

Basel III - Pillar 3 Disclosures

31st December 2025

Table Of Contents

Overview of Risk Management and RWA	5
OVA – Bank risk management approach	5
KM1 – Key metrics	12
OV1 – Overview of RWA	13
Linkages Between Financial Statements and Regulatory Exposures	14
LIA – Explanations of differences between accounting and regulatory exposures amounts	14
LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	15
LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements	16
Asset encumbrance	17
ENC– Asset encumbrance	17
Composition of Capital and TLAC	18
CC1 – Composition of regulatory capital.....	18
CC2 – Reconciliation of regulatory capital to balance sheet	21
CCA – Main features of regulatory capital instruments and of other TLAC-eligible instruments	22
Leverage Ratio	26
LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure.....	26
LR2 – Leverage ratio common disclosure template	27
Liquidity.....	29
LIQA – Liquidity risk management	29
LIQ1 – Liquidity Coverage Ratio (LCR)	32
LIQ2 – Net Stable Funding Ratio (NSFR)	33
Credit Risk.....	34
CRA – General qualitative information about credit risk	34
CR1 – Credit quality of assets	35
CR2 – Changes in stock of defaulted loans and debt securities	35
CRB – Additional disclosure related to the credit quality of assets	36
CRBA – Additional disclosure related to the credit quality of assets.....	42
CRC – Qualitative disclosure requirements related to credit risk mitigation techniques	43

CR3 – Credit risk mitigation techniques – overview.....	44
CRD – Qualitative disclosures on banks’ use of external credit ratings under the standardized approach for credit risk	44
CR4 – Standardised approach - Credit risk exposure and credit risk mitigation effects.....	45
CR5 – Standardized approach – exposures by asset classes and risk weights	46
Counterparty Credit Risk	51
CCRA – Qualitative disclosure related to CCR.....	51
CCR1 – Analysis of CCR exposures by approach.....	52
CCR3 – Standardized approach - CCR exposures by regulatory portfolio and risk weights.....	52
CCR5 – Composition of collateral for CCR exposure.....	53
Market risk	54
MRA – General qualitative disclosure requirements related to market risk.....	54
MR1 – Market risk under standardized approach	55
General qualitative disclosure requirements related to CVA.....	55
CVAA – General qualitative disclosure requirements related to CVA.....	55
CVA1 – The reduced basic approach for CVA (BA-CVA).....	56
CVA2 – The reduced basic approach for CVA (BA-CVA).....	56
CVA4 – RWA flow statements of CVA risk exposures under SA-CVA	56
Operational Risk.....	57
ORA - Operational Risk Qualitative disclosure	57
OR1- Historical losses.....	60
OR2 - Business indicator and subcomponents.....	62
OR3- Minimum required operational risk capital	63
Profit Rate Risk in The Banking Book	64
PRRBBA – PRRBB risk management objective and policies	64
PRRB1 – Quantitative information on PRRBB.....	69
Remuneration	70
REMA – Remuneration policy.....	70
REM1 – Remuneration awarded during the financial year	72
REM2 – Special payments.....	73
REM3 – Deferred remuneration.....	73

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

SN	Template	Description
1	KM2	Key metrics - TLAC requirements (at resolution group level)
2	CMS1	Comparison of modelled and standardized RWA at risk level
3	CMS2	Comparison of modelled and standardized RWA for credit risk at asset class
4	TLAC1	TLAC composition for G-SIBs (at resolution group level)
5	TLAC2	Material subgroup entity - creditor ranking at legal entity level
6	TLAC3	Resolution entity - creditor ranking at legal entity level
7	CDC	Capital distribution constraints
8	CR6	IRB - Credit risk exposures by portfolio and PD range
9	CR7	IRB - Effect on RWA of credit derivatives used as CRM techniques
10	CR8	RWA flow statements of credit risk exposures under IRB
11	CR10	IRB (Specialized lending under the slotting approach)
12	CCR4	IRB - CCR exposures by portfolio and PD scale
13	CCR6	Credit derivatives exposures
14	CCR7	RWA flow statements of CCR exposures under Internal Model Method (IMM)
15	CCR8	Exposures to central counterparties
16	SEC1	Securitization exposures in the banking book
17	SEC2	Securitization exposures in the trading book
18	SEC3	Securitization exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor
19	SEC4	Securitization exposures in the banking book and associated capital requirements - bank acting as investor
20	MR2	Market risk for banks using the IMA
21	MR3	Market risk under the simplified standardized approach
22	CVA3	The standardized approach for CVA (SA-CVA)
23	CCyB1	Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement
24	PV1	Prudent valuation adjustments (PVAs)
25	SECA	Qualitative disclosure requirements related to securitization exposures
26	CVAB	Qualitative disclosures for banks using the SA-CVA
27	GSIB1	Disclosure of G-SIB indicators
28	CRE	Qualitative disclosure related to IRB models
29	CR6	Credit risk exposures by portfolio and PD range
30	CR7	Effect on RWA of credit derivatives used as CRM techniques
31	CR8	RWA flow statements of credit risk exposures under IRB
32	CR9	Back testing of probability of default (PD) per portfolio
33	CR10	IRB (specialized lending under the slotting approach)
34	CCR4	CCR exposures by portfolio and PD scale
35	CCR7	RWA flow statements of CCR exposures under Internal Model Method (IMM)
36	MRB	Qualitative disclosures for banks using the IMA

Overview of Risk Management and RWA

OVA – Bank Risk Management Approach

Bank Albilad (hereinafter “BAB or “the Bank”) is a Saudi joint stock company formed pursuant to Royal Decree No. M/48 dated 21/09/1425H (04/11/2004) and Ministerial Resolution No.(258) dated 18/09/1425H (01/11/2004), and in accordance with Saudi Company Regulations issued under Royal Decree No. M/6 dated 22/3/1385H, Banking Control Regulations and other applicable laws and regulations in force in the Kingdom. Bank Albilad Head office is located in Riyadh.

a) Business model determination and risk profile

The Bank operates a fully Shariah-compliant Islamic banking model, providing retail and corporate financing, in addition to trade finance, treasury, payment, and investment services.

The Bank’s risk profile is aligned with its diversified business model and strategic objectives. A top-down Risk Appetite Framework (RAF) is established and approved by the Board, defining the level and types of risk the Bank is willing to assume in pursuit of its business objectives. The Risk Appetite is reviewed annually and updated to reflect regulatory developments and changes in the operating environment.

The Bank adopts a disciplined approach to risk-taking, focusing on risks that are adequately assessed, priced, and aligned with sustainable profitability and shareholder value. Risk appetite is cascaded across subsidiaries, business units, and product segments through defined risk policies, delegated authorities, governance committees, and limit structures.

The Bank manages several types of risk at different levels of the organization. Key types of risk are as follows:

- **Credit risk:**

Credit and counterparty risk is defined as the risk arising from an obligor's failure to meet all or part of its obligations. Credit and counterparty risk arises when funds are extended, committed or otherwise exposed through contractual agreements, whether reflected on/off-balance sheet.

- **Market risk:**

Market risk is defined as the risk arising from losses because of the market value of the Bank's assets and liabilities variation based on market conditions.

- **Liquidity risk:**

Liquidity risk is defined as the risk arising from losses when the Bank's normal liquidity reserves remain insufficient to meet its obligations.

- **Profit Rate Risk:**

Profit Rate Risk in the banking book is defined as the impact of the Bank's asset and liability exposures to changes in profit margin rates.

- **Operational risk:**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events', this definition includes legal risk but excludes reputation and strategic risk.

- **Information Security:**

Information security risk is defined as the risk of loss resulting from unauthorized access, use, disclosure, disruption, modification, or destruction of information assets, systems, or infrastructure. This includes risks arising from cyber threats, data breaches, system vulnerabilities, and failures in information security controls.

b) The Risk Governance Structure

The Bank has implemented a comprehensive risk governance and ownership structure that ensures effective oversight and accountability for managing risks across the organization. The overall governance structure is segregated into two distinct structures – Board level and Management level. The following are the key components of the organization structure:

- Board of Directors
- Risk Committee
- Risk Management Committee

The Board of Directors (BoD) of the Bank is responsible for the Bank overall safety and soundness along with setting risk appetite statement, approving risk policies and frameworks.

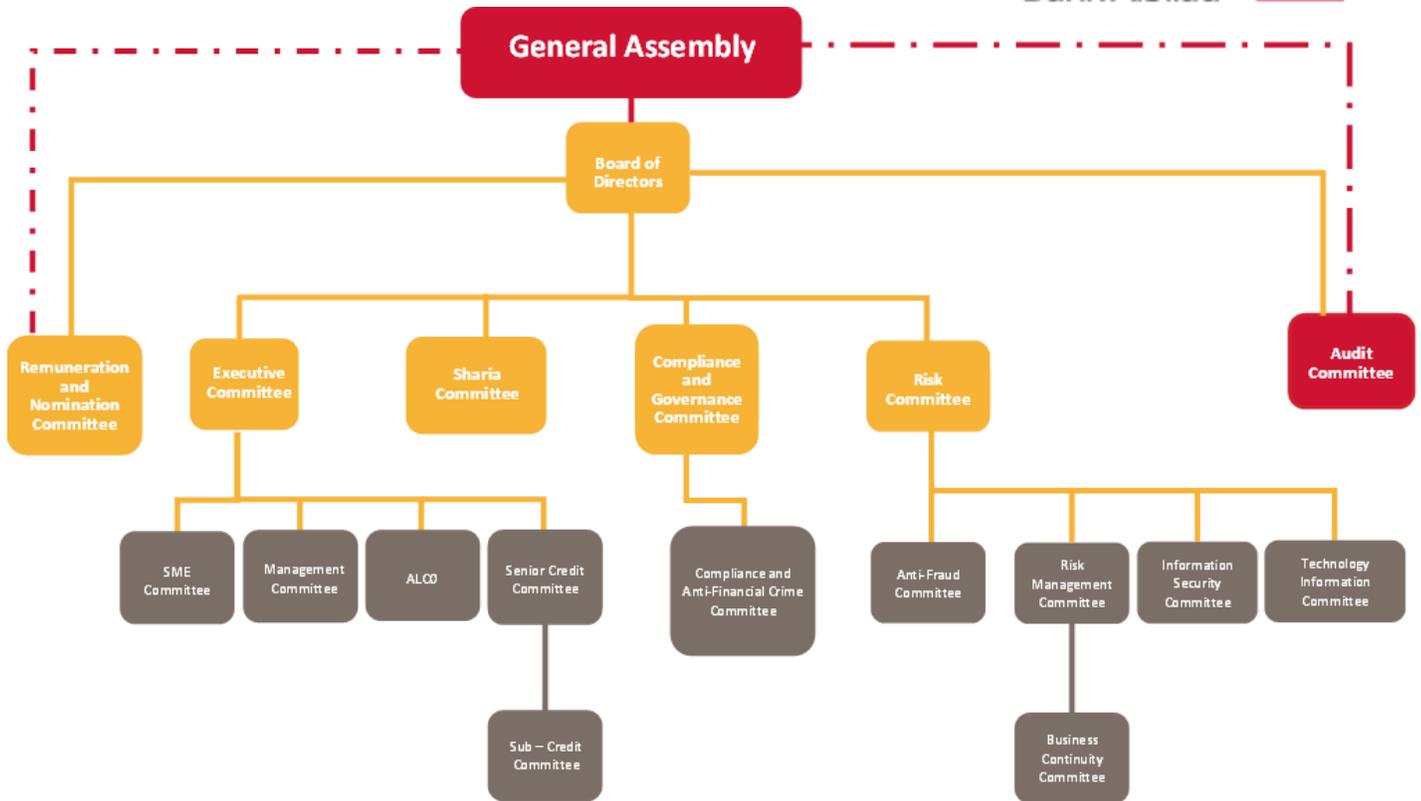
The Board Risk Committee (RC) is responsible for ensuring that there are adequate internal control systems in place, reviewing risk policies and frameworks, monitoring risk profile on a regular basis and any other related responsibilities assigned to it by the Board of directors.

