Pillar III Disclosures

Al Rajhi Bank

December 31st 2016

Summary:

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B.1 - Table OVA: Bank risk management approach

(a)	**Business model determination and risk profile** Deeply rooted in Islamic Banking principles, the Shari'a compliant AL Rajhi Bank has seven subsidiary companies, which together with the Bank are referred to as the 'Al Rajhi Bank Group' (ARB). The Group continues to be instrumental in bridging the gap between modern financial demands and intrinsic Islamic values, whilst spearheading new product development and numerous industry standards.
(b)	**The risk governance structure** The Bank adopts sound governance principles for Risk Management. Risk Management is a shared responsibility across the Bank. The Credit & Risk Group has primary responsibility for managing the Risk Management Framework across the Bank, and to measure, monitor and report key risks of the Bank. The Group provides professional advice across all functional areas and is integral to the operations and culture of the Bank.
(c)	**Channels to communicate, decline and enforce the risk culture** Maintaining a strong Risk Culture is critical to the strategy and business activities of ARB. The Bank's Risk Culture requires that each business unit and each employee of the Bank is accountable for identifying and managing the risks embedded under their responsibilities. Overall Governance structure is divided into two levels - Management Level Committees (Level 1 & Level 2) and Board level Committees. The comprehensive Governance structure provides adequate opportunity to communicate the risk culture.
(d)	**The scope and main features of risk measurement systems.** The Bank has structured a number of financial products which are in accordance with Shari'a law in order to meet the customers demand. These products are all classified as financing assets in the Bank's consolidated statement of financial position. In measuring credit risk of financing at a counterparty level, the Bank considers the overall credit worthiness of the customer based on a proprietary risk methodology. This risk rating methodology utilises a 10 point scale based on quantitative and qualitative factors with seven performing categories (rated 1 to 7) and three non-performing categories (rated 8 – 10). The risk rating process is intended to advise the various independent approval authorities of the inherent risks associated with the counterparty and assist in determining suitable pricing commensurate with the associated risk. Operational Risk: The Operational Risk management processes in the Bank are Risk Control Self-Assessment, Operational Loss Database and Key Risk Indicators which are designed to function in a mutually reinforcing manner. Market Risk: Profit Rate Risk arises from the possibility that the changes in profit rates will affect either the fair values or the future cash flows of the financial instruments. The Board has established commission rate gap limits for stipulated periods. The Bank monitors positions daily and uses gap management strategies to ensure maintenance of positions within the established gap limits.
(e)	**Process of risk information reporting provided to the board and senior management.** Risk Management Committee (RMC) with membership from Group Heads of all business functions, including Risk, HR & Compliance chaired by CEO has been functioning to review and monitor key enterprise risks areas and exceptions on a periodic basis. At the Board level, Board Risk Management Committee (BRMC) with all independent Board members - has oversight of Risk Management function across the Bank.
(f)	**Qualitative information on stress testing.** The Bank adopts Integrated Stress Testing Approach, in which different types of stressed events are inter-linked and are jointly considered for their impact on the financials and key regulatory ratios, that includes Capital Adequacy Ratio and all types of Liquidity Ratios. The approach determines the financial impact of both macroeconomic factors and Bank specific scenarios simultaneously.
(g)	**The strategies and processes to manage, hedge and mitigate risks.** On annual basis, key Risks are identified and plan of actions are listed out to mitigate those risks. The identification of Key Risks and its mitigation plans are discussed in Management Committee meetings and presented to BRMC and to the Board of Directors as part of ICAAP process. The mitigation plans are reviewed on an ongoing basis and the implementation of the action plans are monitored.

B.2 - Template OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirements
		Dec-16	Sep-16	Dec-16
1	Credit risk (excluding counterparty credit risk) (CCR)	221,810,142	219,224,447	17,744,811
2	Of which standardised approach (SA)	221,810,142	219,224,447	17,744,811
3	Of which internal rating-based (IRB) approach			-
4	Counterparty credit risk	-	-	-
5	Of which standardised approach for counterparty credit risk (SA-CCR)			-
6	Of which internal model method (IMM)			-
7	Equity positions in banking book under market-based approach	-		-
8	Equity investments in funds – look-through approach			-
9	Equity investments in funds – mandate-based approach			-
10	Equity investments in funds – fall-back approach			-
11	Settlement risk			-
12	Securitisation exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)			-
14	Of which IRB Supervisory Formula Approach (SFA)			-
15	Of which SA/simplified supervisory formula approach (SSFA)			-
16	Market risk	2,096,868	3,299,608	167,749
17	Of which standardised approach (SA)	2,096,868	3,299,608	167,749
18	Of which internal model approaches (IMM)	-		-
19	Operational risk	25,067,746	23,808,192	2,005,420
20	Of which Basic Indicator Approach			-
21	Of which Standardised Approach	25,067,746	23,808,192	2,005,420
22	Of which Advanced Measurement Approach			-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)			-
24	Floor adjustment			-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**248,974,756**	**246,332,247**	**19,917,980**

Explanation of signficant drivers behind differences in reporting periods T and T-1.
Market Risk presents a significant reduction in RWAs due to the Bank's reduction in its FX Net Open Position.

When minimum capital requirements in column (c) do not correspond to 8% of RWA in column (a), banks must explain the adjustments made.
Not Applicable.

If the bank uses the IMM for its equity exposures under the market-based approach, it must provide annually a description of the main characteristics of its internal model in an accompanying narrative.
The Bank uses Standardized approach to measure capital requirements on the Equity exposure. IMM does not apply.

