

TABLE 2: CAPITAL STRUCTURE - June 30, 2018

Balance sheet - Step 1 (Table 2(b))

All figures are in SAR '000

	Balance sheet in Published financial statements (C)	Adjustment of banking associates / other entities (*) (D)	Under regulatory scope of consolidation (E)
Assets			
Cash and balances at central banks	14,163,711	0	14,163,711
Due from banks and other financial institutions	5,208,754	0	5,208,754
Investments, net	47,747,599	0	47,747,599
Loans and advances, net	144,311,749	0	144,311,749
Debt securities	0	0	0
Trading assets	0	0	0
Investment in associates	591,104	0	591,104
Derivatives	239,314	0	239,314
Goodwill	0	0	0
Other intangible assets	0	0	0
Property and equipment, net	1,728,862	0	1,728,862
Other assets	1,485,185	0	1,485,185
Total assets	215,476,278	0	215,476,278
Liabilities			
Due to Banks and other financial institutions	7,471,312	0	7,471,312
Items in the course of collection due to other banks	0	0	0
Customer deposits	153,418,142	0	153,418,142
Trading liabilities	0	0	0
Debt securities in issue	8,019,790	0	8,019,790
Derivatives	269,938	0	269,938
Retirement benefit liabilities	0	0	0
Taxation liabilities	0	0	0
Accruals and deferred income	0	0	0
Borrowings	0	0	0
Other liabilities	9,362,150	0	9,362,150
Subtotal	178,541,332	0	178,541,332
Paid up share capital	30,000,000	0	30,000,000
Statutory reserves	3,922,592	0	3,922,592
Other reserves	387,988	0	387,988
Retained earnings	2,624,366	0	2,624,366
Minority Interest	0	0	0
Proposed dividends	0	0	0
Total liabilities and equity	215,476,278	0	215,476,278

TABLE 2: CAPITAL STRUCTURE - June 30, 2018

Balance sheet - Step 2 (Table 2(c))

All figures are in SAR'000

	Balance sheet in Published financial statements (C)	Adjustment of banking associates / other entities (D)	Under regulatory scope of consolidation (E)	Reference
Assets				
Cash and balances at central banks	14,163,711	0	14,163,711	
eligible provisions	454	0	454	A
Due from banks and other financial institutions	5,208,754	0	5,208,754	
eligible provisions	2,005	0	2,005	A
Investments, net	47,747,599	0	47,747,599	
eligible provisions	38,516	0	38,516	A
Loans and advances, net	144,311,749	0	144,311,749	
eligible provisions	363,180	0	363,180	A
Debt securities	0	0	0	
Equity shares	0	0	0	
Investment in associates	591,104	0	591,104	
Derivatives	239,314	0	239,314	
Goodwill	0	0	0	
Other intangible assets	0	0	0	
Property and equipment, net	1,728,862	0	1,728,862	
Other assets	1,485,185	0	1,485,185	
Total assets	215,476,278	0	215,476,278	
Liabilities				
Due to Banks and other financial institutions	7,471,312	0	7,471,312	
Items in the course of collection due to other banks	0	0	0	
Customer deposits	153,418,142	0	153,418,142	
Trading liabilities	0	0	0	
Debt securities in issue	8,019,790	0	8,019,790	
of which Tier 2 capital instruments	4,000,000	0	4,000,000	B
Derivatives	269,938	0	269,938	
Retirement benefit liabilities	0	0	0	
Taxation liabilities	0	0	0	
Accruals and deferred income	0	0	0	
Borrowings	0	0	0	
Other liabilities	9,362,150	0	9,362,150	
eligible provisions	43,787	0	43,787	A
Subtotal	178,541,332	0	178,541,332	
Paid up share capital	30,000,000	0	30,000,000	
of which amount eligible for CET1	30,000,000	0	30,000,000	H
of which amount eligible for AT1	0	0	0	I
Statutory reserves	3,922,592	0	3,922,592	
Other reserves	387,988	0	387,988	
Retained earnings	2,624,366	0	2,624,366	
Minority Interest	0	0	0	
Proposed dividends	0	0	0	
Total liabilities and equity	215,476,278	0	215,476,278	

TABLE 2: CAPITAL STRUCTURE

Common template (Post 2018) - Step 3 (Table 2(d)) i

All figures are in SAR'000

Components¹ of
regulatory capital
reported by the bank

Source based on
reference numbers /
letters of the balance
sheet under the
regulatory scope of
consolidation from step
2

