



26th
Annual Report
and Accounts
2003

Ceramic works are always the primary source of research for archaeologists examining the art of any civilisation. A fertile area for scholars in this regard is the Islamic ceramic art of the period from the eleventh to the fifteenth centuries (CE), which was also the basis for the subsequent development of Chinese ceramics. Cobalt blue was widely used in Islamic ceramics and this, allied to abstract features and Arabic calligraphy, resulted in the creation of wonderfully harmonious designs. The Saudi British Bank has the pleasure to contribute insight into this deeply-rooted form of Islamic art.

The pottery collection depicted has been researched by Abdulrahman Bin Khalid Bin Saleem Al Khaldi.

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This report is issued by The Saudi British Bank.

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Custodian of the Two Holy Mosques
King Fahd Bin Abdulaziz Al Saud



His Royal Highness
Prince Abdullah Bin Abdulaziz Al Saud
The Crown Prince, Deputy Premier
and Commander of the National Guard



His Royal Highness
Prince Sultan Bin Abdulaziz Al Saud
The Second Deputy Prime Minister,
Minister of Defence and Aviation and Inspector General

Board of Directors



Abdullah Mohamed Al Hugail
Chairman



Geoff Calvert, OBE
Managing Director



Sir David Gore-Booth



David Hodgkinson



David Dew



Khalid Sulaiman Olayan



Fouad Abdulwahab Bahrawi



Khalid Abdullah Al Molhem



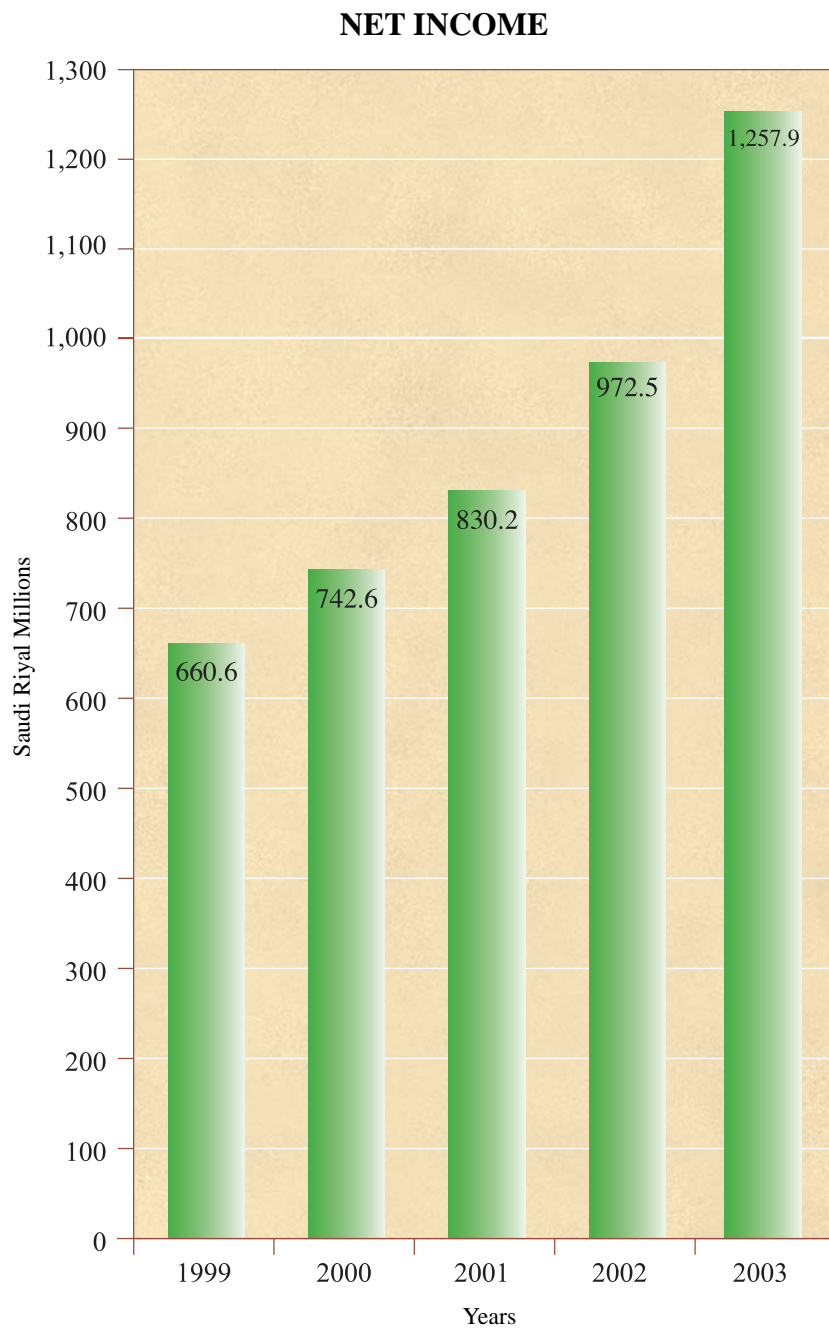
Sulaiman Abdulkader Al Muhaidib



Ahmed Sulaiman Banaja

Financial Highlights

Saudi Riyal Millions	1999	2000	2001	2002	2003
CUSTOMER DEPOSITS	25,697.2	28,361.7	31,538.8	34,980.1	36,089.9
SHAREHOLDERS' EQUITY	3,296.8	3,604.5	3,956.1	4,283.0	4,746.2
INVESTMENTS, NET	11,806.0	18,444.5	21,768.4	20,399.7	15,971.2
LOANS AND ADVANCES, NET	15,939.5	15,863.4	16,020.4	20,359.2	26,116.6
TOTAL ASSETS	37,227.3	43,338.9	41,920.7	46,226.5	46,061.6
NET INCOME	660.6	742.6	830.2	972.5	1,257.9
GROSS DIVIDEND	464.6	434.9	581.6	664.8	832.0



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of The Saudi British Bank for the financial year ending 31st December 2003.



Your bank has completed another most productive year, with profits rising to their highest level ever at SAR1,258 million, an increase of 29.4% over that attained in 2002. This translates into a Return on Equity (RoE) of 27.9%, the 9th year in succession this figure has increased.

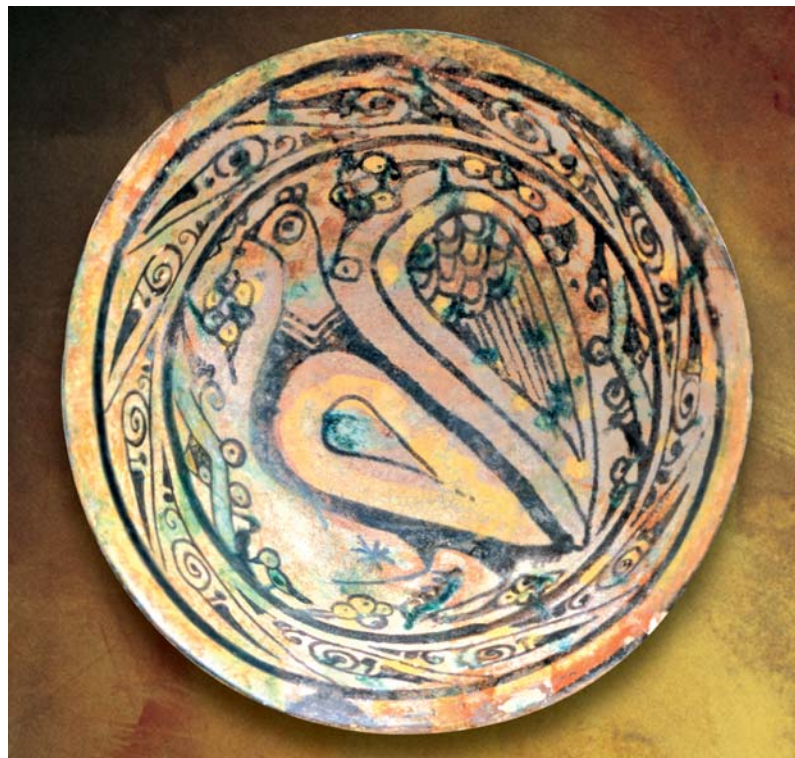
The bank's policy of placing the "Customer First" has again been well-rewarded with both corporate and personal sectors evidencing enhanced levels of business which resulted in your bank being recognised as the "Best Bank in Saudi Arabia" for

2003 by Euromoney Magazine. In particular the bank's direct and electronic banking facilities have been well-received by existing customers and have also proved an important channel for new business generation.

SABB's Investment Services enjoyed another highly significant year. Local equity trading volumes trebled over the period under study

and the bank's equity funds proved to be the best performers in the Kingdom. SABB's Al Amanah Funds also performed exceptionally well. As a result your bank was declared "Best Equity House in Saudi Arabia" in 2003 by Euromoney magazine.

Corporate and Commercial Banking had another active and successful year, especially in growing the net loans and advances portfolio by 22% over 2002 to SAR16,726 million. Overall customer demand for Islamic products grew substantially to SAR3,393



A Nishapur ceramic bowl. Nishapur (eleventh century).

million, an increase year-on-year of 114%. While Personal Banking also saw strong growth in the loan book.

Your bank's new, unique cash and cheque collection service, known as SABBCollect, received a warm reception from corporate customers as did the new bulk payments feature added to the facilities offered by HEXAGON, which remains the only global electronic banking system available in Saudi Arabia.

Throughout the twelve months work continued on maximising the accessibility of the bank to customers through the opening of two new Superbranches, one in Riyadh and the other in Jeddah, and the relocation or renovation of other branches Kingdom-wide.

The process of Saudisation was maintained throughout 2003, reaching 78% of all employees by the year end, with the number of ladies numbering 218 or 11% of the total. I remain very proud of our local staff, who have been wholly integral to our bank's continued success.

Your bank continues to support the local community through either charitable donations or sponsorship of events which promote investment and developments in the commercial and industrial sectors of the Kingdom.

In the light of the excellent results achieved this year your Board of Directors is pleased to recommend a final net dividend of SAR11 per share which, together with the interim net dividend of SAR9 paid in August for the first half of the year, makes a total of SAR20, an increase of 25% over 2002 and of 53.8% over the past three years. Payment of the final dividend will be made following the approval of the Annual General Meeting.

