Pillar III Disclosures

December 31st, 2024

Al Rajhi Bank

The following templates are not covered as not applicable to the Bank's approach:

SN	Template	Description
1	KM2	Key metrics - TLAC requirements (at resolution group level)
2	CMS1	Comparison of modelled and standardised RWA at risk level
3	CMS2	Comparison of modelled and standardised RWA for credit risk at asset class
4	TLAC1	TLAC composition for G-SIBs (at resolution group level)
5	TLAC2	Material subgroup entity - creditor ranking at legal entity level
6	TLAC3	Resolution entity - creditor ranking at legal entity level
7	PV1	Prudent valuation adjustments (PVAs)
8	CRE	Qualitative disclosure related to IRB models
9	CR6	IRB - Credit risk exposures by portfolio and PD range
10	CR7	IRB - Effect on RWA of credit derivatives used as CRM techniques
11	CR8	RWA flow statements of credit risk exposures under IRB
12	CR9	IRB - Backtesting of probability of default (PD) per portfolio
13	CR10	IRB (specialized lending under the slotting approach)
14	CCR4	IRB - CCR exposures by portfolio and PD scale
15	CCR7	RWA flow statements of CCR exposures under Internal Model Method (IMM)
16	SECA	Qualitative disclosure requirements related to securitization exposures
17	SEC1	Securitization exposures in the banking book
18	SEC2	Securitization exposures in the trading book
19	SEC3	Securitization exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor
20	SEC4	Securitization exposures in the banking book and associated capital requirements - bank acting as investor
21	MRB	Qualitative disclosures for banks using the IMA
22	MR2	Market risk for banks using the IMA
23	MR3	Market risk under the simplified standardized approach
24	CVA1	The reduced basic approach for CVA (BA-CVA)
25	CVA2	The full basic approach for CVA (BA-CVA)
26	CVAB	Qualitative disclosures for banks using the SA-CVA
27	CVA3	The standardized approach for CVA (SA-CVA)
28	CVA4	RWA flow statements of CVA risk exposures under SA-CVA
29	GSIB1	Disclosure of G-SIB indicators

KM1: Key metrics (at consolidated group level)

	SAR 000's	a Dec-24	b Sep-24	c Jun-24	d Mar-24	e Dec-23
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	97,702,820	93,450,515	92,968,888	88,772,618	89,651,971
1a	Fully loaded ECL accounting model	97,702,820	93,210,291	92,488,440	88,051,946	88,691,075
2	Tier 1	117,952,821	113,700,515	113,218,888	105,272,618	106,151,971
2a	Fully loaded ECL accounting model Tier 1	117,952,821	113,460,291	112,738,440	104,551,946	105,191,075
3	Total capital	123,588,989	119,650,792	119,018,480	110,918,244	111,998,910
3a	Fully loaded ECL accounting model total capital	123,588,989	119,410,568	118,538,032	110,197,572	111,038,014
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	611,438,764	577,849,598	565,516,630	549,040,886	520,329,578
4a	Total risk-weighted assets (pre-floor)	611,438,764	577,849,598	565,516,630	549,040,886	520,329,578
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	15.98%	16.17%	16.44%	16.17%	17.23%
5a	Fully loaded ECL accounting model CET1 (%)	15.98%	16.13%	16.35%	16.04%	17.05%
5b	CET1 ratio (%) (pre-floor ratio)	15.98%	16.17%	16.44%	16.17%	17.23%
6	Tier 1 ratio (%)	19.29%	19.68%	20.02%	19.17%	20.40%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	19.29%	19.63%	19.94%	19.04%	20.22%
6b	Tier 1 ratio (%) (pre-floor ratio)	19.29%	19.68%	20.02%	19.17%	20.40%
7	Total capital ratio (%)	20.21%	20.71%	21.05%	20.20%	21.52%
7a	Fully loaded ECL accounting model total capital ratio (%)	20.21%	20.66%	20.96%	20.07%	21.34%
7b	Total capital ratio (%) (pre-floor ratio)	20.21%	20.71%	21.05%	20.20%	21.52%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.15%	0.15%	0.15%	0.15%	0.15%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.50%	0.50%	0.50%	0.50%	0.50%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	3.15%	3.15%	3.15%	3.15%	3.15%
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.33%	8.52%	8.79%	8.52%	9.58%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	1,031,527,711	954,300,517	913,819,190	877,918,102	846,835,630
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	11.43%	11.91%	12.39%	11.99%	12.54%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	11.43%	11.89%	12.34%	11.91%	12.42%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.43%	11.91%	12.39%	11.99%	12.54%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.44%	11.92%	12.40%	11.99%	12.53%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.44%	11.92%	12.40%	11.99%	12.53%
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA)	128,093,837	130,983,821	121,074,979	105,358,085	105,493,867
16	Total net cash outflow	106,660,633	95,490,126	82,842,532	78,546,405	90,523,951
17	LCR ratio (%)	120.09%	137.17%	146.15%	134.13%	116.54%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	681,528,159	645,855,287	625,466,005	610,001,833	579,142,856
19	Total required stable funding	626,781,421	592,431,508	571,057,421	549,081,041	529,084,943
20	NSFR ratio	108.73%	109.02%	109.53%	111.10%	109.46%

OVA: Bank risk management approach

a) The business model and how it determines and interacts with the overall risk profile and how the risk profile of the Bank interacts with the risk tolerance approved by the board:

The Bank's risk profile is derived from its risk appetite which is the overall approach for establishing, communicating, and monitoring all material risks of the Bank through organizational roles and responsibilities, Risk Appetite Statements, policies, risk limits, processes, controls, and systems in the pursuit of its strategic and business objectives. An entrenched and institutionalized Risk Appetite allows the Bank to shape and ensure alignment of risk profile to business and risk strategy and helps to avoid excessive risk taking. The Bank has a clearly defined Risk Appetite Statement that aligns risk management with the overall business plans. The Bank quantifies the risk exposure through the amount of capital using the regulatory/economic capital and the potential adverse impact in terms of the volatility of its earnings. The Risk Appetite is defined via metrics, classified as triggers (goals and direction to proceed under normal business conditions), and minimum levels (Bank's tolerance to adverse events in the internal or external operating environment).

The Bank has followed a top-down approach to implement its Risk Appetite framework to different lines of businesses. Risk Appetite is further refined on an annual basis in order to keeping in view the significant regulatory changes, and operating environment trends, which would impact the banking sector. The Bank's culture is to actively take risks that are adequately rewarded and are in line with achieving the Bank's business objectives. Such risk taking should augment the Bank's profit thereby enhancing shareholder value. All Business Units and employees of the Bank are accountable for identifying and managing the risks embedded under their responsibilities that is still evolving at a Business Unit and product/segment level. Risk Appetite is cascaded operationally to different Business Units and functions through defined risk policies, delegated authorities, governance committees, and by cascading Bank, Subsidiary, Business Unit, Foreign Branches and segment/product activities and strategies, key risks and the Bank-level capital and liquidity positions.

b) The risk governance structure: responsibilities attributed throughout the bank; relationships between the structures involved in risk management processes:

The Bank has implemented a comprehensive risk governance and ownership structure that ensures effective oversight and accountability for managing risks across the organization. This structure is aligned with the Bank's risk governance standards and global best practices.

The Bank's governance structure is organized into two levels:

1. Board Committees: These committees provide strategic guidance an ensure alignment with the Bank's overarching risk appetite and objectives.
2. Management Committees (Level 1 and Level 2): These committees handle the operational aspects of risk management, ensuring that controls and processes are executed effectively at the business level.

At the Board level, the Board Risk Management Committee (BRMC), chaired by a non-executive Board member, is responsible for the strategic oversight of the Bank's risk management function. The Chief Risk Officer (CRO) leads the Risk Group, overseeing the identification, monitoring, and review of risks on a daily basis. The CRO has direct access to the BRMC, ensuring that all risk-related viewpoints and critical developments are promptly addressed.

The Board Audit Committee (BAC) assists the Board of Directors to carry out the responsibilities of supervision and compliance regarding the validity of the
financial statements of the bank and the effectiveness of the internal control system in the light of the risks faced by the bank, and evaluate the efficiency, independence and performance of the external and internal auditors.

c) Channels to communicate, decline and enforce the risk culture within the Bank:

The Risk Appetite Statement (RAS) Framework serves as a common basis for consistent development, management and communication of the Risk Appetite Statement across the Bank and provides the structure to manage evolving risks. It helps providing transparency over risk management and strategic decisions and in turn promotes a strong Risk Culture within the Bank. Maintaining a strong Risk Culture is critical to the strategy and business activities of the Bank. The Bank's Risk Culture requires that each Business Unit and each employee of the Bank is accountable for identifying and managing the risks embedded under their responsibilities, and they are expected to:

- Own the risks that are associated with their responsibilities.
- Understand the underlying risks in their businesses and the approach to mitigate those risks by appropriately pricing and managing the risk.
- Exercise control over processes to ensure that adverse risk outcomes are managed appropriately without any time lag.
- Make decisions after all consideration of the accepting risks after taking holistic views into account, which includes impact on capital, funding and liquidity.
- Perform cost-benefit analysis while managing risk and risk-return analysis while sourcing new business.
- Immediately report and investigate risk issues and events as soon as they arise.
- Work diligently to resolve and close risk issues assigned to other responsibility by either Operational Risk, Internal Audit, Regulations, Senior Management or other Business Units.

d) The scope and main features of risk measurement systems:

The Bank has structured a number of financial products which are in accordance with Shariah law in order to meet the customers demand. These products are all classified as financing assets in the Bank's consolidated statement of financial position. In measuring credit risk of financing at a counterparty level, the Bank considers the overall credit worthiness of the customer based on a proprietary risk methodology.

This risk rating methodology utilizes a 10-point scale based on quantitative and qualitative factors with seven performing categories (rated 1 to 7) and three non-performing categories (rated 8-10). The risk rating process is intended to advise the various independent approval authorities of the inherent risks associated with the counterparty and assist in determining suitable pricing commensurate with the associated risk.

e) The process of risk information reporting provided to the board and senior management:

At a management level, the Bank's Risk Management Committee (RMC), chaired by the MD & CEO, plays a critical role within the Bank's Risk Governance and Risk Management Framework. The purpose of the Committee is to review how effectively businesses within the Bank are managing their risks, and to provide strategic and tactical direction for the management of risks. The Committee shall report to the Board Risk Management Committee (BRMC) on its activities and any recommendations.

f) Qualitative information on stress testing:

The Bank adopts Integrated Stress Testing Approach, in which different types of stressed events are inter-linked and are jointly considered for their impact on the financials and key regulatory ratios. The approach determines the financial impact of both systematic risk and idiosyncratic risk scenarios on Bank's capital adequacy across all three stress severity levels – Mild, Moderate and Severe. Besides, the Bank has comprehensive capital and liquidity stress testing in alignment with Internal Capital Adequacy Assessment Plan (ICAAP) and Internal Liquidity Adequacy Assessment Plan (ILAAP) guidelines issued by SAMA. The Bank has comprehensive and specific Management Action Plans to ensure that capital, leverage ratios are managed well within the Risk Appetite thresholds if the key ratios come under unexpected pressure.

g) The strategies and processes to manage, hedge and mitigate risks that arise from the Bank's business model and the processes for monitoring the continuing effectiveness of hedges and mitigants:

On annual basis, key Risks are identified and plan of actions are listed out to mitigate those risks. The identification of Key Risks and its mitigation plans are discussed in Management Committee meetings and presented to BRMC and to the Board of Directors on an ongoing basis. The mitigation plans are reviewed regularly and the implementation of the action plans are monitored.

