Basel III Pillar 3 Qualitative & Quantitative Disclosures
31 December 2023

Summary

Under the directives of Saudi Arabian Monetary Agency (SAMA), banks operating in the Kingdom of Saudi Arabia, implemented Basel Capital Adequacy framework. In this regard, SAMA's aim is to encourage market discipline through disclosures, which will provide the reader more valuable information about the banks' risks and exposures. In this context, below are the necessary disclosures required under the revised Pillar-III disclosure framework.

B.1 - Table OVA: Bank Risk Management Approach

Business model determination and risk profile

ANB's (The Bank's) Risk Management strategy is intrinsically interlinked with the Bank's business strategy, i.e. Bank's risk appetite and its business strategy co-exist to achieve and enhance shareholder/stakeholder value. The Bank has a conservative approach towards conducting business and assuming risks, with significant importance attached to its brand and reputation. The Bank's philosophy is to proactively manage risks to ensure that risk-taking activities are commensurate with its size and complexity of operations. The Bank's approach towards risk management is governed by the following guidelines:

- Risks are identified, measured, monitored, controlled and managed within a robust risk management framework.
- Risks are managed proactively, based on collective oversight, experience and conservative judgment, well-supported by systems, controls and processes.

The Bank's Board (The Board) determines the business strategy, which primarily revolves around the following broad categories of business segments:

Corporate Banking manages the Loans, deposits and other credit products for large corporate and institutional customers as well as small to medium sized businesses.

Treasury Banking manages the Bank's trading and investment portfolio and its funding, liquidity, currency and commission rate risks with focus on filling the business gaps within the Bank to enhance Corporate/Consumer cross-sell opportunities, and managing Bank's liquidity requirements through prudent policies.

Retail Banking focuses on deposit, credit and investment products for individuals.

Investment and brokerage services focuses on Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities regulated by CMA.

The formulation of Bank's strategy is a thorough process, developed on the basis of inputs provided by each business unit, which are consolidated to provide a macro-level picture of the whole Bank. The results are then further reviewed, in light of the projected macro-economic environment in general and banking prospects, in particular. The impact of strategy on the Bank's capital adequacy is considered and adjustments are made to ensure that Bank's strategy is in line with the projected risk appetite and capital adequacy. The iterative process continues till business strategy is aligned with the risk strategy.

The Board is responsible for creating environment and organizational structure to ensure effective implementation of the strategy within the risk management framework. The Board or relevant Board Committee reviews and approves risk management policies to manage all material risks faced by the Bank. Risk Management Group (RMG) is mandated with the task to communicate approved policies relating to risk identification, measurement, monitoring and control to all functional/business units in the Bank to ensure that risks undertaken are consistent with stakeholder expectations, Bank's strategic plan and regulatory requirements.

Based on the current business model, major risks faced by the Bank are Credit, Market & Liquidity and Operational, all of which have well-defined limits, controls and reporting mechanism in place.

Risk Governance Structure

The Bank's approach to risk management is based on well-established governance processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting, thus ensuring the achievement of strategic objectives with prudence and foresight. Risk management activities occur simultaneously at the following levels.

Strategic level involves risk management functions performed by the Board & its committees and senior management. It includes provision of all resources, i.e. human resources, systems, and support required for effective risk management on bank-wide basis.

Macro Level involves risk management within a business area or across business lines. Generally the risk management activities performed by middle management or units devoted to risk management fall into this category.

Micro Level involves real-time management where risks are actually created. These are the risk management activities performed by individuals who take risk on behalf of the Bank such as front office and loan origination functions.

The Bank's risk governance is built upon the premise that each business line is responsible for monitoring the risks inherent in its business activities, which is augmented by the oversight provided by the Board and its relevant committees.

A summary of roles and responsibilities of Board/its committees and other entities within the Bank is as follows:

Board is responsible for providing oversight on the effective management of the Bank's overall risk. While recognizing the risks to which the Bank is exposed, they provide the required human resources, environment, practices and systems to address such risks.

Board Risk Committee (BRC) is responsible to assist the Board in overseeing the risk management processes and ensuring that there are adequate internal control systems in place. BRC is also responsible for developing a risk strategy for the Bank to spell out the overall risk appetite, providing guidance/clarifications to RMG and senior management from time to time, and discharging other related responsibilities as may be assigned to it by the Board.

Executive Committee (ExCom) has been vested by the Board with powers to manage the Bank efficiently, and mainly responsible for implementing the Bank's strategy successfully. Excom approves risk management policies ensuring that they are communicated down the line by senior management. It also ensures implementation of risk management framework and maintaining adequate infrastructure to support the framework. Excom is also responsible for managing risks within the risk appetite set by the Board and ensuring the effectiveness of internal controls.

Risk Management Group (RMG) is responsible for effective implementation of the risk management framework across the Bank, including the following main activities:

- Formulation of individual risk policies in line with Risk Management Policy, risk appetite and regulatory guidelines.
- Review of Credit, Market, Liquidity, Operational and other risks (Business Continuity, Fraud, Technology Risk etc.) across the Bank and implementation of Basel/SAMA requirements for capital adequacy.

RMG plays a pivotal role in monitoring the risks associated with all major activities of the Bank. Its role, as a risk manager, is to set parameters for risk activities and, as a strategic partner, to advise Business and Support units, on the best ways to identify risks.

Business/Support Units are accountable for managing risks associated with their respective activities within established tolerances. The purpose of this is to ensure that those who make business decisions understand the risks they are taking and incorporate this understanding in decision-making process in order to achieve acceptable risk-adjusted returns.

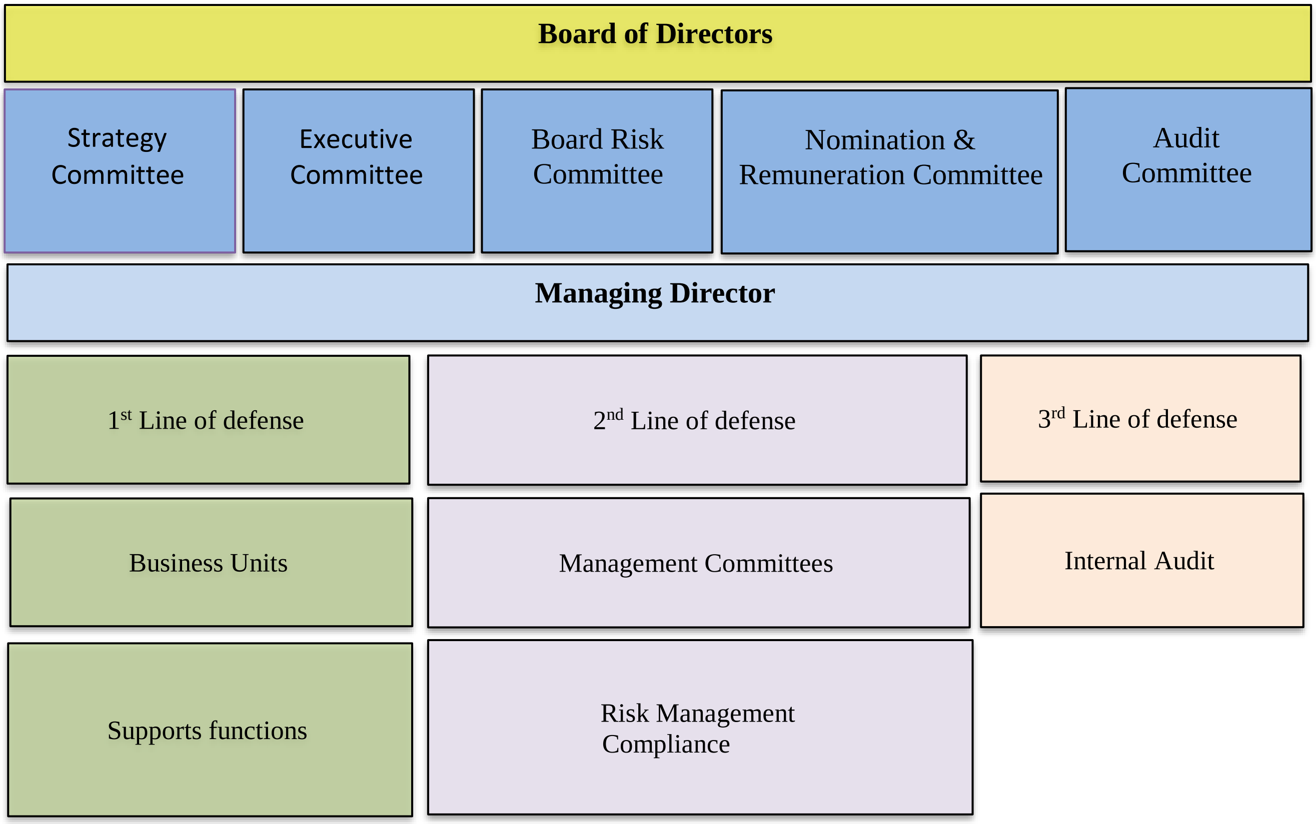
Compliance with the help of Business and Support functions, ensures Bank's compliance with the rules and regulations that govern banking business and implement Bank's Code of Ethical Behavior. Compliance is also responsible for implementing Anti-Money Laundering (AML) and Combat Terrorism Financing (CTF) rules. Fraud and Information Security risks are also managed by dedicated functions within Compliance.

The Compliance function assists in identifying, assessing, monitoring and reporting on compliance risk in Bank's operations and personnel conduct. The function contributes, in an independent manner, to the overall risk management of the Bank by protecting the integrity and reputation of the Bank and the staff, and in strengthening the accountability and transparency.

Internal Audit (IA) independently monitors the effectiveness of risk management policies, procedures and internal controls through periodic testing of the design and operation of the processes related to the identification, measurement, management, monitoring and reporting of risks. The findings of audit reviews are reported to the respective Business/Support Heads, relevant Committees and/or Audit Committee. The purpose of independent review is to ensure that those who take or accept risk on behalf of the Bank are not the only ones who measure, monitor and evaluate the risks. IA covers all perceived risks in the Bank including but not limited to Contingency, Fraud, Technology, Information Security risks, etc.

The Bank's Risk Governance structure follows 3 lines of defense model as shown below:

RISK GOVERNANCE STRUCTURE



Channels to communicate and enforce the risk culture

The Bank's risk appetite and tolerance limits and policies relating to risk identification, measurement, monitoring and control are clearly communicated to all functional/business groups in the Bank to ensure that risks undertaken are consistent with shareholder's expectations, Bank's strategic plan and regulatory requirements. The purpose of effective communication is to ensure that the risk culture is understood throughout the Bank as intended.

RMG is responsible for inculcating risk culture and communication across the organization. The approach, interalia, include development and dissemination of information through various documents/channels:

> **Policies** define the Bank's overall risk appetite developed based on best practices, requirements of regulatory authorities and inputs from business, senior management as well as ExCom/BRC/Board. Policies also provide guidance to businesses and risk management units by setting the boundaries on the types of risks the Bank is prepared and willing to take.
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> **Guidelines** are the directives provided to implement policies. Generally, they describe the risk exposures and conditions under which the Bank is prepared to do business. The guidelines may change from time to time, due to market or other circumstances. Risk taking outside of these guidelines requires exceptional approval by appropriate authorities.

Processes & Standards are the activities associated with identifying, evaluating, documenting, reporting and controlling risk. Standards define the breadth and quality of information required to make a decision, and the expectations in terms of quality of analysis and presentation.

Various Reporting tools are used to aggregate measures of risk across products and businesses for the purposes of ensuring compliance with policies, guidelines and standards, thus providing a mechanism for communicating the quantum and sensitivities of the various risks in the portfolio. This information is used by the senior management as well as ExCom/BRC/Board to understand the Bank's risk profile and performance of the portfolio against pre-defined goals.

The Bank ensures through its annual training and communication plans that risk management processes are understood and effectively practiced across the Bank. In addition to scheduled trainings, special training sessions, as per Business unit and Support functions' requests, are also conducted. Furthermore, interactive eLearning module which has been rolled-out across the Bank is also used for communicating risk-related issues.

Scope and main features of risk measurement systems

The Bank has developed various methodologies to measure and monitor major risks inherent in its operations. Risks are evaluated both quantitatively and qualitatively, as appropriate, on a recurring basis. The implications, advantages and shortcomings of any particular measurement approach are properly documented. Appropriate additional analysis is done to address potential shortcomings. Since all risks might not be readily quantifiable, where quantification is not an effective option, qualitative measures are developed. This enables understanding the nature and quantum of risk exposures and to make prudent decisions on the basis of such information.

Credit Risk tracks trends and identifies weaknesses in the quality of corporate, commercial, retail and private banking portfolio by employing Obligor & Facility risk rating system to assess the quality of obligor and riskiness of facilities. Rating system is established with the objective to place the responsibility on business units to regularly evaluate credit risk on exposures and identify problems within their portfolios as well as establishing early warning signals for detecting deterioration in credit quality

The Bank classifies its exposures into 13 risk categories, of which 10 are for performing obligors and 3 are for nonperforming obligors. Rating is assigned to a borrower through a system-based methodology, which takes into account financial and non-financial information, translating into a grade and Probability of Default (PD) for the relationship. Facility Risk Rating (FRR), which assesses the riskiness of facilities, is used for deriving the Loss Given Default (LGD) for a relationship, thus assigning separate rating for obligor and facility characteristics.

Market Risk identifies the risk through series of market factors in foreign exchange, interest rates, commodity prices, equity prices and their volatilities. To measure the market risk, the Bank uses fully integrated system to capture all live contracts. The system identifies all market factors from the traded contracts and measures the exposures accordingly. Market Risk Department (MRD) is responsible for the design and implementation of the Bank's market risk measurement system, which produces daily risk management reports that are closely evaluated based on the relationship between risk exposures and trading limits.

