Basel III Pillar 3

As at 30 June 2019

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NB. Prior period comparative figures reflect SABB positions prior to merger.

KM1: Key metrics (at consolidated group level) (Figures in SAR 000's)

		a	b	c	d	e
		Jun'19	Mar'19	Dec'18	Sep'18	Jun'18
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	41,368,807	34,681,015	33,359,762	34,130,969	34,325,703
1a	Fully loaded ECL accounting model	40,277,207	33,913,907	32,355,002	32,734,608	32,847,203
2	Tier 1	41,368,807	34,681,015	33,359,762	34,130,969	34,325,703
2a	Fully loaded ECL accounting model Tier 1	40,277,207	33,913,907	32,355,002	32,734,608	32,847,203
3	Total capital	44,340,227	37,215,672	36,060,296	37,797,494	38,084,779
3a	Fully loaded ECL accounting model total capital	40,277,207	35,797,255	34,256,652	35,244,869	35,381,999
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	235,669,705	172,849,432	169,382,602	171,398,153	171,032,331
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	17.55%	20.06%	19.69%	19.91%	20.07%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	17.09%	19.62%	19.10%	19.10%	19.21%
6	Tier 1 ratio (%)	17.55%	20.06%	19.69%	19.91%	20.07%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17.09%	19.62%	19.10%	19.10%	19.21%
7	Total capital ratio (%)	18.81%	21.53%	21.29%	22.05%	22.27%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.09%	20.71%	20.22%	20.56%	20.69%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	1.875%	1.875%	1.875%
9	Countercyclical buffer requirement (%)	0.06%	0.07%	0.07%	0.07%	0.07%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.50%	0.50%	0.50%	0.50%	0.50%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	3.06%	3.07%	2.45%	2.45%	2.44%
12	CET1 available after meeting the bank's minimum capital requirements (%)	14.49%	16.99%	17.25%	17.47%	17.63%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	329,149,319	229,320,865	225,820,012	225,778,359	234,130,688
14	Basel III leverage ratio (%) (row 2 / row 13)	12.57%	15.12%	14.77%	15.12%	14.66%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row13)	12.24%	14.79%	14.33%	14.50%	14.03%
Liquidity Coverage Ratio						
15	Total HQLA	62,059,847	42,263,905	37,612,078	39,040,172	39,494,288
16	Total net cash outflow	23,619,148	16,714,110	13,560,433	17,767,140	23,957,969
17	LCR ratio (%)	278%	253%	277%	220%	165%
Net Stable Funding Ratio						
18	Total available stable funding	177,874,636	127,652,915	127,857,915	129,902,783	131,236,912
19	Total required stable funding	117,148,434	79,720,661	79,381,640	81,511,328	90,448,498
20	NSFR ratio	152%	160%	161%	159%	145%

OV1: Overview of RWA (Figures in SAR 000's)

		a	b	c
		RWA		Minimum capital requirements
		Jun-19	Mar-19	Jun-19
1	Credit risk (excluding counterparty credit risk)	209,346,256	154,620,194	16,747,701
2	*Of which: standardised approach (SA)*	*209,346,256*	*154,620,194*	*16,747,701*
3	*Of which: foundation internal ratings-based (F-IRB) approach*			
4	*Of which: supervisory slotting approach*			
5	*Of which: advanced internal ratings-based (A-IRB) approach*			
6	Counterparty credit risk (CCR)	1,013,890	467,028	81,111
7	*Of which: standardised approach for counterparty credit risk*	*1,013,890*	*467,028*	*81,111*
8	*Of which: Internal Model Method (IMM)*	-		
9	*Of which: other CCR*	-		
10	Credit valuation adjustment (CVA)	*742,897*	95,983	59,432
11	Equity positions under the simple risk weight approach			
12	Equity investments in funds – look-through approach			
13	Equity investments in funds – mandate-based approach			
14	Equity investments in funds – fall-back approach	*180,675*	196,775	14,454
15	Settlement risk			
16	Securitisation exposures in banking book			
17	*Of which: securitisation internal ratings-based approach (SEC-IRBA)*			
18	*Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)*			
19	*Of which: securitisation standardised approach (SEC-SA)*			
20	Market risk	2,488,246	2,034,375	199,060
21	*Of which: standardised approach (SA)*	*2,488,246*	*2,034,375*	*199,060*
22	*Of which: internal model approaches (IMA)*			
23	Capital charge for switch between trading book and banking book			
24	Operational risk	*19,265,850*	12,880,824	1,541,268
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	*2,631,891*	2,554,252	210,551
26	Floor adjustment			
27	**Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 26)**	**235,669,705**	**172,849,432**	**18,853,577**