OV1: Overview of RWA

		a	b	c	
		RWA		Minimum capital requirements	Drivers behind significant differences
		Dec-24	Sep-24	Dec-24	
1	**Credit risk (excluding counterparty credit risk)**	**541,249,523**	**509,574,450**	**43,299,962**	**Increase in EAD**
2	Of which: standardized approach (SA)	541,249,523	509,574,450	43,299,962	
3	Of which: foundation internal ratings-based (F-IRB) approach				
4	Of which: supervisory slotting approach				
5	Of which: advanced internal ratings-based (A-IRB) approach				
6	**Counterparty credit risk (CCR)**	**4,295,527**	**3,383,954**	**343,642**	**Increase in Derivatives Transactions**
7	Of which: standardized approach for counterparty credit risk	4,295,527	3,383,954	343,642	
8	Of which: IMM				
9	Of which: other CCR				
10	**Credit valuation adjustment (CVA)**	**4,295,527**	**3,383,954**	**343,642**	**Increase in Derivatives Transactions**
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period				
12	**Equity investments in funds**	**4,117,725**	**4,663,762**	**329,418**	**Decrease in Mutual Funds**
13	Of which: Look-through approach	4,117,725	4,663,762	329,418	
14	Of which: Mandate-based approach				
15	Of which: Fall-back approach				
16	Settlement risk				
17	Securitization exposures in banking book				
18	Of which: securitization IRB approach (SEC-IRBA)				
19	Of which: securitization external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)				
20	Of which: securitization standardized approach (SEC-SA)				
21	**Market risk**	**10,471,553**	**9,834,570**	**837,724**	**Increase in Equities Risk**
22	Of which: standardized approach (SA)	10,471,553	9,834,570	837,724	
23	Of which: internal model approach (IMA)				
24	Capital charge for switch between trading book and banking book				
25	**Operational risk**	**47,008,909**	**47,008,909**	**3,760,713**	**No Change**
26	Amounts below the thresholds for deduction (subject to 250% risk weight)				
27	Output floor applied				
28	Floor adjustment (before application of transitional cap)				
29	Floor adjustment (after application of transitional cap)				
30	**Total (1 + 6 + 10 + 12 + 21 + 25)**	**611,438,764**	**577,849,598**	**48,915,101**	

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

		Quantitative / qualitative information
1	Issuer	Al Rajhi Banking and Investment Corporation
2	Unique identifier	SA15GVK0JI30
3	Governing law(s) of the instrument	Laws of Kingdom of Saudi Arabia
4	Transitional Basel III rules	Additional Tier 1
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/group and solo	Group and Solo
7	Instrument type	Subordinated
8	Amount recognized in regulatory capital (Currency in millions, as of most recent reporting date)	SAR 6,500 Million
9	Par value of instrument	SAR 1,000,000
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	23 January 2022
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Option call date, contingent call dates and redemption amount	23 January 2027
16	Subsequent call dates, if applicable	Following the first call date, any profit distribution date thereafter
17	Fixed or Floating dividend/coupon	Fixed to Floating
18	Coupon rate and any related index	3.500% per annum fixed rate payable quarterly from the issue date excluding the reset date. The return rate shall thereafter reset on the reset date.
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	No
22	Non-cumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write down, write-down trigger(s)	Non-Viability Event
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-own, description of writeup mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	The financial instrument is junior to senior creditors and Tier 2 capital instruments
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

		Quantitative / qualitative information
1	Issuer	Al Rajhi Banking and Investment Corporation
2	Unique identifier	SA15L00GHCJ9
3	Governing law(s) of the instrument	Laws of Kingdom of Saudi Arabia
4	Transitional Basel III rules	Additional Tier 1
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/group and solo	Group and Solo
7	Instrument type	Subordinated
8	Amount recognized in regulatory capital (Currency in millions, as of most recent reporting date)	SAR 10,000 Million
9	Par value of instrument	SAR 1,000
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	16 November 2022
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Option call date, contingent call dates and redemption amount	16 November 2027
16	Subsequent call dates, if applicable	Following the first call date, any profit distribution date thereafter
17	Fixed or Floating dividend/coupon	Fixed to Floating
18	Coupon rate and any related index	5.500% per annum fixed rate payable quarterly from the issue date excluding the reset date. The return rate shall thereafter reset on the reset date.
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	No
22	Non-cumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write down, write-down trigger(s)	Non-Viability Event
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-own, description of writeup mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	The financial instrument is junior to senior creditors and Tier 2 capital instruments
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

		Quantitative / qualitative information
1	Issuer	Al Rajhi Tier 1 Sukuk Limited
2	Unique identifier	XS2819196879
3	Governing law(s) of the instrument	English Law
4	Transitional Basel III rules	Additional Tier 1
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/group and solo	Group and solo
7	Instrument type	Subordinated
8	Amount recognized in regulatory capital (Currency in millions, as of most recent reporting date)	USD 1,000 Million
9	Par value of instrument	USD 1,000
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	16 May 2024
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Option call date, contingent call dates and redemption amount	16 May 2029
16	Subsequent call dates, if applicable	Following the first call date, any profit distribution date thereafter
17	Fixed or Floating dividend/coupon	Fixed to Floating
18	Coupon rate and any related index	6.375% per annum fixed rate payable semi-annually from the issue date excluding the reset date. The return rate shall thereafter reset on the reset date.
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	No
22	Non-cumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write down, write-down trigger(s)	Non-viability event
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-own, description of writeup mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	The financial instrument is junior to senior creditors and Tier 2 capital instruments
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

CC1: Composition of regulatory capital

		a	b
		Amounts	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	40,000,000	h
2	Retained earnings	21,417,282	
3	Accumulated other comprehensive income (and other reserves)	38,061,733	
4	Directly issued capital subject to phase-out from CET1 capital (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in bank's CET1 capital)	106,401	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**99,585,416**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudent valuation adjustments	-	
8	Goodwill (net of related tax liability)	(55,065)	a
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)	(1,718,665)	b
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash flow hedge reserve	(2,465)	
12	Shortfall of provisions to expected losses	-	
13	Securitization gain on sale (as set out in SACAP4.1.4)	-	
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 subtracted from 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, 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 (amount above 10% threshold)	-	
20	MSR (amount above 10% threshold)	-	
21	DTA 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: MSR	-	
25	Of which: DTA arising from temporary differences	-	
26	National specific regulatory adjustments	(106,401)	
27	Regulatory adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions	-	
28	**Total regulatory adjustments to Common Equity Tier 1 capital**	**(1,882,595)**	
29	**Common Equity Tier 1 capital (CET1)**	**97,702,820**	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	20,250,000	i
31	Of which: classified as equity under applicable accounting standards	20,250,000	
32	Of which: classified as liabilities under applicable accounting standards	-	
33	Directly issued capital instruments subject to phase-out from additional Tier 1 capital	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in bank's additional Tier 1 capital)	-	
35	Of which: instruments issued by subsidiaries subject to phase-out	-	
36	**Additional Tier 1 capital before regulatory adjustments**	**20,250,000**	
	Additional Tier 1 capital: regulatory adjustments		
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, 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	-	
41	National specific regulatory adjustments	-	
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	**Total regulatory adjustments to additional Tier 1 capital**	**-**	
44	**Additional Tier 1 capital (AT1)**	**20,250,000**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**117,952,821**	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase-out from Tier 2 capital	-	
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 bank's Tier 2)	-	
49	Of which: instruments issued by subsidiaries subject to phase-out	-	
50	Provisions	5,636,168	
51	**Tier 2 capital before regulatory adjustments**	**5,636,168**	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	-	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments	-	
57	**Total regulatory adjustments to Tier 2 capital**	**-**	
58	**Tier 2 capital**	**5,636,168**	
59	**Total regulatory capital (= Tier 1 + Tier2)**	**123,588,989**	
60	**Total risk-weighted assets**	**611,438,764**	
	Capital adequacy ratios and buffers		
61	**Common Equity Tier 1 capital (as a percentage of risk-weighted assets)**	**15.98%**	
62	**Tier 1 capital (as a percentage of risk-weighted assets)**	**19.29%**	
63	**Total capital (as a percentage of risk-weighted assets)**	**20.21%**	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk weighted assets)**	**3.15%**	
65	Of which: capital conservation buffer requirement	2.50%	
66	Of which: bank-specific countercyclical buffer requirement	0.15%	
67	Of which: higher loss absorbency requirement	0.50%	
68	**Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements**	**8.33%**	
	National minima (if different from Basel III)		
69	National minimum Common Equity Tier 1 capital adequacy ratio (if different from Basel III minimum)	N/A	
70	National minimum Tier 1 capital adequacy ratio (if different from Basel III minimum)	N/A	
71	National minimum Total capital adequacy ratio (if different from Basel III minimum)	N/A	
	Amounts below the thresholds for deduction (before risk-weighting)		
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	N/A	

73	Significant investments in the common stock of financial entities	N/A	
74	MSR (net of related tax liability)	N/A	
75	DTA arising from temporary differences (net of related tax liability)	N/A	
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardized approach (prior to application of cap)	5,636,168	
77	Cap on inclusion of provisions in Tier 2 capital under standardized approach	6,817,091	
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A	
79	Cap for inclusion of provisions in Tier 2 capital under internal ratings-based approach	N/A	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	N/A	
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)	N/A	
82	Current cap on AT1 instruments subject to phase-out arrangements	N/A	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	N/A	
84	Current cap on Tier 2 instruments subject to phase-out arrangements	N/A	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	N/A	

CC2: Reconciliation of regulatory capital to balance sheet

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period-end	As at period-end	
	Assets			
1	Cash and balances with Central Banks	53,244,710	53,244,710	
2	Due from banks and other financial institutions, net	19,529,727	19,529,727	
3	Investments, net	175,033,587	175,033,587	
4	Positive fair value of Shariah compliant derivatives	1,905,903	1,905,903	
5	Financing, net	693,409,723	693,409,723	
6	Other assets, net	13,202,074	13,202,074	
7	Investment in associates	1,034,262	1,034,262	
8	Investment properties, net	1,358,638	1,358,638	
9	Property, equipment, and right of use assets, net	13,894,302	13,894,302	
10	**Goodwill and other intangible assets, net**	**1,773,730**	**1,773,730**	
	Of which: goodwill	55,065	55,065	a
	Of which: other intangibles (excluding MSR)	1,718,665	1,718,665	b
	Of which: MSR	-	-	c
11	**Total assets**	**974,386,656**	**974,386,656**	
	Liabilities			
12	Due to banks, Saudi Central Bank and other financial institutions	173,434,597	173,434,597	
13	Customers' deposits	628,238,501	628,238,501	
14	Negative fair value of Shariah compliant derivatives	1,679,043	1,679,043	
15	Sukuk issued	8,450,753	8,450,753	
16	Other liabilities	39,444,531	39,444,531	
17	**Total liabilities**	**851,247,425**	**851,247,425**	
	Shareholders' equity			
18	Paid-in share capital	40,000,000	40,000,000	
	Of which: amount eligible for CET1 capital	40,000,000	40,000,000	h
19	Additional Tier 1 capital	23,553,815	23,553,815	
	Of which: amount eligible for AT1 capital	20,250,000	20,250,000	i
	Of which: amount not eligible for AT1 capital	3,303,815	3,303,815	
20	Retained earnings	21,417,282	21,417,282	
21	Accumulated other comprehensive income	38,061,733	38,061,733	
22	Non-controlling interests	106,401	106,401	
23	**Total shareholders' equity**	**123,139,231**	**123,139,231**	