The Risk Management Committee (RMC) is responsible for designing, developing and implementing the risk policies, framework and procedure along with determining the risk profile of the Bank.

c) Channels to Communicate and Enforce the Risk Culture

The Bank comprehensive risk management process involves identifying, quantifying, managing and mitigating the risks associated with all business units, as well as monitoring and controlling risk exposure through credit, market, liquidity and operational functions. The Bank enforce the risk culture within the Bank through risk management policies.

A number of committees identify and manage risk at the Bank-wide level. These committees operate and are mandated by the Board and organized in the structure as shown below:



d) The scope and main features of risk measurement systems

Risk management function objectives are to be the custodian of adherence to the Bank risk management culture and support the long-term sustainability by providing an established, independent framework for identifying, evaluating, monitoring and mitigating risks. Furthermore, risk management function set and monitor adherence to risk parameters and limits across the Bank and ensures they are implemented and adhered to consistently to give the Board reasonable assurance that risks the Bank is exposed to are identified and appropriately managed and controlled.

e) Process of risk information reporting provided to the Board and senior management

The risk management function monitor developments in the Bank's balance sheet structure and balance sheet movements, including its capital deployment and risk appetite. Assessment of the materiality of risks is directly linked to the Board's approved risk management policies covering all key risks. Key identified risks are monitored by risk management function to ensure that each risk is managed to an acceptable level.

Detailed performance and control metrics of these risks are reported to respective committees including but not limited to the results of scenario testing. Key risk types that are considered fall within the following:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Cyber Security and Fraud risk

f) Qualitative information on stress testing

The Bank conducts stress tests and scenario analyses to measure its risk of loss under unusual market conditions. Calculations are made for several scenarios which are typically defined based on combined scenarios macroeconomic and historical events that caused crises in the financial markets. However, current, or future events expected to have an effect on the global financial markets may also be used as input when defining the stress test scenarios. These scenarios are revised and updated regularly to reflect changes in the Bank's risk profile and economic events. The analyses are made based on the stress testing recommended by the Basel Committee / SAMA.

Bank Albilad also conducts comprehensive stress tests at regular intervals and the results are presented to the respective management-level committees and Board. In addition, there is several other qualitative requirements to ensure that the stress testing is up-to-date with respect to documentation, calculation methods and control measures.

g) The strategies and processes to manage and mitigate risks

The Bank continuously aims to adopt best international standards and practices in risk management. Bank Albilad uses substantial resources to develop procedures and tools that support this aim.

Managing risk is a process that operates independently from the business units of the Bank. It aims to promote a strong risk management culture through a comprehensive set of processes that are designed to effectively identify, measure, monitor and control risk exposures. The Board of Directors and senior

management are involved in the establishment of all risk processes and the periodic oversight and guidance of the risk management function.

- **Credit Risk:**

Management of Credit Risk

The Bank measures and manages its credit risk by adhering to the following principles:

- Consistent standards are applied across the Bank in the respective credit decision processes through the use of internal rating models.
- The approval of credit limits for counterparties and the management of its individual credit exposures are determined by the Bank's portfolio guidelines and its credit strategies, and each decision also involves a risk-versus-return analysis.
- Every extension of credit or material change to a credit facility (such as its tenor, collateral structure or major covenants) to any counterparty requires credit approval at the appropriate authority level.

The Bank assigns credit approval authorities based on dual sign-off system by business and risk up to a certain level, beyond which the proposals are referred to Credit Committee's, Executive Committee and finally Board for approval as per the credit authority matrix.

Mitigation of Credit Risk

Bank Albilad uses a variety of financial and non-financial collateral and guarantees to mitigate the underlying credit risk. The Bank adheres to the acceptable collaterals and guarantees with appropriate coverage.

- **Liquidity Risk:**

The Bank's liquidity risk policies are approved by the Board. In addition, the Liquidity Contingency Plan has been implemented aiming to ensure that Bank Albilad is sufficiently prepared to take remedial action if an unfavorable liquidity situation occurred. The Risk Management has set limits for liquidity risk and is responsible for ensuring that the Bank complies with liquidity risk limits.

The key business and risk management stakeholders receive reports on the Bank's liquidity risks regularly. Moreover, the "Asset and Liability Committee" continuously assesses developments in the Bank's liquidity and plans long-term funding.

- **Operational Risk:**

The Bank measures and monitors operational risk by adhering to:

- Identifying and assessing the operational risk of new products as well as current products, activities, and systems.
- The total independence and continuity of assessment of procedures, monitoring controls, and performance.
- Limiting operational losses and solving the causing problems at their roots.

The Bank is also keen on implementing the operational risk governance mechanism through supervision by the Board of Directors and Senior Management.

KM1 – Key metrics

		a	b	c	d	e
		Dec-25	Sep-25	Jun-25	Mar-25	Dec-24
(SAR '000)						
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	18,918,062	18,472,284	18,318,524	17,592,107	16,693,230
1a	Fully loaded ECL accounting model CET1	18,918,062	18,472,284	18,318,524	17,592,107	16,693,230
2	Tier 1	21,355,920	20,910,142	20,756,382	17,592,107	16,693,230
2a	Fully loaded ECL accounting model Tier 1	21,355,920	20,910,142	20,756,382	17,592,107	16,693,230
3	Total capital	25,742,482	25,363,731	25,164,437	21,961,813	21,017,878
3a	Fully loaded ECL accounting model total capital	25,742,482	25,363,731	25,164,437	21,961,813	21,017,878
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	127,435,617	124,821,786	121,329,804	118,222,955	114,707,072
4a	Total risk-weighted assets (pre-floor)	127,435,617	124,821,786	121,329,804	118,222,955	114,707,072
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	14.85%	14.80%	15.10%	14.88%	14.55%
5a	Fully loaded ECL accounting model CET1 (%)	14.85%	14.80%	15.10%	14.88%	14.55%
5b	CET1 ratio (%) (pre-floor ratio)	14.85%	14.80%	15.10%	14.88%	14.55%
6	Tier 1 ratio (%)	16.76%	16.75%	17.11%	14.88%	14.55%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.76%	16.75%	17.11%	14.88%	14.55%
6b	Tier 1 ratio (%) (pre-floor ratio)	16.76%	16.75%	17.11%	14.88%	14.55%
7	Total capital ratio (%)	20.20%	20.32%	20.74%	18.58%	18.32%
7a	Fully loaded ECL accounting model total capital ratio (%)	20.20%	20.32%	20.74%	18.58%	18.32%
7b	Total capital ratio (%) (pre-floor ratio)	20.20%	20.32%	20.74%	18.58%	18.32%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	7.85%	7.80%	8.10%	7.88%	7.55%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	187,112,944	183,047,981	177,131,778	174,793,599	171,004,390
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	11.41%	11.42%	11.72%	10.06%	9.76%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	11.41%	11.42%	11.72%	10.06%	9.76%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.41%	11.42%	11.72%	10.06%	9.76%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.41%	11.42%	11.72%	10.06%	9.76%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	11.41%	11.42%	11.72%	10.06%	9.76%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	25,147,301	23,671,864	23,241,094	21,526,068	21,218,926
16	Total net cash outflow	18,823,658	19,676,492	17,717,645	17,054,305	17,259,464
17	LCR ratio (%)	133.59%	120.31%	131.17%	126.22%	122.94%
Net Stable Funding Ratio						
18	Total available stable funding	121,263,761	119,933,913	115,344,347	110,916,515	107,258,824
19	Total required stable funding	112,303,488	109,346,137	105,671,027	102,592,012	99,410,226
20	NSFR ratio	107.98%	109.68%	109.15%	108.11%	107.90%

OV1 – Overview of RWA

(SAR '000)

		a	b	c
		RWA		Minimum Capital Requirements
		Dec-25	Sep-25	Dec-25
1	Credit risk (excluding counterparty credit risk)	116,188,285	114,517,123	9,295,063
2	Of which: standardised approach (SA)	116,188,285	114,517,123	9,295,063
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)	89,672	38,798	7,174
7	Of which: standardised approach for counterparty credit risk	89,672	38,798	7,174
8	Of which: IMM			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	234,633	40,810	18,771
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	1,744,932	1,763,911	139,595
13	Equity investments in funds – mandate-based approach	83,868	6,054	6,709
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in banking book	-	-	-
17	Of which: securitisation IRB 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	4,072,222	3,433,084	325,778
21	Of which: standardised approach (SA)	4,072,222	3,433,084	325,778
22	Of which: internal model approach (IMA)			
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	5,022,005	5,022,005	401,760
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)	127,435,617	124,821,786	10,194,849

Linkages Between Financial Statements and Regulatory Exposures

LIA – Explanations of differences between accounting and regulatory exposures amounts

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

There are no differences between carrying values as reported in published financial statements and carrying values under the scope of regulatory consolidation.

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

Financial statement reported carrying values and regulatory scope of carrying values are no difference for on-balance sheet items. Notional balances are reported for Off balance sheet, derivatives in financial statements whereas CCF applied for off balance sheet items to consider under scope of regulatory exposure and derivatives exposures are calculated based on SA-CCR approach.

L11 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

(SAR '000)

	A	b	c	d	e	f	G
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with Saudi Central Bank	9,616,694	9,616,694	9,616,694	-	-	-	-
Due from banks and other financial institutions, net	5,883,033	5,883,033	5,883,033	-	-	-	-
Investments, net	31,123,031	31,123,031	30,284,091	-	-	838,940	-
Financing, net	122,188,499	122,188,499	122,188,499	-	-	-	-
Other assets	1,364,184	1,364,184	1,364,184	-	-	-	-
Property, equipment and right of use assets, net	2,796,630	2,796,630	2,796,630	-	-	-	-
Total assets	172,972,071	172,972,071	172,133,131	-	-	838,940	-
Liabilities							
Due to banks, Saudi Central Bank and other financial institutions	6,982,815	-	-	-	-	-	-
Customers' deposits	132,879,116	-	-	-	-	-	-
Sukuk	3,144,407	-	-	-	-	-	-
Other liabilities	8,609,813	-	-	-	-	-	-
Total liabilities	151,616,151	-	-	-	-	-	-

L12 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

(SAR '000)

		a	b	c	d	e
		Total	Items subject to:			
			Credit risk framework	Securitization framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per Template L11)	172,972,071	172,133,131	-	-	838,940
2	Liabilities carrying value amount under regulatory scope of consolidation (as per Template L11)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation (Row 1 - Row 2)	172,972,071	172,133,131	-	-	838,940
4	Off-balance sheet amounts	36,136,016	12,594,673	-	-	
5	Difference due to Derivative Exposures (Subject to SA-CCR and CVA)	199,516	-	-	199,516	
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	
7	Differences due to consideration of provisions	2,448,448	2,448,448	-	-	
8	Differences due to prudential filters	-	-	-	-	
9	Exposure amounts considered for regulatory purposes	211,756,051	187,176,252	-	199,516	

Asset encumbrance

ENC– Asset encumbrance

The assets on the balance sheet would be disaggregated; there can be as much disaggregation as desired.

