



SAUDI BRITISH BANK

BASEL III - CAPITAL ADEQUACY RATIO DISCLOSURE

AS AT 31st March 2017



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TABLE 2: CAPITAL STRUCTURE

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

	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	25,200,572		25,200,572
Due from banks and other financial institutions	12,990,948		12,990,948
Investments, net	22,896,088		22,896,088
Loans and advances, net	119,489,954		119,489,954
Debt securities	0		0
Trading assets	0		0
Equity shares	936,427		936,427
Investment in associates	649,359		649,359
Derivatives	524,000		524,000
Goodwill	0		0
Other intangible assets	0		0
Property and equipment, net	1,058,551		1,058,551
Other assets	1,518,074		1,518,074
Total assets	185,263,973	0	185,263,973
Liabilities			
Due to Banks and other financial institutions	2,289,655		2,289,655
Items in the course of collection due to other banks	0		0
Customer deposits	141,570,768		141,570,768
Trading liabilities	0		0
Debt securities in issue	3,033,828		3,033,828
Derivatives	515,973		515,973
Retirement benefit liabilities	417,475		417,475
Taxation liabilities	0		0
Accruals and deferred income	520,086		520,086
Borrowings	1,710,330		1,710,330
Other liabilities	3,260,944		3,260,944
Subtotal	153,319,059	0	153,319,059
Paid up share capital	15,000,000		15,000,000
Statutory reserves	8,557,339		8,557,339
Other reserves	(85,066)		(85,066)
Retained earnings	8,060,709		8,060,709
Minority Interest	0		0
Proposed dividends	411,932		411,932
Total liabilities and equity	185,263,973	0	185,263,973

* For further details on column D please refer to step 1 on page 16 of the guidance notes .

Additional information:

List of entities (including disclosure of such entities balance sheet, balance sheet activity and principal activities)

TABLE 2: CAPITAL STRUCTURE

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

	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	25,200,572		25,200,572	
Due from banks and other financial institutions	12,990,948		12,990,948	
Investments, net	22,896,088		22,896,088	
Loans and advances, net	119,489,954		119,489,954	
of which Collective provisions	1,313,205		1,313,205	A
Debt securities	0		0	
Trading assets	0		0	
Equity shares	936,427		936,427	
Investment in associates	649,359		649,359	
Derivatives	524,000		524,000	
Goodwill	0		0	
Other intangible assets	0		0	
Property and equipment, net	1,058,551		1,058,551	
Other assets	1,518,074		1,518,074	
Total assets	185,263,973	0	185,263,973	
Liabilities				
Due to Banks and other financial institutions	2,289,655		2,289,655	
Items in the course of collection due to other banks	0		0	
Customer deposits	141,570,768		141,570,768	
Trading liabilities	0		0	
Debt securities in issue	3,033,828		3,033,828	
of which Tier 2 capital instruments	3,033,828		3,033,828	B
Derivatives	515,973		515,973	
Retirement benefit liabilities	417,475		417,475	
Taxation liabilities	0		0	
Accruals and deferred income	520,086		520,086	
Borrowings	1,710,330		1,710,330	
Other liabilities	3,260,944		3,260,944	
Subtotal	153,319,059	0	153,319,059	
Paid up share capital	15,000,000		15,000,000	
of which amount eligible for CET1	15,000,000		15,000,000	C
of which amount eligible for AT1				
Statutory reserves	8,557,339		8,557,339	D
Other reserves	(85,066)		(85,066)	E
Retained earnings	8,060,709		8,060,709	F
Proposed dividends	411,932		411,932	G
Total liabilities and equity	185,263,973	0	185,263,973	

Note: Items A & B have been mapped as an example to Table 2d, for further details please refer to step 2 on page 17 of the guidance notes .

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

Amounts¹ 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

(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	15,000,000
2	Retained earnings	8,472,641
3	Accumulated other comprehensive income (and other reserves)	8,472,273
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	31,944,914
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% 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	
29	Common Equity Tier 1 capital (CET1)	31,944,914
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 (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)	(327,518)
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)	
45	Tier 1 capital (T1 = CET1 + AT1)	31,944,914

C
F + G
D + E

¹For detailed explanation of rows (1-85), please refer to SAMA circular # BCS 23295 dated 23 Julv 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

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

Amounts¹ Source based on reference
subject to numbers / letters of the
Pre - balance sheet under the
Basel III regulatory scope of
treatment 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	2,400,000
47	Directly issued capital instruments subject to phase out from Tier 2	0
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	of which: instruments issued by subsidiaries subject to phase out	
50	Provisions	1,313,205
51	Tier 2 capital before regulatory adjustments	
	Tier 2 capital: regulatory adjustments	3,713,205
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)	(327,518)
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	
58	Tier 2 capital (T2)	3,713,205
59	Total capital (TC = T1 + T2)	35,658,119
	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	180,936,296
	Capital ratios	
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	17.66%
62	Tier 1 (as a percentage of risk weighted assets)	17.66%
63	Total capital (as a percentage of risk weighted assets)	19.71%
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	of which: capital conservation buffer requirement	
66	of which: bank specific countercyclical buffer requirement	
67	of which: G-SIB buffer requirement	
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)	1,313,205
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,062,578
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)	

