

samba financial group  مجموعة سامبا المالية

**Information on
Capital Structure, Liquidity Coverage and
Leverage Ratios
as per Basel-III Framework**

**as at
December 31, 2015**

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Capital Structure

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TABLE 2: CAPITAL STRUCTURE

Statement of Financial Position - Step 1 (Table 2(b))

All figures are in SAR'000

December 31, 2015

	Statement of Financial Position in Published financial statements	Adjustment of banking associates / other entities	Under regulatory scope of consolidation
Assets			
Cash and balances with central banks	15,299,930	-	15,299,930
Due from banks and other financial institutions	14,396,550	-	14,396,550
Investments, net	69,705,054	-	69,705,054
Loans and advances, net	129,818,882	-	129,818,882
Debt securities	-	-	-
Trading assets	-	-	-
Investment in associates	-	-	-
Derivatives	-	-	-
Goodwill	22,604	-	22,604
Other intangible assets / deferred tax	32,061	-	32,061
Property and equipment, net	2,267,212	-	2,267,212
Other assets (excluding goodwill and deferred tax)	3,700,386	-	3,700,386
Total Assets	235,242,679	-	235,242,679
Liabilities and Equity			
Liabilities			
Due to banks and other financial institutions	19,191,178	-	19,191,178
Items in the course of collection due to other banks	-	-	-
Customer deposits	171,395,618	-	171,395,618
Trading liabilities	-	-	-
Debt securities in issue	-	-	-
Derivatives	-	-	-
Retirement benefit liabilities	-	-	-
Taxation liabilities	-	-	-
Accruals and deferred income	-	-	-
Borrowings	-	-	-
Other liabilities	4,296,026	-	4,296,026
Total Liabilities	194,882,822	-	194,882,822
Share capital	18,953,664	-	18,953,664
Statutory reserve	12,000,000	-	12,000,000
Other reserves	335,507	-	335,507
Retained earnings	8,961,430	-	8,961,430
Non-controlling interest	109,256	-	109,256
Proposed dividends	-	-	-
Total Liabilities and Equity	235,242,679	-	235,242,679

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TABLE 2: CAPITAL STRUCTURE

Statement of Financial Position - Step 2 (Table 2(c))

December 31, 2015

All figures are in SAR'000

	Statement of Financial Position in Published financial statements (C)	Adjustment of banking associates / other entities (D)	Under regulatory scope of consolidation (E)	Reference
Assets				
Cash and balances with central banks	15,299,930	-	15,299,930	
Due from banks and other financial institutions	14,396,550	-	14,396,550	
Investments, net	69,705,054	-	69,705,054	
Loans and advances, net	129,818,882	-	129,818,882	
<i>which is net of credit loss provision - portfolio</i>	1,207,345	-	1,207,345	A
Debt securities				
Trading assets				
Investment in associates				
Derivatives				
Goodwill	22,604	-	22,604	B
Other intangible assets / deferred tax	32,061	-	32,061	
<i>of which ineligible (to be deducted) deferred tax assets</i>	5,093	-	5,093	C
Property and equipment, net	2,267,212	-	2,267,212	
Other assets (excluding goodwill and deferred tax)	3,700,386	-	3,700,386	
Total Assets	235,242,679	-	235,242,679	
Liabilities				
Due to banks and other financial institutions	19,191,178	-	19,191,178	
Items in the course of collection due to other banks				
Customer deposits	171,395,618	-	171,395,618	
Trading liabilities				
Debt securities in issue				
Derivatives				
Retirement benefit liabilities				
Taxation liabilities				
Accruals and deferred income				
Borrowings				
Other liabilities	4,296,026	-	4,296,026	
Total Liabilities	194,882,822	-	194,882,822	
Share capital	18,953,664	-	18,953,664	D
<i>of which paid in capital</i>	20,000,000	-	20,000,000	
<i>of which Investments in own shares (excluding amounts already derecognised under the relevant accounting standards)</i>	(1,046,336)	-	(1,046,336)	E
Statutory reserve	12,000,000	-	12,000,000	F
Other reserves	335,507	-	335,507	
<i>of which unrealised gains on available for sale financial assets</i>	365,823	-	365,823	G
<i>of which exchange translation reserve from converting foreign currency subsidiaries and branches to the group currency</i>	(168,373)	-	(168,373)	H
<i>of which general reserve</i>	130,000	-	130,000	I
<i>of which cash flow hedge reserve</i>	8,057	-	8,057	J
Retained earnings	8,961,430	-	8,961,430	
Non-controlling interest	109,256	-	109,256	
Proposed dividends	-	-	-	K
Total Liabilities and Equity	235,242,679	-	235,242,679	