(SAR '000)

The assets on the balance sheet would be disaggregated; there can be as much disaggregation as desired	a	b	c
	Encumbered assets	Unencumbered assets	Total
Repurchase Agreements	3,013,402	-	3,013,402
Others	-	169,958,669	169,958,669
Total	3,013,402	169,958,669	172,972,071

Composition of Capital and TLAC

CC1 – Composition of regulatory capital

(SAR '000)

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	15,000,000	(h)
2	Retained earnings	1,895,955	
3	Accumulated other comprehensive income (and other reserves)	2,022,107	
4	<i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	18,918,062	
	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 (net of related tax liability)	-	(b) minus (e)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework [1])	-	
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 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to Common Equity Tier 1	-	

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
29	Common Equity Tier 1 capital (CET1)	18,918,062	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	2,437,858	(i)
31	Of which: classified as equity under applicable accounting standards	2,437,858	
32	Of which: classified as liabilities under applicable accounting standards	-	
33	<i>Directly issued capital instruments subject to phase-out from additional Tier 1</i>	-	
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	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	
36	Additional Tier 1 capital before regulatory adjustments	2,437,858	
	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 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to additional Tier 1 capital	-	
44	Additional Tier 1 capital (AT1)	2,437,858	
45	Tier 1 capital (T1 = CET1 + AT1)	21,355,920	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	3,000,000	
47	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>	-	
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	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	
50	Provisions	1,386,562	
51	Tier 2 capital before regulatory adjustments	4,386,562	
	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	-	

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	4,386,562	
59	Total regulatory capital (TC = T1 + T2)	25,742,482	
60	Total risk-weighted assets	127,435,617	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	14.85%	
62	Tier 1 (as a percentage of risk-weighted assets)	16.76%	
63	Total capital (as a percentage of risk-weighted assets)	20.20%	
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)	2.50%	
65	Of which: capital conservation buffer requirement	2.5%	
66	Of which: bank-specific countercyclical buffer requirement	0%	
67	Of which: higher loss absorbency requirement	0%	
68	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	7.85%	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-	
71	National total capital minimum 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		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,386,562	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1,475,214	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase-out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase-out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase-out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

CC2 – Reconciliation of regulatory capital to balance sheet

(SAR '000)

	a	b
	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	As at period-end	As at period-end
Assets		
Cash and balances with Saudi Central Bank	9,616,694	9,616,694
Due from banks and other financial institutions, net	5,883,033	5,883,033
Investments, net	31,123,031	31,123,031
Financing, net	122,188,499	122,188,499
Other assets	1,364,184	1,364,184
Property, equipment and right of use assets, net	2,796,630	2,796,630
Total assets	172,972,071	172,972,071
Liabilities		
Due to banks, Saudi Central Bank and other financial institutions	6,982,815	-
Customers' deposits	132,879,116	-
Sukuk	3,144,407	-
Other liabilities	8,609,813	-
Total liabilities	151,616,151	-
Shareholders' equity		
Paid-in share capital	17,437,858	17,437,858
Of which: amount eligible for CET1 capital	15,000,000	15,000,000
Of which: amount eligible for AT1 capital	2,437,858	2,437,858
Retained earnings	1,895,955	1,895,955
Accumulated other comprehensive income	2,022,107	2,022,107
Total shareholders' equity	21,355,920	21,355,920

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

1)		Quantitative / qualitative information
1	Issuer	Bank Albilad
2	Unique identifier (eg Committee on Uniform Security Identification Procedures (CUSIP), International Securities Identification Number (ISIN) or Bloomberg identifier for private placement)	SA15AFK0HS36 - BP0668155
3	Governing law(s) of the instrument	The instrument is governed by the laws of the Kingdom of Saudi Arabia
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	Not applicable
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (refer to SACAP)	Subordinated Tier 2 Sukuk
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	SAR 3,000 millions
9	Par value of instrument	SAR 3,000 millions
10	Accounting classification	Liability at amortized cost
11	Original date of issuance	15-Apr-21
12	Perpetual or dated	Dated
13	Original maturity date	15-Apr-31
14	Issuer call subject to prior SAMA approval	Yes
15	Optional call date, contingent call dates and redemption amount	"15 April 2026" The Sukuk may be redeemed prior to the Expiry Date at the option of the Issuer (subject to prior written approval from the Banking Regulator, if then required) on the Periodic Distribution Date that falls on the [fifth] anniversary of the Closing Date in whole, but not in part, on giving not less than thirty (30) days' nor more than sixty (60) days' notice to the Sukukholders' Agent in accordance with the Declaration of Agency and to the Sukuk holders in accordance with Condition 18 (Notices) (which notice shall be irrevocable), and, subject to Condition 5(b) (Subordination) and Condition 12 (Write-down at the Point of Non-viability), each Sukuk holder shall receive its pro rata share of the Sukuk Capital on the date specified in such notice (the Optional Dissolution Date)."
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	

1)		Quantitative / qualitative information
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	3M SAIBOR + 165 Basis points
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Writedown feature	Yes
31	If writedown, writedown trigger(s)	Terms of issuance provide the legal basis for the regulator to trigger write down
32	If writedown, full or partial	Full or partial
33	If writedown, permanent or temporary	Permanent
34	If temporary write-own, description of writeup mechanism	Not applicable
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinated debt and senior debt instruments are senior to this instrument
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable

2)		Quantitative / qualitative information
1	Issuer	BAB USD AT1 SUKUK Limited
2	Unique identifier (eg Committee on Uniform Security Identification Procedures (CUSIP), International Securities Identification Number (ISIN) or Bloomberg identifier for private placement)	ALBIAB 6 1/2 PERP, ISIN XS3071347994
3	Governing law(s) of the instrument	English Law (except certain provision which shall be governed by Saudi Arabian 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)	As per the term and conditions of the Sukuk, the write-down clause is subject to and superseded by, any applicable statutory loss absorption regime become effective in KSA.
4	Transitional Basel III rules	Tier 1
5	Post-transitional Basel III rules	Yes
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (refer to SACAP)	USD denominated Additional Tier 1 Capital Sukuk
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	USD 650 million
9	Par value of instrument	USD 650 million
10	Accounting classification	Capital Instrument Tier 1
11	Original date of issuance	Thursday, May 22, 2025
12	Perpetual or dated	Perpetual
13	Original maturity date	Perpetual Tier 1 Capital (Subject to any early redemption as described below)
14	Issuer call subject to prior SAMA approval	22 May 2030 (the "First Call Date") and on any date thereafter up to and including 22 November 2030 (the "First Reset Date") or on any Periodic Distribution Date following the First Reset Date subject to conditions for redemption and provided that no redemption will be permitted following delivery of a Non-Viability Notice.
15	Optional call date, contingent call dates and redemption amount	The Capital Certificates are perpetual securities and have no fixed or final redemption date. Unless the Certificates have previously been redeemed or purchase and cancelled, the Bank may instruct the Trustee to redeem all (but not some only) of the Certificates on the applicable Call Date. In addition, upon the occurrence of a Tax Event or a Capital Event, the Bank may instruct the Trustee to redeem all (but not some only) of the Certificates at any time in accordance with the Conditions.
16	Subsequent call dates, if applicable	As Above

2)		Quantitative / qualitative information
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	6.50%
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non cumulative
23	Convertible or non-convertible	Non convertible
24	If convertible, conversion trigger(s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Writedown feature	Yes
31	If writedown, writedown trigger(s)	Terms of issuance provide the legal basis for the regulator to trigger write down
32	If writedown, full or partial	Full or Partial
33	If writedown, permanent or temporary	Permanent
34	If temporary write-own, description of writeup mechanism	Not Applicable
34a	Type of subordination	Unsecured, Junior Subordinated
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	The payment obligations of the Bank under the Master Mudaraba Agreement (including all payments which are the equivalent of principal and profit) will (a) constitute Additional Tier 1 Capital of the Bank, (b) constitute direct, unsecured, unconditional and subordinated obligations of the Bank, and (c) upon the occurrence and continuation of any Winding-Up Proceeding, rank (i) subordinate and junior to all Senior Obligations but not further or otherwise, (ii) pari passu with all other Pari Passu Obligations and (iii) in priority only to all Junior Obligations.
36	Non-compliant transitioned features	Not Applicable
37	If yes, specify non-compliant features	Not Applicable

Leverage Ratio

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

(SAR '000)

Items		a
1	Total consolidated assets as per published financial statements	172,972,071
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	199,516
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)	12,594,673
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	1,346,683
13	Leverage ratio exposure measure	187,112,944

LR2 – Leverage ratio common disclosure template

		(SAR '000)	
		a	b
		Dec-25	Sep-25
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	174,318,754	169,243,796
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 Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	-	-
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	174,318,754	169,243,796
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	33,706	22,580
9	Add-on amounts for potential future exposure associated with all derivatives transactions	108,806	40,996
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)	199,516	89,006
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	36,136,016	38,502,718
20	(Adjustments for conversion to credit equivalent amounts)	(23,541,343)	(24,787,539)

		a	b
		Dec-25	Sep-25
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off-balance sheet items (sum of rows 19 and 21)	12,594,673	13,715,179
Capital and total exposures			
23	Tier 1 capital	21,355,920	20,910,142
24	Total exposures (sum of rows 3, 11, 16 and 19)	187,112,944	183,047,981
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	11.41%	11.42%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.41%	11.42%
26	National minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	8.41%	8.42%

LIQA – Liquidity risk management

Qualitative Disclosures

Governance of liquidity risk management

Effective oversight by the Board of Directors (Board) and Senior Management is a critical element of the Bank's liquidity risk management process. The Board of Directors delegates the responsibility for managing the Bank's overall liquidity to Asset and Liability Committee ("ALCO"). On day-to-day operations, Treasury performs the liquidity management on centralized basis for the whole Bank, within limits set by the Board and monitored by Risk Management Group. The key liquidity ratios are monitored and reported on daily basis. Additionally, a detailed Liquidity Risk report is presented to ALCO and Board Risk Committee at a frequent interval.

Funding strategy

The Board reviews and approves the liquidity management policies and ensures that senior management manages liquidity risk effectively in the context of the Bank's business plan and long-term funding strategy. The Bank has prepared a detailed Funding Strategy. This funding strategy assesses the funding requirements based on the projected balance sheet growth and the main sources of funding to support that growth. Along with normal projection, a sensitivity analysis of customer deposits is also included as these constitute the major source of funding for the Bank. Major portion of the funding requirements of the Bank is targeted to be met through customers' deposits. The Bank has taken a strategic decision to focus on customer deposits. The Bank funding strategy ensures compliance with minimum liquidity ratios requirements such as: the Financing to Deposit ratio requirements "FDR", Liquidity Reserve ratio "LRR", Liquidity Coverage ratio "LCR" and Net Stable Funding ratio "NSFR" as approved by the Board and regulatory requirements.

Liquidity Risk Mitigation Techniques.

- The Bank manage its liquidity risk through robust infrastructure for identification and measurement of the complete range of liquidity risks with maintenance of an adequate level of liquidity buffer, including through a cushion of liquid assets to meet potential funding needs over the short and long-term periods and for dealing with potential liquidity disruptions. The Bank also set and monitor liquidity risk through various Early Warning Indicators (EWIs).

- The diversification of sources and utilization of funds across banks, customers, and geographic location within Saudi, GCC and other financial markets. In addition to active presence in interbank, financial markets and in corporate deposit market.
- Establishing and monitoring of domestic and foreign bank credit lines.

Stress Testing

The Bank conducts its stress test as mandated by the Saudi Central Bank (SAMA). The Bank uses a combination of Bank specific and market wide stress scenarios to test robustness of Bank's liquidity position. The adverse movements in macro-economic indicators and bank specific factors are assumed to impact the cash-flows for the Bank and banking industry as a whole, which in turn will proportionately impact the Bank cash-flows. Liquidity stress testing is conducted regularly and presented to ALCO.

The Bank's contingency funding plans

To reduce the risk of a funding crisis and effectively manage adverse conditions, the Bank has developed a Contingency Funding Plan (CFP). This plan outlines policies, procedures, and action strategies to evaluate and address significant disruptions in the Bank ability to obtain funding promptly and at a reasonable cost. At Bank Albilad, the CFP framework is designed to ensure that Bank remains resilient to funding shocks under any conditions and Bank operations continue as smoothly as possible during a funding crisis. Finally, the Bank resumes normal business operations and rebounded smooth as possible.

Quantitative disclosures

Customized Measurement Tools

Bank regularly monitors the cash flows and liquidity positions and publish liquidity gap in its financial statement disclosures.

Concentration limits

Customers deposits make the significant part of Bank Albilad's funding and constant focus is ensured for stability in such deposits. Bank regularly analyses and monitors the depositors funding concentration to avoid dependency on large single depositors and ensure diversification in Bank's overall funding mix. Additionally, Bank Albilad holds a buffer of HQLA that are available to support liquidity under stressed liquid circumstances.

Liquidity Transferability between Legal Entities

All cash and marketable assets positions are managed by the Treasury of the Bank centrally. All of the marketable assets can be readily liquidated or repoed and generate cash. The Bank consolidates the record of all encumbered / pledged assets and ensures that it always maintains sufficient liquidity buffer to overcome any liquidity crisis at group and subsidiaries level. All subsidiary positions are consolidated at parent (Bank Albilad) level and liquidity is allocated to each subsidiary in order to allow them to pursue their business goals.

