
ALINMA BANK
(A Saudi Joint Stock Company)

BASEL III Pillar 3 Disclosures
For the Financial Period Ended June 30, 2019

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Disclosure under Pillar III of Basel III for June 30, 2019

Table KM1: Key Metrics (at group consolidated level)

		June 2019	Mar 2019	Dec 2018	Sep 2018	June 2018
Available Capital (amounts: SAR '000)						
1	Common Equity Tier 1 (CET 1) <i>(after transitional arrangement for IFRS 9)</i>	21,612,608	20,892,584	21,876,003	20,790,674	20,165,920
1a	Fully loaded ECL accounting model <i>(before transitional arrangement for IFRS 9)</i>	21,178,888	20,458,863	21,297,709	20,212,381	19,587,627
2	Tier 1 <i>(after transitional arrangement for IFRS 9)</i>	21,612,608	20,892,584	21,876,003	20,790,674	20,165,920
2a	Fully loaded ECL accounting model Tier 1 <i>(before transitional arrangement for IFRS 9)</i>	21,178,888	20,458,863	21,297,709	20,212,381	19,587,627
3	Total Capital <i>(after transitional arrangement for IFRS 9)</i>	22,909,670	22,193,013	23,147,203	22,028,957	21,389,845
3a	Fully loaded ECL accounting model total capital <i>(before transitional arrangement for IFRS 9)</i>	22,475,950	21,759,292	22,568,909	21,450,664	20,811,553
Risk-weighted assets (amounts: SAR '000)						
4	Total risk-weighted assets (RWA)-Pillar - 1	112,594,010	112,725,786	109,959,869	107,371,804	105,646,366
Risk-based capital ratios as a percentage of RWA-Pillar -1						
5	Common Equity Tier 1 ratio (%)	19.20%	18.53%	19.89%	19.36%	19.09%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	18.81%	18.15%	19.37%	18.82%	18.54%
6	Tier 1 ratio (%)	19.20%	18.53%	19.89%	19.36%	19.09%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	18.81%	18.15%	19.37%	18.82%	18.54%
7	Total capital ratio (%)	20.35%	19.69%	21.05%	20.52%	20.25%
7a	Fully loaded ECL accounting model capital ratio (%)	19.96%	19.30%	20.52%	19.98%	19.70%
Additional CET1 buffer requirements as a percentage fo RWA						
8	Capital conversion buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	1.875%	1.875%	1.875%
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)	2.500%	2.500%	1.875%	1.875%	1.875%
12	CET1 available after meeting the bank's minimum capital requirements (%) (5-11)	16.695%	16.034%	18.020%	17.488%	17.213%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure (amounts: SAR '000)	131,720,425	129,697,132	128,587,174	127,278,006	123,449,439
14	Basel III leverage ratio (%) (row 2 / row 13)	16.41%	16.11%	17.01%	16.33%	16.34%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row 13)	16.08%	15.77%	16.56%	15.88%	15.87%
Liquidity Coverage Ratio**						
15	Total HQLA (amounts: SAR '000)	23,262,320	21,530,722	20,387,967	19,617,786	19,041,624
16	Total net cash outflow (amounts: SAR '000)	20,874,118	18,570,632	18,663,602	16,781,439	14,799,387
17	LCR ratio (%)	111.44%	115.94%	109.24%	116.90%	128.66%
Net Stable Funding Ratio						
18	Total available stable funding (amounts: SAR '000)	82,962,646	82,261,302	79,930,299	82,424,634	80,375,619
19	Total required stable funding (amounts: SAR '000)	72,085,986	70,472,710	70,426,115	75,573,999	74,945,279
20	NSFR ratio	115.09%	116.73%	113.50%	109.06%	107.25%