(2)		
Common Equity Tier 1 capital: Instruments and reserves		
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	30,000,000
2	Retained earnings	2,624,366
3	Accumulated other comprehensive income (and other reserves)	4,310,580
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	
6	Common Equity Tier 1 capital before regulatory adjustments	36,934,946
Common Equity Tier 1 capital: Regulatory adjustments		
7	Prudential valuation adjustments	
8	Goodwill (net of related tax liability)	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	
11	Cash-flow hedge reserve	
12	Shortfall of provisions to expected losses	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	
15	Defined-benefit pension fund net assets	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	
17	Reciprocal cross-holdings in common equity	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% thresh	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	
20	Mortgage servicing rights (amount above 10% threshold)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	
22	Amount exceeding the 15% threshold	
23	of which: significant investments in the common stock of financials	
24	of which: mortgage servicing rights	
25	of which: deferred tax assets arising from temporary differences	
26	National specific regulatory adjustments	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	
28	Total regulatory adjustments to Common equity Tier 1	
29	Common Equity Tier 1 capital (CET1)	36,934,946
Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	
31	of which: classified as equity under applicable accounting standards	
32	of which: classified as liabilities under applicable accounting standards	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	
35	of which: instruments issued by subsidiaries subject to phase out	
36	Additional Tier 1 capital before regulatory adjustments	
Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (am	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
41	National specific regulatory adjustments	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
43	Total regulatory adjustments to Additional Tier 1 capital	
44	Additional Tier 1 capital (AT1)	
45	Tier 1 capital (T1 = CET1 + AT1)	36,934,946

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¹For detailed explanation of rows (1-85), please refer to SAMA circular # BCS 23295 dated 23 July 2012 entitled "Composition of Capital Disclosure Requirements issued by the BCBS in June 2012.

² All rows related to IRB Approach are only valid, if SAMA has provided its Regulatory Approval to use IRB Approaches

³ Countercyclical buffer is calculated as per SAMA guidelines. The percentage set aside, as of Mar 31, 2018, for countercyclical buffer is 0.015% having the following geographical breakdown:

Other GCC & Middle East 0.007%, Europe 0.002%, North America 0.005%, South East Asia 0.002% and Others 0.001%

Note: Items which are not applicable are to be left blank.

TABLE 2: CAPITAL STRUCTURE

Common template (Post 2018) - Step 3 (Table 2(d)) ii

All figures are in SAR'000

Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2

Components¹ of regulatory capital reported by the bank

Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	4,000,000
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	
50	Provisions	447,942
51	Tier 2 capital before regulatory adjustments	4,447,942
Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	
53	Reciprocal cross-holdings in Tier 2 instruments	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (am	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
56	National specific regulatory adjustments	
57	Total regulatory adjustments to Tier 2 capital	
58	Tier 2 capital (T2)	4,447,942
59	Total capital (TC = T1 + T2)	41,382,888
60	Total risk weighted assets	213,584,772
Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	17.3%
62	Tier 1 (as a percentage of risk weighted assets)	17.3%
63	Total capital (as a percentage of risk weighted assets)	19.4%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB/D-SIB buffer requirement expressed as a percentage of risk weighted assets)	6.892%
65	<i>of which: capital conservation buffer requirement</i>	1.875%
66	<i>of which: bank specific countercyclical buffer requirement</i>	0.017%
67	<i>of which: G-SIB / D-SIB buffer requirement</i>	0.5%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	
National minima (if different from Basel 3)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	n/a
70	National Tier 1 minimum ratio (if different from Basel 3 minimum)	n/a
71	National total capital minimum ratio (if different from Basel 3 minimum)	n/a
Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financials	
73	Significant investments in the common stock of financials	608,033
74	Mortgage servicing rights (net of related tax liability)	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	447,942
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,459,388
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

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¹For detailed explanation of rows (1-85), please refer to SAMA circular # BCS 23295 dated 23 July 2012 entitled "Composition of Capital Disclosure Requirements issued by the BCBS in June 2012.

⁽²⁾ All rows related to IRB Approach are only valid, if SAMA has provided its Regulatory Approval to use IRB Approaches

Note: Items which are not applicable are to be left blank.