Liquidity Gap and Maturity mismatch report

The Bank measures its liquidity positions by monitoring liquidity gaps for various buckets as well as through Basel III liquidity ratios, SAMA's statutory liquidity ratio and monitoring the intraday positions. The Bank is bucketed the cash inflows and outflows based on contractual maturities as it shows in below table.

(SAR '000)

2025	Within 3 Months	3 months to 1 year	Over 1 year to 5 years	Over 5 years	No contractual maturity
Total Assets	22,412,293	17,622,990	61,139,645	57,139,288	14,657,853
Total Liabilities	41,636,738	19,909,505	1,782,964	-	88,286,943
On Balance Sheet Liquidity Gap	(19,224,445)	(2,286,515)	59,356,681	57,139,288	(73,629,090)
Off Balance Sheet Commitments	2,477,500	6,336,371	6,204,243	1,376,875	-

LIQ1 – Liquidity Coverage Ratio (LCR)

		(SAR '000)	
		a	b
		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		25,147,301
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	49,259,415	4,925,942
3	Stable deposits	-	-
4	Less stable deposits	49,259,415	4,925,942
5	Unsecured wholesale funding, of which:	50,753,211	21,104,351
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	50,753,211	21,104,351
8	Unsecured debt	-	-
9	Secured wholesale funding	-	-
10	Additional requirements, of which:	1,516,611	152,488
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	1,516,611	152,488
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	36,103,523	914,871
16	TOTAL CASH OUTFLOWS		27,097,651
Cash inflows			
17	Secured lending (eg reverse repos)	-	-
18	Inflows from fully performing exposures	11,791,213	8,273,993
19	Other cash inflows	-	-
20	TOTAL CASH INFLOWS		8,273,993
			Total adjusted value
21	Total HQLA		25,147,301
22	Total net cash outflows		18,823,659
23	Liquidity Coverage Ratio (%)		133.59%

LIQ2 – Net Stable Funding Ratio (NSFR)

(SAR '000)

(In currency amount)	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value
	No maturity*	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) item					
1 Capital:	22,742,482	-	-	-	22,742,482
2 Regulatory capital	22,742,482	-	-	-	22,742,482
3 Other capital instruments	-	-	-	-	-
4 Retail deposits and deposits from small business customers:	40,614,727	26,932,950	2,883,290	172,405	63,560,275
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	40,614,727	26,932,950	2,883,290	172,405	63,560,275
7 Wholesale funding:	39,175,341	25,860,912	5,659,698	1,625,070	34,961,004
8 Operational deposits	162,996	-	-	-	81,498
9 Other wholesale funding	39,012,345	25,860,912	5,659,698	1,625,070	34,879,506
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities:	8,609,810	-	-	-	-
12 NSFR derivative liabilities	-	-	-	-	-
13 All other liabilities and equity not included in the above categories	8,609,810	-	-	-	-
14 Total ASF					121,263,761
Required stable funding (RSF) item					
15 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	851,606
16 Deposits held at other financial institutions for operational purposes	691,425	-	-	-	345,712
17 Performing loans and securities:	-	-	-	-	-
18 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	3,478,963	-	1,666,363	2,188,207
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:	-	20,796,036	11,622,584	89,658,765	92,419,261
21 With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	1,195,775	777,254
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	880,203	978,239	344,513	10,043,273	10,029,096
25 Assets with matching interdependent liabilities	-	-	-	-	-
26 Other assets:	4,576,863	531,043	117,374	418,304	5,643,585
27 Physical traded commodities, including gold	-	-	-	-	-
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29 NSFR derivative assets	-	-	-	-	-
30 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
31 All other assets not included in the above categories	4,576,863	531,043	117,374	418,304	5,643,585
32 Off-balance sheet items	-	36,136,015	-	-	48,767
33 Total RSF					112,303,488
34 Net Stable Funding Ratio (%)					107.98%

Credit Risk

CRA – General qualitative information about credit risk

(a)	How the business model translates into the components of the Bank's credit risk profile:
	<p>Bank Albilad provides Shariah based commercial banking services such as commercial finance, trade finance, consumer finance, charge cards and treasury products to all customer segments including corporates, MSME ,individuals, business entities, financial institutions and government and semi-government institutions.</p> <p>In a competitive pursuit of growth opportunities, Bank has adopted a retail as well as wholesale, MSME focused commercial banking business model to leverage the strengths of its large branch network and a team of highly skilled professionals by exploiting both Retail and Corporate sectors. Bank's business model is characterized by anchoring on stable funding sources through well diversified deposit base, and high-quality financing assets both on and off-balance sheet.</p>
(b)	Criteria and approach used for defining credit risk management policy and for setting credit risk limits
	<p>Credit Risk is the risk of loss resulting from inability of any counterparty to fulfill its obligations to the Bank as per the agreed terms. The Bank follows guidelines given in the Basel Regime in letter and spirit and follow industry best practice in managing this risk. A Risk Appetite statement is approved by the BOD annually which forms basis for defining all risk control parameters. Risk assets portfolio is monitored closely to comply with the defined parameters. The Bank's credit policy lays emphasis on using all modern decision-making tools. Accordingly, the Bank has adopted a robust system of Financial Analysis and Obligor Risk Rating. This is augmented by use of a model to assess Risk Adjusted Return on (economic) Capital - RAROC. The Credit Policy defines all concentrations to manage credit risk at portfolio level, and limits are accordingly set to keep concentration levels well within the Risk Appetite approved by the BOD. All counter party limits are approved by competent levels duly authorized by the BOD to approve credit underwritings while remaining strictly in compliance with regulatory guidelines.</p>
(c)	Structure and organization of the credit risk management and control function
	<p>The Credit Risk Management structure comprises of independent control functions reporting to the Executive Vice President - Risk Management Group. Credit Risk Division is managed under a well-defined framework of principles, organizational structure, and measurement and monitoring processes that are closely aligned with the Banks Credit Policy and Risk Appetite as articulated from time to time. While all credit proposals are initiated by relevant Businesses, these are independently processed by Credit Risk function to bring objectivity to decision making. Further, within Credit Risk function, Credit Policies & IFRS 9 Implementation, Credit Approvals, and Credit Administration are managed by independent departments to strengthen the controls. In view of the nature of the business, Consumer Credit is looked after by an independent Manager under the Credit Risk Management Division.</p>
(d)	Relationships between the credit risk management, risk control, compliance, and internal audit functions
	<p>We operate a three lines of defense credit risk management model. The first line of defense is the business (i.e Retail, Wholesale and Treasury) who are the "owners" of the credit risks. The second line of defense is an independent risk and control infrastructure in the form of Credit Risk Division which is part of Risk Management Group. The third line of defense is Internal Audit and Compliance Departments, which assure the effectiveness of our controls. All three lines of defense are independent of one another and accountable for maintaining structures that ensure adherence to the design principles at all levels.</p>
(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.
	<p>Risk management function periodically reports all important risk indicators to both the Executive Management and the Board which include different concentrations in financing portfolio, nonperforming financing and loan loss coverage, portfolio changes under stressed scenarios, and compliance with Risk Appetite approved by the Board.</p>

CR1 – Credit quality of assets

(SAR '000)

		a		b	c	d		e	f	g
		Defaulted exposures	Non-defaulted exposures			Allocated in regulatory category of Specific	Allocated in regulatory category of General			
		Gross carrying values of			Allowances/ impairments	Of which ECL accounting provisions for credit losses on SA exposures			Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
1	Loans	1,215,222	123,377,994	2,404,716	1,088,175	1,316,541	-	122,188,500		
2	Debt Securities	-	28,810,682	22,683	-	22,683	-	28,787,999		
3	Off-balance sheet exposures	-	16,418,527	105,378	65,499	39,879	-	16,313,149		
4	Total	1,215,222	168,607,203	2,532,777	1,153,674	1,379,103	-	167,289,648		

CR2 – Changes in stock of defaulted loans and debt securities

(SAR '000)

		a
1	Defaulted loans and debt securities at end of the previous reporting period	1,244,628
2	Loans and debt securities that have defaulted since the last reporting period	184,826
3	Returned to non-defaulted status	(43,050)
4	Amounts written off	(84,094)
5	Other changes	(87,088)
6	"Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)"	1,215,222

CRB – Additional disclosure related to the credit quality of assets

Qualitative disclosures:

(a)	The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.
	<p>Financing is considered to be past due if contractually agreed payments of principal and/or profit remain unpaid by the borrower on the due date. For calculating regulatory capital under Standardized Approach of Basel asset class "Defaulted Exposure" is considered if any counterparty has past due for more than 90 days or an exposure to a defaulted counterparty. A finance, or a group of finances, is impaired, and impairment losses are estimated as per IFRS 9. To allow management to determine whether a loss-event may occur on an individual basis, all counterparty relationships are reviewed periodically. This evaluation considers current information and expected events related to the counterparty, such as the counterparty experiencing significant financial difficulty or a breach of contract, for example, default or delinquency in payment of principal or profit. There is no difference in accounting and regulatory definition of "past due" and "impaired".</p>
(b)	The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.
	<p>In the normal course of business all the counterparties having full or partial exposure as past due for more than 90 days are treated as "Stage 3" as per guidelines contained in IFRS 9. As on reporting date of this disclosure under Pillar III there was small past dues amount more than 90 days but was not treated as "impaired".</p>
(c)	Description of methods used for determining impairments.
	<p>The Bank has completed its journey for transition to IFRS 9. The impairment component of the standard is the most significant and complex change requiring a complete revamp of provisioning methodologies and disclosure frameworks. The Bank has validated models for PD, LGD, Macroeconomic and EAD for all financial assets within the scope of IFRS 9 and redeveloped aforementioned models wherever required. Bank has also implemented system through which IFRS 9 compliant expected credit losses will be automatically calculated at every reporting date. In addition, governance framework around IFRS 9 Business Model, SPPI Assessment, Expected Credit Loss (ECL) and Staging Criteria Assessment have also been established and reviewed to cater respective requirements of IFRS 9.</p>
(d)	The Bank's own definition of a restructured exposure.
	<p>At times due to economic or legal reasons the Bank enters into a restructuring agreement with a borrower who faces, or will face, financial difficulties. This is done in order to ease the contractual obligation of the borrower for a limited period of time. A case by case approach is applied for our corporate clients considering each transaction and client specific facts and circumstances. For consumer finances we offer rescheduling for a limited period of time, in which case the total or partial outstanding or future instalments are deferred to a later point of time. However, the amount not paid, including accrued profit during this period, is re-compensated at a later point of time. Repayment options include distribution over residual tenor, a one-off payment, or a tenor extension. Restructuring / Rescheduling are restricted and depend on the economic situation of the client, our risk management strategy, and legal considerations. In case a restructuring agreement is entered into, an impairment measurement exercise is conducted, and an impairment charge is taken as per IFRS 9.</p>

Quantitative disclosures:

(e)	Breakdown of exposures by geographical areas, industry and residual maturity Refer the below CRBe1, CRBe2 and CRBe3 tables.
(f)	Amounts of impaired exposures (according to the definition used by the Bank for accounting purposes) and allowances (ECL), broken down by geographical areas and industry Refer the below CRBf1 and CRBf2 tables.
(g)	Ageing analysis of accounting past-due exposures Refer the below CRBg table for past dues but not impaired.
(h)	Breakdown of restructured exposures between impaired and not impaired exposures. Refer the below CRBh table.

