

SAUDI BRITISH BANK

PILLAR 3 - QUANTITATIVE DISCLOSURES

AS AT 30th JUNE 2009

As at 30th JUNE '09

Table 1 - SCOPE OF APPLICATION	
Capital Deficiencies (Table 1, (e))	
Particulars	Amount
The aggregate amount of capital deficiencies in subsidiaries not included in the consolidation i.e that are deducted	SAR'000
1. HSBC Saudi Arabia Limited	146,810
2. Saudi Travellers Cheque Company	5,676
3. SABB Takaful	15,023

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Table 2 - CAPITAL STRUCTURE	
Capital Structure (Table 2, (b to (e))	
Components of capital	Amount SAR'000
Core capital - Tier1:	
Eligible paid-up share capital	7,500,000
Shares premium accounts	-
Eligible reserves	4,334,863
Minority interests in the equity of subsidiaries	
Retained earnings	(694,555)
IAS type adjustments	-
Deductions from Tier 1:	
Interim losses during the year	
Intangible assets (including goodwill)	
Other country specific deductions from Tier 1 at 50%	
Regulatory calculation differences deduction from Tier 1 at 50%	
Reciprocal holding of bank capital at 50% deduction	
Significant minority investments at 10% and above at 50% deduction:	
Banking and securities entities not fully consolidated	73,405
Insurance organizations	7,512
Commercial organizations	2,838
Total Tier I	11,056,553
Supplementary capital - Tier 2:	
Revaluation gains/ reserves	-
Subordinated loan capital	-
Qualifying general provisions	784,360
Interim profits	1,435,942
Deductions from Tier 2:	
Reciprocal holding of bank capital at 50% deduction	
Significant minority investments at 10% and above at 50% deduction	
Banking and securities entities not fully consolidated	73,405
Insurance organizations	7,512
Commercial Organizations	2,838
Other country specific deductions from Tier2 at 50%	
Regulatory calculation differences deduction from Tier 2 at 50%	
Total Tier II	2,136,547
Capital to cover market risks - Tier III	
Short Term Subordinated Debt	
Tier I and Tier II Capital Available for Market Risk	
Total eligible capital	13,193,100

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Table 3 - CAPITAL ADEQUACY		
Amount of Exposures Subject To Standardized Approach of Credit Risk and related Capital Requirements (Table 3, (b))		
Portfolios	Amount of exposure	Capital requirement
Sovereigns and central banks:		
SAMA and Saudi Government	24,918,432	-
Others	1,953,175	-
Multilateral Development Banks (MDBs)	-	-
Public Sector Entities (PSEs)	-	-
Banks and securities firms	5,548,458	88,775
Corporates	70,559,803	5,136,789
Retail non-mortgages	12,165,275	716,918
Small Business Facilities Enterprises (SBFE's)	-	-
Mortgages		
Residential	2,765,086	221,207
Commercial	-	-
Securitized assets	-	-
Equity	67,557	5,405
Others	2,305,616	120,924
Total	120,283,402	6,290,018



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Table 3 - CAPITAL ADEQUACY					
Capital requirements for Market Risk* (822, Table 3, (d))					
	Interest rate risk	Equity position risk	Foreign exchange risk	Commodity risk	Total
Standardised approach	23,813		59,619	-	83,432

Table 3 - CAPITAL ADEQUACY	
Capital Requirements for Operational Risk* (Table 3, (e))	
Particulars	Capital requirement
Standardized approach	695,850

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Table 3 - CAPITAL ADEQUACY		
Capital Adequacy Ratios (TABLE 3,(f))		
Particulars	Total capital ratio	Tier 1 capital ratio
	%	
Top consolidated level	12.55%	10.52%

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Table 4 (STA) : CREDIT RISK : GENERAL DISCLOSURES		
Credit Risk Exposure (Table 4. (b))		
Portfolios	Total gross credit risk exposure	Average gross credit risk exposure over the period
Sovereigns and central banks:		
SAMA and Saudi Government	24,945,432	
Others	1,953,175	
Multilateral Development Banks (MDBs)	-	
Public Sector Entities (PSEs)	-	
Banks and securities firms	9,722,738	
Corporates	86,049,240	
Retail non-mortgages	11,707,232	
Small Business Facilities Enterprises (SBFE's)	-	
Mortgages		
Residential	2,765,086	
Commercial	-	
Securitized assets	-	
Equity	67,557	
Others	2,305,616	
Total	139,516,076	-