CC1: Composition of regulatory capital (Figures in SAR 000's)

		Components[1] of regulatory capital reported by the bank	Source based on reference letters of the balance sheet under the regulatory scope of consolidation
	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	20,547,945	C
2	Retained earnings	6,761,262	F + G
3	Accumulated other comprehensive income (and other reserves)	28,868,174	D + E
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital isued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	**Common Equity Tier 1 capital before regulatory adjustments**	**56,177,381**	
	Common Equity Tier 1 capital: Regulatory adjustments		
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	14,939,392	H
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	(130,818)	I
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		
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**	14,808,574	
29	**Common Equity Tier 1 capital (CET1)**	41,368,807	
	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**	0	
	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		
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	0	
44	Additional Tier 1 capital (AT1)	0	
45	Tier 1 capital (T1 = CET1 + AT1)	41,368,807	

	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1,500,000	B
47	*Directly issued capital instruments subject to phase out from Tier 2*		
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	1,471,420	A
51	**Tier 2 capital before regulatory adjustments**	**2,971,420**	
	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		
57	Total regulatory adjustments to Tier 2 capital		
58	Tier 2 capital (T2)	2,971,420	
59	Total capital (TC = T1 + T2)	44,340,227	
	RISK WEIGHTED ASSETS IN REPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT		
60	Total risk weighted assets	235,669,705	
	Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	17.55%	
62	Tier 1 (as a percentage of risk weighted assets)	17.55%	
63	Total capital (as a percentage of risk weighted assets)	**18.81%**	
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)	7.56%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical buffer requirement	0.06%	
67	of which: G-SIB buffer requirement	0.50%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	9.99%	
	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)	1,471,420	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	2,673,945	
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)		

CC2: Reconciliation of regulatory capital to balance sheet (Figures in SAR 000's)

	a	b	c
	Balance sheet as in Published financial statements	**Under regulatory scope of consolidation**	**Reference**
Assets			
Cash and balances with SAMA	23,738,405	23,738,405	
Due from banks and other financial institutions	9,128,528	8,931,165	
Positive fair value derivatives	965,082	965,082	
Investments, net	56,092,480	56,092,480	
Loans and advances, net	158,275,404	158,275,404	
of which Stage 1 & 2 provisions	*2,683,758*	*1,471,420*	A
Investment in an associate and a joint venture	624,898	624,898	
Property and equipment, net	3,711,898	3,709,568	
Goodwill	14,939,392		H
Other assets	2,801,965	2,681,842	
Total assets	**270,278,052**	**255,018,845**	
Liabilities			
Due to banks and other financial institutions	3,902,740	3,902,740	
Customers' deposits	196,145,482	196,110,149	
Debt securities in issue	1,500,535	1,500,535	
of which Tier 2 capital instruments	*1,500,535*	*1,500,000*	B
Borrowings	1,697,172	1,697,172	
Negative fair value derivatives	1,276,500	1,276,500	
Other liabilities	10,331,324	9,805,211	
Total liabilities	**214,853,752**	**214,292,307**	
Shareholders' equity			
Share capital	20,547,945	20,547,945	
of which amount eligible for CET1	*20,547,945*	*20,547,945*	C
of which amount eligible for AT1			
Share Premiums	*17,586,986*	*17,586,986*	
Statutory reserves	10,991,100	10,991,100	D
Other reserves	290,088	420,906	E
of which CFH Reserves		*130,818*	I
Retained earnings	5,892,920	6,761,262	F
Proposed dividends	0	0	G
Total shareholders' equity	**55,309,039**	**56,308,199**	
Non-controlling interest	115,260		
CET1 after deduction of Goodwill		41,368,807	H
Total liabilities and shareholders' equity	**270,278,052**	**255,661,114**	