B.3 - Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and Balances with SAMA & Central Banks	42,149,905	74,191,198	74,191,198				
Due From Banks	26,578,525	30,582,978	30,582,978				
Financing , net	224,994,124	205,375,721	205,375,721				
Investments, net	34,032,879	2,289,546	2,289,546				
Investment properties, net	1,330,868	23,691,124	23,691,124				
Fixed assets, net	6,485,162	-	-				
Other assets, net	4,140,354	10,462,854	10,462,854				
Total assets	**339,711,817**	**346,593,421**	**346,593,421**	**-**	**-**	**-**	**-**
Liabilities							
Customer deposits	272,593,136	-					
Due to Banks	8,916,970	-					
Other liabilities	6,254,839	-					
Total liabilities	**287,764,945**	**-**	**-**	**-**	**-**	**-**	**-**
Shareholder's Equity							
Share capital	16,250,000	16,250,000					
Statutory reserve	16,250,000	16,250,000					
Other reserves	3,873,362	3,873,362					
Retained earnings	12,236,010	15,573,510					
Proposed gross dividend and Zakat	3,337,500	-					
Total Shareholder's Equity	**51,946,872**	**51,946,872**	**-**	**-**	**-**	**-**	**-**
Total Liabilities + Shares	**339,711,817**	**51,946,872**	**-**	**-**	**-**	**-**	**-**

Qualitative explanation on items that are subject to regulatory capital charges in more than one risk category.
Variance between the financial statements and the regulatory consolidation is due to assets mapping.

B.4 - Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		a	b	c	d	e
			Items subject to:			
		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	339,711,817	346,593,421	-	-	-
2	Liabilities + Shares carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation					
4	Off-balance sheet amounts					
5	Differences in valuations					
6	Differences due to different netting rules, other than those already included in row 2					
7	Differences due to consideration of provisions	- 6,881,604				
8	Differences due to prudential filters					
9	Market risk on Foreign exchange					2,096,868
10	**Exposure amounts considered for regulatory purposes**	**- 6,881,604**	**-**	**-**	**-**	**2,096,868**

See LIA.
Difference in total assets is due to provisioning.

B.5 - Table LIA: Explanations of differences between accounting and regulatory exposure amounts

Banks must explain the origins of the differences between accounting amounts, as reported in financial statements amounts and regulatory exposure amounts, as displayed in templates LI1 and LI2.

(a)	**Explanation of significant differences between the amounts in columns (a) and (b) in LI1.** Variance between the financial statements and the regulatory consolidating is due to assets mapping.
(b)	**Explanation of the origins of differences between carrying values and amounts considered for regulatory purposes shown in LI2.** Differences due to consideration of provisions.
(c)	**• Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used.** ARB has a very small Investment portfolio as of date. The Bank has adopted the following approach to determine the Fair Value of its Investment Book. Determination of fair value and fair value hierarchy The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments: Level 1: quoted prices in active markets for the same instrument (i.e. without modification or additions). Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data. Level 3: valuation techniques for which any significant input is not based on observable market data. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either: - In the accessible principal market for the asset or liability, or - In the absence of a principal market, in the most advantageous accessible market for the asset or liability. **• Description of the independent price verification process.** The Bank does not have 'significant' Investments Portfolio. Hence, there is no formal Independent Price Verification (IPV) function currently in place. **• Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).** There are no 'Trading' positions currently held by the Bank. Valuation/Reserve adjustments are therefore not appropriately applicable.

B.6 - Table CRA: General qualitative information about credit risk

(a)	**How the business model translates into the components of the bank's credit risk profile.** Credit risk is considered to be the most significant and pervasive risk for the Bank. The Bank takes on exposure to credit risk, which is the risk that the counterparty to a financial transaction will fail to discharge an obligation causing the Bank to incur a financial loss. Credit risk arises principally from financing (credit facilities provided to customers) and from cash and deposits held with other banks. Further, there is credit risk in certain off-balance sheet financial instruments, including guarantees relating to purchase and sale of foreign currencies letters of credit, acceptances and commitments to extend credit. Credit risk monitoring and control is performed by the Credit & Risk Management Group (CRMG) which sets parameters and thresholds for the Bank's financing activities.
(b)	**Criteria and approach used for defining credit risk management policy and for setting credit risk limits.** Approval, disbursements, administration, classification, recoveries and write-offs for Corporate & SME and Retail credits are governed by the Bank's Corporate Credit Policy and Retail Credit Policy respectively. The policy is reviewed by Credit & Risk Group and approved by the Board. The Bank manages limits and controls concentrations of credit risk wherever they are identified – in particular, to individual customers and groups, and to industries and countries.
(c)	**Structure and organisation of the credit risk management and control function.** All Corporate, SME and FI credit proposals are independently reviewed by Credit & Risk Group or recommended to appropriate approval authority as defined in the Credit Policy of the Bank. For Retail, the Bank has in place comprehensive product program manuals highlighting requirements of every aspect of retail lending.
(d)	**Relationships between the credit risk management, risk control, compliance and internal audit functions.** All Corporate Credit proposals submitted by Corporate Banking Group are independently reviewed by CRMG before the proposals are approved. Compliance team ensures that SAMA guidelines are complied with. As part of Internal Audit plan, Internal Audit team reviews Credit Approval Process and submits its findings to Board Audit Compliance Comittee for its review.
(e)	**Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors.** Portfolio reports including top 20 watch list exposures, top 20 NPL exposures and top 10 written off exposures are presented to RMC, BRMC and the Board of Directors on a regular basis. The report highlights the status of the exposure, recoveries, if any, collaterals, provisions held against these accounts and the action plan to regularize/recover the dues from these accounts.

B.7 - Template CR1: Credit quality of assets

		a	b	c	d
		Gross carrying values of		Allowances/ impairments	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	2,867,601	228,759,224	6,632,701	224,994,124
2	Debt Securities	-	24,569,503	-	24,569,503
3	Off-balance sheet exposures	-	12,660,396	-	12,660,396
4	***Total***	2,867,601	265,989,123	6,632,701	262,224,023

Definition of default.
Accounts considered in default after failure to meet the obligations by 90 days.

