



## **Basel III Pillar III**

# **Qualitative & Quantitative Disclosures**

**December 31, 2021**

**KM1: Key metrics (at consolidated group level)**

| SAR (000)   |   | a                 | b                 | c                 | d                 | e                 |
|---|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   |   | 31-Dec-21         | 30-Sep-21         | 30-Jun-21         | 31-Mar-21         | 31-Dec-20         |
| <b>Available capital (amounts)</b>                                |   |                   |                   |                   |                   |                   |
| 1   | Common Equity Tier 1 (CET1) (excluding IFRS 9 Adjustment)                                 | 15,605,736        | 15,492,322        | 14,321,446        | 14,193,532        | 14,135,294        |
| 1a  | Fully loaded ECL accounting model   | 14,783,180        | 14,669,766        | 13,498,890        | 13,370,976        | 13,312,738        |
| 2   | Tier 1 (excluding IFRS 9 Adjustment)  | 17,928,292        | 18,314,878        | 17,144,002        | 17,016,088        | 16,957,850        |
| 2a  | Fully loaded ECL accounting model Tier 1  | 17,105,736        | 17,492,322        | 16,321,446        | 16,193,532        | 16,135,294        |
| 3   | Total capital (Tier I+Tier II) (excluding IFRS 9 Adjustment)                              | 18,572,728        | 18,961,197        | 17,895,910        | 17,729,799        | 17,688,823        |
| 3a  | Fully loaded ECL accounting model total capital   | 17,750,172        | 18,138,641        | 17,073,354        | 16,907,243        | 16,866,267        |
| <b>Risk-weighted assets (amounts)</b>                             |   |                   |                   |                   |                   |                   |
| 4   | Total risk-weighted assets (RWA)-Pillar 1   | <b>85,165,308</b> | <b>84,214,002</b> | <b>79,809,997</b> | <b>79,619,888</b> | <b>79,537,458</b> |
| <b>Risk-based capital ratios as a percentage of RWA-Pillar 1</b>  |   |                   |                   |                   |                   |                   |
| 5   | Common Equity Tier 1 ratio (%)  | 18.32%            | 18.40%            | 17.94%            | 17.83%            | 17.77%            |
| 5a  | Fully loaded ECL accounting model Common Equity Tier 1 (%)                                | 17.36%            | 17.42%            | 16.91%            | 16.79%            | 16.74%            |
| 6   | Tier 1 ratio (%)  | 21.05%            | 21.75%            | 21.48%            | 21.37%            | 21.32%            |
| 6a  | Fully loaded ECL accounting model Tier 1 ratio (%)  | 20.09%            | 20.77%            | 20.45%            | 20.34%            | 20.29%            |
| 7   | Total capital ratio (%)   | 21.81%            | 22.52%            | 22.42%            | 22.27%            | 22.24%            |
| 7a  | Fully loaded ECL accounting model total capital ratio (%)                                 | 20.84%            | 21.54%            | 21.39%            | 21.23%            | 21.21%            |
| <b>Additional CET1 buffer requirements as a percentage of RWA</b> |   |                   |                   |                   |                   |                   |
| 8   | Capital conservation buffer requirement (2.5% from 2019) (%)                              | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             |
| 9   | Countercyclical buffer requirement (%)  | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| 10  | Bank G-SIB and/or D-SIB additional requirements (%)                                       | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| 11  | <b>Total of the Bank's CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)</b> | <b>2.50%</b>      | <b>2.50%</b>      | <b>2.50%</b>      | <b>2.50%</b>      | <b>2.50%</b>      |
| 12  | CET1 available after meeting the Bank's minimum capital requirements (%) (5-11)           | <b>15.82%</b>     | <b>15.90%</b>     | <b>15.44%</b>     | <b>15.33%</b>     | <b>15.27%</b>     |
| <b>Basel III leverage ratio</b>                                   |   |                   |                   |                   |                   |                   |
| 13  | Total Basel III leverage ratio exposure measure   | 111,800,003       | 109,706,289       | 108,692,552       | 105,986,796       | 109,609,327       |
| 14  | Basel III leverage ratio (%) (row 2 / row 13)   | 16.04%            | 16.69%            | 15.77%            | 16.05%            | 15.47%            |
| 14a   | Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row 13)          | <b>15.30%</b>     | <b>15.94%</b>     | <b>15.02%</b>     | <b>15.28%</b>     | <b>14.72%</b>     |
| <b>Liquidity Coverage Ratio</b>                                   |   |                   |                   |                   |                   |                   |
| 15  | Total HQLA  | 14,588,409        | 15,142,681        | 16,070,425        | 15,920,778        | 16,948,453        |
| 16  | Total net cash outflow  | 5,993,079         | 7,935,837         | 7,786,796         | 7,880,219         | 7,959,201         |
| 17  | LCR ratio (%)   | <b>243.42%</b>    | <b>190.81%</b>    | <b>206.38%</b>    | <b>202.03%</b>    | <b>212.94%</b>    |
| <b>Net Stable Funding Ratio</b>                                   |   |                   |                   |                   |                   |                   |
| 18  | Total available stable funding  | 65,622,239        | 66,866,571        | 64,784,589        | 62,062,448        | 63,596,940        |
| 19  | Total required stable funding   | 52,047,594        | 52,202,437        | 51,401,377        | 50,293,626        | 49,758,156        |
| 20  | NSFR ratio (%)  | <b>126.08%</b>    | <b>128.09%</b>    | <b>126.04%</b>    | <b>123.40%</b>    | <b>127.81%</b>    |

**B.1 - Table OVA: Bank risk management approach**

(a) **Business model determination and risk profile:** The name of the top corporate entity in the Group to which this disclosure applies is The Saudi Investment Bank (hereinafter called "the Bank" or "SAIB").

The Bank has the following three 100% owned subsidiaries:

- Alistithmar for Financial Securities and Brokerage Company, a limited liability company;
- Saudi Investment Real Estate Company, a limited liability company. The primary objective of the Company is to hold title deeds as collateral on behalf of the Bank for real estate related lending transactions; and
- Saudi Markets Limited Company, a limited liability company. The objective of the Company is to conduct derivatives and repurchase activities on behalf of the Bank.

The Bank has investments in the following three associates (where the Bank's investment is above 20% but not exceeding 50%):

- American Express (Saudi Arabia) (Amex)-(ASAL). ASAL is a limited liability company with Amex (Middle East), Bahrain. The principal activities of ASAL include the issuance of credit cards and the offer other American Express products in Saudi Arabia. The Bank holds a 50% interest.
- YANAL is a Saudi Arabian closed joint stock company in Saudi Arabia. The principal activities of YANAL include lease-financing services in Saudi Arabia. The Bank holds a 38% interest.
- Amlak International for Finance and Real Estate Development Co. (Amlak). Amlak is a Saudi Arabian joint stock company in Saudi Arabia and the Bank holds a 22.4% interest. The principal activities of Amlak include real estate finance products and services in KSA.

The Bank is subject to all laws and regulations of Saudi Arabia and is regulated by SAMA. The Bank also follows relevant regulations pertaining to the financial services industry issued by the Ministry of Commerce and Investment and the Capital Market Authority (CMA).

(b) **The risk governance structure:**

At the top level, the Board of Directors (The Board) is responsible for establishing the Bank's Corporate Governance processes and for approving the Bank's Risk Appetite and related risk management framework. It is also responsible for approving and implementing policies to ensure compliance with SAMA guidelines, International Reporting Standards (IFRS), and best industry practices including Basel guidelines. The Board has approved the Bank's Risk Management Guide Policy as an overarching Risk Policy Guide under which the Bank has a suite of policies such as the Risk Appetite Framework (RAF), Credit Policy Guide (CPG), Treasury Policy Guide (TPG), Stress Test Policy (STP), ICAAP Policy, Operational Risk and Fraud Risk and other related policies.

The Board is supported by the Board Risk Committee (BRC), a sub-committee of the Board, responsible for recommending policies for Board approval and for monitoring risks within the Bank.

At the management level, the Bank has various committees including the Enterprise Risk Management Committee (ERMC), Credit Committee (CC) and Asset Liability Committee (ALCO) which are responsible for various areas of risk management. Other committees include the ECL Committee, the Operational Risk Management Committee (ORMC), Financial Fraud Control Committee, Business Continuity Management Committee, Information Security Steering Committee and the Structured Solution Approval Committee (SSAC).

At the departmental level, the Bank has a Risk Management Group headed by the Chief Risk Officer (CRO) who is assisted by Assistant General Manager Retail Collection, and Chief Information Security Officer. At units level the Heads of Head of Risk Analytics & Monitoring, Market Risk, Credit Risk Review, Operational Risk, Retail Risk, Credit Administration, Legal Affairs, and Special Credit support the Department. The Business Continuity Management Department is being supervised by the COO, and the Fraud Prevention & Detection Department reports into the Head of Compliance.

In addition to the above, the Bank's internal audit function reports to the Board's Audit Committee and provides an independent validation of the business and support unit's compliance with risk policies and procedures and the adequacy and effectiveness of the Bank's risk management function.

(c) **Channels to communicate, decline and enforce the risk culture:** The Bank's Risk Culture encompasses the accepted norms of behavior for individuals and groups within the Bank that determine the collective ability to identify and understand, openly discuss, and act on the Bank's current and future risks. The Bank's RAF underlines the importance of the Bank's risk culture, which is grounded in shared values and common understanding, clear communication, and controls how each employee's activities contribute to the Bank's risk profile. The Bank's risk culture affects its risk taking behavior and is an important element of the RAF and Risk Appetite Statement (RAS) by ensuring the Bank's risk taking behavior is translated into measurable metrics. The Bank's RAF specifically includes zero tolerance relating to regulatory non-compliance risk, willful acts of violation of local laws, frauds/money laundering, and other actions which can adversely impact the reputation and business of the Bank.

(d) **The scope and main features of risk measurement systems:** The Bank uses various industry-standard IT systems to manage and measure its credit, market, operational, liquidity and other related risks. It also uses an industry standard tool for credit assessment and rating. In addition, it has several Bank specific models for measurement of various risks.

The Credit exposure for the Bank is measured and monitored using a centralized exposure management system. The analysis of the composition of the portfolio is presented to the Management and the Board Risk Committee on a periodic basis. The system is capable to provide extensive risk information related to composition of portfolio, concentrations of credit, and quality of credit portfolio.

(e) **Process of risk information reporting provided to the Board and senior management:** The Bank generates MIS and other regulatory reports covering various types of risks on a daily, weekly, fortnightly, monthly, quarterly, six-monthly and annual frequencies as required under various policies and procedures. The relevant reports are reviewed by senior management and by relevant management level Committees which are further reviewed and approved by the BRC and the Board, according to the Bank's well defined policies.

(f) **Qualitative information on stress testing:** The Bank has a comprehensive stress testing framework which follows effective stress testing practices and methodologies to make stress testing an integral part of the Bank's risk management function, as well as to meet SAMA regulatory requirements.

The Bank's Stress Testing activities are monitored through the ERMC and comprehensive Board approved Bank-wide STP has been implemented. In addition, in accordance with the STP a cross-functional Stress Testing Team (STT) has been established to conduct detailed stress testing with the results submitted to the ERMC for its review and feedback.

The Bank's Stress Testing framework specifies the frequency and schedule of stress tests and reporting of the stress test results in accordance with SAMA's requirements. Semi-annual stress tests reports are submitted to SAMA after review and approval by the Board. Top-down and bottom-up risk analyses and various stress tests are also performed to measure the impact of extreme, yet plausible events which enables holistic assessment of vulnerabilities of the Bank's strategy. At the request of SAMA, specific ad-hoc stress tests are also performed in order to measure capital adequacy under severe economic downturn scenarios.

(g) **The strategies and processes to manage, hedge and mitigate risks:** Various risk policies of the Bank lay down a detailed structure for managing, hedging and mitigating various types of risk such as credit risk, market risk, operational risk, Interest rate risk in banking book, counterparty credit risk, liquidity risk etc. The control over such activities is exercised from the Level of Board to the various committees at the management level.

## B.2 - Template OV1: Overview of RWA

| SAR (000) |  | a                 | b                  | c                            |
|-----------|--|-------------------|--------------------|------------------------------|
|           |  | RWA               |                    | Minimum capital requirements |
|           |  | December 31, 2021 | September 30, 2021 | December 31, 2021            |
| 1         | Credit risk (excluding counterparty credit risk) (CCR)                   | 78,735,767        | 78,519,292         | 6,298,861                    |
| 2         | Of which standardised approach (SA)                                      | 78,735,767        | 78,519,292         | 6,298,861                    |
| 3         | Of which internal rating-based (IRB) approach                            | -                 | -                  | -                            |
| 4         | Counterparty credit risk   | 316,927           | 387,470            | 25,354                       |
| 5         | Of which standardised approach for counterparty credit risk (SA-CCR)     | 316,927           | 387,470            | 25,354                       |
| 6         | Of which internal model method (IMM)                                     | -                 | -                  | -                            |
| 7         | Equity positions in banking book under market-based approach             | -                 | -                  | -                            |
| 8         | Equity investments in funds – look-through approach                      | -                 | -                  | -                            |
| 9         | Equity investments in funds – mandate-based approach                     | -                 | -                  | -                            |
| 10        | Equity investments in funds – fall-back approach                         | -                 | -                  | -                            |
| 11        | Settlement risk  | -                 | -                  | -                            |
| 12        | Securitisation exposures in banking book                                 | -                 | -                  | -                            |
| 13        | Of which IRB ratings-based approach (RBA)                                | -                 | -                  | -                            |
| 14        | Of which IRB Supervisory Formula Approach (SFA)                          | -                 | -                  | -                            |
| 15        | Of which SA/simplified supervisory formula approach (SSFA)               | -                 | -                  | -                            |
| 16        | Market risk  | 1,021,036         | 194,616            | 81,683                       |
| 17        | Of which standardised approach (SA)                                      | 1,021,036         | 194,616            | 81,683                       |
| 18        | Of which internal model approaches (IMM)                                 | -                 | -                  | -                            |
| 19        | Operational risk   | 5,091,578         | 5,112,624          | 407,326                      |
| 20        | Of which Basic Indicator Approach  | 5,091,578         | 5,112,624          | 407,326                      |
| 21        | Of which Standardised Approach   | -                 | -                  | -                            |
| 22        | Of which Advanced Measurement Approach                                   | -                 | -                  | -                            |
| 23        | Amounts below the thresholds for deduction (subject to 250% risk weight) | -                 | -                  | -                            |
| 24        | Floor adjustment   | -                 | -                  | -                            |
| 25        | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>                            | <b>85,165,308</b> | <b>84,214,002</b>  | <b>6,813,225</b>             |

