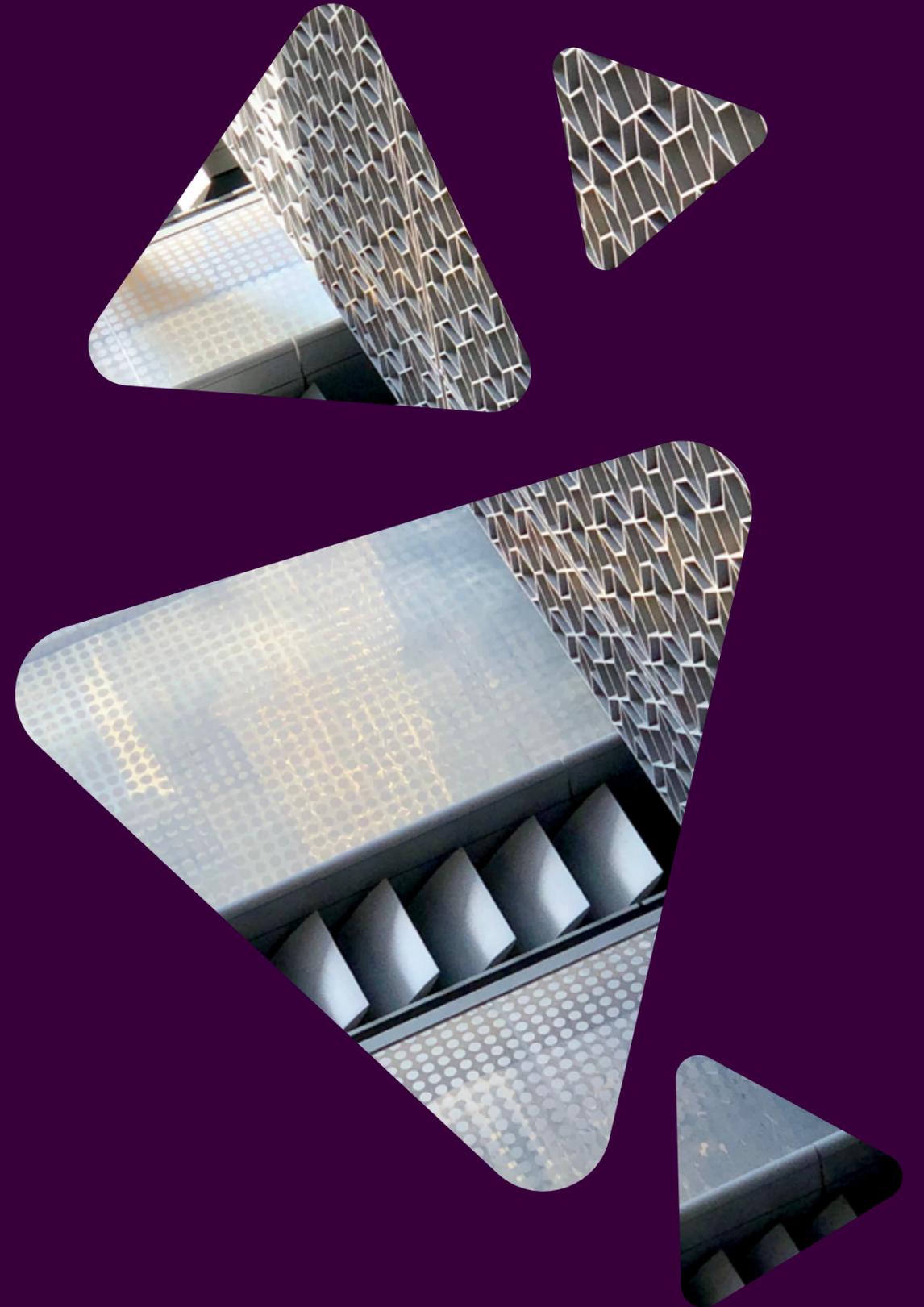


07
**Financial
Statements**



Independent Auditor's Report and Consolidated Financial Statements

31 December 2023

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Independent Auditor's Report

To the shareholders of Arab Petroleum Investments Corporation

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arab Petroleum Investments Corporation (the "Corporation") and its subsidiaries (together 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, 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).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key Audit Matters

- Expected credit loss (ECL) impairment allowance against loans and advances
- Valuation of unquoted equity securities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

Key audit matter	How our audit addressed the Key audit matter
<p>Expected credit loss impairment allowance against loans and advances</p> <p>As at 31 December 2023, the Group had loans and advances of USD 4,593.7 million (2022: USD 4,178.1 million) net of expected credit loss ("ECL") impairment allowance of USD 97.4 million (2022: USD 103.6 million). We considered this as a key audit matter, as the determination of ECL involves significant estimation and management judgement and these has a material impact on the consolidated financial statements of the Group. The key areas of judgment include:</p> <ol style="list-style-type: none"> 1. Categorisation of loans and advances into stage 1, 2 and 3 based on the identification of: <ul style="list-style-type: none"> • (a) exposure with a significant increase in credit risk ("SICR") since their origination; and • (b) individually impaired / defaulted exposures. 2. Assumptions used in the ECL model determining the probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") including but not limited to assessment of financial condition of counterparties, expected future cashflows, developing and incorporating forward looking assumption, macro-economic factors and the associated scenarios and expected probabilities weightages; <p>The application of these judgements and estimates results in greater estimation uncertainty, and the associated audit risk regarding the ECL calculation as at 31 December 2023.</p> <p>Refer to note 3 (n) to the consolidated financial statements which contains the disclosure of critical accounting judgement, estimates and assumptions relating to the impairment losses on financial assets and the impairment assessment methodology used by the Group; the material accounting policies note 3 (i)(vii) for the impairment of financial instruments; note 5 which contains the disclosure of impairment against loans and advances; and note 28 (a) for details of credit quality analytics and key assumption and factors considered in the determination of ECL.</p>	<ul style="list-style-type: none"> • We obtained understanding of management's assessment of ECL allowance against loans and advances including the Group's internal rating model, accounting policy, model methodology including any key changes made during the year. • We compared the Group's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9. • We assessed the design and implementation, and tested the operating effectiveness of key controls over: <ul style="list-style-type: none"> » the ECL model, including governance over the model, and any model updates performed during the year; » the classification of loans and advances into stages 1, 2 and 3, timely identification of SICR and the determination of defaulted / individually impaired exposures; and » the integrity of data inputs into the ECL model. • For a sample of customers, we assessed: <ul style="list-style-type: none"> » the internal ratings determined by management based on the Group's internal rating model and considered these assigned ratings in light of Group's ECL methodology and available industry information. We also assessed that these were consistent with the ratings used as input in the ECL model; and management's computations for ECL. • We assessed the appropriateness of the Group's criteria for the determination of SICR and identification of "defaulted" or "individually impaired" exposures, and their classification into stages. Furthermore, for a sample of exposures, we assessed the appropriateness of the staging classification of the Group's loans and advances portfolio. • For selected loans and advances, we evaluated management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment, if any. • We assessed the reasonableness of the underlying assumptions used by the Group in the ECL model including forward looking assumptions, keeping in view the uncertainty and volatility in economic scenarios. • We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2023. • Where required, we involved our experts to assist us in auditing model calculations, evaluating interrelated inputs (including EADs, PDs and LGDs) and assessing reasonableness of assumptions used in the ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weights. • We assessed the adequacy of disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the Key audit matter
<p>Valuation of unquoted equity securities</p> <p>As at 31 December 2023, the carrying value of unquoted equity securities investments held at fair value through other comprehensive income (FVOCI) aggregated to USD 980.9 million (2022: USD 998.3 million).</p> <p>The fair value of these financial instruments is determined through the application of valuation techniques which often involve the exercise of judgement by management and the use of assumptions and estimates.</p> <p>Estimation uncertainty exists for those instruments not traded in an active market (i.e. unquoted) and where the internal modeling techniques use unobservable valuation inputs (i.e. level 3 investments).</p> <p>The valuation of the Group's investments in unquoted equity securities in level 3 category is therefore considered a key audit matter given the degree of complexity involved in valuing these investments and the significance of the judgement and estimate made by the management.</p> <p>Refer to note 3 (n) to the consolidated financial statements which contains the disclosure of critical accounting judgement, estimates and assumptions applied in the valuation of investments in unquoted equity securities financial instruments carried at fair value and note 30 which explains the investment valuation methodology used by the Group.</p>	<ul style="list-style-type: none"> We evaluated the valuation techniques, inputs and reasonableness of assumptions used by management to value the investments in unquoted equity securities financial instruments. We involved our expert to assist us in the valuation of a sample of investments in unquoted equity securities financial instruments and compare the results with management's valuation. As part of testing of valuation, we assessed the key inputs used in the valuation such as cashflows, discount rate, comparable entity data and liquidity discounts by benchmarking them with external data. We assessed the adequacy of the financial instrument hierarchy and related disclosures in the consolidated financial statements.

Other information

The board of directors is responsible for the other information. The other information comprises of the information included in the Group's 2023 Annual Report but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the Group's 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the board of directors and those charged with governance for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as they determine 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, the board of directors 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 the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the board of directors and the Audit Committee, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional 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, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

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.

PricewaterhouseCoopers



Bader I. Benmohareb
License Number 471
14 March 2024

Consolidated Financial Statements

Consolidated Statement of Financial Position

As at 31 December 2023

(US000\$)

	NOTE	31 December 2023	31 December 2022 (Restated - Note 35)	1 January 2022 (Restated - Note 35)
Assets				
Cash and cash equivalents	34	211,575	21,552	51,052
Placements with banks, net	4	507,851	786,271	292,478
Assets held for sale	8	12,643	-	-
Positive fair value of derivatives	16	66,803	110,555	64,131
Loans and advances, net	5	4,648,623	4,229,726	4,643,571
Investments, net	6	4,341,991	3,591,605	2,769,048
Equity accounted investees, net	7	54,429	68,127	95,518
Other assets	10	3,655	3,284	26,067
Property, equipment and right of use assets	9	33,847	42,772	50,317
Total assets		9,881,417	8,853,892	7,992,182
Liabilities				
Deposits	11	1,270,431	958,811	348,994
Securities sold under agreements to repurchase	6(a)	500,520	135,310	-
Negative fair value of derivatives	16	231,165	294,587	35,853
Other liabilities	15	99,222	84,548	151,181
Term financing	12	957,578	251,099	-
Sukuk and bonds issued	13	3,653,558	4,208,960	4,901,849
Total liabilities		6,712,474	5,933,315	5,437,877
Equity				
Share capital	1	1,500,000	1,500,000	1,500,000
Legal reserve		296,000	273,000	258,000
General reserve		316,149	316,149	208,236
Investments fair value and other reserves		719,778	680,213	478,397
Retained earnings		336,999	151,126	107,913
Total equity attributable to shareholders of the Corporation		3,168,926	2,920,488	2,552,546
Non-controlling interests		17	89	1,759
Total equity		3,168,943	2,920,577	2,554,305
Total liabilities and equity		9,881,417	8,853,892	7,992,182

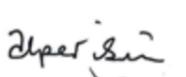
The consolidated financial statements, were approved by the Board of Directors on 28 February 2024 and signed on its behalf by:



Dr. Aabed Al-Saadoun
Chairman



Khalid Al-Ruwaigh
Chief Executive Officer



Dr. Alper Ozun
Acting Chief Financial Officer

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements

Consolidated Statement of Income

For the year ended 31 December 2023

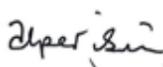
	NOTE	2023	2022
Interest income		523,794	262,088
Interest expense		(338,390)	(127,815)
Net interest income	17	185,404	134,273
Dividend income	18	85,001	110,861
Net change in fair value of financial assets at FVTPL	19	23,322	4,321
Net (loss) / gain on disposal of debt securities held at FVOCI		(5,476)	4,504
Fee income	20	5,755	6,061
Other income, net	21	5,124	2,554
Share of profit from equity accounted investees, net	7	6,505	5,141
Total net income before operating expenses and impairments		305,635	267,715
Operating expenses	22	(62,990)	(60,641)
Impairment loss on financial instruments, net	23	(10,575)	(42,001)
Impairment loss on other assets	24	(6,729)	(16,199)
Net income for the year		225,341	148,874
Net income for the year attributable to:			
Shareholders of the Corporation		225,413	150,544
Non-controlling interests		(72)	(1,670)
		225,341	148,874
Per share information attributable to the shareholders of the Corporation			
Basic and diluted earnings per share		US \$ 150	US \$ 99



Dr. Aabed Al-Saadoun
Chairman



Khalid Al-Ruwaigh
Chief Executive Officer



Dr. Alper Ozun
Acting Chief Financial Officer

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023	2022
Net income for the year	225,341	148,874
Other comprehensive income		
Items that will not be reclassified to the statement of income		
Net change in fair value of equity securities at FVOCI	11,831	206,905
Re-measurement loss on end of service benefits	(1,162)	-
Items that are or may be reclassified subsequently to the statement of income		
Net change in fair value of debt securities at FVOCI	44,099	14,997
Reclassified to statement of income on sale of debt securities at FVOCI	5,476	(4,504)
Total other comprehensive income for the year	60,244	217,398
Total comprehensive income for the year	285,585	366,272
Total comprehensive income / (loss) for the year attributable to:		
Shareholders of the Corporation	285,657	367,942
Non-controlling interests	(72)	(1,670)
	285,585	366,272

Consolidated Statement of Changes In Equity

For the year ended 31 December 2023

2023	Total Equity attributable to Shareholders of the Corporation						Non-controlling interests	Total equity
	Share capital	Legal reserve	General reserve	Investments fair value and other reserves	Retained earnings	Total		
Balance at 1 January 2023	1,500,000	273,000	316,149	680,213	151,126	2,920,488	89	2,920,577
Comprehensive income / (loss):								
Net income / (loss) for the year	-	-	-	-	225,413	225,413	(72)	225,341
Other comprehensive (loss) / income								
- Transfer to retained earnings on sale of equity investments at FVOCI	-	-	-	(20,679)	20,679	-	-	-
- Net change in fair value of debt investment at FVOCI	-	-	-	49,575	-	49,575	-	49,575
- Re-measurement loss on end of service benefits	-	-	-	(1,162)	-	(1,162)	-	(1,162)
- Net change in fair value of equity investments at FVOCI	-	-	-	11,831	-	11,831	-	11,831
Total other comprehensive income	-	-	-	39,565	20,679	60,244	-	60,244
Total comprehensive income / (loss) for year				39,565	246,092	285,657	(72)	285,585
Dividend declared (Note 32)	-	-	-	-	(37,219)	(37,219)	-	(37,219)
Transfer to legal reserve (Note 26)	-	23,000	-	-	(23,000)	-	-	-
Balance as at 31 December 2023	1,500,000	296,000	316,149	719,778	336,999	3,168,926	17	3,168,943
2022								
Balance at 1 January 2023	1,500,000	258,000	208,236	478,397	107,913	2,552,546	1,759	2,554,305
Comprehensive income / (loss):								
Net income / (loss) for the year	-	-	-	-	150,544	150,544	(1,670)	148,874
Other comprehensive (loss) / income								
- Transfer to retained earnings on sale of equity investments at FVOCI	-	-	-	(15,582)	15,582	-	-	-
- Net change in fair value of debt investment at FVOCI	-	-	-	10,493	-	10,493	-	10,493
- Net change in fair value of equity investments at FVOCI	-	-	-	206,905	-	206,905	-	206,905
Total other comprehensive income	-	-	-	201,816	15,582	217,398	-	217,398
Total comprehensive income / (loss) for year				201,816	166,126	367,942	(1,670)	366,272
Transfer to legal reserve	-	15,000	-	-	(15,000)	-	-	-
Transfer to general reserve	-	-	107,913	-	(107,913)	-	-	-
Balance as at 31 December 2022	1,500,000	273,000	316,149	680,213	151,126	2,920,488	89	2,920,577

