

Pillar III Disclosures

Al Rajhi Bank



June 30, 2018



Summary – Semi Annually Reports

Section	Tables and templates	Template ref. #	Applicable
Part 2 – Overview of risk management and RWA	OV1 – Overview of RWA	B.2	Yes
Part 4 – Credit risk	CR1 – Credit quality of assets	B.7	Yes
	CR2 – Changes in stock of defaulted loans and debt securities	B.8	
	CR3 – Credit risk mitigation techniques – overview	B.11	
	CR4 – Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	B.13	
	CR5 – Standardised approach – exposures by asset classes and risk weights	B.14	No
	CR6 – IRB - Credit risk exposures by portfolio and PD range	B.16	
	CR7 – IRB – Effect on RWA of credit derivatives used as CRM techniques	B.17	
	CR10 – IRB (specialised lending and equities under the simple risk weight method)	B.20	
Part 5 – Counterparty credit risk	CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach	B.22	No
	CCR2 – Credit valuation adjustment (CVA) capital charge	B.23	
	CCR3 – Standardised approach of CCR exposures by regulatory portfolio and risk weights	B.24	
	CCR4 – IRB – CCR exposures by portfolio and PD scale	B.25	
	CCR5 – Composition of collateral for CCR exposure	B.26	
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	CCR7 – RWA flow statements of CCR exposures under the Internal Model Method (IMM)	B.28	
	CCR8 – Exposures to central counterparties	B.29	
Part 6 – Securitisation	SEC1 – Securitisation exposures in the banking book	B.31	No
	SEC2 – Securitisation exposures in the trading book	B.32	
	SEC3 – Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	B.33	
	SEC4 – Securitisation exposures in the banking book and associated capital requirements – bank acting as investor	B.34	
Part 7 – Market risk	MR1 – Market risk under standardised approach	B.37	Yes
	MR2 – RWA flow statements of market risk exposures under an IMA	B.38	No
	MR3 – IMA values for trading portfolios	B.39	
	MR4 – Comparison of VaR estimates with gains/losses	B.40	



B.2 - Template OV1: Overview of RWA

- Market Risk increase is due to an increase in FX Net Open Position.

SAR '000s		a	b	c
		RWA		Minimum capital requirements
		Jun-18	Mar-18	Jun-18
1	Credit risk (excluding counterparty credit risk) (CCR)	217,166,376	214,238,268	17,373,310
2	Of which standardised approach (SA)	217,166,376	214,238,268	17,373,310
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	5,356,718	5,636,604	428,537
17	Of which standardised approach (SA)	5,356,718	5,636,604	428,537
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	26,832,383	26,832,383	2,146,591
20	Of which Basic Indicator Approach	-	-	-
21	Of which Standardised Approach	26,832,383	26,832,383	2,146,591
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)	249,355,477	246,707,255	19,948,438

B.7 - Template CR1: Credit quality of assets

Definition of default

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

SAR '000s		a	b	c	d
		Gross carrying values of		Allowances/ impairments	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	1,918,122	235,110,869	8,081,584	228,947,070
2	Debt Securities	-	40,280,199	-	40,280,199
3	Off-balance sheet exposures	-	9,770,796	-	9,770,796
4	Total	1,918,122	285,161,864	8,081,584	278,998,065



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

- 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.
- Write-offs have increased due to the adjustment on Retail portfolio write-off definition to 180 days past due.

SAR '000s		a
1	Defaulted loans and debt securities at end of December 2017	1,770,178
2	Loans and debt securities that have defaulted since the last reporting period	1,534,069
3	Returned to non-defaulted status	90,211
4	Amounts written off	1,353,250
5	Other changes	57,336
6	Defaulted loans and debt securities at end of June 2018 (1+2-3-4±5)	1,918,122

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

- No significant change over the last reporting period.

SAR '000s		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	217,347,426	11,599,644	9,456,302	-	-	-	-
2	Debt securities	40,280,199	-	-	-	-	-	-
3	Total	257,627,625	11,599,644	9,456,302	-	-	-	-
4	Of which defaulted	1,175,577	742,545	564,222	-	-	-	-



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

- No significant change over the last reporting period.

SAR '000s		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	66,887,720	50	66,887,720	-	-	0%
2	Non-central government public sector entities	-	871	-	-	-	0%
3	Multilateral development banks	1,558,482	-	1,558,482	-	-	0%
4	Banks	23,373,296	193,977	23,373,296	124,944	11,073,404	47%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	67,225,094	9,366,111	66,316,994	3,691,281	67,782,653	97%
7	Regulatory retail portfolios	136,172,384	209,787	136,172,718	2,065	102,102,395	75%
8	Secured by residential property	28,901,243	-	28,901,243	-	14,404,935	50%
9	Secured by commercial real estate	4,026,260	-	3,966,044	-	4,050,975	100%
10	Equity	3,278,892	-	3,278,892	-	3,278,892	100%
11	Past-due loans	1,918,122	-	1,918,122	-	1,319,722	73%
12	Higher-risk categories	-	-	-	-	-	0%
13	Other assets	23,212,318	-	23,212,318	-	13,153,400	57%
14	Total	356,553,811	9,770,796	355,585,829	3,818,290	217,166,376	60%



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

- No significant change over the last reporting period.

SAR '000s		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	66,887,720	-	-	-	-	-	-	-	-	66,887,720
2	Non-central government public sector entities (PSEs)	-	-	-	-	870	-	-	-	-	-
3	Multilateral development banks (MDBs)	1,558,482	-	-	-	-	-	-	-	-	1,558,482
4	Banks	-	-	3,677,804	-	19,109,547	-	704,594	75,328	-	23,567,273
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	1,001,029	-	4,763,943	-	70,746,714	-	-	76,512,556
7	Regulatory retail portfolios	-	-	-	-	-	136,336,428	-	-	-	136,336,428
8	Secured by residential property	-	-	-	-	28,901,243	-	-	-	-	28,901,243
9	Secured by commercial real estate	-	-	-	-	-	-	4,050,975	-	-	4,050,975
10	Equity	-	-	-	-	-	-	3,278,892	-	-	3,278,892
11	Past-due loans	-	-	-	-	-	-	1,141,736	776,386	-	1,918,122
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	9,810,235	-	310,854	-	-	-	13,191,827	-	-	23,312,916
14	Total	78,256,437	-	4,989,687	-	52,775,603	136,336,428	93,114,738	851,714	-	366,324,607



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

SAR '000s		a
		RWA
	Outright products	5,356,718
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	5,356,718
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	5,356,718