CDC: Capital distribution constraints

		a	b
		CET1 capital ratio that would trigger capital distribution constraints (%)	**Current CET1 capital ratio (%)**
1	CET1 minimum requirement plus Basel III buffers (not taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	7.65%	15.98%
2	CET1 capital plus Basel III buffers (taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	7.65%	
		Leverage ratio that would trigger capital distribution constraints (%)	**Current leverage ratio (%)**
3	[Applicable only for G-SIBs] Leverage ratio	N/A	N/A

LIA: Explanations of differences between accounting and regulatory exposure amounts

a) The origins of any significant differences between the amounts in Template LI1:

The information utilized in accounting purposes varies from that utilized to compute the minimum capital requirements. Moreover, the measurement of risk exposures might also vary depending on the intended purpose. The exposure details disclosed in Pillar 3 are employed for computing the minimum capital requirement and other regulatory ratios.

b) The origins of differences between carrying values and amounts considered for regulatory purposes shown in Template LI2:

The key differences between accounting exposures and carrying values under scope of regulatory consolidation are illustrated below:

- Off-Balance sheet exposures post the utilization of credit conversion factor (CCF),
- Add-ons and differences in netting and credit risk mitigation (CRM) on derivatives,
- Securities Financing Transactions (SFTs) and differences in netting and credit risk mitigation (CRM) on Repo-Style Transactions; and
- General provision add-back.

c) Systems and controls description to ensure that the valuations are prudent and reliable:

For more details about the valuation methodologies, please refer to Note #3 of the annual financial statements.

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories:

		a	b	c	d	e	f	g
				Carrying value of items:				
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
				Assets				
1	Cash and balances with Central Banks	53,244,710	53,244,710	53,244,710	-	-	-	-
2	Due from banks and other financial institutions, net	19,529,727	19,529,727	19,529,727	-	-	-	-
3	Investments, net	175,033,587	175,033,587	172,675,622	27,636,765		2,357,965	-
4	Positive fair value of Shariah compliant derivatives	1,905,903	1,905,903	-	1,905,903	-	1,905,903	-
5	Financing, net	693,409,723	693,409,723	693,409,723	-	-	-	-
6	Other assets, net	13,202,074	13,202,074	13,202,074	-	-	-	-
7	Investment in associates	1,034,262	1,034,262	1,034,262	-	-	-	-
8	Investment properties, net	1,358,638	1,358,638	1,358,638	-	-	-	-
9	Property, equipment, and right of use assets, net	13,894,302	13,894,302	13,894,302	-	-	-	-
10	Goodwill and other intangible assets, net	1,773,730	1,773,730	-	-	-	-	1,773,730
	Of which: goodwill	55,065	55,065	-	-	-	-	55,065
	Of which: other intangibles (excluding MSR) b	1,718,665	1,718,665	-	-	-	-	1,718,665
	Of which: MSR	-	-	-	-	-	-	-
Total Assets		**974,386,656**	**974,386,656**	**968,349,058**	**29,542,668**	**-**	**4,263,868**	**1,773,730**
				Liabilities				
11	Due to banks, Saudi Central Bank and other financial institutions	173,434,597	173,434,597	-	25,393,573	-	-	148,041,024
12	Customers' deposits	628,238,501	628,238,501	-	-	-	-	628,238,501
13	Negative fair value of Shariah compliant derivatives	1,679,043	1,679,043	-	1,679,043	-	1,679,043	-
14	Sukuk issued	8,450,753	8,450,753	-		-	-	8,450,753
15	Other liabilities	39,444,531	39,444,531	-		-	-	39,444,531
Total Liabilities		**851,247,425**	**851,247,425**	**-**	**27,072,616**	**-**	**1,679,043**	**824,174,809**

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

		a	b	c	d	e
		Total	Items subject to:			
			Credit risk framework	Securitization framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)	972,612,926	968,349,058	-	29,542,668	4,263,868
2	Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)	27,072,616	-	-	27,072,616	1,679,043
3	**Total net amount under regulatory scope of consolidation (Row 1 - Row 2)**	**945,540,310**	**968,349,058**	**-**	**2,470,052**	**2,584,825**
4	Off-balance sheet amounts	183,029,644	45,375,322	-	-	
5	Differences due to consideration of provisions	8,558,971	8,558,971	-	-	
6	Counterparty credit risk add-on for SFTs	-	-	-	2,845,544	
7	Replacement cost associated with all derivatives transactions	-	-	-	1,854,683	
8	Add-on amounts for potential future exposure associated with all derivatives transactions	-	-	-	1,431,423	
9	Counterparty credit risk add-on for associated with replacement cost and potential future exposure	-	-	-	1,314,442	
10	**Exposure amounts considered for regulatory purposes**	**1,137,128,925**	**1,022,283,352**	**-**	**9,916,144**	

ENC: Asset encumbrance:

		a	b	c
		Encumbered Assets	Unencumbered Assets	Total
1	The assets on the balance sheet would be disaggregated; there can be as much disaggregation as desired	27,863,625	946,523,031	**974,386,656**

REMA: Remuneration policy:

a) Information relating to the bodies that oversee remuneration:

In line with the SAMA Banks Remuneration Rules, the remuneration of the bank's employees including the Senior Management is overseen by the Board Nomination and Remuneration Committee that consists of 4 members and the bank's main Board of Directors comprising of 11 members. As per the guidelines, the remuneration policy is approved by NRC and the Board of Directors and in addition, the Senior Management Remuneration Policy is also approved by the General Assembly.

Al Rajhi Bank designed and developed the Bank's remuneration policy to be fully compliant with the SAMA Banks Remuneration Rules and no external consultants were involved. The only support received by external consultants (KornFerry and Aon) is to obtain independent remuneration market data and market positioning information.

The scope of the bank's remuneration policy is applicable for all bank employees and relevant fully owned subsidiaries in KSA and overseas operating in the financial sector are governed by their own remuneration policies (designed based on SAMA Rules) and approved by their own boards.

The bank's Senior Management is defined based on the functions, roles and responsibilities entrusted to those positions who take, propose and implement strategic decisions and manage the bank's business processes including senior management positions that requires SAMA non-objection for appointment.

In ARB KSA, this is interpreted as employees in General Manager level and Assist General Manager level employee roles that require SAMA No-Objection. In addition to the above Senior Managers list, employees at Director and above level is considered as material risk-takers.

b) Information relating to the design and structure of remuneration processes:

The objective of the remuneration policy includes the commitment to attract, retain, develop, motivate and equitably remunerate employees of the highest caliber and talent in recognition to their relative contribution in effectively conducting the business of the bank and in achieving strategic goals. The remuneration proposition is built towards rewarding performance, managing risk, adherence to the Risk Management Framework, implementation and adherence to the Internal Control Framework, and compliance with the regulatory requirements. In line with the new SAMA Rules, in addition to recognizing the delivery of set KPI’s and goals, the ethical behavior, conduct standards and work practices in compliance with all Internal & external policies, laws, related rules or regulations is also a key component of an employee’s overall performance assessment and any breaches will be subjected to remuneration adjustment mechanism as included in the remuneration policy.

The Nomination and Remuneration Committee regularly review the effective implementation of the approved Remuneration policy. In 2023, the Nomination and Remuneration Committee held a dedicated meeting to review in detail the enhanced Remuneration Policy which was designed to be fully aligned with SAMA's Banks Remuneration Rules issued in January 2023. once the committee reviewed and approved the Remuneration Policy of the bank, it was implemented with effect from 01st June 2023.

The Risk and Compliance KPIs does not include any net profit and revenue related KPIs similar to other support function KPIs that include such profit related KPIs thereby ensuring the separation of the risk and compliance functions from business development initiatives. As such their performance and reward is not linked to the growth of the business they oversee. Also these functions have their own Board Committees that ensure the independence of these functions.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes:

The bank's remuneration tools are fully aligned with the performance of the employees and the KPIs of employees are designed based on the balanced score card methodology which includes a dedicated quadrant for control and governance.

The effective management of these KPIs are independently monitored, reviewed and led by the respective control, risk and governance teams. Any breaches of these critical risk measurements will affect the KPI achievement thereby directly impacting the remuneration of the applicable employees. The incentive plans are reviewed and approved by the Chief Risk Officer and there are established negative factors embedded in the plans that affect the remuneration in the event of breaches to the risk measurements.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

The Bank has implemented the best in class performance management systems with Key Performance Indicators (KPIs) designed using the balanced scorecard methodology. This approach ensures that the bank is focused on achieving a well-rounded set of KPIs that covers financial, strategic, processes, customers, employees and importantly governance and control elements. As such, the employee remuneration will be driven by achieving the balanced scorecard rather than only financial related elements.

The individual remuneration Fixed pay is based on Market Rates and the Variable Pay based on performance, the accrued budget for the variable pay is based on the targeted financial results achievement, individual's performance and the overall market positioning.

The bank has established a strict pay for performer rewards strategy where employees will be rewarded based on their overall performance that includes financial and non-financial KPIs, including compliance, risk, governance, behavior and conduct etc. If an employee is identified as a weak performer based on the above criteria, there will be significant negative impact on variable remuneration, including no variable remuneration. The bank's policies provide clear direction on under achiever management process and the remuneration approach based on performance. In the event the bank is below the set financial targets, the variable pay budget will be reviewed and reduced accordingly.

e) Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance:

The bank's remuneration policy clearly states that the current and potential risks will be taken into account when determining the size and distribution of the variable remuneration. The variable remuneration of senior management as well as other employees whose actions have a material impact on the risk exposure of the bank will be deferred as follows:

- senior managers will have 40% of variable remuneration deferred and awarded in ARB shares aligned with the bank's deferred share policy over a period of 3 years.
- more senior managers will have 60% of their variable bonus deferred and awarded in ARB shares over a period of 3 years.
- most senior manager will have more than 60% of the variable pay deferred and awarded in ARB shares over a period of 3 years.