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	31 December 2023	31 December 2022 (Restated - Note 35)
OPERATING ACTIVITIES		
Net income for the year	225,341	148,874
Adjustment for:		
Depreciation	2,183	8,255
End-of-service benefits	1,000	1,733
Net interest income	(185,404)	(134,273)
Gain on sale of equipment	(96)	-
Share of profit from associates	(6,505)	(5,141)
Net (gains) / loss from derivative valuation, net	(856)	852
Net loss / (gain) on disposal of debt securities at FVOCI	5,476	(4,504)
Gain from sale of associate	-	(4,309)
Dividend income	(85,001)	(110,861)
Loss from disposal of vessels	-	383
Impairment on financial instruments and others, net	17,304	58,200
Net amortization of transaction fee	2,926	659
Changes in operating assets and liabilities		
Interest received	512,771	232,319
Loans and advances, net	(405,712)	387,739
Placements with banks	273,741	(487,762)
Investment held at FVTPL	(260,498)	5,764
Other assets	(371)	8,799
Other liabilities	18,751	(79,385)
Finance charges paid	(313,608)	(98,794)
Dividends received	85,097	118,921
Proceeds from deposits	668,834	740,628
End-of-service benefits paid	(5,077)	(856)
Net cash generated from operating activities	550,296	787,241
INVESTING ACTIVITIES		
Purchase of investments at FVOCI	(3,025,872)	(2,674,186)
Sale and redemptions of investments at FVOCI	2,629,271	2,002,466
Purchase of equipment	(5,901)	(2,535)
Proceeds from sale of equipment	96	-
Proceeds from disposal of vessels	-	19,500
Net cash used in from investing activities	(402,406)	(654,755)

	31 December 2023	31 December 2022 (Restated - Note 35)
FINANCING ACTIVITIES		
Proceeds of term financing	700,000	250,000
Proceeds from sukuk and bonds	237,982	193,014
Repayment against sukuk and bonds	(870,250)	(605,000)
Dividend paid	(24,192)	-
Payments against lease liability	(1,407)	-
Net cash generated from / (used in) financing activities	42,133	(161,986)
Net increase in / (decrease) in cash and cash equivalents for the year	190,023	(29,500)
Cash and cash equivalents at 1 January	21,552	51,052
Cash and cash equivalents at 31 December (Note 34)	211,575	21,552
Non-cash transactions		
Transfer from property and equipment to assets classified as held for sale	12,643	-
Addition in right of use assets and lease liabilities	-	23,567
Net change in fair value of equity securities at FVOCI	11,831	206,905
Net change in fair value of debt securities at FVOCI	44,099	14,997
Transfer to statement of income on sale of debt securities at FVOCI	5,476	(4,504)

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements

1. Reporting Entity

Arab Petroleum Investments Corporation (“APICORP” or the “Corporation”) is an Arab joint stock company established on 23 November 1975 in accordance with an international agreement signed and ratified by the ten member states of the Organization of Arab Petroleum Exporting Countries (OAPEC). The agreement defines the objectives of the Corporation as:

- participation in financing petroleum projects and industries, and in fields of activity which are derived there from, ancillary to, associated with, or complementary to such projects and industries; and
- giving priority to Arab joint ventures which benefit the member states and enhance their capabilities to utilise their petroleum resources and to invest their funds to strengthen their economic and financial development and potential.

Activities

APICORP is independent in its administration and the performance of its activities and operates on a commercial basis with the intention of contributing to the development of its member states as well as generating net income. It operates from its registered head office in Riyadh, Kingdom of Saudi Arabia and through a banking branch in Manama, Kingdom of Bahrain.

Currently, the Corporation’s financing activities take the form of loans, equity investments and project and trading financing and fund investments as well as treasury investments. These activities are funded by shareholders’ equity, term-financing from banks, bonds, Sukuk, deposits from governments and corporates as well as short-term deposits from banks.

Furthermore, the Corporation is authorized to undertake a wide range of operations to fulfil its objectives, with a preference for projects in the Member States and other Arab countries. These activities encompass project preparation, the establishment of branches and finance companies, shareholding in relevant companies, creation of specialized entities with approval, buying and selling of shares in related companies (particularly in the energy sector), participation in securities issuance, and provision of medium to long-term loans for petroleum industry investments, with guarantees as necessary, including extending guarantees to loans from other financial or business organizations.

Domicile and taxation

The Corporation is an international entity, and operates from its registered head office in Riyadh, Kingdom of Saudi Arabia since April 2023. Previously, the Corporation was operating from its registered head office in Dammam, Kingdom of Saudi Arabia. The establishing agreement states that APICORP is exempt from taxation in respect of its operations in the member states.

Share Capital

The capital is denominated in shares of US\$ 1,000 each and is owned by the governments of the ten OAPEC states as of 31 December 2023 and 31 December 2022 were as follows:

	(US000\$)				
	Authorised capital	Subscribed capital	Issued and fully paid	Unissued Capital	%
United Arab Emirates	3,400,000	1,700,000	255,000	1,445,000	17%
Kingdom of Bahrain	600,000	300,000	45,000	255,000	3%
Democratic and Popular Republic of Algeria	1,000,000	500,000	75,000	425,000	5%
Kingdom of Saudi Arabia	3,400,000	1,700,000	255,000	1,445,000	17%
Syrian Arab Republic	600,000	300,000	45,000	255,000	3%
Republic of Iraq	2,000,000	1,000,000	150,000	850,000	10%
State of Qatar	2,000,000	1,000,000	150,000	850,000	10%
State of Kuwait	3,400,000	1,700,000	255,000	1,445,000	17%
Libya	3,000,000	1,500,000	225,000	1,275,000	15%
Arab Republic of Egypt	600,000	300,000	45,000	255,000	3%
	20,000,000	10,000,000	1,500,000	8,500,000	100%

Classification of Members’ Share Capital

As per Establishment Agreement (“Agreement”), any Member State may withdraw from this Agreement after the lapse of four years from the effective date thereof by a written notice to Organization of Arab Petroleum Exporting Countries (OAPEC) which shall be conveyed to the other Member States and to the Corporation. If no other Member States purchase the exiting Members’ Share Capital, the agreement states that the Corporation shall conclude a special agreement with the exiting Member State to compensate the Member State for the loss of its shareholding in exiting the Corporation.

Members contributions to capital is accounted for as equity in the consolidated financial statements of the Corporation based on the requirements of IAS 32 – Financial Instruments: Presentation (“IAS 32”). Please refer to the critical judgment set out in note 3 (n) regarding the classification of the Members contribution to capital as equity.

Subsidiaries

The consolidated financial statements includes the financial information of APICORP and its subsidiaries (together “the Group”). The subsidiaries in the Group are as follows:

APICORP Sukuk Limited

The Corporation has set up a special purpose vehicle in 2015, APICORP Sukuk Limited, incorporated in Cayman Islands. It is a 100% owned subsidiary with the primary activity to issue Sukuk and related products.

APICORP Trading SPV Limited

The Corporation has set up a special purpose vehicle in 2019, APICORP Trading SPV Limited, incorporated in Cayman Islands. It is a 100% owned subsidiary set up primarily for the purpose of holding interest rate swap, foreign exchange and repurchase agreement deals.

APICORP Managed Investment Vehicle (MIV)

The Corporation has set up a special purpose vehicle, APICORP Managed Account Investment Vehicle LP, incorporated in Cayman Islands. It is a 100% owned subsidiary. The MIV seeks to provide long-term capital gains and regular yield through the creation of a diversified, global portfolio of energy-related investments.

APICORP Petroleum Shipping Fund Limited

The Corporation has set up the APICORP Petroleum Shipping Fund Limited (“the Fund” or “the subsidiary”), a close-ended fund incorporated in Cayman Island in 2012. The Fund is established for the purposes of investment in a series of IMO II/III MR Tankers (“commercial marine vessels”). The Fund is 94% owned by the Corporation. The Fund has a 100% subsidiary (the ‘Charter Company’), a special purpose vehicle to act as a conduit for leasing of ships and has also set up 100% special purpose entities (SPEs) to own the vessels for the beneficial interest of the Fund. The Fund has been liquidated and the company’s registration was closed from Cayman Islands on 29 September 2023.

2. Basis of Preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The consolidated financial statements have been prepared on the historical cost basis except for the measurement at fair value of derivatives, financial instruments held at Fair Value through Profit and Loss (FVTPL) and financial instruments at Fair Value through Other Comprehensive Income (FVOCI) and assets held for sale – measured at the lower of carrying amount and fair value less costs to sell. In addition, financial assets and liabilities that are hedged in a fair value hedging relationship, are adjusted to record changes in fair value attributable to the risk that is being hedged.

The Group presents its consolidated statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) relating to assets and liabilities is presented in note 28 (b) of these consolidated financial statements.

The Group’s functional and presentation currency is United States dollars (US\$) because it is a supranational organisation with its capital and majority of its transactions and assets denominated in that currency.

3. Material Accounting Policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been applied consistently to all periods presented in the consolidated financial statements and have been consistently applied by the Group except if mentioned otherwise (see note 3c and 3f).

A. BASIS OF CONSOLIDATION

“Subsidiaries” are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights, to variable returns from its involvement with the investee company and has the ability to influence the returns through its power over the entity.

Special Purpose Entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the acquisition of shipping vessels as well as the execution of a specific borrowing or investment transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group: 1) the Corporation has power over the SPE and is exposed to or has rights to variable returns from its involvement with the SPE; 2) the Corporation has the ability to use its power over the SPE at inception; and 3) the Corporation can subsequently affect the amount of its return, the Corporation concludes that it controls the SPE. The assessment of whether the Corporation has control over a SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Corporation and the SPE, except whenever there is a change in the substance of the relationship between the Corporation and a SPE.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date on which control ceases. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interest (NCI) are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners' equity of the Group.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resultant gain or loss is recognised in the consolidated statement of income. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, or when appropriate, the cost on initial recognition of an equity accounted investee.

B. EQUITY ACCOUNTED INVESTEEES

The Group's interest in associates comprise interests in associates. An associate is an entity over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method of accounting. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of associates until the date on which significant influence ceases.

Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the investee arising from changes in the investee's equity. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Intra-group gains on transactions between the Group and its equity accounted associates are eliminated to the extent of the Group's interest in the investees.

The carrying amount of the equity accounted investment is tested for impairment in accordance with the policy in Note 3K.

C. STANDARDS ISSUED AND EFFECTIVE

Following new standards, amendments and revisions to existing standards and interpretations which were issued by the International Accounting Standards Board (IASB) have been effective for reporting periods commencing on or after 1 January 2023. The Group performed an assessment and the following revisions have no significant impact on the consolidated financial statements of the Corporation:

Standard, interpretation, amendments	Description	Effective Date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023
Amendment to IAS -2 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	Annual periods beginning on or after 1 January 2023

The Group management has assessed that the adoption of these new or amended standards and interpretations applicable to the Group did not have any significant impact on these consolidated financial statements.

D. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Following are the new amendments to standards, which are effective for annual periods beginning on, or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing this consolidated financial statements. The following standards are not expected to have a significant impact on the consolidated financial statements of the Group upon adoption:

Standard, interpretation, amendments	Description	Effective Date
Amendment to IFRS 16 - Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024
Amendment to IAS 1 - Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after 1 January 2024
Amendment to IAS 7 and IFRS 7 Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024
Amendments to IAS -1 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, bank balances and placements with financial institution with original maturities of less than 3 months from the acquisition date, which are subject to insignificant risk of fluctuation in their realisable value.

F. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALES (OR DISPOSAL GROUPS)

Non-current assets and disposal groups, which may include both non-current and current assets, are classified in the consolidated statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period. The Group shall measure a disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sale.

G. REPURCHASE AND RESALE AGREEMENTS

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) are not derecognized, as the Group retains all or substantially all the risks and rewards of the transferred assets. Amounts received under these agreements are treated as liabilities and the difference between the sale and repurchase price treated as interest expense using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the consolidated statement of financial position. Amounts paid under these agreements are treated as assets and the difference between the purchase and resale price treated as interest income using the effective interest method.

H. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSETS**(i) Recognition and Measurement**

Items of property, equipment and vessels are stated at cost less accumulated depreciation and impairment losses, if any. Where items of property, equipment and vessels comprise significant components having different useful lives, these components are accounted for as separate items of property, equipment and vessels.

Any gain or loss on disposal of an item of property, equipment and vessels (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in the consolidated statement of income.

(ii) Subsequent expenditure

An expenditure incurred subsequently to replace a major component of an item of property, equipment and vessels that is accounted for separately is capitalised if it increases the future economic benefits expected to accrue from the item of property, equipment and vessels. All other expenditure, for example on maintenance and repairs, is expensed in the consolidated statement of profit or loss as incurred.

(iii) Depreciation

Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of the items of property and equipment. Land is not depreciated.

The estimated useful lives of the Group's property, equipment and vessels are as follows:

Buildings	5 to 40 years
Computers, Furniture & Equipment	1 to 10 years

The property and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revision of the residual value, useful life and depreciation method are included in the consolidated statement of profit or loss for the year in which the changes arise.

Capital work in progress

Assets under construction are classified as Capital work in progress. The Capital work in progress comprises expenditure incurred on the acquisition and installation of assets which is transferred to the appropriate category of asset and depreciated after it is put to commercial or intended use.

Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

I. FINANCIAL INSTRUMENTS**(i) Recognition and initial measurement**

The Group initially recognises loans and advances, deposits, term financing, debt securities and Sukuk on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or a financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Transaction costs on financial instruments at FVTPL are expensed in the consolidated statement of income. The fair value of a financial instrument at initial recognition is generally its transaction price.

(ii) Classification**Financial assets**

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

A financial asset is measured at amortised 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; 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).

A debt instrument is measured at FVOCI only 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 achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

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

Reclassifications

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

Assessment of whether contractual cash flows are SPPI

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

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

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

(iii) Derecognition**Financial liabilities**

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the consolidated statement of profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in the consolidated statement of profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

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

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

If a market for a financial instrument is not active or there is no market, the Group establishes fair value using well-recognised valuation techniques that may include recent arm's length transactions between knowledgeable, willing parties (if available), discounted cash flows or market multiples for similar instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

In determining fair valuation, the Group in many instances relies on the financial data of investees and on estimates by the management of the investee companies as to the effect of future developments.

Although the Group uses its best judgment, there are inherent limitations in any estimation technique. The fair value estimates presented herein are not necessarily indicative of an amount the Group could realise in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the consolidated financial statements.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vi) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost exchange differences are recognised in the consolidated statement of income in the 'other income' line item;
- for debt instruments measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in the consolidated statement of income in the 'other income' line item;
- for financial assets measured at FVTPL, exchange differences are recognised in the consolidated statement of income in the 'net change in fair value of financial assets at FVTPL line item'; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investment fair value reserve are recognised in the consolidated statement of comprehensive income in the 'net change in fair value of debt securities at FVOCI line item.

(vii) Impairment of exposures subject to credit risk

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

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

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

- The Group's internal credit grading model, which assigns Probability of default (PD) to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis;

d) Development of ECL models, including the various formulas; and

e) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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

- Cash and cash equivalents
- Placements with banks
- Securities purchased under agreements to re-sell;
- Debt securities;
- Loans and advances;
- Loan commitments issued; and
- Financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

The Group measures ECL through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment as well as forward-looking information. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In determining whether credit risk has increased significantly since initial recognition, the following criteria are considered:

- Downgrade in risk rating according to the approved ECL policy;
- Facilities restructured during previous twelve months;
- Qualitative indicators; and
- Facilities overdue by 30 days as at the reporting date subject to rebuttal in deserving circumstance

Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is more than 90 days past due on any material obligation to the Group; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligation.