Samba Financial Group		
TABLE 2: CAPITAL STRUCTURE		
Common Template (transition) - Step 3 (Table 2(d)) i		
(From January 2013 to 2018 identical to post 2018) With amount subject to Pre- Basel III Treatment		

		December 31, 2015		
		Components of regulatory capital reported by the bank	Amounts subject to Pre - Basel III treatment	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2
<i>All figures are in SAR'000</i>				
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	20,000,000		D
2	Retained earnings	8,961,430		
3	Accumulated other comprehensive income (and other reserves)	12,335,507		F+G+H+I+J+K
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)	17,216		
6	Common Equity Tier 1 capital before regulatory adjustments	41,314,153		
Common Equity Tier 1 Capital: Regulatory Adjustments				
7	Prudential valuation adjustments			
8	Goodwill (net of related tax liability)	22,604		B
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)	5,093		C
11	Cash-flow hedge reserve	8,057		J
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)	1,046,336		E
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% threshold)			
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			
REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT				
OF WHICH: [INSERT NAME OF ADJUSTMENT]				
OF WHICH: ...				
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	1,082,090		
29	Common Equity Tier 1 capital (CET1)	40,232,063		
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)	5,201		
35	of which: instruments issued by subsidiaries subject to phase out			
36	Additional Tier 1 capital before regulatory adjustments	5,201		
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 (amount above 10% threshold)			
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			
REGULATORY ADJUSTMENTS APPLIED TO ADDITIONAL TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT				
OF WHICH: [INSERT NAME OF ADJUSTMENT]				
OF WHICH: ...				
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)	5,201		
45	Tier 1 capital (T1 = CET1 + AT1)	40,237,264		

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TABLE 2: CAPITAL STRUCTURE	
Common Template (transition) - Step 3 (Table 2(d)) ii	
(From January 2013 to 2018 identical to post 2018) With amount subject to Pre- Basel III Treatment	

December 31, 2015

	Components of regulatory capital reported by the bank	Amounts subject to Pre - Basel III treatment	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2
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All figures are in SAR'000

Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	
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)	2,490
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	
50	Provisions	1,207,345
51	Tier 2 capital before regulatory adjustments	1,209,835
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 (amount above the 10% threshold)	
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	
	REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	
	OF WHICH: [INSERT NAME OF ADJUSTMENT]	
	OF WHICH: ...	
57	Total regulatory adjustments to Tier 2 capital	0
58	Tier 2 capital (T2)	1,209,835
59	Total capital (TC = T1 + T2)	41,447,099
	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	
	OF WHICH: [INSERT NAME OF ADJUSTMENT]	
	OF WHICH: ...	
60	Total risk weighted assets	206,643,117
Capital Ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	19.5%
62	Tier 1 (as a percentage of risk weighted assets)	19.5%
63	Total capital (as a percentage of risk weighted assets)	20.1%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement expressed as a percentage of risk weighted assets)	
65	<i>of which: capital conservation buffer requirement</i>	
66	<i>of which: bank specific countercyclical buffer requirement</i>	
67	<i>of which: G-SIB buffer requirement</i>	
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	
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)	1,207,345
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,271,115
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)	

Note: Items which are not applicable have been left blank.

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TABLE 2: CAPITAL STRUCTURE

Main Features of Regulatory Capital Instruments - (Table 2(e))		
1	Issuer	Samba Financial Group
2	Unique identifier (e.g. CUSPIN, ISIN or Bloomberg identifier for private placement)	SAMBA:AB
3	Governing law(s) of the instrument	Saudi Arabia
Regulatory treatment		
4	Transitional Basel III rules	Not Applicable
5	Post-transitional Basel III rules	Not Applicable
6	Eligible at solo/igroup/group&solo	Group
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (SAR in millions, as of December 31, 2015)	20000
9	Par value of instrument (SAR)	10
10	Accounting classification	Equity
11	Original date of issuance	July 12, 1980
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
Convertible or 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
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 write-down, 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

Liquidity Coverage Ratio (LCR)

1. Introduction

The Liquidity Coverage Ratio (LCR) report for Samba Financial Group (“Samba” or “the bank”) has been prepared in accordance with the public/ market disclosure requirements and guidelines in respect of the Liquidity Coverage Ratio Disclosure Standards as published by the Saudi Arabian Monetary Agency (SAMA) in August 2014.