The bank's deferred bonus policies allow the bank to hold back on any future variable pay and claw back on past variable pay, based on the remuneration adjustment framework. All employees receiving deferred bonuses are clearly advised with regard to this condition.

f) **Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms:**

The bank's variable remuneration varies depending on the employee's position and role and it takes into account the full range of financial and non-financial incentives in an employment relationship, and will include; incentives, cash bonus and deferred bonus. The bank ensure that the incentives provided by the remuneration proposition take into consideration risk impact and all incentive plans are reviewed and approved by the Chief Risk Officer. The determination of the variable bonus pool takes into account the overall performance of the bank and the distribution to individual employees are based on performance of the employees as well as that of the business/function.

The bank's variable remuneration options are driven by the employee's position and role and it takes into account the financial and non-financial KPIs each employee is responsible to achieve. Frontline staff responsible for sales and back office staff responsible for sales related back end work are eligible for incentives schemes and will not be part of the cash bonus framework. Other employees are eligible for cash bonus and in line with the remuneration policy guidelines, the senior employees based on current and potential risks will be extended deferred bonus and determination of the amount will depend the seniority of the employee.

REM1: Remuneration awarded during the financial year:

			a	b
		Remuneration Amount	**Senior management**	**Other material risktakers**
1	**Fixed Remuneration**	**Number of employees**	**19**	**1,775**
2		**Total fixed remuneration (rows 3 + 5 + 7)**	**45,357**	**579,208**
3		*Of which: cash-based*	45,357	579,208
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	**Variable Remuneration**	**Number of employees**	**19**	**1,775**
10		**Total fixed remuneration (rows 11 + 13 + 15)**	**102,565**	**315,076**
11		*Of which: cash-based*	20,496	275,001
12		Of which: deferred	-	-
13		*Of which: shares or other share-linked instruments*	82,069	40,075
14		Of which: deferred	-	-
15		*Of which: other forms*	-	-
16		Of which: deferred	-	-
#		**Total remuneration (2 + 10)**	**147,922**	**894,284**

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
1 Senior Management	-	-	-	-	-	-
2 Other material risk-takers	-	-	2	300	-	-

REM3: Deferred remuneration:

	Deferred and retained remuneration	a	b	c	d	e
		Total amount of outstanding deferred remuneration	Of which: total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	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
1	**Senior Management, of which:**					
2	*Cash*	-	-	-	-	-
3	*Shares*	84,772	-	-	-	38,223
4	*Cash linked instruments*	-	-	-	-	-
5	*Other*	-	-	-	-	-
6	**Other material risk-takers, of which:**					
7	*Cash*	-	-	-	-	-
8	*Shares*	39,740	-	-	-	16,402
9	*Cash linked instruments*	-	-	-	-	-
10	*Other*	-	-	-	-	-
11	**Total**	**124,512**	**-**	**-**	**-**	**54,625**

CRA General qualitative information about credit risk:

a) The translation of the business model into the component of the Bank's credit risk profile:

Credit risk is considered to be the most significant and pervasive risk for the Bank. The Bank takes on exposure to credit risk, which is the risk that the counterparty to a financial transaction will fail to discharge an obligation causing the Bank to incur a financial loss. Credit risk arises principally from financing (credit facilities provided to customers) and from cash and deposits held with other Banks. Further, there is credit risk in certain off-balance sheet financial instruments, including guarantees relating to purchase and sale of foreign currencies letters of credit, acceptances and commitments to extend credit. Credit risk monitoring and control is performed by the Credit Group which sets parameters and thresholds for the Bank's financing activities.

b) Criteria and approach used for defining credit risk management policy and for setting credit risk limits:

Approval, disbursements, administration, classification, recoveries and write-offs for Corporate & SME and Retail credits are governed by the Bank's Wholesale (Non-Retail) Credit Policy and Retail Credit Policy respectively. The policy is reviewed by Credit Group and approved by the Executive Committee and the Board. The Bank manages limits and controls concentrations of credit risk wherever they are identified – in particular, to individual customers and banks, and to industries and countries. For retail and MSB portfolios, product-specific caps and debt-burden thresholds are implemented.

c) Structure and organization of the credit risk management and control function:

All Corporate, SME and FI credit proposals are independently reviewed by Credit Group and recommended to appropriate approval authority as defined in the Credit Policies of the Bank, which includes Management level Credit Committee and Executive Committee of the Board. For Retail, Micro & Small Businesses (MSB) and Private Banking, the Bank has in place comprehensive product program manuals highlighting requirements of every aspect of such lending, including credit assessment criteria, documentation standards, and collection frameworks.

d) Relationships between the credit risk management, risk control, compliance and internal audit functions:

All Corporate Credit proposals submitted by Corporate Banking are independently reviewed by Credit Group before the proposals are approved by the appropriated approval authority. For retail and MSB portfolios, automated decision engines and scoring models are periodically validated by an independent Model Validation team. Compliance team ensures that SAMA guidelines are complied with, including retail lending regulations and debt-burden thresholds. As part of Internal Audit plan, Internal Audit team reviews Credit Approval Process, collection strategies, and submits its findings to Board Audit Committee for its review.

e) Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management:

Comprehensive Portfolio reports with all key risk metrics including top watch list exposures, top NPL exposures and top written off exposures for both Corporate and SME portfolios are presented to RMC, BRMC, Executive Committee and the Board of Directors on a regular basis. For retail and MSB portfolios, portfolio quality metrics including delinquency trends, collection performance, and portfolio concentration indicators are reported. The report highlights the status of the exposure, recoveries, if any, collaterals, provisions held against these accounts and the action plan to regularize/recover the dues from these accounts.

CRB: Additional disclosure related to the credit quality of assets:

Qualitative disclosures:

a) The scope and definitions of "past due" and "impaired" exposures used for accounting purposes:

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

▪ the customer is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held); or

▪ the customer is past due more than 90 days on any material credit obligation to the Bank.

b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired:

A facility that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows is not material and there are no other indicators of impairment.

c) Description of methods used for determining accounting provisions for credit losses:

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

The Bank’s ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models such as Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default rate (“LGD”), that are considered accounting judgements and estimates include:

▪ The selection of an estimation technique or modelling that are considered accounting judgements;

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

d) The Bank's own definition of a restructured exposure:

Restructuring occurs if the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer.

Quantitative disclosures:

a) Breakdown of exposures by geographical area, industry and residual maturity:

- Geographical area of the major categories of assets, commitments and contingencies:

	Kingdom of Saudi Arabia	Other GCC and Middle East	North America	South East Asia	Other Countries	Total
Assets						
Cash and balances with SAMA and other central Banks	52,478,123	60,505	581,158	6,747	118,177	53,244,710
Due from Banks and other financial institutions	6,473,576	10,350,874	128,524	625,380	1,951,373	19,529,727
Financing, net	**677,504,936**	**6,957,744**	**-**	**8,947,043**	**-**	**693,409,723**
Mutajara	188,953,493	1,715,701	-	-	-	190,669,194
Installment sale	461,137,638	4,004,259	-	1,566,841	-	466,708,738
Murabaha	19,204,571	1,212,313	-	7,380,160	-	27,797,044
Credit cards	8,209,234	25,471	-	42	-	8,234,747
Investments, net	**146,633,272**	**12,432,111**	**3,719,945**	**4,070,589**	**9,211,932**	**176,067,849**
Investment in an associate	1,034,262	-	-	-	-	1,034,262
Investments held at amortized cost	122,012,426	7,412,018	3,719,945	1,592,813	3,409,333	138,146,535
FVIS Investments	1,826,098	1,640,946	-	-	3,012,532	6,479,576
FVOCI investments	21,760,486	3,379,147	-	2,477,776	2,790,067	30,407,476
Total assets	**883,089,907**	**29,801,234**	**4,429,627**	**13,649,759**	**11,281,482**	**942,252,009**
Commitments and contingencies	**55,530,211**	**2,233,106**	**-**	**2,539,980**	**2,625,889**	**62,929,186**

- Breakdown of financing by industry:

	Performing	Non-Performing	Allowance for impairment	Net financing
Description				
Government	45,798,991	-	-	45,798,991
Commercial	62,612,585	2,248,343	(1,103,584)	63,757,344
Industrial	41,784,075	534,577	(289,319)	42,029,333
Building and construction	9,142,752	198,470	(115,762)	9,225,460
Consumer	478,189,440	1,707,799	(1,197,887)	478,699,352
Services	30,939,193	539,924	(263,296)	31,215,821
Agriculture and fishing	1,537,753	2,997	(1,476)	1,539,274
Finance, Insurance & Investments	14,135,788	1,273	(627)	14,136,434
Others	12,440,026	101,053	(57,798)	12,483,281
Total	**696,580,603**	**5,334,436**	**(3,029,749)**	**698,885,290**
12 month and life time ECL not credit impaired	-	-	(5,475,567)	(5,475,567)
Balance	**696,580,603**	**5,334,436**	**(8,505,316)**	**693,409,723**

- Residual Maturity:

	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	No Fixed Maturity	Total
Assets						
Cash and balances with SAMA and other central Banks	**6,110,000**	**-**	**-**	**-**	**47,134,710**	**53,244,710**
Due from Banks and other financial institutions	**12,148,968**	**4,560,547**	**1,181,197**	**-**	**1,639,015**	**19,529,727**
Investments, net	**6,755,899**	**3,379,950**	**60,273,873**	**99,319,049**	**5,304,816**	**175,033,587**
Investments held at amortized cost	3,187,750	3,379,950	44,024,674	87,554,160	-	138,146,535
FVIS investments	10,588	-	2,450,638	498,400	3,519,950	6,479,576
FVOCI investments	3,557,561	-	13,798,561	11,266,489	1,784,866	30,407,476
Positive fair value of Shariah compliant derivatives	**10,730**	**18,566**	**533,726**	**1,342,881**	**-**	**1,905,903**
Financing, net	**67,800,431**	**107,463,467**	**254,262,403**	**263,883,422**	**-**	**693,409,723**
Mutajara	47,921,703	53,904,890	47,682,201	41,160,399	-	190,669,194
Installment sale	11,807,815	44,705,349	194,421,402	215,774,173	-	466,708,738
Murabaha	5,847,531	6,382,804	8,617,859	6,948,850	-	27,797,044
Credit cards	2,223,382	2,470,424	3,540,941	-	-	8,234,747
Other assets, net	**-**	**-**	**-**	**-**	**12,537,842**	**12,537,842**
Investment in an associate	**-**	**-**	**-**	**-**	**1,034,262**	**1,034,262**
Investment in properties, net	**-**	**-**	**-**	**-**	**1,358,638**	**1,358,638**
Property, equipment, and right of use assets, net	**-**	**-**	**-**	**-**	**13,894,302**	**13,894,302**
Goodwill and other intangible assets, net	**-**	**-**	**-**	**-**	**1,435,512**	**1,435,512**
Disposal group classified as held for sale	**-**	**-**	**-**	**-**	**1,002,450**	**1,002,450**
Total Assets	**92,826,028**	**115,422,531**	**316,251,199**	**364,545,351**	**85,341,547**	**974,386,656**

b) Amounts of impaired exposures and related accounting provisions, broken down by geographical areas and industry:

- Geographical area:

