



Gulf International Bank – Saudi Arabia

BASEL 3 PILLAR 3 DISCLOSURES

As at 31st December 2025



GIB

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1. KM1 - Key metrics

SAR 000's		a	b	c	d	e
		31-Dec-2025	30-Sep-2025	30-Jun-2025	31-Mar-2025	31-Dec-2024
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	8,159,214	8,074,084	7,976,628	7,762,100	7,677,368
1a	Fully loaded ECL accounting model					
2	Tier 1	10,034,714	8,074,084	7,976,628	7,762,100	7,677,368
2a	Fully loaded ECL accounting model Tier 1					
3	Total capital	11,777,092	9,805,960	9,715,307	9,541,162	9,561,539
3a	Fully loaded ECL accounting model total capital					
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	57,065,229	55,008,795	57,066,330	55,545,795	52,037,452
4a	Total risk-weighted assets (pre-floor)					
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	14.3%	14.7%	14.0%	14.0%	14.8%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)					
5b	Common Equity Tier 1 ratio (%) (pre-floor ratio)					
6	Tier 1 ratio (%)	17.6%	14.7%	14.0%	14.0%	14.8%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
6b	Tier 1 ratio (%) (pre-floor ratio)					
7	Total capital ratio (%)	20.6%	17.8%	17.0%	17.2%	18.4%
7a	Fully loaded ECL accounting model total capital ratio (%)					
7b	Total capital ratio (%) (pre-floor ratio)					
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0.1%	0.1%	0.1%	0.1%	0.1%
10	Bank G-SIB and/or D-SIB additional requirements (%)					
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.6%	2.6%	2.6%	2.6%	2.6%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.2%	7.6%	6.9%	6.9%	7.7%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	80,065,638	73,304,629	75,592,735	71,064,636	73,333,274
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	12.5%	11.0%	10.6%	10.9%	10.5%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)					
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)					
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets					
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets					
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA)	10,964,937	10,990,645	13,291,760	12,088,588	15,065,838
16	Total net cash outflow	7,218,458	5,701,422	7,773,422	8,289,070	3,903,997
17	LCR ratio (%)	151.9%	192.8%	171.0%	145.8%	385.9%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	38,961,978	31,048,815	33,419,816	30,301,052	32,349,153
19	Total required stable funding	27,955,764	22,843,386	25,570,393	22,767,475	21,368,261
20	NSFR ratio	139.4%	135.9%	130.7%	133.1%	151.4%

2. OVA - Bank risk management approach

a) Business model and risk profile

The activities of Gulf International Bank- Saudi Arabia (the Bank) were initially carried out as a foreign branch of Gulf International Bank B.S.C., a Bahraini shareholding company incorporated in the Kingdom of Bahrain.

Effective from 27 Rajab 1440 (corresponding to 3rd April 2019), the foreign branch was converted to a Saudi Closed Joint Stock Company with the same commercial registration number (2052001920).

The Bank is principally engaged in the provision of wholesale banking, retail banking, treasury, asset management and investment banking activities. The Bank also provides customers with non-interest based banking products which are approved and supervised by an independent Shariah Board. The Bank is organized into following main operating segments:

- Wholesale banking: the provision of wholesale commercial financing and other credit facilities for corporate and institutional customers.
- Treasury: the provision of a broad range of treasury and capital market products and services to corporate and financial institution clients, conduct money market operations, proprietary investment and trading activities and the management of the Bank's balance sheet, including funding.
- Retail Banking: the provision of retail banking services including personal loans, mortgages, current and savings accounts, term deposits and associated digital services.
- GIB Capital: the provision of investment banking services in connection with equity and debt capital markets, debt advisory and asset management.

The Bank adopts a holistic view of risks by understanding risks on an enterprise wide basis analysed through a top-down (risk aggregation) and a bottom-up (risk decomposition) approach. Risk aggregation takes a portfolio view of risks aggregated across the Bank's business units taking due consideration of the portfolio effects and correlation of risks prior to determination of the management approach to each single risk. This approach provides guidance to allow balancing risk and reward optimally. Moreover, Risk decomposition ensures a comprehensive identification and prioritisation of all material risks and the definition and implementation of risk policies and processes that control daily decision making throughout the Bank. This approach enables employees to make the right risk-return trade-offs in day-to-day activities.

Overall risk management strategy approved by the Board of Directors (BOD) is based on the following three pillars:

- **Risk governance:** defines the roles and responsibilities with respect to interaction among different stakeholders in the Bank.
- **Risk policies:** include a range of policies encompassing all risk-taking businesses, which are updated and reviewed regularly. These policies ensure institutionalization of rules and conduct, delegation of authorities and decision rights, risk appetite and internal capital adequacy assessment and plan in accordance with applicable regulatory requirements.
- **Risk practices:** maintain an up to date risk register, carry regular portfolio reviews and ensure various Board and senior management level risk reporting.

b) The Risk Governance structure

The Bank has established a robust risk governance structure within the Bank's Risk Strategy to ensure that material risks are managed and mitigated. The Bank maintains a prudent and disciplined approach to risk taking by upholding a well thought out Risk Appetite Statement, comprehensive set of risk management policies and processes which involve professionally qualified risk personnel with appropriate skills. Below are the principal elements of the Bank's risk governance structure:

- i. The Board of Directors (BoD) are responsible for the strategic direction of the Bank and for oversight of the bank's affairs including identifying, assessing, communicating and monitoring risks on an enterprise-wide basis, while striking a balance between the risk appetite and the business strategy of the Bank in line with the industry best practice and regulatory expectations.

- ii. The BoD delegates some of its supervisory responsibilities to the Board Risk Committee (BRC) which assist the BoD in reviewing the risk profile of the Bank, establishing the Risk Management Framework and relevant controls, reviewing the risk appetite, policies, and overall limits and parameters within which the Bank conducts its business.
- iii. At management level, the Bank has a dedicated Risk Management function independent of business units headed by the Chief Risk Officer (CRO), who reports functionally to the BRC and is a member of various relevant committees including (but not limited to) the Management Committee (MC), Saudi Risk Management Committee (SRMC), Assets and Liabilities Committee (ALCO), Credit Committee, Investment Committee and various others.
- iv. From a control perspective, the process of risk management within the Bank is facilitated through a set of independent functions, which report directly to senior management. These functions include Credit Risk, Market Risk, Operational Risk, Finance and Internal Audit. This multi-faceted approach aids the effective management of risk by identifying, measuring and monitoring risks from a variety of perspectives.

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

Effective Risk Management involves the strategic implementation of a clearly defined three lines of defence risk management framework in accordance with generally accepted best practices. This practice promotes risk culture and facilitates risk communication channels between Business and control functions. The three lines are as follows:

First Line of Defence: Business units - take risks and are responsible and accountable for their ongoing management. This includes identifying, assessing and reporting exposures taking into account risk appetite and Bank policies and controls;

Second Line of Defence: Oversight functions - includes independent risk management processes designed to monitor, report and oversee the business lines risk taking activities, assessing risks critically rather than purely carrying out a surveillance function. The second line also includes a compliance function which is independent of business lines and has direct access to the Board Audit Committee; and

Third Line of Defence: Independent Assurance - consists of an independent internal audit assurance function which is not involved in developing, implementing or operating the risk management framework. Its independence is enhanced by the fact that it reports functionally to the Board Audit Committee and administratively to the Chief Executive Officer.

The Bank's BoD and Management view risk culture as a critical component of the Bank's Enterprise-Wide Risk Management Framework. The Bank's corporate governance, risk management approach, compliance standards, policies and procedures, training activities, performance measures, and human resource management systems are critical to successfully embedding a sound risk culture within the Bank.

The key drivers for embedding risk culture within GIB include the following:

- Strong leadership, commitment and engagement across the organisation;
- Common understanding of the Risk Strategy, a well-defined Risk Appetite to set the boundaries for decision making;
- Strong communication among businesses, senior management and the BoD;
- Strong and independent Risk Management function;
- Incentives and disincentives for adhering to/ violating risk management processes and policies;
- Employee compensation aligned to take account of the Bank's risk-weighted performance; and
- Realistic and well understood performance targets.

d) The scope and main features of risk measurement systems

The Bank has implemented systems, processes, policies and methodologies allowing for timely and effective assessment and mitigation of potential risks. This aims to provide enterprise-wide Risk Management data in a consistent and timely manner.

Risk Capital

The Bank focuses on maintaining a strong capital base, in particular Tier 1 capital, as it represents the core capital. Strong capital base is vital to maintain investor, creditor and market confidence in the Bank's solvency and financial strength, maintain a sound external credit rating that is critical for the Bank's access to liquidity and for pricing of its long-term funding; and sustain the future development of the business.

The Bank manages its capital structure and makes adjustments to it taking account of changes in the macro-economic conditions and strategic business plans while basing the capital requirements on the Bank's risk profile. The key risks comprise of

- a) Pillar 1 risks including credit risk, market risk and operational risk;
- b) Risks not fully covered under Pillar 1 including residual risk arising from the use of credit risk mitigation and securitisation;
- c) Pillar 2 risks including concentration risk, interest rate risk in the banking book, liquidity risk, strategic risk and reputation risk; and
- d) Risk factors external to the Bank including risks which may arise from the regulatory, economic or business environment and which are not included in the above-mentioned risks.

Different methodologies are utilised to estimate the capital in line with industry best practices.

The Internal Capital Adequacy Assessment Process (ICAAP) incorporates a review and evaluation of risk management and capital relative to the risks to which the bank is exposed. The Bank's capital assessment has been developed around its economic capital framework which is designed to ensure that the bank has sufficient capital resources available to meet regulatory and internal capital requirements, even during periods of economic or financial stress. The capital assessment addresses all components of The Bank's risk management, from the daily management of more material risks to the strategic capital management of the Group.

In addition, in an attempt to integrate risk and business strategy, Risk adjusted return on capital (RAROC) is used as a measure to gauge how effectively a transaction or business unit is able to use capital to cover risk. The main functions of RAROC in the Bank is to measure the profitability of business units, transactions and customers on a risk adjusted basis, serve as a tool to compare the profitability of business segments on a like-for-like basis and thereby helps Management decide how much capital should be allocated to each business and aid in precise pricing of products and improves consistency in lending decisions.

Risk rating and Scoring Models

The Bank monitors, manages and controls credit risk exposures based on an internal credit rating system that rates individual obligors based on a rating scale from 1 (highest) to 10 (lowest), subject to positive (+) and negative (-) modifiers for rating grades 2 to 6. The primary objectives of the internal credit rating system are the maintenance of a single uniform standard for credit quality measurement, and to serve as a basis for Board-approved risk parameters and delegated credit authority limits and also as a key input into the Bank's Risk-Adjusted Return on Capital (RAROC) performance measurement system.

Note that the above relates to the non-retail risk exposures. For retail risk exposures the Bank also uses SIMAH Bureau Scores and internal Application Scores at the point of origination and for account management activities. Both approval cutoffs and limit multipliers are based on the combination of above scores in the form of score grid.

Value at Risk (VaR)

A key element in the Bank's market risk management framework is the estimation of potential future losses that may arise from adverse market movements. The Bank utilises Value-at-Risk (VaR) to estimate such losses. The VaR is derived from quantitative models that use statistical and simulation methods that take account of all market rates and prices that may cause a change in a position's value. These include interest rates, foreign exchange rates and equity prices, their respective volatilities and the correlations between these variables.

The VaR takes account of potential diversification benefits of different positions both within and across different portfolios. Consistent with general market practice, VaR is computed for all financial instruments for which there are readily available daily prices or suitable proxies. VaR is viewed as an effective risk management tool and a valuable addition to the non-statistically based limit structure. It permits a consistent and uniform measurement of market risk across all applicable products and activities. Exposures are monitored against a range of limits both by risk category and portfolio and are regularly reported to and reviewed by senior management and the Board of Directors.

Operational Risk Management Framework

Qualitative and quantitative methodologies and tools are used to identify and assess operational risk and to provide management with information for determining appropriate mitigating factors. These tools include a database of operational risk events categorised according to business lines and operational risk event types; a record of key risk indicators (KRI), which can provide an early warning of possible risk; and a risk and control self-assessment (RCSA) and control testing (CT) processes to analyse business activities and identify operational risks related to those activities. The management of operational risk has a key objective of minimising the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss. The operational Risk Management Framework is managed through a workflow system (Risk Nucleus) that ensures that all major operational Risks / losses are appropriately assessed and managed or analysed for further escalation.

e) Process of Risk information reporting provided to the Board and Senior Management

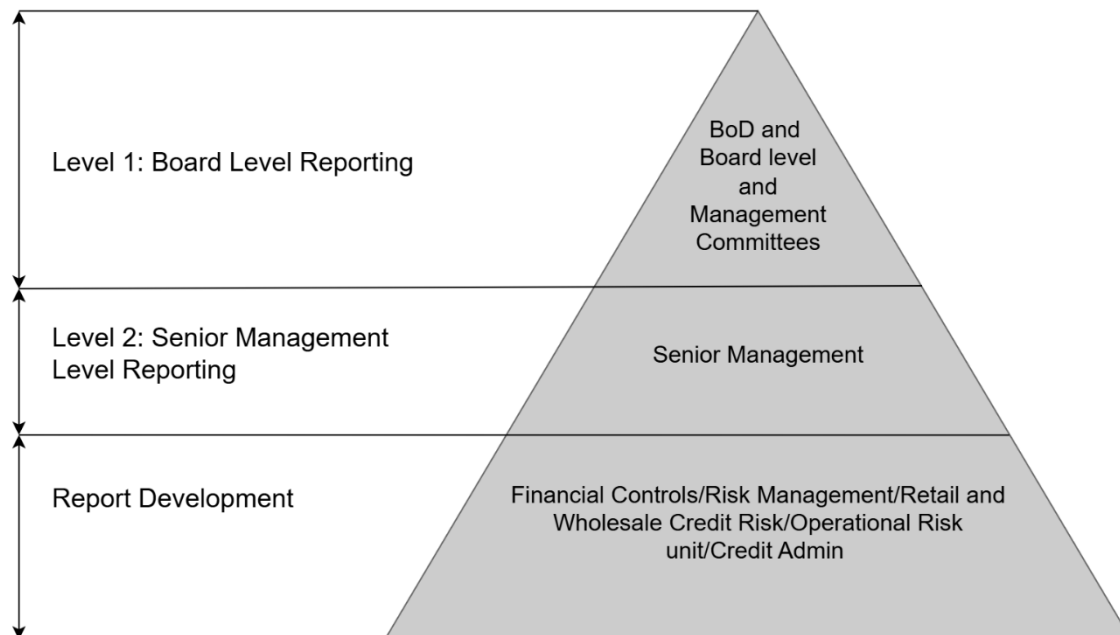
The Bank has developed Management Information (MIS or reports) to facilitate risk awareness and support effective monitoring and decision-making at all levels of the Bank. The MIS helps the Bank's Management to focus on identification of risk issues, develop mitigation plans and monitor to the progress of corrective actions.

Relevant functions within the Bank produce risk MIS with the support of business or other support units (in terms of providing the necessary data inputs, loss information, results of their risk assessments etc.) for material risk exposures to enable informed business decision making. In particular, the risk MIS aim to:

- Increase awareness of key risks across the Bank and improve adequacy of underlying control measures;
- Provide early-warning alert mechanisms to ensure that management is made aware of key risk areas of focus;
- Enable management to assess performance against policies, business plans and risk appetite by business, product types etc., including risk-reward considerations; and
- Reinforce GIB's strategic goals through the acceptance of risks consistent with its risk appetite.

