
ALINMA BANK
(A Saudi Joint Stock Company)

BASEL III Pillar 3 Disclosures
For the Financial Period Ended June 30, 2018

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Disclosure under Pillar III of Basel III for June 30, 2018

Table KM1: Key Metrics (at group consolidated level)

		June 2018	March 2018	Dec-17*	Sep-17	June-17
Available Capital (amounts: SAR '000)						
1	Common Equity Tier 1 (CET 1) <i>(after transitional arrangement for IFRS 9)</i>	20,165,920	20,757,011	20,343,762	20,101,154	19,485,300
1a	Fully loaded ECL accounting model <i>(before transitional arrangement for IFRS 9)</i>	19,587,627	20,178,717	20,343,762	20,101,154	19,485,300
2	Tier 1 <i>(after transitional arrangement for IFRS 9)</i>	20,165,920	20,757,011	20,343,762	20,101,154	19,485,300
2a	Fully loaded ECL accounting model Tier 1 <i>(before transitional arrangement for IFRS 9)</i>	19,587,627	20,178,717	20,343,762	20,101,154	19,485,300
3	Total Capital <i>(after transitional arrangement for IFRS 9)</i>	21,389,845	21,788,683	21,227,969	20,847,912	20,231,600
3a	Fully loaded ECL accounting model total capital <i>(before transitional arrangement for IFRS 9)</i>	20,811,553	21,354,803	21,227,969	20,847,912	20,231,600
Risk-weighted assets (amounts: SAR '000)						
4	Total risk-weighted assets (RWA)-Pillar - 1	105,646,366	102,105,551	103,488,260	100,946,153	100,850,921
Risk-based capital ratios as a percentage of RWA-Pillar -1						
5	Common Equity Tier 1 ratio (%)	19.09%	20.33%	19.66%	19.91%	19.32%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	18.54%	19.76%	19.66%	19.91%	19.32%
6	Tier 1 ratio (%)	19.09%	20.33%	19.66%	19.91%	19.32%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	18.54%	19.76%	19.66%	19.91%	19.32%
7	Total capital ratio (%)	20.25%	21.34%	20.51%	20.65%	20.06%
7a	Fully loaded ECL accounting model capital ratio (%)	19.70%	20.91%	20.51%	20.65%	20.06%
Additional CET1 buffer requirements as a percentage fo RWA						
8	Capital conversion buffer requirement (2.5% from 2019) (%)	1.875%	1.875%	1.250%	1.250%	1.250%
9	Countercyclical buffer requirement (%)	0.000%	0.000%	0.000%	0.000%	0.000%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.000%	0.000%	0.000%	0.000%	0.000%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	1.875%	1.875%	1.250%	1.250%	1.250%
12	CET1 available after meeting the bank's minimum capital requirements (%) (5-11)	17.213%	18.454%	18.408%	18.663%	18.071%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure (amounts: SAR '000)	123,449,439	120,481,421	121,567,467	117,537,773	117,980,109
14	Basel III leverage ratio (%) (row 2 / row 13)	16.34%	17.23%	16.73%	17.10%	16.52%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row 13)	15.87%	16.75%	16.73%	17.10%	16.52%
Liquidity Coverage Ratio						
15	Total HQLA (amounts: SAR '000)	18,435,372	20,058,486	17,194,371	16,135,346	12,941,196
16	Total net cash outflow (amounts: SAR '000)	17,068,622	12,714,031	7,995,665	10,077,400	7,175,309
17	LCR ratio (%)	108.01%	157.77%	215.05%	160.11%	180.36%
Net Stable Funding Ratio						
18	Total available stable funding (amounts: SAR '000)	80,375,619	78,740,411	77,888,865	76,770,965	77,022,835
19	Total required stable funding (amounts: SAR '000)	74,945,279	73,369,041	72,947,107	68,962,519	69,251,117
20	NSFR ratio	107.25%	107.32%	106.77%	111.32%	111.22%

* Restatements in Financial Statements

B.2 - Template OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirements
		Jun-18	Mar-18	Jun-18
1	Credit risk (excluding counterparty credit risk) (CCR)	95,619,412	91,970,465	7,649,553
2	Of which standardised approach (SA)	95,619,412	91,970,465	7,649,553
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	2,294,645	2,116,441	183,572
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	526,583	1,058,343	42,127
17	Of which standardised approach (SA)	526,583	1,058,343	42,127
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	7,205,726	6,960,302	576,458
20	Of which Basic Indicator Approach	7,205,726	6,960,302	576,458
21	Of which Standardised Approach	-	-	-
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)	105,646,366	102,105,551	8,451,709

