

Pillar III Disclosures

March 31st, 2023

Al Rajhi Bank

Basel Disclosures: Pillar III Q1-2023

Section	#	Tables and templates	Applicable
1. Overview of risk management, key prudential metrics and RWA	KM1	Key metrics (at consolidated group level)	Yes
	OV1	Overview of risk-weighted assets (RWA)	Yes
2. Comparison of modelled and standardised RWA	CMS1	Comparison of modelled and standardised RWA at risk level	Yes
3. Leverage ratio	LR1	Summary comparison of accounting assets vs leverage ratio exposure measure	Yes
	LR2	Leverage ratio common disclosure template	Yes
4. Liquidity	LIQ1	Liquidity coverage ratio (LCR)	Yes

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KM1: Key metrics (at consolidated group level)

SAR '000s		a	b	c	d	e
		Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	83,136,321	84,432,280	80,892,598	77,234,909	74,237,991
1a	Fully loaded ECL accounting model CET1	81,454,753	82,510,488	78,730,582	74,832,669	71,595,527
2	Tier 1	99,636,321	100,932,280	87,392,598	83,734,909	80,737,991
2a	Fully loaded ECL accounting model Tier 1	97,954,753	99,010,488	85,230,582	81,332,669	78,095,527
3	Total capital	105,371,408	106,607,868	92,896,798	89,118,238	85,814,269
3a	Fully loaded ECL accounting model total capital	103,689,840	104,686,076	90,734,782	86,715,998	83,171,805
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	504,983,824	497,972,697	479,224,582	471,136,703	446,699,856
4a	Total risk-weighted assets (pre-floor)	504,983,824	497,972,697	479,224,582	471,136,703	446,699,856
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	16.46%	16.96%	16.88%	16.39%	16.62%
5a	Fully loaded ECL accounting model CET1 (%)	16.13%	16.57%	16.43%	15.88%	16.03%
5b	CET1 ratio (%) (pre-floor ratio)	16.46%	16.96%	16.88%	16.39%	16.62%
6	Tier 1 ratio (%)	19.73%	20.27%	18.24%	17.77%	18.07%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	19.40%	19.88%	17.79%	17.26%	17.48%
6b	Tier 1 ratio (%) (pre-floor ratio)	19.73%	20.27%	18.24%	17.77%	18.07%
7	Total capital ratio (%)	20.87%	21.41%	19.38%	18.92%	19.21%
7a	Fully loaded ECL accounting model total capital ratio (%)	20.53%	21.02%	18.93%	18.41%	18.62%
7b	Total capital ratio (%) (pre-floor ratio)	20.87%	21.41%	19.38%	18.92%	19.21%
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 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)	3.00%	3.00%	3.00%	3.00%	3.00%
12	CET1 available after meeting the bank's minimum capital requirements (%)	5.46%	5.96%	5.88%	5.39%	5.62%
Basel III Leverage ratio						
13	Total Basel III leverage ratio exposure measure	812,341,691	792,019,126	760,861,811	727,516,974	673,489,447
14	Basel III leverage ratio (%) (including central bank reserves)	12.27%	12.74%	11.49%	11.51%	11.99%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (including central bank reserves)	12.06%	12.50%	11.20%	11.18%	11.60%
14b	Basel III leverage ratio (%) (excluding central bank reserves)	13.00%	13.46%	12.19%	12.14%	12.67%
14c	Basel III leverage ratio (%) (including central bank reserves) incorporating mean values for SFT assets	12.26%	12.74%	11.49%	11.51%	11.99%
14d	Basel III leverage ratio (%) (excluding central bank reserves) incorporating mean values for SFT assets	12.99%	13.46%	12.19%	12.14%	12.67%

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Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	121,954,894	118,093,251	112,678,870	109,976,494	99,428,326
16	Total net cash outflow	90,046,424	93,896,077	92,975,256	90,881,723	80,084,849
17	LCR ratio (%)	135.44%	125.77%	121.19%	121.01%	124.15%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	553,726,604	547,104,937	534,200,603	510,443,212	474,460,058
19	Total required stable funding	508,502,885	497,594,714	485,727,708	465,260,757	431,286,771
20	NSFR ratio	108.89%	109.95%	109.98%	109.71%	110.01%

OV1: Overview of risk-weighted assets (RWA)