The risk MIS are then presented at the following two reporting levels at the Bank:

- a) Level 1 reporting to the BoD and its committees; and
- b) Level 2 reporting to the Bank's Senior Management.



Quarterly Risk Reports are submitted to the Board and the Senior Management encompassing updates on credit exposure by country, credit rating and industry / concentration, liquidity and market risk positions (VaR), operational risk, information security, strategic risks as well as reports on changes to credit approvals or extension processes, credit risk measurement, market risk measurement and risk control measures. The reports provide an overview to ensure that the Bank has an effective risk

management framework in place and that all risk controls operating throughout the Bank are in accordance with the regulatory requirements and best practice standards for management of risks in banks.

Risk Appetite monitoring is a critical part of the quarterly reporting to the Board and Senior Management. The Bank and its Board of Directors are committed to manage all material risks to which the Bank is exposed specific to its business model / strategy. The Bank has in place a clearly defined Risk Appetite Policy and a Risk Appetite Statement supporting the Policy. This Policy sets the boundaries to be used in assisting the Bank in the decision-making process and managing the existing risks. Risk Management monitors Risk Appetite Metrics using Risk reports and Risk Dashboards. In addition to reporting to the Board and senior management, in case of breach in regulatory Risk Appetite metrics, the Bank has process in place to take immediate steps to be in compliance with the thresholds stipulated by SAMA, by virtue of formulating an action plan and communicating the same to SAMA.

The **Integrated Stress Testing** framework is linked to the Risk Appetite and forms an integral part of the monitoring and review process. In addition, the Stress Test results are reviewed in light of the Risk Appetite and tolerance levels. Results are presented to the Board for information and the endorsement of any required corrective action.

f) Qualitative information on stress testing

The Bank has in place an integrated stress testing (IST) framework that assists the Bank in gaining an enhanced understanding of the potential stress impact of material risks and to assist in the development and identification of appropriate actions to improve sustainability and profitability given the Bank's exposure to such risks. This IST exercise is aligned to the Bank's overall risk profile and risk strategy.

The purpose of the Bank's IST is to achieve the following goals:

- Develop stress testing framework which is both, plausible and reasonable:
 - The scenarios are applicable to the Bank and the market in which it operates;
 - The results assist the Bank's Senior Management and the Board to develop the Bank's strategy in response to idiosyncratic stress events or potential adverse changes in the economic and regulatory environment;
 - The scenarios reflect coverage of material risks across the Bank;
 - Secondary effects of stress scenarios are considered; and
 - The results of stress tests provide a consolidated view of the overall stress testing impact at a Bank-wide level.
- IST framework is closely aligned with the Bank's risk management framework including Internal Capital Adequacy Assessment Process (ICAAP);
- Perform dynamic stress testing with a forward-looking approach covering a minimum period of three years projections;
- Cover both quantitative and qualitative aspects of the potential risks that the Bank foresees:
 - Scenarios built on a logical narrative that describes how and why the event has been assumed to occur; and
 - The financial impact of a stress scenario is calculated on Bank's income statement and balance sheet along with reasonable interpretation of results;

g) The strategies and processes to manage, hedge and mitigate risks

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future business development. The Bank manages its capital structure and makes adjustments to the structure taking account of changes in economic conditions and strategic business plans. The capital structure may be adjusted through the dividend payout or the issue of new shares.

Credit risk mitigation

The Bank uses a variety of credit risk mitigation techniques which contribute to risk diversification and credit protection. The different credit risk mitigation techniques such as collateral, guarantees, credit derivatives, netting agreements and covenants are used to reduce credit risk. Collateral items and guarantees which can be used for credit risk mitigation under the capital adequacy framework are referred to as eligible collateral. Only certain types of collateral and some issuers of guarantees are eligible for preferential risk weights for regulatory capital adequacy purposes.

Furthermore, the collateral management process and the terms in the collateral agreements have to fulfil the SAMA's prescribed minimum requirements (such as procedures for the monitoring of market values, insurance and legal certainty) set out in their capital adequacy regulations.

Moreover, The Bank's policy is to provide credit to its customers based on the strength of the customers' repayment capacity and not on the basis of the strength of the collateral. The Bank would take collateral and guarantees from third parties as a form of additional assurance to mitigate risks.

Market risk mitigation

The Bank adopts a Market Risk Management Framework to comply with the Market Risk Strategy that address the policies and guidelines for the key processes underlying the identification, assessment, measurement, monitoring reporting and control of market risk, including:

- Market risk planning and assessment to determine the nature and level of market risk exposure that the Bank is permitted to undertake in light of its strategy and risk appetite and maintains, among other things, a rigorous process of security selection and approval;
- Value-at-risk analysis to provide a comprehensive and consistent measure of the Bank's market risk exposure to adverse market movements;
- Limit management to monitor portfolio concentrations, size of open positions and maximum allowable losses that the Bank could face on those positions;
- Stress testing to assess and manage the risks associated with extreme market movements on the market values of the portfolios;
- Prudent valuation process to determine the mark-to-market or fair values of market risk related financial instruments and derivatives and maintain data quality;
- Pillar 1 and Pillar 2 treatment of market risk to assess and determine the Bank's capital needs in relation to its market risk profile
- Management of Interest rate risk in the Banking Book (IRRBB) that is consistent with the guidance provided by both the BCBS and SAMA, wherein the Bank's risk appetite for IRRBB shall be measured in terms of both Economic Value of Equity (EVE) and Earnings at Risk (EAR);
- Monitoring and comprehensive reporting for on-going management information on The Bank's market risk profile to the BoD and Senior Management.

Liquidity risk mitigation

The Bank's Liquidity Risk Strategy forms a part of the Bank's overarching risk strategy which requires the Bank to provide oversight of liquidity management and contingent funding strategies to ensure the continued viability and funding of the Bank in a time of crisis and it aspires to:

- a) Ensure funds are available in line with business expectations under both normal business conditions and extreme conditions caused by unforeseen events;
- b) Manage liquidity prudently to meet both financial commitments and facilitate business expansion;
- c) Maintain the flexibility to capitalize on market opportunities in normal business conditions;
- d) Avoid raising funds at a premium over the market rate or through the forced sale of assets; and
- e) Maintain a diversified deposit base avoiding undue dependence on maturity or depositor concentration.

In order to realize the Bank's Liquidity Risk Strategy, the below best practices are adopted:

- a) **Liquidity Environment Analysis:** On-going monitoring of sources of liquidity risk in order to anticipate and identify any internal or external developments that could lead to a potential adverse liquidity event - Customer deposits form a significant part of the Bank's funding. The Bank places considerable importance on maintaining the stability of both its customer and interbank deposits. The stability of deposits depends on maintaining confidence in the Group's financial strength and financial transparency.;
- b) **Liquidity Forecasting:** Projecting the liquidity profile of the Bank in order to identify future funding needs and gaps;
- c) **Liquidity Limits:** Adhering to regulatory requirements, as well as align to the Bank's internal limits, tolerances and risk appetite - The Bank has established approved limits which restrict the volume of liabilities maturing in the short-term. An independent risk management function monitors the future cash flow maturity profile against approved limits on

a daily basis. The cash flows are monitored against limits applying to both daily and cumulative cash flows occurring over a 30 day period. The liquidity limits ensure that the net cash outflows over a 30 day period do not exceed the eligible stock of available liquid resources. The cash flow analysis is also monitored on a monthly basis by the Assets and Liabilities Committee (ALCO).;

- d) **Liquid Reserves:** Maintaining highly marketable assets that can easily be converted to cash in the event of any unforeseen interruption in cash flows;
- e) **Stress Testing:** Conducting stress testing to measure the effect of abnormal market conditions on the liquidity profile of the Bank; and
- f) **Contingency Planning:** Specifying immediate actions for obtaining replacement funding and alternative funding resources in order to be able to generate sufficient liquidity under critical conditions - These plans identify early indicators of stress conditions and prescribe the actions to be taken in the event of a systemic or other crisis, while minimising adverse long-term implications for the Group's business activities.

3. OV1 - Overview of RWA

SAR 000's		a	b	c
		RWA		Minimum capital requirements
		31 Dec 2025	30 Sep 2025	31 Dec 2025
1	Credit risk (excluding counterparty credit risk)	51,096,149	48,787,887	4,087,692
2	Of which: standardised approach (SA)	51,096,149	48,787,887	4,087,692
3	Of which: foundation internal ratings-based (F-IRB) approach			
4	Of which: supervisory slotting approach			
5	Of which: advanced internal ratings-based (A-IRB) approach			
6	Counterparty credit risk (CCR)	384,216	238,849	30,737
7	Of which: standardised approach for counterparty credit risk	384,216	238,849	30,737
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	384,216	238,849	30,737
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period			
12	Equity investments in funds – look-through approach			
13	Equity investments in funds – mandate-based approach			
14	Equity investments in funds – fall-back approach			
15	Settlement risk			
16	Securitisation exposures in banking book			
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)			
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)			
19	Of which: securitisation standardised approach (SEC-SA)			
20	Market risk	3,274,935	3,817,496	261,995
21	Of which: standardised approach (SA)	3,274,935	3,817,496	261,995
22	Of which: internal model approaches (IMA)			
23	Capital charge for switch between trading book and banking book			
24	Operational risk	1,925,713	1,925,713	154,057
25	Amounts below the thresholds for deduction (subject to 250% risk weight)			
26	Output floor applied			
27	Floor adjustment (before application of transitional cap)			
28	Floor adjustment (after application of transitional cap)			
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)	57,065,229	55,008,795	4,565,218

Point to note:

(i) Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" should be reported in the rows.

4. LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

SAR 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 at central banks	8,257,097	8,257,097	8,257,097				
Due from banks and other financial institutions	3,530,322	3,530,330	3,530,330				
Trading portfolio assets	346,723	346,723	0			346,723	
Financial assets designated at amortised cost	12,045,151	12,049,518	12,049,518				
Derivative financial instruments	296,267	296,267		296,267			
Loans and advances to banks							
Loans and advances to customers	36,442,373	36,653,086	36,653,086				
Reverse repurchase agreements and other similar secured lending							
Available for sale financial investments	1,583,212	1,583,212	1,583,212				
Current and deferred tax assets							
Prepayments, accrued income and other assets	1,007,543	1,007,543	1,007,543				
Investments in associates and joint ventures							
Goodwill and intangible assets							
Of which: goodwill							
Of which: other intangibles (excluding MSR)							
Of which: MSR							
Property, plant and equipment	460,762	460,762	460,762				
Total Assets	63,969,450	64,184,538	63,541,548	296,267	-	346,723	-

Liabilities							
Due to banks and other financial institutions	9,236,447						
Customer accounts	41,469,595						
Repurchase agreements and other similar secured borrowings							
Trading portfolio liabilities							
Financial liabilities designated at fair value							
Derivative financial instruments	292,386						
Debt securities in issue	1,502,789						
Accruals, deferred income and other liabilities	1,433,519						
Current and deferred tax liabilities							
Of which: deferred tax liabilities (DTL) related to goodwill							
Of which: DTL related to intangible assets (excluding MSR)							
Of which: DTL related to MSR							
Subordinated liabilities							
Provisions							
Retirement benefit liabilities							
Total Liabilities	53,934,736	-	-	-	-	-	-

5. LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

SAR 000's		a	b	c	d	e
		Total	Items subject to:			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)	64,184,538	63,541,548		296,267	346,723
2	Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)	0				
3	Total net amount under regulatory scope of consolidation (Row 1 - Row 2)	64,184,538	63,541,548		296,267	346,723
4	Off-balance sheet amounts	40,330,381	39,784,449		545,932	
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	Exposure amounts considered for regulatory purposes	104,514,919	103,325,997	-	842,199	346,723

6. LIA - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

There is no significant difference between carrying value as reported in published financial statements and regulatory exposure amounts.

On-Balance sheet exposure is different from published financial statements with respect to IFRS ECL provisions, it is treated as part of Tier II capital for capital adequacy purposes while it is netted against the asset in the published financial statements. In case of off-Balance sheet, total carrying amount is used in published financial statements while the credit equivalent amounts (after applying conversion factors) are used for regulatory capital adequacy purposes.

7. CC1 - Composition of regulatory capital

SAR 000's		a	b	Commentary to explain any significant changes over the reporting period and the key drivers of such change
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	7,500,000	h	
2	Retained earnings	477,392		
3	Accumulated other comprehensive income (and other reserves)	181,822		
4	Directly issued capital subject to phase-out from CET1 capital (only applicable to non-joint stock companies)			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 capital)			
6	Common Equity Tier 1 capital before regulatory adjustments	8,159,214		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudent valuation adjustments			
8	Goodwill (net of related tax liability)		a minus d	
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)		b minus e	
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)			
11	Cash flow hedge reserve			
12	Shortfall of provisions to expected losses			
13	Securitisation gain on sale (as set out in SACAP4.1.4)			
14	Gains and losses due to changes in own credit risk on fair valued liabilities			
15	Defined benefit pension fund net assets			
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)			
17	Reciprocal cross-holdings in common equity			
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)			
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)			
20	Mortgage servicing rights (amount above 10% threshold)		c minus f minus 10% threshold	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)			
22	Amount exceeding the 15% threshold			
23	Of which: significant investments in the common stock of financials			
24	Of which: mortgage servicing rights			
25	Of which: deferred tax assets arising from temporary differences			
26	National specific regulatory adjustments			
27	Regulatory adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions			
28	Total regulatory adjustments to Common Equity Tier 1 capital			
29	Common Equity Tier 1 capital (CET1)	8,159,214		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	1,875,500	i	
31	Of which: classified as equity under applicable accounting standards	1,875,500		
32	Of which: classified as liabilities under applicable accounting standards			

33	Directly issued capital instruments subject to phase-out from additional Tier 1 capital			
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group additional Tier 1 capital)			
35	Of which: instruments issued by subsidiaries subject to phase-out			
36	Additional Tier 1 capital before regulatory adjustments	1,875,500		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own additional Tier 1 instruments			
38	Reciprocal cross-holdings in additional Tier 1 instruments			
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation			
41	National specific regulatory adjustments			
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions			
43	Total regulatory adjustments to additional Tier 1 capital			
44	Additional Tier 1 capital (AT1)	1,875,500		
45	Tier 1 capital (T1 = CET1 + AT1)	10,034,714		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1,500,000		
47	Directly issued capital instruments subject to phase-out from Tier 2 capital			
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)			
49	Of which: instruments issued by subsidiaries subject to phase-out			
50	Provisions	242,378		
51	Tier 2 capital before regulatory adjustments	1,742,378		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments			
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities			
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)			
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
56	National specific regulatory adjustments			
57	Total regulatory adjustments to Tier 2 capital			
58	Tier 2 capital (T2)	1,742,378		
59	Total regulatory capital (TC = T1 + T2)	11,777,092		
60	Total risk-weighted assets	57,065,229		
	Capital adequacy ratios and buffers			
61	Common Equity Tier 1 capital (as a percentage of risk-weighted assets)	14.3%		
62	Tier 1 capital (as a percentage of risk-weighted assets)	17.6%		
63	Total capital (as a percentage of risk-weighted assets)	20.6%		
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	2.6%		
65	Of which: capital conservation buffer requirement	2.5%		

66	Of which: bank-specific countercyclical buffer requirement	0.1%		
67	Of which: higher loss absorbency requirement			
68	Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	7.2%		
	National minima (if different from Basel III)			
69	National minimum Common Equity Tier 1 capital adequacy ratio (if different from Basel III minimum)			
70	National minimum Tier 1 capital adequacy ratio (if different from Basel III minimum)			
71	National minimum total capital adequacy ratio (if different from Basel III minimum)			
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities			
73	Significant investments in the common stock of financial entities			
74	Mortgage servicing rights (net of related tax liability)			
75	Deferred tax assets arising from temporary differences (net of related tax liability)			
	Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap)	242,378		
77	Cap on inclusion of provisions in Tier 2 capital under standardised approach	713,315		
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings-based approach (prior to application of cap)			
79	Cap for inclusion of provisions in Tier 2 capital 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			
81	Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)			
82	Current cap on AT1 instruments subject to phase-out arrangements			
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)			
84	Current cap on Tier 2 instruments subject to phase-out arrangements			
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)			