In conclusion, I take the opportunity to express, on behalf of the Board, my appreciation and gratitude to all customers and shareholders for their continued confidence and support and to the Saudi government, in particular the Ministry of Finance, the Ministry of Commerce and Industry and the Saudi Arabian Monetary Agency, for their cooperation, encouragement and continuous support to the banking sector in Saudi Arabia, whose role has contributed so substantially to the growth of the Saudi economy under the directions of the Custodian of the Two Holy Mosques and the Crown Prince.



Abdullah Mohamed Al Hugail

Directors' Report

The Board of Directors is pleased to submit its Annual Report to the shareholders of The Saudi British Bank for the financial year ending 31st December 2003.

BUSINESS ENVIRONMENT

2003 has been a very good year for the Saudi economy despite events in the region. The country's annual revenues reached SAR295 billion during the year, impacting strongly on the government's budget.

Furthermore, real GDP growth is estimated to have grown at a rate of 6.4% year-on-year, with an increasing contribution from the non-oil private sector; the Kingdom's current account is firmly in credit; and the Saudi Stock Market has continued its rise, for what is now the fifth straight year in a row, with the index attaining its highest-ever level in December 2003 and the number of shareholders participating in the market rising from 150,000 in 1998 to in excess of one million during the year.



A Kashan ceramic bowl. Kashan (thirteenth century).

Strong private sector growth has been a major feature of the year, largely due to increased confidence in the national economy. As a result, throughout the twelve months covered by this report consumer spending in Saudi Arabia expanded significantly and real estate investment intensified.

Such a positive environment has proved markedly beneficial for your Bank which has enjoyed a further highly successful year, during which yet further conventional and Islamic banking products and services have been introduced, so ensuring continued growth in market share across all business sectors and the creation of enhanced shareholder value. As a major participant in the domestic banking sector, SABB continues to lead the way in providing the Kingdom of Saudi Arabia and its people with banking and financial services on a par with those offered by the world's leading financial institutions.

ANOTHER HIGHLY PRODUCTIVE YEAR

The twelve months to 31st December 2003 have proven to be highly productive for SABB and therefore for you, our shareholders. Profits have risen to their highest level ever at SAR1,258 million, an increase of SAR286 million over the year before, when they amounted to SAR972 million. Earnings per share also rose by 29.4% from SAR24.31 in 2002 to SAR31.45 this year. Such results have been attained despite substantial outside influences on Saudi Arabia; a world economy seeking for most of the year to avoid sinking into recession; keen competition amongst the local banks; and higher liquidity within the local financial sector.

In attaining these results the Return on Equity (RoE) achieved has again increased this year for the 9th year in a row to reach 27.9%, a rise over 2002 of 4.3 percentage points.

Total deposits amounted to SAR36,090 million as at 31st December 2003 as compared to SAR34,980 at the end of 2002. The liquidity these deposits provide has enabled SABB to grow further its loan portfolio to a level of SAR26,117 million

as at the end of 2003, as compared to SAR20,359 million twelve months earlier, a rise of 28.3%. The total assets of your bank as at 31st December 2003 amounted to SAR46,062 million.

A number of factors have been integral to the attainment of these excellent results, including:

- Continued focus on placing the customer at the heart of the business and when considering new products and services;
- Continued provision of high quality training so as to ensure continued enhancement of staff capabilities;
- On-going development of both conventional and Islamic personal and corporate products and services;
- Maintenance of a leading position in providing investment-related activities;
- Enhancement of the branch network to the ultimate convenience and benefit of customers;
- Further development of direct and electronic delivery channels, including the telephone call centres;
- Improved efficiency in business processing, productivity and customer service;
- Successful completion of a total network infrastructure up-grade so ensuring enhanced communications, better product support and enhanced electronic banking services for customers;
- Strong growth in the provision of advances for infrastructure and development projects;

Such activities and attainments have again ensured your Bank retains its status of preferred bank in Saudi Arabia for both corporate and personal customers whilst continuing to ensure improvement in the Bank's financial position and its profitability to the ultimate benefit of you, our shareholders.

Taking into account the returns attained during the year your Board of Directors is recommending a final net dividend for 2003 of SAR11 per share which, together with the interim net dividend of SAR9 paid in August for the first half of the year, makes a total of SAR20 per share, an increase of 25% over that for 2002. Payment of this final dividend will be made subsequent to approval of shareholders at the Annual General Meeting. At this level the dividend evidences an increase over the last three years of 53.8%.

PROPERTY AND INFORMATION TECHNOLOGY

Throughout the year yet further attention has been paid to making the Bank increasingly accessible to customers by renovating some branches and relocating others whilst making all branches more welcoming.

The most important of these branches are the Superbranch at the junction of HRH Prince Abdullah and Olaya Roads in Riyadh, a flagship business outlet for your Bank housing Private Banking and Investment Banking as well as separate branches for men and women, and the branch at Waly Al Ahd Street in Jeddah. Both properties are custom-designed, freehold developments offering state-of-the-art facilities to all customers

The long-awaited expansion of the Head Office building on Dhabab Street in Riyadh commenced during the year. On completion, in late 2005, most of the activities of the Bank, which are now conducted in premises elsewhere in the city, will be brought together in the new, inter-linked buildings.

As at the end of 2003 the number of SABB branches totalled 76, including 12 ladies' sections and one branch. Of the total, 3 branches were relocated to new premises, some of which are custom-designed and built, 3 were fully renovated and 2 were expanded and renovated in the course of the year.

A number of office buildings have been restructured internally according to the Bank's new space planning policy, which provides for an open space, work station office environment. The net result has shown through



Directors' Report (Continuation)

in a 25% saving in space and a significantly improved occupancy ratio. The initial success experienced in pursuing this policy will result in its implementation in yet other Bank buildings.

The number of ATMs as at 31st December 2003 was 238, of which 172 were off-branch. Included in the figures are 38 new off-branch ATMs. Point of Sale (POS) machines at the year end numbered 3,070, an increase of 15.7% over a year earlier. The initial success of the cash deposit machines during 2002 resulted in further installations in the current year bringing their total to nine with further expansion planned.

The year has also seen increased and comprehensive security enhancement measures being incorporated into all main buildings and branches so as to meet the rising security challenges and the enhanced protection of all customers and staff. In addition, digital CCTV, security and fire alarm systems have been installed at all off-branch ATMs and inter-linked with regional central monitoring stations.

Significant development has taken place in 2003 in SABB's information technology systems and processes. Integral to this has been the successful completion of a

total network infrastructure upgrade to enhance communications and support new products and the implementation of a number of systems to sustain account opening, credit operations and treasury activities.

Other important IT-related activities during the year have included the migration of Saudi Aramco to SABB's new e-payment solution and the successful conclusion of the Saudi Telecommunications Corporation's initial public offering, including winning that company's dividend payment activities.

Overall, the year has been most productive in terms of delivery of new systems and the enhancement of those already in place, thereby ensuring the provision of full support for the Bank's many new initiatives.

CUSTOMER FIRST

All corporate and personal customers are highly valued by SABB and as a result during 2003 the Bank has furthered its "Customer First" policy by continuing to develop and enhance not only conventional and Islamic products and services but also those delivery systems which simplify customers' dealings with the Bank. The net beneficial results of bringing customers to the fore have been the levels of business transacted, the number of positive customer responses and, to the benefit of shareholders, a marked increase in productivity and profitability.

Corporate Sector

Corporate and Commercial Banking has had an active and successful year especially in growing its market share of net loans and advances which totalled SAR16,726 million at year end as compared to SAR13,714 million at 31st December 2002. A major element of this increase was in advances for infrastructure and development projects. Further important activities during the twelve months have been the handling of one third of the share subscription for the Saudi Telecommunications Corporation's Initial Public Offering (IPO); arrangement of a USD200 million Swaption facility for SABIC; and participation as lead manager for the USD560 million re-financing facility for SADAF.



A Nishapur ceramic bowl. Nishapur (twelfth century).

Overall customer demand for Islamic products, to which increased attention was given during the year, has seen Islamic assets at 31st December 2003 grow to SAR3,393 million, an increase of 114% over a year earlier.

Enhanced efficiency and profitability have been sought through the introduction of automated processing of over-the-counter transactions and by centralisation of all credit administration and operations.

Corporate Finance continued to play a leading role in the syndicated debt market, supporting clients during a challenging year for syndications, successfully closing a number of transactions including acting as lead arranger, onshore and offshore account bank, security trustee and insurance bank for a new private sector petrochemical plant for International Methanol Company. SABB was also a Mandated Lead Arranger for the \$500 million commercial tranche of Aluminium Bahrain's \$1.7 billion expansion project.

Trade Services sought throughout 2003 to reduce costs whilst enhancing productivity which, together with trade volumes at a higher level than 12 months earlier, resulted in a 20% increase in income. An important feature of the year was the introduction of Al Amanah Islamic Banking trade products for those customers seeking to transact their business in compliance with Sharia requirements.

The year has seen the establishment of a division to introduce new services for small and medium enterprises (SMEs), a very important segment of the Saudi business community and one with immense potential for growth.

In Cash Management Services, the Bank launched SABBCollect, a unique cash and cheques collection service for corporate customers and enhanced the facilities offered by HEXAGON, which remains the only global electronic banking system available in the Kingdom, through the addition of a bulk payments feature enabling customers to make high volume payments effortlessly.

Most rewarding for your Bank were the findings of an independent market survey in July, which indicated SABB enjoys the highest rating in Saudi Arabia for electronic banking services.

Personal Sector

The twelve months under review have seen substantial growth in the Bank's personal facility portfolio, which rose by 46% and exceeded SAR6,000 million for the first time during the year. A major contributor to this rise was the new facility known as "MAL", which was introduced following approval of the Bank's own Sharia Committee.

As part of SABB's plan to understand its customers and meet their needs, product packages have been introduced addressing specific segments of the account base. Integral to this was the launch in May 2003 of a new children's savings account "Al Tomooh" and the introduction of a new packaged service exclusively for ladies known as "Al Mutamayzah Gold". Further development of the Premier and AlImtiaz programmes was also undertaken. Another area to which attention has been given during the year is insurance, which has been kept under close review pending introduction of the Insurance Law and its accompanying legislation.

Of special interest in 2003 has been the growth seen in Al Amanah Islamic Banking products, which attained revenue growth of nearly 95% over the previous year, which itself saw growth in excess of 60% in Islamically-oriented business. Al Amanah Home Financing (Manazil) continues to be a strategic product offering by the Bank and, to further facilitate customers' acquisition of homes, SABB has also established Arabian Real Estate Co.

