# Samba Financial Group
# Basel III - Pillar 3 Disclosure Report

September 2019

samba سامبا

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## Overview of risk management, key prudential metrics and Risk Weighted Assets

SAR 000s

| Samba Financial Group | | | | | | |
|---|---|---|---|---|---|---|
| **KM1: Key metrics (at consolidated group level)** | | | | | | |
| | | **Sep 2019** | **Jun 2019** | **Mar 2019** | **Dec 2018** | **Sep 2018** |
| | **Available capital (amounts)** | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 45,550,339 | 45,520,390 | 44,170,005 | 44,265,004 | 45,090,301 |
| 1a | Fully loaded ECL accounting model | 44,425,225 | 44,408,347 | 42,578,435 | 42,320,448 | 42,930,460 |
| 2 | Tier 1 | 45,556,408 | 45,526,473 | 44,176,195 | 44,271,381 | 45,096,939 |
| 2a | Fully loaded ECL accounting model Tier 1 | 44,431,294 | 44,414,429 | 42,584,625 | 42,326,826 | 42,937,098 |
| 3 | Total capital | 46,922,603 | 46,881,764 | 45,575,471 | 45,526,935 | 46,375,650 |
| 3a | Fully loaded ECL accounting model total capital | 45,969,108 | 45,891,681 | 44,062,271 | 43,582,379 | 44,524,643 |
| | **Risk-weighted assets (amounts)** | | | | | |
| 4 | Total risk-weighted assets (RWA) | 215,682,281 | 205,504,232 | 203,564,998 | 200,685,652 | 203,920,967 |
| | **Risk-based capital ratios as a percentage of RWA** | | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 21.1% | 22.2% | 21.7% | 22.1% | 22.1% |
| 5a | Fully loaded ECL accounting model Common Equity Tier 1 (%) | 20.6% | 21.6% | 20.9% | 21.1% | 21.1% |
| 6 | Tier 1 ratio (%) | 21.1% | 22.2% | 21.7% | 22.1% | 22.1% |
| 6a | Fully loaded ECL accounting model Tier 1 ratio (%) | 20.6% | 21.6% | 20.9% | 21.1% | 21.1% |
| 7 | Total capital ratio (%) | 21.8% | 22.8% | 22.4% | 22.7% | 22.7% |
| 7a | Fully loaded ECL accounting model total capital ratio (%) | 21.3% | 22.3% | 21.6% | 21.7% | 21.8% |
| | **Additional CET1 buffer requirements as a percentage of RWA** | | | | | |
| 8 | Capital conservation buffer requirement (2.5% from 2019) (%) | 2.500% | 2.500% | 2.500% | 1.875% | 1.875% |
| 9 | Countercyclical buffer requirement (%) | 0.348% | 0.333% | 0.298% | 0.293% | 0.367% |
| 10 | Bank G-SIB and/or D-SIB additional requirements (%) | 0.500% | 0.500% | 0.500% | 0.500% | 0.500% |
| 11 | Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10) | 3.348% | 3.333% | 3.298% | 2.668% | 2.742% |
| 12 | CET1 available after meeting the bank's minimum capital requirements (%) | 13.271% | 14.317% | 13.900% | 14.889% | 14.869% |
| | **Basel III leverage ratio** | | | | | |
| 13 | Total Basel III leverage ratio exposure measure | 269,498,346 | 264,732,791 | 261,210,893 | 259,018,950 | 262,742,916 |
| 14 | Basel III leverage ratio (%) (row 2 / row 13) | 16.9% | 17.2% | 16.9% | 17.1% | 17.2% |
| 14a | Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row13) | 16.5% | 16.8% | 16.3% | 16.3% | 16.3% |
| | **Liquidity Coverage Ratio*** | | | | | |
| 15 | Total HQLA | 72,005,867 | 75,365,574 | 69,761,208 | 64,577,823 | 62,120,459 |
| 16 | Total net cash outflow | 27,768,849 | 34,538,593 | 26,829,586 | 26,662,930 | 25,285,356 |
| 17 | LCR ratio (%) | 259% | 218% | 260% | 242% | 246% |
| | **Net Stable Funding Ratio** | | | | | |
| 18 | Total available stable funding | 163,968,307 | 164,731,738 | 161,495,072 | 166,012,642 | 164,657,623 |
| 19 | Total required stable funding | 126,573,587 | 123,969,437 | 124,707,143 | 118,754,283 | 126,485,182 |
| 20 | NSFR ratio | 130% | 133% | 129% | 140% | 130% |

* Reported as the simple average of daily observations over the quarter per guidelines

SAR 000s

## OV1: Overview of RWA

| | | Risk Weighted Assets (RWA) | | Minimum capital requirements |
|---|---|---|---|---|
| | | Sep 2019 | Jun 2019 | Sep 2019 |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 160,350,757 | 155,383,079 | 12,828,061 |
| 2 | Of which standardised approach (SA) | 160,350,757 | 155,383,079 | 12,828,061 |
| 3 | Of which internal rating-based (IRB) approach | - | - | - |
| 4 | Counterparty credit risk | 5,911,179 | 6,304,585 | 472,894 |
| 5 | Of which standardised approach for counterparty credit risk (SA-CCR) | 5,911,179 | 6,304,585 | 472,894 |
| 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 | 6,897,775 | 5,634,868 | 551,822 |
| 9 | Equity investments in funds – mandate-based approach | - | - | - |
| 10 | Equity investments in funds – fall-back approach | 7,519,333 | 6,988,460 | 601,547 |
| 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 | 20,782,437 | 16,972,440 | 1,662,595 |
| 17 | Of which standardised approach (SA) | 20,782,437 | 16,972,440 | 1,662,595 |
| 18 | Of which internal model approaches (IMM) | - | - | - |
| 19 | Operational risk | 14,220,800 | 14,220,800 | 1,137,664 |
| 20 | Of which Basic Indicator Approach | - | - | - |
| 21 | Of which Standardised Approach | 14,220,800 | 14,220,800 | 1,137,664 |
| 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)** | **215,682,281** | **205,504,232** | **17,254,582** |