8. CC2 - Reconciliation of regulatory capital to balance sheet

SAR 000's	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at 31 Dec 2025	As at 31 Dec 2025	
Assets			
Cash and balances at central banks	8,257,097	8,257,097	
Due from banks and other financial institutions	3,530,322	3,530,330	
Trading portfolio assets	346,723	346,723	
Financial assets designated at amortised cost	12,045,151	12,049,518	
Derivative financial instruments	296,267	296,267	
Loans and advances to banks			
Loans and advances to customers	36,442,373	36,653,086	
Reverse repurchase agreements and other similar secured lending			
Available for sale financial investments	1,583,212	1,583,212	
Current and deferred tax assets			
Prepayments, accrued income and other assets	1,007,543	1,007,543	
Investments in associates and joint ventures			
Goodwill and intangible assets			
Of which: goodwill			a
Of which: other intangibles (excluding MSR)			b
Of which: MSR			c
Property, plant and equipment	460,762	460,762	
Total assets	63,969,450	64,184,538	
Liabilities			
Due to banks and other financial institutions	9,236,447		
Customer accounts	41,469,595		
Repurchase agreements and other similar secured borrowing			
Trading portfolio liabilities			
Financial liabilities designated at fair value			
Derivative financial instruments	292,386		
Debt securities in issue	1,502,789		
Accruals, deferred income and other liabilities	1,433,519		
Current and deferred tax liabilities			
Of which: deferred tax liabilities (DTL) related to goodwill			d
Of which: DTL related to intangible assets (excluding MSR)			e
Of which: DTL related to MSR			f
Subordinated liabilities			
Provisions			
Retirement benefit liabilities			
Total liabilities	53,934,736	-	
Shareholders' equity			
Paid-in share capital	7,500,000	7,500,000	
Statutory reserve	174,479	174,479	
Fair value reserve	7,343	7,343	
Retained earnings	477,392	477,392	
Additional Tier I capital	1,875,500	1,875,500	
Intangible assets			
Tier II capital		1,742,378	
Total shareholders' equity	10,034,714	11,777,092	

9. CDC - Capital distribution constraints

		a	b
		CET1 capital ratio that would trigger capital distribution constraints (%)	Current CET1 capital ratio (%)
1	CET1 minimum requirement plus Basel III buffers (not taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	7.1%	14.3%
2	CET1 capital plus Basel III buffers (taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	7.1%	
		Leverage ratio that would trigger capital distribution constraints (%)	Current leverage ratio (%)
3	[Applicable only for G-SIBs] Leverage ratio	N/A	N/A

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

SAR 000's		a		
		Quantitative / qualitative information		
1	Issuer	Gulf International Bank - Saudi Arabia	Gulf International Bank - Saudi Arabia	Gulf International Bank - Saudi Arabia
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	SA15UFK0K430	ISIN: XS3227715334
3	Governing law(s) of the instrument	Kingdom of Saudi Arabia Laws	Kingdom of Saudi Arabia Laws	English Law
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)	NA	NA	NA
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2 Capital	Additional Tier 1 Capital
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2 Capital	Additional Tier 1 Capital
6	Eligible at solo/group/group and solo	Group and Solo	Group and Solo	Group and Solo
7	Instrument type (refer to SACAP)	Paid-up Share Capital	Subordinated debt	Subordinated – Additional Tier 1
8	Amount recognised in regulatory capital (currency in thousands, as of most recent reporting date)	SAR 7,500,000	SAR 1,500,000	USD 500,000
9	Par value of instrument	SAR 7,500,000	SAR 1,500,000	USD 500,000
10	Accounting classification	Equity	Liability	Equity
11	Original date of issuance	3-Apr-19	19-Dec-23	12-Nov-25
12	Perpetual or dated	Perpetual	Dated	Perpetual
13	Original maturity date	No Maturity	19-Dec-33	No Maturity
14	Issuer call subject to prior SAMA approval	NA	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	19-Dec-28	In compliance with Basel III rules, call date is equal to or greater than 5 years, as the first call date is 12th November 2030, and the instrument may be redeemed early due to a capital event, tax event or at the option of the Bank as described in the terms and conditions of the instrument

16	Subsequent call dates, if applicable	NA	NA	The first call date and any date thereafter up to and including the first reset date which is 12 May 2031: any profit distribution dates thereafter
	Coupons / dividends			
17	Fixed or floating dividend/coupon	NA	Floating	Fixed
18	Coupon rate and any related index	NA	3-month SAIBOR + 1.2%	Coupon rate 6.625% fixed per annum until the first reset date. Resets on the first reset date and every 5 years thereafter to the 5 years UST rate + the margin payable semi-annually
19	Existence of a dividend stopper	NA	NA	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory	Full discretionary
21	Existence of step-up or other incentive to redeem	NA	NA	None
22	Non-cumulative or cumulative	NA	NA	Non-cumulative
23	Convertible or non-convertible	NA	NA	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	None
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	NA	NA	Yes
31	If write-down, write-down trigger(s)	NA	NA	Non-viability event
32	If write-down, full or partial	NA	NA	Full or partial write-down
33	If write-down, permanent or temporary	NA	NA	Permanent
34	If temporary write-down, description of writeup mechanism	NA	NA	NA
34a	Type of subordination	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	NA	NA	In liquidation or insolvency of the issuer, the claim of instrument holders shall rank junior to all unsubordinated and subordinated creditors of the issuer, including Tier2 capital instruments
36	Non-compliant transitioned features	NA	NA	NA
37	If yes, specify non-compliant features	NA	NA	NA

11. CCyB1 - Geographical distribution of credit exposures used in the countercyclical capital buffer

SAR 000's	a	b	c	d	e
Geographical breakdown	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
		Exposure values	Risk-weighted assets		

Saudi Arabia	0.00%	52,345,487	50,046,214		
Afghanistan					
Albania					
Algeria					
Argentina					
Australia					
Austria	2.50%	5,625	1,687		
Bahamas					
Bahrain	2.50%	388,014	337,538		
Bangladesh					
Barbados					
Belgium	1.00%	11,249	3,375		
Bermuda					
Bosnia and Herzegovina					
Brazil					
Brunei					
Bulgaria					
Canada	0.00%	3,750	750		
Cayman Island	2.50%	114,476	34,343		
China	0.00%	22,499	6,750		
Comoros Islands					
Croatia					
Cyprus					
Denmark	2.50%	3,750	1,125		
Djibouti					
Ecuador					
Egypt	2.50%	198,488	201,699		
Finland					
France	1.00%	94,461	28,040		
Germany	0.75%	24,337	7,301		
Ghana					
Greece					
Hong Kong					
India	0.00%	562,848	693,489		
Indonesia					
Iran					
Iraq					
Ireland					
Italy	0.00%	18,360	6,633		
Jamaica					
Japan	0.00%	121,179	36,354		
Jordan	2.50%	72,465	72,427		
Kenya					
Korea S.	1.00%	164,297	37,283		
Kosovo					

Kuwait	2.50%	20,944	5,798		
Lebanon					
Libya					
Macedonia					
Malaysia	2.50%	169,958	50,987		
Mauritania					
Mexico					
Montenegro					
Morocco					
Myanmar					
Nepal					
Neth. Antilles					
Netherlands	2.00%	9,374	2,812		
New Zealand					
Nigeria					
Norway	2.50%	3,750	750		
Oman	2.50%	184,616	95,802		
Pakistan	2.50%	188,285	282,428		
Palestine					
Peru					
Philippines					
Qatar	2.50%	10,499	3,900		
Romania					
Russia					
Senegal					
Serbia					
Seychelles					
Sierra Leone					
Singapore					
Slovenia					
Somalia					
South Africa					
Spain	0.50%	67,924	21,666		
Sri Lanka					
Sudan					
Sweden	2.00%	76,500	15,300		
Switzerland	0.00%	11,497	2,674		
Syria					
Taiwan					
Thailand					
Tunisia					
Turkey	0.00%	35,470	35,453		
United Arab Emirates	2.50%	837,609	305,918		
United Kingdom	2.00%	72,672	17,663		
United States	0.00%	1,054,559	384,495		

Uruguay					
Venezuela					
Yemen					
Residual Other European Countries					
Residual Other European Union Countries	2.50%	1,404	2,090		
Residual Other African Countries					
Residual Other Asian Countries					
Residual Other Middle Eastern Countries					
Residual Other North & Central American Countries					
Residual other Oceania Countries					
Residual Other South American Countries					
International Inst.					
Unallocated					
Sum		2,720,697	1,529,934		
Total		56,896,345	52,742,745	0.07%	36,478

12. LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure

SAR 000's		a
1	Total consolidated assets as per published financial statements	63,969,450
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	
4	Adjustments for temporary exemption of central bank reserves (if applicable)	
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustments for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	249,665
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off balance sheet exposures)	15,846,523
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	
13	Leverage ratio exposure measure	80,065,638

13. LR2 - Leverage ratio common disclosure

SAR 000's		a	b
		31 Dec 2025	30 Sep 2025
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	63,888,270	57,800,947
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework		
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Basel III Tier 1 capital)	(215,087)	(205,469)
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)		
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	63,673,183	57,595,478
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	244,863	144,409
9	Add-on amounts for potential future exposure associated with all derivatives transactions	301,069	201,769
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	Total derivative exposures (sum of rows 8 to 12)	545,932	346,178
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
17	Agent transaction exposures		
18	Total securities financing transaction exposures (sum of rows 14 to 17)		
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	39,784,449	40,447,911
20	(Adjustments for conversion to credit equivalent amounts)	(23,864,132)	(24,982,423)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	(73,794)	(102,515)
22	Off-balance sheet items (sum of rows 19 to 21)	15,846,523	15,362,973
Capital and total exposures			
23	Tier 1 capital	10,034,714	8,074,084
24	Total exposures (sum of rows 7, 13, 18 and 22)	80,065,638	73,304,629
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	12.5%	11.0%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.5%	11.0%
26	National minimum leverage ratio requirement	3.0%	3.0%
27	Applicable leverage buffers		
Disclosures of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
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		
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)		
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)		
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)		
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. LIQA - Liquidity Risk Management:

- a) **Governance of liquidity risk management, including: risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity reporting; and communication of liquidity risk strategy, policies and practices across business lines and with the board of directors.**

The Bank has a Board approved Liquidity Risk Management Policy (LRMP) that sets out the principles, minimum standards, risk appetite, approach and the key roles and responsibilities of the Board of Directors (BoD) and the Senior Management in relation to the liquidity risk management in the Bank. The BoD delegates some of its supervisory responsibilities to the Board Risk Committee (BRC) which assist the BoD in reviewing the risk profile of the Bank, establishing the Risk Management Framework and relevant controls, reviewing the risk appetite, policies, and overall limits and parameters within which the Bank conducts its business. The Assets and Liabilities Committee (ALCO) regularly monitors the liquidity risk profile of the Bank and periodically reviews information to understand and assess the liquidity risk exposure, including the composition, maturity characteristics and diversification of the liquidity resources.

Treasury has the overall responsibility for managing the status of liquidity on a day-to-day basis and meeting short-term cash flow and manage funding requirements within ALCO approved limits.

The Bank has identified the following risk appetite metrics to assist in measuring the liquidity risk exposure.

- a) Liquidity Coverage Ratio: The measure of the Bank's short-term resilience in facing stressed conditions for a period of up to one month
- b) Net Stable Funding Ratio: The measure of the Bank's long-term resilience in facing stressed conditions for periods beyond one year
- c) Liquidity Gap Limits: Then Bank has established liquidity gap limits based on the projected balance sheet and behavioural assumptions
- d) Survival Time Horizon: The period in which the Bank shall be able to survive without resorting to external funding based on cash flow assumptions approved by ALCO
- e) Stress Testing: The Bank conducts stress testing on a frequent basis to assess the liquidity risk associated with stress events
- f) Fund Raising Capacity from Liquidity Reserve: The Bank's ability to raise funding within a short period at an acceptable cost through the utilisation of the Bank's liquidity reserve
- g) SAMA's Liquidity Ratio: Ensures that a percentage of the customer deposits are always maintained in short dated placements, treasury bills and government Bonds
- h) Loans to Deposits ratio: Ensures that the Bank has adequate customer deposits to fund its loans portfolio

b) Funding Strategy

The Bank's funding strategy is to increase the retail and operational wholesale deposits through its Global Transaction Banking (GTB) and Retail initiatives. Additionally, the Bank also ensures that deposit maturities are not concentrated by ensuring the deposits have an average (remaining) tenor of 90 days. The average tenor of core deposits is monitored by ALCO monthly.

c) Liquidity risk mitigation techniques

Liquidity risk is the risk that sufficient funds are not available to meet the Bank's financial obligations on a punctual basis as they fall due. The risk arises from the timing differences between the maturity profiles of the Bank's assets and liabilities. It includes the risk of losses arising from the following:

- forced sale of assets at below normal market prices
- raising of deposits or borrowing funds at excessive rates
- the investment of surplus funds at below market rates

Liquidity management policies are designed to ensure that funds are available at all times to meet the funding requirements of the Bank, even in adverse conditions. In normal conditions, the objective is to ensure that there are sufficient funds available not only to meet current financial commitments but also to facilitate business expansion. These objectives are met through the application of prudent liquidity controls. These controls provide access to funds without undue exposure to increased costs from the liquidation of assets or the aggressive bidding for deposits.

The Bank's liquidity controls ensure that, over a medium-term horizon, the future profile of cash flows is adequately controlled through liquidity gap limits. Liquidity controls also provide for the maintenance of a stock of liquid and readily realisable assets and a diversified deposit base in terms of both maturities and range of depositors.

d) Liquidity Stress Testing

The Bank conducts liquidity stress testing as part of the quarterly BRC meeting and the ILAAP exercise. The stress tests are conducted under three scenarios; severe, moderate and mild over a time horizon of three months. The impact of liquidity risk factors such as deposit concentration risk, Retail funding risk, Wholesale funding risk and other material risks are assessed to gauge the impact on regulatory ratios.

The stress tests are designed to assess the Bank's liquidity position under the three stress test scenarios in conjunction with the management actions that can be taken (if required) to restore the regulatory ratios within the regulatory guidelines in stressed liquidity situations.

e) Contingency funding plan

A Contingency Funding Plan ("CFP") helps ensure that a bank can prudently and efficiently manage extraordinary and unexpected fluctuations in liquidity during stressed conditions. The Bank's CFP outlines the strategy that addresses the avenues for alternative funding if a liquidity crisis arises. The CFP lays out the procedures and action plan to prepare the bank to deal with the crisis on hand with clear responsibilities, invocation and escalation procedures.

The Bank has formalized procedures related to the management of a liquidity crisis by forming a liquidity crisis management team which is mandated by the Board to implement the action plan to return to business as usual conditions. The Bank also has a comprehensive Board approved early warning indicators (EWIs), activation mandate, action plan including crisis assessment, financial and operational actions.

The Bank conducts testing on a frequent basis which includes funding options, liquidity testing and implementation of communication strategy.

The Bank's Risk Management function and ALCO monitors EWIs and its triggers for signs of internal distress as well as in the banking sector, and other geographic areas, which have the potential to impact the Bank's liquidity and funding.

