

## Pillar III Disclosures

September 30<sup>th</sup>, 2023

Al Rajhi Bank

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## Overview of risk management, key prudential metrics and RWA

### KM1: Key metrics (at consolidated group level)

SAR 000's		a	b	c	d	e
		Sep-23	Jun-23	Mar-23	Dec-22	Sep-22
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	85,494,379	86,819,804	83,136,321	84,432,280	81,020,376
1a	Fully loaded ECL accounting model	84,293,259	85,378,460	81,454,753	82,510,488	78,858,360
2	Tier 1	101,994,379	103,319,804	99,636,321	100,932,280	87,520,376
2a	Fully loaded ECL accounting model Tier 1	100,793,259	101,878,460	97,954,753	99,010,488	85,358,360
3	Total capital	107,864,880	109,041,953	105,371,408	106,607,868	93,024,577
3a	Fully loaded ECL accounting model total capital	106,663,760	107,600,609	103,689,840	104,686,076	90,862,561
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	519,381,963	503,517,503	504,983,825	497,972,697	479,224,582
4a	Total risk-weighted assets (pre-floor)	519,381,963	503,517,503	504,983,825	497,972,697	479,224,582
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	CET1 ratio (%)	16.46%	17.24%	16.46%	16.96%	16.91%
5a	Fully loaded ECL accounting model CET1 (%)	16.23%	16.96%	16.13%	16.57%	16.46%
5b	CET1 ratio (%) (pre-floor ratio)	16.46%	17.24%	16.46%	16.96%	16.91%
6	Tier 1 ratio (%)	19.64%	20.52%	19.73%	20.27%	18.26%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	19.41%	20.23%	19.40%	19.88%	17.81%
6b	Tier 1 ratio (%) (pre-floor ratio)	19.64%	20.52%	19.73%	20.27%	18.26%
7	Total capital ratio (%)	20.77%	21.66%	20.87%	21.41%	19.41%
7a	Fully loaded ECL accounting model total capital ratio (%)	20.54%	21.37%	20.53%	21.02%	18.96%
7b	Total capital ratio (%) (pre-floor ratio)	20.77%	21.66%	20.87%	21.41%	19.41%
<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 (%)	0.13%	0.13%	0.00%	0.00%	0.00%
10	Bank G-SIB and/or 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)	3.13%	3.13%	3.00%	3.00%	3.00%
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.83%	9.61%	8.96%	9.46%	9.41%
<b>Basel III leverage ratio</b>						
13	Total Basel III leverage ratio exposure measure	842,194,431	823,816,959	812,842,909	792,520,344	761,363,029
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	12.11%	12.54%	12.26%	12.74%	11.50%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	11.97%	12.37%	12.05%	12.49%	11.21%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	12.78%	13.28%	12.99%	13.45%	12.20%

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14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	12.11%	12.54%	12.26%	12.74%	11.50%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	12.78%	13.28%	12.99%	13.45%	12.20%
<b>Liquidity Coverage Ratio (LCR)</b>						
15	Total high-quality liquid assets (HQLA)	131,324,088	126,723,833	121,954,894	118,093,251	112,678,870
16	Total net cash outflow	90,750,981	88,736,373	90,046,424	93,896,077	92,975,256
17	LCR ratio (%)	144.71%	142.81%	135.44%	125.77%	121.19%
<b>Net Stable Funding Ratio (NSFR)</b>						
18	Total available stable funding	576,184,764	569,586,081	553,726,604	547,104,937	534,328,381
19	Total required stable funding	522,078,091	512,857,271	508,502,885	497,594,714	485,727,708
20	NSFR ratio	110.36%	111.06%	108.89%	109.95%	110.01%

## Basel Disclosures: Pillar III Q3-2023

### OV1: Overview of RWA

		a	b	c	Drivers behind significant differences in T and T-1
		RWA		Minimum capital requirements	
		Sep-23	Jun-23	Sep-23	
<b>1</b>	<b>Credit risk (excluding counterparty credit risk)</b>	<b>466,179,864</b>	<b>454,255,803</b>	<b>37,294,389</b>	<b>Increase in financing</b>
2	Of which: standardized approach (SA)	466,179,864	454,255,803	37,294,389	
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				
<b>6</b>	<b>Counterparty credit risk (CCR)</b>	<b>1,849,270</b>	<b>1,089,471</b>	<b>147,942</b>	<b>Increase in the EAD</b>
7	Of which: standardized approach for counterparty credit risk	1,849,270	1,089,471	147,942	
8	Of which: IMM				
9	Of which: other CCR				
<b>10</b>	<b>Credit valuation adjustment (CVA)</b>	<b>1,849,270</b>	<b>1,089,471</b>	<b>147,942</b>	<b>Increase in the EAD</b>
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period				
<b>12</b>	<b>Equity investments in funds</b>	<b>3,460,241</b>	<b>3,516,103</b>	<b>276,819</b>	<b>Reduction in the underlying risk-weights</b>
13	Of which: Look-through approach	3,460,241	3,516,103	276,819	
14	Of which: Mandate-based approach				
15	Of which: Fall-back approach				
16	Settlement risk				
17	Securitization exposures in banking book				
18	Of which: securitization IRB approach (SEC-IRBA)				
19	Of which: securitization external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)				
20	Of which: securitization standardized approach (SEC-SA)				
<b>21</b>	<b>Market risk</b>	<b>7,600,101</b>	<b>5,123,439</b>	<b>608,008</b>	<b>Increase in FX net open position</b>
22	Of which: standardized approach (SA)	7,600,101	5,123,439	608,008	
23	Of which: internal model approach (IMA)				
24	Capital charge for switch between trading book and banking book				
<b>25</b>	<b>Operational risk</b>	<b>38,443,216</b>	<b>38,443,216</b>	<b>3,075,457</b>	<b>No change</b>
26	Amounts below the thresholds for deduction (subject to 250% risk weight)				
27	Output floor applied				
28	Floor adjustment (before application of transitional cap)				
29	Floor adjustment (after application of transitional cap)				
<b>30</b>	<b>Total (1 + 6 + 10 + 12 + 21 + 25)</b>	<b>519,381,963</b>	<b>503,517,503</b>	<b>41,550,557</b>	

