities borrowed are not recognized on the consolidated statement of financial position, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability. Cash collateral given or received is treated as a 'financing and advances' or customers deposit.

3.5 Foreign currencies

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in other comprehensive income.

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.

(b) Group companies

On consolidation, the assets and liabilities of foreign operations whose functional currency is not the currency of a hyperinflationary economy, are translated into Saudi Riyals, at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to the consolidated statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES THAT APPLY TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3.5 Foreign currencies (continued)

(b) Group companies (continued)

If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the foreign exchange translation reserve is allocated to the non-controlling interest. The deferred cumulative amount of exchange differences recognized in equity will be reclassified in the consolidated statement of profit or loss at the time of any future disposal or partial disposal with loss of control.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3.6 Dividend

The Group recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

3.7 Deemed dividend

The Group is responsible for making certain distributions either in cash or in-kind due to the action of the Owner. In cases, where the Group is not the owner of such assets or obligated for liabilities resulting from the Owner's action, the Group treats such distributions as deemed dividend. Accordingly, such distributions are directly recognized in the consolidated statement of changes in equity.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

4.1 Consolidation of entities in which the Group holds less than a majority of voting rights (de facto control)

Determining whether the Group has control of an entity is based on ownership of the majority of the voting rights however in certain instances this determination will involve significant judgment. The Group considers it controls various entities with less than 50% of the voting rights (de facto control). Factors that results in de-facto control conclusions are ranging from voting rights held by the Group relative to other investors, composition of other investors, representation at the board of directors of investees, attendance in annual general meetings, history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group and material financing transactions with investee companies. The Group believes that it controls the entities that are classified as subsidiaries and their operations are carried out solely for the benefit of the Group and the Group has existing rights that give the current ability to direct the relevant activities of the investees that significantly affect the returns of the investees. Significant entities are as follows:

Entity name	*31 December 2023*	*31 December 2022*
Saudi National Bank (SNB)	**37.24%**	37.24%

4.2 Non-consolidation of investments in which the Group holds more than 50% of voting rights

The Group considers certain investments as an associate despite having more than 50% of voting rights. This is due to the involvement of another party, who has the right to direct the relevant activities of the entities. Accordingly, the Fund is only able to exercise significant influence over the entity.

(All amounts in million SAR unless otherwise stated)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Non-consolidation of investments in which the Group holds more than 50% of voting rights (continued)

Significant entities are as follows:

Entity name	*31 December 2023*	*31 December 2022*
Saudi Electricity Company (SEC)	75.10%	75.10%
ArcelorMittal Tubular Products Al-Jubail Company ("AMTPJ")	65.20%	65.20%

The Group holds 75.10 % shares in SEC and has representation on Board of Directors of SEC. As part of Government initiative to restructure electricity sector including SEC, a Ministerial Committee was established through a Royal Decree with one representative from the Group. Considering the rights granted to Ministerial Committee in relation to relevant activities of SEC and composition of Ministerial Committee and related voting rights, the Group no longer controls the relevant activities of SEC and has significant influence based on its shareholding and representation in the Ministerial Committee. Accordingly, SEC is classified as an associate from the establishment of Ministerial Committee.

4.3 Classification of investments in which the Group holds less than 20% of voting rights – investment in associates

The Group considers certain investments as an associate despite having less than 20% of voting rights. The Fund evaluates significant influence over entities based on various factors including voting rights held by the Fund relative to other investors, composition of other investors, representation at the board of directors of investees, attendance in annual general meetings and material financing transactions with investee companies.

Significant entity is as follows:

Entity name	*31 December 2023*	*31 December 2022*
Alinma Bank	10.00%	10.00%

4.4 Investment in joint ventures

The Group has assessed that it has joint control over some of its investments (refer to note 13), as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The joint arrangements are structured as limited liability companies and provide the Group and the parties to the agreements with rights to the net assets of these entities under the arrangements. Therefore, these arrangements are classified as joint ventures.

4.5 Classification and determination of control over investment in funds

The Group acts as fund manager to a number of investment funds. The Group assesses the classification of its funds to determine whether in accordance with the terms of the investment agreement the Group has control or significant influence over the funds. The assessment of 'control' requires the Group to evaluate whether the Group has the power to direct the financial and operational policies of the fund, is exposed to and has rights to variable returns from the fund and also has the ability to affect those returns through its power over the fund. The determination of whether the Group controls an investment fund is based on an assessment of the aggregate economic interests of the Group in the fund and includes an assessment of any carried interests, expected management fees, and the investors' rights to remove the Group as fund manager. Management are required to conclude whether the Group acts as an agent for the investors in the fund, or if the underlying fund is controlled by the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.5 Classification and determination of control over investment in funds (continued)

The assessment of 'significant influence' requires the Group to evaluate whether the Group has the power to participate in the financial and operational policies of the fund, but no control or joint control.

Based on the assessment performed, the Group does not have control or significant influence over the funds; accordingly, the Group has classified its investment in the funds at fair value in accordance with the requirements of IFRS 9 'Financial Instruments'. In reaching this conclusion, following are some of the key factors identified as part of the Group's investment in the fund:

- the Group is the limited partner;
- the general partner has the right to make and amend the financial and operating policies; and
- limited or no right of the Group to remove general partner from the position of the fund manager.

4.6 Structured entities

A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicate that the structured entities are controlled by the Group. The Group considers its investment in SoftBank Vision Fund L.P ("SoftBank Fund") to be investment in unconsolidated structured entity, as SoftBank Fund is designed to achieve a specific business purpose.

SoftBank Fund is not consolidated because the Group does not control SoftBank Fund through voting rights, contract, funding agreements, or other means. The extent of the Group's interests in unconsolidated structured entity will vary depending on SoftBank Fund's business objectives. The Group invests in SoftBank Fund whose objective range from achieving medium to long term capital growth. SoftBank Fund is managed by unrelated investment manager i.e. fund manager and apply various investment strategies to accomplish the investment objectives. SoftBank Fund finances its operations by offering a limited partnership which entitles the holder to a proportional stake in SoftBank Fund's net assets. The Group holds limited partnership interest in SoftBank Fund (refer to note 45).

4.7 Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identifying performance obligations

At inception of the contract with customers, the Group assesses the performance obligation(s) embedded in the contracts. Based on the assessment, the Group determines the performance obligation(s) with respect to the customer contracts.

(b) Determining transaction price and allocation (Arrangements with multiple deliverables)

In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using relative fair value principles. The Group generally determines the fair value of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis. Revision to the estimates of these fair values may significantly affect the allocation of total arrangement consideration among the individual elements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.7 Revenue from contracts with customers (continued)

(b) Determining transaction price and allocation (Arrangements with multiple deliverables) (continued)

Some contracts include multiple deliverables, such as the sale of hardware and related installation services. However, in contracts where the installation is simple, does not include an integration service and could be performed by another party, it is accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where the performance obligations are not directly observable, they are estimated based on expected cost-plus margin or adjusted market assessment approach as appropriate. If contracts include the installation of hardware, revenue for the hardware is recognized at a point in time when the hardware is delivered, the legal title has passed, and the customer has accepted the hardware.

Identity verification services contracts are sold together with technical support services. The identity verification services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer. Although, the Group determined that the promises to transfer the identity verification services and to provide technical support are distinct within the context of the contract, both services are highly interrelated, as technical support mainly represent technical specifications related to the identity verification services rather than separate service provided to the customer whereas nature of specifications provided under technical support include the response time and minimum transactions capacity. Consequently, the Group did not allocate the transaction price over these services as they represent a single performance obligation.

(c) Determining the timing of satisfaction of performance obligation

The Group recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised goods or services to its customers. An asset is transferred when (or as) the customer obtains control of that asset, which is upon delivery of goods or services. Significant judgment is required to evaluate when the control is transferred to the customer.

(d) Customer activation service fees for telecom services

Customer activation service fees are deferred and recognized over the average of customer retention period (period of contract or anticipated contract). The estimation of the expected average duration of the relationship is based on historical turnover. If the Group's estimates are revised, material differences may result in the amount of revenue and timing of revenue for any period.

(e) Method to recognize revenue over time

The Group exercises significant judgment to evaluate whether to apply the input method or output method in allocating the transaction price to performance obligations when revenue is recognized over a period of time. The Group may select an appropriate output or input method based on business segment or products or services in such business segment. However, the Group applies the method consistently to similar performance obligations and in similar circumstances.

In applying the input method, the Group estimates the costs to complete the projects in order to determine the amount of revenue to be recognized. The Group uses the output method where performance is measured based on the direct value of the goods or services transferred to date to the customers, in comparison to the remaining goods or services to be provided under the contract.

(f) Principal versus agent considerations

The Group enters into contracts with its customers for supply of goods or services. The Group determines whether it controls the goods or services before they are transferred to customers, and it has the ability to direct the use of the goods or services or obtain benefits from them.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.7 Revenue from contracts with customers (continued)

(f) Principal versus agent considerations (continued)

The following factors indicate that the Group controls the goods or services before they are being transferred to customers:

- The Group is primarily responsible for fulfilling the promise to provide the specified goods or services.
- The Group has inventory risk before the specified goods has been transferred to the customers.
- The Group has discretion in establishing the price for the specified goods or services.

When the Group sells goods or services as a principal, revenue and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

(g) Consideration of significant financing component in a contract

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group concluded that there is no significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of goods or services to the customer.

4.8 Estimated useful lives of investment properties and property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on the expected usage of the asset, expected physical wear and tear, and the repairs and maintenance program and the residual value. The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. The residual values have not been considered as they are deemed immaterial.

4.9 Estimated useful lives of intangible assets with finite lives

The Group's management determines the estimated useful lives of its intangible assets with finite lives for calculating amortization. This estimate is determined after considering the expected pattern of consumption of future economic benefits embodied in the asset. Management reviews the amortization period and amortization method for an intangible with a finite life at least each financial year end and future amortization charge would be adjusted where the management believes the useful lives differ from previous estimates.

4.10 Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at each reporting date or more frequently to determine whether there is any indication of impairment or an objective evidence of impairment. If any such indication exists, asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.10 Impairment of non-financial assets (continued)

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 CGUs. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations. Significant assumptions used in preparing discounted cash flow models include growth rates, expected future cash flows, operating costs, capital expenditures, and discount rates. These inputs are based on management's best estimates of what an independent market participant would consider appropriate. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges recorded in the consolidated statement of profit or loss and the resulting carrying values of related assets.

Impairment assessment of goodwill
The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGUs is generally determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering five to ten-year period. Cash flows beyond the period used in the calculation are extrapolated using the estimated growth rates as stated in note 17. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates. Where CGU represents a subsidiary for which quoted market price is available, the Group calculates the recoverable amount based on the fair value less cost to sell approach using the closing quoted market price of the CGU (i.e. subsidiary).

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, or groups of 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 or groups of units.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets including the intangible assets in the unit (group of units) on a pro rata basis on condition that the carrying amount of other assets should not be reduced below their fair values. Where goodwill forms part of a cash-generating unit (or group of cash-generating units) 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 on disposal off the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed-off and the portion of the cash-generating unit retained.

4.11 Classification of financial assets

When the Group classifies financial assets, it makes judgments to:
- assess the business model within which the assets are held and whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amounts outstanding;
- determine the classification of certain financial assets as measured at FVTPL or at FVOCI; and
- determine fair value at the time of reclassification.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.12 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using a variety valuation technique including the discounted cash flow (DCF) model, market comparable approach, replacement cost model, and residual value method. The input to these models is derived from observable markets where available and possible, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and market volatility. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Judgements are involved in categorizing the fair value into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

4.13 Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type). The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, expected loss rates, forecast economic conditions and ECLs is a significant estimate. The Group uses judgement in making these assumptions and selecting the inputs of the impairment calculation, based on the past history, existing market and conditions as well as forward looking estimates at the end of each reporting period. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

4.14 Impairment on other financial assets

General impairment approach under IFRS 9 involves several important areas of judgement, including estimating forward-looking modelled parameters (PD, LGD and EAD), developing a range of unbiased future economic scenarios, estimating expected lives and assessing significant increases in credit risk, based on the Group’s experience of managing credit risk.

Within the consumer and credit card portfolios, which comprise large numbers of small homogenous assets with similar risk characteristics where credit scoring and similar techniques are generally used, the impairment allowance is calculated using forward-looking modelled parameters which are typically run at account level. There are many models in use, each tailored to a product, line of business or customer category. Judgement and knowledge are needed in selecting the statistical methods to use when the models are developed or revised. Management adjustments to impairment models, which contain an element of subjectivity, are applied in order to factor in certain conditions or changes in policy that are not fully incorporated into the impairment models, or to reflect additional facts and circumstances at the period end. Management adjustments are reviewed and incorporated into future model development where appropriate.”

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.14 Impairment on other financial assets (continued)

For individually significant assets in Stage 3, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows across a range of economic scenarios are taken into account. These considerations can be particularly subjective and can include the business prospects for the customer, the realizable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

Financial assets which have been renegotiated or modified are no longer considered to be past due and are replaced on performing status when all principal and interest payments are up to date and future payments are reasonably assured. Financial assets subject to individual impairment assessment and whose terms have been renegotiated, are subject to ongoing review to determine whether they remain impaired or should be considered past due. All renegotiated or modified facilities are classified as stage 2 or stage 3 for a minimum period of 12 months from the date of renegotiation. The ECL on renegotiated financial instruments is measured based on whether the terms of renegotiation resulted in the derecognition of an existing asset. Also refer to note 41.

4.15 Identification of Cash Generating Units (CGUs)

The classification of assets into CGUs requires significant judgement and interpretations with respect to the integration between assets, generation of independent cash flows by the assets, the existence of active markets and external users. Significant judgement is involved in determination of the CGUs.

4.16 Classification of property

The Group determines whether a property is classified as investment property, owner-occupied property or inventory property:

- investment property comprises land and buildings (principally offices, retail and residential property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.
- property being developed for the Group's own use and hotels under-development for which the operational model is to outsource the day-to-day functions to an operator and risks or exposure over cash flows is with the Group, are classified as owner-occupied property.
- inventory property comprises property that is held for sale in the ordinary course of business and is classified as inventory property.

The Group determines whether a property qualifies as an investment property. In doing so, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. In some instances, part of a property may be held to earn rentals or for capital appreciation purposes and the remaining part of the same property may be held for use in the production or supply of goods or services or for administrative purposes. If these parts can be sold separately (or leased out separately under a finance lease), the Group accounts for these parts separately. If these parts cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Management applies judgment to determine whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its assessment.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.17 Government grants provided in capacity of government

The Group follows the guidance in IAS 20 (Government grants) and the conceptual framework to determine when assistance received from the government meets the definition of government grant. This determination requires significant judgement. In making this judgement, the Group evaluates, among other things if the government assistance to the Group represents assistance awarded in return for the fulfilment of past or future compliance with certain conditions relating to the operating activities of the Group which are required to be achieved. The Group determines whether such transactions are clearly distinguishable from capital contributions where the government is acting in their capacity as government and not the shareholder of the Group.

4.18 Provisions and other contingent liabilities

The Group may be subject to claims and actions for which no provisions have been recognized. The facts and circumstances relating to particular cases are evaluated regularly in determining whether a provision relating to a specific litigation should be recognized or revised. Accordingly, significant judgement relating to provisions and contingent liabilities is required, since the outcome of litigation is difficult to predict and judgments in assigning the risk that might exists in such claims. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The Group recognizes provision for compensation due to expropriation; where, the Group has present obligation to bear the expropriation charges and outflow of economic benefits can be reliably measured.

4.19 Employee Benefits

Employee benefits obligations require management to make assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates, employment turnover and future healthcare costs. The Group's management use an external actuary for performing this calculation. All assumptions are reviewed at each reporting date.

(a) Discount rate

In determining the appropriate discount rate, management considers the rate of return on high-quality corporate or government bond currently available and the expected period to maturity of the employees' terminal benefits liabilities.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.19 Employee Benefits (continued)

(b) Mortality rate

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes.

(c) Salary rate and future pension increase

Estimates of future salary increase, takes into account inflation, seniority, promotion and past history.

Further details about employees' benefits liabilities are provided in note 25.

4.20 Zakat, income tax and deferred tax

Wholly owned subsidiaries within the Group, that are not exempted (refer to note 22), are subject to Zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Not exempted wholly owned subsidiaries are subject to zakat, whereas, the subsidiaries with foreign shareholders are subject to zakat for their Saudi shareholders and income tax for their foreign shareholders in accordance with the regulations of the ZATCA. The subsidiaries recognize liabilities for any anticipated zakat and income tax based on management's best estimates of whether additional zakat/taxes will be due. The final outcome of any additional amount assessed by the ZATCA is depending on the eventual outcome of the appeal process which the subsidiary is entitled to. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences could impact the consolidated statement of profit and loss in the period in which such final determination is made.

4.21 Changes in accounting estimates

As part of the Group's annual assessment and taking into consideration the changes in laws and regulations and overall change in the economic environment of the Kingdom of Saudi Arabia specific to the Group's mining business and industry, the management of mining subsidiaries in consultation with their external experts carried out a detailed exercise and concluded to revise the following significant accounting estimates during the year ended 31 December 2023:

a) economic useful lives and residual values of mine properties and property, plant and equipment; and

b) site rehabilitation and dismantling obligations of plants and processing facilities for its mining and non-mining properties.

The changes in accounting estimates above did not result in a material impact on the financial statements.

5. CASH AND DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Material accounting policies that apply to cash and deposits with banks and financial institutions

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as those amounts included in (i) cash and current accounts, (ii) balances with SAMA, excluding statutory deposits, and (iii) short-term deposits with banks and due from banks and other financial institutions with original maturity of three months or less which are subject to insignificant risk of changes in their fair value.

(All amounts in million SAR unless otherwise stated)

5. CASH AND DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

5.1 Banking and Financing Operations

(a) Cash and balances with Central Banks	*As at 31 December 2023*	*As at 31 December 2022*
Money market placements and current account	66,417	24,163
Short-term statutory deposits	36,553	35,636
Cash on hand	7,111	7,101
Total cash and balances with Central Bank	**110,081**	**66,900**

(b) Due from banks and other financial institutions, net		
Money market placement	30,974	27,275
Current account	26,601	14,689
Reverse repurchase agreement	9,614	782
Total due from banks and other financial institutions, net	**67,189**	**42,746**
Total (A) = *(a) + (b)*	177,270	109,646

5.2 Non-Banking and Financing Operations

	As at 31 December 2023	*As at 31 December 2022*
Cash on hand	123	178
Cash at banks	56,023	58,667
Balances with other financial institutions	6,721	5,512
Islamic Murabaha deposits (less than 3 months)	37,960	29,978
Conventional deposits with banks (less than 3 months)	24,082	30,628
Conventional deposits with banks (more than 3 months)	4,923	11,236
Islamic Murabaha deposits (more than 3 months)	22,699	11,686
	152,531	**147,885**
Less: Allowance for impairment (ECL)	(16)	(17)
Total (B)	**152,515**	**147,868**
Total cash and deposits with banks and other financial institutions, net (A + B)	**329,785**	**257,514**

5.3 For the purpose of the consolidated statement of cash flows, cash and cash equivalent

	2023	*2022*
Total cash and deposits with banks and other financial institutions	329,785	257,514
Less: Statutory deposits	(36,553)	(35,636)
Less: Restricted balances	(3,636)	(3,378)
Less: due from banks and financial institutions with original maturity more than 3 months	(11,167)	(8,912)
Less: Short term deposits, Murhabas and other certificates with original maturity more than 3 months	(34,993)	(22,931)
Cash and cash equivalent	**243,436**	**186,657**

(All amounts in million SAR unless otherwise stated)

5. CASH AND DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

5.4 Other disclosures related to cash and deposits with banks and other financial institutions

(a) Cash and deposits with banks and other financial institutions include statutory deposits amounting to SAR 36,553 million (2022: SAR 35,636 million) relating to reserve requirements maintained by the Group with Saudi Central Bank and the Central Bank of Bahrain ("Central Banks"). The reserves placed with the Central Banks are not available for use in the day-to-day operations and cannot be withdrawn without the approval of the Central Banks. The level of reserves required changes periodically in accordance with the directives of the Central Banks. Therefore, statutory deposits are not part of cash and cash equivalent.

(b) Interest rates and special commission income on deposits range from 0.10% to 9.00% (2022: from 0.11% to 10.00%).

(c) Restricted bank balance represents mainly a balance held in escrow bank account for specified purpose and balance related to employees' savings plan obligation.

(d) Cash and cash equivalent include cash with an amount of SAR 3,071 million (2022: SAR 4,637 million) held in escrow accounts for specific purposes.

6. INVESTMENT SECURITIES

6.1 Classification of Group's investments

	As at 31 December 2023	*As at 31 December 2022*
Measured at fair value through profit or loss (FVTPL)		
Equities, mutual funds, hedge funds and others	645,459	533,464
Fixed rate debt securities	12,739	12,635
Floating rate debt securities	2,728	248
Investment securities measured at FVTPL (A)	**660,926**	**546,347**
Measured at fair value through other comprehensive income (FVOCI)		
Equities	750,058	376,517
Fixed rate debt securities	75,654	62,175
Floating rate debt securities	16,457	20,283
Investment securities measured at FVOCI (B)	**842,169**	**458,975**
Measured at amortized cost		
Fixed rate debt securities	185,556	188,373
Floating rate debt securities	41,057	48,699
Sub-total	**226,613**	**237,072**
Allowance for impairment (ECL)	(930)	(869)
Investment securities measured at amortized cost (C)	**225,683**	**236,203**
Total investment securities (A+B+C)	**1,728,778**	**1,241,525**

(All amounts in million SAR unless otherwise stated)

6. INVESTMENT SECURITIES (continued)

6.2 The product-wise breakdown of the investment securities, net of impairment as at:

	31 December 2023	*31 December 2022*
Equities and investment funds	1,395,518	909,981
Sukuk issued by Government	217,706	183,374
Sukuk issued by others	32,378	52,117
Sukuk issued by banks and financial institutions	25,364	15,416
Certificates of deposit	769	652
Other securities	57,043	79,985
Total investment securities	**1,728,778**	**1,241,525**

6.3 The currency analysis of the investment securities, net of impairment, as at:

	31 December 2023	*31 December 2022*
SAR	948,995	616,319
USD	619,332	490,515
EUR	52,880	39,315
GBP	4,274	4,831
Other currencies	103,297	90,545
Total investment securities	**1,728,778**	**1,241,525**

Other currencies mainly comprise of Japanese Yen, Indian Rupee, Chinese Yuan, Canadian Dollar and Hong Kong Dollar.

6.4 The geographic analysis of the Group's investment securities, net of impairment, as at:

	31 December 2023	*31 December 2022*
MENA region	1,014,484	654,617
United States of America	426,552	304,768
Europe	166,263	161,277
Others	121,479	120,863
Total investment securities	**1,728,778**	**1,241,525**

Others mainly include investments in the Republic of India, People's Republic of China, Japan, Dominion of Canada and Hong Kong.

(All amounts in million SAR unless otherwise stated)

6. INVESTMENT SECURITIES (continued)

6.5 Disclosures for debt securities carried at amortized cost

(a) The movement of changes in the gross amount of debt instruments carried at amortized cost:

	Stage 1 12 -month ECL	*Stage 2 Lifetime ECL (not credit impaired)*	*Stage 3 Lifetime ECL (credit impaired)*	*Total*
As at 1 January 2023	234,854	1,230	988	237,072
Newly originated or purchased	26,396	348	-	26,744
Derecognized on repayment or disposal	(35,897)	(744)	-	(36,641)
Transfers to Stage 2	(1,545)	1,545	-	-
Translation differences and write offs	(443)	(100)	(19)	(562)
At 31 December 2023	**223,365**	**2,279**	**969**	**226,613**
Allowance for impairment (ECL)	(116)	(47)	(767)	(930)
	223,249	**2,232**	**202**	**225,683**
As at 1 January 2022	223,237	1,281	206	224,724
Newly originated or purchased	29,460	2,508	51	32,019
Derecognized on repayment or disposal	(17,615)	(1,925)	-	(19,540)
Transfers to Stage 1	765	(765)	-	-
Transfers to Stage 2	(141)	141	-	-
Transfers to Stage 3	(721)	(10)	731	-
Translation differences and write offs	(131)	-	-	(131)
At 31 December 2022	**234,854**	**1,230**	**988**	**237,072**
Allowance for impairment (ECL)	(100)	(34)	(735)	(869)
	234,754	**1,196**	**253**	**236,203**

(b) Analysis of unrealized revaluation gains/(losses) and fair value of investments held at amortized cost:

	Carrying value as at 31 December	*Gross unrealized profit*	*Gross unrealized loss*	*Fair value as at 31 December*
As at 31 December 2023:				
Fixed rate debt securities	185,556	302	(9,893)	175,965
Floating rate debt securities	40,127	1,107	(6)	41,228
Total	**225,683**	**1,409**	**(9,899)**	**217,193**
As at 31 December 2022:				
Fixed rate debt securities	187,515	187	(12,492)	175,210
Floating rate debt securities	48,688	1,251	(82)	49,857
Total	**236,203**	**1,438**	**(12,574)**	**225,067**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

6. INVESTMENT SECURITIES (continued)

6.6 Disclosures for debt securities carried at FVOCI

(a) The movement of changes in the debt instruments carried at FVOCI is as follows:

	Stage 1 12 -month ECL	*Stage 2 Lifetime ECL (not credit impaired)*	*Stage 3 Lifetime ECL (credit impaired)*	*Total*
As at 1 January 2023	82,086	372	-	**82,458**
Newly originated or purchased	39,087	-	-	**39,087**
Derecognized on sale or disposal	(30,114)	(238)	-	**(30,352)**
Change in fair value	1,964	51	-	**2,015**
Transfers to Stage 1	135	(135)	-	-
Transfers to Stage 2	(258)	258	-	-
FX adjustment	(1,097)	-	-	**(1,097)**
At 31 December 2023	**91,803**	**308**	**-**	**92,111**
As at 1 January 2022	76,158	372	-	**76,530**
Newly originated or purchased	37,021	-	-	37,021
Derecognized on sale or disposal	(31,169)	-	-	(31,169)
Change in fair value	76	-	-	76
At 31 December 2022	**82,086**	**372**	**-**	**82,458**

There were no transfers between stages during the year ended 31 December 2022.

6.7 The classification of net investment securities (excluding equity instruments) as per their external ratings

As at 31 December 2023

Rating	*Measured at FVTPL*	*Measured at FVOCI*	*Measured at amortized cost*	*Total*
AAA	-	10,432	2,513	**12,945**
AA+	11	12,674	5,323	**18,008**
AA	7	3,461	2,834	**6,302**
AA-	94	2,802	8,596	**11,492**
A+	1,808	28,667	148,132	**178,607**
A	349	3,478	4,080	**7,907**
A-	418	9,857	6,569	**16,844**
BBB+	196	3,530	593	**4,319**
BBB- and below	2,212	15,680	9,742	**27,634**
Unrated	10,372	1,530	37,301	**49,203**
Total	**15,467**	**92,111**	**225,683**	**333,261**

(All amounts in million SAR unless otherwise stated)

6. INVESTMENT SECURITIES (continued)

6.7 The classification of net investment securities (excluding equity instruments) as per their external ratings (continued)

As at 31 December 2022

Rating	*Measured at FVTPL*	*Measured at FVOCI*	*Measured at amortized cost*	*Total*
AAA	-	13,886	4,351	**18,237**
AA+	10	91	1,954	**2,055**
AA	-	2,683	4,643	**7,326**
AA-	-	2,460	8,577	**11,037**
A+	1,078	16,630	82,381	**100,089**
A	-	11,202	70,207	**81,409**
A-	153	6,788	2,237	**9,178**
BBB+	-	1,367	1,149	**2,516**
BBB- and below	836	14,046	6,607	**21,489**
Unrated	10,806	13,305	54,097	**78,208**
Total	**12,883**	**82,458**	**236,203**	**331,544**

As at 31 December 2023, the unrated investment securities include an amount of SAR 36,697 million (as at 31 December 2022: SAR 50,112 million) which are fully collateralized.

6.8 The analysis of the composition of investment securities

	As at 31 December 2023		*As at 31 December 2022*	
Measured at FVTPL	*Quoted*	*Un-quoted*	*Quoted*	*Un-quoted*
Equity, mutual funds, hedge funds and others	193,622	451,837	145,760	387,704
Fixed rate debt securities	4,053	8,686	191	12,444
Floating rate debt securities	122	2,606	-	248
Investment securities measured at FVTPL (A)	**197,797**	**463,129**	**145,951**	**400,396**
Measured at FVOCI				
Equity	711,942	38,116	334,358	42,159
Fixed rate debt securities	70,505	5,149	57,579	4,596
Floating rate debt securities	7,645	8,812	15,115	5,168
Investment securities measured at FVOCI (B)	**790,092**	**52,077**	**407,052**	**51,923**
Measured at amortized cost				
Fixed rate debt securities	139,584	45,972	131,457	56,916
Floating rate debt securities	35,420	5,637	39,121	9,578
Sub-total	175,004	51,609	170,578	66,494
Less: Allowance for impairment (ECL)	(714)	(216)	(98)	(771)
Investment securities at amortized cost (C)	**174,290**	**51,393**	**170,480**	**65,723**
Total investments securities (A+B+C)	**1,162,179**	**566,599**	**723,483**	**518,042**

(All amounts in million SAR unless otherwise stated)

6. INVESTMENT SECURITIES (continued)

6.9 Investments in equity instruments designated at fair value through other comprehensive income

Particular	*As at 31 December 2023*	*As at 31 December 2022*
Domestic – quoted	657,560	301,097
International – quoted	54,382	33,261
Domestic – unquoted	827	5,677
International – Unquoted	37,289	36,482
Total	**750,058**	**376,517**

On initial recognition, for an equity investment that is not held for trading but for strategic purposes, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends recognized during the year ended 31 December 2023 from the investments held at the end of the reporting period amounted to SAR 30,691 million (2022: SAR 15,314 million)

6.10 Other disclosures related to investment securities

(a) Fixed rate bonds and Sukuk carry annual interest rates ranging from 1.77% to 17.50% (2022: from 0.12% to 17.50%).

(b) Floating rate bonds and Sukuk carry annual interest margins of from 0.50% to 10.00% (2022: 0.70% to 10.00%) over SAIBOR or SONIA or LIBOR.

(c) The Group holds convertible notes receivable as part of investment securities and are classified at FVTPL as these instruments failed the SPPI test.

(d) Investments held at amortized cost as at 31 December 2023 include investments amounting to SAR 1,730 million (as at 31 December 2022: SAR 6,687 million) which are held under a fair value hedge relationship. As at 31 December 2023, the fair value of these investments amounts to SAR 1,606 million (as at 31 December 2022: SAR 3,513 million).

(e) The Group pledges financial assets for securities lending transactions which are generally conducted under terms that are usual and customary for standard securitized borrowing contracts. As at 31 December 2023, securities amounting to SAR 5,013 million (as at 31 December 2022: SAR 4,904 million) have been lent to counterparties under securities lending transactions.

(f) The Group enters into collateralized lending transactions (reverse repurchase agreements) in the ordinary course of its operating activities. The collateral is in the form of highly rated debt securities. The collateralized lending transactions are conducted under standardized terms that are usual and customary for such transactions. Securities pledged with the Group in respect of reverse repo transactions as at 31 December 2023 amounting to SAR 15,981 million (as at 31 December 2022: SAR 2,734 million). The Group is allowed to sell or repledge these securities in the event of default by the counterparty.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

7. FINANCING AND ADVANCES

Material accounting policies that apply to financing and advances

Financing and advances represent the receivables arising from the banking and financing subsidiaries of the Group. Financing and advances are non-derivative financial assets originated or acquired by the Group with fixed or determinable payments.

Financing and advances are recognized when cash is advanced to borrowers. They are derecognized when either the borrower repays their obligations, or the financing and advances are sold or written off, or substantially all the risks and rewards of ownership are transferred.

Financing and advances are initially measured at fair value of the consideration given. Following initial recognition, financing and advances for which fair value has not been hedged are stated at amortized cost less any amount written off and ECL allowances for impairment. For presentation purposes, allowance for expected credit losses is deducted from financing and advances.

7.1 The breakdown of the financing and advances

	As at 31 December 2023	*As at 31 December 2022*
Conventional financing and advances		
Corporate	77,700	66,380
Consumer and credit card	8,553	8,439
International	18,799	15,706
Other [(a)]	36,226	18,438
Total conventional financing and advances (A)	**141,278**	**108,963**
Sharia compliance financing and advances		
Ijara receivables – Corporate	22,930	23,054
Ijara receivables – Consumer and credit card	43,223	49,030
Total Ijara receivables (B)	**66,153**	**72,084**
Murabaha receivables - Corporate	163,560	139,355
Murabaha receivables - Consumer and credit card	299,326	284,253
Total Murabaha receivables (C)	**462,886**	**423,608**
Gross Financing and advances (A + B + C)	**670,317**	**604,655**
Allowance for ECL	(11,558)	(12,411)
Financing and advances, net	**658,759**	**592,244**
Performing and non-performing gross financing and advances:		
Performing financing and advances	658,713	592,448
Non-performing financing and advances	11,604	12,207
	670,317	**604,655**

(a) Other includes financing to financial institutions

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

7. FINANCING AND ADVANCES (continued)

7.2 The ageing of the gross performing financing and advances

	As at 31 December 2023				
	Conventional	*Ijara*	*Murabaha*	*Others[(a)]*	*Total*
Neither past due nor impaired	97,554	60,250	450,700	36,223	**644,727**
Past due but not impaired					
Less than 30 days	2,273	2,684	2,689	-	**7,646**
30-59 days	945	1,081	1,088	-	**3,114**
60-89 days	1,073	1,109	1,044	-	**3,226**
Total past due, not impaired	**4,291**	**4,874**	**4,821**	**-**	**13,986**
Total performing financing and advances	**101,845**	**65,124**	**455,521**	**36,223**	**658,713**

	As at 31 December 2022				
	Conventional	*Ijara*	*Murabaha*	*Others[(a)]*	*Total*
Neither past due nor impaired	84,948	69,190	406,984	17,944	**579,066**
Past due but not impaired					
Less than 30 days	1,324	699	3,887	406	**6,316**
30-59 days	507	380	2,181	-	**3,068**
60-89 days	1,479	394	2,125	-	**3,998**
Total past due, not impaired	**3,310**	**1,473**	**8,193**	**406**	**13,382**
Total performing financing and advances	**88,258**	**70,663**	**415,177**	**18,350**	**592,448**

(a) Others include conventional financing to financial institutions.

7.3 The detailed movement of the gross financing and advances and movement in ECL

(a) Movement of changes in gross carrying amount by stage

	For the year ended 31 December 2023				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January	563,160	28,491	10,047	2,957	**604,655**
Net increase/(decrease) during the year	76,268	210	409	230	**77,117**
Transfers to Stage 1	2,321	(2,154)	(167)	-	**-**
Transfers to Stage 2	(5,753)	5,819	(66)	-	**-**
Transfers to Stage 3	(941)	(1,625)	2,566	-	**-**
Amount written-off	-	-	(3935)	-	**(3,935)**
Translation differences	(5,755)	(502)	(183)	-	**(6,440)**
Other adjustments *	(1,066)	(2)	(12)	-	**(1,080)**
At 31 December	**628,234**	**30,237**	**8,659**	**3,187**	**670,317**

* Other adjustments include remeasurement and accrued interest.

(All amounts in million SAR unless otherwise stated)

7. FINANCING AND ADVANCES (continued)

7.3 The detailed movement of the gross financing and advances and movement in ECL (continued)

(a) Movement of changes in gross carrying amount by stage (continued)

	For the year ended 31 December 2022				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January	512,681	22,629	9,420	2,624	**547,354**
Net increase/(decrease) during the year	62,289	176	(103)	333	62,695
Transfers to Stage 1	2,962	(2,873)	(89)	-	-
Transfers to Stage 2	(10,594)	10,674	(80)	-	-
Transfers to Stage 3	(927)	(2,157)	3,084	-	-
Amount written-off	-	-	(2,126)	-	(2,126)
Translation differences	(4,380)	(407)	(264)	-	(5,051)
Other adjustments	1,129	449	205	-	1,783
At 31 December	**563,160**	**28,491**	**10,047**	**2,957**	**604,655**

(b) Movement of changes in ECL amount by stage

	For the year ended 31 December 2023				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January	2,062	3,576	6,773	-	**12,411**
Net impairment charge / (reversal)	(157)	836	2,945	-	**3,624**
Transfers to Stage 1	689	(531)	(158)	-	**-**
Transfers to Stage 2	(282)	344	(62)	-	**-**
Transfers to Stage 3	(14)	(618)	632	-	**-**
Bad debt written off	-	-	(4,072)	-	**(4,072)**
Translation differences	(46)	(155)	(204)	-	**(405)**
At 31 December	**2,252**	**3,452**	**5,854**	**-**	**11,558**

	For the year ended 31 December 2022				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January	2,484	3,128	6,380	-	**11,992**
Net impairment charge / (reversal)	(515)	793	2,837	-	3,115
Transfers to Stage 1	155	(124)	(31)	-	-
Transfers to Stage 2	(64)	83	(19)	-	-
Transfers to Stage 3	(26)	(206)	232	-	-
Bad debt written off	-	-	(2,481)	-	(2,481)
Translation differences	3	(101)	(232)	-	(330)
Other adjustments	25	3	87	-	115
At 31 December	**2,062**	**3,576**	**6,773**	**-**	**12,411**

(All amounts in million SAR unless otherwise stated)

7. FINANCING AND ADVANCES (continued)

7.4 Impairment charge for financing and advances losses recognized in the consolidated statement of profit or loss represents

	2023	*2022*
Net impairment charge	3,624	3,115
(Reversal) against indirect facilities (included in other liabilities)	(642)	(13)
Recoveries of debts previously written-off	(1,708)	(1,235)
Direct write-off	47	37
Others	(3)	(39)
Net charge for the year	**1,318**	**1,865**

7.5 Other disclosures related to financing and advances

(a) Financing products, included in financing and advances, gross, in compliance with Shariah rules was SAR 548,652 million (2022: SAR 504,421 million). Allowance for financing losses (ECL) related to the above financing products in compliance with Shariah rules amounting to SAR 9,020 million (2022: SAR 10,225 million).

