

SAUDI BRITISH BANK

PILLAR 3 - QUANTITATIVE DISCLOSURES

AS AT 31ST DECEMBER 2009

As at 31st DECEMBER 2009

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	70,127
2. Saudi Travellers Cheque Company	5,676
3. SABB Takaful	110,331

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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	4,850,540
Minority interests in the equity of subsidiaries	-
Retained earnings	(1,834,038)
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	35,064
Insurance organizations	55,166
Commercial organizations	2,837
Total Tier I	10,423,435
Supplementary capital - Tier 2:	
Revaluation gains/ reserves	-
Subordinated loan capital	-
Qualifying general provisions	744,327
Interim profits	2,032,277
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	35,064
Insurance organizations	55,166
Commercial Organizations	2,837
Other country specific deductions from Tier2 at 50%	-
Regulatory calculation differences deduction from Tier 2 at 50%	-
Total Tier II	2,683,537
Capital to cover market risks - Tier III	-
Short Term Subordinated Debt	-
Tier I and Tier II Capital Available for Market Risk	-
Total eligible capital	13,106,972

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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	31,277,265	-
Others	1,891,429	-
Multilateral Development Banks (MDBs)	-	-
Public Sector Entities (PSEs)	-	-
Banks and securities firms	6,032,651	96,522
Corporates	69,750,789	4,934,808
Retail non-mortgages	12,242,849	712,333
Small Business Facilities Enterprises (SBFE's)	-	-
Mortgages	-	-
Residential	3,188,159	255,053
Commercial	-	-
Securitized assets	-	-
Equity	51,833	4,147
Others	2,036,090	109,837
Total	126,471,065	6,112,700

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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	38,110	-	15,651	-	53,761

*Capital requirements are to be disclosed only for the approaches used.

Table 3 - CAPITAL ADEQUACY	
Capital Requirements for Operational Risk* (Table 3, (e))	
Particulars	Capital requirement
Standardized approach	727,085

*Capital requirements are to be disclosed only for the approaches used.

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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	12.76%	10.15%

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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	31,304,265	-
Others	1,891,429	-
Multilateral Development Banks (MDBs)	-	-
Public Sector Entities (PSEs)	-	-
Banks and securities firms	10,616,035	-
Corporates	84,515,510	-
Retail non-mortgages	11,641,226	-
Small Business Facilities Enterprises (SBFE's)	-	-
Mortgages	-	-
Residential	3,188,159	-
Commercial	-	-
Securitized assets	-	-
Equity	51,833	-
Others	2,036,090	-
Total	145,244,547	-

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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	31,304,265	-	-	-	-	-	31,304,265
Others	-	1,891,429	-	-	-	-	1,891,429
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-
Banks and securities firms	3,417,346	405,356	5,571,937	933,993	142,961	144,442	10,616,035
Corporates	80,283,296	2,697,718	1,258,331	229,124	-	47,042	84,515,510
Retail non-mortgages	11,641,226	-	-	-	-	-	11,641,226
Small Business Facilities Enterprises (SBFE's)	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-
Residential	3,188,159	-	-	-	-	-	3,188,159
Commercial	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-
Equity	5,218	-	46,615	-	-	-	51,833
Others	2,036,090	-	-	-	-	-	2,036,090
Total	131,875,599	4,994,503	6,876,883	1,163,117	142,961	191,484	145,244,547

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	31,304,265	-	-	-	-	-	-	-	-	-	-	-	31,304,265
Others	1,891,429	-	-	-	-	-	-	-	-	-	-	-	1,891,429
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	-	10,616,035	-	-	-	-	-	-	-	-	-	-	10,616,035
Corporates	46,945	6,020,222	1,339,731	18,643,507	1,310,486	2,098,905	12,475,570	23,195,538	6,519,478	1,236,216	-	11,628,912	84,515,510
Retail non-mortgages	-	-	-	-	-	-	-	-	-	-	11,641,226	-	11,641,226
Small Business Facilities Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	-	-	-	-	-	-	-	3,188,159	-	3,188,159
Commercial	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity	-	51,833	-	-	-	-	-	-	-	-	-	-	51,833
Others	-	-	-	-	-	-	-	-	-	-	-	2,036,090	2,036,090
Total	33,242,639	16,688,090	1,339,731	18,643,507	1,310,486	2,098,905	12,475,570	23,195,538	6,519,478	1,236,216	14,829,385	13,665,002	145,244,547

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Table 4 (STA) : CREDIT RISK : GENERAL DISCLOSURES

Residual Contractual Maturity Breakdown (Table 4, (e))