For disclosure requirements from 'e' to 'h', please refer to below quantitative tables:

(SAR '000)

CRBe1: Breakdown of exposures by geographical areas					
Portfolios	Geographic Area				
	Saudi Arabia	Other GCC & Middle East	Europe	Other countries	Total
Sovereigns and their central banks	27,001,047	1,022,283	-	-	28,023,330
PSEs	-	-	-	-	-
Multilateral Development banks (MDBs)	-	-	-	-	-
Banks	1,796,956	2,843,397	1,045,665	426,950	6,112,968
Covered Bonds	-	-	-	-	-
Subordinated debt, equity and other capital instruments	6,630,440	-	-	-	6,630,440
Retail Exposure	15,810,446	-	-	-	15,810,446
Corporates, Securities Firms, and Other Financial institutions	32,739,662	-	-	-	32,739,662
Specialized Lending	5,330,084	-	-	-	5,330,084
Real Estate Exposure	72,132,154	-	-	-	72,132,154
Other assets	5,608,235	-	-	-	5,608,235
Default Exposure	1,215,222	-	-	-	1,215,222
Equity Investment in Funds	979,038	-	-	-	979,038
Total	169,243,283	3,865,680	1,045,665	426,950	174,581,579
Contingencies & Commitments stated at credit equivalents	11,130,598	1,000,676	92,035	371,363	12,594,673
Total Credit exposure stated at credit equivalents	180,373,882	4,866,357	1,137,700	798,313	187,176,252

CRBe2: Breakdown of exposures by industry sector

(SAR '000)

Portfolios	Industry sector												
	Government and quasi government	Banks and other financial institutions	Agriculture and fishing	Manufacturing	Mining and quarrying	Electricity, water, gas and health services	Building and construction	Commercial	Transportation and communication	Services	Consumer loans and credit cards	Others	Total
Sovereigns and their central banks	28,023,300	-	-	-	-	-	-	-	-	-	-	-	28,023,330
PSEs	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral Development banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks	-	6,112,968	-	-	-	-	-	-	-	-	-	-	6,112,968
Covered Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt, equity and other capital instruments	-	6,630,440	-	-	-	-	-	-	-	-	-	-	6,630,440
Retail Exposure	-	-	-	-	-	-	-	-	-	-	15,810,446	-	15,810,446
Corporates, Securities Firms, and Other Financial institutions	-	7,919,492	904,296	4,143,185	45,169	3,260,633	4,651,709	8,494,830	1,570,958	1,749,390	-	-	32,739,662
Specialized Lending	-	-	-	1,337,905	1,482,576	743,218	-	-	1,766,385	-	-	-	5,330,084
Real Estate Exposure	-	-	-	-	-	-	28,130,550	-	-	-	44,001,604	-	72,132,154
Other assets	-	-	-	-	-	-	-	-	-	-	-	5,608,235	5,608,235
Default Exposure	-	-	-	-	-	-	152,806	269,114	-	270,050	523,252	-	1,215,222
Equity Investment in Funds	-	-	-	-	-	-	-	-	-	-	-	979,038	979,038
Total	28,023,330	20,662,900	904,296	5,481,090	1,527,745	4,003,851	32,935,064	8,763,944	3,337,343	2,019,441	60,335,302	6,587,273	174,581,579
Contingencies & Commitments stated at credit equivalents	-	1,878,339	256,583	452,598	11,375	37,024	5,237,635	2,959,177	189,195	1,572,747	-	-	12,594,673
Total Credit exposure stated at credit equivalents	28,023,330	22,541,238	1,160,879	5,933,689	1,539,120	4,040,875	38,172,699	11,723,120	3,526,537	3,592,188	60,335,302	6,587,273	187,176,252

CRBe3: Amounts of exposures break down by residual maturity

Portfolios	Maturity breakdown									
	Less than 8 days	8-30 days	30-90 days	90-180 days	180-360 days	1-3 years	3-5 years	Over 5 years	No Maturity	Total
Sovereigns and their central banks	1,780,000	-	-	301,473		1,696,952	2,602,941	15,233,863	6,408,100	28,023,330
PSEs	-	-	-	-	-	-	-	-	-	-
Multilateral Development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Banks	2,289,750	1,189,157	48,439		189,053	1,216,243	488,889		691,437	6,112,968
Covered Bonds	-	-	-	-	-	-	-	-	-	-
Subordinated debt, equity and other capital instruments	343,816			420,214	158,609	686,484	4,675,379	138,430	207,509	6,630,440
Retail Exposure	9,267	58,974	154,732	310,164	673,647	4,034,732	9,831,450	134,199	603,281	15,810,446
Corporates, Securities Firms, and Other Financial institutions	934,611	4,540,408	3,412,342	2,065,233	2,520,088	6,655,275	5,619,958	6,991,746		32,739,662
Specialized Lending	11,518	248,323	-	-	-	680,438	700,469	3,689,336	-	5,330,084
Real Estate Exposure	399,570	1,905,937	2,030,475	291,143	4,519,762	10,467,216	7,320,116	45,197,935	-	72,132,154
Other assets	-	-	-	-	-	-	-	-	5,608,235	5,608,235
Default Exposure	13	141	354,462	2,256	99,086	230,668	40,559	488,037	-	1,215,222
Equity Investment in Funds	-	-	-	-	-	-	-	-	979,038	979,038
Total	5,768,545	7,942,940	6,000,451	3,390,482	8,160,246	25,668,006	31,279,762	71,873,547	14,497,600	174,581,579
Contingencies & Commitments stated at credit equivalents	78,957	431,530	1,132,514	1,361,031	4,351,786	3,461,421	683,544	1,093,890	-	12,594,673
Total Credit exposure stated at credit equivalents	5,847,502	8,374,470	7,132,964	4,751,513	12,512,032	29,129,427	31,963,307	72,967,436	14,497,600	187,176,252

(SAR '000)

CRBf1: Amounts of impaired exposures and expected credit losses broken down by industry		
Industry sector	Impaired Financing	Expected Credit Loss
Government and quasi government	-	-
Banks and other financial institutions	-	-
Agriculture and fishing	-	798
Manufacturing	39,945	367,943
Mining and quarrying	-	2,520
Electricity, water, gas and health services	1,097	8,232
Building and construction	48,326	61,600
Real estate and rental	1,087	159,278
Commercial	173,656	426,671
Transportation and communication	-	9,067
Services	301,178	350,348
Consumer loans and credit cards	505,164	774,933
Others	144,768	243,327
Total	1,215,222	2,404,716

(SAR '000)

CRBf2: Amounts of impaired exposures and expected credit losses broken down by geographical areas		
Portfolios	Impaired Financing	Expected Credit Loss
Saudi Arabia	1,215,222	2,404,716
Other GCC & Middle East	-	-
Europe	-	-
North America	-	-
South East Asia	-	-
Other countries	-	-
Total	1,215,222	2,404,716

(SAR '000)

CRBg: Ageing analysis of accounting past-due exposures that are not impaired	
Ageing	Exposure of clients with past dues
1 to 30 days	249,252
31 to 90 days	39,416
91 to 180 days	13,725
Above 180 days	-
Total	302,392

(SAR '000)

CRBh: Breakdown of restructured exposures between impaired and not impaired exposures			
	Corporate	Consumer	Total
Performing (non-impaired)	8,394,024	379,782	8,773,806
Impaired	178,695	7,742	186,437
Total	8,572,719	387,524	8,960,243

CRBA – Additional disclosure related to the credit quality of assets

Qualitative disclosures:

(a)	<p>The Bank's own definition of non-performing exposures. The Bank should specify in particular if it is using the definition provided in the guidelines on prudential treatment of problem assets (hereafter in this table referred to as SAMA's Rules on Management of Problem No. 41033343, January 2020. And provide a discussion on the implementation of its definition, including the materiality threshold used to categorise exposures as past due, the exit criteria of the non-performing category (providing information on a probation period, if relevant), together with any useful information for users' understanding of this categorisation. This would include a discussion of any differences or unique processes for the categorisation of corporate and retail loans.</p>
<p>The non-performing exposures is considered by the Bank as when the obligor is unlikely to pay its credit obligation in full without recourse by the Bank to the actions such as realizing security (if held) and is also known as unlikeliness to pay events. The Bank considers both quantitative and qualitative factors when defining non-performing exposures which is in line with the guidelines from SAMA and IFRS9. The Bank considers a finance as past due upon maturity if due instalment/finance is not fully adjusted without any materiality threshold. Any nonperforming finance upon settlement of all the past dues has to observe a minimum cure period of 12 months.</p>	
(b)	<p>The Bank's own definition of a forbore exposure. The Bank should specify in particular if it is using the definition provided in the Guidelines and provide a discussion on the implementation of its definition, including the exit criteria of the restructured or forbore category (providing information on the probation period, if relevant), together with any useful information for users' understanding of this categorisation. This would include a discussion of any differences or unique processes for the catagorisation of corporate and retail loans.[1]</p>
<p>Restructured definitions, guidelines applied to forbore category. Details are provided in CRB section.</p>	

Quantitative disclosures:

(c)	<p>Gross carrying value of total performing as well as non-performing exposures, broken down first by debt securities, loans and off-balance sheet exposures. Loans should be further broken down by corporate and retail exposures. Non-performing exposures should in addition be split into (i) defaulted exposures and/or impaired exposures;[2] (ii) exposures that are not defaulted/impaired exposures but are more than 90 days past due; and (iii) other exposures where there is evidence that full repayment is unlikely without the Bank's realisation of collateral (which would include exposures that are not defaulted/impaired and are not more than 90 days past due but for which payment is unlikely without the Bank's realisation of collateral, even if the exposures are not past due). Value adjustments and provisions[3] for non-performing exposures should also be disclosed.</p>
<p>Please refer CRB additional disclosure quantitative section reports.</p>	
(d)	<p>Gross carrying values of restructured/forbore exposures broken down first by debt securities, loans and off-balance sheet exposures. Loans should be further broken down by corporate and retail exposures to enable an understanding of material differences in the level of risk among different portfolios (eg retail exposures secured by real estate/mortgages, revolving exposures, SMEs, other retail). Exposures should, in addition, be split into performing and non-performing, and impaired and not impaired exposures. Value adjustments and provisions for non-performing exposures should also be disclosed.</p>
<p>Please refer CRB additional disclosure quantitative section reports.</p>	

CRC – Qualitative disclosure requirements related to credit risk mitigation techniques

(a)	<p>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.</p>
	<p>Financial assets and liabilities are offset, with the net amount presented in the Consolidated Balance Sheet, only if the Bank holds a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis or to realize an asset and settle the liability simultaneously. The legal right to set off the recognized amounts must be enforceable in both the normal course of business, in the event of default, insolvency or bankruptcy of both the Bank and its counterparty. In all other situations they are presented gross. When financial assets and financial liabilities are offset in the Consolidated Balance Sheet, the associated income and expense items will also be offset in the Consolidated Statement of Income, unless specifically prohibited by an applicable accounting standard.</p> <p>The majority of the offsetting relates to derivatives which is not the active target market for Bank Albilad.</p>
(b)	<p>Core features of policies and processes for collateral evaluation and management.</p>
	<p>We regularly agree on collateral to be received from customers in contracts that are subject to credit risk. Collateral is security in the form of an asset or third-party obligation that serves to mitigate the inherent risk of credit loss in an exposure, by either substituting the borrower default risk or improving recoveries in the event of a default. While collateral can be an alternative source of repayment, it generally does not replace the necessity of high-quality underwriting standards and a thorough assessment of the debt service ability of the borrower.</p> <p>Broadly collateral received can be segregate into the following two types:</p> <ul style="list-style-type: none"> – Financial and other tangible collateral, which enables us to recover all or part of the outstanding exposure by liquidating the collateral asset provided, in cases where the borrower is unable or unwilling to fulfil its primary obligations. Cash collateral, securities (shares, mutual funds), collateral assignments of other claims, pledge of assets (i.e., plant, machinery etc.) and real estate typically fall into this category. – Guarantee collateral, which complements the borrower’s ability to fulfil its obligation under the legal contract and as such is provided by third parties. Guarantees from individuals, corporates, and semi govt. and from govt. institutions a typically fall into this category. <p>Our processes seek to ensure that the collateral we accept for risk mitigation purposes is of high quality. This includes seeking to have in place legally effective and enforceable documentation for realizable and measurable collateral assets which are evaluated regularly by dedicated teams. The assessment of the suitability of collateral for a specific transaction is part of the credit decision and is undertaken in a conservative way, including collateral coverage. In this regard, we strive to avoid “wrong-way” risk characteristics where the borrower’s counterparty risk is positively correlated with the risk of deterioration in the collateral value. For guaranteed collateral, the process for the analysis of the guarantor’s creditworthiness is aligned to the credit assessment process for borrowers.</p>
(c)	<p>Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e by guarantor type, collateral and credit derivative providers).</p>
	<p>We use risk mitigation to optimize our corporate credit exposure and reduce potential credit losses. Concentrations within credit risk mitigations taken may occur if a number of securities or guarantors with similar economic characteristics are engaged in comparable activities with changes in economic or industry conditions affecting their ability to meet contractual obligations. We use a range of control including collateral concentration caps to monitor our credit risk mitigating activities. These also include monitoring of potential concentrations within collateral types while undertaking / approving the exposures in order to keep concentrations within acceptable levels.</p>