B.8 - Template CR2: Changes in stock of defaulted loans and debt securities

		a
1	**Defaulted loans and debt securities at end of the previous reporting period (Jun16)**	**3,291,209**
2	Loans and debt securities that have defaulted since the last reporting period (Jun16)	1,230,267
3	Returned to non-defaulted status	1,624,697
4	Amounts written off	984,960
5	Other changes	955,781
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**2,867,601**

Explain the drivers of any significant changes in the amounts of defaulted exposures from the previous reporting period and any significant movement between defaulted and non-defaulted loans.
Defaulted Loans to total portfolio has been reduced due to better management of Watch List and Past Due Obligation and commencement of clean up of Defaulted Loans portfolio.

B.9 - Table CRB: Additional disclosure related to the credit quality of assets

Qualitative disclosures

(a)	**The scope and definitions of “past due” and “impaired” exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.** Common definitions are used for both accounting and regulatory purposes. Financing past due for less than 90 days is not treated as impaired, unless other available information proves otherwise. Neither past due nor impaired and past due but not impaired comprise the total performing financing.
(b)	**The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.** There is no such exposures. Bank considers the past due exposures for more than 90 days as impaired.
(c)	**Description of methods used for determining impairments.** Financing past due for more than 90 days are treated as impaired. The Bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as realising collateral (if held).
(d)	**The bank’s own definition of a restructured exposure.** A facility can be reclassified as restructured and returned to a performing category if the arrears have been fully satisfied (either repaid or recapitalized) and sufficient information is available to indicate the borrower is able to deliver on his future contractual obligations. Any reclassification to “performing” is subject to the approval of the applicable credit authority and compliance with Sharia’h.

Quantitative disclosures

(e)	**Breakdown of exposures by geographical areas, industry and residual maturity.** Geographical - KSA constitute 96% of the total funded credit portfolio and the rest is International Business. Industry - About 70% of the total exposure is classified under Retail Loans. Within Retail Portfolio, Watani is the largest. The Corporate largest sectors are Commercial and Industrial. Residual Maturity - About 13% of the total financing is greater than 5 years.

(f)	**Amounts of impaired exposures (according to the definition used by the bank for accounting purposes) and related allowances and write-offs, broken down by geographical areas and industry.** The total non-performing portfolio is SAR 2.9BN. Allowances are SAR 1.7BN. Write-offs are 2.0% of the total funded exposure. Geographical - KSA has 98% of the impaired exposures and allowances. Industry - 47% of the total impaired exposures are within Retail Financing Portfolio. Retail Write-offs accounts 0.7% of Retail Portfolio. Construction and Commercial are the main sectors for Corporate impairment loans and allowances.
(g)	**Ageing analysis of accounting past-due exposures.** More than 97.14% of the total funded credit portfolio is with 0 days past due. The Impairment portfolio is 1.24%. The remaining 1.62% of the Performing Portfolio is under 1-89 days past due category.
(h)	**Breakdown of restructured exposures between impaired and not impaired exposures.** Sixteen customers were restructured for a total amount of SAR 2.6BN: - Three accounts at the watch list stage. - Eleven customers before they became impairment. - One customer at impairment stage. - One account was written off.

B.10 - Table CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

(a)	**Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting.** Not Applicable.
(b)	**Core features of policies and processes for collateral evaluation and management.** The Bank in the ordinary course of financing activities holds collateral as security to mitigate credit risk in financing. This collateral mostly includes customer deposits and other cash deposits, financial guarantees, local and international equities, real estate and other property and equipment. The collateral is held mainly against commercial and consumer financing and managed against relevant exposures related to financing. The fair value of collateral is based on valuation performed by the independent experts, quoted prices (wherever available) and the valuation techniques. Experts have used various approaches in determining the fair value of real estate collateral including market comparable approach based on recent actual sales or discounted cash flow approach taking into account risk adjusted discount rates, rental yields and terminal values.
(c)	**Information about market or credit risk concentrations under the credit risk mitigation instruments used (ie by guarantor type, collateral and credit derivative providers).** Concentrations of credit risks arise when a number of customers are engaged in similar business activities, activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risks indicate the relative sensitivity of the Bank’s performance to developments affecting a particular industry or geographical location. The Bank seeks to manage its credit risk exposure through diversification of its financing to ensure there is no undue concentration of risks with to individuals or groups of customers in specific geographical locations or economic sectors. The Bank manages credit risk by placing limits on the amount of risk accepted in relation to individual customers and groups, and to geographic and economic segments. Such risks are monitored on a regular basis and are subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, economic sector and by country are reviewed at least annually by the Executive Committee.

B.11 - Template CR3: Credit risk mitigation techniques – overview

		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	210,852,822	14,141,301	12,002,168	1,026,816	129,230	-	-
2	Debt securities	24,569,503	-	-	-	-	-	-
3	Total	235,422,325	14,141,301	12,002,168	1,026,816	129,230	-	-
4	Of which defaulted	1,357,660	1,509,941	1,446,712	-	-	-	-

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.
No significant change over the last reporting period.

B.12 - Table CRD: Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

A. For portfolios that are risk-weighted under the standardised approach for credit risk, banks must disclose the following information:

(a)	**Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period.** Moodys , Standard & Poors, Fitch and Capital Intelligence.
(b)	**The asset classes for which each ECAI or ECA is used.** Banks and Securities Firms.
(c)	**A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book (see paragraphs 99–101 of the Basel framework); and** Not Applicable.
(d)	**The alignment of the alphanumerical scale of each agency used with risk buckets (except where the relevant supervisor publishes a standard mapping with which the bank has to comply).** The Bank master rating scale is mapped to external rating agency (Standard & Poors) Investment grades (1-4) are mapped to (AAA to BBB-), Sub-investment grades (5-7) mapped to (BB+ to C) and default grades (8-10).