**B.3 - Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories**

| SAR (000)                                       | a   | b   | c                                | d   | e                                       | f                                    | g  |
|---|---|---|----------------------------------|---|---|--------------------------------------|--|
|   | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Carrying values of items:        |   |   |                                      |  |
|   |   |   | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital |
| <b>Assets</b>                                   |   |   |                                  |   |   |                                      |  |
| Cash and balances with SAMA                     | 5,901,679   | 5,901,679   | 5,901,679                        | -   | -                                       | -                                    | -  |
| Due from banks and other financial institutions | 5,445,778   | 5,445,778   | 5,445,778                        | -   | -                                       | -                                    | -  |
| Investments, net                                | 28,841,751  | 28,841,751  | 28,841,751                       | -   | -                                       | -                                    | -  |
| Loans and advances, net                         | 57,803,114  | 57,803,114  | 58,447,550                       | -   | -                                       | -                                    | -  |
| Investments in associates                       | 883,700   | 883,700   | 883,700                          | -   | -                                       | -                                    | -  |
| Property, equipment, and intangibles, net       | 999,548   | 999,548   | 999,548                          | -   | -                                       | -                                    | -  |
| Positive fair values of derivatives             | 663,971   | 663,971   | -                                | 119,358                                       | -                                       | -                                    | -  |
| Other real estate                               | 451,981   | 451,981   | 451,981                          | -   | -                                       | -                                    | -  |
| Other assets                                    | 596,513   | 596,513   | 596,513                          | -   | -                                       | -                                    | -  |
| <b>Total assets</b>                             | <b>101,588,035</b>  | <b>101,588,035</b>                                      | <b>101,568,500</b>               | <b>119,358</b>                                | -                                       | -                                    | -  |
| <b>Liabilities</b>                              |   |   |                                  |   |   |                                      |  |
| Due to banks and other financial institutions   | 21,792,608  | -   | -                                | -   | -                                       | -                                    | 21,792,608   |
| Customer deposits                               | 61,514,882  | -   | -                                | -   | -                                       | -                                    | 61,514,882   |
| Term loans                                      | -   | -   | -                                | -   | -                                       | -                                    | -  |
| Subordinated debt                               | -   | -   | -                                | -   | -                                       | -                                    | -  |
| Negative fair values of derivatives             | 230,147   | -   | -                                | -   | -                                       | -                                    | 230,147  |
| Other liabilities                               | 1,748,923   | -   | -                                | -   | -                                       | -                                    | 1,748,923  |
| <b>Total liabilities</b>                        | <b>85,286,560</b>   | -   | -                                | -   | -                                       | -                                    | <b>85,286,560</b>  |
| Shareholders' equity                            | <b>14,801,475</b>   | -   | -                                | -   | -                                       | -                                    | 14,801,475   |
| Tier 1 Sukuk                                    | 1,500,000   | -   | -                                | -   | -                                       | -                                    | 1,500,000  |
| <b>Total liabilities and equity</b>             | <b>101,588,035</b>  |   |                                  |   |   |                                      | <b>101,588,035</b>   |

**B.4 - Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

| SAR (000) |   | a                  | b                     | c                        | d                                  | e                     |
|-----------|---|--------------------|-----------------------|--------------------------|------------------------------------|-----------------------|
|           |   | Total              | Items subject to:     |                          |                                    |                       |
|           |   |                    | Credit risk framework | Securitisation framework | Counterparty credit risk framework | Market risk framework |
| 1         | Asset carrying value amount under scope of regulatory consolidation (as per template LI1)       | 101,588,035        | 101,568,500           | -                        | 119,358                            | -                     |
| 2         | Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1) | -                  | -                     | -                        | -                                  | -                     |
| 3         | Total net amount under regulatory scope of consolidation  | 101,588,035        | 101,568,500           | -                        | 119,358                            | -                     |
| 4         | Off-balance sheet amounts   | 123,863,263        | 9,982,045             | -                        | -                                  | -                     |
| 5         | Differences in valuations   | -                  | -                     | -                        | -                                  | -                     |
| 6         | Differences due to different netting rules, other than those already included in row 2          | -                  | -                     | -                        | -                                  | -                     |
| 7         | Differences due to consideration of provisions  | 1,533,559          | 1,533,559             | -                        | -                                  | -                     |
| 8         | Differences due to prudential filters   | -                  | -                     | -                        | -                                  | -                     |
| 9         | Market Risk of FX Exposure  | -                  | -                     | -                        | -                                  | 1,021,036             |
| 10        | Derivatives   | 30,969,595         | 615,896               | -                        | 272,061                            | -                     |
| 11        | <b>Exposure amounts considered for regulatory purposes</b>                                      | <b>257,954,452</b> | <b>113,700,000</b>    | <b>-</b>                 | <b>391,420</b>                     | <b>1,021,036</b>      |

## B.5 - Table LIA: Explanations of differences between accounting and regulatory exposure amounts

(a) Explanation of significant differences between the amounts in columns (a) and (b) in LI1.

(b) Explanation of the origins of differences between carrying values and amounts considered for regulatory purposes shown in LI2.

Differences is due to consideration of provision amount.

(c) • **Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used.**

The Bank uses the following hierarchy in determining and disclosing the fair value of its financial instruments:

Level 1. Quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date (i.e., without modification or proxy).

Level 2. Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: Valuation techniques for which any significant input is not based on observable market data.

The valuation process is governed by separate policies and procedures approved by relevant Board and management committees.

• **Description of the independent price verification process.**

The Bank performs independent price verification for its investment portfolio using third party based price quotes and is performed by independent team under CRO.

• **Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).**

The Bank has no positions on its trading book as of Dec 2021.

| CC1 – Composition of regulatory capital  |  |   | Amounts subject to Pre - Basel III treatment | Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2 |
|--|--|---|--|--|
| Common template (transition) - Step 3 (Table 2(d)) i   |  |   |  |  |
| (From January 2013 to 2018 identical to post 2018) With amount subject to Pre- Basel III Treatment           |  |   |  |  |
| SAR (000)  |  | Components of regulatory capital reported by the bank |  |  |
| <b>Common Equity Tier 1 capital: Instruments and reserves</b>  |  |   |  |  |
| 1  | Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus  | 7,500,000   |  | C  |
| 2  | Retained earnings  | 3,740,412   |  | D + G  |
| 3  | Accumulated other comprehensive income (and other reserves)  | 3,561,063   |  | E  |
| 4  | Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)  | -   |  |  |
| 5  | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)   | -   |  |  |
| 6  | <b>Common Equity Tier 1 capital before regulatory adjustments</b>  | <b>14,801,475</b>                                     |  |  |
| <b>Common Equity Tier 1 capital: Regulatory adjustments</b>  |  |   |  |  |
| 7  | Prudential valuation adjustments   | -   |  |  |
| 8  | Goodwill (net of related tax liability)  | 18,295  |  | B  |
| 9  | Other intangibles other than mortgage-servicing rights (net of related tax liability)  | -   |  |  |
| 10   | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)  | -   |  |  |
| 11   | Cash-flow hedge reserve  | -   |  |  |
| 12   | Shortfall of provisions to expected losses   | -   |  |  |
| 13   | Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)  | -   |  |  |
| 14   | Gains and losses due to changes in own credit risk on fair valued liabilities  | -   |  |  |
| 15   | Defined-benefit pension fund net assets  | -   |  |  |
| 16   | Investments in own shares (if not already netted off paid-in capital on reported balance sheet)  | -   |  |  |
| 17   | Reciprocal cross-holdings in common equity   | -   |  |  |
| 18   | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)                      | -   |  |  |
| 19   | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)  | -   |  |  |
| 20   | Mortgage servicing rights (amount above 10% threshold)   | -   |  |  |
| 21   | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  | -   |  |  |
| 22   | Amount exceeding the 15% threshold   | -   |  |  |
| 23   | of which: significant investments in the common stock of financials  | -   |  |  |
| 24   | of which: mortgage servicing rights  | -   |  |  |
| 25   | of which: deferred tax assets arising from temporary differences   | -   |  |  |
| 26   | National specific regulatory adjustments   | -   |  |  |
|  | OF WHICH: [INSERT NAME OF ADJUSTMENT]  |   |  |  |
|  | OF WHICH:...   |   |  |  |
| 27   | <b>Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions</b>   | <b>-</b>  |  |  |
| 28   | <b>Total regulatory adjustments to Common equity Tier 1</b>  | <b>18,295</b>   |  |  |
| 29   | <b>Common Equity Tier 1 capital (CET1)</b>   | <b>14,783,180</b>                                     |  |  |
| <b>Additional Tier 1 capital: instruments</b>  |  |   |  |  |
| 30   | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus  | 1,500,000   |  |  |
| 31   | of which: classified as equity under applicable accounting standards   | 1,500,000   |  |  |
| 32   | of which: classified as liabilities under applicable accounting standards  | -   |  |  |
| 33   | Directly issued capital instruments subject to phase out from Additional Tier 1  | -   |  |  |
| 34   | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)  | -   |  |  |
| 35   | of which: instruments issued by subsidiaries subject to phase out  | -   |  |  |
| 36   | <b>Additional Tier 1 capital before regulatory adjustments</b>   | <b>1,500,000</b>                                      |  |  |
| <b>Additional Tier 1 capital: regulatory adjustments</b>   |  |   |  |  |
| 37   | Investments in own Additional Tier 1 instruments   | -   |  |  |
| 38   | Reciprocal cross-holdings in Additional Tier 1 instruments   | -   |  |  |
| 39   | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | -   |  |  |
| 40   | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)   | -   |  |  |
| 41   | National specific regulatory adjustments   | 822,556   |  |  |
| REGULATORY ADJUSTMENTS APPLIED TO ADDITIONAL TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT |  |   |  |  |
|  | OF WHICH:  |   |  |  |
|  | OF WHICH:...   |   |  |  |
| 42   | IFRS 9 transition added back-year 1  | -   |  |  |
| 43   | Total regulatory adjustments to Additional Tier 1 capital  | -   |  |  |
| 44   | <b>Additional Tier 1 capital (AT1)</b>   | <b>1,500,000</b>                                      |  |  |
| 45   | <b>Tier 1 capital (T1 = CET1 + AT1)</b>  | <b>17,105,736</b>                                     |  |  |

| CC1 – Composition of regulatory capital-continued  |  |                   |
|--|--|-------------------|
| Common template (transition) - Step 3 (Table 2(d)) ii  |  |                   |
| (From January 2013 to 2018 identical to post 2018) With amount subject to Pre- Basel III Treatment               |  |                   |
| SAR (000)  | Components of regulatory capital reported by the bank  |                   |
| <b>Tier 2 capital: instruments and provisions</b>  |  |                   |
| 46   | Directly issued qualifying Tier 2 instruments plus related stock surplus   | -                 |
| 47   | Directly issued capital instruments subject to phase out from Tier 2   | -                 |
| 48   | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)   | -                 |
| 49   | of which: instruments issued by subsidiaries subject to phase out  | -                 |
| 50   | Provisions   | 644,436           |
| 51   | <b>Tier 2 capital before regulatory adjustments</b>  | <b>644,436</b>    |
| <b>Tier 2 capital: regulatory adjustments</b>  |  |                   |
| 52   | Investments in own Tier 2 instruments  | -                 |
| 53   | Reciprocal cross-holdings in Tier 2 instruments  | -                 |
| 54   | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | -                 |
| 55   | Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)  | -                 |
| 56   | National specific regulatory adjustments   | -                 |
| REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT                |  |                   |
| OF WHICH: [INSERT NAME OF ADJUSTMENT]  |  |                   |
| OF WHICH: ...  |  |                   |
| 57   | <b>Total regulatory adjustments to Tier 2 capital</b>  | -                 |
| 58   | <b>Tier 2 capital (T2)</b>   | <b>644,436</b>    |
| 59   | <b>Total capital (TC = T1 + T2)</b>  | <b>17,750,172</b> |
| RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT                                    |  |                   |
| OF WHICH:  |  |                   |
| OF WHICH: ...  |  |                   |
| 60   | <b>Total risk weighted assets</b>  | <b>85,165,308</b> |
| <b>Capital ratios</b>  |  |                   |
| 61   | Common Equity Tier 1 (as a percentage of risk weighted assets)   | 17.36%            |
| 62   | Tier 1 (as a percentage of risk weighted assets)   | 20.09%            |
| 63   | <b>Total capital (as a percentage of risk weighted assets)</b>   | <b>20.84%</b>     |
| 64   | Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement expressed as a percentage of risk weighted assets)   |                   |
| 65   | of which: capital conservation buffer requirement  | n/a               |
| 66   | of which: bank specific countercyclical buffer requirement   | n/a               |
| 67   | of which: G-SIB buffer requirement   | n/a               |
| 68   | <b>Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)</b>  | <b>17.36%</b>     |
| <b>National minima (if different from Basel 3)</b>   |  |                   |
| 69   | National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)  | n/a               |
| 70   | National Tier 1 minimum ratio (if different from Basel 3 minimum)  | n/a               |
| 71   | National total capital minimum ratio (if different from Basel 3 minimum)   | n/a               |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b>  |  |                   |
| 72   | Non-significant investments in the capital of other financials   |                   |
| 73   | Significant investments in the common stock of financials  |                   |
| 74   | Mortgage servicing rights (net of related tax liability)   |                   |
| 75   | Deferred tax assets arising from temporary differences (net of related tax liability)  |                   |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>  |  |                   |
| 76   | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)   | 644,436           |
| 77   | Cap on inclusion of provisions in Tier 2 under standardized approach   | 930,639           |
| 78   | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)   |                   |
| 79   | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach  |                   |
| <b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b> |  |                   |
| 80   | Current cap on CET1 instruments subject to phase out arrangements  |                   |
| 81   | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)  |                   |
| 82   | Current cap on AT1 instruments subject to phase out arrangements   |                   |
| 83   | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)   |                   |
| 84   | Current cap on T2 instruments subject to phase out arrangements  |                   |
| 85   | <b>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</b>   | -                 |

