

Pillar III Disclosures

Al Rajhi Bank



June 30, 2017



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	
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	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-17	Mar-17	Jun-17
1	Credit risk (excluding counterparty credit risk) (CCR)	223,855,651	226,431,746	17,908,452
2	Of which standardised approach (SA)	223,855,651	226,431,746	17,908,452
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	5,934,209	3,946,106	474,737
17	Of which standardised approach (SA)	5,934,209	3,946,106	474,737
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	25,067,746	25,067,746	2,005,420
20	Of which Basic Indicator Approach	-	-	-
21	Of which Standardised Approach	25,067,746	25,067,746	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)	254,857,605	255,445,597	20,388,608

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	1,795,839	236,685,962	5,685,058	232,796,743
2	Debt Securities	-	27,112,718	-	27,112,718
3	Off-balance sheet exposures	-	12,241,038	-	12,241,038
4	Total	1,795,839	276,039,718	5,685,058	272,150,499



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 2016	2,867,601
2	Loans and debt securities that have defaulted since the last reporting period	1,866,796
3	Returned to non-defaulted status	398,560
4	Amounts written off	2,315,637
5	Other changes	(224,361)
6	Defaulted loans and debt securities at end of June 2017 (1+2-3-4±5)	1,795,839

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	220,574,216	12,222,527	10,241,960	-	-	-	-
2	Debt securities	27,112,718	-	-	-	-	-	-
3	Total	247,686,934	12,222,527	10,241,960	-	-	-	-
4	Of which defaulted	1,624,204	171,635	133,142	-	-	-	-



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	61,064,437	2,340	61,064,437	-	-	0%
2	Non-central government public sector entities	-	3,269	-	-	-	0%
3	Multilateral development banks	765,229	-	765,229	-	-	0%
4	Banks	25,574,239	269,931	25,574,239	162,986	12,283,553	48%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	68,865,403	11,716,048	68,187,541	4,493,825	69,035,753	95%
7	Regulatory retail portfolios	138,628,767	249,436	138,628,754	758	103,972,134	75%
8	Secured by residential property	23,437,580	-	23,437,580	-	17,578,185	75%
9	Secured by commercial real estate	3,328,094	-	3,322,796	-	3,322,796	100%
10	Equity	2,396,304	-	2,396,304	-	2,396,304	100%
11	Past-due loans	1,795,839	-	1,431,009	-	2,109,947	147%
12	Higher-risk categories	-	-	-	-	-	0%
13	Other assets	25,594,564	14	25,594,564	1	13,156,979	51%
14	Total	351,450,456	12,241,038	350,402,453	4,657,570	223,855,651	63%



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	61,064,437	-	-	-	-	-	-	-	-	61,064,437
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	765,229	-	-	-	-	-	-	-	-	765,229
4	Banks	-	-	3,813,541	-	20,855,271	-	1,018,823	49,591	-	25,737,226
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	1,442,480	-	4,983,257	-	66,255,629	-	-	72,681,366
7	Regulatory retail portfolios	-	-	-	-	-	138,629,512	-	-	-	138,629,512
8	Secured by residential property	-	-	-	-	-	23,437,580	-	-	-	23,437,580
9	Secured by commercial real estate	-	-	-	-	-	-	3,322,796	-	-	3,322,796
10	Equity	-	-	-	-	-	-	2,396,304	-	-	2,396,304
11	Past-due loans	-	-	-	-	-	-	136,776	1,294,234	-	1,431,010
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Other assets	12,874,321	-	124,560	-	-	-	11,459,275	1,136,407	-	25,594,563
14	Total	74,703,987	-	5,380,581	-	25,838,529	162,067,092	84,589,603	2,480,232	-	355,060,023



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

- Increase in RWAs is due to the increase in FX Net Open Position.

SAR '000s		a
		RWA
	Outright products	5,934,209
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	5,934,209
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	5,934,209