B.13 - Template CR4: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	65,498,892	-	65,498,892	-	-	0%
2	Non-central government public sector entities	3,054,896	111,440	3,054,896	54,259	1,554,578	50%
3	Multilateral development banks	1,262,205	-	1,262,205	-	-	0%
4	Banks	29,320,773	169,759	29,320,773	61,967	13,113,764	45%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	59,973,646	12,108,719	59,884,232	5,013,580	62,970,860	97%
7	Regulatory retail portfolios	139,657,356	265,787	139,172,945	868	104,380,360	75%
8	Secured by residential property	20,593,178	-	20,593,178	-	20,593,178	100%
9	Secured by commercial real estate	2,920,170	-	2,920,170	-	2,920,170	100%
10	Equity	2,289,546	-	2,289,546	-	2,289,546	100%
11	Past-due loans	2,867,601	4,691	2,326,455	-	3,453,461	148%
12	Higher-risk categories	-	-	-	-	-	0%
13	Other assets	19,155,159	-	19,155,159	-	10,534,225	55%
14	***Total***	346,593,422	12,660,396	345,478,451	5,130,675	221,810,142	63%

Narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.
No significant change over the last reporting period.

B.14 - Template CR5: Standardised approach – exposures by asset classes and risk weights

		a	b	c	d	e	f	g	h	i	j
	Asset classes/ Risk weight*	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	65,498,892									65,498,892
2	Non-central government public sector entities (PSEs)					3,109,155					3,109,155
3	Multilateral development banks (MDBs)	1,262,205									1,262,205
4	Banks			5,934,166		23,095,766		300,327	52,481		29,382,740
5	Securities firms										-
6	Corporates			1,446,588		1,538,943		61,912,281			64,897,812
7	Regulatory retail portfolios						139,173,813				139,173,813
8	Secured by residential property							20,593,178			20,593,178
9	Secured by commercial real estate							2,920,170			2,920,170
10	Equity							2,289,546			2,289,546
11	Past-due loans							72,867	2,253,589		2,326,456
12	Higher-risk categories										-
13	Other assets	8,335,452		356,854				10,462,854			19,155,159
14	***Total***	75,096,549	-	7,737,607	-	27,743,864	139,173,813	98,551,224	2,306,070	-	350,609,127

*Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

Narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.
No significant change over the last reporting period.

B.15 - Table CRE: Qualitative disclosures related to IRB models

Note: This report is not applicable.

Banks must provide the following information on their use of IRB models:

(a)	Internal model development, controls and changes: role of the functions involved in the development, approval and subsequent changes of the credit risk models.
(b)	Relationships between risk management function and internal audit function and procedure to ensure the independence of the function in charge of the review of the models from the functions responsible for the development of the models.
(c)	Scope and main content of the reporting related to credit risk models.
(d)	Scope of the supervisor’s acceptance of approach
(e)	For each of the portfolios, the bank must indicate the part of EAD within the group (in percentage of total EAD) covered by standardised, FIRB and AIRB approach and the part of portfolios that are involved in a roll-out plan.

(f)	The number of key models used with respect to each portfolio, with a brief discussion of the main differences among the models within the same portfolios.

(g)	Description of the main characteristics of the approved models: (i) definitions, methods and data for estimation and validation of PD (eg how PDs are estimated for low default portfolios; if there are regulatory floors; the drivers for differences observed between PD and actual default rates at least for the last three periods); and where applicable: (ii) LGD (eg methods to calculate downturn LGD; how LGDs are estimated for low default portfolio; the time lapse between the default event and the closure of the exposure); (iii) credit conversion factors, including assumptions employed in the derivation of these variables;

B.16 - Template CR6: IRB – Credit risk exposures by portfolio and PD range

Note: This report is not applicable.

	a	b	c	d	e	f	g	h	i	j	k	l
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Portfolio X												
0.00 to <0.15												
0.15 to <0.25												
0.25 to <0.50												
0.50 to <0.75												
0.75 to <2.50												
2.50 to <10.00												
10.00 to <100.00												
100.00 (Default)												
Sub-total												
Total (all portfolios)	-	-		-		-			-		-	-

Columns (a) and (b) are based on accounting carrying values and columns (c) to (l) are regulatory values. . All are based on the scope of regulatory consolidation.

Portfolio X includes the following prudential portfolios for the FIRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate – Specialised Lending; (v) Equity (PD/LGD methods described in paragraphs 350–358 of Basel II and paragraph 90, second bullet, of Basel III); (vi) Purchased receivables, and the following prudential portfolios for the AIRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate – Specialised Lending; (v) Equity (PD/LGD method as described in paragraphs 350–358 of Basel II and paragraph 90, second bullet, of Basel III); (vi) Retail – qualifying revolving (QRRE); (vii) Retail – Residential mortgage exposures; (viii) Retail – SME; (ix) Other retail exposures; (x) Purchased receivables. Information on FIRB and AIRB portfolios, respectively, must be reported in two separate templates.

Narrative to explain the effect of credit derivatives on RWAs

B.17 - Template CR7: IRB – Effect on RWA of credit derivatives used as CRM techniques

Summary

Note: This report is not applicable.

		a	b
		pre-credit derivatives RWA	Actual RWA
1	Sovereign – FIRB		
2	Sovereign – AIRB		
3	Banks – FIRB		
4	Banks – AIRB		
5	Corporate – FIRB		
6	Corporate – AIRB		
7	Specialised lending – FIRB		
8	Specialised lending – AIRB		
9	Retail – qualifying revolving (QRRE)		
10	Retail – residential mortgage exposures		
11	Retail –SME		
12	Other retail exposures		
13	Equity – FIRB		
14	Equity – AIRB		
15	Purchased receivables – FIRB		
16	Purchased receivables – AIRB		
17	***Total***	-	-

Narrative to explain the effect of credit derivatives on the bank's RWAs

B.18 - Template CR8: RWA flow statements of credit risk exposures under IRB

Note: This report is not applicable.