(b) The financing and advances include gross finance lease receivables (including Ijara in compliance with Shari'a rules) amounting to SAR 64,190 million (2022: SAR 57,794 million), unearned finance income on finance lease amounting to SAR 12,223 million (2022: SAR 10,975 million), net amounting to SAR 51,967 million (2022: SAR 46,819 million).

(c) The carrying amount of restructured facilities amounting to SAR 3,447 million (2022: SAR 2,919 million).

(d) The fair value of collateral that the Group holds relating to financing and advances classified under Stage 2 amounts to SAR 15,609 million (2022: SAR 11,827 million). The fair value of collateral that the Group holds relating to financing and advances individually determined to be impaired classified under Stage 3 amounts to SAR 1,519 million (2022: SAR 1,678 million).

(e) Special commission income relating to non-performing financing and advances during the year is SAR 480 million (2022: SAR 1,002 million).

(All amounts in million SAR unless otherwise stated)

8. PROMISSORY NOTES

This represents the balance of the amount receivable from Saudi Arabian Oil Company ("Aramco") (a related party), measured at amortized cost, with respect to the sale of 70% equity interest in Saudi Basic Industries Company ("SABIC"), a former subsidiary of the Group, during 2020 for a consideration of SAR 259,125 million (equivalent to US $69,100 million). This consideration was settled through issuance of promissory notes.

Based on the schedule of principal and loan charges agreed by the Group and Aramco, the effective interest rate of the promissory note is computed at 2.28%. During the years ended 31 December 2023 and 31 December 2022, Aramco made the following repayments:

i. On 23 January 2022, a partial prepayment of SAR 28,579 million (equivalent to US $7,621 million), which resulted in a discounting gain of SAR 213 million (equivalent to US $57 million).
ii. On 7 April 2022, outstanding amounts of the promissory notes due on that date, amounting to SAR 33,750 million (equivalent to US $9,000 million).
iii. On 30 June 2022, a partial prepayment of SAR 38,192 million (equivalent to US $10,185 million), which resulted in a discounting loss of SAR 3,287 million (equivalent to US $877 million).
iv. On 13 March 2023, a partial prepayment of SAR 59,039 million (equivalent to US $15,744 million), which resulted in a discounting loss of SAR 4,693 million (equivalent to US $1,251 million).
v. On 7 April 2023, outstanding amounts of the promissory notes due on that date, amounting to SAR 41,250 million (equivalent to US $11,000 million).
vi. On 2 May 2023, a final prepayment of SAR 16,691 million (equivalent to US $4,451 million), which resulted in a discounting loss of SAR 1,176 million (equivalent to US $314 million).

The movement of Aramco promissory notes

	2023	*2022*
As at 1 January	122,183	222,303
Interest for the period	666	3,475
Payment received during the period	(116,980)	(100,521)
Loss on prepayment of promissory notes	(5,869)	(3,074)
Carrying value of Aramco promissory notes at 31 December	-	**122,183**

9. DERIVATIVES

Material accounting policies that apply to derivative financial instruments and hedge accounting

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments. Notional amounts of the contracts are not recorded on the balance sheet. All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

(a) Hedge accounting

The Group applies the requirements of IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting purposes. The Group applies hedge accounting to represent the economic effects of its interest rate and currency risk management strategies. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

9. DERIVATIVES (continued)

Material accounting policies that apply to derivative financial instruments and hedge accounting (continued)

(a) Hedge accounting (continued)

- *Fair value hedges*

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the consolidated statement of profit or loss, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortized cost. If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortized to the consolidated statement of profit or loss over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortized fair value adjustment is recognized immediately in the consolidated statement of profit or loss. For items classified as fair value through other comprehensive income, the hedge accounting adjustment is included in other comprehensive income.

- *Cash flow hedges*

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognized initially in other comprehensive income, and then recycled to the consolidated statement of profit or loss in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss immediately. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the hedged item is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately transferred to the consolidated statement of profit or loss.

(b) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:
- the host contract is not an asset in the scope of IFRS 9;
- hybrid contract is not measured at FVTPL
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; &
- 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 values with all changes in fair value recognized in the consolidated statement of profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

9. DERIVATIVES (continued)

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

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

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

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

- *Structured derivative products*: Structured derivative products provide financial solutions to the customers of the Group to manage their risks in respect of foreign exchange, special commission rate and commodity exposures and enhance yields by allowing deployment of excess liquidity within specific risk and return profiles. The majority of the Group's structured derivative transactions are entered on a back-to-back basis with various counterparties.

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

As part of its asset and liability management, derivatives are used for hedging purposes in order to adjust the Group’s exposure to currency and special commission rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall statement of financial position exposures. Strategic hedging does not qualify for special hedge accounting and the related derivatives are accounted for as held for trading, such as special commission rate swaps, special commission rate options and futures, forward foreign exchange contracts and currency options.

For non-banking operations, the Group utilizes derivative financial instruments (e.g. swaps, forwards, futures, and options) to manage certain market risk exposures. For non-banking operations, the Group does not use derivative financial instruments for speculative purposes.

Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk (refer note 42 for details). Part of the risk management process involves managing the Group's exposure to fluctuations in foreign exchange and interest rate rates to reduce its exposure to currency and interest rate risks to acceptable levels.

The Group uses interest rate swaps to hedge against the interest rate risk arising from specifically identified fixed interest rate exposures. The Group also uses interest 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.

(All amounts in million SAR unless otherwise stated)

9. DERIVATIVES (continued)

Cash flows hedges

The Group is exposed to variability in future interest rate cash flows on non-trading assets and liabilities. The Group generally uses interest rate swaps as hedging instruments to hedge against these interest rate risks.

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

9.1 Fair value of derivatives

	Fair value of derivatives (Assets) As at		*Fair value of derivatives (Liabilities) As at*	
	31 December 2023	*31 December 2022*	*31 December 2023*	*31 December 2022*
Derivatives held for trading	**23,689**	22,016	**21,970**	21,547
Derivatives held as cash flow hedges	**219**	368	**883**	969
Derivatives held as fair value hedges	**1,629**	2,460	**712**	495
Fair value of derivatives	**25,537**	**24,844**	**23,565**	**23,011**

9.2 Derivatives held for trading

As at 31 December 2023:

			Notional amounts		
	Derivative assets – fair value	*Derivative liabilities – fair value*	*Less than 1 year*	*More than 1 year*	*Total*
Interest rate swaps	22,781	21,312	122,971	554,416	**677,387**
Forward foreign exchange contracts	376	259	59,176	33,417	**92,593**
Interest rate options	154	167	5,165	12,808	**17,973**
Foreign exchange options	40	25	1,165	3,976	**5,141**
Others	338	6	200	4,966	**5,166**
Common Stock warrants	-	201	-	-	-
Total derivatives held for trading	**23,689**	**21,970**	**188,677**	**609,583**	**798,260**

As at 31 December 2022:

			Notional amounts		
	Derivative assets – fair value	*Derivative liabilities – fair value*	*Less than 1 year*	*More than 1 year*	*Total*
Interest rate swaps	21,213	20,356	122,148	507,646	**629,794**
Forward foreign exchange contracts	572	450	215,103	38,925	**254,028**
Interest rate options	152	161	7,581	17,310	**24,891**
Foreign exchange options	72	46	4,653	1,301	**5,954**
Others	7	7	150	343	**493**
Common Stock warrants	-	527	-	-	-
Total derivatives held for trading	**22,016**	**21,547**	**349,635**	**565,525**	**915,160**

(All amounts in million SAR unless otherwise stated)

9. DERIVATIVES (continued)

9.3 Derivatives held as cash flow hedges

As at 31 December 2023:	*Derivative assets – fair value*	*Derivative liabilities – fair value*	*Notional amounts* Less than 1 year	*Notional amounts* More than 1 year	*Notional amounts* Total
Interest rate swaps	219	883	3,276	21,271	24,547
Total derivatives held as cash flow hedges	**219**	**883**	**3,276**	**21,271**	**24,547**

As at 31 December 2022:	*Derivative assets – fair value*	*Derivative liabilities – fair value*	*Notional amounts* Less than 1 year	*Notional amounts* More than 1 year	*Notional amounts* Total
Interest rate swaps	368	969	8,894	9,633	18,527
Total derivatives held as cash flow hedges	**368**	**969**	**8,894**	**9,633**	**18,527**

The average fixed interest rate on the interest rate swaps designated as cash flows hedges during the year ranged between 4.41% and 4.87% (2022: 1.50% and 2.87%).

9.4 Derivatives held as fair value hedges

As at 31 December 2023:	*Derivative assets – fair value*	*Derivative liabilities – fair value*	*Notional amounts* Less than 1 year	*Notional amounts* More than 1 year	*Notional amounts* Total
Interest rate swaps	1,629	712	17,234	34,758	51,992
Total derivatives held as fair value hedges	**1,629**	**712**	**17,234**	**34,758**	**51,992**
As at 31 December 2022:					
Interest rate swaps	2,460	495	19,520	33,061	52,581
Total derivatives held as fair value hedges	**2,460**	**495**	**19,520**	**33,061**	**52,581**

(All amounts in million SAR unless otherwise stated)

10. TRADE RECEIVABLES

Material accounting policies that apply to trade receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at their transaction price (which is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties) and subsequently measured at either amortized cost using the effective interest method, less expected credit loss ("ECL") allowance, if any, or at fair value through profit and loss. Details about the Group's impairment policies and the calculation of allowance for ECL are provided in note 3.

Trade receivables that do not meet the criteria for amortized cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss ("FVTPL"). Any gain or loss arising on such trade receivables, if material, is recognized in the consolidated statement of profit or loss and presented within revenue.

10.1 Details of trade receivables:

	As at 31 December 2023	*As at 31 December 2022*
Trade receivables from customers	19,814	15,152
Receivables from Government and Government related entities	43,509	41,620
Trade receivables, gross	**63,323**	**56,772**
Allowance for expected credit losses		
Trade receivables from customers	(2,884)	(2,521)
Receivables from Government and Government related entities	(1,873)	(1,719)
Total allowance for expected credit loss	**(4,757)**	**(4,240)**
Trade receivables, net	**58,566**	**52,532**

The Group holds all its trade receivables, within a business model, with the objective of collecting the contractual cash flows. However, the contractual terms of certain trade receivables as at 31 December 2023 with an amount of SAR 2,910 million (as at 31 December 2022: SAR 3,540 million) do not give rise, on a specific date, to cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, they are measured at FVTPL.

10.2 The movement in the allowance for expected credit losses of trade receivables:

	2023	*2022*
As at 1 January	4,240	4,018
Charge during the year	944	1,410
Related to discontinued operations / assets held for sale	-	(14)
Acquired through business combination	141	206
Written-off during the year	(354)	(1,158)
Other adjustments	(214)	(222)
At 31 December	**4,757**	**4,240**

(All amounts in million SAR unless otherwise stated)

10. TRADE RECEIVABLES (continued)

10.3 Ageing analysis of trade receivables:

	As at 31 December 2023	*As at 31 December 2022*
Not past due	17,746	11,311
Past due:		
Less than 3 months	12,034	9,947
3 to 6 months	5,512	5,327
7 to 12 months	12,656	11,348
More than 12 months	15,375	18,839
At 31 December	**63,323**	**56,772**

11. INVENTORIES

Material accounting policies that apply to inventories

Inventories comprises of finished goods, work-in-process inventory, raw materials, spares and consumables.

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- raw materials, spares and consumables: purchase cost on weighted average basis;
- finished goods and work in process: cost of direct materials and labor and a proportion of mining and manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in other comprehensive income, in respect of the purchases of raw materials.

Net realizable value (NRV) is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Mining operations - Finished Goods:

Saleable finished goods are measured at the lower of cost (or unit cost of production for the period in case of commodities) or net realizable value. The unit cost of production is determined as the total cost of production divided by the saleable unit output.

Cost assigned to saleable inventories on hand at the reporting date, arising from the conversion process, is determined by the unit cost of production and comprises of:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore and the amortization of any stripping activity assets;
- direct production overheads; and
- the revenue generated from the sale of by-products is credited against production costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

11. INVENTORIES (continued)

Material accounting policies that apply to inventories (continued)

Mining operations - Finished Goods (continued)

By-products are valued at net realizable value, with reference to the spot price of the commodities ruling at the reporting date.

Mining operations - Work-in-process

The cost of work-in-process is determined using unit cost of production for the period based on the percentage of completion at the applicable stage and the estimated recoverable content:

- labor costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore, and production activities;
- the depreciation of mining properties and leases of property, plant and equipment used in the extraction and processing of ore, and the amortization of any deferred stripping assets; and
- direct production overheads.

Real Estate – Development property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as development property and is measured at the lower of cost and net realizable value (NRV). Principally, this is commercial and residential properties that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- cost of the land, if any;
- freehold and leasehold rights for land;
- amounts paid to contractors for development;
- planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs.

When a development property is sold, the carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of development properties recognized in the consolidated statement of profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

11.1 Details of inventories

	As at 31 December 2023	*As at 31 December 2022*
Finished Goods	8,585	7,959
Work-in-progress	9,835	5,321
Raw materials	3,439	5,188
Spare parts	4,636	3,393
Others	1,110	917
	27,605	**22,778**
Less: Provision for obsolete and slow-moving inventories	(2,090)	(2,981)
Total	**25,515**	**19,797**

(All amounts in million SAR unless otherwise stated)

11. INVENTORIES (continued)

11.2 The movement in allowance for obsolete and slow-moving inventories

	2023	*2022*
As at 1 January	2,981	791
Charge during the year, net	3,141	2,174
Amounts written off	(4,044)	(69)
Other adjustments	12	85
At 31 December	**2,090**	**2,981**

11.3 Other disclosures related to inventories:

(a) The carrying amount of inventories carried at NRV amounts to SAR 5,267 million (2022: SAR 6,155 million).

(b) Finished goods include development properties for sale amounting to SAR 2,118 million (2022: SAR 981 million). Work-in-progress include properties under development amounting to SAR 8,252 million (2022: SAR 3,907 million).

12. OTHER ASSETS

Material accounting policies that apply to other assets

The accounting policy for other assets that meet the definition of a financial asset is covered within material accounting policies that apply to the overall financial statements (refer to note 3). Below are the accounting policies for some categories of assets within this note.

Contract balances arising from contracts with customers

- Contract assets: A contract asset is initially recognized for revenue earned from services where the receipt of consideration is conditional on successful completion of the services. Upon completion of the services and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment.

- Trade receivables: A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due) (refer to note 10 for accounting policy related to trade receivables).

Player payments

Player payments represent amounts paid and amounts to be paid to golf players for their participation in golf tournaments. The player obligations being, amongst others, playing golf to the best of their abilities throughout the term of the contract, involvement in league activities, team promotional activities, etc. Player payments consist of commitment fees to be paid in tranches, annual payments, adjusted annual earnings and individual prize money.

The commitment fees paid in advance (e.g. upon signing the contract and at the beginning of the season) are initially capitalized (as a prepayment) in the consolidated statement of financial position and then allocated (amortized) to the consolidated statement of profit or loss over the term of the contract. The amortized amount is calculated based on the expected number of events to be played by each player over the contract period. Currently a 'season' commences and completes within a fiscal year.

12. OTHER ASSETS (continued)

Material accounting policies that apply to other assets

Player payments (continued)

The subsequent tranches of commitment fees are to be paid in arrears at the end of each season upon the player having played that relevant season in full. The annual payments made to the player during the term of the contract are related to the player's participation over the related season and the team and league exploitation of the player's name, image and likeness for commercial and contractual purposes. The adjusted earnings payment effectively relates to a player's participation over the season and will be paid to the player based on the previous year's financial performance of the entity contracted with the player (i.e. in arrears). An expense is accrued in the consolidated statement of profit or loss for subsequent tranches of commitment fees, the annual payments (unless an advance annual payment is made to the player that initially capitalized and then amortized over the duration of the fiscal year related to it) and the annual adjusted earnings payments.

Player payments are assessed for impairment whenever there is an indication that the player payment may be impaired. The Group assesses whether any impairment of the player payments has occurred by monitoring indicators such as contract term, ability to play, injury, disgrace and "un-sponsorable" amongst other factors.

Service concession assets

An arrangement is categorized as a Service concession arrangement if all of the following criteria are met:

- there is an arrangement between the Group and the operator to build and operate the asset;
- the Group controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
- the Group controls, through ownership, beneficial entitlement or otherwise any significant residual interest in the asset at the end of the term of the arrangement.

Where the Group is acting as a grantor under service concession agreements, the Group determines the point of transfer of control in respect of an asset, (or an upgrade to an existing asset) provided by the operator, considering the conceptual framework and other IFRS standards. The group also assesses whether the asset recognition criteria is met in line with IFRS before recording a service concession asset.

Service concession asset are measured at fair value. Where applicable, the service concession assets, which are under construction, current replacement cost method is assessed and as an appropriate method to determine the fair value and taking into account IAS 16 cost criteria to identify cost eligible for capitalization. Where an existing asset meets the condition of the service concession arrangement, the Group shall reclassify the existing asset as a service concession asset.

The estimated useful life of the service concession assets is the period from when the operator is able to charge for the use of the asset till the end of the concession period.

(All amounts in million SAR unless otherwise stated)

12. OTHER ASSETS (continued)

Other financial assets	*As at 31 December 2023*	*As at 31 December 2022*
Receivables from affiliated entities (note 12.1)	24,000	5,536
Loans and advances	10,948	9,628
Clearing participant financial assets (note 12.2)	3,527	4,061
Government grant receivables	2,663	204
Customers' trust accounts	2,533	1,781
Margin deposits against derivatives and repos (Banking and financing operations)	2,432	2,992
Loan and advances to employees	1,252	1,281
Other financial assets	6,202	7,441
Sub-total	**53,557**	**32,924**
Less: Allowance for expected credit loss	(369)	(221)
Total financial assets (A)	**53,188**	**32,703**
Other non-financial assets		
Advances and deposits given to contractors and suppliers	35,127	27,134
Contract assets	20,456	15,911
Service concession assets (note 12.3)	9,554	1,262
VAT Receivables	8,798	5,396
Prepaid expenses	5,936	4,525
Contract fulfillment cost (note 12.4)	4,971	4,079
Assets purchased under Murabaha arrangements (note 12.5)	2,549	2,278
Other real estate	1,240	1,018
Assets held for sale (note 12.6)	974	1,646
Other non-financial assets	18,162	3,813
Sub-total	**107,767**	**67,062**
Less: Allowance for impairment	(1,100)	(1,172)
Total non-financial assets (B)	**106,667**	**65,890**
Total other assets (A + B)	**159,855**	**98,593**

12.1 Receivables from affiliated entities

Receivables from affiliated entities include mainly receivable from other governmental body pertaining to payment of expropriation compensation for lands amounting to SAR 20,264 million (2022: SAR 4,876 million) for which the governmental body is responsible for payment.

12.2 Clearing Participant Financial Asset

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default funds for the equity and derivatives markets and is invested as follows:

	As at 31 December 2023	*As at 31 December 2022*
Deposits with Saudi Central Bank ("SAMA")	1,029	3,062
Investment in SAMA Bills	2,498	999
Total	**3,527**	**4,061**

(All amounts in million SAR unless otherwise stated)

12. OTHER ASSETS (continued)

12.3 Service concession assets

The Group entered into service concession agreements with private operators for the development and maintenance of construction of four construction sites which will largely accommodate workers hired by third-party contractors. The land on which the facilities are located is provided free of consideration to the operators for the term of the agreement. The operators will construct, operate and manage the facility till the term of the contract unless terminated earlier. The Group is the Grantor under these service concession arrangements and controls the asset being constructed.

The remaining service concession assets are still work in progress and have been recognized at cost incurred to date being the best estimate of current replacement cost as of 31 December 2023. The amounts recognized in the balance sheet and the movements over the year are as follows:

	2023	*2022*
As at 1 January	1,262	1,584
Additions during the year	8,292	948
Transferred to property, plant and equipment	-	(1,519)
Other adjustment	-	249
At 31 December	**9,554**	**1,262**

12.4 Contract fulfillment costs

	As at 31 December 2023	*As at 31 December 2022*
Setup costs	4,025	3,533
Costs to obtain contracts with customers	541	111
Pre-contract costs	405	435
Contract fulfillment costs, net	**4,971**	**4,079**

Contract fulfillment costs comprises mainly from advances, payments, payables, accruals to contractors and equipment installation costs incurred to deliver energy rehabilitation and telecommunication services to clients. Contract fulfillment costs are amortized to the consolidated statement of profit or loss on systematic basis when the Group establishes its right to generate revenue and over the contract/anticipated contract period.

12.5 Assets purchased under Murabaha arrangements

These assets represent a non-financial asset held under Murabaha arrangements and are measured at their lower of cost and net realizable value. Net realizable value is the estimated selling price, less selling expenses.

12.6 Assets held for sale

	As at 31 December 2023	*As at 31 December 2023*
Investment property classified as held for sale	587	1,550
Other non-current assets held for sale	387	96
Total	**974**	**1,646**

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Material accounting policies that apply to investment in associates, joint ventures

Investment in associates and joint ventures

The Group holds interests in associates and joint ventures. The list of interests in joint ventures and associates are disclosed in notes 13.4 and 13.6, respectively.

An associate is an entity over which the Group has significant influence, through its investment in debt and/ or equity instruments. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture is accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost, which includes directly attributable costs. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date, until the date when significant influence or joint control ceases, adjusted for any dividend earned and accumulated impairment loss, if any. Goodwill, determined as the difference between the fair value of the net assets acquired and the consideration paid, relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the impairment loss in the consolidated statement of profit or loss.

If the recoverable amount is higher than the carrying value and if there is an impairment provision for such investment in associate or joint venture, the impairment provision will be reversed only to the extent that the investment's carrying value does not exceed the carrying amount that would be determined, if no impairment provision had been recognized. The recoverable amount of an associate or joint venture is the higher of its fair value less costs of disposal and its value in use.

The group ceases to use the equity method to account for an investment in associate or joint venture because of a loss of significant influence or joint control or when the investment is classified as held for sale. Upon disposal of equity accounted investees that results in a loss of significant influence or joint control, any retained interest in the investee is remeasured to its fair value at that date.

If the ownership interest in an associate or joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss, where appropriate.

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.1 Associates and joint ventures

	2023		*2022*	
	Associates	*Joint Ventures*	*Associates*	*Joint Ventures*
As at 1 January	133,019	18,181	109,192	12,134
Investments made during the year [(a)]	8,318	5,097	15,156	4,475
Acquired through business combination	156	33	14	-
Share of results – net	8,193	1,008	9,350	(437)
Dividends received/receivable	(4,767)	(625)	(3,980)	(733)
Disposals during the year	(1,092)	(137)	(649)	(44)
Discontinuation of equity method due to acquisition of control	-	(138)	(1,263)	-
Reclassifications [(b)]	2,123	-	3,173	-
Share of other comprehensive (loss) / income	(847)	(85)	2,826	(154)
Other Movement	930	(315)	(242)	3,118
Translation differences	(938)	52	(558)	(178)
At 31 December (before impairment allowance)	**145,095**	**23,071**	**133,019**	**18,181**
Allowance for impairment	(1,480)	(1,637)	(1,531)	(2,354)
Balance as at 31 December	**143,615**	**21,434**	**131,488**	**15,827**

13.2 Disclosures related to investments in associates and joint ventures:

(a) Investments made during the year ended 31 December 2023 include additional investments to existing associates amounting to SAR 3,129 million (2022: SAR 1,176 million) and additional investments to existing joint ventures amounting to SAR 1,377 million (2022: SAR 2,437 million).

(b) During the year ended 31 December 2023, Umm AlQura Construction & Development ("Umm AlQura") was reclassified from investment security measured at FVOCI to investment in associate as the Group has gained significant influence over Umm AlQura.

During the year ended 31 December 2022, the shareholders of Arabian Drilling Company ("ADC") (a previous indirect subsidiary of the Group) approved to proceed with the Initial Public Offering ("IPO") of ADC's ordinary shares. Pursuant to listing of ADC, the Group no longer has control over ADC, however the Group retained significant influence over ADC. Consequently, the Group's remaining investment in ADC has been accounted for as an investment in associate.

(c) Non-cash investments during the year of 2023 amounted to SAR 294 million (2022: SAR 165 million) and non-cash dividends amounted to SAR 44 million (2022: SAR 38 million).

13.3 Movement in allowance for impairment of investment in associates and joint ventures:

	Associates		*Joint Ventures*	
	2023	*2022*	*2023*	*2022*
As at 1 January	1,531	1,834	2,354	1,022
(Reversal) / charge during the year	(45)	(321)	(845)	1,259
Other adjustments	(6)	18	128	73
At 31 December	**1,480**	**1,531**	**1,637**	**2,354**

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.4 Investment in joint ventures

The following tables summarizes information of the Group's joint ventures:

		Percentage of ownership (as at)		
Joint Venture	*Country of incorporation*	*31 Dec 2023*	*31 Dec 2022*	*Industry group / Principle activities*
Binariang GSM Holding ("BGSM")	Malaysia	**25.00%**	25.00%	Telecommunications services
G3 Global Holdings LP ("G3GH LP")	Canada	**75.00%**	75.00%	Grain trading
Adeptio AD Holdings Ltd ("Adeptio")	UAE	**50.00%**	50.00%	E-Commerce
Ma'aden Barrick Copper Company ("MBCC")	Kingdom of Saudi Arabia	**50.00%**	50.00%	Mining
Saudi Global Ports ("SGP")	Kingdom of Saudi Arabia	**51.00%**	51.00%	Industrials
Wessal Bouregreg S.A.	Kingdom of Morocco	-	20.00%	Consumer discretionary
Wessal Casa Port	Kingdom of Morocco	**20.00%**	20.00%	Consumer discretionary
Sahara and Ma'aden Petrochemicals Company ("SAMAPCO")	Kingdom of Saudi Arabia	**50.00%**	50.00%	Mining
Gulf Chemical Carriers Holdings Limited	Cayman Islands	**41.28%**	41.28%	Marine
Wessal Tangier Marina	Kingdom of Morocco	**20.00%**	20.00%	Consumer discretionary
Contact Centers Company ("CCC")	Kingdom of Saudi Arabia	-	49.00%	Submission of proposals, technical solutions
National Grain Company ("NGC")	Kingdom of Saudi Arabia	**50.00%**	50.00%	Grain terminal
Arab Submarine Cables Company Limited	Kingdom of Saudi Arabia	**50.00%**	50.00%	Extension of telecom wiring
A Consortium to construct eight desalination plants	Kingdom of Saudi Arabia	**33.33%**	33.33%	Desalination plant
Wessal Capital Asset Management	Kingdom of Morocco	**20.00%**	20.00%	Financials
Contribution in obtaining licenses to establish a smart poles plant (Icore Poles) of Photizio	Kingdom of Saudi Arabia	**50.00%**	50.00%	Manufacturing and distribution of lighting
MOBCO PECSA JV	Kingdom of Saudi Arabia	-	49.00%	Construction
Development of polyurea product with a joint project	Kingdom of Saudi Arabia	**50.00%**	50.00%	Manufacture, marketing polyurea product
G3 Global Holdings GP Inc. ("G3GH GP")	Canada	**75.00%**	75.00%	Grain trading
Noon Investments Company ("Noon")	UAE	**50.00%**	50.00%	E-commerce
ArcelorMittal Tubular Products Al-Jubail Company ("AMTPJ")	Kingdom of Saudi Arabia	**65.20%**	65.20%	Industrials
Electric Sea Racing Limited ("ESR")	United Kingdom	**50.00%**	50.00%	Media and entertainment
First Tech Web Company Ltd.	Kingdom of Saudi Arabia	**50.00%**	50.00%	Broadband satellite services
NEOM Green Hydrogen Company	Kingdom of Saudi Arabia	**33.40%**	33.40%	Electric power generation and transmission

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.4 Investment in joint ventures (continued)

Joint Venture	*Country of incorporation*	*Percentage of ownership (as at)* 31 Dec 2023	*Percentage of ownership (as at)* 31 Dec 2022	*Industry group / Principle activities*
MBC Game Studio Company	Kingdom of Saudi Arabia	**30.00%**	30.00%	Videogames and videogames development
Minerva Foods Australia Pty Ltd ("MFA")	Australia	**35.00%**	35.00%	Meat processing
Neptune Co.	Cayman Island	**50.00%**	50.00%	Vessel building
Al Bawani Holding Company ("ABH")	Kingdom of Saudi Arabia	**33.41%**	33.41%	Industrials
El Seif Engineering Contracting Company Limited ("El Seif")	Kingdom of Saudi Arabia	**40.00%**	40.00%	Industrials
SAMI Dussur Aeronautics LLC Company ("SDAC")	Kingdom of Saudi Arabia	**51.00%**	51.00%	Management of companies
Saudi Rotorcraft Support Company Limited ("SRSC")	Kingdom of Saudi Arabia	**51.00%**	51.00%	Import and sell the rotorcraft spare parts
Seera Emaar Real Estate Development and Investment Company (1)	Kingdom of Saudi Arabia	**-**	49.00%	Real estate
West Shura III	Kingdom of Saudi Arabia	**50.00%**	50.00%	Real estate
SAMI Thales Electronic Systems Company	Kingdom of Saudi Arabia	**51.00%**	51.00%	Defense
SAMI L3Harris technologies LLC	Kingdom of Saudi Arabia	**51.00%**	51.00%	Defense
Almabani General Contractors Company	Kingdom of Saudi Arabia	**33.83%**	-	Industrial
Ma'aden Barrick 2 Limited (MBC2)	Kingdom of Saudi Arabia	**50.00%**	-	Mining
Ma'aden Barrick 3 Limited (MBC3)	Kingdom of Saudi Arabia	**50.00%**	-	Mining
Ma'aden Ivanhoe Electric Exploration and Development	Kingdom of Saudi Arabia	**50.00%**	-	Mining
SAMI General Dynamics Land Systems LLC	Kingdom of Saudi Arabia	**51.00%**	-	Defense
Red Sea Gateway Terminal International Limited	United Kingdom	**40.00%**	-	Industrial
Genomics Innovations Company	Kingdom of Saudi Arabia	**80.00%**	-	Health Care
East Shura III Company	Kingdom of Saudi Arabia	**50.00%**	-	Real estate
Infraroad Binyah limited	Kingdom of Saudi Arabia	**50.00%**	-	Real estate
Automotive Solutions Company for Logistic Services	Kingdom of Saudi Arabia	**55.00%**	-	Consumer discretionary
Tamimi Markets Company	Kingdom of Saudi Arabia	**30.00%**	-	Consumer staples
Zamil Offshore Services Company ("Zamil")	Kingdom of Saudi Arabia	**40.00%**	-	Industrial
Integrated Data Company for Information and Technology	Kingdom of Saudi Arabia	**39.00%**	-	Information technology

(1) Seera Emaar Real Estate Development and Investment Company has been liquidiated during the year

(2) The Group's investments in joint ventures are not listed; hence, their fair value as at the reporting date are not available.

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.5 Summarized financial information for material joint ventures

As at 31 December 2023:

Financial information	*Adeptio* [(a)]	*BGSM* [(a)]	*AMTPJ* [(a)]	*Individually immaterial joint ventures*
Current assets	5,034	3,095	3,461	
Non-current assets	12,657	25,349	4,137	
Current liabilities	4,423	4,996	2,018	
Non-current liabilities	2,893	13,420	2,365	
Cash and cash equivalents	902	1,221	1,115	
Current financial liabilities (excluding trade and other payables and provisions)	1,561	895	414	
Non-current financial liabilities (excluding trade and other payables and provisions)	2,757	10,983	2,059	
Equity attributable shareholders	8,013	11	3,215	
Carrying amount of investment	4,271	3,204	2,456	11,503
Total carrying value of investments in joint ventures				**21,434**

For the year ended 31 December 2023:

Financial information	*Adeptio*	*BGSM*	*AMTPJ*	*Individually immaterial joint Ventures*
Revenue	14,214	8,113	4,526	
Profit (loss) from continuing operations	1,238	(65)	844	
Other comprehensive income (loss)	205	(11)	(6)	
Total comprehensive income (loss)	1,443	(76)	838	
Depreciation and amortization	-	1,488	270	
Finance income	81	38	-	
Finance cost	218	773	183	
Income tax / Zakat expense	446	389	80	
Dividends received/receivable	169	-	-	456
Share of profit (loss) from continuing operations	402	(16)	406	216
Group's share of other comprehensive income (loss)	(80)	(59)	(7)	61
Group's share of total comprehensive income (loss)	322	(75)	399	277
Total dividends received				**625**
Total share of income from continuing operations				**1,008**
Total share of other comprehensive loss *				**(85)**
Total share of total comprehensive income				**923**

* The share in OCI includes both items that may be reclassified; and will not be reclassified to profit or loss in subsequent periods.

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.5 Summarized financial information for material joint ventures (continued)

As at 31 December 2022:

Financial information	*Adeptio* [(a)]	*BGSM* [(a)]	*AMTPJ*[(a)]	*Individually immaterial joint ventures*
Current assets	5,061	3,416	2,484	
Non-current assets	12,105	26,841	4,271	
Current liabilities	4,598	3,987	1,599	
Non-current liabilities	2,741	15,502	2,779	
Cash and cash equivalents	1,918	1,627	380	
Current financial liabilities (excluding trade and other payables and provisions)	1,661	1,154	514	
Non-current financial liabilities (excluding trade and other payables and provisions)	2,177	12,607	2,494	
Equity attributable shareholders	7,711	320	2,377	
Carrying amount of investment	4,120	3,279	1,212	7,216
Total carrying value of investments in joint ventures				15,827

For the year ended 31 December 2022:

Financial information	*Adeptio*	*BGSM*	*AMTPJ*	*Individually immaterial joint ventures*
Revenue	14,178	8,264	3,448	
Profit from continuing operations	1,117	493	112	
Other comprehensive income (loss)	840	5	(4)	
Total comprehensive income	1,957	498	108	
Depreciation and amortization	-	1,548	257	
Finance income	26	38	-	
Finance cost	227	764	159	
Income tax / Zakat expense	160	478	26	
Dividends received/receivable	184	-	-	549
Share of profit (loss) from continuing operations	528	37	-	(1,002)
Share of other comprehensive income (loss)	(67)	(70)	-	(17)
Share of total comprehensive income (loss)	461	(33)	-	(1,019)
Total dividends received				733
Total share of loss from continuing operations				(437)
Total share of other comprehensive loss *				(154)
Total share of total comprehensive loss				(591)

* The share in OCI includes both items that may be reclassified; and will not be reclassified to profit or loss in subsequent periods.

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.5 Summarized financial information for material joint ventures (continued)

(a) The following is the reconciliation for material differences between the Group's share of net assets in the joint ventures and the carrying amount of the investments in the joint ventures:

	As at 31 December 2023		
	Adeptio	BGSM	AMTPJ
Net assets of the joint venture	**8,013**	**11**	**3,215**
The Group's share of ownership interest	4,007	3	2,096
Goodwill and fair value adjustments, net	264	1,352	360
Allowance for impairment	-	(1,603)	-
The carve-out of Aircel Group	-	3,452	-
Carrying amount of the Group's interest	**4,271**	**3,204**	**2,456**

	As at 31 December 2022		
	Adeptio	BGSM	AMTPJ
Net assets of the joint venture	**7,711**	**320**	**2,377**
The Group's share of ownership interest	3,856	80	1,550
Goodwill and fair value adjustments, net	264	1,352	360
Allowance for impairment	-	(1,603)	(845)
The carve-out of Aircel Group	-	3,450	-
Other adjustments	-	-	147
Carrying amount of the Group's interest	**4,120**	**3,279**	**1,212**

(b) The Group has commitments to provide funding for one of the joint venture's capital commitments, which is amounting to SAR 5,321 million as at 31 December 2023 (as at 31 December 2022: SAR 5,321 million), if called. During the year ended 31 December 2023 SAR 428 million (2022: SAR 1,007 million) has been drawn.

(c) The Group's share of contingent liabilities incurred jointly with other investors of the joint ventures as at 31 December 2023 is amounting to SAR 1,069 million (as at 31 December 2022: SAR 2,106 million).