Amounts subject to Pre - Basel III treatment

Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2

A

|   |
|---|
| 0 |
| 0 |
| 0 |

676,818

**CC2 – Reconciliation of regulatory capital to balance sheet**

| Balance sheet - Step 2 (Table 2(c))             |  |   |   |
|---|--|---|---|
|   | Balance sheet in<br>Published financial<br>statements<br>( C ) | Adjustment of banking<br>associates / other entities<br>( D ) | Under regulatory<br>scope of consolidation<br>( E ) |
| <b>Assets</b>                                   |  |   |   |
| Cash and balances at central banks              | 5,901,679  |   | 5,901,679   |
| Due from banks and other financial institutions | 5,445,778  |   | 5,445,778   |
| Investments, net                                | 28,841,751   |   | 28,841,751  |
| Loans and advances, net                         | 57,803,114   |   | 57,803,114  |
| <b>of which Collective provisions</b>           | <b>644,436</b>   | <b>0</b>  | <b>644,436</b>                                      |
| Investment in associates                        | 883,700  |   | 883,700   |
| Property and equipment, net                     | 1,350,532  |   | 1,350,532   |
| Other assets                                    | 1,361,481  |   | 1,361,481   |
| <b>of which goodwill</b>                        | <b>18,295</b>  | <b>0</b>  | <b>18,295</b>                                       |
| <b>Total assets</b>                             | <b>101,588,035</b>   | <b>0</b>  | <b>101,588,035</b>                                  |
| <b>Liabilities</b>                              |  |   |   |
| Due to Banks and other financial institutions   | 21,792,608   |   | 21,792,608  |
| Customer deposits                               | 61,514,882   |   | 61,514,882  |
| Debt securities in issue                        | -  |   | -   |
| <b>of which Tier 2 capital instruments</b>      | <b>0</b>   | <b>0</b>  | <b>0</b>  |
| Borrowings                                      | -  |   | -   |
| Other liabilities                               | 1,979,070  |   | 1,979,070   |
| <b>Subtotal</b>                                 | <b>85,286,560</b>  | <b>0</b>  | <b>85,286,560</b>                                   |
| <b>Paid up share capital</b>                    |  |   |   |
| <b>of which amount eligible for CET1</b>        | <b>7,500,000</b>   |   | <b>7,500,000</b>                                    |
| <b>of which amount eligible for AT1</b>         | <b>-</b>   | <b>-</b>  | <b>-</b>  |
| Statutory reserves                              | 2,999,000  |   | 2,999,000   |
| Treasury Shares                                 | -  |   | -   |
| Other reserves                                  | 562,063  |   | 562,063   |
| <b>of which: Employee stock option shares</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>  |
| Retained earnings                               | 715,412  |   | 715,412   |
| <b>of which: Goodwill</b>                       | <b>18,295</b>  | <b>-</b>  | <b>18,295</b>                                       |
| Minority Interest                               | -  |   | -   |
| Proposed dividends / Bonus shares               | 3,025,000  |   | 3,025,000   |
| Tier 1 Sukuk                                    | 1,500,000  |   | 1,500,000   |
| <b>Total liabilities and equity</b>             | <b>101,588,035</b>   | <b>-</b>  | <b>101,588,035</b>                                  |

**CC2 – Reconciliation of regulatory capital to balance sheet**
**Balance sheet - Step 1 (Table 2(b))**

|   | Balance sheet in Published<br>financial statements | Adjustment<br>of banking<br>associates /<br>other entities | Under regulatory scope<br>of consolidation |
|---|--|--|--|
|   | ( C )  | ( D )  | ( E )                                      |
| <b>Assets</b>                                   |  |  |  |
| Cash and balances at central banks              | 5,901,679  |  | 5,901,679                                  |
| Due from banks and other financial institutions | 5,445,778  |  | 5,445,778                                  |
| Investments, net                                | 28,841,751   |  | 28,841,751                                 |
| Loans and advances, net                         | 57,803,114   |  | 57,803,114                                 |
| Investment in associates                        | 883,700  |  | 883,700                                    |
| Property and equipment, net                     | 1,350,532  |  | 1,350,532                                  |
| Other assets                                    | 1,361,481  |  | 1,361,481                                  |
| <b>Total assets</b>                             | <b>101,588,035</b>                                 | <b>0</b>   | <b>101,588,035</b>                         |
| <b>Liabilities</b>                              |  |  |  |
| Due to Banks and other financial institutions   | 21,792,608   |  | 21,792,608                                 |
| Customer deposits                               | 61,514,882   |  | 61,514,882                                 |
| Debt securities in issue                        | -  |  | -  |
| Borrowings                                      | -  |  | -  |
| Other liabilities                               | 1,979,070  |  | 1,979,070                                  |
| <b>Total liabilities</b>                        | <b>85,286,560</b>                                  | <b>0</b>   | <b>85,286,560</b>                          |
| Paid up share capital                           | 7,500,000  |  | 7,500,000                                  |
| Statutory reserves                              | 2,999,000  |  | 2,999,000                                  |
| Treasury Shares                                 | -  |  | -  |
| Other reserves                                  | 562,063  |  | 562,063                                    |
| Retained earnings                               | 715,412  | -  | 715,412                                    |
| Proposed dividends / Bonus shares               | 3,025,000  |  | 3,025,000                                  |
| Tier 1 Sukuk                                    | 1,500,000  |  | 1,500,000                                  |
| <b>Total liabilities and equity</b>             | <b>101,588,035</b>                                 | <b>0</b>   | <b>101,588,035</b>                         |

**CCA – Main features of regulatory capital instruments and of other TLAC- eligible instruments**

| Main features template of regulatory capital instruments - (Table 2(e-2/4)) |   |   |
|---|---|---|
| 1   | Issuer  | Saudi Investment Bank   |
| 2   | Unique identifier (e.g. CUSPIN, ISIN or Bloomberg identifier for private placement)                           | N/A   |
| 3   | Governing law(s) of the instrument  | The instrument is governed by the laws of the Kingdom of Saudi Arabia   |
|   | Regulatory treatment  |   |
| 4   | Transitional Basel III rules  | Additional Tier 1   |
| 5   | Post-transitional Basel III rules   | Eligible  |
| 6   | Eligible at solo/group/group&solo   | GROUP and Solo  |
| 7   | Instrument type   | Subordinated Sukuk  |
| 8   | Amount recognized in regulatory capital (SAR "000", as of most recent reporting date)                         | 285,000   |
| 9   | Par value of instrument   | SAR 1,000   |
| 10  | Accounting classification   | Equity  |
| 11  | Original date of issuance   | June 6, 2017  |
| 12  | Perpetual or dated  | Perpetual   |
| 13  | Original maturity date  | N/A   |
| 14  | Issuer call subject to prior supervisory approval   | Yes   |
| 15  | Option call date, contingent call dates and redemption amount   | June 6, 2022  |
| 16  | Subsequent call dates if applicable   | Any profit distribution dates after the first call date   |
|   | Coupons / dividends   |   |
| 17  | Fixed or Floating dividend/coupon   | N/A   |
| 18  | Coupon rate and any related index   | N/A   |
| 19  | Existence of a dividend stopper   | Yes   |
| 20  | Fully discretionary, partially discretionary or mandatory   | Fully Discretionary   |
| 21  | Existence of step up or other incentive to redeem   | None  |
| 22  | Non cumulative or cumulative  | Non cumulative  |
| 23  | Convertible or non-convertible  | Non-convertible   |
| 24  | If convertible, conversion trigger (s)  | NA  |
| 25  | If convertible, fully or partially  | NA  |
| 26  | If convertible, conversion rate   | NA  |
| 27  | If convertible, mandatory or optional conversion  | NA  |
| 28  | If convertible, specify instrument type convertible into  | NA  |
| 29  | If convertible, specify issuer of instrument it converts into   | NA  |
| 30  | Write-down feature  | Yes   |
| 31  | If write-down, write-down trigger (s)   | Terms of contract of the instrument provide the legal basis for SAMA to trigger write-down (a contractual approach) |
| 32  | If write-down, full or partial  | Written down fully or partial   |
| 33  | If write-down, permanent or temporary   | Permanent   |
| 34  | If temporary write-down, description of the write-up mechanism  | N/A   |
| 35  | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Subordinated, Senior and Tier II subordinated sukukholders are senior to this instrument                            |
| 36  | Non-compliant transitioned features   | N/A   |
| 37  | If yes, specify non-compliant features  | NA  |

**CCA – Main features of regulatory capital instruments and of other TLAC- eligible instruments**

| Main features template of regulatory capital instruments - (Table 2(e-3/4)) |   |   |
|---|---|---|
| 1   | Issuer  | Saudi Investment Bank   |
| 2   | Unique identifier (e.g. CUSPIN, ISIN or Bloomberg identifier for private placement)                           | N/A   |
| 3   | Governing law(s) of the instrument  | The instrument is governed by the laws of the Kingdom of Saudi Arabia   |
|   | Regulatory treatment  |   |
| 4   | Transitional Basel III rules  | Additional Tier 1   |
| 5   | Post-transitional Basel III rules   | Eligible  |
| 6   | Eligible at solo/group/group&solo   | GROUP and Solo  |
| 7   | Instrument type   | Subordinated Sukuk  |
| 8   | Amount recognized in regulatory capital (SAR "000", as of most recent reporting date)                         | 1,000,000   |
| 9   | Par value of instrument   | SAR 1,000   |
| 10  | Accounting classification   | Equity  |
| 11  | Original date of issuance   | March 21, 2018  |
| 12  | Perpetual or dated  | Perpetual   |
| 13  | Original maturity date  | N/A   |
| 14  | Issuer call subject to prior supervisory approval   | Yes   |
| 15  | Option call date, contingent call dates and redemption amount   | March 21, 2023  |
| 16  | Subsequent call dates if applicable   | Any profit distribution dates after the first call date   |
|   | Coupons / dividends   |   |
| 17  | Fixed or Floating dividend/coupon   | N/A   |
| 18  | Coupon rate and any related index   | N/A   |
| 19  | Existence of a dividend stopper   | Yes   |
| 20  | Fully discretionary, partially discretionary or mandatory   | Fully Discretionary   |
| 21  | Existence of step up or other incentive to redeem   | None  |
| 22  | Non cumulative or cumulative  | Non cumulative  |
| 23  | Convertible or non-convertible  | Non-convertible   |
| 24  | If convertible, conversion trigger (s)  | NA  |
| 25  | If convertible, fully or partially  | NA  |
| 26  | If convertible, conversion rate   | NA  |
| 27  | If convertible, mandatory or optional conversion  | NA  |
| 28  | If convertible, specify instrument type convertible into  | NA  |
| 29  | If convertible, specify issuer of instrument it converts into   | NA  |
| 30  | Write-down feature  | Yes   |
| 31  | If write-down, write-down trigger (s)   | Terms of contract of the instrument provide the legal basis for SAMA to trigger write-down (a contractual approach) |
| 32  | If write-down, full or partial  | Written down fully or partial   |
| 33  | If write-down, permanent or temporary   | Permanent   |
| 34  | If temporary write-down, description of the write-up mechanism  | N/A   |
| 35  | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Subordinated, Senior and Tier II subordinated sukukholders are senior to this instrument                            |
| 36  | Non-compliant transitioned features   | N/A   |
| 37  | If yes, specify non-compliant features  | NA  |

**CCA – Main features of regulatory capital instruments and of other TLAC- eligible instruments**

| Main features template of regulatory capital instruments - (Table 2(e-4/4)) |   |   |
|---|---|---|
| 1   | Issuer  | Saudi Investment Bank   |
| 2   | Unique identifier (e.g. CUSPIN, ISIN or Bloomberg identifier for private placement)                           | N/A   |
| 3   | Governing law(s) of the instrument  | The instrument is governed by the laws of the Kingdom of Saudi Arabia   |
|   | Regulatory treatment  |   |
| 4   | Transitional Basel III rules  | Additional Tier 1   |
| 5   | Post-transitional Basel III rules   | Eligible  |
| 6   | Eligible at solo/group/group&solo   | GROUP and Solo  |
| 7   | Instrument type   | Subordinated Sukuk  |
| 8   | Amount recognized in regulatory capital (SAR "000", as of most recent reporting date)                         | 215,000   |
| 9   | Par value of instrument   | SAR 1,000   |
| 10  | Accounting classification   | Equity  |
| 11  | Original date of issuance   | April 15, 2019  |
| 12  | Perpetual or dated  | Perpetual   |
| 13  | Original maturity date  | N/A   |
| 14  | Issuer call subject to prior supervisory approval   | Yes   |
| 15  | Option call date, contingent call dates and redemption amount   | April 15, 2024  |
| 16  | Subsequent call dates if applicable   | Any profit distribution dates after the first call date   |
|   | Coupons / dividends   |   |
| 17  | Fixed or Floating dividend/coupon   | N/A   |
| 18  | Coupon rate and any related index   | N/A   |
| 19  | Existence of a dividend stopper   | Yes   |
| 20  | Fully discretionary, partially discretionary or mandatory   | Fully Discretionary   |
| 21  | Existence of step up or other incentive to redeem   | None  |
| 22  | Non cumulative or cumulative  | Non cumulative  |
| 23  | Convertible or non-convertible  | Non-convertible   |
| 24  | If convertible, conversion trigger (s)  | NA  |
| 25  | If convertible, fully or partially  | NA  |
| 26  | If convertible, conversion rate   | NA  |
| 27  | If convertible, mandatory or optional conversion  | NA  |
| 28  | If convertible, specify instrument type convertible into  | NA  |
| 29  | If convertible, specify issuer of instrument it converts into   | NA  |
| 30  | Write-down feature  | Yes   |
| 31  | If write-down, write-down trigger (s)   | Terms of contract of the instrument provide the legal basis for SAMA to trigger write-down (a contractual approach) |
| 32  | If write-down, full or partial  | Written down fully or partial   |
| 33  | If write-down, permanent or temporary   | Permanent   |
| 34  | If temporary write-down, description of the write-up mechanism  | N/A   |
| 35  | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Subordinated, Senior sukukholders are senior to this instrument   |
| 36  | Non-compliant transitioned features   | N/A   |
| 37  | If yes, specify non-compliant features  | NA  |