		a
		RWA amounts
1	**RWA as at end of previous reporting period**	
2	Asset size	
3	Asset quality	
4	Model updates	
5	Methodology and policy	
6	Acquisitions and disposals	
7	Foreign exchange movements	
8	Other	
9	**RWA as at end of reporting period**	-

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes

B.19 - Template CR9: IRB – Backtesting of probability of default (PD) per portfolio

Note: This report is not applicable.

a	b	c	d	e	f		g	h	i
					Number of obligors				
Portfolio X*	PD Range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of the year	Defaulted obligors in the year	of which: new defaulted obligors in the year	Average historical annual default rate

* The dimension Portfolio X includes the following prudential portfolios for the FIRB approach:
(i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate – Specialised lending; (v) Equity (PD/LGD method); (vi) Purchased receivables, and the following prudential portfolios for the AIRB approach:
(i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate - Specialised Lending; (v) Equity (PD/LGD method); (vi) Retail – qualifying revolving (QRRE); (vii) Retail – Residential mortgage exposures; (viii) Retail – SME; (ix) Other retail exposures; (x) Purchased receivables.

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes. Banks may wish to supplement the template when disclosing the amount of exposure and the number of obligors whose defaulted exposures have been cured in the year.

B.20 - Template CR10: IRB (specialised lending and equities under the simple risk-weight method)

Note: This report is not applicable.

Specialised lending											
Other than HVCRE											
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount					RWA	Expected losses
					PF	OF	CF	IPRE	Total		
Strong	Less than 2.5 years			50%					-		
	Equal to or more than 2.5 years			70%					-		
Good	Less than 2.5 years			70%					-		
	Equal to or more than 2.5 years			90%					-		
Satisfactory				115%					-		
Weak				250%					-		
Default				-					-		
Total		-	-		-	-	-	-	-	-	-

HVCRE							
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount	RWA	Expected losses
Strong	Less than 2.5 years			70%			
	Equal to or more than 2.5 years			95%			
Good	Less than 2.5 years			95%			
	Equal to or more than 2.5 years			120%			
Satisfactory				140%			
Weak				250%			
Default				-			
Total		-	-		-	-	-

Equities under the simple risk-weight approach					
Categories	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount	RWA
Exchange-traded equity exposures			190%		
Private equity exposures			290%		
Other equity exposures			370%		
Total	-	-		-	-

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.21 - Table CCRA: Qualitative disclosure related to counterparty credit risk

Note: This report is not applicable.

Banks must provide

(a)	Risk management objectives and policies related to counterparty credit risk, including:
(b)	The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for CCP exposures;
(c)	Policies relating to guarantees and other risk mitigants and assessments concerning counterparty risk, including exposures towards CCPs;
(d)	Policies with respect to wrong-way risk exposures;
(e)	The impact in terms of the amount of collateral that the bank would be required to provide given a credit rating downgrade.

B.22 - Template CCR1: Analysis of counterparty credit risk (CCR)[1] exposure by approach

Note: This report is not applicable.

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)				1.4		
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	**Total**						-

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.23 - Template CCR2: Credit valuation adjustment (CVA) capital charge

Summary

Note: This report is not applicable.

		a	b
		EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	(i) VaR component (including the 3×multiplier)		
2	(ii) Stressed VaR component (including the 3×multiplier)		
3	All portfolios subject to the Standardised CVA capital charge		
4	Total subject to the CVA capital charge	-	-

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.24 - Template CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights

Note: This report is not applicable.

	a	b	c	d	e	f	g	h	i
Regulatory portfolio*/ Risk weight***	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposures
Sovereigns and their central banks									-
Non-central government public sector entities (PSEs)									-
Multilateral development banks (MDBs)									-
Banks									-
Securities firms									-
Corporates									-
Regulatory retail portfolios									-
Other assets									-
Total	-	-	-	-	-	-	-	-	-

*The breakdown by risk weight and regulatory portfolio included in the template is for illustrative purposes. Banks may complete the template with the breakdown of asset classes according to the local implementation of the Basel framework.

**Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.25 - Template CCR4: IRB – CCR exposures by portfolio and PD scale

Note: This report is not applicable.

		a	b	c	d	e	f	g
	PD scale	EAD post CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
Portfolio X								
	0.00 to <0.15							
	0.15 to <0.25							
	0.25 to <0.50							
	0.50 to <0.75							
	0.75 to <2.50							
	2.50 to <10.00							
	10.00 to <100.00							
	100.00 (Default)							
	Sub-total							
Total (sum of portfolios)		-		-			-	

Portfolio X refers to the following prudential portfolios for the FIRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate; and the following prudential portfolios for the AIRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate. The information on FIRB and AIRB portfolios must be reported in separate templates

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.26 - Template CCR5: Composition of collateral for CCR exposure

Note: This report is not applicable.

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency						
Cash – other currencies						
Domestic sovereign debt						
Other sovereign debt						
Government agency debt						
Corporate bonds						
Equity securities						
Other collateral						
Total	-	-	-	-	-	-

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.27 - Template CCR6: Credit derivatives exposures

Note: This report is not applicable.

	a	b
	Protection bought	Protection sold
Notionals		
Single-name credit default swaps		
Index credit default swaps		
Total return swaps		
Credit options		
Other credit derivatives		
Total notionals	-	-
Fair values		
Positive fair value (asset)		
Negative fair value (liability)		

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.28 - Template CCR7: RWA flow statements of CCR exposures under Internal Model Method (IMM)

Note: This report is not applicable.

		a
		Amounts
###	**RWA as at end of previous reporting period**	
###	Asset size	
###	Credit quality of counterparties	
###	Model updates (IMM only)	
###	Methodology and policy (IMM only)	
###	Acquisitions and disposals	
###	Foreign exchange movements	
###	Other	
###	**RWA as at end of current reporting period**	-

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.29 - Template CCR8: Exposures to central counterparties

Note: This report is not applicable.

		a	b
		EAD (post-CRM)	RWA
1	**Exposures to QCCPs (total)**	**-**	**-**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC derivatives		
4	(ii) Exchange-traded derivatives		
5	(iii) Securities financing transactions		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Pre-funded default fund contributions		
10	Unfunded default fund contributions		
11	**Exposures to non-QCCPs (total)**	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) Securities financing transactions		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Pre-funded default fund contributions		
20	Unfunded default fund contributions		

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.30 - Table SECA: Qualitative disclosure requirements related to securitisation exposures

Note: This report is not applicable.