CCA1: Main features of regulatory capital instruments and of other TLAC-eligible instruments

		a
		Quantitative / qualitative information
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
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	NA
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	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

CCyB1: Geographical distribution of credit exposures used in the countercyclical capital buffer

Geographical breakdown	Countercyclical capital buffer rate	Bank-specific countercyclical capital buffer rate
KSA	0.00%	0.000%
GCC and ME	0.0% to 2.5%	0.026%
North America	0.0% to 2.5%	0.002%
Europe	0.0% to 2.5%	0.009%
South East Asia	0.0% to 2.5%	0.017%
Others	0.0% to 2.5%	0.006%
Total		**0.059%**

LR1: Summary comparison of accounting assets vs leverage ratio exposure measure (Figures in SAR 000's)

		A
1	Total consolidated assets as per published financial statements	270,278,052
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	Adjustments for derivative financial instruments	534,171
5	Adjustment for securities financing transactions (ie repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off balance sheet exposures)	56,216,445
7	Other adjustments	2,120,651
8	**Leverage ratio exposure**	**329,149,319**

LR2: Leverage ratio common disclosure template (Figures in SAR 000's)

		a	b
		Jun-19	Mar-19
	On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	271,934,645	175,219,431
2	(Relevant Asset amounts deducted in determining Basel III Tier 1 capital)	-	
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**271,934,645**	**175,219,431**
	Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash	464,058	192,428
5	Add-on amounts for Potential Financial Exposure (PFE) associated with all derivatives transactions	534,171	547,171
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the	-	
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)**	**998,229**	**739,599**
	Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale 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 (SFT) 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	118,678,543	130,067,496
18	(Adjustments for conversion to credit equivalent amounts)	(62,462,097)	(76,705,661)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**56,216,445**	**53,361,835**
	Capital and total exposures		
20	**Tier 1 capital**	**41,368,807**	**34,681,015**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**329,149,319**	**229,320,865**
	Leverage ratio		
22	**Basel III leverage ratio**	**12.57%**	**15.12%**

LIQ1: Liquidity Coverage Ratio (LCR) (Figures in SAR 000's)

		a	b
		Total unweighted value (average)	**Total weighted value (average)**
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		**62,059,847**
Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**		
3	Stable deposits	-	-
4	Less stable deposits	73,107,170	7,310,717
5	**Unsecured wholesale funding, of which:**		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	92,235,539	41,912,020
8	Unsecured debt	-	-
9	**Secured wholesale funding**	**-**	**-**
10	**Additional requirements, of which:**		
11	Outflows related to derivative exposures and other collateral requirements	1,053,304	1,053,304
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	6,484,122	648,412
14	**Other contractual funding obligations**	**-**	**-**
15	**Other contingent funding obligations**	167,002,340	4,119,159
16	**TOTAL CASH OUTFLOWS**	-	**55,043,612**
Cash inflows			
17	**Secured lending (eg reverse repos)**		-
18	**Inflows from fully performing exposures**	53,457,622	31,181,326
19	Other cash inflows	1,064,046	1,064,046
20	**TOTAL CASH INFLOWS**	54,521,668	**32,245,372**
			Total adjusted value
21	**TOTAL HQLA**		**62,059,847**
22	**TOTAL NET CASH OUTFLOWS**		**23,619,148**
23	**LIQUIDITY COVERAGE RATIO (%)**		278%

LIQ2: Net Stable Funding Ratio(NSFR) (Figures in SAR 000's)