	Kingdom of Saudi Arabia	Other GCC and Middle East	South East of Asia	Total
Non-performing				
Mutajara	2,798,208	33,549	-	**2,831,757**
Installment sale	2,320,069	47,183	21,761	**2,389,013**
Murabaha	26,804	19,587	1,794	**48,185**
Credit cards	65,480	-	-	**65,480**
Allowance for impairment of financing				
Mutajara	(3,470,935)	(42,193)	-	**(3,513,128)**
Installment sale	(4,327,602)	(62,253)	(49,118)	**(4,438,973)**
Murabaha	(308,244)	(6,185)	(38,305)	**(352,734)**
Credit cards	(200,375)	(106)	-	**(200,481)**

▪ Industry sector:

	Non-Performing	Allowance for impairment	Net financing
Government	-	-	-
Commercial	2,248,343	(1,103,584)	1,144,759
Industrial	534,577	(289,319)	245,258
Building and construction	198,470	(115,762)	82,708
Consumer	1,707,799	(1,197,887)	509,912
Services	539,924	(263,296)	276,628
Agriculture and fishing	2,997	(1,476)	1,521
Finance, Insurance & Investments	1,273	(627)	646
Others	101,053	(57,798)	43,255
Total	**5,334,436**	**(3,029,749)**	**2,304,687**

c) Ageing analysis of accounting past-due exposures:

	Non-Performing	Allowance for impairment	Net
Day Past Due (DPD)			
90 ≥ DPD < 180	2,233,765	1,356,855	876,910
180 ≤ DPD < 360	1,639,597	871,404	768,193
DPD ≥ 360	1,461,073	801,490	659,583
Total	**5,334,435**	**3,029,749**	**2,304,686**

d) Breakdown of restructured exposures between impaired and non-impaired exposures:

	Corporate	Consumer	Total
Performing (non-impaired)	1,304,119	3,082,580	4,386,699
Impaired	825,431	1,018,861	1,844,292
Total	**2,129,550**	**4,101,441**	**6,230,991**

CR1: Credit quality of assets

	a	b	c	d	e	f	g
	Gross carrying values of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
Loans	5,334,435	696,580,604	8,505,316	3,029,749	5,475,567	-	693,409,723
Debt Securities	-	162,277,886	51,561	-	51,561	-	162,226,325
Off-balance sheet exposures	340,335	62,588,851	255,780	148,833	106,947	-	62,673,406
Total	**5,674,770**	**921,447,341**	**8,812,657**	**3,178,583**	**5,634,074**	**-**	**918,309,454**

CRB-A: CRB-A – Additional disclosure related to prudential treatment of problem assets:

Qualitative disclosures:

a) The definition of non-performing exposures:

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

▪ the customer is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held); or

▪ the customer is past due more than 90 days on any material credit obligation to the Bank.

b) The definition of a forborne exposure:

Any exposure arrangement in which the original terms and conditions have been changed or modified such that the modified terms result in a concession to the borrower, and the modification, which would not have been otherwise granted, was granted as a result of the borrower's financial difficulty.

Quantitative disclosures:

a) Breakdown of performing and non-performing exposures:

	Corporate		Consumer		Allowances	Net Carrying Value
	Non-impaired	Impaired	Non-impaired	Impaired		
Debt Securities	162,277,886	-	-	-	51,561	162,226,325
Loans	218,391,165	3,626,636	478,189,440	1,707,799	8,505,316	693,409,724
Off-balance sheet exposures	62,588,851	340,335	-	-	255,780	62,673,406
Total	**443,257,902**	**3,966,971**	**478,189,440**	**1,707,799**	**8,812,657**	**918,309,455**

b) Breakdown of restructured exposures:

	Corporate		Consumer		Allowances
	Non-impaired	Impaired	Non-impaired	Impaired	
Debt Securities	-	-	-	-	
Loans	1,304,119	825,431	3,082,580	1,018,861	1,010,166
Off-balance sheet exposures	-	-	-	-	
Total	**1,304,119**	**825,431**	**3,082,580**	**1,018,861**	**1,010,166**

CR2: Changes in stock of defaulted loans and debt securities:

		Dec-24
1	**Defaulted loans and debt securities at end of September 2024**	5,211,163
2	Loans and debt securities that have defaulted since the last reporting period	2,183,349
3	Returned to non-defaulted status	(379,294)
4	Amounts written off	(1,680,783)
5	Other changes	-
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)**	**5,334,435**

CRC: Qualitative disclosure 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:

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, marketable securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank’s statement of financial position.

b) Core features of policies and processes for collateral evaluation and management:

It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or market securities relating to margining requirements, is valued daily. To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices (HPIs).

c) Information about market or credit risk concentrations under the credit risk mitigation instruments used:

Concentrations of credit risks arise when a number of customers are engaged in similar business activities, activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risks indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. The Bank seeks to manage its credit risk exposure through diversification of its financing to ensure there is no undue concentration of risks with to individuals or banks of customers in specific geographical locations or economic sectors, which is achieved through Risk Appetite thresholds, Target Market Criteria and Risk Acceptance Criteria. For retail and MSB portfolios, concentration is additionally monitored through product-wise exposure caps, geographic distribution limits, and income segment diversification. The Bank manages credit risk by placing limits on the amount of risk accepted in relation to individual customers and banks, and to geographic and economic segments. Such risks are monitored on a regular basis and are subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, economic sector and by country are reviewed at least annually by the Board Risk Management Committee / Executive Committee.

CR3: Credit risk mitigation techniques – overview

		a	b	c	d	e
		Exposures unsecured: carrying amount	**Exposures to be secured**	**Exposures secured by collateral**	**Exposures secured by financial guarantees**	**Exposures secured by credit derivatives**
1	Loans	672,322,857	21,086,866	20,489,934	596,932	-
2	Debt securities	162,226,325	-	-	-	-
3	**Total**	**834,549,182**	**21,086,866**	**20,489,934**	**596,932**	**-**
4	Of which defaulted	2,304,686	-			-

CRD: Qualitative disclosure on Banks' use of external credit ratings under the standardized approach for credit risk:

a) Names of the external credit assessment institutions (ECAIs):

The recognition of external credit assessments is in line with SAMA consultative document concerning the minimum capital requirements for credit risk issued in February 2022 where the following ECAIs qualify as Eligible ECAI's in Saudi Arabia:

▪ Standard & Poor's (S&P);

▪ Moody's; and

▪ Fitch.

b) The asset classes for which each ECAI is used:

External credit assessment institutions (ECAIs) ratings are utilized across various asset classes, including corporate sukuks, sovereign sukuks, structured finance products, project finance, and Bank financings. Several ECAIs specialize in assessing and rating several types of assets based on their creditworthiness and risk levels.

c) Description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the Banking book:

Please refer to paragraph 107-109 of *Basel III: Finalising post-crisis reforms* issued in December 2017.

d) The alignment of the alphanumerical scale of each agency used with risk buckets:

SAMA assigned eligible ECAIs' ratings to the risk weights available under the standardized risk weighting framework, i.e. deciding which rating categories correspond to which risk weights.

The following ECAI's ratings mapping is utilized and subject to review by SAMA as appropriate:

SAMA	S&P	Moody's	Fitch
1	AAA	Aaa	AAA
	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
2	A+	A1	A+
	A	A2	A
	A-	A3	A-
3	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-
4	BB+	Ba1	BB+
	BB	Ba2	BB
	BB-	Ba3	BB-
	B+	B1	B+
	B	B2	B
	B-	B3	B-
5	CCC+	Caa1	CCC+
	CCC	Caa2	CCC
	CCC-	Caa3	CCC-
	CC	Ca	CC
	C	C	C
	D	D	D
6	Unrated	Unrated	Unrated

CR4: Standardized approach – credit risk exposure and credit risk mitigation (CRM) effects:

	Asset Classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA Density
1	**Sovereigns and their central Banks**	**212,824,190**	**-**	**212,824,190**	**-**	**9,338,824**	**4.4%**
2	**Non-central government public sector entities**	**-**	**1,373**	**-**	**45**	**22**	**50.0%**
3	**Multilateral development Banks**	**172,678**	**137,905**	**172,678**	**68,953**	**86,280**	**35.7%**
4	**Banks**	**34,622,793**	**4,794,587**	**34,622,793**	**2,640,953**	**12,300,464**	**33.0%**
	Of which: securities firms and other financial institutions	-	-	-	-	-	0.0%
5	**Covered bonds**	-	-	-	-	-	**0.0%**
6	**Corporates**	**168,648,931**	**166,556,364**	**158,909,895**	**39,711,109**	**180,631,979**	**90.9%**
	Of which: securities firms and other financial institutions	-	-	-	-	-	0.0%
	Of which: specialized lending	6,519,563	-	6,519,563	-	7,262,124	111.4%
7	**Subordinated debt, equity and other capital**	**12,233,499**	**-**	**9,139,142**	**-**	**13,708,713**	**150.0%**
8	**Retail**	**227,447,986**	**10,542,994**	**226,281,278**	**1,457,355**	**172,131,281**	**75.6%**
	Of which: MSMEs	14,516,406	1,095,017	14,515,860	512,557	11,271,313	75.0%
9	**Real estate**	**279,633,904**	**656,087**	**279,628,434**	**425,916**	**122,721,055**	**43.8%**
	Of which: general RR	264,092,205	-	264,092,205	-	99,799,371	37.8%
	Of which: IPRRE	-	-	-	-	-	0.0%
	Of which: general CRE	1,106,759	-	1,106,759	-	737,949	66.7%
	Of which: IPCR	248,366	-	248,366	-	273,202	110.0%
	Of which: land acquisition, development and construction	14,186,575	656,087	14,181,105	425,916	21,910,532	150.0%
10	**Defaulted exposures**	**5,334,435**	**340,335**	**2,304,686**	**16,013**	**2,097,228**	**90.4%**
11	**Other assets**	**39,095,669**	**-**	**35,416,037**	**-**	**28,233,677**	**79.7%**
12	**Total**	**980,014,086**	**183,029,644**	**959,299,133**	**44,320,344**	**541,249,523**	**53.9%**

CR5: Standardized approach - exposures by asset classes and risk weights:

	Asset Class	0%	20%	30%	40%	45%	50%	60%	75%	85%	100%	110%	130%	150%	Total credit exposure amount (post-CCF and post-CRM)
1	**Sovereigns and their central Banks**	**195,120,879**	**9,462,992**	**-**	**-**	**-**	**2,139,816**	**-**	**-**	**-**	**5,548,874**	**-**	**-**	**551,629**	**212,824,190**
2	**Non-central government public sector entities**	**-**	**-**	**-**	**-**	**-**	**45**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**45**
3	**Multilateral development Banks**	**-**	**-**	**172,678**	**-**	**-**	**68,953**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**241,631**
4	**Banks**	**-**	**13,905,479**	**18,888,745**	**34,165**	**-**	**1,979,002**	**-**	**337,898**	**-**	**1,163,062**	**-**	**-**	**955,395**	**37,263,746**
	Of which: securities firms and other financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	**Covered bonds**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
6	**Corporates**	**-**	**-**	**-**	**-**	**-**	**27,460,377**		**5,680,441**	**25,133,759**	**137,493,671**	**-**	**2,475,205**	**377,552**	**198,621,004**
	Of which: securities firms and other financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: specialized lending	-	-	-	-	-	-	-	-	-	4,044,358	-	2,475,205		6,519,563
7	**Subordinated debt, equity and other capital**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,139,142**	**9,139,142**
8	**Retail**	**-**	**-**	**-**	**-**	**1,866,424**	**-**	**-**	**218,323,276**	**-**	**7,548,933**	**-**	**-**	**-**	**227,738,633**
	Of which: Retail MSMEs	-	-	-	-	-	-	-	15,028,417	-	-	-	-	-	15,028,417
9	**Real estate**	**-**	**178,672,331**	**-**	**-**	**-**	**-**	**614,133**	**85,912,499**	**-**	**-**	**248,366**	**-**	**14,607,022**	**280,054,351**
	Of which: general RRE	-	178,672,331	-	-	-	-	-	85,419,873	-	-	-	-	-	264,092,205
	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: loan splitting applied (Secured)	-	178,672,331	-	-	-	-	-	-	-	-	-	-	-	178,672,331
	Of which: loan splitting applied (Unsecured)	-	-	-	-	-	-	-	85,419,873	-	-	-	-	-	85,419,873
	Of which: IPRRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: general CRE	-	-	-	-	-	-	614,133	492,625	-	-	-	-	-	1,106,759
	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Of which: loan splitting applied (Secured)	-	-	-	-	-	-	614,133	-	-	-	-	-	-	614,133
	Of which: loan splitting applied (Unsecured)	-	-	-	-	-	-	-	492,625	-	-	-	-	-	492,625
	Of which: IPCRE	-	-	-	-	-	-	-	-	-	-	248,366	-	-	248,366
	Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	14,607,022	14,607,022
10	**Defaulted exposures**	**-**	**-**	**-**	**-**	**-**	**451,455**	**-**	**-**	**-**	**1,864,730**	**-**	**-**	**4,514**	**2,320,699**
11	**Other assets**	**6,681,225**	**626,418**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**28,108,393**	**-**	**-**	**-**	**35,416,037**
12	**Total**	**201,802,104**	**202,667,221**	**19,061,423**	**34,165**	**1,866,424**	**32,099,647**	**614,133**	**310,254,114**	**25,133,759**	**181,727,663**	**248,366**	**2,475,205**	**25,635,253**	**1,003,619,477**

	Risk Weight	a	b	c	d
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF	Weighted average CCF*Exposure (post-CCF and post CRM)
1	Less than 40%	421,888,034	2,885,845	57.27%	423,530,748
2	40-70%	34,192,057	3,416,544	58.04%	34,614,369
3	75%	308,229,692	11,963,093	16.94%	310,254,114
4	80- 85%	23,699,590	7,034,575	36.13%	25,133,759
5	90-100%	164,478,254	156,242,918	23.34%	181,727,663
6	105-130%	2,723,571	-	0.00%	2,723,571
7	150%	24,802,888	1,486,670	57.36%	25,635,253
8	250%	-	-	-	-
9	400%	-	-	-	-
10	1250%	-	-	-	-
11	**Total exposures**	**980,014,086**	**183,029,644**	**24.87%**	**1,003,619,477**

CCRA: Qualitative disclosure related to CCR:

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

The Bank uses a risk-based framework to determine the operating limit for CCR exposure, Pre-Settlement Risk (PSR) & Settlement Risk (SR). This framework quantifies the potential future exposure of the underlying based on historical analysis.

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

Counterparty exposures are regulated under the framework of the International Swaps and Derivatives Association (ISDA) and Credit Support Annex (CSA). In light of mandatory margining requirement, the Bank is establishing CSAs under ISDA agreements for margining with relevant counterparties. Moreover, the Bank's policy includes the use of collateral arrangements as specified in the CSA. Therefore, both the stand as CCR mitigants.

c) Policies with respect to wrong-way risk exposures:

The governance of the Bank product approval process is designed to thoroughly evaluate and assess a range of risks, including wrong way risk, prior to the introduction of any new products.

d) The impact in terms of the amount of collateral that the Bank would be required to provide given a credit rating downgrade:

The derivatives contracts held by the Bank do not include terms for additional collateral posting in the event of credit rating downgrade.

CCR1: Analysis of CCR exposures by approach:

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	1,854,683	1,431,423		1.4	4,600,548	2,414,646
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)					5,315,596	1,880,882
5	Value-at-risk (VaR) for SFTs					-	-
6	**Total**						**4,295,527**

CCR3: Standardized approach - CCR exposures by regulatory portfolio and risk weights:

Regulatory portfolio ↓	Risk weight →	a	b	c	d	e	f	g	h	i
		0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns		-	-	-	-	-	-	-	-	**-**
Non-central government public sector entities		-	-	-	-	-	-	-	-	**-**
Multilateral development Banks		-	-	-	-	-	-	-	-	**-**
Banks		-	-	3,546,934	5,906,629	-	-	-	-	**9,453,563**
Securities firms		-	-	-	-	-	-	-	-	**-**
Corporates		-	-	-	16,757	-	445,824	-	-	**462,581**
Regulatory retail portfolios		-	-	-	-	-	-	-	-	**-**
Other assets		-	-	-	-	-	-	-	-	**-**
Total		**-**	**-**	**3,546,934**	**5,923,386**	**-**	**445,824**	**-**	**-**	**9,916,144**

CCR5: Composition of collateral for CCR exposure:

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Segregated	Unsegregated	Segregated	Unsegregated	Fair value of collateral received	Fair value of posted collateral
Cash - domestic currency	-	209,550	-	(100)	5,875,792	-
Cash - other currencies	-	911,145	-	(90,675)	18,633,430	-
Domestic sovereign debt	-	-	-	-	-	5,744,882
Other sovereign debt	-	-	-	-	-	4,428,008
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	17,153,539
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**1,120,695**	**-**	**(90,775)**	**24,509,222**	**27,326,429**

MRA: General qualitative disclosure requirements related to market risk:

a) The Bank's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the Bank's market risks, including policies for hedging risk and the strategies/processes for monitoring the continuing effectiveness of hedges:

Being an Islamic Bank, the Bank does not face any major “Market Risk” except for Profit Rate Risk in Banking Book (PRRBB) under Pillar II. Although, as per the scope of “Market Risk” as defined by BCBS, the Bank is also exposed to Foreign Exchange risk but this is only in a limited way. All Foreign exchange exposures are taken by the Bank for client purposes and therefore there are no trading/proprietary positions. Besides, for these client oriented foreign exchange positions very limited overnight position limits are given which results in insignificant foreign exchange risk for the Bank. The major foreign exchange position for the Bank originates from USD which again is a pegged currency, therefore, the risk is minimal.

b) Policies for determining whether a position is designated as trading, including the definition of stale positions and the risk management policies for monitoring those positions. In addition, Banks should describe cases where instruments are assigned to the trading or Banking book contrary to the general presumptions of their instrument category and the market and gross fair value of such cases, as well as cases where instruments have been moved from one book to the other since the last reporting period, including the gross fair value of such cases and the reason for the move:

The Bank established the policies and procedures to ensure the position is designated, trading or Banking, in accordance to the SAMA's Guidelines. This includes:

- Define and demarcate the boundary between the Banking book (“BB”) and Trading book (“TB”).
- Identify all instruments, including the BB positions, that are required to be included in the market risk capital calculations.
- Define the criteria for the initial identification of the TB instruments.
- Provide the requirements for any subsequent re-assignments/movements of instruments between books, if any.

c) Description of internal risk transfer activities, including the types of internal risk transfer desk:

Existing instruments are not transferred between Banking and trading book. The Bank strictly prohibits any internal risk transfers.

d) The structure and organization of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the Bank:

Market Risk function is part of Enterprise Risk Management (ERM) function. ERM reports to Group Chief Risk Officer (CRO). Market Risk function independently reviews the compliance to the approved Treasury Limits and communicates to Senior Management in case of any comments.

e) The scope and nature of risk reporting and/or measurement systems:

Comprehensive Market & Liquidity Risks reports are presented to ALCO for its review and discussion. Besides, Market & Liquidity Risk Dashboard highlighting various positions/limits, are presented to RMC/BRMC.

MR1: Market risk under the standardized approach:

		a
		Capital requirement in standardized approach
1	General interest rate risk	37,757
2	Equity risk	629,198
3	Commodity risk	-
4	Foreign exchange risk	96,175
5	Credit spread risk - non-securitizations	6,246
6	Credit spread risk - securitizations (non-correlation trading portfolio)	-
7	Credit spread risk - securitization (correlation trading portfolio)	-
8	Default risk - non-securitizations	68,347
9	Default risk - securitizations (non-correlation trading portfolio)	-
10	Default risk - securitizations (correlation trading portfolio)	-
11	Residual risk add-on	-
12	**Total**	**837,724**

CVAA: General qualitative disclosure requirements related to CVA:

a) The eligibility to set capital requirement for CVA at 100% of the capital requirement for counterparty credit risk:

The Bank is currently below the materiality threshold where the aggregate notional amount of non-centrally cleared derivatives is less than SAR 446 billion. Hence, the bank opted not to calculate its CVA capital requirements using the SA-CVA or BA-CVA and instead chosen the alternative approach where CVA capital requirements is equal to 100% of the Bank's capital requirement for counterparty credit risk (CCR).

ORA: General qualitative information on a Bank's operational risk framework:

a) Policies, frameworks and guidelines for the management of operational risk:

Bank's Operational Risk Management Policy sets out the core principles of the Operational Risk framework along with the roles and responsibilities of all stakeholders. under which Operational Risk should be managed in Al-Rajhi Bank. The policy is approved by the BoD and reviewed annually.

The Operational Risk Management Framework of the Bank is governed by the Operational Risk Management Policy and Procedures, while the implementation is supported by an operational risk management system and designated Business Risk Control Managers (BRCMs) or Operational Risk Champions within different units across the Bank who are responsible for implementation of the Operational Risk Management Policy in coordination with Operational Risk Management Department (ORMD).
The Policy is also supported by Bank's procedures and tools which are developed by Operational Risk team as part of its regular exercise to further strengthen the embedded operational risk culture and to ensure that the first line of defence (Business Units – BU) managers can accomplish Operational Risk activities effectively.

The Bank's Operational Risk Policy and practices address all significant areas of Operational Risk Management across the Bank including, but not limited to, Risk Control Self-Assessment (RCSA), Products/Services & Outsourced Contracts Risk Assessments, Key Risk Indicators, Operational Loss Data Management, Operational Risk Monitoring, Change Management and Reporting.

b) The structure and organization of their operational risk management and control function:

The Bank's Operational Risk Structure embraces the "3 Lines of Defence" Risk Operating Model in accordance with Basel. 1st line - Business Line Management; 2nd line - An independent Operational Risk Management function; 3rd line - An independent review function i.e. Internal Audit.
The Operational Risk Management Department -within the Risk Management Group- is primarily responsible for the oversight of operational risk management across the Bank.