- f) Customized measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank.

On Balance

SAR 000s	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	No fixed maturity	On Demand	Total
Assets							
Cash and balances with SAMA	6,461,000				1,785,296	10,801	8,257,097
Due from Banks and other financial institutions	2,554,527					975,795	3,530,322
Investments, net	187,651	391,702	4,812,963	8,201,973	380,797		13,975,086
Positive fair value of derivatives	2,326	139,272	93,042	61,627			296,267
Loans and advances, net	19,902,368	6,624,548	7,543,493	3,076,443	(704,479)		36,442,373
Other assets					587,715	880,590	1,468,305
Total assets	29,107,872	7,155,522	12,449,498	11,340,043	2,049,329	1,867,186	63,969,450
Liabilities and equity							
Due to banks and other financial institutions	7,345,050	325,222	1,342,050			224,125	9,236,447
Customer deposits	16,713,437	3,170,943	2,049,921			19,535,294	41,469,595
Negative fair value of derivatives	3,429	139,294	87,130	62,533			292,386
Subordinated debt	2,789		1,500,000				1,502,789
Other liabilities	4,456	13,369	21,653		259,263	1,134,778	1,433,519
Equity					10,034,714		10,034,714
Total liabilities and equity	24,069,161	3,648,828	5,000,754	62,533	10,293,977	20,894,197	63,969,450
On balance sheet gap	5,038,711	3,506,694	7,448,744	11,277,510	(8,244,648)	(19,027,011)	-

Off Balance

SAR 000s	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Letters of credit	1,779,641	762,630	1,171		2,543,442
Letters of guarantee	4,885,536	8,467,067	3,146,218	48,635	16,547,456
Acceptances	1,222,297	425,835	50,784		1,698,916
Irrevocable commitments to extend credit		399,503	1,627,031	431,238	2,457,772
Total	7,887,474	10,055,035	4,825,204	479,873	23,247,586

- g) Concentration limits on collateral pools and sources of funding (both products and counterparties).

Sources of Funding Distribution	
Deposits from banks	17%
Deposits from customers	77%
Subordinated debt	3%
Other liabilities	3%

15. LIQ1 - Liquidity Coverage Ratio (LCR)

SAR 000's		Total unweighted value	Total weighted value
High quality liquid assets			
1	Total HQLA		10,964,937
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	4,603,444	146,307
3	Stable deposits		
4	Less stable deposits	4,603,444	146,307
5	Unsecured wholesale funding, of which:	24,567,194	10,018,242
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)	24,567,194	10,018,242
8	Unsecured debt		
9	Secured wholesale funding		
10	Additional requirements, of which:	2,038,576	231,309
11	Outflows related to derivative exposures and other collateral requirements	43,834	31,835
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	1,994,742	199,474
14	Other contractual funding obligations		
15	Other contingent funding obligations	24,742,167	538,736
16	TOTAL CASH OUTFLOWS		10,934,595
Cash inflows			
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures	4,805,204	3,686,219
19	Other cash inflows	111,308	29,918
20	TOTAL CASH INFLOWS		3,716,137
			Total adjusted value
21	Total HQLA		10,964,937
22	Total net cash outflows		7,218,458
23	Liquidity Coverage Ratio (%)		151.9%

- Saudi Central Bank requires banks to maintain minimum LCR of 100%. Data presented in the disclosure is based on simple average of daily observation over the previous quarter. The Bank's LCR decreased to 151.9% as at December 31, 2025 from 192.8% as at September 30, 2025 primarily due to decrease in Net Cash Outflows from SAR 7.2 billion in September 30, 2025 to SAR 5.7 billion in December 31, 2025.
- The Bank held an average 98% of its High-Quality Liquid Assets (HQLA) in the form of cash, placements with central bank and 0% risk weight sovereign securities.
- The majority of the Bank's weighted cash flows are attributable to the wholesale funding comprising of 69% of outflows; sovereigns, central banks, PSEs and MDBs at 20%, bank deposits at 3% and retail deposits at 1%.
- Additionally, as required by the regulator, LCR is monitored for all significant currencies to ensure compliance with liquidity ratios in either currency, these include SAR and USD.

16. LIQ2 - Net Stable Funding Ratio (NSFR)

SAR 000's		a	b	c	d	e
		Unweighted Value by Residual Maturity				Weighted Value
		No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1 year	
Available stable funding (ASF)						
1	Capital:				11,777,092	11,777,092
2	Regulatory capital				11,777,092	11,777,092
3	Other capital instruments					
4	Retail deposits and deposits from small business customers, of which:	746,219	3,618,637	212,054		4,119,219
5	Stable deposits					
6	Less stable deposits	746,219	3,618,637	212,054		4,119,219
7	Wholesale funding:	19,655,053	22,992,377	248,474	3,313,405	23,065,667
8	Operational deposits					
9	Other wholesale funding	19,655,053	22,992,377	248,474	3,313,405	23,065,667
10	Liabilities with matching interdependent assets					
11	Other liabilities					
12	NSFR derivative liabilities					
13	All other liabilities and equity not included in the above categories					
14	Total ASF					38,961,978
Required stable funding (RSF)						
15	Total NSFR high-quality liquid assets (HQLA)	8,054	12,483,472	1,300,000	7,598,550	1,702,321
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		21,511,357	5,314,966	13,871,736	25,307,068
18	Performing loans to financial institutions secured by Level 1 HQLA					
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions					
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:		19,817,828	4,461,096		12,139,462
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk			6,634	10,053,961	8,549,185
22	Performing residential mortgages, of which:					
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk					
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		1,693,530	847,236	3,817,774	4,618,421
25	Assets with matching interdependent liabilities					
26	Other assets:		756,457	101	95,636	852,193
27	Physical traded commodities, including gold					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties					
29	NSFR derivative assets				53,084	53,084
30	NSFR derivative liabilities before deduction of variation margin posted				26,067	26,067
31	All other assets not included in the above categories		756,457	101	16,485	773,042
32	Off-balance sheet items		10,345,936	7,000,479	9,244,143	94,182
33	Total RSF					27,955,764
34	Net Stable Funding Ratio					139.4%

- The NSFR increased to 139.4% as at December 31, 2025 compared to 135.9% as at September 30, 2025 mainly due to increase in Available Stable Funding primarily due to additional tier 1 issuance.
- As at December 31, 2025 the Bank held a balance of 30% of its Available Stable Funding (ASF) in form of capital, with a 100% ASF factor. The majority of the remaining balance of ASF was 51% in wholesale funding with 50% ASF factor and 11% in retail deposits with 90% ASF factor.
- The Required Stable Funds (RSF) as at December 31, 2025 primarily consisted of performing loans and securities contributing 85% of the RSF, with various RSF factors. The remaining RSF are attributable to HQLA, other assets and off-balance sheet items.

17. ENC - Asset encumbrance

SAR 000's		a	b	c
Balance Sheet Assets		Encumbered assets	Unencumbered assets	Total
1	Cash and balances with Saudi Central Bank (SAMA)		8,257,097	8,257,097
2	Due from banks and other financial institutions, net		3,530,322	3,530,322
3	Investments, net	3,097,314	10,877,772	13,975,086
4	Positive fair value of derivatives		296,267	296,267
5	Loans and advances, net		36,442,373	36,442,373
6	Other assets		1,468,305	1,468,305
7	Total	3,097,314	60,872,136	63,969,450

18. CRA - General qualitative information about credit risk

a) How the business model translates into the components of the Bank's credit risk profile.

Credit risk is the risk that a customer, counterparty or an issuer of securities or other financial instruments fails to perform under its contractual payment obligations thus causing the Bank to suffer a loss in terms of cash flow or market value. Credit risk is the predominant risk type faced by the Bank in its banking, investment and treasury activities, both on- and off-balance sheet.

Where appropriate, the Bank seeks to minimise its credit exposure using a variety of techniques including, but not limited to, the following:

- entering netting agreements with counterparties that permit the offsetting of receivables and payables
- obtaining collateral
- seeking third party guarantees of the counterparty's obligations
- imposing restrictions and covenants on borrowers

Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures. Prior to the approval of a credit proposal, a detailed credit risk assessment is undertaken which includes an analysis of the obligor's financial condition, market position, business environment and quality of management. The risk assessment generates an internal credit risk rating for each counterparty, which affects the credit approval decision and the terms and conditions of the transaction. For cross-border transactions, an analysis of country risk is also conducted. The credit decision for an individual counterparty is based on the aggregate Bank exposure to that counterparty and all its related entities.

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

The Bank has established a framework to identify all activities that might result in credit risk exposure and continues to rigorously manage its exposure to ensure that the Bank addresses the risk of default and consequent loss of earnings and impact on capital.

The credit risk management framework encompasses credit risk governance structure, credit risk appetite, credit risk strategies, and credit risk policies which are developed and maintained with due cognizance of regulatory requirements.

The Bank has a **credit risk governance structure** in place that oversees credit risk management, supported by individuals and committees who have the appropriate levels of experience, qualifications and competence.

The Bank's risk appetite statement includes the Bank level **credit risk appetite** ensuring diversification and concentration limit thereby embracing credit risk capacity, targets, and tolerance levels and limit structure.

The Bank has developed **credit risk strategies** that shall help in minimising undue concentration and unexpected losses, while maintaining a diversified credit portfolio, to mitigate the impact of risks to the Bank's capital in adverse market conditions. These strategies clearly articulate and define the product lines and types of credit facilities offered, target markets (customers, industries, countries), portfolio mix, credit granting criteria, credit approving authorities and exceptions reporting.

The Bank has in place clearly articulated **credit risk policies and procedures** to address credit risk in the Bank's activities at both individual and credit portfolio level, which reflect the Bank's credit culture and ethical standards including credit granting, credit rating, credit monitoring, collateral management and distressed credit aspects.

Bank-wide **credit limit setting** and approval authorisation requirements are conducted within Board approved guidelines, and the measurement, monitoring and control of credit exposures are done on a Bank-wide basis in a consistent manner. Overall exposures are evaluated to ensure diversification of credit risk. Potential concentration risks by industry, single obligor, credit risk rating and geography are regularly assessed with a view to improving overall portfolio diversification. Established limits and actual levels of exposure are regularly reviewed by the Chief Risk Officer (CRO) and other members of senior management.

Credit exposures are subject to an annual review process. Credit policies and procedures are designed to identify, at an early stage, exposures which require more detailed monitoring and review.

Credit Granting and Rating

The Bank has established policies and processes to ensure that the Bank manages credit risk inherent in all products and activities based on the below key guidelines:

- a) Risks of new products and activities is subject to adequate risk management procedures and controls and endorsed by the relevant authorized Committee/Senior Management, before being introduced to the market;
- b) Credit exposure is subjected to a comprehensive credit review and due diligence;
- c) Detailed credit rating methodology based on leading practices is used for assessing the credit worthiness of its obligors;
- d) Policy is in place for the acceptance, assessment and management of collateral, where applicable; and
- e) Clearly identified process is in place for obtaining credit approvals for new credit, as well as for amendments, renewals and refinancing of existing credit.

Credit Monitoring and Reporting

The Bank has established policies and processes to administer and monitor credit on an individual level and portfolio level, ensuring composition and quality of the credit (portfolio and individual), through the analysis of qualitative and quantitative information and ensuring adequacy of provisions when required;

- a) efficient and effective credit administration policies govern monitoring adequacy of documentation, contractual requirements, adequate segregation of duties, adequate controls over all back-office procedures and compliance with prescribed management policies;
- b) credit risk exposures are assessed under stressful conditions by conducting appropriate stress testing using different scenarios;
- c) Concentration risk is monitored by industry, segment, single obligor, credit rating and geography;
- d) framework for early warning indicators is implemented that measures the Bank's credit risk exposures;
- e) Comprehensive procedures and adequate management information systems are in place to support the continuous monitoring and assessment of credit risk at both an individual and portfolio level;
- f) Independent and on-going assessment of the credit risk management process is in place;
- g) Effective and efficient internal reporting framework is established; and
- h) Internal controls to ensure that exceptions to policies and limits are monitored and reported to the appropriate approving authorities are established.

Distressed Credit

The Bank has policies and processes in place for managing distressed credit and to ensure that remedial actions are undertaken on a timely basis. The Bank has a remedial management process triggered by specific events throughout the credit monitoring process. The Bank has established a Provisioning Committee which sets the provisioning framework, methodology and processes, to ensure that adequate levels of provisions are in place at both an individual and portfolio level. The Provisioning Committee reviews the provisions on a quarterly basis. The Bank classifies its exposures and calculate provisions in accordance with IFRS 9;

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

The Bank's Board-approved credit risk management structure clearly delineates lines of authority, establish accountabilities and responsibilities of individuals involved in the different phases of the credit risk management process.

The Bank's credit risk management organization is broadly classified into three functional lines of activities: The Business Lines, Credit Risk Management function and Credit administration, to properly segregate accountabilities, ensure that no individual is assigned conflicting responsibilities, and effectively monitor and control the risks being taken.

The **Business lines** (Wholesale Banking, Treasury and Retail Banking) perform credit originating; recommend internal credit ratings, classifications and allowances for losses including changes thereafter, if required; and the on-going monitoring of credit exposures of borrowers on a day-to-day basis.

The Bank has a dedicated **Credit Risk Management function** that are independent of business units headed by the Chief Credit Officer (CCO), who reports to the CRO. The Credit Risk Management function staff members have the necessary skills, expertise and specialisation. The function performs risk management and control functions that are independent from the credit originating and administration functions. The Credit Risk Management function provides meaningful inputs in policy formulation and limits setting, designs and implements the Bank's internal credit risk rating system and reviews periodic exposure and exception monitoring. All credit proposals are independently reviewed by the Credit Risk Management function and then recommended to the appropriate level of approval authority as defined in the Bank's policy which include Board of Directors, the Executive Committee of the Board and Senior Management Credit Committee of the Bank.

Special Asset Unit is another function that is independent from the credit originating function to ensure that problem loans are managed effectively to minimize potential losses.

The **Credit Administration** function provides support in the overall credit administration, including, among others: ensuring complete documentation, credit disbursement and recording of payments received; maintenance of credit and collateral files; and compilation of management information reports.

d) Relationships between the credit risk management, credit administration, compliance and internal audit functions.

The Board has ultimate responsibility for the Bank's risk organization and for ensuring satisfactory internal control. The Board adopts policies for controlling all perceived risks and these are supplemented by detailed routines and guidelines within the Bank. Board Risk Committee (BRC) supports the Board by discussing, steering and monitoring these risks and prepare for decisions by the full Board.

The CEO has overall responsibility for managing all the Bank's risks in accordance with the Board's policies. The CEO ensures that the Bank's organization and administration are appropriate and that the Bank's operations are in compliance with the external and internal framework. The CRO supports the CEO by ensuring that the Board has all necessary information to make risk related decisions.

The basis for the risk management and internal control framework in the Bank is based on the three lines of defence model that is governed by the Bank's policies.

The first line of defence refers to all risk management activities carried out by the line management and staff. All managers are fully responsible for the risks, and the management of these, within their respective area of responsibility. Hence, they are responsible for ensuring that the appropriate organization, procedures and support systems are implemented to ensure a sufficient system of internal controls.

The second line of defence refers to Bank's independent Credit Risk Management, Credit Administration and Compliance Functions. To ensure independence, these functions are independent from the business units. These functions set the framework and principles

for the work on risk management and compliance, and carry out independent follow-up. Each function in the second line of defence has a well-defined mandate to ensure full independence of each function organizationally and operationally. These functions, however, operate in a coordinated manner to ensure that the Bank maintains the Risk Management Framework and Strategy.