The Bank has established Risk & Control Self-Assessment (RCSA) framework to identify operational risks arising from products, procedures and activities and evaluate the effectiveness of controls over those risks. These risks & controls are self-assessed and monitored by the business/support units on a periodic basis. In addition, products, policies and procedures are periodically reviewed to control and/or mitigate material operational risks, risk limits and control strategies to align business strategies with Bank's risk appetite.

The Bank's Operational Risk Loss Data Management process allows collection and analysis of loss events (actual, potential and near-miss) and identifies new risks or control weaknesses that caused the operational loss, escalating these to appropriate levels of management to the Operational Risk Committee (ORC). The mechanism aims at minimizing any financial consequences of the events and addressing the root causes for refining the control mechanism to reduce recurrence of similar nature of losses in future.

Process of risk information reporting provided to the Board and Senior Management

Management reports are generated for monitoring and control purposes on periodical basis - monthly, quarterly, semi-annually and annually, as appropriate.

The Bank's credit portfolio and key risks inherent in these portfolios is provided to Bank's Senior Management and Senior Credit Committee for their overview.

Daily reports on Trading and Liquidity risks, showing exposures versus limits are provided to the senior management including CRO, CFO and Group Treasurer. Any breach of internal limits need ratification from the approving authority, and implementation of the remedial actions is monitored by MRD. ALCO/MRPC is responsible for deciding the form and content of the reports required to carry out its functions.

Detailed market risk reviews are submitted to the Board and Excom, Risk Committee and Audit Committee, on a quarterly or semi-annual basis, as appropriate. The reviews highlight major changes in the Bank's market and liquidity risk profiles as well as compositions of the investments portfolio.

Periodic Operational risk updates on the overall operational risk environment of the Bank and key operational risk loss events are provided to Operational Risk Committee (ORC). Risk review reports submitted to Board Risk Committee on a quarterly basis summarizes operational risk loss events and status of operational risk profiles.

Risk Review Report is provided to the Board (on annual basis), BRC/Audit Committee (on quarterly basis) which covers overall RMG quarterly reports and updates.

Qualitative information on stress testing

A stress-testing framework that is commensurate with the Bank's size, location and nature of activities is in place. Sensitivity and Scenario-based approaches to stress testing are used to assess Bank's vulnerability and possible impact of negative economic events on its capital. The stress-testing framework is forward-looking and subject to change based on experience and evolving techniques. At least three stress-testing scenarios are applied to arrive at the stressed capital ratios, with a view to ensure that the Bank remains adequately capitalized under stressed conditions during economic down-turns. Adequate stress-testing procedures are in place for Credit, Market (trading book), Interest Rate (Banking book), Liquidity and Operational Risks. All the other risks covered under Internal Capital Adequacy Assessment Plan (ICAAP) have built-in mechanism to account for the forward looking stressed conditions. Stress testing is carried out on semi-annual basis. However, in the event of imminent adverse changes in the overall economy, stress testing may be conducted more frequently.

Strategies and processes to manage, hedge and mitigate risks

The Bank's Credit Policy provides detailed guidelines to manage credit risk effectively; it is reviewed and updated from time to time based on experience, emerging issues, best market practices and directives from regulatory authorities. The Credit Policy is designed to provide objectives and credit risk management strategies, with a view to strengthen and enhance Bank's ability to measure and mitigate credit risks on pre-emptive basis to minimize credit losses.

The Bank believes that collateral security is an effective means of mitigating risk and improving credit quality. Although generally desirable to enhance credit quality, Bank does not entirely rely on collateral to make lending decisions since collateral is only considered as a secondary source of repayment. Accordingly, wherever possible, tangible security is obtained based on the Bank's risk assessment.

The Bank has implemented an interest rate hedging policy in compliance with the International Accounting Standards. Interest rate derivatives, mainly interest rate swaps and futures are used to hedge specific exposures with an aim to keep the interest rate risks within limits. The Bank also uses currency swaps to hedge specific positions in foreign currencies, when necessary. Effectiveness of all hedges is regularly monitored throughout their term.

The existing control environment is the foundation on which the Bank functions; it provides discipline and structure that influences the quality of internal control. New/updated products, policies, procedures and systems are periodically reviewed to control and/or mitigate material operational risks, risk limits and control strategies to align business strategies with Bank's risk appetite. As a risk transfer mechanism, the Bank has also taken necessary insurance covers.

KM1: Key metrics (at consolidated group level) - December 2023	(Figures in SR 000's)

		a	b	c	d	e
		31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23	31-Dec-22
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	35,253,240	33,915,864	33,893,772	32,827,901	31,875,272
1a	Fully loaded ECL accounting model	35,069,477	33,732,102	33,710,010	32,644,138	31,507,747
2	Tier 1	35,253,240	33,915,864	33,893,772	32,827,901	31,875,272
2a	Fully loaded ECL accounting model Tier 1	35,069,477	33,732,102	33,710,010	32,644,138	31,507,747
3	Total Capital	39,069,665	37,905,637	37,961,201	36,869,927	35,829,105
3a	Fully loaded ECL accounting model total capital	38,885,902	37,721,875	37,777,439	36,686,164	35,461,580
	Risk-weighted assets (amount)					
4	Total risk-weighted assets (RWA)	187,278,912	183,001,117	178,625,782	167,728,199	181,102,417
4a	Total risk-weighted assets (pre-floor)	187,278,912	183,001,117	178,625,782	167,728,199	181,102,417
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 (CET1) ratio (%)	18.82%	18.53%	18.97%	19.57%	17.60%
5a	Fully loaded ECL accounting model CET1 (%)	18.73%	18.43%	18.87%	19.46%	17.40%
5b	CET1 ratio (%) (pre-floor ratio)	18.82%	18.53%	18.97%	19.57%	17.60%
6	Tier 1 ratio (%)	18.82%	18.53%	18.97%	19.57%	17.60%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	18.73%	18.43%	18.87%	19.46%	17.40%
6b	Tier 1 ratio (%) (pre-floor ratio)	18.82%	18.53%	18.97%	19.57%	17.60%
7	Total capital ratio (%)	20.86%	20.71%	21.25%	21.98%	19.78%
7a	Fully loaded ECL accounting model total capital ratio (%)	20.76%	20.61%	21.15%	21.87%	19.58%
7b	Total capital ratio (%) (pre-floor ratio)	20.86%	20.71%	21.25%	21.98%	19.78%
	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 (%)	0.03%	0.02%	0.01%	0.01%	0.03%
10	Bank G-SIB and/or D-SIB additional requirements (%)					
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.53%	2.52%	2.51%	2.51%	2.53%
12	CET1 available after meeting the bank's minimum capital requirements (%)	11.79%	11.51%	11.97%	12.57%	10.57%
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	249,193,286	247,541,935	246,027,336	242,446,759	234,540,860
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	14.15%	13.70%	13.78%	13.54%	13.59%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	14.07%	13.63%	13.70%	13.46%	13.43%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	14.15%	13.70%	13.78%	13.54%	13.59%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	14.06%	13.77%	13.75%	13.69%	
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	14.06%	13.77%	13.75%	13.69%	
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA)	41,993,841	42,901,578	43,254,646	42,472,333	40,180,543
16	Total net cash outflow	23,650,193	27,099,655	24,165,822	20,796,397	22,340,140
17	LCR ratio (%)	178%	158%	179%	204%	180%
	Net Stable Funding Ratio					
18	Total available stable funding	148,362,296	139,926,349	143,840,183	138,207,118	136,597,363
19	Total required stable funding	122,440,242	121,212,671	120,208,070	115,019,554	112,152,648
20	NSFR ratio	121%	115%	120%	120%	122%

OV1: Overview of risk-weighted assets (RWA) - December 2023

(Figures in SR 000's)

		a	b	c
		RWA		Minimum capital requirements
		31-Dec-23	30-Sep-23	31-Dec-23
1	Credit risk (excluding counterparty credit risk)	160,044,903	164,503,490	12,803,592
2	Of which standardised approach (SA)	160,044,903	164,503,490	12,803,592
3	Of which: foundation internal ratings-based (F-IRB) approach	0	0	0
4	Of which: supervisory slotting approach	0	0	0
5	Of which: advanced internal ratings-based (A-IRB) approach	0	0	0
6	Counterparty credit risk (CCR)	1,232,411	1,429,624	98,593
7	Of which: standardised approach for counterparty credit risk	1,232,411	1,429,624	98,593
8	Of which: IMM	0	0	0
9	Of which: other CCR	0	0	0
10	Credit valuation adjustment (CVA)	3,155,347	3,662,670	252,428
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period	0	0	0
12	Equity investments in funds – look-through approach	0	0	0
13	Equity investments in funds – mandate-based approach	0	0	0
14	Equity investments in funds – fall-back approach	8,570	1,030,098	686
15	Settlement risk	0	0	0
16	Securitisation exposures in banking book	0	0	0
17	Of which: securitisation IRB approach (SEC-IRBA)	0	0	0
18	Of which: securitisation external ratings-based approach	0	0	0
	(SEC-ERBA), including internal assessment approach (IAA)	0	0	0
19	Of which: securitisation standardised approach (SEC-SA)	0	0	0
20	Market risk	13,724,205	3,261,758	1,097,936
21	Of which: standardised approach (SA)	13,724,205	3,261,758	1,097,936
22	Of which: internal model approach (IMA)	0	0	0
23	Capital charge for switch between trading book and banking book	0	0	0
24	Operational risk	9,113,477	9,113,477	729,078
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
26	Output floor applied	0	0	0
27	Floor adjustment (before application of transitional cap)	0	0	0
28	Floor adjustment (after application of transitional cap)	0	0	0
29	**Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)**	**187,278,912**	**183,001,117**	**14,982,313**

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories - December 2023

(Figures in SR 000's)

(Figures in SR 000's)

	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	10,892,182	10,892,182	10,892,182				
Due from banks and other financial institutions	2,477,949	2,477,949	2,477,949				
Positive fair value derivatives	1,801,891	1,801,891		1,801,891			
Investments, net	46,675,830	46,675,830	46,675,830				
Loans and advances, net	152,235,109	152,235,109	152,235,109				
Investments in associates	949,403	949,403	949,403				
Other real estate	1,028,220	1,028,220	1,028,220				
Investment property, net	0	0	0				
Property and equipment, net	2,497,677	2,497,677	2,497,677				
Other assets	2,125,049	2,125,049	2,125,049				
Total assets	**220,683,310**	**220,683,310**	**218,881,419**	**1,801,891**	**0**	**0**	**0**
Liabilities							
Due to banks and other financial institutions	8,429,750	8,429,750					
Negative fair value derivatives	1,403,360	1,403,360					
Customers' deposits	165,861,338	165,861,338					
Other liabilities	7,062,100	7,062,100					
Sukuk	2,828,863	2,828,863					
Total liabilities	**185,585,411**	**185,585,411**	**0**	**0**	**0**	**0**	**0**

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements - December 2023

(Figures in SR 000's)

(Figures in SR 000's)

		a	b	c	d	e
			Items subject to:			
		Total	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)	220,683,310	218,881,419		1,801,891	
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	185,585,411				
3	Total net amount under regulatory scope of consolidation	35,097,899	218,881,419	0	1,801,891	
4	Off-balance sheet amounts	62,621,797	23,667,919			
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					
8	Differences due to prudential filters					
9	Derivatives	48,672,294			2,962,972	38,734,740
10	**Exposure amounts considered for regulatory purposes**	**146,391,990**	**242,549,338**	**0**	**4,764,863**	**38,734,740**

CC1 - Composition of Regulatory Capital - December 2023

(Figures in SR 000's)

		Amounts	Source based on reference numbers / letters of the balance sheet under regulatory scope of consolidatiion
	Common Equity Tier 1 capital: Instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) capital plus related stock surplus	15,000,000	H
2	Retained earnings	9,168,584	G + J
3	Accumulated other comprehensive income (and other reserves)	11,084,656	C
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0	
5	Common share capital isued by subsidiaries and held by third parties (amount allowed in group CET1)	0	
6	**Common Equity Tier 1 capital before regulatory adjustments**	35,253,240	
	Common Equity Tier 1 capital: Regulatory adjustments		
7	Prudential valuation adjustments	0	
8	Goodwill (net of related tax liability)	0	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	0	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	0	
11	Cash-flow hedge reserve	0	
12	Shortfall of provisions to expected losses	0	
13	Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)	0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	
15	Defined-benefit pension fund net assets	0	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0	
17	Reciprocal cross-holdings in common equity	0	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	**0**	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0	
20	Mortgage servicing rights (amount above 10% threshold)	**0**	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0	
22	Amount exceeding the 15% threshold	**0**	
23	of which: significant investments in the common stock of financials	**0**	
24	of which: mortgage servicing rights	**0**	
25	of which: deferred tax assets arising from temporary differences	**0**	
26	National specific regulatory adjustments	**0**	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0	
28	**Total regulatory adjustments to Common equity Tier 1**		
29	**Common Equity Tier 1 capital (CET1)**	35,253,240	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	0	
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0	
35	of which: instruments issued by subsidiaries subject to phase out	0	
36	Additional Tier 1 capital before regulatory adjustments	0	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	0	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	
41	National specific regulatory adjustments	0	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0	
43	**Total regulatory adjustments to Additional Tier 1 capital**	0	
44	**Additional Tier 1 capital (AT1)**	**0**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**35,253,240**	