## Leverage Ratio

**LR1 -Summary Comparison of Accounting Assets versus Leverage Ratio Exposure**

| | Item | In SR 000 |
|---|---|---|
| 1 | Total Consolidated Assets as per published financial statements | 237,341,834 |
| 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 | (3,457,132) |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured | - |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of Off-balance sheet exposures) | - |
| 7 | Other adjustments | (96,493) |
| 8 | **Leverage ratio exposure (A)** | **233,788,209** |

**LR2 -Leverage Ratio Common Disclosure Template**

| | Item | SR 000's |
|---|---|---|
| **On-Balance Sheet Exposures** | | |
| 1 | On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 233,884,702 |
| 2 | (Relevant Asset amounts deducted in determining Basel III Tier 1 capital) | 96,493 |
| **3** | **Total on-balance sheet exposures (sum of lines 1 and 2) (a)** | **233,788,209** |
| **Derivative Exposures** | | |
| 4 | Replacement cost associated with *all* derivatives transactions (i.e. net of eligible cash variation margin) | 3,457,132 |
| 5 | Add-on amounts for Potential Financial Exposure (PFE) associated with *all* derivatives transactions | 6,344,561 |
| 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)** | **9,801,693** |
| **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 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 | 181,523,387 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (155,614,944) |
| **19** | **Off-balance sheet items (sum of lines 17 and 18) (c)** | **25,908,443** |
| **Capital and Total Exposures** | | |
| **20** | **Tier 1 capital (B)** | **45,556,408** |
| **21** | **Total exposures (sum of lines 3, 11, 16 and 19) (A) = (a+b+c)** | **269,498,346** |
| **Leverage Ratio** | | |
| **22** | **Basel III Leverage Ratio*** (C ) = (B) / (A)** | **16.9%** |

******Current minimum requirement is 3%***

## Liquidity

| **LIQ1 - Liquidity Coverage Ratio** | | | |
|---|---|---|---|
| **SAR'000** | | **TOTAL UNWEIGHTED VALUE (average)** | **TOTAL WEIGHTED VALUE (average)** |
| **High-quality liquid assets** | | | |
| 1 | Total high-quality liquid assets (HQLA) | | 72,005,867 |
| **Cash outflows** | | | |
| **2** | **Retail deposits and deposits from small business customers, of which:** | **91,365,057** | **8,922,235** |
| 3 | *Stable deposits* | 0 | 0 |
| 4 | *Less stable deposits* | 91,365,057 | 8,922,235 |
| **5** | **Unsecured wholesale funding, of which:** | **46,755,313** | **24,358,999** |
| 6 | *Operational deposits (all counterparties) and deposits in networks of cooperative banks* | 0 | 0 |
| 7 | *Non-operational deposits (all counterparties)* | 46,755,313 | 24,358,999 |
| 8 | *Unsecured debt* | 0 | 0 |
| **9** | **Secured wholesale funding** | | **-** |
| **10** | **Additional requirements, of which:** | **1,749,766** | **211,742** |
| 11 | *Outflows related to derivative exposures and other collateral requirements* | 40,850 | 40,850 |
| 12 | *Outflows related to loss of funding on debt products* | 0 | 0 |
| 13 | *Credit and liquidity facilities* | 1,708,916 | 170,892 |
| **14** | **Other contractual funding obligations** | **0** | **0** |
| **15** | **Other contingent funding obligations** | **172,391,921** | **4,808,401** |
| **16** | **TOTAL CASH OUTFLOWS** | | **38,301,376** |
| **Cash inflows** | | | |
| **17** | **Secured lending (eg reverse repos)** | **0** | **0** |
| **18** | **Inflows from fully performing exposures** | **18,252,985** | **10,245,026** |
| **19** | **Other cash inflows** | **287,501** | **287,501** |
| **20** | **TOTAL CASH INFLOWS** | **18,540,487** | **10,532,527** |
| | | | **Total Adjusted Value** |
| **21** | **TOTAL HQLA** | | **72,005,867** |
| **22** | **TOTAL NET CASH OUTFLOWS** | | **27,768,849** |
| **23** | **LIQUIDITY COVERAGE RATIO (%)** | | **259%** |

### List of quarterly disclosures not applicable to Samba Financial Group is as follows:

| | Tables and templates |
|---|---|
| Overview of risk management, key prudential metrics and RWA | KM2 – Key Metrics – TLAC requirements |
| Credit Risk | CR8 - RWA flow statements of credit risk exposures under IRB |
| Counterparty credit risk | CCR7 - RWA flow statements of CCR exposures under the Internal Model Method (IMM) |
| Market Risk | MR3 - IMA values for trading portfolios |