

# Pillar III Disclosures

Al Rajhi Bank



September 30, 2021

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	a	b	c
	RWA		Minimum capital requirements
	Sep-21	Jun-21	Sep-21
Credit risk (excluding counterparty credit risk) (CCR)	358,317,543	333,609,951	28,665,403
Of which standardised approach (SA)	358,317,543	333,609,951	28,665,403
Of which internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	495,274	450,289	39,622
Of which standardised approach for counterparty credit risk (SA-CCR)	495,274	450,289	39,622
Of which internal model method (IMM)	-	-	-
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	-	-	-
Securitisation exposures in banking book	-	-	-
Of which IRB ratings-based approach (RBA)	-	-	-
Of which IRB Supervisory Formula Approach (SFA)	-	-	-
Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
Market risk	3,634,079	3,447,195	290,726
Of which standardised approach (SA)	3,634,079	3,447,195	290,726
Of which internal model approaches (IMM)	-	-	-
Operational risk	33,318,660	33,318,660	2,665,493
Of which Basic Indicator Approach	-	-	-
Of which Standardised Approach	33,318,660	33,318,660	2,665,493
Of which Advanced Measurement Approach	-	-	-
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)	395,765,556	370,826,095	31,661,244

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

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

		a	b	c	d	e
	SAR '000s	Sep-21	Jun-21	Mar-21	Dec-20	Sep-20
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	66,519,221	62,552,759	59,222,145	58,118,518	54,919,002
1a	Fully loaded ECL accounting model	63,636,533	59,670,071	59,222,145	58,118,518	54,919,002
2	Tier 1	66,519,221	62,552,759	59,222,145	58,118,518	54,919,002
2a	Fully loaded accounting model Tier 1	63,636,533	59,670,071	59,222,145	58,118,518	54,919,002
3	Total capital	71,004,381	66,728,512	63,100,846	61,623,193	58,199,923
3a	Fully loaded ECL accounting model total capital	68,121,693	63,845,824	63,100,846	61,623,193	58,199,923
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	395,765,556	370,826,095	353,498,271	323,009,003	301,663,765
4a	Total risk-weighted assets (pre-floor)	395,765,556	370,826,095	353,498,271	323,009,003	301,663,765
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier 1 ratio (%)	16.81%	16.87%	16.75%	17.99%	18.21%
5a	Fully loaded ECL accounting model CET1 (%)	16.08%	16.09%	16.75%	17.99%	18.21%
6	Tier 1 ratio (%)	16.81%	16.87%	16.75%	17.99%	18.21%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.08%	16.09%	16.75%	17.99%	18.21%
7	Total capital ratio (%)	17.94%	17.99%	17.85%	19.08%	19.29%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.21%	17.22%	17.85%	19.08%	19.29%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
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 (%)	5.81%	5.87%	5.75%	6.99%	7.21%
<b>Basel III Leverage Ratio</b>						
13	Total Basel III leverage ratio measure	593,602,031	555,205,300	528,559,513	485,743,206	444,236,725
14	Basel III leverage ratio (%) (row 2/row 13)	11.21%	11.27%	11.20%	11.96%	12.36%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	10.72%	10.75%	11.20%	11.96%	12.36%
<b>Liquidity Coverage Ratio<sup>1</sup></b>						
15	Total HQLA	93,066,326	87,715,610	79,694,564	81,417,246	71,856,966
16	Total net cash outflow	74,433,433	69,515,667	56,317,327	52,419,082	47,807,159
17	LCR ratio (%)	125.03%	126.18%	141.51%	155.32%	150.31%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	428,239,559	403,423,861	385,042,244	363,024,064	338,047,654
19	Total required stable funding <sup>2</sup>	379,568,440	355,933,724	332,045,854	294,044,228	271,766,010
20	NSFR ratio (%)	112.82%	113.34%	115.96%	123.46%	124.39%

<sup>1</sup> LCR computed as Quarterly Average.

<sup>2</sup> Includes Off Balance sheet component which is added to the Required Stable Funding (RSF).

## LR1: Summary comparison of accounting assets vs leverage ratio exposure

TABLE 1: LEVERAGE DISCLOSURE		
Summary comparison of accounting assets versus leverage ratio exposure measure		Table 1
Row #	Item	SAR '000s
1	Total consolidated assets as per published financial statements	582,684,437
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	670,274
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)	10,247,319
7	Other adjustments	-
8	<b>Leverage ratio exposure</b>	<b>593,602,031</b>

## LR2: Leverage ratio common disclosure template

TABLE 2: LEVERAGE DISCLOSURE		
#	Item	SAR '000s
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	582,684,437
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)	582,684,437
<b>Derivative Exposures</b>		
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	670,274
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)	670,274
<b>Securities financing transaction exposures</b>		
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	24,181,167
18	(Adjustments for conversion to credit equivalent amounts)	(13,933,848)
19	Off-balance sheet items (sum of lines 17 and 18)	10,247,319
Capital and total exposures		
20	Tier 1 capital	66,519,221
21	Total exposures (sum of lines 3, 11, 16 and 19)	593,602,031
Leverage ratio		
22	Basel III leverage ratio	11.21%

## LIQ1: Liquidity Coverage Ratio (LCR)

SAR '000s		TOTAL UNWEIGHTED VALUE (Average)	TOTAL WEIGHTED VALUE (Average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)	-	93,066,326
CASH OUTFLOWS			
2	<b>Retail deposits and deposits from small business customer, of which:</b>	<b>266,684,555</b>	<b>26,666,025</b>
3	Stable deposits	-	-
4	Less stable deposits	266,684,555	26,666,025
5	<b>Unsecured wholesale funding, of which:</b>	<b>143,530,130</b>	<b>59,872,586</b>
6	Operational deposits (all counterparties)	-	-
7	Non-Operational deposits (all counterparties)	143,530,130	59,872,586
8	Unsecured debt	-	-
9	<b>Secured wholesale funding</b>	-	-
10	<b>Additional requirements, of which:</b>	<b>20,762,090</b>	<b>1,129,685</b>
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	9,160,368	897,651
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	11,601,722	232,034
16	<b>TOTAL CASH OUTFLOWS</b>	<b>430,976,775</b>	<b>87,668,296</b>
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	23,530,581	13,220,803
19	Other cash inflows	14,059	14,059
20	<b>TOTAL CASH INFLOWS</b>	<b>23,544,640</b>	<b>13,234,862</b>
TOTAL ADJUSTED VALUE			
21	<b>TOTAL HQLA</b>		93,066,326
22	<b>TOTAL NET CASH OUTFLOWS</b>		74,433,433
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>		125.03%

- Figures presented in the table are average of Q3 2021.
- 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).