



Basel III Pillar III

Qualitative & Quantitative Disclosures

December 31, 2018

KM1: Key metrics (at consolidated group level)						
		a	a	b	c	d
		31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1): <i>(Exclusive of IFRS 9 adjustments)</i>	12,457,937	13,304,561	13,531,114	13,740,336	13,475,772
1a	Fully loaded ECL accounting model	12,293,426	13,140,050	13,366,603	13,575,825	13,475,772
2	Tier 1 <i>(Exclusive of IFRS 9 adjustments)</i>	14,242,937	15,089,561	15,316,114	15,525,336	14,260,772
2a	Fully loaded ECL accounting model Tier 1	14,078,426	14,925,050	15,151,603	15,360,825	14,260,772
3	Total capital <i>(Exclusive of IFRS 9 adjustments)</i>	14,261,232	15,107,856	15,334,409	15,543,631	14,279,067
3a	Fully loaded ECL accounting model total capital	13,438,676	14,285,300	14,511,853	14,721,075	14,279,067
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)-Pillar 1	84,622,614	84,622,614	82,915,298	81,541,760	82,385,954
	Risk-based capital ratios as a percentage of RWA-Pillar 1					
5	Common Equity Tier 1 ratio (%)	14.72%	15.72%	16.32%	16.85%	16.36%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	14.53%	15.53%	16.12%	16.65%	16.36%
6	Tier 1 ratio (%)	16.83%	17.83%	18.47%	19.04%	17.31%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.64%	17.64%	18.27%	18.84%	17.31%
7	Total capital ratio (%)	16.85%	17.85%	18.49%	19.06%	17.33%
7a	Fully loaded ECL accounting model total capital ratio (%)	15.88%	16.88%	17.50%	18.05%	17.33%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.875%	1.875%	1.875%	1.875%	1.250%
9	Countercyclical buffer requirement (%)	0.000%	0.000%	0.000%	0.000%	0.000%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.000%	0.000%	0.000%	0.000%	0.000%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	1.875%	1.875%	1.875%	1.875%	1.250%
12	CET1 available after meeting the bank's minimum capital requirements (%) (5-11)	12.85%	13.85%	14.44%	14.98%	15.11%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	106,653,088	105,455,660	111,942,893	100,749,749	100,500,407
14	Basel III leverage ratio (%) (row 2 / row 13)	13.35%	14.31%	13.68%	15.41%	14.19%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row13)	13.20%	14.15%	13.54%	15.25%	14.19%
	Liquidity Coverage Ratio					
15	Total HQLA	18,497,904	20,223,870	23,519,226	18,475,924	18,083,593
16	Total net cash outflow	9,266,693	8,019,322	6,596,310	8,432,693	8,427,285
17	LCR ratio (%)	199.62%	252.19%	356.55%	219.10%	214.58%
	Net Stable Funding Ratio					
18	Total available stable funding	62,635,376	61,049,775	65,505,161	60,280,548	60,956,432
19	Total required stable funding	58,113,707	55,775,556	55,030,661	52,898,982	55,055,179
20	NSFR ratio (%)	107.78%	109.46%	119.03%	113.95%	110.72%

B.1 - Table OVA: Bank risk management approach

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

The Bank has the following four 100% owned subsidiaries:

- Alistithmar Capital for Financial Securities and Brokerage Company, a limited liability company;
- Saudi Investment Real Estate Company, yet to commence any significant operations;
- Saudi Investment First Company, a limited liability company, registered in the Kingdom of Saudi Arabia on November 9, 2014. The company has not commenced any significant operations; and
- Saudi Markets Limited Company, a limited liability company, The objective of the Company is to conduct derivatives and repurchase activities on behalf of the Bank.

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

- American Express (Saudi Arabia) (Amex)-(ASAL). ASAL is a limited liability company with Amex (Middle East), Bahrain. The principal activities of ASAL include the issuance of credit cards and the offer of other American Express products in Saudi Arabia. The Bank holds a 50% interest.
- Saudi Orix Leasing Company (Orix). Orix is a Saudi Arabian closed joint stock company in Saudi Arabia. The principal activities of Orix include lease-financing services in Saudi Arabia. The Bank holds a 38% interest.
- Amlak International for Finance and Real Estate Development Co. (Amlak). Amlak is a Saudi Arabian closed joint stock company in Saudi Arabia and the Bank holds a 32% interest. The principal activities of Amlak include real estate finance products and services.

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

(b) The risk governance structure :

At the top level, the Board of Directors is responsible for establishing the Bank's Corporate Governance processes and for approving the Bank's Risk Appetite and related risk management framework. It is also responsible for approving and implementing policies to ensure compliance with SAMA guidelines, reporting standards such as IFRS 9 and best industry practices including Basel guidelines. The Board of Directors has approved the Bank's Risk Management Guide Policy as an overarching Risk Policy Guide under which the Bank has a suite of policies such as the Risk Appetite Framework, Credit Policy Guide, Treasury Policy Guide, Stress Test Policy, ICAAP Policy, Operational Risk and Fraud Risk and other related policies.

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

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

At the departmental level, the Bank has a Risk Management Group headed by the Chief Risk Officer (CRO) who is assisted by Assistant General Managers in charge of Risk Management, Credit Risk Review, Credit Administration and Collections Department. The Heads of Corporate Credit Risk, Retail Credit Risk, Market Risk, Operational Risk Management department report to the Assistant General Manager (Risk Management). Heads of Business Continuity Management and Fraud Prevention & Detection Departments report to Head of Operational Risk Management Department.

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

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

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

In addition, the Bank has adopted the BCBS Principles of Effective Risk Aggregation and Risk Reporting and initiated major IT systems projects for data aggregation and reporting, including creation of a risk data mart for consistent and accurate risk reporting.