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available Stable Funding (ASF) items						
1	Capital	**42,840,227**	**-**	**-**	**3,457,066**	**46,297,293**
2	*Regulatory capital*	42,840,227	-	-	1,500,000	44,340,227
3	*Other capital instruments and liabilities with effective residual maturity of one year or more*	-	-	-	1,957,066	1,957,066
4	Retail deposits and deposits from small business customers:	**66,208,168**	**17,633,067**	**702,244**	**2,146**	**76,091,277**
5	*Stable deposits*	-	-	-	-	-
6	*Less stable deposits*	66,208,168	17,633,067	702,244	2,146	76,091,277
7	Wholesale funding:	**59,638,231**	**48,908,706**	**4,535,637**	**37,167**	**55,486,066**
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	59,638,231	48,908,706	4,535,637	37,167	55,486,066
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	**10,920,840**	**-**	**-**	**2,266,044**	**-**
12	*NSFR derivative liabilities*				2,266,044	
13	*All other liabilities and equity not included in the above categories*	10,920,840	-	-	-	-
14	**Total ASF**					**177,874,636**
Required Stable Funding (RSF) items						
15	Total NSFR high-quality liquid assets (HQLA)					675,666
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	**3,366,788**	**95,943,784**	**12,125,044**	**104,911,200**	**112,198,622**
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	228,246	783,537	27,615,369	1,431,234
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	738,244	9,070,128	190,046	(49,281)	1,497,299
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	2,628,544	86,023,015	9,556,779	68,290,662	99,689,293
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
22	*Performing residential mortgages, of which:*	-	-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	-	-	-	-	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	622,395	1,594,681	9,054,450	9,580,797
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	**2,870,220**	**-**	**-**	**987,040**	**3,857,260**
27	*Physical traded commodities, including gold*	-				-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		-	-	778	778
30	*NSFR derivative liabilities before deduction of variation margin posted*		-	-	-	-
31	*All other assets not included in the above categories*	2,870,220	-	-	986,262	3,856,482
32	Off-balance sheet items		43,896,447	-	141,835,855	416,885
33	**Total RSF**					**117,148,434**
34	**Net Stable Funding Ratio (%)**					**151.8%**

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) Commentary

Liquidity risk is the risk that Saudi British Bank (SABB) does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows. Funding risk (a particular form of liquidity risk) arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

The Bank has an internal Liquidity and Funding Risk Framework, using the external Liquidity Coverage Ratio (LCR) and Net Stable Funding Requirement (NSFR) SAMA regulatory framework as a foundation, but adding extra metrics/limits and overlays to address the risks that the Bank considers are not adequately reflected by the external regulatory framework.

The decision to create an internal framework modelled around the external regulatory framework was driven by the need to ensure that the external and internal frameworks are directionally aligned and to ensure that the Bank's internal funds transfer pricing framework incentivises the business lines to collectively comply with both the external (regulatory) and the internal risk tolerance.

The objective of the LCR is to limit the risks of severe cash outflows owing to an over-reliance on volatile funding sources and certain lending commitments. Under the LCR, the bank is required to hold a minimum level of unencumbered high-quality liquid assets (HQLA) to withstand an acute stress scenario lasting 30 days. The LCR is specifically designed to improve the short-term resilience of SABB against liquidity shocks. By contrast, the NSFR is designed to limit the risks emanating from excessive maturity mismatches over the medium to long term. More specifically, the NSFR requires SABB to fund illiquid and long term assets with a minimum amount of stable liabilities over a horizon of one year.

The LCR and NSFR framework defines customer deposits as "stable", "semi- stable", and "non-stable". Stable and semi stable funds are defined as deposits that are less likely to be actively managed by customers and therefore, more likely to remain with the bank during a period of stress. Equally, non-stable funds are defined as those deposits that are more actively managed by customers and more likely to be withdrawn at the early indication of market stress forming part of the LCR calculations.

As a general policy, SABB seeks to be self-sufficient with regards to funding its own operations from 'stable' deposits. Exceptions are permitted to facilitate the efficient funding of certain short-term treasury requirements and start-up ventures, which do not have access to deposit markets.

SABB uses cashflow stress testing as part of its control processes to assess liquidity risk. The cashflow stress testing process estimates and takes into consideration the potential severe adverse P&L and capital impacts in a liquidity crisis, with a view to assessing the bank's ability to maintain an adequate capital position in such a scenario.

SABB has established Risk Appetite Statements covering liquidity risk that are approved by the Board Risk Committee annually, and reviewed monthly through the Asset Liability Management Committee (ALCO) and Risk Management Committee (RMC) with quarterly reports provided to the Board Risk Committee (BRC).