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.6 Investments in associates

The following tables summarizes information of the Group's associates:

		Percentage of ownership (as at)		*Fair value of ownership (if listed) (as at)*		
Associate	*Industry Group*	*31 Dec 2023*	*31 Dec 2022*	*31 Dec 2023*	*31 Dec 2022*	*Principal place of business*
Saudi Electricity Company ("SEC")	Utilities	75.10%	75.10%	59,393	72,285	Kingdom of Saudi Arabia
Riyad Bank [(a)]	Financials	21.75%	21.75%	18,600	20,753	Kingdom of Saudi Arabia
ACWA Power Company ("ACWA")	Utilities	44.16%	44.16%	82,981	49,078	Kingdom of Saudi Arabia
POSCO Engineering and Construction Co. Ltd ("POSCO")	Manufacturing industry	38.00%	38.00%	-	-	South Korea
Alinma Bank [(a)]	Financials	10.00%	10.00%	7,730	6,510	Kingdom of Saudi Arabia
National Shipping Company of Saudi Arabia ("Bahri")	Energy	22.55%	22.55%	3,673	3,274	Kingdom of Saudi Arabia
Arab Satellite Communications Organization ("Arabsat")	Satellite Operator	36.66%	36.66%	-	-	Kingdom of Saudi Arabia
Power and Water Utility Company for Jubail and Yanbu ("Marafiq")	Utilities	17.50%	17.50%	2,835	2,052	Kingdom of Saudi Arabia
Southern Province Cement Company	Materials	37.43%	37.43%	2,230	2,673	Kingdom of Saudi Arabia
Minerva S.A. ("Minerva")	Agricultural sector	30.60%	30.60%	1,071	1,706	Brazil
Shuaibah Water and Electricity Company ("SWEC")	Utilities	32.00%	32.00%	-	-	Kingdom of Saudi Arabia
Saudi Arabian Industrial Investment Company ("Dussur")	Industrial	50.00%	50.00%	-	-	Kingdom of Saudi Arabia
Saudi Information Technology Company ("SITE")	Information Technology	100.00%	100.00%	-	-	Kingdom of Saudi Arabia
Qassim Cement Company	Materials	23.35%	23.35%	1,339	1,284	Kingdom of Saudi Arabia
Air Liquide Arabia ("ALAR")	Services	-	35.00%	-	-	Kingdom of Saudi Arabia
Commercial Real Estate Markets Company	Real Estate	60.00%	60.00%	-	-	Kingdom of Saudi Arabia
Shuqaiq Water and Electricity Company ("SWQEC")	Utilities	32.00%	32.00%	-	-	Kingdom of Saudi Arabia
National Agricultural Development Company ("NADEC")	Consumer Staples	38.70%	35.08%	3,247	728	Kingdom of Saudi Arabia
Riyadh Holding Company	Real Estate	16.67%	16.67%	-	-	Kingdom of Saudi Arabia
Bidaya Finance Company	Financials	22.22%	22.22%	-	-	Kingdom of Saudi Arabia
Saudi Fisheries Company ("Saudi Fisheries")	Consumer Staples	39.99%	39.99%	390	430	Kingdom of Saudi Arabia
Taqa Al-Rushaid for Marine Works Company Limited ("TAM")	Services	50.00%	50.00%	-	-	Kingdom of Saudi Arabia
Middle East Propulsion Company Ltd ("MEPC")	Aircraft MRO	33.70%	33.70%	-	-	Kingdom of Saudi Arabia
Oliden Technology	Services	35.00%	35.00%	-	-	USA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.6 Investments in associates (continued)

		Percentage of ownership (as at)		*Fair value of ownership (if listed) (as at)*		
Associate	*Industry Group*	*31 Dec 2023*	*31 Dec 2022*	*31 Dec 2023*	*31 Dec 2022*	*Principal place of business*
GCC Electrical Equipment Testing Laboratory	Industrials	**29.54%**	20.00%	-	-	Kingdom of Saudi Arabia
Daawat Foods Company Limited ("DFL")	Agricultural sector	-	29.51%	-	-	India
Shuaibah Expansion Holding Company ("SEHCO")	Utilities	**32.00%**	32.00%	-	-	Kingdom of Saudi Arabia
OPT Petroleum Technologies Company Limited ("OPT")	Services	**25.00%**	25.00%	-	-	China
Jasara Program Management Company ("Jasara")	Industrial	**40.00%**	40.00%	-	-	Kingdom of Saudi Arabia
Hummingbird Technologies Limited ("HTL") (b)	Agricultural	-	15.89%	-	-	United Kingdom
ASMA Capital	Financials	**20.00%**	20.00%	-	-	Bahrain
Virgin Mobile Saudi Consortium ("VMSC")	Telecom	**10.00%**	10.00%	-	-	Kingdom of Saudi Arabia
Arabian Industrial Fibers Company ("Ibn Rushd")	Materials	**33.51%**	33.51%	-	-	Kingdom of Saudi Arabia
Saudi Heritage Hospitality Company ("NUZUL")	Consumer Services	**15.00%**	15.00%	-	-	Kingdom of Saudi Arabia
Emaar Economic City Company ("EEC")	Real Estate	**25.00%**	25.00%	**2,253**	2,363	Kingdom of Saudi Arabia
Innovative Energy Holding Ltd ("ADES Group")	Energy	**35.50%**	35.50%	-	-	Kingdom of Saudi Arabia
Red Sea Gateway Terminal Company ("RSGT")	Industrial	**20.00%**	20.00%	-	-	Kingdom of Saudi Arabia
Oger Telecom Limited ("OTL") (b)	Telecom	-	35.00%	-	-	United Arab Emirates
Sudair One Holding Company ("SOHCO")	Holding company	**35.35%**	35.35%	-	-	Kingdom of Saudi Arabia
Connect Arabia W.L.L. ("Virgin Mobile Kuwait" or "VMK")	Telecom	**10.00%**	10.00%	-	-	State of Kuwait
SenseTime MEA Limited	Information Technology	-	49.00%	-	-	Kingdom of Saudi Arabia
OpenSooq	Information Technology	**16.30%**	16.30%	-	-	Virgin Islands
Pagani SpA	Automobile	**29.00%**	29.00%	-	-	Italy
Saudi Public Transport Company ("SAPTCO")	Industrials	**15.72%**	15.72%	**408**	313	Kingdom of Saudi Arabia
Aston Martin Lagonda Global Holding plc ("Aston Martin")	Consumer Discretionary	**19.10%**	18.70%	**1,513**	915	United Kingdom
Smart National Solutions Company Technology	Information Technology	**24.00%**	24.00%	-	-	Kingdom of Saudi Arabia
Sahel Al Madar Trading Company	Logistics	**30.00%**	30.00%	-	-	Kingdom of Saudi Arabia
Nesma & Partners Contracting Company Limited	Industrials	**30.13%**	30.13%	-	-	Kingdom of Saudi Arabia
E-Finance for Digital and Financial Investments	Information Technology	**25.80%**	25.00%	**1,000**	1,327	Egypt
Misr Fertilizers Production Company ("MOPCO")	Materials	**26.26%**	25.00%	**4,097**	1,232	Egypt

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.6 Investments in associates (continued)

Associate	*Industry Group*	*Percentage of ownership (as at)*		*Fair value of ownership (if listed) (as at)*		*Principal place of business*
		31 Dec 2023	*31 Dec 2022*	*31 Dec 2023*	*31 Dec 2022*	
Al-Dal Real Estate Services Company	Financials	-	30.00%	-	-	Kingdom of Saudi Arabia
Abu Qir Fertilizers and Chemical Industries Co	Materials	23.63%	19.82%	2,595	1,466	Egypt
Alexandria Container & Cargo Handling Company	Shipping and transport	20.00%	20.00%	1,818	837	Egypt
Olam Agricultural Investment Company ("Olam")	Agriculture	35.43%	35.40%	-	-	Singapore
Dhafra Water Desalination Company ("DWDC")	Utilities	32.32%	32.32%	-	-	Kingdom of Saudi Arabia
Arabian Drilling Company ("ADC")	Oil and gas	35.70%	35.70%	6,069	3,578	Kingdom of Saudi Arabia
DRE International Holdings Limited	Consumer Discretionary	32.95%	32.95%	-	-	United Kingdom
Cleopatra Hospital Company	Health care	32.53%	29.00%	266	373	Egypt
Giza Systems Company for Electromechanical Contracting ("GSEC")	Information Technology	50.01%	50.01%	-	-	Egypt
Edu Apps	Information Technology	40.00%	40.00%	-	-	Egypt
Habitas Group Ltd	Real Estate	-	10.00%	-	-	United Kingdom
D360 Bank PSC	Financials	20.00%	20.00%	-	-	Kingdom of Saudi Arabia
Capital Bank of Jordan	Financials	23.97%	23.97%	680	815	Jordan
National Financing Services Company ("NFSC")	Financials	19.00%	19.00%	-	-	Kingdom of Saudi Arabia
Advanced Arabian Simulation Company ("AASC")	Information Technology	40.00%	40.00%	-	-	Kingdom of Saudi Arabia
Saudi District Cooling Company (Saudi Tabreed)	Industrial	30.00%	-	-	-	Kingdom of Saudi Arabia
VSPO Group Limited	Esports	15.00%	-	-	-	Cayman Islands
Azimut-Benetti S.p.A.	Shipyard	33.00%	-	-	-	Italy
Noor Alshuaibah Holding Company	Utilities	34.99%	-	-	-	Kingdom of Saudi Arabia
Falcon's Creative Group, LLC,	Media & Entertainment	25.00%	-	-	-	USA
PFL MMA Inc.	Media & Entertainment	23.70%	-	-	-	USA
Decolight Trading LLC	Consumer Durables & Apparel	45.00%	-	-	-	United Arab Emirates
RSIF Management Limited	Financials	51.00%	-	-	-	Cayman Islands
ADES Holding Company [(a)]	Energy	23.79%	-	6,445	-	Kingdom of Saudi Arabia
Nawwar Holding Company	Utilities	49.90%	-	-	-	Kingdom of Saudi Arabia

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.6 Investments in associates (continued)

Associate	*Industry Group*	*Percentage of ownership (as at)* 31 Dec 2023	*Percentage of ownership (as at)* 31 Dec 2022	*Fair value of ownership (if listed) (as at)* 31 Dec 2023	*Fair value of ownership (if listed) (as at)* 31 Dec 2022	*Principal place of business*
OASIS HOLDING COMPANY LLC	Financials	33.28%	-	-	-	Kingdom of Saudi Arabia
Polypod Middle East LLC	Consumer Durables & Apparel	40.00%	-	-	-	United Arab Emirates
Ishaa Holding Company	Utilities	49.90%	-	-	-	Kingdom of Saudi Arabia
Saad Two Holding Company	Utilities	49.90%	-	-	-	Kingdom of Saudi Arabia
National Aquaculture Group (NAQUA)	Agricultural sector	42.41%	-	-	-	Kingdom of Saudi Arabia
Blu Store	Media & Entertainment	49.00%	-	-	-	Kingdom of Saudi Arabia
Bayan Credit Bureau Company	Financials	40.00%	-	-	-	Kingdom of Saudi Arabia
Umm Al Qura Construction & Development (“Umm Qura”)	Materials	21.59%	-	-	-	Kingdom of Saudi Arabia

(a) The ownership percentages for Riyad Bank, Alinma Bank and ADES Holding Group are computed using the Group owned shares over the issued shares not adjusted for treasury shares. For the purposes of the Group’s share of net assets of investees, effective ownership percentage is used.

(b) Hummingbird Technologies Limited and Oger Telecom Limited have been liquidiated during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.7 Summarized financial information for material associates

As at 31 December 2023:

Associate	*Current assets*	*Non-current assets*	*Current liabilities*	*Non-current liabilities*	*Equity attributable to shareholders of associates*	*Carrying value of investments in associates*
Saudi Electricity Company (SEC) [(a)]	33,599	467,190	57,478	186,993	88,397	**65,743**
Riyad Bank	139,089	247,760	274,678	51,913	53,696	**11,700**
ACWA Power Company ("ACWA") [(b)]	14,282	40,736	7,937	26,373	19,158	**10,887**
Olam Agricultural Investment Company ("Olam") [(b)]	24,183	5,561	14,432	10,815	4,497	**5,034**
POSCO Engineering and Construction Co. Ltd	17,849	7,115	12,510	1,859	10,595	**4,026**
Arabian Drilling Company ("ADC") [(b)]	2,800	7,886	1,091	3,634	5,961	**3,337**
Alinma Bank	68,346	168,369	197,290	5,091	29,334	**2,946**
Umm Al Qura Construction & Development [(b)]	1,489	21,724	1,946	8,794	12,473	**2,881**
Individually immaterial associates						**37,061**
Total						**143,615**

For the year ended 31 December 2023:

Associate	*Revenue*	*Profit attributable to shareholders*	*Other comprehensive income (loss)*	*Total comprehensive income*	*Dividends received*	*Share of profit*	*Share of other comprehensive income (loss) **	*Share of total comprehensive income*
Saudi Electricity Company (SEC)	75,330	10,249	(404)	9,845	**2,190**	**1,944**	**(304)**	**1,640**
Riyad Bank	25,362	8,046	421	8,467	**848**	**1,685**	**92**	**1,777**
ACWA Power Company ("ACWA")	6,095	1,662	(557)	1,105	**268**	**732**	**(246)**	**486**
Olam Agricultural Investment Company ("Olam")	87,983	1,384	(472)	912	**149**	**502**	**(168)**	**334**
POSCO Engineering and Construction Co. Ltd	29,226	498	(128)	370	**22**	**189**	**(48)**	**141**
Arabian Drilling Company ("ADC")	3,477	605	(8)	597	**80**	**193**	**-**	**193**
Alinma Bank	16,227	4,839	601	5,440	**270**	**463**	**64**	**527**
Umm Al Qura Construction & Development	988	317	2	319	**-**	**58**	**-**	**58**
Individually immaterial associates					**940**	**2,427**	**(237)**	**2,190**
Total					**4,767**	**8,193**	**(847)**	**7,346**

* The Group's share in OCI includes both items that may be reclassified; and will not be reclassified to profit or loss in subsequent periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.7 Summarized financial information for material associates (continued)

As at 31 December 2022:

Associate	*Current assets*	*Non-current assets*	*Current liabilities*	*Non-current liabilities*	*Equity attributable to shareholders of associates*	*Carrying value of investments in associates*
Saudi Electricity Company (SEC) [(a)]	35,288	444,194	62,940	159,491	88,270	66,293
Riyad Bank	135,000	224,652	259,877	43,602	49,602	10,790
ACWA Power Company ("ACWA") [(b)]	11,598	37,703	4,692	24,581	18,660	10,669
Olam Agricultural Investment Company ("Olam") [(b)]	23,596	5,423	11,954	13,084	3,981	4,660
POSCO Engineering and Construction Co. Ltd	15,132	8,872	11,067	2,382	9,944	3,618
Arabian Drilling Company ("ADC") [(b)]	2,849	6,705	809	3,155	5,590	3,224
Alinma Bank	56,203	144,233	161,904	6,656	26,876	2,704
Individually immaterial associates						29,530
Total						131,488

For the year ended 31 December 2022:

Associate	*Revenue*	*Profit attributable to shareholders*	*Other comprehensive income (loss)*	*Total comprehensive income*	*Dividends received*	*Share of profit*	*Share of other comprehensive income (loss) **	*Share of total comprehensive income*
Saudi Electricity Company (SEC)	72,079	15,135	1,154	16,289	2,190	5,613	867	6,480
Riyad Bank	17,521	7,019	(1,532)	5,487	679	1,513	(333)	1,180
ACWA Power Company ("ACWA")	5,276	1,476	4,202	5,678	249	680	1,856	2,536
Olam Agricultural Investment Company ("Olam")	101,004	1,488	(293)	1,195	-	-	-	-
POSCO Engineering and Construction Co. Ltd	27,504	450	128	578	36	171	48	219
Arabian Drilling Company ("ADC")	2,704	558	(3)	555	-	48	3	51
Alinma Bank	10,116	3,599	(649)	2,950	170	347	(60)	287
Individually immaterial associates					656	978	445	1,423
Total					3,980	9,350	2,826	12,176

* The Group's share in OCI includes both items that may be reclassified; and will not be reclassified to profit or loss in subsequent periods.

(All amounts in million SAR unless otherwise stated)

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

13.7 Summarized financial information for material associates (continued)

(a) Equity attributable to shareholders of SEC as at 31 December 2023 represents SEC's net assets excluding Mudaraba instrument amounting SAR 168,781 million (as at 31 December 2022: SAR 168,781 million), which is classified within equity in SEC's financial statements.

(b) The following is the reconciliation for material differences between the Group's share of net assets in the associates and the carrying amount of the investments in the associates:

As at 31 December 2023:	ACWA	Olam	Umm Al Qura	ADC
Equity attributable to shareholders	**19,158**	**4,497**	**12,473**	**5,961**
Share in net assets of the associates	8,461	1,658	2,692	2,128
Goodwill and fair value adjustments	2,414	3,376	189	1,209
Translation and other adjustments	12	-	-	-
Carrying amount	**10,887**	**5,034**	**2,881**	**3,337**

As at 31 December 2022:	ACWA	Olam	Umm Al Qura	ADC
Equity attributable to shareholders	**18,660**	**3,981**	-	**5,590**
Share in net assets of the associates	8,240	1,480	-	1,996
Goodwill and fair value adjustments	2,431	3,180	-	1,228
Translation and other adjustments	(2)	-	-	-
Carrying amount	**10,669**	**4,660**	-	**3,224**

(c) The Group's share of contingent liabilities incurred jointly with other investors of the associate as at 31 December 2023 is amounting to SAR 20,649 million (as at 31 December 2022: SAR 15,323 million).

14. INVESTMENT PROPERTIES

Material accounting policies that apply to investment properties

Real estate investments, held for long-term rental yields or for capital appreciation or both, and which is not occupied by the Group, are classified as investment properties. Investment property also includes property that is being constructed or developed for future use as investment property. Land held under operating leases is classified and accounted for by the Group as investment property where it meets the definition of investment property.

Investment properties including land are initially measured at cost, including related transaction cost. Investment properties (except land and capital work-in-progress) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are carried at cost less impairment, if any. Such cost includes the cost of replacing part of the investment properties and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of investment properties are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the investment properties as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

(All amounts in million SAR unless otherwise stated)

14. INVESTMENT PROPERTIES (continued)

Material accounting policies that apply to investment properties

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings 5 to 50 years

An item of investment properties and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is recognized in the consolidated statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of investments properties are reviewed at each financial year end and adjusted prospectively, if appropriate.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Hospitality properties
For hospitality properties, the Group has assessed that providing short term accommodation does not meet the definition of an investment property and thus these properties are classified as property, plant and equipment.

Transfers of investment properties from the Owner
Where any investment properties are transferred from the Owner to the Group without any consideration, the Group recognize such investment properties at a nominal value (SAR 1).

Impairment of investment properties
The accounting policy related to impairment of investment properties is identical to the accounting policy of impairment of property, plant and equipment (refer to note 15).

	Land	*Buildings*	*Capital work-in- progress*	*Total*
Cost				
As at 1 January 2023	18,740	21,262	9,930	**49,932**
Additions	3,867	3,170	5,899	**12,936**
Disposals and write offs	(1)	(59)	-	**(60)**
Transfers within investment properties	441	8,407	(8,848)	**-**
Other transfers and adjustments	1,073	293	597	**1,963**
At 31 December 2023	**24,120**	**33,073**	**7,578**	**64,771**
Accumulated depreciation and impairment losses				
As at 1 January 2023	107	2,497	648	**3,252**
Depreciation charge	-	556	-	**556**
Disposals and write offs	-	(59)	-	**(59)**
Impairment charge (reversal)	11	(359)	1,360	**1,012**
Other transfers and adjustments	(20)	584	(605)	**(41)**
At 31 December 2023	**98**	**3,219**	**1,403**	**4,720**
Net carrying value				
Balance at 31 December 2023	**24,022**	**29,854**	**6,175**	**60,051**

(All amounts in million SAR unless otherwise stated)

14. INVESTMENT PROPERTIES (continued)

Cost	*Land*	*Buildings*	*Capital work-in- progress*	*Total*
As at 1 January 2022	17,322	6,708	16,395	40,425
Additions	3,858	2,476	5,476	11,810
Acquired through business combination	37	-	178	215
Disposals and write offs	(4)	-	(8)	(12)
Transfers within investment properties	-	12,090	(12,090)	-
Other transfers and adjustments	(2,473)	(12)	(21)	(2,506)
At 31 December 2022	**18,740**	**21,262**	**9,930**	**49,932**
Accumulated depreciation and impairment losses				
As at 1 January 2022	76	1,508	1,736	3,320
Depreciation charge	-	342	-	342
Impairment charge	1	(412)	(29)	(440)
Acquired through business combination	30	-	-	30
Other transfers and adjustments	-	1,059	(1,059)	-
At 31 December 2022	**107**	**2,497**	**648**	**3,252**
Net carrying value				
Balance at 31 December 2022	**18,633**	**18,765**	**9,282**	**46,680**

14.1 Allocation of depreciation charge for the year:

	2023	*2022*
Cost of revenue	548	339
Administrative expenses	8	3
Total	**556**	**342**

14.2 Allocation of impairment charge (reversal) for the year:

	2023	*2022*
Cost of revenue	(359)	(412)
Administrative expenses	1,371	(28)
Total	**1,012**	**(440)**

14.3 Amounts recognized in consolidated statement of profit or loss arising from:

	2023	*2022*
Rental income derived from investment properties	1,632	766
Direct operating expenses included in cost of revenue	1,184	443

14.4 Other disclosures related to investment properties

(a) Land includes two hundred land title deeds which were contributed to the Fund at a nominal value of SAR 1 each (2022: one hundred ten land title deeds). All of these land parcels are in Saudi Arabia.

(b) Investment properties include properties amounting to SAR 3,492 million (2022: SAR 2,640 million) constructed on land for which the Group neither directly owns nor does it have a finalized lease agreement as at December 31, 2023. However, the Group has commenced utilization of the land based on the letter received from a Government Authority whereby the land has been assigned to the Group based a Royal Court resolution.

(All amounts in million SAR unless otherwise stated)

14. INVESTMENT PROPERTIES (continued)

14.4 Other disclosures related to investment properties (continued)

(c) Investment properties with a net carrying value amounted to SAR 4,322 million (as at 31 December 2022: SAR 4,286 million) are pledged as security to lenders under the Common Term Agreements (refer to note 20).

(d) Non-cash additions during the year amounted to SAR 3,669 million (2022: SAR 2,051 million).

14.5 Investment properties fair values

The fair value hierarchy disclosures as at 31 December 2023 are given below:

		Fair value hierarchy disclosure		
Category of assets	Carrying value	Level 2	Level 3	Total fair value
Land	24,022	15,281	163,433	**178,714**
Buildings	29,854	43	35,224	**35,267**
Capital work-in-progress	6,175	1,775	6,083	**7,858**
Total	**60,051**	**17,099**	**204,740**	**221,839**

The fair value hierarchy disclosures as at 31 December 2022 are given below:

		Fair value hierarchy disclosure		
Category of assets	Carrying value	Level 2	Level 3	Total fair value
Land	18,633	13,608	136,359	**149,967**
Buildings	18,765	45	22,613	**22,658**
Capital work-in-progress	9,282	665	11,082	**11,747**
Total	**46,680**	**14,318**	**170,054**	**184,372**

Fair values of investment properties are based on either level 2 or level 3 of fair value hierarchy as there are no quoted prices in an active market for such assets. The fair values of the properties are based on valuations performed by independent valuers accredited by Saudi Authority for Accredited Valuers such as CBRE Advisory Services LLC, Deloitte, Ahmed and Mohamed Sons of Ibrahim bin Saeedan for Real Estate Appraisal Company, Knight Frank, Sima & Partner, Jones Lang LaSalle ("JLL"), Barcode Firm, Tibyan AlQima, RAWAJ Real Estate Valuation, First Valuator, Olaat, Dawal and ValuStart. Valuation techniques as permitted by IFRS 13 "Fair Value Measurement" in accordance with recommendations of the International Valuation Standards Committee has been applied.

The fair value is based on significant judgment by management involving use of various valuation techniques and methods, which are based on assumptions and estimates specific to each parcel of land that impact the fair value allotted to each land parcel (refer to note 46).

14.6 Lands that cannot be fair valued

Following table summarizes the lands for which fair values cannot be determined reliably:

	Area (km^2)		
Name	2023	2022	Location
Red Sea	33,793.09	33,798.61	Tabuk Region
Amaala	3,976.00	4,155.00	Tabuk Region
Qiddiyah	366.90	366.90	Central Region
Neom	25.84	26,387.00	Tabuk Region

Fair value for Qiddiyah, Red Sea, Amaala and Neom lands, cannot be determined due to the size, location or absence of approved business plans. These lands are expected to be developed in phases over time.

(All amounts in million SAR unless otherwise stated)

15. PROPERTY, PLANT AND EQUIPMENT (PPE)

Material accounting policies that apply to property, plant and equipment

Property, plant and equipment (except land and assets under construction) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Land and assets under construction are stated at cost, net of accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by the management.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss when the asset is derecognized.

When parts of an item of property, plant and equipment have materially different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation of property, plant and equipment, other than land and assets under construction, is calculated using the straight-line method over the estimated useful lives of specific assets. The depreciation method and rates applied to specific assets reflect the pattern in which the asset's benefits are expected to be used by the Group.

The following table summarizes the estimated useful lives of the major asset categories of the Group:

Buildings and leasehold improvements	3 to 50 years
Plant, machinery and equipment	Up to 40 years
Furniture, fixtures and office equipment	2 to 20 years
Rigs	2 to 30 years
Transportation assets *	4 to 100 years
Telecommunication network and related equipment	3 to 30 years
Others **	2 to 50 years

* Transportation assets include rolling stock, railway stock, motor vehicles, aircraft and aircraft equipment.

** Others category includes assets not covered in any of the above categories.

Improvement to leasehold assets are amortized at the lower of estimated useful life of these asset or the lease period. Depreciation is charged to the consolidated statement of profit or loss.

The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted prospectively, when appropriate, at the end of each reporting period.

Impairment of property, plant and equipment (PPE)

The accounting policy for impairment of PPE is applied similarly to the below assets:

- Mine properties (refer to note 16)
- Intangible assets other than goodwill (refer to note 17)
- Investment properties (refer to note 14)
- Investment in associates and joint ventures (refer to note 13)

15. PROPERTY, PLANT AND EQUIPMENT (PPE) (continued)

Material accounting policies that apply to property, plant and equipment (continued)

Impairment of property, plant and equipment (PPE) (continued)

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 cash generating unit's ("CGU") 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, that the asset is expected to generate, 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.

Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

(All amounts in million SAR unless otherwise stated)

15. PROPERTY, PLANT AND EQUIPMENT (PPE) (continued)

	Land	*Buildings*	*Plant, machinery and equipment*	*Furniture, fixture and office equipment*	*Transport-ation assets*	*Tele-communication network and related equipment*	*Others*	*Capital work- in-progress*	*Total*
Cost									
As at 1 January 2023	11,273	58,412	68,186	10,175	6,587	113,934	4,741	75,678	**348,986**
Additions	468	2,440	2,430	919	9,225	218	1,518	105,941	**123,159**
Acquired through business combination	13	1,307	1,250	152	13,395	2,733	150	9	**19,009**
Disposals and write offs	(27)	(719)	(673)	(277)	(37)	(2,406)	(29)	(394)	**(4,562)**
Transfers within PPE	(10)	8,985	3,011	2,988	694	6,842	1,279	(23,789)	**-**
Other transfers and adjustments	90	39	18	(63)	(228)	(83)	84	(4,007)	**(4,150)**
At 31 December 2023	**11,807**	**70,464**	**74,222**	**13,894**	**29,636**	**121,238**	**7,743**	**153,438**	**482,442**
Accumulated depreciation and impairment losses									
As at 1 January 2023	-	19,035	24,487	6,022	3,542	77,804	1,259	4,375	**136,524**
Depreciation charge	-	2,389	4,914	1,465	549	6,320	717	-	**16,354**
Impairment loss	-	2,508	5	106	95	45	147	17,853	**20,759**
Acquired through business combination	-	50	42	91	33	607	82	-	**905**
Disposals and write offs	-	(614)	(547)	(261)	(18)	(2,224)	(28)	(26)	**(3,718)**
Transfers within PPE	-	(5)	(5)	25	(1)	(14)	61	(61)	**-**
Other transfers and adjustments	-	20	(9)	(78)	(32)	64	(15)	13	**(37)**
At 31 December 2023	**-**	**23,383**	**28,887**	**7,370**	**4,168**	**82,602**	**2,223**	**22,154**	**170,787**
Net carrying value									
Balance at 31 December 2023	**11,807**	**47,081**	**45,335**	**6,524**	**25,468**	**38,636**	**5,520**	**131,284**	**311,655**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

15. PROPERTY, PLANT AND EQUIPMENT (PPE) (continued)

	Land	*Buildings*	*Plant, machinery and equipment*	*Furniture, fixture and office equipment*	*Transport-ation assets*	*Tele-communication network and related equipment*	*Others*	*Capital work- in-progress*	*Total*
Cost									
As at 1 January 2022	7,630	53,718	61,629	7,924	5,328	110,274	13,361	34,224	**294,088**
Additions	843	356	1,142	1,038	842	614	459	53,563	**58,857**
Acquired through business combination	2,364	1,787	311	219	61	17	129	7,320	**12,208**
Disposals and write offs	-	(383)	(195)	(130)	(37)	(2,675)	(38)	(302)	**(3,760)**
Transfers within PPE	(62)	3,109	6,009	1,109	568	5,936	(276)	(16,393)	**-**
Related to discontinued operations	(88)	(99)	(729)	(111)	(155)	-	(10,285)	(988)	**(12,455)**
Other transfers and adjustments	586	(76)	19	126	(20)	(232)	1,391	(1,746)	**48**
At 31 December 2022	**11,273**	**58,412**	**68,186**	**10,175**	**6,587**	**113,934**	**4,741**	**75,678**	**348,986**
Accumulated depreciation and impairment losses									
As at 1 January 2022	-	17,338	20,006	4,817	3,404	73,971	6,903	2,147	**128,586**
Depreciation charge	-	1,933	4,529	1,118	292	6,138	388	-	**14,398**
Impairment loss	-	43	301	31	18	-	57	2,393	**2,843**
Acquired through business combination	-	234	142	154	34	13	16	-	**593**
Disposals and write offs	-	(185)	(152)	(106)	(19)	(2,659)	(34)	-	**(3,155)**
Transfers within PPE	-	(332)	31	(1)	(55)	368	(62)	51	**-**
Related to discontinued operations	-	(25)	(309)	(70)	(111)	-	(6,009)	-	**(6,524)**
Other transfers and adjustments	-	29	(61)	79	(21)	(27)	-	(216)	**(217)**
At 31 December 2022	**-**	**19,035**	**24,487**	**6,022**	**3,542**	**77,804**	**1,259**	**4,375**	**136,524**
Net carrying value									
Balance at 31 December 2022	**11,273**	**39,377**	**43,699**	**4,153**	**3,045**	**36,130**	**3,482**	**71,303**	**212,462**

(All amounts in million SAR unless otherwise stated)

15. PROPERTY, PLANT AND EQUIPMENT (PPE) (continued)

15.1 Allocation of depreciation charge for the year

	2023	*2022*
Cost of revenue	12,098	10,736
Administrative expenses	4,212	3,197
Relating to discontinued operations	-	426
Others	44	39
	16,354	**14,398**

15.2 Allocation of impairment charge (reversal) for the year

	2023	*2022*
Cost of revenue	58	(13)
Administrative expenses	20,701	2,856
	20,759	**2,843**

15.3 Other disclosure related to property, plant and equipment:

(a) Transportation assets include mainly aircrafts with a carrying value of SAR 24,832 million (2022: 2,744 million).

(b) Capital work-in-progress primarily includes costs incurred on the development of local projects related to real estate, mining and telecommunications. It includes also costs incurred on the development of buildings, machinery and tooling, plant facilities.

(d) Property, plant and equipment with a net carrying amount of SAR 20,699 million (2022: SAR 20,561 million) are pledged as security to lenders under the loan agreements/Islamic financing agreements (refer to note 20).

(e) Non-cash additions during the year amounted to SAR 9,679 million (2022: SAR 8,798 million).

15.4 Details of significant impairment tests:

(a) The Group has identified indicators that some assets within property, plant and equipment (mainly under CWIP and infrastructure) might be impaired. The decline in recoverable amounts relative to the budgeted cost to complete, global economic challenges, mainly high-interest rates and rising inflation have triggered the impairment indicator. Management determined that each real estate project should be considered a separate Cash Generating Unit (CGU) as defined by IAS 36.

The recoverable amount for the projects has been determined based on a value in use calculation using cash flow projections based on the life of the project. The projected cash flows reflect all revenues, operating expenses, operating income for projects' assets and net sale proceeds and capital expenditure related to the projects and extrapolated using a growth rate that is in line with the long-term average growth rate for comparable projects.

Key assumptions used in this analysis included:

Assumptions	*2023*	*2022*	Basis of the assumptions
Pre-tax discount rate	7.74% to 9.98%	8.5% to 9.60%	The WACC determined appropriate for the projects. Based on the inputs from third party consultant's forecasts
Growth rate	1.50% to 2.80%	2.00%	In line with the long-term average growth rate for comparable projects.

The Group recognized an impairment loss of SAR 20,377 million (2022: SAR 2,185 million) included in the consolidated statement of profit or loss.

16. MINE PROPERTIES

Material accounting policies that apply to mine properties

Mine properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by the management.

Stripping activity asset and stripping activity expense

Group incurs stripping (waste removal) costs during the development and production stages of its open pit mining operations.

Stripping costs incurred during the development stage of an open pit mine in order to access the underlying ore deposit, are capitalized prior to the commencement of commercial production. Such costs are then amortized over the remaining life of the ore body (for which access has improved), using the unit of production ("UOP") method over economically recoverable proven and probable reserves.

The stripping activity asset is initially measured at cost, being the directly attributable cost for mining activity which improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable proven and probable reserves are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less accumulated depreciation and any impairment losses.

Depreciation

Mine properties are depreciated using the unit of production ("UOP") method, where the assets used for run-of-mine activity are depreciated using tons of ore extracted, while the assets used for post run-of-mine activity are depreciated using the recoverable output produced, based on economically recoverable proven and probable ore reserves of the mine concerned, except in the case of those mining assets whose economic useful life is shorter than the life-of-mine ("LOM"), in which case the straight line method is applied.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilization or to throughput rather than production, are depreciated at varying rates on a straight-line basis over their economic useful lives or the life-of-mine ("LOM"), whichever is the shorter.

Depreciation is charged to the consolidated statement of profit or loss.

The following table summarizes the estimated useful lives of the major asset categories of the Group:

Item	Useful life
Mine properties	Using UOP method over the economically recoverable proven and probable reserves or straight-line method over the economic useful life (as mentioned below), whichever is shorter
Land and buildings	4 to 50 years
Plant and equipment	4 to 40 years
Office equipment, furniture and fittings	4 to 10 years
Motor vehicles	4 years

Mine properties residual values and estimated economic useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Impairment of mine properties

The accounting policy related to impairment of mine properties is identical to the accounting policy of impairment of property, plant and equipment (refer to note 15).

(All amounts in million SAR unless otherwise stated)

16. MINE PROPERTIES (continued)

	Exploration and evaluation assets	*Mines under construction*	*Operating Mines*						**Total**
			Plant and equipment	*Land and buildings*	*Mine closure and rehabilitation provision*	*Others [a]*	*Mining capital work-in-progress*		
Cost									
As at 1 January 2023	229	3,497	8,225	4,247	247	787	443		**17,675**
Additions during the year	55	599	-	-	-	124	209		**987**
Transfers to/from other categories of mine properties	-	(4,464)	3,317	1,175	195	37	(260)		**-**
Change in mine closure and rehabilitation provision	-	90	-	-	593	-	-		**683**
Other transfers and adjustments	-	278	30	5	-	-	2		**315**
At 31 December 2023	**284**	**-**	**11,572**	**5,427**	**1,035**	**948**	**394**		**19,660**
Accumulated depreciation and impairment									
As at 1 January 2023	-	-	3,881	1,583	88	482	-		**6,034**
Depreciation charge for the year [b]	-	-	466	152	57	34	-		**709**
At 31 December 2023	**-**	**-**	**4,347**	**1,735**	**145**	**516**	**-**		**6,743**
Net carrying value at 31 December 2023	**284**	**-**	**7,225**	**3,692**	**890**	**432**	**394**		**12,917**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

16. MINE PROPERTIES (continued)

			Operating Mines					
	Exploration and evaluation assets	*Mines under construction*	*Plant and equipment*	*Land and buildings*	*Mine closure and rehabilitation provision*	*Others [(a)]*	*Mining capital work-in- progress*	***Total***
Cost								
As at 1 January 2022	429	2,967	7,654	4,256	466	729	407	**16,908**
Additions during the year	120	424	-	-	-	53	238	**835**
Transfers to/from other categories of mine properties	-	-	171	22	-	5	(198)	**-**
Change in mine closure and rehabilitation provision	-	106	-	-	(207)	-	-	**(101)**
Other transfers and adjustments	(320)	-	400	(31)	(12)	-	(4)	**33**
At 31 December 2022	**229**	**3,497**	**8,225**	**4,247**	**247**	**787**	**443**	**17,675**
Accumulated depreciation and impairment								
As at 1 January 2022	-	-	3,361	1,374	88	397	-	**5,220**
Depreciation charge for the year [(b)]	-	-	474	204	13	86	-	**777**
Impairment during the year [(b)]	-	-	56	32	-	-	-	**88**
Other transfers and adjustments	-	-	(10)	(27)	(13)	(1)	-	**(51)**
At 31 December 2022	**-**	**-**	**3,881**	**1,583**	**88**	**482**	**-**	**6,034**
Net carrying value at 31 December 2022	**229**	**3,497**	**4,344**	**2,664**	**159**	**305**	**443**	**11,641**

(a) "Others" category within mine properties include stripping activity asset, office equipment, furniture and fittings and motor vehicles.