Qualitative disclosures	
(a)	The bank's objectives in relation to securitisation and re-securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities, the type of risks assumed and the types of risks retained.
(b)	The bank must provide a list of: • special purpose entities (SPEs) where the bank acts as sponsor[22] (but not as an originator such as an Asset Backed Commercial Paper (ABCP) conduit), indicating whether the bank consolidates the SPEs into its scope of regulatory consolidation; • affiliated entities (i) that the bank manages or advises and (ii) that invest either in the securitisation exposures that the bank has securitised or in SPEs that the bank sponsors; and • a list of entities to which the bank provides implicit support and the associated capital impact for each of them (as required in paragraphs 551 and 564 of the securitisation framework).
(c)	Summary of the bank's accounting policies for securitisation activities.[23]

(d)	If applicable, the names of external credit assessment institution (ECAIs) used for securitisations and the types of securitisation exposure for which each agency is used.

(e)	If applicable, describe the process for implementing the Basel internal assessment approach (IAA). The description should include: • structure of the internal assessment process and relation between internal assessment and external ratings, including information on ECAIs as referenced in item (d) of this table; • control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review; and • the exposure type to which the internal assessment process is applied; and stress factors used for determining credit enhancement levels, by exposure type.[24]

(f)	Banks must describe the use of internal assessment other than for IAA capital purposes.

22 A bank would generally be considered a “sponsor” if it, in fact or in substance, manages or advises the programme, places securities into the market, or provides liquidity and/or credit enhancements. The programme may include, for example, ABCP conduit programmes and structured investment vehicles.

23 Where relevant, banks are expected to distinguish securitisation exposures from re-securitisation exposures.

24 For example, credit cards, home equity, auto, and securitisation exposures detailed by underlying exposure type and security type (eg RMBS, CMBS, ABS, CDOs) etc.

B.31 - Template SEC1: Securitisation exposures in the banking book

Note: This report is not applicable.

		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which	-	-	-	-	-	-	-	-	-
2	residential mortgage									
3	credit card									
4	other retail exposures									
5	re-securitisation									
6	Wholesale (total) – of which	-	-	-	-	-	-	-	-	-
7	loans to corporates									
8	commercial mortgage									
9	lease and receivables									
10	other wholesale									
11	re-securitisation									

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.32 - Template SEC2: Securitisation exposures in the trading book

Note: This report is not applicable.

		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which	-	-	-	-	-	-	-	-	-
2	residential mortgage									
3	credit card									
4	other retail exposures									
5	re-securitisation									
6	Wholesale (total) – of which	-	-	-	-	-	-	-	-	-
7	loans to corporates									
8	commercial mortgage									
9	lease and receivables									
10	other wholesale									
11	re-securitisation									

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.33 - Template SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor

Summary

Note: This report is not applicable.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%
1	**Total exposures**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2	Traditional securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Of which retail underlying																	
5	Of which wholesale																	
6	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior																	
8	Of which non-senior																	
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail underlying																	
12	Of which wholesale																	
13	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which senior																	
15	Of which non-senior																	

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.34 - Template SEC4: Securitisation exposures in the banking book and associated capital requirements – bank acting as investor

Note: This report is not applicable.

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%
1	**Total exposures**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2	Traditional securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Of which retail underlying																	
5	Of which wholesale																	
6	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior																	
8	Of which non-senior																	
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail underlying																	
12	Of which wholesale																	
13	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which senior																	
15	Of which non-senior																	

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.35 - Table MRA: Qualitative disclosure requirements related to market risk

(A) Banks must describe their risk management objectives and policies for market risk according to the framework below (the granularity of the information should support the provision of meaningful information to users):	
(a)	**Strategies and processes of the bank: this must include an explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the bank's market risks, including policies for hedging risk and strategies/processes for monitoring the continuing effectiveness of hedges.** Being an Islamic Bank, the Bank is not facing any Market Risk except Profit Rate Risk in Banking Book (PRRBB). Separate model, approved by SAMA, to compute PRRBB and the resultant PRRBB is provided as capital charge under Pillar 2 Risks. PRRBB arises on account of mismatches in maturity or re-pricing of assets and liabilities. It refers to the risk of changes in market prices of assets and liabilities in the Banking book due to changes in the profit rate term structure.
(b)	**Structure and organisation of the market risk management function: description of the market risk governance structure established to implement the strategies and processes of the bank discussed in row (a) above, and describing the relationships and the communication mechanisms between the different parties involved in market risk management.** Market Risk function is part of Enterprise Risk Management (ERM) function. ERM reports to Group Chief Risk Officer (CRO). Market Risk function independently reviews the compliance to the approved Treasury Limits and communicates to Senior Management in case of any comments.
(c)	**Scope and nature of risk reporting and/or measurement systems.** Comprehensive Market & Liqudity Risks reports are presented to ALCO for its review and discussion. Besides, Market & Liquidity Risk Dashboard highlighting various positions/limits, are presented to RMC/BRMC.

B.36 - Table MRB: Qualitative disclosures for banks using the Internal Models Approach (IMA)

Note: This report is not applicable.