TABLE 2: CAPITAL STRUCTURE - June 30, 2018

Main features template of regulatory capital instruments - (Table 2(e))	
1 Issuer	Riyad Bank
2 Unique identifier (eg CUSPIN, ISIN or Bloomberg identifier for private placement)	RIBL: AB
3 Governing law(s) of the instrument	Capital Market Law*
Regulatory treatment	
4 Transitional Basel III rules	Not applicable
5 Post-transitional Basel III rules	Not applicable
6 Eligible at solo/group/group&solo	Solo
7 Instrument type	Common share
8 Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	SAR 30,000
9 Par value of instrument	SAR 10
10 Accounting classification	Shareholder equity
11 Original date of issuance	1957
12 Perpetual or dated	Perpetual
13 Original maturity date	No maturity
14 Issuer call subject to prior supervisory approval	Not applicable
15 Option call date, contingent call dates and redemption amount	Not applicable
16 Subsequent call dates if applicable	Not applicable
Coupons / dividends	
17 Fixed or Floating dividend/coupon	Not applicable
18 Coupon rate and any related index	Not applicable
19 Existence of a dividend stopper	Not applicable
20 Fully discretionary, partially discretionary or mandatory	Not applicable
21 Existence of step up or other incentive to redeem	Not applicable
22 Non cumulative or cumulative	Not applicable
23 Convertible or non-convertible	Not applicable
24 If convertible, conversion trigger (s)	Not applicable
25 If convertible, fully or partially	Not applicable
26 If convertible, conversion rate	Not applicable
27 If convertible, mandatory or optional conversion	Not applicable
28 If convertible, specify instrument type convertible into	Not applicable
29 If convertible, specify issuer of instrument it converts into	Not applicable
30 Write-down feature	
31 If write-down, write-down trigger (s)	Not applicable
32 If write-down, full or partial	Not applicable
33 If write-down, permanent or temporary	Not applicable
34 If temporary writedown, description of the write-up mechanism	Not applicable
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36 Non-compliant transitioned features	Not applicable
37 If yes, specify non-compliant features	Not applicable

* Issued by Capital Market Authority (CMA) in Saudi Arabia

Note:

Further explanation of rows (1-37) as given above are provided in SAMA circular # BCS 23295 dated 23 July 2012 entitled "Composition of Capital Disclosure Requirements issued by the BCBS in December 2012.

TABLE 2 - CAPITAL STRUCTURE	
Main features template of regulatory capital instruments - (Table 2(e))	
1 Issuer	Riyad Bank
2 Unique identifier (eg CUSPIN, ISIN or Bloomberg identifier for private placement)	RIBL: AB
3 Governing law(s) of the instrument	The instrument is governed by the laws of the Kingdom of Saudi Arabia
Regulatory treatment	
4 Transitional Basel III rules	Tier 2
5 Post-transitional Basel III rules	Eligible
6 Eligible at solo/igroup/group&solo	Solo
7 Instrument type	Sub-ordinated sukuk
8 Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	SAR 4,000 million
9 Par value of instrument	SAR 4,000 million
10 Accounting classification	Liability at amortised cost
11 Original date of issuance	June 24,2015
12 Perpetual or dated	Dated
13 Original maturity date	June 24,2025
14 Issuer call subject to prior supervisory approval	Issuer call at the [5th] anniversary of the Issue Date, subject to prior written approval from the regulator, if then required.
15 Option call date, contingent call dates and redemption amount	The Sukuk may be redeemed prior to the scheduled dissolution date due to: (i) regulatory capital reasons, (ii) tax reasons, or (iii) at the option of the Issuer on the Periodic Distribution Date that falls on the [5th] anniversary of the Issue Date, in each case, as set out in the terms and conditions of the Sukuk
16 Subsequent call dates if applicable	As above
Coupons / dividends	
17 Fixed or Floating dividend/coupon	Floating
18 Coupon rate and any related index	6-month SAIBOR plus 115 basis point
19 Existence of a dividend stopper	No
20 Fully discretionary, partially discretionary or mandatory	Mandatory
21 Existence of step up or other incentive to redeem	No
22 Non cumulative or cumulative	Non cumulative
23 Convertible or non-convertible	Non convertible
24 If convertible, conversion trigger (s)	Not applicable
25 If convertible, fully or partially	Not applicable
26 If convertible, conversion rate	Not applicable
27 If convertible, mandatory or optional conversion	Not applicable
28 If convertible, specify instrument type convertible into	Not applicable
29 If convertible, specify issuer of instrument it converts into	Not applicable
30 Write-down feature	Yes
31 If write-down, write-down trigger (s)	Terms of issuance provide the legal basis for the regulator to trigger write down
32 If write-down, full or partial	Can be full or partial
33 If write-down, permanent or temporary	Permanent
34 If temporary writedown, description of the write-up mechanism	NA
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Sub-ordinated. Senior Bond holders are immediately senior to this instrument
36 Non-compliant transitioned features	NA
37 If yes, specify non-compliant features	Na

Note:

Further explanation of rows (1-37) as given above are provided in SAMA circular # BCS 23295 dated 23 July 2012 entitled "Composition of Capital Disclosure Requirements issued by the BCBS in December 2012.

QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO LCR & NET STABLE FUNDIN RATIO NSFR

Governance of liquidity risk management

Riyad Bank has a robust risk management and governance framework that covers all material risks. Liquidity risk is deemed to be a material risk for the Bank and is part of the overall risk management framework. The risk management framework comprises of Board and Senior Management committees, a Board-approved risk appetite statement, liquidity risk policy, limit management, monitoring and control framework, and an overarching enterprise risk policy.