46	Directly issued qualifying Tier 2 instruments plus related stock surplus	2,812,500	B
47	*Directly issued capital instruments subject to phase out from Tier 2*	0	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0	
49	*of which: instruments issued by subsidiaries subject to phase out*	0	
50	Provisions	1,003,925	A
51	**Tier 2 capital before regulatory adjustments**	3,816,425	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	0	
53	Reciprocal cross-holdings in Tier 2 instruments	0	
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)	0	
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 condition (for G-SIBs only)	0	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	
56	National specific regulatory adjustments	0	
57	**Total regulatory adjustments to Tier 2 capital**	0	
58	**Tier 2 capital (T2)**	**3,816,425**	
59	**Total regulatory capital (TC = T1 + T2)**	**39,069,665**	
60	**Total risk weighted assets**	**187,278,912**	
	Capital ratios and buffers		
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	**18.82%**	
62	**Tier 1 (as a percentage of risk weighted assets)**	**18.82%**	
63	**Total capital (as a percentage of risk weighted assets)**	**20.86%**	
64	**Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement expressed as a percentage of risk weighted assets)**	**7.03%**	
65	of which: capital conservation buffer requirement	**2.50%**	
66	of which: bank specific countercyclical buffer requirement	**0.03%**	
67	of which: G-SIB buffer requirement		
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) available after meeting the bank's minimum capital requirements**	**11.79%**	
	National minima (if different from Basel 3)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	0	
70	National Tier 1 minimum ratio (if different from Basel 3 minimum)	0	
71	National total capital minimum ratio (if different from Basel 3 minimum)	0	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financials	0	
73	Significant investments in the common stock of financials	0	
74	Mortgage servicing rights (net of related tax liability)	0	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0	
	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)	1,003,925	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,055,515	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
	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	0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	
82	Current cap on AT1 instruments subject to phase out arrangements	0	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	
84	Current cap on Tier 2 instruments subject to phase-out arrangements	0	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	0	

CC2 - Reconciliation of regulatory capital to balance sheet - December 2023

(Figures in SR 000's)

	a	b	c
	Balance Sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at 31 December 2023	As at 31 December 2023	
Assets			
Cash and balances at central banks	10,892,182	10,892,182	
Items in the course of collection from other banks	0	0	
Trading portfolio assets	0	0	
Financial assets designated at fair value	0	0	
Derivative financial instruments	1,801,891	1,801,891	
Deposits with banks and other financial institutions	2,477,949	2,477,949	
Loans and advances to customers	152,235,109	152,235,109	
Reverse repurchase agreements and other similar secured trading	0	0	
Investments, net	46,675,830	46,675,830	
Current and deferred tax assets	118,002	118,002	
Prepayments, accrued income and other assets	3,035,267	3,035,267	
Investments in associates and joint ventures	949,403	949,403	
Goodwill and intangible assets	0	0	
Of which: goodwill	0	0	(a)
Of which: other intangible (excluding MSRs)	0	0	(b)
Of which: MSRS	0	0	(c)
Property, plant and equipment	2,497,677	2,497,677	
Total assets	**220,683,310**	**220,683,310**	
Liabiliaties			
Deposits from banks and other financial institutions	8,429,750	8,429,750	
Items in the course of collection due to other banks	0	0	
Customer accounts	165,861,338	165,861,338	
Repurchase agreements and other similar secured borrowing	0	0	
Trading portfolio liabilities	0	0	
Financial liabilities designated at fair value	0	0	
Derivative financial instruments	1,403,360	1,403,360	
Debt securities in issue	0	0	
Accruals, deferred income and other liabilities	5,607,394	5,607,394	
Current and deferred tax liabilities	469,709	469,709	
Of which: DTLS related to goodwill			(d)
Of which: DTLS related to intangible (excluding MSRs)			(e)
Of which: DTLS related to MSRS			(f)
Subordinated liabilities / Sukuk	2,828,863	2,828,863	
Provisions for credit related commitments and contingencies	432,836	432,836	
End of service benefits	552,161	552,161	
Total liabilities	**185,585,411**	**185,585,411**	
Shareholders' equity			
Paid-in share capital	15,000,000	15,000,000	
Of which: amount eligible for CET1	15,000,000	15,000,000	(h)
Of which: amount eligible for AT1	0		(i)
Statutory reserves	10,648,000	10,648,000	
Accumulated other comprehensive income	436,656	436,656	
Retained earnings	8,984,821	8,984,821	
Proposed dividends	0	0	
Non-controlling Interest	28,422	28,422	
Total Shareholders' equity	**35,097,899**	**35,097,899**	
Total Liabilities and equity	**220,683,310**	**220,683,310**	

CCA - Main features of regulatory capital instruments and of other TLAC-eligible instruments - December 2023

		Quantitative / qualitative Information
1	Issuer	ANB Sukuk Ltd
2	Unique identifier (eg CUSPIN, ISIN or Bloomberg identifier for private placement)	XS2250029167
3	Governing law(s) of the instrument	English law (except for certain provisions relating to the status and subordination of the Certificates, the Purchase Agreement and any Sale/Transfer Agreement, which shall be governed by the laws of the Kingdom of Saudi Arabia)
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	Tier 2
6	Eligible at solo/lgroup/group&solo	Solo & Group
7	Instrument type (types to be specified by each jurisdiction)	Unsecured Subordinated Sukuk
8	Amount recognized in regulatory capital (Currency in millions, as of most recent reporting date)	USD 750 Million
9	Par value of instrument	USD 750 million
10	Accounting classification	Liability- Held at Amortised Cost
11	Original date of issuance	28-Oct-20
12	Perpetual or dated	Dated
13	Original maturity date	28-Oct-30
14	Issuer call subject to prior supervisory approval	Yes
15	Option call date, contingent call dates and redemption amount	First Call date 28th Oct 2025,
16	Subsequent call dates if applicable	NA
	Coupons / dividends	Semi Annually
17	Fixed or Floating dividend/coupon	Fixed Rate Re-settable
18	Coupon rate and any related index	3.326
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)	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	At the point of Non-viability
31	If write-down, write-down trigger (s)	Determined by the Banking Regulator
32	If write-down, full or partial	Determined by the Banking Regulator
33	If write-down, permanent or temporary	Determined by the Banking Regulator
34	If temporary writedown, description of the write-up mechanism	Determined by the Banking Regulator
34a	Type of suboridation	Unsecured
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated in right and priority of payment, to the prior payment in full of all deposit liabilities and all other unsubordinated liabilities of the Issuer except all other present and future unsecured and subordinated obligations of the Issuer which by their terms rank equally in right and priority of payment with the Instrument
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

CCyB1 – Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement - December 2023

(Figures in SR 000's)

	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	0.0%		157,174,826		0
Afghanistan	2.5%		0		0
Algeria	2.5%		638		16
Australia	1.0%		0		0
Bahrain	2.5%		375,070		9,377
Bangladesh	2.5%		4,831		121
Belgium	0.0%		0		0
Canada	0.0%		24,703		0
Cayman Island	2.5%		350,076		8,752
China	0.0%		357		0
Cyprus	2.5%		0		0
Denmark	2.5%		1		0
Egypt	2.5%		22,132		553
France	1.0%		87,727		877
Germany	0.8%		277,521		2,081
India	0.0%		16,542		0
Indonesia	0.0%		275		0
Italy	0.0%		1,637		0
Jordan	2.5%		186,610		4,665
japan	0.0%		4,070		0
Korea S.	2.5%		4,442		111
Kuwait	2.5%		377,862		9,447
Lebanon	2.5%		0		0
Malaysia	2.5%		0		0
Mauritania	2.5%		0		0
Morocco	2.5%		0		0
Nepal	2.5%		13,114		328
Netherlands	1.0%		6,316		63
Oman	2.5%		284,544		7,114
Pakistan	2.5%		13,208		330
Palestine	2.5%		0		0
Philippines	2.5%		14,158		354
Singapore	0.0%		88,400		0
South Africa	0.0%		46		0
Spain	0.0%		42,802		0
Sri Lanka	2.5%		2,867		72
Sudan	2.5%		206		5
Sweden	2.0%		13		0
Switzerland	0.0%		4,449		0
Syria	2.5%		0		0
Thailand	2.5%		0		0
Tunisia	2.5%		0		0
Turkey	2.5%		33		1
United Arab Emirates	2.5%		87,928		2,198
United Kingdom	2.0%		231,816		4,636
United States	0.0%		349,872		
Yemen	2.5%		0		
Residual Other African Countries	2.5%		0		
Residual Other Middle Eastern Countries	2.5%		4,381		
Sum			**2,695,365**		
Total			**160,053,472**	**0.03%**	**51,101**

ENC: Asset encumbrance - December 2023			(Figures in SR 000's)
	a	b	c
	Encumbered assets	**Unencumbered assets**	**Total**
The assets on the balance sheet would be disaggregated; there can be as much disaggregation as desired	96,000	44,332,158	44,428,158

LR1: Summary comparison of accounting assets vs leverage ratio exposure measure - December 2023

(Figures in SR 000's)

		a
1	Total consolidated assets as per published financial statements	220,683,311
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	0
4	Adjustments for temporary exemption of central bank reserves (if applicable)	0
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustments for eligible cash pooling transactions	0
8	Adjustments for derivative financial instruments	2,962,972
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	25,547,003
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	0
12	Other adjustments	0
13	**Leverage ratio exposure measure**	**249,193,286**

LR2: Leverage ratio common disclosure - December 2023		(Figures in SR 000's)	
		a	b
		31-Dec-23	30-Sep-23
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	220,325,311	216,656,653
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	0	0
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	0	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	0
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	0	0
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	0	0
7	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of rows 1 to 6)	**220,325,311**	**216,656,653**
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	1,709,879	3,247,769
9	Add-on amounts for potential future exposure associated with all derivatives transactions	406,529	411,872
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	**Total derivative exposures (sum of rows 8 to 12)**	**2,962,972**	**5,123,497**
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	358,000	1,533,000
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	Counterparty credit risk exposure for SFT assets	0	0
17	Agent transaction exposures	0	0
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**358,000**	**1,533,000**
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	63,228,824	61,258,808
20	(Adjustments for conversion to credit equivalent amounts)	-37,681,821	-37,030,024
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	0	0
22	**Off-balance sheet items (sum of rows 19 to 21)**	**25,547,003**	**24,228,784**
Capital and total exposures			
23	**Tier 1 capital**	**35,253,240**	**33,915,864**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**249,193,286**	**247,541,935**
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**14.15%**	**13.70%**
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	14.15%	13.70%
26	**National minimum leverage ratio requirement**	**3.00%**	**3.00%**
27	**Applicable leverage buffers**	**11.15%**	**10.70%**

* As per SA-CCR Exposure at Default is 1.4 * (Replacement Cost + PFE)

	LR2: Leverage ratio common disclosure - December 2023	(Figures in SR 000's)	(Figures in SR 000's)
	Disclosure of mean values	**31-Dec-23**	**30-Sep-23**
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	1,861,447	273,915
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	358,000	1,533,000
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)	250,696,732	246,282,850
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)	250,696,732	246,282,850
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)	14.06%	13.77%
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)	14.06%	13.77%

LIQA - Liquidity Risk Management

Liquidity Risk Management

ANB's liquidity risk management philosophy is predicated upon a conservative business model. The primary objective of the Bank's Liquidity Risk management framework is to ensure that it has sufficient liquidity to meet its obligations in both normal and stressed conditions. The Bank should be able to satisfy its funding needs through normal sources without having to make unplanned sales of assets or borrow expensive funds under emergency conditions.

The Board of Directors (the Board) defines the Bank's liquidity risk strategy, and in particular its appetite for liquidity risk, based on recommendations made by the Asset and Liability Committee (ALCO). The Board reviews and approves the liquidity management policies after they have been reviewed and recommended by the Board Risk Committee (BRC). Also, the Board ensures that senior management manages liquidity risk effectively in the context of the Bank's business plan and long-term funding strategy, as well as the prevailing economic and financial conditions. The Bank uses liquidity ratios and stressed liquidity gaps as key metrics to establish its liquidity risk tolerance levels. These metrics measures the Bank's ability to fulfill all its payment obligations stemming from ongoing business operations under various stress scenarios. The tolerance levels are defined either in the form of limits or management action triggers (MAT) and are part of the Bank's overall liquidity management framework which is approved and reviewed by the Board on an annual basis.

At least once a year the Board reviews and approves the limits that are applied to measure and control liquidity risk on a bank-wide basis. ALCO/Market Risk Policy Committee (MRPC) sets the direction for the Bank's liquidity management subject to the liquidity risk limits and tolerance levels established by the Board. The Board delegates these limits to the Treasury Group through ALCO.

Treasury Group is responsible for managing day-to-day funding activities within the established liquidity risk management policies and limits. It is responsible for establishing appropriate procedures and effective communication channels with operational and business areas to alert the funding desks of imminent funding requirements including loan drawdowns, deposit withdrawals and off-balance sheet commitments. It monitors market developments, understands their implications for the Bank's liquidity risk exposure and recommends appropriate risk management measures to ALCO.

Market Risk Department (MRD), part of the independent Risk Management Group (RMG), periodically reviews liquidity risk policies and procedures, the adequacy of the risk measurement system, including key assumptions and scenarios used and reports their findings and recommendations to ALCO. It is also responsible for monitoring adherence to the various liquidity ratios and limits, both internal and regulatory.

Funding strategy

The Bank's funding strategy is to develop a diversified funding base, while providing protection against unexpected fluctuations. It aims to align sources of funding with their use. As such, earning assets (Loans and

Investments) are largely funded with customer deposits. The funding gap for these assets is met using secured funding and long term debt issuance.

The Bank maintains access to a variety of sources of wholesale funds in multiple currencies across a variety of distribution channels and geographies, including those available from money markets, repo markets and term depositors. It is an active participant in the money market and has direct access to local and international liquidity providers. As a result, wholesale funding is well diversified by product, investor, maturity, and currency.

