

Pillar III Disclosures

September 30th, 2022

alrajhi bank

Basel Disclosures: Pillar 3 Q3-2022

Section	#	Tables and templates	Applicable
1. Overview of Risk Management and RWA	OV1	Overview of RWA	Yes
	KM1	Key Metrics	Yes
2. Leverage Ratio	LR1	Summary comparison of accounting assets vs leverage ratio exposure	Yes
	LR2	Leverage ratio common disclosure template	Yes
3. Liquidity	LIQ1	Liquidity Coverage Ratio	Yes

OV1: Overview of RWA

SAR '000s	RWA		Minimum capital requirements
	Sep-22	Jun-22	Sep-22
Credit risk (excluding counterparty credit risk) (CCR)	439,078,300	429,554,109	35,126,264
<i>Of which Standardized Approach (SA)</i>	439,078,300	429,554,109	35,126,264
<i>Of which internal rating-based (IRB) Approach</i>	-	-	-
Counterparty credit risk	1,257,750	1,112,239	100,620
<i>Of which Standardized Approach for counterparty credit risk (SA-CCR)</i>	1,257,750	1,112,239	100,620
<i>Of which Internal Model Method (IMM)</i>	-	-	-
Equity positions in banking book under market-based Approach	-	-	-
Equity investments in funds – look-through Approach	-	-	-
Equity investments in funds – mandate-based Approach	-	-	-
Equity investments in funds – fall-back Approach	-	-	-
Settlement risk	-	-	-
Securitization exposures in banking book	-	-	-
<i>Of which IRB ratings-based Approach (RBA)</i>	-	-	-
<i>Of which IRB Supervisory Formula Approach (SFA)</i>	-	-	-
<i>Of which SA/simplified supervisory formula Approach (SSFA)</i>	-	-	-
Market risk	1,089,685	2,671,508	87,175
<i>Of which Standardized Approach (SA)</i>	1,089,685	2,671,508	87,175
<i>Of which Internal Model Approaches (IMM)</i>	-	-	-
Operational risk	37,798,847	37,798,847	3,023,908
<i>Of which Basic Indicator Approach</i>	-	-	-
<i>Of which Standardized Approach</i>	37,798,847	37,798,847	3,023,908
<i>Of which Advanced Measurement Approach</i>	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total (1+4+7+8+9+10+11+12+16+19+23+24)	479,224,582	471,136,703	38,337,967

- Credit RWA increased mainly due to increase in financing portfolio.
- The minimum capital requirements applied is 8%.

Basel Disclosures: Pillar 3 Q3-2022

KM1: Key metrics (at consolidated group level): Overview of risk management, key prudential metrics and RWA categories