Furthermore, in order to maintain consistent approach; designated Business Risk Control Managers (BRCMs) or Operational Risk Champions have been assigned from all departments of the Bank and are responsible for implementation of the Framework in coordination with the Operational Risk Management department.

c) The Operational risk measurement system:

Operational Risk incidents and losses are being reported through Archer platform under EGRC and encouraging a more conscious operational risk enterprise culture; all the data is reported based on archer with validation checks i.e., maker and checker.

d) The scope and main context of their reporting framework on operational risk to executive management and to the board of directors:

The Group Operational Risk Committee - GORC monitors, assesses and manages the operational risk profile of the bank on an ongoing basis to ensure that an adequate control environment exists across its businesses and functions to maintain an acceptable level of residual risk. The Risk Management Committee -RMC and the Board Risk Committee-BRMC continuously evaluates the effectiveness of its operational risk culture and operational risk framework.
The Bank's operational risk profile is regularly shared with senior management and the Board Risk Management Committee, which ensures a robust and consistent approach to operational risk management, monitoring, and oversight at all levels of the organization.
Senior Management encourage a culture of prompt escalation, supported by clearly defined roles and responsibilities in line with policies and committee charters.

e) The risk mitigation and risk transfer used in the management of operational risk including mitigation by policy, by divesting from high-risk businesses, and by the establishment of controls:

For Risk mitigation and strengthening the control environment, various Operational Risk mitigation tools are implemented including Risk Control and Self-Assessment (RCSA), reporting and monitoring of Key Risk Indicators (KRI), incident & losses Root Cause Analysis (RCA), action plans monitoring, new products and services risk assessment, outsourcing risk assessment, risk register maintenance as well as risk reporting.

In addition, the bank applied the risk transfer approach under various insurance policies i.e., BBB insurance, Director and Office, insurance Property etc. in order to mitigate the uncertain impacts.

Furthermore, the bank conducts various awareness activities communication channels, training sessions to promote and maintain effective risk aware culture.

OR1: Historical losses:

		a	b	c	d	e	f	g	h	i	j	k
		Dec-23	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14	Average
Using 44,600 SAR threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	83,122	256,262	71,633	77,099	225,609						
2	Total number of operational risk losses	128	129	66	87	77						
3	Total amount of excluded operational risk losses	-	-	-	-	-						
4	Total number of exclusions	-	-	-	-	-						
5	Total amount of operational losses net of recoveries and net of excluded losses	83,122	256,262	71,633	77,099	225,609						
Using 446,000 SAR threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	70,940	244,312	66,709	72,531	221,730						
7	Total number of operational risk losses	43	43	34	40	37						
8	Total amount of excluded operational risk losses	-	-	-	-	-						
9	Total number of exclusions	-	-	-	-	-						
10	Total amount of operational losses net of recoveries and net of excluded losses	70,940	244,312	66,709	72,531	221,730						
Details of operational risk capital calculation												
11	Are losses used to calculate the ILM (yes/no)?	No	No	No	No	No						
12	If “no” in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	Yes	Yes	Yes	Yes	Yes						
13	Loss event threshold: 44,600 SAR or 446,000 SAR for the operational risk capital calculation if applicable	N/A	N/A	N/A	N/A	N/A						

OR2: Business Indicator and subcomponents:

BI and its subcomponents		a	b	c
		Dec-23	Dec-22	Dec-21
1	**Interest, lease and dividend component**	**15,237,220**		
1a	Interest and lease income	38,835,692	28,308,351	21,536,199
1b	Interest and lease expense	17,697,745	6,273,809	1,260,529
1c	Interest earning assets	742,488,363	702,880,091	566,946,075
1d	Dividend income	136,884	128,097	169,602
2	**Services component**	**9,320,613**		
2a	Fee and commission income	9,497,432	9,138,242	5,919,978
2b	Fee and commission expense	5,271,782	4,514,103	1,986,871
2c	Other operating income	816,625	1,752,063	837,499
2d	Other operating expense	97,110	1,317,497	207,482
3	**Financial component**	**1,405,585**		
3a	Net P&L on the trading book	1,295,923	1,194,301	1,158,386
3b	Net P&L on the Banking book	203,047	197,936	167,163
4	**BI**	**25,963,418**		
5	**Business indicator component (BIC)**	**3,760,713**		

6	**Disclosure on BI**	**Dec-23**
6a	BI gross of excluded divested activities	N/A
6b	Reduction in BI due to excluded divested activities	N/A

OR3: Minimum required operational risk capital:

#	Particulars	Dec-23
1	Business indicator component (BIC)	3,760,713
2	Internal loss multiplier (ILM)	1.0000
3	Minimum required operational risk capital (ORC)	3,760,713
4	**Operational risk RWA**	**47,008,909**

IRRBBA: IRRBB risk management objectives and policies (Quantitative disclosures):

#	Particulars	Dec-24
1	Average repricing maturity assigned to non-maturity deposits (NMDs).	**"Wholesale portfolio 3.86 Retail Portfolio 4.92"**
2	Longest repricing maturity assigned to NMDs.	**"Wholesale portfolio 8 years Retail Portfolio 10 years"**

IRRBB1: Quantitative information on cr:

In reporting currency	ΔEVE		ΔNII	
Period	**Dec-24**	**Dec-23**	**Dec-24**	**Dec-23**
Parallel up	15,840,028	14,972,500	(2,536,285)	2,433,987
Parallel down	(14,216,961)	(13,396,613)	2,536,285	(2,433,987)
Steepener	3,846,438	4,424,234		
Flattener	677,099	31,610		
Short rate up	7,700,552	6,308,264		
Short rate down	(7,834,458)	(6,313,943)		
Maximum	**15,840,028**	**14,972,500**	**2,536,285**	**2,433,987**
Period	**Dec-24**		**Dec-23**	
Tier 1 capital	**117,952,821**		**106,151,971**	

LR1: Summary comparison of accounting assets vs leverage ratio exposure measure:

#	Particulars	Dec-24
1	Total consolidated assets as per published financial statements	974,386,656
2	Adjustment for investments in Banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central Bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	4,600,548
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	5,315,596
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	45,524,155
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	1,700,756
13	**Leverage ratio exposure measure**	**1,031,527,711**

LR2: Leverage ratio common disclosure template:

		a	b
		Dec-24	**Sep-24**
	On-Balance sheet exposures		
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	981,039,724	910,179,079
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Basel III Tier 1 capital)	(3,029,749)	(2,833,320)
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	(1,773,730)	(1,755,175)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**976,236,245**	**905,590,584**
	Derivative exposures		
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	2,596,556	1,241,857
9	Add-on amounts for potential future exposure associated with all derivatives transactions	2,003,992	1,735,499
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures (sum of rows 8 to 12)**	**4,600,548**	**2,977,355**
	Securities financing transaction exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	27,863,625	21,960,875
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(25,393,573)	(19,952,756)
16	Counterparty credit risk exposure for SFT assets	2,845,544	2,588,179
17	Agent transaction exposures	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**5,315,596**	**4,596,298**
	Other off-balance sheet exposures		
19	Off-balance sheet exposure at gross notional amount	183,029,644	180,155,038
20	(Adjustments for conversion to credit equivalent amounts)	(137,505,489)	(138,876,580)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	(148,833)	(142,179)
22	**Off-balance sheet items (sum of rows 19 to 21)**	**45,375,322**	**41,136,280**
	Capital and total exposures		
23	**Tier 1 capital**	**117,952,821**	**113,700,515**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**1,031,527,711**	**954,300,517**
	Leverage ratio		
25	**Leverage ratio (including the impact of any applicable temporary exemption of central Bank reserves)**	11.43%	11.91%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central Bank reserves)	11.43%	11.91%
26	**National minimum leverage ratio requirement**	3.00%	3.00%
27	**Applicable leverage buffers**	8.43%	8.91%
	Disclosure of mean values		
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	2,426,580	1,933,693
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	2,470,052	2,008,119
30	Total exposures (including the impact of any applicable temporary exemption of central Bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,031,484,240	954,226,091
30a	Total exposures (excluding the impact of any applicable temporary exemption of central Bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,031,484,240	954,226,091
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central Bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11.44%	11.92%
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central Bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11.44%	11.92%

CCyB1: Geographical distribution of credit exposures used in the calculation of the Bank-specific countercyclical capital buffer requirement:

	a	b	c	d	e
Geographical breakdown	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets (RWA) used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical capital buffer amount
		Exposure values	RWA		
Saudi Arabia	0.00%	889,849,828	499,751,631		
Malaysia	2.50%	17,559,099	13,704,582		
Kuwait	2.50%	8,646,029	4,743,443		
Jordan	2.50%	7,051,815	5,460,864		
United Arab Emirates	2.50%	6,751,866	2,706,825		
France	1.00%	5,591,229	1,818,176		
United States	0.00%	4,649,110	1,366,603		
Qatar	2.50%	3,030,425	1,238,608		
United Kingdom	2.00%	2,839,016	792,719		
Bahrain	2.50%	1,885,288	1,552,503		
Italy	0.00%	1,450,794	212,905		
Other	2.50%	1,983,929	1,738,227		
Other	1.00%	15,957	4,963		
Other	0.75%	34,192	5,129		
Other	0.00%	1,811,133	931,225		
SUM		**897,760,865**	**502,262,363**		
Total		**953,149,709**	**536,028,401**	**0.1516%**	**812,751**

LIQA: Liquidity Risk Management:

Qualitative disclosures:

a) Governance of liquidity risk management:

The liquidity risk management structure at ARB has a top down approach from the Board of Directors (BOD) to Group Treasury. ARBs Board of Directors have the ultimate responsibility for the management of overall liquidity risk function within the Bank. However, the BOD has delegated their authority to Group Asset Liability Management Committee (ALCO) to ensure daily, timely and effective risk management across the ARB Group. ARB Group has adopted a holistic approach towards maintaining a liquidity risk management and control framework. The Bank recognizes that there is no one metric or event that could address all the dimensions or causes of liquidity risk. Hence, Liquidity risk control framework has been established along-with approved liquidity risk appetite parameters within which the Banks's liquidity function operates. The delegation of approval authorities is formalized and governed by a clear mandate set by the ALCO. The Group Treasurer keeps ALCO informed of Liquidity and Funding risk/requirements as and when they arise. The Liquidity Risk tolerances are defined as part of Bank's Liquidity/Treasury Risk Appetite Statement which is also approved by the Board. All the Liquidity measures are reported to ALCO and to BRMC at frequent intervals. The related Liquidity risk and ALM policies are updated on an annual basis to reflect the changing operating environment and Bank's strategy given each stakeholder's responsibility as per contemporary situations.

b) Funding strategy:

The Funding Strategy of the Bank is developed every year it is undertaken at a centralized level. The oversight of the funding Plan is maintained by ALCO through liquidity and funding management tools. Monitoring of Funding health of ARB sits with Market and Liquidity risk management function as per the BoD approved risk appetite and limits, while management of liquidity and funding position of the bank has been delegated by ALCO to ARB Treasury.

