

Samba Financial Group
Basel III - Pillar 3 Disclosure Report

March 2020

Table of Contents

| Tables and templates | | Page |
|--|--|------|
| Overview of risk management, key prudential metrics and Risk Weighted Assets | KM 1 – Key Metrics | 2 |
| | OV1 - Overview of Risk Weighted Assets | 3 |
| Leverage Ratio | LR1 – Summary comparison | 4 |
| | LR2 –Leverage ratio common disclosure template | 4 |
| Liquidity | LIQ1 – Liquidity Coverage Ratio (LCR) | 5 |
| List of quarterly disclosures not applicable to Samba Financial Group | | 6 |

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

SAR 000s

| KM1: Key metrics (at consolidated group level) | | | | | | |
|---|---|-----------------|-----------------|-----------------|-----------------|-------------|
| | Mar 2020 | Dec 2019 | Sep 2019 | Jun 2019 | Mar 2019 | |
| Available capital (amounts) | | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 45,480,778 | 46,900,932 | 45,550,339 | 45,520,390 | 44,170,005 |
| 1a | Fully loaded ECL accounting model | 44,668,607 | 45,787,038 | 44,425,225 | 44,408,347 | 42,578,435 |
| 2 | Tier 1 | 45,485,783 | 46,907,163 | 45,556,408 | 45,526,473 | 44,176,195 |
| 2a | Fully loaded ECL accounting model Tier 1 | 44,673,612 | 45,793,269 | 44,431,294 | 44,414,429 | 42,584,625 |
| 3 | Total capital | 46,938,364 | 48,248,201 | 46,922,603 | 46,881,764 | 45,575,471 |
| 3a | Fully loaded ECL accounting model total capital | 46,456,257 | 47,184,033 | 45,969,108 | 45,891,681 | 44,062,271 |
| Risk-weighted assets (amounts) | | | | | | |
| 4 | Total risk-weighted assets (RWA) | 246,866,127 | 228,299,227 | 215,682,281 | 205,504,232 | 203,564,998 |
| Risk-based capital ratios as a percentage of RWA | | | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 18.4% | 20.5% | 21.1% | 22.2% | 21.7% |
| 5a | Fully loaded ECL accounting model Common Equity Tier 1 (%) | 18.1% | 20.1% | 20.6% | 21.6% | 0 |
| 6 | Tier 1 ratio (%) | 18.4% | 20.5% | 21.1% | 22.2% | 21.7% |
| 6a | Fully loaded ECL accounting model Tier 1 ratio (%) | 18.1% | 20.1% | 20.6% | 21.6% | 0 |
| 7 | Total capital ratio (%) | 19.0% | 21.1% | 21.8% | 22.8% | 22.4% |
| 7a | Fully loaded ECL accounting model total capital ratio (%) | 18.8% | 20.7% | 21.3% | 22.3% | 0 |
| Additional CET1 buffer requirements as a percentage of RWA | | | | | | |
| 8 | Capital conservation buffer requirement (2.5% from 2019) (%) | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% |
| 9 | Countercyclical buffer requirement (%) | 0.309% | 0.342% | 0.348% | 0.333% | 0.298% |
| 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) | 3.309% | 3.342% | 3.348% | 3.333% | 3.298% |
| 12 | CET1 available after meeting the bank's minimum capital requirements (%) | 10.614% | 12.702% | 13.271% | 14.317% | 13.900% |
| Basel III leverage ratio | | | | | | |
| 13 | Total Basel III leverage ratio exposure measure | 305,868,051 | 287,734,032 | 269,498,346 | 264,732,791 | 261,210,893 |
| 14 | Basel III leverage ratio (%) (row 2 / row 13) | 14.9% | 16.3% | 16.9% | 17.2% | 16.9% |
| 14a | Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row13) | 14.6% | 15.9% | 16.5% | 16.8% | 0 |
| Liquidity Coverage Ratio* | | | | | | |
| 15 | Total HQLA | 79,106,524 | 76,278,237 | 72,005,867 | 75,365,574 | 69,761,208 |
| 16 | Total net cash outflow | 30,855,800 | 33,287,408 | 27,768,849 | 34,538,593 | 26,829,586 |
| 17 | LCR ratio (%) | 256% | 229% | 259% | 218% | 260% |
| Net Stable Funding Ratio | | | | | | |
| 18 | Total available stable funding | 182,800,634 | 185,424,342 | 163,968,307 | 164,731,738 | 161,495,072 |
| 19 | Total required stable funding | 153,773,164 | 143,215,773 | 126,573,587 | 123,969,437 | 124,707,143 |
| 20 | NSFR ratio | 119% | 129% | 130% | 133% | 129% |