The Bank adopts a set of liquidity management strategies that limits the liquidity risk to acceptable levels. The compliance of such internal limits are independently monitored and regularly reported to management and to the Asset and Liability Committee (ALCO). According to the degree of imminence of liquidity/funding risk, risk stages are outlined in the CP. These stages are Precaution, Caution and Crisis. For each of these stages, a specific contingency plan has been laid out.

The policy stipulates activation of the Contingency Plan (CP) in the event of a major liquidity problem. The CP delineates responsibilities of selected senior executives and sets out a plan of action to be followed in any emerging or sudden liquidity crisis. In order to manage the liquidity contingency process, senior executives designated in this plan draw support from other key management process already established within Riyad Bank. ALCO, on an ongoing basis provides a forum to **exchange information, both internal and external, which can affect Riyad Bank's liquidity.**

Funding Strategy

The formulation of funding strategy for the Bank is integrated with the annual strategic planning process. Annually, the Bank develops a detailed budget for immediate next year and a three year rolling forecast. For each asset type, forecast volumes are developed. Based on the forecast volumes and forecast mix, the funding strategy of the Bank is developed.

The funding strategy of the Bank focuses on increasing the customer base of non-interest bearing stable deposits, diversification of funding sources as well enlarging the product mix and customer base of interest bearing deposits. It also ensures that there is minimum reliance on the whole sale funding (inter-bank) markets and that the Bank maintains a conservative and healthy repo able investment portfolio.

Liquidity risk mitigation techniques

Riyad Bank operates within an approved Liquidity risk appetite which is defined as the level and nature of risk that the Bank is willing to take (or mitigate) in order to safeguard the interests of the depositors whilst achieving business objectives. In addition, the risk appetite statement takes into consideration constraints imposed by other stakeholders such as regulators and counterparties. Funding and Liquidity

risk is deemed to be a material risk for the Bank; the risk appetite for funding and liquidity is conservative and deemed to be low. The liquidity risk appetite statement

is approved by the Board. Risk appetite is defined on an annual basis or on an ad hoc basis if there is a significant change in the external environment or business strategy.

In addition, the Bank's liquidity risk management techniques include:

- a. Pro-actively monitor and manage regulatory liquidity ratios such as LCR, NSFR and Statutory Liquidity Ratio
- b. Gap limits to control and monitor the mismatch risk
- c. Concentration Risk limits

Stress Testing

Riyad Bank measures its liquidity requirements by undertaking scenario analysis under the following three scenarios:

Normal/Going-concern scenario – this refers to the normal behavior of cash flows in the ordinary course of business and would form the **day-to-day focus of the Bank's** liquidity management.

Bank-specific (“Name”) crisis scenario – this covers the behavior of cash flows where there is some actual or perceived problem specific to Riyad Bank.

Market crisis scenario – this covers the behavior of cash flows where there is some actual or perceived problem with the general banking industry..

In addition, Riyad Bank has adopted more stringent standards or parameters to reflect its liquidity risk profile and its own assessment of the compliance with the **SAMA's Liquidity Coverage Ratio (LCR) standards. The LCR incorporates many of the shocks experienced during the Global Financial Crisis (GFC) into one acute systemic stress for which sufficient liquidity is needed to survive up to 30 calendar days.** Riyad Bank adopts a number of liquidity management strategies to control its liquidity risk and ensures that its liquidity requirements can be met even during a crisis situation.

Funding Contingency Planning

Riyad Bank has its own Contingency Funding Plan (CFP). The objective of the Bank's CFP is to ensure the Bank meets its payment obligations as they fall due under a liquidity crisis scenario. It contains (i) an assessment of the sources of funding under different liquidity conditions, (ii) liquidity status indicators and metrics and (iii) contingency procedures. Contingency liquidity risk is the risk of not having sufficient funds to meet sudden and unexpected short term obligations. The CFP references business area action plans and a communications plan. Action plans have been developed for a range of circumstances that might arise in wholesale funding markets. The communications plan aims to reassure principal stakeholders via a rapid communications response to a developing situation. CFP is

reviewed annually or if there is a significant change in the external environment or the balance sheet or funding profile of the Bank.

OTHER QUALITATIVE INFORMATION

1. Main drivers of LCR & NSFR

As at 30th June 2018, against the regulatory requirement of 90% of LCR, the Bank is at a comfortable level of quarterly average of 123%. The main drivers of LCR of the Bank are sufficient high quality liquid assets (HQLAs) to meet liquidity needs of the Bank at all times and funding from stable customer deposits.