(B) For VaR models and stressed VaR models, banks must provide the following information	
(a)	Description of activities and risks covered by the VaR models and stressed VaR models. Where applicable, banks must also describe the main activities and risks not included in VaR/stressed VaR regulatory calculations (due to lack of historical data or model constraints) and treated under other model risk measures (such as specific treatments allowed in some jurisdictions).
(b)	Specify which entities in the group use the models or if a single model (VaR/stressed VaR) is used for all entities with market risk exposure.
(c)	General description of the models (VaR/stressed VaR).
(d)	Discussion of the main differences, if any, between the model used for management purposes and the model used for regulatory purposes (10 day 99%). For VaR and stressed VaR models.

(e) For VaR models, banks must specify:

(e)	(i)	Data updating frequency;
(e)	(ii)	Length of the data period that is used to calibrate the model. Describe the weighting scheme that is used (if any);
(e)	(iii)	How the bank determines the 10-day holding period. For example, does it scale up a one-day VaR by the square root of 10, or does it directly model the 10-day VaR.
(e)	(iv)	Aggregation approach (method for aggregating the specific and general risk: (ie does the bank calculate the specific charge as a standalone charge by using a different method than the one used to calculate the general risk or does the bank use a single model that diversifies general and specific risk?)
(e)	(v)	Valuation approach (full revaluation or use of approximations);
(e)	(vi)	Describe whether, when simulating potential movements in risk factors, absolute or relative returns (or a mixed approach) are used (ie proportional change in prices or rates or absolute change in prices or rates).

(f) For stressed VaR models, banks must specify:

(f)	(i)	How the 10-day holding period is determined. For example, does the bank scale up a one-day VaR by the square root of 10, or does it directly model the 10-day VaR? If the approach is the same as for the VaR models, the bank may confirm this and refer to disclosure (e) (iii) above.
(f)	(ii)	The stress period chosen by the bank and the rationale for this choice.
(f)	(iii)	Valuation approach (full revaluation or use of approximations);
(g)		Description of stress testing applied to the modelling parameters;
(h)		Description of the approach used for backtesting/validating the accuracy and internal consistency of data and parameters used for the internal models and modelling pro

(C) Banks using internal models to measure the risk for the incremental risk capital charge must provide the following information

(a)		General description of the methodology;
(a)	(i)	Information about the overall modelling approach (notably use of spread-based models or transition matrix-based models);

(a)	(ii)	Information on the calibration of the transition matrix;

(a)	(iii)	Information about correlation assumptions;

(b)	Approach used to determine liquidity horizons;

(c)	Methodology used to achieve a capital assessment that is consistent with the required soundness standard (consistent with paragraph 718(xciii) of the Basel framework);[26]

(d)	Approach used in the validation of the models.

(D) Banks using internal models to measure the risk for the comprehensive risk capital charge must provide the following information

(a)	General description of the methodology

(a)	(i)	Information about the overall modelling approach (notably choice of model correlation between default/migrations and spread: (i) separate but correlated stochastic processes driving migration/default and spread movement; (ii) spread changes driving migration/default; or (iii) default/migrations driving spread changes);
(a)	(ii)	Information used to calibrate the parameters of the base correlation: LGD pricing of the tranches (constant or stochastic);
(a)	(iii)	Information on the choice whether to age positions (profits and losses based on the simulated market movement in the model calculated based on the time to expiry of each position at the end of the one-year capital horizon or using their time to expiry at the calculation date);
(b)		Approach used to determine liquidity horizons
(c)		Methodology used to achieve a capital assessment that is consistent with the required soundness standard;
(d)		Approach used in the validation of the models.

26 See Revisions to the Basel II market risk framework accessible at http://www.bis.org/publ/bcbs158.htm.

B.37 - Template MR1: Market risk under standardised approach

		a
		RWA
	Outright products	**2,096,868**
1	Interest rate risk (general and specific)	
2	Equity risk (general and specific)	
3	Foreign exchange risk	2,096,868
4	Commodity risk	
	Options	-
5	Simplified approach	
6	Delta-plus method	
7	Scenario approach	
8	Securitisation	
9	**Total**	**2,096,868**

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.
No significant change over the last reporting period. The Bank continues to follow the Standardized Measurement approach to compute Market Risk capital charge.

B.38 - Template MR2: RWA flow statements of market risk exposures under an IMA

Note: This report is not applicable.

		a	b	c	d	e	f
		VaR	Stressed VaR	IRC	CRM	Other	Total RWA
1	RWA at previous quarter end						-
2	Movement in risk levels						-
3	Model updates/changes						-
4	Methodology and policy						-
5	Acquisitions and disposals						-
6	Foreign exchange movements						-
7	Other						-
8	RWA at end of reporting period	-	-	-	-	-	-

Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.39 - Template MR3: IMA values for trading portfolios

Note: This report is not applicable.

		a
VaR (10 day 99%) –		
1	Maximum value	
2	Average value	
3	Minimum value	
4	Period end	
Stressed VaR (10 day 99%)		
5	Maximum value	
6	Average value	
7	Minimum value	
8	Period end	
Incremental Risk Charge (99.9%)		
9	Maximum value	
10	Average value	
11	Minimum value	
12	Period end	
Comprehensive Risk capital charge (99.9%)		
13	Maximum value	
14	Average value	
15	Minimum value	
16	Period end	
17	Floor (standardised measurement method)	