** Average of 90 days

B.2 - Template OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirement
		Jun-19	Mar-19	Jun-19
1	Credit risk (excluding counterparty credit risk) (CCR)	101,085,529	101,413,463	8,086,842
2	Of which standardised approach (SA)	101,085,529	101,413,463	8,086,842
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	2,679,467	2,620,845	214,357
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	300,689	503,356	24,055
17	Of which standardised approach (SA)	300,689	503,356	24,055
18	Of which internal model approaches (IMM)	-	-	-
19	Operational risk	8,528,325	8,188,122	682,266
20	Of which Basic Indicator Approach	8,528,325	8,188,122	682,266
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)	112,594,011	112,725,786	9,007,521

Leverage Ratio-Common Disclosure-December 31, 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	123,479,457
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)	8,240,968
7	Other adjustments	-
8	Leverage ratio exposure	131,720,425

LR2: Leverage Ratio Common Disclosure Template (Table 2)

Row #	Item	June 2019 In SR 000's	March 2019 In SR 000's
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	123,479,457	121,794,424
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)	123,479,457	121,794,424
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	13,650,265	13,042,361
18	(Adjustments for conversion to credit equivalent amounts)	(5,409,297)	(5,139,652)
19	Off-balance sheet items (Sum of lines 17 and 18)	8,240,968	7,902,709
Capital and total exposures			
20	Tier 1 capital	21,612,608	20,892,584
21	Total exposures (Sum of lines 3, 11, 16 and 19)	131,720,425	129,697,132
Leverage ratio			
22	Basel III leverage ratio	16%	16%

Row #	Reconciliation (Table 5)	SR 000's
1	Total Assets amounts on Financial Statements	123,479,457
2	Total on balance sheet assets according Row #1 on Table 2	123,479,457
3	Difference between 1 and 2 above	-

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

30 June 2019

		SAR '000	
		Total Unweighted Value (average)	Total weighted Value (average)
HIGH QUALITY LIQUID ASSETS			
1	Total High-Quality liquid assets (HQLA)	23,262,320	23,262,320
CASH OUTFLOWS			
2	Retail deposits and deposits from small business of which:	31,922,271	3,192,227
3	<i>Stable deposits</i>		
4	<i>Less stable deposits</i>	31,922,271	3,192,227
5	Unsecured wholesale funding of which	44,785,029	20,323,308
6	<i>Operational deposits (all counterparties)</i>		
7	<i>Non-operational deposits (all counterparties)</i>	40,769,535	16,307,814
8	<i>Unsecured debt</i>	4,015,494	4,015,494
9	Secured wholesale funding		
10	Additional requirements of which	40,698,855	1,106,032
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>	40,698,855	1,106,032
14	Other contractual funding obligations		
15	Other contingent funding obligations		
16	TOTAL CASH OUTFLOWS	117,406,155	24,621,567
CASH INFLOWS			
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures		
19	Other cash inflows		
20	TOTAL CASH INFLOWS	6,372,605	3,747,449
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		23,262,320
22	TOTAL NET CASH OUTFLOWS		20,874,118
23	LIQUIDITY COVERAGE RATIO (%)		111%

- 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) - 30 June 2019

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	22,909,670	-	-	671,771	23,581,441
2	Regulatory capital	22,909,670	-	-	-	22,909,670
3	Other capital instruments	-	-	-	671,771	671,770.75
4	Retail deposits and deposits from small business customers:	31,656,515	2,706,994	532,849	-	31,406,723
5	Stable deposits	-	-	-	-	-
6	less stable deposits	31,656,515	2,706,994	532,849	-	31,406,723
7	Wholesale funding	26,223,753	25,829,420	3,895,791	-	27,974,482
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	26,223,753	25,829,420	3,895,791	-	27,974,482
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	10,783,475	-	-	-	-
12	NSFR derivative liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	10,783,475	-	-	-	-
14	Total ASF					82,962,646
RSF Items						
15	Total NSFR high-quality liquid assets (HQLA)					23,262,320
16	Deposits held at other financial institutions for operational purpose	214,515	-	-	-	107,258
17	Performing loans and securities:	-	26,972,888	13,711,619	14,810,633	20,005,392
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	-	2,806,572	1,496,710	14,810,633	1,814,780
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:	-	24,166,316	12,214,909	-	18,190,613
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:	-	-	-	-	-
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	5,775,173	-	-	54,323,183	51,949,877.86
32	Off-balance sheet items	-	-	-	469,165	23,458
33	Total RSF					72,085,986
34	Net Stable Funding Ratio (%)					115.09%