NSFR can be described as the Bank Funding requirement to support the asset maturity profile focusing on 1Y horizon and above taking into account the credit quality, counterparty and residual maturity of the assets.

As at 30th June 2018, against the regulatory requirement of 100% **the bank's NSFR** is 113%.

2. Intra period changes as well as changes over time

LCR: There has been a decrease in the average LCR YoY & compared to last quarter mainly due to decrease in Total high quality liquid assets (HQLA).

NSFR: there has been a slight decrease in NSFR as compared to Q1 from 114% to 113% due to increase in Required Stable Funding RSF.

3. Composition of High Quality Liquid Assets (HQLA)

HQLA comprises of high quality unencumbered assets that can be readily converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios. HQLAs comprises of Level 1 and Level 2 assets. Level 2 assets is further divided into Level 2A and Level 2B assets, keeping in view their price volatility.

Level-1 assets are those assets which are highly liquid. As at 30th June 2018, the Level-1 assets of the Bank included cash, due from SAMA and high quality qualifying government securities.

Level-2A & 2B assets are those assets which are less liquid. The Bank's level 2A assets includes sovereign central bank, PSE assets qualifying for 20% risk weighting and qualifying corporate bonds rated AA- or higher. SAMA does not allow the inclusion of level 2B assets

4. Concentration of Funding Sources

This metric includes those sources of funding, whose withdrawal could trigger liquidity risks. It aims to address the funding concentration of a bank by monitoring its funding requirement from each significant counterparty and each significant product/instrument.

The Bank regularly reviews and measures concentration of funding for each counter party as well as from all products and instruments to ensure that it is within **Bank's** liquidity risk appetite.

5. Derivative exposure

As at 30th June 2018, **the mark to market of the Bank's back to back** derivative exposures does not have significant impact on liquidity management.

6. Currency Mismatch

As per SAMA guidelines, a currency is considered as "significant" if the aggregate liabilities denominated in that currency amounts to five per cent or more of the **bank's total liabilities. In Riyadh Bank's case, only SAR and USD falls in this criteria.**

7. Degree of centralization of liquidity management and interaction between group's units

Riyad Bank's LCR is prepared on a consolidated basis. The Bank has put in place a group-wide contingency funding plan to take care of liquidity requirement of the Group as a whole in time of stress.

**Basel III Pillar 3
Quantitative Disclosures
30 June 2018**

Basel III Pillar 3– Quantitative Disclosures

	Tables and templates
Part 2 – Overview of risk management and RWA	KM1: Key metrics
	OV1 – Overview of RWA
Part 5 – Macroprudential supervisory measures	CCyB1 – Geographical distribution of credit exposures used in the countercyclical buffer
Part 6 – Leverage ratio	LR2 – Leverage ratio common disclosure template
Part 7 – Liquidity	LIQ1 – Liquidity Coverage Ratio (LCR)
	LIQ2 – Net Stable Funding Ratio (NSFR)
Part 8 – Credit risk	CR1 – Credit quality of assets
	CR2 – Changes in stock of defaulted loans and debt securities
	CR3 – Credit risk mitigation techniques – overview
	CR4 – Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects
	CR5 – Standardised approach – exposures by asset classes and risk weights
Part 9 – Counterparty credit risk	CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach
	CCR2 – Credit valuation adjustment (CVA) capital charge
	CCR3 – Standardised approach of CCR exposures by regulatory portfolio and risk weights
Part 10 – Securitisation	SEC1 – Securitisation exposures in the banking book
	SEC4 – Securitisation exposures in the banking book and associated capital requirements – bank acting as investor
Part 11 – Market risk	MR1 – Market risk under standardised approach

