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SAUDI BRITISH BANK

BASEL III - CAPITAL STRUCTURE DISCLOSURE

PILLAR 3 - AS AT 30th June 2014



SAR'000

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	14,763,295		14,763,295
Due from banks and other financial institutions	1,869,872		1,869,872
Investments, net	26,108,946		26,108,946
Loans and advances, net	112,709,618		112,709,618
Debt securities	14,276,867		14,276,867
Trading assets	1,000		1,000
Equity shares	1,088,626		1,088,626
Investment in associates	718,323		718,323
Derivatives	946,509		946,509
Goodwill	0		0
Other intangible assets	0		0
Property and equipment, net	613,987		613,987
Other assets	2,371,050		2,371,050
Total assets	175,468,093	0	175,468,093
Liabilities Due to Banks and other financial institutions	2,802,004		2,802,004
Items in the course of collection due to other banks	0		0
Customer deposits	138,295,464		138,295,464
Trading liabilities	0		0
Debt securities in issue	5,272,105		5,272,105
Derivatives	776,030		776,030
Retirement benefit liabilities	346,944		346,944
Taxation liabilities	0		0
Accruals and deferred income	556,299		556,299
Borrowings	93,750		93,750
Other liabilities	3,175,665		3,175,665
Subtotal	151,318,261	0	151,318,261
Paid up share capital	10,000,000		10,000,000
Statutory reserves	7,934,504		7,934,504
Other reserves	168,535		168,535
Retained earnings	6,046,793		6,046,793
Minority Interest	0		0
Proposed dividends	0		0
Total liabilities and equity	175,468,093	0	175,468,093
* For further details on column D places refer to s	ton 1 on nago 16 of the gu	uidanaa notoo	

* 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)



As at 30 June 2014 SAR'000

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	14,763,295		14,763,295	
Due from banks and other financial institutions	1,869,872		1,869,872	
Investments, net	26,108,946		26,108,946	
Loans and advances, net	112,709,618		112,709,618	
of which Collective provisions	1,147,006		1,147,006	Α
Debt securities	14,276,867		14,276,867	
Trading assets	1,000		1,000	
Equity shares	1,088,626		1,088,626	
Investment in associates	718,323		718,323	
Derivatives	946,509		946,509	
Goodwill	0		0	
Other intangible assets	0		0	
Property and equipment, net	613,987		613,987	
Other assets	2,371,050		2,371,050	
Total assets	175,468,093	0	175,468,093	
<u>Liabilities</u> Due to Banks and other financial institutions Items in the course of collection due to other banks	2,802,004		2,802,004	
	100.005.101		400.005.404	
Customer deposits	138,295,464		138,295,464	
Trading liabilities Debt securities in issue	5,272,105		5,272,105	
	3,000,000		3,000,000	в
of which Tier 2 capital instruments	3,000,000		776.030	D
Derivatives Retirement benefit liabilities	346,944		346,944	
Taxation liabilities	340,944 0		340,944	
Accruals and deferred income	556,299		556,299	
Borrowings	93.750		93.750	
Other liabilities	3,175,665		3,175,665	
Subtotal	151,318,261	0	151,318,261	
Subiolal	151,310,201	0	131,310,201	
Paid up share capital	10,000,000		10,000,000	
of which amount eligible for CET1	, ,		, ,	С
<u> </u>	10,000,000		10,000,000	C
of which amount eligible for AT1	7 004 504		7 004 504	5
Statutory reserves	7,934,504		7,934,504	D
Other reserves	168,535		168,535	E
Retained earnings	6,046,793		6,046,793	F
Minority Interest	0		0	~
Proposed dividends	0		0	G
Total liabilities and equity	175,468,093	0	175,468,093	

<u>Note:</u> 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 .

SAR'000

Components¹ of regulatory capital

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 subject to numbers / letters of the Pre - Basel balance sheet under the III regulatory scope of treatment consolidation from step 2

> C F + G D + E

		regulatory capital reported by the bank	Pre - Basel bala III regu treatment con:
(2)		Dank	treatment con
	Common Equity Tier 1 capital: Instruments and reserves		
	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	10,000,000	
	Retained earnings	6,046,793	
	Accumulated other comprehensive income (and other reserves)	8,103,039	
	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
	Common share capital isued by subsidiaries and held by third parties (amount allowed in group CET1)		ii
6	Common Equity Tier 1 capital before regulatory adjustments	24,149,832	
_	Common Equity Tier 1 capital: Regulatory adjustments		
	Prudential valuation adjustments		
	Goodwill (net of related tax liability)		ii
	Other intangibles other than mortgage-servicing rights (net of related tax liability)		ki
	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) Cash-flow hedge reserve		ki
	Cash-illow neogen reserve Shortfall of provisions to expected losses		ŀ−!
	Shoritan or provisions to expected losses Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)		ii
	Securitisation gain on sale (as set out in paragraph back) of back in nameworky		<u>i</u> i
	Defined-benefit pension fund net assets		}!
	Demined-contain person normal reasons and the assessment of the second s		
	Investments in our states of the test of part of capital on reported balance sheety. Reciprocal cross-holdings in common equity		ii
	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short		ii
10	positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
10	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)		i i
20	Mortgage servicing rights (amount above 10% threshold)		}!
	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		<u> </u>
	Amount exceeding the 15% threshold		11
23			ii
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		[
26	National specific regulatory adjustments		[]
1			
ļ	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT		
ļ	OF WHICH: [INSERT NAME OF ADJUSTMENT]		
i	OF WHICH:		
27			
28			
29	Common Equity Tier 1 capital (CET1)	24,149,832	
-	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus		
31			
32			
	Directly issued capital instruments subject to phase out from Additional Tier 1 Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group	+	
34	Additional rier Linstruments (and CETT instruments not included in row 5) issued by subsidiaries and neid by third parties (amount allowed in group AT1)		
25	A(1) of which: instruments issued by subsidiaries subject to phase out	+	
30			
- 30	Additional Ter 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments		اا
	Reciprocal cross-holdings in Additional Tier 1 instruments		ii
	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short		<u>}</u> !
	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		}l
1.0	short positions)		(362,000)
41	National specific regulatory adjustments		· _ · · · · · · · · · · · · · · · · · ·
<u> </u>	REGULATORY ADJUSTMENTS APPLIED TO ADDITIONAL TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT		
<u> </u>	OF WHICH: [INSERT NAME OF ADJUSTMENT]		
<u> </u>			
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	† i	
	Total regulatory adjustments to Additional Tier 1 capital		
	Additional Tier 1 capital (AT1)		
	Tier 1 capital (T1 = CET1 + AT1)	24,149,832	
-			