SABB's Investment Banking has enjoyed a most rewarding year which enables the reporting of a significant increase in non-funds income. Local equity volumes trebled during the year and the Bank's local equity funds



Directors' Report (Continuation)

proved to be amongst the best performers in the Kingdom. Such success resulted in the prized award of "Best Equity House in Saudi Arabia" by Euromoney magazine. To further enhance the Bank's attention to customers and its status as a leader in the field of investment, a discretionary portfolio management service was launched and a ladies' investment centre was opened, another first in Saudi Arabia for SABB. As a result of these activities Investment Banking is increasingly well-placed to ensure an increase in its market share in the years to come.

SABB's Al Amanah Funds have performed exceptionally well during 2003. To supplement these and in order to facilitate the management of diversified portfolios, a wide range of new Sharia-compliant wealth management products are under consideration for early launch.

Private Banking too enjoyed another successful and encouraging year as it continued to grow and expand its customer base with a clear emphasis on first class relationship management and delivery of specialised banking services and investment products to high net worth individuals. The tailoring of solutions to customer needs has been wholly integral to the service offered.

The Bank further consolidated its position among the leading credit card issuers in the Kingdom following strong growth in new card acquisition and cardholder spending, the latter of which exceeded SAR1,000 million for the first time. Additionally, the corporate card programme was re-launched. Overall the year was most successful with impressive growth and an enhanced contribution to the bottom line.

Direct and Electronic Delivery Channels

SABB has consistently been a leader in seeking to enhance the levels of service to all customers and its direct and electronic banking facilities now allow customers to transact much of their business from the comfort of their homes or offices.

Of particular interest this year has been the extension of the Bank's delivery channels to include mobile telephone technology and specifically the provision of information utilising Short Message Services (SMS). Initial approaches to the market in this regard have proved highly successful and as a result full implementation is planned for 2004.

SABB's call centres have again seen a marked increase in call volumes and in their translation into business for the Bank, whilst SABBNET Internet Banking has seen the number of its users doubling since December 2002. In the light of such success the sabb.com website is becoming an increasingly important channel in new business generation for the Bank. Given the perceived likely growth of Internet usage in the Kingdom in years to come this is deemed an area of increasing potential.

During the year, the Bank enabled the payment of electricity bills through ATMs and saw increased use of Internet Banking, Call Centres and ATMs for the payment of STC bills.

PUBLIC AFFAIRS

This year has seen your Bank complete 25 years of service to customers in Saudi



A Kashan ceramic bowl. Kashan (thirteenth century).

Arabia and the celebration of 50 years of cooperation with Abdulaziz and Saad Al Moajil Company, one of the first customers of The British Bank of the Middle East, the forerunner of SABB.

COMMUNITY SUPPORT

The provision of support to good causes in Saudi Arabia has been a consistent feature of SABB's activities throughout the past quarter century. In continued pursuit of this activity sponsorship was provided in 2003 to the King Khaled Eye Hospital in Riyadh in support of training for the blind.

In the business field, sponsorship was provided to both the Jeddah and the Riyadh Economic Forums, to the GCC Top 100 Companies Exhibition and to the Saudi Association for Communication Sciences.

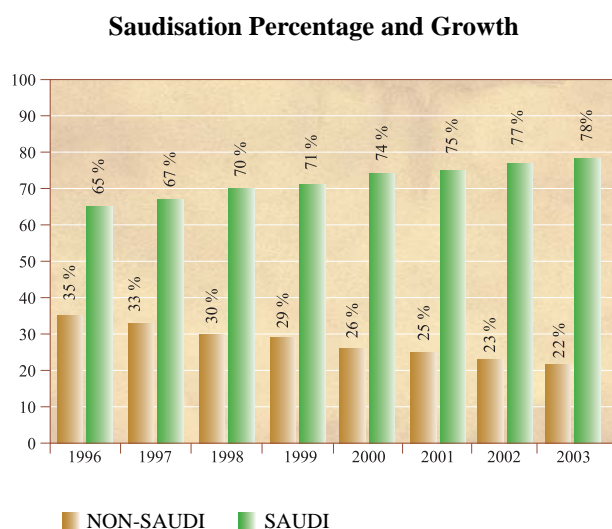
In 2003, further Saudi students benefited from the SABB Scholarship Scheme, which sponsors graduate students at United Kingdom universities, bringing the total since inception to 26. The Bank also continued its funding of the Chair of Finance at King Fahd University of Petroleum and Minerals in Dhahran.

HUMAN RESOURCES

The number of staff employed by SABB as at 31st December 2003 was 2,038, of which figure Saudi nationals numbered 1,593, or 78%, and ladies, all of whom are Saudis, 218, or 11%.

SABB recognises its future is very much aligned to the quality of its staff. Thus, to ensure attainment of the highest levels of professionalism amongst employees at all levels, extensive training programmes are implemented each year, including in 2003, when 4,217 trainees attended a combined total of 22,303 days of internal and external training. In pursuit of excellence, SABB seeks constantly to introduce the latest techniques and programmes into the training curriculum. Additionally, every encouragement, including financial support, is given to all staff to seek to attain professional accreditation in the areas of banking, finance and investment.

In seeking to ensure the full potential of staff, SABB has maintained its Employee Development Forum; implemented a series of talent management, career development and succession plans; and pursued the Superperformance Incentive Scheme, which seeks to encourage staff to perform well.



The recruitment of Saudi nationals is a priority and a number of schemes are in place which seek out potential employees from differing educational backgrounds. To this end two recruitment programmes are conducted every year; the non-executive training programme, lasting six months for diploma holders and high school students, and the junior officer development programme, extending to a full year for bachelors' degree holders. Mid-career executives with a breadth of knowledge and experience outside banking are also encouraged to bring new expertise to the Bank.



Directors' Report (Continuation)

DIRECTORS

The Board of Directors of the Bank as at 31st December 2003 comprised:

Mr. Abdullah Mohamed Al Hugail (Chairman)

Mr. Geoff Calvert, OBE (Managing Director)

Mr. Fouad Abdulwahab Bahrawi

Mr. Khalid Abdullah Al Molhem

Mr. Khalid Sulaiman Olayan

Mr. Sulaiman Abdulkader Al Muhaidib

Mr. Ahmed Sulaiman Banaja

Sir David Gore-Booth

Mr. David Howard Hodgkinson

Mr. David Dew

The Saudi Directors, in their role as representatives of Saudi shareholders on the Board of Directors, commenced their three year terms of office on 1st January 2002.

In May 2003 Mr. Geoff Calvert succeeded Mr. David Howard Hodgkinson as Managing Director but Mr. Hodgkinson, in his capacity as Deputy Chairman of HSBC Bank (Middle East) Limited, will continue to be a Director as a replacement for Mr. Andrew Dixon.

AUDIT COMMITTEE

The Saudi British Bank Audit Committee was formed in 1992. Reporting directly to the Board of Directors, the role of the Committee is to monitor the Bank's internal and external audit functions and to review control weaknesses and system deficiencies. It is responsible also for ensuring the highest quality of all financial information and concentrates on critical business issues to ensure that the Bank's external auditors and management focus on those areas of greatest risk to the business.

DIRECTORS' REMUNERATION

Directors' fees for 2003 totalled SAR1,596,000, including SAR296,000 in attendance fees at Board of Directors and Executive Committee meetings.

Remuneration of Directors in their capacity as employees of the Bank during the year amounted to SAR2,777,982.

DONATIONS

During the year the Bank made a number of donations to charitable societies and organisations. Given the Bank's continued commitment to charitable causes and the wider Saudi community, the Board recommends an amount of SAR2,500,000 be allocated for this purpose for the coming year.

AUDITORS

The Ordinary General Meeting held in March 2003 reaffirmed the appointment of Messrs KPMG AlFozan & Bannaga and Ernst & Young as the Bank's auditors.

EXPRESSIONS OF GRATITUDE

2003 proved to be a very good year economically for Saudi Arabia and also for your Bank, which has continued to introduce new products and services to the ultimate benefit of customers and to enhance productivity and profitability to the benefit of shareholders. Such success is best seen in the excellent results attained and through the independent recognition of Euromoney magazine, which adjudged SABB "Best Bank in Saudi Arabia" and "Best Equity House in Saudi Arabia" for 2003. These are major achievements, which would not be possible without the full support of numerous people and organisations within Saudi Arabia, especially the Bank's staff, whose commitment and contribution is highly appreciated.

The Board of Directors would like to take this opportunity to express its appreciation and gratitude to the Bank's customers and shareholders for their continued confidence and support and to government departments, in particular the Ministry of Finance, the Ministry of Commerce and Industry and the Saudi Arabian Monetary Agency, for their cooperation, encouragement and continuous support to the banking sector in Saudi Arabia and whose role has contributed so substantially to the growth of the Saudi economy under the direction of the Custodian of the Two Holy Mosques and the Crown Prince.

Auditors' Report



Al Fozan & Bannaga

AUDITORS' REPORT

TO : **THE SHAREHOLDERS OF THE SAUDI BRITISH BANK
(SAUDI JOINT STOCK COMPANY)**

We have audited the balance sheet of The Saudi British Bank as at 31 December 2003 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended including the related notes. These financial statements are the responsibility of the Bank's management and have been prepared by them in accordance with the provisions of the Regulations for Companies and the Banking Control Law and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

In our opinion, the financial statements taken as a whole:

- present fairly, in all material respects, the financial position of The Saudi British Bank as at 31 December 2003 and the results of its operations and its cash flows for the year then ended in accordance with Accounting Standards for Financial Institutions issued by the Saudi Arabian Monetary Agency and with International Financial Reporting Standards, and
- comply with the requirements of the Regulations for Companies, the Banking Control Law and the Bank's Articles of Association in so far as they affect the preparation and presentation of the financial statements.