**B.6 - Table CRA: General qualitative information about credit risk**

|       |  |
|-------|--|
| (a)   | <p><b>How the business model translates into the components of the Bank's credit risk profile:</b> The Bank manages exposures to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally when booking loans and advances, and investment activities. There is also credit risk embedded in off-balance sheet accounts, such as loan commitments.</p>  |
| (b)   | <p><b>Criteria and approach used for defining credit risk management policy and for setting credit risk limits:</b> The approach to credit risk management is based on a foundation, which preserves the independence and integrity of credit risk assessment. The Bank has a comprehensive framework of managing credit risk which includes an independent credit risk review function and credit risk monitoring process.</p> <p>Management and reporting processes are therefore combined with clear policies, limits, and approval structures which guide the day-to-day initiation and management of the Bank's credit risk exposure. This approach includes credit limits that are established for all customers after a careful assessment of their creditworthiness.</p> <p>Standing procedures, outlined in the Bank's CPG approved by the Board, require that all credit proposals must be approved by either the Credit Committee or the Board's Executive Committee, based primarily on the level of the exposure.</p> <p>Whenever necessary, credit facilities are secured by acceptable forms of collateral to mitigate the related credit risks. The Bank seeks additional collateral from counterparties as soon as impairment indicators are noticed for relevant individual loans or advances. The Bank also monitors the market value of collateral, requests additional collateral in accordance with underlying agreements, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.</p> <p>The Board defines the Bank's credit risk management strategy and approves significant credit risk policies to ensure alignment of the Bank's exposure with its overall risk policies.</p> <p>The Bank controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and by continually assessing the creditworthiness of counterparties. The Bank also uses external ratings of the major rating agencies, where available.</p> <p>The Bank's credit risk management policies are also designed to identify and set appropriate risk limits and to monitor the risks and adherence to those limits. Actual exposures against limits are routinely monitored.</p> <p>The Bank's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfill their obligation, and to control the level of credit risk taken. The Bank assesses counterparties using the same techniques as for its lending activities.</p> <p>Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Loan Portfolio Concentration risk is well managed and monitored under the Bank's RAF. Loan Portfolio Concentration risk is managed and monitored under the Bank's Risk Appetite Framework.</p> <p>Concentrations of credit risk indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or business or geographical location. Hence, the Bank seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations, businesses or industries.</p> <p>The Bank regularly reviews its credit risk management policies and processes to reflect changes in market products and emerging best practices.</p> <p>The Bank ensures that its credit exposures are always in conformity with SAMA Rules on Large exposures. Credit facilities are granted based on detailed credit risk assessments which consider the purpose of the facility and source of repayment, prevailing and potential macro-economic factors, industry trends, and the customer's positioning within its industry peer-group.</p> <p>In compliance with SAMA regulations, lending to individual board members and related parties is fully secured and monitored by the Credit Committee. Such transactions are made on substantially the same terms, including special commission rates as those prevailing at the time for comparable transactions with unrelated parties.</p> |
| (b 1) | <p>All new proposals and/or material changes to existing credit facilities are reviewed and approved by the Credit Committee and / or by the Executive Committee within the provisions of the CPG approved by the Board.</p> <p>The credit facility administration process is undertaken by a segregated function to ensure proper execution of all credit approvals and maintenance of documentation, and proactive control over</p>  |
| (c)   | <p><b>Structure and organization of the credit risk management and control function :</b> The Bank's Executive Committee (a committee of the Board of Directors) and the Credit Committee at the management level implement the Board's credit risk strategy by identifying, assessing, monitoring, and controlling credit risk. It is supported by various departments such as Credit Risk Review, Corporate Credit Risk Management, Retail Credit Risk Management, Credit Administration and Collections.</p> <p>The Executive Committee meets regularly to review loan portfolio quality and standards and to approve credits above predetermined levels.</p>   |
| (d)   | <p><b>Relationships between the credit risk management, risk control, compliance and internal audit functions :</b> The BRC reviews compliance with various risk measures including compliance related to relevant regulatory guidelines.</p> <p>The Bank's Audit Committee appointed by the Board reviews the audit reports submitted by the Bank's Internal Auditor throughout the year.</p> <p>Departments within the Risk Management Group are audited by the Internal Audit Department and the reports are submitted to the Audit Committee.</p>  |
| (e)   | <p><b>Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors:</b> The Bank's exposures are continuously monitored through a system of triggers and early-warning signals aimed at detecting adverse symptoms that could result in deterioration of credit risk quality. The triggers and early-warning systems are supplemented by facility utilization and collateral valuation monitoring together with a review of upcoming credit facility expiration and market intelligence to enable timely corrective action by management. The results of the monitoring process are reflected in the Bank's internal rating process.</p> <p>Credit risk is monitored on an ongoing basis with formal monthly and quarterly reporting to the ECL Committee, Credit Committee, senior management, and the Board to ensure awareness of shifts in credit quality and portfolio performance along with changing external factors such as economic and business cycles.</p> <p>Consumer credit risk reporting also includes a daily dashboard for consumer and small business lending, classification, and delinquency monitoring.</p> <p>Specialized and focused Remedial Management Unit and Special Credit Unit teams handle the management and collection of problem credit facilities and take any legal action if required.</p>   |

**LR1: Summary Comparison of accounting assets versus leverage ratio exposure measure - (Table 1)**

| Row#     | Items  | (SAR 000)          |
|----------|--|--------------------|
| 1        | Total consolidated assets as per published financial statements.   | 101,588,035        |
| 2        | Adjustment for investments in banking, financial, insurance or commercial entities that are outside the scope for accounting purposes but outside the scope of regulatory consolidation. | -                  |
| 3        | Adjustments for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure.                   | -                  |
| 4        | Adjustments for derivatives financial instruments.   | 272,061            |
| 5        | Adjustments for securities financing transactions (i.e. repos and similar secured lending).  | -                  |
| 6        | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures).  | 9,982,045          |
| 7        | Other adjustments.   | (18,295)           |
| <b>8</b> | <b>Leverage ratio exposure</b>   | <b>111,823,847</b> |

**LR2: Leverage Ratio Common Disclosure Template - (Table 2)**

| Row#  | Items  | December 31, 2021  | September 30, 2021 |
|---|--|--------------------|--------------------|
| <b>On-balance sheet exposure</b>                  |  |                    |                    |
| 1   | On-balance sheet items (excluding derivatives and SFTs, but including collateral)  | 101,468,676        | 99,474,397         |
| 2   | (Asset amounts deducted in determining Basel III Tier 1 capital)   | (18,295)           | (18,295)           |
| <b>3</b>  | <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>  | <b>101,450,381</b> | <b>99,456,102</b>  |
| <b>Derivative exposures</b>                       |  |                    |                    |
| 4   | Replacement cost associated with <i>all</i> derivatives transactions (i.e. net of eligible cash variation margin)                        | 119,358            | 165,725            |
| 5   | Add-on amounts for PFE associated with <i>all</i> derivatives transactions   | 272,061            | 278,127            |
| 6   | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | -                  | -                  |
| 7   | (Deductions of receivables assets for cash variation margin provided in derivatives transactions)  | -                  | -                  |
| 8   | (Exempted CCP leg of client-cleared trade exposures)   | -                  | -                  |
| 9   | Adjusted effective notional amount of written credit derivatives   | -                  | -                  |
| 10  | (Adjusted effective notional off-sets and add-on deductions for written credit derivatives)  | -                  | -                  |
| <b>11</b>   | <b>Total derivative exposures (sum of lines 4 to 10)</b>   | <b>391,420</b>     | <b>443,852</b>     |
| <b>Securities financing transaction exposures</b> |  |                    |                    |
| 12  | Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions                               | -                  | -                  |
| 13  | (Netted amounts of cash payables and cash receivables of gross SFT assets)   | -                  | -                  |
| 14  | CCR exposure for SFT assets  | -                  | -                  |
| 15  | Agent transaction exposures  | -                  | -                  |
| <b>16</b>   | <b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>  | <b>-</b>           | <b>-</b>           |
| 17  | Off-balance sheet exposure at gross notional amount  | 123,863,263        | 118,676,093        |
| 18  | (Adjustments for conversion to credit equivalent amounts)  | (113,881,218)      | (108,869,757)      |
| <b>19</b>   | <b>Off-balance sheet items (sum of lines 17 and 18)</b>  | <b>9,982,045</b>   | <b>9,806,336</b>   |
| <b>Capital and total exposures</b>                |  |                    |                    |
| 20  | <b>Tier 1 capital</b>  | 17,105,736         | 17,492,322         |
| 21  | <b>Total exposures (sum of lines 3, 11, 16 and 19)</b>   | 111,823,847        | 109,706,289        |
| <b>Leverage ratio</b>                             |  |                    |                    |
| <b>22</b>   | <b>Basel III leverage ratio</b>  | <b>15.30%</b>      | <b>15.94%</b>      |

## Table LIQA: ( a ) General Qualitative Disclosures on Liquidity Risk Management

### (a) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources, and assets are managed with liquidity in perspective. Management therefore maintains a healthy balance of cash, cash equivalents, and readily marketable securities as of part of its high liquid assets. Management also monitors the asset and liability maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Asset Liability Committee. A summary report, including any exceptions and remedial actions taken, is submitted regularly to the Asset Liability Committee. In addition, the Bank's liquidity coverage ratio and net stable funding ratio are each monitored regularly to be in line with SAMA guidelines. The Group also conducts regular liquidity stress testing under a variety of scenarios covering both normal and more severely stressed market conditions.

In accordance with the Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% (2019: 7%) of total demand deposits and 4% (2019: 4%) of saving and time deposits. In addition to the statutory deposit, the Bank also maintains liquid reserves of no less than 20% of its deposit liabilities, in the form of cash and balances with SAMA, Saudi Government Development Bonds, or other assets which can be converted into cash within a period not exceeding 30 days. The Bank has the ability to raise additional funds through repo facilities with SAMA against Saudi Government Development Bonds up to 98% (Saudi Government Bonds) or 90% (PSE entities in KSA) of the nominal value of Saudi Riyal denominated bonds held.

## Table LIQ1: Liquidity Coverage Ratio

(a) **Introduction:** The Liquidity Coverage Ratio (LCR) is a minimum standard set by Basel III, to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient High Quality Liquid Assets (HQLA) to overcome total expected cash outflows minus total expected cash inflows as per SAMA / Basel specified stress scenarios for the subsequent 30 calendar days.

The LCR report for SAIB is prepared in accordance with the public/ market disclosure requirements and guidelines in respect of the Liquidity Coverage Ratio Disclosure Standards as published by the Saudi Arabian Monetary Authority (SAMA) in August 2014. The purpose of this document is to disclose both qualitative and quantitative information regarding The Saudi Investment Bank's (SAIB) liquidity position, LCR results and internal liquidity risk measurement and management processes.

(b) **Governance Framework and Liquidity Management:** SAIB has a robust risk management and governance framework approved by the Board of Directors and comprises Board Committee oversights, a Board approved risk appetite statement, liquidity risk policy and comprehensive control framework. Asset Liability Committee (ALCO) has the overall responsibility for the Bank's liquidity risk management by ensuring that the Bank's risk exposures are maintained at or above the minimum levels. To this end, it has established an appropriate liquidity risk management framework for the management of the Bank's funding and liquidity management requirements. Further, SAIB maintains contingency Funding Plan (CFP) which identifies a diversified set of readily available and deployable potential CF resources under crisis situations.

Internal Liquidity Adequacy Assessment Plan (ILAAP) is prepared annually to assess the liquidity risk management framework and the liquidity risk appetite of the bank to ensure that they are adequate and in proportion to the bank's business model, internal risk appetite, size, complexity, riskiness and market expectations. Senior Management (through the Asset Liability Committee- ALCO) monitors the information on the Bank's liquidity needs and market developments on a monthly basis. The management of the Bank's liquidity management is further delegated to the Treasury group to ensure the Bank's liquidity positions are maintained according to the policy. SAIB seeks to hold unencumbered high quality liquid assets to ensure compliance with minimum LCR requirements and has set internal triggers to provide timely escalation to ensure mitigating actions are taken.