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 ⁽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.

As at 30 June 2014 SAR'000

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

Components¹ of regulatory capital reported by the bank

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Amounts¹ Source based on reference subject to numbers / letters of the Pre - Basel balance sheet under the regulatory scope of consolidation from step 2 treatment

B B

A

		bank	treatment
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1,500,000	
	Directly issued capital instruments subject to phase out from Tier 2	480,000	
	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	1,147,006	
51	Tier 2 capital before regulatory adjustments		
	Tier 2 capital: regulatory adjustments	3,127,006	
	Investments in own Tier 2 instruments		Ì
	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		1
	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		Ì
	positions)		(362,000)
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:		
	Total regulatory adjustments to Tier 2 capital	0 407 000	
	Tier 2 capital (T2) Total capital (TC = T1 + T2)	3,127,006 27,276,838	
29	INDE CADINATION FILTER IN THE AND A CONTRACT OF A MOUNTS SUBJECT TO PRE-BASEL III TREATMENT	21,270,030	
	OF WHICH INSERT NAME OF ADJUSTMENT]		
60	Or which assets	161,383,077	
50	Capital ratios	101,505,077	
81	Capital ratios	14.96%	
	Tier 1 (as a percentage of risk weighted assets)	14.96%	
63	Total capital (as a percentage of risk weighted assets)	16.90%	
	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB	1010070	
04	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)		
	Non-significant investments in the capital of other financials		
	Significant investments in the common stock of financials		
	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		
	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,147,006	
	Cap on inclusion of provisions in Tier 2 under standardised approach	1,856,428	
	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
/9	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
00	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
	Current cap on CET1 instruments subject to phase out arrangements		
	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	↓	
	Current cap on AT1 instruments subject to phase out arrangements		
	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)		
00			
_			

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	
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. SA131VK0GJ37
	The instrument is governed by th
3 Governing law(s) of the instrument	of the Kingdom of Saudi Arabia
Regulatory treatment	
4 Transitional Basel III rules	Tier 2
5 Post-transitional Basel III rules	Ineligible
6 Eligible at solo/Igroup/group&solo	Solo
7 Instrument type	Subordinated Sukuk
8 Amount recognied in regulatory capital (Currency in mil, as of most recent reporting date)	SAR 810mil
9 Par value of instrument	SAR 1,500mil
10 Accounting classification	Liability - amortised cost
11 Original date of issuance	28th March 2012
12 Perpetual or dated	Dated
13 Original maturity date	28th March 2017
14 Issuer call subject to prior supervisory approval	Yes
	Call option only available for a
	regulatory or tax event. SABB wi
	entitled to redeem in whole, but r
	part, by giving not less than thirty
	days' not more than (60) days' no
15 Option call date, contingent call dates and redemption amount	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	3 month SIBOR + 120bps
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 instrument it converts into	N/A
30 Write-down feature	No
31 If write-down, write-down trigger (s)	NA
31 If write-down, full or partial	N/A
32 If write-down, full or partial 33 If write-down, permanent or temporary	N/A N/A
	N/A N/A
34 If temporary writedown, description of the write-up mechansim	IN/A
	Subordinated. Senior bondholde
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	immediately senior to this instrum
36 Non-compliant transitioned features	Yes
37 If yes, specify non-compliant features	No writedown or non convertible

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.



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
	The instrument is governed by the
3 Governing law(s) of the instrument	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/lgroup/group&solo	Solo
7 Instrument type	Subordinated Sukuk
8 Amount recognied 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	17th December 2013
12 Perpetual or dated	Dated
13 Original maturity date	17th December 2020
14 Issuer call subject to prior supervisory approval	Yes
	Call option only available after 5 ye
	or for a regulatory or tax event, 17
	December 2018 as the date for
	redemption, SABB shall be entitle
	redeem in whole, but not in part, b
	giving not less than thirty (30) day
	more than sixty (60) days' notice to
15 Option call date, contingent call dates and redemption amount	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
	Terms of contract of the instrumer
	provide the legal basis for SAMA
	trigger write-down (a contractual
31 If write-down, write-down trigger (s)	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	
OF Desition is sub-suffration bissession in Variability (see all instrument time instruments).	Subordinated. Senior bondholder
	immediately senior to this instrume
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) 36 Non-compliant transitioned 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.