Portfolios	Maturity breakdown									Total
	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	
Sovereigns and central banks:										
SAMA and Saudi Government	11,844,260	2,360,760	6,221,080	1,871,442	1,037,307	1,696,522	985,858	5,287,036	-	31,304,265
Others	-	-	376,752	-	-	110,127	1,174,618	229,932	-	1,891,429
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Public Sector Entities	-	-	-	-	-	-	-	-	-	-
Banks and Securities Firms	6,910,554	203,706	726,430	266,277	571,331	1,615,241	163,524	158,972	-	10,616,035
Corporates	10,340,468	14,552,419	16,827,850	9,642,231	7,476,060	16,370,092	7,570,299	1,736,091	-	84,515,510
Retail non-mortgages	1,876,897	175,303	141,064	152,975	193,958	2,472,143	5,047,680	1,581,206	-	11,641,226
Small Business Facilities Enterprises	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-
Residential	64	-	130	653	272	37,337	128,020	3,021,683	-	3,188,159
Commercial	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	51,833	-	51,833
Others	-	-	-	-	-	-	-	-	2,036,090	2,036,090
Total	30,972,243	17,292,188	24,293,306	11,933,578	9,278,928	22,301,462	15,069,999	12,066,753	2,036,090	145,244,547

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	-	-	171,563	-	-	-	-	-	-	-	-
Agriculture and fishing	-	-	-	-	-	-	-	-	-	-	2,802
Manufacturing	180,711	-	29,167	-	-	-	35,009	34,391	(28,521)	40,879	83,068
Mining and quarrying	-	-	-	-	-	-	-	-	-	-	1,289
Electricity, water, Gas and health services	7,128	-	38,041	-	-	-	7,128	-	-	7,128	4,568
Building and construction	892,390	-	-	-	-	-	33,039	44,591	-	77,630	58,717
Commerce	1,972,780	-	105,938	-	-	-	24,967	915,830	(633)	940,164	73,544
Transportation and communication	482	-	-	-	-	-	1,482	-	-	1,482	5,519
Services	6,120	-	-	-	-	-	14,817	(10,043)	-	4,774	2,153
Consumer loans and credit cards	118,890	-	1,021,807	215,997	-	-	248,728	399,719	(314,045)	334,402	15,694
Others	347,506	-	1,860,886	10,794	-	-	34,662	94,331	(7,462)	121,531	-
Total	3,526,007	-	3,227,402	226,791	-	-	399,832	1,478,819	(350,661)	1,527,990	247,354

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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	(92,457)	-
Amounts set aside (or reversed) during the period	1,220,615	17,664
Other adjustments:	-	-
- exchange rate differences	-	-
- business combinations	-	-
- acquisitions and disposals of subsidiaries	-	-
- etc.	-	-
Transfers between allowances	-	-
Balance, end of the year	1,527,990	247,354

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	31,304,265	-	-	-	-	-	-	-	-	31,304,265	-
Others	1,891,429	-	-	-	-	-	-	-	-	1,891,429	-
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	-	8,031,833	-	2,578,015	-	6,187	-	-	-	10,616,035	-
Corporates	406,096	3,035,169	-	4,167,655	-	73,968,347	6,460	-	-	81,583,727	-
Retail non-mortgages	-	-	-	-	11,507,729	133,497	-	-	-	11,641,226	-
Small Business Facilities Enterprises	-	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	-	-	3,188,159	-	-	-	3,188,159	-
Commercial	-	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	51,833	-	-	-	51,833	186,133
Others	663,124	-	-	-	-	1,372,966	-	-	-	2,036,090	-
TOTAL	34,264,914	11,067,002	-	6,745,670	11,507,729	78,720,989	6,460	-	-	142,312,764	186,133

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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	1,682,532	386,655
Retail non-mortgages		
Small Business Facilities Enterprises (SBFE's)		
Mortgages		
Residential		
Commercial		
Securitized assets		
Equity		
Others		
Total	1,682,532	386,655

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Credit Derivative Transactions (Table 8, (c))				
Credit 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		-		
Collateralized debt obligations				
Collateralized bond obligations				
Collateralized loan obligations				
Others				
Total	-	-	-	-

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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		

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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	38,110	-	15,651	-	53,761

Table 13: EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

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	127,636	127,636	110,331	371,280	-

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Table 13: EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS		
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	110,331	70,127
Agriculture and Fishing	-	-
Manufacturing	-	-
Mining and Quarrying	-	-
Electricity, water, gas and health services	-	-
Building and Consruction	-	-
Commerce	-	-
Transportation and communication	-	-
Services	-	11,399
Others	-	46,110
Total	110,331	127,636

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Table 13: EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS	
Gains and Losses etc. (Table 13, (d) and (e))	
Particulars	All Amounts' SAR 000
Cumulative realised gains / (losses) arising from sales and liquidations in the reporting period	48,828
Total unrealised gains (losses)	12,814
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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Table 13: EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS	
Capital Requirements (Table 13, (f))	
Equity Grouping	Capital Requirements
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	458
Others	3,689
Total	4,147

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Table 13: EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS	
Equity Investments Subject To Supervisory Transition Or Grandfathering Provisions (Table 13, (f))	
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	(377,803)
USD	(96,098)
	-
Downward rate shocks:	-
SAR	377,803
USD	96,098