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Licence No. 22



Riyadh : 28 Dhul Qadah 1424H
(20 January 2004)

Balance Sheet

As at 31 December	Notes	2003 SAR'000	2002 SAR'000
ASSETS			
Cash and balances with SAMA	3	2,356,034	3,124,005
Due from banks and other financial institutions	4	338,483	1,084,128
Investments, net	5	15,971,248	20,399,671
Loans and advances, net	6	26,116,622	20,359,184
Fixed assets, net	7	547,920	544,704
Other assets	8	731,301	714,817
Total assets		46,061,608	46,226,509
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Due to banks and other financial institutions	10	3,420,209	4,680,618
Customer deposits	11	36,089,898	34,980,134
Other liabilities	12	1,805,288	2,282,711
Total liabilities		41,315,395	41,943,463
Shareholders' equity			
Share capital	13	2,000,000	2,000,000
Statutory reserve	14	2,000,000	2,000,000
Other reserves	15	176,826	126,380
Retained earnings		569,387	156,666
Total shareholders' equity		4,746,213	4,283,046
Total liabilities and shareholders' equity		46,061,608	46,226,509

The accompanying notes 1 to 38 form an integral part of these financial statements.

Statement of Income

For the years ended 31 December	Notes	2003 SAR'000	2002 SAR'000
Special commission income	17	2,066,833	2,005,201
Special commission expense	17	462,436	559,261
Net special commission income		1,604,397	1,445,940
Fees from banking services, net	18	377,017	281,905
Exchange income		86,080	68,808
Trading income, net	19	249	3,525
Dividend income	20	2,247	2,471
Gains on investments, net	21	70,564	36,259
Other operating income	22	1,783	2,323
Total operating income		2,142,337	1,841,231
Salaries and employee related expenses		514,462	472,590
Rent and premises related expenses		46,269	43,694
Depreciation and amortisation	7	64,506	65,787
Other general and administrative expenses		152,069	158,911
Provision for possible credit losses	6	99,275	83,874
Impairment of other financial assets, net		3,610	27,695
Other operating expenses	23	4,262	16,219
Total operating expenses		884,453	868,770
Net income		1,257,884	972,461
Earnings per share (in SAR)	24	31.45	24.31

The accompanying notes 1 to 38 form an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

For the years ended 31 December	Notes	Share capital SAR'000	Statutory reserve SAR'000	Other reserves SAR'000	Retained earnings SAR'000	Total SAR'000
2003						
Balance at the beginning of the year		2,000,000	2,000,000	126,380	156,666	4,283,046
Net income		-	-	-	1,257,884	1,257,884
Gross dividend	25	-	-	-	(832,000)	(832,000)
Net changes in fair value and cash flow hedges	15	-	-	50,446	(13,163)	37,283
Balance at the end of the year		2,000,000	2,000,000	176,826	569,387	4,746,213
2002						
Balance at the beginning of the year		2,000,000	1,807,541	71,911	76,612	3,956,064
Net income		-	-	-	972,461	972,461
Transfer to statutory reserve	14	-	192,459	-	(192,459)	-
Gross dividend	25	-	-	-	(664,800)	(664,800)
Net changes in fair value and cash flow hedges	15	-	-	54,469	(35,148)	19,321
Balance at the end of the year		2,000,000	2,000,000	126,380	156,666	4,283,046

The accompanying notes 1 to 38 form an integral part of these financial statements.

Statement of Cash Flows

For the years ended 31 December	Notes	2003 SAR'000	2002 SAR'000
OPERATING ACTIVITIES			
Net income		1,257,884	972,461
Adjustments to reconcile net income to net cash from (used in) operating activities:			
Amortisation of premiums and accretion of discounts on investments, net		10,859	10,836
Gains on investments, net		(70,564)	(36,259)
Depreciation and amortisation		64,506	65,787
Losses on disposal and impairment of fixed and other assets, net		3,966	16,139
Provision for possible credit losses		99,275	83,874
Impairment of other financial assets, net		3,610	27,695
		1,369,536	1,140,533
Net (increase) decrease in operating assets:			
Statutory deposits with SAMA	3	(32,459)	(154,881)
Loans and advances		(5,856,713)	(4,422,637)
Other assets		(16,484)	225,150
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions		(1,260,409)	(112,600)
Customer deposits		1,109,764	3,441,341
Other liabilities		(606,003)	681,484
Net cash (used in) from operating activities		(5,292,768)	798,390
INVESTING ACTIVITIES			
Proceeds from sale and maturities of investments		7,556,641	7,324,566
Purchase of investments		(3,034,840)	(5,938,811)
Purchase of fixed assets		(72,417)	(117,642)
Proceeds from disposal of fixed assets		729	7,728
Net cash from investing activities		4,450,113	1,275,841
FINANCING ACTIVITIES			
Dividends paid		(703,420)	(696,243)
Net cash used in financing activities		(703,420)	(696,243)
(Decrease) increase in cash and cash equivalents		(1,546,075)	1,377,988
Cash and cash equivalents at the beginning of the year		2,953,873	1,575,885
Cash and cash equivalents at the end of the year	26	1,407,798	2,953,873
Supplemental non cash information			
Net changes in fair value and cash flow hedges		37,283	19,321

The accompanying notes 1 to 38 form an integral part of these financial statements.

Notes to the Financial Statements 31 December 2003

1. General

The Saudi British Bank (the Bank) is a Saudi Joint Stock Company and was established by Royal Decree No. M/4 dated 12 Safar 1398(H) (21 January 1978). The Bank formally commenced business on 26 Rajab 1398(H) (1 July 1978) with the taking over of the operations of The British Bank of the Middle East in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration No. 1010025779 dated 22 Dhul Qadah 1399(H) (13 October 1979) as a commercial bank through a network of 63 branches (2002: 64 branches) in the Kingdom of Saudi Arabia and a branch in London (2002: 1). This excludes 12 (2002: 12) exclusive ladies' sections. The Bank employed 2,038 staff as at 31 December 2003 (2002: 2,093). The Bank's Head Office is located at the following address:

The Saudi British Bank
P.O. Box 9084
Riyadh 11413
Kingdom of Saudi Arabia

The objectives of the Bank are to provide a range of banking services.

2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of presentation

The financial statements are prepared in accordance with the accounting standards for financial institutions promulgated by the Saudi Arabian Monetary Agency (SAMA), and International Financial Reporting Standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee. The Bank also prepares its financial statements to comply with the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

The financial statements are prepared under the historical cost convention except for the measurement at fair value of derivatives and trading and available for sale investments. In addition, as explained fully in the related notes, assets and liabilities that are hedged in a fair value hedging relationship are carried at fair value to the extent of the risk being hedged.

The accounting policies are consistent with those used in the previous year.

b) Trade date accounting

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Bank commits to purchase or sell the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

c) Derivative financial instruments and hedging

Derivative financial instruments including foreign exchange contracts, special commission rate futures, forward rate agreements, currency and special commission rate swaps, currency and special commission rate options (both written and purchased) are initially measured at cost and are subsequently re-measured at fair value. All derivatives are carried at their fair value in assets where the fair value is positive and in liabilities where the fair value is negative.

Fair values are generally obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

Any changes in the fair value of derivatives that are held for trading purposes are taken directly to income for the period and are disclosed in trading income. Derivatives held for trading also include those derivatives which do not qualify for hedge accounting described below.

For the purpose of hedge accounting, hedges are classified into two categories; (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash

flows that is either attributable to a particular risk associated with a recognised asset or liability, or a forecasted transaction or firm commitment that will affect the reported net gain or loss.

In order to qualify for hedge accounting, it is required that the hedge should be expected to be highly effective i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item, and should be reliably measurable. At the inception of the hedge, the risk management objective and strategy is documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Bank will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an ongoing basis.

In relation to fair value hedges which meet the criteria for hedge accounting, any gain or loss from remeasuring the hedging instruments to fair value is recognised immediately in the statement of income. The related portion of the hedged item is adjusted against the carrying amount of the hedged item and is recognised in the statement of income. Where the fair value hedge of a special commission bearing financial instrument ceases to meet the criteria for hedge accounting, the adjustment in the carrying value is amortised to the statement of income over the remaining life of the instrument.

In relation to cash flow hedges which meet the criteria for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised initially in other reserves under shareholders' equity. The ineffective portion, if any, is recognised in the statement of income. For cash flow hedges affecting future transactions, the gains or losses recognised in other reserves, are transferred to the statement of income in the same period in which the hedged transaction affects the statement of income. Where the hedged forecasted transaction or firm commitment results in the recognition of an asset or a liability, then at the time that the asset or liability is recognised, the associated gains or losses that had previously been recognised in other reserves are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, gains or losses recognised initially in other reserves are transferred to the statement of income in the period in which the hedged transaction impacts the statement of income.

Hedge accounting is discontinued when the hedging instrument is expired or sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point of time, any cumulative gain or loss on the cash flow hedging instrument that was recognised in other reserves, is retained in shareholders' equity until the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in other reserves is transferred to the statement of income for the period.

d) Foreign currencies

The financial statements are denominated in Saudi Riyals. Transactions in foreign currencies are translated into Saudi Riyals at exchange rates prevailing on transaction dates. Monetary assets and liabilities at the year end, denominated in foreign currencies, are translated into Saudi Riyals at the exchange rates prevailing on the balance sheet date.

Realised and unrealised gains or losses on exchange are credited or charged to operating income.

e) Offsetting

Financial assets and liabilities are offset and reported net in the balance sheet when there is a legally enforceable right to set off the recognised amounts and when the Bank intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

f) Revenue recognition

Special commission income and expense are recognised in the income statement on an accrual basis and include the amortisation of premiums and discounts. Fees from banking services and exchange income are recognised when contractually earned. Dividend income is recognised when declared.

g) Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with related accounting policies for trading securities, originated debt securities, available for sale and held to maturity investments. The counterparty liability for amounts received under these agreements is

Notes to the Financial Statements (Continuation)

included in due to banks and other financial institutions or customer deposits, as appropriate. The difference between the sale and repurchase prices is treated as special commission expense and is accrued over the life of the repo agreement. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet, as the Bank does not obtain control over the assets. Amounts paid under these agreements are included in cash and balances with SAMA, due from banks and other financial institutions, or loans and advances, as appropriate. The difference between the purchase and resale prices is treated as special commission income and is accrued over the life of the reverse repo agreement.

h) Investments

All investment securities are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investments. Premiums and discounts are amortised on an effective yield basis to their maturity and are taken to special commission income.

For securities that are traded in organised financial markets, fair value is determined by reference to exchange quoted market prices at the close of business on the balance sheet date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the expected cash flows or the underlying net asset base of the security.