In assessing whether a borrower is in default. The Group considers indicators that are:

- qualitative- e.g., breaches of covenant, borrower is deceased, insolvent or its is becoming probable that the borrower will entry bankruptcy.
- quantitative- e.g., overdue status, 90 days past due on its contractual payments and non-payment on another obligation of the same issuer to the Corporation; and
- based on data developed internally and obtained from external sources.
- Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective profit rate of the financial asset.

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 internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

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

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. In absence of adequate loss history, suitable proxies as well as regulatory parameters and guidance is used to determine the LGD.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations.

Restructured financial assets

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

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

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. The group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets once or more of the following criteria:

Quantitative criteria

Borrower is more than 90 days past due on its contractual payments

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulties.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of details used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) through the Groups expected loss calculations.

(viii) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the fair value of the hedging instruments are expected to offset changes in the fair value of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

Fair value hedge accounting

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate instruments is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate instruments attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other gains / (losses).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

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:

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

Separated embedded derivatives are measured at fair value, with all changes in fair value recognized in consolidated statement of income unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

J. REVENUE RECOGNITION**(i) Interest income and expense**

Interest income and expense is recognised in the consolidated statement of income, using the effective interest rate method.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

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 effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest

Amortised cost and gross carrying amount

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

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

(ii) Dividend income

Dividend income is recognized when the right to receive income is established. This is usually when approved by the shareholders.

(iii) Income from vessel charter

Income from vessel charter is recognized over the term of the contract with charter of vessels.

K. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

L. LEGAL AND GENERAL RESERVES

Under Article 35 of APICORP's Establishment Agreement and statute, 10% of profit for the year is to be appropriated to a legal reserve until such reserve equals the paid-up share capital. The Legal Reserve is not available for distribution and is not subject to release by the Group.

Article 35 also permits the creation of other reserves such as a general reserve on the recommendation of the directors and approval of the shareholders. The General Reserve may be applied as is consistent with the objectives of the Corporation, and as may be decided by the General Assembly, on the recommendation of the Board of Directors. The General Reserve is provided for based on the recommendation of the Board of Directors. The General Assembly, on the recommendation of the Board of Directors, may resolve to utilize general reserves in harmony with the objectives of the Corporation.

M. END OF SERVICE BENEFITS

The corporation has a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated periodically by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation.

Past-service costs are recognised immediately in the consolidated statement of income, unless the changes to the gratuity plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The Corporation provides end of service benefits for its employees. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

N. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(i) Judgements**Classification of financial assets**

Assessment of the business model within which the assets are held and assessment of whether contractual terms of the financial assets are SPPI on the principal amount outstanding. Refer Note 31(ii).

Significant increase of credit risk

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approvals of models used to measure ECL. (refer Note 31(vii) and Note 28(a)).

Impairment allowance on loans and advances at amortised cost

In determining the appropriate level of expected credit losses (ECLs) the Group considered the macro-economic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of payment deferral options as at the reporting date.

During 2023 the ECL model methodology, significant increase in credit risk (SICR) thresholds, and definition of default remain consistent with those used as at 31 December 2022.

The model inputs, including forward-looking information, scenarios, and associated weightings, were revised to reflect the current outlook.

The Group's models are calibrated to consider past performance and macroeconomic forward-looking variables as inputs. This includes consideration of significant government support and the high degree of uncertainty around historic long-term trends used in determining reasonable and supportable forward-looking information as well as the assessment of underlying credit deterioration and migration of balances to progressive stages.

The Group considers both qualitative and quantitative information in the assessment of significant increase in credit risk.

Classification of members' share capital in the corporation

The Members' Share Capital in the Corporation's consolidated financial statement is classified and accounted for as equity based on the requirements of IAS 32.

As stated in note 1 and per the Establishment Agreement of the Corporation, any Member State may withdraw from this Agreement after the lapse of four years from the effective date thereof by a written notice to OAPC which shall be conveyed to the other Member States and to the Corporation. If no other Member States purchase the exiting Members' Share Capital, the agreement states that the Corporation shall conclude a special agreement with the exiting Member State in order to compensate the Member State for the loss of its shareholding in exiting the Corporation. The agreement does not explicitly specify the process that will be followed on exit, the amount that the Member State will be compensated on exit, nor the timeline for the payment on exit.

Given the ambiguity of the process set out in the Establishment Agreement, management obtained a formal legal opinion to provide clarity on the process. The legal opinion concluded that the process and contractual terms set out in the Establishment Agreement does not create an unavoidable contractual obligation on the Corporation to compensate the exiting Member state for the loss of their shareholding.

On the basis of the legal opinion on the interpretation of certain clauses of the Establishment Agreement relating to the withdrawal of member states from the agreement, management has considered the requirements of IAS 32 and concluded that the withdrawal of a member state does not create an unavoidable contractual obligation on the Corporation to compensate the exiting Member state for the loss of their shareholding and as such Members' Share Capital should be classified and accounted for as equity in the Corporation's consolidated financial statements.

(ii) Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of financial instruments

Determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information. (Refer Note 28 (a)).

Measurement of fair value of financial instruments with significant unobservable inputs (level 3). (Refer Note 31(iv)) and Note (30).

Climate and sustainability related developments

The petroleum and energy industries are resource-intensive. The Group is committed to Green Bonds Principles of the International Capital Markets Association (ICMA) when using the proceeds of the Green Bonds issued by the Group. In accordance with the Green Bond Principles, the Group commits to report information on the allocation of proceeds. The Group adopts the harmonised reporting framework, developed by an informal group of eleven international development banks including the World Bank (IBRD), the International Finance Corporation (IFC) and the European Investment Bank (EIB). The harmonized reporting framework provides core principles and recommendations for green bond reporting, and also recommends core indicators for the two sectors renewable energy and energy efficiency. For this reason, current developments and measures relating to climate change and sustainability do not lead to fundamentally changed expectations with regard to recoverability of the majority of assets. Any change in legislation or commitment could affect the assessment and subsequent measurement. Climate policies and energy transformation are also offering business opportunities, like demand for lightweight materials. Therefore, currently it is assessed that there are no adjustments required for the impairment test and no impairment was recognised. See notes 13 and 28 of these consolidated financial statements.

O. FOREIGN CURRENCY TRANSACTIONS

Transactions in currencies other than US dollars (foreign currencies) are translated at the exchange rates ruling at the date of the transaction. All monetary assets and liabilities, denominated in foreign currencies, are translated into US dollars at rates prevailing at the reporting date. Differences arising from changes in exchange rates are recognised in the consolidated statement of profit or loss.

Investments (non-monetary assets) denominated in foreign currencies that are stated at fair value are translated to US dollars at reporting date. Differences arising from changes in rates are included in the fair value reserve in equity for FVOCI investments and in statement of profit or loss for FVTPL investments. All other non-monetary assets and liabilities are stated at the historical rates of exchange.

4. Placements with Banks

	31 December 2023	31 December 2022
With Islamic financial institutions	106,207	230,000
With conventional financial institutions	343,248	325,503
Margin call accounts	176,007	224,118
Interest receivables	2,049	6,728
Expected credit loss impairment allowance (note 28)	(34)	(78)
	627,477	786,271
Placements with banks less than 90 days maturity (note 34)	(119,626)	-
	507,851	786,271

5. Loans and Advances, Net

	31 December 2023	31 December 2022
Islamic loans held at amortised cost	700,714	945,954
Conventional loans held at amortised cost	3,930,479	3,279,441
Interest receivable	42,202	29,017
Unamortized participation and upfront fees	(79,704)	(76,274)
	4,593,691	4,178,138
Expected credit loss impairment allowance	(97,364)	(103,557)
Loans and advances at amortised cost, net	4,496,327	4,074,581
Conventional loans held at FVTPL	152,296	155,145
	4,648,623	4,229,726

Below tables show the loans and advances breakdown of credit exposure and expected credit loss impairment allowance:

31 December 2023	Performing	Non-performing	Gross	Allowance for impairment	Loans and advances at amortised cost, net
Islamic loans held at amortised cost	697,344	-	697,344	(3,598)	693,746
Conventional loans held at amortised cost	3,860,477	35,870	3,896,347	(93,766)	3,802,581
Total	4,557,821	35,870	4,593,691	(97,364)	4,496,327

31 December 2022

Islamic loans held at amortised cost	944,363	-	944,363	(14,791)	929,572
Conventional loans held at amortised cost	3,183,381	50,394	3,233,775	(88,766)	3,145,009
Total	4,127,744	50,394	4,178,138	(103,557)	4,074,581

Below tables show the stage-wise breakdown of gross exposure and expected credit loss impairment allowance:

31 December 2023				
	Gross exposure			
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total Gross Exposure
Islamic loans held at amortised cost	429,686	267,658	-	697,344
Conventional loans held at amortised cost	3,085,074	774,747	36,526	3,896,347
Total	3,514,760	1,042,405	36,526	4,593,691

Allowance for impairment				
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total Allowance for impairment
Islamic loans held at amortised cost	(449)	(3,149)	-	(3,598)
Conventional loans held at amortised cost	(3,552)	(53,688)	(36,526)	(93,766)
Total	(4,001)	(56,837)	(36,526)	(97,364)

31 December 2022

Gross exposure				
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total Gross Exposure
Islamic loans held at amortised cost	665,296	279,067	-	944,363
Conventional loans held at amortised cost	2,687,901	494,419	51,455	3,233,775
Total	3,353,197	773,486	51,455	4,178,138

Allowance for impairment				
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total Allowance for impairment
Islamic loans held at amortised cost	(239)	(14,552)	-	(14,791)
Conventional loans held at amortised cost	(3,493)	(45,626)	(39,647)	(88,766)
Total	(3,732)	(60,178)	(39,647)	(103,557)

Movement of gross loan exposure is as follows:

31 December 2023	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total Gross Exposure
Opening balance at 1 January 2023	3,353,197	773,486	51,455	4,178,138
Transfer to 12-month ECL	-	-	-	-
Transfer to life-time ECL, not credit impaired	(293,469)	293,469	-	-
New loans and advances originated	757,712	-	-	757,712
Loans and advances settled	(302,680)	(24,550)	(14,929)	(342,159)
Balance as at 31 December 2023	3,514,760	1,042,405	36,526	4,593,691
31 December 2022				
Opening balance at 1 January 2023	3,845,347	805,833	13,463	4,664,643
Transfer to 12-month ECL	-	-	-	-
Transfer to life-time ECL, not credit impaired	(142,874)	104,882	37,992	-
New loans and advances originated	694,305	-	-	694,305
Loans and advances settled	(1,043,581)	(137,229)	-	(1,180,810)
Balance as at 31 December 2022	3,353,197	773,486	51,455	4,178,138

Movement on expected credit loss impairment allowance is as follows:

31 December 2023	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Opening allowance at 1 January 2023	3,732	60,178	39,647	103,557
Transfer to 12-month ECL	-	-	-	-
Transfer to life-time ECL, not credit impaired	(1,390)	1,390	-	-
Net charge / (reversal) for the year	1,659	(4,731)	(3,121)	(6,193)
Balance as at 31 December 2023	4,001	56,837	36,526	97,364
31 December 2022				
Opening allowance at 1 January 2022	3,364	53,201	13,463	70,028
Transfer to 12-month ECL	-	-	-	-
Transfer to life-time ECL, not credit impaired	(108)	108	-	-
Transfer to life-time ECL, credit impaired	-	(12,481)	12,481	-
Net charge for the year	476	19,350	13,703	33,529
Balance as at 31 December 2022	3,732	60,178	39,647	103,557

6. Investments, Net

	31 December 2023	31 December 2022
Debt securities at FVOCI		
- Treasury bills	878,386	976,017
- Fixed-rate bonds	1,844,743	1,294,140
- Floating-rate bonds	188,666	176,807
- Interest receivable*	21,607	11,725
Expected credit loss impairment allowance	-	(2,184)
Total debt securities (Note 6.1)	2,933,402	2,456,505
Equity securities at FVOCI		
Unlisted equities	980,907	998,349
Listed equities	134,662	104,229
Total equity securities at FVOCI (Note 6.2)	1,115,569	1,102,578
Investments at FVTPL		
Debt securities	46,060	-
Managed funds	51,273	30,408
Listed equities	195,687	2,114
Total investments at FVTPL (Note 6.3)	293,020	32,522
	4,341,991	3,591,605

*Interest receivable on fixed-rate bonds and floating-rate bonds amounts to USD 21.2 million (2022: USD 10.8 million) and USD 0.4 million (2022: USD 0.9 million) respectively.

6.1 The following table further explains changes in gross carrying amount of the debt instruments measured at FVOCI to help explain their significance to the changes in the provision for ECL of the same portfolio.

31 December 2023	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Opening allowance at 1 January 2023	2,458,689	-	-	2,458,689
Transfer to 12-month ECL	-	-	-	-
Transfer to life-time ECL not credit impaired	(185,449)	185,449	-	-
Transfer to life-time ECL credit impaired	(15,040)	-	15,040	-
Purchase of new investments	1,037,822	-	-	1,037,822
Disposals and maturities during the year	(556,894)	(6,215)	-	(563,109)
Balance as at 31 December 2023	2,739,128	179,234	15,040	2,933,402
31 December 2022				
Opening allowance at 1 January 2022	1,867,791	-	-	1,867,791
Transfer to 12-month ECL	-	-	-	-
Transfer to life-time ECL not credit impaired	-	-	-	-
Transfer to life-time ECL credit impaired	-	-	-	-
Purchase of new investments	2,620,963	-	-	2,620,963
Disposals and maturities during the year	(2,030,065)	-	-	(2,030,065)
Balance as at 31 December 2022	2,458,689	-	-	2,458,689

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

	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total Gross Exposure
31 December 2023				
Opening allowance at 1 January 2023	2,184	-	-	2,184
Transfer to 12-month ECL	-	-	-	-
Transfer to life-time ECL, not credit impaired	(317)	317	-	-
Transfer to life-time ECL, credit impaired	(9,024)	-	9,024	-
Net charged for the year	7,969	4,667	-	12,636
Balance as at 31 December 2023	812	4,984	9,024	14,820
31 December 2022				
Opening allowance at 1 January 2022	390	-	-	390
Transfer to 12-month ECL	-	-	-	-
Transfer to life-time ECL, not credit impaired	-	-	-	-
Transfer to life-time ECL, credit impaired	-	-	-	-
Net charge for the year	1,794	-	-	1,794
Balance as at 31 December 2022	2,184	-	-	2,184

6.2 Movement of equity securities at FVOCI

	2023	2022
Balance at 1 January	1,102,578	863,361
Additions during the year	31,100	53,223
Transfer from equity accounted investees (note 7)	-	14,744
Sold during the year	(46,103)	(35,655)
Net fair value change	27,994	206,905
Balance at 31 December	1,115,569	1,102,578

The Group has designated investment in equity securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for long-term purposes. The Group has transferred the cumulative gain within equity relating to the disposal of equity securities at FVOCI amounting to US\$ 20.7 million (31 December 2022: US\$ 15.6 million). Equity securities held at FVOCI were disposed due to strategic purposes and at the disposal date had a carrying amount of USD 25.7 million. During the year ended 31 December 2023, the Group received dividend income from equity securities at FVOCI amounting to US\$ 85.0 million (31 December 2022: US\$ 110.8 million).

6.3 Movement of investments at FVTPL

	2023	2022
Balance at 1 January	32,522	38,286
Additions during the year	269,901	41,285
Derecognition during the year	(28,326)	(56,464)
Net fair value change	18,923	9,415
Balance at 31 December	293,020	32,522

During 2023, the Group entered an investment management agreement with external fund managers for debt securities for trading amounting to US\$ 46.0 million and equity securities amounting to US\$ 139.9 million.