SABB manages and reports balance sheet liquidity against the following key ratios:
• Asset to Deposit Ratio (ADR), which measures the extent to which customer advances are covered by customer deposits.
• SAMA Liquid Reserve Requirement, whereby a minimum 20% of deposit liabilities are to be held in liquid assets maturing in less than 1 month (notably treasury bills and government bonds) in accordance with Article 7 of the Banking Control Law.
• Liquidity Coverage Ratio (LCR), whereby the bank is required to hold a minimum of 100% of its net streed 30-day cash outflows in the form of hihg quality liquid assets (HQLAs) which can, if needed, be converted easily into cash in private markets so as to survive a 30 day stress scenario.
• Net Stable Funding Ratio (NSFR), whereby the bank is requried to a minimum of 100% of its long term assets (required stabel funding or RSF) that must be supported by an equiavalent amount of available stable funding (ASF).

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) Commentary

SABB assesses and manages liquidity risk through clearly defined liquidity policies which form part of a broader Liquidity and Funding framework and funding plan which is reviewed and approved by ALCO and BRC. There is a designated Liquidity Management Committee, which monitors the bank's current and projected liquidity position and proposes changes to ALCO on SABB's liquidity ratio limits, funding strategy and liquidity stress testing scenarios.

The Finance Department prepares a bank-wide liquidity report, which is monitored daily against approved limits and regulatory requirements by Senior Management, along with a 18-month rolling forecast balance sheet on a monthly basis showing expected loan and deposit growth.

SABB manages and monitors depositor and debt security concentration in order to avoid undue reliance on large individual depositors and ensuring a satisfactory overall funding mix and maturity profile of deposit and debt securities.

SABB seeks to maintain a cushion of unencumbered, high quality, liquid assets mainly comprising of deposits with the central bank, cash and unencumbered sovereign debt, that can be liquidated or repoed in times of stressed liquidity. The asset tolerance limit is defined and monitored by ALCO on a monthly basis.

LCR & NSFR are used to stress the liquidity position across a range of maturity bands and through the application of bank specific and market wide scenarios.

Current accounts and savings deposits payable on demand or at short notice form a significant part of the bank's funding and there is considerable focus on maintaining the stability of such deposits. SABB manages and monitors depositor and debt security concentration in order to avoid undue reliance on large individual depositors and ensuring a satisfactory overall funding mix and maturity profile of deposit and debt securities.

A comprehensive Contingency Funding Plan is in place and tested on an annual basis. The plan identifies early indicators of stress conditions and describes actions to be taken in the event of difficulties arising from systemic or other crises, while minimising adverse long-term implications for the business.

SABB has at its disposal a wide range of money market and capital sources to cover the funding needs.

SABB strives to diversify its sources of funds through its debt issuances in both local and international markets in order to source longer term funding for its balance sheet.

The mark to market of the Bank's back to back derivative exposures does not have significant impact on liquidity management.

As per SAMA guidelines, a currency is considered as "significant" if the aggregate liabilities denominated in that currency amounts to five per cent or more of the bank's total liabilities. Only SAR and USD are material currencies and are monitored accordingly.

The main drivers of the LCR are the levels of unencumbered, high quality liquid assets (HQLAs) and the net cash outflows primarily arising from customer deposits.

Following the merger between SABB and Alawwal on the 15th June, the average of the bank's combined LCR amounted to 278% compared to SABB's standalone Q1 average of 253% as at 31st March and its 75-day standalone average of 257% during Q1; Alawwal's standalone average 75-day LCR during Q2 amounted to 237% compared to its Q1 average of 226%.

The NSFR as at 30th June amounted to 152% comprising of Available Stable Funding (ASF) of SAR 177.5bn and Required Stable Funding (RSF) of SAR 117bn.

The intra period changes were in line with the banks activities and were well above the minimum requirements.

CR1 : Credit Quality Asset (Figures in SAR 000's)

		a	b	c	d
		Gross carrying values of		Allowances / Impairments	Net Value (a+b-c)
		Defaulted Exposures	Non-Defaulted Exposures		
1	Loans	7,567,440	156,929,233	6,221,269	158,275,404
2	Debt Securities	-	56,118,661	26,181	56,092,480
3	Off-balance sheet exposures	3,711,420	99,518,436	1,924,754	101,305,103
4	**Total**	**11,278,860**	**312,566,330**	**8,172,204**	**315,672,986**

Defaulted exposure is considered when non-performing loans and past due are over 90 days.