Template KM1: Key metrics

	a	b	c	d	e	
	T	T-1	T-2	T-3	T-4	
	Jun 18	Mar 18	Dec 17	Sep 17	Jun 17	
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	36,935	36,169	38,623	37,668	36,627
1a	Fully loaded ECL accounting model	36,935	36,169	38,623	37,668	36,627
2	Tier 1	36,935	36,169	38,623	37,668	36,627
2a	Fully loaded ECL accounting model Tier 1	36,935	36,169	38,623	37,668	36,627
3	Total capital	41,383	40,721	43,695	42,741	41,700
3a	Fully loaded ECL accounting model total capital	41,383	40,721	43,695	42,741	41,700
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	213,584	216,201	223,070	228,047	230,013
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	17.3%	16.7%	17.3%	16.5%	15.9%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	17.3%	16.7%	17.3%	16.5%	15.9%
6	Tier 1 ratio (%)	17.3%	16.7%	17.3%	16.5%	15.9%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17.3%	16.7%	17.3%	16.5%	15.9%
7	Total capital ratio (%)	19.4%	18.8%	19.6%	18.7%	18.1%
7a	Fully loaded ECL accounting model total capital ratio (%)	19.4%	18.8%	19.6%	18.7%	18.1%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.875%	1.88%	1.25%	1.25%	1.25%
9	Countercyclical buffer requirement (%)	0.017%	0.015%	0.017%	0.018%	0.015%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.50%	0.50%	0.50%	0.50%	0.50%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.392%	2.390%	1.767%	1.768%	1.765%
12	CET1 available after meeting the bank's minimum capital requirements (%)	14.9%	14.3%	15.5%	14.7%	14.1%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	278,699	281,037	283,068	284,926	288,694
14	Basel III leverage ratio (%) (row 2 / row 13)	13.3%	12.9%	13.6%	13.2%	12.7%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row 13)	13.3%	12.9%	13.6%	13.2%	12.7%
Liquidity Coverage Ratio*						
15	Total HQLA	38,258	42,897	39,740	42,311	40,080
16	Total net cash outflow	31,152	29,630	28,027	27,136	29,009
17	LCR ratio (%)	123%	145%	142%	158%	139%
Net Stable Funding Ratio						
18	Total available stable funding	143,088				
19	Total required stable funding	126,330				
20	NSFR ratio	113%				

* LCR may not equal to an LCR computed on the basis of the average values of the set of line items disclosed in the template

OV1: Overview of RWA - June 2018

		<i>SAR 000</i>		
		a	b	c
		RWA		Minimum capital requirements
		Jun 18	Mar 18	Jun 18
1	Credit risk (excluding counterparty credit risk) (CCR) Includes item 23	195,514,308	197,756,223	15,641,145
2	Of which standardised approach (SA)	195,514,308	197,756,223	15,641,145
3	Of which internal rating-based (IRB) approach			-
4	Counterparty credit risk	1,236,759	709,111	98,941
5	Of which standardised approach for counterparty credit risk (SA-CCR)	1,236,759	709,111	98,941
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	-	83,435	-
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	2,770,363	3,534,275	221,629
17	Of which standardised approach (SA)	2,770,363	3,534,275	221,629
18	Of which internal model approaches (IMM)			-
19	Operational risk	14,063,342	14,118,056	1,125,067
20	Of which Basic Indicator Approach			-
21	Of which Standardised Approach	14,063,342	14,118,056	1,125,067
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)	213,584,772	216,201,100	17,086,782

CCyB1 – Geographical distribution of credit exposures used in the countercyclical capital buffer - June 2018

a	b	e
Geographical breakdown	Countercyclical capital buffer rate	Bank-specific countercyclical capital buffer rate
KSA	0.0%	0.0000%
GCC and ME	2.5%	0.0074%
North America	0.0% to 2.5%	0.0051%
Europe	0.0% to 2.5%	0.0016%
South East Asia	0.0% to 2.5%	0.0016%
Others	0.0% to 2.5%	0.0017%
Total		0.0173%

Leverage ratio common disclosure

Jun 30, 2017

LR1: Summary Comparison of accounting assets versus leverage ratio exposure measure (Table 1)

		Jun 30, 2018
Row #	Item	In SR 000's
1	Total Assets as per published financial statements	215,476,278
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 recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustment for derivative financial instruments	714,804
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)	61,967,385
7	Other adjustments	540,318
8	Leverage ratio exposure (A)	278,698,785

LR2: Leverage Ratio Common Disclosure Template (Table 2)

		Jun 30, 2018	Mar 31, 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)	215,684,906	213,909,609
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) (a)	215,684,906	213,909,609
Derivative exposures			
4	Replacement cost associated with <i>all</i> derivatives transactions (i.e. net of eligible cash variation margin)	331,690	215,194
5	Add-on amounts for Potential Financial Exposure (PFE) associated with <i>all</i> derivatives transactions	714,804	588,206
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) (b)	1,046,494	803,400
Securities financing transaction exposures			
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 **	168,062,309	175,795,855
18	(Adjustments for conversion to credit equivalent amounts)	(106,094,924)	(109,472,347)
19	Off-balance sheet items (sum of lines 17 and 18) (c)	61,967,385	66,323,508
Capital and total exposures			
20	Tier 1 capital (B)	36,934,946	36,169,001
21	Total exposures (sum of lines 3, 11, 16 and 19) (A) = (a+b+c)	278,698,785	281,036,517
Leverage ratio			
22	Basel III leverage ratio*** (C) = (B) / (A)	13.3%	12.9%

**Includes commitments that are unconditionally cancellable at any time by the Bank or automatic cancellation due to deterioration in a borrower's creditworthiness

***Current minimum requirement is 3%

Reconciliation (Table 5)