6(a) Securities sold under agreements to repurchase:

The Group entered collateralised borrowing transactions (repurchase agreements) in the ordinary course of its financing activities. Collateral is provided in the form of debt securities at FVOCI. At 31 December 2023, the fair value of debt investment at FVOCI pledged as collateral under repurchase agreements was US\$ 551 million (31 December 2022: US\$ 135 million). These transactions are conducted under the terms that are usual and customary to standard securities borrowings and lending activities. The increase in the amount of debt securities used as collateral under repurchase agreements is primarily driven by the Group's financing needs.

7. Equity Accounted Investees, Net

	NOTE	31 December 2023	31 December 2022
Balance at 1 beginning of the year		68,127	95,518
Sold during the year		-	(7,170)
Transfer to equity securities at FVOCI		-	(14,744)
Share of profit for the year		6,505	5,141
Dividends paid during the year		(13,059)	(2,908)
Change in foreign exchange value		(415)	(460)
Impairment loss	7.1	(6,729)	(7,250)
Balance at end of the year		54,429	68,127

7.1 During the year ended 31 December 2023 and 31 December 2022, an impairment loss was recorded in accordance with IAS 36 Impairment of assets on the Group's investment in Falcon Cement Company BSC located in Kingdom of Bahrain with an amount of US\$ 6.7 million and US\$ 7.2 million, respectively. Based on management assessment the recoverable value has been assessed to be lower than the carrying value of the investment.

Below are the equity accounted investees, net as at 31 December 2023 and 31 December 2022;

Name	Country	31 December 2023	31 December 2022	% holding		Nature of business
				31 December 2023	31 December 2022	
Falcon Cement Company BSC	Kingdom of Bahrain	-	6,729	30	30	Manufacturing and trading of cement
Al Khorayef United Holding	State of Kuwait	34,144	31,505	24	24	Oil and gas services and facilities management company
GC-16 JV	State of Kuwait	1,282	8,854	24	24	Oil and gas services and facilities management company
Intra Taf Holding	Luxembourg	19,003	21,039	40	40	Holding and management company

The summarized financial information below represents amounts shown in the investment in associates audited financial statements:

	31 December 2023	31 December 2022
Total assets	440,860	440,860
Total liabilities	187,486	202,625
Total revenues	185,742	160,946
Total net results	22,925	12,195

8. Assets Held for Sale

During 2023 the Group has entered into agreement with real estate agent to sale the old Head office in its current condition, which includes head office land, building and Housing compound located in Dammam city. Therefore, the Group expects to sell the building in the first quarter of year 2024. Further, the Group is unlikely to be withdrawn from sale or its sale plan to sale the old head office as the office has shifted to Riyadh. These assets were classified as a non-current asset held for sale at the transaction date (4 March 2023) in accordance with the requirements of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The carrying value of these assets as of the transaction date was US\$ 12.6 million and the fair value less cost of disposal was US\$ 39.8 million. The Group has involved two independent valuers to perform valuation based on market approach as of the transaction date. Therefore, the Group has initially recognised the asset held for sale at the previous carrying value of the assets and stop depreciate those assets in accordance with the requirements of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

9. Property, Equipment and Right of Use Asset

	Land	Buildings	Right-of-Use	Computer, Furniture & Equipment	Capital work in progress	Total
Cost						
At 1 January 2023	4,004	58,176	23,567	30,199	3,237	119,183
Additions	-	2,968	-	314	2,619	5,901
Transfers to asset held for sale	-	(20,977)	-	(5,542)	-	(26,519)
Disposal	-	-	-	(288)	-	(288)
At 31 December 2023	4,004	40,167	23,567	24,683	5,856	98,277
Depreciation and impairment						
At 1 January 2023	-	48,820	158	27,433	-	76,411
Charge for the year	-	215	952	1,016	-	2,183
Transfer to asset held for sale	-	(9,536)	-	(4,340)	-	(13,876)
Disposal	-	-	-	(288)	-	(288)
At 31 December 2023	-	39,499	1,110	23,821	-	64,430
Carrying Amount						
At 31 December 2023	4,004	668	22,457	862	5,856	33,847
At 31 December 2022	4,004	10,343	23,409	2,766	2,250	42,772

Right-of-use asset relates to the Group agreement for a period 10 years (depreciation period) for Riyadh head office operation in the Kingdom of Saudi Arabia.

10. Other Assets

	31 December 2023	31 December 2022 (Restated - Note 35)
Employee loans and advances	1,015	1,001
Dividend receivables	377	473
Other receivables and prepayments, net	2,263	1,810
	3,655	3,284

11. Deposits

	31 December 2023	31 December 2022
Deposits from banks	669,357	563,000
Deposits from corporates	457,936	268,101
Deposits from shareholders	130,560	123,128
Interest payable	12,578	4,582
	1,270,431	958,811

12. Term Financing

On 1 February 2023 the Group obtained a long-term loan from Saudi National Bank with a total amount of US\$ 500 million to finance its corporate lending purposes. The rate of this loan is three-months average SOFR plus 62 basis points which does not include any covenants. On 8 November 2023 the Group obtained a long-term loan from SAB Awwal Bank ("SAB") (formerly known as The Saudi British Bank) with a total amount of US\$ 200 million to finance its corporate lending purposes. The rate of this loan is six-months average SOFR plus 85 basis points. The loan is secured by a promissory note issued in favour of SAB by the Group. During year ended 31 December 2022, the Group obtained two long term loans from SAB with a total amount of US\$ 250 million to finance its general corporate and working capital purposes. The rate of these loans was daily SOFR plus 70 basis points. The loan is secured by a promissory note issued in favour of SAB by the Group.

	31 December 2023	31 December 2022
US\$ 100 million loan 2022 - 2025 - fully drawn (secured)	100,000	100,000
US\$ 150 million loan 2022 - 2025 - fully drawn (secured)	150,000	150,000
US\$ 500 million loan 2023 - 2026 - fully drawn (unsecured)	500,000	-
US\$ 200 million loan 2023 - 2026 - (secured)	200,000	-
Interest payable	7,578	1,099
	957,578	251,099

The term financing loans from SAB includes certain covenants to the Corporation which are as follows:

- Debt-to-equity ratio maximum requirement: not greater than 3.5x; and
- Total shareholders' funds minimum requirement: equal or greater than US\$ 1.5 billion.

The Corporation was fully compliant with the above covenants during the year ended 31 December 2023 and year ended 31 December 2022.

Movement of term financing during the year is as follow:

	2023	2022
Balance at the beginning of the year	251,099	-
Proceed during the year	700,000	250,000
Interest expense during the year	42,051	1,099
Repayment during the year	(35,572)	-
Balance at the end of the year	957,578	251,099

13. Sukuk and Bonds Issued

	31 December 2023	31 December 2022
*US\$ 3 billion GMTN programme (partial drawn)		
Series 1: - US\$ 750 million bonds 2018 - 2023		
interest rate: 4.125% p.a.	-	737,492
*US\$ 3 billion GMTN programme (partially drawn)		
Series 2: - US\$ 1,000 million fixed rate bonds 2021 - 2025		
interest rate: 1.46% p.a.	952,088	924,820
*US\$ 3 billion GMTN programme (partially drawn)		
Series 3: - US\$ 1 billion fixed rate bonds 2021 - 2026		
interest rate: 1.26% p.a.	939,265	912,477
**US\$ 300 million floating rate bond 2019 - 2024 (fully drawn)		
SOFR plus margin 1.05%	300,000	300,000
**US\$ 325 million floating rate bond 2019 - 2024 (fully drawn)		
SOFR plus margin 0.9%	325,000	325,000
GBP 100 million fixed rate bond 2021 - 2023 (fully drawn)		
coupon rate: 0.71% p.a.	-	121,524
*US\$ 750 million fixed rate Green Bond 2021 - 2026 (fully drawn)		
interest rate: 1.483% p.a.	690,603	670,453
US\$ 100 million APICORP bonds 2022 - 2025 (fully drawn)		
coupon rate: 4.875% p.a.	99,737	99,980
*US\$ 100 million fixed rate APICORP bonds 2022 - 2025 (fully drawn)		
coupon rate: 5.0% p.a.	100,134	100,396
CNH 600 million fixed rate bond 2023 - 2026 (fully drawn)		
coupon rate: 2.9% p.a.	80,186	-

13. Sukuk and Bonds Issued table (continued)

	31 December 2023	31 December 2022
US\$ 150 million fixed rate APICORP bonds 2023 - 2026 (fully drawn)		
coupon rate: 4.96% p.a.	151,649	-
Interest payable	18,629	23,477
Unamortised front-end fee	(3,733)	(6,659)
	3,653,558	4,208,960

*These sukuk and bonds were issued and listed in Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin").

** These sukuks and bonds were issued and listed in Taipe Exchange ("TPex").

The bonds issued include Green Bonds of US\$ 750 million (31 December 2022: US\$ 750 million) with a fixed rate of 1.483% p.a. The outstanding balance related to those bonds is US\$ 669.47 million as of 30 September 2023 (31 December 2022: US\$ 670.45 million). Further, during 2023, the Group issued a new fixed-rate bond worth CNH 600 million, maturing in 2026 (fully drawn) with a 2.9% annual coupon rate and US\$ 150 million, maturing in 2026 (fully drawn) with a 4.96% annual coupon rate. This issuance contributed to the growth in sukuk and bonds issued.

The issued green bonds were obtained in September 2021 and mature in September 2026 (Tenor: 5 years). The proceeds from any of the Green Bonds will exclusively be used to finance, refinance and/or invest in whole or in part, new or existing projects under development and/or projects in operation from any of the Eligible Green Categories. All Eligible Green Projects are expected to provide significant environmental benefits towards Climate Change Mitigation while avoiding significant harm to either Climate Change Adaptation, Sustainable Use of Water Resources, the Transition to a Circular Economy, Pollution Prevention and Control and Biodiversity Preservation. The Group commits to comply with the Green Bond Framework which is in accordance with the International Capital Markets Association ("ICMA") Green Bond Principles and UN Sustainable Development Goals ("SDGs").

Movement of sukuks and bonds issued during the year is as follow:

	2023	2022
Balance at the beginning of the year	4,208,960	4,901,849
Proceed during the year	231,835	193,014
Interest expense during the year	248,955	110,938
Repayment during the year	(1,036,192)	(996,841)
Balance at the end of the year	3,653,558	4,208,960

14. Commitments and Guarantees

	31 December 2023	31 December 2022
Commitments to underwrite and fund loans	1,916,933	1,664,461
Letters of credit	131,037	383,964
Letters of guarantee	266,670	174,714
Expected credit losses	(13,767)	(9,576)
	2,300,873	2,213,563
Commitments to subscribe capital investments	69,864	68,910
Other commitments	1,565	6,382
	2,372,302	2,288,855

Irrevocable commitments to extend credit represent a commitment / guarantee of the Group issued to local exporters, to honour or negotiate LC's issued to the exporters. The contractual maturity structure of the Group's commitments and guarantees as of 31 December 2023 and 31 December 2022 is as follows:

	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
31 December 2023					
Commitments to underwrite and fund loans	105,885	504,981	948,489	357,578	1,916,933
Letters of credit	12,387	93,650	25,000	-	131,037
Letters of guarantee	266,670	-	-	-	266,670
Commitments to subscribe capital investments	-	-	69,864	-	69,864
Other commitments	-	1,565	-	-	1,565
Total	384,942	600,196	1,043,353	357,578	2,386,069
31 December 2022					
Commitments to underwrite and fund loans	132,993	420,713	717,096	393,659	1,664,461
Letters of credit	145,898	213,066	25,000	-	383,964
Letters of guarantee	174,714	-	-	-	174,714
Commitments to subscribe capital investments	-	-	68,910	-	68,910
Other commitments	-	6,382	-	-	6,382
Total	453,605	640,161	811,006	393,659	2,298,431

The following table shows reconciliations from the opening to the closing balance of the gross exposure of credit commitments and contingencies:

31 December 2023	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total Gross Exposure
Opening balance at 1 January 2023	1,946,832	276,307	-	2,223,139
Transfer to life-time ECL, not credit impaired	(186,455)	186,455	-	-
Net commitments – issued / expired and matured during the year	91,501	-	-	91,501
Balance as at 31 December 2023	1,851,878	462,762	-	2,314,640
31 December 2022				
Opening balance at 1 January 2022	1,820,326	126,522	-	1,946,848
Transfer to life-time ECL, not credit impaired	(149,785)	149,785	-	-
Net commitments – issued / expired and matured during the year	276,291	-	-	276,291
Balance as at 31 December 2022	1,946,832	276,307	-	2,223,139

The Group has expected credit losses against commitments and guarantees of US\$ 16.9 million as of 31 December 2023 (31 December 2022: US\$ 9 million). The movement of expected credit losses related to commitments and guarantees is as below:

31 December 2023	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Opening balance at 1 January 2023	3,467	6,109	-	9,576
Transfer to life-time ECL, not credit impaired	(1,358)	1,358	-	-
ECL on newly originated commitments and guarantees	974	1,113	-	2,087
Net (reversal) / charge for the year	(1,287)	3,391	-	2,104
Balance as at 31 December 2023	1,796	11,971	-	13,767
31 December 2022				
Opening balance at 1 January 2022	1,513	1,277	-	2,790
Transfer to life-time ECL, not credit impaired	(294)	294	-	-
ECL on newly originated commitments and guarantees	3,083	-	-	3,083
Net (reversal) / charge for the year	(835)	4,538	-	3,703
Balance as at 31 December 2022	3,467	6,109	-	9,576

As at 31 December 2023, there were no new significant legal proceedings outstanding against the Group with no previous provided provisions, and therefore, no provision has been made in this consolidated financial statements.

15. Other Liabilities

	31 December 2023	31 December 2022 (Restated - Note 35)
Dividend payable to shareholders	25,246	17,802
End of service benefits (see below)	9,650	12,565
Lease liabilities (note 25)	22,637	23,409
Accrued expenses and other liabilities	27,656	20,936
Call account liability	266	260
Expected credit losses for commitments and financial guarantees (note 28)	13,767	9,576
	99,222	84,548

End of service benefits

General Description

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

The amounts recognized in the consolidated statement of financial position and movement in the obligation during the year based on its present value are as follows:

	2023
Balance as at 1 January	12,565
Current service cost charge for the year	1,571
Finance cost	436
Curtailments gain	(1,007)
Benefits paid	(5,077)
Re-measurements loss	1,162
Balance as at 31 December	9,650

Re-measurement recognised in consolidated other comprehensive income:

	2023
Changes in experience assumptions	1,374
Changes in financial assumptions	(213)
	1,161

Principal actuarial assumptions used in estimating the end of service benefit plan included:

	2023
Discount rate	4.2%
Expected rate of salary increase	6.7%
Withdrawal rate	6%
Average duration	6.17 years
Normal retirement age	60 years

The table below illustrates the sensitivity of the end of service benefits plan due to changes in the key assumptions and holding all other variables constant:

2023	Change in assumption	Increase / (decrease)
Discount rate	+/- 1%	+ 8,514 / (8,942)
Expected rate of salary increase	+/- 1%	+ 8,979 / (8,475)
Withdrawal rate	+/- 10%	8,679 / (8,770)

The sensitivity analysis presented above may not be representative of the actual change in the end of service benefits liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated.

Expected maturity analysis of undiscounted end of service benefits for the end of service plan is as follows:

	2023
Less than a year	3,891
1-2 years	1,776
2-5 years	2,189
Over 5 years	2,154
Total	10,010

16. Derivative Financial Instruments

Fair value hedges

The Group enters into fixed-for-floating-interest-rate swaps to manage the exposure to changes in fair value due to movements in market interest rates on certain fixed rate financial instruments which are not measured at fair value through profit or loss, including debt securities held and issued.

Other derivatives held for risk management

The Group uses derivatives, not designated in qualifying accounting hedge relationship, to manage its exposure to market risks. The Group enters into foreign exchange forward contracts to manage against foreign exchange fluctuations. Fair values of the forward currency contracts are estimated based on the prevailing market rates of interest and forward rates of the related foreign currencies, respectively.