Following the initial recognition of the various classes of investment securities, the subsequent period end reporting values are determined as follows:

i) Trading securities

Securities, which are held for trading, are subsequently measured at fair value and any gain or loss arising from a change in fair value is included in the statement of income in the period in which it arises.

ii) Available for sale

Investments, which are classified as available for sale, are subsequently measured at fair value. For available for sale investments where fair value has not been hedged, any gain or loss arising from a change in their fair value is recognised directly in other reserves under shareholders' equity until the investments are derecognised or impaired, at which time, the cumulative gain or loss previously recognised in shareholders' equity is included in the statement of income for the period. Available for sale investments where fair value cannot be reliably measured are carried at amortised cost.

iii) Originated debt securities

Securities, which are purchased directly from the issuer, other than those purchased with the intent to be sold immediately or in the short term, are classified as originated debt securities. Originated debt securities where fair value has not been hedged are stated at amortised cost, less provision for impairment in their value. Any gain or loss is recognised in the statement of income when the investment is derecognised or impaired.

iv) Held to maturity

Investments which have fixed or determinable payment dates and which are intended to be held to maturity, are subsequently measured at amortised cost, less provision for impairment in their value. Amortised cost is calculated by taking into account any discount or premium on acquisition. Any gain or loss on such investments is recognised in the statement of income when the investment is derecognised or impaired.

i) Loans and advances

All loans and advances are initially measured at cost.

Loans and advances, which are held for trading, are subsequently measured at fair value, and gains or losses arising from changes in fair value are included in the statement of income in the period in which they arise.

Loans and advances originated by the Bank for which fair value has not been hedged and acquired loans that are to be held to maturity are stated at cost less any amount written off and provisions for impairment.

Loans and advances, which are not part of a hedging relationship and are available for sale, are subsequently measured at fair value, and gains or losses arising from changes in fair value, are recognised directly in other reserves under shareholders' equity until the loans or advances are de-recognised or impaired, at which time the cumulative gain or loss previously recognised in shareholders' equity is included in the statement of income for the period.

A loan is classified as impaired when, in the management's opinion, there has been a deterioration in the credit quality to the extent that there is no longer reasonable assurance of the timely collection of the full amount of the principal and special commission. Provisions for possible credit losses, including those arising from sovereign exposures, are based upon the management's assessment of the adequacy of the provisions on a periodic basis. The assessment takes into account the composition and volume of the loans and advances, the general economic conditions and the collectibility of the outstanding loans and advances.

For presentation purposes, provisions for possible credit losses are deducted from loans and advances.

j) Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised for changes in its carrying amount as follows:

- i) For financial assets at amortised cost - the carrying amount of the asset is adjusted either directly or through the use of an allowance account and the amount of the adjustment is included in the statement of income; and
- ii) For financial assets at fair value - where a loss has been recognised directly under shareholders' equity as a result of the write down of the asset to recoverable amount, the cumulative net loss recognised in shareholders' equity is transferred to the statement of income.

Once a financial asset has been written down to its estimated recoverable amount, special commission income is thereafter recognised based on the rate of special commission that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Specific provisions are evaluated individually for all the different types of loans and advances. An additional provision, evaluated on a portfolio basis, is created for probable losses where there is objective evidence that potential losses are present at the balance sheet date. These are estimated based upon credit ratings allocated to the borrower or group of borrowers, the current economic climate in which the borrowers operate and the experience and the historical default patterns that are embedded in the components of the credit portfolio.

Financial assets are written off only in circumstances where effectively all possible means of recovery have been exhausted.

k) Other real estate

The Bank, in the ordinary course of business, acquires certain real estate against settlement of due loans and advances. Such real estate is stated at the lower of net realisable value of due loans and advances or the current fair value of the related properties. Properties are revalued on a periodic basis and unrealised losses on revaluation, and losses or gains on disposal, are charged or credited to the statement of income.

l) Fixed assets

Fixed assets are stated at cost net of accumulated depreciation and amortisation. Freehold land is not depreciated. The cost of other fixed assets is depreciated and amortised using the straight line method over the estimated useful lives of the assets as follows:

Buildings	33 years
Leasehold improvements	Over the period of the lease contracts
Equipment and furniture	6 to 10 years
Motor vehicles	4 years

Notes to the Financial Statements (Continuation)

m) Deposits and money market placements

All money market deposits and placements, and customer deposits, are initially recognised at cost, being the fair value of the consideration received. Subsequently all special commission bearing deposits, and money market placements other than those held for trading or where fair values have been hedged, are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement. Premiums and discounts are amortised on a systematic basis to maturity and are taken to special commission income or expense.

Deposits and money market placements, which are held for trading, are subsequently measured at fair value and any gain or loss from a change in fair value, is included in the statement of income in the period in which it arises. Deposits and money market placements for which there is an associated fair value relationship are adjusted for fair value to the extent hedged, and the resultant gain or loss is recognised in the statement of income. For deposits and money market placements carried at amortised cost, any gain or loss is recognised in the statement of income when derecognised or impaired.

n) Accounting for leases

i) Where the Bank is the lessee

Leases entered into by the Bank are all operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

ii) Where the Bank is the lessor

When assets are sold under a finance lease, the present value of the lease payments is recognised as receivables and is disclosed under loans and advances. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

o) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash, balances with SAMA, excluding statutory deposits, and due from banks and other financial institutions maturing within ninety days.

p) End of service benefits

A provision for end of service benefits is made in the manner prescribed by the Saudi Arabian Labour and Workmen's Law, and is adjusted for any shortfall calculated upon periodic actuarial valuation using the projected unit credit method.

3. Cash and balances with SAMA

	2003 SAR'000	2002 SAR'000
Cash in hand	315,823	344,745
Statutory deposits	1,286,719	1,254,260
Reverse repo	516,982	1,164,951
Other balances	236,510	360,049
Total	2,356,034	3,124,005

In accordance with the Banking Control Law and regulations issued by SAMA, the Bank maintains statutory deposit with the Saudi Arabian Monetary Agency (SAMA) at stipulated percentages of its demand, time, savings and other deposits, calculated at the end of each month.

4. Due from banks and other financial institutions

	2003 SAR'000	2002 SAR'000
Current accounts	307,616	196,335
Money market placements	30,867	887,793
Total	338,483	1,084,128

5. Investments, net

a) Investment securities are classified as follows:

	Domestic		International		Total	
	2003 SAR'000	2002 SAR'000	2003 SAR'000	2002 SAR'000	2003 SAR'000	2002 SAR'000
(i) Available for sale						
Fixed rate securities	1,276,171	1,409,129	480,545	527,380	1,756,716	1,936,509
Floating rate notes	3,722,926	5,714,887	1,322,794	4,729,965	5,045,720	10,444,852
Equities	75,846	37,840	4,192	4,198	80,038	42,038
Other	94,675	55,413	-	-	94,675	55,413
Available for sale investments, gross	5,169,618	7,217,269	1,807,531	5,261,543	6,977,149	12,478,812
Accumulated provision for impairment	-	(985)	(74,910)	(70,910)	(74,910)	(71,895)
Available for sale investments, net	5,169,618	7,216,284	1,732,621	5,190,633	6,902,239	12,406,917
(ii) Originated debt securities						
Fixed rate securities	6,484,356	5,958,606	93,662	97,553	6,578,018	6,056,159
Floating rate notes	-	-	1,762,468	1,199,958	1,762,468	1,199,958
Originated debt securities	6,484,356	5,958,606	1,856,130	1,297,511	8,340,486	7,256,117
(iii) Held to maturity						
Fixed rate securities	728,523	736,637	-	-	728,523	736,637
Held to maturity investments	728,523	736,637	-	-	728,523	736,637
Investments, net	12,382,497	13,911,527	3,588,751	6,488,144	15,971,248	20,399,671

b) The analysis of the composition of investment securities is as follows:

	2003			2002		
	Quoted SAR'000	Unquoted SAR'000	Total SAR'000	Quoted SAR'000	Unquoted SAR'000	Total SAR'000
Fixed rate securities	574,207	8,489,050	9,063,257	624,933	8,104,372	8,729,305
Floating rate notes	1,416,165	5,392,023	6,808,188	4,823,634	6,821,176	11,644,810
Equities	66,982	13,056	80,038	27,977	14,061	42,038
Other	94,675	-	94,675	55,413	-	55,413
Accumulated provision for impairment	(74,910)	-	(74,910)	(70,910)	(985)	(71,895)
Investments, net	2,077,119	13,894,129	15,971,248	5,461,047	14,938,624	20,399,671

Unquoted investments include securities of SAR 12,212.0 million (2002: SAR 13,819.3 million) issued by the Saudi Arabian Government and its agencies.

Notes to the Financial Statements (Continuation)

c) The analysis of unrealised gains and losses and the fair values of originated debt securities net of hedging, and held to maturity investments, is as follows:

	2003 SAR'000				2002 SAR'000			
	Carrying value	Gross unrealised gain	Gross unrealised loss	Fair value	Carrying value	Gross unrealised gain	Gross unrealised loss	Fair value
(i) Originated debt securities								
Fixed rate securities	6,578,018	357,786	(16,644)	6,919,160	6,056,159	375,915	-	6,432,074
Floating rate notes	1,762,468	5,017	(194)	1,767,291	1,199,958	343	(1,053)	1,199,248
Total	8,340,486	362,803	(16,838)	8,686,451	7,256,117	376,258	(1,053)	7,631,322
(ii) Held to maturity								
Fixed rate securities	728,523	44,055	(1,386)	771,192	736,637	53,179	-	789,816
Total	728,523	44,055	(1,386)	771,192	736,637	53,179	-	789,816

d) The analysis of investments by counterparty is as follows:

	2003 SAR'000	2002 SAR'000
Government and quasi Government	12,892,284	16,770,395
Corporate	1,964,856	1,507,226
Banks and other financial institutions	1,019,433	2,066,637
Other	94,675	55,413
Total	15,971,248	20,399,671

Equities reported under available for sale investments include unquoted shares of SAR 13.1 million (2002: SAR 13.1 million) that are carried at cost, as their fair value cannot be reliably measured.

Investments include SAR 2,526.8 million (2002: SAR 4,115.4 million) which have been pledged under repurchase agreements with other banks and customers. The market value of such investments is SAR 2,597.7 million (2002: SAR 4,132.3 million).

Retained earnings as at 31 December 2003 include SAR 15.0 million (2002: SAR 28.2 million) relating to available for sale investments due to the effect of the implementation of IAS 39, which will be transferred to the statement of income upon realisation.