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

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

The Bank has also appointed a Stress Testing Committee (STC) headed by the Chief Risk Officer and has implemented a Bank-wide Stress Testing Policy (STP) which has been approved by the Board of Directors. In addition, the STC, in accordance with the STP, has appointed a cross-functional Stress Testing Team (STT) to conduct detailed stress testing with the results submitted to the STC for its review and feedback.

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

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

B.2 - Template OV1: Overview of RWA

SAR (000)		a	b	c
		RWA		Minimum capital requirements
		December 31, 2018	September 30, 2018	December 31, 2018
1	Credit risk (excluding counterparty credit risk) (CCR)	78,721,407	77,959,666	6,297,713
2	Of which standardised approach (SA)	78,721,407	77,959,666	6,297,713
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	839,909	839,909	67,193
5	Of which standardised approach for counterparty credit risk (SA-CCR)	839,909	839,909	67,193
6	Of which internal model method (IMM)	-	-	-
7	Equity positions in banking book under market-based approach	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – fall-back approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15	Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	2,062,510	1,217,899	165,001
17	Of which standardised approach (SA)	2,062,510	1,217,899	165,001
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	4,794,695	4,605,141	383,576
20	Of which Basic Indicator Approach	4,794,695	4,605,141	383,576
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	86,418,521	84,622,614	6,913,482

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

SAR (000)	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with SAMA	4,871,932	4,871,932	4,871,932	-	-	-	-
Due from banks and other financial institutions	2,917,697	2,917,697	2,917,697	-	-	-	-
Investments, net	24,638,113	24,638,113	24,638,113	-	-	-	-
Loans and advances, net	59,412,529	59,412,529	60,065,724	-	-	-	-
Investments in associates	1,012,366	1,012,366	1,012,366	-	-	-	-
Property, equipment, and intangibles, net	897,678	897,678	897,678	-	-	-	-
Positive fair values of derivatives	1,245,243	1,245,243	-	147,238	-	-	-
Other real estate	718,724	718,724	718,724	-	-	-	-
Other assets	355,626	355,626	355,626	-	-	-	-
Total assets	96,069,908	96,069,908	95,477,860	147,238	-	-	-
Liabilities							
Due to banks and other financial institutions	12,620,832	-	-	-	-	-	12,620,832
Customer deposits	63,689,869	-	-	-	-	-	63,689,869
Term loans	2,030,371	-	-	-	-	-	2,030,371
Subordinated debt	2,005,661	-	-	-	-	-	2,005,661
Negative fair values of derivatives	500,704	-	-	-	-	-	500,704
Other liabilities	1,783,795	-	-	-	-	-	1,783,795
Total liabilities	82,631,232	-	-	-	-	-	82,631,232
Shareholders' equity	11,653,676	-	-	-	-	-	11,653,676
Tier 1 Sukuk	1,785,000	-	-	-	-	-	1,785,000
Total liabilities and equity	96,069,908						96,069,908

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

SAR (000)		a	b	c	d	e
		Total	Items subject to:			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	96,069,908	95,477,860	-	147,238	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	96,069,908	95,477,860	-	147,238	-
4	Off-balance sheet amounts	12,355,622	9,195,017	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	1,385,885	1,385,885	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Market Risk of Fx Exposure	-	-	-	-	-
10	Derivatives	1,553,696	-	-	1,406,458	2,062,510
11	Exposure amounts considered for regulatory purposes	111,365,111	106,058,761	-	1,553,696	2,062,510

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

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

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

Differences is due to consideration of provision amount.

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

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

Level 1. The Bank uses mark to market for its investment positions where prices quoted on daily basis.

Level 2. The fair value is estimated using a mark to model for which all significant inputs are observable from market data.

Level 3: A very small amount of instruments are valued based on counterparty quotes.

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

• Description of the independent price verification process.

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

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

The Bank doesn't have any positions on its trading book as of Dec 2018.

SAR (000)	Components ¹ of regulatory capital reported by the bank
-----------	--

Amounts ¹ subject to Pre - Basel III treatment	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2
---	--

C
D + G
E

B

Note: Items which are not applicable are to be left blank.

CC1 – Composition of regulatory capital-continued	
Common template (transition) - Step 3 (Table 2(d)) ii	
(From January 2013 to 2018 identical to post 2018) With amount subject to Pre- Basel III Treatment	

SAR (000)	Components ¹ of regulatory capital reported by the bank	Amounts ¹ subject to Pre - Basel III treatment	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2
-----------	--	---	--

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	2,000,000
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Provisions	649,509
51	Tier 2 capital before regulatory adjustments	2,649,509
Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
56	National specific regulatory adjustments	-
REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT		
OF WHICH: [INSERT NAME OF ADJUSTMENT]		
OF WHICH: ...		
57	Total regulatory adjustments to Tier 2 capital	-
58	Tier 2 capital (T2)	2,649,509
59	Total capital (TC = T1 + T2)	16,727,935
60	Total risk weighted assets	86,418,521
Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.46%
62	Tier 1 (as a percentage of risk weighted assets)	16.29%
63	Total capital (as a percentage of risk weighted assets)	19.36%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	13.46%
National minima (if different from Basel 3)		
Amounts below the thresholds for deduction (before risk weighting)		
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	653,195
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

A

0
0
0

¹For detailed explanation of rows (1-85), please refer to SAMA circular # BCS 23295 dated 23 July 2012 entitled "Composition of Capital Disclosure Requirements issued by the BCBS in June 2012.

⁽²⁾ All rows related to IRB Approach are only valid, if SAMA has provided its Regulatory Approval to use IRB Approaches

Notes: Items which are not applicable are to be left blank.