(b) Mine properties with a net carrying value as at 31 December 2023 amounted to SAR 7,496 million (as at 31 December 2022: SAR 7,541 million) are pledged as security to lenders under the Common Term Agreements (refer to note 20).

17. INTANGIBLE ASSETS AND GOODWILL

Material accounting policies that apply to intangible assets

Goodwill is initially recognized based on the accounting policy for business combinations (see note 44). Goodwill is subsequently measured at cost less accumulated impairment losses, if any. Separately purchased intangible assets are initially measured at cost, being the purchase price as at the date of acquisition. On acquisition of new interests in group companies, the Group recognizes any specifically identifiable intangible assets separately from goodwill. These intangible assets are initially measured at fair value as at the date of acquisition.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits of the embodied in the specific asset to which it relates. All other expenditures are recognized in the consolidated statement of profit or loss as incurred.

A computer software for a computer-controlled machine tool that cannot operate without that specific software is an integral part of the related hardware and it is treated as property, plant and equipment. The same applies to the operating system of a computer. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset.

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

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

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset is included in the consolidated statement of profit or loss.

Players' and key football management staff registration rights

The acquisition of players' and key football management staff registration rights are capitalized as intangible assets at cost. Costs include transfer fees, any League levy fees, agents' fees incurred by the Group and other directly attributable costs. Costs also include the fair value of any contingent consideration, which is primarily payable to the player's former club (with associated levy fees payable to any League), once payment becomes probable. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the player's and key football management staff registration rights.

Registration rights costs are fully amortized using the straight-line method over the period covered by the player's and key football management staff contract. Where a contract is extended, any costs associated with securing the extension are added to the unamortized balance (at the date of the amendment) and the revised book value is amortized over the remaining revised contract life.

17. INTANGIBLE ASSETS AND GOODWILL (continued)

Material accounting policies that apply to intangible assets (continued)

Amortization

The Group amortizes intangibles assets with finite useful lives using the straight-line method over their estimated useful lives as follows:

Software and licenses	2 to 20 years
Telecommunication licenses	15 to 25 years
Contract intangibles	2 to 20 years
Core Deposit Intangible	11 years
Gamers library	6 to 12 years
License and frequency spectrum fees	Over license period*
Software and license (Mine related)	Over life of Mine
Players' registration rights	Straight line over the period covered by player's contract
Others	Up to 35 years

* Amortization periods for license and frequency spectrum fees are determined primarily by reference to the unexpired license period, the conditions for license renewal and whether licenses are dependent on specific technologies

Impairment of intangible assets (other than goodwill)

The accounting policy related to impairment of intangible assets with finite useful lives (other than players' registration) is equivalent to the accounting policy of impairment of property, plant and equipment (refer to note 15).

For players' registration rights, the Group will perform an impairment review on player and key football management staff registration rights, if adverse events indicate that the amortized carrying value of the asset may not be recoverable. Management does not consider that it is possible to determine the value in use of an individual player or key football management staff in isolation as that individual (unless via a sale or insurance recovery) cannot generate cash flows on their own. While management does not consider any individual can be separated from the single cash generating unit ("CGU"), being the operations of the Club as a whole, there may be certain circumstances where an individual is taken out of the CGU, when it becomes clear that they will not participate with the club's men's first team again, for example, a player sustaining a career threatening injury or is permanently removed from the men's first team playing squad for another reason. If such circumstances were to arise, the carrying value of the individual would be assessed against the Group's best estimate of the individual's fair value less any costs to sell and an impairment charge made in operating expenses reflecting any loss arising.

Impairment of goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(All amounts in million SAR unless otherwise stated)

17. INTANGIBLE ASSETS AND GOODWILL (continued)

	Goodwill	*Software and licenses*	*Games library*	*Core deposit intangible*	*Tele-communication licenses*	*Players' registration rights*	*Others [a]*	*Capital work-in-progress*	*Total*
Cost									
As at 1 January 2023	48,367	22,935	-	7,852	8,937	2,401	10,245	2,270	**103,007**
Additions	-	886	-	-	393	3,901	1,920	5,324	**12,424**
Acquired through business combination	17,662	525	8,820	-	-	1,618	1,495	269	**30,389**
Disposals and write offs	-	(3,674)	-	-	(79)	(499)	(21)	(94)	**(4,367)**
Transfers from / to CWIP	-	2,947	-	-	-	-	(33)	(2,914)	**-**
Other transfers and adjustments	38	760	(5)	-	(4)	93	(44)	222	**1,060**
At 31 December 2023	**66,067**	**24,379**	**8,815**	**7,852**	**9,247**	**7,514**	**13,562**	**5,077**	**142,513**
Accumulated amortization and impairment losses									
As at 1 January 2023	750	16,007	-	1,249	4,085	999	2,551	10	**25,651**
Amortization charge	-	2,935	436	714	543	1,182	1,410	-	**7,220**
Impairment charges [b]	1,665	36	-	-	-	(2)	-	12	**1,711**
Acquired through business combination	-	278	-	-	-	363	1	13	**655**
Disposals and write offs	-	(3,634)	-	-	(79)	(396)	(15)	-	**(4,124)**
Other transfers and adjustments	47	(24)	5	-	(2)	101	(15)	-	**112**
At 31 December 2023	**2,462**	**15,598**	**441**	**1,963**	**4,547**	**2,247**	**3,932**	**35**	**31,225**
Net carrying value									
Balance at 31 December 2023	**63,605**	**8,781**	**8,374**	**5,889**	**4,700**	**5,267**	**9,630**	**5,042**	**111,288**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

17. INTANGIBLE ASSETS AND GOODWILL (continued)

	Goodwill	*Software and licenses*	*Core deposit intangible*	*Tele-communication licenses*	*Players' registration rights*	*Others[(a)]*	*Capital work-in-progress*	*Total*
Cost								
As at 1 January 2022	42,928	19,554	7,852	8,905	1,619	7,870	789	**89,517**
Additions	27	535	-	79	435	696	4,158	**5,930**
Acquired through business combination	5,518	238	-	-	-	1,366	-	**7,122**
Disposals and write offs	-	(638)	-	(45)	(77)	(272)	(47)	**(1,079)**
Transfers from / to CWIP	-	2,360	-	-	-	606	(2,966)	**-**
Related to discontinued operations	-	(32)	-	-	-	-	-	**(32)**
Other transfers and adjustments	(106)	918	-	(2)	424	(21)	336	**1,549**
At 31 December 2022	**48,367**	**22,935**	**7,852**	**8,937**	**2,401**	**10,245**	**2,270**	**103,007**
Accumulated amortization and impairment losses								
As at 1 January 2022	640	14,152	535	3,603	657	1,438	-	**21,025**
Amortization charge	-	2,113	714	519	489	1,162	-	**4,997**
Impairment charge[(b)]	110	36	-	-	7	-	10	**163**
Acquired through business combination	-	78	-	-	-	138	-	**216**
Disposals and write offs	-	(615)	-	(45)	(77)	(271)	-	**(1,008)**
Related to discontinued operations	-	(28)	-	-	-	-	-	**(28)**
Other transfers and adjustments	-	271	-	8	(77)	84	-	**286**
At 31 December 2022	**750**	**16,007**	**1,249**	**4,085**	**999**	**2,551**	**10**	**25,651**
Net carrying value								
Balance at 31 December 2022	**47,617**	**6,928**	**6,603**	**4,852**	**1,402**	**7,694**	**2,260**	**77,356**

(a) "Others" category within intangible assets primarily include technical developments, contract intangibles, technology and backlog orders.

(b) Impairment charges during the year amounting to SAR 1,681 million (2022: SAR 10 million) were allocated to administrative expenses.

(All amounts in million SAR unless otherwise stated)

17. INTANGIBLE ASSETS AND GOODWILL (continued)

17.1 Allocation of amortization charge for the year:

	2023	*2022*
Cost of revenue	2,077	1,301
Administrative expenses	4,585	3,204
Others	558	492
	7,220	**4,997**

Others include research and development and selling and distribution expenses

17.2 Other disclosures related to intangible assets:

(a) The following is the cost, the net book value and expiry dates of the telecommunication licenses and frequency spectrum

		Cost (as at 31 December)		*Book value (as at 31 December)*	
Country	**End of amortization period**	*2023*	*2022*	*2023*	*2022*
Saudi Arabia	2029 to 2037	4,582	4,267	2,663	2,628
Kuwait	2033 to 2039	3,570	3,572	1,462	1,605
Bahrain	2031 to 2038	1,095	1,098	575	619
Total		**9,247**	**8,937**	**4,700**	**4,852**

(b) Non-cash additions during the year ended 31 December 2023 amounted to SAR 2,146 million (2022: SAR 1,114 million).

17.3 Impairment test on goodwill

The Goodwill allocated to cash generating unit or groups of cash generating units are as follows:

(a) The Saudi National Bank (SNB)

Intangible assets include goodwill of SAR 34,007 million (2022: SAR 34,007 million) arising from the merger of Saudi National Bank ("SNB"), a subsidiary of the Group, with Samba Financial Group ("Samba") during 2021. The Group has performed an annual impairment test in respect of the goodwill allocated to Retail and Wholesale segments as CGUs with an amount of SAR 25,648 million and SAR 8,359 million, respectively.

The recoverable amount of each CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The carrying amount of CGU is derived using a capital allocation model where SNB's core equity capital is allocated to the CGUs.

The key assumptions used for value-in-use calculations are:

Assumptions	*2023*	*2022*	**Basis of the assumptions**
Discount rate	11.00%	11.00%	Using the Cost of Equity ("CoE") that reflect management's estimate of Return on Capital Employed ("ROCE") required in each business.
Growth rate	4.5%	4.50%	Provided by macro-economic research and analyst reports

The Group's management has considered and assessed reasonably possible changes for other key assumptions and has not identified any instances that could cause the carrying value of the group of CGUs including goodwill to materially exceed its recoverable amount.

(All amounts in million SAR unless otherwise stated)

17. INTANGIBLE ASSETS AND GOODWILL (continued)

17.3 Impairment test on goodwill (continued)

(b) Saudi Arabian Mining Company (Ma'aden)

The Group's recognized goodwill of SAR 2,587 million related to Ma'aden. The recoverable amount was determined on the basis of fair value less costs to sell. As result of the analysis, management did not identify any impairment of goodwill related to Ma'aden.

(c) Magic Leap ("ML")

Intangible assets as at 31 December 2023 include goodwill of SAR 2,740 million (as at 31 December 2022: SAR 2,740 million) arising from the acquisition of Magic Leap during 2021 by PIF. The Group performed impairment test for goodwill allocated to Magic Leap CGU based on forecasted cash flows. The recoverable amount of the CGU has been determined based on a value-in-use calculations. The calculations use discounted cash flow projections based on the financial budgets that are approved by management covering a period of 5 years. Beyond 5 years a 2-stage growth model (H-model) was applied, which assumed a linear decline of growth rate from 90.20% projected by management for year 5 (2022: 90% for 5 years) to 1.8% (2022: to 2.2%) over a period of 10 years. The H-model is applied to the forecasted cash flow of a normalized Terminal Year ("TY") cash flow in order to estimate the terminal value.

The key assumptions used for value-in-use calculations are:

Assumptions	*2023*	*2022*	Basis of the assumptions
Discount rate	53% to 56%	53% to 56%	Based on the required rate of return for venture capital investments in early-stage companies and considering ML's stage of development.
Growth rate	90.20% and linear decline to 1.8%	90% and linear decline to 2.2%	Based on a 2-stage growth model (H-model).

As results of the analysis, management did not identify any impairment of goodwill related to Magic Leap.

The Group's management has considered and assessed reasonably possible changes for other key assumptions and has not identified any instances that could cause the carrying value of the group of CGUs including goodwill to materially exceed its recoverable amount.

(d) The Saudi Electronic Gaming Holding (Savvy) Company

Intangible assets include goodwill of SAR 14,829 million (2022: SAR 4,998 million) arising from the following:

- the acquisition of "Scopely" during 2023;
- the acquisition of "Vindex" during 2023;
- the acquisition of "SGG Esports AB" during 2022; and
- the acquisition of "FACE IT Limited" during 2022.

Scopely – Impairment assessment

Acquisition of Scopely was completed in the second half of the year 2023 (refer to note 44), and purchase price allocation was completed towards the end of 2023. Key performance indicators used for the assessment of the performance of the business are daily active users and gross bookings. As result of the analysis, management did not identify any impairment of goodwill related to the Scopely acquisition.

(All amounts in million SAR unless otherwise stated)

17. INTANGIBLE ASSETS AND GOODWILL (continued)

17.3 Impairment test on goodwill (continued)

(d) The Saudi Electronic Gaming Holding (Savvy) Company (continued)

EFG – Impairment assessment

Goodwill amounting to SAR 5,599 million was allocated to the EFG CGU that comprises of Vindex, SGG Esports AB and FACE IT Limited.

The recoverable amount of goodwill is determined based on value-in-use calculations. The value in use calculations use cash flow projections from 2024 to 2032 and a relevant terminal growth rate.

The key assumptions used for value-in-use calculations are:

Assumptions	*2023*	*2022*	Basis of the assumptions
Discount rate	10.80%	8.00%	Based on WACC adjusted to reflect specific risk associated with the estimated cash flows and industry that the EFG operates in
Growth rate	2.50%	2.75%	Based on the industry common practices and the global economic forecasts of nominal GDP growth

Based on the result of this assessment, the carrying amount was higher than the recoverable amount and an impairment charge of SAR 1,625 million was recognized (2022: Nil).

Impairment was recorded due to the macroeconomic conditions in esports industry.

(e) Saudi Telecom Company (stc)

Intangible assets of SAR 5,243 million (2022: SAR 338 million) arising from the following:

- the acquisition of “Solutions”, “Qualitynet”, “E-Portal Holding”, “Giza” and “CCC”; and
- the acquisition of “three towers companies” from United Group (In Bulgaria, Croatia and Slovenia) (refer to note 44) and “AWAL Telecom Company” during 2023 with total provisional goodwill amounting to SAR 4,658 million;

During the year, management conducted an impairment assessment of the goodwill by comparing the recoverable value of the cash generating units related to “Qualitynet”, “E-Portal Holding”, “Giza” and “CCC” as “CGUs” with the carrying value of the goodwill. The recoverable amount is determined based on a value in use calculation using a cash flow projection from financial budgets approved by senior management covering a three-year period and a relevant terminal growth rate.

The key assumptions used for value-in-use calculations are:

Assumptions	*2023*	*2022*	Basis of the assumptions
Discount rate	11.50% to 28.07%	13.00%	Based on the specific circumstances of the CGUs and is derived from its weighted average cost of capital (WACC)
Growth rate	2.00% to 17.00%	2.60%	Based on the long-term inflation forecast for countries in which CGUs operate

Based on the result of this assessment, an impairment charge of SAR 13 million was recognized (2022: Nil).

18. RIGHT-OF-USE ASSETS

Material accounting policies that apply to leases

The determination of whether the contract is, or contains, a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use (ROU) assets representing the right to use the underlying assets.

- *Right-of-use (ROU) assets*

  The Group recognizes ROU assets at the commencement date of the lease. ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

  If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

- *Lease liabilities (refer to note 24)*

  At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

  Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, each subsidiary uses its own incremental borrowing rate at the lease commencement date, in case the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is specific to lessee; the term of arrangement; the amount of funds borrowed; the security granted to the lessor and the economic environment. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

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

  The Group applies the short-term lease recognition exemption to its short-term leases. (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

- *Lease and non-lease components*

  The Group does not apply the practical expedient permitted by IFRS 16 for accounting of lease component and any associated non-lease components as a single lease component.

18. RIGHT-OF-USE ASSETS (continued)

Material accounting policies that apply to leases (continued)

(a) Group as a lessee (continued)

- *Depreciation of ROU assets*
  ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

  The following table summarizes the estimated useful lives of the major ROU assets categories of the Group:

Land	Up to 90 years
Building	Up to 40 years
Plant, machinery and equipment	Up to 10 years
Others	Up to 35 years

(b) Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease' if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At the initial measurement of the finance lease contracts: The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

i) Fixed payments;
ii) Variable lease payments that depend on an index or a rate, initially measured using the index or rate;
iii) Any residual value guarantees provided to the Group by the lessee, a party related to the lessee or a third party unrelated to the Group that is financially capable of discharging the obligations under the guarantee; and
iv) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

At subsequent measurement, the Group shall recognize finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature. Contingent rents are recognized as revenue in the period in which they are earned. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

If an arrangement contains a lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(All amounts in million SAR unless otherwise stated)

18. RIGHT-OF-USE ASSETS (continued)

Cost:	*Land*	*Buildings*	*Plant, machinery and equipment*	*Others*	*Total*
As at 1 January 2023	5,636	7,404	1,549	3,482	**18,071**
Additions	1,431	647	228	2,017	**4,323**
Acquired through business combination	737	388	88	32	**1,245**
Disposals	(339)	(695)	(4)	(133)	**(1,171)**
Other transfers and adjustments	980	110	(51)	(1,105)	**(66)**
At 31 December 2023	**8,445**	**7,854**	**1,810**	**4,293**	**22,402**
Accumulated depreciation and impairment losses:					
As at 1 January 2023	2,106	2,956	567	1,571	**7,200**
Depreciation charge	884	926	171	779	**2,760**
Acquired through business combinations	200	69	-	11	**280**
Disposals	(152)	(206)	(4)	(107)	**(469)**
Other transfers and adjustments	489	(40)	(47)	(497)	**(95)**
At 31 December 2023	**3,527**	**3,705**	**687**	**1,757**	**9,676**
Carrying value at 31 December 2023	**4,918**	**4,149**	**1,123**	**2,536**	**12,726**

Cost:	*Land*	*Buildings*	*Plant, machinery and equipment*	*Others*	*Total*
As at 1 January 2022	4,557	6,858	1,508	2,289	**15,212**
Additions	1,344	1,060	47	1,300	**3,751**
Acquired through business combination	40	71	-	15	**126**
Disposals	(126)	(276)	(2)	(242)	**(646)**
Other transfers and adjustments	(179)	(309)	(4)	120	**(372)**
At 31 December 2022	**5,636**	**7,404**	**1,549**	**3,482**	**18,071**
Accumulated depreciation and impairment losses:					
As at 1 January 2022	1,523	2,155	418	1,067	**5,163**
Depreciation charge	693	880	138	737	**2,448**
Acquired through business combinations	11	25	-	-	**36**
Disposals	(82)	(94)	(1)	(235)	**(412)**
Other transfers and adjustments	(39)	(10)	12	2	**(35)**
At 31 December 2022	**2,106**	**2,956**	**567**	**1,571**	**7,200**
Carrying value at 31 December 2022	**3,530**	**4,448**	**982**	**1,911**	**10,871**

18.1 Allocation of depreciation charge for the year

	2023	*2022*
Cost of revenue	1,637	1,340
Administrative expenses	1,006	1,072
Others	117	36
Total	**2,760**	**2,448**

(All amounts in million SAR unless otherwise stated)

19. CUSTOMER DEPOSITS

Customers' deposits represent the payables arising from the Banking Operations of the Group. Customers' deposits are initially recognized at fair value less transaction costs. Subsequently, they are measured at amortized cost. Based on the nature of customers' deposits in Banking Operations and their contractual maturities, the majority of such deposits are on demand.

19.1 The details of customer deposits

	As at 31 December 2023		
	Islamic	*Conventional*	*Total*
Current accounts	357,648	134,788	492,436
Time	67,190	102,713	169,903
Savings	331	-	331
Others	15,361	7,366	22,727
	440,530	**244,867**	**685,397**

	As at 31 December 2022		
	Islamic	*Conventional*	*Total*
Current accounts	371,506	47,724	419,230
Time	43,518	119,451	162,969
Savings	352	-	352
Others	14,778	9,673	24,451
	430,154	**176,848**	**607,002**

19.2 Breakdown of customer deposits

(a) Geographical analysis of customer deposits

	As at 31 December 2023	*As at 31 December 2022*
Kingdom of Saudi Arabia	579,449	534,127
Other countries	95,827	60,779
Other Gulf Cooperation Countries	10,121	12,096
	685,397	**607,002**

(b) Business analysis of customer deposits

Retail	351,905	334,367
Corporate	167,749	203,388
Government	140,299	43,100
Others	25,444	26,147
	685,397	**607,002**

19.3 Deposits held as collateral for irrevocable commitments and contingencies

	As at 31 December 2023	*As at 31 December 2022*
Letters of guarantee	2,628	1,051
Letters of credit	6,004	5,723
	8,632	**6,774**

(All amounts in million SAR unless otherwise stated)

20. LOANS AND BORROWINGS

	As at 31 December 2023	*As at 31 December 2022*
Banking operations (note 20.1)	274,247	196,003
Non-banking operations (note 20.2)	191,792	125,770
Total borrowings	**466,039**	**321,773**

20.1 Banking operations

	Notes	*As at 31 December 2023*	*As at 31 December 2022*
Debt issued and borrowed funds	*(a)*	52,896	41,438
Due to banks and other financial institutions	*(b)*	221,351	154,565
Total loans and borrowings from banking operations		**274,247**	**196,003**

(a) Debt issued and borrowed funds

	2023	2022
Term loans from banks and financial institutions (i)	17,047	14,115
Bonds (ii)	11,978	11,249
Sukuk payable (iii)	23,871	16,074
	52,896	**41,438**

The movement in the debts issued and borrowed funds during the year is as follows:

	2023	*2022*
As at 1 January	41,438	27,858
Additions/drawdowns	14,454	30,209
Repayments	(3,137)	(18,395)
Others	141	1,766
At 31 December	**52,896**	**41,438**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

20. LOANS AND BORROWINGS (continued)

20.1 Banking operations (continued)

(a) Debt issued and borrowed funds (continued)

The key features of the debt securities issued are as follows:

Particular	Tenure	Issue date	Interest / profit rate	Approved facility	Repayment details	*31 December 2023*	*31 December 2022*
(i) Term loans from banks and financial institutions							
Conventional Loans (US $)	3 – 10 years	2017 – 2022	carrying interest at fixed rate and floating rate	8,733	Bullet repayment at maturity	8,795	8,733
Conventional Loans (SAR)	3 – 5 years	2020 – 2023	carrying interest at fixed rate and floating rate	5,719	Bullet repayment at maturity	5,719	2,878
Islamic loans (SAR)	3 years	2021 – 2022	carrying profit at floating rate	1,558	Bullet repayment at maturity	1,558	1,529
Islamic loans (US $)	5 years	2020	carrying profit at floating rate	975	Bullet repayment at maturity	975	975
(ii) Bonds issued							
Bonds (SAR)	2 – 5 years	2019 – 2020	carrying profit at floating rate	-	Bullet repayment at maturity	-	150
Bonds (US $)	5 – 10 years	2017 – 2023	carrying profit at floating rate	11,471	Bullet repayment at maturity	11,471	10,919
Bonds (other currencies)	3-10 years	2023	carrying profit at fixed rate and floating rate	507	Bullet repayment at maturity	507	180
(iii) Sukuk issued							
Sukuk (Turkish Lira)	6 – 12 months	2022 – 2023	carrying profit at fixed rate	114	Bullet repayment at maturity	13	114
Sukuk (US $)	1 – 5 years	2019 – 2023	carrying profit at fixed rate	2.963	Bullet repayment at maturity	2,963	2,781
Sukuk (SAR)	1 year	2022	carrying profit at fixed rate	985	Bullet repayment at maturity	985	1,201
Sukuk (SAR)	5 – 10 years	2018 – 2023	carrying profit at fixed rate	22,104	Bullet repayment at maturity	19,910	11,978
Total						**52,896**	**41,438**

As at 31 December 2023, Sukuk issued amounting to SAR 20,000 million (as at 31 December 2022: SAR 13,000 million) were guaranteed by the Government.

(All amounts in million SAR unless otherwise stated)

20. LOANS AND BORROWINGS (continued)

20.1 Banking operations (continued)

(b) Due to banks and other financial institutions

	As at 31 December 2023	*As at 31 December 2022*
Current accounts	3,623	4,794
Money market deposits *(i)*	88,031	87,191
Repos *(ii)*	129,697	62,580
Total	**221,351**	**154,565**

(i) Money market deposits

Due to banks and other financial institutions includes money market deposits with fixed or determinable payments that are not quoted in an active market.

(ii) Repos

Repo transactions are conducted under the terms that are usually based on the applicable GMRA (Global Master Repurchase Agreement) collateral guidelines. The securities pledged under agreement to repurchase (repo) are disclosed in note 20.3 “Securities and collaterals”.

20.2 Non-banking operations

	As at 31 December 2023	*As at 31 December 2022*
Bank borrowings (i)	119,062	86,818
Loans from government and government related entities (ii)	11,995	13,290
Bonds and Sukuk payable (iii)	22,907	9,333
Green Bonds (iv)	31,158	10,868
Convertible notes (v)	3,981	3,905
Bank overdraft	2,689	1,556
Total	**191,792**	**125,770**

The movement in borrowings during the year for non-banking operations is as follows:

	2023	*2022*
As at 1 January	125,770	98,696
Additions/drawdowns *	75,468	130,266
Repayments/ settlements *	(12,966)	(97,017)
Acquired through business combination	1,660	206
Related to discontinued operations	-	(1,928)
Foreign exchange fluctuations and others	1,860	(4,453)
At 31 December	**191,792**	**125,770**

* Borrowings include non-cash additions/drawdowns amounted to SAR 5 million (2022: SAR 42,119 million) and settlements include non-cash settlements amounted to SAR nil (2022: SAR 41,250 million).

(All amounts in million SAR unless otherwise stated)

20. LOANS AND BORROWINGS (continued)

20.2 Non-banking operations (continued)

Particular	Tenure	Issue date	Interest / profit rate	Approved facility	Repayment details	*31 December 2023*	*31 December 2022*
(i) Bank borrowings							
Conventional Loans (US $)	1 – 7 years	2019 – 2023	floating rate	97,879	Bullet/installment repayments	86,890	64,236
Conventional Loans (SAR)	15 years	2021	floating rate	21,535	Bullet/installment repayments	6,436	1,975
Conventional Loans (other currencies*)	1 – 20 years	2019 – 2023	fixed and floating rates	742	Bullet/installment repayments	462	307
Islamic loans (SAR)	1 – 13 years	2015 – 2023	floating rates	21,207	Bullet/installment repayments	15,021	16,557
Islamic loans (US $)	2 – 8 years	2017 – 2023	fixed and floating rates	12,316	Semi-annually	8,731	2,145
Islamic loans (other currencies*)	5 – 7 years	2018 – 2022	fixed and floating rates	2,685	Bullet/installment repayments	1,522	1,598
(ii) Loans from government and government related entities							
in (SAR)	1 – 12 years	2012 – 2021	fixed and floating rates	14,487	Annually and semi-annually	7,219	7,216
in (US $)	15 years	2020	floating rates	6,600	Semi-annually	4,776	6,074
(iii) Bonds and Sukuk							
in (SAR)	7 – 10 years	2014 – 2023	floating rates	5,283	Bullet repayment at maturity	5,283	4,657
in (US $)	10 years	2019 – 2023	fixed rate	17,624	Bullet repayment at maturity	17,624	4,675
(iv) Green bonds							
Green bonds	5 – 100 years	2022 – 2023	fixed rates	31,875	Bullet repayment at maturity	31,158	10,868
(iv) Convertible notes [(a)]							
Convertible notes	5 years	2021	fixed rate	7,547	Maturity date Dec 2026	3,981	3,906
Bank overdraft and others		2022 – 2023	fixed and floating rates	3,937	No fixed term of repayment	2,689	1,556
Total						**191,792**	**125,770**

* Other currencies include Euro, GBP, Bahraini dinar, Kuwaiti dinar, Malaysian ringet, Canadian dollar, and Emirates dirham.

20. LOANS AND BORROWINGS (continued)

20.2 Non-banking operations (continued)

(a) **Convertible notes ("2026 notes")**

The Group issued an aggregate of SAR 7,547 million (equivalent to US $2,012 million) principal amount of 1.25% convertible unsecured senior notes due in December 2026, in a private offering to qualified institutional buyers pursuant to local statutory regulations at an issuance price equal to 99.5% of the principal amount of 2026 Notes. The 2026 Notes have been designated as green bonds, whose proceeds will be allocated in accordance with the respective subsidiary's green bond framework. The net proceeds from the issuance of the 2026 Notes were amounting to SAR 7,444 million (equivalent to US $1,985 million), net of debt discounts and issuance costs.

An embedded derivative for the Conversion Feature was identified. Accordingly, the Convertible notes represented a hybrid contract with a host liability and an embedded derivative. The Group has designated the Convertible notes hybrid contract at fair value through profit or loss. Fair value adjustments resulting from changes in own credit risk are recognized in other comprehensive income.

The following is a summary of the 2026 Notes (in millions) as at 31 December:

	2023	*2022*
Principle amount	7,540	7,540
Fair value as at	3,981	3,906

No sinking fund is provided for the 2026 Notes, which means that the Group is not required to redeem or retire them periodically.

20.3 Securities and collaterals

The Group has pledged/hypothecated the following assets in favor of the banks and financial institutions to fulfil the collateral requirements in the borrowing arrangements.

(a) The Group enters into collateralized borrowing transactions (repurchase agreements) in the ordinary course of its financing activities. The carrying amount and fair value of securities pledged under agreement to repurchase (repo) are as follows (as at):

	31 December 2023		*31 December 2022*	
	Carrying value	*Fair value*	*Carrying value*	*Fair value*
Held at FVOCI	33,863	33,863	22,278	22,278
Held at amortized cost	99,048	93,825	40,954	39,797
Total	**132,911**	**127,688**	**63,232**	**62,075**

(b) Property, plant and equipment with a carrying value of SAR 20,699 million as at 31 December 2023 (31 December 2022: SAR 20,561 million) are pledged. These include Property, plant and equipment and capital work-in-progress pledged as security to lenders (long-term borrowings) under the Common Terms Financing Agreement.

(c) Mining properties with a carrying value as at 31 December 2023 of SAR 7,496 million (31 December 2022: SAR 7,541million) are pledged as security to lenders (long-term borrowings) under the Common Terms Financing Agreement.

(d) Investment properties with a carrying value as at 31 December 2023 of SAR 4,322 million (31 December 2022: SAR 4,286 million). The long-term Islamic loan granted to the Group is secured by the Group's collateralized land.

(e) Certain Islamic financing are secured principally by the assignment of certain trade receivables.

20. LOANS AND BORROWINGS (continued)

20.4 Covenants and conditions

The covenants and conditions of the borrowing facilities require the Group to maintain certain level of financial covenants and other related requirements.

A future breach of covenants may lead to renegotiation. The covenants are monitored on a quarterly basis by the Group. In case of potential breach, actions are taken by management to ensure compliance. As at 31 December 2023 and 31 December 2022, respectively, there was no non-compliance for any of the covenants.

21. DEFERRED GOVERNMENT GRANTS

Material accounting policies that apply to government grants

Direct cash funding from the Government

The subsidiaries of the Group, from time to time, receive direct cash funding from the Government of Saudi Arabia ("Government"). Since the Group's owner is the Government, on receipt of funding from the Government, the Group evaluates the funding to determine if the transaction is a transaction with the Government in its capacity as the owner and therefore treated as 'additional capital contribution', or if not, then as a government grant.

The determination is done after considering various factors including but not limited to the following:

- whether the initial capital of the subsidiary of the Group was sufficient to meet its objectives;
- are there substantive conditions associated with the funding, ability of the subsidiary of the Group to comply with those conditions and whether there is a possibility to return those funds;
- are funding received part of the implementation of specific Government policy or initiative;
- would similar funding be given by the Government to an entity not owned by the Government i.e. the private sector; and
- whether funds are provided for the benefit of the economy/sector in general or particular to financial assistance to the subsidiary of the Group.

Assessment of above factors requires significant judgement and evaluation to assess whether the Government has acted in the capacity as an 'Owner' or the Government.

Accounting for Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

- when the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. If the conditions for receiving the grant are met after the related expenses have been recognized, then the grant is recognized when it becomes receivable.
- when the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.
- when the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal value.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the subsidiary with no future related costs shall be recognized in the consolidated statement of profit or loss of the period in which it becomes receivable.

(All amounts in million SAR unless otherwise stated)

21. DEFERRED GOVERNMENT GRANTS (continued)

Material accounting policies that apply to government grants

Land transferred from the Government

Where the Government has transferred lands without consideration, such lands are recorded at a nominal value of SAR 1, plus any related transaction costs.

Transaction costs are directly attributable expenditure that includes, for example, professional fees for legal services, property transfer taxes, if any, expropriation costs and other transaction costs.

21.1 Movement of deferred government grants during the year

	2023	*2022*
As at 1 January	5,119	3,954
Received / receivable during the year	7,004	3,272
Released to the consolidated statement of profit or loss	(2,614)	(1,719)
Acquired through business combinations	1,002	-
Others	(270)	(388)
At 31 December	**10.241**	**5,119**

21.2 Other disclosures related to government grants

The details of the deferred government grants are as follows:

(a) Deferred government grants include grants amounting to SAR 3,613 million (2022: SAR 3,723 million) that were provided by Communications, Space and Technology Commission ("CST") to one of the Group's subsidiaries to build telecommunication network in different areas in the Kingdom of Saudi Arabia.

(b) There are no unfulfilled conditions or contingencies attached to these grants.

22. ZAKAT AND INCOME TAX

Material accounting policies that apply to zakat and income tax

Zakat

The Fund is not subject to Zakat in accordance with Royal Order No. 35657 dated 29 Jumada Al-Thani 1442H (corresponding to 11 February 2021).

All wholly owned companies by the Fund are subject to Zakat except for:

- the wholly owned companies, and their wholly owned companies, which hold all of its direct investments outside the Kingdom of Saudi Arabia, and
- other wholly owned companies, directly or indirectly, that are exempted based on mutual agreement between the Fund and ZATCA, for specific and agreed duration.

Although exempted subsidiaries are not subject to zakat, the requirement to submit their zakat return to ZATCA annually continues to remain effective.

The individual subsidiaries subject to Zakat within the Group calculate and record the zakat provision based on the zakat base in accordance with Zakat rules and principles in the Kingdom of Saudi Arabia.

(All amounts in million SAR unless otherwise stated)

22. ZAKAT AND INCOME TAX (continued)

Material accounting policies that apply to zakat and income tax (continued)

Current income tax

The Fund is not subject to income tax in accordance with Royal Order No. 35657 dated 29 Jumada Al-Thani 1442H (corresponding to 11 February 2021). However, the subsidiaries within the Group having foreign shareholders are subject to tax in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is provided in full, using the liability method at tax rates enacted or substantively enacted at the end of the reporting period and expected to apply when the related deferred income tax is realized or settled on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In estimating such tax consequences, consideration is given to expected future events. Deferred income tax is not provided on initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction, does not affect either the accounting profit or the taxable profit.

Deferred income tax assets are recognized where future recovery is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Value Added Tax (VAT)

Expenses and assets are recognized excluding the amount of VAT, except:

- when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- when receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

22.1 Zakat and income tax payable

	As at	
	31 December 2023	*31 December 2022*
Zakat provision	7,277	6,562
Current income tax provision	368	205
Total	**7,645**	**6,767**

(All amounts in million SAR unless otherwise stated)

22. ZAKAT AND INCOME TAX (continued)

22.2 The movement in Zakat provision

	2023	*2022*
As at 1 January	6,562	4,804
Charge during the year	5,478	5,314
Amount paid during the year	(4,607)	(3,727)
Other settlements	(156)	171
At 31 December	**7,277**	**6,562**

22.3 The movement in Income tax provision

	2023	*2022*
As at 1 January	205	192
Charge during the year	1,428	345
Amount paid during the year	(1,399)	(244)
Other adjustments	134	(88)
At 31 December	**368**	**205**

22.4 Zakat and income tax expense

	For the year ended 31 December	
	2023	*2022*
Zakat expense	5,478	5,314
Income tax expense	1,135	338
Total	**6,613**	**5,652**

22.5 Unrecognized deferred tax assets

	2023		*2022*	
	Gross amount	Tax effect	Gross amount	Tax effect
Deductible temporary differences	4,391	1,138	4,531	1,035
Carried forward tax losses	25,731	3,877	21,123	3,622

22.6 Tax losses carried forward for which no deferred tax is recognized

	2023		*2022*	
	Amount	*Expiry period*	*Amount*	*Expiry period*
Expire	3,291	[2024-2042]	3,016	[2023-2042]
Indefinite	22,440		18,107	

23. TRADE AND OTHER PAYABLES

Material accounting policies that apply to trade and other payables

The accounting policy for trade and other payables that meet the definition of a financial liability is covered within material accounting policies that apply to the overall financial statements (refer to note 3). Below are the accounting policies for some categories of liabilities within this note.