CR2 Changes in stock of Defaulted Loans and Debt Securities (Figures in SAR 000's)

		a
1	Defaulted loans and debt securities at end of the previous reporting period	4,112,328
2	Loans and debt securities that have defaulted since the last reporting period	1,106,197
3	Returned to non-defaulted status	109,818
4	Amounts written off	12,246
5	Other changes	2,470,978
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**7,567,440**

CR3 Credit Risk Mitigation techniques – Overview (Figures in SAR 000's)

		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	157,457,643	209,965	73,938	607,796	319,974	-	-
2	Debt Securities	56,092,480	-	-	-	-	-	-
3	**Total**	**213,550,123**	**209,965**	**73,938**	**607,796**	**319,974**	**-**	**-**
4	*Of Which Defaulted*	*7,562,989*	*4,451*	-	-	-	-	-

CR4 Standardised approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects (Figures in SAR 000's)

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposure Post CCF and CRM		RWA and RWA density	
	Exposure Classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	63,137,569	-	63,172,009	14,083	117,725	0%
2	Non-central government public sector entities						
3	Multilateral development banks	898,003	65,625	898,003	574	30,062	3%
4	Banks and Securities firms	12,334,572	34,426,379	12,606,441	4,200,821	7,436,361	44%
5	Corporates	121,327,102	128,157,351	120,937,983	47,722,061	161,103,640	96%
6	Regulatory retail portfolios	18,349,893	-	18,349,893	-	13,897,259	76%
7	Secured by residential property	18,179,236	-	18,179,236	-	9,089,618	50%
8	Secured by commercial real estate	-	-	-	-	-	
9	Equity	2,749,135	-	2,783,339	-	4,662,800	168%
10	Past-due loans	14,793,910	-	10,718,226	-	11,454,908	107%
11	Higher-risk categories	1,508	288,606	-	86,882	86,882	100%
12	Other assets	6,451,037	-	6,451,037	-	4,279,563	66%
13	**Total**	**258,221,965**	**162,937,961**	**254,096,166**	**52,024,421**	**212,158,820**	**69%**

CR5 Standardised approach – exposures by asset classes and risk weights (Figures in SAR 000's)

		a	b	c	d	e	f	g	h	i	j
	Exposure Classes/Risk Weight	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**
1	Sovereigns and their central banks	63,068,367	-	-	-	-	-	117,725	-	-	63,186,092
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks (MDBs)	748,267	-	150,310	-	-	-	-	-	-	898,577
4	Banks & Securities Firms	-	-	4,687,201	-	11,303,437	-	842,347	3,236	-	16,836,221
5	Corporates	-	-	2,384,334	-	11,312,359	-	154,963,352	-	-	168,660,045
6	Regulatory retail portfolios	-	-	-	-	-	17,810,532	539,361	-	-	18,349,893
7	Secured by residential property	-	-	-	-	18,179,236	-	-	-	-	18,179,236
8	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
9	Equity	-	-	-	-	-	-	1,626,724	-	1,156,615	2,783,339
10	Past-due loans	675	-	-	-	-	-	9,242,836	1,474,715	-	10,718,226
11	Higher-risk categories	-	-	-	-	-	-	-	57,923	-	57,923
12	Other assets	2,380,996	-	155,035	-	-	-	3,730,479	-	184,527	6,451,037
13	**Total**	**66,198,305**		**7,376,879**		**40,795,031**	**17,810,532**	**171,062,824**	**1,535,874**	**1,341,142**	**306,120,588**

CCR1 Analysis of counterparty credit risk (CCR) exposure by approach (Figures in SAR 000's)

		a	b	c	d	e	f
		Replacement Cost	**Potential Future Exposure**	**EEPE**	**Alpha used for computing regulatory EAD**	**EAD post-CRM**	**RWA**
1	SA-CCR (for derivatives)	394,191	604,038		1.4	1,397,520	1,013,890
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	**Total**					**1,397,520**	**1,013,890**