Liquidity risk mitigation techniques

The Bank maintains excess liquidity in the form of cash and high-quality liquid unencumbered securities that together serve as the Bank's primary means of liquidity risk mitigation. It further limits the composition of high quality, liquid, unencumbered securities to high quality sovereign bonds.

Diversification of funding is another important area to mitigate liquidity risk. The Bank remains focused on diversifying funding sources. Its most stable funding source is retail clients. Other customer deposits and borrowing from wholesale clients are additional sources of funding.

The Bank is an active participant in money markets and has direct access to local and international liquidity providers. It maintains strong relationships with a number of local and international banks through extensive trading and funding transactions over a number of years. Accesses to both local and international money markets allow the Bank to maintain liquidity in both local and foreign currencies.

Stress Testing

Liquidity stress testing is fully integrated in the Bank's overall risk management stress testing framework. The Bank uses stress testing and scenario analysis to evaluate the impact of sudden and severe stress events on its liquidity positions. The stress scenarios have been designed to cover ANB-specific, market related events and inter-related risk factors of the two. The purpose of liquidity stress testing is to evaluate the bank's ability to meet the incremental funding requirements under the defined scenarios, with the results expressed in terms of stressed funding gaps and regulatory ratio compliance.

The bank constantly monitors the stress testing results, and always strives to maintain a strong liquidity profile to comply with the stringent liquidity stress limits.

Contingency Funding Plan

The Bank's contingency funding plan sets out the action the Bank will take to fund business activity in crisis situations and periods of market stress. It outlines a list of potential risk factors, key reports and metrics that are reviewed on an ongoing basis to assist in assessing the severity of a liquidity crisis and/or market dislocation. It also describes in detail the Bank's potential responses if the assessments indicate it has entered a liquidity crisis, which include funding its potential cash and collateral needs as well as utilizing secondary sources of liquidity. Mitigates and action items to address specific risks are also described and assigned to individuals responsible for execution.

The contingency funding plan identifies key groups of individuals to ensure effective coordination, control and distribution of information that are critical in the management of a crisis or period of funding stress. It also details the responsibilities of these groups and/or individuals, which include making and disseminating key decisions, coordinating all contingency activities throughout the duration of the crisis or period of market stress, implementing liquidity maintenance activities and managing internal and external communication.

Customized measurement tools or metrics that assess the structure of the bank's balance sheet

The Bank uses a number of monitoring tools to identify, monitor and control its liquidity risk, which include measures targeting various material sources of liquidity risk along with stress testing. These monitoring tools form key components of the Bank's Pillar 2 liquidity risk identification, measurement and controlling processes. They are intended to supplement the liquidity requirements calculated within the scope of Basel/SAMA Pillar 1 regulatory liquidity requirements to ensure that the Bank maintains sufficient level of liquidity buffer under both normal and stressed circumstances.

- Intraday Liquidity Management
- Liquidity Mismatch Ratios
- Maximum Dependency on Interbank Funding
- Funding Run-off Ratios
- ANB's Market Indicators: 1) Interbank Borrowing Premium in SAR and USD; 2) Credit Spread Benchmarking
- Maximum Dependency on Wholesale Funding
- Maximum Dependency on Unstable Retail Funding Sources
- Intragroup Liquidity Consumption Ratio
- Foreign Currency Mismatch
- Off-balance-sheet (OBS) Liquidity Requirement Ratio
- Franchise Viability Risk (FVR) Liquidity Requirement Ratio
- Cash Conversion Rate for Marketable Assets
- Maximum Dependency on Cash Flows Provided by Non-Marketable Assets
- Funding Concentration Ratios
- Remaining Tenor for Term Deposit Funding
- Stress testing the B/S under two scenarios with the outcome being funding gaps in various time buckets.

Concentration limits on collateral pools and sources of funding

The Bank monitors a set of funding concentration ratios and control tools used to manage the bank exposure, which includes,

top 10,20 and LFP deposits against total customer deposits, maximum dependency on unstable retail and wholesale and interbank funding sources.

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

ANB has several strategic partnerships, which are stand-alone legal entities. ANB monitors their financial performance, the criteria to assess the liquidity funding requirements and allocation to these entities (ANB's subsidiaries and associates including London branch and pass-through entities) has been established to standardize and regularize the liquidity transferability.

Moreover, the Bank established an internal measurement tool to evaluates the sufficiency of its liquidity facility to any of the subsidiary/branch/associates, and monitors such risk by calculating the Intragroup Liquidity Consumption Ratio.

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

Maturity Gap analysis is performed on multiple dimensions based on entity level, major currency, product, customer type along with consolidated overall gaps. The contractual cash flows of assets, liabilities and off-balance sheet (OBS) positions are allocated into different time buckets according to their contractual maturities and cash flow behavior patterns.

Other Qualitative Information

The Liquidity Coverage Ratio (LCR) is a Basel III metric that measures the sufficiency of High Quality Liquid Assets (HQLA) available to meet net short-term financial obligations over a thirty day period in an acute stress scenario. The SAMA regulatory minimum coverage level for LCR is currently 100%.

In August 2014, SAMA released the final guideline on "Liquidity Coverage Ratio Disclosure Standards", requiring Saudi banks to disclose LCR beginning Q1 2015. LCR is disclosed using the standard Basel disclosure template and is calculated using the average of daily observations during the quarter.

Net Stable Funding Ratio (NSFR) is another Basel III Liquidity Metric, which requires ANB to hold a minimum amount of stable funding relative to the funding requirements of its asset positions as per the corresponding liquidity risk profile as defined by the standards. The minimum requirement is 100%.

LIQ1 - Liquidity Coverage Ratio - December 2023			(Figures in SR 000's)
Amount in SAR '000		**TOTAL UNWEIGHTEDa VALUE (average)**	**TOTAL WEIGHTEDb VALUE (average)**
High Quality Liquid Assets			
1	Total HQLA		41,993,841
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	-	-
4	Less stable deposits	49,292,571	4,929,257
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	63,972,784	31,094,911
8	Unsecured debt	-	-
9	Secured wholesale funding		
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	1,382,964	1,382,964
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	4,341,163	434,116
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	56,206,832.64	1,373,564.67
16	**TOTAL CASH OUTFLOWS**		**39,214,813**
CASH INFLOWS			
17	Secured lending (eg. reverse repos)	-	-
18	Inflows from fully performing exposures	23,549,106.81	14,156,404.82
19	Other cash inflows	1,408,215.40	1,408,215.40
20	**TOTAL CASH INFLOWS**	24,957,322.21	15,564,620.21
			TOTAL ADJUSTEDc VALUE
21	TOTAL HQLA		41,993,841
22	TOTAL NET CASH OUTFLOWS		23,650,193
23	**LIQUIDITY COVERAGE RATIO (%)**		**178%**

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
(ii) any applicable caps (ie cap on Level 2B and Level 2 assets for HQLA and cap on inflows).
Data presented in the disclosure is based on simple average of daily obervation over the previous quarter.

LIQ2: Net Stable Funding Ratio (NSFR) - December 2023

(Figures in SR 000's)

		a	b	c	d	e
(In currency amount)		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:**	**36,240,803**	**0**	**0**	**2,828,863**	**39,069,666**
2	*Regulatory capital*	36,240,803	0	0	2,828,863	39,069,666
3	*Other capital instruments*	0	0	0	0	0
4	**Retail deposits and deposits from small**	**44,072,624**	**20,253,350**	**2,659,114**	**178,500**	**60,465,080**
5	*Stable deposits*	0	0	0	0	0
6	*Less stable deposits*	44,072,624	20,253,350	2,659,114	178,500	60,465,080
7	**Wholesale funding:**	**41,169,873**	**56,628,911**	**4,891,438**	**4,437,277**	**48,827,551**
8	*Operational deposits*	0	0	0	0	0
9	*Other wholesale funding*	41,169,873	56,628,911	4,891,438	4,437,277	48,827,551
10	**Liabilities with matching interdependent**					
11	**Other liabilities:**	**5,469,478**	**0**	**0**	**1,403,360**	**0**
12	*NSFR derivative liabilities*		0	0	1,403,360	
13	*All other liabilities and equity not*	5,469,478	0	0	0	0
14	**Total ASF**					**148,362,296**
Required stable funding (RSF) item						
15	*Total NSFR high-quality liquid assets*					1,733,316
16	*Deposits held at other financial*	0	0	0	0	0
17	*Performing loans and securities:*	**1,990,739**	**62,446,259**	**13,923,994**	**90,095,688**	**112,986,927**
18	*Performing loans to financial institutions*	0	96,000	0	0	4,800
19	*Performing loans to financial institutions*	417,628	5,165,522	125,399	477,322	1,314,849
20	*Performing loans to non-financial*	1,573,111	56,414,687	13,610,819	78,919,309	102,094,166
21	*With a risk weight of less than or*	0	0	0	0	0
22	*Performing residential mortgages, of*	0	0	0	0	0
23	*With a risk weight of less than or*	0	0	0	0	0
24	*Securities that are not in default and do*	0	770,051	187,775	10,699,058	9,573,112
25	*Assets with matching interdependent*	0	0	0	0	0
26	**Other assets:**	**6,788,553**	**0**	**0**	**691,488**	**7,428,683**
27	*Physical traded commodities, including*	0				0
28	*Assets posted as initial margin for*		0	0	342,384	291,026
29	*NSFR derivative assets*		0	0	68,432	68,432
30	*NSFR derivative liabilities before*		0	0	280,672	280,672
31	*All other assets not included in the*	6,788,553	0	0	0	6,788,553
32	Off-balance sheet items		0	0	5,826,324	291,316
33	**Total RSF**					**122,440,242**
34	**Net Stable Funding Ratio (%)**					**121.17%**

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

Business model translation into the components of the Bank’s credit risk profile

The Bank’s credit risk exposures mainly arises from lending activities like loans & advances as well as exposures arising from off-balance sheet instruments like commitments, guarantees, letters of credit etc. Moreover, investments in the banking book also exposes the Bank to credit risk. The Bank’s credit risk mainly arises from the following lending activities, being the major components of Bank’s overall strategy: -

Corporate Market serviced by the Corporate Banking Group with focus on corporations in KSA, Project Finance & Syndication deals.

Commercial/SME Market serviced by Commercial Banking Department with focus on small to medium merchants and businesses engaged in commerce, manufacturing, services & construction projects.

Consumer Market serviced by Retail Banking Group provide personal loans, auto-lease and credit card facilities to employees of government entities and eligible corporations, whereas high Net-Worth individuals serviced by Private banking and Treasury Group, provide conventional facilities as well as margin trading and FX-trading facilities.

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

Credit Risk policies and procedures are established to provide control on credit risk portfolios through periodic assessment of the credit worthiness of obligors, quantifying maximum permissible exposure to specific obligor and continuous monitoring of individual exposures and portfolios. The Credit Risk policy of the Bank is designed to provide objectives and credit risk management strategies, which include:

- Strengthening and enhancing Bank's ability to measure and mitigate credit risks on pre-emptive basis to minimize credit losses.
- Strengthening and enhancing Bank's systems and procedures for early problem recognition.
- Strengthening and enhancing credit portfolio management process.
- Compliance with local regulatory requirement and industry’s best practices for credit risk management.

The Bank's Credit Risk policy addresses all functions and activities related to the credit lending process, ranging from defining the minimum required information for assessing obligor credit worthiness to developing the clear risk-based approval authority mechanism.

The limits/benchmarks for credit risk are spread across various dimensions which include Industry Exposure Limits, Country Risk Exposure Limits and Counterparty Exposure Limits. Quantitative limits are set at different levels ranging from obligor to portfolio.

Structure and organization of the credit risk management and control function

The Credit Risk Department, part of Risk Management Group, is responsible for Policy formulation and Portfolio management for all type of credit risks undertaken by the Bank.

The Bank has adopted centralized credit approval process and follows the philosophy of joint approval authority, which is directly linked to the borrower's Probability of Default (PD) and its facility characteristics measured by Loss Given Default (LGD) estimates. Based on afore-mentioned factors, there are three main layers of approval authorities. The highest credit authority is vested in the Executive committee, a Board level committee. The second level of credit approval authority is vested in the Senior Credit Committee and third layer consists of four levels of approval authorities, which draws its members from the business units and the Credit Review Department.

Credit Review Department and Credit Administration & Control (CAC) are part of the credit management process; Credit Review Department is engaged in the day-to-day activities of the approval process, whereas CAC is part of the administrative, activation, control, monitoring, documentation and follow-up process.

Relationships between the credit risk management, risk control, compliance and internal audit

The Bank follows the philosophy of 3 lines of defense, wherein functional units are responsible for risks arising from their activities and act as first line of defense. The second line of defense comprises of relevant Management Committees, RMG and Compliance Functions. Credit Risk being part of RMG responsible for monitoring and controlling the credit risk inherent in all the activities undertaken across the Bank.

The Compliance function assists in identifying, assessing, monitoring and reporting on compliance risk in matters relating to credit risks faced by the Bank. The function contributes, in an independent manner, to credit risk management pertaining to regulatory compliance.

Internal Audit (IA) being the third line of defense, independently monitors the effectiveness of credit risk management policies, procedures and internal controls through periodic testing of the design and operation of the processes.

Scope of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors

Management reports are generated for monitoring and control purposes on periodical basis - monthly, quarterly, semi-annually and annually, as appropriate. These reports are comprehensive, have wide scope and address several issues including:

- Portfolio quality, Industry concentration and large exposures;
- Product concentration, credit monitoring and concentration of shares held by the Bank as collateral;
  Past due follow-up, customer-provisioning details and provision movement report.