Credit Risk Management is responsible for maintaining the Credit Risk Management Framework in the Bank by conducting credit risk assessments and managing the credit approval process within the Bank's risk strategy, risk profile, risk appetite and policy standards.

Credit Administration is responsible for the overall documentations, collateral management and limits management framework of the Bank where they ensure no breaches are noted. Any exceptions, if any, is escalated to the relevant stakeholders.

Compliance Function is responsible for ensuring compliance with KYC guidelines under applicable laws and regulatory requirements. The third line of defence refers to the **Internal Audit Function** which is responsible for carrying out a risk-based programme of work designed to provide assurance that Board-approved Credit Risk Management Framework have been consistently applied. This involves ensuring that controls are in place and working effectively in accordance with the Bank's policies and procedures as well as with laws and regulations. The Board Audit Committee receives regular reports of the results of audit work.

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

The Credit Risk Reporting incorporates all the relevant forward looking business and financial risk drivers and metrics that are reflective of the nature of the Bank's business and is based on data that is subject to appropriate controls to ensure its integrity. The Credit Risk reports provided to Senior management and the Board on quarterly basis include:

- Providing an overview of GIB's **credit risk profile**, includes:
 - High-level summary of credit portfolio by credit rating classification, industry, region and country.
 - Summary of significant period-on-period changes to portfolio structure and composition.
 - Highlights of observed limit breaches, if any, including credit concentration limits together with details of corrective action.
 - Summary of collateral portfolio and composition.
 - Highlights of significant changes, if any, in the level of provisions, non-performing loans, major write-offs, decline in collateral values etc., and management actions taken in light of their developments.
 - Monitoring compliance with **risk appetite** metrics.
- Monitoring the results of the **credit risk stress tests** including:
 - Results of the quarterly credit risk stress testing, underlying scenarios and assumptions employed.

Key highlights from the analysis of the stress test results and comparison of results against the previous quarter.

19. CR1 - Credit quality of assets

SAR 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
		Defaulted exposures	Non- defaulted exposures	Allocated in regulatory category of Specific			Allocated in regulatory category of General	Net values (a+b-c)			
1	Loans	702,529	36,444,323	493,767	493,767	210,712		36,653,085			
2	Debt Securities		13,594,289			4,367		13,594,289			
3	Off-balance sheet exposures		40,330,381		93,006	27,291		40,330,381			
4	Total	702,529	90,368,993	493,767	586,773	242,370		90,577,755			

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

1. The obligor is past due for 90 days or more on any material credit obligations to the Bank including principal instalments, interest payments and fees.
2. The bank considers that the obligor is unlikely to pay its credit obligations to the bank in full, without recourse by the bank to actions such as realizing security (if any).

20. CR2 - Changes in stock of defaulted loans and debt securities

SAR 000's		a
1	Defaulted loans and debt securities at end of the previous reporting period	712,250
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	(12,302)
5	Other changes	2,581
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	702,529

21. CRB - Additional disclosure related to the credit quality of assets

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

Past due exposures represent those assets with payment obligations that has not been made as of the due date and / or in a timely fashion.

Individually **impaired** financial assets represent assets for which there is objective evidence that the Bank will not collect all amounts due, including both principal and interest, in accordance with the contractual terms of the obligation. Provisions for impairment are determined based on the difference between the net carrying amount and the recoverable amount of a financial asset. The recoverable amount is measured as the present value of expected future cash flows, including amounts recoverable from guarantees and collateral.

Provisions for impairment are also measured and recognised on a collective basis in respect of expected credit losses and are classified as either stage 1 or stage 2, in accordance with IFRS 9.

The stage 1 and stage 2 provisions reflect the probability-weighted estimate of expected credit losses. The provisions comprise both quantitative and qualitative information and analysis, based on the Bank's historical experience and taking into consideration both internal and external indicators and includes forward-looking information.

Provisions for impairment are recognised in the consolidated statement of income and are reflected in an allowance account against loans and advances, investment securities and placements.

Credit facilities are placed on non-accrual status and interest income suspended when either principal or interest is overdue by 90 days whereupon unpaid and accrued interest is reversed from income. Interest on non-accrual facilities is included in income only when received. Credit facilities classified as past due are assessed for impairment in accordance with the IFRS guidelines. A specific provision is established only where there is objective evidence that a credit facility is impaired.

b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

The 90 days rule for past due will generally apply unless the Bank has strong evidence to support a different classification. Substantial scrutiny is required to ensure that such evidence is in place and that it is fully documented and approved by the relevant authorities.

c) Description of methods used for determining impairments.

Expected Credit Losses on a collective basis is calculated for the following credit risk-related exposures that are not specifically impaired (provisioned). These would principally consist of:

- a) Loans,
- b) Credit-related contingents, excluding performance bonds,
- c) Investments securities, and
- d) Placements.

Individually impaired financial assets represent assets for which there is objective evidence that the Bank will not collect all amounts due, including both principal and interest, in accordance with the contractual terms of the obligation. Objective evidence that a financial asset is impaired may include:

- a) a breach of contract, such as default or delinquency in interest or principal payments,
- b) the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties, would not otherwise be considered,
- c) indications that it is probable that the borrower will enter bankruptcy or other financial re-organisation,
- d) the disappearance of an active market, or
- e) other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

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

A restructured loan will be one where the terms and conditions have been modified, principally because of deterioration in the borrower's financial condition. Restructuring proposals will warrant certain concessions / conditions depending upon the particular situations involved.

e) Geographic analysis of credit risk exposures under the Standardised approach:

SAR 000's		Exposures before CCF and CRM						
Standardised Approach Asset Classes		Saudi Arabia	Other GCC & Middle East	Europe	South East Asia	North America	Others	Total
1	Sovereigns and their central banks	17,524,648	977,136		83,831			18,585,615
2	Non-central government public sector entities	1,212,424						1,212,424
3	Multilateral development banks						114,476	114,476
4	Banks	3,688,431	3,369,445	2,752,683	1,840,120	2,629,991	74,996	14,355,666
5	Corporates	64,732,154	161,708		1,586,248	247,452		66,727,562
6	Regulatory retail portfolios	685,280						685,280
7	Secured by residential property	416,604						416,604
8	Equity	73,486	14,999					88,485
9	Past-due loans	208,763						208,763
10	Other assets	1,773,321						1,773,321
11	Total	90,315,111	4,523,288	2,752,683	3,510,199	2,877,443	189,472	104,168,196

f) Industry analysis of credit risk exposures under the Standardised approach:

SAR 000's		Exposures before CCF and CRM												
Standardised Approach Asset Classes		Agriculture	Communication	Construction	Finances	Government	Manufacturing	Mining	Services	Transportation	Utilities	Wholesale Trade	Others	Total
1	Sovereigns and their central banks				56,268	18,529,347								18,585,615
2	Non-central government public sector entities					1,212,424								1,212,424
3	Multilateral development banks					114,476								114,476
4	Banks				14,355,666									14,355,666
5	Corporates	1,036,498	1,762,812	12,904,565	6,850,561	1,899,679	8,281,052	9,169,277	6,071,980	3,817,776	1,069,545	6,617,306	7,246,511	66,727,562
6	Regulatory retail portfolios												685,280	685,280
7	Secured by residential property												416,604	416,604
8	Equity				57,219		14,999	16,267						88,485
9	Past-due loans			7,421			6,580		66,478			119,314	8,970	208,763
10	Other assets				221,725								1,551,596	1,773,321
11	Total	1,036,498	1,762,812	12,911,986	21,541,439	21,755,926	8,302,631	9,185,544	6,138,458	3,817,776	1,069,545	6,736,620	9,908,961	104,168,196

SAR 000's		Exposures before CCF and CRM					
Industry Sector		Neither past due nor impaired	Past due but not impaired	Impaired	Total gross amount	Impairment allowances	Total
1	Agriculture	1,036,498			1,036,498		1,036,498
2	Communication	1,762,644	168		1,762,812		1,762,812
3	Construction	12,822,496	82,070	61,570	12,966,136	54,150	12,911,986
4	Finances	21,232,953	308,486		21,541,439		21,541,439
5	Government	21,755,926			21,755,926		21,755,926
6	Manufacturing	8,238,113	57,937	29,941	8,325,991	23,360	8,302,631
7	Mining	9,110,495	75,049		9,185,544		9,185,544
8	Services	6,065,595	6,385	122,797	6,194,777	56,319	6,138,458
9	Transportation	3,786,349	31,427	8,820	3,826,596	8,820	3,817,776
10	Utilities	1,039,305	30,240		1,069,545		1,069,545
11	Wholesale Trade	6,540,110	77,196	421,428	7,038,734	302,114	6,736,620
12	Others	9,899,992		57,973	9,957,965	49,004	9,908,961
13	Total	103,290,476	668,958	702,529	104,661,963	493,767	104,168,196

g) Residual Maturity analysis of credit risk exposures under the Standardised approach:

SAR 000's		Exposures before CCF and CRM			
Standardised Approach Asset Classes		<= 1 year	> 1 year and <= 5 years	> 5 years	Total
1	Sovereigns and their central banks	9,978,455	2,749,403	5,857,757	18,585,615
2	Non-central government public sector entities	25,314	8,849	1,178,261	1,212,424
3	Multilateral development banks	1,125	113,351		114,476
4	Banks	12,878,559	1,321,929	155,178	14,355,666
5	Corporates	51,087,560	11,577,301	4,062,701	66,727,562
6	Regulatory retail portfolios	49,984	493,493	141,803	685,280
7	Secured by residential property	58	5,114	411,432	416,604
8	Equity	38,442	50,043		88,485
9	Past-due loans	197,954	7,661	3,148	208,763
10	Other assets	836,726	182,475	754,120	1,773,321
11	Total	75,094,177	16,509,619	12,564,400	104,168,196

h) Ageing analysis of days for past due credit risk exposures:

SAR 000's		Exposures before CCF and CRM					
		Up to 29 days	30-59 days	60-89 days	90-179 days	180 days and over	Total
1	Loans			33,069	509,225	160,235	702,529
2	Debt Securities						
3	Off-balance sheet exposures						
4	Total			33,069	509,225	160,235	702,529

22. CRB-A - Additional disclosure related to prudential treatment of problem assets

a) The Bank defines exposures in default as part of Board-approved policies, which are based on the relevant regulatory and IFRS9 framework requirements. For this purpose, the circumstances that the Bank considers for determining if an exposure is in default includes:

1. exposures wherein the Bank considers that the obligor is unlikely to pay its credit obligations to the Bank in full, without recourse by the bank to actions such as realizing security (if held).
2. the obligor is past due more than 90 days on any material credit obligation to the Bank. Overdrafts shall be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding balance.

Note that for retail exposures, exposures in default are classified under Stage 3 for IFRS9 purposes. This shall constitute exposures that have missed more than 3 monthly instalment payments.

Additionally, movements between IFRS9 ECL staging categories (including movements out of IFRS9 stage 3 category) are subject to approved criteria and curing period requirements based on defined policy and regulatory requirements.

b) The Bank for a corporate exposure recognizes forbearance as a concession granted to an obligor for reasons of financial difficulty. All such exposures of an obligor would automatically move to stage 2 / stage 3 classification even if one facility breaches the approved triggers. A forborne case can be re-categorized as performing only after a defined probation period showing (a) timely repayment behaviour & (b) meet solvency/free cash flow criteria. In the case of retail exposures, the Banks recognizes forbearance when the payment plan is rescheduled because of stressed financial conditions of the borrower either due to unemployment or due to reduction in monthly salary. Rescheduled exposures would automatically move to stage 2 / stage 3 classification and would be re-categorized as performing only after probation period is completed and customer is showing timely repayment behaviour.

c) **Gross carrying value of total performing as well as non-performing exposures:**

SAR 000's	Gross carrying values of Corporate Loans			Gross carrying values of Retail Loans			Net values	
	Defaulted exposures	Non-defaulted exposures	Allowances/impairments	Defaulted exposures	Non-defaulted exposures	Allowances/impairments		
1	Loans	686,133	35,498,473	482,269	16,396	945,850	11,498	36,653,085
2	Debt Securities		13,594,289					13,594,289
3	Off-balance sheet exposures		40,330,381					40,330,381
4	Total	686,133	89,423,143	482,269	16,396	945,850	11,498	90,577,755

d) **Gross carrying values of restructured/forborne exposures:**

SAR 000's	Gross carrying values of Corporate Loans			Gross carrying values of Retail Loans			Net values	
	Defaulted exposures	Non-defaulted exposures	Allowances/impairments	Defaulted exposures	Non-defaulted exposures	Allowances/impairments		
1	Loans	129	539,697	129		17,166		556,863
2	Debt Securities							
3	Off-balance sheet exposures							
4	Total	129	539,697	129	-	17,166	-	556,863

23. CRC - Qualitative disclosure requirements related to credit risk mitigation techniques

a) Core features of policies and processes for, and an indication of the extent to which the Bank makes use of, on- and off-balance sheet netting.

Not Applicable. No such netting is applicable in the financial statements.

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

The Bank has in place collateral management policies that form an integral part of the overall framework of credit risk management for Wholesale Banking within the Bank and sets out the parameters and criteria for the acceptance of collateral and its management. The primary objectives of this collateral management framework are to:

- a) Assist the Relationship Managers (RMs) of Wholesale Banking in the determination of acceptability of collateral;
- b) Support the responsible individuals in conducting an analysis and assessment of collateral against the value of the exposure;
- c) Set out the policies to ensure that the collateral provided is legally enforceable;
- d) Establish the requirements to safeguard collateral; and
- e) Define the process for conducting periodic review and valuation of collateral.

The amount and type of collateral is dependent upon the assessment of the credit risk of the counterparty. The market/ fair value of the collateral is actively monitored on a regular basis and requests are made for additional collateral in accordance with the terms of the facility agreements. In general, lending is based on the customer's repayment capacity rather than the collateral value. However, collateral is considered the secondary alternative if the repayment capacity proves inadequate. Collateral is not usually held against securities or placements.

Types of eligible collateral commonly accepted

The Bank holds collateral against loans and advances in the form of physical assets, cash deposits, securities and guarantees.

Monitoring of Collateral Values

For all collateral where we have mortgage of properties or title deeds are being pledged (with the exception in case of syndications or the security is in the form of movable assets), the RM with the assistance of external valuers is required to conduct a physical inspection/examination and shall produce a site visit report prior to the granting of the facility.

The RM and Credit Administration should ensure that GIB has the right to physically inspect the collateral which is to be ensured by adding specific clause in the Facility Letter Agreement.

Waiver for the above two policy rules should be approved by CRO regardless of the approval authority of the CA.

In accordance with section 6.1 (Financial Collateral) of the Basel II – SAMA's Detailed Guidance Document relating to Pillar 1 document, issued by SAMA in June 2016, the Bank applies haircuts to collateral valuation in accordance with section 3 (Collaterals) of the International Convergence of Capital Measurement and Capital Standards paper issued by the Basel Committee on Banking Supervision dated June 2006.

For physical assets, a minimum of two external valuation reports from different valuers shall be considered for the purpose of valuation at the Bank.

The Bank has in place a list of approved valuers who are professional and qualified to provide an opinion on the value of the collateral. The external valuers being appointed should be qualified under respective jurisdiction to conduct examination of the collateral.

The Bank takes into account concentrations of non-cash collateral for all product lines covered by collateral agreements.

Credit Administration function is responsible for generating the report identifying Collateral concentrations

c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivative providers).

The Bank uses a variety of credit risk mitigation techniques which contribute to risk diversification and credit protection. The different credit risk mitigation techniques such as collateral, guarantees, credit derivatives, netting agreements and covenants are used to reduce credit risk. The recognised credit risk mitigation activities are undertaken with various counterparties to ensure no additional credit or market risk concentrations occur.

