



## Basel III Pillar 3

# Qualitative and Quantitative Disclosures

30 June 2017

<b>Basel III Pillar 3</b>
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**B.2 - Template OV1**

**Overview of RWA (SAR '000)**

		a	b	c
		RWA		Minimum Capital Requirements
		T June 17	T-1 March 17	T
1	Credit risk (excluding counterparty credit risk) (CCR)	46,925,617	45,494,228	3,754,049
2	Of which standardized approach (SA)	46,925,617	45,494,228	3,754,049
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	-	-	-
5	Of which standardized 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	Securitization 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	187,926	866,977	15,034
17	Of which standardized approach (SA)	187,926	866,977	15,034
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	4,598,689	4,475,144	367,895
20	Of which Basic Indicator Approach	4,598,689	4,475,144	367,895
21	Of which Standardized Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>51,712,232</b>	<b>50,836,349</b>	<b>4,136,979</b>

**B.7 - Template CR1**

**Credit quality of assets (SAR '000)**

		a	b	c	d
		Gross carrying values of		Allowances/ impairments	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	378,746	41,295,509	1,009,622	40,664,633
2	Debt Securities	-	1,531,507	-	1,531,507
3	Off-balance sheet exposures	-	6,797,034	-	6,797,034
4	<b>Total</b>	<b>378,746</b>	<b>49,624,050</b>	<b>1,009,622</b>	<b>48,993,173</b>

**An event of default is considered to have occurred if any one or both of the following events happen:**

- The obligor fails to honor any material credit obligation towards the bank for a period in excess of 90 days. On day 91 the obligor should be classified as a non performing obligor and its rating should be adjusted accordingly.
- The bank considers that the obligor is unlikely to pay its credit obligations to the banking group in full, without recourse by the bank to actions such as realizing security (if held).

**B.8 - Template CR2**

**Changes in stock of defaulted loans and debt securities (SAR '000)**

		a
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>507,125</b>
2	Loans and debt securities that have defaulted since the last reporting period	18,204
3	Returned to non-defaulted status	-
4	Amounts written off	123,103
5	Other changes	(23,480)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>378,746</b>

Defaulted finances at the end of reporting period decreased as compared to previous reporting date despite additional defaults due to recovery from non-performing clients as well as write off of some old defaulted finances.

**B.11 - Template CR3**

**Credit risk mitigation techniques – overview (SAR '000)**

	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	40,664,633	-	-	-	-	-
2	Debt securities	1,531,507	-	-	-	-	-
3	Total	42,196,140	-	-	-	-	-
4	Of which defaulted	378,746	-	-	-	-	-

Financing portfolio of the bank increased over the period. Major contributor of the aforementioned increase is in the Corporate financing along with Consumer financing. Moreover, exposure in the Debt securities has approximately doubled over the period due to more participation in Sukuks.

**B.13 - Template CR4**

**Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects (SAR '000)**

	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		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	3,944,389	-	3,944,389	-	-	0%
2	Non-central government public sector entities	-	-	-	-		
3	Multilateral development banks	-	-	-	-		
4	Banks	7,519,399	852,250	7,519,399	607,976	2,444,594	31%
5	Securities firms	-	-			-	
6	Corporates	21,176,938	5,307,263	21,176,938	2,506,208	23,365,955	99%
7	Regulatory retail portfolios	11,833,619	397,473	11,833,619	24,672	8,893,718	75%
8	Secured by residential property	1,743,840	-	1,743,840	-	1,307,880	100%
9	Secured by commercial real estate	7,417,059	127,983	7,417,059	99,076	7,516,135	100%
10	Equity	2,968,139	-	2,968,140		1,231,239	25%
11	Past-due loans	27,124	112,066	27,124	74,505	109,420	108%
12	Higher-risk categories	-	-	-	-	-	
13	Other assets	3,741,950	-	3,741,950	-	2,056,675	59%
14	<b>Total</b>	<b>60,372,457</b>	<b>6,797,034</b>	<b>60,372,458</b>	<b>3,312,438</b>	<b>46,925,617</b>	<b>74%</b>

Overall Credit Risk weighted assets increased significantly due to increase in "Corporate" and "Secured by commercial real estate" asset classes. In addition to the aforementioned there is also increase of exposure in "Equity" asset class.

### B.14 - Template CR5

#### Standardized approach – exposures by asset classes and risk weights (SAR '000)

	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	3,944,389	-	-	-	-	-	-	-	-	3,944,389
2 Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3 Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	6,476,563	-	1,296,668	-	60,539	293,606	-	8,127,375
5 Securities firms	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	252,531	-	230,331	-	23,200,283	-	-	23,683,146
7 Regulatory retail portfolios	-	-	-	-	-	11,858,291	-	-	-	11,858,291
8 Secured by residential property	-	-	-	-	-	1,743,840	-	-	-	1,743,840
9 Secured by commercial real estate	-	-	-	-	-	-	7,516,135	-	-	7,516,135
10 Equity	2,190,911	-	-	-	-	-	295,130	-	482,099	2,968,140
11 Past-due loans	-	-	-	-	-	-	86,050	15,580	-	101,630
12 Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13 Other assets	1,685,275	-	-	-	-	-	2,056,675	-	-	3,741,950
<b>14 Total</b>	<b>7,820,575</b>	<b>-</b>	<b>6,729,094</b>	<b>-</b>	<b>1,526,999</b>	<b>13,602,131</b>	<b>33,214,812</b>	<b>309,186</b>	<b>482,099</b>	<b>63,684,895</b>

Increase in exposure after CCF & risk mitigation over the period in the 75% risk weighted assets is mainly due to applicability of 75% risk weight instead of 100% risk weight for exposure secured by residential property. In addition of the aforesaid reason for increase in exposure in 75% risk weighted assets is due to increase in Consumer financing portfolio over the period. Increase in 100% risk weighted assets is due to increase in Corporate exposure.



**B.37 - Template MR1**

**Market risk under standardized approach (SAR '000)**

		a
		RWA
	<b>Outright products</b>	<b>187,926</b>
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	187,926
4	Commodity risk	-
	<b>Options</b>	<b>-</b>
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>187,926</b>

Bank's FX exposure slightly decrease to SAR 187.93 million as of June 30, 2017 from SAR 991.7 million as at Dec, 2016 due to reduce exposure to USD.