CR3 – Credit risk mitigation techniques – overview

		a	b	c	d	e
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	122,188,500	-	1,546,244	197,545	-
2	Debt securities	28,787,999	-	-	-	-
3	Total	150,976,499	-	1,546,244	197,545	-
4	Of which defaulted	1,215,222	-	-	-	-

CRD – Qualitative disclosures on banks’ use of external credit ratings under the standardized approach for credit risk

(a)	Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the Bank, and the reasons for any changes over the reporting period;
	In order to calculate the regulatory capital requirements under the standardized approach, external ratings from eligible ECAIs are used as per Internal Risk Rating Policy approved by the Board of Directors of the Bank. We use ratings available to the Bank from eligible ECAIs and there has not been any change in this respect over the reporting period.
(b)	The asset classes for which each ECAI or ECA is used;
	To calculate the regulatory capital requirements under the standardized approach, external ratings from eligible ECAIs are applied to all relevant exposure classes in the standardized approach. Nonetheless, our corporate counterparties are mostly not rated by eligible ECAIs.
(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);
	To determine the applicable risk weight Bank Albilad applies one assessment / rating (either issue or issuer) on the entire amount of credit risk exposure (i.e. both on principal and accrued profit) of a counterparty. Moreover, Basel guidelines for use of issue or issuer specific assessment are followed for determining the risk weight of the claim.
(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).
	Credit rating is an essential part of the Bank’s underwriting and credit process and builds the basis for determination of risk acceptance on a counterparty and at portfolio level, credit decision and transaction pricing as well the determination of credit risk economic capital. Our rating analysis is based on a combination of qualitative and quantitative factors. Banks all over the world use a master-scale as a means of classifying probabilities of default into grades for analytics and reporting purposes. Whilst free to derive their own master-scales to suit their unique needs, Banks should aim to satisfy certain requirements when constructing their master-scales including references for internal and external stakeholders to compare internal grades to common external benchmarks. Bank is aligned with SAMA recommended risk buckets against each agency alphanumerical rating scale as per the standardized approach.

CR4 – Standardised approach - Credit risk exposure and credit risk mitigation effects

(SAR '000)

	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	28,023,330	-	28,023,330	-	1,138,769	4%
2	Non-central government public sector entities	-	-	-	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	6,112,968	2,580,127	6,112,968	1,878,332	3,702,099	46%
	Of which: securities firms and other financial institutions	6,112,968	2,580,127	6,112,968	1,878,332	3,702,099	46%
5	Covered bonds	-	-	-	-	-	0%
6	Corporates	38,069,746	31,362,080	37,172,459	8,928,316	42,025,947	91%
	Of which: securities firms and other financial institutions	-	-	-	-	-	0%
	Of which: specialised lending	5,330,084	-	5,330,084	-	5,046,898	95%
7	Subordinated debt, equity and other capital	6,630,440	-	6,630,440	-	10,028,663	151%
8	Retail	15,810,446	2,193,809	15,688,936	211,493	11,980,925	75%
	MSMEs	222,640	337,609	102,919	25,873	96,593	75%
9	Real estate	72,132,154	-	71,407,162	-	42,947,525	60%
	Of which: general RRE	44,001,604	-	44,001,604	-	15,437,817	35%
	Of which: IPRRE	-	-	-	-	-	0%
	Of which: general CRE	13,901,862	-	13,317,768	-	12,193,839	92%
	Of which: IPCRE	1,815,367	-	1,815,367	-	1,601,946	88%
	Of which: land acquisition, development and construction	12,413,320	-	12,272,422	-	13,713,923	112%
10	Defaulted exposures	1,215,222	-	201,666	-	184,715	92%
11	Other assets	5,608,235	-	5,608,235	-	4,179,642	75%
12	Total	173,602,541	36,136,016	170,845,196	11,018,141	116,188,285	64%

CR5 – Standardized approach – exposures by asset classes and risk weights

(SAR '000)

	Asset classes/ Risk weight	0%	10%	15%	20%	25%	30%
1	Sovereigns and their central banks	25,622,765	-	-	1,456,009	-	-
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-
4	Banks	-	-	-	3,957,318	-	2,211,670
	Of which: securities firms and other financial institutions	-	-	-	3,957,318	-	2,211,670
5	Covered bonds	-	-	-	-	-	-
6	Corporates/including corporate SMEs	-	-	-	-	-	-
	Of which: securities firms and other financial institutions	-	-	-	-	-	-
	Of which: specialised lending	-	-	-	-	-	-
7	Subordinated debt, equity and other capital	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-
	MSME	-	-	-	-	-	-
9	Real estate	-	-	-	4,814,806	3,052,151	11,795,005
	Of which: general RRE	-	-	-	4,814,806	3,052,151	11,795,005
	Of which: no loan splitting applied	-	-	-	4,814,806	3,052,151	11,795,005
	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	-	-	-	-	-	-
11	Other assets	1,428,593	-	-	-	-	-
12	Total	27,051,358	-	-	10,228,133	3,052,151	14,006,675

Asset classes/ Risk weight	35%	40%	45%	50%	60%	65%	70%
1 Sovereigns and their central banks	-	-	-	193,978	-	-	-
2 Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-
3 Multilateral development banks (MDBs)	-	-	-	-	-	-	-
4 Banks	-	-	-	377,520	-	-	-
Of which: securities firms and other financial institutions	-	-	-	377,520	-	-	-
5 Covered bonds	-	-	-	-	-	-	-
6 Corporates/including corporate SMEs	-	-	-	5,545,756	-	-	-
Of which: securities firms and other financial institutions	-	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	-	-	-	-	-	-	-
8 Retail	-	-	-	-	-	-	-
MSME	-	-	-	-	-	-	-
9 Real estate	-	19,965,043	-	4,374,599	2,112,476	-	421,658
Of which: general RRE	-	19,965,043	-	4,374,599	-	-	-
Of which: no loan splitting applied	-	19,965,043	-	4,374,599	-	-	-
Of which: loan splitting applied (secured)	-	-	-	-	-	-	-
Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-
Of which: IPRRE	-	-	-	-	-	-	-
Of which: general CRE	-	-	-	-	2,112,476	-	-
Of which: no loan splitting applied	-	-	-	-	2,112,476	-	-
Of which: loan splitting applied (secured)	-	-	-	-	-	-	-
Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-
Of which: IPCRE	-	-	-	-	-	-	421,658
Of which: land acquisition, development and construction	-	-	-	-	-	-	-
10 Defaulted exposures	-	-	-	49,457	-	-	-
11 Other assets	-	-	-	-	-	-	-
12 Total	-	19,965,043	-	10,541,310	2,112,476	-	421,658

(SAR '000)

Asset classes/ Risk weight	75%	80%	85%	90%	100%	105%	110%
1 Sovereigns and their central banks	-	-	-	-	750,578	-	-
2 Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-
3 Multilateral development banks (MDBs)	-	-	-	-	-	-	-
4 Banks	1,573	-	-	-	215,266	-	-
Of which: securities firms and other financial institutions	1,573	-	-	-	215,266	-	-
5 Covered bonds	-	-	-	-	-	-	-
6 Corporates/including corporate SMEs	1,133,957	2,172,283	5,528,753	-	31,027,716	-	-
Of which: securities firms and other financial institutions	-	-	-	-	-	-	-
Of which: specialised lending	-	2,172,283	-	-	2,653,565	-	-
7 Subordinated debt, equity and other capital	-	-	-	-	-	-	-
8 Retail	15,678,012	-	-	-	222,416	-	-
MSME	128,791	-	-	-	-	-	-
9 Real estate	-	-	1,859,592	1,131,474	18,735,120	-	262,235
Of which: general RRE	-	-	-	-	-	-	-
Of which: no loan splitting applied	-	-	-	-	-	-	-
Of which: loan splitting applied (secured)	-	-	-	-	-	-	-
Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-
Of which: IPRRE	-	-	-	-	-	-	-
Of which: general CRE	-	-	1,859,592	-	9,345,700	-	-
Of which: no loan splitting applied	-	-	1,859,592	-	9,345,700	-	-
Of which: loan splitting applied (secured)	-	-	-	-	-	-	-
Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-
Of which: IPCRE	-	-	-	1,131,474	-	-	262,235
Of which: land acquisition, development and construction	-	-	-	-	9,389,420	-	-
10 Defaulted exposures	-	-	-	-	136,654	-	-
11 Other assets	-	-	-	-	4,179,642	-	-
12 Total	16,813,542	2,172,283	7,388,345	1,131,474	55,267,391	-	262,235

(SAR '000)

Asset classes/ Risk weight	130%	150%	250%	400%	1250%	Others	Total credit exposures amount (post CCF and-CRM)
1 Sovereigns and their central banks	-	-	-	-	-	-	28,023,330
2 Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-
3 Multilateral development banks (MDBs)	-	-	-	-	-	-	-
4 Banks	-	1,227,952	-	-	-	-	7,991,300
Of which: securities firms and other financial institutions	-	1,227,952	-	-	-	-	7,991,300
5 Covered bonds	-	-	-	-	-	-	-
6 Corporates/including corporate SMEs	504,236	188,075	-	-	-	-	46,100,775
Of which: securities firms and other financial institutions	-	-	-	-	-	-	-
Of which: specialised lending	504,236	-	-	-	-	-	5,330,084
7 Subordinated debt, equity and other capital	-	6,422,931	-	-	-	207,509	6,630,440
8 Retail	-	-	-	-	-	-	15,900,428
MSME	-	-	-	-	-	-	128,791
9 Real estate	-	2,883,002	-	-	-	-	71,407,162
Of which: general RRE	-	-	-	-	-	-	44,001,604
Of which: no loan splitting applied	-	-	-	-	-	-	44,001,604
Of which: loan splitting applied (secured)	-	-	-	-	-	-	-
Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-
Of which: IPRRE	-	-	-	-	-	-	-
Of which: general CRE	-	-	-	-	-	-	13,317,768
Of which: no loan splitting applied	-	-	-	-	-	-	13,317,768
Of which: loan splitting applied (secured)	-	-	-	-	-	-	-
Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-
Of which: IPCRE	-	-	-	-	-	-	1,815,367
Of which: land acquisition, development and construction	-	2,883,002	-	-	-	-	12,272,422
10 Defaulted exposures	-	15,555	-	-	-	-	201,666
11 Other assets	-	-	-	-	-	-	5,608,235
12 Total	504,236	10,737,515	-	-	-	207,509	181,863,336

Exposure amounts and CCFs applied to off-balance sheet exposures, categorized based on risk bucket of converted exposures.

(SAR '000)

	Risk Weight	a	b	c
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF* Exposure (post-CCF and post-CRM)
1	Less than 40%	53,805,311	647,498	54,338,317
2	40–70%	34,014,643	247,604	33,040,488
3	75%	16,721,987	2,198,774	16,813,542
4	85%	8,710,028	3,469,736	9,560,628
5	90–100%	49,649,000	27,947,844	56,398,865
6	105–130%	766,471	-	766,471
7	150%	9,727,592	1,624,560	10,737,515
8	250%	-	-	-
9	400%	-	-	-
10	1250%	-	-	-
11	Others	207,509	-	207,509
12	Total	173,602,541	36,136,016	181,863,336

Counterparty Credit Risk

CCRA – Qualitative disclosure related to CCR

a	The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for CCP exposures;
	Bank Albilad has setup well defined limit management policy, procedure, control and approval matrix to monitor each customer limit, exposures at aggregated level all the Bank products. Any significant movement is being managed with approved risk management policies and procedure.
b	Policies relating to guarantees and other risk mitigants and assessments concerning counterparty risk, including exposures towards CCPs;
	Bank Albilad has set well defined collateral, guarantee management policies which clearly defined eligible collateral, guarantee and haircuts. Treasury / Derivatives products Exposures which are subject to initial / variation margin, collaterals are being monitored on daily basis against the daily MTM valuations.
c	Policies with respect to wrong-way risk exposures;
	Bank Albilad has defined internal customer rating grades, limit, collateral management policies. Counterparty ratings are being improved / downgraded based on the monitoring customer behavior and early default indicators. Wrong way risk is being avoided / mitigated by monitoring significant movement in the customer ratings by enforcing limit on customer defined exposure and enforce the monitoring of those customer's risk.
d	The impact in terms of the amount of collateral that the Bank would be required to provide given a credit rating downgrade.
	Bank Albilad has defined collateral management policy and controls. The impact on collateral against credit rating downgrade of customer are being assessed managed thru approved risk management techniques. We have seen minimal impact on the collateral due to credit rating downgrade.