		Jun 30, 2018
Row #	Item	In SR 000's
1	Total Assets on Financial Statements	215,476,278
2	Total On balance sheet assets Row # 1 on Table 2	215,684,906
3	Difference between 1 and 2 above	(208,628)
Explanation		
	Positive fair value of Derivatives	239,314
	Other adjustment represents provision	(447,942)
		(208,628)

Table 3, comprises of explanation of each row pertaining above Table 2

Table 4 providing explanations for significant variances in Leverage Ratio over previous quarter, being first disclosure have not been included above

LIQ1: Liquidity Coverage Ratio (LCR)
[LCR Common Disclosure Prudential Return Template]

LCR Common Disclosure Template			
(In SR 000's)		TOTAL UNWEIGHTED	TOTAL WEIGHTED VALUE (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		38,257,822
CASH OUTFLOWS			
2	Retail deposits and deposits from small businesses customers of which:	66,829,846	6,682,985
3	<i>Stable deposits</i>	-	-
4	<i>Less stable deposits</i>	66,829,846	6,682,985
5	Unsecured wholesale funding of which:	62,940,874	31,385,256
6	<i>Operational deposits (all counterparties)</i>	-	-
7	<i>Non operational deposits (all counterparties)</i>	62,940,874	31,385,256
8	<i>Unsecured debt</i>	-	-
9	Secured wholesale funding		-
10	Additional requirement of which:	3,949,581	397,951
11	<i>Outflows related to derivative exposure and other collateral requirements</i>	3,326	3,326
12	<i>Outflows related to loss of funding on debt products</i>	-	-
13	<i>Credit and liquidity facilities</i>	3,946,255	394,626
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	179,438,844	4,205,919
16	TOTAL CASH OUTFLOWS		42,672,110
CASH INFLOWS			
17	Secured lending (eg reverse repos)	-	-
18	Inflows from fully performing exposures	19,604,860	11,514,516
19	Other cash inflows	5,277	5,277
20	TOTAL CASH INFLOW	19,610,137	11,519,793
			TOTAL ADJUSTED VALUE
21	TOTAL HQLA		38,257,822
22	TOTAL NET CASH OUTFLOW		31,152,317
23	LIQUIDITY COVERAGE RATIO		123%

a Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

b Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

c Adjusted values are calculated after the 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).

Notes to disclosure:

1. Data is presented as simple average of 90 days observations over Q2 2018.
2. Number of data points used in calculating the average figures is 90.
3. LCR may not equal to an LCR computed on the basis of the average values of the set of line items disclosed in the template.

LIQ2 – Net Stable Funding Ratio (NSFR)

(In Currency Amount)		Unweighted value by residual maturity				Weighted value
		No maturity*	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital	41,383,000	-	-	1,356,595	42,739,595
2	Regulatory capital	41,383,000				41,383,000
3	Other capital instruments				1,356,595	1,356,595
4	Retail deposits and deposits from small business customers:	65,840,444	1,853,736	260,684	-	61,159,377
5	Stable deposits					
6	Less stable deposits	65,840,444	1,853,736	260,684		61,159,377
7	Wholesale funding	30,908,112	50,448,658	8,034,836	1,356,595	39,189,044
8	Operational deposits					
9	Other wholesale funding	30,908,112	50,448,658	8,034,836	1,356,595	39,189,044
10	Liabilities with matching interdependent assets					
11	Other liabilities:	14,472,824	-	-	-	-
12	NSFR derivative liabilities					
13	All other liabilities and equity not included in the above categories	14,472,824				-
14	Total ASF					143,088,017
RSF Item						
15	Total NSFR high-quality liquid assets (HQLA)					40,049,400
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:	1,170,981	53,233,236	14,323,236	95,655,931	114,335,585
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		5,188,911			778,337
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:		47,793,563	14,048,399	60,761,410	82,568,179
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:		159,310	42,384	19,858,889	17,051,495
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	1,170,981	91,452	232,453	15,035,633	13,937,574
25	Assets with matching interdependent liabilities					
26	Other assets:	11,482,701	-	-	-	11,544,963
27	Physical traded commodities, including gold					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		73,250			62,262
29	NSFR derivative assets					-
30	NSFR derivative liabilities before deduction of variation margin posted		30,624			
31	All other assets not included in the above categories	11,482,701				11,482,701
32	Off-balance sheet items				8,987,507	449,375
33	Total RSF					126,329,924
34	Net Stable Funding Ratio (%)					113%

CR1: Credit quality of assets - June 2018

SAR 000

		a	b	c	d
		Gross carrying values of		Allowances/ impairments	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
1	Loans	4,786,570	142,830,381	3,305,202	144,311,749
2	Debt Securities	-	45,024,024	-	45,024,024
3	Off-balance sheet exposures	887,081	79,385,058	148,031	80,124,108
4	Total	5,673,651	267,239,463	3,453,233	269,459,881