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

31 December 2023	Positive fair value	Negative fair value	Notional amount total	Within 3 months	3-12 months	1-5 years	Over 5 years
Held as fair value hedges:							
Interest rate swaps	66,803	231,165	5,645,438	25,000	39,379	5,189,818	391,241
Total	66,803	231,165	5,645,438	25,000	39,379	5,189,818	391,241

31 December 2022**Held as fair value hedges:**

Forward foreign exchange contracts	-	800	36,234	-	36,234	-	-
Interest rate swaps	110,555	293,787	5,380,393	1,362,850	39,379	3,770,318	207,846
Total	110,555	294,587	5,416,627	1,362,850	75,613	3,770,318	207,846

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

Hedging instrument by hedged risk

2023	Notional amount*	Hedge instrument		Statement of financial position presentation	Change in fair value**
		Assets	Liabilities		
Hedge risk					
Interest rate	5,645,438	66,803	231,165	Positive / Negative fair value of derivative	9,051
Total	5,645,438	66,803	231,165		9,051

2022

Forward foreign exchange	36,234	-	800	Negative fair value of derivative	
Interest rate	5,380,393	110,555	293,787	Positive / Negative fair value of derivative	1,087
Total	5,416,627	110,555	294,587		1,087

* The notional contract amounts of derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

** Used in effectiveness testing; comprising the full fair value change of the hedging instrument.

Hedged item by hedged risk

2023	Carrying amount		Accumulated fair value hedge adjustment included in carrying amount		Hedge item	Change in fair value**	Recognised in statement of income
	Assets	Liabilities	Assets	Liabilities			
Hedge risk							
Interest rate	1,154,125	-	16,450	-	Investments	(16,336)	
Interest rate	110,825	-	12,416	-	Loans and advances	(3,456)	856
Interest rate	-	3,013,662	-	323,833	Sukuk and bonds issued	27,996	
Total	1,264,950	3,013,662	28,866	323,833		8,195	856

2022

Interest rate	112,443	-	10,798	-	Investments	(7,069)	
Interest rate	1,107,582	-	65,818	-	Loans and advances	(2,138)	(852)
Interest rate	-	3,567,142	-	222,269	Sukuk and bonds issued	9,442	
Total	1,220,025	3,567,142	76,616	222,269		235	(852)

* Presentation in statement of income as other income, net.

** Used in effectiveness assessment; comprising amount attributable to the designated hedged risk that can be a risk component. The hedged item is either the benchmark interest rate risk portion within the fixed rate of the hedged item or the full fixed rate and it is hedged for changes in fair value due to changes in the benchmark interest rate risk.

Sources of hedge ineffectiveness may arise from basis risk including but not limited to the discount rates used for calculating the fair value of derivatives, hedges using instruments with a non-zero fair value and notional and timing differences between the hedged items and hedging instruments.

The contractual maturity analysis of the derivative instruments are included as part of liquidity risk information in note 28.

17. Net Interest Income

	2023	2022
Interest income from		
Cash and cash equivalent	4,683	1,836
Placements with banks – Islamic banks	17,959	10,471
– Conventional banks	46,613	17,357
Debt securities at FVOCI	103,794	34,274
Loans and advances – Islamic banks	61,495	34,221
– Conventional banks	289,250	157,256
Loans and advances held at FVTPL	-	6,673
Total interest income	523,794	262,088
Interest expense on		
Deposits from banks – Islamic banks	6	1,622
– Conventional banks	20,567	6,307
Securities sold under agreement to repurchase	4,628	1,361
Deposits from corporates & shareholders – Islamic institutions	631	370
– Conventional	20,896	6,038
Term financing	42,051	1,112
Sukuk and bonds issued	248,955	110,938
Lease liability	656	67
Total interest expense	338,390	127,815
Net interest income	185,404	134,273

18. Dividend Income

	2023	2022
Equity securities at FVOCI		
Listed	9,530	8,265
Unlisted	75,471	102,596
	85,001	110,861

19. Net Change in Fair Value of Financial Assets at FVTPL

	2023	2022
Loan designated at FVTPL	4,400	(5,094)
Investments at FVTPL	18,922	9,415
	23,322	4,321

20. Fee Income

	2023	2022
Agency, advisory and other services	5,755	6,061
	5,755	6,061

21. Other Income, Net

	2023	2022
FX exchange gains, net	3,354	2,099
Net gain / (loss) from hedge ineffectiveness (note 16)	856	(852)
Rental income	7	365
External fund management fees	-	(2,050)
Gain on sale of equity accounted investee	-	4,309
Loss from sale of vessels	-	(383)
Income from vessels	-	(3,056)
Others	907	2,122
	5,124	2,554

22. Operating Expenses

	2023	2022
Staff cost	31,251	31,148
End of service benefits	1,000	1,733
Premises costs, including depreciation	10,201	14,160
External fund management fees	3,297	-
Equipment and communications costs	5,465	4,244
Key management's and board benefits, fees and charges	5,556	3,320
Consultancy and legal fee (Note 22 a)	3,784	3,962
Corporate social responsibility (CSR)	2,436	2,074
	62,990	60,641

22 (a) Auditor's remuneration

	2023	2022
Fees for the quarterly reviews and annual audit of the Group	348	151
Fees for other services	380	339
	728	490

23. Impairment (Loss) / Reversal on Financial Instruments, Net

	2023	2022
Placements with banks	44	108
Loans and advances (Note 5)	6,193	(33,529)
Debt securities at FVOCI	(12,621)	(1,794)
Loan commitments and guarantees	(4,191)	(6,786)
	(10,575)	(42,001)

24. Impairment Losses on Other Assets

	2023	2022
Equity accounted investees (Note 7)	(6,729)	(7,250)
Property and equipment	-	(5,987)
Provision on prepayments	-	(2,962)
	(6,729)	(16,199)

25. Leases

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases (net of depreciation):

Right of use assets

	2023	2022
Carrying amount at the beginning of year	23,409	-
Additions during the year	-	23,567
Depreciation charge for the year	(952)	(158)
Carrying amount at the end of year*	22,457	23,409

Right of use assets are included in Property and equipment.

Lease liabilities

	2023	2022
Carrying amount at the beginning of year	23,409	-
Additions during the year	-	23,409
Finance cost	656	-
Lease payments during the year	(1,428)	-
Carrying amount at the end of year*	22,637	23,409

* Lease liabilities are included in the other liabilities

(ii) Amounts recognised in the consolidated statement of income

The consolidated statement of income shows the following amounts relating to leases:

	2023	2022
Depreciation charge of right-of-use assets	952	158
Interest expense on lease liabilities	656	-

(iii) Minimum lease payment

The minimum lease payments as at the date of the consolidated statement of financial position are as follows:

	Gross future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	2,760	1,185	1,575
Between one to five years	11,592	3,726	7,866
More than 5 years	14,770	1,574	13,196
	29,122	6,485	22,637

26. Appropriations

The following appropriations for the year ended 31 December 2022 were approved by the shareholders on 05 April 2023.

	2023	2022
Legal reserve	23,000	15,000
General reserve	-	107,913

27. Related Party Transactions and Balances

The Corporation's principal related parties are its shareholders. Affiliates are entities owned by shareholders. Although the Group does not transact any commercial business directly with the shareholders themselves, it is engaged in financing activities with companies, which are either controlled by the shareholder governments or over which they have significant influence. Related party balances as of 31 December 2023 and 31 December 2022 was as follows:

	Nature of relationship	31 December 2023	31 December 2022
Loans to related parties			
Loans outstanding – gross	Affiliates	3,521,503	3,160,260
Expected credit loss on loans outstanding	Affiliates	(57,543)	(64,372)
Commitments to underwrite and fund loans	Affiliates	783,073	885,370
Expected credit loss on commitments	Affiliates	(613)	(1,709)

Loans to related parties are made at prevailing market interest rates and subject to normal commercial negotiation terms. The majority of loans to related parties are syndicated, which means that participation and terms are negotiated by a group of arrangers, of which the Group may, or may not, be a leader. No loans to related parties were written-off during the year ended 31 December 2023 and 31 December 2022.

	Nature of relationship	31 December 2023	31 December 2022
Investments in related parties			
Investments	Affiliates	1,214,842	1,163,177
Commitments to investments	Affiliates	69,864	68,910

	Nature of relationship	31 December 2023	31 December 2022
Others			
Deposits from corporates	Affiliates	457,936	268,101
Deposits from shareholders	Shareholders	130,560	123,128
Term financing	Affiliates	500,000	-
Dividend payable to shareholders	Affiliates	25,246	17,802

Term financing from a related party relates to financing corporate lending. The rate of this financing is three-months average SOFR plus 62 basis points which does not include any covenants.

Deposits from a related party relates to short-term funding needs. The rate of these deposits are three-month average SOFR plus basis point ranging from 40 to 60.

For key management personnel transactions refer to the summarized table below,

	31 December 2023	31 December 2022
Key management salaries and related compensations*	6,204	3,174
End of service benefits accrued	2,033	2,954
Board of directors' remunerations and related committees	4,450	1,313

* Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities at the Group level.

Significant transactions with related parties in the ordinary course of business included in the consolidated financial statements are summarized below.

	Nature of relationship	31 December 2023	31 December 2022
Interest expense on deposits from corporates during the year	Affiliates	14,009	6,386
Interest expense on term financing during the year	Affiliates	26,005	-
Interest expense on deposits from shareholders during the year	Shareholder	7,428	2,821
Expected credit losses (reversal) / charge on loans and advances during the year	Affiliates	(6,892)	40,989
Expected credit losses (reversal) on commitments during the year	Affiliates	(1,096)	(370)
Interest income on loans from corporates during the year	Affiliates	171,895	108,903
Loan fees received during the year	Affiliates	2,889	3,908
Dividends received during the year	Affiliates	85,097	118,921

28. Financial Risk Management

Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring risk management policies.

The risk management policies are established to identify and analyse the risks, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. The Corporation, through its training as well as management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation. The Board Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

For the year ended 31 December 2023 and 2022, the Group is exposed to credit risk, liquidity risk, market risk, operational risk and capital management risk details relating to which are disclosed below:

a) Credit risk management

Credit risk is the risk that a borrower or counterparty of the Corporation will be unable or unwilling to meet a commitment that it has entered into with the Corporation, causing a financial loss to the Corporation. It arises from the lending, treasury and other activities undertaken by the Corporation. Policies and procedures have been established for the control and monitoring of all such exposures. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities. There is also credit risk in off consolidated statement of financial position financial instruments, such as commitments.

Proposed loans and investments are subject to detailed due diligence, analysis and appraisal before being reviewed by the Credit and Investments Committee (consisting of the CEO and Senior Managers of the Corporation), which makes appropriate recommendations to the Board of Directors, who have the ultimate authority to sanction commitments. These procedures, plus the fact that most of the loans are sponsored by sovereign and semi sovereign entities limit the Corporation's exposure to credit risk.

The Corporation faces a credit risk on undrawn commitments because it is potentially exposed to loss in an amount equal to the total unused commitments. However, the eventual loss, if any, will be considerably less than the total unused commitments since most commitments to extend credit are contingent upon borrowers maintaining specified credit standards. All loan commitments, whether drawn or undrawn, are subject to systematic monitoring so that potential problems may be detected early and remedial actions taken.

Treasury activities are controlled by means of a framework of limits and external credit ratings. Dealing in marketable securities is primarily restricted to GCC countries, the United States and major European and Asian stock exchanges. Dealings are only permitted with approved internationally rated banks, brokers and other counterparties. Securities portfolios and investing policies are reviewed from time to time by the Assets and Liabilities Committee ("ALCO").

Credit risk grades

The Corporation 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 judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in probability of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

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

- Information obtained during periodic review of customer files- e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes;

- Data from credit reference agencies, press articles, changes in external credit ratings;
- Quoted bond and credit default swap (CDS) prices for the borrower where available;
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities;
- Payment record including overdue status; and
- Utilisation of the granted limit.

The Corporation uses credit risk grades as a primary input into the determination of the term structure of the PD for exposure.

The Corporation collects performance and default information about its credit exposure analysed by jurisdiction or region and by type of product and borrower as well as credit risk grading. The information used is based on the internally generated rating model. The internal credit grade system is not intended to replicate external credit grades, but factors used to grade a borrower may be similar, a borrower rated poorly by an external rating agency is typically assigned a lower internal credit grade. Lower grades are indicative of a higher likelihood of default. Credit ratings are used by the Corporation to decide the maximum lending amount per transaction and to set minimum pricing thresholds.

The Corporation monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Corporation will measure the loss allowance based on lifetime rather than 12-month ECL.

Amounts arising from ECL – Significant increase in credit risk

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

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group classifies its financing into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 (12 month ECL): When a financing is first recognised, the Group recognises an allowance based on 12 months ECLs. Stage 1 financing also include facilities where the credit risk has improved and the financing has been reclassified from Stage 2.

Stage 2 (Life time ECL not credit impaired): When a financing has shown a significant increase in credit risk ("SICR") since origination, the Group records an allowance for the Lifetime ECL. Stage 2 financing also include facilities, where the credit risk has improved and the financing has been reclassified from Stage 3.

Stage 3 (Lifetime ECL credit impaired): Financing considered credit-impaired. The Group records an allowance for the Lifetime ECL.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage / range.

The remaining Lifetime PD at the reporting date has increased, compared to the residual lifetime PD expected at the reporting date when the exposure was first recognised, so that it exceeds the relevant threshold per the table below:

Lifetime PD band at initial recognition Ranges of PD	Increase in lifetime PD at reporting date which is considered significant
≤ 0.03%	17bps
> 0.03% and ≤0.14%	6bps
> 0.14% and ≤0.2%	1bps

Using its expert credit judgment and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on 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. Significant increase in credit risk is also evaluated based on the credit monitoring framework, including decrease in internal rating and macroeconomic factors and is subject to management overrides.

For loans and advances and investment portfolio, if the borrower is on the watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic condition in which the borrower operates
- Actual or expected significant adverse change in operating results of the borrower
- Early signs of cashflow/liquidity problems such as delay in servicing of loans.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all loans and advances held by the Group/ In relation to investment portfolio, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the Credit Risk Committee.

The Corporation monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- the criteria do not align with the point in time when an asset becomes 30 days past due;

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 Corporation collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

The Corporation employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience and geopolitical situation) on the risk of default. For most exposures, key macro-economic indicators include GDP growth (refer economic indicators below).

The Corporation has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used the key indicators for the selected countries such as the interest rates and the GDP growth.

Incorporation of forward-looking information

The Corporation incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the ALCO and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Corporation then uses these forecasts to adjust its estimates of PDs. 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 independent external agencies.

The base case represents a most-likely outcome and provides the best estimate view of the economy. The other scenarios represent more optimistic (upside or improved) and more pessimistic (downside or stressed) outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. Considering that major loans and advances exposure of the Group is relating to energy sector, therefore, the economic scenarios used as at 31 December 2023 included the following ranges of key indicators for selected countries:

	31 December 2023	31 December 2022
Economic indicators		
Oil prices, CPI, GDP growth, Real interest rate and Central Govt. revenue and Central Govt. expenditure	Improved case 10% Base case 60% Stressed case 30%	Improved case 10% Base case 60% Stressed case 30%

Sensitivity of ECL allowance

Given current economic conditions and the judgment applied to factors used in determining the expected default of loans and advances in future periods, expected credit losses reported by the Group should be considered as a best estimate within a range of possible estimates.

Due to impracticability to disclose the extend of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. The Group within reasonable possibility, on the basis of existing knowledge, that outcomes within the next financial year might be different from the current assumption and could require a material adjustment to the carrying amount of the asset affected.