CCA – Main features of regulatory capital instruments and of other TLAC- eligible instruments		
Main features template of regulatory capital instruments - (Table 2(e-1/3))		
1	Issuer	Saudi Investment Bank
2	Unique identifier (eg CUSPIN, ISIN or Bloomberg identifier for private placement)	SA13JFK0G534
3	Governing law(s) of the instrument	Private Placement under CMA regulations
	Regulatory treatment	
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	Yes
6	Eligible at solo/group/group&solo	GROUP and Solo
7	Instrument type	Sukuk
8	Amount recognised in regulatory capital (SAR "000", as of most recent reporting date)	2,000,000
9	Par value of instrument	Saudi Riyals 1 million
10	Accounting classification	Subordinated debt
11	Original date of issuance	June 5 2014
12	Perpetual or dated	Dated
13	Original maturity date	June 5 2024
14	Issuer call subject to prior supervisory approval	Yes
15	Option call date, contingent call dates and redemption amount	June 5 2019
16	Subsequent call dates if applicable	NIL
	Coupons / dividends	
17	Fixed or Floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	NO
20	Fully discretionary, partially discretionary or mandatory	Mandatory
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)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger (s)	To be determined by SAMA
32	If write-down, full or partial	To be determined by SAMA
33	If write-down, permanent or temporary	To be determined by SAMA
34	If temporary writedown, description of the write-up mechsanim	To be determined by SAMA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Junior in right of payments to "claims of depositor's or any other unsubordinated payment obligatons"
36	Non-compliant transitioned features	NO
37	If yes, specify non-compliant features	NA

Note: Further explanation of rows (1-37) as given above are provided in SAMA circular # BCS 23295 dated 23 July 2012 entitled "Composition of Capital Disclosure Requirements issued by the BCBS in June 2012.

CCA – Main features of regulatory capital instruments and of other TLAC- eligible instruments		
Main features template of regulatory capital instruments - (Table 2(e-2/3))		
1	Issuer	Saudi Investment Bank
2	Unique identifier (eg CUSPIN, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	The instrument is governed by the laws of the Kingdom of Saudi Arabia
	Regulatory treatment	
4	Transitional Basel III rules	Additional Tier 1
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/group&solo	GROUP and Solo
7	Instrument type	Subordinated Sukuk
8	Amount recognised in regulatory capital (SAR "000", as of most recent reporting date)	500,000
9	Par value of instrument	SAR 1,000
10	Accounting classification	Equity
11	Original date of issuance	21-Nov-16
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Option call date, contingent call dates and redemption amount	21-Nov-21
16	Subsequent call dates if applicable	Any profit distribution dates after the first call date
	Coupons / dividends	
17	Fixed or Floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary
21	Existence of step up or other incentive to redeem	None
22	Non cumulative or cumulative	Non cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger (s)	Terms of contract of the instrument provide the legal basis for SAMA to trigger write-down (a contractual approach)
32	If write-down, full or partial	Written down fully or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary writedown, description of the write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated, Senior and Tier II subordinated sukukholders are senior to this instrument
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	NA

Note: Further explanation of rows (1-37) as given above are provided in SAMA circular # BCS 23295 dated 23 July 2012 entitled "Composition of Capital Disclosure Requirements issued by the BCBS in June 2012.

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

Note: Further explanation of rows (1-37) as given above are provided in SAMA circular # BCS 23295 dated 23 July 2012 entitled "Composition of Capital Disclosure Requirements issued by the BCBS in June 2012.

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

Note: Further explanation of rows (1-37) as given above are provided in SAMA circular # BCS 23295 dated 23 July 2012 entitled "Composition of Capital Disclosure Requirements issued by the BCBS in June 2012.

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

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

LR1: Summary Comparison of accounting assets versus leverage ratio exposure measure - (Table 1)		
Row#	Items	(SAR 000)
1	Total consolidated assets as per published financial statements.	96,069,908
2	Adjustment for investments in banking, financial, insurance or commercial entities that are outside the scope for accounting purposes but outside the scope of regulatory consolidation.	-
3	Adjustments for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure.	-
4	Adjustments for derivatives financial instruments.	1,406,458
5	Adjustments for securities financing transactions (i.e. repos and similar secured lending).	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures).	9,195,017
7	Other adjustments.	(18,295)
8	Leverage ratio exposure	106,653,088

LR2: Leverage Ratio Common Disclosure Template - (Table 2)			
Row#	Items	December 31, 2018	September 30, 2018
On-balance sheet exposure			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	95,922,670	94,999,622
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(18,295)	(18,925)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	95,904,375	94,980,697
Derivative exposures			
4	Replacement cost associated with <i>all</i> derivatives transactions (ie net of eligible cash variation margin)	147,238	449,921
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	1,406,458	1,361,906
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional off-sets and add-on deductions for written credit derivatives)	-	-
11	Total derivative exposures (sum of lines 4 to 10)	1,553,696	1,811,827
Securities financing transaction exposures			
12	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-	-
17	Off-balance sheet exposure at gross notional amount	124,823,052	106,976,903
18	(Adjustments for conversion to credit equivalent amounts)	(115,628,035)	(98,314,398)
19	Off-balance sheet items (sum of lines 17 and 18)	9,195,017	8,662,505
Capital and total exposures			
20	Tier 1 capital	14,078,426	14,925,050
21	Total exposures (sum of lines 3, 11, 16 and 19)	106,653,088	105,455,660
Leverage ratio			
22	Basel III leverage ratio	13.20%	14.15%

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

(a) **Liquidity risk:**

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

In accordance with the Banking Control Law and the regulations issued by SAMA, the Group maintains a statutory deposit with SAMA equal to 7% (2017: 7%) of total demand deposits and 4% (2017: 4%) of saving and time deposits. In addition to the statutory deposit, the Group also maintains liquid reserves of no less than 20% of its deposit liabilities, in the form of cash and balances with SAMA, Saudi Government Development Bonds, or other assets which can be converted into cash within a period not exceeding 30 days. The Group has the ability to raise additional funds through repo facilities with SAMA against Saudi Government Development Bonds up to 98% of the nominal value of Saudi Riyal denominated bonds held.

