

SAUDI BRITISH BANK

PILLAR 3 - QUANTITATIVE DISCLOSURES

AS AT 31ST DECEMBER 2008

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	130,151
2. Saudi Travellers Cheque Company	5,676
3. SABB Takaful	18,205

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	6,000,000
Shares premium accounts	-
Eligible reserves	4,303,289
Minority interests in the equity of subsidiaries	
Retained earnings	(2,157,663)
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	65,076
Insurance organizations	9,103
Commercial organizations	2,837
Total Tier I	8,068,610
Supplementary capital - Tier 2:	
Revaluation gains/ reserves	-
Subordinated loan capital	
Qualifying general provisions	806,726
Interim profits	2,920,019
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	65,076
Insurance organizations	9,103
Commercial Organizations	2,837
Other country specific deductions from Tier2 at 50%	
Regulatory calculation differences deduction from Tier 2 at 50%	
Total Tier II	3,649,729
Capital to cover market risks - Tier III	
Short Term Subordinated Debt	
Tier I and Tier II Capital Available for Market Risk	
Total eligible capital	11,718,339

As at 31 DECEMBER '08
SAR '000

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	32,900,197	-
Others	2,475,144	-
Multilateral Development Banks (MDBs)	-	-
Public Sector Entities (PSEs)	-	-
Banks and securities firms	6,246,597	99,946
Corporates	73,522,029	5,363,512
Retail non-mortgages	9,969,295	589,061
Small Business Facilities Enterprises (SBFE's)	-	-
Mortgages		
Residential	2,491,974	199,358
Commercial	-	-
Securitized assets	-	-
Equity	88,889	7,111
Others	2,002,291	83,532
Total	129,696,416	6,342,520

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	24,205		16,555	-	40,760

Table 3 - CAPITAL ADEQUACY	
Capital Requirements for Operational Risk* (Table 3, (e))	
Particulars	Capital requirement
Standardized approach	685,150

Table 3 - CAPITAL ADEQUACY		
Capital Adequacy Ratios (TABLE 3,(f))		
Particulars	Total capital ratio	Tier 1 capital ratio
	%	
Top consolidated level	11.24%	7.74%

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	32,927,197	
Others	2,475,144	
Multilateral Development Banks (MDBs)	-	
Public Sector Entities (PSEs)	-	
Banks and securities firms	9,305,896	
Corporates	87,632,626	
Retail non-mortgages	9,755,301	
Small Business Facilities Enterprises (SBFE's)		
Mortgages		
Residential	2,491,974	
Commercial	-	
Securitized assets	-	
Equity	88,889	
Others	2,002,291	
Total	146,679,318	-

* Not disclosed as period end position is representative of risk position of the bank during the period

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	32,927,197	-	-	-	-	-	32,927,197
Others	-	972,793	-	1,502,351	-	-	2,475,144
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-
Banks and securities firms	3,542,418	396,950	2,423,553	2,676,810	66,478	199,687	9,305,896
Corporates	83,995,452	2,001,389	1,335,560	216,566	-	83,660	87,632,626
Retail non-mortgages	9,755,301	-	-	-	-	-	9,755,301
Small Business Facilities Enterprises (SBFE's)	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-
Residential	2,491,974	-	-	-	-	-	2,491,974
Commercial	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-
Equity	5,218	-	50,760	32,911	-	-	88,889
Others	2,002,291	-	-	-	-	-	2,002,291
Total	134,719,851	3,371,132	3,809,872	4,428,638	66,478	283,347	146,679,318

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	32,927,197	-	-	-	-	-	-	-	-	-	-	-	32,927,197
Others	2,475,144	-	-	-	-	-	-	-	-	-	-	-	2,475,144
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	-	9,305,896	-	-	-	-	-	-	-	-	-	-	9,305,896
Corporates	1,289,285	3,088,452	1,560,249	15,794,650	3,500	1,842,447	12,844,379	31,493,014	6,513,564	880,437	-	12,322,649	87,632,626
Retail non-mortgages	-	-	-	-	-	-	-	-	-	-	9,755,301	-	9,755,301
Small Business Facilities Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	-	-	-	-	-	-	-	2,491,974	-	2,491,974
Commercial	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity	-	88,889	-	-	-	-	-	-	-	-	-	-	88,889
Others	-	-	-	-	-	-	-	-	-	-	-	2,002,291	2,002,291
Total	36,691,626	12,483,237	1,560,249	15,794,650	3,500	1,842,447	12,844,379	31,493,014	6,513,564	880,437	12,247,275	14,324,940	146,679,318