Credit quality analysis

The Group's internal credit rating grades are disclosed as follows:

Grade	Class	Grade Description	Moody's
AAA	Standard	Exceptionally creditworthiness	Aaa
AA	Standard	Very strong creditworthiness	Aa1 Aa2 Aa3
A	Standard	Strong creditworthiness	A1 A2 A3
BBB	Standard	Above average creditworthiness	Baa1 Baa2 Baa3
BB	Standard	Average creditworthiness	Ba1 Ba2 Ba3
B	Standard	Weak creditworthiness	B1 B2 B3
C	Standard	Very weak creditworthiness	Caa1 Caa2 Caa3
DDD	Sub-standard	Un-defined	Ca
DD	Doubtful	Un-defined	Ca
D	Loss	Un-defined	C

Credit quality analysis

The following table sets out information about credit quality of financial assets measured at amortised cost and debt investment securities at FVOCI. For loan commitments and financial guarantee contracts, the amounts in the table represents the amounts committed or guaranteed respectively. In addition, the Group also uses external ratings from major rating agencies where available.

i. Placements with banks at amortised cost

	Stage 1	Stage 2	Stage 3	Total
2023				
AAA to AA	446,604	-	-	446,604
A	128,407	-	-	128,407
BBB	2,320	-	-	2,320
BB to B	46,656	3,524	-	50,180
Gross amount	623,987	3,524	-	627,511
ECL Allowance	(33)	(1)	-	(34)
Carrying Amount	623,954	3,523	-	627,477
2022				
AAA to AA	148,000	-	-	148,000
A	277,846	-	-	277,846
BBB	-	-	-	-
BB to B	330,000	30,503	-	360,503
Gross amount	755,846	30,503	-	786,349
ECL Allowance	(71)	(7)	-	(78)
Carrying Amount	755,775	30,496	-	786,271

ii. Investments in debt securities at measured at FVOCI

2023	Stage 1	Stage 2	Stage 3	Total
AAA to AA	1,224,944	3,309	-	1,228,253
A	1,090,908	2,550	-	1,093,458
BBB	393,642	3,674	-	397,316
BB to B	29,633	169,702	15,040	214,375
Carrying Amount	2,739,127	179,235	15,040	2,933,402

Credit quality analysis

2023	Stage 1	Stage 2	Stage 3	Total
AAA to AA	1,349,895	-	-	1,349,895
A	849,800	-	-	849,800
BBB	94,983	-	-	94,983
BB to B	149,496	-	-	149,496
Non-Rated	-	14,515	-	14,515
Gross amount	2,444,174	14,515	-	2,458,689
ECL Allowance	(446)	(1,738)	-	(2,184)
Carrying Amount	2,443,728	12,777	-	2,456,505

iii. Loans and advances at amortised cost

2023	Stage 1	Stage 2	Stage 3	Total
AAA to AA	522,369	-	-	522,369
A	1,782,737	-	-	1,782,737
BBB	920,659	197,975	-	1,118,634
BB to C	288,995	844,430	-	1,133,425
D	-	-	36,526	36,526
Gross amount	3,514,760	1,042,405	36,526	4,593,691
ECL Allowance	(4,001)	(56,837)	(36,526)	(97,364)
Carrying Amount	3,510,759	985,568	-	4,496,327

2022

AAA to AA	498,071	-	-	498,071
A	1,559,908	-	-	1,559,908
BBB	1,046,453	-	-	1,046,453
BB to C	252,781	769,470	-	1,022,251
D	-	-	51,455	51,455
Gross amount	3,357,213	769,470	51,455	4,178,138
ECL Allowance	(3,732)	(60,178)	(39,647)	(103,557)
Carrying Amount	3,353,481	709,292	11,808	4,074,581

iv. Loans commitments and guarantees

2023	Stage 1	Stage 2	Stage 3	Total
AAA to AA	13,414	-	-	13,414
A	157,371	4,510	-	161,881
BBB	1,529,190	126,052	-	1,655,242
BB to C	151,903	332,200	-	484,103
Gross amount	1,851,878	462,762	-	2,314,640
ECL Allowance	(1,796)	(11,971)	-	(13,767)
Carrying Amount	1,850,082	450,791	-	2,300,873

2022

AAA to AA	1,264	-	-	1,264
A	263,979	-	-	263,979
BBB	1,307,139	89,000	-	1,396,139
BB to C	374,450	154,825	-	529,275
DDD	-	32,482	-	32,482
Gross amount	1,946,832	276,307	-	2,223,139
ECL Allowance	(3,467)	(6,109)	-	(9,576)
Carrying Amount	1,943,365	270,198	-	2,213,563

Climate-related risk

Climate-Related Risk refers to the potential negative impacts of Climate Change on an organization. It includes the potential for adverse effects on lives, livelihoods, health status, economic, social, and cultural assets, services (including environmental), and infrastructure due to climate change. Other than as disclosed in note 3 (n) of these consolidated financial statements, management believes the Group has limited exposure to climate related risk.

Concentration risk

Concentration of risk arises when several 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. Concentration risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The Group seeks to manage its risk exposure through diversification of its activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or market sectors. The Corporation monitors concentration of credit risk by sector and by geographic location. The Group did not have significant risk concentrations on 31 December 2023 and 31 December 2022. An analysis of concentration of risk at the reporting date is shown below;

The Corporation monitors concentration of credit risk by sector and by geographic location.

	Loans and advances (note 5)		Placements with banks (note 4)		Debt securities at FVOCI (note 6)	
	2023	2022	2023	2022	2023	2022
Concentration of credit risk by sector						
Energy	1,929,437	1,873,666	-	-	277,650	74,663
Materials	803,764	869,277	-	-	46,886	128,666
Financials & Sovereign	12,690	43,047	627,477	786,271	2,437,418	1,896,626
Utilities	1,658,596	1,187,909	-	-	57,622	292,632
Industrials	244,136	255,827	-	-	113,826	63,918
Carrying amount at 31 December	4,648,623	4,229,726	627,477	786,271	2,933,402	2,456,505

	Loans and advances (note 5)		Placements with banks (note 4)		Debt securities at FVOCI (note 6)	
	2023	2022	2023	2022	2023	2022
Concentration of credit risk by location						
Kingdom of Saudi Arabia	1,723,449	1,344,734	-	-	143,317	558,657
State of Qatar	427,639	505,246	-	552,450	140,505	380,588
Other Gulf Cooperation Council states	1,764,448	1,421,410	394,114	138,572	807,815	637,549
Egypt and North Africa	191,119	218,928	-	81,203	75,939	-
Total Arab World	4,106,655	3,490,318	394,114	772,225	1,167,576	1,576,794
Europe	180,354	387,843	162,363	-	268,616	-
Asia and Oceania	196,940	212,834	26,000	14,046	103,275	291,119
United States	164,674	138,731	45,000	-	1,393,935	588,592
Carrying amount at 31 December	4,648,623	4,229,726	627,477	786,271	2,933,402	2,456,505

The industry distribution of the Group's assets and liabilities was as follows:

	31 December 2023	31 December 2022
Assets		
Energy	2,287,643	2,026,214
Materials	865,007	923,535
Financials & Sovereign Financials	4,724,167	3,727,784
Utilities	1,711,950	1,699,086
Industrials	292,650	477,273
Total assets at 31 December	9,881,417	8,853,892
Liabilities and Equity		
Energy	53,038	222,622
Materials	-	176,347
Financials & Sovereign	6,659,436	5,534,346
Equity	3,168,943	2,920,577
Total liabilities and equity at 31 December	9,881,417	8,853,892
Commitments and Guarantees		
Energy	1,304,668	1,688,073
Materials	418,209	-
Financials	198,637	518,849
Utilities	430,508	59,027
Industrials	34,047	32,482
Total commitments and guarantees at 31 December	2,386,069	2,298,431

The geographical distribution of risk of the Group's assets and liabilities, after taking into account insurance and third-party guarantees, was as follows:

	31 December 2023	31 December 2022
Assets		
Kingdom of Saudi Arabia	6,107,407	3,955,803
State of Qatar	418,332	991,373
Other Gulf Cooperation Council states	2,072,301	2,339,753
Egypt and North Africa	313,499	306,562
Total Arab world	8,911,539	7,593,491
Europe	489,333	491,126
Asia and Oceania	247,282	408,113
United States	87,045	128,483
Other North and South America	146,218	232,679
Total assets	9,881,417	8,853,892
Liabilities and Equity		
Kingdom of Saudi Arabia	5,247,791	5,681,712
State of Qatar	542,313	295,214
Other Gulf Cooperation Council states	2,202,843	1,309,443
Other Middle East states	466,798	421,474
Egypt and North Africa	1,022,557	1,021,322
Total Arab world	9,482,302	8,729,165
Europe	161,145	67,852
Asia and Oceania	232,699	266
Other North and South America	5,271	56,609
Total liabilities and equity	9,881,417	8,853,892
Commitments and Financial Guarantees		
Kingdom of Saudi Arabia	483,904	139,444
Other Gulf Cooperation Council states	510,610	78,725
Other Middle East states	-	469,584
Egypt and North Africa	287,850	313,040
Total Arab world	1,282,364	1,000,793
Europe	508,369	983,193
Asia and Oceania	237,758	263,350
United States	357,578	51,095
Total commitments and financial guarantees at 31 December	2,386,069	2,298,431

b) Liquidity risk and funding management

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

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The weekly liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Asset and Liability Committee ("ALCO"). A summary report, covering the Group and operating subsidiaries, including any exceptions and remedial action taken, is submitted monthly to ALCO. Furthermore, APICORP has a board-approved Contingency Funding Plan (CFP) to define relevant actions and responsibilities should the Corporation encounter a severe liquidity crisis. The Group should monitor the triggers and early warning indicators for activating the Contingency Funding Plan, along with the associated strategies for addressing liquidity shortfalls.

The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Treasury Department then provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities and placements with banks, to ensure that sufficient liquidity is maintained within the Group as a whole

Analysis of undiscounted financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of Group's financial liabilities on 31 December 2023 and 31 December 2022, based on contractual undiscounted repayment obligations. The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of liabilities have been determined based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows:

2023	Within 3 months	3-12 months	1-5 years	Over 5 years	Contractual Outflows	Carrying Value
Liabilities						
Deposits	(1,093,708)	(190,604)	-	-	(1,284,312)	(1,270,431)
Securities sold under agreements to repurchase	-	(51,782)	(456,726)	-	(508,508)	(500,520)
Bank term financing	-	-	(971,174)	-	(971,174)	(957,578)
Sukuk and bonds issued	(19,567)	(653,321)	(3,013,661)	-	(3,686,549)	(3,653,558)
	(1,113,275)	(895,707)	(4,441,561)	-	(6,450,543)	(6,382,087)
Derivative instruments						
Negative fair value of derivatives	(31,523)	(3,957)	(182,213)	(13,472)	(231,165)	(231,165)
Off-balance sheet exposures	(180,777)	(655,863)	(1,186,438)	(362,991)	(2,386,069)	(2,386,069)
	(1,325,575)	(1,555,527)	(5,810,212)	(376,463)	(9,067,777)	(8,999,321)

b) Liquidity risk and funding management (continued)

2022	Within 3 months	3-12 months	1-5 years	Over 5 years	Contractual Outflows	Carrying Value
Liabilities						
Deposits	(1,043,430)	-	-	-	(1,043,430)	(958,811)
Securities sold under agreements to repurchase	(84,944)	-	(54,816)	-	(139,760)	(135,310)
Bank term financing	(250,000)	-	(30,863)	-	(280,863)	(251,099)
Sukuk and bonds issued	(1,104,140)	(466,777)	(2,697,047)	-	(4,267,964)	(4,208,960)
	(2,482,514)	(466,777)	(2,782,726)	-	(5,732,017)	(5,554,180)
Derivative instruments						
Interest rate swaps	(261,980)	(32,607)	-	-	(294,587)	(294,587)
Forward contracts	(800)	-	-	-	(800)	(800)
Off-balance sheet exposures	(329,297)	(702,730)	(476,031)	(400,739)	(2,298,431)	(2,298,431)
	(3,074,591)	(1,202,114)	(3,258,757)	(400,739)	(8,325,835)	(8,147,998)

The maturity profile of the Group's assets and liabilities is set out below.

31 December 2023	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	211,575	-	-	-	211,575
Placements with banks, net	331,865	-	175,986	-	507,851
Asset held for sale	12,643	-	-	-	12,643
Positive fair value of derivatives	16,918	9,327	38,466	2,092	66,803
Loans and advances, net	105,156	318,085	2,139,281	2,086,101	4,648,623
Investments, net	1,033,886	110,332	1,246,522	1,951,251	4,341,991
Equity accounted investee, net	-	-	-	54,429	54,429
Other assets	253	1,358	2,044	-	3,655
Property and equipment and right of use assets	-	-	-	33,847	33,847
Total assets	1,712,296	439,102	3,602,299	4,127,720	9,881,417
Liabilities					
Deposits	(1,087,066)	(183,365)	-	-	(1,270,431)
Securities sold under repurchase agreements	(1,484)	(49,500)	(449,536)	-	(500,520)
Negative fair value of derivatives	(31,523)	(3,957)	(182,213)	(13,472)	(231,165)
Other liabilities	(1,271)	(4,878)	(93,073)	-	(99,222)
Term financing	(5,553)	(2,025)	(950,000)	-	(957,578)
Sukuk and bonds issued	-	(631,736)	(3,021,822)	-	(3,653,558)
Off-balance sheet exposures					
Commitments to underwrite and fund loans	(105,885)	(504,981)	(948,489)	(357,578)	(1,916,933)
Letters of credit	(12,387)	(93,650)	(25,000)	-	(131,037)
Letters of guarantee	(266,670)	-	-	-	(266,670)
Commitments to subscribe capital investments	-	-	(69,864)	-	(69,864)
Other commitments	-	(1,565)	-	-	(1,565)
Total liabilities	(1,511,839)	(1,475,657)	(5,739,997)	(371,050)	(9,098,543)
Maturity gap	200,457	(1,036,555)	(2,137,698)	3,756,670	782,874

b) Liquidity risk and funding management (continued)

31 December 2022	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	21,552	-	-	-	21,552
Placements with banks, net	562,232	-	224,039	-	786,271
Positive fair value of derivatives	37,506	26,055	38,412	8,582	110,555
Loans and advances	153,296	378,959	2,057,218	1,640,253	4,229,726
Investments, net	591,784	562,977	1,172,322	1,264,522	3,591,605
Associates	-	-	-	68,127	68,127
Other assets	3,284	-	-	-	3,284
Property and equipment and right of use assets	-	-	-	42,772	42,772
Total assets	1,369,654	967,991	3,491,991	3,024,256	8,853,892
Liabilities					
Deposits	(958,811)	-	-	-	(958,811)
Securities sold under agreements to repurchase	(85,197)	-	(50,113)	-	(135,310)
Negative fair value of derivatives	(26,059)	(2,668)	(258,401)	(7,459)	(294,587)
Other liabilities	(18,944)	(30,261)	-	(35,343)	(84,548)
Term financing	-	(1,099)	(250,000)	-	(251,099)
Sukuks and Bonds issued	-	(876,968)	(3,331,992)	-	(4,208,960)
Off-balance sheet exposures:					
Commitments to underwrite and fund loans	(132,993)	(420,713)	(717,096)	(393,659)	(1,664,461)
Letters of credit	(145,898)	(213,066)	(25,000)	-	(383,964)
Letters of guarantee	(174,714)	-	-	-	(174,714)
Commitments to subscribe capital investments	-	-	(68,910)	-	(68,910)
Other commitments	-	(6,382)	-	-	(6,382)
Total liabilities	(1,542,616)	(1,551,157)	(4,701,512)	(436,461)	(8,231,746)
Maturity Gap	(172,962)	(583,166)	(1,209,521)	2,587,795	622,146

The entire portfolio of placements with bank, investments held at FVTPL, is classified within demand and less than one month based on management's assessment of the portfolio's realisability.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment disclosed in the above maturity analysis, because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit as included in the above maturity table does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

Management believes that despite a substantial portion of deposits, diversification of these deposits by type of depositors, and the past experience of the Group would indicate that these deposit accounts provide a long-term and stable source of funding for the Group.

c) Market risk management

Market risk is the risk that changes in market factors, such as interest rate, equity prices and foreign exchange rates will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis.