Leverage Ratio-Common Disclosure-June 30, 2018
LR1: Summary Comparison of accounting assets Vs leverage ratio exposure measure (Table 1)

Row #	Item	In SR 000's
1	Total consolidated assets as per published financial statements	116,587,762
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	-
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	6,861,677
7	Other adjustments	-
8	Leverage ratio exposure	123,449,439

LR2: Leverage Ratio Common Disclosure Template (Table 2)

		June 2018	March 2018
Row #	Item	In SR 000's	In SR 000's
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	116,587,762	113,747,007
2	(Relevant Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	116,587,762	113,747,007
Derivatives Exposure			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	-	-
5	Add-on amounts for Potential Financial Exposure (PFE) associated with all derivatives transactions	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	Total derivative exposures (Sum of lines 4 to 10)	-	-
Securities financing transaction exposure			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	Credit Conversion Factor (CCR) exposure for Security Financing Transaction (SFT) assets	-	-
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (Sum of lines 12 to 15)	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	11,956,500	11,742,179
18	(Adjustments for conversion to credit equivalent amounts)	(5,094,823)	(5,007,766)
19	Off-balance sheet items (Sum of lines 17 and 18)	6,861,677	6,734,413
Capital and total exposures			
20	Tier 1 capital	20,165,920	20,757,011
21	Total exposures (Sum of lines 3, 11, 16 and 19)	123,449,439	120,481,420
Leverage ratio			
22	Basel III leverage ratio	16.34%	17.23%

Row #	Reconciliation (Table 5)	SR 000's
1	Total Assets amounts on Financial Statements	116,587,762
2	Total on balance sheet assets according Row #1 on Table 2	116,587,762
3	Difference between 1 and 2 above	-

LIQ1: Liquidity Coverage Ratio (LCR)
LCR Common Disclosure Prudential Return Templates

		SAR '000	
		Total Unweighted Value (average)	Total weighted Value (average)
HIGH QUALITY LIQUID ASSETS			
1	Total High-Quality liquid assets (HQLA)	19,076,273	19,041,624
CASH OUTFLOWS			
2	Retail deposits and deposits from small business of which:	26,812,283	2,682,673
3	<i>Stable deposits</i>		
4	<i>Less stable deposits</i>	26,812,283	2,682,673
5	Unsecured wholesale funding of which	37,221,545	17,178,696
6	<i>Operational deposits (all counterparties)</i>		
7	<i>Non-operational deposits (all counterparties)</i>	33,482,378	13,395,924
8	<i>Unsecured debt</i>	3,739,167	3,782,772
9	Secured wholesale funding		
10	Additional requirements of which	39,379,384	1,109,247
11	<i>Outflow related to derivative exposures and other collateral requirements</i>		
12	<i>Outflows related to loss of funding on debt products</i>		
13	<i>Credit and liquidity facilities</i>	39,379,384	1,109,247
14	Other contractual funding obligations		
15	Other contingent funding obligations		
16	TOTAL CASH OUTFLOWS	103,413,212	20,970,616
CASH INFLOWS			
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures		
19	Other cash inflows		
20	TOTAL CASH INFLOWS	8,604,715	6,171,229
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		19,041,624
22	TOTAL NET CASH OUTFLOWS		14,799,387
23	LIQUIDITY COVERAGE RATIO (%)		128.66%

- a) Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and Outflows).
- b) Weighted values are calculated after application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).
- c) Adjusted values are calculated after application of both i) haircuts and inflow and outflow rates and ii) any applicable caps (i.e. cap on level 2B and level 2 assets for HQLA and cap on inflows).
- d) Average of Last three months data.

LIQ2: Net Stable Funding Ratio (NSFR)

SAR in '000		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1 year	1 year or more	
ASF Items						
1	Capital	21,389,846	-	-	507,975	21,897,821
2	Regulatory capital	21,389,846	-	-	-	21,389,846
3	Other capital instruments	-	-	-	507,975	507,975
4	Retail deposits and deposits from small business customers:	29,353,429	-	197,002	-	26,595,388
5	Stable deposits	-	-	-	-	-
6	less stable deposits	29,353,429	-	197,002	-	26,595,388
7	Wholesale funding	-	54,968,960	8,795,859	-	31,882,410
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	54,968,960	8,795,859	-	31,882,410
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	3,176,909	-	-	-	-
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	3,176,909	-	-	-	-
14	Total ASF					80,375,618
RSF Items						
15	Total NSFR high-quality liquid assets (HQLA)					19,041,624
16	Deposits held at other financial institutions for operational purpose	182,870	-	-	-	91,435
17	Performing loans and securities:	-	16,950,416	33,481,374	13,164,890	29,356,195
18	Performing loans to financial institutions secured by Level 1 HQLA					
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		16,950,416	524,524		1,687,613
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:			32,956,850		16,478,425
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
22	Performing residential mortgages, of which:				13,164,890	11,190,157
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities					
25	Assets with matching interdependent liabilities					
26	Other assets:					
27	Physical traded commodities, including gold					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted					
31	all other assets not included in the above categories	45,442,840				45,442,840
32	Off-balance sheet items				548,099	54,810
33	Total RSF					74,945,280
34	Net Stable Funding Ratio (%)					107.25%