Credit Risk Department also submits for review, periodic reports to Board, Board Risk Committee and Audit Committee, covering its observation on key credit risks faced by the Bank.

CR1: Credit quality of assets - December 2023								(Figures in SR 000's)
		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		
1	Loans	2,301,884	153,262,390	3,329,164	1,566,803	1,762,361	0	152,235,109
2	Debt Securities	0	43,427,871	0	0	39,103	0	43,427,871
3	Off-balance sheet exposures	687,044	37,914,217	432,837	353,744	79,093	0	38,168,424
4	**Total**	**2,988,928**	**234,604,478**	**3,762,001**	**1,920,547**	**1,880,557**	**0**	**233,831,405**

.

CR2: Changes in stock of defaulted loans and debt securities - December 2023

(Figures in SR 000's)

		a
1	**Defaulted loans and debt securities at end of the previous reporting period**	**3,720,329**
2	Loans and debt securities that have defaulted since the last reporting period	**409,740**
3	Returned to non-defaulted status	**320,297**
4	Amounts written off	**1,181,812**
5	Other changes	**326,077**
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**2,301,884**

CRB: Additional disclosure related to the credit quality of assets

Scope and definitions of “past due” and “impaired” exposures

Definition of Past Due

Exposures that are not settled on their due date are classified as “Past Due” and reflected as such on the Bank’s books the following day. The appearance of a loan as past due, does not imply that there is a problematic credit, as the business units often successfully prompt the customers to settle such amounts within a few days.

Definition of Impaired Assets

In determining whether an individually assessed exposure has become impaired, Bank makes judgments as to whether there is any observable data indicating decrease in the estimated future cash flows. This evidence may include an indication that there has been an adverse change in the payment status of borrowers. Management uses estimates based on historical loss experience for loans with similar credit risk characteristics, when estimating the cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Extent of past-due exposures (more than 90 days) that are not considered to be impaired

Generally, individually assessed customers with 90+ DPDs are considered impaired. The only exception is, when relevant credit authorities approve certain selected customers to continue as performing despite the 90+ DPDs – such approvals are invariably supported by adequate justification provided by the concerned business units, which may include possibility of collection from receivable and/or availability of high quality collateral, good past-track, etc.

Description of methods used for determining impairments

The Bank reviews its portfolios to assess specific and collective impairment on a quarterly basis. In determining whether an impairment loss should be recorded, management applies judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group. Management uses estimates based on historical loss experience for loans with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating its cash flows. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. In addition to specific allowances against individually significant loans and advances, the Bank also makes a collective impairment allowance against exposures that, although not specifically identified as requiring a specific allowance, have relatively greater risk of default than when originally granted. The collective impairment allowance is determined after taking into account:

- Historical loss experience in portfolios of similar credit risk characteristics (for example industry sector, borrower grade or product);
- The estimated period between impairment occurring and the loss being identified and evidenced by the establishment of an appropriate allowance against the individual loan; and
- Management’s judgement as to whether current economic and credit conditions are such that the actual level of inherent losses at the consolidated statement of financial position date is likely to be greater or less than that suggested by historical experience.

The period between a loss occurring and its identification is estimated by management for each identified portfolio based on economic and market conditions, customer behavior, portfolio management information, credit management techniques and collection and recovery experience in the market.

Bank’s definition of a restructured exposure

The Bank treats those exposures as restructured where any principal/interest (including penalty) is written-off prior to creation of a new loan, or any loan is granted at pricing lower than the cost (SIBOR/LIBOR) or problem customers (with Risk Rating 10 or worse) whose exposures are restructured and agreement signed. The revised amount of debt agreed with the customer is classified as a ‘Restructured Loan’ which the borrower agrees to settle through phased repayment over a period of time.

Quantitative Disclosures

The Quantitative Disclosures are provided separately in the following sections

CRB : Breakdown of exposures by Geographical Areas - December 2023							(Figures in SR 000's)
Asset Classes	**Saudi Arabia**	**Other GCC & Middle East**	**Europe**	**North America**	**South East Asia**	**Other Countries**	**Total credit exposures amount (post CCF and post-CRM)**
Sovereigns and their central banks	44,174,309	641,352	0	0	0	0	44,815,661
Non-central government public sector entities	0	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0	0
Banks	1,373,240	1,631,358	1,232,192	458,992	112,507	78,426	4,886,715
Of which: securities firms and other financial institutions	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0
Corporates	95,277,611	5,152	186,707	330,154	-0	700,902	96,500,525
Of which: securities firms and other financial institutions	2,804,934	0	22,308	232,879	0	0	3,060,121
Of which: specialised lending	9,012,687	0	0	0	0	0	9,012,687
Subordinated debt, equity and other capital	2,874,539	0	71,402	0	0	0	2,945,941
Retail	19,544,382	0	0	264	0	0	19,544,646
MSMEs	2,059	0	0	0	0	0	2,059
Real estate	46,365,339	0	0	0	0	0	46,365,339
Of which: general RR	22,947,022	0	0	0	0	0	22,947,022
Of which: IPRRE	2,783,739	0	0	0	0	0	2,783,739
Of which: general CRE	2,196,815	0	0	0	0	0	2,196,815
Of which: IPCR	6,297,692	0	0	0	0	0	6,297,692
Of which: land acquisition, development and construction	12,140,071	0	0	0	0	0	12,140,071
Defaulted exposures	1,053,323	0	0	0	0	0	1,053,323
Other assets	9,162,215	286	81	605	0	0	9,163,187
Total	**219,824,957**	**2,278,148**	**1,490,382**	**790,015**	**112,507**	**779,327**	**225,275,336**

CRB : Breakdown of exposures by Industry - December 2023																				(Figures in SR 000's)		
Asset Classes	**1. Agriculture, forestry and Fishing**	**2. Mining and Quarrying**	**3. Manufacturing**	**4. Electricity, gas, steam and air conditioning supply**	**5. Water supply; sewerage, waste management and**	**6. Construction**	**7. Wholesale and retail trade; repair of motor vehicles and motorcycles**	**8. Transportation and storage**	**9. Accommodation and food service activities**	**10. Information and communication**	**11. Financial and insurance activities**	**12. Real estate activities**	**13. Professional, scientific and technical activities**	**14. Administrative and support service activities**	**15. Public administration and defense; compulsory social security**	**16. Education**	**17. Human health and social work activities**	**18. Arts, entertainment and recreation**	**19. Activities of extraterritorial organizations and bodies**	**20. Household (Personal)**	**21. Other Activities**	**Total Credit Exposure**
Sovereigns and their central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,065,345	0	0	0	0	0	19,750,316	44,815,661
Non-central government public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Banks	0	0	0	0	0	0	0	0	0	0	4,212,365	0	0	0	0	0	0	0	0	0	674,350	4,886,715
Of which: securities firms and other financial institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Corporates	1,671,529	2,278,524	13,182,061	7,308,728	0	12,262,424	10,684,018	5,962,916	1,462,544	2,096,597	9,940,326	8,309,424	0	2,458,615	1,567	322,685	862,196	22,063	0	0	17,674,308	96,500,525
Of which: securities firms and other financial institutions	0	263,265	12,632	11,141	0	0	39	0	0	0	2,285,502	473,472	0	0	0	0	12,305	0	0	0	1,766	3,060,121
Of which: specialised lending	0	0	2,943,842	3,298,728	0	0	0	2,592,435	0	0	0	177,683	0	0	0	0	0	0	0	0	0	9,012,687
Subordinated debt, equity and other capital	0	0	488,379	0	0	0	0	0	0	0	1,398,811	109,348	0	0	0	0	0	0	0	0	949,403	2,945,941
Retail	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19,544,646	0	19,544,646
MSMEs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,059	0	2,059
Real estate	0	2,805	298,944	0	0	539,731	2,926,261	18,475	213,449	0	2,740,928	12,252,307	0	445,173	0	160,954	294,527	0	0	21,073,034	5,398,750	46,365,339
Of which: general RR	0	1,706	36,655	0	0	14,124	78,730	987	0	0	0	177,710	0	63,677	0	3,911	11,773	0	0	21,073,034	1,484,715	22,947,022
Of which: IPRRE	0	0	0	0	0	212,494	13,431	0	0	0	1,698,566	540,165	0	0	0	6,058	0	0	0	0	313,024	2,783,739
Of which: general CRE	0	300	193,510	0	0	57,780	734,438	11,104	14,396	0	207,461	312,778	0	216,122	0	12,527	225,920	0	0	0	210,480	2,196,815
Of which: IPCR	0	0	12,859	0	0	1,310	1,306,179	0	168,440	0	0	4,186,232	0	56,415	0	70,691	0	0	0	0	495,565	6,297,692
Of which: land acquisition, development and	0	800	55,920	0	0	254,023	793,484	6,385	30,613	0	834,901	7,035,423	0	108,958	0	67,767	56,833	0	0	0	2,894,965	12,140,071
Defaulted exposures	0	32	356,930	117	0	385,082	43,251	0	135,361	184	0	26,834	0	527	0	0	144	1	0	104,859	0	1,053,323
Other assets	0	0	0	0	0	0	0	0	0	0	1,802,576	0	0	0	0	0	0	0	0	644	7,359,966	9,163,187
Total	**1,671,529**	**2,281,362**	**14,326,314**	**7,308,845**	**0**	**13,187,237**	**13,653,531**	**5,981,391**	**1,811,355**	**2,096,781**	**20,095,007**	**20,697,913**	**0**	**2,904,314**	**25,066,912**	**483,640**	**1,156,867**	**22,065**	**0**	**40,723,183**	**51,807,092**	**225,275,336**

CRB : Breakdown of exposures by Residual Maturity - December 2023										(Figures in SR 000's)
Asset Classes	Less than 8 days	8-30 days	30-90 days	90-180 days	180-360 days	1-3 years	3-5 years	Over 5 years	No Fixed Maturity	Total credit exposures amount (post CCF and post-CRM)
Sovereigns and their central banks	0	0	0	407,930	0	7,933,867	9,242,781	18,406,564	8,824,519	44,815,661
Non-central government public sector entities	0	0	0	0	0	0	0	0	0	0
Multilateral development banks	0	0	0	0	0	0	0	0	0	0
Banks	464,393	0	52,251	1,991,426	53,905	276,462	1,091,737	366,106	590,435	4,886,715
Of which: securities firms and other financial institutions	0	0	0	0	0	0	0	0	0	0
Covered bonds	0	0	0	0	0	0	0	0	0	0
Corporates	78,869	15,854	650,414	23,644,650	17,227,665	17,559,046	14,496,333	19,598,439	3,229,254	96,500,525
Of which: securities firms and other financial institutions	0	0	0	1,457,298	392,649	448,991	39,992	541,747	179,444	3,060,121
Of which: specialised lending	0	0	0	177,683	1,208	221,376	602,766	8,009,654	0	9,012,687
Subordinated debt, equity and other capital	0	0	0	0	0	234,894	332,596	770,430	1,608,021	2,945,941
Retail	0	0	0	1,087,498	115,235	3,246,726	12,457,333	2,985,913	-348,060	19,544,646
MSMEs	0	0	0	2,059	0	0	0	0	0	2,059
Real estate	28	13	9	8,943,056	6,174,530	4,954,077	3,696,571	22,078,715	518,338	46,365,339
Of which: general RR	28	13	9	167,904	152,652	631,086	1,100,793	20,687,316	207,221	22,947,022
Of which: IPRRE	0	0	0	700,059	1,538,834	203,781	317,550	14,585	8,929	2,783,739
Of which: general CRE	0	0	0	542,788	920,056	191,409	365,193	120,689	56,680	2,196,815
Of which: IPCR	0	0	0	3,404,298	1,457,486	745,222	261,009	420,363	9,313	6,297,692
Of which: land acquisition, development and construction	0	0	0	4,128,006	2,105,502	3,182,579	1,652,026	835,762	236,197	12,140,071
Defaulted exposures	99,861	0	8,903	284,919	40,844	19,817	124,049	474,929	0	1,053,323
Other assets	0	0	0	0	0	0	0	0	9,163,187	9,163,187
Total	**643,152**	**15,867**	**711,578**	**36,359,481**	**23,612,180**	**34,224,890**	**41,441,401**	**64,681,095**	**23,585,692**	**225,275,336**

CRB - Impaired Loans, Past Due Loans and Allowances - December 2023										(Figures in SR 000's)
Industry sector	Impaired loans *	Defaulted **	Aging of Past Due Loans (days)				Specific allowances			General allowances
			Less than 90	90-180	180-360	Over 360	Charges during the Year To Date	Charge-offs during the Year To Date	Balance at the end of the Year To Date	
Government and quasi government	-	-	-	-	-	-	-	-	-	-
Banks and other financial institutions	518	518	308,140	-	295	223	-	-	358	-
Agriculture and fishing	228	228	588	-	-	228	-	15,369	228	-
Manufacturing	963,062	963,062	208,877	156,644	547,717	258,700	-	2,987	541,253	-
Mining and quarrying	523	523	5,200	523	-	-	-	-	55	-
Electricity, water, gas and health services	984	984	2,724	-	289	695	-	2,599	550	-
Building and construction	515,197	515,197	217,640	5,458	4,414	505,325	-	1,077,299	271,077	-
Commerce	328,114	328,114	356,309	18,075	50,190	259,849	-	25,284	239,215	-
Transportation and communication	7,564	7,564	14,760	1,257	900	5,407	-	-	3,202	-
Services	22,939	22,939	310,347	6,618	8,199	8,122	-	-	13,026	-
Consumer loans and credit cards	180,297	116,870	1,433,848	116,870	-	-	-	331,712	180,297	-
Others	352,759	345,840	715,395	70,828	63,544	211,467	-	17,243	351,895	-
Total	**2,372,184**	**2,301,838**	**3,573,828**	**376,273**	**675,549**	**1,250,016**	**1,541,650**	**1,472,493**	**2,372,184**	**956,977**

CRB : Impaired Loans, Past Due Loans And Allowances - December 2023						(Figures in SR 000's)	
Geographic area	Impaired loans*	Aging of Past Due Loans (days)				Specific allowances	General allowances
		Less than 90	90-180	180-360	Over 360		
Saudi Arabia	2,372,184	3,573,828	376,273	675,549	1,250,016	2,372,184	956,977
Other GCC & Middle East	0	0	0	0	0	0	0
Europe	0	0	0	0	0	0	0
North America	0	0	0	0	0	0	0
South East Asia	0	0	0	0	0	0	0
Others countries	0	0	0	0	0	0	0
Total	**2,372,184**	**3,573,828**	**376,273**	**675,549**	**1,250,016**	**2,372,184**	**956,977**

* Impaired loans defined as any loan with specific provision

CRB : Reconciliation Of Changes In The Allowances For Loan Impairment - Funded Exposures - December 2023 (Figures in 000'S)	
Particulars	**Funded Exposures**
Balance, beginning of the year	3,919,808
Amounts restated through opening retained earnings	..
Adjusted Balance, beginning of the year	3,919,808
Charge-offs taken against the allowances during the period	(1,472,493)
Amounts set aside (or reversed) during the period	881,846
Other adjustments:	-
- exchange rate differences	-
- business combinations	-
- acquisitions and disposals of subsidiaries	-
- etc.	-
Transfers between allowances	-
Balance, end of the year	**3,329,161**

▪ Charge-offs and recoveries that have been recorded directly to the income statement are SAR 19,372 thousand and SAR 260,928 thousand, respectively.