(c) **Qualitative Disclosures for LCR as at December 31, 2021:** The 90 days' average LCR (as provided on the next page) has increased from 190.81 % as of September 30, 2021 to 243.42% as of December 31, 2021. The total net cash outflows decreased from SAR 7.94 billion to SAR 5.9 billion from previous quarter as net inflows increased from SAR 6.37 billion to SAR 8.715 billion while the HQLAs decreased from SAR 15.1 billion to SAR 14.59 billion which led to a net increase in LCR by 52.61 and thus the final LCR was maintained well above regulatory minimum requirement of 100%.

| Table LIQ1: Liquidity Coverage Ratio Disclosure Template |  | (a) TOTAL UNWEIGHTED<br>VALUE (average) | (b) TOTAL WEIGHTED<br>VALUE (average) |
|--|--|---|---------------------------------------|
| <b>HIGH-QUALITY LIQUID ASSETS</b>                        |  |   |                                       |
| 1  | Total high-quality liquid assets (HQLA)  |   | <b>14,588,409</b>                     |
| <b>CASH OUTFLOWS</b>                                     |  |   |                                       |
| 2  | Retail deposits and deposits from small business customers, of which:                          |   |                                       |
| 3  | <i>Stable deposits</i>   |   |                                       |
| 4  | <i>Less stable deposits</i>  | 21,476,575                              | 2,092,659                             |
| 5  | Unsecured wholesale funding, of which:   |   |                                       |
| 6  | <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i> | -                                       | -                                     |
| 7  | <i>Non-operational deposits (all counterparties)</i>   | 24,398,597                              | 8,799,574                             |
| 8  | <i>Unsecured debt</i>  | -                                       | -                                     |
| 9  | Secured wholesale funding  |   |                                       |
| 10   | Additional requirements, of which:   |   |                                       |
| 11   | <i>Outflows related to derivative exposures and other collateral requirements</i>              | 2,015,608                               | 379,227                               |
| 12   | <i>Outflows related to loss of funding on debt products</i>                                    |   |                                       |
| 13   | <i>Credit and liquidity facilities</i>   | 11,615,964                              | 1,161,596                             |
| 14   | Other contractual funding obligations  |   |                                       |
| 15   | Other contingent funding obligations   |   |                                       |
| 16   | <b>TOTAL CASH OUTFLOWS</b>   |   | <b>12,433,056</b>                     |
| <b>CASH INFLOWS</b>                                      |  |   |                                       |
| 17   | Secured lending (e.g. reverse repos)   |   |                                       |
| 18   | Inflows from fully performing exposures  | 8,714,992                               | 6,439,977                             |
| 19   | Other cash inflows   |   |                                       |
| 20   | <b>TOTAL CASH INFLOWS</b>  |   | <b>6,439,977</b>                      |
|  |  |   | <b>(c) TOTAL ADJUSTED<br/>VALUE</b>   |
| 21   | <b>TOTAL HQLA</b>  |   | <b>14,588,409</b>                     |
| 22   | <b>TOTAL NET CASH OUTFLOWS</b>   |   | <b>5,993,079</b>                      |
| 23   | <b>LIQUIDITY COVERAGE RATIO (%)</b>  |   | <b>243.42%</b>                        |

**Table LIQ2: Net Stable Funding Ratio (NSFR)**

| SAR (000)                                  |   | a                                     | b                 | c                    | d                 | e                 |
|--|---|---------------------------------------|-------------------|----------------------|-------------------|-------------------|
|  |   | Unweighted value by residual maturity |                   |                      |                   | Weighted value    |
|  |   | No maturity                           | < 6 months        | 6 months to < 1 year | ≥ 1 year          |                   |
| <b>Available stable funding (ASF) item</b> |   |                                       |                   |                      |                   |                   |
| 1  | <b>Capital:</b>   | <b>18,850,172</b>                     | -                 | -                    | <b>5,476,464</b>  | <b>24,326,636</b> |
| 2  | Regulatory capital  | 16,250,172                            | -                 | -                    | 1,500,000         | 17,750,172        |
| 3  | Other capital instruments and liabilities   | 2,600,000                             | -                 | -                    | 3,976,464         | 6,576,464         |
| 4  | Retail deposits and deposits from small business customers:   | <b>32,501,004</b>                     | <b>15,215,410</b> | <b>666,559</b>       | -                 | <b>34,999,391</b> |
| 5  | Stable deposits   | -                                     | -                 | -                    | -                 | -                 |
| 6  | Less stable deposits  | 32,501,004                            | 15,215,410        | 666,559              | -                 | 34,999,391        |
| 7  | Wholesale funding:  | <b>2,779,725</b>                      | <b>7,720,632</b>  | <b>2,092,067</b>     | -                 | <b>6,296,212</b>  |
| 8  | Operational deposits  | -                                     | -                 | -                    | -                 | -                 |
| 9  | Other wholesale funding   | 2,779,725                             | 7,720,632         | 2,092,067            | -                 | 6,296,212         |
| 10   | Liabilities with matching interdependent assets   |                                       |                   |                      |                   |                   |
| 11   | Other liabilities:  | <b>1,677,718</b>                      | <b>14,482,832</b> | -                    | <b>284,573</b>    | -                 |
| 12   | NSFR derivative liabilities   | -                                     | -                 | -                    | -                 | -                 |
| 13   | All other liabilities and equity not included in the above categories   | 1,677,718                             | 14,482,832        | -                    | 284,573           | -                 |
| 14   | <b>Total Available Stable Funding (ASF)</b>   | <b>55,808,619</b>                     | <b>37,418,874</b> | <b>2,758,625</b>     | <b>5,761,037</b>  | <b>65,622,239</b> |
| <b>Required stable funding (RSF) item</b>  |   |                                       |                   |                      |                   |                   |
| 15   | Total NSFR high-quality liquid assets (HQLA)  | 3,611,678                             | 3,346,927         | 287,607              | 17,841,433        | 959,298           |
| 16   | Deposits held at other financial institutions for operational purposes  |                                       |                   |                      |                   | -                 |
| 17   | Performing loans and securities:  | <b>9,298,899</b>                      | <b>22,031,669</b> | <b>6,940,220</b>     | <b>34,076,699</b> | <b>46,162,913</b> |
| 18   | Performing loans to financial institutions secured by Level 1 HQLA  | -                                     | -                 | -                    | -                 | -                 |
| 19   | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions                               | 2,790,051                             | 3,664,097         | 89,946               | 7,642             | 1,167,247         |
| 20   | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: | 6,166,107                             | 18,367,571        | 6,850,274            | 26,370,644        | <b>38,160,686</b> |
| 21   | With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk  | -                                     | -                 | -                    | -                 | -                 |
| 22   | Performing residential mortgages, of which:   | -                                     | -                 | -                    | -                 | -                 |
| 23   | With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk  | -                                     | -                 | -                    | -                 | -                 |
| 24   | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities   | 342,741                               | -                 | -                    | 7,698,413         | <b>6,834,981</b>  |
| 25   | Assets with matching interdependent liabilities   |                                       |                   |                      |                   |                   |
| 26   | Other assets:   | <b>3,341,131</b>                      | <b>2,452</b>      | <b>3,149</b>         | <b>701,780</b>    | <b>4,048,512</b>  |
| 27   | Physical traded commodities, including gold   | -                                     | -                 | -                    | -                 | -                 |
| 28   | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   | -                                     |                   |                      |                   | -                 |
| 29   | NSFR derivative assets  | 525,522                               |                   |                      |                   | 525,522           |
| 30   | NSFR derivative liabilities before deduction of variation margin posted   | 220,045                               |                   |                      |                   | 220,045           |
| 31   | All other assets not included in the above categories   | 2,595,565                             | 2,452             | 3,149                | 701,780           | 3,302,946         |
| 32   | Off-balance sheet items   | 17,537,396                            |                   |                      |                   | <b>876,870</b>    |
| 33   | <b>Total Required Amount of Stable Funding (RSF)</b>  | <b>33,789,104</b>                     | <b>25,381,047</b> | <b>7,230,976</b>     | <b>52,619,911</b> | <b>52,047,594</b> |
| 34   | <b>Net Stable Funding Ratio (%)</b>   | <b>126.08%</b>                        |                   |                      |                   |                   |

## B.7 - Template CR1: Credit quality of assets

| SAR (000) |                             | a  | b                       | c                                | d                     |
|-----------|-----------------------------|--|-------------------------|----------------------------------|-----------------------|
|           |                             | Gross carrying values of                   |                         | Allowances/<br>impairments (ECL) | Net values<br>(a+b-c) |
|           |                             | Defaulted exposures<br>(Stage 3 Exposures) | Non-defaulted exposures |                                  |                       |
| 1         | Loans                       | 2,692,122                                  | 57,076,225              | 1,965,233                        | 57,803,114            |
| 2         | Debt Securities             | -  | 28,343,072              | 26,185                           | 28,316,887            |
| 3         | Off-balance sheet exposures | 400,432                                    | 12,063,198              | 204,131                          | 12,259,499            |
| 4         | <b>Total</b>                | <b>3,092,554</b>                           | <b>97,482,495</b>       | <b>2,195,549</b>                 | <b>98,379,500</b>     |

Defaulted exposures comprise of non-performing loans, past due over 90 days but not impaired, and other S3 exposures.

**B.8 - Template CR2: Changes in stock of stage 3 credit impaired exposures**

|          |   |                  |
|----------|---|------------------|
| <b>1</b> | <b>Defaulted loans and debt securities (Stage 3 Credit Impaired )at the beginning of the reporting period</b> | <b>2,868,604</b> |
| 2        | Loans and debt securities that have defaulted since the last reporting period                                 | 242,719          |
| 3        | Returned to non-defaulted status  | (6,796)          |
| 4        | Amounts written off-Net   | (6,227)          |
| 5        | Other changes-movements in S3 exposures   | (5,746)          |
| <b>6</b> | <b>Defaulted loans (including off balance sheet) and debt securities at end of the reporting period</b>       | <b>3,092,554</b> |

**B.11 - Template CR3: Credit risk mitigation techniques – overview**

| SAR (000) |                    | a   | b                                  | c   | d  | e  | f  | g   |
|-----------|--------------------|---|------------------------------------|---|--|--|--|---|
|           |                    | Exposures unsecured:<br>net carrying amount | Exposures secured by<br>collateral | Exposures secured by<br>collateral, of which: secured<br>amount | Exposures secured by<br>financial guarantees | Exposures secured by<br>financial guarantees,<br>of which: secured<br>amount | Exposures secured by<br>credit derivatives | Exposures secured by<br>credit derivatives, of<br>which: secured amount |
| 1         | Loans              | 27,908,506                                  | 29,894,608                         | 29,183,212  | -  | -  | -  | -   |
| 2         | Debt securities    | 28,316,887                                  | -                                  | -   | -  | -  | -  | -   |
| <b>3</b>  | <b>Total</b>       | <b>56,225,393</b>                           | <b>29,894,608</b>                  | <b>29,183,212</b>   | -  | -  | -  | -   |
| 4         | Of which defaulted | 1,114,392                                   | 1,577,730                          | 1,235,150   | -  | -  | -  | -   |

**B.13 - Template CR4: Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects**

| SAR (000)                                     | a                            | b                        | c                          | d                        | e                   | f           |
|---|------------------------------|--------------------------|----------------------------|--------------------------|---------------------|-------------|
|   | Exposures before CCF and CRM |                          | Exposures post-CCF and CRM |                          | RWA and RWA density |             |
| Asset Classes                                 | On-balance sheet amount      | Off-balance sheet amount | On-balance sheet amount    | Off-balance sheet amount | RWA amount          | RWA density |
| Sovereigns and central banks:                 |                              |                          |                            |                          |                     |             |
| SAMA and Saudi Government                     | 20,584,325                   | -                        | 20,584,325                 | -                        | 1,916,756           | 0.09        |
| Others  | 5,116,267                    | 150                      | 5,116,267                  | -                        | 2,240,200           | 0.44        |
| Non-central government public sector entities | -                            | -                        | -                          | -                        | -                   | -           |
| Multilateral development banks                | -                            | 522,640                  | -                          | -                        | -                   | -           |
| Banks and Securities firms                    | 10,079,658                   | 44,516,264               | 10,079,492                 | 302,689                  | 4,253,675           | 0.41        |
| Corporates                                    | 51,054,658                   | 78,000,784               | 49,999,836                 | 9,137,567                | 56,880,796          | 0.96        |
| Regulatory retail portfolios                  | 7,283,102                    | 158,956                  | 7,277,699                  | 1,032                    | 5,459,049           | 0.75        |
| Secured by residential property               | 2,279,455                    | -                        | 2,279,455                  | -                        | 1,139,727           | 0.50        |
| Secured by commercial real estate             | 142,205                      | -                        | 142,205                    | -                        | 142,205             | 1.00        |
| Equity  | 363,832                      | -                        | 363,832                    | -                        | 363,832             | 1.00        |
| Other assets                                  | 6,658,398                    | 664,469                  | 5,504,630                  | 11,699                   | 6,150,210           | 1.11        |
| <b>Total</b>                                  | <b>103,561,900</b>           | <b>123,863,263</b>       | <b>101,347,742</b>         | <b>9,452,987</b>         | <b>78,546,450</b>   | <b>6.27</b> |

**B.14 - Template CR5: Standardized approach – exposures by asset classes and risk weights, On Balance Sheet and Off Balance Sheet**

| SAR (000)  | a                 | b                 | c                 | d                | e                | f                 | g              | h              | i   |
|--|-------------------|-------------------|-------------------|------------------|------------------|-------------------|----------------|----------------|---|
| Asset classes/ Risk weight                           | 0%                | 20%               | 50%               | 75%              | 85%              | 100%              | 150%           | Others**       | Total credit exposures amount (post CCF and post-CRM) |
| Sovereigns and central banks:                        |                   |                   |                   |                  |                  |                   |                |                |   |
| SAMA and Saudi Government                            | 11,000,547        | 9,583,778         | -                 | -                | -                | -                 | -              | -              | 20,584,325  |
| Others   | 1,873,647         | 1,191,201         | 98,920            | -                | -                | 1,952,499         | -              | -              | 5,116,267   |
| Non-central government public sector entities (PSEs) | -                 | -                 | -                 | -                | -                | -                 | -              | -              | -   |
| Multilateral development banks (MDBs)                | -                 | -                 | -                 | -                | -                | -                 | -              | -              | -   |
| Banks & Securities firms                             | -                 | 3,409,046         | 6,790,806         | -                | -                | 176,463           | -              | -              | 10,376,315  |
| Corporates   | -                 | -                 | 2,685,694         | -                | 6,118,561        | 50,325,099        | 8,049          | -              | 59,137,403  |
| Regulatory retail portfolios                         | -                 | -                 | -                 | 7,278,731        | -                | -                 | -              | -              | 7,278,731   |
| Mortgages: Secured by residential property           | -                 | -                 | 2,279,455         | -                | -                | -                 | -              | -              | 2,279,455   |
| Mortgages: Secured by commercial real estate         | -                 | -                 | -                 | -                | -                | 142,205           | -              | -              | 142,205   |
| Equity   | -                 | -                 | -                 | -                | -                | 363,832           | -              | -              | 363,832   |
| Other assets   | 766,947           | -                 | -                 | -                | -                | 3,732,721         | 138,828        | 883,699        | 5,522,194   |
| <b>Total</b>   | <b>13,641,141</b> | <b>14,184,026</b> | <b>11,854,875</b> | <b>7,278,731</b> | <b>6,118,561</b> | <b>56,692,820</b> | <b>146,877</b> | <b>883,699</b> | <b>110,800,729</b>                                    |

**B.9 - Table CRB: Additional disclosure related to the credit quality of assets**

(a) The scope and definitions of “past due” and “impaired” exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.

(b) **The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.**  
The 90 days past due rule is strictly applied unless the Bank has strong documentary and legal evidence to support a different classification.