Market Risk metrics are measured and monitored on a continuous basis through the use of dedicated systems approved by ALCO. Treasury & Capital Market department take appropriate steps to maintain and update market risk systems to monitor and manage market risks as well as to conduct stress tests. In addition to Board level limits, Early Warning Indicators are established within the Board limits to permit proactive management of market risk.

The Corporation holds (but currently does not actively trade) debt and equity securities. Treasury activities are controlled by the ALCO and are also subject to a framework of Board-approved currency, industry and geographical limits and ratings by credit rating agencies.

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates, foreign exchange rates and equity prices.

Interest rate risk: Loans and advances are normally denominated in United States dollars, as is the Corporation's funding, and interest rates for both are normally linked to SOFR. The Corporation's exposure to interest rate fluctuations on certain financial assets and liabilities is also hedged by entering into interest rate swap agreements.

Exposure to interest rate risk is restricted by permitting only a limited mismatch between the re-pricing of the main components of the Corporation's assets and liabilities. Corporation monitors on a regular basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The repricing profile of the Group's interest-bearing financial assets and financial liabilities at 31 December was as follows:

31 December 2023	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Placements with banks	329,829	-	-	-	329,829
Debt securities at FVOCI					
Floating-rate bonds	171,445	19,761	-	-	191,206
Loans and advances					
US\$ denominated	3,168,826	1,354,000	-	42,187	4,565,013
Non US\$ denominated	66,417	20,844	-	-	87,261
Liabilities					
Deposits					
US\$ denominated	(934,357)	(178,000)	-	-	(1,112,357)
Securities sold under agreements to repurchase	(449,536)	(48,572)	-	-	(498,108)
	(600,000)	(350,000)	-	-	(950,000)
Bank term financing					
Sukuks and Bonds issued	(1,708,651)	(1,944,907)	-	-	(3,653,558)
Interest rate sensitivity gap	43,973	(1,126,874)	-	42,187	(1,040,714)
Cumulative gap	43,973	(1,082,901)	(1,082,901)	(1,040,714)	

c) Market risk management (continued)

31 December 2022	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Placements with banks	235,000	50,000	-	-	285,000
Debt securities at FVOCI					
Floating-rate bonds	74,106	-	-	-	74,106
Loans and advances					
US\$ denominated	2,738,557	1,798,742	-	44,220	4,581,519
Non US\$ denominated	103,493	26,665	-	-	130,158
Liabilities					
Deposits					
US\$ denominated	(831,102)	-	-	-	(831,102)
Securities sold under agreements to repurchase	(84,944)	-	(50,006)	-	(134,950)
Bank term financing	-	-	(250,000)	-	(250,000)
Sukuks and Bonds issued	(2,268,322)	(1,900,137)	-	-	(4,168,459)
Interest rate sensitivity gap	(33,212)	(24,730)	(300,006)	44,220	(313,728)
Cumulative gap	(33,212)	(57,942)	(357,948)	(313,728)	

Non-derivative financial assets and liabilities

The Group's exposure to its floating non-derivative financial assets and liabilities is linked to SOFR.

Derivatives

The Group's interest rate derivative instruments have floating legs predominantly linked to USD LIBOR. Such instruments are governed by the International Swaps and Derivatives Association (ISDA) Master Agreements. ISDA has defined a fall-back logic (ISDA protocol) to replace the LIBOR fixings following the transition. These fall-back rates are published by Bloomberg Index Securities Limited for use in legacy derivatives contracts. The existing contracts can be transitioned to these alternatives. During 31 December 2023, interest rate derivative instruments are linked to SOFR.

The Group has applied the hedging relief available under the amendments to IFRS 9 Financial Instruments relating to interest rate benchmark reforms and assessment of economic relationship between hedged items and hedging instruments.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Corporation's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a periodic basis include a 100 basis point (bp) parallel fall or 100 basis point (bp) rise in all yield curves worldwide. An analysis of sensitivity of the Corporation's consolidated statement of income and equity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant consolidated statement of financial position) is as follows:

	100 bp parallel increase		100 bp parallel decrease	
	Income	Equity	Income	Equity
At 31 December 2023	16,801	334	(16,801)	(334)
At 31 December 2022	1,289	(82)	(1,289)	82

At reporting date, the interest rate profile of the Corporation's interest-bearing financial instruments was:

	2023	2022
Fixed rate instruments		
Financial assets	5,903,129	6,369,732
Financial liabilities	(5,493,996)	(4,717,080)
	409,133	1,652,652
Variable rate instruments		
Financial assets	8,156,623	6,446,565
Financial liabilities	(6,764,694)	(6,347,407)
	1,391,929	99,158

Currency risk is minimised by regular review of exposures to currencies other than United States dollars to ensure that no significant positions are taken, which may expose the Corporation to undue risks. Currently, there is no trading in foreign exchange. Risk Management Committee monitors and assess all market risk metrics semi-annually including, interest rate risk, forex risk, credit spread risk, and equity price risk, along with any recorded limit breaches.

An analysis of the Corporation's consolidated statement of income sensitivity to 5% strengthening or 5% weakening of US dollar against major un-pegged foreign currencies is shown below. This analysis assumes that all other variables, in particular interest rates, remain same.

At 31 December 2023	5% strengthening of USD	5% weakening of USD
EGP	(186)	186
EUR	(264)	264
GBP	(788)	788
KWD	(8,122)	8,122

At 31 December 2022

EGP	(147)	147
EUR	1	(1)
GBP	(56)	56
KWD	18	(18)

The Corporation's net currency exposures are as follows:

31 December 2023	31 December 2023	31 December 2022		
	Assets	Liabilities and equity	Net Exposure	Net Exposure
Assets, Liabilities and Equity				
United States dollar	9,164,639	(9,778,125)	(613,486)	(291,550)
Euro	5,541	-	5,541	258
Other OECD currencies	20,458	-	20,458	(114,422)
Asia Pacific currencies	1,851	(85,941)	(84,090)	-
Arab currencies				
GCC currencies	688,928	(17,351)	671,577	405,714
	9,881,417	(9,881,417)	-	-

c) Market risk management (continued)

	31 December 2023	31 December 2022
Commitments and Guarantees		
United States dollar	2,326,673	2,235,461
Saudi Riyal	44,877	45,656
Kuwaiti Dinar	14,519	17,314
	2,386,069	2,298,431

GCC

The member states of the Gulf Co-operation Council are: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Their currencies except for Kuwait are pegged against the United States dollar.

Significant exchange rates

The following year-end rates have been used in translating other currencies to United States dollars:

		2023	2023
Euro	EUR 1=US\$	1.1016	1.0612
Saudi riyal	SAR 1=US\$	0.2666	0.2666
Swiss franc	CHF 1=US\$	1.1497	0.9290
British pound	GBP 1=US\$	1.2851	1.2018
Egyptian pound	EGP 1=US\$	0.0323	0.0404

Since the Group's net foreign currency exposures to currencies other than US dollar and GCC currencies is not significant, the sensitivity of fluctuation in the currencies will not be significant.

Equity prices risk is the risk that Corporations quoted equity investments will depreciate in value due to movements in the quoted equity prices. The overall authority of equity prices risk management is vested in ALCO. APICORP manages the equity risk by reducing its exposure to public equities except in relatively longer-term strategic and mandate-driven investment, which are not influenced by short-term market movements. Strategic investment in managed funds and trading equity investments are managed by the investments and / or portfolio management teams, are monitored separately by Risk and compliance department. Periodical listed equity prices movements are reviewed by executive management and ALCO.

Fair valuation of managed Fund are monitored by the Investment department. Details of unobservable inputs are disclosed under note 30 of these consolidated financial statements.

The effect on the Group's investments due to reasonable possible change in market indices, with all other variables held constant is as follows:

Security Types	31 December 2023		31 December 2022	
	Change in investment price %	Effect in USD '000	Change in investment price %	Effect in USD '000
Equity securities at FVOCI – Retained earnings				
Unlisted equities	+/- 5	49,045 / (49,045)	+/- 5	49,917 / 49,917
Listed equities	+/- 5	6,733 / (6,733)	+/- 5	5,211 / (5,211)
Investments at FVTPL – Statement of income				
Unlisted equities	+/- 5	2,564 / (2,564)	+/- 5	1,520 / (1,520)
Listed equities	+/- 5	9,784 / (9,784)	+/- 5	106 / (106)

d) 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 has 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 Corporation. A strong internal audit function makes regular, independent appraisals of the control environment in all identified risk areas. Adequately tested contingency arrangements are also in place to support operations in the event of a range of possible disaster scenarios.

e) Capital management

The Corporation manages its capital to ensure that entities in the Corporation will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances. The capital structure of the Corporation consists of net debt and equity of the Corporation. The Corporation is not subject to any externally imposed capital requirements.

29. Effective Interest Rates

The weighted average effective interest rates of the Group's financial instruments at the reporting date were:

	2023	2022
Interest-bearing financial assets	3.12%	3.18%
Fixed-rate bonds	6.56%	5.91%
Floating-rate bonds	5.21%	3.19%
Placements with banks	7.54%	3.68%
Loans and advances	7.54%	3.67%
US dollar denominated	7.50%	4.38%
Non-US dollar denominated		
Interest-bearing financial liabilities		
Deposits from banks	5.77%	4.17%
Deposits from corporates	5.79%	4.48%
Deposits from shareholders	6.11%	5.14%
Securities sold under repurchase agreements	6.16%	4.72%
Bank term financing	6.06%	4.05%
Sukuk and Bonds	2.61%	2.54%
US\$ SOFR as at 31 December was:		
One-month	5.35%	4.39%
Three-month	5.33%	4.77%
Six-month	5.16%	5.14%

30. Fair Value Hierarchy and Classification of Financial Instruments

a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

The table below analyses financial instruments, measured at fair value as at the end of the year, by level in the fair value hierarchy into which the fair value measurement is categorized:

31 December 2023	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Loans and advances at FVTPL	152,296	-	-	152,296	152,296
Debt securities at FVOCI:					
• Treasury Bill	878,386	-	878,386	-	878,386
• Fixed-rate bonds	1,844,743	-	1,844,743	-	1,844,743
• Floating-rate bonds	188,666	-	188,666	-	188,666
Investments at FVTPL					
• Debt securities	46,060	46,060	-	-	46,060
• Managed funds	51,273	-	-	51,273	51,273
• Listed equities	195,687	195,687	-	-	195,687
Equity securities at FVOCI					
• Unlisted equities	980,907	-	-	980,907	980,907
• Listed equities	134,662	134,662	-	-	134,662
Positive fair value of derivatives					
• Interest rate swaps	66,803	-	66,803	-	66,803
	4,539,483	376,409	2,978,598	1,184,476	4,539,483
Financial assets not measured at fair value					
Cash and cash equivalents	211,575	-	-	211,575	211,575
Placements with banks, net	507,851	-	-	507,851	507,851
Loans and advances, net	4,496,327	-	-	4,496,327	4,496,327
	9,755,236	376,409	2,978,598	6,400,229	9,755,236
Financial liabilities measured at fair value					
Negative fair value of derivatives					
Interest rate swaps	231,165	-	231,165	-	231,165
Financial liabilities not measured at fair value					
Deposits	1,270,431	-	-	1,270,431	1,270,431
Securities sold under repurchase agreements	500,520	-	-	500,520	500,520
Term financing	957,578	-	957,578	-	957,578
Sukuk and bonds issued	3,653,558	-	3,653,558	-	3,653,558
	6,613,252	-	4,842,301	1,770,951	6,613,252

b) Fair value hierarchy (continued)

31 December 2022 (Restated - Note 35)	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Loans and advances at FVTPL	155,145	-	-	155,145	155,145
Debt securities at FVOCI:					
• Treasury Bill	976,017	-	976,017	-	976,017
• Fixed-rate bonds	1,294,140	-	1,294,140	-	1,294,140
• Floating-rate bonds	176,807	-	176,807	-	176,807
Investments at FVTPL					
• Managed funds	30,408	-	-	30,408	30,408
• Listed equities	2,114	2,114	-	-	2,114
Equity securities at FVOCI					
• Unlisted equities	998,349	-	-	998,349	998,349
• Listed equities	104,229	104,229	-	-	104,229
Positive fair value of derivatives					
• Interest rate swaps	110,555	-	110,555	-	110,555
	3,847,764	106,343	2,557,519	1,183,902	3,847,764
Financial assets not measured at fair value					
Cash and cash equivalents	21,552	-	-	21,552	21,552
Placements with banks, net	786,271	-	-	786,271	786,271
Loans and advances, net	4,074,581	-	-	4,074,581	4,074,581
	8,730,168	106,343	2,557,519	6,066,306	8,730,168
Financial liabilities measured at fair value					
Negative fair value of derivatives					
Interest rate swaps	294,587	-	294,587	-	294,587
Financial liabilities not measured at fair value					
Deposits	958,811	-	-	958,811	958,811
Securities sold under repurchase agreements	135,310	-	-	135,310	135,310
Term financing	251,099	-	251,099	-	251,099
Sukuk and bonds issued	4,208,960	-	4,208,960	-	4,208,960
	5,848,767	-	4,754,646	1,094,121	5,848,767

Level 3 valuations are reviewed monthly by the Group's Chief Investment Committee who report to the Board of Directors on a monthly basis. The committee considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the financial services industry. In selecting the most appropriate valuation model the committee performs back testing and considers which model's results have historically aligned most closely to actual market transactions.

To value level 3 investments, the Group utilises comparable trading multiples. Management determines comparable public companies (peers) based on industry, size, developmental stage and strategy. Management then calculates a trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by its earnings before interest, taxes, depreciation and amortisation (EBITDA). The trading multiple is then discounted for considerations such as illiquidity and differences between the comparable companies based on company-specific facts and circumstances.

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Liabilities were discounted at the Group's own incremental borrowing rate. Liabilities due on demand were discounted from the first date that the amount could be required to be paid by the Group.

The valuation technique, inputs used in the fair value measurement of the financial assets and financial liabilities are as of 31 December 2023 are as follows:

Type	Accounting Classification	Valuation Technique
Investment held at FVOCI and equities	FVOCI	Fair valued using the broker quoted prices or estimating present value by discounting cash flows using adjusted discount rate.
Forward foreign exchange contracts and interest rate swaps	FVTPL	Forward foreign exchange contracts: Fair valued using discounted Notional techniques that use observable market data inputs for Foreign Exchange (FX) and yield curves. Interest rate swaps: The fair value is determined by discounting the future cash flows using observable market data inputs for yield curves.

The potential effect of using reasonable possible alternative assumptions for fair valuing equity investments classified as level 3 are summarised below:

Valuation technique used	Key unobservable inputs	Fair value at 31 December 2023	Weighted average input	Reasonable possible shift +/- (in average input)	Increase / (decrease) in valuation
Discounted cash flow & Market multiples approach	Illiquidity discount	1,184,476	10%-30%	+/- 1%	+1,972 / (1,972)
	Cost of equity		10%-20%	+/- 1%	+19,664 / (+19,664)
Valuation technique used	Key unobservable inputs	Fair value at 31 December 2022	Weighted average input	Reasonable possible shift +/- (in average input)	Increase / (decrease) in valuation
Discounted cash flow & Market multiples approach	Illiquidity discount	1,183,902	10%-15%	+/- 1%	+11,159 / (11,159)
	Cost of equity		10%-18%	+/- 1%	+27,340 / (27,340)

Valuation technique used for loans and advances held at FVTPL include in level 3 is discounted cash flow and for investments held at FVTPL is based on market approach (secondary market prices). Investment in listed equity securities held at FVOCI are valued using quoted market prices and investment in unlisted equity securities held a FVOCI are valued using discounted cash flows and market multiples. Sukuks and Bonds are valued using discounted cash flow techniques.