Contract balances arising from contracts with customers

- Contract liabilities: A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(All amounts in million SAR unless otherwise stated)

23. TRADE AND OTHER PAYABLES (continued)

Material accounting policies that apply to trade and other payables (continued)

Service concession liabilities

Where the Group recognizes a service concession asset, a related liability shall also be recognized. The liability is initially measured at the same amount as the service concession asset, adjusted by the amount of any other consideration from the grantor to the operator, or from the operator to the grantor. The liability is accounted for as a financial liability and/or non-financial liability (unearned revenue) depending on whether the grantor has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of the service concession asset; and/or grants the operator the right to earn revenue from third-party users or another revenue-generating asset.

23.1 Details of trade and other payables

Financial liabilities	*As at 31 December 2023*	*As at 31 December 2022*
Accrued expenses and accounts payables (non-trade)	47,933	41,558
Trade payables	40,946	29,266
Government payables	18,247	2,355
Payables for projects	11,232	10,004
Staff-related payables	10,018	8,340
Capital supplier dues and retentions	8,365	4,942
Due to Joint Ventures and Associates	5,071	488
Clearing participant financial liabilities	3,278	3,373
Other financial liabilities	20,998	19,584
Sub-total (A)	**166,088**	**119,910**
Non-Financial Liabilities		
Contract liabilities (note 23.2)	26,872	19,400
Service concession liabilities	9,554	1,262
Allowance for indirect facilities- Banking and Financing Operations	4,146	4,447
Other non-financial liabilities	2,215	1,771
Sub-total (B)	**42,787**	**26,880**
Total trade and other payables (A + B)	**208,875**	**146,790**

23.2 Contract liabilities

Contract liabilities comprise of deferred revenue, advances from customers, rebate payable to customers and customers' loyalty programs.

Significant changes in contract liabilities during the year:

	2023	*2022*
As at 1 January	19,400	19,544
Additions during the year	19,225	31,028
Changes due to business combinations	2,046	(4,853)
Recognized as revenue	(13,811)	(26,313)
Other movements	12	(6)
At 31 December	**26,872**	**19,400**

(All amounts in million SAR unless otherwise stated)

24. LEASE LIABILITIES

Material accounting policies that apply to lease liabilities

The accounting policy for lease liabilities is covered within material accounting policies that apply to leases (refer to note 18).

24.1 Group as a lessee

(a) The movement in the lease liabilities during the year ended 31 December

	2023	*2022*
As at 1 January	11,610	10,619
Additions during the year	5,658	3,973
Payments	(3,985)	(2,935)
Interest accrued and other movements	261	(47)
At 31 December	**13,544**	**11,610**

(b) Total cash outflows for leases during the year ended 31 December

	2023	*2022*
Cash payment for the principal portion of the lease liability	3,420	2,504
Cash payment for the interest portion of the lease liability	565	431

(c) Amounts recognized in the consolidated statement of profit or loss for the year ended 31 December

	2023	*2022*
Depreciation expense of right-of-use assets	2,760	2,442
Expenses relating to short-term leases and variable lease payments	1,321	870
Interest expense on lease liabilities	636	490
Impairment expense of right-of-use assets	29	22
Total	**4,746**	**3,824**

(d) Undiscounted maturity profile of lease liabilities

	As at 31 December 2023	*As at 31 December 2022*
Less than three months	412	259
Between three months and 12 months	2,958	2,716
Between 1 year and five years	7,862	6,695
Above five years	5,904	5,460
	17,136	**15,130**

(e) Inputs used to measure lease liability

Details	*2023*	*2022*
Range of discount rate	1% to 19%	1% to 17.4%
Years of maturity *(*)*	1 to 76 years	1 to 77 years

(*) The lower end of the range will be the earliest maturing leases and the higher end will be the last maturing lease.

(All amounts in million SAR unless otherwise stated)

24. LEASE LIABILITIES (continued)

24.1 Group as a lessee (continued)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to continue the lease of some of the assets for additional terms of one to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes. Extension and termination options are included to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by mutual agreement of the Group and the respective lessor.

24.2 Group as a lessor – Operating lease contracts

Primary items of assets subject to an operating lease include land and building classified within Investment Properties amounting to SAR 28,887 million (2022: SAR 12,874 million) and aircrafts classified within property, plant and equipment. Lease income amounting to SAR 1,632 million (2022: SAR 766 million) has been recognized in the consolidated statement of profit or loss.

Lease payments for some contracts include price escalation, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group obtains refundable security deposits for the term of the lease.

Maturity analysis of undiscounted lease receivables

	Minimum lease receivable	
	As at 31 December 2023	*As at 31 December 2022*
Less than 1 year	3,853	846
1 to 2 years	3,460	664
2 to 3 years	3,126	543
3 to 4 years	2,699	336
4 to 5 years	2,437	280
Above 5 years	12,829	1,025
	28,404	**3,694**

25. EMPLOYEES' BENEFITS

Material accounting policies that apply to employees' benefits

Retirement benefit costs and end of service benefits

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed pension schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

The Group's net obligation in respect to employees' end of service benefits provision is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets, if any. Employees' end of service benefits provision is calculated annually by actuaries in accordance with the projected unit credit method, taking into consideration the labor law of the country in which the subsidiaries of the Group operate. The provision is recognized based on the present value of the defined benefit obligations. The present value of the defined benefit obligations is calculated using assumptions on the average salary incremental rate, average employees' years of service and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect the Group's best estimate.

The discount rate used is determined by reference to market yields at the end of the reporting period on high quality corporate bonds, of the country in which the subsidiaries of the Group operate. For countries in which there is no deep market in such high-quality bonds, the market yields on sovereign (government) bonds, with a term consistent with the estimated term of the defined benefit obligation as at the reporting date, is used.

Re-measurement of net liabilities that includes actuarial gains and losses arising from the changes in assumptions used in the calculation, is recognized directly in other comprehensive income. Re-measurements are not reclassified to the consolidated statement of profit or loss in subsequent periods.

The cost of past services (if any) is recognized in the consolidated statement of profit or loss on the earlier of:

- date of modification of the programme or labor downsizing; and
- the date on which the Group recognizes the related restructuring costs.

Net interest cost is calculated by applying the discount rate to the net defined benefit assets or liabilities. The Group recognizes the following changes in the net benefit obligation identified in the consolidated statement of profit or loss:

- service costs that include the current service costs, past service costs, profits and losses resulting from labor downsizing and non-routine payments; and
- net interest cost or income.

Other short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Football staff remuneration

Remuneration of players and key football management staff is charged in accordance with the terms of the applicable contractual agreements and any discretionary bonus when there is a legal, contractual or constructive obligation.

Remuneration is charged to operating expenses on a straight-line basis over the contract periods based on the amount payable to players and key football management staff for that period. Any performance bonuses are recognized when the Group considers that it is probable that the condition related to the payment will be achieved.

(All amounts in million SAR unless otherwise stated)

25. EMPLOYEES' BENEFITS (continued)

Material accounting policies that apply to employees' benefits (continued)

Football staff remuneration (continued)
Signing-on fees are typically paid to players and key football management staff in equal annual installments over the term of the contract. Installments are paid at or near the beginning of each financial year and recognized as prepayments. They are subsequently charged to profit or loss (as employee benefit expenses) on a straight-line basis over the financial year. Signing-on fees paid form part of cash flows from operating activities.

Loyalty fees are bonuses which are paid to players and key football management staff either at the beginning of a renewed contract or in installments over the term of their contract in recognition for either past or future performance. Loyalty bonuses for past service are typically paid in a lump sum amount upon renewal of a contract. These loyalty bonuses require no future service and are not subject to any claw-back provisions were the individual to subsequently leave the club during their new contract term. They are expensed once the Group has a present legal or constructive obligation to make the payment. Loyalty bonuses for ongoing service are typically paid in arrears in equal annual installments over the term of the contract. These are paid at the beginning of the next financial year and the related charge is recognized within employee benefit expenses in profit or loss on a straight-line basis over the current financial year.

25.1 Types of employees' benefits

	As at 31 December 2023	*As at 31 December 2022*
Defined benefit liability (note 25.2)	11,260	9,384
Others	2,038	530
	13,298	**9,914**

25.2 Defined benefit plans

The Group provides for end of service benefits plan to its employees taking into consideration the local labor laws that are relevant and prevailing for the subsidiaries within the Group. The entitlement is based upon the employees' final salary and length of service, subject to the completion of a minimum service years, calculated under the provisions of the Labor Law of the respective country and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the years of employment. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(a) Unfunded plan - end of service benefits

The Group operates an unfunded end of service benefit plan (the plan) for its employees based on the prevailing Saudi Labor Laws and applicable laws for overseas subsidiaries. The calculation of end of service liability in respect of the plan was done using the most recent actuarial valuation.

(b) Funded plan - defined benefit plan

One of the UK-based subsidiaries of the Group maintains a funded defined benefit final salary pension plan for a number of its employees. The assets of the plan are held independently of the subsidiary's assets in a separate trustee administered fund. The fund is subject to the UK regulatory framework for pensions. The fund exposes the Group to the risk of paying unanticipated contributions in times of adverse experience. Such events could be members living for longer than expected, higher than expected inflation or salary growth, and the risk that increases in the fund's obligations are not met by a corresponding improvement in the value of the fund's assets.

(All amounts in million SAR unless otherwise stated)

25. EMPLOYEES' BENEFITS (continued)

25.2 Defined benefit plans (continued)

(b) Funded plan - defined benefit plan (continued)

The net liability or asset is a valuation measure derived using an actuarial mathematical model. The modelling is performed by an independent actuary based upon the measurement criteria.

The plan assets comprised a 1.8% (as at 31 December 2022: 19.10%) exposure to equities, with the balance of the exposure to multi-asset funds, hedging funds and debt. The plan assets have a quoted price in an active market and the hedging funds are designed to hedge the majority of inflation and interest rate risk.

(c) Changes in the present value of net defined benefit liability

The movements in the net defined benefits liability (present value of defined benefits obligations and fair value of plan assets) recognized in the consolidated statement of financial position are as follows:

	2023	*2022*
As at 1 January	9,384	10,019
Included in consolidated statement of profit or loss		
Current service cost	1,684	1,284
Net interest expense / income	450	241
Others	(6)	3
	2,128	**1,528**
Included in other comprehensive income		
Actuarial gains (losses)	442	(1,050)
	442	**(1,050)**
Other movements		
End of service benefits paid	(1,076)	(963)
Others	382	(150)
	(694)	**(1,113)**
At 31 December	**11,260**	**9,384**

(d) Key actuarial assumptions

The Group's plans are exposed to actuarial risks such as changes in discount rate and salaries of plan participants.

- *Discount rate risk* - A decrease in the discount rate will increase the end of service benefits plan liability.
- *Change in salaries* - The present value of the end of service benefit plan liability is calculated by reference to the estimated future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the plan's liability.

The present values of the defined benefit obligations at 31 December were computed using various assumptions including the estimation of the discount rate and expected salary increase rate. The assessment assumed expected salary increases ranging from 1.25% to 7.00% (2022: 2.65% to 6.00%) per annum and a discount rate of 4.40% to 5.70% (as at 31 December 2022: 2.65% to 6.00%) per annum.

Any changes in actuarial assumptions from one period to another may affect the determination of the estimated closing obligation, which is accounted for as an actuarial gain or loss for the period.

(All amounts in million SAR unless otherwise stated)

25. EMPLOYEES' BENEFITS (continued)

25.2 Defined benefit plans (continued)

(e) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant significant actuarial assumptions (i.e. discount rate and salary growth rate) by an increase or decrease of 100 basis points, holding other assumptions constant, would have no significant impact on the defined benefit obligation.

(f) Maturity profile of defined benefit liability

The expected maturity analysis of undiscounted employees' end of service termination benefits obligation is as follows:

Year	*As at 31 December 2023*	*As at 31 December 2022*
within 1 year	607	445
between 1 year to 2 years	763	536
between 2 to 3 years	694	509
between 3 to 4 years	720	508
between 4 to 5 years	796	537
beyond 5 years	16,674	15,535
Total	**20,254**	**18,070**

Based on the assumptions cash outflows are estimated for the Group's employees as a whole giving the total payments expected over the future years, which are discounted to arrive at the closing obligation. The weighted average duration of the employees' end of service termination benefits obligation for the subsidiaries within the Group range between 2 years and 15 years (2022: 3 years and 19 years).

25.3 Details of defined contribution plans

The Group is participating in pension schemes for its employees which are managed by government institutions in the countries concerned.

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed pension schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

26. PROVISIONS

Material accounting policies that apply to provisions

Provisions are recognized when the Group:

- has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is recognized in the consolidated statement of profit or loss, on gross basis and reimbursement is presented separately, if any.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as other finance costs.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Provision for compensation due to expropriation

The Group recognizes provision for compensation due to expropriation; where, the Group has present obligation to bear the expropriation charges and outflow of economic benefits can be reliably measured.

Provision for decommissioning, site rehabilitation and dismantling obligations

The Group records the present value of estimated costs of legal decommissioning obligations required to restore the site to its original condition in the period in which the obligation is incurred. The nature of these activities includes dismantling and removing structures, dismantling operating facilities, closure of plant and waste sites, restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related property, plant and equipment to the extent that it was incurred as a result of the development construction of the asset.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of profit or loss as part of other finance costs.

(All amounts in million SAR unless otherwise stated)

26. PROVISIONS (continued)

26.1 Movement of provisions during the year

	31 December 2023			
	Legal and regulatory provisions	*Decommissioning, site rehabilitation and dismantling obligations*	*Provision for other liabilities and charges*	***Total***
As at 1 January	4,160	891	9,034	**14,085**
Current year provision (reversal), net	(456)	1,867	198	**1,609**
Adjustments resulting from remeasurement and others	863	629	3,021	**4,513**
Net increase/decrease in provision	407	2,496	3,219	**6,122**
Settlement during the year	(486)	-	(2,580)	**(3,066)**
At 31 December	**4,081**	**3,387**	**9,673**	**17,141**

	31 December 2022			
	Legal and regulatory provisions	*Decommissioning, site rehabilitation and dismantling obligations*	*Provision for other liabilities and charges*	***Total***
As at 1 January	5,496	900	7,340	**13,736**
Current year provision (reversal), net	(865)	(98)	3,748	**2,785**
Adjustments resulting from remeasurement and others	(68)	89	15	**36**
Net increase/decrease in provision	(933)	(9)	3,763	**2,821**
Settlement during the year	(403)	-	(2,069)	**(2,472)**
At 31 December	**4,160**	**891**	**9,034**	**14,085**

(All amounts in million SAR unless otherwise stated)

26. PROVISIONS (continued)

26.2 Legal and regulatory provisions

The Group is party to number of legal and regulatory claims in the ordinary course of business. The Group, after taking independent legal advice, has established provisions based on the best estimates of the amounts required to settle these claims after considering the facts for each case. The timing of the cash outflows associated with the majority of the legal claims are typically less than one year, however, for some legal claims the timing of cash flows may be more than one year.

26.3 Decommissioning, site rehabilitation and dismantling obligations

Provisions for decommissioning, site rehabilitation and dismantling obligations are made for the costs associated with decommissioning, site rehabilitation, restoration and dismantling of assets such as mines, telecommunication sites and lands of some projects which are utilized in the course of Group's normal operating activities. This provision represents the present value of the estimated future costs which are expected to be incurred in the year in which the respective assets are expected to be decommissioned.

26.4 Provision for other liabilities and charges

Below is the breakdown of other liabilities and charges:

	As at 31 December 2023	*As at 31 December 2022*
Provision for compensation due to expropriation [(a)]	7,828	6,623
Legacy claims [(b)]	876	1,079
Other liabilities	969	1,332
Total	**9,673**	**9,034**

(a) A high order assigned a Government agency ("Expropriator") to carry out all expropriation activities in relation to Group projects and include required provisions within the Expropriator budget. For specified land areas of some of the Group projects, the Government directed the Group to bear the expropriation compensation, which include lands previously transferred to the Group without consideration or to be transferred to the Group in future. While all other expropriation activities are performed by the Expropriator, such as, obtaining legal permission to visit the private properties, identification of inventory eligible for compensation, verification of ownership documents, determining areas not eligible for compensation, determination of compensation due to expropriation, etc. The Group relies on the Government assigned Expropriator, to provide reliable estimate for the expropriation compensation cost. Accordingly, for the year ended 31 December 2023, the Group has recorded an expropriation compensation provision of SAR 3,137 million (2022: SAR 7,089 million) based on the expropriator's assessment. During the same period an amount of SAR 1,932 million was paid (2022: SAR 5,175 million). For other land areas identified for expropriation, where no reliable estimate is available from the Expropriator, the Group has not recorded a provision for compensation due to expropriation.

(b) One of the Group's subsidiaries is liable to settle certain legacy claims pertaining to one of their projects. The value of outstanding claims amounted to SAR 3,480 million (2022: SAR 3,570 million). Such claims are being regularly assessed by the management of respective subsidiary and based on management's best estimate. The settlement of such claims is dependent on various factors including availability of information from contractors, court determination, etc. which may lead to possible settlements exceeding 12 months from the reporting date.

(All amounts in million SAR unless otherwise stated)

27. CAPITAL CONTRIBUTION

Since the establishment of the Fund in 1971, the Government has contributed to the Fund's capital in the form of cash and / or in-kind.

27.1 Additional capital contribution

Additional capital contribution represents capital contribution in cash or in kind by the Owner. The amount also includes funding paid by the Owner to the Fund's wholly owned subsidiaries which are, after considering various factors described in note 3.2, determined to be a transaction with the Owner in their capacity as the parent. This is transferred to capital contribution upon approval by the Board of Directors.

Below are the contributions made during the year:

	2023	*2022*
Net asset received by Fund's wholly-owned subsidiary *	292,221	5,377
Funding received by Fund's wholly-owned subsidiaries	16,158	9,934
Cash received from Owner	1,286	5,777
Investment received from Owner *	485	296,400
Total contributions made during the year	**310,150**	**317,488**

* During the year, the Owner transferred to one of the Fund's wholly-owned subsidiaries (2022: transferred to the Fund) a portion of its interest, representing 4% ownership (2022: 4%), in Saudi Arabian Oil Company ("Aramco").

27.2 General reserve

This reserve was created following PIF's board resolution no. 108/1430 dated on 28 Dhu'l-Qa'dah 1430 (corresponding to 16 November 2009).

27.3 Other reserves

Other reserves mainly represent cumulative net changes in fair value of investment securities measured at FVOCI reserve until the investments are derecognized, remeasurement of employees defined benefit obligation ("EDBO") reserve, cumulative foreign currency translation reserve of foreign operations, cumulative cash flow hedge reserve and Group's cumulative share of OCI of associates and JVs.

(All amounts in million SAR unless otherwise stated)

28. NON-CONTROLLING INTEREST

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI.

28.1 Summarized statement of financial position and summarized statement of profit or loss

As at, and for, the year ended 31 December 2023	*SNB* [(a)]	*stc*	*Ma'aden*	*Ayar Third* [(b)]	*Taqa*	*Other individually Immaterial subsidiaries*
Proportion of ownership interests (and voting rights) held by NCI	62.40%	35.80%	32.78%	40.20%	46.00%	
Carrying value of NCI [(c)]	**114,199**	**30,807**	**25,609**	**18,342**	**3,797**	**5,516**
Statement of financial position						
Assets	1,037,147	159,632	111,874	36,158	11,858	
Assets held for sale	-	51	-	-	17	
Liabilities	(860,519)	(78,168)	(55,059)	(31,887)	(3,624)	
Tier 1 Sukuk	(2,000)	-	-	-	-	
Non-controlling interest at subsidiary level	(13,912)	(2,530)	(10,392)	(18,342)	(3)	
Net assets attributable to equity owners	**160,716**	**78,985**	**46,423**	**(14,071)**	**8,248**	
Net assets attributable to NCI	**114,199**	**30,807**	**25,609**	**18,342**	**3,797**	**5,516**
Summarized statement of profit or loss						
Revenue	60,612	72,337	29,272	2,232	3,345	
Profit / (loss) for the year	20,109	13,419	1,698	(9,708)	(14)	
Other comprehensive income / (loss) (OCI)	(2,582)	(186)	(203)	62	(6)	
Total comprehensive income / (loss)	**17,527**	**13,233**	**1,495**	**(9,646)**	**(20)**	
Profit / (loss) allocated to NCI	12,584	4,884	637	(3,957)	(32)	(158)
Other comprehensive income (loss) allocated to NCI	(1,787)	(85)	(82)	25	(2)	37
Total comprehensive income / (loss) allocated to NCI	**10,797**	**4,799**	**555**	**(3,932)**	**(34)**	**(121)**
Dividend paid to NCI	**4,887**	**3,150**	**657**	**-**	**99**	**255**

(All amounts in million SAR unless otherwise stated)

28. NON-CONTROLLING INTEREST (continued)

28.1 Summarized statement of financial position and summarized statement of profit or loss (continued)

As at and for the year ended 31 December 2022

	SNB [(a)]	*stc*	*Ma'aden*	*Ayar Third* [(b)]	*Taqa*	*Other individually Immaterial subsidiaries*
Proportion of ownership interests (and voting rights) held by NCI	62.43%	35.77%	32.82%	39.36%	46.00%	
Carrying value of NCI [(c)]	**108,240**	**28,817**	**25,762**	**16,496**	**3,994**	**5,264**
Statement of financial position						
Assets	945,496	137,138	111,586	31,518	11,277	
Assets held for sale	-	82	-	-	9	
Liabilities	(778,718)	(61,194)	(55,547)	(9,894)	(2,789)	
Tier 1 Sukuk	(2,000)	-	-	-	-	
Non-controlling interest at subsidiary level	(14,292)	(2,526)	(10,971)	(16,496)	(159)	
Net assets attributable to equity owners	**150,486**	**73,500**	**45,068**	**5,128**	**8,338**	
Net assets attributable to NCI	**108,240**	**28,817**	**25,762**	**16,496**	**3,994**	**5,264**
Summarized statement of profit or loss						
Revenue	43,566	67,432	40,277	2,281	1,437	
Profit / (loss) for the year	18,729	12,387	12,129	(1,558)	1,472	
Other comprehensive income / (loss) (OCI)	(9,337)	644	180	(43)	(4)	
Total comprehensive income / (loss)	**9,392**	**13,031**	**12,309**	**(1,601)**	**1,468**	
Profit / (loss) allocated to NCI	11,748	4,570	5,868	(614)	823	(549)
Other comprehensive income (loss) allocated to NCI	(5,873)	214	105	(17)	-	(10)
Total comprehensive income / (loss) allocated to NCI	**5,875**	**4,784**	**5,973**	**(631)**	**823**	**(559)**
Dividend paid to NCI	**5,621**	**3,137**	**225**	**-**	**(18)**	**108**

(All amounts in million SAR unless otherwise stated)

28. NON-CONTROLLING INTEREST (continued)

28.2 Summarized statement of cash flows

For the year ended 31 December 2023	*SNB* [(a)]	*stc*	*Ma'aden*	*Ayar Third* [(b)]	*Taqa*
Net cash inflows (outflows) from operating activities	38,793	23,485	8,356	(7,602)	287
Net cash inflows (outflows) from investing activities	(9,376)	(30,150)	1,018	(5,634)	1,184
Net cash inflows (outflows) from financing activities	(8,532)	2,290	(5,203)	11,864	(563)
Net increase/(decrease) in cash and cash equivalents	**20,885**	**(4,375)**	**4,171**	**(1,372)**	**908**

For the year ended 31 December 2022	*SNB* [(a)]	*stc*	*Ma'aden*	*Ayar Third* [(b)]	*Taqa*
Net cash inflows (outflows) from operating activities	(2,510)	26,402	16,134	(7,843)	751
Net cash inflows (outflows) from investing activities	(28,550)	(9,042)	(11,480)	(14,476)	(6,209)
Net cash inflows (outflows) from financing activities	144	(7,840)	(6,483)	5,342	5,193
Net increase/(decrease) in cash and cash equivalents	**(30,916)**	**9,520**	**(1,829)**	**(16,977)**	**(265)**

SNB – Saudi National Bank (SNB)
stc – Saudi Telecom Company (stc)
Ma'aden – Saudi Arabian Mining Company (Ma'aden)
Ayar Third – Ayar Third Investment Company
Taqa – Industrialization & Energy Services Company (Taqa)

(a) Non-controlling interest as at 31 December 2023 includes Tier 1 Sukuk bonds issued by SNB for an amount of SAR 13.2 billion (as at 31 December 2022: SAR 13.5 billion). During 2023, the Bank through a Shariah compliant arrangement ("the arrangement") issued additional cross border Tier 1 Sukuk (the "Sukuk"), amounting to SAR 1.0 billion (denominated in SAR) (2022: SAR 3.3 billion, denominated in SAR). During the same period, the Bank exercised the call option on its existing Tier 1 Sukuk amounting to SAR 1.3 billion (2022: nil). These arrangements were approved by the regulatory authorities and the Board of Directors of the Bank.

(b) Ayar Third is a wholly owned subsidiary of the Group. Non-controlling interest of Ayar Third arises from its subsidiary Lucid Group Inc. as the Group (through Ayar Third) holds 59.80% shareholding of the subsidiary as at 31 December 2023 (as at 31 December 2022: 60.64%). Non-controlling interest in Lucid Group Inc. was measured at fair value on the date of acquisition.

(c) Net assets attributable to NCI include non-controlling interest at subsidiary level.

(All amounts in million SAR unless otherwise stated)

29. RELATED PARTY DISCLOSURES

Related parties represent the Owner, associated companies, joint ventures, key management personnel including directors of the Fund, and entities controlled or jointly controlled by such parties.

(a) Key Management Personnel

Key Management Personnel (as defined by IAS 24) for the Group includes:

- Members of Board of Directors of the Fund and their close family members,
- Members of Board Level Committees' of the Fund and their close family members, and
- Members of Management Level Committees' of the Fund and their close family members.

(b) Government of the Kingdom of Saudi Arabia (KSA Government)

The KSA Government is the ultimate controlling party and Owner of the Group and as a result, the KSA Government, semi-Government and other entities with Government ownership or control, joint-control or significant influence including, but not limited to ministries, regulatory bodies and authorities are related parties of the Group.

During the years ended 31 December 2023 and 31 December 2022, respectively, the Group enters into transactions on a regular basis with many of these bodies. Transactions include the payments of taxes, such as Zakat and value added tax, national insurance contributions and regulatory fees and levies, together with banking transactions such as financing, loans and borrowings and deposits undertaken in the normal course of bank-customer relationships.

In accordance with the exemption in IAS 24, the management has complied with the disclosure requirements for government related entities as required under IAS 24.

Share of results and dividends received from associates and joint ventures and other movements in investments in associates and joint ventures are disclosed in note 13 to these consolidated financial statements.

In addition to the related party balances already disclosed in the relevant notes, following are the significant balances by category of related parties, which were carried out on mutually agreed terms during the year.

29.1 Balances with related parties

	As at 31 December 2023			
	Government and government related entities	*Associates*	*Joint ventures*	*Total*
Investment securities, net	856,565	844	-	**857,409**
Promissory note	-	-	-	-
Cash and deposits with banks and other financial institutions, net	47,328	19,013	-	**66,341**
Trade receivables, net	41,636	170	224	**42,030**
Financing and advances, net	6,004	24,487	2,090	**32,581**
Other assets, net	40,179	5,426	1,022	**46,627**
Customer deposits	140,299	2,300	638	**143,237**
Loans and borrowings	16,114	14,434	-	**30,548**
Trade and other payables	20,788	5,768	986	**27,542**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

29. RELATED PARTY DISCLOSURES (continued)

29.1 Balances with related parties (continued)

	As at 31 December 2022			
	Government and government related entities	*Associates*	*Joint ventures*	*Total*
Investment securities, net	183,374	4,517	-	**187,891**
Promissory note	122,183	-	-	**122,183**
Cash and deposits with banks and other financial institutions, net	39,740	22,180	-	**61,920**
Trade receivables, net	39,901	98	43	**40,042**
Financing and advances, net	6,788	24,547	486	**31,821**
Other assets, net	9,733	4,767	312	**14,812**
Customer deposits	43,100	1,099	315	**44,514**
Loans and borrowings	15,752	12,362	-	**28,114**
Trade and other payables	3,061	2,330	128	**5,519**

Outstanding balances at the year-end are balances related to transactions in the ordinary course of the Group's activities and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

29.2 Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties based on mutually agreed terms during the year:

<u>For the year ended 31 December 2023</u>	*Government and government related entities*	*Associates*	*Joint ventures*	*Total*
Revenue	72,588	14,759	381	**87,728**
Cost of revenue	3,734	9,211	399	**13,344**
Other operating income	3,132	222	36	**3,390**
Other finance income	-	1,042	-	**1,042**
Administrative expenses	791	744	318	**1,853**
Other finance costs	517	422	-	**939**
Selling and distribution expenses	1	1	-	**2**
<u>For the year ended 31 December 2022</u>				
Revenue	50,665	1,219	457	**52,341**
Cost of revenue	9,623	2,139	573	**12,335**
Other operating income	1,584	-	24	**1,608**
Other finance income	19	765	-	**784**
Administrative expenses	485	215	31	**731**
Other finance costs	292	211	-	**503**
Selling and distribution expenses	132	-	-	**132**

29.3 Compensations to key management personnel

The remuneration of key management personnel includes short-term benefits amounting to SAR 193 million (2022: SAR 137 million) and post-employment benefits amounting to SAR 3 million (2022: SAR 1 million) included in the consolidated statement of profit or loss. Post-employment liability as at 31 December 2023 amounted to SAR 14 million (as at 31 Dec 2022: 11 Million).

30. REVENUE

Material accounting policies that apply to revenue

Revenue of the Group primarily comprises of revenue from telecommunication services, mining activities, banking and financing operations and investment activities.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

For contracts determined to be within the scope of IFRS 15, the Group applies a five-step model to determine when to recognize revenue from contracts with customers, and the amount of revenue to be recognized.

Principal versus agent

When more than one party is involved in a transaction for providing goods or services to a customer, the Group is required to determine whether it acts as a principal or an agent.

The Group acts as a principal if it controls a promised good or service before transferring it to the customer. The Group is an agent if its role is to arrange for another entity to provide the goods or services. The factors considered in making this assessment are most notably whether the Group has discretion in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group is primarily responsible for fulfilling the promise to deliver the service or good.

Where the Group is acting as a principal, revenue is recorded on a gross basis. Where the Group is acting as an agent revenue is recorded as a net amount reflecting the margin earned.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the expected future rebates (i.e., the amount not included in the transaction price).

Customer loyalty scheme

A customer loyalty scheme gives rise to a separate performance obligation because it generally provides a material right to the customer. The Group allocates a portion of the transaction price to the loyalty scheme liability based on relative standalone selling price of loyalty point and liability is recognized as revenue when points are redeemed or expired.

30. REVENUE (continued)

Material accounting policies that apply to revenue (continued)

Significant financing component

The Group assesses if there is a significant financing component in the contracts by considering the length of time between the customers' payment and the transfer of the goods/services (both for advance payments or payments in arrears). As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

Contract modification

A contract modification occurs when the Group and the customer approve a change in a contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognized until it is approved. Approval can be in writing, verbal, or implied by customary business practices.

The Group treats a contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Group accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Group accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Warranty obligations

Assurance-type warranties are accounted for as warranty provisions.

The Group also provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of goods. Contracts for bundled sales of goods and service-type warranty comprise two performance obligations because the goods and service-type warranty are both sold on a stand-alone basis and are distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognized as a contract liability. Revenue for service-type warranties is recognized over the period in which the service is provided based on the time elapsed.

Revenue recognition

Revenue is recognized based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. Revenue is recognized, when (or as) the Group satisfies the performance obligations as specified in the contract with the customer (buyer), when the seller has transferred to the customer (buyer) control over the promised goods and services, either:

- at a point in time or
- over a time basis equivalent to the stage of completion of the service.

30. REVENUE (continued)

Material accounting policies that apply to revenue (continued)

Revenue recognition (continued)

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The timing of revenues recognition is either at a point in time or over time depending upon the satisfaction of the performance obligation by transferring control of goods or services to the customer.

When there is a high degree of uncertainty about the possibility of collection from certain customers, the Group recognizes revenue only upon collection.

The main revenue earned by the Group are from the following goods and services:

(a) Revenue from Telecommunication services

The Group principally earns revenue from airtime usage, messaging, data services, interconnect fees, connection fees and device sales. Products and services may be sold separately or in bundled packages.

Telecommunication services: Telecommunication services include voice, data, messaging, broadband, internet, data connectivity and value-added services. The Group recognizes revenues as and when these services are provided (i.e. actual usage by the customer).

Bundled packages: Arrangements involving multiple products and services are separated into individual items and revenues is recognized on the basis of fair value (standalone selling prices) of the individual items by allocating the total arrangement consideration to the individual items on the basis of the relative value of the selling prices of the individual items. Items are separable if they are of separate value to the customer.

Enterprise solutions services: include system integration, IT managed services, cyber security, data and cloud, outsourcing and digital services. The Group recognizes revenue when control transfers to the customer (over time or at a point in time).

Devices: The Group recognizes revenues when the control of the device is transferred to the customer. This usually occurs at the contract inception when the customer takes the possession of the device.

(b) Sale of phosphate fertilizer, ammonia and industrial minerals

The Group, as principal, sells phosphate fertilizer, ammonia and industrial minerals products directly to customers and also through marketing agents, acting as agents, for the sale of phosphate fertilizer and ammonia.

The Group sells a significant proportion of its goods on Cost and freight ocean transport ("CFR") International Commercial terms ("Incoterms") and therefore the Group is responsible for providing shipping services after the date at which control over the promised goods have passed to the customer at the loading port. The Group is therefore responsible for the satisfaction of two performance obligations under its CFR contracts with the customers and recognizes revenue as follows:

- sale and delivery of goods at the loading port resulting in the transfer of control over such promised goods to the customer and recognizing the related revenue at a point in time basis; and
- shipping services for the delivery of the promised goods to the customer's port of destination and recognizing the related revenue over a time basis, equivalent to the stage of completion of the services.

30. REVENUE (continued)

Material accounting policies that apply to revenue (continued)

(b) Sale of phosphate fertilizer, ammonia and industrial minerals (continued)

At the loading port, quality and quantity control of the promised goods are carried out by independent internationally accredited consultants before the loading of the vessel, in accordance with the specifications contained in the contract. The physical loading of the approved promised goods on the vessel, satisfies the Group's performance obligation and triggers the recognition of revenue at a point in time.

The selling price includes revenue generated for the sale of goods and transportation services depending on the Incoterms contained in the contract with the customer. The selling price is therefore unbundled or disaggregated into these two performance obligations, being the sale of the promised goods and the transportation thereof.

The Group recognizes a trade receivable for the sale and delivery of the promised goods when the goods, delivered to the loading port, are loaded on to the vessel as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. However, the trade receivable related to the transportation service are recognized over time, if material, based on the stage of completion of service which is assessed at the end of each reporting period. The disaggregation between separate performance obligations is done based on the standalone selling price.

All shipping and handling costs incurred by the Group, in relation to the satisfaction of performance obligation for the transportation of the promised goods, under CFR contracts with the customers, are recognized as cost of revenue.

(c) Sale of alumina, primary aluminum products and flat rolled products

The Group, as principal, sells alumina, primary aluminum products and flat rolled products directly to customers and in accordance with the contract, the promised goods are provisionally priced. The sales price is not settled until a predetermined future date and is based on the market price at a time or over a pre-defined period of time. Revenue on these sales is initially recognized (when all the above criteria are met), at a provisional price based on the pricing mechanism as specified in the contract. Provisionally priced sales are marked-to-market at each reporting date using the forward price for the period equivalent to that outlined in the contract and in the carrying amount of the outstanding trade receivable. Such fair value gains (losses) on provisionally priced products are presented within revenue.

(d) Sale of Gold bullion (including by-products like copper, zinc and silver concentrate)

The Group, as principal, sells gold bullion and by-products like copper, zinc and silver concentrate directly to customers under contract, which vary in tenure and pricing mechanisms. The Group's primary product is gold and the concentrates produced as part of the extraction process are considered to be by-products arising from the production of gold. Revenues from by-product sales are insignificant and are credited to production cost applicable to gold bullion sales as a by-product credit.

- **Gold bullion sales**

The Group primarily sell gold bullion in the spot market. The selling price is fixed on the date of sale based on the gold spot price and the revenue and related trade receivable is recognized, at a point in time basis, when the gold bullion is delivered to the airport, which is also the date, the place and the time that the control over the gold bullion is transferred to the customer.

Sales revenue is commonly subject to a quantity adjustment based on a fire assay of the gold bullion upon arrival at the refinery of the customer.

30. REVENUE (continued)

Material accounting policies that apply to revenue (continued)

(d) Sale of Gold bullion (including by-products like copper, zinc and silver concentrate) (continued)

▪ Gold bullion sales (continued)

The sales revenue of a bullion bar is based on provisionally invoiced quantities. The Group uses the "expected value method" to recognize revenue on provisionally invoiced quantities. The revenue recognized is based on probability of gold content and includes in a range of possible consideration amounts.