CCR2 Credit Valuation Adjustment (CVA) capital charge (Figures in SAR 000's)

		a	b
		EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	(i) VaR component (including the 3×multiplier)		
2	(ii) Stressed VaR component (including the 3×multiplier)		
3	All portfolios subject to the Standardised CVA capital charge	1,397,520	742,897
4	**Total subject to the CVA capital charge**	**1,397,520**	**742,897**

CCR3 Standardised approach – CCR exposures by regulatory portfolio and risk weights (Figures in SAR 000's)

		a	b	c	d	e	f	g	h	i
	Regulatory portfolio/ Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposures
1	Sovereigns and their central banks	-	-	-	-	-	-	-	-	**-**
2	Non-central government public sector entities (PSEs)	-	-	-	-	-	-	-	-	**-**
3	Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	**-**
4	Banks & Securities Firms	-	-	63,502	448,261	-	-	-	-	**512,095**
4	Corporates	-	-	-	1,560	-	774,077	-	-	**775,637**
6	Regulatory retail portfolios	-	-	-	-	-	-	-	-	**-**
7	Other assets	-	-	-	-	-	-	-	-	**-**
8	**Total**	**-**	**-**	**63,502**	**449,821**	**-**	**774,077**	**-**	**-**	**1,287,732**

CCR5 Composition of Collateral for CCR Exposure (Figures in SAR 000's)

		a	b	c	d	e	f
		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash – domestic currency	-	5,050	-	1,100	-	-
2	Cash – other currencies	2,680	19,913	320,777	407,475	-	-
3	Domestic sovereign debt	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-
9	**Total**	**2,680**	**24,963**	**320,777**	**408,575**	-	-

CCR8 Exposures to central counterparties (Figures in SAR 000's)

		a	b
		EAD (post-CRM)	RWA
1	**Exposures to QCCPs (total)**	**110,120**	**2,203**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	110,120	2,203
3	(i) OTC derivatives	109,788	2,196
4	(ii) Exchange-traded derivatives	332	7
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) Securities financing transactions		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Pre-funded default fund contributions		
20	Unfunded default fund contributions		

MR1 - Market Risk under standardised approach (Figures in SAR 000's)

		a
		RWA
	Outright products	
1	Interest rate risk (general and specific)	877,952
2	Equity risk (general and specific)	-
3	Foreign exchange risk	1,610,294
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	**Total**	**2,488,246**

APPENDIX: TABLES & TEMPLATES THAT ARE NOT APPLICABLE

	Tables and templates
Linkages between F.S & RE	PV1 - Prudent valuation adjustments (PVA)
Composition of capital and TLAC	TLAC1 - TLAC composition for G-SIBs (at resolution group level)
	TLAC2 - Material subgroup entity – creditor ranking at legal entity level
	TLAC3 - Resolution entity – creditor ranking at legal entity level
Macroprudential supervisory measures	GSIB1 - Disclosure of G-SIB indicators
	CCyB1 – Geographical distribution of credit exposures used in the countercyclical buffer
Credit risk	CRE - Qualitative disclosures related to IRB models
	CR6 - IRB - Credit risk exposures by portfolio and PD range
	CR7 - IRB - Effect on RWA of credit derivatives used as CRM techniques
	CR8 - RWA flow statements of credit risk exposures under IRB
	CR10 - IRB (specialised lending and equities under the simple risk weight method)
Counterparty credit risk	CCR4 - IRB - CCR exposures by portfolio and PD scale
	CCR6 - Credit derivatives exposures
	CCR7 - RWA flow statements of CCR exposures under the Internal Model Method (IMM)
Securitisation	SEC1 - Securitisation exposures in the banking book
	SEC2 - Securitisation exposures in the trading book
	SEC3 - Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor
	SEC4 - Securitisation exposures in the banking book and associated capital requirements - bank acting as investor
Market risk	MRC - The structure of desks for banks using the IMA
	MR2 - RWA flow statements of market risk exposures under IMA (Phase I only) MR2 - Market risk IMA per risk type (Phase II only)
	MR3 - IMA values for trading portfolios (Phase I only) MR3 - RWA flow statements of market risk exposures under IMA (Phase II only)
	MR4 - Comparison of VaR estimates with gains/losses (Phase I only)