The purpose of this document is to disclose both qualitative and quantitative information regarding Samba’s liquidity position, LCR results and internal liquidity risk measurement and management processes.

Liquidity risk is defined as the risk that a bank does not have enough financial resources to meet its obligation and commitments to a customer, creditor, or investor as they fall due. It is the risk to earnings or capital arising from a bank’s inability to meet its obligations when they come due without incurring unacceptable losses. It generally arises from either an inadequate liabilities profile or a bank’s failure to recognize or address changes in market conditions that affect its ability to liquidate assets (i.e. convert them to cash) quickly and with minimal loss in value. The objectives of liquidity management are to ensure that all maturing obligations and commitments are paid fully promptly.

Samba Financial Group’s Board of Directors has overall responsibility for the bank’s liquidity risk management and ensuring the risk exposures are maintained at prudent levels and to this end, it has established an appropriate liquidity risk management framework for the management of the bank’s funding and liquidity management requirements. To assist in overseeing the risks to which Samba is exposed, the Board appoints Board Committees and defines their terms of reference. The Executive Committee of the Samba Board of Directors formulates high level strategies and policies and monitors the bank’s risk profile on an ongoing basis. The bank’s liquidity risk policies are designed to identify and quantify these risks, set appropriate limits in line with the defined risk appetite, ensuring control and monitoring adherence to the limits. The bank’s Asset and Liabilities Committee (ALCO) is responsible for monitoring and management of liquidity, the balance sheet and market risks while the Market Risk Policy Committee (MRPC) is the management body for market and liquidity risk issues, including establishing and updating policies and guidelines, reviewing and approving market risk limits and exceptions.

Samba manages liquidity risk by setting conservative loans to deposits ratio, maintaining adequate reserves, high quality liquid assets, banking facilities and reserve borrowing facilities and continuously monitoring forecast and actual cash flows. The bank’s appetite for funding liquidity risk (i.e. funding of longer tenor assets by shorter contractual tenor liabilities) is expressed in the liquidity risk limits framework. This limits framework also includes liquidity ratio targets that set the appetite for funding diversification (in terms of funding sources and tenor), minimum holdings of liquid assets, large fund providers and cross currency funding which also act as early warning indicators of structural balance sheet changes. Appetite for risk is also constrained by the requirement to be fully liquid under adverse scenarios. This is assessed via regular stress scenario analyses covering market-wide events, entity specific events and a combination of the two.

The risk appetite as expressed via the liquidity risk limits framework is also aligned with the regulatory risk framework which mandates compliance with the two key risk measures, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

2. Liquidity Coverage Ratio (LCR)

The LCR is one of two minimum standards for funding liquidity (the other being the Net Stable Funding Ratio – NSFR) introduced by Basel III, to promote short-term resilience of a bank’s liquidity risk profile by ensuring that it has sufficient High Quality Liquid Assets (HQLA) to survive a significant stress scenario lasting for one month.

The LCR has two components:

- (a) Value of the stock of HQLA in stressed conditions; and
- (b) Total net cash outflows, calculated according to the scenario parameters outlined in the Basel III LCR standards document¹.

The LCR is defined as:

$$\frac{\text{Stock of HQLA}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

The LCR has been fully effective from 1st January 2015 with the minimum requirement set at 60% and rising in equal annual steps to reach 100% by 1st January 2019.

	1st January 2015	1st January 2016	1st January 2017	1st January 2018	1st January 2019
Minimum LCR	60%	70%	80%	90%	100%

As of 31st December 2015, the average LCR for the fourth quarter of 2015 was 190%, well above the regulatory minimum threshold of 60% for 2015 as well as the 100% threshold which becomes fully effective in January 2019. This reflects SAMBA’s substantial holdings of High Quality Liquid Assets as well as its large base of customer deposits.