6. Loans and advances, net

a) Loans and advances are classified as follows:

	2003 SAR'000	2002 SAR'000
i) Originated loans and advances		
Performing:		
Overdrafts	3,765,156	2,853,636
Credit cards	453,260	413,220
Commercial loans	15,043,346	11,924,675
Consumer loans	5,828,608	3,877,260
Other	625,024	762,494
Performing loans and advances, gross	25,715,394	19,831,285
Non performing loans and advances, net	441,703	424,545
	26,157,097	20,255,830
Provision for possible credit losses	(609,311)	(564,816)
Originated loans and advances, net	25,547,786	19,691,014
ii) Held to maturity loans and advances		
Performing:		
Commercial loans	568,836	668,170
Held to maturity loans and advances	568,836	668,170
Loans and advances, net	26,116,622	20,359,184

Non performing loans and advances are disclosed net of accumulated special commission in suspense of SAR 218.3 million (2002: SAR 198.2 million).

b) Movements in provision for possible credit losses are as follows:

	2003 SAR'000	2002 SAR'000
Balance, at the beginning of the year	564,816	565,474
Provided during the year	141,566	118,304
Bad debts written off	(78,547)	(85,049)
Recoveries of amounts previously provided	(14,448)	(16,234)
Special commission income on impaired loans	(4,076)	(17,679)
Balance, at the end of the year	609,311	564,816

The net charge to income on account of provision for possible credit losses is SAR 99.3 million (2002: SAR 83.9 million), which is net of recoveries of amounts previously provided as shown above and recoveries of debts previously written off of SAR 27.8 million (2002: SAR 18.2 million).

Notes to the Financial Statements (Continuation)

c) Economic sector risk concentrations for the loans and advances and provision for possible credit losses, as at 31 December 2003 and 2002, are as follows:

2003	Performing SAR'000	Non performing, net SAR'000	Credit loss provision SAR'000	Loans and advances, net SAR'000
Government and quasi Government	576,591	-	-	576,591
Banks and other financial institutions	376,160	-	-	376,160
Agriculture and fishing	457,135	2,631	(5,503)	454,263
Manufacturing	3,855,407	308,727	(360,370)	3,803,764
Mining and quarrying	60,470	-	-	60,470
Electricity, water, gas and health services	343,716	-	-	343,716
Building and construction	1,167,454	36,911	(26,855)	1,177,510
Commerce	5,529,944	44,921	(42,244)	5,532,621
Transportation and communication	452,017	10,819	(3,909)	458,927
Services	2,008,117	1,300	(1,341)	2,008,076
Consumer loans and credit cards	6,281,868	12,444	(56,855)	6,237,457
Other	5,175,351	23,950	(18,791)	5,180,510
Portfolio provision	-	-	(93,443)	(93,443)
Loans and advances	26,284,230	441,703	(609,311)	26,116,622

2002	Performing SAR'000	Non performing, net SAR'000	Credit loss provision SAR'000	Loans and advances, net SAR'000
Government and quasi Government	157,007	-	-	157,007
Banks and other financial institutions	318,439	-	-	318,439
Agriculture and fishing	309,780	1,714	(5,745)	305,749
Manufacturing	3,736,408	294,754	(336,323)	3,694,839
Mining and quarrying	54,141	-	-	54,141
Electricity, water, gas and health services	387,063	-	-	387,063
Building and construction	734,523	23,396	(35,880)	722,039
Commerce	4,427,802	52,050	(47,293)	4,432,559
Transportation and communication	586,448	9,435	(3,929)	591,954
Services	2,085,007	3,170	(3,171)	2,085,006
Consumer loans and credit cards	4,290,480	18,952	(42,633)	4,266,799
Other	3,412,357	21,074	(19,390)	3,414,041
Portfolio provision	-	-	(70,452)	(70,452)
Loans and advances	20,499,455	424,545	(564,816)	20,359,184

The credit loss provisions include provisions made against off balance sheet facilities. The credit loss provision on the consumer loans and advances is calculated on a portfolio basis. The portfolio provision is based on an asset quality matrix which includes the grading structure in respect of the credit risk of the customers and the general economic outlook.

7. Fixed assets, net

	Land and buildings SAR'000	Leasehold improvements SAR'000	Equipment, furniture and vehicles SAR'000	Total SAR'000
Cost				
As at 1 January 2003	569,468	163,433	319,388	1,052,289
Additions	18,812	20,487	33,118	72,417
Disposals	-	(3,777)	(22,970)	(26,747)
As at 31 December 2003	588,280	180,143	329,536	1,097,959
Accumulated depreciation				
As at 1 January 2003	207,277	103,580	196,728	507,585
Charge for the year	11,160	20,439	32,907	64,506
Disposals	-	(6,528)	(15,524)	(22,052)
As at 31 December 2003	218,437	117,491	214,111	550,039
Net book value				
As at 31 December 2003	369,843	62,652	115,425	547,920
As at 31 December 2002	362,191	59,853	122,660	544,704

Land and buildings and leasehold improvements include work in progress as at 31 December 2003 amounting to SAR 26.6 million (2002: SAR 13.5 million) and SAR 11.7 million (2002: SAR 25.4 million), respectively. Equipment, furniture and vehicles include information technology related assets.

8. Other assets

	2003 SAR'000	2002 SAR'000
Accrued special commission income - banks and other financial institutions	221	1,079
- investments	170,536	196,902
- loans and advances	149,308	122,559
Total accrued special commission income	320,065	320,540
Accounts receivable	37,841	44,664
Other real estate	133,768	128,613
Positive fair value of derivatives (note 9)	122,884	163,217
Other	116,743	57,783
Total	731,301	714,817

Notes to the Financial Statements (Continuation)

9. Derivatives

In the ordinary course of business, the Bank utilises the following derivative financial instruments for both trading and hedging purposes:

Swaps, which are commitments to exchange one set of cash flows for another. For special commission rate swaps, counterparties generally exchange fixed and floating rate special commission payments in a single currency without exchanging principal. For currency swaps, fixed special commission payments and principal are exchanged in different currencies. For cross currency special commission rate swaps, principal, fixed and floating special commission payments are exchanged in different currencies.

Forwards and futures, which are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Foreign currency and special commission rate futures are transacted in standardised amounts on regulated exchanges, and changes in futures contract values are settled daily.

Forward rate agreements, which are over-the-counter negotiated special commission rate contracts that call for a cash settlement for the difference between a contracted special commission rate and the market rate on a specified future date, based on a notional principal for an agreed period of time.

Options, which are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Derivatives held for trading

Most of the Bank's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers in order, inter alia, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices. Arbitrage involves profiting from price differentials between markets or products.

Derivatives held for hedging

The Bank has adopted a comprehensive system for the measurement and the management of risk. Part of the risk management process involves managing the Bank's exposure to fluctuations in foreign exchange rates to reduce its exposure to currency and special commission rate risks to acceptable levels as determined by the Board of Directors within the guidelines issued by SAMA. The Board of Directors has established the levels of currency risk by setting limits on currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure that positions are maintained within the established limits. The Board of Directors has established the levels of special commission rate risk by setting limits on special commission rate gaps for stipulated periods. Asset and liability special commission rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce special commission rate gaps within the established limits.

As part of its asset and liability management, the Bank uses derivatives for hedging purposes in order to adjust its own exposure to currency and special commission rate risks. This is generally achieved by hedging specific transactions as well as by strategic hedging against overall balance sheet exposures. Strategic hedging does not qualify for hedge accounting and the related derivatives are accounted for as held for trading.

The Bank uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks. In addition, the Bank uses special commission rate swaps to hedge against the special commission rate risk arising from specifically identified fixed special commission rate exposures. The Bank also uses special commission rate swaps to hedge against the cash flow risk arising on certain floating rate exposures. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument are formally documented and the transactions are accounted for as fair value or cash flow hedges.

The tables below show the positive and negative fair values of derivative financial instruments held, together with their notional amounts as at 31 December, analysed by the term to maturity and monthly average. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Bank's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk.

Notional amounts by term to maturity 2003 (SAR'000)

	Positive fair value	Negative fair value	Notional amount total	Within 3 months	3-12 months	1-5 years	Over 5 years	Monthly average
Derivatives held for trading:								
Spot and forward foreign exchange contracts	90,086	(101,874)	9,144,696	6,777,046	2,367,650	-	-	14,098,496
Currency options	10,544	(10,544)	1,155,354	532,981	622,373	-	-	785,435
Special commission rate swaps	18,444	(18,382)	1,617,188	75,000	112,500	1,429,688	-	1,734,271
Special commission rate options	-	-	-	-	-	-	-	1,375,000
Derivatives held as fair value hedges:								
Special commission rate swaps	-	(27,891)	166,481	-	-	-	166,481	270,192
Derivatives held as cash flow hedges:								
Currency swaps	-	(1,941)	17,539	-	-	17,539	-	16,267
Special commission rate swaps	3,810	-	287,500	-	-	287,500	-	178,125
Total	122,884	(160,632)	12,388,758	7,385,027	3,102,523	1,734,727	166,481	18,457,786

Notional amounts by term to maturity 2002 (SAR'000)

	Positive fair value	Negative fair value	Notional amount total	Within 3 months	3-12 months	1-5 years	Over 5 years	Monthly average
Derivatives held for trading:								
Spot and forward foreign exchange contracts	52,868	(98,570)	17,601,150	8,020,458	9,412,158	168,534	-	19,946,001
Currency options	3,779	(3,779)	360,276	360,276	-	-	-	350,376
Special commission rate swaps	90,632	(82,102)	2,952,500	1,305,000	1,347,500	300,000	-	3,830,626
Forward rate agreements	-	-	-	-	-	-	-	62,500
Special commission rate options	15,938	(15,938)	1,500,000	-	1,500,000	-	-	250,000
Derivatives held as fair value hedges:								
Special commission rates swaps	-	(34,258)	742,389	400,000	167,500	-	174,889	852,871
Derivatives held as cash flow hedges:								
Currency swaps	-	(2,363)	15,809	-	-	15,809	-	67,775
Total	163,217	(237,010)	23,172,124	10,085,734	12,427,158	484,343	174,889	25,360,149

Notes to the Financial Statements (Continuation)

The tables below show a summary of the hedged items, the nature of the risk being hedged, the hedging instruments and their fair values.

