

Basel III Pillar 3 Quantitative Disclosures

30 June 2017

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Part I: Overview of Risk Management and RWA

B.2 - Template OV1: Overview of RWA

SAR '000

		a	b	c
		RWA		Minimum capital requirements
		T (Jun-17)	T-1 (Mar-17)	T (Jun-17)
1	Credit risk (excluding counterparty credit risk) (CCR)	295,825,251	298,169,938	23,666,020
2	Of which standardized approach (SA)	295,825,251	298,169,938	23,666,020
3	Of which internal rating-based (IRB) approach			
4	Counterparty credit risk	23,554,590	20,023,668	1,884,367
5	Of which standardized approach for counterparty credit risk (SA-CCR)	23,554,590	20,023,668	1,884,367
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	10,301,545	10,057,625	824,124
9	Equity investments in funds – mandate-based approach			
10	Equity investments in funds – fallback approach	6,233,576	11,218,648	498,686
11	Settlement risk			
12	Securitization exposures in banking book	468,806	1,120,275	37,504
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)	468,806	1,120,275	37,504
16	Market risk	9,492,350	7,894,115	759,388
17	Of which standardized approach (SA)	9,492,350	7,894,115	759,388
18	Of which internal model approaches (IMM)			
19	Operational risk	33,656,643	33,292,844	2,692,531
20	Of which Basic Indicator Approach			-
21	Of which Standardized Approach	33,656,643	33,292,844	2,692,531
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)	379,532,760	381,777,114	30,362,621

The increase in the counterparty credit and market risk is mainly due to the increase in the IRS book. The decrease in the securitization exposures is due to the decrease in position. In the equity investments, the bank was able to apply the look-through approach on more funds which have led to a decrease in the RWA by 44%.

Part III: Credit Risk

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	4,331,677	259,066,412	6,497,340	256,900,749
2	Debt Securities		110,264,493	22,378	110,242,115
3	Off-balance sheet exposures		79,531,458	340,410	79,191,047
4	Total	4,331,677	448,862,363	6,860,128	446,333,911

A **default** is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

1. The obligor is past due for more than 90 days on any material credit obligations to the Bank including principal instalments, interest payments and fees. The materiality threshold for recognition of default is 5% of the total outstanding credit obligations of the client.
2. The bank considers that the obligor is unlikely to pay its credit obligations to the bank in full, without recourse by the bank to actions such as realizing security (if any).

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

SAR '000

		a
1	Defaulted loans and debt securities at end of the previous reporting period	3,925,482
2	Loans and debt securities that have defaulted since the last reporting period	1,449,554
3	Returned to non-defaulted status	38,051
4	Amounts written off	744,280
5	Other changes	(261,028)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	4,331,677

Defaulted loan as a percentage of total loans was 1.6% in June 2017 and the same ratio was in Mar 2017.

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	233,735,773	23,164,976	13,182,071	14,166,647	13,838,575		
2	Debt securities	106,941,216	3,300,899	3,300,899	3,300,899	3,300,899		
3	Total	340,676,989	26,465,875	16,482,969	17,467,546	17,139,474		
4	Of which defaulted	4,088,487	243,190	525				

No significant change over the last reporting period.

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

SAR '000

		a	b	c	d	e	f
		Exposures before CCF & CRM		Exposures post-CCF & 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	99,112,864	682,947	117,344,536	669,028	7,777,792	7%
2	Non-central government public sector entities	17,201	8,671	17,201	3,413	20,536	100%
3	Multilateral development banks	3,379,307		3,393,174		-	0%
4	Banks	20,633,919	16,860,168	20,457,016	10,094,943	15,921,945	52%
5	Securities firms						
6	Corporates	175,949,408	47,606,340	160,146,076	23,822,272	163,260,757	89%
7	Regulatory retail portfolios	77,550,672	13,055,605	76,486,789	3,478,010	60,449,978	76%
8	Secured by residential property	21,871,422	435,035	21,871,422	176,901	16,536,243	75%
9	Secured by commercial real estate	9,374,250	882,691	9,374,250	523,729	9,897,978	100%
10	Equity	1,194,125		468,128		468,128	100%
11	Past-due loans	4,331,677		1,083,240		1,167,833	108%
12	Higher-risk categories						
13	Other assets	33,700,130		36,948,567	3,638,122	20,324,060	50%
14	Total	447,114,975	79,531,458	447,590,400	42,406,418	295,825,251	60%

No significant change over the last reporting period.

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	108,467,697		775,228		2,295,786		6,474,853			118,013,564
2	Non-central government public sector entities (PSEs)	77						20,537			20,614
3	Multilateral development banks (MDBs)	3,393,174									3,393,174
4	Banks			4,999,955		21,260,851		4,291,154			30,551,959
5	Securities firms										
6	Corporates	44,610		11,250,695		23,324,850		149,348,192			183,968,348
7	Regulatory retail portfolios	245,427		102,390			80,572,667				80,920,484
8	Secured by residential property						22,048,323				22,048,323
9	Secured by commercial real estate							9,897,978			9,897,978
10	Equity							468,128			468,128
11	Past-due loans							914,053	169,187		1,083,240
12	Higher-risk categories										
13	Other assets	15,424,014		4,852,334		1,376		19,353,281			39,631,006
14	Total	127,575,000		21,980,601		46,882,864	102,620,990	190,768,176	169,187		489,996,818

No significant change over the last reporting period.