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Table 4 (STA) : CREDIT RISK : GENERAL DISCLOSURES							
Geographic Breakdown (Table 4, c)							
Portfolios	Saudi Arabia	Other GCC & Middle East	Europe	North America	South East Asia	Other countries	Total
Sovereigns and central banks:							
SAMA and Saudi Government	24,945,432	-	-	-	-	-	24,945,432
Others	-	1,362,878	-	590,297	-	-	1,953,175
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-
Banks and securities firms	5,761,054	418,237	2,840,053	428,539	157,776	117,079	9,722,738
Corporates	82,173,075	2,221,791	1,298,007	283,135	0	73,232	86,049,240
Retail non-mortgages	11,707,232	-	-	-	-	-	11,707,232
Small Business Facilities Enterprises (SBFE's)	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-
Residential	2,765,086	-	-	-	-	-	2,765,086
Commercial	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-
Equity	5,218	-	62,339	-	-	-	67,557
Others	2,305,616	-	-	-	-	-	2,305,616
Total	129,662,713	4,002,906	4,200,399	1,301,971	157,776	190,311	139,516,076

Table 4 (STA) : CREDIT RISK : GENERAL DISCLOSURES

Industry Sector Breakdown (Table 4, d)													
Portfolios	Government and quasi government	Banks and other financial institutions	Agriculture and fishing	Manufacturing	Mining and quarrying	Electricity, water, Gas and health services	Building and construction	Commerce	Transportation and communication	Services	Consumer loans and credit cards	Others	Total
Sovereigns and central banks:													
SAMA and Saudi Government	24,945,432	-	-	-	-	-	-	-	-	-	-	-	24,945,432
Others	1,953,175	-	-	-	-	-	-	-	-	-	-	-	1,953,175
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	-	9,722,738	-	-	-	-	-	-	-	-	-	-	9,722,738
Corporates	72,796	3,860,641	1,289,896	21,787,474	968,870	2,403,556	12,096,725	27,318,403	5,817,466	904,125	-	9,529,288	86,049,240
Retail non-mortgages	-	-	-	-	-	-	-	-	-	-	11,707,232	-	11,707,232
Small Business Facilities Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	-	-	-	-	-	-	-	2,765,086	-	2,765,086
Commercial	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity	-	67,557	-	-	-	-	-	-	-	-	-	-	67,557
Others	-	-	-	-	-	-	-	-	-	-	-	2,305,616	2,305,616
Total	26,971,403	13,650,936	1,289,896	21,787,474	968,870	2,403,556	12,096,725	27,318,403	5,817,466	904,125	14,472,318	11,834,904	139,516,076

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Table 4 (STA) : CREDIT RISK : GENERAL DISCLOSURES

Residual Contractual Maturity Breakdown (Table 4, (e))										
Portfolios	Maturity breakdown									
	Less than 8 days	8-30 days	30-90 days	90-180 days	180-360 days	1-3 years	3-5 years	Over 5 years	*No Maturity	Total
Sovereigns and central banks:										
SAMA and Saudi Government	3,175,763	251,597	452,119	5,662,758	6,394,029	1,249,009	2,632,047	5,128,110	-	24,945,432
Others	-	-	-	-	450,673	549,211	878,699	74,592	-	1,953,175
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Public Sector Entities	-	-	-	-	-	-	-	-	-	-
Banks and Securities Firms	6,056,632	450,579	405,047	747,990	498,735	1,147,416	203,330	213,009	-	9,722,738
Corporates	13,312,695	11,354,099	16,298,545	12,108,615	7,488,527	12,698,191	9,449,156	3,339,412	-	86,049,240
Retail non-mortgages	1,886,230	157,170	141,706	123,118	177,031	2,352,047	5,095,018	1,774,912	-	11,707,232
Small Business Facilities Enterpris	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	404	3,142	27,774	124,923	2,608,843	-	2,765,086
Commercial	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	67,557	67,557
Others	-	-	-	-	-	-	-	-	2,305,616	2,305,616
Total	24,431,320	12,213,445	17,297,417	18,642,885	15,012,137	18,023,648	18,383,173	13,138,878	2,373,173	139,516,076