* 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 |
| | | Mar 2020 | Dec 2019 | Mar 2020 |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 180,251,578 | 170,453,855 | 14,420,126 |
| 2 | Of which standardised approach (SA) | 180,251,578 | 170,453,855 | 14,420,126 |
| 3 | Of which internal rating-based (IRB) approach | - | - | - |
| 4 | Counterparty credit risk | 9,992,989 | 6,010,287 | 799,439 |
| 5 | Of which standardised approach for counterparty credit risk (SA-CCR) | 9,992,989 | 6,010,287 | 799,439 |
| 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 | 8,594,144 | 8,940,871 | 687,532 |
| 9 | Equity investments in funds – mandate-based approach | - | - | - |
| 10 | Equity investments in funds – fall-back approach | 12,979,859 | 11,674,960 | 1,038,389 |
| 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 | 20,390,629 | 16,998,454 | 1,631,250 |
| 17 | Of which standardised approach (SA) | 20,390,629 | 16,998,454 | 1,631,250 |
| 18 | Of which internal model approaches (IMM) | - | - | - |
| 19 | Operational risk | 14,656,928 | 14,220,800 | 1,172,554 |
| 20 | Of which Basic Indicator Approach | - | - | - |
| 21 | Of which Standardised Approach | 14,656,928 | 14,220,800 | 1,172,554 |
| 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) | 246,866,127 | 228,299,227 | 19,749,290 |

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 | 267,082,755 |
| 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 | 12,812,355 |
| 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) | 25,840,760 |
| 7 | Other adjustments | 132,181 |
| 8 | Leverage ratio exposure (A) | 305,868,051 |

| 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) | 261,858,220 |
| 2 | (Relevant Asset amounts deducted in determining Basel III Tier 1 capital) | |
| 3 | Total on-balance sheet exposures (sum of lines 1 and 2) (a) | 261,858,220 |
| Derivative Exposures | | |
| 4 | Replacement cost associated with <i>all</i> derivatives transactions (i.e. net of eligible cash variation margin) | 5,356,717 |
| 5 | Add-on amounts for Potential Financial Exposure (PFE) associated with <i>all</i> derivatives transactions | 12,812,355 |
| 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) | 18,169,072 |
| 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 | 188,335,919 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (162,495,159) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) (c) | 25,840,760 |
| Capital and Total Exposures | | |
| 20 | Tier 1 capital (B) | 45,485,783 |
| 21 | Total exposures (sum of lines 3, 11, 16 and 19) (A) = (a+b+c) | 305,868,051 |
| Leverage Ratio | | |
| 22 | Basel III Leverage Ratio*** (C) = (B) / (A) | 14.9% |

***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) | | 79,106,524 |
| Cash outflows | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 90,521,865 | 8,858,523 |
| 3 | <i>Stable deposits</i> | 0 | 0 |
| 4 | <i>Less stable deposits</i> | 90,521,865 | 8,858,523 |
| 5 | Unsecured wholesale funding, of which: | 55,391,815 | 28,946,195 |
| 6 | <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i> | 0 | 0 |
| 7 | <i>Non-operational deposits (all counterparties)</i> | 55,375,109 | 28,929,489 |
| 8 | <i>Unsecured debt</i> | 16,706 | 16,706 |
| 9 | Secured wholesale funding | | - |
| 10 | Additional requirements, of which: | 1,703,097 | 221,545 |
| 11 | <i>Outflows related to derivative exposures and other collateral requirements</i> | 56,928 | 56,928 |
| 12 | <i>Outflows related to loss of funding on debt products</i> | 0 | 0 |
| 13 | <i>Credit and liquidity facilities</i> | 1,646,169 | 164,617 |
| 14 | Other contractual funding obligations | - | - |
| 15 | Other contingent funding obligations | 190,845,576 | 5,337,172 |
| 16 | TOTAL CASH OUTFLOWS | | 43,363,435 |
| Cash inflows | | | |
| 17 | Secured lending (eg reverse repos) | - | - |
| 18 | Inflows from fully performing exposures | 23,479,594 | 12,388,186 |
| 19 | Other cash inflows | 119,449 | 119,449 |
| 20 | TOTAL CASH INFLOWS | 23,599,043 | 12,507,635 |
| | | | Total Adjusted Value |
| 21 | TOTAL HQLA | | 79,106,524 |
| 22 | TOTAL NET CASH OUTFLOWS | | 30,855,800 |
| 23 | LIQUIDITY COVERAGE RATIO (%) | | 256% |

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

Tables and templates

KM2 – Key metrics – TLAC requirements (at resolution group level)

CR8 - RWA flow statements of credit risk exposures under IRB

CCR7 - RWA flow statements of CCR exposures under the Internal Model Method (IMM)

MR2 – RWA flow statements of market risk exposures under IMA (Phase I only)