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### Leverage ratio

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

#	Particulars	Sep-23
1	Total consolidated assets as per published financial statements	801,483,269
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 securitized 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 recognized 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	1,387,758
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	2,350,810
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	30,850,304
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	6,122,290
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>842,194,431</b>

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## LR2: Leverage ratio common disclosure template

		a	b
		Sep-23	Jun-23
<b>On-Balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	807,605,559	790,780,487
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 recognized as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Basel III Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	-	-
<b>7</b>	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>807,605,559</b>	<b>790,780,487</b>
<b>Derivative exposures</b>			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	759,899	217,149
9	Add-on amounts for potential future exposure associated with all derivatives transactions	627,859	279,124
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)	-	-
<b>13</b>	<b>Total derivative exposures (sum of rows 8 to 12)</b>	<b>1,387,758</b>	<b>496,273</b>
<b>Securities financing transaction exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	38,033,500	17,716,000
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-36,893,295	-17,420,132
16	Counterparty credit risk exposure for SFT assets	1,210,605	1,334,855
17	Agent transaction exposures	-	-
<b>18</b>	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	<b>2,350,810</b>	<b>1,630,724</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	103,405,292	105,912,121
20	(Adjustments for conversion to credit equivalent amounts)	-72,554,989	-75,002,646
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
<b>22</b>	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>30,850,304</b>	<b>30,909,475</b>
<b>Capital and total exposures</b>			
<b>23</b>	<b>Tier 1 capital</b>	<b>101,994,379</b>	<b>103,319,804</b>
<b>24</b>	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>842,194,431</b>	<b>823,816,959</b>
<b>Leverage ratio</b>			
<b>25</b>	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	<b>12.11%</b>	<b>12.54%</b>
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.78%	13.28%
<b>26</b>	<b>National minimum leverage ratio requirement</b>	<b>3.00%</b>	<b>3.00%</b>
<b>27</b>	<b>Applicable leverage buffers</b>	<b>9.11%</b>	<b>9.54%</b>
<b>Disclosure of mean values</b>			

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28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	926,199	373,952
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	1,140,205	295,868
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	841,980,425	823,895,042
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	798,142,079	777,874,621
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12.11%	12.54%
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	12.78%	13.28%



## Liquidity

### LIQ1: Liquidity Coverage Ratio (LCR)

		a	b
		Total unweighted value (average)	Total weighted value (average)
<b>High quality liquid assets</b>			
<b>1</b>	<b>Total HQLA</b>		<b>131,324,088</b>
<b>Cash outflows</b>			
<b>2</b>	<b>Retail deposits and deposits from small business customers, of which:</b>	<b>275,365,759</b>	<b>21,847,217</b>
3	Stable deposits	75,829,299	3,791,465
4	Less stable deposits	199,536,460	18,055,752
<b>5</b>	<b>Unsecured wholesale funding, of which:</b>	<b>202,809,654</b>	<b>87,575,195</b>
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)	199,882,106	87,313,581
8	Unsecured debt	2,927,548	261,614
<b>9</b>	<b>Secured wholesale funding</b>		
<b>10</b>	<b>Additional requirements, of which:</b>	<b>16,538,760</b>	<b>1,664,450</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	16,538,760	1,664,450
<b>14</b>	<b>Other contractual funding obligations</b>		
<b>15</b>	<b>Other contingent funding obligation</b>	<b>28,729,953</b>	<b>574,599</b>
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>		<b>111,661,461</b>
<b>Cash inflows</b>			
17	Secured lending (e.g. reverse repos)		
18	Inflows from fully performing exposures	37,301,811	20,638,769
19	Other cash inflows	271,712	271,712
<b>20</b>	<b>TOTAL CASH INFLOWS</b>		<b>20,910,480</b>
<b>Total adjusted value</b>			
<b>21</b>	<b>Total HQLA</b>		<b>131,324,088</b>
<b>22</b>	<b>Total net cash outflows</b>		<b>90,750,981</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>		<b>144.71%</b>