Table 4 (STA) : CREDIT RISK : GENERAL DISCLOSURES

Impaired loans, Past Due Loans and Allowances (Table 4, (f))											
Industry sector	Impaired loans	Defaulted	Aging of Past Due Loans (days)				Specific allowances				General allowances
			Less than 90	90-180	180-360	Over 360	Balance at the beginning of the period	Charges during the period	Charge-offs during the period	Balance at the end of the period	
Government and quasi government								-			
Banks and other financial institutions	-							-			
Agriculture and fishing	614,364							-			3,824
Manufacturing	33,899			5,925			35,009	23,718		58,727	85,820
Mining and quarrying	24,443						-	-		-	72
Electricity, water. Gas and health services	-						7,128	-		7,128	4,937
Building and construction	33,358		3,542				33,039	32,499		65,538	57,886
Commerce	146,141		25,790				24,967	9,903		34,870	94,495
Transportation and communication	-		43,000				1,482	-		1,482	5,048
Services	785,854		110,471				14,817	2,714		17,531	119,785
Consumer loans and credit cards	31,251		983,586	159,817			248,728	155,371	(143,055)	261,044	5,395
Others	204,569		1,680,099				34,662	58,887		93,549	
Total	1,873,879	-	2,846,488	165,742	-	-	399,832	283,092	(143,055)	539,869	377,262

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Table 4 (STA) : CREDIT RISK : GENERAL DISCLOSURES		
Reconciliation of Changes In The Allowances For Loan Impairment (Table 4, (h))		
Particulars	Specific allowances	General allowances
Balance, beginning of the year	399,832	229,690
Charge-offs taken against the allowances during the period	(143,055)	
Amounts set aside (or reversed) during the period	283,092	147,572
Other adjustments:		
- exchange rate differences		
- business combinations		
- acquisitions and disposals of subsidiaries		
- etc.		
Transfers between allowances		
Balance, end of the year	539,869	377,262

Table 5 (STA) : CREDIT RISK : DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH

Allocation of Exposures to Risk Buckets (Table 5, (b))

Particulars	Risk buckets									TOTAL	Deducted
	0%	20%	35%	50%	75%	100%	150%	Other risk weights	Unrated		
Sovereigns and central banks											
SAMA and Saudi Government	24,945,432	-	-	-	-	-	-	-	-	24,945,432	-
Others	1,953,175	-	-	-	-	-	-	-	-	1,953,175	-
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	-	7,550,304	-	2,165,319	-	7,115	-	-	-	9,722,738	-
Corporates	400,893	2,265,572	-	3,963,427	-	77,147,543	22,259	-	-	83,799,694	-
Retail non-mortgages	-	-	-	-	11,640,773	66,459	-	-	-	11,707,232	-
Small Business Facilities Enterprises	-	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	-	-	2,765,086	-	-	-	2,765,086	-
Commercial	-	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	67,557	-	-	-	67,557	167,509
Others	794,066	-	-	-	-	1,511,550	-	-	-	2,305,616	-
TOTAL	28,093,566	9,815,876	-	6,128,746	11,640,773	81,565,310	22,259	-	-	137,266,530	167,509

**Table 7 (STA) : CREDIT RISK MITIGATION (CRM) ; DISCLOSURES
FOR STANDARDIZED APPROACH**

Credit Risk Exposure covered by CRM (Table 7, (b) and c))

Portfolios	Covered by	
	Eligible financial collateral*	Guarantees/ credit derivatives
Sovereigns and central banks		
SAMA and Saudi Government		
Others		
Multilateral Development Banks (MDBs)		
Public Sector Entities (PSEs)		
Banks and securities firms		
Corporates	1,549,984	383,268
Retail non-mortgages		
Small Business Facilities Enterprises (SBFE's)		
Mortgages		
Residential		
Commercial		
Securitized assets		
Equity		
Others		
Total	1,549,984	383,268

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Credit Derivative Transactions (Table 8, (c))				
Credir derivative transactions	Proprietary activities		Intermediation Activities	
	Protection bought	Protection sold	Protection bought	Protection sold
Total return swaps				
Credit default swaps				
Credit options				
Credit linked notes		56,250		
Collateralized debt obligations				
Collateralized bond obligations				
Collateralized loan obligations				
Others				
Total	-	56,250	-	-

SAR'000

TABLE 9 (STA) : SECURITIZATION: DISCLOSURES FOR STANDARDIZED APPROACH

Outstanding Exposures Securitized By The Bank (Table 9,(d) to (f))					
Exposures Type	Outstanding exposures		Impaired / Past due assets securitized	Losses recognized by the bank during the current period	Securitization exposures retained or purchased
	Traditional	Synthetic			
Credit cards	NIL				
Home equity loans					
Commercial loans					
Automobile loans					
Small business loans					
Equipment leases					
Others					