CRB : Reconciliation Of Changes In The Allowances For Impairment of Non-Funded Credit Facility - December 2023 (Figures in 000'S)	
Particulars	**Non Funded Exposures**
Balance, beginning of the year	488,232
Amounts restated through opening retained earnings	-
Adjusted Balance, beginning of the year	488,232
Charge-offs taken against the allowances during the period	(2,579)
Amounts set aside (or reversed) during the period	(52,816)
Other adjustments:	-
- exchange rate differences	-
- business combinations	-
- acquisitions and disposals of subsidiaries	-
- etc.	-
Transfers between allowances	-
Balance, end of the year	**432,837**

CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

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.

The Bank reduces its exposures for capital adequacy calculations only, in cases where deposits/cash is in the form of collateral with a specific charge or lien in favor of the Bank.

Core features of policies and processes for collateral evaluation and management

The Bank believes that collateral security is an effective means of reducing risk and improving credit quality. Although collateral is generally desirable to enhance credit quality, Bank does not entirely rely on collateral to make lending decisions since collateral is only considered as a secondary source of repayment. The Bank's policy is to consider a credit exposure secured, if it is fully supported by tangible collateral/ security and in accordance with minimum requirement in terms of coverage ratios.

Information about market or credit risk concentrations under the credit risk mitigation instruments

For capital adequacy purposes, Bank only uses cash and bank guarantees as credit risk mitigants, thus presenting minimal market or concentration risk for mitigants used. As part of its regular monitoring, Bank also review it’s holding vis-à-vis total market capitalization of the companies, whose shares are held as collateral.

CR3: Credit risk mitigation techniques – overview - December 2023

(Figures in SR 000's)

		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	122,460,214	29,774,895	23,230,248	6,544,647	-
2	Debt securities	43,427,871	-	-	-	-
3	**Total**	**165,888,085**	**29,774,895**	**23,230,248**	**6,544,647**	-
4	Of which defaulted	753,502	282,562	175,556	107,006	-

Table CRD: Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

Names of the external credit assessment institutions (ECAIs) used by the Bank

As per the guidelines provided by SAMA, Bank is using i) Moody's, ii) Standard & Poor's, and iii) Fitch for assigning Risk Weight and calculating Risk Weighted Assets (RWAs) under the Standardized Approach. Obligors, which are not rated by any of these three ECAIs are considered as "un-rated". Only the solicited ratings from the eligible ECAIs are being used for capital adequacy calculations.

Asset classes for which ECAIs are used

External Credit ratings of ECAIs are used for the asset classes comprising of Sovereign, Banks & Securities Firms, Corporate, and Off-Balance items, wherever applicable.

Description of the process used to transfer the issuer to issue credit ratings

Under Standardized approach for Credit Risk, Bank uses issue-specific rating if such a rating is available for the issue in which the bank has invested. In circumstances where only issuer assessment is available, Bank consider high quality issuer assessment only for the senior claims on that issuer; other unassessed claims of the highly assessed issuer are treated as unrated. Applicable Basel guidelines for Issuer versus Issues assessment are complied with at all times.

Alignment of the alphanumerical scale of each agency used with risk buckets

For determining risk weighted exposure under Standardized approach, alignment of ECAIs scales to risk buckets is applied as per mapping guidelines provided by SAMA.

CR4: Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects - December 2023

(Figures in SR 000's)

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-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**
1	Sovereigns and their central banks	45,156,644	0	44,815,661	0	747,645	1.67%
2	Non-central government public sector entities	0	0	0	0	0	0.00%
3	Multilateral development banks	0	0	0	0	0	0.00%
4	Banks	3,591,446	2,035,903	3,591,446	1,295,269	2,033,579	41.61%
	Of which: securities firms and other financial institutions	0	0	0	0	0	0.00%
5	Covered bonds	0	0	0	0	0	0.00%
6	Corporates	88,669,408	59,898,850	74,263,749	22,236,776	91,987,656	95.32%
	Of which: securities firms and other financial institutions	4,768,409	1,750,637	2,745,553	314,568	2,902,856	94.86%
	Of which: specialised lending	9,263,495	0	9,012,687	0	7,988,194	88.63%
7	Subordinated debt, equity and other capital	2,945,941	0	2,945,941	0	6,026,933	204.58%
8	Retail	19,578,680	0	19,544,646	0	14,668,742	75.05%
	MSMEs	2,651	0	2,059	0	1,545	75.00%
9	Real estate	50,306,979	0	46,365,339	0	36,021,940	77.69%
	Of which: general RRE	23,289,678	0	22,947,022	0	8,095,266	35.28%
	Of which: IPRRE	3,234,621	0	2,783,739	0	1,762,550	63.32%
	Of which: general CRE	2,589,708	0	2,196,815	0	2,090,349	95.15%
	Of which: IPCRE	6,440,020	0	6,297,692	0	5,863,669	93.11%
	Of which: land acquisition, development and construction	14,752,954	0	12,140,071	0	18,210,107	150.00%
10	Defaulted exposures	2,380,908	687,044	917,449	135,874	1,105,571	104.96%
11	Other assets*	9,163,187	0	9,163,187	0	7,461,407	81.43%
12	**Total**	**221,793,194**	**62,621,797**	**201,607,417**	**23,667,919**	**160,053,472**	

CR5: Standardised approach – exposures by asset classes and risk weights - December 2023

(Figures in SR 000's)

		0%	20%	25%	30%	35%	40%	45%	50%	60%	70%	75%	80%	85%	90%	100%	105%	110%	130%	150%	250%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	**Sovereigns and their central banks**	43,494,652	716,704	0	0	0	0	0	0	0	0	0	0	0	0	604,304	0	0	0	0	0	0	0	44,815,661
2	**Non-central government public sector entities**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	**Multilateral development banks**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	**Banks**	0	362,339	0	3,639,930	0	0	0	65,653	0	0	0	0	0	0	783,770	0	0	0	35,024	0	0	0	4,886,715
	Of which: securities firms and other financial institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	**Covered bonds**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	**Corporates**	0	63,266	0	0	0	0	0	2,969,771	0	0	0	5,756,398	15,243,593	0	71,984,578	0	0	422,622	60,297	0	0	0	96,500,525
	Of which: securities firms and other financial institutions	0	63,266	0	0	0	0	0	213,304	0	0	0	0	0	0	2,783,551	0	0	0	0	0	0	0	3,060,121
	Of which: specialised lending	0	0	0	0	0	0	0	0	0	0	0	5,756,398	0	0	2,833,666	0	0	422,622	0	0	0	0	9,012,687
7	**Subordinated debt, equity and other capital**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,337,921	1,608,021	0	0	2,945,941
8	**Retail**	0	0	0	0	0	0	0	0	0	0	19,504,506	0	0	0	38,361	0	0	0	0	0	0	1,779	19,544,646
	MSMEs	0	0	0	0	0	0	0	0	0	0	2,059	0	0	0	0	0	0	0	0	0	0	0	2,059
9	**Real estate**	0	3,391,532	2,069,759	6,636,411	39,744	6,657,534	518,977	3,268,063	2,113,113	2,828,921	20,873	0	0	603,778	1,930,651	495,927	3,336,322	0	12,140,071	0	0	313,661	46,365,339
	Of which: general RRE	0	3,391,532	2,069,759	6,337,775	0	6,657,534	293,099	3,268,063	140,384	471,330	3,887	0	0	0	0	0	0	0	0	0	0	313,661	22,947,022
	Of which: no loan splitting applied	0	3,391,532	2,069,759	6,337,775	0	6,657,534	293,099	3,268,063	140,384	471,330	3,887	0	0	0	0	0	0	0	0	0	0	313,661	22,947,022
	Of which: loan splitting applied (Secured)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Of which: loan splitting applied (Unsecured)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Of which: IPRRE	0	0	0	298,636	39,744	0	225,879	0	1,706,566	0	16,987	0	0	0	0	495,927	0	0	0	0	0	0	2,783,739
	Of which: general CRE	0	0	0	0	0	0	0	0	266,164	0	0	0	0	0	1,930,651	0	0	0	0	0	0	0	2,196,815
	Of which: no loan splitting applied	0	0	0	0	0	0	0	0	266,164	0	0	0	0	0	1,930,651	0	0	0	0	0	0	0	2,196,815
	Of which: loan splitting applied (Secured)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Of which: loan splitting applied (Unsecured)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Of which: IPCRE	0	0	0	0	0	0	0	0	0	2,357,592	0	0	0	603,778	0	0	3,336,322	0	0	0	0	0	6,297,692
	Of which: land acquisition, development and construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12,140,071	0	0	0	12,140,071
10	**Defaulted exposures**	0	0	0	0	0	0	0	5,693	0	0	0	0	0	0	937,441	0	0	0	110,189	0	0	0	1,053,323
11	**Other assets***	1,709,663	0	0	0	0	0	0	0	0	0	0	0	0	0	7,452,838	0	0	0	0	0	686	0	9,163,187
12	**Total**	**45,204,315**	**4,533,841**	**2,069,759**	**10,276,341**	**39,744**	**6,657,534**	**518,977**	**6,309,179**	**2,113,113**	**2,828,921**	**19,525,379**	**5,756,398**	**15,243,593**	**603,778**	**83,731,942**	**495,927**	**3,336,322**	**422,622**	**13,683,502**	**1,608,021**	**686**	**315,440**	**225,275,336**

		a	b	c	d
	Risk Weight	**On-balance sheet exposure**	**Off-balance sheet exposure (pre-CCF)**	**Weighted average CCF**	**Exposure (post-CCF and post CRM)**
1	Less than 40%	68,818,295	747,977	79.97%	69,052,010
2	40-70%	11,979,079	814,554	43.71%	11,770,191
3	75%	19,559,414	0	0.00%	19,525,379
4	**80- 85%**	20,189,423	12,166,541	35.09%	20,999,991
5	90-100%	78,523,241	49,310,525	41.01%	84,682,419
6	105-130%	4,861,996	0	0.00%	4,256,650
7	150%	16,253,039	189,228	53.15%	13,683,502
8	250%	1,608,021	0	0.00%	1,608,021
9	400%	0	0	0.00%	0
10	1250%	686	0	0.00%	686
11	**Total exposures**	**221,793,194**	**63,228,824**		**225,578,849**

CCRA: Qualitative disclosure related to counterparty credit risk

Risk management objectives and policies related to counterparty credit risk

The primary objective of counterparty credit risk management function is to effectively identify, measure and manage all derivatives related counterparty exposures through regular review of counterparty limits and daily monitoring of exposures vis-a-vis limits.

Method used to assign the operating limits defined in terms of internal capital

Credit Risk Limits are established on a Credit Equivalent basis, taking into consideration the product type, tenor and notional amounts. As part of its efforts in managing the counterparty credit risk, the Bank gradually increases exposures towards the central counterparties, which are mostly trades in interest rate swaps and futures, options and derivative trade through clearing brokers. All other derivative exposures are bilateral in nature.

Policies relating to guarantees and other risk mitigants and assessments

The Bank has signed Credit Support Annexure with all the major derivative financial counterparties to mitigate counterparty credit risk.

Policies with respect to wrong-way risk exposures

Wrong-way risk occurs when exposure to a counterparty is adversely correlated with the credit quality of that counterparty. The Bank considers its exposure to such risk limited, which is mitigated through common collateral management practice. Impact in terms of the amount of collateral that the bank would be required to provide given a credit rating downgrade The Bank is only providing variation margin in bilateral trades with financial counterparties. The impact of any increase in variation margin due to potential credit rating downgrade at present is considered minimal.

The impact in terms of the amount of collateral

Such impact is expected to be immaterial as to provide additional collateral amid a rating downgrade is a clause only applicable in a limited number of Credit Support Annex (CSA), which is largely mitigated by active margining process for both initial and variation margin management.