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B.7 - Template CR1: Credit quality of assets

SAR '000

30 June 2019	a	b	c	d
	Gross carrying values of		Allowances/ impairments	Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures		
1 Loans and other investments	2,104,071	106,878,378	2,475,841	106,506,608
2 Debt Securities	-	16,956,577	17,574	16,939,004
3 Off-balance sheet exposures	-	8,240,968	238,281	8,002,687
4 Total	2,104,071	132,075,923	2,731,695	131,448,299

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

SAR '000

31 December 2018		a
1	Defaulted loans and debt securities at end of the previous reporting period	1,724,197
2	Loans and debt securities that have defaulted since the last reporting period	382,899
3	Returned to non-defaulted status	-
4	Amounts written off	(3,025)
5	Other changes	-
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	2,104,071

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

SAR '000

30 June 2019		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 and other investments	62,333,826	44,172,782	42,282,294	-	-	-	-
2	Debt securities	16,939,004	-	-	-	-	-	-
3	Total	79,272,830	44,172,782	42,282,294	-	-	-	-
4	Of which defaulted	838,071	1,266,000	1,200,079	-	-	-	-

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

30 June 2019		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	21,042,931	-	21,042,931	-	-	0%
2	Non-central government public sector entities	-	-	-	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	3,584,085	1,202,543	3,584,085	437,192	1,601,547	40%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	71,590,829	12,447,722	71,590,829	7,803,775	79,394,604	100%
7	Regulatory retail portfolios	12,584,887	-	12,584,887	-	9,468,074	75%
8	Secured by residential property	4,190,684	-	4,190,684	-	2,095,342	50%
9	Secured by commercial real estate	-	-	-	-	-	0%
10	Equity	122,448	-	122,448	-	367,343	300%
11	Past-due loans	1,997,410	-	750,155	-	750,155	100%
12	Higher-risk categories	5,292,544	-	5,292,544	-	6,815,832	129%
13	Other assets	5,737,868	-	5,737,868	-	3,272,098	57%
14	Total	126,143,687	13,650,265	124,896,432	8,240,968	103,764,996	78%

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

SAR '000

30 June 2019		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	21,042,931	-	-	-	-	-	-	-	-	21,042,931
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Banks	-	-	2,092,295	-	1,491,791	-	437,192	-	-	4,021,278
5	Securities firms	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-	79,394,604	-	-	79,394,604
7	Regulatory retail portfolios	-	-	-	-	-	12,467,251	117,636	-	-	12,584,887
8	Secured by residential property	-	-	-	-	4,190,684	-	-	-	-	4,190,684
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10	Equity	-	-	-	-	-	-	-	-	122,448	122,448
11	Past-due loans	-	-	-	-	-	-	750,155	-	-	750,155
12	Higher-risk categories	-	-	-	-	-	-	3,164,892	-	2,127,652	5,292,544
13	Other assets	2,465,769	-	-	-	-	-	3,272,098	-	-	5,737,868
14	Total	23,508,701	-	2,092,295	-	5,682,475	12,467,251	87,136,578	-	2,250,100	133,137,400

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

SAR '000

30 June 2019		a
		RWA
	Outright products	300,689
1	Interest rate risk (general and specific)	
2	Equity risk (general and specific)	150,909
3	Foreign exchange risk	149,780
4	Commodity risk	
	Options	-
5	Simplified approach	
6	Delta-plus method	
7	Scenario approach	
8	Securitisation	
9	Total	300,689

The decrease in RWA of current period compared to December 2018 was mainly due to decrease in foreign exchange risk. (decreased from SAR 255 million in Dec 2018 to SAR 150 million). On the other hand Equity risk had no significant variation.