▪ Metal concentrate sales

Revenue from the sale of metal concentrates (copper, zinc and silver) is based on selling prices that are provisionally set, for a specified future date after shipment, based on ruling market prices. Sales revenue and the related trade receivable is recognized, at a point in time basis, at the time of shipment, which is also the date that the control transfers to the customer.

The final selling price on such concentrates is settled within a predetermined future date and is based on the ruling market price at that time or over a quotation period stipulated in the contract. Revenue for provisionally priced metal concentrates is initially recognized at the current market price. However, subsequently at each reporting date, such provisionally priced sales are marked-to-market using the relevant forward market prices for the period stipulated in the contract. This marked-to-market adjustment is directly recognized in sales and in the carrying amount of the outstanding trade receivable.

(e) Banking and Financing operations

▪ Special commission (interest) income and expense

Special commission income and special commission expense for all interest-bearing financial assets and liabilities, except those classified as FVTPL, are recognized using the effective interest method. This is applicable as well for non-banking and financing operation. Special commission income and expense include interest income and expense for conventional financing.

Special commission income and special commission expense for non-banking and financing operation are presented as finance income (refer to note 36) and finance costs (refer to note 35), respectively.

Fee income received in connection with financing and advances that are integral component of the effective interest rate are adjusted from the amortized cost of the related financing and advances and recognized in the consolidated statement of profit or loss over the life of the respective financial asset. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the amortized cost of the financial instrument.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

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

30. REVENUE (continued)

Material accounting policies that apply to revenue (continued)

(e) Banking and Financing operations (continued)

- Special commission (interest) income and expense (continued)

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

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

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

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

- Fee and other income expenses

Income from FVTPL includes all realized and unrealized gains and losses from changes in fair value and related special commission income or expense, dividends for financial assets held for trading and foreign exchange differences on open positions.

Exchange income from banking services are recognized when earned.

Fees income and expenses are recognized on an accrual basis as the service is provided.

Financing commitment fees for financing arrangement that are likely to be drawn down are deferred and recognized as an adjustment to the effective yield on the financing arrangement. Portfolio and other management advisory and service fee income are recognized based on the applicable service contracts, usually on a time-proportionate basis.

Fee income received on other services that are provided over an extended period of time, are recognized ratably over the period when the service is being provided, if material.

Fee received in connection with syndication financing where the Group acts as the lead arranger and retains no part of the financing for itself (or retains a part at the same EIR for comparable risk as other syndicate participants) is recognized upon the execution of the syndicate financing arrangement. Moreover, commitment fee received by the Group where it is unlikely that a specific lending arrangement will be entered into by the counterparty is recognized with reference to nature and execution of related performance obligation.

Success fee is recognized upon satisfaction of the promised performance obligation which generally corresponds to the execution of a specified task or completion of a milestone as agreed with the respective counterparty.

Other fee expenses mainly relate to transaction and services fee, which are expensed as related services are provided.

30. REVENUE (continued)

Material accounting policies that apply to revenue (continued)

(e) Banking and Financing operations (continued)

- Fee and other income expenses (continued)

Some of the Group's subsidiaries in banking and financing operations provide investment management services to its customers, which includes management of certain mutual funds. Where the respective subsidiaries have concluded that they act as agents for the investors, such investment management funds are not included in the consolidated financial statements of the Group. Fee earned from these funds are disclosed in consolidated statement of profit or loss while the Group's share of investments is included under "Investments held at FVTPL" in the consolidated statement of financial position.

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

(f) Revenue from real estate operations

- Rental income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for variable rental income which is recognized when it arises. The Group recognizes income from turnover rent on the basis of turnover reports submitted by the tenants. In the absence of reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts.

Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of profit or loss when the right to receive them arises.

- Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in rental income gross of the related costs, as the directors consider that the Group acts as principal in this respect.

- Sale of land and residential units

The Group sells residential properties and parcels of land from contracts with customers. The revenue for such sales is recognized based on the pattern of satisfaction of the related performance obligations.

Revenue from the sale of land is recognized over time since the Group satisfies the performance obligation as the one of criteria specified in IFRS 15 is met, which is that the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

In respect of the sale of residential units, the Group's performance obligation is satisfied upon the delivery of the residential units to customers. Therefore, revenue is recognized at point in time.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance.

30. REVENUE (continued)

Material accounting policies that apply to revenue (continued)

(g) Revenue from other industries:

- Oilfield services

The Group provides oilfield services related to its customers. These include services related to cementing, drilling, wireline logging, surface well testing, fracturing, slickline and inspections. Revenue for such services is recorded over time, as the customer simultaneously receives and consumes the related benefit, using the output method where the customer signs the service entry sheet for the services as acknowledgement of the receipt of services. The services are billed to the customer at the completion of services or, in the case of long-term contracts, at the end of each month.

- Vehicle sales

Vehicle sales revenue is generated from the sale of electric vehicles to customers. There are two performance obligations identified in vehicle sale arrangements. These are the vehicle including an on-board advanced driver assistance system (ADAS), and the right to unspecified over-the-air (OTA) software updates to be provided as and when available over the term of the basic vehicle warranty, which is generally 4 years. Shipping and handling provided by the Group is considered a fulfilment activity.

Payment is typically received at or prior to the transfer of control of the vehicle to the customer. Generally, control transfers to the customer at the deemed delivery when the customer takes physical possession of the vehicle. The Group's vehicle contracts do not contain a significant financing component.

The Group recognizes revenue related to the vehicle when the customer obtains control of the vehicle which occurs at a point in time either upon completion of delivery to the agreed upon delivery location or upon pick up of the vehicle by the customer. As the unspecified OTA software updates are provided when-and-if they become available, revenue related to OTA software updates is recognized ratably over the basic vehicle warranty term, commencing when control of the vehicle is transferred to the customer.

The Group provides a manufacturer's warranty on all vehicles sold. The warranty covers the rectification of reported defects via repair, replacement, or adjustment of faulty parts or components. The warranty does not cover any item where failure is due to normal wear and tear. This assurance-type warranty does not create a performance obligation separate from the vehicle. The estimated cost of the assurance-type warranty is accrued at the time of vehicle sale.

Control transfers to the customer when the product is delivered to the customer as the customer can then direct the product's use and obtain substantially all of the remaining benefits from the asset at that point in time.

- Battery Pack System

Battery pack system revenue consists of the sales of battery pack systems, supplies and related services for vehicles. The sale of battery pack systems along with related supplies is a single performance obligation to be recognized at the point in time when control is transferred to the customer. Shipping and handling provided by Group is considered a fulfillment activity. Customers generally have the right to return defective or non-conforming products. Customer remedies may include either a cash refund or an exchange of the returned product. As a result, the right of return and related refund liability for non-conforming or defective goods is estimated and recorded as a reduction in revenue, if necessary. Payment for the products sold are made upon invoice or in accordance with payment terms customary to the business.

The Group's battery pack system contracts do not contain a significant financing component.

30. REVENUE (continued)

Material accounting policies that apply to revenue (continued)

(g) Revenue from other industries (continued)

- Revenue from Gaming

The Group recognizes revenue from various revenue streams as below:

- *Online games:* Revenue from the sale of in-app virtual items is earned through mobile platforms, social media platforms and online stores. The games operate as live services allowing the players a free-to-play experience. To enhance the game-playing experience, players can purchase in-app virtual goods, purchase virtual currency to exchange for in-app virtual goods, or receive virtual goods through a paid subscription. The service period depends on the classification of a virtual item as consumable or durable, between which Group categorizes its in-app virtual goods. Consumable virtual items represent items that can be consumed by a specific play action. Common characteristics of consumable virtual items may include items that are no longer displayed on player's game board after a short period of time, do not provide the player any continuing benefit following consumption, or often times enables a player to perform an in-game action immediately. The Group has one performance obligation related to its sales of consumable goods, which is to provide the player the selected consumable good when purchased directly or exchanged for virtual currency. The Group satisfies its performance obligation and recognizes the transaction price from the sale of consumable virtual items as revenue as the items are consumed.

  Durable virtual items represent items that are accessible to the player over an extended time period. The Group satisfies its performance obligation and recognizes the transaction price from the sale of durable virtual goods as revenue ratably over the estimated average paying player lives for the applicable game, which represents the Group's best estimate of the average life of durable virtual goods.

  If the Group does not have the ability to determine the allocation of the transaction price to each of the attributable performance obligations for consumable virtual items and durable virtual items for a specific game, it recognizes all revenue ratable over the estimated average playing period of players for the applicable game until sufficient historical data can be obtained.

  The transaction price allocated to each performance obligation is based on the fixed price paid by the player to purchase each specific good. The third-party commission fees due to the mobile or social platform specific to each good is also allocated to each performance obligation. Revenue is recorded gross of the costs associated with the transaction, as it is determined the Group is the Principal.

- *Publisher contribution:* The consideration received from sponsors to execute a league or tournament for a game where the publisher intellectual property is integrated into professional and amateur competitive events. Revenue from publisher contracts is recognized based on specific terms agreed with the publisher which is either at a point in time (i.e., month when event occurs due to the short-term nature of the event) or over time (based on stage of completion based on allocation of individual activities' revenue).

- *Brand partnership:* The consideration received from sponsors to promote their brand through projects which can include tournaments hosted by the Group and typically includes videos, homepages, event space, tickets with logo, social media posts and partnership announcements. Revenue is recognized at a point in time in the month the event occurs.

30. REVENUE (continued)

Material accounting policies that apply to revenue (continued)

(g) Revenue from other industries (continued)

- *Manpower services*
  Revenue from providing manpower services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual hours spent relative to the total expected hours under the contract.

- *Revenue from Events management services*
  Revenue from providing events management services is recognized in the accounting period in which the services are rendered (i.e. over the time when the services are rendered).

- *Revenue from Advance traffic management system and related activities*
  The Group's agreement related to revenue from advanced traffic management system is for providing traffic monitoring and capturing of traffic violations services. Revenues from these services are measured based on a negotiated percentage of rates, determined by the Royal order. The Group accounts for that service as a single performance obligation at a point in time.

- *Income from Investment operations*
  Income from investment operations recognized as below:

  - *Income from investments:* Net income from investments comprises of all gains and losses from changes in the fair value of financial assets and financial liabilities measured at fair value through profit and loss, together with the related interest income, expense, dividends and gain/loss on disposal of investment.

  - *Distribution income:* Distribution of income from investments is recognized when the Group's right to receive payment has been established (if it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

(h) Dividend income

Dividend income from investments in equity instruments is recognized when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

(i) Service concession arrangements

Revenue related to construction or upgrade services under a service concession arrangement is recognized over time, consistent with the Group's accounting policy on recognizing revenue on the construction contracts. Operation or service revenue is recognized in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

(All amounts in million SAR unless otherwise stated)

30. REVENUE (continued)

30.1 Revenue breakdown on activities and services

	2023	*2022*
Revenue from Banking and financial services		
Special commission and interest income	57,989	37,925
Fee and commission income	6,294	5,442
Trading and other revenue from banking and financial services	5,444	4,250
Total revenue from banking and financial services	**69,727**	**47,617**
Revenue from contracts with customers		
Revenue from telecommunication	71,349	66,016
Revenue from mining activities	29,272	40,277
Revenue from advance traffic management system and related activities	11,379	10,103
Revenue from gaming	7,898	806
Revenue from information technology solutions and services	6,615	4,005
Revenue from events' operations services	5,661	5,994
Revenue from oilfield related services	3,294	1,303
Rental and leasing revenue	2,749	985
Revenue from manpower and outsourcing services	2,733	2,351
Revenue from advance electronics and aerospace	2,482	3,781
Revenue from sale of vehicles and related goods and services	2,232	2,280
Revenue from aviation services	2,211	1,856
Others	19,973	19,228
Total revenue	**237,575**	**206,602**

30.2 Other disclosures related to revenue

(a) Revenue recognized during the year ended 31 December 2023 that was included in the contract liability balance at the beginning of the period amounting to SAR 8,481 million (2022: SAR 6,983 million).

(b) The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2023, amounting to SAR 23,789 million (2022: SAR 27,902 million). Out of the above total future revenue, the amount expected to be recognized within the next 12 months amounting to SAR 13,134 million (2022: SAR 13,464 million) and following the 12 months period amounting to SAR 10,655 million (2022: SAR 14,438 million).

30.3 Income / (loss) from investment activities

	2023	*2022*
Dividend income from investments	38,644	20,485
Income (Loss) from fair value changes in managed funds and similar securities	31,096	(4,960)
Income (Loss) from fair value changes in financial instruments at FVTPL	21,269	(61,833)
Interest income from investment in financial instruments measured at amortized cost	3,009	3,305
Realized (loss) income from redemption/disposal of investments, net	(334)	1,353
Others	101	100
Total income (loss) from investment operations	**93,785**	**(41,550)**

(All amounts in million SAR unless otherwise stated)

30. REVENUE (continued)

30.4 Geographical markets based on location of the customers:

	2023	*2022*
MENA	125,944	115,757
North America	10,713	5,626
Europe	10,549	8,424
Indian subcontinent and Asia-pacific	6,791	13,197
Africa	4,185	5,275
Latin America	1,802	2,566
Australia	1,098	1,204
Rest of the world	4,017	5,951
Total	**165,099**	**158,000**

The disaggregation of revenue based on geographical markets exclude revenue generated from banking and financial services, income from investment activities and rental revenue.

30.5 Analysis and timing of revenue recognition

	2023	*2022*
Special commission and interest income, fee income and commission income relating to banking operations	69,727	47,617
Leasing revenue	2,749	985
Revenue from contract with customers		
At a point in time	79,334	76,660
Over a period of time	85,765	81,340
	237,575	**206,602**

30.6 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2023	*2022*
Trade receivables (refer to note 10)	58,566	52,532
Contract assets	19,924	15,437
Contract liabilities (refer note 23)	26,872	19,400

(All amounts in million SAR unless otherwise stated)

31. COST OF REVENUE

Material accounting policies that apply to expenses

The Group recognizes the expenses under following categories based on the nature of expenses:

(a) Cost of revenue

Cost of revenue represents the cost incurred by the Group and directly attributable for fulfilling its service and obligations with respect to its contract with customers and finance costs for the banking entities of the Group.

(b) Selling and distribution expenses

Selling and distribution expenses comprise of all costs for selling, marketing and transportation of the Group's products and include expenses for advertising, marketing fees, other sales related expenses. Allocation between selling and distribution expenses and cost of revenue are made on a consistent basis, when required.

(c) Administrative expenses

Administrative expenses include direct and indirect costs not specifically part of either cost of revenue or selling and distribution expenses. Allocation between administrative expenses and cost of revenue are made on a consistent basis, when required.

(d) Other operating expenses

Other operating expenses include direct and indirect costs not specifically part of either of the above categories of expenses.

31.1 Cost of revenue breakdown

Cost of revenue from banking and financing operations	*2023*	*2022*
Special commission expense	18,716	6,343
Interest expense	9,016	3,114
Fee and commission expenses	2,107	1,348
Total cost of revenue from banking and financing operations	**29,839**	**10,805**
Cost of revenue from contracts with customers		
Employees costs	19,708	14,456
Depreciation, amortization and impairment	16,953	14,373
Raw Materials/Direct materials consumed	15,558	17,290
Cost of goods sold	14,221	12,118
Projects costs	10,103	8,910
Operations, repairs and maintenance	6,092	5,097
Network access charges	5,819	4,406
Government charges	5,651	6,096
Contracted services	4,344	8,582
Obsolete and slow-moving inventory	3,147	2,174
Other cost of revenue	19,179	12,515
Total cost of revenue from contracts with customers	**120,775**	**106,017**
Total cost of revenue	**150,614**	**116,822**

31.2 Cost from investment activities

Investments advisory expenses	1,846	1,044
Other cost of revenue from investment operations	138	117
Total cost from investment activities	**1,984**	**1,161**

(All amounts in million SAR unless otherwise stated)

32. OTHER OPERATING INCOME, NET

	2023	*2022*
Government grant income and amortization of government grant	2,504	1,607
Net gain on disposal of assets held-for-sale	1,296	-
Reversal of impairment / (Impairment) of investments in associates and joint ventures, net	890	(938)
Net change in fair value of financial instruments measured at FVTPL (non-investment operations)	487	8,705
Loss from sale/repayment of investment in debt securities measured at amortized cost (non-investment operations)	(5,619)	(3,074)
Other operating income / (expenses)	1,196	(1,979)
Total	**754**	**4,321**

33. SELLING AND DISTRIBUTION EXPENSES

	2023	*2022*
Employees cost	4,006	3,384
Advertising and publicity	4,963	2,694
Sales commissions	1,174	822
Other selling and distribution expenses	2,470	2,690
Total	**12,613**	**9,590**

34. ADMINISTRATIVE EXPENSES

	2023	*2022*
Employee cost	32,090	21,889
Impairment of assets	23,783	2,857
Consultancy, legal and professional fees	14,962	11,786
Amortization and depreciation	9,701	7,286
Research and development costs	5,184	4,587
Repairs and maintenance expenses	2,486	1,814
Contracted services	2,275	1,276
Sponsorships and advertisement	1,845	1,106
Telephone and other communication expenses	1,548	1,621
Other administrative expenses	9,615	7,489
Total	**103,489**	**61,711**

(All amounts in million SAR unless otherwise stated)

35. FINANCE COST

Material accounting policies that apply to finance costs

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the year, other than borrowings made specifically for the purpose of constructing a qualifying asset. The amount of borrowing costs that the Group capitalizes during a period does not exceed the amount of borrowing costs it incurs during that year.

	2023	*2022*
Finance cost on conventional borrowings from banks and financial institutions	4,550	1,644
Interest expense on Sukuk	2,342	508
Other finance costs	3,144	2,180
Total	**10,036**	**4,332**

36. FINANCE INCOME

	2023	*2022*
Interest income from banks (including time deposits, short-term deposits)	7,152	2,481
Interest income on loans and advances [non-banking, non-investment operations]	2,013	1,302
Interest income and profit earned from Government and Government related entities	743	3,619
Other finance income	1,233	619
Total	**11,141**	**8,021**

37. EMPLOYEE COSTS

	2023	*2022*
Wages and salaries	36,402	26,341
Other Indirect Benefits and Allowances (e.g. Housing, Education, Transportation)	7,651	4,871
Employees' Medical/Health/Life insurance expenses	3,025	1,602
Contribution to social insurance	2,168	1,685
Employees' defined benefits obligations	1,688	1,284
Share based payment expense	1,149	2,035
Others	7,845	4,761
Total	**59,928**	**42,579**

(All amounts in million SAR unless otherwise stated)

37. EMPLOYEE COSTS (continued)

Staff costs allocated to:	*2023*	*2022*
Administrative expenses	32,090	21,889
Cost of revenue	19,708	14,456
Selling and distribution expenses	4,006	3,384
Research and development (part of administrative expenses)	2,654	2,470
Cost capitalized under PPE	1,470	380
Total	**59,928**	**42,579**

38. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2023	*2022*
(Reversal) / impairment loss on Islamic financing and investment products – net of recoveries	(711)	1,655
Impairment loss on financing, advances, loans – net of recoveries	2,029	210
Impairment loss on trade and other receivables – net of recoveries	1,060	1,410
Other Impairment loss	297	520
Total	**2,675**	**3,795**

39. COMMITMENTS AND CONTINGENCIES

Material accounting policies that apply to commitments and contingencies

Financial guarantees and loan commitments

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

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

Contingent liabilities

Contingent liabilities are possible obligations, whose existence will either be confirmed by future events not wholly within the Group's control, or present obligation where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Also, to the extent any information required is not disclosed because it is not practicable to do so, that fact is stated.

Transfer fees contingent liabilities

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Group if certain specific performance conditions are met. The Group estimate the fair value of any contingent consideration at the date of acquisition based on the probability of conditions being met and monitor this on an ongoing basis.

(All amounts in million SAR unless otherwise stated)

39. COMMITMENTS AND CONTINGENCIES (continued)

39.1 Commitments

(a) Investment commitments

The Group has the following contractual investment commitments:

	As at 31 December	
	2023	*2022*
Investment securities	281,439	212,825
Investment in associates	3,465	576
Investment in joint ventures	429	39
Total	**285,333**	**213,440**

- Commitments for investments, which are not yet called, amounting to SAR 279,508 million (as at 31 December 2022: SAR 210,894 million)
- Agreement to invest in a fund aiming to improve the telecommunication and internet environment amounting to SAR 1,931 million (as at 31 December 2022: SAR 1,931 million).

(b) Capital commitments

The Group has the following contractual capital commitments:

	As at 31 December	
	2023	*2022*
Within one year	106,029	73,326
After one year but less than five years	150,670	68,607
More than five years	2,384	-
Total	**259,083**	**141,933**

(c) Other commitments

The Group has purchase commitment as of 31 December 2023 amounting to SAR 18,470 million (31 December 2022: SAR 19,440 million).

39.2 Assets held in fiduciary capacity

The Group through its banking operations offer investment management, other fiduciary activities on behalf of clients, including management of certain investment funds in consultation with professional investment advisors, and hold assets in fiduciary capacity as at 31 December 2023 amounting to SAR 294,647 million (as at 31 December 2022: SAR 295,804 million). Assets held in trust or in a fiduciary capacity are not assets of the Group and accordingly have not been included in the consolidated statement of financial position.

The Group manages National Water Company ("NWC") on behalf of the Owner, which is not treated as assets of the Group and accordingly is not included in these consolidated financial statements.

39.3 Contingencies

	As at 31 December	
	2023	*2022*
Financial guarantees [(a)]	86,305	74,315
Letters of credit	27,610	23,475
Customer acceptances	7,754	6,945
Performance bonds	5,987	5,710
Third party claims [(b)]	3,924	3,965
Others	15,718	9,356
Total	**147,298**	**123,766**

(All amounts in million SAR unless otherwise stated)

39. COMMITMENTS AND CONTINGENCIES (continued)

39.3 Contingencies (continued)

(a) Financial guarantees as at 31 December 2023 exclude related provisions amounting to SAR 3,959 million (31 December 2022: SAR 4,278 million).

(b) Third party claims mainly comprise of legacy contractors' claims arising as part of the transfer of a project from the Fund to one of its subsidiaries. As at 31 December 2023, the value of outstanding claims amounted to SAR 3,480 million (31 December 2022: SAR 3,570 million) and based on management's best estimate, as at 31 December 2023, a provision of SAR 876 million (31 December 2022: SAR 1,079 million) has been recognized in the consolidated statement of financial position.

(c) During the year ended 31 December 2023, the Fund issued guarantees with financial institutions in respect of credit facilities granted to some of its subsidiaries.

During the year ended 31 December 2022, a Credit Support Agreement ("CSA") was signed between PIF and a Service Provider. Under the CSA, PIF guaranteed the Termination Payment to the extent of SAR 7,350 million, in case payment is required to be made to the Service Provider on account of the termination of the Utility Concession Agreement ("UCA") signed by one of wholly owned subsidiary of the Fund and Service Provider.

39.4 Undrawn loan commitments

	As at 31 December	
	2023	*2022*
Undrawn loan and Murabaha commitments	27,540	25,086

These exclude deposits as at 31 December 2023 amounting to SAR 6,887 million (31 December 2022: SAR 5,134 million) of margins held for irrevocable commitments and contingencies.

40. OPERATING SEGMENTS

Material accounting policies that apply to operating segments

Basis for segmentation

An operating segment ("segment") is a significant component of the Group that engages in business activities that are subject to risks and rewards different from those of other segments. The financial information of Group's operating segments is regularly monitored and evaluated by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segments.

The Group has the following three divisions, which are its reportable segments. These divisions represent the long-term investment strategy of the Fund to achieve the Fund's strategic transformation program through vision 2030. The words "Segment" and or "Division" would be used interchangeably within this note.

Reportable segments ("Divisions")	Operations
International investments	This Division includes the Fund's strategic international investments and diversified pool of international investment securities.
Local investments	This Division includes the Fund's investments in MENA (that engages in the investments in Saudi development and Saudi and MENA equity holdings) and Real Estate investments (that engages in real estate and infrastructure development, Giga projects and Land bank holdings).
Others (Corporate/Treasury)	This Division includes the Fund's investments in cash equivalents, money-market funds, promissory notes, legacy loans and corporate headquarter assets.

The Group's CODM reviews the internal management reports of each Division on a periodic basis.

40.1 Information about reportable segments

The main information and measures reported to the CODM for the purposes of making decisions about allocating resources to the Division and assessing its performance include the following:

- Assets Under Ownership of the Fund related to each Division ("AUO" referred in CODM's submissions by management as AUO); and
- AUO growth by Division.

There are no measures of revenue, expenses and liabilities included in the measures of the segment's revenue, expenses and liabilities that are used by the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

AUO is a non-GAAP measure which represents the value determined by the management of the investments in each Division (including subsidiaries, associates and joint ventures). AUO growth measure represents the change in value of the resources determined by the management in respective Division from one period to another.

The measurement principles applied in measuring the information reported to the CODM are not in accordance with the requirements of IFRS. The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia and other standards, interpretations and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") ("IFRS endorsed in the Kingdom of Saudi Arabia") (refer to note 2), whilst the measures reported to the CODM apply value of the investments within respective Division as a measure of Division's AUO and the change in the value of the resources determined by the management of respective Division's AUO.

40. OPERATING SEGMENTS (continued)

40.1 Information about reportable segments (continued)

Information related to each reportable segment is set out below

31 December 2023 (amounts in billions SAR)	*Reportable segments*			
	International investments	Local investments	Others	Total
Assets Under Ownership (AUO)	586	2,213	72	**2,871**
AUO Growth for the year	74	695	(132)	**637**

31 December 2022 (amounts in billions SAR)	*Reportable segments*			
	International investments	Local investments	Others	Total
Assets Under Ownership (AUO)	512	1,518	204	**2,234**
AUO Growth for the year	(65)	512	(192)	**255**

40.2 Reconciliations of information on reportable segments to the amounts reported in the consolidated financial statements

	As at 31 December 2023 (in billions SAR)	*As at 31 December 2022 (in billions SAR)*
Assets		
Total assets of the Group as per the consolidated statement of financial position	3,664	2,917
Total assets of subsidiaries [(a)]	(1,704)	(1,401)
Intra- group assets eliminations and others	205	155
Total assets of the Fund	**2,165**	**1,671**
Management re-measurement for CODM [(b)]	706	563
Assets Under Ownership (AUO)	**2,871**	**2,234**
Liabilities [(c)]	-	-

	2023 (in billions SAR)	*2022 (in billions SAR)*
Revenue [(d)]	-	-
Net Profit (loss)		
Net profit(loss) of the Group as per the consolidated statement of profit or loss	64	(15)
Net profit of subsidiaries [(a)]	5	18
Intra- group transaction eliminations and others	(17)	(34)
Net profit (loss) of the Fund	52	(31)
Management re-measurement for CODM [(b)]	585	286
AUO Growth	**637**	**255**

40. OPERATING SEGMENTS (continued)

40.2 Reconciliations of information on reportable segments to the amounts reported in the consolidated financial statements (continued)

(a) These represents adjustments to unconsolidated subsidiaries and re-measurement, where required, to arrive at carrying value of assets and net profit of the Fund.

(b) Management re-measurement are adjustments based on the values determined for AUO. Values are determined periodically by the management by using quoted market prices for listed investments and based on various valuation techniques including discounted cash flows, adjusted net assets and broker quotes etc. for unquoted investments.

(c) There is no measure of liabilities reported to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

(d) There is no measure of revenue that are used by the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

40.3 Geographic information

The geographic information analyses the Group's revenue and non-current assets by the Group's country of domicile (i.e. Saudi Arabia) and other countries. In presenting the geographic information, revenue and non-current assets are based on the location (domicile) of the respective Group entities.

	For the year ended 31 December	
	2023	*2022*
Revenue	*(in SAR billions)*	*(in SAR billions)*
Saudi Arabia	320	159
All other foreign countries	11	6
Total	**331**	**165**

Non-current assets *	*As at 31 December 2023 (in billions SAR)*	*As at 31 December 2022 (in billions SAR)*
Saudi Arabia	1,061	1,174
All other foreign countries	33	31
Total	**1,094**	**1,205**

* Non-current assets are assets that include amounts expected to be recovered more than twelve months after the reporting period. Non-current assets exclude investment securities and deferred tax assets.

(All amounts in million SAR unless otherwise stated)

41. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within 12 months and after more than 12 months from statement of financial position date:

	As at 31 December 2023		*As at 31 December 2022*	
	Within 12 months	*More than 12 months*	*Within 12 months*	*More than 12 months*
ASSETS				
Cash and deposits with banks and other financial institutions	322,412	7,373	257,500	14
Investment securities	481,538	1,247,240	396,622	844,903
Financing and advances	325,345	333,414	312,858	279,386
Promissory notes	-	-	41,250	80,933
Derivatives	1,193	24,344	1,591	23,253
Trade receivables	58,566	-	52,532	-
Inventories	21,459	4,056	17,487	2,310
Other assets	109,118	50,737	65,438	33,155
Investments in associates and joint ventures	-	165,049	-	147,315
Investment properties	-	60,051	-	46,680
Property, plant and equipment	-	311,655	-	212,462
Mine properties	-	12,917	-	11,641
Intangible assets and goodwill	-	111,288	-	77,356
Right-of-use assets	-	12,726	-	10,871
Deferred tax assets	-	3,167	-	973
TOTAL ASSETS	1,319,631	2,344,017	1,145,278	1,771,252
LIABILITIES				
Customer deposits	680,797	4,600	605,026	1,976
Loans and borrowings	239,546	226,493	144,241	177,532
Derivatives	1,113	22,452	1,063	21,948
Deferred government grants	2,164	8,077	17	5,102
Zakat and income tax payables	7,645	-	6,767	-
Trade and other payables	182,502	26,373	134,169	12,621
Lease liabilities	2,942	10,602	2,651	8,959
Employees' benefits	1,221	12,077	40	9,874
Provisions	11,266	5,875	9,378	4,707
Deferred tax liabilities	-	5,068	-	1,856
TOTAL LIABILITIES	1,129,196	321,617	903,352	244,575

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT

The tables below set out the Group's classification of each class of financial assets, net of ECL, and financial liabilities at the date of consolidated statement of financial position:

		As at 31 December 2023				
Description	*Note*	*Derivative financial instruments*	*Measured at FVTPL*	*Measured at FVOCI*	*Measured at amortized cost*	*Total carrying value*
Financial Assets						
Non-derivative financial assets						
Cash and deposits with banks and financial institutions	5	-	-	-	329,785	**329,785**
Investment securities	6	-	660,926	842,169	225,683	**1,728,778**
Financing and advances	7	-	-	-	658,759	**658,759**
Promissory notes	8	-	-	-	-	-
Trade receivables	10	-	2,910	-	55,656	**58,566**
Other financial assets	12	-	612	-	52,576	**53,188**
Derivative financial assets						
Derivatives	9	25,537	-	-	-	**25,537**
Total Financial Assets		**25,537**	**664,448**	**842,169**	**1,322,459**	**2,854,613**
Financial Liabilities						
Non-derivative financial liabilities						
Customer deposits	19	-	-	-	685,397	**685,397**
Loans and borrowings	20	-	-	-	466,039	**466,039**
Trade and other payables	23	-	425	-	165,663	**166,088**
Lease liabilities	24	-	-	-	13,544	**13,544**
Derivative financial liabilities						
Derivatives	9	23,364	-	-	-	**23,364**
Common Stock warrants	9	-	201	-	-	**201**
Total Financial Liabilities		**23,364**	**626**	**-**	**1,330,643**	**1,354,633**

		As at 31 December 2022				
Description	*Note*	*Derivative financial instruments*	*Measured at FVTPL*	*Measured at FVOCI*	*Measured at amortized cost*	*Total carrying value*
Financial Assets						
Non-derivative financial assets						
Cash and deposits with banks and financial institutions	5	-	-	-	257,514	**257,514**
Investment securities	6	-	546,347	458,975	236,203	**1,241,525**
Financing and advances	7	-	-	-	592,244	**592,244**
Promissory notes	8	-	-	-	122,183	**122,183**
Trade receivables	10	-	3,540	-	48,992	**52,532**
Other financial assets	12	-	170	-	32,533	**32,703**
Derivative financial assets						
Derivatives	9	24,844	-	-	-	**24,844**
Total Financial Assets		**24,844**	**550,057**	**458,975**	**1,289,669**	**2,323,545**

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

		As at 31 December 2022				
Description	*Note*	*Derivative financial instruments*	*Measured at FVTPL*	*Measured at FVOCI*	*Measured at amortized cost*	*Total carrying value*
Financial Liabilities						
Non-derivative financial liabilities						
Customer deposits	19	-	-	-	607,002	**607,002**
Loans and borrowings	20	-	3,905	-	317,868	**321,773**
Trade and other payables	23	-	-	-	119,950	**119,950**
Lease liabilities	24	-	-	-	11,610	**11,610**
Derivative financial liabilities						
Derivatives	9	22,484	-	-	-	**22,484**
Common Stock warrants	9	-	527	-	-	**527**
Total Financial Liabilities		**22,484**	**4,432**	**-**	**1,056,430**	**1,083,346**

42.1 Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to the credit risk through financial assets such as cash and deposits with banks and financial institutions, financing and advances, debt investment securities, trade receivables, other financial assets, credit-related contingent items, undrawn loan and Murabaha commitments and derivative financial instruments. The Group's exposure to such credit risk is monitored on an ongoing basis by the management. The Group's cash is placed with banks of repute. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular customer, industry or geographical location.

(a) Credit risk management and structure

The approach to credit risk management is based on the foundation to preserve independence and integrity of the credit risk assessment, management and reporting processes combined with clear policies, limits and approval structures in the respective business segments. Standard procedures specific to businesses are set up to manage various risks across different business segments, products and portfolios.

The Group's maximum exposure to credit risk without taking into account any collateral and other credit enhancements is as follows:

	As at 31 December 2023	*As at 31 December 2022*
Financial Assets		
Non-derivative financial assets		
Cash and deposits with banks and other financial institutions	322,551	250,235
Investment securities - debt	333,261	331,544
Financing and advances	658,759	592,244
Promissory notes	-	122,183
Trade receivables	58,566	52,532
Other financial assets	53,188	32,703
Derivative financial assets		
Derivatives	25,537	24,844
Financial assets - Sub-total	**1,451,862**	**1,406,285**

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.1 Credit risk (continued)

(a) Credit risk management and structure (continued)

	As at 31 December 2023	*As at 31 December 2022*
Commitments and guarantees		
Financial guarantees	82,346	70,037
Letters of credit	27,610	23,475
Customer acceptances	7,754	6,945
Undrawn loan commitments	27,540	25,086
Total maximum credit exposure	**1,597,112**	**1,531,828**

(b) Credit risk measurement

The Group use either or a combination of general approach and simplified approach to measure credit risk and compute expected credit losses.

For instruments where the general approach is used, the estimation of credit risk for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails making further estimations on the likelihood of defaults occurring and the associated loss ratios. The Group measure ECL using the PD, EAD and LGD.

These parameters are generally derived as follows:
- PDs are generally derived from third party service provider Company Default Risk models, internally developed statistical models and other historical data, and are adjusted to reflect forward-looking information.
- LGD is based on local regulatory guidance and internally developed model. The Group consider the nature of the counterparty when assigning an LGD.
- EAD of a financial asset is its gross carrying amount.

For instruments where the simplified approach is followed, i.e. trade receivables, retention receivables and contract assets, credit risk is assessed using a provision matrix approach. Under the provision matrix approach, a historical credit loss experience adjusted for forward-looking information is used in estimating ECL.

(c) Credit risk management

The expected credit loss is estimated as per provisioning policies which consider, in determining the recoverability of a financial asset, any change in the credit quality of the financial asset from the date credit was initially granted up to the end of the reporting date.

The Group carries periodic reviews of its counterparties, to update their credit worthiness in the light of available information and historical observed defaults.

Credit exposures arise principally in credit-related risk that is embedded in financing and advances and debt investments. There is also credit risk in off-balance sheet financial instruments, such as trade-finance related products, derivatives and financing commitments.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. Risk management policies are designed to identify risks and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are monitored on a daily basis.

42. FINANCIAL RISK MANAGEMENT (continued)

42.1 Credit risk (continued)

(c) Credit risk management (continued)

The credit exposure relating to the trading activities within Banking operations is managed by monitoring credit limits, entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances, and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk. The credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfill their contractual obligation and the Group assesses counterparties using the same techniques as for its financing activities in order to control the level of credit risk taken.

Concentrations of credit risk may arise in case of sizeable exposure to a single obligor or when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular customer, industry or geographical location.

Corporate borrowers are rated based on an internally or externally developed rating model that evaluates risk based on financial, qualitative and industry specific inputs. The associated loss estimates norms for each grade have been developed based on the Group's experience. These risk ratings are reviewed on a regular basis.

The Group, in the ordinary course of lending activities, holds collaterals as security to mitigate credit risk in financing and advances. These collaterals mostly include time and other cash deposits, financial guarantees from other banks, local and international equities, real estate and other fixed assets. The collaterals are held mainly against commercial and individual loans and are managed against relevant exposures at their net realizable values. The Group holds real estate collateral against registered mortgage as a collateral financial instrument such as financing and advances and customers' deposits are shown gross on the consolidated statement of financial position and no offsetting has been done.