Table LIQ1: Liquidity Coverage Ratio

- (a) **Introduction:** The Liquidity Coverage Ratio (LCR) is a minimum standard set by Basel III, to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient High Quality Liquid Assets (HQLA) to overcome total expected cash outflows minus total expected cash inflows as per SAMA / Basel specified stress scenarios for the subsequent 30 calendar days. The LCR report for SAIB is prepared in accordance with the public/ market disclosure requirements and guidelines in respect of the Liquidity Coverage Ratio Disclosure Standards as published by the Saudi Arabian Monetary Authority (SAMA) in August 2014. The purpose of this document is to disclose both qualitative and quantitative information regarding The Saudi Investment Bank's (SAIB) liquidity position, LCR results and internal liquidity risk measurement and management processes.
- (b) **Governance Framework and Liquidity Management:** SAIB has a robust risk management and governance framework approved by the Board of Directors and comprises Board Committee oversights, a Board approved risk appetite statement, liquidity risk policy and comprehensive control framework. Asset Liability Committee (ALCO) has the overall responsibility for the Bank's liquidity risk management by ensuring that the Bank's risk exposures are maintained at or above the minimum levels. To this end, it has established an appropriate liquidity risk management framework for the management of the Bank's funding and liquidity management requirements. Further, SAIB maintains contingency Funding Plan (CFP) which identifies a diversified set of readily available and deployable potential CF resources under crisis situations.
- Internal Liquidity Adequacy Assessment Plan (ILAAP) is prepared annually to assess the liquidity risk management framework and the liquidity risk appetite of the bank to ensure that they are adequate and in
- (c) **Qualitative Disclosures for LCR as at December 31, 2018:** The 90 days average LCR (as provided on the next page) decreased from 252.2 % as of Sep 30, 2018 to 199.6% as of December 31, 2018. There is an decrease in HQLA by SAR 1.72 billion increase in net cash outflows within 30 days by SAR 1.24 billion.

Table LIQ1: Liquidity Coverage Ratio Disclosure Template			(a) TOTAL UNWEIGHTED VALUE (average)	(b) TOTAL WEIGHTED VALUE (average)
HIGH-QUALITY LIQUID ASSETS				
1	Total high-quality liquid assets (HQLA)			18,497,904
CASH OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:			
3	<i>Stable deposits</i>			
4	<i>Less stable deposits</i>		18,227,351	1,721,399
5	Unsecured wholesale funding, of which:			
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>		-	-
7	<i>Non-operational deposits (all counterparties)</i>		23,527,695	8,635,395
8	<i>Unsecured debt</i>		-	-
9	Secured wholesale funding			
10	Additional requirements, of which:			
11	<i>Outflows related to derivative exposures and other collateral requirements</i>		1,884,065	1,884,065
12	<i>Outflows related to loss of funding on debt products</i>			
13	<i>Credit and liquidity facilities</i>		10,835,566	1,083,557
14	Other contractual funding obligations			
15	Other contingent funding obligations			
16	TOTAL CASH OUTFLOWS			13,324,415
CASH INFLOWS				
17	Secured lending (eg reverse repos)			
18	Inflows from fully performing exposures		4,386,675	4,057,723
19	Other cash inflows			
20	TOTAL CASH INFLOWS			4,057,723
				(c) TOTAL ADJUSTED VALUE
21	TOTAL HQLA			18,497,904
22	TOTAL NET CASH OUTFLOWS			9,266,693
23	LIQUIDITY COVERAGE RATIO (%)			199.62%

- a Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
- b Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).
- c Adjusted values must be calculated after the application of both:
- (i) haircuts and inflow and outflow rates; and
 - (ii) any applicable caps (ie cap on Level 2B and Level 2 assets for HQLA and cap on inflows).
- average data has been used.

Table LIQ2: Net Stable Funding Ratio (NSFR)

SAR (000)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) item						
1	Capital:	21,279,955	-	-	-	21,279,955
2	Regulatory capital	16,727,935				
3	Other capital instruments	4,552,020				
4	Retail deposits and deposits from small business customers:	18,304,240	4,103,763	210,627	-	20,356,767
5	Stable deposits	18,304,240	4,103,763	210,627		
6	Less stable deposits					
7	Wholesale funding:	6,911,996	22,053,651	13,031,661	-	20,998,654
8	Operational deposits	2,007,190	8,866,908	8,940,824		
9	Other wholesale funding	4,904,806	13,186,743	4,090,836		
10	Liabilities with matching interdependent assets	50				
11	Other liabilities:	-	-	-	9,567,217	-
12	NSFR derivative liabilities	-				
13	All other liabilities and equity not included in the above categories	-			9,567,217	
14	Total ASF	46,496,241	26,157,414	13,242,287	9,567,217	62,635,376
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)	4,871,932			13,627,878	681,394
16	Deposits held at other financial institutions for operational purposes		3,067,289			460,093
17	Performing loans and securities:	-	10,854,213	17,549,127	31,225,899	40,743,684
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		118,416	268,914		
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:		10,735,797	17,280,213	31,225,899	
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk					
22	Performing residential mortgages, of which:					
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk					
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	245,936			2,097,731	1,992,117
25	Assets with matching interdependent liabilities					
26	Other assets:	887,723	-	-	12,234,647	13,122,369
27	Physical traded commodities, including gold					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets	760,107				
30	NSFR derivative liabilities before deduction of variation margin posted	127,615				
31	All other assets not included in the above categories				12,234,647	
32	Off-balance sheet items	22,281,023				1,114,051
33	Total RSF		13,921,502	17,549,127	59,186,155	58,113,709
34	Net Stable Funding Ratio (%)	107.78%				

