

SABB  ساب

SAUDI BRITISH BANK

Basel III Pillar 3
Qualitative and Quantitative Disclosures

AS AT 30th JUNE 2017

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B.2: OV1 Overview of RWA (Figures in SAR 000's)

		a	b	c
		RWA		Minimum capital requirements
		Jun-17	Mar-17	Jun-17
1	Credit risk (excluding counterparty credit risk) (CCR)	159,141,086	162,689,550	12,731,287
2	Of which standardised approach (SA)	159,141,086	162,689,550	12,731,287
3	Of which internal rating-based (IRB) approach			
4	Counterparty Credit Risk	342,496	363,471	27,400
5	Of which standardised approach for counterparty credit risk (SA-CCR)	342,496	363,471	27,400
6	Of which internal model method (IMM)			
7	Equity positions in banking book under market-based approach			
8	Equity investments in funds? look-through approach			
9	Equity investments in funds? mandate-based approach			
10	Equity investments in funds? fall-back approach	329,538	329,838	26,363
11	Settlement risk			
12	Securitisation exposures in banking book			
13	Of which IRB ratings-based approach (RBA)			
14	Of which IRB Supervisory Formula Approach (SFA)			
15	Of which SA/simplified supervisory formula approach (SSFA)			
16	Market risk	2,411,488	2,471,463	192,919
17	Of which standardised approach (SA)	2,411,488	2,471,463	192,919
18	Of which internal model approaches (IMM)			
19	Operational risk	13,536,866	13,458,577	1,082,949
20	Of which Basic Indicator Approach			
21	Of which Standardised Approach	13,536,866	13,458,577	1,082,949
22	Of which Advanced Measurement Approach			
23	Amounts below the thresholds for deduction (subject to 250% risk weight)	1,515,248	1,623,398	121,220
24	Floor adjustment			
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	177,276,720	180,936,296	14,182,138

Pillar I RWA's decreased in June 17 was mainly driven by lower Credit Risk RWA's as a results of a reduction in the loan book and maturing investments.

B.7 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	1,591,439	119,421,940	3,130,000	117,883,379
2	Debt Securities		20,194,021		20,194,021
3	Off-balance sheet exposures		69,935,952		69,935,952
4	Total	1,591,439	209,551,913	3,130,000	208,013,352

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

**B.8: 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	1,655,479
2	Loans and debt securities that have defaulted since the last reporting period	257,583
3	Returned to non-defaulted status	28,790
4	Amounts written off	282,363
5	Other changes	(10,470)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1,591,439

B.11: 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	116,899,378	913,215	641,345	70,786	23,029		
2	Debt Securities	20,194,021						
3	Total	137,093,398	913,215	641,345	70,786	23,029		
4	Of Which Defaulted	1,588,472	2,967	2,764				

The above table only includes collateral that are eligible under the Standardised approach. The Bank also holds other collateral that it considers sufficient to provide credit risk mitigation in a default scenario.

B.13: CR4 Standardised approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects (Figures in SAR 000's)

	Exposure Classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposure Post CCF and CRM		RWA and RWA density	
		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	33,256,867		33,271,566	705	96,795	0.3%
2	Non-central government public sector entities						
3	Multilateral development banks	2,078,911	150,000	2,078,911	574	149,847	7.2%
4	Banks	17,285,988	17,636,924	17,294,319	6,648,488	10,952,365	45.7%
5	Securities firms						
6	Corporates	98,898,733	99,056,058	98,238,846	32,203,534	124,982,602	95.8%
7	Regulatory retail portfolios	14,974,455	185,666	14,974,403		11,230,803	75.0%
8	Secured by residential property	9,903,425		9,903,425		7,427,569	75.0%
9	Secured by commercial real estate						
10	Equity	1,722,938		1,722,938		2,935,262	170.4%
11	Past-due loans	1,229,892		1,227,128		1,550,963	126.4%
12	Higher-risk categories	1,672	303		152	228	150.0%
13	Other assets	3,521,594		3,521,594		1,540,528	43.7%
14	Total	182,874,475	117,028,951	182,233,130	38,853,453	160,866,962	72.8%

B.14: 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	33,019,545		194,914				57,812			33,272,271
2	Non-central government public sector entities (PSEs)										
3	Multilateral development banks (MDBs)	1,330,251		749,234							2,079,485
4	Banks			3,951,713		19,658,142		332,952			23,942,807
5	Securities firms										
6	Corporates			1,593,470		8,370,004		120,478,906			130,442,380
7	Regulatory retail portfolios						14,974,403				14,974,403
8	Secured by residential property						9,903,425				9,903,425
9	Secured by commercial real estate										
10	Equity							1,090,476		632,462	1,722,938
11	Past-due loans							579,459	647,669		1,227,128
12	Higher-risk categories								152		152
13	Other assets	1,716,539		412,251				1,387,128		5,676	3,521,594
14	Total	36,066,335		6,901,582		28,028,146	24,877,828	123,926,733	647,821	638,138	221,086,583

B.22: 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)	141,665	252,376		1.4	518,240	342,103
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				518,240	342,103	

B.23: 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	518,240	118,909
4	Total subject to the CVA capital charge	518,240	118,909

**B.24: 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			46,034	297,527					343,561
5	Securities firms									
6	Corporates			241	2,012		172,426			174,679
7	Regulatory retail portfolios									
8	Other assets									
9	Total			46,275	299,539		172,426			518,240

B.26: 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				293		
2	Cash – other currencies	11,690	1,290		31,710		
3	Domestic sovereign debt						
4	Other sovereign debt						
5	Government agency debt						
6	Corporate bonds						
7	Equity securities						
8	Other collateral						
9	Total	11,690	1,290		32,003		

B.27: CCR6 Credit Derivatives Exposures (Figures in SAR 000's)

	a	b
	Protection bought	Protection sold
Notionals		
Single-name credit default swaps		
Index credit default swaps		
Total return swaps		
Credit options		
Other credit derivatives		
Total notionals		
Fair values		
Positive fair value (asset)		
Negative fair value (liability)		

B.29: CCR8 Exposures to central counterparties (Figures in SAR 000's)

		a	b
		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)	19,631	393
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	19,631	393
3	(i) OTC derivatives	19,631	393
4	(ii) Exchange-traded derivatives		
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		

B.37: MR1 Market Risk under standardised approach (Figures in SAR 000's)

		a
		RWA
	Outright products	
1	Interest rate risk (general and specific)	814,350
2	Equity risk (general and specific)	
3	Foreign exchange risk	1,597,138
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus method	
7	Scenario approach	
8	Securitisation	
9	Total	2,411,488

APPENDIX: TABLES AND TEMPLATES ARE CURRENT NOT APPLICABLE FOR SABB

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Basel III Qualitative and Quantitative Pillar 3 Disclosures Policy:

To assure compliance with the requirements of the guidance issued by SAMA dated 9 July 2015, SABB has created Basel III Pillar 3 Disclosures Policy which approved by the Board.