The Group manages its credit risk exposure through the diversification of financing activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or businesses. It also takes security when appropriate. The Group also seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant financing and advances. The Group monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement and policy.

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

The credit quality is categorized either:
- Investment Grade is composed of Very Strong Credit Quality (AAA to BBB-)
- Non-Investment Grade is composed of: Good, satisfactory and Special Mention Credit Quality (BB+ to C)
- Unrated is not included in the above categories

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.1 Credit risk (continued)

(c) Credit risk management (continued)

The Group categorizes its financial assets into following three stages in accordance with the IFRS 9 methodology:

- Stage 1 – financial assets that are not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months PD.
- Stage 2 – financial assets that has significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on life time PD.
- Stage 3 – for financial assets that are impaired, the impairment allowance is based on life time ECL

	Gross Carrying amount As at 31 December 2023			
	Stage 1	*Stage 2*	*Stage 3*	*POCI*
Due from banks and financial institutions				
Investment grade	158,082	-	-	-
Non-investment grade	7,700	-	-	-
Unrated	4,379	-	-	-
Gross carrying amount	**170,161**	-	-	-
Financing and advances				
Investment grade	112,968	2,373	29	-
Non-investment grade	168,197	24,630	897	-
Unrated	347,158	3,144	243	-
Individually impaired	-	-	7,491	3,187
Gross carrying amount	**628,323**	**30,147**	**8,660**	**3,187**
Debt investment securities at amortized cost				
Government Bonds, Sukuk and Treasury Bills	150,040	391	-	-
Investment grade	33,865	-	-	-
Non-investment grade	6,486	664	970	-
Unrated	34,058	-	139	-
Gross carrying amount	**224,449**	**1,055**	**1,109**	-
Debt investment securities at FVOCI				
Government Bonds, Sukuk and Treasury Bills	23,633	-	-	-
Investment grade	60,608	55	-	-
Non-investment grade	5,640	646	-	-
Unrated	1,529	-	-	-
Gross carrying amount	**91,410**	**701**	-	-
Cash and deposits with banks and other financial institutions – Non-banking operations				
Investment grade	152,408	-	-	-
Total	**152,408**	-	-	-
Commitment and contingencies (*)				
Investment grade	57,543	3,855	-	-
Non-investment grade	56,877	8,908	1,211	4,161
Unrated	22,539	16	25	61
Total	**136,959**	**12,779**	**1,236**	**4,222**

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.1 Credit risk (continued)

(c) Credit risk management (continued)

	Gross Carrying amount As at 31 December 2022			
	Stage 1	*Stage 2*	*Stage 3*	*POCI*
Due from banks and financial institutions				
Investment grade	94,380	-	-	-
Non-investment grade	5,766	-	-	-
Unrated	2,401	-	-	-
Gross carrying amount	**102,547**	-	-	-
Financing and advances				
Investment grade	98,548	1,489	11	-
Non-investment grade	161,008	24,294	834	-
Unrated	303,604	2,708	219	-
Individually impaired	-	-	8,983	2,957
Gross carrying amount	**563,160**	**28,491**	**10,047**	**2,957**
Debt investment securities at amortized cost				
Government Bonds, Sukuk and Treasury Bills	142,604	56	-	-
Investment grade	32,531	308	-	-
Non-investment grade	5,991	634	206	-
Unrated	53,728	232	782	-
Gross carrying amount	**234,854**	**1,230**	**988**	-
Debt investment securities at FVOCI				
Government Bonds, Sukuk and Treasury Bills	23,925	-	-	-
Investment grade	30,914	268	-	-
Non-investment grade	13,942	104	-	-
Unrated	13,305	-	-	-
Gross carrying amount	**82,086**	**372**	-	-
Promissory note				
Investment grade	122,183	-	-	-
Total	**122,183**	-	-	-
Cash and deposits with banks and other financial institutions – Non-banking operations				
Investment grade	147,707	-	-	-
Total	**147,707**	-	-	-
Commitment and contingencies (*)				
Investment grade	43,414	842	-	-
Non-investment grade	59,260	6,110	1,462	4,833
Unrated	19,609	1	-	-
Total	**122,283**	**6,953**	**1,462**	**4,833**

The Group recognized purchased or originated credit-impaired ("POCI") financial assets (gross financing and advances) amounting to SAR 3,187 million (2022: SAR 2,957 million) included in Stage 3.

(*) Commitment and contingencies include financial guarantees, letters of credit, performance bonds, customer acceptances and undrawn loan and Murabaha commitments.

42. FINANCIAL RISK MANAGEMENT (continued)

42.1 Credit risk (continued)

(c) Credit risk management (continued)

- **Significant Increase in Credit Risk (SICR)**

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 historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure based on stages of criteria.

i) Credit risk grades

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

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates. Each corporate exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

The monitoring of exposures involves use of the following data:

- *Corporate 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, and compliance with covenants, quality management, and senior management changes.
  2) Data from credit reference agencies, press articles, changes in external credit ratings.
  3) Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.

- *Retail exposures*
  Internally collected data and customer behavior – e.g. utilization of credit card facilities.

- All exposures
  1) Payment record – this includes overdue status as well as a range of variables about payment ratios.
  2) Utilization of the granted limit
  3) Requests for and granting of forbearance.
  4) Existing and forecasted changes in business, financial and economic conditions.

ii) Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading. For some portfolios, information obtained from external credit reference agencies is also used. The Group employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macroeconomic factors including but not limited to GDP growth, benchmark interest rates and unemployment.

42. FINANCIAL RISK MANAGEMENT (continued)

42.1 Credit risk (continued)

(c) Credit risk management (continued)

- Significant Increase in Credit Risk (SICR) (continued)

ii) Generating the term structure of PD (continued)

Based on inputs from the in-house economists and consideration of a variety of external actual and forecasted information, a 'base case' view is formulated of the future direction of relevant economic variables as well as a representative range of other possible forecasted scenarios (see discussion below on incorporation of forward-looking information) which are used to adjust its estimates of PDs.

iii) Determining whether credit risk has increased significantly

The criteria for determining whether there is a significant increase in credit risk (SICR) since initial recognition, include quantitative changes in PDs and various qualitative factors, including a backstop based on delinquency.

Moreover, information about collaterals or other credit enhancements is considered in assessing changes in credit risk, as well as the impact of the changes in nature, type and value of such collaterals, on the ability and/or economic incentive of a borrower to repay. As such, where available and applicable, these factors have been considered.

Using its expert credit judgment and, where possible, relevant historical experience, it may be determined 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.

As a backstop, the Group consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due unless reasonable evidences are present to prove otherwise. 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 borrower.

The effectiveness of the criteria used to identify significant increases in credit risk is monitored by regular reviews to confirm that:

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

iv) Modified financial assets

The contractual terms of financing and advances 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 and advances whose terms have been modified may be derecognized and the renegotiated financing and advances recognized as a new financing and advances initially at fair value in accordance with the accounting policy in note 3.

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly is completed on the basis of the staging criteria.

42. FINANCIAL RISK MANAGEMENT (continued)

42.1 Credit risk (continued)

(c) Credit risk management (continued)

- Significant Increase in Credit Risk (SICR) (continued)

iv) Modified financial assets (continued)

Financing and advances to customers in financial difficulties (referred to as 'forbearance activities') are renegotiated to maximize collection opportunities and minimize the risk of default. Under the forbearance policy, financing and advances 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 interest payments and amending the terms of financing and advances covenants. Both retail and corporate financing and advances are subject to the forbearance policy.

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

v) Definition of 'Default'

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

- The obligor is past due for 90 days or more on any material credit obligations including principal instalments, interest payments and fees.
- The obligor is unlikely to pay its credit obligations in full, without recourse to actions such as realizing security (if any).

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

vi) Incorporation of forward-looking information

Forward-looking information are incorporated into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the in-house economists and consideration of a variety of external actual and forecasted information, the Group formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecasted scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the GCC and selected private sector and academic forecasters.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data. Moreover, a sensitivity analysis has been conducted on the macro-economic impact in order to assess the change in ECL.

42. FINANCIAL RISK MANAGEMENT (continued)

42.1 Credit risk (continued)

(c) Credit risk management (continued)

- Significant Increase in Credit Risk (SICR) (continued)

vii) Measurement of ECL

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

LGD is the magnitude of the likely loss if there is a default. LGD parameters are estimated based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For financing and advances secured by retail property, Lending to Value (LTV) ratios are a key parameter in determining LGD.

EAD represents the expected exposure in the event of a default. The EAD is derived from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization.

ECL is measured considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, a longer period is considered. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a financing and advances commitment or guarantee.

However, for overdrafts and credit card facilities that include both financing and advances and an undrawn commitment component, ECL is measured over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit their exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL.

- Collateral

The Group uses a wide variety of techniques to reduce credit risk on its lending; one important credit risk mitigation technique is accepting guarantees and collaterals with appropriate coverage. The Group ensures that the collateral held is sufficiently liquid, legally effective and regularly valued. The method and frequency of revaluation depends on the nature of the collateral involved. Types of collateral acceptable, include time and other cash deposits, financial guarantees, equities, real estate, other fixed assets and salary assignment in case of individuals. The collateral is held mainly against commercial and individual financings and is managed against relevant exposures at its net realizable values. The market value of collaterals is monitored, and additional collaterals are requested in accordance with the underlying agreements. Whenever possible, finances are secured by acceptable forms of collateral in order to mitigate credit risk. The Group's policy within banking operations is to lend against the cash flow of an operating commercial entity as a first way and primary source of repayment. Collaterals provided by the customer are generally only considered as a secondary source for repayment.

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.1 Credit risk (continued)

(c) Credit risk management (continued)

- Trade receivables

Sales are made to customers on mutually agreed terms. The management of each subsidiary is responsible for determining the creditworthiness, credit exposure and credit ratings of the customers.

The table below includes the credit risk analysis for trade receivables and contract assets:

	As at 31 December 2023					
	Not past due	Less than 3 months	3 to 6 months	7 to 12 months	More than 12 months	**Total**
Trade receivables, gross	17,746	12,034	5,512	12,656	15,375	**63,323**
Contract assets, gross	8,160	4,868	1,879	2,243	3,306	**20,456**
Loss allowance	(372)	(447)	(301)	(959)	(3,210)	**(5,289)**

	As at 31 December 2022					
	Not past due	Less than 3 months	3 to 6 months	7 to 12 months	More than 12 months	**Total**
Trade receivables, gross	11,311	9,947	5,327	11,348	18,839	**56,772**
Contract assets, gross	8,140	905	2,691	3,763	412	**15,911**
Loss allowance	(488)	(135)	(242)	(1,292)	(2,557)	**(4,714)**

42.2 Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its financial obligations as they fall due, or that it can only do so at excessive cost. Liquidity risk mainly relates to trade and other payables (including amounts due to related parties), borrowings, lease liabilities and customer deposits. The objective of liquidity risk management is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation. The Group's exposure to liquidity risk is monitored on an ongoing basis by the management. The Group manages its liquidity by:

- Setting appropriate liquidity risk management frameworks for short, medium and long-term funding and liquidity management requirements;
- Monitoring future cash flows to ensure that liquidity requirements can be met;
- Maintaining a portfolio of assets that can be easily liquidated; and
- Maintaining adequate cash reserves and banking facilities.

Analysis of financial liabilities by remaining contractual maturities

The contractual maturities of financial liabilities have been determined on the basis of the remaining period at the consolidated statement of financial position date to the contractual maturity date and do not take into account the effective expected maturities. Repayments which are subject to notice are treated as if notice were to be given immediately.

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.2 Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities (continued)

The following are the maturities of financial liabilities, including interest payments, and certain off-balance sheet commitments and contingencies based on contractual undiscounted repayment obligations, at the reporting date:

	As at 31 December 2023					
	On demand	*Less than 3 months*	*3-12 months*	*1-5 year*	*Over 5 years*	*Total*
Financial liabilities						
Customer deposits	515,529	133,339	43,333	4,927	37	**697,165**
Loans and borrowings	2,841	178,092	60,023	126,884	161,736	**529,576**
Trade and other payables	4,017	16,646	133,004	9,989	3,048	**166,704**
Lease liabilities	38	311	2,849	8,156	5,783	**17,137**
Derivative financial instruments (gross amounts payable)	-	6,788	6,414	6,560	6,259	**26,021**
Total	**522,425**	**335,176**	**245,623**	**156,516**	**176,863**	**1,436,603**
Financial guarantees	**86,305**	-	-	-	-	**86,305**

	As at 31 December 2022					
	On demand	*Less than 3 months*	*3-12 months*	*1-5 year*	*Over 5 years*	*Total*
Financial liabilities						
Customer deposits	443,730	131,457	39,977	2,627	34	**617,825**
Loans and borrowings	4,259	111,940	47,537	131,251	69,444	**364,431**
Trade and other payables	735	7,300	103,827	7,806	1,478	**121,146**
Lease liabilities	25	234	2,716	6,695	5,460	**15,130**
Derivative financial instruments (gross amounts payable)	5	7,360	2,034	12,202	19,992	**41,593**
Total	**448,754**	**258,291**	**196,091**	**160,581**	**96,408**	**1,160,125**
Financial guarantees	**74,315**	-	-	-	-	**74,315**

Liquidity management policies are designed to ensure that funds are available at all times to meet the funding requirements of the Group, even in adverse conditions. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available.

The Group's subsidiaries in baking and financing operations are required to comply with requirements as stipulated by its local banking regulator, including applicable Basel liquidity ratios, minimum statutory deposit, minimum average demand deposits and certain minimum liquid reserves, in the form of cash, highly liquid Government bonds or assets which can be easily converted into cash.

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market variables, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market. Market risk comprises of foreign exchange risk, interest rate risk, and price risks (commodity and equity).

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

(a) Market risk: Banking operations

The Group's subsidiaries in banking operations separate their exposure to market risk between trading and banking books. Trading book includes positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

Overall authority for market risk is vested to the Board of Directors of the respective subsidiaries. The Risk Group is responsible for the development of detailed risk management policies (subject to review and approval by the Board of Directors) and for the day-to-day review of their implementation.

- **Market risk – trading book**

  The principal tool used to measure and control market risk exposure within the trading book is Value at Risk (VaR). The VaR of a trading position is the estimated loss that will arise on the position over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used is based upon a 99 percent confidence level and assumes a 1-day holding period, except for FVTPL investments which are computed over a 3-month holding period (i.e., VaR is measured daily, except for VaR on FVTPL investments which are computed on a monthly basis), to facilitate the comparison with the trading income (loss) which is also computed and reported on a daily basis. The model computes volatility and correlations using relevant historical market data.

  VaR limits are used for total market risk embedded in trading activities including derivatives related to foreign exchange and interest rate. The overall structure of VaR limits is subject to review and approval by the Board of Directors. VaR limits are allocated to the trading book. The daily reports of utilization of VaR limits are submitted to the senior management. In addition, regular summaries about various risk measures are submitted to the Risk Committee. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based gives rise to some limitations, including the following:

  - A 1-day holding period assumes that it is possible to hedge or dispose of positions within one day horizon. This is considered to be a realistic assumption in most of the cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
  - A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a 1% probability that losses could exceed the VaR
  - VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
  - The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
  - The VaR measure is dependent upon the position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

  The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading book. In addition, stress tests are used to model the financial impact of exceptional market scenarios on individual trading book and the Group's overall trading position.

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Market risk (continued)

(a) Market risk: Banking operations (continued)

- Market risk – banking book

Market risk on banking book positions mainly arises from the interest rate, foreign currency exposures and equity price changes.

i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of the financial instruments.

The sensitivity due to reasonably possible changes in interest rates, with other variables held constant, on the Group's consolidated statement of profit or loss or equity is immaterial for years ended 31 December 2023 and 31 December 2022.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on the interest-bearing non-trading financial assets and financial liabilities held as at 31 December, including the effect of hedging instruments. The sensitivity of the equity is calculated by revaluing the fixed rate fair value through profit or loss, including the effect of any associated hedges, as at 31 December for the effect of assumed changes in interest rates. The sensitivity of equity is analyzed by maturity of the assets or cash flow hedge swaps. All significant banking book exposures are monitored and analyzed in currency concentrations. The sensitivity analysis conducted does not take account of actions by the Group that might be taken to mitigate the effect of such changes.

The Group manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market interest rates on its consolidated financial position. The table below summarizes the Group's exposure to interest rate risks. Included in the table are the assets and liabilities at carrying amounts, categorized by the earlier of the contractual re-pricing or the maturity dates. The Group manages exposure to interest 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. This risk is managed by matching the re-pricing of assets and liabilities through risk management strategies.

As at 31 December 2023	*Within 3 months*	*3-12 months*	*1-5 years*	*Over 5 years*	*Non-interest bearing*	*Total*
Assets						
Financing and advances	177,096	177,329	138,014	166,212	108	**658,759**
Investment securities	56,257	16,367	59,226	134,060	25,818	**291,728**
Cash and deposits with banks and other financial institutions	106,147	9,541	3,186	-	58,396	**177,270**
Derivatives	14,554	5,379	304	768	3,834	**24,839**
Total financial assets	**354,054**	**208,616**	**200,730**	**301,040**	**88,156**	**1,152,596**
Liabilities						
Loans and borrowings	221,853	22,334	13,730	16,175	155	**274,247**
Customer deposits	275,944	35,404	1,173	-	372,876	**685,397**
Derivatives	12,371	4,771	566	2,209	2,901	**22,818**
Total financial liabilities	**510,168**	**62,509**	**15,469**	**18,384**	**375,932**	**982,462**
On-balance sheet gap	**(156,114)**	**146,107**	**185,261**	**282,656**	**(287,776)**	**170,134**
Cumulative interest rate sensitivity gap	**(156,114)**	**(10,007)**	**175,254**	**457,910**	**170,134**	

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Market risk (continued)

(a) Market risk: Banking operations (continued)

▪ Market risk – banking book (continued)

i) Interest rate risk (continued)

As at 31 December 2022	*Within 3 months*	*3-12 months*	*1-5 years*	*Over 5 years*	*Non-interest bearing*	*Total*
Assets						
Financing and advances	139,797	162,297	143,979	145,417	754	**592,244**
Investment securities	58,539	18,741	55,885	117,844	26,515	**277,524**
Cash and deposits with banks and other financial institutions	51,893	5,012	5	-	52,736	**109,646**
Derivatives	12,287	4,487	1,960	1,272	4,774	**24,780**
Total financial assets	**262,516**	**190,537**	**201,829**	**264,533**	**84,779**	**1,004,194**
Liabilities						
Loans and borrowings	132,279	22,491	33,215	2,965	5,053	**196,003**
Customer deposits	165,238	33,549	854	-	407,361	**607,002**
Derivatives	12,397	3,626	1,777	1,171	3,565	**22,536**
Total financial liabilities	**309,914**	**59,666**	**35,846**	**4,136**	**415,979**	**825,541**
On-balance sheet gap	**(47,398)**	**130,871**	**165,983**	**260,397**	**(331,200)**	**178,653**
Cumulative interest rate sensitivity gap	**(47,398)**	**83,473**	**249,456**	**509,853**	**178,653**	

Interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks were undertaken globally. The IASB has published, in two phases, amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in order to address issues that might affect financial reporting after the reform of interest rate benchmark, including the replacement of an existing Inter-bank Offer Rate (IBOR) with an alternative risk-free rates (RFR).

The Group have considered the requirements of IASB and other necessary changes to systems, processes, related tax and accounting implications and amendments to the contractual terms of LIBOR-referenced floating-rate debt, derivatives and update of hedge designations. Further, the Group also managed the timely and comprehensive communication of the IBOR transition with the customers and assisting them in taking informed and timely decision.

During the year 2023, changes required to systems, processes and models have been implemented. New rate structures and features in the system in view of future market evolution are implemented as well and is capable to handle the alternative relevant rate transactions of the dollar and other major currencies affected by the IBOR transition. There have been communications with counterparties.

The Group has identified that the areas of most significant risk arising from the replacement of LIBOR are:

- Updating systems and processes which capture LIBOR referenced contracts; amendments to those contracts, or existing fallback/transition clauses not operating as anticipated;
- Mismatches in timing of derivatives and loans transitioning from LIBOR and the resulting impact on economic risk management; and
- Updating hedge designations and models.

The Group has taken steps to manage and mitigate these risks.

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Market risk (continued)

(a) Market risk: Banking operations (continued)

▪ Market risk – banking book (continued)

i) Interest rate risk (continued)

Interest rate benchmark reform (continued)

The table below shows the exposure of the Group at the year end to significant IBORs subject to reforms that are yet to transition to risk free rates. These exposures will remain outstanding until the IBOR ceases and will therefore transition to the reference rate in future, e.g., the table excludes exposures to IBOR that will expire before transition is required.

	As at 31 December 2023		
	Non-Derivative Financial Assets	*Non-Derivative Financial Liabilities*	*Derivatives Nominal amount*
LIBOR	69,397	9,536	25,281
Total	**69,397**	**9,536**	**25,281**

	As at 31 December 2022		
	Non-Derivative Financial Assets	*Non-Derivative Financial Liabilities*	*Derivatives Nominal amount*
LIBOR	58,805	18,728	260,529
Cross currency swaps LIBOR (to IBOR)	-	-	347
Total	**58,805**	**18,728**	**260,876**

Exposure to interest rate risk

The Group's fixed rate instruments carried at amortized cost are not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings of variable interest rate. The Group enter into hedging instruments in order to hedge the interest rate risk.

The exposure of the Group's loans and borrowings to interest rate changes at the end of the reporting period are as follows:

	As at 31 December 2023		
	Fixed interest rate	*Variable interest rate*	*Total*
Liabilities			
Bank borrowings	7,617	230,781	**238,398**
Bonds and Sukuk payable	28,942	6,907	**35,849**
Total	**36,559**	**237,688**	**274,247**

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Market risk (continued)

(a) Market risk: Banking operations (continued)

- Market risk – banking book (continued)

i) Interest rate risk (continued)

Exposure to interest rate risk (continued)

	As at 31 December 2022		
	Fixed interest rate	*Variable interest rate*	*Total*
Liabilities			
Bank borrowings	3,802	10,313	**14,115**
Bonds and Sukuk payable	24,965	2,358	**27,323**
Total	**28,767**	**12,671**	**41,438**

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its consolidated financial position and cash flows. The Board set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

At the year end, the Group had the following significant net exposures denominated in foreign currencies. A long position indicates that assets in a foreign currency are higher than the liabilities in the same currency; the opposite applies to short position.

	Long (short)	
Currency	*As at 31 December 2023*	*As at 31 December 2022*
USD	292	(5,234)
TRY	2,731	2,753

The sensitivity due to reasonably possible changes in currency rates against the Saudi Riyal, with other variables held constant, including the effect of hedging instruments, on the Group's consolidated statement of profit or loss or equity is not significant for years ended 31 December 2023 and 31 December 2022.

iii) Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity index and the value of individual stocks.

The effect on equity (other reserves) as a result of a change in the fair value of quoted equity instruments at 31 December 2023 and 31 December 2022 due to reasonably possible changes in the prices by 100 basis points of these quoted shares held by the Group, with all other variables held constant, is not significant.

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Market risk (continued)

(b) Market risk: Non-banking operations

- Interest rate risk

The Group's trade receivables carried at amortized cost are not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings of variable interest rate. Some of the Group's subsidiaries enter into hedging instruments in order to hedge the interest rate risk.

Variable interest rate includes instruments referenced to USD LIBOR amounting to SAR 13,315 million (2022: SAR 15,279 million) for which corresponding IBOR rates are not yet issued. Instruments of variable interest rate expose the Group to interest rate risks on cash flows, while instruments of fixed rate expose the Group to the interest rate risk on fair value. The fixed income instruments are generally held until maturity, hence, the fair value risk arising from movement in interest rate is minimal.

The exposure of the Group's loans and borrowings to interest rate changes at the end of the reporting period are as follows:

	As at 31 December 2023		
Liabilities	*Fixed interest rate*	*Variable interest rate*	*Total*
Bank borrowings	10,785	108,277	**119,062**
Loans from government and government related entities	1,249	10,746	**11,995**
Bonds and Sukuk payable	17,491	5,416	**22,907**
Green Bonds	31,158	-	**31,158**
Convertible notes	3,981	-	**3,981**
Bank overdraft	-	2,689	**2,689**
Total	**64,664**	**127,128**	**191,792**

	As at 31 December 2022		
Liabilities	*Fixed interest rate*	*Variable interest rate*	*Total*
Bank borrowings	6,814	80,004	**86,818**
Loans from government and government related entities	1,883	11,407	**13,290**
Bonds and Sukuk payable	4,675	4,658	**9,333**
Green Bonds	10,868	-	**10,868**
Convertible notes	3,905	-	**3,905**
Bank overdraft	-	1,556	**1,556**
Total	**28,145**	**97,625**	**125,770**

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Market risk (continued)

(b) Market risk: Non-banking operations (continued)

- **Interest rate risk (continued)**

The following table illustrates the effect on the profit before tax and equity, at a change of 100 basis points in the interest rate with all other variables held constant for variable rate instruments.

	For the year ended 31 December 2023		
	Change in variables	*Effect on profit before tax*	*Effect on equity*
Loans and borrowings	± 100 basis points	**± 3,128**	**± 1,497**

	For the year ended 31 December 2022		
	Change in variables	*Effect on profit before tax*	*Effect on equity*
Loans and borrowings	± 100 basis points	**± 527**	**± 527**

- **Currency risk**

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	Long (short)	
Currency	*As at 31 December 2023*	*As at 31 December 2022*
EUR	56,231	43,665
JPY	38,046	29,195
Others	40,437	37,663

Others mainly include INR and HKD. The table below indicates the extent to which the Group was exposed to currency risk on its significant foreign currency positions. The analysis is performed for reasonably possible movements of the currency rate against the Saudi Riyal with all other variables held constant, on the profit before tax and equity.

	For the year ended 31 December 2023		
	Change in variables	*Effect on profit before tax*	*Effect on equity*
EUR	± 10%	± 4,518	± 5,618
JPY	± 10%	± 3,805	± 3,805
Others	± 10%	± 6,349	± 8,467

	For the year ended 31 December 2022		
	Change in variables	*Effect on profit before tax*	*Effect on equity*
EUR	± 10%	± 2,296	± 3,634
JPY	± 10%	± 2,920	± 2,920
Others	± 10%	± 2.384	± 3,799

- **Commodity price risk**

The Group, through one of its subsidiaries, is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of the mineral products it produces.

The respective subsidiary makes sale of certain gold, by-products, and phosphate and aluminum products on a provisional pricing basis. The amount of revenue and receivable to be recognized will be estimated based on the forward market price of the commodity being sold.

(All amounts in million SAR unless otherwise stated)

42. FINANCIAL RISK MANAGEMENT (continued)

42.3 Market risk (continued)

(b) Market risk: Non-banking operations (continued)

- **Commodity price risk (continued)**

The Group faces a risk that future adverse change in commodity prices would result in the reduction of receivable balance.

All such transactions are managed in accordance with the risk framework approved by the Board of Directors of the respective subsidiary.

Commodity price exposure

The exposure of the Group's trade receivables balance to changes in commodity prices are as follows:

Trade receivables pertaining to:	*As at 31 December 2023*	*As at 31 December 2022*
Phosphate	2,870	3,919
Aluminum	1,663	1,749
Gold	380	226
Total	**4,913**	**5,894**

The impact on profit before zakat and tax and equity for changes in commodity prices, based on the assumption that phosphate, aluminum and gold prices move 10% with all other variables held constant, is not significant.

Physical commodity contracts

The Group enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are treated as executory contracts, which are recognized and measured at cost when the transaction occur.

- **Equity price risk**

Equity price risk arises from the change in fair values of quoted equity investments measured at FVTPL and FVOCI at the reporting date. The Group manages this risk through diversification of investments in terms of geographical distribution.

Sensitivity of the equity price risk is determined based on the following assumptions:

	For the year ended 31 December 2023		
Impact of changes in market prices on:	*Increase/decrease in price in %*	*Effect on profit or loss*	*Effect on OCI*
Equity instruments measured at FVTPL	± 10%	± 14,849	-
Equity instruments measured at FVOCI	± 10%	-	± 70,514

	For the year ended 31 December 2022		
Impact of changes in market prices on:	*Increase/decrease in price in %*	*Effect on profit or loss*	*Effect on OCI*
Equity instruments measured at FVTPL	± 10%	± 12,947	-
Equity instruments measured at FVOCI	± 10%	-	± 33,123

42. FINANCIAL RISK MANAGEMENT (continued)

42.4 Operational risk

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

A framework and methodology have been developed to identify and control the various operational risks. While operational risk cannot be entirely eliminated, it is managed and mitigated by ensuring that the appropriate infrastructure, controls, systems, procedures, and trained and competent people are in place throughout the Group's subsidiaries.

42.5 Capital management

The primary objective of the Fund's capital management is to maintain an optimal capital structure in order to manage the Owner and creditors' confidence and sustain the future development of the Fund's operation. The Fund manages its capital structure and adjust it in light of its mandate.

The total equity as at 31 December 2023 attributable to the owner of the Group comprises capital contribution, general and other reserves and retained earnings adding up to SAR 2,015 billion (2022: SAR 1,580 billion). There were no changes to the Group's objectives, policies or procedures during the year ended 31 December 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

43. LIST OF SUBSIDIARIES

The below list is for the direct subsidiaries of the group.

	Industry Group	*Ownership interest (As at)*	
		31 December 2023	*31 December 2022*
Listed Local Companies			
Saudi Telecom Company (stc) [(a)]	Telecommunications	**64.00%**	64.00%
Saudi National Bank (SNB) [(a)]	Banking	**37.24%**	37.24%
Saudi Arabian Mining Company (Ma'aden)	Materials	**67.18%**	67.18%
Saudi Tadawul Group Holding Company (Tadawul)	Financials	**60.00%**	60.00%
Saudi Real Estate Company (Al Akaria)	Real Estate	**64.58%**	64.58%
Elm Company	Information Technology	**67.00%**	67.00%
Unlisted Local Companies			
Saudi Arabian Investment Company (Sanabil)	Financials	**100.00%**	100.00%
Tahakom Investment Company (Tahakom)	Information Technology	**100.00%**	100.00%
King Abdullah Financial District Management & Development Company (KAFD)	Real Estate	**100.00%**	100.00%
Industrialization & Energy Services Company (Taqa)	Energy	**54.00%**	54.00%
Neom Company	Real Estate	**100.00%**	100.00%
Water & Electricity Holding Company (Badeel)	Utilities	**100.00%**	100.00%
Saudi Entertainment Ventures (SEVEN) [(b)]	Consumer Discretionary	**-**	100.00%
Saudi Agricultural & Livestock Investment Company (SALIC)	Consumer Staples	**100.00%**	100.00%
Saudi Real Estate Refinance Company (SRC)	Financials	**100.00%**	100.00%
National Unified Procurement Company for Medical Supplies (Nupco)	Health Care	**100.00%**	100.00%
Rua Al Madina Holding Company	Real Estate	**100.00%**	100.00%
National Energy Services Company (Tarshid)	Utilities	**100.00%**	100.00%
Saudi Arabian Military Industries Company (SAMI)	Industrials	**100.00%**	100.00%
Saudi Development and Technology Investment Company (TAQNIA)	Industrials	**100.00%**	100.00%
Saudi Investment Recycling Company (SIRC)	Industrials	**100.00%**	100.00%
Saudi Company for Aircraft Modification and Maintenance (GDC Middle East)	Industrials	**80.00%**	80.00%
POSCO E&C Saudi Arabia Company (PECSA)	Industrials	**60.00%**	60.00%

(All amounts in million SAR unless otherwise stated)

43. LIST OF SUBSIDIARIES (continued)

	Industry Group	*Ownership interest (As at)*	
Unlisted Local Companies (continued)		***31 December 2023***	*31 December 2022*
Saudi Railway Company (SAR)	Industrials	**100.00%**	100.00%
The Red Sea Global Company	Real Estate	**100.00%**	100.00%
Central Arriyadh Development Company	Real Estate	**100.00%**	100.00%
Qiddiya Investment Company	Real Estate	**100.00%**	100.00%
The Helicopter and Jet Company	Industrials	**100.00%**	100.00%
National Security Services Company (SAFE)	Industrials	**100.00%**	100.00%
Jeddah Central Development Company (JCDC)	Real Estate	**100.00%**	100.00%
Red Sea Cruise Company (RSCC)	Consumer Discretionary	**100.00%**	100.00%
Roshn Group Company	Real Estate	**100.00%**	100.00%
Boutique Hospitality Group	Real Estate	**100.00%**	100.00%
Brand Company	Other Industries	**100.00%**	100.00%
Al-Balad Development Company	Real Estate	**100.00%**	100.00%
Soudah Development Company	Real Estate	**100.00%**	100.00%
Center for Governance Company	Other Industries	**100.00%**	100.00%
Diplomatic Quarter Holding Company	Real Estate	**100.00%**	100.00%
Uptown Jeddah Company [(b)]	Real Estate	**-**	100.00%
Hotel Management Company	Consumer Discretionary	**100.00%**	100.00%
Sela Company	Consumer Discretionary	**94.35%**	92.79%
Saudi Downtown Company	Real Estate	**100.00%**	100.00%
Tadawul Real Estate Company (TREC)	Real Estate	**53.31%**	53.31%
Al Madinah Heritage Company	Consumer Staples	**100.00%**	100.00%
National Real Estate Registration Services Company	Real Estate	**100.00%**	100.00%
The Saudi Coffee Company	Consumer Staples	**100.00%**	100.00%
AlWadi Development Company (Ardara)	Real Estate	**100.00%**	100.00%
Saudi Hospitality Company	Consumer Discretionary	**100.00%**	100.00%
Pharmaceutical Investment Company (Lifera)	Health Care	**100.00%**	100.00%

(All amounts in million SAR unless otherwise stated)

43. LIST OF SUBSIDIARIES (continued)

	Industry Group	*Ownership interest (As at)*	
Unlisted Local Companies (continued)		***31 December 2023***	*31 December 2022*
Saudi Tourism Investment Company (Asfar)	Consumer Discretionary	**100.00%**	100.00%
The Saudi Egyptian Investment Company	Financials	**100.00%**	100.00%
Kayanee Company	Consumer Discretionary	**100.00%**	100.00%
Aseer Investment Company	Real Estate	**100.00%**	100.00%
Saudi Company for Artificial Intelligence (SCAI)	Information Technology	**100.00%**	100.00%
Saudi Facility Management Company	Real Estate	**100.00%**	100.00%
Water Solutions Company	Utilities	**100.00%**	100.00%
Electronic Gaming Infrastructure Company [(b)]	Media and Entertainment	-	100.00%
The Saudi Electronic Gaming Holding (Savvy) Company	Media and Entertainment	**100.00%**	100.00%
Halal Products Development Company (Halal)	Consumer Staples	**100.00%**	100.00%
Rua Alharam Almakki	Real Estate	**100.00%**	100.00%
Aviation Services Company Limited (Riyadh Air)	Industrials	**100.00%**	100.00%
Destinations Development Company	Real Estate	**100.00%**	100.00%
SAWANI Company	Consumer Staples	**100.00%**	100.00%
Aircraft Leasing Company (Avilease)	Industrials	**100.00%**	100.00%
Ceer National Automotive Company	Consumer Discretionary	**91.80%**	91.80%
Oil Park Development Company (The rig)	Real Estate	**100.00%**	100.00%
Bada'el Company	Health Care	**100.00%**	100.00%
Dan Company	Real Estate	**100.00%**	100.00%
Sports Investment Company (SRJ)	Consumer Discretionary	**100.00%**	100.00%
Energy Solutions Company	Utilities	**100.00%**	100.00%
Gulf Coast Real Estate Development Company	Real Estate	**100.00%**	100.00%
Industrial Company for Electronics	Information Technology	**100.00%**	100.00%
AlUla Development Company	Real Estate	**100.00%**	100.00%
Smart Accommodation for Residential Complexes	Real Estate	**100.00%**	100.00%
National Automotive & Mobility Investment Company (TASARU)	Consumer Discretionary	**100.00%**	100.00%

(All amounts in million SAR unless otherwise stated)

43. LIST OF SUBSIDIARIES (continued)

	Industry Group	*Ownership interest (As at)*	
Unlisted Local Companies (continued)		*31 December 2023*	*31 December 2022*
Electric Vehicle (EV) Infrastructure Company	Consumer Discretionary	100.00%	100.00%
Smart Marinas Company for Development & Management	Real Estate	100.00%	100.00%
Diriyah Gate Company Limited	Real Estate	100.00%	100.00%
Regional Voluntary Carbon Market Company	Financials	92.00%	92.00%
The Saudi Iraqi Investment Company	Financials	100.00%	100.00%
The Saudi Sudanese Investment Company	Financials	100.00%	100.00%
The Saudi Omani Investment Company	Financials	100.00%	100.00%
The Saudi Bahraini Investment Company	Financials	100.00%	100.00%
The Saudi Jordanian Investment Company	Financials	100.00%	100.00%
New Murabba Development Company	Real Estate	100.00%	100.00%
Fund of Funds Company (Jada)	Financials	100.00%	100.00%
Golden Lattice Investments Company	Media and Entertainment	80.00%	60.00%
Folk Maritime Services Company	Industrials	100.00%	-
Edutainment Company	Consumer Discretionary	100.00%	-
National Space Company	Industrials	100.00%	-
AlUqair Area Development Company	Real Estate	100.00%	-
National Interactive Entertainment Company	Consumer Discretionary	100.00%	-
Al-Hilal Club Company	Media and Entertainment	75.00%	-
Al-Ittihad Club Company	Media and Entertainment	75.00%	-
Al-Ahli Club Company	Media and Entertainment	75.00%	-
Al-Nassr Club Company	Media and Entertainment	75.00%	-
Thiqah Business Services Company	Information Technology	100.00%	-
Hunting Reserves Development Company	Real Estate	100.00%	-
King Salman International Airport Development Company	Industrials	100.00%	-
Salwan Tourism Real Estate Development Company	Real Estate	100.00%	-
Manara Minerals Investment Company	Materials	83.26%	-