Description of hedged items	Fair Value	Cost	Risk	Hedging instrument	Positive fair value	Negative fair value
2003 (SAR'000)						
Fixed special commission rate investments	200,810	166,481	Fair value	Special commission rate swap	-	(27,891)
Fixed special commission rate investments	19,949	17,539	Cash flow	Currency swap	-	(1,941)
Floating special commission rate investments	288,263	287,500	Cash flow	Special commission rate swap	3,810	-
2002 (SAR'000)						
Fixed special commission rate investments	17,746	15,809	Cash flow	Currency swap	-	(2,363)
Fixed special commission rate investments	768,421	742,309	Fair value	Special commission rate swap	-	(34,258)

Approximately 88% (2002: 95%) of the positive fair value of the Bank's derivatives are entered into with financial institutions and less than 57% (2002: 31%) of the total of the positive fair value contracts are with any single counterparty at the balance sheet date.

10. Due to banks and other financial institutions

	2003 SAR'000	2002 SAR'000
Current accounts	224,590	314,100
Money market deposits	3,195,619	4,366,518
Total	3,420,209	4,680,618

Money market deposits include deposits against sales of securities of SAR 750.7 million (2002: SAR 1,295.3 million) with agreement to repurchase the same at fixed future dates.

11. Customer deposits

	2003 SAR'000	2002 SAR'000
Demand	13,809,874	13,943,508
Savings	1,400,961	1,221,911
Time	20,445,104	19,511,820
Other	433,959	302,895
Total	36,089,898	34,980,134

Time deposits include deposits against sales of securities of SAR 1,776.1 million (2002: SAR 2,820.1 million) with agreement to repurchase the same at fixed future dates. Other customer deposits include SAR 393.2 million (2002: SAR 295.9 million) of margins held for irrevocable commitments.

The above deposits include the following foreign currency deposits:

	2003 SAR'000	2002 SAR'000
Demand	1,289,984	1,365,202
Savings	136,796	131,967
Time	6,254,506	7,946,854
Other	178,925	100,737
Total	7,860,211	9,544,760

12. Other liabilities

	2003 SAR'000	2002 SAR'000
Accrued special commission expense - banks and other financial institutions	17,012	16,614
- customer deposits	103,217	91,565
Total accrued special commission expense	120,229	108,179
Accounts payable	341,090	339,660
Negative fair value of derivatives (note 9)	160,632	237,010
Proposed gross final dividend (note 25)	458,000	332,400
Subscriptions received for the Saudi Telecom IPO	-	519,234
Other	725,337	746,228
Total	1,805,288	2,282,711

13. Share capital

The authorised, issued and fully paid share capital of the Bank consists of 40 million shares of SAR 50 each (2002: 40 million shares of SAR 50 each). The ownership of the Bank's share capital is as follows:

	2003	2002
Saudi shareholders	60%	60%
HSBC Holdings BV (a wholly owned subsidiary of HSBC Holdings plc)	40%	40%

The Board of Directors has recommended a bonus issue of one share for every four shares held. The issue is subject to shareholder approval at the Bank's extraordinary general meeting to be held on 15 March 2004.

Notes to the Financial Statements (Continuation)

14. Statutory reserve

In accordance with the Banking Control Law of the Kingdom of Saudi Arabia, a minimum of 25% of the net income for the year is required to be transferred to a statutory reserve until this reserve is equal to the paid up capital of the Bank. As the statutory reserve is already equal to the paid up capital, no transfer has been made this year (2002: SAR 192.5 million). The statutory reserve is not currently available for distribution.

15. Other reserves

2003 SAR'000	Cash flow hedges	Available for sale investments	Total
Balance as at 1 January	1,937	124,443	126,380
Net change in fair value	(68)	102,204	102,136
Transfer to statement of income	-	(51,690)	(51,690)
Net movement during the year	(68)	50,514	50,446
Balance as at 31 December	1,869	174,957	176,826

2002 SAR'000	Cash flow hedges	Available for sale investments	Total
Balance as at 1 January	968	70,943	71,911
Net change in fair value	(3,790)	77,985	74,195
Transfer to statement of income	4,759	(24,485)	(19,726)
Net movement during the year	969	53,500	54,469
Balance as at 31 December	1,937	124,443	126,380

16. Commitments and contingencies

a) Legal proceedings

As at 31 December 2003 there are legal proceedings outstanding against the Bank. No material provision has been made as professional advice indicates that it is unlikely that any significant loss will occur.

b) Capital commitments

As at 31 December 2003 the Bank has capital commitments of SAR 70.1 million (2002: SAR 51.6 million) in respect of buildings and equipment purchases.

c) Credit related commitments and contingencies

Credit related commitments and contingencies mainly comprise guarantees, letters of credit, acceptances and commitments to extend credit. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments

in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances. Documentary letters of credit which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are generally collateralised by the underlying shipments of goods to which they relate and therefore have significantly less risk. Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The cash requirement under these instruments is considerably less than the amount of the related commitment because the Bank generally expects the customers to fulfil their primary obligation.

Commitments to extend credit represent the unutilised portion of authorisations to extend credit, principally in the form of loans and advances, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to a loss in an amount equal to the total unutilised commitments. However, the likely amount of loss, which cannot readily be quantified, is expected to be considerably less than the total unutilised commitment as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of the commitments could expire or be terminated without being funded.

i) The maturity structure for the Bank's commitments and contingencies is as follows:

2003 SAR'000	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Letters of credit	1,843,866	676,479	262,009	-	2,782,354
Guarantees	1,473,303	1,649,786	742,490	53,710	3,919,289
Acceptances	1,171,808	473,656	106,293	1,728	1,753,485
Irrevocable commitments to extend credit	-	35,878	1,104,978	-	1,140,856
Total	4,488,977	2,835,799	2,215,770	55,438	9,595,984

2002 SAR'000	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Letters of credit	2,024,620	543,636	44,845	-	2,613,101
Guarantees	1,380,817	1,564,731	682,313	46,559	3,674,420
Acceptances	828,452	393,276	203,666	-	1,425,394
Irrevocable commitments to extend credit	157,500	101,286	701,831	121,853	1,082,470
Total	4,391,389	2,602,929	1,632,655	168,412	8,795,385

The unutilised portion of non firm commitments, which can be revoked at any time, is SAR 15,877.1 million (2002: SAR 15,580.3 million).

ii) The analysis of commitments and contingencies by counterparty is as follows:

	2003 SAR'000	2002 SAR'000
Government and quasi Government	54,955	42,603
Corporate	8,383,138	7,732,860
Banks and other financial institutions	920,755	911,073
Other	237,136	108,849
Total	9,595,984	8,795,385

Notes to the Financial Statements (Continuation)

d) Operating lease commitments

The future minimum lease payments under non cancellable operating leases where the Bank is the lessee are as follows:

	2003 SAR'000	2002 SAR'000
Less than 1 year	23,535	20,438
1 to 5 years	57,673	46,005
Over 5 years	24,186	22,708
Total	105,394	89,151

17. Net special commission income

	2003 SAR'000	2002 SAR'000
Special commission income		
Investments - available for sale investments	316,219	484,203
- originated debt securities	402,466	330,054
- held to maturity investments	42,322	33,521
	761,007	847,778
Due from banks and other financial institutions	43,189	45,279
Loans and advances	1,262,637	1,112,144
Total	2,066,833	2,005,201
Special commission expense		
Due to banks and other financial institutions	100,879	113,028
Customer deposits	361,557	446,233
Total	462,436	559,261
Net special commission income	1,604,397	1,445,940

18. Fees from banking services, net

	2003 SAR'000	2002 SAR'000
Fee income	440,165	346,095
Fee expenses	(63,148)	(64,190)
Fees from banking services, net	377,017	281,905

19. Trading income, net

	2003 SAR'000	2002 SAR'000
Debt instruments	-	93
Derivatives	249	3,432
Total	249	3,525

20. Dividend income

	2003 SAR'000	2002 SAR'000
Available for sale investments	2,247	2,471

21. Gains on investments, net

	2003 SAR'000	2002 SAR'000
Available for sale investments	64,853	30,940
Originated debt securities	5,711	5,319
Total	70,564	36,259

22. Other operating income

	2003 SAR'000	2002 SAR'000
Gains on disposal of fixed assets	296	80
Other	1,487	2,243
Total	1,783	2,323

23. Other operating expenses

	2003 SAR'000	2002 SAR'000
Loss on disposal of fixed assets	4,262	11,568
Impairment of fixed assets	-	3,000
Other	-	1,651
Total	4,262	16,219

24. Earnings per share

Basic earnings per share are calculated by dividing the net income for the year by the weighted average number of ordinary shares outstanding during the year.

Notes to the Financial Statements (Continuation)

25. Gross dividend, zakat and income tax

	2003 SAR'000	2002 SAR'000
Gross dividend		
Interim	374,000	332,400
Final	458,000	332,400
Total	832,000	664,800

Zakat

Zakat attributable to the Saudi shareholders for the year amounted to approximately SAR 19.1 million (2002: SAR 15.0 million), which is deducted from their share of the dividend. The net total dividend for the year to the Saudi shareholders is SAR 20 per share (2002: SAR 16 per share), of which SAR 9 (2002: SAR 8) was paid on an interim basis.

Income tax

Income tax payable by the foreign shareholder on its current year's share of income is approximately SAR 152.1 million (2002: SAR 121.7 million), which is deducted from its share of the dividend.

26. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	2003 SAR'000	2002 SAR'000
Cash and balances with SAMA excluding statutory deposits (note 3)	1,069,315	1,869,745
Due from banks and other financial institutions within ninety days	338,483	1,084,128
Total	1,407,798	2,953,873

27. Business segments

a) The Bank is organised into the following main business segments:

Personal Banking - which caters primarily to the personal banking requirements of individuals.

Corporate Banking - which is responsible for products and services required by corporate entities.

Treasury - which manages the Bank's trading and investment portfolios and the Bank's liquidity, currency and special commission rate risks.

Other - comprises investment banking and other residual business as well as central services and pool funds.