Part IV: Counterparty credit risk

The increase in the counterparty credit risk as indicated in templates CCR1, CCR2 and CCR3 is mainly due to the increase in the IRS book.

B.22 - Template CCR1: Analysis of counterparty credit risk (CCR)[1] exposure by approach

SAR '000

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)*	2,489,932	7,558,512		1.4	11,044,417	7,035,959
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	Total						7,035,959

B.23 - Template CCR2: Credit valuation adjustment (CVA) capital charge

SAR '000

		a	b
		EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	(i) VaR component (including the 3x multiplier)		
2	(ii) Stressed VaR component (including the 3x multiplier)		
3	All portfolios subject to the Standardized CVA capital charge	11,044,417	16,518,631
4	Total subject to the CVA capital charge	11,044,417	16,518,631

B.24 - Template CCR3: Standardized approach – CCR exposures by regulatory portfolio and risk weights

SAR '000

	a	b	c	d	e	f	g	h	i
Regulatory portfolio*/ Risk weight**	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposures
Sovereigns and their central banks									
Non-central government public sector entities (PSEs)									
Multilateral development banks (MDBs)									
Banks			979,400	4,454,662		80			5,434,142
Securities firms									
Corporates			11	437		2,117,874			2,118,323
Regulatory retail portfolios			207		5,840				6,047
Other assets									
Total			979,618	4,455,100	5,840	2,117,954			7,558,512

*The breakdown by risk weight and regulatory portfolio included in the template is for illustrative purposes. Banks may complete the template with the breakdown of asset classes according to the local implementation of the Basel framework.

**Banks subject to the simplified standardized approach should indicate risk weights determined by the supervisory authority in the columns.

B.26 - Template CCR5: Composition of collateral for CCR exposure

SAR '000

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency		323				
Cash – other currencies	918,180	6,777	(1,590,098)			
Domestic sovereign debt						665,549
Other sovereign debt						1,012,260
Government agency debt						
Corporate bonds						
Equity securities						
Other collateral		4,313				
Total	918,180	11,313	(1,590,098)			1,677,809

No significant change over the last reporting period.

B.27 - Template CCR6: Credit derivatives exposures

	a	b
	Protection bought	Protection sold
Notionals		
Single-name credit default swaps		
Index credit default swaps		
Total return swaps		
Credit options		
Other credit derivatives		
Total notionals		
Fair values		
Positive fair value (asset)		
Negative fair value (liability)		

No protection bought or sold as of June 2017.

Part V: Securitization

The decrease in the securitization exposures as indicated in templates SEC1 and SEC4 is due to the decrease in position of securitization exposures.

B.31 - Template SEC1: Securitization exposures in the banking book

SAR '000

		a	b	c	d	e	f	g	h	i
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which							642,662		642,662
2	residential mortgage									
3	credit card									
4	other retail exposures (student loans)							642,662		642,662
5	re-securitization									
6	Wholesale (total) – of which							1,701,367		1,701,367
7	loans to corporates (CLOs)							1,701,367		1,701,367
8	commercial mortgage									
9	lease and receivables									
10	other wholesale									
11	re-securitization									

B.34 - Template SEC4: Securitization exposures in the banking book and associated capital requirements – bank acting as investor

SAR '000

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250 % RW	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250 %	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250 %	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250 %
1	Total exposures	2,344,029						2,344,029				468,806				37,504	
2	Traditional securitization	2,344,029						2,344,029				468,806				37,504	
3	Of which securitization	2,344,029						2,344,029				468,806				37,504	
4	Of which retail underlying (student loans)	642,662						642,662				128,533				10,282	
5	Of which wholesale																
6	Loans to corporate (CLO)	1,701,367						1,701,367				340,273				27,222	
7	Of which re-securitization																
8	Of which senior																
9	Of which non-senior																
10	Synthetic securitization																
11	Of which securitization																
12	Of which retail underlying																
13	Of which wholesale																
14	Of which re-securitization																
15	Of which senior																
16	Of which non-senior																

Part VI: Market risk

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

SAR '000

		a
		RWA
	Outright products	9,492,350
1	Interest rate risk (general and specific)	5,832,361
2	Equity risk (general and specific)	
3	Foreign exchange risk	3,534,138
4	Commodity risk	125,851
	Options	
5	Simplified approach	
6	Delta-plus method	
7	Scenario approach	
8	Securitization	
9	Total	9,492,350

The increase in market risk is mainly due to the increase in the IRS book.

Appendix – The below list of tables and templates are Not Available as the related approach is Not Applicable to the Bank

Tables and templates		ref. #
Part III – Credit risk	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
	CR8 – RWA flow statements of credit risk exposures under IRB	B.18
	CR10 – IRB (specialized lending and equities under the simple risk weight method)	B.20
Part IV – Counterparty credit risk	CCR4 – IRB – CCR exposures by portfolio and PD scale	B.25
	CCR7 – RWA flow statements of CCR exposures under the Internal Model Method (IMM)	B.28
	CCR8 – Exposures to central counterparties	B.29
Part V – Securitization	SEC2 – Securitization exposures in the trading book	B.32
	SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	B.33
Part VI – Market risk	MR2 – RWA flow statements of market risk exposures under an IMA	B.38
	MR3 – IMA values for trading portfolios	B.39
	MR4 – Comparison of VaR estimates with gains/losses	B.40