Concentration risk is the credit risk stemming from not having a well-diversified credit portfolio, i.e. the risk inherent in doing business with large customers or being overexposed in particular industries or geographic regions. Concentration risk is captured in the Bank's Pillar 2 capital framework through the use of a credit risk portfolio model which considers single-name concentrations and sector concentrations in the credit portfolio

24. CR3 - Credit risk mitigation techniques – overview

SAR 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	34,078,262	2,574,823	2,471,396	103,427	
2	Debt Securities	13,594,289				
3	Total	47,672,551	2,574,823	2,471,396	103,427	
4	Of which defaulted	197,844	10,918	5,965	4,953	

25. CRD - Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk

a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the Bank, and the reasons for any changes over the reporting period.

The Bank uses the following External credit assessment institutions (ECAIs):

- a) Moody's,
- b) Standard & Poor's and
- c) Fitch.

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

Externally rated Corporate, Banks and Securities Firms.

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

The Bank uses ratings issued by Standard & Poor's, Moody's and Fitch to derive the risk-weightings under the Basel 3 capital adequacy framework. Where ratings vary between rating agencies, the highest rating from the lowest two ratings is used to derive the risk-weightings for regulatory capital adequacy purposes.

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

The Bank uses grade scales from “1” to “10” with sub-grades that totals to 20 rating categories where “1” is the highest or the “best” and 10 is the lowest or the “worst” with ratings from “2” to “6” being further differentiated with “+” and “-” modifiers. The Bank’s grade scale is mapped to external rating agencies (Standard & Poor’s/ Moody’s & Fitch) Investment grades (1-4) are mapped to (Standard & Poors & Fitch AAA to BBB- & Moody’s AAA to Baa3), Sub-investment grades (5-7) mapped to (Standard & Poors & Fitch BB+ to C & Moody’s Ba1 to C) and default grades are (8-10).

	GIBCR	Moody’s	S&P	Fitch
Investment Grade	1	AAA	AAA	AAA
	2+	Aa1	AA+	AA+
	2	Aa2	AA	AA
	2-	Aa3	AA-	AA-
	3+	A1	A+	A+
	3	A2	A	A
	3-	A3	A-	A-
	4+	Baa1	BBB+	BBB+
	4	Baa2	BBB	BBB
	4-	Baa3	BBB-	BBB-
Sub-Investment Grade	5+	Ba1	BB+	BB+
	5	Ba2	BB	BB
	5-	Ba3	BB-	BB-
	6+	B1	B+	B+
	6	B2	B	B
	6-	B3	B-	B-
	7	Caa - C	CCC - C	CCC - C
8 - 10	-	D	D	

26. CR4 - Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

SAR 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	18,566,866	18,749	18,623,909	18,246	1,093,076	6%
2	Non-central government public sector entities	1,202,179	10,245	1,202,179	10,245	606,212	50%
3	Multilateral development banks	114,476		114,476		34,343	30%
4	Banks	4,464,822	9,890,844	4,485,852	3,784,490	2,856,096	35%
	Of which: securities firms and other financial institutions						
5	Covered bonds						
6	Corporates	36,317,019	30,410,543	36,243,900	11,250,841	44,702,959	94%
	Of which: securities firms and other financial institutions	3,363,865	1,885,573	2,989,718	525,120	3,446,785	98%
	Of which: specialised lending						
7	Subordinated debt, equity and other capital	88,485		88,485		221,212	250%
8	Retail	685,280		685,280		685,280	100%
	MSMEs						
9	Real estate	416,604		416,604		140,864	34%
	Of which: general RR	416,604		416,604		140,864	34%
	Of which: IPRRE						
	Of which: general CRE						
	Of which: IPCR						
	Of which: land acquisition, development and construction						
10	Defaulted exposures	208,763		203,809		129,179	63%
11	Other assets	1,773,321		1,773,321		1,011,144	57%
12	Total	63,837,815	40,330,381	63,837,815	15,063,822	51,480,365	65%

27. CR5 - Standardised approach – exposures by asset classes and risk weights

SAR 000's		a	b	c	d	e	f	g	h	j
Asset classes/ Risk weight*		0%	20%	30%	50%	85%	100%	150%	Other	Total credit exposures amount (post-CCF and post-CRM)
1	Sovereigns and their central banks	16,696,891	1,048,009		27,563		869,692			18,642,155
2	Non-central government public sector entities				1,212,424					1,212,424
3	Multilateral development banks			114,476						114,476
4	Banks		4,201,733	3,059,492	183,105		626,960	199,052		8,270,342
	Of which: securities firms and other financial institutions									
5	Covered bonds									
6	Corporates	1,600,870	26,491		1,220,319	3,500,683	41,008,551		137,827	47,494,741
	Of which: securities firms and other financial institutions				136,107		3,378,731			3,514,838
	Of which: specialised lending									
7	Subordinated debt, equity and other capital								88,485	88,485
8	Retail						685,280			685,280
	MSMEs									
9	Real estate		51,983	106,902					257,719	416,604
	Of which: general RRE		51,983	106,902					257,719	416,604
	Of which: no loan splitting applied		51,983	106,902					257,719	416,604
	Of which: loan splitting applied (Secured)									
	Of which: loan splitting applied (Unsecured)									
	Of which: IPRRE									
	Of which: general CRE									
	Of which: no loan splitting applied									
	Of which: loan splitting applied (Secured)									
	Of which: loan splitting applied (Unsecured)									
	Of which: IPCRE									
	Of which: land acquisition, development and construction									
10	Defaulted exposures	5,965			137,471		60,234	139		203,809
11	Other assets	762,177					1,011,144			1,773,321
12	Total	19,065,903	5,328,216	3,280,870	2,780,882	3,500,683	44,261,861	199,191	484,031	78,901,637

SAR 000's		Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures		
		a	b	cd
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%	24,758,809	9,161,536	27,706,262
2	40-70%	2,820,453	620,690	3,007,328
3	75%	137,827		137,827
4	80-85%	2,783,187	1,836,241	3,500,683
5	90-100%	33,248,912	28,238,821	44,261,861
6	105-130%			
7	150%	142	473,093	199,191
8	250%	88,485		88,485
9	400%			
10	1250%			
11	Total	63,837,815	40,330,381	78,901,637

28. CCRA - Qualitative disclosure related to counterparty credit risk

a) **Risk Management objectives and policies related to Counterparty credit risk, including:**

Counterparty credit risk is the risk that a counterparty to a contract in the interest rate, foreign exchange, commodity, equity or credit markets defaults prior to the maturity of the contract. Counterparty credit risk arises in both the trading book and the banking book.

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

The counterparty credit risk for derivative and foreign exchange instruments is subject to credit limits on the same basis as other credit exposures

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

Risk mitigation techniques are widely used to reduce exposure to single counterparties. The most common risk mitigation technique for derivative and foreign exchange-related exposure is the use of master netting agreements, which allow the bank to net positive and negative replacement values of contracts under the agreement in the event of default of the counterparty.

d) **Policies with respect to wrong way exposures:**

Wrong way risk is the risk that occurs when exposure to a counterparty is adversely correlated with the credit quality of that counterparty. The Bank's SRMC endorses all new products. As part of its endorsement process, the SRMC ensures that new treasury products will not result in wrong way risk.

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

Not Applicable. Existing derivatives contracts that Bank is part to do not have provisions for posting additional collaterals in case of a credit rating downgrade.

29. CCR1 - Analysis of counterparty credit risk (CCR) exposure by approach

SAR 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)	174,902	215,050		1.4	545,932	384,216
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						384,216

30. CCR3 - Standardised approach – CCR exposures by regulatory portfolio and risk weights

SAR 000's	a	b	c	d	e	f	g	h	i
Regulatory portfolio/ Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposures
Sovereigns									
Non-central government public sector entities				10,245					10,245
Multilateral development banks									
Banks			91,496					118,674	210,170
Securities firms									
Corporates						323,351		2,166	325,517
Regulatory retail portfolios									
Other assets									
Total	-	-	91,496	10,245	-	323,351	-	120,840	545,932

31. CCR5 - Composition of collateral for CCR exposure

SAR 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						
Cash - other currencies				168,984		
Domestic sovereign debt						
Other sovereign debt						
Government agency debt						
Corporate bonds						
Equity securities						
Other collateral						
Total				168,984		

32. CCR6 - Credit derivatives exposures

SAR 000's	a	b
	Protection bought	Protection sold
Notionals		
Single-name credit default swaps		
Index credit default swaps		
Total return swaps		
Credit options		
Other credit derivatives		
Total notionals	-	-
Fair values		
Positive fair values (asset)		
Negative fair values (liability)		

33. CCR8 - Exposures to central counterparties

SAR 000's		a	b
		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)		
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3	(i) OTC derivatives		
4	(ii) Exchange-traded derivatives		
5	(iii) Securities financing transactions		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Pre-funded default fund contributions		
10	Unfunded default fund contributions		
11	Exposures to non-QCCPs (total)		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) Securities financing transactions		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Pre-funded default fund contributions		
20	Unfunded default fund contributions		

34. MRA - Qualitative disclosure requirements related to market risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, commodity prices, equity prices and market conditions, such as liquidity. The principal market risks to which the Bank is exposed are equity risk, interest rate risk and foreign exchange risk associated with its trading, investment and asset and liability management activities.

a) Strategies and processes of the Bank

The Bank's trading and foreign exchange activities principally comprise trading in foreign exchange and derivative financial instruments. Derivative financial instruments predominantly include forwards and swaps in the interest rate and foreign exchange markets.

The Bank adopts a robust Risk Management Framework to comply with the Market Risk Strategy that address the policies and guidelines for the key processes underlying the identification, assessment, measurement, monitoring reporting and control of market risk, including:

- Market risk planning and assessment to determine the nature and level of market risk exposure that the Bank is permitted to undertake in light of its strategy and risk appetite and maintains, among other things, a rigorous process of security selection and approval.
- Value-at-risk analysis to provide a comprehensive and consistent measure of the Bank's market risk exposure to adverse market movements.
- Limit management to monitor portfolio concentrations, size of open positions and maximum allowable losses that the Bank could face on those positions.
- Stress testing to assess and manage the risks associated with extreme market movements on the market values of the portfolios.
- Prudent valuation process to determine the mark-to-market or fair values of market risk related financial instruments and derivatives and maintain data quality.

b) Structure and organization of the market risk management function

The Bank has established a robust risk governance structure within the Bank's Risk Strategy to ensure that all material market risks are managed and mitigated. The Bank maintains a prudent and disciplined approach to market risk taking by upholding a well thought out Risk Appetite Statement, comprehensive market risk management policies and processes. Below are the principal elements of the Bank's market risk governance structure:

- Board of Directors (BoD) approve Bank's overall market risk strategy and risk appetite
- The Board Risk Committee (BRC) assist the BoD in ensuring that the Bank has an adequate market risk management and risk control framework in place to realise the overall risk strategy and risk appetite
- Risk and Finance are responsible for maintaining the Bank's market risk reporting framework which includes monitoring of the BoD approved VaR and other market risk limits. Limits are reported to ALCO and BRC on a monthly and quarterly basis respectively.

c) Scope and nature of risk reporting

A key element in the Bank's market risk management framework is the estimation of potential future losses that may arise from adverse market movements. The Bank utilises Value-at-Risk (VaR) to estimate such losses. The VaR is derived from quantitative models that use statistical and simulation methods that take account of all market rates and prices that may cause a change in a position's value. These include interest rates, foreign exchange rates and equity prices, their respective volatilities and the correlations between these variables.

The VaR takes account of potential diversification benefits of different positions both within and across different portfolios. Consistent with general market practice, VaR is computed for all financial instruments for which there are readily available daily prices or suitable proxies. VaR is viewed as an effective risk management tool and a valuable addition to the non-statistically based limit structure. It permits a consistent and uniform measurement of market risk across all applicable products and activities. Exposures are monitored against a range of limits both by risk category and portfolio and are regularly reported to and reviewed by senior management and the BoD.

35. MR1 - Market risk under the standardised approach

SAR 000's		a
		Capital requirement in standardised approach
1	General interest rate risk	21
2	Equity risk	243,071
3	Commodity risk	
4	Foreign exchange risk	4,493
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	14,409
9	Default risk – securitisations (non-correlation trading portfolio)	
10	Default risk – securitisations (correlation trading portfolio)	
11	Residual risk add-on	
12	Total	261,995

36. ORA - General qualitative information on a bank's operational risk framework

a) ORM policies, frameworks, and guidelines for the management of operational risk.

Operational risk is a distinct risk category which the Bank manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. Whilst operational risk cannot be eliminated in its entirety, the Bank is continuously working to minimise it by ensuring that a strong control infrastructure is in place throughout the bank.

The management of operational risk has a key objective of minimizing the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

As part of the Bank's Operational Risk Management Framework (ORMF), risk self-assessments are conducted, which identify the operational risks inherent in the Bank's activities, processes, and systems. The controls identified are self-assessed and is supported by an Internal Control Testing Framework, which entails control validation requirements at 1st and 2nd lines of defence through quality assurance process.

b) Operational risk measurement system (i.e., the systems and data used to measure operational risk in order to estimate the operational risk capital charge).

Qualitative and quantitative methodologies and tools are used to identify and assess operational risk and to provide management with information for determining appropriate mitigating factors. These tools include a database of operational risk events categorized according to business lines and operational risk event types; a record of key risk indicators, which can provide an early warning of possible risks; and a risk and control assessment process to analyse business activities and identify operational risks related to those activities.

1. Operational Risk Events (ORE): Operational Risk events encompass incidents resulting from inadequate or failed internal processes, people, and systems or from external events which impact the bank, incur a direct financial loss or result in an opportunity loss. ORM tracks and records risk events on an on-going basis to monitor changes in the level of threat to the business and to assist in considering the quality, design, and implementation of its controls.
2. Key Risk Indicators (KRI): Key risk indicators are warning signals which enable Management to monitor and mitigate operational risks that are reaching levels of concern. KRIs allow the Bank to identify potential events

that may impact achievement of business objectives. The business and support functions in collaboration with ORM define thresholds for identified KRI, to regularly assess the status of the operational risk exposure.

3. **Risk and Control Self-Assessments (RCSA):** Risk and control self-assessment is a tool to identify and assess the operational risk inherent in all existing activities, processes and systems as well as assessing the effectiveness of controls used by Management to mitigate those risks. The business and support functions collaborate with ORM to complete comprehensive risk self-assessments.
4. **Internal Control Testing Framework (ICTF):** The ICTF contributes to the effectiveness and efficiency of the RCSA process, through the implementation of Control Testing approach, which provides control validation through testing across the 1st and 2nd lines of defence.

c) The structure and organization of GIB's operational risk management and control function.

GIB has a dedicated Operational Risk Management (ORM) function for the Bank which reports to the Bank's Chief Risk Officer and provides independent oversight, monitoring, and reporting on operational risk issues. The Bank has an established governance forum, the Operational Risk and Non-Financial Risk Committee (ORNFRC) which provides oversight for operational risk activities across Bank and reports to the Risk Committees on a quarterly basis regarding relevant operational risk management matters such as high impact events, risks, and issues of critical importance.