B.7 - Template CR1: Credit quality of assets

SAR (000)		a	b	c	d
		Gross carrying values of		Allowances/ impairments (ECL)	Net values (a+b-c)
		Defaulted exposures (Stage 3 Exposures)	Non-defaulted exposures		
1	Loans	2,690,624	58,517,480	1,795,576	59,412,528
2	Debt Securities	0	24,202,464	75,480	24,126,984
3	Off-balance sheet exposures	335,703	12,019,919	165,320	12,190,302
4	Total	3,026,327	94,739,863	2,036,376	95,729,814

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

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

1	Defaulted loans and debt securities (Stage 3 Credit Impaired)at end of the June 30, 2018	3,059,733
2	Loans and debt securities that have defaulted since the last reporting period	210,979
3	Returned to non-defaulted status	0
4	Amounts written off-Net	(16,444)
5	Other changes-movements in S3 exposures	(227,941)
6	Defaulted loans (including off balance sheet) and debt securities at end of the reporting period	3,026,327

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

SAR (000)		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	27,806,433	31,606,096	24,542,484	9,125	7,636	-	-
2	Debt securities	24,126,984	-	-	-	-	-	-
3	Total	51,933,417	-	24,542,484	9,125	7,636	-	-
4	Of which defaulted	711,811	1,978,814	1,350,907	-	-	-	-

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

SAR (000)	a	b	c	d	e	f
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Sovereigns and their central banks	19,973,084	50	19,973,084	-	-	-
Non-central government public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
Banks and Securities firms	5,636,047	-	5,636,047	-	2,187,627	0.39
Corporates	43,724,469	81,330,843	43,602,221	5,904,881	48,318,199	0.98
Regulatory retail portfolios	14,290,746	3,474,718	14,290,218	6,095	10,722,234	0.75
Secured by residential property	1,031,860	-	1,031,860	-	515,930	0.50
Secured by commercial real estate	2,291,176	-	2,279,952	-	2,279,952	1.00
Equity	304,023	-	304,023	-	304,023	1.00
Securitized assets	20,209	-	20,209	82,863	4,404,379	42.73
Other assets	10,596,573	40,017,441	9,253,466	2,713,855	9,549,100	0.80
Total	97,868,187	124,823,052	96,391,080	8,707,694	78,281,443	48.51

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

SAR (000)	a	b	c	d	e	f	g	h	i	j
Asset classes/ Risk weight*	0%	10%	20%	35%	50%	75%	100%	150%	Others**	Total credit exposures amount (post CCF and post-CRM)
Sovereigns and their central banks	19,973,084									19,973,084
Non-central government public sector entities (PSEs)										-
Multilateral development banks (MDBs)										-
Banks & Securities firms			2,101,322		3,534,726					5,636,047
Corporates			281,174		1,927,928		47,298,001			49,507,102
Regulatory retail portfolios						14,296,312				14,296,312
Secured by residential property					1,031,860					1,031,860
Secured by commercial real estate					0		2,279,952			2,279,952
Equity							304,023			304,023
Other assets	683,282						8,723,715	1,630,820	1,032,575	12,070,393
Total	20,656,366	-	2,382,495	-	6,494,513	14,296,312	58,605,691	1,630,820	1,032,575	105,098,774

*Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

105,098,774

** Investments in Associates, and some minor other exposures

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

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

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

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

(d) **The Bank’s own definition of a restructured exposure:**

Refers to the process under which the “terms” of an existing loan are being revised (restructured) in order to provide a concession to the obligor who is financially distressed and without such concessionary terms, the loan would become “unserviceable”.

Typical characteristics of a restructured loan includes among other things the following:
1. Converting a short term debt into a long term debt.
2. Converting the repayment from bullet to periodic instalments or structured instalments.
3. Aggregating multiple loans into a single new loan with extended repayment terms as in 1 & 2 above
4. Providing an additional grace period.

B 9.1: CREDIT RISK: GENERAL DISCLOSURES							
Geographic Breakdown of On-Balance Sheet, Off Balance Sheet, and Derivatives Exposures							
Portfolios	Geographic area						
	Saudi Arabia	Other GCC & Middle East	Europe	North America	South East Asia	Others Countries	Total
Sovereigns and central banks:							
SAMA and Saudi Government	15,289,242	-	-	-	-	-	15,289,242
Others	755,409	3,928,433	-	-	-	-	4,683,842
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-
Banks and securities firms	1,906,777	1,498,689	2,015,460	990,288	-	178,487	6,589,701
Corporates	48,173,411	-	-	1,587,686	-	-	49,761,096
Retail non-mortgages	14,260,605	-	-	-	-	-	14,260,605
Small Business Facilities Enterprises (SBFE's)	35,707	-	-	-	-	-	35,707
Mortgages	-	-	-	-	-	-	-
Residential	1,031,860	-	-	-	-	-	1,031,860
Commercial	2,279,952	-	-	-	-	-	2,279,952
Securitized assets	-	-	-	20,209	-	-	20,209
Equity	255,907	18,138	254	29,723	-	-	304,023
Others	9,721,139	1,407,378	854,725	387,138	9,490	16,362	12,396,231
Total	93,710,010	6,852,638	2,870,439	3,015,043	9,490	194,849	106,652,470