CCR1 – Analysis of CCR exposures by approach

(SAR '000)

		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)	33,706	108,806		1.4	199,516	89,672
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						89,672

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

(SAR '000)

		a	b	c	d	e	f	g	h	i
Regulatory portfolio*↓	Risk weight*→	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns		-	-	-	-	-	-	-	-	-
Non-central government public sector entities		-	-	-	-	-	-	-	-	-
Multilateral development banks		-	-	-	-	-	-	-	-	-
Banks		-	-	6,016	-	-	2,526	-	141,948	150,490
Securities firms		-	-	-	-	-	-	-	-	-
Corporates		-	-	-	-	-	11,242	-	37,783	49,026
Regulatory retail portfolios		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Total		-	-	6,016	-	-	13,768	-	179,732	199,516

CCR5 – Composition of collateral for CCR exposure

(SAR '000)

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	9,950	-	-
Cash - other currencies	19,787	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	19,787	-	-	9,950	-	-

Market risk

MRA – General qualitative disclosure requirements related to market risk

a) Strategies and processes of the Bank:

The Bank is exposed to Foreign Exchange risk, Equity price risk and Profit rate risk in banking book. Model validation is made regularly for the new and current models. This is done to ensure that no changes have been made to the product or have taken place in the market which may have an impact on the model accuracy. In addition, continuous procedures have been established to control and validate the market prices used to value and calculate risk.

The limits are established for the business units, and these are monitored regularly, and sufficient procedures have been established to ensure any breaches of the limit is addressed by the business unit on timely basis.

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

Market Risk function, as part of risk management group, is responsible for the oversight of the Bank's market risk exposure. The function independently monitors market risks in line with the Bank's approved policies that defines various limits of which the Bank should follow. The Board of Directors has approved the limits for the Profit Rate risk for the Bank to be in line with the strategic risk exposure and risk appetite targets as per Bank's market risk policies. In addition, the Asset & Liability Committee regularly monitors and discusses for profit rate risk within scope of market risk.

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

The Board of Directors, the Asset/ Liability Committee, the Business, and risk management stakeholders are updated regularly about the Bank's market risks and material events in this area. This reporting includes risks within the individual categories of market risks and the overall risk measures in the form of Profit Rate Risk. Similarly, risk reporting has been established for the business units authorized to take market risks.

Bank conducts standard stress tests, under several scenarios which are typically defined based on historical events that caused crises in the financial markets. However, current, or future events expected to have an effect on the financial markets may also be used as input when defining the stress test scenarios. These scenarios are revised and changed regularly to reflect changes in Bank Albilad's risk profile and economic events. The analyses are made on the basis of the stress testing recommended by the Basel Committee.

MR1 – Market risk under standardized approach

		(SAR '000)
		a
		Capital requirement in standardised approach
1	General interest rate risk	-
2	Equity risk	202,121
3	Commodity risk	-
4	Foreign exchange risk	123,656
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	-
9	Default risk – securitisations (non-correlation trading portfolio)	-
10	Default risk – securitisations (correlation trading portfolio)	-
11	Residual risk add-on	-
12	Total	325,778

General qualitative disclosure requirements related to CVA

CVAA – General qualitative disclosure requirements related to CVA

(a)	An explanation and/or a description of the Bank's processes implemented to identify, measure, monitor and control the Bank's CVA risks, including policies for hedging CVA risk and the processes for monitoring the continuing effectiveness of hedges.
	Bank Albilad CVA loss is minimal and it is managed thru SA-CCR / BA-CVA methodologies.
(b)	Whether the Bank is eligible and has chosen to set its capital requirement for CVA at 100% of the Bank's capital requirement for counterparty credit risk as applicable under SMAR14.
	Bank Albilad is eligible to set its capital requirement for CVA as 100% of SA-CCR Capital charge. and Bank has applied Reduced BA-CVA approach for CVA capital charge.

CVA1 – The reduced basic approach for CVA (BA-CVA)

(SAR '000)

		a	b
		Components	BA-CVA Capital Requirements
1	Aggregation of systematic components of CVA risk	19,854	
2	Aggregation of idiosyncratic components of CVA risk	20,970	
3	Total		18,771

CVA2 – The reduced basic approach for CVA (BA-CVA)

(SAR '000)

		a
		BA-CVA Capital Requirements
1	K Reduced	18,771
2	K Hedged	-
3	Total	18,771

CVA4 – RWA flow statements of CVA risk exposures under SA-CVA

(SAR '000)

		a
1	Total RWA for CVA at previous quarter-end	40,810
2	Total RWA for CVA at end of reporting period	234,633

Operational Risk

ORA - Operational Risk Qualitative disclosure

Operational risk:

As the Basel Committee defines it as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Management of Operational risk

Objectives including:

- Supporting the Bank's objectives.
- Identifying and assessing the operational risk of new products as well as current products, activities, and systems.
- The total independence and continuity of assessment of procedures, controls monitoring, and its effectiveness.
- Limiting operational losses and solving the root cause behind occurrence of incidents
- Collecting loss data, handling loss recovery in coordination with related parties and to analyze root cause behind occurrence for future mitigation.
- Developing Key Risk Indicators for all the Bank functions
- To provide the employees training programs that increase awareness of operational risk, thereby increasing their effectiveness of control elements and identifying existing gaps.

The Bank is also keen to implement the operational risk governance mechanism through the supervision done by the Board of Directors and Senior Management.

To implement the Bank's operational risk management strategy, a several of methods have been adopted to identify, assess, rectify, and monitor the Bank's various activities as follows:

- **Risk Self-Assessment:**

Bank Albilad has applied the risk self-assessment governance policy and control elements to identify risks arising from the Bank's products, activities, and operations. Following risk identification, control elements are tested to identify the effectiveness of these elements in mitigating operational risk. The overall assessment of risk and control elements is compared to pre-defined criteria associated with the risk level and boundaries that are acceptable for achieving the targeted returns. Afterwards, the most suitable procedures are taken for enhancing the control environment.

- **Risk Assessment in product, services, third party**

Operational risk management utilizes different tools to identify, measure to mitigate risks in product, services, third party and agents Banking by risk assessment is comprehensive and covers all potential operational risks before starting implementation and during the various implementation stages

- **Determining and Analyzing Operational Losses**

The database of losses collection and related reports are to enhance the risk self-assessment process and control elements enhancement for achieving better results. Bank Albilad's system for operational loss data management enables the Bank to collect and analyze data and incidents related to these losses – whether they're actual losses, potential losses, or near-miss. Risks and control gaps responsible for loss-related incidents are identified. Recommendations for enhancing the associated control elements are presented to mitigate these identified risks and to raise loss exposure to the management-in-charge to help reducing the financial consequences as much as possible.

- **Key Risk Indicators**

Bank Albilad has adopted a methodology for identifying and analyzing key risk indicators. This helps in identifying the level of risk related to a certain activity or role. Assessment and control are applied throughout the duration of the risk management strategies concerning a specific activity. In addition, breaches that have been identified and rectified.

- **Operational Risk reporting**

The Operational Risk Management methods are directly related to the periodic reporting system that aims to inform all departments and divisions with their operational risk profile related to their specific activities with identifying the risky activities that should be mitigated with enhancing their enclosed controls effectiveness to be mitigated.

The periodic operational risk reporting is also supporting the Senior Management's prospective on decision-making process related to the Bank's corporate activities and objectives.

OR1- Historical losses

(SAR '000)

	a	b	c	d	e	f
	T	T-1	T-2	T-3	T-4	T-5
Using 44,600 SAR threshold						
Total amount of operational losses net of recoveries (no exclusions)	9,460	28,344	11,779	6,769	7,240	14,604
Total number of operational risk losses	112	112	113	170	92	181
Total amount of excluded operational risk losses	693	954	515	722	771	1,180
Total number of exclusions	88	70	81	153	69	161
Total amount of operational losses net of recoveries and net of excluded losses	8,767	27,390	11,263	6,048	6,469	13,424
Using 446,000 SAR threshold						
Total amount of operational losses net of recoveries (no exclusions)	9,460	28,344	11,779	6,769	7,240	14,604
Total number of operational risk losses	112	112	113	170	92	181
Total amount of excluded operational risk losses	2,614	5,147	5,449	3,113	4,279	2,781
Total number of exclusions	104	97	108	166	90	176
Total amount of operational losses net of recoveries and net of excluded losses	6,846	23,197	6,330	3,656	2,961	11,823
Details of operational risk capital calculation						
Are losses used to calculate the ILM (yes/no)?	YES	YES	YES	YES	YES	YES
If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	-	-	-	-	-	-
Loss event threshold: €20,000 or €100,000 for the operational risk capital calculation if applicable	44,600	44,600	44,600	44,600	44,600	44,600

(SAR '000)

	g	h	i	j	k
	T-6	T-7	T-8	T-9	Ten-year average
Using 44,600 SAR threshold					
Total amount of operational losses net of recoveries (no exclusions)	1,930	6,716	5,082	6,089	9,801
Total number of operational risk losses	173	217	275	376	182
Total amount of excluded operational risk losses	913	1,284	1,344	2,141	1,052
Total number of exclusions	162	201	260	360	161
Total amount of operational losses net of recoveries and net of excluded losses	1,017	5,432	3,738	3,949	8,750
Using 446,000 SAR threshold					
Total amount of operational losses net of recoveries (no exclusions)	1,930	6,716	5,082	6,089	9,801
Total number of operational risk losses	173	217	275	376	182
Total amount of excluded operational risk losses	1,930	3,280	4,536	3,705	3,684
Total number of exclusions	173	214	274	373	178
Total amount of operational losses net of recoveries and net of excluded losses	-	3,436	546	2,384	6,118
Details of operational risk capital calculation					
Are losses used to calculate the ILM (yes/no)?	YES	YES	YES	YES	YES
If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	-	-	-	-	-
Loss event threshold: €20,000 or €100,000 for the operational risk capital calculation if applicable	44,600	44,600	44,600	44,600	44,600

OR2 - Business indicator and subcomponents

(SAR '000)

#	BI and its subcomponents	a	b	c
		T	T-1	T-2
1	Interest, lease and dividend component	3,011,684		
1a	Interest and lease income	8,559,276	7,543,782	4,971,547
1b	Interest and lease expense	4,125,673	3,433,943	1,084,879
1c	Interest earning assets	139,494,521	133,398,902	118,138,258
1d	Dividend income	103,245	70,249	63,346
2	Services component	1,593,997		
2a	Fee and commission income	1,212,340	1,099,051	1,092,757
2b	Fee and commission expense	511,825	478,029	423,959
2c	Other operating income	420,360	413,891	543,593
2d	Other operating expense	129,688	323,830	550,651
3	Financial component	43,657		
3a	Net P&L on the trading book	-	-	-
3b	Net P&L on the banking book	14,156	87,787	29,028
4	BI	4,649,339		
5	Business indicator component (BIC)	563,601		

Disclosure on the BI:

		a
6a	BI gross of excluded divested activities	4,649,339
6b	Reduction in BI due to excluded divested activities	-

OR3- Minimum required operational risk capital

(SAR '000)

		a
1	Business indicator component (BIC)	563,601
2	Internal loss multiplier (ILM)	71%
3	Minimum required operational risk capital (ORC)	401,760
4	Operational risk RWA	5,022,005

PRRBBA – PRRBB risk management objective and policies

Qualitative disclosure

a) A description of the Bank defines PRRBB for purposes of risk control and measurement.