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

The outline of the scope of reporting for the Operational Risk Management Department (ORMD) function to executive management includes the following:

1. **Risk Profiles:** ORMD presents comprehensive risk profiles through identifying and assessing the bank's operational risks across various business units, processes, and systems. These reports highlight key risks, their potential impact and likelihood.
2. **Key Risk Indicators (KRIs):** ORMD reports on the monitoring and evaluation of key risk indicators. These are quantifiable metrics that serve as early warning signals for potential risk events. The reports provide insights into the effectiveness of risk controls and help executive management assess and respond to risk trends.
3. **Operational Risk Events (OREs):** ORMD tracks and reports on operational risk events and losses that occur within the bank. These reports outline the nature of incidents, their root causes, impacts, and any lessons learned, or actions taken to prevent similar incidents in the future.
4. **Risk Appetite and Tolerance:** ORMD communicates the bank's risk appetite and tolerance levels to executive management. This includes reporting on the alignment of risk-taking activities within these established boundaries, ensuring risk management practices are in line with the bank's strategic objectives.

e) The risk mitigation and risk transfer used in the management of operational risk. This includes mitigation by policy (such as the policies on risk culture, risk appetite, and outsourcing), by divesting from high-risk businesses, and by the establishment of controls. The remaining exposure can then be absorbed by the bank or transferred. For instance, the impact of operational losses can be mitigated with insurance.

The Bank's risk management approach involves identifying, assessing, managing, mitigating, monitoring, and measuring the risks associated with all areas of the Bank. The various procedures and processes used to manage operational risk include (but not limited to) effective staff training, appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, close monitoring of risk limits, segregation of duties, and financial management and reporting. In addition, policies have been put in place to manage other control mitigation strategies for business continuity planning, insurance, and legal risk (which includes regular reporting to management on legal matters).

37. OR1 - Historical losses

SAR 000's		a	b	c	d	e	f	g	h
		31-Dec-2025	31-Dec-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	Seven year average
Using 44,600 SAR threshold									
1	Total amount of operational losses net of recoveries (no exclusions)	1,198	1,001	6,168	3,238	575	4,694	530	
2	Total number of operational risk losses	5	5	9	5	4	8	1	
3	Total amount of excluded operational risk losses								
4	Total number of exclusions								
5	Total amount of operational losses net of recoveries and net of excluded losses	1,198	1,001	6,168	3,238	575	4,694	530	
Using 446,000 SAR threshold									
6	Total amount of operational losses net of recoveries (no exclusions)	710	483	4,859	2,780		3,615	530	
7	Total number of operational risk losses	1	1	3	3		2	1	
8	Total amount of excluded operational risk losses								
9	Total number of exclusions								
10	Total amount of operational losses net of recoveries and net of excluded losses	710	483	4,859	2,780		3,615	530	
Details of operational risk capital calculation									
11	Are losses used to calculate the ILM (yes/no)?								
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?								
13	Loss event threshold: 44,600 SAR or 446,000 SAR for the operational risk capital calculation if applicable								

38. OR2 - Business Indicator and subcomponents

SAR 000's		a	b	c
BI and its subcomponents		31-Dec-2024	31-Dec-2023	31-Dec-2022
1	Interest, lease and dividend component	846,046		
1a	Interest and lease income	2,899,916	2,638,973	1,213,782
1b	Interest and lease expense	1,928,303	1,728,643	574,549
1c	Interest earning assets	54,113,538	43,813,320	38,423,992
1d	Dividend income	1,433	3,977	11,552
2	Services component	318,854		
2a	Fee and commission income	381,907	306,666	257,348
2b	Fee and commission expense	49,985	19,132	17,022
2c	Other operating income			
2d	Other operating expense	1,174	6,189	3,278
3	Financial component	118,909		
3a	Net P&L on the trading book	40,890	68,656	24,801
3b	Net P&L on the banking book	74,517	76,771	71,091
4	BI	1,283,809		
5	Business indicator component (BIC)	154,057		

Disclosure on the BI:

SAR 000's		a
6a	BI gross of excluded divested activities	1,283,809
6b	Reduction in BI due to excluded divested activities	-

39. OR3 - Minimum required operational risk capital

SAR 000's		a
1	Business indicator component (BIC)	154,057
2	Internal loss multiplier (ILM)	1
3	Minimum required operational risk capital (ORC)	154,057
4	Operational risk RWA	1,925,713

40. IRRBBA - IRRBB risk management objectives and policies**a) A description of how the Bank defines IRRBB for purposes of risk control and measurement.**

Interest rate risk arises from fluctuations in interest rates that lead to risk of losses. The Bank takes into consideration re-pricing, basis and option risks for the purposes of IRRBB. The Bank does not have any explicit rate options on its banking book and has assessed the prepayment and early redemption optionalities on its banking book to be immaterial.

b) A description of the Bank's overall IRRBB management and mitigation strategies.

The Bank's policy has been reviewed and endorsed by the Bank's Asset Liability Committee (ALCO), Board Risk Committee (BRC) and approved by the Board of Directors (BoD).

The Bank's IRRBB management and mitigation strategies are as follows:

- BRC is responsible for the oversight of the IRRBB management framework and the Bank's risk appetite for IRRBB
 - The Bank's ALCO is responsible for the management of the IRRBB; which is to identify, measure, evaluate, and monitor the interest rate risk
 - The Bank's risk appetite for IRRBB is considered in terms of the economic value of equity (EVE) and NII Sensitivity. The management have set trigger levels which are lower than the regulatory and the Bank's Board approved risk appetite, if triggered, Bank's management will take corrective measures to ensure adherence to the Board approved risk thresholds
 - The Bank maintains its risk position within the desired level through entering into Interest Rate Hedges
- c) **The periodicity of the calculation of the Bank's IRRBB measures and a description of the specific measures that the Bank uses to gauge its sensitivity to IRRBB.**

The Bank calculates the IRRBB on a monthly basis and utilizes the following specific measures to gauge its sensitivity to IRRBB.

- Interest rate gap
- Earnings Approach (NII at risk)
- Economic Value Approach (EVE at risk)
- Repricing Duration Gap
- DV01

The interest rate risk in the banking book is also taken into consideration as part of the Bank's annual ICAAP.

- d) **A description of the interest rate shock and stress scenarios that the Bank uses to estimate changes in the economic value and in earnings**

The Bank applies the six interest rate shock scenarios as prescribed by the regulator to compute the Δ EVE and two regulatory interest rate shocks for Δ NII.

- e) **Where significant modelling assumptions used in the Bank's IMS**

The modelling assumptions used for the Bank's IRRBB as disclosed are adopted for capital adequacy purpose.

- f) **A high-level description of how the Bank hedges its IRRBB, as well as the associated accounting treatment.**

The Bank does not intend to take on excessive IRRBB and therefore restricts itself from taking on positions with repricing tenors longer than two years. For fixed rate assets with repricing tenors greater than two years, the Bank enters into IRS trades to swap them into three-month repricing positions. Similarly, on the liability side the Bank also hedges the term deposits with greater than six-month tenors to one month or three-month repricing positions. The Bank regularly assesses the effectiveness of these hedges through prospective and retrospective tests. It ensures that all critical terms of the hedged item and hedging instrument are perfectly matched to ensure effectiveness.

- g) **A high-level description of key modelling and parametric assumptions used in calculating Δ EVE and Δ NII in Table B.**

The Bank has carried out behavioural analysis on the historical data for those balance sheet items which are not amenable to standardization. These include fixed rate retail loans with prepayment conditionality, retail term deposits with early redemption options and Non-maturing deposits (NMDs).

- **Non-Maturing Deposits (NMDs):** The Bank continuously observes the levels of its Call and Current account portfolios and identified the balances which have been with the Bank for over a two-year period. It then assigns a two-year tenor to 50% of this minimum level of balances on a conservative basis while the remaining balances are treated as non-core and slotted in overnight bucket.
- **Prepayment Rate of Customer Loans:** The retail loan portfolio of the Bank is immaterial and therefore no prepayment assumptions are considered.

- **Retail Term Deposits:** Redemption behaviour of all the term deposits over the last 5 years were checked for early redemptions and was assessed to be immaterial.
- **The Corporate Lending Portfolio** of the Bank consists largely of floating rate loans, fixed rate short tenor working capital and trade financing products. More than 97% of the corporate balances reprice or mature within one year and therefore impact of any prepayment is not considered material.
- **For Corporate Term Deposits,** the Bank ensures that any early redemption is penalized to recoup the full economic loss and hence no further analysis was conducted.

41. IRRBB1 - Quantitative information on IRRBB

Segment	Average Maturity
Retail NMDs	1.40
Corporate NMDs	0.24
Average	0.28

The slotting of NMDs has been done till the repricing bucket of 2 Years

SAR 000s	ΔEVE		ΔNII	
	31-Dec-2025	31-Dec-2024	31-Dec-2025	31-Dec-2024
Parallel up	(824,155)	(539,625)	12,152	42,942
Parallel down	995,923	621,000	(12,152)	(42,942)
Steepener	(342,493)	(158,250)		
Flattener	145,488	36,375		
Short rate up	(300,130)	(200,625)		
Short rate down	316,016	209,625		
Maximum	(824,155)	(539,625)	(12,152)	(42,942)
Period	31-Dec-2025		31-Dec-2024	
Tier 1 capital	10,034,714		7,677,368	

42. REMA - Remuneration policy

NOMINATION & REMUNERATION COMMITTEE

The principal objective of the Committee is to help the Board in ensuring that the Bank's remuneration remain competitive for GIB to continue to attract, retain and motivate competent staff to achieve the strategy and objectives of the Bank. The responsibilities of the Committee, as stated in its mandate, also include, but are not limited to, the following:

Nomination matters:

1. Assessing the skills and competencies required on the Board, the Committees of the Board, and Senior Management.
2. Assessing from time to time the extent to which the required skills are represented on the Board and Senior Management.
3. Establishing processes for reviewing the performance of individual Directors and the Board as a whole.
4. Establishing processes for reviewing the performance of individual Senior Executives and Senior Management as a whole.
5. Overseeing Directors' corporate governance educational activities.
6. Establishing processes for the identification of suitable candidates for Senior Management, and approving individuals qualified to become members of Senior Management.
7. Establishing a succession plan for Senior Management.

Remuneration matters:

Reviewing and approving or making recommendations to the Board in respect of:

1. The executive remuneration and incentive policy which includes the total remuneration for approved persons, and material risk-takers.
2. Policies relating to recruitment, retention, performance measurement and separation for the Directors, CEO and Senior Management.
3. Oversee, monitor and review the remuneration system to ensure the system operates as intended.
4. Review the remuneration amounts for each approved person and material risk-taker; as well as total variable remuneration to be distributed, taking account of total remuneration including salaries, fees, expenses, bonuses and other employee benefits.
5. Review the stress testing and back testing results before approving the total variable remuneration to be distributed.

REMUNERATION

Remuneration for the Board and Board Committees is governed by a standalone Board and Board Committees Remuneration Policy. The Variable Remuneration Policy forms part of the Bank's total compensation framework and applies to Senior Management and employees.

The Bank adopts Sound Remuneration Practices in accordance with SAMA requirements. The Board approved the framework and incentive components. The key features of the remuneration framework are summarised below.

Remuneration strategy

The Bank's basic compensation philosophy is to provide a competitive level of total compensation to attract, retain and motivate qualified and competent employees. The Bank's variable remuneration policy is driven primarily by a performance-based culture that aligns employee interests with those of the Shareholders of the Bank. These elements support the achievement of set objectives through balancing reward for both short-term results and long-term sustainable performance. The strategy is designed to share its success and to align employees' incentives with the risk framework and risk outcomes.

The quality and long-term commitment of all employees is fundamental to the success of the Bank. The Bank therefore aims to attract, retain and motivate the very best people who are committed to maintaining a career with the GIB; and who will perform their role in the long-term interests of Shareholders. The Bank's reward package comprises the following key elements:

- Fixed pay
- Benefits
- Annual performance bonus
- Deferred bonus share plan

A robust and effective governance framework ensures that the Bank operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Nomination and Remuneration Committee of the Board (NRC).

The Bank's remuneration policy, in particular, considers the role of each employee; and has set guidance depending on whether an employee is a Material Risk Taker and/or an Approved Person in business line, control or support functions. An Approved Person is an employee whose appointment would require prior regulatory approval because of the significance of the role within the Bank; and an employee is considered a Material Risk Taker if they head up significant business lines, and any individuals within their control have a material impact on the Bank's risk profile.

To ensure alignment between what is paid to employees and the business strategy, GIB assesses Bank-wide, divisional and individual performance against annual and long-term financial and non-financial objectives, summarised in line with the business planning and performance management process. This takes into account adherence to the Bank's values, risk and compliance measures and, above all, acting with integrity. Altogether, performance is therefore judged not only on what is achieved over the short- and long-term; but also importantly on how it is achieved, as the latter contributes to the long-term sustainability of the business.

NRC role and focus

The NRC has oversight of all reward policies for the Bank's employees. The NRC is the supervisory and governing body for compensation policy, practices and plans. It is responsible for determining, reviewing and proposing variable remuneration policy for approval by the Board. It is responsible for setting the principles and governance framework for all compensation decisions. The NRC ensures that all persons must be remunerated fairly and responsibly. The remuneration policy is reviewed on a periodic basis to reflect changes in market practices, and the business plan and risk profile of the Bank.

Scope of application of the remuneration policy

The principles of this remuneration policy apply on a Bank-wide basis.

Variable remuneration for staff

The variable remuneration is performance related and consists primarily of the annual performance bonus award. As a part of the staff's variable remuneration, the annual bonus reward consists of delivery of operational and financial targets set each year, the individual performance of the employees in achieving those targets, and their contribution to delivering the Bank's strategic objectives.

The Bank has adopted a Board-approved framework to develop a transparent link between variable remuneration and performance. The framework is designed on the basis that the combination of meeting both financial performance and achievement of other non-financial factors would, all other things being equal, deliver a target bonus pool for the employees, prior to consideration of any allocation to business lines and employees individually. In the framework adopted to determine the variable remuneration pool, the NRC aims to balance the distribution of the Bank's profits between Shareholders and employees.

The key performance metrics at the Bank level include a combination of short-term and long-term measures; and include profitability, solvency, liquidity and growth indicators. The performance management process ensures that all goals are appropriately cascaded down to respective business units and employees.

In determining the amount of variable remuneration, the Bank starts from setting specific targets, establishing market comparable bottom-up, setting a profit target and other qualitative performance measures that would result in a target top-down bonus pool. The bonus pool is then adjusted to take account of risk via the use of risk-adjusted measures.

The NRC carefully evaluates practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain. The NRC demonstrates that its decisions are consistent with an assessment of the Bank's financial condition and future prospects.

The Bank uses a formalised and transparent process to adjust the bonus pool for quality of earnings. It is the Bank's objective to pay out bonuses out of realised and sustainable profits. If the quality of earnings is not strong, the profit base could be adjusted based on the discretion of the NRC.

For the Bank to have any funding for distribution of a bonus pool, thresholds of financial targets have to be achieved. The performance measures ensure that the total variable remuneration is generally considerably contracted where subdued or negative financial performance of the Bank occurs. Furthermore, the target bonus pool, as determined above, is subject to risk adjustments in line with the risk adjustment and linkage framework.

Remuneration of control functions

The remuneration level of staff in the control and support functions allows the Bank to employ qualified and experienced personnel in these functions. The Bank ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favour of fixed remuneration. The variable remuneration of control functions is based on function-specific objectives, and is not to be determined by the individual financial performance of the business area they monitor.

The Bank's performance management system plays a major role in deciding the performance of the support and control units on the basis of the objectives set for them. Such objectives are more focused on non-financial targets that include risk, control, compliance and ethical considerations; as well as the market and regulatory environments, apart from value-adding tasks which are specific to each unit.

Variable remuneration for business units

The variable remuneration for the business units is primarily decided by the key performance objectives set through the performance management system of the Bank. Such objectives contain financial and non-financial targets, including risk control, compliance and ethical considerations, as well as the market and regulatory environments.