(c) **Description of methods used for determining impairments.**  
1. The exposure is past due for more than 90 days on any credit obligations to the Bank; or  
2. The Bank considers that the obligor is unlikely to honor its credit obligation to the Bank, without recourse by the Bank to actions such as legal intervention or realizing any associated collateral.

(d) **The Bank’s own definition of a restructured exposures:**  
The process under which the “terms” of an existing loan are being revised (restructured) in order to provide a concession to the obligor which is financially distressed and without such concessionary terms, the loan would become “unserviceable”. The loan becomes restructured only through a process of renegotiation or refinancing.  
  
Typical characteristics of a restructured loan includes among other things the following:  
1. Converting a short term debt into a long term debt.  
2. Converting the repayment from bullet to periodic instalments or structured instalments.  
3. Aggregating multiple loans into a single new loan with extended repayment terms.  
4. Providing an additional grace period.

## B 9.1: CREDIT RISK: GENERAL DISCLOSURES

| Geographic Breakdown of On-Balance Sheet, Off Balance Sheet, and Derivatives Exposures |                   |                         |                  |                  |                 |                  |                    |
|--|-------------------|-------------------------|------------------|------------------|-----------------|------------------|--------------------|
| Portfolios   | Geographic area   |                         |                  |                  |                 |                  |                    |
|  | Saudi Arabia      | Other GCC & Middle East | Europe           | North America    | South East Asia | Others Countries | Total              |
| Sovereigns and central banks:  |                   |                         |                  |                  |                 |                  |                    |
| SAMA and Saudi Government  | 20,598,325        | -                       | -                | -                | -               | -                | 20,598,325         |
| Others   | -                 | 5,116,267               | -                | -                | -               | -                | 5,116,267          |
| Multilateral Development Banks (MDBs)  | -                 | -                       | -                | -                | -               | -                | -                  |
| Public Sector Entities (PSEs)  | -                 | -                       | -                | -                | -               | -                | -                  |
| Banks and securities firms   | 3,187,684         | 2,185,080               | 2,619,839        | 2,410,701        | 7,560           | 326,225          | 10,737,089         |
| Corporates   | 54,801,345        | 3,638,652               | 844,616          | -                | -               | -                | 59,284,613         |
| Regulatory Retail Claims on Individuals  | 7,276,225         | -                       | -                | -                | -               | -                | 7,276,225          |
| Small Business Facilities Enterprises (SBFE's)   | 2,506             | -                       | -                | -                | -               | -                | 2,506              |
| Mortgages  |                   |                         |                  |                  |                 |                  | -                  |
| Residential  | 2,279,455         | -                       | -                | -                | -               | -                | 2,279,455          |
| Commercial   | 142,205           | -                       | -                | -                | -               | -                | 142,205            |
| Securitized assets   | -                 | -                       | -                | -                | -               | -                | -                  |
| Equity   | 363,832           | -                       | -                | -                | -               | -                | 363,832            |
| Others   | 5,516,329         | 0                       | 99,778           | -                | 0               | -                | 5,616,107          |
| <b>Total</b>   | <b>94,167,907</b> | <b>10,939,999</b>       | <b>3,564,233</b> | <b>2,410,701</b> | <b>7,560</b>    | <b>326,225</b>   | <b>111,416,625</b> |

**B9.2: CREDIT RISK: GENERAL DISCLOSURES**

| Industry Sector Breakdown of On-Balance Sheet, Off Balance Sheet, and Derivatives Exposures |                                 |  |                         |                  |                      |   |                           |                   |                                  |                  |                                 |                   |                    |
|---|---------------------------------|--|-------------------------|------------------|----------------------|---|---------------------------|-------------------|----------------------------------|------------------|---------------------------------|-------------------|--------------------|
| Portfolios  | Industry Sectors                |  |                         |                  |                      |   |                           |                   |                                  |                  |                                 |                   | Total              |
|   | Government and quasi government | Banks and other financial institutions | Agriculture and fishing | Manufacturing    | Mining and quarrying | Electricity, water, gas and health services | Building and construction | Commerce          | Transportation and communication | Services         | Consumer loans and credit cards | Others            |                    |
| Sovereigns and central banks:   |                                 |  |                         |                  |                      |   |                           |                   |                                  |                  |                                 |                   |                    |
| SAMA and Saudi Government   | 20,598,325                      | -                                      | -                       | -                | -                    | -   | -                         | -                 | -                                | -                | -                               | -                 | 20,598,325         |
| Others  | 5,116,267                       | -                                      | -                       | -                | -                    | -   | -                         | -                 | -                                | -                | -                               | -                 | 5,116,267          |
| Multilateral Development Banks (MDBs)   | -                               | -                                      | -                       | -                | -                    | -   | -                         | -                 | -                                | -                | -                               | -                 | -                  |
| Public Sector Entities (PSEs)   | -                               | -                                      | -                       | -                | -                    | -   | -                         | -                 | -                                | -                | -                               | -                 | -                  |
| Banks and securities firms  | -                               | 10,737,089                             | -                       | -                | -                    | -   | -                         | -                 | -                                | -                | -                               | -                 | 10,737,089         |
| Corporates  | -                               | 12,270,744                             | 287,759                 | 3,756,823        | 374,603              | 104,319                                     | 11,966,211                | 13,435,632        | 1,210,312                        | 3,556,624        | -                               | 12,321,583        | 59,284,613         |
| Regulatory Retail Claims on Individuals   | -                               | -                                      | -                       | -                | -                    | -   | -                         | -                 | -                                | -                | 7,276,225                       | -                 | 7,276,225          |
| Small Business Facilities Enterprises (SBFE's)  | -                               | -                                      | -                       | -                | -                    | -   | 300                       | 2,206             | -                                | -                | -                               | -                 | 2,506              |
| Mortgages:  |                                 |  |                         |                  |                      |   |                           |                   |                                  |                  |                                 |                   |                    |
| Residential   | -                               | -                                      | -                       | -                | -                    | -   | -                         | -                 | -                                | -                | 2,275,570                       | 3,884             | 2,279,455          |
| Commercial  | -                               | -                                      | -                       | -                | -                    | -   | -                         | 36,298            | -                                | 22,004           | -                               | 83,903            | 142,205            |
| Securitized assets  | -                               | -                                      | -                       | -                | -                    | -   | -                         | -                 | -                                | -                | -                               | -                 | -                  |
| Equity  | -                               | 363,832                                | -                       | -                | -                    | -   | -                         | -                 | -                                | -                | -                               | -                 | 363,832            |
| Others  | -                               | 1,382,987                              | -                       | 267,580          | -                    | 0   | 148,808                   | 886,281           | 11,974                           | 34,858           | 751,265                         | 2,132,354         | 5,616,107          |
| <b>Total</b>  | <b>25,714,593</b>               | <b>24,754,653</b>                      | <b>287,759</b>          | <b>4,024,404</b> | <b>374,603</b>       | <b>104,319</b>                              | <b>12,115,319</b>         | <b>14,360,417</b> | <b>1,222,287</b>                 | <b>3,613,486</b> | <b>10,303,060</b>               | <b>14,541,724</b> | <b>111,416,625</b> |

**B9.3: CREDIT RISK: GENERAL DISCLOSURES**
**Residual Contractual Maturity Breakdown of On-Balance Sheet, Off Balance Sheet, and Derivatives Exposures**

| Portfolios                                     | Maturity breakdown |                  |                  |                  |                   |                  |                   |                   |                   |                    |
|--|--------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|-------------------|--------------------|
|  | Less than 8 days   | 8-30 days        | 31-90 days       | 91-180 days      | 181-360 days      | 1-3 years        | 3-5 years         | Over 5 years      | No Fixed Maturity | Total              |
| <i>Sovereigns and central banks:</i>           |                    |                  |                  |                  |                   |                  |                   |                   |                   |                    |
| SAMA and Saudi Government                      | 2,290,032          | 300,099          | -                | 756,828          | -                 | 1,892,132        | 1,422,723         | 11,079,125        | 2,857,387         | 20,598,325         |
| Others   | -                  | -                | -                | -                | 287,607           | 1,411,966        | 1,466,570         | 1,950,125         | -                 | 5,116,267          |
| Multilateral Development Banks (MDBs)          | -                  | -                | -                | -                | -                 | -                | -                 | -                 | -                 | -                  |
| Public Sector Entities (PSEs)                  | -                  | -                | -                | -                | -                 | -                | -                 | -                 | -                 | -                  |
| Banks and securities firms                     | 3,430,240          | 98,385           | 204,379          | 170,501          | 269,918           | 640,568          | 633,781           | 2,255,338         | 3,033,979         | 10,737,089         |
| Corporates                                     | 4,591,700          | 2,627,126        | 7,344,431        | 7,151,134        | 14,039,605        | 4,453,549        | 7,437,321         | 11,639,747        | -                 | 59,284,613         |
| Regulatory Retail Claims on Individuals        | 4,883              | 274,464          | 16,079           | 38,146           | 106,165           | 1,089,939        | 3,387,732         | 2,357,268         | 1,548             | 7,276,225          |
| Small Business Facilities Enterprises (SBFE's) | -                  | -                | 1,439            | -                | 768               | -                | -                 | -                 | 300               | 2,506              |
| <i>Mortgages:</i>                              |                    |                  |                  |                  |                   |                  |                   |                   |                   |                    |
| Residential                                    | 12                 | 3,884            | 127              | 108              | 723               | 15,498           | 86,435            | 2,172,669         | -                 | 2,279,455          |
| Commercial                                     | -                  | -                | 54,188           | -                | 25,062            | 25,476           | -                 | 37,479            | -                 | 142,205            |
| Securitized assets                             | -                  | -                | -                | -                | -                 | -                | -                 | -                 | -                 | -                  |
| Equity   | -                  | -                | -                | -                | -                 | -                | -                 | -                 | 363,832           | 363,832            |
| Others   | 1,990,379          | 837,829          | -                | -                | -                 | 9,988            | 14,089            | 75,701            | 2,688,121         | 5,616,107          |
| <b>Total</b>                                   | <b>12,307,247</b>  | <b>4,141,787</b> | <b>7,620,643</b> | <b>8,116,717</b> | <b>14,729,848</b> | <b>9,539,117</b> | <b>14,448,650</b> | <b>31,567,450</b> | <b>8,945,166</b>  | <b>111,416,625</b> |

**B9.4: CREDIT RISK: GENERAL DISCLOSURES**

| Impaired Loans (Stage 3), Past Due Loans and Allowances |                          |                |                                |               |                |                |   |                                    |                                  |                        |
|---|--------------------------|----------------|--------------------------------|---------------|----------------|----------------|---|------------------------------------|----------------------------------|------------------------|
| Industry sector   | NPLs included in Stage 3 | Total Past Due | Aging of Past Due Loans (days) |               |                |                | Stage 3 allowances                      |                                    |                                  | Stage 1 & 2 allowances |
|   |                          |                | Less than 90 Days              | 90-179        | 180-359        | 360 and above  | Charges / (transfers) during the period | Charge-offs during the period, net | Balance at the end of the period |                        |
| Government and quasi government                         | -                        |                | -                              | -             | -              | -              | -                                       | -                                  | -                                | 6,208                  |
| Banks and other financial institutions                  | 10,446                   | 35,120         | -                              | -             | 1              | 35,119         | 32,161                                  | -                                  | 59,006                           | 60,364                 |
| Agriculture and fishing                                 | -                        | -              | 10,225                         | -             | -              | -              | -                                       | -                                  | -                                | 1,246                  |
| Manufacturing   | 161,554                  | 115,551        | 140,260                        | -             | 75,245         | 40,306         | 44,945                                  | -                                  | 217,886                          | 37,493                 |
| Mining and quarrying                                    | -                        | -              | -                              | -             | -              | -              | -                                       | -                                  | -                                | 1,484                  |
| Electricity, water, gas and health services             | -                        | -              | 8,255                          | -             | -              | -              | -                                       | -                                  | -                                | 459                    |
| Building and Construction                               | 40,821                   | 175,096        | 306,170                        | -             | 139,344        | 35,752         | 20,670                                  | -                                  | 154,925                          | 114,411                |
| Commerce  | 763,040                  | 246,706        | 551,029                        | 39,927        | 9,539          | 197,240        | 2,795                                   | -                                  | 469,978                          | 187,643                |
| Transportation and communication                        | 3,899                    | 11,669         | -                              | -             | 5              | 11,664         | 100                                     | -                                  | 11,109                           | 13,051                 |
| Services  | 12,910                   | 30,119         | 129,261                        | 11            | 33             | 30,075         | 12,317                                  | -                                  | 24,576                           | 25,357                 |
| Consumer loans and credit cards                         | 111,136                  | 445            | 572,985                        | 445           | -              | -              | 13,313                                  | 6,226                              | 73,668                           | 74,769                 |
| Others / (General)                                      | 4,791                    | 227,594        | 1,249,619                      | 8             | -              | 227,586        | 7,161                                   | -                                  | 188,424                          | 243,175                |
| <b>Total</b>  | <b>1,108,597</b>         | <b>842,300</b> | <b>2,967,804</b>               | <b>40,391</b> | <b>224,167</b> | <b>577,742</b> | <b>133,462</b>                          | <b>6,226</b>                       | <b>1,199,572</b>                 | <b>765,660</b>         |

**B9.5: CREDIT RISK: GENERAL DISCLOSURES**

| Impaired Loans, Past Due Loans And Allowances |                          |                                |                   |               |                |                |                    |                        |
|---|--------------------------|--------------------------------|-------------------|---------------|----------------|----------------|--------------------|------------------------|
| Geographic area                               | NPLs included in Stage 3 | Aging of Past Due Loans (days) |                   |               |                |                | Stage 3 allowances | Stage 1 & 2 allowances |
|   |                          | Total Past Due                 | Less than 90 days | 90-179        | 180-359        | 360 and above  |                    |                        |
| Saudi Arabia                                  | 1,108,597                | 842,300                        | 2,967,804         | 40,391        | 224,167        | 577,742        | 1,199,572          | 765,660                |
| Other GCC & Middle East                       | -                        | -                              | -                 | -             | -              | -              | -                  | -                      |
| Europe  | -                        | -                              | -                 | -             | -              | -              | -                  | -                      |
| North America                                 | -                        | -                              | -                 | -             | -              | -              | -                  | -                      |
| South East Asia                               | -                        | -                              | -                 | -             | -              | -              | -                  | -                      |
| Others countries                              | -                        | -                              | -                 | -             | -              | -              | -                  | -                      |
| <b>Total</b>                                  | <b>1,108,597</b>         | <b>842,300</b>                 | <b>2,967,804</b>  | <b>40,391</b> | <b>224,167</b> | <b>577,742</b> | <b>1,199,572</b>   | <b>765,660</b>         |