The Funding Strategy focuses on diversifying the bank's funding mix, through the tapping of new markets to secure additional funding of direct investments (DIs), call & Saving Accounts as well as Sukuk issuances, Repos and longer FI funding, e.g. Syndication and Bilateral, in line with observed market behavior that shifted towards profit bearing deposits. However, maintaining the leading position in Current Accounts (CAs) market dominance remains a priority for the bank.

c) Liquidity risk mitigation techniques:

Identifying, assessing, measuring and monitoring liquidity risks, conducting regular and 'ad hoc' risk analysis (such as stress tests), reporting the findings and recommending to the ALCO through CRO are the key control and mitigation of liquidity risks techniques, if any. The Bank has also been conducting its annual ILAAP exercise. This provides the Bank with an opportunity to estimate / project its Liquidity Gap positions and ratios over next one-year horizon under stress events. It enables the Bank to plan accordingly for any market or idiosyncratic liquidity stress events. Accordingly, corrective action and management action plan is drafted to overcome such stress situations. As part of its ILAAP exercise, the Bank has a well drafted CFP in place that can be invoked in stress liquidity situations. The Bank has regularly been testing its CFP to ascertain its feasibility in times when needed.

d) Stress testing:

The Bank conducts liquidity stress testing as part of its ILAAP exercise. The liquidity stress testing is an integral part of the Bank's enterprise risk management framework and is used to evaluate the Bank's potential to survive liquidity stress events. The potential impact from these liquidity stress events is measured and monitored regularly. The results of stress tests and scenario analysis are used to determine adequate levels of liquid asset buffer (LAB) and to ensure that an appropriate level of contingency funding is maintained. The results also assist in the formulation of a 'Management Action Plans' (MAP) that can be invoked in the event of an impending liquidity crisis. The Bank uses the stress tests for understanding its Liquidity risk profile and communicating the same to the BoD and senior management for setting its risk limits and putting in place appropriate management action plans for managing the situations that may arise under adverse circumstances.

The Bank has implemented a robust governance framework outlining the roles and responsibilities of different business units in the Bank to conduct and manage its stress testing program.

e) **Contingency funding plans:**

The Group-Contingency Funding Plan (“GCFP” or “CFP”) is a written response mechanism to be followed under adverse or stress liquidity scenarios, in order to enable the Bank to efficiently meet all liquidity obligations as they fall due. This includes components of liquidity management that are pre-emptive in nature, components that address immediate liquidity requirements, components required to restore the liquidity positions and ratios to regulatory or appetite thresholds and finally long-term strategic actions to improve the liquidity profile of the Balance sheet. The contents of the CFP are generic in nature and may be tailored to adapt any situation as it unfolds, under the directions of the Liquidity Response Team (LRT).

The ARB GCFP is applicable to Al Rajhi Bank KSA and to all its banking branches, subsidiaries and overseas entities. While the ARB Group Liquidity Risk Management Policy is applicable under all operating environments, the GCFP will be operative only in the event of an adverse or stressed liquidity situation. Each International branch and subsidiary of ARB will also have in place its own CFP, which should be consistent with the Group CFP and should meet their local regulatory requirements. In case of any conflict between the GCFP and local CFPs of the international branches/subsidiaries of ARB, the more conservative document shall prevail.

The GCFP is an integral part of the Bank’s overall Group Liquidity Risk Governance framework. Both the GCFP and Group Liquidity Risk Management Policy complement each other.

f) Assessment of future’s liquidity position:

The Bank, during its ILAAP exercise, evaluates the current and future liquidity positions along with the funding requirements necessary considering the Bank’s business strategies. In addition, the exercise provides a forward-looking view, about the Group’s liquidity risk profile to ensure that it is aligned to the Board’s expectations under normal & stressed situations. Moreover, the Group measures and monitors the on and off-balance sheet liquidity positions through the liquidity mismatch for different time-buckets and SAMA regulatory liquidity ratios. The behavioral assumptions for liquidity are reviewed frequently and are approved by ALCO for the purpose of monitoring liquidity gaps.

g) Concentration limits on collateral pools and sources of funding:

The Bank’s risk appetite is based on its business activities and intends to identify, measure, and monitor the risk stemming from its business activities to ensure that the management is apprised of the potential risk exposures and concentrations in the portfolio. These limits were established to mitigate the liquidity risk of the bank and avoid excessive concentration in its funding sources.

h) Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries:

The Bank assesses its liquidity adequacy and monitors its exposure against the defined risk appetite limits on periodic basis. It is also known that the Bank has one subsidiary operating in Malaysia and two branches operating in Kuwait and Jordan. They are primarily managing their funding and liquidity requirements through customer deposits. However, the Head Office in KSA provides support to these entities on a need basis through placements and there is not expectation of any transfer of liquidity from these entities back to head office over and above the deposits placed.

It is noted that these funding lines are more for management of the local liquidity ratio requirements and for comfort needed by the local regulators in these jurisdictions. The Bank has put a capping limit on the funding lines to its overseas branches and subsidiaries. This limit is revised on a periodic basis, depending on the size and requirement of international entities.

i) Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps:

The Bank has in place its balance sheet categorized by maturity buckets which organizes assets and liabilities based on their remaining time to maturity. This categorization helps in assessing liquidity, funding stability, and profit rate risk. The difference between assets and liabilities in each maturity bucket is known as the liquidity gap and it is monitored regularly.

The Bank system tools are well-equipped to provide a detailed liquidity gap analysis across the various maturity buckets helping to manage the gap effectively and ensure having sufficient liquidity to meet obligations while optimizing returns.

Quantitative disclosures:

	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	No Fixed Maturity	Total
Assets						
Cash and balances with SAMA and other central Banks	6,110,000	-	-	-	47,134,710	53,244,710
Due from Banks and other financial institutions	12,148,968	4,560,547	1,181,197	-	1,639,015	19,529,727
Financing, net						
Mutajara	47,921,703	53,904,890	47,682,201	41,160,399	-	190,669,194
Installment sale	11,807,815	44,705,349	194,421,402	215,774,172	-	466,708,738
Murabaha	5,847,531	6,382,804	8,617,859	6,948,850	-	27,797,044
Credit cards	2,223,382	2,470,424	3,540,941	-	-	8,234,747
Investments, net						
Investment in an associate	-	-	-	-	1,034,262	1,034,262
Investments held at amortized cost	3,187,750	3,379,951	44,024,674	87,554,160	-	138,146,535
FVIS investments	10,588	-	2,450,638	498,400	3,519,950	6,479,576
FVOCI investments	3,557,561	-	13,798,561	11,266,489	1,784,866	30,407,476
Positive fair value of derivatives	10,730	18,566	533,726	1,342,881	-	1,905,903
Total Assets	**92,826,027**	**115,422,531**	**316,251,200**	**364,545,351**	**55,112,803**	**944,157,912**
Liabilities						
Due to Banks and other financial institutions	96,403,512	57,174,210	13,465,668	4,599,380	1,791,827	173,434,597
Demand deposits and call accounts	-	-	-	-	446,437,107	446,437,107
Customers' time investments	91,753,888	41,906,957	12,206,451	21,224,097	-	167,091,393
Other customer accounts	-	-	-	-	14,710,001	14,710,001
Negative fair value of derivatives	12,926	18,391	431,834	1,215,892	-	1,679,043
Sukuk issued	-	359,884	8,090,869	-	-	8,450,753
Total Liabilities	**188,170,326**	**99,459,442**	**34,194,821**	**27,039,369**	**462,938,935**	**811,802,894**
Gap	**(95,344,299)**	**15,963,089**	**282,056,379**	**337,505,982**	**(407,826,132)**	**132,355,018**

LIQ1: Liquidity Coverage Ratio (LCR)

		a	b
		Total unweighted value (average)	**Total weighted value (average)**
	High quality liquid assets		
1	**Total HQLA**		**128,093,837**
	Cash outflows		
2	**Retail deposits and deposits from small business customers, of which:**	**312,929,111**	**23,604,854**
3	Stable deposits	111,239,344	5,561,967
4	Less stable deposits	201,689,767	18,042,887
5	**Unsecured wholesale funding, of which:**	**251,894,641**	**104,483,834**
6	Operational deposits (all counterparties) and deposits in networks of cooperative Banks	303,050	75,763
7	Non-operational deposits (all counterparties)	248,466,453	104,133,632
8	Unsecured debt	3,125,138	274,439
9	**Secured wholesale funding**	**26,799,259**	**892,652**
10	**Additional requirements, of which:**	**15,528,860**	**1,558,674**
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	15,528,860	1,558,674
14	**Other contractual funding obligations**	**36,615,483**	**-**
15	**Other contingent funding obligation**	**40,384,488**	**807,690**
16	**TOTAL CASH OUTFLOWS**		**131,347,703**
	Cash inflows		
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	43,627,824	24,278,245
19	Other cash inflows	408,825	408,825
20	**TOTAL CASH INFLOWS**		**24,687,070**
	Total adjusted value		
21	**Total HQLA**		**128,093,837**
22	**Total net cash outflows**		**106,660,633**
23	**Liquidity Coverage Ratio (%)**		**120.09%**

LIQ2: Net Stable Funding Ratio (NSFR)

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	<6 months	6 months to < 1 year	≥ 1 year	
	Available stable funding (ASF) item					
1	**Capital:**	**-**	**-**	**-**	**131,676,708**	**131,676,708**
2	*Regulatory capital*	-	-	-	123,588,989	123,588,989
3	*Other capital instruments*	-	-	-	8,087,719	8,087,719
4	**Retail deposits and deposits from small business customers, of which:**	**284,546,869**	**31,781,199**	**5,158,368**	**4,331,567**	**299,554,693**
5	*Stable deposits*	117,298,134	278,298	130,249	107,387	111,928,734
6	*Less stable deposits*	167,248,735	31,502,901	5,028,119	4,224,179	187,625,959
7	**Wholesale funding:**	**168,346,137**	**174,572,944**	**43,042,035**	**52,131,890**	**250,292,894**
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	168,346,137	174,572,944	43,042,035	52,131,890	250,292,894
10	**Liabilities with matching interdependent assets**	**-**	**-**	**-**	**-**	**-**
11	**Other liabilities**	**43,713,590**	**29,588,082**	**10,078,824**	**3,863**	**3,863**
12	*NSFR derivative liabilities*	-	-	-	-	-
13	*All other liabilities and equity not included in the above categories*	43,713,590	29,588,082	10,078,824	3,863	3,863
14	**Total ASF**					**681,528,159**
	Required stable funding (RSF) item					
15	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	12,500,373
16	Deposits held at other financial institutions for operational purposes	987,596	-	-	-	493,798
17	Performing loans and securities:	-	-	-	-	-
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*	-	17,359,101	4,378,661	3,457,689	8,250,885
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:*	-	76,530,155	88,629,531	507,196,022	513,696,462
21	*With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk*	-	-	-	5,918,000	3,846,700
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*	-	8,818,446	1,346,218	40,801,103	39,974,631
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	-	47,043,283	-	-	47,043,283
27	*Physical traded commodities, including gold*	-	-	-	-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties*	-	-	-	-	-
29	*NSFR derivative assets*	-	-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*	-	-	-	-	-
31	*All other assets not included in the above categories*	-	47,043,283	-	-	47,043,283
32	*Off-balance sheet items*	-	61,610,310	-	-	975,290
33	***Total RSF***					**626,781,421**
34	***Net Stable Funding Ratio (%)***					**108.73%**