3. High Quality Liquid Assets (HQLA)

HQLA comprises of assets that can be easily and immediately converted into cash at little or no loss of value. There are two categories of assets that can be included in the stock of HQLA. Level 1 assets can be included without limit at no haircut and comprises of coins and banknotes, central bank reserves, Saudi government securities, high quality foreign sovereigns, multilateral development banks and supranationals. Level 2 assets can be included, subject to the requirement that they comprise no more than 40% of the overall stock of HQLA after haircuts have been applied. This may comprise of certain qualifying government securities, public sector and corporate bonds. For the quarter ended December 2015, the stock of HQLA comprises of 100% Level 1 assets.

¹ Basel III: International framework for liquidity risk measurement, standards and monitoring. January 2013

4. Net Cash Outflows

Net cash outflows is defined as the total expected cash outflows minus total expected cash inflows in the specified stress scenario for the subsequent 30 calendar days. Total expected cash outflows are calculated by multiplying the outstanding balances of various categories of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or drawn down. Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in under the stress scenario up to an aggregate cap of 75% of total expected cash outflows.

Samba Financial Group

Liquidity Coverage Ratio (LCR) Common Disclosure Prudential Return

December 31, 2015

<i>All figures are in SAR'000</i>		TOTAL UNWEIGHTED ^a VALUE (average)	TOTAL WEIGHTED ^b VALUE (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total High Quality Liquid Assets (HQLA)		66,736,827
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers, of which:	97,901,972	9,584,155
3	<i>Stable deposits</i>	-	-
4	<i>Less stable deposits</i>	97,901,972	9,584,155
5	Unsecured wholesale funding, of which:	55,235,898	30,334,415
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-
7	<i>Non-operational deposits (all counterparties)</i>	55,235,898	30,334,415
8	<i>Unsecured debt</i>	-	-
9	Secured wholesale funding		-
10	Additional requirements, of which:	5,664,240	658,194
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	101,967	101,967
12	<i>Outflows related to loss of funding on debt products</i>	-	-
13	<i>Credit and liquidity facilities</i>	5,562,274	556,227
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	206,423,203	5,683,101
16	TOTAL CASH OUTFLOWS		46,259,865
CASH INFLOWS			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	19,852,095	11,056,585
19	Other cash inflows	57,504	57,504
20	TOTAL CASH INFLOWS	19,909,599	11,114,088
TOTAL ADJUSTED^c VALUE			
21	TOTAL HQLA		66,736,827
22	TOTAL NET CASH OUTFLOWS		35,145,776
23	LIQUIDITY COVERAGE RATIO (%)		190%

- a Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and
- b Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).
- c Adjusted values must be 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).
- d The quantitative data is presented as a simple average of monthly observations, using 3 data points, over the fourth quarter of 2015.

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Leverage Ratio

Samba Financial Group

Leverage Ratio Common Disclosure

December 31, 2015

Summary Comparison of Accounting Assets versus Leverage Ratio Exposure Measure (Table 1)

Row #	Item	In SR 000's
1	Total Assets as per published financial statements	235,242,679
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	3,109,290
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)	33,924,120
7	Other adjustments	- 1,773,555
8	Leverage ratio exposure (A)	270,502,534

Leverage Ratio Common Disclosure (Table 2)

Row #	Item	In SR 000's
On-Balance Sheet Exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	232,713,243
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)	232,713,243
Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	2,606,132
5	Add-on amounts for Potential Financial Exposure (PFE) associated with all derivatives transactions	3,109,290
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)	5,715,422
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 **	195,026,457
18	(Adjustments for conversion to credit equivalent amounts)	(161,102,337)
19	Off-balance sheet items (sum of lines 17 and 18) (c)	33,924,120
Capital and Total Exposures		
20	Tier 1 capital (B)	40,237,264
21	Total exposures (sum of lines 3, 11, 16 and 19) (A) = (a+b+c)	272,352,785
Leverage Ratio		
22	Basel III Leverage Ratio*** (C) = (B) / (A)	14.77%

**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 of Material Differences between Bank's Total Assets & On Balance Sheet Exposures (Table 5)

Row #	Item	In SR 000's
1	Total Assets on Financial Statements	235,242,679
2	Total On balance sheet assets Row # 1 on Table 2	232,713,243
3	Difference between 1 and 2 above (see explanation below)	2,529,436
Row #	Explanation	
1	Positive Fair value of Derivatives being disclosed under Row # 4	2,606,132
2	Other adjustments/eliminations	(76,696)
		2,529,436