**B9.6: CREDIT RISK: GENERAL DISCLOSURES****Reconciliation Of Changes In The Allowances For Loan Impairment**

| <b>Particulars</b>   | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b>   | <b>Total</b>     |
|--|----------------|----------------|------------------|------------------|
| Balance, beginning of the year, adjusted for IFRS 9 adoption | 443,296        | 243,155        | 1,068,973        | 1,755,424        |
| Charge-offs taken against the allowances during the period   | -              | -              | (44,623)         | (44,623)         |
| Changes in exposures and re- measurement                     | (61,033)       | 124,929        | (3,790)          | 60,106           |
| Other adjustments:   | -              | -              | -                | -                |
| - exchange rate differences                                  | -              | -              | -                | -                |
| - business combinations                                      | -              | -              | -                | -                |
| - acquisitions and disposals of subsidiaries                 | -              | -              | -                | -                |
| - recoveries   | -              | -              | -                | -                |
| Transfers between allowances                                 | (12,950)       | 8,482          | 172,352          | 167,884          |
| Post-model overlay adjustments                               | (27,245)       | 47,027         | 6,660            | 26,442           |
| <b>Balance, end of the year</b>                              | <b>342,068</b> | <b>423,593</b> | <b>1,199,572</b> | <b>1,965,233</b> |

**B.10 - Table CRC: Qualitative disclosure requirements related to credit risk mitigation techniques**

(a) **Core features of policies and processes for, and an indication of the extent to which the Bank makes use of, on-and off-balance sheet netting:** Portfolio diversification is the cornerstone of the Bank's credit risk mitigation strategy, which is implemented through customer, industry, and geographical limit structures.

To ensure diversification at the portfolio level, interrelated companies with the same management or ownership structure are classified and treated as one entity. The Bank limits its credit concentration to various types of counterparties as per the Large Exposure Guidelines issued by SAMA in 2015.

Credit risk mitigants such as collateral and guarantees are effective mitigating factors within the Bank's portfolio and collateral quality is continuously monitored and assessed.

The Bank uses a credit classification system as a tool to assist in managing the quality of credit risk within the lending portfolio. The Bank maintains ten classification grades that differentiate between performing, past due but not impaired and impaired portfolios, and calculates provisioning based on the IFRS-9 guidelines as per the appropriate Expected loss computation methodology according to the identified staging of the asset.

The Credit Committee conducts quality classification exercises over all of its existing borrowers subject to the guidelines provided in the CPG.

Consumer loan loss provisions are allocated on the basis of portfolio provisioning in compliance with SAMA regulatory requirements.

The adequacy of provisions are regularly reviewed and adjusted according to a portfolio risk analysis undertaken on a monthly basis.

The Bank uses external ratings (where available) from Fitch, S&P and Moody's to supplement internal ratings during the process of determining credit limits. Unrated public issue instruments are risk-weighted at 100% for capital adequacy purposes.

In respect of counter party financial institutions with derivatives exposures, the Bank signs standard ISDA Master Agreements including a Credit support Annex. The Bank also makes use of collateral exchanges on the changes relating to MTM valuations. Counterparty risk in the Bank is controlled using a combination of the Board approved risk appetite limits and risk control monitoring using an integrated system of limit management at both a product and counterparty level.

For the measurement of exposure, (i.e. Exposure At Default-EAD), the Basel mandated methodology is used, where marked-to-market (MTM) (replacement cost in the case of derivatives and drawn amounts in the case of committed facilities), plus an add-on for potential future exposure (PFE) is used. The capital at risk or unexpected loss, i.e. the loss, which constitutes the economic capital is also calculated and monitored. The exposures are revalued daily at market close, PFE is adjusted and mitigation measures applied (collateral, netting, etc.) and limits compliance is monitored daily.

For collateral management, derivatives transactions subject to collateral agreements are marked to market daily and the parameters agreed in the collateral agreement are applied and accordingly margin calls are managed.

(b) **Core features of policies and processes for collateral evaluation and management:** Collateral management is handled independently by the Credit Administration Department which is responsible for safe custody of the documents and securities offered as collateral.

Based on SAMA guidelines and best practices, the Bank has laid down policies for valuation of collaterals such as shares, bonds and real estate. In respect of listed/quoted shares, the valuation is based on the daily end of day prices. In respect of real estate, an annual valuation is obtained based on the average valuation of at least two approved valuers.

(c) **Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivatives providers):** The Bank reviews and monitors collateral concentration by various types such as maximum permissible exposure to a company's shares pledged as collateral, maximum exposure of shares pledged for an individual company, number of shares of different companies any borrower can pledge based on the level of Bank's exposures to the borrower etc.

**B.12 - Table CRD: Qualitative disclosures on the Banks' use of external credit ratings under the standardized approach for credit risk****(a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period:**

The Bank currently uses the Standardized Approach for the credit risk capital calculation charge under SAMA guidelines. The Bank uses the ratings issued by Standard & Poor's (S&P), Moody's, and Fitch, which are the External Credit Assessment Institutions (ECAIs) approved by SAMA for the Standardized Approach. The Bank has not yet implemented the internal ratings-based (IRB) Approach.

**(b) The asset classes for which each ECAI or ECA is used:**

The Bank does not use any specific agency exclusively for any particular type of exposure. The available ratings of any of the above three approved ECAIs on the obligors classified as Sovereign, Public Sector Entities, Multilateral Development Banks, Banks and Security Firms, and Corporates are used for risk weighting the exposures on them. The Bank's exposure to the obligors therefore reflects the correct issue rating from an acceptable ECAI long-term issuer rating.

**(c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book (see paragraphs 99–101 of the Basel framework):**

Distinction between long-term and short-term claims is made only in respect of claims on banks. Generally, short-term ratings are deemed to be issue specific to be used only for the rated short-term facility. Short-term ratings are not used for any other short-term claims. If there are three or more assessments with different risk weights, the assessments corresponding to the two lowest risk weights are referred to and the higher of those risk weights is applied.

**(d) The alignment of the alphanumerical scale of each agency used with risk buckets (except where the relevant supervisor publishes a standard mapping with which the bank has to comply):**

In general, the Bank follows the guidelines issued by SAMA with respect to the use of ECAI ratings. The alignments of the ratings of each ECAI are made as per the standard mapping published by SAMA.

**B.21 - Table CCRA: Qualitative disclosure related to counterparty credit risk****(a) Risk management objectives and policies related to counterparty credit risk, including:**

The Bank manages and controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Bank's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are routinely monitored. The Bank's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfill their obligation. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

**(b) The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for CCP exposures:**

For the measurement of exposure, (i.e. Exposure At Default-EAD), the Basel mandated methodology is used, where marked-to-market (MTM) (replacement cost in the case of derivatives and drawn amounts in the case of committed facilities), plus an add-on for potential future exposure (PFE) is used. The capital at risk or unexpected loss, i.e. the loss, which constitutes the economic capital is also calculated and monitored. The exposures are revalued daily at market close, PFE is adjusted and mitigation measures applied (collateral, netting, etc.) and limits compliance is monitored daily. For collateral management, derivative transactions subject to collateral agreements are marked to market daily and the parameters agreed in the collateral agreement are applied and accordingly margin calls are managed.

**(c) Policies relating to guarantees and other risk mitigants and assessments concerning counterparty risk, including exposures towards CCPs:**

Refer to (a) above.

**(d) Policies with respect to wrong-way risk exposures:** The Bank has laid down criteria for certain wrong way exposures such as pledges of shares of the borrowing company not being treated as acceptable collateral.

For derivative exposures, a Credit Support Annex (CSA) under the International Swap Dealers Association (ISDA) Master Agreement and exchange of margins on MTM basis with all the counterparties ensure minimal wrong way exposures.

The Bank reviews the impact of credit rating changes in respect of its counterparties from to time and takes suitable measures for any expected shortfall in collateral.

**(e) The impact in terms of the amount of collateral that the bank would be required to provide given a credit rating downgrade:**

The Bank has not entered in such contracts where rating downgrade will impact the collateral provisions.

**B.22 - Template CCR1: Analysis of counterparty credit risk (CCR)[1] exposure by approach**

| SAR (000) |  | a                | b                         | c    | d                                       | e            | f              |
|-----------|--|------------------|---------------------------|------|---|--------------|----------------|
|           |  | Replacement cost | Potential future exposure | EEPE | Alpha used for computing regulatory EAD | EAD post-CRM | RWA            |
| 1         | SA-CCR (for derivatives)                                     | 119,358          | 272,061                   |      | 1.4                                     | 391,420      | 316,927        |
| 2         | Internal Model Method (for derivatives and SFTs)             |                  |                           |      |   |              |                |
| 3         | Simple Approach for credit risk mitigation (for SFTs)        |                  |                           |      |   |              |                |
| 4         | Comprehensive Approach for credit risk mitigation (for SFTs) |                  |                           |      |   |              |                |
| 5         | VaR for SFTs   |                  |                           |      |   |              |                |
| 6         | <b>Total</b>   |                  |                           |      |   |              | <b>316,927</b> |

**B.23 - Template CCR2: Credit valuation adjustment (CVA) capital charge**

| SAR (000) |   | a              | b              |
|-----------|---|----------------|----------------|
|           |   | EAD post-CRM   | RWA            |
|           | Total portfolios subject to the Advanced CVA capital charge   |                |                |
| 1         | (i) VaR component (including the 3×multiplier)                |                |                |
| 2         | (ii) Stressed VaR component (including the 3×multiplier)      |                |                |
| 3         | All portfolios subject to the Standardized CVA capital charge | 391,420        | 189,317        |
| 4         | <b>Total subject to the CVA capital charge</b>                | <b>391,420</b> | <b>189,317</b> |

**B.24 - Template CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights, Derivatives**

| SAR (000)  | a             | b             | c             | d              | e        | f            | g              | h        | i        | j                      |
|--|---------------|---------------|---------------|----------------|----------|--------------|----------------|----------|----------|------------------------|
| Regulatory portfolio / Risk weight                   | 0%            | 2%            | 20%           | 50%            | 75%      | 85%          | 100%           | 150%     | Others   | Total credit exposures |
| Sovereigns and their central banks                   | 14,000        | -             | -             | -              | -        | -            | -              | -        | -        | 14,000                 |
| Non-central government public sector entities (PSEs) | -             | -             | -             | -              | -        | -            | -              | -        | -        | -                      |
| Multilateral development banks (MDBs)                | -             | -             | -             | -              | -        | -            | -              | -        | -        | -                      |
| Banks and Securities firms                           | -             | -             | 30,055        | 324,854        | -        | -            | -              | -        | -        | 354,909                |
| Corporates   | -             | -             | -             | -              | -        | 4,774        | 142,436        | -        | -        | 147,210                |
| Regulatory retail portfolios                         | -             | -             | -             | -              | -        | -            | -              | -        | -        | -                      |
| Other assets   | -             | 99,778        | -             | -              | -        | -            | -              | -        | -        | 99,778                 |
| <b>Total</b>   | <b>14,000</b> | <b>99,778</b> | <b>30,055</b> | <b>324,854</b> | <b>-</b> | <b>4,774</b> | <b>142,436</b> | <b>-</b> | <b>-</b> | <b>615,896</b>         |

**B.26 - Template CCR5: Composition of collateral for CCR exposure**

| SAR (000)                | a  | b            | c                               | d            | e                                 | f                               |
|--------------------------|--|--------------|---------------------------------|--------------|-----------------------------------|---------------------------------|
|                          | Collateral used in derivative transactions |              |                                 |              | Collateral used in SFTs           |                                 |
|                          | Fair value of collateral received          |              | Fair value of posted collateral |              | Fair value of collateral received | Fair value of posted collateral |
|                          | Segregated                                 | Unsegregated | Segregated                      | Unsegregated |                                   |                                 |
| Cash – domestic currency |  | -            |                                 | -            | -                                 | -                               |
| Cash – other currencies  | 787,126                                    | -            | 167,277                         | -            | -                                 | -                               |
| Domestic sovereign debt  | -  | -            | -                               | -            | -                                 | 8,708,266                       |
| Other sovereign debt     | -  | -            | -                               | -            | -                                 | 1,067,158                       |
| Government agency debt   | -  | -            | -                               | -            | -                                 | -                               |
| Corporate bonds          | -  | -            | -                               | -            | -                                 | 3,552,545                       |
| Equity securities        | -  | -            | -                               | -            | -                                 | -                               |
| Other collateral         | -  | -            | -                               | -            | -                                 | -                               |
| <b>Total</b>             | <b>787,126</b>                             | <b>-</b>     | <b>167,277</b>                  | <b>-</b>     | <b>-</b>                          | <b>13,327,969</b>               |

**B.35 - Table MRA: Qualitative disclosure requirements related to market risk****(a) Strategies and processes of the Bank:**

The monitoring and control of market risk is handled by an independent market risk team which is responsible for ensuring market risk exposures are measured in accordance with the defined policies and monitored daily against the prescribed control limits. The Bank has established a market risk management policy and specified market risk measurements and limits in the Bank's TPG approved by the Board. ALCO, the Treasury and Investment Group, and the Market Risk Departments are primarily responsible for managing, monitoring and controlling this risk in accordance with approved policies.

**(b) Structure and organization of the market risk management function:**

The Market Risk function is a part of Risk Management Group which is intendent from the Treasury and other Business Units. The Bank has intendent Back Office and Middle Office functions as well. The communication between different parties involved in the market risk management is reported for control purposes to Credit Committee/ALCO/BRC/the Board, as the case may be.

**(c) Scope and nature of risk reporting and/or measurement systems:**

For regulatory capital purposes, the Bank calculates its market risk capital requirements according to the Standardized methodology. All activities giving rise to market risk are conducted within a structure of approved credit and market exposure limits.