The management believes that the fair value of the Corporation's financial assets which are carried at amortized cost are not materially different from the carrying value due to the instruments are subject to floating rate interest and maturity of short term and these financial assets are fair valued at level 3 of fair value hierarchy. During the year ended 31 December 2023, management has revised certain valuation parameters based on the available information for the valuation of unlisted equity securities (level 3 recurring fair value measurement) relating to target growth rate, terminal value computation and weighted average cost of capital. There were no changes in valuation technique for other level 3 recurring fair value measurements during the year ended 31 December 2023.

Movement of Level 3 fair value measurements

	31 December 2023	31 December 2022
Balance at 1 January	1,183,902	781,849
Total gains or losses:		
In other comprehensive income	11,609	274,691
In profit and loss	5,323	2,508
Purchases	17,709	168,566
Sold	(34,067)	(43,712)
Balance at 31 December	1,184,476	1,183,902

There were no transfers between the levels of fair value hierarchies during the year.

The Group's derivatives are classified as Level 2 as they are valued using inputs that can be observed in the market.

c) Categories of financial instruments

The following table summarizes the balances of financial assets and financial liabilities by measurement category in the consolidated statement of financial position as of 31 December:

31 December 2023	Amortised cost	FVTPL	FVOCI – equity securities	FVOCI – debt securities	Total carrying amount
Financial assets					
Cash and cash equivalents	211,575	-	-	-	211,575
Placement with banks, net	507,851	-	-	-	507,851
Positive fair value of derivatives	-	66,803	-	-	66,803
Loans and advances, net	4,496,327	152,296	-	-	4,648,623
Investments	-	293,020	1,115,569	2,933,402	4,341,991
Other assets	3,655	-	-	-	3,655
	5,219,408	512,119	1,115,569	2,933,402	9,780,498
Financial liabilities					
Deposits	1,270,431	-	-	-	1,270,431
Securities sold under agreements to repurchase	500,520	-	-	-	500,520
Negative fair value of derivatives	-	231,165	-	-	231,165
Other liabilities	99,222	-	-	-	99,222
Term financing	957,578	-	-	-	957,578
Sukuk and bonds issued	3,653,558	-	-	-	3,653,558
	6,481,309	231,165	-	-	6,712,474
31 December 2022					
Financial assets					
Cash and cash equivalents	21,552	-	-	-	21,552
Placement with banks, net	786,271	-	-	-	786,271
Positive fair value of derivatives	-	110,555	-	-	110,555
Investments	-	32,522	1,102,578	2,456,505	3,591,605
Loans and advances	4,074,581	155,145	-	-	4,229,726
Other assets	3,284	-	-	-	3,284
Total financial assets	4,885,688	298,222	1,102,578	2,456,505	8,742,993
Financial liabilities					
Deposits	958,811	-	-	-	958,811
Securities sold under agreements to repurchase	135,310	-	-	-	135,310
Negative fair value of derivatives	-	294,587	-	-	294,587
Other liabilities	84,548	-	-	-	84,548
Term financing	251,099	-	-	-	251,099
Sukuk and bonds issued*	4,208,960	-	-	-	4,208,960
Total financial liabilities	5,638,728	294,587	-	-	5,933,315

*Fixed rate sukuks and bond issued by the Corporation amounting USD 3.57 billion on which the Corporation was applying fair value hedge accounting were previously incorrectly disclosed as having been designated as financial liabilities measured at fair value through profit or loss. In the current period these sukuks and bonds issued are correctly disclosed as financial liabilities measured at amortised cost.

31. Segmental Information

Reportable segments

IFRS 8 – Operating Segments – requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Operating segments are identified based on internal reports about the components of the Group that are regularly reviewed by the Group's CEO in order to allocate resources to the segment and to assess its performance. Information reported to the Group's CEO for the purpose of resource allocation and assessment of performance is based on following strategic business units offering products and services to different markets.

The Group's primary business is conducted in Saudi Arabia.

The Group's reportable segments under IFRS 8 Operating Segments are therefore as follows:

Treasury and capital markets – manages the Group's liquidity, currency, and interest rate risks. It is also responsible for funding the Group's operations and managing the Group's fixed income portfolio and liquidity position.

Corporate banking – caters mainly to the banking requirements of corporate and institutional banking.

Corporate banking (Funding and Interest) – Asset liability management relating funding mismatch and interest rate risk repricing to ensure that funding cost is optimized and interest rate risk between interest bearing assets and liabilities is managed properly.

Investments – includes activities of the Group's equity securities, investment in its associates and subsidiaries.

Others – assets and liabilities held centrally due to their strategic significance to the Group.

31 December 2023	Treasury and Capital Markets	Corporate Banking	Corporate Treasury (Funding)	Corporate Treasury (Interest)	Investments	Others	Total
Segment assets	3,553,060	4,809,546	-	-	1,401,863	116,948	9,881,417
Segment liabilities	-	-	2,552,835	3,829,252	-	330,387	6,712,474
31 December 2022							
Segment assets	3,265,930	4,185,864	-	-	1,295,291	106,807	8,853,892
Segment liabilities	-	-	3,332,508	2,221,672	-	379,135	5,933,315
31 December 2023							
Interest income	169,476	354,318	-	-	-	-	523,794
Interest expense	(138,245)	(267,073)	26,177	40,751	-	-	(338,390)
Net interest income	31,231	87,245	26,177	40,751	-	-	185,404
Non interest income	571	5,847	-	-	113,729	84	120,231
Operating income	31,802	93,092	26,177	40,751	113,729	84	305,635
Operating expenses	-	-	-	-	(3,297)	(59,693)	(62,990)
Impairment charge	-	-	-	-	-	(17,304)	(17,304)
Net income / (loss) for the year	31,802	93,092	26,177	40,751	110,432	(76,913)	225,341
Attributable to:							
Shareholders of the Corporation							225,413
Non-controlling interest							(72)

Segmental Information (continued)

31 December 2022	Treasury and Capital Markets	Corporate Banking	Corporate Treasury (Funding)	Corporate Treasury (Interest)	Investments	Others	Total
Interest income	63,938	198,150	-	-	-	-	262,088
Interest expense	(53,557)	(106,690)	14,376	18,056	-	-	(127,815)
Net interest income	10,381	91,460	14,376	18,056	-	-	134,273
Non interest income	-	-	-	-	121,540	11,902	133,442
Operating income	10,381	91,460	14,376	18,056	121,540	11,902	267,715
Operating expenses	-	-	-	-	-	(60,641)	(60,641)
Impairment charge	-	-	-	-	-	(58,200)	(58,200)
Net income / (loss) for the year	10,381	91,460	14,376	18,056	121,540	(106,939)	148,874
Attributable to:							
Shareholders of the Corporation							150,544
Non-controlling interest							(1,670)

Geographical information

Geographical information is disclosed in Note 28 (a) of these consolidated financial statements.

Revenue from major products and services

Revenue from major products and services are disclosed in Notes 17,18 and 20 in the consolidated financial statements.

Information about major customers

No single customer contributed 10% or more to the Group's interest income for the year ended 31 December 2023 and 2022.

32. Dividends

The Board of Directors in the meeting held on 4 March 2023 proposed a cash dividend of US\$ 37 million for 2023, i.e. USD 24.67 per share (2022: Nil) which was approved in the ordinary general assembly meeting held on 5 April 2023. These dividends result in a net payment of US\$ 24.81 per share to the shareholders of the Group (2022: Nil per share). The Group has paid US\$ 24.2 million in cash and US\$ 5.6 million deposited under the name one of the shareholders, and the remaining declared dividends are still payable as of 31 December 2023.

33. Libor Transition (Profit Rate Benchmark Reforms)

A fundamental review and reform of major profit rate benchmarks is being undertaken globally. The International Accounting Standards Board ("IASB") has published, in two phases, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in order to address issues that might affect financial reporting after the reform of a profit rate benchmark, including the replacement of an existing London Inter-bank Offer Rate ("LIBOR") with an alternative Risk-Free Rate ("RFR").

Management had put in place a robust transition project for those contracts which reference LIBOR and to transition them to the alternate benchmarks as applicable. This transition project considered changes to systems, processes, risk management policies, and models, as well as accounting implications. Further, the Group has actively approached customers for awareness and led communication and negotiations with affected counterparties. As of December 31, 2023, all the impacted financial instruments have transitioned to alternate reference rate, i.e. Secured Overnight Financing Rate (SOFR).

34. Cash and Cash Equivalent

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

	31 December 2023	31 December 2022
Cash balances with banks and cash	91,949	21,552
Placements with banks that are cash and cash equivalent (less than 90 days original maturity)	119,626	-
Total	211,575	21,552

35. Comparative Figures

During the current year, management has re-evaluated the presentation of certain line items in the consolidated statement of financial position and consolidated statement of cash flow in the prior years to determine if such transactions have been presented appropriately in line with the requirements of International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia. Where necessary, changes in presentation were made in accordance with IAS 1 - Financial Statement Presentation ("IAS 1") and IAS 8 - Accounting policies, changes in accounting estimates and errors ("IAS 8").

a) Presentation of assets and liabilities based on order of liquidity

In the prior year, assets and liabilities were presented in order of liquidity in the consolidated statement of financial position in accordance with the requirements of IAS 1. However, certain line items in the statement of financial position were not appropriately presented in order of liquidity. The prior year statement of financial position has been restated to reorder certain line items to ensure the presentation of line items in the statement of financial position are presented in order of liquidity.

b) Presentation of derivatives which were included in other assets and other liabilities

In prior years, derivatives were classified within other assets and other liabilities on the face of the consolidated statement of financial position. Further, derivatives are more liquid than other items included in other assets and other liabilities. IAS 1 requires financial assets and financial liabilities to be presented separately and therefore, management reclassified the derivatives balances from other assets and other liabilities and presented these separately on the face of the consolidated statement of financial position.

c) Presentation of certain line items in the statement of cash flows

Management reassessed the classification of cash flows items between operating, investing and financing activities in the consolidated statement of cash flows. Given the business of the Corporation is that of a financial institution certain adjustments were made to the presentation and as a result the prior period amounts in the consolidated statement of cash flows were restated for the following adjustments:

i. Presentation of cash flows on a net basis for loans and advances

Cash flows related to loans and advances made to customers and the repayment of those loans and advances are presented on a net basis in financial institutions. In prior years, these amounts were presented on a gross basis and not on a net basis. During the period, these amounts have been presented on a net basis and as such the prior period amounts have been restated.

ii. Presentation of dividend received as investing activities

In the prior year, dividend income received was presented under investing activities yet the business of the Corporation is that of a financial institution and IAS 7 - Statement of Cash Flows ("IAS 7") requires dividend income received for financial institutions to be presented as part of operating cash flows. The year amount has therefore been restated to present the dividend income received as part of operating activities.

iii. Presentation of financing charges paid presented as financing activities

Similarly, in the prior year, financial charges paid were presented under financing activities, whereas IAS 7 requires finance charges to be presented as operating cash flows for financial institutions. As a result, the prior year amount has been restated to include the finance charges paid as part of operating cash flows.

iv. Presentation of proceeds from deposits presented as financing activities

In a financial institution, cash flows related to proceeds from deposits are generally presented as part of operating activities. In the prior year, proceeds from deposits were presented under financing activities instead of operating activities. During the year, the proceeds from deposits have been presented under operating activities and as a result the prior period amount has been restated.

v. Presentation of cash flows from Investments

In prior years, cash flows from investments at fair value through profit and loss (FVTPL) which are held for trading were presented in investing activities instead of operating activities in the consolidated statement of cash flows. During the year, these cash flows have been presented in operating activities and the prior year consolidated statement of cash flows has been accordingly restated. Further, cash flows from investments at fair value through other comprehensive income (FVOCI) have been disclosed separately in investing activities based on the requirements of IAS 7.

The note below sets out the impact on the relevant line items in the consolidated statement of financial position for the year ended 31 December 2022 and 1 January 2022:

	31 December 2022			1 January 2022		
	As previously reported	Restatement	As restated	As previously reported	Restatement	As restated
Assets						
Cash and cash equivalent	21,552	-	21,552	51,052	-	51,052
Placements with banks, net	786,271	-	786,271	292,478	-	292,478
Positive fair value of derivatives (separately presented) - (b)	-	110,555	110,555	-	64,131	64,131
Loans and advances, net	4,229,726	-	4,229,726	4,643,571	-	4,643,571
Investments, net	3,591,605	-	3,591,605	2,769,048	-	2,769,048
Equity accounted investee, net	68,127	-	68,127	95,518	-	95,518
Property and equipment and right of use assets (previous order of liquidity) - (a)	42,772	(42,772)	-	50,317	(50,317)	-
Other assets - (b)	113,839	(110,555)	3,284	90,198	(64,131)	26,067
Property and equipment and right of use assets (restated order of liquidity) - (a)	-	42,772	42,772	-	50,317	50,317
Total assets	8,853,892	-	8,853,892	7,992,182	-	7,992,182
Liabilities						
Deposits	958,811	-	958,811	348,994	-	348,994
Securities sold under repurchase agreements	135,310	-	135,310	-	-	-
Negative fair value of derivatives (separately presented) - (b)	-	294,587	294,587	-	35,853	35,853
Other liabilities (restated order of liquidity) - (a) and (b)	-	84,548	84,548	-	151,181	151,181
Term financing	251,099	-	251,099	-	-	-
Sukuk and bonds issued	4,208,960	-	4,208,960	4,901,849	-	4,901,849
Other liabilities (previous order of liquidity) - (a) and (b)	379,135	(379,135)	-	187,034	(187,034)	-
Total liabilities	5,933,315	-	5,933,315	5,437,877	-	5,437,877

The note below sets out the impact on the relevant line items in the consolidated statement of cash flows for the year ended 31 December 2022:

	As previously reported	Restatement	As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in fair value of investments at FVTPL - (c) (v)	(4,321)	4,321	-
Loans and advances drawdown - (c) (i)	(2,332,626)	2,332,626	-
Loans and advances repayment - (c) (i)	2,714,646	(2,714,646)	-
Loans and advances, net - (c) (i)	-	387,739	387,739
Investment held at FVTPL (c) (v)	-	5,764	5,764
Dividend received - (c) (ii)	-	118,921	118,921
Finance charges paid - (c) (iii)	-	(98,794)	(98,794)
Proceed from deposits - (c) (iv)	-	740,628	740,628
Net cash generated from operating activities	10,682	776,559	787,241

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase on investments - (c) (v)	(2,712,289)	2,712,289	-
Sale and redemptions of investments - (c) (v)	2,056,373	(2,056,373)	-
Purchase of investments at FVOCI - (c) (v)	-	(2,674,186)	(2,674,186)
Sale and redemptions of investments at FVOCI - (c) (v)	-	2,002,466	2,002,466
Dividend received - (c) (ii)	118,921	(118,921)	-
Net cash used in investing activities	(520,030)	(134,725)	(654,755)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceed from deposits - (c) (iv)	3,914,520	(3,914,520)	-
Repayment of deposits - (c) (ii)	(3,173,892)	3,173,892	-
Finance charges paid - (c) (iii)	(98,794)	98,794	-
Net cash generated from / (used in) financing activities	479,848	(641,834)	(161,986)

The above restatements did not impact the consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in shareholders' equity.

36. Events After the End of the Reporting Period

There have been no events subsequent to the reporting date that would significantly affect the amounts reported in the consolidated financial statements as at and for the twelve-month period ended 31 December 2023.

37. Approval of the Consolidated Financial Statements

These consolidated financial statements were approved by the Management of the Group on 28 February 2024.



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