Profit Rate Risk in the banking book is defined as the impact on the Bank's asset and liability exposures due to changes in profit rates. For the purpose of profit rate risk management, the Risk management function at Bank Albilad measures yield curve risk, which expresses the losses if profit rates changed for various terms and different currencies. The limit has been established for EVE over Tier 1 Capital Charge and using repricing gap.

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

The strategies and processes to manage, hedge and mitigate risks.

Managing risk is a process operated independently of the business units of Bank Albilad. It aims to promote a strong risk management culture through a comprehensive set of processes that are designed to effectively identify, measure, monitor and control risk exposures. The Board of Directors and senior management are involved in the establishment of all risk processes and the periodic oversight and guidance of the risk management function. The processes are subject to additional scrutiny by independent Shariah Board as well as internal and external auditors, and the Bank's regulators, which help further strengthen the risk management practices.

Profit Rate Risk

Profit Rate Risk in the banking book is defined as the impact of the Bank's asset and liability exposures to changes in profit rates. It arises principally from mismatches between the future re-investment rate and their funding costs, as a result of changes in profit rates.

For the purpose of profit rate risk management, the ERM & Market Risk at Bank Albilad measures the following risks:

- Repricing gap risk which measures the risk arising from the timing differences in the maturity and repricing of instruments' rate changes
- Yield curve risk which expresses the losses if profit margin rates changed for various terms and different currencies.
- Basis risk which covers the impact of relative changes in profit rates for financial instruments that have similar tenors but are priced using different profit rate indices.
- Option risk that arises from option derivative positions or from optional elements embedded in the on- and off-balance sheet positions, where a Bank or its customer can alter the level and timing of their cash flows.

Strategies of Market Risk

The Board of Directors has approved the limits for the Profit Rate risk for the Bank to be in line with the strategic risk exposure and risk appetite targets as per bank's market risk policies. In addition, the Asset & Liability Committee regularly monitors and discusses profit rate risk within scope of market risk.

Model validation is made regularly for the new and current models. This is done to ensure that no changes have been made to the product or have taken place in the market which may have an impact on the model accuracy. In addition, procedures have been established to control and validate the market prices used to value and calculate risk. Based on the PRRBB guideline, the Bank adapt the Basel approaches determining the prepayment rate for loans, early redemption rate for term deposits and core non-core portion analysis for non-maturing deposits (NMD).

The limits are established are monitored regularly, and sufficient procedures have been established to ensure any breaches of the limit is addressed by the business unit on timely basis.

The Board of Directors, the Asset/ Liability Committee, the Business, and risk management are updated regularly about the Bank's market risks and material events in this area. This reporting includes risks within the individual categories of market risks and the overall risk measures in the form of Profit Rate Risk. Similarly, risk reporting has been established for the business units authorized to take market risks.

The Bank has established scenarios-based rate shock prescribed under the PRRBB guidelines. The impact of the rate shock stress scenarios for EVE and NII is being monitored against the limit.

c) **The periodicity of the calculation of the Bank's PRRBB measures, and a description of the specific measures that the Bank uses to gauge its sensitivity to PRRBB.**

The Bank calculates PRRBB for Saudi Central Bank "SAMA" on quarterly basis. On monthly basis, the Bank calculates PRRBB and the same is reported to ALCO.

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

As per the PRRBB guidelines by SAMA (in line with BCBS 368) the Bank uses following 6 rate shock scenarios described in the Basel document to estimate impact on EVE:

- Parallel Shock Up
- Parallel Shock Down
- Steepener
- Flattener
- Short rate Shock up
- Short rate Shock Down

The Bank uses following parallel shock scenarios to estimate impact on NII in line with SAMA guidelines and BCBS 368:

- Parallel Shock Up
- Parallel Shock Down

e) **Significant modelling assumptions used in the bank's internal measurement systems (IMS)**

The Profit Rate Risk in the Banking Book (PRRBB) Capital Charge under Pillar 2 is arrived at considering historical simulation of Economic Value at Risk approach which uses a 15 day holding period and computes the 99% Confidence Interval worst case change based on historical profit rate movements. All future cash flows representing earnings or payments from the point of view of the Bank are segregated into time period buckets by constructing a residual maturity / re-pricing schedule. For each change in historical profit rate curve, the impact on Economic value of the asset, liabilities and off-balance sheet items are computed.

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

Bank Albilad undertakes various initiatives to manage profit rate risk and mitigate to certain extent.

i. Concentration of tenor Limits where tenor limitation is introduced to restrict booking of long term assets which can result in profit rate risk.

ii. Short Term Placement and Floating Assets where the Bank book corporate assets are either majority short term or floating if they are for long term.

iii. Allocation of Core and Non-Core Deposits will mitigate and provide natural hedging against profit rate risk. If they are more than fixed rate assets and financing, resulting in increased profit in increasing profit rate environment. Demand deposits are further scrutinized for its stickiness by conducting historical cohort wise analysis.

iv. Time Deposit where tenor of deposit can be increased or shortened depending upon economic cycles and liquidity situation.

v. The Bank has issued Tier 2 sukuk to generate long term funding and to mitigate profit rate risk.

vi. Apart from the regular course of banking activities where the Bank issues floating finances and deposits of appropriate tenors, the Bank can make use of the following derivative instruments for hedging its balance sheet positions:

- Receive Fixed-Pay Floating Profit Rate Swaps: The Bank receives a fixed rate and pays a variable rate (e.g. SAIBOR/SOFR) and can be done in conjunction with a fixed rate financing to achieve a synthetic rate equal to the floating index plus a fixed spread between the coupon and the swap rate.
- Receive Floating-Pay Fixed Profit Rate Swaps: The Bank receives a variable rate (e.g. SAIBOR/SOFR) and pays a fixed rate and can be done in conjunction with a fixed rate deposit to achieve a synthetic cost of funds equal to the floating index plus a fixed spread between the deposit rate and the swap rate.

g) A high-level description of key modelling and parametric assumptions used in calculating rEVE and rNII in table PRRBB1

The PRRBB is quantified as change in Economic value of the asset / liability relative to the changes in profit rates in the market. Similarly, Net Profit Income is calculated as the change in the market value of the profit margin component due to changes in the profit rates.

All future cash flows represent earnings or payments from the point of view of the Bank. These cash flows are segregated into time period buckets by constructing a residual maturity / re-pricing schedule. For NMD, the Bank is segregating the core, non-core portion based on historical analysis subject to the caps prescribed by the regulation.

The assumptions used to build re-pricing gap statement of assets and liabilities are as follows:

- Rate Sensitive Assets (RSA) comprise of all the investments made by Bank Albilad, Balances with SAMA, All types of Finances, Sukuk Investment, Interbank Murabaha, Interbank BeiAjel, SAMA Structured Deals & Murabaha – CDI.
- Rate Sensitive Liabilities (RSL) consist of time deposits and Non-Maturing Deposits (Current and Savings Accounts) core and non-core slotting based on historical analysis subject to the caps prescribed by the regulation.
- Prepayment and early redemption rate derived based on historical behavioral analysis is applied on finances and term deposit cashflows.
- Considering both principal and profit cash flows while building the repricing statement.
- The Bank includes commercial margins / spread in certain type of assets and discount them using the relevant discount rate. Otherwise, the risk-free rate is used as a discount rate.

The assumptions to compute EVE and NII are as follows:

- Simulation of NII accruals for a 12-month horizon assuming a constant balance sheet for the base and parallel shocked term structures to arrive at NII sensitivities.
- Discounting of the run-off balance sheet cash flows for all on- and off-balance sheet items for the base as well as the six shock scenarios to arrive at EVE sensitivities.

Quantitative disclosures

1) Average repricing maturity assigned to NMDs.

3.12 years.

2) Longest repricing maturity assigned to NMDs.

10 years.

PRRBB1 – Quantitative information on PRRBB

(SAR '000)

In reporting currency	ΔEVE		ΔNII	
	Dec 2025	Dec 2024	Dec 2025	Dec 2024
Parallel up	3,022,539	2,262,691	(79,290)	(80,632)
Parallel down	(4,443,242)	(3,571,757)	187,431	138,501
Steepener	987,888	539,370		
Flattener	(1,051,840)	(838,794)		
Short rate up	651,502	515,274		
Short rate down	(1,443,812)	(1,402,732)		
Maximum	3,022,539	2,262,691	187,431	138,501
Period	Dec 2025		Dec 2024	
Tier 1 capital	21,355,920		16,693,230	

Remuneration

REMA – Remuneration policy

Qualitative disclosures

Employees Compensation and Benefits:

Bank Albilad has developed a “Compensation Policy” based on the ‘Rules on Compensation Practices’ issued by SAMA as well as the guidelines provided by the Financial Stability Board and the Basel Committee on Banking Supervision in this respect.

The “Compensation Policy” has been approved by the Board of Directors (BOD). The BOD has also established a Nominations and Remuneration Committee, comprising of three members, the Chairman and two members of the Committee are independent to oversee the implementation of the Policy.

The mandate of the Committee is to oversee the compensation system design and operation, prepare and periodically review the Compensation Policy and evaluate its effectiveness in line with the industry practice.

Policy objectives

The policy sets guidelines for determination of both fixed and variable compensation to be paid to the employees of the Group. The scope of the Policy includes all compensation elements, approval and reporting process, stock options, bonus and its deferral, etc.

The objective of the Policy is to ensure that the compensation is governed by the financial performance evaluation and is linked to the various risks associated, at an overall level. Key staff members of the Bank are eligible to variable compensation which is derived from Risk Adjusted Net Income of the Bank which accounts for significant existing and potential risks in order to protect the Bank’s Capital Adequacy and to mitigate the risk of potential future losses.

Compensation structure

The compensation structure of the Bank is based on appropriate industry benchmarking and includes both fixed and variable components. The variable component is designed to ensure key employee retention and is based on three-year vesting period.

a. Fix components:

Provide a competitive salaries or wage according to annual market alignment. Including (Basic, Housing, Transportation and Fix allowance) which is written in the employee's contract.

b. Variable components:

Considering the risk associated with the Bank's performance & individual performance appraisal, all these factors are assessed on periodical basis and the results are shared with the stakeholders based on which the incentive is announced at the close of each accounting period. Including (LTIP or the Stoke Options & STIP as Incentives scheme, Annual Bonus and Annual tickets allowance).

Risk Assessment

All employees engaged in martial risk undertaking or responsible person or Risk controller or Risk monitor employees will be subjected to bonus deferral as detailed below:

	Definition	Deferral	Deferral %	Deferral Type	Vesting Period
Tier 1	Responsible Person / High Material Risk Takers / Controller	Yes	Above 60%	Equity	25% First Year
Tier 2	Significant Material Risk Takers / Controller	Yes	40%	Equity	25% Second Year 50% Third Year
Tier 3	No Significant Material Risk	No	0%	N/A	N/A
Tier 4	Undertaking or Controlling	No	0%	N/A	N/A

Performance Management System

Includes all permanent employees who have been hired before fourth quarter of the year and the performance is measured by two key factors: technical objectives and behavioral competencies.

Performance of Sales employees is measured by way of a balance score card methodology taking into consideration, financial, customer, process and people factor with appropriate weightage to each factor based on the respective assignments.

REM1 – Remuneration awarded during the financial year

			(SAR'000)	
		Remuneration amount	a	b
			Senior management	Other material risk-takers
1	Fixed remuneration	Number of employees	30	131
2		Total fixed remuneration (3 + 5 + 7)	50,492	64,200
3		Of which: cash-based	50,492	64,200
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	30	131
10		Total variable remuneration (11 + 13 + 15)	58,209	25,130
11		Of which: cash-based	35,084	23,099
12		Of which: deferred	-	-
13		Of which: shares or other share-linked instruments	23,125	2,031
14		Of which: deferred	-	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17		Total remuneration (2 + 10)	108,701	89,330

REM2 – Special payments

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

REM3 – Deferred remuneration

(SAR'000)

	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	-	-	-	-	-
Shares	74,225	-	-	-	21,896
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Other material risktakers	-	-	-	-	-
Cash	-	-	-	-	-
Shares	7,328	-	-	-	1,918
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Total	81,553	-	-	-	23,814

End of Report