(All amounts in million SAR unless otherwise stated)

43. LIST OF SUBSIDIARIES (continued)

	Industry Group	*Ownership interest (As at)*	
		31 December 2023	*31 December 2022*
Unlisted Local Companies (continued)			
Leen Company for Business Services	Health Care	**100.00%**	-
Jabal Al Shifa Development Company	Real Estate	**100.00%**	-
Tawreed Company for Financing Solutions	Financials	**100.00%**	-
Educational Infrastructure Holding Company	Real Estate	**100.00%**	-
Desert Resorts Development Company	Real Estate	**100.00%**	-
Tower District Real Estate Development Company	Real Estate	**100.00%**	-
Renewable Energy Localization Company	Energy	**100.00%**	-
Foreign Companies			
Gulf International Bank (GIB) B.S.C. – Bahrain	Banking	**97.23%**	97.23%
Saudi Jordanian Investment Fund (SJIF) – Jordan [b]	Financials	**-**	95.02%
LIV Golf Investment Ltd – United Kingdom	Media and Entertainment	**97.07%**	97.30%
Magic Leap, Inc. – United States of America	Media and Entertainment	**59.10%**	58.95%
DEPA PLC – United Arab Emirates	Industrials	**55.00%**	55.00%
Extreme E Hong Kong Holdings Limited – Hong Kong	Media and Entertainment	**47.01%**	41.51%
Rcare CV – Netherlands	Health Care	**98.31%**	98.44%
Special Purpose Vehicles (SPVs)			
Vision Technology Investment Company	Information Technology	**100.00%**	100.00%
Saudi Third Technology Investment Company	Information Technology	**100.00%**	100.00%
Saudi Second Technology Investment Company	Information Technology	**100.00%**	100.00%
Ayar International Investment Company	Financials	**100.00%**	100.00%
Ayar First Investments Company	Media and Entertainment	**100.00%**	100.00%
The Saudi Company for Gulf Food Investments	Consumer Discretionary	**100.00%**	100.00%
The Saudi International Investment Company	Consumer Discretionary	**100.00%**	100.00%
The Saudi Asian Investment Company	Industrials	**100.00%**	100.00%

(All amounts in million SAR unless otherwise stated)

43. LIST OF SUBSIDIARIES (continued)

	Industry Group	*Ownership interest (As at)*	
Special Purpose Vehicles (SPVs) (continued)		*31 December 2023*	*31 December 2022*
Saudi Technology Investment Company	Information Technology	100.00%	100.00%
JACI First Investment Company	Information Technology	100.00%	100.00%
Digital Media Investment Company	Information Technology	100.00%	100.00%
ARCI Holdings LLC	Other Industries	100.00%	100.00%
NADE Investment Company LLC	Other Industries	100.00%	100.00%
BOFR Investment Company Co. SARL	Consumer Discretionary	100.00%	100.00%
Talisman Aviation Limited	Other Industries	100.00%	100.00%
Ayar Third Investment Company	Consumer Discretionary	100.00%	100.00%
The Saudi United Investment Company	Other Industries	100.00%	100.00%
59 CVT LLC	Real Estate	100.00%	100.00%
BIDE Investment Company LLC	Other Industries	100.00%	100.00%
The Saudi Fifth Technology Investment Company	Information Technology	100.00%	100.00%
The Saudi First Investment Company	Industrials	100.00%	100.00%
The Saudi Fourth Technology Investment Company	Information Technology	100.00%	100.00%
The Saudi Second Investment Company	Other Industries	100.00%	100.00%
The Saudi Third Investment Company	Real Estate	100.00%	100.00%
UKSA International LTD	Other Industries	100.00%	100.00%
USCI First Investment Company	Other Industries	100.00%	100.00%
USSA International LLC	Other Industries	100.00%	100.00%
Prisa III Feeder-A LLC	Real Estate	100.00%	100.00%
The Saudi Fifth Investment Company	Real Estate	100.00%	100.00%
The Saudi Fourth Investment Company	Other Industries	100.00%	100.00%
NCUK Investment Limited	Media and Entertainment	100.00%	100.00%
HKSA International Limited	Other Industries	100.00%	100.00%
The Saudi Seventh Investment Company	Other Industries	100.00%	100.00%
The Saudi Sixth Investment Company	Other Industries	100.00%	100.00%

(All amounts in million SAR unless otherwise stated)

43. LIST OF SUBSIDIARIES (continued)

	Industry Group	*Ownership interest (As at)*	
		31 December 2023	*31 December 2022*
Special Purpose Vehicles (SPVs) (continued)			
GACI First Investment Company	Other Industries	**100.00%**	100.00%
PAUK Investment Limited	Consumer Discretionary	**100.00%**	100.00%
ICDE Investment Company LLC	Other Industries	**100.00%**	100.00%
Bridge First Investment Company	Other Industries	**100.00%**	100.00%
The Multiple Assets Investment Company	Other Industries	**100.00%**	100.00%
Numo Seventh International Investments Company	Other Industries	**100.00%**	100.00%
Numo Eighth International Investments Company	Other Industries	**100.00%**	100.00%
Numo Ninth International Investments Company	Other Industries	**100.00%**	100.00%
Numo Tenth International Investments Company	Financials	**100.00%**	100.00%
The Cavalcade Investment Company	Industrials	**100.00%**	100.00%
The Safety-First Investment Company [b]	Financials	**-**	100.00%
The Road Plans Development Company	Other Industries	**100.00%**	100.00%
The Second Multiple Assets Investment Company	Other Industries	**100.00%**	100.00%
Alrahala First Investment Company	Other Industries	**100.00%**	100.00%
Abour First Investment Company	Other Industries	**100.00%**	100.00%
ABUK Investment Limited	Industrials	**100.00%**	-
SUCI Second Investment Company	Other Industries	**100.00%**	-
SUCI First Investment Company	Other Industries	**100.00%**	-
RFUK Investment Limited	Consumer Discretionary	**100.00%**	-

(a) The ownership percentage for stc and SNB are computed using the PIF owned shares over the issued shares. For the purpose of these consolidated financial statements, effective ownership percentage is used.

(b) SEVEN was transferred to Qiddiya Investment Company (a subsidiary), Uptown Jeddah Company was transferred to Roshn Group Company (a subsidiary), Electronic Gaming Infrastructure Company was transferred to The Saudi Electronic Gaming Holding (Savvy) Company (a subsidiary), and both Saudi Jordanian Investment Fund (SJIF) and The Safety-First Investment Company were transferred to The Saudi Jordanian Investment Company (a subsidiary).
All the aforementioned transfers were without consideration and the transactions were considered additional capital contribution to the respective subsidiaries.

44. BUSINESS COMBINATION

Material accounting policies that apply to business combination

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contributes to the ability to create outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the consolidated statement of profit or loss as administrative expenses.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and the fair value at the acquisition-date of any previously held equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the consolidated statement of profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The measurement period ends as soon as the Group receives the necessary information about facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date.

(All amounts in million SAR unless otherwise stated)

44. BUSINESS COMBINATION (continued)

During the years ended 31 December 2023 and 31 December 2022, the Group has entered into the following major business combination transactions:

44.1 Acquisition of Scopely

During the year, the Group, through one of its indirect subsidiaries in gaming industry, acquired 100% of the shares in Scopely Inc. to expand its business in the mobile gaming industry. The purchase consideration was SAR 17,243 million (Equivalent to US $4,598 million) and was accounted for under the acquisition method.

Fair value of assets acquired and liabilities assumed and Goodwill

The fair value of assets and liabilities recognized as a result of the acquisition are as follows:

Assets	*Scopely*
Intangible assets	9,053
Bank balances	1,541
Other assets	2,942
Total assets	**13,536**
Total liabilities	**5,496**
Net assets acquired	**8,040**
Consideration transferred	**17,243**
Goodwill recognized	**9,203**

The goodwill identified represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including expected future synergies and the expertise of the acquired workforce.

The goodwill arises from Scopely acquisition was allocated to Scopely Inc. as a CGU.

The value allocated to the intangible assets were as follows:

Intangibles	*Software and licenses*	*Brands and trademarks*	*Games library*	*Total*
Amount	15	206	8,832	9,053

44.2 Acquisition of Tower companies

During the year, the Group, through one of its indirect subsidiaries in telecom industry, signed a sale and purchase agreement ("SPA") to acquire three telecommunications towers companies based in Bulgaria, Croatia and Slovenia from United Group to expand the business outside of the Kingdom of Saudi Arabia and provide Infrastructure services in European markets.

The purchase consideration was SAR 4,963 million (equivalent to € 1,220 million). The acquisition was accounted for under the acquisition method.

(All amounts in million SAR unless otherwise stated)

44. BUSINESS COMBINATION (continued)

44.2 Acquisition of Tower companies (continued)

Fair value of assets acquired and liabilities assumed and Goodwill

The fair value of assets and liabilities recognized as a result of the acquisition are as follows:

Assets	*Three towers companies*
Property and equipment	385
Cash and cash equivalents	7
Other assets	749
Total assets	**1,141**
Total liabilities	**830**
Net assets acquired	**311**
Consideration transferred	**4,963**
Goodwill recognized	**4,652**

The goodwill identified represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including expected future synergies and the expertise of the acquired workforce.

Goodwill resulted from the acquisition of the three towers companies from United Group represents a provisional goodwill until the completion of the purchase price allocation reports.

44.3 Acquisition of Standard Chartered's ("SC") aircraft leasing platform

During the year ended 31 December 2023, the Group, through one of its subsidiaries in aviation industry, acquired 100% ownership of Standard Chartered' s aircraft leasing platform which consist of two Irish holding companies - Pembroke Capital Limited and Pembroke Aircraft Leasing Holdings Limited, and a Tianjin holding company - Pembroke Aircraft Leasing (Tianjin) Limited, together with their subsidiaries. As part of the acquisition, the group also acquired a 10% shareholding in SDH Wings International Leasing Limited which owns, manages and leases commercial aircraft.

The acquisition has allowed the Group to accelerate its growth through acquiring a high quality, narrow body focused portfolio and to generate strong profitability in the coming cycle while providing scale and an industry leading position.

The total consideration paid in cash was SAR 13,385 million (equivalent to US $3,569 million).

(All amounts in million SAR unless otherwise stated)

44. BUSINESS COMBINATION (continued)

44.3 Acquisition of Standard Chartered' s ("SC") aircraft leasing platform (continued)

Fair value of assets acquired and liabilities assumed and Goodwill

The fair value of assets and liabilities recognized as a result of the acquisition are as follows:

Assets	*SC's* **aircraft leasing**
Aircraft	11,960
Cash and cash equivalents	118
Other assets	1,537
Total assets	**13,615**
Total liabilities	**1,265**
Net assets acquired	**12,350**
Consideration transferred	**13,385**
Goodwill recognized	**1,035**

44.4 Acquisition of Al Mansoori Petroleum Services LLC ("AMPS")

During the year ended 31 December 2022, the Group, through one of its subsidiaries, signed a share purchase agreement with the shareholders of AMPS, a limited liability company registered in Abu Dhabi, United Arab Emirates ("UAE"), to acquire 100% equity interest in AMPS against a purchase consideration amounting to SAR 3,075 million (equivalent to US $818 million), subject to completion of certain conditions precedent ("CPs"). The CPs were completed and the sale agreement was consummated on 5 January 2023 i.e. the acquisition date.

Fair value of assets acquired and liabilities assumed and Goodwill

The fair value of assets and liabilities recognized as a result of the acquisition are as follows:

Assets	*AMPS*
Property, plant and equipment	1,069
Cash and cash equivalents	55
Other assets	1,694
Total assets	**2,818**
Total liabilities	**1,005**
Net assets acquired	**1,813**
Consideration transferred	**3,075**
Goodwill recognized	**1,262**

The goodwill identified is attributable to AMPS's specialized business, expertise, assembled workforce and synergies expected to arise for the Group subsequent to the acquisition.

(All amounts in million SAR unless otherwise stated)

44. BUSINESS COMBINATION (continued)

44.5 Acquisition of Zain KSA towers

During the year ended 31 December 2022, the Group, through one of its subsidiaries, entered into Asset Purchase Agreement ("APA") with Mobile Telecommunications Company Saudi Arabia ("Zain KSA"), the assets consist of 8,069 passive infrastructure telecommunication towers and related equipment's in KSA, at a consideration of SR 3,026 million. The tower acquisition has been accounted as business combination.

On 13 October 2022, the Group entered into Master Tower Space Agreement ("MTSA") with Zain KSA, to lease the 8,069 towers (in APA) back to Zain KSA for a minimum period of 15 years, in accordance with the Agreement. Both the above agreements are effective from the financial completion date ("Acquisition date") which is 9 January 2023. On January 09, 2023, a total of 3,600 sites have been novated to the Group. In addition to that, additional 1,400 sites were transferred on August 02, 2023, increasing the number of sites to 5,000. The remaining 3,069 sites are expected to be transferred to the Group on or before 9 July 2024. The Group owns, operate and controls all 8,069 sites from the financial completion date.

Fair value of assets acquired and liabilities assumed and Goodwill

The fair value of assets and liabilities recognized as a result of the acquisition are as follows:

Assets	*Zain Towers*
Property and equipment	2,696
Other assets	276
Total assets	**2,972**
Total liabilities	-
Net assets acquired	**2,972**
Consideration transferred	**3,026**
Goodwill recognized	**54**

44.6 Acquisition of SGG Esports AB and FACEIT Limited

During the year ended 31 December 2022, the Group, through one of its indirect subsidiaries, acquired 100% of the shares in SGG Esports AB Limited ("SGG Esports") and 100% of the shares in FACEIT Limited ("FACEIT") to expand its portfolio and become a leading eSports company and combining the event and festival driven scene through SGG Esports AB and the online gaming platform through FACEIT Limited. The purchase consideration was SAR 5,567 million (equivalent to US $ 1,485 million) in cash and accounted for under the acquisition method.

Fair value of assets acquired and liabilities assumed and Goodwill

The fair value of assets and liabilities recognized as a result of the acquisition are as follows:

Assets	*SGG Esports*	*FACEIT*	*Total*
Intangible assets arising from acquisition	532	307	839
Other assets	375	23	398
Total assets	**907**	**330**	**1,237**
Total liabilities	**576**	**91**	**667**
Net assets acquired	**331**	**239**	**570**
Consideration transferred	**3,063**	**2,504**	**5,567**
Goodwill recognized	**2,732**	**2,265**	**4,997**

44. BUSINESS COMBINATION (continued)

44.6 Acquisition of SGG Esports AB and FACEIT Limited (continued)

Fair value of assets acquired and liabilities assumed and Goodwill (continued)

The goodwill represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including expected future synergies and the expertise of the acquired workforce.

The goodwill recognized was allocated to ESL FaceIT Group ("EFG") as a CGU.

44.7 Business combinations under common control

During the years ended 31 December 2023 and 31 December 2022, the Group has accounted for the below acquisitions as business combination under common control:

(a) Acquisition of football clubs

Based on a Royal Decree, and as part of the Sports Clubs Investment and Privatization Project, a government body has transferred the assets and liabilities of four football clubs within Saudi Premium League ("SPL"), namely Al Ittihad, Al Ahli, Al Nassr, and Al Hilal football clubs, to the Group through newly established companies without consideration.

The transfer was executed by way of establishing new companies whereby PIF owned 75% interest of the new established companies and the remaining 25% owned by the Members Sports Club Foundation for the Clubs (a non-profit organizations).

The transfer of businesses has been considered as a common control transfer, as the ultimate shareholding is retained by the government of the Kingdom of Saudi Arabia before and after the business combination. The Group has accounted for the assets and liabilities acquired at their respective carrying values.

(b) Acquisition of Thiqah Business Services Company ("Thiqah")

Based on a Council of Ministers resolution, government bodies have transferred the assets and liabilities of Thiqah to the Group without consideration during the year ended 31 December 2023.

The transfer of businesses has been considered as a common control transfer, as the ultimate shareholding is retained by the government of the Kingdom of Saudi Arabia before and after the business combination. The Group has accounted for the assets and liabilities acquired at their respective carrying values.

(c) Acquisition of hospitality assets

The Group has entered into assets transfer agreement ("the Agreement") with a government body. Upon execution of the Agreement, one of the Group's subsidiaries, acquired properties on 30 September 2022 (collectively referred to as "the Hospitality Properties") at a total agreed in-kind capital contribution of SAR 3,519 million.

These Hospitality Properties represent an acquisition of a business, except for two non-operational properties which are recorded as assets acquisition.

The carrying value of Hospitality Properties' assets and liabilities at time of acquisition amounted to SAR 4,443 million and SAR 924 million, respectively.

The acquisition of assets and liabilities in the Hospitality Properties is a non-cash flow transaction and consequently does not impact the consolidated statement of cash flows apart from the cash acquired of SAR 603 million.

(All amounts in million SAR unless otherwise stated)

44. BUSINESS COMBINATION (continued)

44.7 Business combinations under common control (continued)

(d) Acquisition of Diriyah Gate Company Limited ("DGCL")

Based on a Royal Decree, a government authority ("Authority") has transferred the assets and liabilities of DGCL to the Group without consideration on 31 August 2022 as the transfer date. The total agreed in-kind capital contribution of the transfer amounted to SAR 3,059 million.

The Group has accounted for the assets and liabilities acquired at their respective carrying values. The carrying value of DGCL's assets and liabilities at time of acquisition amounted to SAR 12,971 million and SAR 9,912 million, respectively.

45. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group considers its investment in SoftBank Vision Fund L.P (the "SoftBank Fund") to be investment in unconsolidated structured entity.

The SoftBank Fund is managed by unrelated investment manager i.e. Fund Manager and apply various investment strategies to accomplish the investment objectives. The SoftBank Fund finances its operations by offering a limited partnership which entitles the holder to a proportional stake in its net assets. The Group holds limited partnership interest in the SoftBank Fund.

In reaching this conclusion, following are some of the key factors identified as part of the Group's investment in the SoftBank Fund:

- the Group is the limited partner;
- the General Partner has the right to make and amend the financial and operating policies; and
- limited or no right of the Group to remove general partner from the position of SoftBank Fund Manager.

The table below summarizes the structured entities the Group has interest in:

Type of structured entity	Nature	Purpose	Interest held by the Group
Limited Partnership	Manage Limited Partners' funds through the investment in assets	To provide Limited Partners with a return by means of medium to long-term capital growth	Investment in units issued by the SoftBank Fund

The table below presents the Group's interests in and maximum exposure to loss from the Group's interest in unconsolidated structured entities as at:

Classification in Consolidated financial statements	Amount		Maximum exposure to loss	
	31 Dec 2023	*31 Dec 2022*	*31 Dec 2023*	*31 Dec 2022*
Investment securities	84,231	88,756	84,231	88,756

During the year, interest income amounting to SAR 2,995 million (2022: SAR 3,262 million) was earned from investment securities measured at amortized cost and net gain of SAR 2,734 million (2022: net loss of SAR 33,783 million) was recognized from investment securities measured at FVTPL.

The Group has additional investment commitments amounting to SAR 21,374 million (as at 31 December 2022: 21,374 million) for SoftBank Fund.

(All amounts in million SAR unless otherwise stated)

46. FAIR VALUES

The fair value of the financial assets and liabilities is reported at the amount 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.

46.1 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy as described in note 3.

(a) Assets measured at fair value on a recurring basis

	As at 31 December 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
i) Derivative financial assets				
Derivatives held for trading	-	23,689	-	23,689
Derivatives held as cash flow hedges	-	219	-	219
Derivatives held for fair value hedges	-	1,629	-	1,629
	-	25,537	-	25,537
ii) Financial assets measured at fair value through profit or loss				
Equities	149,847	115	39,655	189,617
Fixed rate debt securities	1,945	2,309	8,485	12,739
Floating rates securities	122	152	2,454	2,728
Mutual Funds, Hedge Funds and Others (Structured investments)	42,403	143,877	269,562	455,842
	194,317	146,453	320,156	660,926
iii) Financial instruments at fair value through OCI				
Equities	711,942	37	38,079	750,058
Fixed rate debt securities (net)	52,516	22,907	231	75,654
Floating rate debt securities	6,224	9,772	461	16,457
	770,682	32,716	38,771	842,169
iv) Trade receivables carried at fair value(1)	-	2,910	-	2,910
v) Other financial assets(2)	93	2,125	-	2,218
Total assets measured at fair value on a recurring basis	965,092	209,741	358,927	1,533,760

	As at 31 December 2022			
	Level 1	*Level 2*	*Level 3*	*Total*
i) Derivative financial assets				
Derivatives held for trading	-	22,016	-	22,016
Derivatives held as cash flow hedges	-	368	-	368
Derivatives held for fair value hedges	-	2,460	-	2,460
	-	24,844	-	24,844
ii) Financial assets measured at fair value through profit or loss				
Equities	130,364	1,035	33,379	164,778
Fixed rate debt securities	189	1,933	10,513	12,635
Floating rates securities	-	248	-	248
Mutual Funds, Hedge Funds and Others (Structured investments)	5,671	147,714	215,301	368,686
	136,224	150,930	259,193	546,347

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(All amounts in million SAR unless otherwise stated)

46. FAIR VALUES (continued)

46.1 Fair value hierarchy (continued)

(a) Assets measured at fair value on a recurring basis (continued)

	As at 31 December 2022			
	Level 1	*Level 2*	*Level 3*	*Total*
iii) Financial instruments at fair value through OCI				
Equities	341,344	146	35,027	**376,517**
Fixed rate debt securities (net)	32,095	30,080	-	**62,175**
Floating rate debt securities	17,082	3,191	10	**20,283**
	390,521	**33,417**	**35,037**	**458,975**
iv) Trade receivables carried at fair value[1]	-	**3,540**	-	**3,540**
v) Other financial assets[2]	**110**	**3,573**	-	**3,683**
Total assets measured at fair value on a recurring basis	**526,855**	**216,304**	**294,230**	**1,037,389**

(1) Refer to note 10.

(2) Include investments which are held under a fair value hedge relationship classified as investments held at amortized cost amounting to SAR 1,730 million (2022: SAR 6,687 million). The fair value of these investments amounts to SAR 1,606 million (2022: SAR 3,513 million).

(b) Liabilities measured at fair value on a recurring basis

	As at 31 December 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
i) Derivative financial liabilities				
Derivatives held for trading	-	21,769	201	**21,970**
Derivatives held as cash flow hedges	-	883	-	**883**
Derivatives held for fair value hedges	-	712	-	**712**
Derivatives – Total	-	**23,364**	**201**	**23,565**
ii) Other liabilities (NCI put options)	-	-	**425**	**425**
Total liabilities measured at fair value on a recurring basis	-	**23,364**	**626**	**23,990**

	As at 31 December 2022			
	Level 1	*Level 2*	*Level 3*	*Total*
iii) Derivative financial liabilities				
Derivatives held for trading	-	21,020	527	**21,547**
Derivatives held as cash flow hedges	-	969	-	**969**
Derivatives held for fair value hedges	-	495	-	**495**
Derivatives – Total	-	**22,484**	**527**	**23,011**
iv) Other liabilities (NCI put options)	-	-	**523**	**523**
Total liabilities measured at fair value on a recurring basis	-	**22,484**	**1,050**	**23,534**

For those other assets and liabilities for which fair value is disclosed, please refer to the respective notes for fair value information. There have been no transfers between Level 1 and Level 2 during the year.

(All amounts in million SAR unless otherwise stated)

46. FAIR VALUES (continued)

46.2 Reconciliation of opening and closing amounts of financial instruments classified within level 3

	For the year ended 31 December 2023		
Description	*Financial assets at fair value through profit or loss (Assets)*	*Financial assets at fair value through OCI (Assets)*	*Financial liabilities at fair value (Liabilities)*
As at 1 January	259,193	35,037	1,050
Purchase	51,648	2,658	-
Sales	(10,077)	(2,190)	-
Other movement	63	-	(21)
Total gain or losses:			
In statement of profit or loss	15,695	-	(326)
In Other comprehensive income	-	3,532	-
Exchange rate differences and other movement	3,634	(266)	(77)
At 31 December	**320,156**	**38,771**	**626**

	For the year ended 31 December 2022		
Description	*Financial assets at fair value through profit or loss (Assets)*	*Financial assets at fair value through OCI (Assets)*	*Financial liabilities at fair value (Liabilities)*
As at 1 January	241,521	28,621	5,277
Purchase	71,466	7,360	-
Sales	(17,336)	(489)	-
Issuance	-	-	468
Other movement	940	-	12
Total gain or losses:			
In statement of profit or loss	(37,465)	-	(4,703)
In Other comprehensive income	-	(931)	-
Exchange rate differences and other movement	67	476	(4)
At 31 December	**259,193**	**35,037**	**1,050**

46.3 Method and assumptions used

(a) Bonds and Sukuk

The fair value of bonds and Sukuk is estimated using discounted cash flow techniques, applying the rates that are offered for bonds and Sukuk of similar ratings, maturities and terms.

(b) Unquoted equities

Management has used commonly used valuation approaches including income, market, cost and adjusted net asset value approach to determine the fair value of unlisted equities.

Income approach is used for companies with ongoing business operations and where approved prospective financial information is available. The discounted cash flow model is used to determine fair value based on income approach.

46. FAIR VALUES (continued)

46.3 Method and assumptions used (continued)

(b) Unquoted equities (continued)

Market approach is considered when wide range of listed companies within the participating industry with same objective as unlisted equities are available. The Group considers various criteria to identify the comparable companies that include but not limited to similar industry, size and nature of operations.

Adjusted Net Asset Value approach (ANAV) is used when income or market approach cannot be applied. ANAV is based on the company's net book value (total assets and total liabilities) applying any relevant and applicable discount for control (DLOC) and marketability (DLOM).

(c) Quoted equities

The fair values of the quoted equities are based on price quotations at the reporting date.

(d) Managed funds and similar securities

The fair values of the quoted managed funds are based on price quotations at the reporting date. The fair value of unquoted funds is estimated by using Net Assets Value (NAV) per share received from fund's administrators/investment managers. Fair values are based on either level 2 or level 3 of fair value hierarchy, where the mandate of the investment managers is to invest in quoted equities, those investment funds and investment securities are categorized as level 2, all others are categorized as level 3.

Significant unobservable inputs embedded in the models used by the fund managers/administrators include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) Unquoted debt securities and derivative financial instruments

The fair value of unquoted debt securities and derivatives is estimated using discounted cash flow techniques, applying the rates that are offered for debt securities of similar maturities and terms. The value of complex securities such as convertible notes is estimated using binominal option pricing models that are linked to the fair value of the underlying asset. Fair value of all these assets are valued based on level 2 of fair value hierarchy where inputs are observable. For instruments where inputs are not observable, these are classified under level 3.

(f) Trade receivables carried at FVTPL

The fair value of trade receivables carried at FVTPL are valued using valuation techniques, which employ the use of market observable inputs. The valuation techniques incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. The changes in counterparty credit risk had no material effect on financial instruments recognized at fair value.

(All amounts in million SAR unless otherwise stated)

46. FAIR VALUES (continued)

46.4 Significant un-observable inputs in level 3 instrument valuations

Financial instrument	*Valuation technique*	*Unobservable input*	*Range (weighted average) as at 31 December 2023*	*Range (weighted average) as at 31 December 2022*
Unquoted equities	Income approach / Discounted cash flows	Total WACC/COE	10.5% - 21.0%	n/a
		Discount rate	n/a	11.0% - 15.0%
		Long term growth rate	2.0% - 3.2%	2.0% - 5.0%
	Market approach	EV/ Revenue multiple	0.7x – 12.1x	n/a
		EV/FY24 Revenue	1.7x	n/a
		EV/Normalized EBITDA	5.9x	n/a
		LTM EV/EBITDA	19.3x – 41.2x	9.6x – 42.3xn/a
	Adjustments	DLOM	5.0% ~ 10.0%	n/a
		DLOC	5.0% ~ 26.2%	n/a
		Control Premium	25.0%	n/a
Managed funds and similar securities	Net assets value	Underlying valuations performed by the investment manager	n/a	n/a
Convertible notes	Binominal option pricing model	Price volatility of the underlying asset	23.00% - 38.50%	30.37% - 38.52%
		Credit Spread	23.2 – 729.0 bps	717 – 1,078 bps
	Discounted cash flows	Discount rate	12.5% - 54.5%	13.0% - 56.0%
		DLOM	n/a	n/a
Investment properties	Market approach	Adopted Sales Rate	6 – 21,502 SAR/sqm	0.5 – 21,300 SAR/sqm
	Discounted cash flows	Discount rate	7.0% - 17.5%	7.0% - 16.0%

Significant unobservable inputs were applied in the valuation of debt securities and unquoted equities as at 31 December 2023 and 31 December 2022 and the impact of the sensitivity is not material.

Significant unobservable inputs in the valuation of managed funds embedded in the models used by the fund managers include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

For other financial instruments such as cash and deposits with banks and other financial institutions, trade receivables, other assets, and trade and other payables, the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of due from banks and other financial institutions, due to banks and other financial institutions, customers' deposits, bonds and Sukuk, loans and borrowings and debt securities issued are not materially different from their respective carrying values included in the consolidated financial statements, since the current market interest rates for similar financial instruments are not significantly different from the contracted rates, and due to the short duration of due from and due to banks and other financial institutions.

The fair value of Group's financing and advances on a business as usual basis applying the guidance of IFRS 13 was approximately 2.3% lower than (2022: 3.3% lower than) the corresponding carrying value. The fair value of Group's financing and advances is categorized within Level 2 of the fair value hierarchy and the fair value of the investments at amortized cost are categorized within Level 2.

46. FAIR VALUES (continued)

46.5 Fair value determination and disclosure of Land

Land is categorized for disclosure purposes to determine whether it should be disclosed at nominal value or fair value. The objective is to ensure that the disclosure reflects the most reliable and relevant measurement of each land.

Category	*Description*	*Fair value or Nominal value disclosure*
Reliable	Land which can be reliably valued and is: a) Property for which there is an Active Market for the current use, or b) Development of a land where there are no material matters to be resolved before the development can be completed in accordance with the Master Plan and where there is an Active Market for the completed development, or c) Land held for an Intended Use which will provide social or political benefits but for which there is no Active Market and which is expected to be held for that purpose for the foreseeable future.	Fair value
Not Reliable	Land which cannot be reliably valued and is: a) Land acquired for long term strategic improvement or for social or political objectives but for which there is not currently a Master Plan approved or under preparation, and for which there is no Active Market, or b) Land where the potential for a future beneficial use has been identified but there remains significant uncertainty as to whether this will be physically possible, economically feasible and legally permissible.	Nominal value
Undetermined	This category is for land, which does not meet the criteria for inclusion in either Category A (Reliable) or B (Not Reliable). Examples that will fall into this Category include: a) Property for which a Master Plan is still at an early stage of development but that is in a location where there is an Active Market, i.e. market participants would perceive that Economic Benefits could be obtained regardless of the details of the permitted or Intended Use b) Property for which a Master Plan is being prepared but where the exact scale, use and timing of the different elements of that plan are still to be resolved c) Property for which a Master Plan is at an advanced stage of preparation and can reasonably be expected to be approved but where some material details need to be confirmed, or investigations completed All properties in Category "Undetermined" requires further analysis by an external valuer to determine whether it is capable of reliable valuation.	If capable of reliable valuation it is disclosed at fair value. If not, it is reported at nominal value

The fair value of the investment properties is determined based on a market approach (comparable land sales) and an income approach (discounted cash flow or residual value analysis based on a development masterplan or land subdivision).

46. FAIR VALUES (continued)

46.5 Fair value determination and disclosure of Land (continued)

The market value of the investment properties is assessed and reported in accordance with the International Valuation Standards (IVS) as published by the International Valuation Standards Council (IVSC). The valuation of individual holdings is based on the specific circumstances and facts pertaining to the property and utilizes a market approach (comparable lands sales) and/or an income approach (residual land value approach).

Special assumptions were considered in the valuation of certain lands. These special assumptions include: (1) the sites are above sea level, (2) properties are clear, vacant undeveloped land, (3) portion of land is a lake which will be deducted from the overall area of the property, and (4) the properties are not subject to the restrictions imposed by the Government and thus could be sold in the open market.

There were no transfers between level 2 and level 3 during 2023 and 2022, respectively.

Market approach

The market approach derives the value of the Property by comparing it to other properties for which the price is known. Ideally, the property is compared and contrasted to identical properties which have recently been sold, or where no recent transactions have taken place, the asking (quoting) price at which the comparable properties, in proximity to the asset being valued are currently listed for sale. Adjustments may be required to reflect the period of time that has passed between the transaction date and the date of valuation or the price that is expected to be achieved following a negotiated sale. Following an analysis on the terms of the sale, an appropriate unit of comparison is chosen, for example, a rate per square meter of land/buildings. Further subsequent adjustments may be required to factor in differences in location, size (quantum), quality and specification, condition, permitted use, etc. and any instructions received which are specific to the assignment. Additional sources may be used such as Ministry of Justice data, General Authority for Statistics Index, etc.

Income approach (residual method)

The residual valuation method may be based on either a static model or discounted cash flow approach. In each instance, this method entails estimating the gross realization from the sale of the proposed development, which may be carried out using the comparable or investment or profits methods. From this is deducted the current estimated cost to develop the project including a developer's margin to arrive at a resultant residual value. In summary, the valuation approach is: gross development value minus [outstanding development costs and developers margin] equals residual value.

The residual cash flow approach takes into account the time value of money concept where future cash flows are discounted at a market-based target rate of return that takes into account the risk factors for each asset. The residual method is very sensitive and even a minor change in the inputs can have a significant impact on the reported value.

In some instances, due to the size of land assets and lack of comparable evidence, the residual method of valuation is preferred on the basis of a hypothetical sub-division and sale of serviced smaller plots over a period of time based on comparable evidence.

47. SUBSEQUENT EVENTS

The following are the significant events which occurred subsequent to 31 December 2023:

(a) The Owner transferred 19,360 million shares of Aramco to the Group which represents 8% ownership and has a fair value of SAR 614,680 million on the date of transfer.

(b) The Group has completed issuance of bonds and sukuk as summarized below:
- issuance of senior unsecured bonds under the Guaranteed Euro Medium Term Note Programme, with an aggregate amount of SAR 18,750 million (equivalent to US $ 5,000 million).
- issuance of a Sukuk with an aggregate amount of SAR 7,500 million (equivalent to US $ 2,000 million).
- issuance of senior unsecured bonds under the Guaranteed Euro Medium Term Note Programme, with an aggregate amount of SAR 3,117 million (equivalent to GBP 650 million).

(c) The Group, through one if its subsidiary, has paid an amount of SAR 9,206 million (equivalent to US $ 2,455 million) to acquire 10% of Vale Base Metals Limited ("Vale").

48. NEW OR AMENDED STANDARDS

The new and amended standards and interpretations, as endorsed in the Kingdom, that are issued up to the date of issuance of the Group's consolidated financial statements are disclosed below and divided into newly currently effective standards, interpretations and amendments applied by the Group (note 48.1) and new standards, interpretations and amendments issued but not yet effective (note 48.2).

48.1 New currently effective standards applied by the Group

This note lists the recent changes to the accounting standards that are required to be applied by the Group. The Group has applied for the first time the following IASB pronouncement, as endorsed in the Kingdom, effective for annual periods beginning on or after January 1, 2023. These amendments had no material impact on the consolidated financial statements of the Group as at the reporting date.

(a) IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 "Insurance Contracts", a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The new standard replaces IFRS 4 "Insurance Contracts".

The new standard had no material impact on the Group's consolidated financial statements.

(b) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Making Materiality Judgements" provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

(c) Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no material impact on the Group's consolidated financial statements.

(d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 "Income Tax" narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no material impact on the Group's consolidated financial statements.

48. NEW OR AMENDED STANDARDS (continued)

48.1 New currently effective standards applied by the Group (continued)

(e) International tax reform – Pillar two model rules – Amendments to IAS 12

The amendments to IAS 12 “Income Tax” have been introduced in response to the Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group’s consolidated financial statements.

48.2 New or amended standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These standards are not expected to have a material impact on the Group at their effective dates.

(a) Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group’s consolidated financial statements.

48. NEW OR AMENDED STANDARDS (continued)

48.2 New or amended standards issued but not yet effective (continued)

(c) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

(d) Lack of Exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" to require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:

- Specify when a currency is exchangeable into another currency and when it is not;
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable; and
- Require the disclosure of additional information when a currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. The amendment is issued but the effective date is deferred indefinitely.