The Bank performs daily revaluation of its positions exposed to market risk at market close as per the approved methodologies under TPG. The fair value principles are adopted when no market quotes are available. The Bank uses various integrated systems to perform the measurement of its exposures and applies appropriate methodology to measure market risk. It is ensured that measurement and reporting is performed outside the risk taking units with adequate internal control processes in place.

The Bank uses industry standard IT systems for its Treasury operations and recording of transactions. The Bank also has industry standard systems for market risk measuring, monitoring, reviewing and reporting. The Bank's integrated Risk measurement system provides accurate market valuations, Value at Risk, EVE and IRRBB computations at regular intervals (daily).

**(A) Risk Management Objectives and policies for market risk:** The Bank has in place a market-risk management framework which governs the Bank's trading and non-trading activities related to market risk. The Bank separates market risk related activities between its banking book and its trading book. The relevant unit heads within the Treasury and Investment Group are responsible for managing market risk arising from any trading investment and asset liability management (ALM) activities within the mandated limits of risk policy of the Bank.

The Bank's ALCO is responsible for the management and oversight of market risk inherent in the Bank's trading and non-trading activities within the framework of policies and processes laid down by its TPG and RAF.

**B.37 - Template MR1: Market risk under standardized approach**

| SAR (000) |   | a                |
|-----------|---|------------------|
|           |   | RWA              |
|           | Outright products                         | 1,021,036        |
| 1         | Interest rate risk (general and specific) | -                |
| 2         | Equity risk (general and specific)        | -                |
| 3         | Foreign exchange risk                     | 1,021,036        |
| 4         | Commodity risk                            | -                |
|           | Options                                   | -                |
| 5         | Simplified approach                       | -                |
| 6         | Delta-plus method                         | -                |
| 7         | Scenario approach                         | -                |
| 8         | Securitization                            | -                |
| 9         | <b>Total</b>                              | <b>1,021,036</b> |

The Bank's market risk component comprises of FX and Interest Rate Risk.

The Bank does not maintain trading book positions in Equity and OTC Derivatives.

#### B.41 - Operational risk (Qualitative Disclosures)

The Bank's Operational Risk Management Framework approved by the Board provides a structured approach to identify, assess, monitor, and control operational risk through:

- Conducting Risk and Control Self-Assessment (RCSA) workshops and submitting Risk Profile Reports which rate the Entity's Risk;
- Monitoring of agreed Action Plans that have emerged as a result of RCSA workshops;
- Maintaining operational risk loss event databases for analysis and reporting;
- (a) • Implementing and monitoring of Key Risk Indicators;
- Creating awareness about the Risk Management Concepts with focus on Operational Risk among the Bank employees through e-learning;
- Periodically reviewing and updating Operational Risk Policies & Procedures and functionality of the ORM System to improve Operational Risk Management in the Bank;
- Conducting Annual Qualitative and Quantitative risk analysis covering all risk entities within a Business/Support Group; and
- Review of tangible and intangible assets of the Bank and Corporate Risk Financing Plan.

Any new products of the Bank are also assessed for inherent operational risks. The Bank's insurance contracts are also subject to ORMD review on an annual basis. The outsourcing contracts of the Bank are also reviewed by the ORMD from an operational risk perspective.

The Bank is currently using the Basic Indicator Approach of the Basel III Accord to arrive at the Operational Risk Capital Charge by taking 15% of the average gross income of the Bank for the last three years as defined under Section 650 of the Basel III included in the SAMA Basel III guidelines.

An operational risk appetite matrix is also used for monitoring operational risk losses on an ongoing basis.

The key components of this framework are comprehensively documented through policies and procedures such as Operational Risk Framework Policy, RCSA Policy, Loss Data Policy, Key Risk Indicators Policy and procedures such as Business Process Mapping procedure, Training and Awareness procedure etc.

The Operational Risk Management Committee (ORMC) has the overall responsibility of supervising the implementation of the operational risk management framework across the Bank. The ORMC reports to the ERM of the Bank, which in turn reports to the BRC, a committee of the Board.

The Operational Risk Management Department (ORMD) functions as part of the Risk Management Group. The Bank has adopted a structured and proactive approach for the management of operational risks. The ORMD is subject to regular audit by the Bank's Internal Audit Department.

The ORMD collects data related to operational losses from day-to-day operations and feeds the same into the Operational Risk Management System. This covers activities including:

- Feeding the results of RCSA workshops for risk and control assessment.

(b) Description of the advanced measurement approaches for operational risk (AMA), if used by the bank, including a discussion of relevant internal and external factors considered in the bank's measurement approach. In the case of partial use, the scope and coverage of the different approaches used: **-Not Applicable-**

(c) For banks using the AMA, a description of the use of insurance for the purpose of mitigating operational risk: **-Not applicable-**

**IRRBB risk management objectives and policies**

|                          |   |
|--------------------------|---|
| Qualitative Disclosures  | <p>(a) <b>The general qualitative disclosure requirement (paragraph 824), including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement:</b> Interest rate risk in the banking book (IRRBB) is the exposure of the Bank’s financial position to adverse movements in interest rates. Changes in interest rates affect earnings by changing its net special commission income and also affect the underlying value of assets, liabilities and off-balance sheet financial instruments. The main sources of interest rate risk are repricing risk, yield curve risk, basis risk, and optionality risk. The Bank has internal methodology in place to estimate loan prepayments and behavior of non-maturity deposits. The Bank’s interest rate risk management process includes implementation of interest rate strategies and policies, gap analysis of rate sensitive assets and liabilities in banking activities, as well as a system of internal controls. In particular, they address the need for effective interest rate risk measurement and monitoring and related control functions within the interest rate risk management process.</p> <p>The IRRBB is managed through gap management in accordance with ALCO approved risk appetite and pre-defined limits. All interest rate sensitive assets and liabilities are segregated according to their appropriate interest re-pricing maturity dates, currency and gaps, and are managed accordingly.</p> <p>The Bank also monitors the potential long-term effects of changes in the interest rates on the present value of all future cash flows by using economic value of equity analysis to analyze and measure the risk on capital.</p> <p>To hedge and minimize interest risk due to interest rate movements, the Bank uses approved hedging products and strategies to periodically rebalance assets and liabilities to bring interest rate sensitive positions within desired tolerance levels.</p> <p>The Bank monitors IRRBB exposures on a monthly basis for internal monitoring purposes and conducts stress tests at six-monthly intervals on such exposures using various interest rate shock scenarios.</p> |
| Quantitative Disclosures | <p>(a) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management’s method for measuring IRRBB1, broken down by currency (as relevant).</p>  |

**INTEREST RATE RISK IN THE BANKING BOOK (IRRBB1)**

| Period          | ΔEVE              |                  | ΔNII              |                  |
|-----------------|-------------------|------------------|-------------------|------------------|
|                 | December 31, 2021 | June 30, 2021    | December 31, 2021 | June 30, 2021    |
| Parallel up     | 56,916            | (42,162)         | 164,962           | (239,415)        |
| Parallel down   | 1,499,574         | 176,653          | (164,962)         | 227,103          |
| Steepener       | (563,103)         | (360,591)        |                   |                  |
| Flattener       | 687,604           | 758,701          |                   |                  |
| Short Rate up   | (320,194)         | (44,709)         |                   |                  |
| Short Rate down | 324,865           | 42,162           |                   |                  |
| <b>Maximum</b>  | <b>(563,103)</b>  | <b>(360,591)</b> | <b>(164,962)</b>  | <b>(239,415)</b> |
| <b>Period</b>   | <b>T</b>          |                  | <b>T-1</b>        |                  |
| Tier 1 capital  | 17,105,736        |                  | 16,321,446        |                  |

The Board of Directors of the Bank has established a Nomination and Remuneration Committee (the Committee) which consists of four board members. The Committee is primarily responsible for recommending appointments to membership of the Board of Directors and key executives of the Bank in compliance with the Bank's Corporate Governance Guidelines, completing annual reviews for the requirements of suitable skills and independence for membership of the Bank's Board of Directors, reviewing the structure of the Board of Directors, establishing policies for the compensation of members of the Board of Director's, and overseeing the Bank's employee compensation system's design.

The Committee is also responsible to recommend to the Board of Directors the approval of the Bank's Compensation Policy and any amendments thereto, to ensure that the Bank's remuneration policies are in compliance with SAMA Rules on Compensation Practices and the Financial Stability Board's (FSB) Principles for Sound Compensation Practices, to periodically review the Bank's compensation policy, to evaluate practices by which compensation is paid, and to determine the performance bonuses for the Bank's employees based on the risk adjusted profit of the Bank.

The Bank's Compensation Policy is designed to attract, retain and motivate high performing and high potential employees. Employees participate in various variable pay arrangements. Discretionary variable pay as well as fixed pay reviews are dependent on the achievement of objectives, which is monitored/measured via a robust performance management system. The grant of the variable component of the reward is strictly dependent on the achievement of set targets, both financial and non-financial, level of achievements and the Bank's overall performance, including key risk indicators. Higher achievements will warrant a better performance rating and higher variable compensation. The Balanced Scorecard concept is used as a performance management tool and Performance objectives are typically categorized into four segments including financial, customer, process, and people.

Financial and non-financial metrics are used to measure performance against the objectives, which include profitability, expense control, customer satisfaction, quality assurance, employee development and engagement, workforce diversity, sustainable business practices, lending guidelines, internal controls, compliance with regulations, and business systems and processes. Effective risk management is emphasized to maintain a strong and secure operating platform. A Risk Appetite Framework Policy has been established and compliance with the annual Risk Appetite Statement is key to all remuneration decisions including variable pay arrangements.

In addition to the above, the Bank's employees are encouraged to participate in employee share savings and incentive schemes. Variable remuneration is linked to long-term value creation and risk horizons. It is also based on individual, business segment and Bank performance criteria. Accordingly, for certain variable remunerations, a portion of the incentive earned for the annual performance bonus program is deferred in line with long term risk realization. The vesting is subject to clawback mechanisms.

The Bank operates an end of service benefit plan for its employees based on prevailing Saudi Labor laws. Accruals are made in accordance with actuarial valuations using a projected unit credit method while the benefit payments are discharged as and when the benefit payments are due.

The Bank's subsidiaries have adopted a similar approach to remuneration and compensation practices as described above, including policies within a framework of prudent risk management.

**REM1 - Remuneration awarded during the financial year**

| Remuneration amount |                                    |  | a                 | b                          |
|---------------------|------------------------------------|--|-------------------|----------------------------|
|                     |                                    |  | Senior management | Other material risk-takers |
| 1                   | <b>Fixed remuneration</b>          | <b>Number of employees</b>                         | <b>19</b>         | <b>93</b>                  |
| 2                   |                                    | <b>Total fixed remuneration (3 + 5 + 7)</b>        | <b>35,795</b>     | <b>52,162</b>              |
| 3                   |                                    | Of which: cash-based                               | 35,795            | 52,162                     |
| 4                   |                                    | Of which: deferred                                 | -                 | -                          |
| 5                   |                                    | Of which: shares or other share-linked instruments | -                 | -                          |
| 6                   |                                    | Of which: deferred                                 | -                 | -                          |
| 7                   |                                    | Of which: other forms                              | -                 | -                          |
| 8                   |                                    | Of which: deferred                                 | -                 | -                          |
| 9                   | <b>Variable remuneration</b>       | <b>Number of employees</b>                         | <b>19</b>         | <b>93</b>                  |
| 10                  |                                    | <b>Total variable remuneration (11 + 13 + 15)</b>  | <b>19,908</b>     | <b>12,900</b>              |
| 11                  |                                    | Of which: cash-based                               | 19,908            | 12,900                     |
| 12                  |                                    | Of which: deferred                                 |                   |                            |
| 13                  |                                    | Of which: shares or other share-linked instruments | -                 | -                          |
| 14                  |                                    | Of which: deferred                                 |                   |                            |
| 15                  |                                    | Of which: other forms                              |                   |                            |
| 16                  |                                    | Of which: deferred                                 |                   |                            |
| 17                  | <b>Total remuneration (2 + 10)</b> |  | <b>55,703</b>     | <b>65,062</b>              |

**REM2 - Special payments**

| Special payments            | Guaranteed bonuses  |     |              |     | Sign-on awards      |     |              |     | Severance payments  |     |              |     |
|-----------------------------|---------------------|-----|--------------|-----|---------------------|-----|--------------|-----|---------------------|-----|--------------|-----|
|                             | Number of employees |     | Total amount |     | Number of employees |     | Total amount |     | Number of employees |     | Total amount |     |
| Senior management           | N/A                 | N/A | N/A          | N/A | N/A                 | N/A | N/A          | N/A | N/A                 | N/A | N/A          | N/A |
| Other material risk- takers | N/A                 | N/A | N/A          | N/A | N/A                 | N/A | N/A          | N/A | N/A                 | N/A | N/A          | N/A |

**REM3 - Deferred remuneration**

|                                    | a   | b   | c   | d   | e  |
|------------------------------------|---|---|---|---|--|
| Deferred and retained remuneration | Total amount of outstanding deferred remuneration | Of which: Total amount of outstanding deferred and retained | Total amount of amendment during the year due to ex post explicit adjustments | Total amount of amendment during the year due to ex post implicit adjustments | Total amount of deferred remuneration paid out in the financial year |
|                                    |   | exposed to ex post explicit and / or implicit adjustment    |   |   |  |
| <b>Senior management</b>           |   |   |   |   |  |
| Cash                               | 4,313   | -   | -   | -   | 1,307  |
| Shares                             | -   | -   | -   | -   |  |
| Cash-linked instruments            | -   | -   | -   | -   | -  |
| Other                              | -   | -   | -   | -   | -  |
| <b>Other material risk-takers</b>  |   |   |   |   |  |
| Cash                               | 1,456   | -   | -   | -   | 475  |
| Shares                             | -   | -   | -   | -   |  |
| Cash-linked instruments            | -   | -   | -   | -   | -  |
| Other                              | -   | -   | -   | -   | -  |
| <b>Total</b>                       | <b>5,769</b>                                      | <b>-</b>  | <b>-</b>  | <b>-</b>  | <b>1,782</b>   |