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TABLE 9 (STA) : SECURITIZATION: DISCLOSURES FOR STANDARDIZED APPROACH		
Exposures By Risk Weight Bands (Table 9, (g))		
Risk weight bands	Securitization exposures retained or purchased	Associated capital charges
0% to 20%	NIL	
Above 20% to 40%		
Above 40% to 60%		
Above 60% to 80%		
Above 80% to 100%		
Above 100%		

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TABLE 9 (STA) : SECURITIZATION: DISCLOSURES FOR STANDARDIZED APPROACH			
Deductions from capital (Table9, (g))			
Type of underlying assets	Exposures deducted from Tier 1 capital	Credit enhancing I/Os deducted from total capital	Other exposures deducted from total capital
Loans	NIL	NIL	
Commitments			
Asset-backed securities			
Mortgage-backed securities			
Corporate bonds			
Equity securities			
Private equity investments			
Others			

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TABLE 9 (STA) : SECURITIZATION: DISCLOSURES FOR STANDARDIZED APPROACH			
Securitized Subject To Early Amortization Treatment (Table 9, (h))			
Type of underlying assets	Aggregate drawn exposures attributed to the seller's and investor's interest	Aggregate capital charges incurred by the bank against	
		its retained shares of the drawn balances and undrawn lines	the investor's shares of drawn balances and undrawn lines
Loans		NIL	
Commitments			
Asset-backed securities			
Mortgage-backed securities			
Corporate bonds			
Equity securities			
Private equity investments			
Others			

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TABLE 9 (STA) : SECURITIZATION: DISCLOSURES FOR STANDARDIZED APPROACH		
Summary Of Current Year's Securitization Activity (Table 9, (j))		
Exposure types	Amount of exposures securitized	Recognized gain or loss on sale
Credit cards		NIL
Home equity loans		
Commercial loans		
Automobile loans		
Small business loans		
Equipment leases		
Others		

Table 10: MARKET RISK: DISCLOSURES FOR BANKS USING THE STANDARDIZED APPROACH					
Level of Market Risks in Terms Of Capital Requirements (Table 10, (b))					
	Interest rate risk	Equity position risk	Foreign exchange risk	Commodity risk	Total
Capital requirements	23,813	-	59,619	-	83,432

Value of Investments (Table 13, (b))

Unquoted Investments			Quoted Investments		
	Value disclosed in Financial Statements	Fair Value	Value disclosed in Financial Statements	Fair Value	Publicly quoted share values (if materially different from fair value)*
Investments	220,043	220,043	15,023	135,850	-

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Gains and Losses etc. (Table 13, (d) and (e))

Particulars	All Amounts' SAR 000
Cummulative realised gains / (losses) arising from sales and liquidations in the reporting period	
Total unrealised gains (losses)	33,036
Total latent revaluation gains (losses)*	N/A
Unrealised gains (losses) included in capital	(12,814)
Latent revaluation gains (losses) included in Capital *	N/A

*Not applicable to KSA to Date

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Type and Nature of Investments (Table 13, (c))

	All Amount' SAR 000	All Amount' SAR 000
Investments	Publicly traded	Privately held
Government and Quasi-Government		
Banks and Other Financial Institutions	15,023	146,810
Agriculture and Fishing		
Manufacturing		
Mining and Quarrying		
Electricity, water, gas and health services		
Building and Construction		
Commerce		
Transportation and communication		
Services		11,389
Others		61,844
Total	15,023	220,043

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Capital Requirements (Table 13, (f))

	Capital Requirements
Equity Grouping	
Government and Quasi-Government	
Banks and Other Financial Institutions	-
Agriculture and Fishing	
Manufacturing	
Mining and Quarrying	
Electricity, water, gas and health services	
Building and Construction	
Commerce	
Transportation and communication	
Services	457
Others	4,948
Total	5,405

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**Equity Investments Subject To Supervisory Transition Or Grandfathering Provisions
(Table 13, (f))**

	SAR'000
Equity Grouping	Aggregate Amount
Government and Quasi-Government	NIL
Banks and Other Financial Institutions	
Agriculture and Fishing	
Manufacturing	
Mining and Quarrying	
Electricity, water, gas and health services	
Building and Construction	
Commerce	
Transportation and communication	
Services	
Others	
Total	

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Table 14: Interest Rate Risk in the Banking Book (IRRBB)	
200bp Interest Rate Shocks for currencies with more than 5% of Assets or Liabilities	
(Table 14, (b))	
Rate Shocks	Change in Earnings
Upward Rate Shocks	SAR '000
SAR	(255,225)
USD	(94,017)
Downward rate shocks	
SAR	255,225
USD	94,017