B9.2: CREDIT RISK: GENERAL DISCLOSURES													
Industry Sector Breakdown of On-Balance Sheet, Off Balance Sheet, and Derivatives Exposures													
Portfolios	Industry Sectors												
	Government and quasi government	Banks and other financial institutions	Agriculture and fishing	Manufacturing	Mining and quarrying	Electricity, water, gas and health services	Building and construction	Commerce	Transportation and communication	Services	Consumer loans and credit cards	Others	Total
Sovereigns and central banks:													
SAMA and Saudi Government	15,289,242	-	-	-	-	-	-	-	-	-	-	-	15,289,242
Others	4,683,842	-	-	-	-	-	-	-	-	-	-	-	4,683,842
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	61,896	6,527,805	-	-	-	-	-	-	-	-	-	-	6,589,701
Corporates	-	8,913,511	43,520	7,502,800	419,195	1,318,386	9,137,907	18,087,109	1,925,149	2,413,520	-	-	49,761,096
Retail non-mortgages	-	-	-			94		43	23,501	165	14,236,802	-	14,260,605
Small Business Facilities Enterprises (SBFE's)		-	-	1,795		205	1,515	15,414	8,488	8,290		-	35,707
Mortgages:													
Residential	-	-	-	-	-	-	-	-	-	-	-	1,031,860	1,031,860
Commercial	-	-	-	-	-	-	583,178	1,605,172	-	53,342		38,261	2,279,952
Securitized assets	-	-	-	-	-	-	-	-	-	-	-	20,209	20,209
Equity	-	303,769	-	-	-	-	-	-	-	-	-	254	304,023
Others	-	1,703,135	-	317,501	-	12,713	331,785	2,369,237	159,481	65,746	275,175	7,161,458	12,396,232
Total	20,034,980	17,448,219	43,520	7,822,096	419,195	1,331,398	10,054,384	22,076,975	2,116,619	2,541,063	14,511,977	8,252,043	106,652,470

B9.3: CREDIT RISK: GENERAL DISCLOSURES										
Residual Contractual Maturity Breakdown of On-Balance Sheet, Off Balance Sheet, and Derivatives Exposures										
Portfolios	Maturity breakdown									
	Less than 8 days	8-30 days	31-90 days	91-180 days	181-360 days	1-3 years	3-5 years	Over 5 years	No Fixed Maturity	Total
<i>Sovereigns and central banks:</i>										
SAMA and Saudi Government	977,000	-	-	-	-	1,183,120	5,602,425	4,368,528	3,158,169	15,289,242
Others	-	-	-	-	-	1,645,612	938,485	2,099,745		4,683,842
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	1,745,959	478,093	81,879	388,597	340,136	2,027,794	1,049,313	477,930	-	6,589,701
Corporates	1,833,569	5,679,608	11,260,100	7,167,238	6,738,527	4,407,120	7,470,457	4,469,835	734,643	49,761,096
Retail non-mortgages	2,789	43,883	20,644	57,143	300,066	3,039,153	10,367,957	428,970	-	14,260,605
Small Business Facilities Enterprises (SBFE's)	600	2,122	7,950	3,348	571	5,811	11,044	4,261	-	35,707
<i>Mortgages:</i>										
Residential	13	-	-	-	236	8,174	37,269	986,168	-	1,031,860
Commercial	-	20,197	34,889	136,275	118,588	1,268,593	643,034	58,375	-	2,279,952
Securitized assets	-	-	-	-	-	-	-	20,209	-	20,209
Equity	-	-	-	-	-	-	-	-	304,023	304,023
Others	1,567,918	48,539	1,331,946	2,661,498	1,303,226	366,289	166,978	152,454	4,797,383	12,396,232
Total	6,127,847	6,272,441	12,737,409	10,414,100	8,801,350	13,951,666	26,286,963	13,066,476	8,994,218	106,652,470

B9.4: CREDIT RISK: GENERAL DISCLOSURES**Impaired Loans (Stage 3), Past Due Loans and Allowances**

Industry sector	NPLs included in Stage 3	Total Past Due	Aging of Past Due Loans (days)				Stage 3 allowances			Stage 1 & 2 allowances
			Less than 90 Days	90-179	180-359	360 and above	Charges / (transfers) during the period	Charge-offs during the period, net	Balance at the end of the period	
Government and quasi government	-	-	-	-	-	-	-	-	-	13,597
Banks and other financial institutions	27,065	-	183,380	-	-	-	(85,180)	-	-	45,190
Agriculture and fishing	-	-	-	-	-	-	-	-	-	51
Manufacturing	161,005	12,659	497,245	1,044	2,637	8,978	(103,305)	-	107,326	37,180
Mining and quarrying	-	-	-	-	-	-	-	-	-	-
Electricity, water, gas and health services	-	662	-	662	-	-	-	-	-	-
Building and Construction	163,589	26,002	1,306,305	212	20,467	5,323	35,722	-	112,357	19,694
Commerce	402,723	446,733	2,224,610	37,145	24,784	384,803	182,491	64,819	579,899	40,115
Transportation and communication	45,112	-	5,347	-	-	-	(22,074)	-	33,637	14,405
Services	22,495	56,548	28,895	-	26,232	30,316	27,532	-	48,900	11,073
Consumer loans and credit cards	246,557	45,399	893,231	45,399	-	-	63,364	36,622	245,079	220,074
Others / (General)	8,328	503,319	1,832,539	483,275	115	19,929	66,216	41,579	193,301	73,698
Total	1,076,874	1,091,321	6,971,552	567,738	74,234	449,349	164,766	143,020	1,320,499	475,077

B9.5: CREDIT RISK: GENERAL DISCLOSURES**Impaired Loans, Past Due Loans And Allowances**

Geographic area	NPLs included in Stage 3	Aging of Past Due Loans (days)					Stage 3 allowances	Stage 1 & 2 allowances
		Total Past Due	Less than 90 days	90-179	180-359	360 and above		
Saudi Arabia	1,076,874	1,091,321	6,971,552	567,738	74,234	449,349	1,320,499	475,077
Other GCC & Middle East	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-
South East Asia	-	-	-	-	-	-	-	-
Others countries	-	-	-	-	-	-	-	-
Total	1,076,874	1,091,321	6,971,552	567,738	74,234	449,349	1,320,499	475,077