	SAR '000s	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	81,763,254	77,815,423	74,483,643	70,164,252	66,519,221
1a	Fully loaded ECL accounting model	79,601,238	75,413,183	71,841,179	67,281,564	63,636,533
2	Tier 1	88,263,254	84,315,423	80,983,643	70,164,252	66,519,221
2a	Fully loaded accounting model Tier 1	86,101,238	81,913,183	78,341,179	67,281,564	63,636,533
3	Total capital	93,767,455	89,698,752	86,059,921	74,981,942	71,004,381
3a	Fully loaded ECL accounting model total capital	91,605,439	87,296,512	83,417,457	72,099,254	68,121,693
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	479,224,582	471,136,703	446,699,856	425,628,790	395,765,556
4a	Total risk-weighted assets (pre-floor)	479,224,582	471,136,703	446,699,856	425,628,790	395,765,556
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	17.06%	16.52%	16.67%	16.48%	16.81%
5a	Fully loaded ECL accounting model CET1 (%)	16.61%	16.01%	16.08%	15.81%	16.08%
6	Tier 1 ratio (%)	18.42%	17.90%	18.13%	16.48%	16.81%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17.97%	17.39%	17.54%	15.81%	16.08%
7	Total capital ratio (%)	19.57%	19.04%	19.27%	17.62%	17.94%
7a	Fully loaded ECL accounting model total capital ratio (%)	19.12%	18.53%	18.67%	16.94%	17.21%
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 D-SIB additional requirements (%)	0.50%	0.50%	0.50%	0.50%	0.50%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	3.00%	3.00%	3.00%	3.00%	3.00%
12	CET1 available after meeting the bank's minimum capital requirements (%)	6.06%	5.52%	5.67%	5.48%	5.81%
Basel III Leverage Ratio						
13	Total Basel III leverage ratio measure	760,861,811	727,516,974	673,489,447	637,968,559	593,602,031
14	Basel III leverage ratio (%) (row 2/row 13)	11.60%	11.59%	12.02%	11.00%	11.21%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.32%	11.26%	11.63%	10.55%	10.72%
Liquidity Coverage Ratio						
15	Total HQLA	112,678,870	109,976,494	99,428,326	94,787,976	93,066,326
16	Total net cash outflow	92,975,256	90,881,723	80,084,849	78,358,520	74,433,433
17	LCR ratio (%)	121.19%	121.01%	124.15%	120.97%	125.03%
Net Stable Funding Ratio						
18	Total available stable funding	535,071,259	511,022,974	474,705,710	458,494,554	428,239,559
19	Total required stable funding	485,727,708	465,260,757	431,286,771	401,940,132	379,568,440
20	NSFR ratio (%)	110.16%	109.84%	110.07%	114.07%	112.82%

LR1: Summary comparison of accounting assets vs leverage ratio exposure

#	Item	SAR '000s
1	Total consolidated assets as per published financial statements	740,626,507
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 fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	2,103,819
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	18,131,485
7	Other adjustments	-
8	Leverage ratio exposure	760,861,811

LR2: Leverage ratio common disclosure template

#	Item	SAR '000s
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	740,626,507
2	(Relevant Asset amounts deducted in determining Basel III Tier 1 capital)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	740,626,507
Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	-
5	Add-on amounts for Potential Financial Exposure (PFE) associated with all derivatives transactions	2,103,819
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	2,103,819
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	Credit Conversion Factor (CCR) exposure for Security Financing Transaction (SFT) assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	37,434,021
18	(Adjustments for conversion to credit equivalent amounts)	(19,302,536)
19	Off-balance sheet items (sum of lines 17 and 18)	18,131,485
Capital and total exposures		
20	Tier 1 capital	88,263,254
21	Total exposures (sum of lines 3, 11, 16 and 19)	760,861,811
22	Basel III leverage ratio	11.60%

LIQ1: Liquidity Coverage Ratio (LCR)

SAR '000s		TOTAL UNWEIGHTED	TOTAL WEIGHTED
		VALUE (Average)	VALUE (Average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)	112,678,870	112,678,870
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customer, of which:	266,102,979	21,620,336
3	Stable deposits	95,175,585	4,758,779
4	Less stable deposits	170,927,394	16,861,557
5	Unsecured wholesale funding, of which:	193,881,845	83,994,600
6	Operational deposits (all counterparties)	-	-
7	Non-Operational deposits (all counterparties)	193,881,845	83,994,600
8	Unsecured debt	-	-
9	Secured wholesale funding	-	-
10	Additional requirements, of which:	35,685,598	2,016,076
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	15,986,482	1,622,094
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	19,699,116	393,982
16	TOTAL CASH OUTFLOWS	495,670,422	107,631,012
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	25,222,318	14,629,372
19	Other cash inflows	26,384	26,384
20	TOTAL CASH INFLOWS	25,248,702	14,655,756
TOTAL ADJUSTED VALUE			
21	TOTAL HQLA		112,678,870
22	TOTAL NET CASH OUTFLOWS		92,975,256
23	LIQUIDITY COVERAGE RATIO (%)		121.19%

- Figures presented in the table are average of Q3 2022.
- Adjusted values are calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e., cap on Level 2B and Level 2 assets for HQLA and cap on inflows).