Pillar III Disclosures

Al Rajhi Bank

March 31, 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

	a	b	c
	RWA		Minimum capital requirements
SAR '000s	Mar-21	Dec-20	Mar-21
Credit risk (excluding counterparty credit risk) (CCR)	310,296,074	280,373,990	24,823,686
Of which standardised approach (SA)	310,296,074	280,373,990	24,823,686
Of which internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	-	-	-
Of which standardised approach for counterparty credit risk (SA-CCR)	-	-	-
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	9,883,537	9,316,353	790,683
Of which standardised approach (SA)	9,883,537	9,316,353	790,683
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)	353,498,271	323,009,003	28,279,862

- Credit RWAs slightly increased due to increase in financing portfolio.
- The minimum capital requirements applied in column C is 8%.
- The Bank uses Standardized approach to measure capital requirements on the Equity exposure.

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

		a	b	c	d	e
	SAR '000s	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	59,222,145	58,118,518	54,919,002	51,930,026	49,586,742
1a	Fully loaded ECL accounting model	-	-	-	-	-
2	Tier 1	59,222,145	58,118,518	54,919,002	51,930,026	49,586,742
2a	Fully loaded accounting model Tier 1	59,222,145	58,118,518	54,919,002	51,930,026	49,586,742
3	Total capital	63,100,846	61,623,193	58,199,923	55,052,751	52,616,004
3a	Fully loaded ECL accounting model total capital	63,100,846	61,623,193	58,199,923	55,052,751	52,616,004
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	353,498,271	323,009,003	301,663,765	289,237,397	282,423,611
4a	Total risk-weighted assets (pre-floor)	353,498,271	323,009,003	301,663,765	289,237,397	282,423,611
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	16.75%	17.99%	18.21%	17.95%	17.56%
5a	Fully loaded ECL accounting model CET1 (%)	0.00%	0.00%	0.00%	0.00%	0.00%
6	Tier 1 ratio (%)	16.75%	17.99%	18.21%	17.95%	17.56%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.75%	17.99%	18.21%	17.95%	17.56%
7	Total capital ratio (%)	17.85%	19.08%	19.29%	19.03%	18.63%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.85%	19.08%	19.29%	19.03%	18.63%
	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 (%)	13.75%	14.99%	15.21%	14.95%	14.56%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio measure	528,559,513	485,743,206	444,236,725	430,683,931	405,680,668
14	Basel III leverage ratio (%) (row 2/row 13)	11.20%	11.96%	12.36%	12.06%	12.22%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	11.20%	11.96%	12.36%	12.06%	12.22%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	11.20%	11.96%	12.36%	12.06%	12.22%
	Liquidity Coverage Ratio1					
15	Total HQLA	79,694,564	81,417,246	71,856,966	71,363,463	67,696,402
16	Total net cash outflow	56,317,327	52,419,082	47,807,159	43,406,186	38,319,945
17	LCR ratio (%)	141.51%	155.32%	150.31%	164.41%	176.66%
	Net Stable Funding Ratio					
18	Total available stable funding	385,042,244	363,024,064	338,047,654	327,364,316	309,712,090
19	Total required stable funding[2]	332,045,854	294,044,228	271,766,010	258,051,540	243,601,209
20	NSFR ratio (%)	115.96%	123.46%	124.39%	126.86%	127.14%

[1] LCR computed as Quarterly Average.

[2] 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	512,233,605
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	-
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)	8,173,371
7	Other adjustments[3]	8,152,537
8	**Leverage ratio exposure**	528,559,513

LR2: Leverage ratio common disclosure template

TABLE 2: LEVERAGE DISCLOSURE		
#	Item	SAR '000s
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	520,386,142
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)	520,386,142
	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	-
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)	-
	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	35,309,324
18	(Adjustments for conversion to credit equivalent amounts)	(27,135,953)
19	Off-balance sheet items (sum of lines 17 and 18)	8,173,371
	Capital and total exposures	
20	Tier 1 capital	59,222,145
21	Total exposures (sum of lines 3, 11, 16 and 19)	528,559,513
	Leverage ratio	
22	**Basel III leverage ratio**	**11.20%**

3 Other adjustments are due to consideration of credit provisions and other provisions.

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)	-	**79,694,564**
	CASH OUTFLOWS		
2	**Retail deposits and deposits from small business customer, of which:**	**268,189,281**	**26,481,936**
3	Stable deposits	-	-
4	Less stable deposits	268,189,281	26,481,936
5	**Unsecured wholesale funding, of which:**	**105,221,989**	**42,692,643**
6	Operational deposits (all counterparties)	-	-
7	Non-Operational deposits (all counterparties)	105,221,989	42,692,643
8	Unsecured debt	-	-
9	**Secured wholesale funding**	-	-
10	**Additional requirements, of which:**	**20,701,051**	**1,359,442**
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	11,875,618	1,182,933
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	8,825,433	176,509
16	**TOTAL CASH OUTFLOWS**		**70,534,021**
	CASH INFLOWS		
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	23,919,200	14,204,009
19	Other cash inflows	12,685	12,685
20	**TOTAL CASH INFLOWS**		**14,216,694**
	TOTAL ADJUSTED VALUE		
21	**TOTAL HQLA**		79,694,564
22	**TOTAL NET CASH OUTFLOWS**		56,317,327
23	**LIQUIDITY COVERAGE RATIO (%)**		141.51%

- Data is presented as simple quarterly average of Q1 2021.
- Saudi Central Bank requires banks to maintain minimum LCR of 100%.
- Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).
- 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).