B9.6: CREDIT RISK: GENERAL DISCLOSURES				
Reconciliation Of Changes In The Allowances For Loan Impairment				
Particulars	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of the year, adjusted for IFRS 9 adoption	294,950	124,378	1,298,754	1,718,082
Charge-offs taken against the allowances during the period	-	-	(143,020)	(143,020)
Changes in exposures and re- measurement	45,689	54,717	(152,187)	(51,781)
Other adjustments:				-
- exchange rate differences				-
- business combinations				-
- acquisitions and disposals of subsidiaries				-
- recoveries				-
Transfers between allowances	(1,018)	(43,639)	316,952	272,295
Balance, end of the year	339,621	135,456	1,320,499	1,795,576

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

- (a) Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting: Portfolio diversification is the cornerstone of the Bank's credit risk mitigation strategy, which is implemented through customer, industry, and geographical limit structures.
- To ensure diversification at the portfolio level, interrelated companies with the same management or ownership structure are classified and treated as one entity. The Bank limits its credit concentration to various types of counterparties as per the Large Exposure Guidelines issued by SAMA in 2015.
- Credit risk mitigants such as collateral and guarantees are effective mitigating factors within the Bank's portfolio and collateral quality is continuously monitored and assessed.
- The Bank uses a credit classification system as a tool to assist in managing the quality of credit risk within the lending portfolio. The Bank maintains ten classification grades that differentiate between performing, past due but not impaired and impaired portfolios, and allocates portfolio provisions and specific provisions accordingly.
- The Credit Committee conducts quality classification exercises over all of its existing borrowers subject to the guidelines provided in the Credit Policy Guide.
- Consumer loan loss provisions are allocated on the basis of portfolio provisioning in compliance with SAMA regulatory requirements.
- The adequacy of provisions are regularly reviewed and adjusted according to a portfolio risk analysis undertaken on a monthly basis.
- The Bank uses external ratings (where available) from Fitch, S&P and Moody's to supplement internal ratings during the process of determining credit limits. Unrated public issue instruments are risk-weighted at 100% for capital adequacy purposes.
- In respect of counter party financial institutions with derivatives exposures, the Bank signs standard ISDA Master Agreements including a Credit support Annex. The Bank also makes use of collateral exchanges on the changes relating to MTM valuations. Counterparty risk in the Bank is controlled using a combination of Board approved risk appetite limits and risk control monitoring using an integrated system of limit management at both a product and counterparty level.
- For the measurement of exposure, (i.e. Exposure At Default-EAD), the Basel mandated methodology is used, where marked-to-market (MTM) (replacement cost in the case of derivatives and drawn amounts in the case of committed facilities), plus an add-on for potential future exposure (PFE) is used. The capital at risk or unexpected loss, i.e. the loss, which constitutes the economic capital is also calculated and monitored. The exposures are revalued daily at market close, PFE is adjusted and mitigation measures applied (collateral, netting, etc.) and limits compliance is monitored daily.
- For collateral management, derivative transactions subject to collateral agreements are marked to market daily and the parameters agreed in the collateral agreement are applied and accordingly margin calls are managed.
- (b) Core features of policies and processes for collateral evaluation and management : Collateral management is handled independently by the Credit Administration Department which is responsible for safe custody of the documents and securities offered as collateral.
- Based on SAMA guidelines and best practices, the Bank has laid down policies for valuation of collaterals such as shares, bonds and real estate. In respect of listed/quoted shares , the valuation is based on the daily end of day prices. In respect of real estate, an annual valuation is obtained based on the average valuation of at least two approved valuers.
- (c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (ie by guarantor type, collateral and credit derivative providers): The Bank reviews and monitors collateral concentration by various types such as maximum permissible exposure to a company's shares pledged as collateral, maximum exposure of shares pledged for an individual company, number of shares of different companies any borrower can pledge based on the level of Bank's exposures to the borrower etc.

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

The Bank currently uses the Standardized Approach for the credit risk capital calculation charge under SAMA guidelines. The Bank uses the ratings issued by Standard & Poor's (S&P), Moody's, and Fitch, which are the External Credit Assessment Institutions (ECAIs) approved by SAMA for the Standardized Approach. There has been no change in the ECAI used by the Bank during 2017. The Bank has not yet implemented the internal ratings-based (IRB) Approach.

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

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

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

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

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

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

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

The Bank manages and controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

The Bank's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are routinely monitored.

The Bank's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfill their obligation. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

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

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

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

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

Refer to (a) above.

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

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

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

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

The bank has not entered in such contracts where rating downgrade will impact the collateral provisions. The Bank's credit rating has not been downgraded during the year.

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

SAR (000)		a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	147,238	1,406,458		1.4	1,553,696	839,909
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	Total						839,909

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

SAR (000)		a	b
		EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	(i) VaR component (including the 3×multiplier)		
2	(ii) Stressed VaR component (including the 3×multiplier)		
3	All portfolios subject to the Standardised CVA capital charge	1,553,696	439,964
4	Total subject to the CVA capital charge	1,553,696	439,964

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

SAR (000)	a	b	c	d	e	f	g	h	i
Regulatory portfolio*/ Risk weight***	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposures
Sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-
Banks and Securities firms	-	-	39,938	913,716	-	-	-	-	953,654
	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	253,994	-	-	253,994
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	116,478	-	229,570	346,048
Total	-	-	39,938	913,716	-	370,472	-	229,570	1,553,696

*The breakdown by risk weight and regulatory portfolio included in the template is for illustrative purposes. Banks may complete the template with the breakdown of asset classes according to the local implementation of the Basel framework.

**Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

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

SAR (000)	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	1,926,320	-	1,905,706	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	7,897,921
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	1,926,320	-	1,905,706	-	-	7,897,921

B.35 - Table MRA: Qualitative disclosure requirements related to market risk

- (a) Strategies and processes of the bank: this must include an explanation of management'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 strategies/processes for monitoring the continuing effectiveness of hedges :

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

- (b) Structure and organisation of the market risk management function: description of the market risk governance structure established to implement the strategies and processes of the bank discussed in row (a) above, and describing the relationships and the communication mechanisms between the different parties involved in market risk management :

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

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

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

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

The Bank uses industry standard IT systems for its Treasury operations and recording of transactions. The Bank also has industry standard systems for market risk measuring, monitoring, reviewing and reporting. The Bank is also in the process of installing additional systems for advanced risk measurements as a part of risk data aggregation and reporting project.

B.37 - Template MR1: Market risk under standardised approach

SAR (000)		a
		RWA
	Outright products	2,062,510
1	Interest rate risk (general and specific)	2,062,510
2	Equity risk (general and specific)	-
3	Foreign exchange risk	-
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	2,062,510

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

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

B.41 - Operational risk (Qualitative Disclosures)

(a)	<p>In addition to the general qualitative disclosure requirement (paragraph 824), the approach(es) for operational risk capital assessment for which the bank qualifies:</p> <p>The Bank's Operational Risk Management Framework approved by the Board provides a structured approach to identify, assess, monitor, and control operational risk through:</p> <ul style="list-style-type: none"> • Conducting Risk and Control Self-Assessment (RCSA) workshops and submitting Risk Profile Reports which rate the Entity's Risk; • Monitoring of agreed Action Plans that have emerged as a result of RCSA workshops; • Maintaining operational risk loss event databases for analysis and reporting; • Implementing and monitoring of Key Risk Indicators; • Creating awareness about the Risk Management Concepts with focus on Operational Risk among the Bank employees through e-learning; • Periodically reviewing and updating Operational Risk Policies & Procedures and functionality of the ORM System to improve Operational Risk Management in the Bank; • Conducting Annual Qualitative and Quantitative risk analysis covering all risk entities within a Business/Support Group; • Review of tangible and intangible assets of the Bank and Corporate Risk Financing Plan.
<p>Any new products of the Bank are also assessed for inherent operational risks. The Bank's insurance contracts are also subject to ORMD review on an annual basis. The outsourcing contracts of the Bank are also reviewed by the ORMD from an operational risk perspective.</p>	
<p>The Bank is currently using the Basic Indicator Approach of the Basel III Accord to arrive at the Operational Risk Capital Charge by taking 15% of the average gross income of the Bank for the last three years as defined under Section 650 of the Basel III included in the SAMA Basel III guidelines.</p>	
<p>An operational risk appetite matrix is also used for monitoring operational risk losses on an ongoing basis.</p> <p>The key components of this framework are comprehensively documented through policies and procedures such Operational Risk Framework Policy, RCSA Policy, Loss Data Policy, Key Risk Indicators Policy and procedures such as Business Process Mapping procedure, Training and Awareness procedure etc.</p> <p>The Operational Risk Management Committee (ORMC) has the overall responsibility of supervising the implementation of the operational risk management framework across the Bank. The ORMC reports to the Enterprise Risk Management Committee of the Bank, which in turn reports to the Board Risk Committee, a committee of the Board of Directors.</p> <p>The Operational Risk Management Department (ORMD) functions as part of the Risk Management Group. The Bank has adopted a structured and proactive approach for the management of operational risks. The ORMD is subject to regular audit by the Bank's Internal Audit Department.</p> <p>The ORMD collects data related to operational losses from day-to-day operations and feeds the same into the Operational Risk Management System. This covers activities including:</p> <ul style="list-style-type: none"> • Feeding the results of RCSA workshops for risk and control assessment. 	
(b)	<p>Description of the advanced measurement approaches for operational risk (AMA), if used by the bank, including a discussion of relevant internal and external factors considered in the bank's measurement approach. In the case of partial use, the scope and coverage of the different approaches used.- Not Applicable</p>
(c)	<p>For banks using the AMA, a description of the use of insurance for the purpose of mitigating operational risk.- Not applicable</p>

IRRBB risk management objectives and policies

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

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB1)

Period	ΔEVE		ΔNII	
	December 31, 2018	September 30, 2018	December 31, 2018	September 30, 2018
Parallel up	178,420	177,958	205,165	204,633
Parallel down	(213,430)	(212,878)	(205,165)	(204,633)
Steeper	273,828	273,119		
Flattener	(284,772)	(284,035)		
Short Rate up	(157,493)	(157,086)		
Short Rate down	163,535	163,111		
Maximum	(284,772)	(284,035)	(205,165)	(204,633)
Period	T		T-1	
Tier 1 capital	14,078,426			

REMA - Remuneration Policy

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

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

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

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

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

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

REM1 - Remuneration awarded during the financial year

Remuneration amount			a	b
			Senior management	Other material risk-takers
1	Fixed remuneration	Number of employees	23	130
2		Total fixed remuneration (3 + 5 + 7)	42,062	56,463
3		Of which: cash-based	42,062	56,463
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	23	130
10		Total variable remuneration (11 + 13 + 15)	19,656	14,870
11		Of which: cash-based	15,047	11,323
12		Of which: deferred		
13		Of which: shares or other share-linked instruments	4,609	3,547
14		Of which: deferred	4,609	3,547
15		Of which: other forms		
16		Of which: deferred		
17	Total remuneration (2 + 10)		61,718	71,333

REM2 - Special payments

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

REM3 - Deferred remuneration

	a	b	c	d	e
Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained 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
Senior management					
Cash	3,435	-	-	-	540
Shares	-	-	-	-	4,609
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Other material risk-takers					
Cash	1,079	-	-	-	216
Shares	-	-	-	-	3,547
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Total	4,514	-	-	-	8,912