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	1,251,572	105,314,801	2,456,462	104,109,911
2 Debt Securities	-	12,439,479	21,967	12,417,512
3 Off-balance sheet exposures	-	6,861,677	-	6,861,677
4 Total	1,251,572	124,615,957	2,478,429	123,389,100

Default exposure comprises of non performing financing exposures and past due more than 90 day, but not yet impaired.

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	1,076,438
2 Loans and debt securities that have defaulted since the last reporting period	229,754
3 Returned to non-defaulted status	54,620
4 Amounts written off	-
5 Other changes	-
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	1,251,572

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	63,716,154	40,393,757	36,418,528	-	-	-	-
2 Debt securities	12,417,512	-	-	-	-	-	-
3 Total	76,133,666	40,393,757	36,418,528	-	-	-	-
4 Of which defaulted	739,786	511,786	500,815	-	-	-	-

Although a significant portion of credit is secured by collateral, however, bank is currently not availing the CRM benefit as a prudence measure.

B.13 - Template CR4: Standardised 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	16,112,909	-	16,112,909	-	-	0%
2 Non-central government public sector entities	56,461	-	56,461	-	-	0%
3 Multilateral development banks	-	-	-	-	-	0%
4 Banks	7,065,374	1,403,378	7,065,374	394,443	2,257,145	30%
5 Securities firms	-	-	-	-	-	0%
6 Corporates	68,796,613	10,553,122	68,249,779	6,467,234	74,717,013	100%
7 Regulatory retail portfolios	9,303,121	-	8,876,776	-	6,818,773	77%
8 Secured by residential property	6,420,101	-	6,374,466	-	3,204,888	50%
9 Secured by commercial real estate	-	-	-	-	-	0%
10 Equity	130,406	-	130,406	-	407,894	313%
11 Higher-risk categories	4,789,503	-	4,789,503	-	6,479,998	135%
12 Other assets	6,452,925	-	6,452,925	-	4,028,346	62%
13 Total	119,127,413	11,956,500	118,108,598	6,861,677	97,914,057	78%

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

Asset classes/ Risk weight*	a	b	c	d	e	f	g	h	i	j
	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1 Sovereigns and their central banks	16,112,909	-	-	-	-	-	-	-	-	16,112,909
2 Non-central government public sector entities (PSEs)	56,461	-	-	-	-	-	-	-	-	56,461
3 Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	5,566,616	-	1,498,757	-	394,443	-	-	7,459,817
5 Securities firms	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	-	-	-	-	74,717,013	-	-	74,717,013
7 Regulatory retail portfolios	-	-	-	-	-	8,232,009	644,766	-	-	8,876,776
8 Secured by residential property	-	-	-	-	6,339,157	-	35,309	-	-	6,374,466
9 Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10 Equity	-	-	-	-	-	-	-	-	130,406	130,406
11 Past-due loans	-	-	-	-	-	-	-	-	-	-
12 Higher-risk categories	-	-	-	-	-	-	2,718,801	-	2,070,702	4,789,503
13 Other assets	2,424,579	-	-	-	-	-	4,028,346	-	-	6,452,925
14 Total	18,593,949	-	5,566,616	-	7,837,914	8,232,009	82,538,678	-	2,201,108	124,970,275

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

		SAR '000
		a
		RWA
	Outright products	526,583
1	Interest rate risk (general and specific)	
2	Equity risk (general and specific)	181,015
3	Foreign exchange risk	345,568
4	Commodity risk	
	Options	-
5	Simplified approach	
6	Delta-plus method	
7	Scenario approach	
8	Securitisation	
9	Total	526,583

The decrease in RWA of current period compared to December 2017 was mainly due to decrease in foreign exchange risk. (decreased from SAR 693 million in Dec 2017 to SAR 346 million). On the other hand Equity risk remained at the same level.