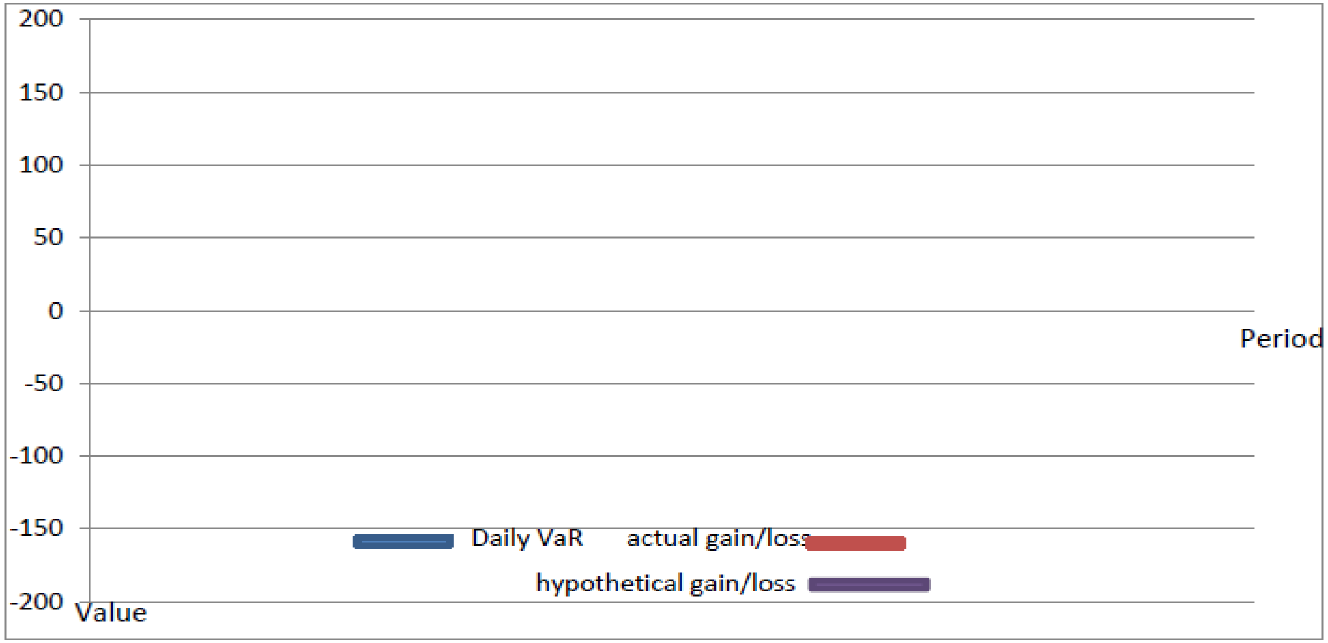
Narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

B.40 - Template MR4: Comparison of VaR estimates with gains/losses

Note: This report is not applicable.

Banks must present an analysis of "outliers" (backtesting exceptions) in backtested results, specifying the dates and the corresponding excess (VaR-P&L). The analysis should at least specify the key drivers of the exceptions.

Banks must disclose similar comparisons for actual P&L and hypothetical P&L (developed in accordance with paragraphs 18 to 20 of Annex 10a part II of the Basel framework).
For actual P&L: banks must provide information about actual gains/losses, and especially clarify whether they include reserves, and if not, how reserves are integrated into the backtesting process; banks must also clarify whether actual P&L includes commissions and fees or not.



Daily VaR in this template should reflect the risk measures (used for regulatory purposes) calibrated to a one-day holding period to compare with the 99% of confidence level with its trading outcomes.

Hypothetical gain/loss is based on hypothetical changes in portfolio values that would occur if end-of-day positions remain unchanged.

B.41 - Operational risk

Qualitative Disclosures	(a)	**In addition to the general qualitative disclosure requirement (paragraph 824), the approach(es) for operational risk capital assessment for which the bank qualifies.** Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements. The Operational Risk Framework sets the policies to identify, assess, measure, monitor, manage (mitigate, transfer, accept etc.) and report Operational Risk., The bank's directors, management and all staff members are accountable for managing Operational risk in line with the roles and responsibilities. The overall effectiveness of the sound operational risk governance relies upon the following three lines of defence model: 1st line - Business Line Management; 2nd line - An independent Operational Risk Management function; 3rd line - An independent review function i.e. Internal Audit. The Operational Risk Management Department (ORMD) within the Credit & Risk Management Group facilitates the management of operational risk in the Bank. ORMD promotes a responsible culture of transparency, vigilance, openness, awareness, and of being proactive across the Bank. They enforce responsibility and accountability for the management of Operational Risk across the bank. They are responsible for developing processes, tools and methodologies, overseeing their implementation and use within the business units and providing on-going monitoring and guidance across the Bank. The Group Operational Risk Committee oversee the implementation of the Operational Risk Framework and reports to the Risk Management Committee.
	(b)	**Description of the advanced measurement approaches for operational risk (AMA), if used by the bank, including a discussion of relevant internal and external factors considered in the bank's measurement approach. In the case of partial use, the scope and coverage of the different approaches used.** Not Applicable. The Bank adopts Standardized Approach for computing Operational Risk Capital Charge.
	(c)	**For banks using the AMA, a description of the use of insurance for the purpose of mitigating operational risk.** Not Applicable. The Bank adopts Standardized Approach for computing Operational Risk Capital Charge.

*Fulfilling this requirement is a condition for use of the particular approach (AMA) for the calculation of regulatory capital.

B.42 - Interest rate risk in the banking book (IRRBB)

Qualitative disclosures	(a)	**The general qualitative disclosure requirement (paragraph 824), including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits, and frequency of IRRBB measurement.** As per SAMA circular, the revised PRRBB guideline is effective from Dec 2017 only. Being an Islamic Bank, the Bank is not facing any Market Risk except Profit Rate Risk in Banking Book (PRRBB). Separate model, approved by SAMA, to compute PRRBB and the resultant PRRBB is provided as capital charge under Pillar 2 Risks. PRRBB arises on account of mismatches in maturity or re-pricing of assets and liabilities. It refers to the risk of changes in market prices of assets and liabilities in the Banking book due to changes in the profit rate term structure.
Quantitative disclosures	(a)	**The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).** As per SAMA circular, the revised PRRBB guideline is effective Dec 2017 only. The Bank intends to comply with SAMA guidelines as per the timeline.