CCR1: Analysis of CCR exposures by approach - December 2023

(Figures in SR 000's)

		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)	753,940	333,777		1.4	1,522,804	1,203,608
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	Value-at-risk (VaR) for SFTs						
6	Total						**1,203,608**

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights - December 2023

(Figures in SR 000's)

	a	b	c	d	e	f	g	h	i	j	k
Risk weight*→ / Regulatory portfolio*↓	0%	10%	20%	30%	50%	75%	85%	100%	150%	Others	Total credit exposure
Sovereigns	0	0	0	0	0	0	0	0	0	0	**0**
Non-central government public sector entities	0	0	0	0	0	0	0	0	0	0	**0**
Multilateral development banks	0	0	0	0	0	0	0	0	0	0	**0**
Banks	0	0	73,708	370,650	163	0	.	0	0	0	**444,521**
Securities firms	0	0	0	0	0	0	0	0	0	0	**0**
Corporates	0	0	0	0	1,386	0	1,076,896	0	0	0	**1,078,283**
Regulatory retail portfolios	0	0	0	0	0	0	0	0	0	0	**0**
Other assets	0	0	0	0	0	0	0	0	0	0	**0**
Total	**0**	**0**	**73,708**	**370,650**	**1,549**	**0**	**1,076,896**	**0**	**0**	**0**	**1,522,804**

CCR5: Composition of collateral for CCR exposure - December 2023

(Figures in SR 000's)

	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	0	0	0	0	0	0
Cash – other currencies	627,297,575	0	230,627,369	0	0	0
Domestic sovereign debt	0	0	0	0	0	0
Other sovereign debt	0	0	0	0	0	0
Government agency debt	0	0	0	0	0	0
Corporate bonds	0	0	0	0	0	0
Equity securities	0	0	0	0	0	0
Other collateral	0	0	0	0	0	0
Total	**627,297,575**	**0**	**230,627,369**	**0**	**0**	**0**

CCR8: Exposures to central counterparties - December 2023 (Figures in SR 000's)

		a	b
		EAD (post-CRM)	**RWA**
1	**Exposures to QCCPs (total)**	**1,440,168**	**28,803**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	0	0
3	(i) OTC derivatives	0	0
4	(ii) Exchange-traded derivatives	1,440,168	28,803
5	(iii) Securities financing transactions	0	0
6	(iv) Netting sets where cross-product netting has been approved	0	0
7	Segregated initial margin	0	
8	Non-segregated initial margin	0	0
9	Pre-funded default fund contributions	0	0
10	Unfunded default fund contributions	0	0
11	**Exposures to non-QCCPs (total)**		0
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	0	0
13	(i) OTC derivatives	0	0
14	(ii) Exchange-traded derivatives	0	0
15	(iii) Securities financing transactions	0	0
16	(iv) Netting sets where cross-product netting has been approved	0	0
17	Segregated initial margin	0	
18	Non-segregated initial margin	0	0
19	Pre-funded default fund contributions	0	0
20	Unfunded default fund contributions	0	0

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

Risk management objectives and policies for market risk

The primary objective of Bank's market risk management function is to provide a coherent policy and operating framework for a strong Bank-wide management of market risk and liquidity risk.

Bank's Strategies and processes

The Board approves market risk appetite, in terms of limits, for all types of market risks including foreign currency risk, interest rate risk and equity risk. These limits are based on notional amount, sensitivity, stop-loss and/or VaR (Value at Risk). The Board has also approved Market Risk Policy that provides guidance to identify, measure and monitor the Bank's exposure to market risk.

The Bank's Trading portfolio mainly consists of FX, interest rate trading positions and fixed income securities. The Bank maintains a prudent risk profile in derivatives trading which mainly consists of plain vanilla contracts with limited open positions across all market risk factors. The Bank's trading book has typically remained small with only a limited exposure in the proprietary trading positions. Trading deals are predominantly performed to off-set the risks arising as a result of deals done with corporate customers. The Board approves the trading limits keeping in view the overall business strategy of the Treasury Group. All traded products are covered by individual product programs, which lay down product description, business strategy, target customers, risk management, back office and accounting processes.

The Bank's trading book consists of positions in cash and derivative financial instruments (including FX and commodities) held either with short-term trading intent or in order to hedge other elements of the trading book. It classifies all treasury positions under held-for-trading, fx positions as well as some presumed financial instruments such as listed equity trades as part of its trading book for the purpose of computing Minimum Capital Requirements for Market Risk. Any movement of positions between the trading and banking book is extremely rare, and is not allowed in its normal couse of business. In the past one year, there was no transfer of any positions from trading to the banking book, vice versa.

An internal risk transfer could occur in the Bank when: (1) its pass-through subsidary transfers all its trades, both banking and trading positions, to the head office on a like-to-like basis (i.e. banking to banking or trading to trading); (2) one trading sales desk which is customer facing transfers its positions to the trading cover desk; (3) a banking book (such as the investment positions) needs to be hedged and enters into a derivative trade with the trading desk, which is always required to be fully closed with a third-party trade.

The internal risk transfer always ocurrs on a like-to-like basis and therefore have a minimum impact on the capital requirement as the internal trades would be eliminated upon consolidation, and any 3rd party trades in the trading book will be included as part of the trading book capital computation.

For liquidity risk management, please refer to section called “LIQA - Liquidity Risk Management”.

Structure and organisation of the market risk management function

Market risk and Liquidity risk are overseen by two management committees – Asset Liability Committee (ALCO) and Market Risk Policy Committee (MRPC). ALCO deals with Bank-wide market risk issues while MRPC deals with Treasury specific issues. ALCO meets on a regular basis to discuss the risk exposures vis-à-vis the prevailing market conditions and sets guidelines to manage these risks within the risk appetite set by the Board. MRPC acts with authority to monitor and control Treasury-related activities. MRPC has the authority to restrict utilization of the ALCO-approved limits. Market Risk Department, which is independent of the business function, monitors all limits and provides periodic market risk reports to ALCO and MRPC members.

Treasury Middle Office is an independent unit reporting to MRD and is responsible for ensuring that all Treasury related internal controls are functioning effectively and all non-adherences are brought to management’s attention on a timely basis.

Scope and nature of risk reporting and/or measurement systems.

Daily Report is provided to Senior Management that covers the trading activity and liquidity ratios. Stress testing for interest rate risk, foreign exchange risk and liquidity risk is conducted on a regular basis and results are presented to ALCO for review. Market Risk Department submits the following reports to ALCO, MRPC and Board on regular basis

- VaR analysis
- Interest rate gap Analysis
- Liquidity Risk Ratios
- Interest rate stress testing

Detailed market risk reviews are submitted to the Board, Excom, Risk Committee and Audit Committee, on a quarterly or semi-annual basis, as appropriate. The reviews highlight major changes in the Bank’s market and liquidity risk profiles as well as compositions of the investments portfolio.

MR1: Market risk under the standardised approach - December 2023

(Figures in SR 000's)

		a
		Capital requirement in standardised approach
1	General interest rate risk	58,603
2	Equity risk	746,488
3	Commodity risk	
4	Foreign exchange risk	150,065
5	Credit spread risk – non-securitisations	
6	Credit spread risk – securitisations (non-correlation trading portfolio)	
7	Credit spread risk – securitisation (correlation trading portfolio)	
8	Default risk – non-securitisations	142,781
9	Default risk – securitisations (non-correlation trading portfolio)	
10	Default risk – securitisations (correlation trading portfolio)	
11	Residual risk add-on	
12	**Total**	**1,097,936**

ORA - Operational risk

Qualitative disclosure for Bank's operational risk capital approach

Policies, frameworks and guidelines for the management of operational risk

The bank has established a Operational Risk Management Policy at the top which sets the tone for Operational Risk Management across the bank. The bank also recognizes that there are certain risks in the Bank which are sources of operational risk, however, the risk management process to cover and monitor such risks come under the scope of other risk units of the Bank, such as, Business Continuity Division, Information Security Department, Technology Risk Management, Compliance and AML Group, Counter-Fraud Division (CFD) and Shari'ah Non-Compliance Risk.

Structure and organisation of operational risk management and control function

Operational Risk Management reports to the Chief Risk Officer and is independent from the risk-taking functions of the bank.

Operational risk measurement system

The bank has adopted SAMA's framework on 'Minimum Capital Requirements for Operational Risk' published in December 2022. The bank currently calculates its operational risk capital charge as per the standardized approach. The two main resources of data for calculation of operational risk capital charge include bank's financials and bank's historical operational risk losses.

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

Periodic Operational risk updates on the overall operational risk environment of the Bank and key operational risk loss events are provided to executive management and Operational Risk Committee (ORC). Risk review reports submitted to Board Risk Committee on a quarterly basis summarizes operational risk loss events and status of operational risk profiles.

The risk mitigation and risk transfer used in the management of operational risk

Bank has established policies and procedures for several risk-taking activities, including but not limited to, launch of new products and services, outsourcing arrangements, changes to procedures, changes to systems, etc. The independent review process for such activities by Operational Risk Management as well as other 2nd line of defense functions effectively mitigates multitude of risks faced by the Bank.

OR1: Historical losses - December 2023

(Figures in SR 000's)

		a	b	c	d	e	f	g	h	i	j	k
		T	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	Ten year Average
Using 44,600 SAR threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	6,659	15,797	4,018	13,092	9,309	6,790	12,596	9,699	17,305	12,764	10,803
2	Total number of operational risk losses	25	29	16	31	24	27	38	32	33	29	28
3	Total amount of excluded operational risk losses	0	0	0	0	0	0	0	0	0	0	0
4	Total number of exclusions	0	0	0	0	0	0	0	0	0	0	0
5	Total amount of operational losses net of recoveries and net of excluded losses	6,659	15,797	4,018	13,092	9,309	6,790	12,596	9,699	17,305	12,764	10,803
Using 446,000 SAR threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	3,380	12,570	2,412	10,446	8,528	5,033	8,812	6,619	14,773	11,495	8,407
7	Total number of operational risk losses	4	10	3	9	12	9	10	7	10	11	9
8	Total amount of excluded operational risk losses	0	0	0	0	0	0	0	0	0	0	0
9	Total number of exclusions	0	0	0	0	0	0	0	0	0	0	0
10	Total amount of operational losses net of recoveries and net of excluded losses	3,380	12,570	2,412	10,446	8,528	5,033	8,812	6,619	14,773	11,495	8,407
Details of operational risk capital calculation												
11	Are losses used to calculate the ILM (yes/no)?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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)?											
13	Loss event threshold: 44,600 SAR or 446,000 SAR for the operational risk capital calculation if applicable	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600

OR2: Business Indicator and subcomponents - December 2023				(Figures in SR 000's)
		a	b	c
	BI and its subcomponents	T	T-1	T-2
1	Interest, lease and dividend component	3,956,605		
1a	Interest and lease income	7,656,670	5,171,654	5,991,789
1b	Interest and lease expense	2,020,100	499,622	1,123,132
1c	Interest earning assets	188,327,542	170,067,533	154,459,739
1d	Dividend income	159,619	87,589	83,375
2	Services component	1,365,626		
2a	Fee and commission income	1,443,582	1,198,176	1,235,704
2b	Fee and commission expense	897,670	709,063	686,014
2c	Other operating income	74,177	42,862	102,375
2d	Other operating expense	3,341	4,039	4,809
3	Financial component	2,942,026		
3a	Net P&L on the trading book	39,943	13,750	7,504
3b	Net P&L on the banking book	3,592,892	2,607,817	2,564,170
4	BI	8,264,256		
5	Business indicator component (BIC)	1,105,838		

Disclosure on BI:

		a
6a	BI gross of excluded divested activities	
6b	Reduction in BI due to excluded divested activities	

OR3: Minimum required operational risk capital - December 2023		(Figures in SR 000's)
#	**Particulars**	**a**
1	Business indicator component (BIC)	1,105,838
2	Internal loss multiplier (ILM)	0.6593
3	Minimum required operational risk capital (ORC)	729,078
4	Operational risk RWA	9,113,477

B.42 - Interest rate risk in the banking book (IRRBB)

Qualitative disclosure requirement on IRRBB

Interest Rate Risk in Banking Book refers to the current or prospective risk to earnings and capital arising from adverse movements in interest rates affecting the Banking book assets, liabilities and off-balance-sheet positions. IRRBB arises principally from mismatches between the assets and their funding liabilities in terms of the future interest rates, maturities or cash flow profiles in the context of interest rates changes. IRRBB represents the most significant market risk exposure in the Bank's banking book balance sheet.

Interest rate risk in the Banking Book forms part of the Bank's overall risk management framework, which is driven from the Board down to each management levels. The Board defines the Bank's IRRBB risk appetite and ensures that the Bank has in place an adequate framework, policies/procedures and processes to manage IRRBB effectively. At operational level, IRRBB is overseen by two management committees, Asset Liability Committee (ALCO) and Market Risk Policy Committee (MRPC) under the delegated authority by the Board.

IRRBB is assessed and monitored at both macro level through gap analysis, EaR and EVE measurement, as well as micro level by analyzing the interest rate risk in light of the rate outlook and funding options. The assessment results may lead to Interest Rate Risk (IRR) hedging decision either by each individual transaction or by portfolio of homogenous IRR exposures. In both cases, the Bank designs the IRR hedge in such a way that the IFRS / IAS hedge accounting is always applied to minimize potential volatility in accounting profits and losses (P&L). All the IRRBB measures are monitored against approve limits and/or management action triggers (MAT).

The outcome of the monitoring and control tools are benchmarked against approved limit and MAT thresholds on monthly basis, and reported to the relevant stakeholders subsequently.