(a) Information relating to the design and structure of remuneration process:

The Policy seeks to assist in creating an efficient process, by acting as a point of reference in relation to the variable remuneration policies and procedures followed by the HR Department within the Bank in compliance with the Saudi Arabia Monetary Authority ("SAMA")'s Rules on Compensation Practices ("SAMA Regulations").

Review and Approval of the Manual

Any material changes in the operating environment or business model, or changes in applicable laws shall trigger an immediate ad-hoc review to ensure that the Policy remains in line with the Bank's strategy, practices, and business context at all times. Modifications to the Policy that result in major changes to the principles and rules underpinning variable remuneration shall be endorsed by the NRC and referred to the Board of Directors for approval. Procedural or minor changes, clarifications and operational mechanisms will be approved by NRC.

Implementation

The Chief Human Resources Officer ("CHRO") shall be responsible for ensuring that the policies and procedures in this Policy are adhered to by the respective staff. Any exceptions to the policies and procedures shall have to be brought to the attention of the CHRO and signed off by him/ her and reported to the NRC. All material breaches shall be immediately reported to the CHRO who will report the event to the NRC for further action.

All employees of the Bank are also responsible for implementation of this Policy.

Applicable Law

The Policy is established in accordance with the Labour Laws in the Kingdom of Saudi Arabia.

Should there be any difference in substance or interpretation between this Policy and the Labour Laws or applicable SAMA regulations, then the Labour Laws and applicable SAMA regulations shall prevail.

General Principles

The variable remuneration policies and procedures set forth in this Policy are enforceable towards all employees in the Bank as applicable.

This Policy complements the Employment Contracts, except where the terms of the Employment Contract are more favourable (but subject to being compliant with the SAMA regulations).

Employees must be informed of these practices, policies and procedures upon negotiation and urged to sign an acknowledgement before accepting employment.

Any condition that contradicts with the provisions of this Policy, and any acquittal or reconciliation regarding the rights of an employee arising under this document and during the validity of the Employment Contracts shall be made null and void unless it is of more benefit to the employee (but subject to being compliant with the SAMA regulations).

GOVERNANCE OF VARIABLE REMUNERATION

Overview

It is the Bank's basic compensation philosophy to provide a competitive level of total compensation to attract, motivate and retain qualified and competent employees. The Bank's variable remuneration policy will be driven primarily by a performance based culture that aligns employee interests' with those of the shareholders of the Bank. The variable remuneration policy should ensure effective alignment of remuneration with prudent risk-taking by senior management in the conduct of business.

A robust and effective governance framework ensures that the Bank operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Governance, Nomination and Remuneration Committee of the Board (GNRC).

Design, approval and oversight of the variable remuneration policy

The Board of Directors must actively oversee the remuneration system's design and operation for senior management and risk-takers.

The Bank is governed by SAMA which prescribes certain guidance and regulations in relation to developing sound remuneration practices for high earners who are approved persons and material risk takers (together "covered staff"). For the purpose of this Policy, guidance will be issued specifically for high earners who are covered staff and the Bank's policy for other non-covered staff.

The GNRC must ensure all persons must be remunerated fairly and responsibly. The Bank's remuneration policies and practices must be designed to reduce employees' incentives to take excessive and undue risk. The GNRC will be responsible for approving the variable remuneration policy of the Bank, and overseeing its implementation.

In the design and oversight of the Bank's variable remuneration policies, the GNRC may take into account the inputs provided by all competent independent corporate functions, namely risk management, financial control, compliance, human resources and strategic planning.

The Bank's variable remuneration policy will be consistent with and promotes sound and effective risk management. The variable remuneration policy will not encourage excessive risk taking and should enable the Bank to achieve and maintain a sound capital base.

The GNRC will endorse and the Board of Directors will approve any subsequent material exceptions or changes to the variable remuneration policy and carefully consider and monitor their effects.

Review of the remuneration policy

The GNRC ensures that the remuneration policy of the Bank will be reviewed on an annual basis at a minimum. Such central and independent reviews assess whether the overall remuneration system:

- operates as intended (in particular, that all agreed plans/programs are being covered; that the remuneration payouts are appropriate, and that the risk profile, long-term objectives and goals of the Bank are adequately reflected); and
- is compliant with applicable laws, regulations, principles and standards.

Where periodic reviews reveal that the remuneration system does not operate as intended or prescribed, the GNRC will ensure that a timely remedial plan is put in place.

Variable remuneration governance structure

The governance of the variable remuneration policies of the Bank rests with the GNRC of the Board. In addition to human resources department, the GNRC may engage for assistance a number of relevant control and support functions namely the risk management, finance and compliance departments.

The above functions shall work closely with the GNRC to assist in determining the overall variable remuneration strategy applicable to the Bank, having regard to the promotion of effective risk management. This will include establishing an effective variable remuneration framework to determine performance management, risk adjustment and the linkages to reward.

The procedures for setting variable remuneration should allow risk and compliance functions to have input where those functions have concerns regarding: 1) the impact on staff behaviour, and 2) the riskiness of the business undertaken.

(b) Information relating to the ways in which risks are taken into account in the remuneration process:

Risk assessment framework

The risk assessment framework of GIB aligns variable remuneration to the risk profile of the Bank, and also ensures that the remuneration policy reduces employees' incentives to take excessive and undue risk. The Bank considers both quantitative measures and qualitative measures in the risk assessment process, and risk adjustments are applied to ensure that the Bank's remuneration policies are aligned to its risk appetite.

The NRC considers whether the variable remuneration policy is in line with the Bank's risk profile; and ensures that through the ex-ante and ex-post risk assessment framework and processes, remuneration practices where potential future revenues, whose timing and likelihood remain uncertain, are carefully evaluated.

Risk adjustments consider all types of risks, including intangible and other risks such as reputation risk, liquidity risk and the cost of capital. The Bank undertakes risk assessment to review financial and operational performance against the business strategy and risk performance, prior to distribution of the annual bonus. GIB ensures that total variable remuneration does not limit its ability to strengthen its capital base.

The bonus pool considers the performance of the Bank, which is considered within the context of its risk management framework. This ensures that the variable pay pool is shaped by risk considerations and Bank-wide notable events.

The size of the variable remuneration pool and its allocation within the Bank considers the full range of current and potential risks, including:

- The capital required to support the risks taken
- The level of liquidity risk assumed in the conduct of business
- Consistency with the timing and likelihood of potential future revenues incorporated into current earnings

The NRC keeps itself abreast of the Bank's performance against the risk management framework. The NRC will use this information when considering remuneration to ensure that return, risk and remuneration are aligned.

Risk adjustments

The Bank has an ex-post risk assessment framework, which is a qualitative assessment to back-test actual performance against risk assumptions.

In years where the Bank suffers material losses in its financial performance, the risk adjustment framework would work as follows:

- There would be considerable contraction of the Bank's total variable remuneration.
- At the individual level, poor performance by the Bank would mean individual KPIs are not met, and hence employee performance ratings would be lower.
- Reduction in value of deferred awards.
- Possible changes in vesting periods, and additional deferral applied to unvested rewards.
- Lastly, if the qualitative and quantitative impact of a loss incident is considered significant, a malus or clawback of previous bonus awards may be considered.

The NRC, with Board approval, can rationalise and make the following discretionary decisions:

- Increase/ reduce the ex-post adjustment
- Consider additional deferrals or increase in the quantum of share awards
- Recovery through malus and clawback arrangements

Malus and clawback framework

The Bank's malus and clawback provisions allow the NRC to determine that, if appropriate, unvested elements under the deferred bonus plan can be forfeited/adjusted, or the delivered variable remuneration could be recovered in certain situations. The intention is to allow the Bank to respond appropriately if the performance factors, on which reward decisions were based, turn out not to reflect the corresponding performance in the longer-term. All deferred remuneration awards contain provisions that enable the Bank to reduce or cancel the awards of employees whose individual behaviour has had a materially detrimental impact on GIB during the concerned performance year. Any decision to take back an individual's award can only be taken by the NRC.

The Bank's malus and clawback provisions allow the Board to determine that, if appropriate, vested/unvested elements under the deferred bonus plan can be adjusted/cancelled in certain situations. These events include, but are not limited to, the following:

- Reasonable evidence of misbehaviour or material error by the employee causing harm to the Bank's reputation, or where the employee's actions have amounted to misconduct, incompetence or negligence.
- The employee's business unit suffers a material downturn in its financial performance, or a material risk management failure, or a material restatement of the financial statements of the Bank.
- The employee deliberately misleads the market and/or Shareholders in relation to the financial performance of the Bank.
- A significant deterioration in the financial health of the Bank, or the relevant line of business incurring losses.

Clawback can be used if the malus adjustment on the unvested portion is insufficient, given the nature and magnitude of the issue.

Components of variable remuneration

Variable remuneration has following main components:

Upfront cash/shares	The portion of the variable remuneration that is awarded and paid out in cash on conclusion of the performance evaluation process for each year.
Deferred cash/shares	The portion of variable remuneration that is awarded and paid in cash/shares on a pro-rata basis over a period of 3 years.

All deferred awards are subject to malus provisions.

(c) Description of the ways in which the bank seeks to link performance during a performance measurement period:

The performance of all employees is evaluated in at the Year-end reviews. All employees receive constructive feedback on performance at the Mid-year performance 'check-point'. The performance evaluations of all employees are linked to set targets and measures stated in the Performance Score Card and recorded on-line in GIB's Performance Management System.

Performance is evaluated using the Scorecard methodology. Each employee agrees to certain objectives and is assessed during the year on the progress made on these objectives. Employees are also appraised against their business peers through a Calibration process which is applied to ensure fair and equitable performance evaluation.

Employees are assessed using GIB's On Track / Off Track assessment during the mid-year stage. The assessment provides a common standard for assessing and comparing performance and is used to drive consistency and fairness of performance assessment. The On Track / Off Track assessment has been defined as follows:

On Track:

- Meets or exceeds H1 performance and values-aligned behavioural expectations;
- Likely to receive a 'Good', 'Strong' or 'Top Performer' year-end performance assessment.

Off Track:

- Does not meet H1 performance and/or Values- aligned behavioural expectations and;
- Needs to make improvement in order to receive a Good or Strong Year-End Performance Rating.

Employees are assessed against their performance using GIB's 5-point descriptive scale during the yearend. The scale has been defined as follows:

- *Outstanding "Top Performer"*: Always exceeds performance expectations
- *Excellent "Strong Performer"*: Frequently exceeds performance expectations
- *Fully Effective "Good Performer"*: Achieves or mostly achieves performance expectations
- *Partially Meets "Inconsistent Performer"*: Partially meet performance expectations
- *Did Not Meet "Poor Performer"*: Does not meet performance expectations

The performance management methodology adapted at GIB focuses on the differentiation of individual performance and drives the variable reward strategy which encourages high performance.

The Bank uses a guided discretionary variable pay determination philosophy, once the bank financial results are produced, Management presents to the NRC a proposed overall variable pay pool which varies based on the bank overall financial performance.

The pool is adjusted based on each stream department results then further down a range is produced for each employee based on individual performance. Line managers then starts the allocation process within the guided ranges which ensures the differentiation between individual's recommendations based on the level of Individual performance. GIB overall pay philosophy is to "Pay for performance" therefore, by the current definition of performance levels explained above "*Partially Meets*" and "*Did not Meets*" are not awarded by bank policy.

(d) Description of the ways in which the bank seeks to adjust remuneration to take account of longer team performance:

Explained under sections (a), (b) and (c)

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

GIB offer a main form of variable remuneration (cash). Where applicable, employees with variable pay is subject to cash/shares deferral over 3 years.

GIB also applies an incentive scheme to employees engaged in Retail Banking sales function. The scheme concentrates on junior employees only and are annually reviewed validated by HR, Business and approved by NRC.

GIB takes into perspective the business nature, Employee level in addition to the total compensation factors when determining the individual's pay mix, this is validated and determined based on market benchmarking and other elements such as the individual performance and business performance. GIB pay mix is approximately 70/30 fixed to variable for covered staff (business line and control functions) and around 50/50 fixed to variable for CEO, Deputy CEO and 5 most highly paid in business functions.

43. REM1 - Remuneration awarded during the financial year

SAR 000's			a	b
Remuneration amount			Senior management	Other material risk-takers
1	Fixed remuneration	Number of employees	22	195
2		Total fixed remuneration (rows 3 + 5 + 7)	33,184	87,640
3		Of which: cash-based	33,184	87,640
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	22	195
10		Total variable remuneration (rows 11 + 13 + 15)	9,763	15,996
11		Of which: cash-based	9,763	15,996
12		Of which: deferred	3,882	1,119
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 (rows 2 + 10)	42,947	103,636

44. REM2 - Special payments

SAR 000's	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management			1	1,010		
Other material risk-takers			1	300		

45. REM3 - Deferred remuneration

SAR 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 implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Senior management					
Cash	8,994	8,994			3,882
Shares					
Cash-linked instruments					
Other					
Other material risk-takers					
Cash	1,520	1,520			1,118
Shares					
Cash-linked instruments					
Other					
Total	10,514	10,514			5,000

46. Appendix

The tables and templates mentioned below are not available or not applicable.

Section	Tables and templates
Overview of risk management, key prudential metrics and RWA	KM2 - Key metrics - TLAC requirements (at resolution group level)
Comparison of modelled and standardised RWA	CMS1 - Comparison of modelled and standardised RWA at risk level
	CMS2 - Comparison of modelled and standardised RWA for credit risk at asset class level
Composition of capital and TLAC	TLAC1 - TLAC composition for G-SIBs (at resolution group level)
	TLAC2 - Material subgroup entity - creditor ranking at legal entity level
	TLAC3 - Resolution entity - creditor ranking at legal entity level
Links between financial statements and regulatory exposures	PV1 - Prudent valuation adjustments (PVAs)
Credit risk	CRE - Qualitative disclosure related to IRB models
	CR6 - IRB - Credit risk exposures by portfolio and PD range
	CR7 - IRB - Effect on RWA of credit derivatives used as CRM techniques
	CR8 - RWA flow statements of credit risk exposures under IRB
	CR9 - IRB - Backtesting of probability of default (PD) per portfolio
	CR10 - IRB (specialised lending under the slotting approach)
Counterparty credit risk	CCR4 - IRB - CCR exposures by portfolio and PD scale
	CCR7 - RWA flow statements of CCR exposures under Internal Model Method (IMM)
Securitisation	SECA - Qualitative disclosure requirements related to securitisation exposures
	SEC1 - Securitisation exposures in the banking book
	SEC2 - Securitisation exposures in the trading book
	SEC3 - Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor
	SEC4 - Securitisation exposures in the banking book and associated capital requirements - bank acting as investor

Market risk	MRB - Qualitative disclosures for banks using the IMA
	MR2 - Market risk for banks using the IMA
	MR3 - Market risk under the simplified standardised approach
Credit valuation adjustment risk	CVAA - General qualitative disclosure requirements related to CVA
	CVA1 - The reduced basic approach for CVA (BA-CVA)
	CVA2 - The full basic approach for CVA (BA-CVA)
	CVAB - Qualitative disclosures for banks using the SA-CVA
	CVA3 - The standardised approach for CVA (SA-CVA)
	CVA4 - RWA flow statements of CVA risk exposures under SA-CVA
Macroprudential supervisory measures	GSIB1 - Disclosure of G-SIB indicators

47. Disclosure policy for Basel 3 Pillar 3

The disclosures under Basel 3 Pillar 3 are in accordance with the banks disclosure policy and approved by the Board of Directors (BOD) to ensure compliance with the requirements of Pillar 3 issued by SAMA in December 2022.