	SAR '000s	a	b	c
		RWA		Minimum capital requirements
		Mar-23	Dec-22	Mar-23
1	Credit risk (excluding counterparty credit risk)	458,806,965	452,782,886	36,704,557
2	Of which: standardized approach (SA)	458,806,965	452,782,886	36,704,557
3	Of which: foundation internal ratings-based (F-IRB) approach	0	0	0
4	Of which: supervisory slotting approach	0	0	0
5	Of which: advanced internal ratings-based (A-IRB) approach	0	0	0
6	Counterparty credit risk (CCR)	1,295,158	1,264,127	103,613
7	Of which: standardized approach for counterparty credit risk	647,579	1,264,127	51,806
8	Of which: IMM	0	0	0
9	Of which: other CCR	0	0	0
10	Credit valuation adjustment (CVA)	647,579	0	51,806
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period	0	0	0
12	Equity investments in funds – look-through approach	0	0	0
13	Equity investments in funds – mandate-based approach	0	0	0
14	Equity investments in funds – fall-back approach	0	0	0
15	Settlement risk	0	0	0
16	Securitization exposures in banking book	0	0	0
17	Of which: securitization IRB approach (SEC-IRBA)	0	0	0
18	Of which: securitization external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	0	0	0
19	Of which: securitization standardized approach (SEC-SA)	0	0	0
20	Market risk	6,438,486	1,643,421	515,079
21	Of which: standardized approach (SA)	6,438,486	1,643,421	515,079
22	Of which: internal model approach (IMA)	0	0	0
23	Capital charge for switch between trading book and banking book	0	0	0
24	Operational risk	38,443,216	42,282,263	3,075,457
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
26	Output floor applied	0	0	
27	Floor adjustment (before application of transitional cap)	0	0	
28	Floor adjustment (after application of transitional cap)	0	0	
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)	504,983,824	497,972,697	40,398,706

CMS1: Comparison of modelled and standardized RWA at risk level

		a	b	c	d
		RWA			
SAR '000s		RWA for modelled approaches banks which have received SAMA approval to use internal model	RWA for portfolios where standardized approaches are used	Total Actual RWA	RWA calculated using full standardized approach
				(a + b)	(i.e. used in the base of the output floor)
				(i.e. RWA which banks report as current requirements)	
1	Credit risk (excluding counterparty credit risk)	0	458,806,965	458,806,965	458,806,965
2	Counterparty credit risk	0	647,579	647,579	647,579
3	Credit valuation adjustment		647,579	647,579	647,579
4	Securitization exposures in the banking book	0	0	0	0
5	Market risk	0	6,438,486	6,438,486	6,438,486
6	Operational risk		38,443,216	38,443,216	38,443,216
7	Residual RWA		0	0	0
8	Total	0	504,983,824	504,983,824	504,983,824

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

	SAR '000s	a
1	Total consolidated assets as per published financial statements	776,196,371
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
3	Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference	0
4	Adjustments for temporary exemption of central bank reserves (if applicable)	0
5	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustments for eligible cash pooling transactions	0
8	Adjustments for derivative financial instruments	410,031
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	1,247,973
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	31,274,215
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	0
12	Other adjustments	3,213,101
13	Leverage ratio exposure measure	812,341,691

LR2: Leverage ratio common disclosure template

SAR '000s		a	b
		Mar-23	Dec-22
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	779,409,472	768,331,095
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	0	0
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	0	0
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)	0	0
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	0	0
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	0	0
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	779,409,472	768,331,095
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	72,287	1,484,745
9	Add-on amounts for potential future exposure associated with <i>all</i> derivatives transactions	337,743	743,033
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	Total derivative exposures (sum of rows 8 to 12)	410,031	2,227,778
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	21,459,309	0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-20,749,408	0
16	Counterparty credit risk exposure for SFT assets	538,072	0
17	Agent transaction exposures	0	0
18	Total securities financing transaction exposures (sum of rows 14 to 17)	1,247,973	0
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	105,108,120	80,456,706
20	(Adjustments for conversion to credit equivalent amounts)	-73,833,905	-58,996,452
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	0	0
22	Off-balance sheet items (sum of rows 19 to 21)	31,274,215	21,460,254
Capital and total exposures			
23	Tier 1 capital	99,636,321	100,932,280
24	Total exposures (sum of rows 7, 13, 18 and 22)	812,341,691	792,019,126
Leverage ratio			
25	Basel III leverage ratio (%) (including central bank reserves)	12.27%	12.74%
25a	Basel III leverage ratio (%) (excluding central bank reserves)	13.00%	13.46%
26	National minimum leverage ratio requirement (%)	3.00%	3.00%

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27	Applicable leverage buffers (%)	9.27%	9.74%
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	775,731	0
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	709,900	0
30	Total exposures (including 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)	812,407,521	792,019,126
30a	Total exposures (excluding 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)	766,782,661	749,966,630
31	Basel III leverage ratio (%) (including 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)	12.26%	12.74%
31a	Basel III leverage ratio (%) (excluding 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)	12.99%	13.46%

LIQ1: Liquidity coverage ratio (LCR)

SAR '000s		a	b
		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		121,954,894
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	75,177,906	3,758,895
4	Less stable deposits	183,276,400	16,867,634
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)	204,376,117	87,493,641
8	Unsecured debt	2,490,602	222,857
9	Secured wholesale funding		
10	Additional requirements, of which:		
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	17,349,861	1,757,570
14	Other contractual funding obligations		
15	Other contingent funding obligations	26,356,288	527,126
16	TOTAL CASH OUTFLOWS		110,627,724
Cash inflows			
17	Secured lending (e.g. reverse repos)		
18	Inflows from fully performing exposures	34,039,931	20,506,009
19	Other cash inflows	75,290	75,290
20	TOTAL CASH INFLOWS	34,115,221	20,581,300
Total adjusted value			
21	Total HQLA		121,954,894
22	Total net cash outflows		90,046,424
23	Liquidity Coverage Ratio (%)		135.44%