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	5,576,868	5,127,352	3,506,937	2,487,844	5,798,545	3,789,722	1,481,019	5,158,909	-	32,927,197
Others	-	75,000	355,860	57,934	771	1,093,124	83,172	809,283	-	2,475,144
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Public Sector Entities	-	-	-	-	-	-	-	-	-	-
Banks and Securities Firms	6,883,307	154,466	454,651	268,123	301,381	531,138	353,956	358,874	-	9,305,896
Corporates	11,135,631	10,881,477	20,968,460	14,921,374	5,698,843	10,796,074	9,481,219	3,749,547	-	87,632,626
Retail non-mortgages	114,777	103,494	48,026	88,321	168,255	2,076,091	4,832,620	2,323,717	-	9,755,301
Small Business Facilities Enterprises (S	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-
Residential	-	-	40	33	760	26,407	109,773	2,354,961	-	2,491,974
Commercial	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	88,889	88,889
Others	-	-	-	-	-	-	-	-	2,002,291	2,002,291
Total	23,710,582	16,341,790	25,333,974	17,823,629	11,968,555	18,312,557	16,341,760	14,755,291	2,091,180	146,679,318

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 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	-		1,604					-			4,536
Manufacturing	35,009		51,380				41,132	(6,123)		35,009	62,646
Mining and quarrying	24,443							-		-	-
Electricity, water. Gas and health services	-						7,128	-		7,128	3,554
Building and construction	41,487		1,956				38,715	(5,676)		33,039	65,026
Commerce	39,249		102,549				42,109	(17,142)		24,967	81,469
Transportation and communication	-		40,000				2,729	(1,247)		1,482	4,937
Services	1,179		2,000				1,190	13,627		14,817	248
Consumer loans and credit cards	29,615		1,060,355	183,204			230,583	18,145		248,728	7,273
Others	22,691		1,005,100	8,252			56,960	(22,298)		34,662	
Total	193,674	-	2,264,944	191,456	-	-	420,546	(20,714)	-	399,832	229,690

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	420,546	150,502
Charge-offs taken against the allowances during the period	320,036	79,188
Amounts set aside (or reversed) during the period	(340,750)	
Other adjustments:		
- exchange rate differences		
- business combinations		
- acquisitions and disposals of subsidiaries		
- etc.		
Transfers between allowances		
Balance, end of the year	399,832	229,690

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	32,927,197	-	-	-	-	-	-	-	-	32,927,197	-
Others	2,475,144	-	-	-	-	-	-	-	-	2,475,144	-
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	-	8,305,133	-	997,352	-	3,411	-	-	-	9,305,896	-
Corporates	-	2,473,973	-	3,044,142	-	79,064,871	5,547	-	-	84,588,533	-
Retail non-mortgages	-	-	-	-	9,636,005	119,296	-	-	-	9,755,301	-
Small Business Facilities Enterprises	-	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	-	-	2,491,974	-	-	-	2,491,974	-
Commercial	-	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	88,889	-	-	-	88,889	154,032
Others	958,144	-	-	-	-	1,044,147	-	-	-	2,002,291	-
TOTAL	36,360,485	10,779,106	-	4,041,494	9,636,005	82,812,588	5,547	-	-	143,635,225	154,032

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	2,696,500	347,593
Retail non-mortgages		
Small Business Facilities Enterprises (SBFE's)		
Mortgages		
Residential		
Commercial		
Securitized assets		
Equity		
Others		
Total	2,696,500	347,593

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	-	-

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					
Home equity loans					
Commercial loans					
Automobile loans					
Small business loans					
Equipment leases					
Others					

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%		
Above 20% to 40%		
Above 40% to 60%		
Above 60% to 80%		
Above 80% to 100%		
Above 100%		

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			
Commitments			
Asset-backed securities			
Mortgage-backed securities			
Corporate bonds			
Equity securities			
Private equity investments			
Others			

TABLE 9 (STA) : SECURITIZATION: DISCLOSURES FOR STANDARDIZED APPROACH			
Securitizations 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			
Commitments			
Asset-backed securities			
Mortgage-backed securities			
Corporate bonds			
Equity securities			
Private equity investments			
Others			

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		
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))					
SAR' 000	Interest rate risk	Equity position risk	Foreign exchange risk	Commodity risk	Total
Capital requirements	24,205	-	16,555	-	40,760

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	224,716	224,716	18,205	108,225	-

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

	Publicly traded	Privately held
Investments		
Government and Quasi-Government		
Banks and Other Financial Institutions	18,205	130,151
Agriculture and Fishing		
Manufacturing		
Mining and Quarrying		
Electricity, water, gas and health services		
Building and Construction		
Commerce		
Transportation and communication		
Services		44,296
Others		50,269
Total	18,205	224,716

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

Particulars	
Cummulative realised gains / (losses) arising from sales and liquidations in the reporting period	63,225
Total unrealised gains (losses)	-
Total latent revaluation gains (losses)*	N/A
Unrealised gains (losses) included in capital	20,097
Latent revaluation gains (losses) included in Capital *	N/A

*Not applicable to KSA to Date

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	3,090
Others	4,022
Total	7,111

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

Equity Grouping	
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	

**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	(208,368)
USD	(112,800)
Downward rate shocks	
SAR	208,368
USD	112,800