B

B

A

¹ For detailed explanation of rows (1-85), please refer to SAMA circular # BCS 23295 dated 23 Jul 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

B.2 : OV1 Overview of RWA

	RWA		Minimum capital requirements
	Mar-17	Dec-16	Mar-17
1 Credit risk (excluding counterparty credit risk) (CCR)*	162,689,550	158,378,343	13,015,164
2 Of which standardised approach (SA)	162,689,550	158,378,343	13,015,164
3 Of which internal rating-based (IRB) approach			
4 Counterparty Credit Risk	363,471	1,914,981	29,078
5 Of which standardised approach for counterparty credit risk (SA-CCR)**	363,471	1,914,981	29,078
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	329,838	-	26,387
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	2,471,463	2,514,488	197,717
17 Of which standardised approach (SA)	2,471,463	2,514,488	197,717
18 Of which internal model approaches (IMM)			
19 Operational risk	13,458,577	13,333,290	1,076,686
20 Of which Basic Indicator Approach			
21 Of which Standardised Approach	13,458,577	13,333,290	1,076,686
22 Of which Advanced Measurement Approach			
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	1,623,398	1,605,743	129,872
24 Floor adjustment			
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	180,936,296	177,746,845	14,474,904

* SA-CCR became effective from January 2017. The first reporting will take place based on Q1 2017 Prudential's. CCR RWA's as at 31 December 2016 are based on CEM approach.

Pillar I RWA's increase in March 17 was mainly driven by higher Credit Risk RWA's as a result of the increase in interbank placements and growth in equity RWA's due to the new approach of Investment in equity funds. This was partially offset by a reduction in loan book and lower derivatives RWA's due to the new approach of SA-CCR.

TABLE 2: CAPITAL STRUCTURE	
Main features template of regulatory capital instruments - (Table 2(e))	
1 Issuer	Saudi British Bank (SABB)
2 Unique identifier (eg CUSPIN, ISIN or Bloomberg identifier for private placement)	ISIN No.SA13EFK0GJJ0
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/group/group&solo	Solo
7 Instrument type	Subordinated Sukuk
8 Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	SAR 900mil
9 Par value of instrument	SAR 1,500mil
10 Accounting classification	Liability - amortised cost
11 Original date of issuance	17th December 2013
12 Perpetual or dated	Dated
13 Original maturity date	17th December 2020
14 Issuer call subject to prior supervisory approval	Yes
15 Option call date, contingent call dates and redemption amount	Call option only available after 5 years or for a regulatory or tax event, 17th December 2018 as the date for redemption, SABB shall be entitled to redeem in whole, but not in part, by giving not less than thirty (30) days' not more than sixty (60) days' notice to the Sukukholders
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 months SIBOR + 140bps
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)	N/A
25 If convertible, fully or partially	N/A
26 If convertible, conversion rate	N/A
27 If convertible, mandatory or optional conversion	N/A
28 If convertible, specify instrument type convertible into	N/A
29 If convertible, specify issuer of instrument it converts into	N/A
30 Write-down feature	Yes
31 If write-down, write-down trigger (s)	Terms of contract of the instrument provide the legal basis for SAMA to trigger write-down (a contractual approach)
32 If write-down, full or partial	Written down fully or partial
33 If write-down, permanent or temporary	Permanent
34 If temporary writedown, description of the write-up mechsansim	
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated. Senior bondholders are immediately senior to this instrument.
36 Non-compliant transitioned features	N/A
37 If yes, specify non-compliant features	N/A

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 June 2012.

TABLE 2: CAPITAL STRUCTURE	
Main features template of regulatory capital instruments - (Table 2(e))	
1 Issuer	Saudi British Bank (SABB)
2 Unique identifier (eg CUSPIN, ISIN or Bloomberg identifier for private placement)	ISIN No.SA13QVK0GK33
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/group/group&solo	Solo
7 Instrument type	Subordinated Sukuk
8 Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	SAR 1,500mil
9 Par value of instrument	SAR 1,500mil
10 Accounting classification	Liability - amortised cost
11 Original date of issuance	28th May 2015
12 Perpetual or dated	Dated
13 Original maturity date	28th May 2025
14 Issuer call subject to prior supervisory approval	Yes
15 Option call date, contingent call dates and redemption amount	Call option only available after 5 years or for a regulatory or tax event, 28th May 2020 as the date for redemption, SABB shall be entitled to redeem in whole, but not in part, by giving not less than thirty (30) days' not more than sixty (60) days' notice to the Sukukholders
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 months SIBOR + 130bps
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)	N/A
25 If convertible, fully or partially	N/A
26 If convertible, conversion rate	N/A
27 If convertible, mandatory or optional conversion	N/A
28 If convertible, specify instrument type convertible into	N/A
29 If convertible, specify issuer of instrument it converts into	N/A
30 Write-down feature	Yes
31 If write-down, write-down trigger (s)	Terms of contract of the instrument provide the legal basis for SAMA to trigger write-down (a contractual approach)
32 If write-down, full or partial	Written down fully or partial
33 If write-down, permanent or temporary	Permanent
34 If temporary writedown, description of the write-up mechansim	
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated. Senior bondholders are immediately senior to this instrument.
36 Non-compliant transitioned features	N/A
37 If yes, specify non-compliant features	N/A

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 June 2012.