EVE and EaR measures are quantified under various rate shock scenarios, which include six prescribed regulatory interest rate shock scenarios to capture parallel and non-parallel gap risks for EVE and two prescribed regulatory interest rate shock scenarios for EaR. In addition, the Bank has eight internal rate shock scenarios being applied to both EaR and EVE which are used for internal reporting purpose. These stress scenarios are defined and reviewed by Risk Management Group. All significant changes are reviewed and approved by the ALCO on an annual basis to reflect current market conditions.

Bank use standard set of assumptions for both internal assessment and disclosure in Table B.

The assessment of IRRBB measures may lead to IRR hedging decision either by each individual transaction or by portfolio of homogenous IRR exposures. In both cases, the Bank designs the IRR hedge in such a way that the IFRS / IAS hedge accounting is always applied to minimize potential volatility in accounting profits and losses (P&L).

For individual hedges, the time and amounts are generally determined when the transactions are initiated. The objective is normally to off-set the re-pricing mismatches and to the extent possible so that the Bank is only left with fixed interest rate spread income or expense. For portfolio hedges, the time and amounts are generally determined by: either (1) assessment results of the interest rate gaps as well as EaR and EVE risk exposures; or (2) a pre-defined hedging parameter for certain products such as fixed rate Loans.

Economic Value of Equity (EVE): Measurement of IRRBB under the EVE approach is to quantify the change in the net market value of the whole banking book under various interest rate shock scenarios, given the spot balance sheet positions as at certain point in time and using a run-off balance sheet assumption. Broadly, the EVE measurement include three components: (1) to construct re-pricing gap profiles in each significant currencies (e.g. USD and SAR) whereas insignificant currencies are aggregated under the other currency (OTH); (2) to establish interest rate shock scenarios; (3) to apply each of the scenarios to the gap profile and come up with net change in the equity due to the rate shocks.

Earnings at Risk (EaR): EaR is an earnings-based measure to analyze impact of changes in interest rates on the future accrued or reported net interest income (NII) on a 12-month rolling forward basis. It is intended to assess the Bank’s ability to generate stable earnings on a sustained basis, which will allow it to provide its shareholders with stable dividend payments as well as to reduce the beta on its share price and therefore reduce its cost of capital.

Following are the key assumptions while calculating EVE and EaR.

• Average repricing maturity of non-maturity deposits (NMD)

Average repricing tenor and maturity of NMDs are derived using a combination of statistical tools, i.e. regression analysis and volatility measures using KSA banking sector and Bank’s NMD historical data. The Bank’s NMD deposit data is regressed against the key macro-economic variables using historical monthly data points.

• Prepayment rates of customer loans

Prepayment assumptions are based on prepayment behavior of loan book. The Bank uses historical data to analyze the prepayment behavior of loans.

IRRBBA - IRRBB risk management objectives and policies (Quantitative disclosures) - December 2023

	Quantitative disclosures	Years
1	Average repricing maturity assigned to non-maturity deposits (NMDs).	1.09 Years
2	Longest repricing maturity assigned to NMDs.	5 Years

IRRBB1 - Quantitative information on IRRBB - December 2023

(Figures in SR 000's)

In reporting currency	**ΔEVE**		**ΔNII**	
Period	**T**	**T-1**	**T**	**T-1**
Parallel up	-3,410,645	-2,888,224	-214,654	-218,353
Parallel down	4,790,500	3,988,858	210,734	214,852
Steepener	-1,820,430	-1,475,666		
Flattener	1,136,738	869,504		
Short rate up	-644,867	-606,817		
Short rate down	669,092	629,728		
Maximum	4,790,500	3,988,858	210,734	214,852
Period	**T**		**T-1**	
Tier 1 capital	35,253,240		31,875,272	

CVAA - General qualitative disclosure requirements related to CVA

An explanation and/or a description of the bank's processes

The Bank regularly quantifies its CVA risk arising from its over-the-counter (OTC) derivative book, as part of its capital computation process and as required for its CVA/DVA accounting adjustments.

For CVA capital charge, the Bank follows the Reduced version of the BA-CVA as hedges are not recognized. For CVA/DVA accounting adjustment under IFRS 13, it uses the Monte-Carlo Simulation apprach via a vendor system.

The Bank generally does not hedge its CVA risk given the size of such exposure has always been immaterial to the Bank's operations.

Whether the bank is eligible and has chosen to set its capital requirement for CVA at 100%

It is not applicable to the Bank as it adopted the Standard Approach to quantify its Minimum Capital Requirements for Market Risk in the trading book.

CVA1: The reduced basic approach for CVA (BA-CVA) - December 2023

(Figures in SR 000's)

		a	b
		Components	BA-CVA RWA
1	Aggregation of systematic components of CVA risk	298,836	
2	Aggregation of idiosyncratic components of CVA risk	89,514	
3	**Total**		**3,155,347**

REMA : Remuneration Policy

Governance Framework of Remuneration System

The Board has appointed a Nomination and Remuneration Committee and approved its Terms of Reference. The Board is ultimately responsible for promoting effective governance and sound remuneration practices. The Remuneration Policy is given adequate consideration at the highest level with respect to the Bank's risk appetite and the need for stability of capital and liquidity. The governance process ensures that the Remuneration Policy is consistently applied within the Bank and operates as intended. The governance process has established an oversight mechanism to regularly evaluate the important design characteristics of the remuneration practices and their implementation. The responsibility of remuneration practice governance is shared between Board of Directors and Senior Management.

The Remuneration Policy is reviewed by the Nomination and Remuneration Committee and approved by the Board of Directors every three years, or when deemed necessary. Nomination and Remuneration Committee has reviewed the Remuneration policy during the past year subject to Saudi Central Bank (SAMA) Banks Remuneration Rules dated January 2023 and approved by the Board of Directors.

Scope of the Bank's Remuneration Policy

The Bank's Remuneration Policy is applicable to all full-time and part-time employees of ANB Group, including its branch in London, subject to any variations required by UK legislation, and its majority owned subsidiaries operating in the financial sector.

The Remuneration Policy also defines Senior Management and employees considered as material risk-takers to be as follows:

- *Senior Management:* 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's non-objection for appointment.

- *Material Risk Takers:* Employees in Business areas whose actions have a significant impact on the risk exposure of the Bank.

Design and Structure of Remuneration Processes

The Remuneration Policy has been developed to attract, retain and motivate potential talent so as to achieve the strategic objectives of the Bank in compliance with the rules set out by the Saudi Central Bank ("SAMA") and are consistent with the rules and regulations issued by Capital Market Authority ("CMA"), and principles and standards by Financial Stability Board (FSB).

The policy aims at promoting effective risk management and achieving financial soundness and stability of the Bank. Whilst ensuring internal equity, it promotes fairness and transparency in the remuneration principles and processes. Moreover, it links remuneration with performance, both financial and non-financial. The broad structure of remuneration aligns remuneration with prudent risk, take into consideration risk capital, liquidity and the likelihood and timeliness of earnings.

Remuneration and bonus allocation for employees in Control Functions and Human Resources are not determined by persons working in or associated with any business areas monitored by them.

Overview of the key risks considered for Remuneration Process

The Bank’s net income is adjusted for all types of material risks, prior to allocating bonus to each individual, depending on the nature and complexity of the products involved. The Risk Adjusted Return on Capital (RAROC) has been adopted as the overarching technique to adjust the risk for all types of businesses. However, depending on the type and nature of the risk, the application of RAROC may vary as detailed below:

Credit Risk: The Bank’s income exposed to the credit risk is adjusted by way of Expected Loss (EL), estimated thru risk parameters, like Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The adjustment is at the product level, like in the case of Retail, where PD, LGD and EAD are estimated for the total portfolio of Consumer Loans, Credit Card, Auto Lease, etc. For the Corporate book in contrast, these risk parameters are estimated at the borrower/facility level and accordingly, income is adjusted for each individual borrower.

Market Risk: The market risk, primarily inherent in the Trading Book, is adjusted for risk by way of Value at Risk (VaR) estimates.

Operational Risk: The operational risk is allocated to all the units of the Bank, and not just the profit centers. The adjustment is made by way of projecting the severity and likelihood of operational losses, which is derived from actual operational losses incurred during the previous three years.

Other Material Risks: All other material risks are assessed as part of the Pillar-II risk under Basel-II reporting. The major risks included under this category are Concentration, Liquidity, Reputational and Interest Rate Risk in the Banking Book (IRRBB). These risks are allocated to various units of the Bank, depending on their involvement/responsibility in managing the relevant risk. The cost associated with liquidity and IRRBB risks, for instance, are used to adjust income of Treasury only. Similarly, the major part of reputational risk costs is allocated to front-end staff (mainly in Retail), who are in direct contact with external customers.

Linkage of performance measurement with levels of remuneration

Remuneration criteria are based on a mix of quantitative as well as qualitative factors. The quantitative criteria pertain to financial performance, and is adjusted for risk. The mix of qualitative and quantitative criteria may vary across business lines and functions but ensures that the Bank retains its competitive edge in attracting and retaining quality resources.

Financial Performance is one out of many criteria that determine remuneration. In some business units - such as support and internal control functions – financial contribution is largely irrelevant. In profit centers, in contrast, financial performance is an important consideration, but by no means the sole factor determining remuneration, especially the variable part of it.

ANB's Remuneration Policy takes full account of key qualitative factors in the fulfilment of job duties. These apply to all functions, whether profit or non-profit centers. The qualitative factors include, inter-alia, the following: significance of the function, complexity of the job, skill set requirements, scarcity factor, market conditions, competitive pressures, quality of business transacted, customer satisfaction, impact on Bank reputation, achievement of non-financial targets, compliance with rules and regulations etc.

Bonus allocation at individual level is based on a remuneration matrix, resting on three sets of criteria: quantitative factors, qualitative factors and managerial judgment. The weight allocated to each of these varies across the businesses/individual functions. Quantitative performance factors can be financial (eg: - earnings or net income) or non-financial nature (e.g.: - volume/sales targets). The financial indicators are adjusted for risk, and risk-adjustment is applied at all levels of the hierarchy (group /division /department /unit /individual) and no variable remuneration is awarded for income, outcome of which is still uncertain.

For Senior Management and employees involved in risk-taking activities, measurement of the financial performance is based on longer term performance of the Bank and therefore the performance-based component of their remuneration is not based solely on the current year's performance.

The non-financial factors - both qualitative and quantitative - are captured through the Bank's internal Performance Management System.

Wherever relevant, appraisal assessments are complemented with additional managerial judgment and qualitative assessment based on such factors as quality of business transacted, customer satisfaction, impact on Bank reputation, loyalty, dedication, team spirit, leadership and other personal attributes.

Adjustment of remuneration to take account of longer-term performance

The performance measurement of employees, especially at senior level, considers, longer term performance of the Bank and is not solely based on the current year's performance. Risk adjustment provides an insight into potential future risks affecting current income, whereas the historical performance of the Bank provides a good gauge as to the consistency of its earnings and its long-term performance.

In certain circumstances, the Bank may nominate certain employees for retention award, in recognition that their retention is important in achieving the Bank's long-term objectives and/or in acknowledgment of the fact that they represent a priority target for competing institutions. The scheme is principally predicated on retention considerations rather than financial performance.

ANB is already considering all current and future risks, therefore deferment of variable remuneration is not applicable to the Remuneration Policy.

Determination of the mix of remuneration, fixed and variable, considers the role, responsibility and function of the employee, the business area to which they belong, the complexity of the tasks performed, the skills sets needed, industry practices, market conditions etc. The mix of different forms of variable remuneration differs across employees or groups of employees: a) Annual Bonus linked with performance management b) Incentive for sales, collections, service level employees c) Retention Award for Senior Management.

The remuneration system allows to adjust variable remuneration, such as malus or claw back arrangements, to reduce the previously paid or awarded variable remuneration regardless of the employee’s performance.

REM1: Remuneration awarded during the financial year - December 2023

(Figures in SR 000's)

			a	b
	Remuneration amount		Senior management, as defined in SAMA circular No.42081293 date 21/11/1442AH	Other material risk-takers
1	Fixed renumeration	Number of employee (Actual)	20	236
2		Total fixed remuneration (3 + 5 +7)	46,885	129,046
3		Of which: cash-based	46,885	129,046
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	20	236
10		Total variable remuneration (11 + 13 + 15)	39,005	39,200
11		Of which: cash-based	39,005	39,200
12		Of which: deferred	7,855	4,815
13		Of which: shares or other share-linked instruments		
14		Of which: deferred		
15		Of which: other forms		
16		Of which: deferred		
17	**Total remuneration (2 + 10)**		**85,890**	**168,246**

REM2: Remuneration awarded during the financial year - December 2023

(Figures in SR 000's)

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	Nil		Nil		Nil	
Other material risk-takers	Nil		Nil		Nil	

REM3: Remuneration awarded during the financial year - December 2023 (Figures in SR 000's)

	a	b	c	d	e
Deferred and retained remuneration	**Total amount of outstanding deferred remuneration**	**Of which: total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or**	**Total amount of amendment durign the year due to ex post explicit adjustment**	**Total amount of amendment durign the year due to ex post implicit adjustment ***	**Total amount of deferred remuneration paid out in the financial year**
Senior management	**9,035**	**9,300**	**0**	**1,350**	**7,855**
Cash	9,035	9,300	0	1,350	7,855
Shares					
Cash-linked instruments					
Others					
Other material risk-takers	**5,230**	**5,230**	**0**	**0**	**4,815**
Cash	5,230	5,230	0	0	4,815
Shares					
Cash-linked instruments					
Others					
Total	**14,265**	**14,530**	**0**	**1,350**	**12,670**

*Outstanding exposed to ex post implicit adjustment represents the amount pertaining to employees, who have resigned from the services of the Bank, at the time of retention reward