CR2: Changes in stock of defaulted loans and debt securities - June 2018

		SAR 000
		a
1	Defaulted loans and debt securities at end of the previous reporting period	3,377,881
2	Loans and debt securities that have defaulted since the last reporting period	
3	Returned to non-defaulted status	
4	Amounts written off	(957,622)
5	Other changes*	2,366,312
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	4,786,570

* Other changes include addition, deletion, re-measurement and IFRS9 implementation impact

CR3: Credit risk mitigation techniques – overview - June 2018

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	147,376,541	367,373	167,823	82,938	72,587	-	-
2	Debt securities	45,024,024	-	-	-	-	-	-
3	Total	192,400,565	367,373	167,823	82,938	72,587	-	-
4	Of which defaulted	4,786,570	-	-	-	-	-	-

CR4: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects - June 2018

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	38,360,623	-	38,360,623	-	655,835	1.71
2 Non-central government public sector entities	-	-	-	-	-	-
3 Multilateral development banks	-	-	-	-	-	-
4 Banks	12,667,631	12,259,490	12,667,631	7,110,690	9,863,820	49.87
5 Securities firms	869,367	243,422	869,367	112,949	491,158	50.00
6 Corporates	105,291,954	65,835,705	105,140,965	43,450,734	145,700,663	98.05
7 Regulatory retail portfolios	23,508,896	724,135	23,447,292	168,504	17,711,847	75.00
8 Secured by residential property	20,216,014	-	20,216,014	-	10,108,007	50.00
9 Secured by commercial real estate	-	-	-	-	-	-
10 Equity	2,415,672	-	2,415,672	-	3,327,722	137.76
11 Past-due loans	2,434,846	887,081	2,434,846	160,513	2,608,744	100.52
12 Higher-risk categories	-	-	-	-	-	-
13 Other assets	9,692,112	322,306	9,664,294	87,886	5,046,512	51.75
14 Total	215,457,115	80,272,139	215,216,704	51,091,276	195,514,308	73.42

CR5: Standardised approach – exposures by asset classes and risk weights - June 2018

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	37,619,497	-	1,136	-	168,766	-	571,224	-	-	38,360,623
2 Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3 Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	2,647,476	-	15,605,259	-	1,513,367	12,219	-	19,778,321
5 Securities firms	-	-	-	-	982,315	-	-	-	-	982,315
6 Corporates	-	-	691,624	-	4,685,697	-	143,214,378	-	-	148,591,699
7 Regulatory retail portfolios	-	-	-	-	-	23,615,796	-	-	-	23,615,796
8 Secured by residential property	-	-	-	-	20,216,014	-	-	-	-	20,216,014
9 Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
10 Equity	-	-	-	-	-	-	1,807,639	-	608,033	2,415,672
11 Past-due loans	-	-	-	-	-	-	2,568,589	26,770	-	2,595,359
12 Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13 Other assets	4,698,907	-	8,453	-	-	-	5,044,821	-	-	9,752,181
14 Total	42,318,404	-	3,348,689	-	41,658,051	23,615,796	154,720,018	38,989	608,033	266,307,980

CCR2: Credit valuation adjustment (CVA) capital charge - June 2018

SAR 000

		a	b
		EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	(i) VaR component (including the 3×multiplier)		
2	(ii) Stressed VaR component (including the 3×multiplier)		
3	All portfolios subject to the Standardised CVA capital charge	1,046,494	672,406
4	Total subject to the CVA capital charge	1,046,494	672,406

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights - June 2018

SAR 000

	a1	a2	b	c	d	e	f	g	h	i
Regulatory portfolio*/ Risk weight**	0%	2%	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	-	-	-	216,746	298,275	-	21,505	-	-	536,526
Securities firms	-	-	-	-	6,253	-	-	-	-	6,253
Corporates	-	-	-	-	-	-	328,210	-	-	328,210
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
Other assets	-	159,674	-	-	-	-	15,831	-	-	175,505
Total	-	159,674	-	216,746	304,528	-	365,546	-	-	1,046,494

*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 standardised approach should indicate risk weights determined by the supervisory authority in the columns.

MR1: Market risk under standardised approach - June 2018

		<i>SAR 000</i>
		a
		RWA
	Outright products	2,770,363
1	Interest rate risk (general and specific)	247,675
2	Equity risk (general and specific)	1,604,263
3	Foreign exchange risk	918,425
4	Commodity risk	
	Options	-
5	Simplified approach	
6	Delta-plus method	
7	Scenario approach	
8	Securitisation	
9	Total	2,770,363