Transactions between the business segments are reported as recorded by the Bank's transfer pricing system. The Bank's total assets and liabilities as at 31 December 2003 and 2002, its total operating income and expenses, and the net income for the years then ended, by business segment, are as follows:

2003 SAR'000	Personal Banking	Corporate Banking	Treasury	Other	Total
Total assets	7,785,436	16,726,991	14,393,944	7,155,237	46,061,608
Total liabilities	14,318,146	9,957,317	12,869,978	4,169,954	41,315,395
Total operating income	917,430	402,955	329,025	492,927	2,142,337
Total operating expenses	580,504	161,384	49,298	93,267	884,453
Net income	336,926	241,571	279,727	399,660	1,257,884

2002 SAR'000	Personal Banking	Corporate Banking	Treasury	Other	Total
Total assets	6,072,971	14,067,907	20,005,850	6,079,781	46,226,509
Total liabilities	14,622,648	8,781,372	12,727,439	5,812,004	41,943,463
Total operating income	796,692	368,510	294,269	381,760	1,841,231
Total operating expenses	528,673	176,415	71,462	92,220	868,770
Net income	268,019	192,095	222,807	289,540	972,461

b) The Bank's credit exposure by business segment, as at 31 December 2003 and 2002, is as follows:

2003 SAR'000	Personal Banking	Corporate Banking	Treasury	Other	Total
Balance sheet assets	7,323,977	16,726,045	14,200,963	6,215,579	44,466,564
Commitments and contingencies	54,893	3,321,894	-	42,516	3,419,303
Derivatives	-	-	330,664	-	330,664
Total	7,378,870	20,047,939	14,531,627	6,258,095	48,216,531

2002 SAR'000	Personal Banking	Corporate Banking	Treasury	Others	Total
Balance sheet assets	5,443,172	13,853,413	19,662,193	5,663,465	44,622,243
Commitments and contingencies	27,408	3,029,342	-	-	3,056,750
Derivatives	-	-	602,467	-	602,467
Total	5,470,580	16,882,755	20,264,660	5,663,465	48,281,460

Credit exposure comprises the carrying value of balance sheet assets excluding cash, fixed assets and other assets, and the credit equivalent value for commitments, contingencies and derivatives.

28. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation causing financial loss. The Bank controls credit risk by monitoring credit exposures, limiting the transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. In addition, the Bank manages the credit exposure relating to its derivative activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances. In certain cases, the Bank may also close out transactions or assign them to other counterparties to mitigate risk.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Bank manages its concentration of credit risk exposure through the diversification of its lending portfolio in terms of country, industry sector, and single borrower exposures. The Bank also takes security when appropriate.

The Credit and Risk function is mandated to provide centralised management of credit risk. Credit and Risk is headed by a General Manager, and its responsibilities include the following:

- Establishment of credit policies and procedures which are embodied within standards, the compliance of which is monitored by Credit and Risk.

Notes to the Financial Statements (Continuation)

- Establishment and maintenance of a large credit exposures policy, which sets controls on the level of exposure to customers, customer groups, and other risk concentrations.
- An independent review and objective assessment of all credit facilities over designated limits.
- Maintenance of the grading process. The Bank's grading structure in respect of the credit risk of customers contains seven grades, of which the first three are applied to different levels of satisfactory risk, and the last two relate to non performing loans and advances. In respect of bank counterparties, the grading structure has nine tiers, of which the first five cover satisfactory risk. Facility grades are subject to frequent review and, where considered necessary, amendments are required to be undertaken promptly.
- Reporting on aspects of the loan portfolio. Reports are produced for senior management, including the Executive Committee, the Audit Committee, and the Board of Directors.

The debt instruments included in the investment portfolio are mainly sovereign risk. An analysis of investments by counterparty is provided in note 5.

The composition of loans and advances is provided in note 6. Information on credit risk relating to derivative instruments is set out in note 9 and for commitments and contingencies is included in note 16.

29. Geographical concentration of assets, liabilities, commitments and contingencies, and credit exposure

The distribution by geographical region for major categories of assets, liabilities, commitments and contingencies, and credit exposure, is as follows:

2003 SAR'000	Kingdom of Saudi Arabia	GCC and Middle East	Europe	North America	Other countries	Total
Assets						
Cash and balances with SAMA	2,333,442	-	12,624	9,968	-	2,356,034
Due from banks and other financial institutions	-	319	333,163	4,670	331	338,483
Investments, net	12,382,722	276,149	2,372,279	816,749	123,349	15,971,248
Loans and advances, net	25,131,207	385,049	560,254	-	40,112	26,116,622
Total	39,847,371	661,517	3,278,320	831,387	163,792	44,782,387
Liabilities						
Due to banks and other financial institutions	1,787,689	320,750	1,291,063	2,882	17,825	3,420,209
Customer deposits	35,863,108	35,825	164,964	-	26,001	36,089,898
Total	37,650,797	356,575	1,456,027	2,882	43,826	39,510,107
Commitments and contingencies	8,630,173	250,123	276,150	75,867	363,671	9,595,984
Credit exposure						
Balance sheet assets	39,554,140	661,517	3,265,696	821,419	163,792	44,466,564
Commitments and contingencies	3,050,829	102,922	129,822	35,556	100,174	3,419,303
Derivatives	86,988	40	174,882	20,992	47,762	330,664
Total	42,691,957	764,479	3,570,400	877,967	311,728	48,216,531

2002 SAR'000	Kingdom of Saudi Arabia	GCC and Middle East	Europe	North America	Other countries	Total
Assets						
Cash and balances with SAMA	3,104,407	-	6,280	13,318	-	3,124,005
Due from banks and other financial institutions	-	58,870	1,012,938	7,351	4,969	1,084,128
Investments, net	13,911,815	292,747	2,201,250	2,961,176	1,032,683	20,399,671
Loans and advances, net	19,211,423	475,911	635,514	-	36,336	20,359,184
Total	36,227,645	827,528	3,855,982	2,981,845	1,073,988	44,966,988
Liabilities						
Due to banks and other financial institutions	1,590,700	711,396	1,940,470	430,888	7,164	4,680,618
Customer deposits	34,895,458	6,182	75,415	-	3,079	34,980,134
Total	36,486,158	717,578	2,015,885	430,888	10,243	39,660,752
Commitments and contingencies	7,942,388	262,035	237,813	53,895	299,254	8,795,385
Credit exposure						
Balance sheet assets	35,902,498	827,528	3,849,702	2,968,527	1,073,988	44,622,243
Commitments and contingencies	2,727,593	106,029	109,384	26,589	87,155	3,056,750
Derivatives	181,226	38,103	255,885	123,905	3,348	602,467
Total	38,811,317	971,660	4,214,971	3,119,021	1,164,491	48,281,460

Balances shown in due to banks and other financial institutions under the Kingdom of Saudi Arabia include money market deposits of SAR 100 million (2002: SAR 150 million) on account of the foreign branches of local banks. All non performing loans and advances relate to customers in the Kingdom of Saudi Arabia.

30. Currency risk

The Bank is exposed to fluctuations in foreign currency exchange rates. The Board of Directors sets limits on the level of exposure by currency, and in total for both overnight and intra day positions, which are monitored daily. The Bank had the following significant net exposures denominated in foreign currencies:

	2003 SAR'000 Long (short)	2002 SAR'000 Long (short)
US Dollar	(178,290)	(556,031)
Euro	(510)	3,649
Pounds Sterling	(375)	454
Other	4,747	1,750

Notes to the Financial Statements (Continuation)

31. Special commission rate risk

Special commission sensitivity of assets, liabilities and off balance sheet items

The Bank is exposed to risks associated with fluctuations in the levels of market special commission rates. The table below summarises the Bank's exposure to special commission rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of the contractual re-pricing or the maturity dates. The Bank is exposed to special commission rate risks as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that re-price or mature in a given period. The Bank manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

2003 SAR'000	Within 3 months	3-12 months	1-5 years	Over 5 years	Non special commission bearing	Total	Effective rate %
Assets							
Cash and balances with SAMA	516,982	-	-	-	1,839,052	2,356,034	0.3
Due from banks and other financial institutions	30,867	-	-	-	307,616	338,483	0.9
Investments, net	7,071,509	2,313,912	3,382,595	3,028,518	174,714	15,971,248	4.2
Loans and advances, net	14,063,405	4,405,316	7,647,901	-	-	26,116,622	5.2
Fixed assets, net	-	-	-	-	547,920	547,920	
Other assets	-	-	-	-	731,301	731,301	
Total assets	21,682,763	6,719,228	11,030,496	3,028,518	3,600,603	46,061,608	
Liabilities and shareholders' equity							
Due to banks and other financial institutions	2,508,249	687,370	-	-	224,590	3,420,209	1.5
Customer deposits	13,707,075	6,528,694	205,428	-	15,648,701	36,089,898	0.7
Other liabilities	-	-	-	-	1,805,288	1,805,288	
Shareholders' equity	-	-	-	-	4,746,213	4,746,213	
Total liabilities and shareholders' equity	16,215,324	7,216,064	205,428	-	22,424,792	46,061,608	
On balance sheet gap	5,467,439	(496,836)	10,825,068	3,028,518	(18,824,189)	-	
Off balance sheet gap	(378,981)	(1,504,688)	1,717,188	166,481	-	-	
Total special commission rate sensitivity gap	5,088,458	(2,001,524)	12,542,256	3,194,999	(18,824,189)	-	
Cumulative special commission rate sensitivity gap	5,088,458	3,086,934	15,629,190	18,824,189	-	-	

2002 SAR'000	Within 3 months	3-12 months	1-5 years	Over 5 years	Non special commission bearing	Total	Effective rate %
Assets							
Cash and balances with SAMA	1,164,951	-	-	-	1,959,054	3,124,005	0.6
Due from banks and other financial institutions	887,793	-	-	-	196,335	1,084,128	1.0
Investments, net	10,446,632	2,756,175	4,682,892	2,417,507	96,465	20,399,671	4.3
Loans and advances, net	12,135,662	3,407,088	4,816,434	-	-	20,359,184	5.6
Fixed assets, net	-	-	-	-	544,704	544,704	
Other assets	-	-	-	-	714,817	714,817	
Total assets	24,635,038	6,163,263	9,499,326	2,417,507	3,511,375	46,226,509	
Liabilities and shareholders' equity							
Due to banks and other financial institutions	2,786,546	1,579,972	-	-	314,100	4,680,618	2.0
Customer deposits	16,430,213	4,295,774	199,417	-	14,054,730	34,980,134	1.4
Other liabilities	-	-	-	-	2,282,711	2,282,711	
Shareholders' equity	-	-	-	-	4,283,046	4,283,046	
Total liabilities and shareholders' equity	19,216,759	5,875,746	199,417	-	20,934,587	46,226,509	
On balance sheet gap	5,418,279	287,517	9,299,909	2,417,507	(17,423,212)	-	
Off balance sheet gap	(165,000)	(9,889)	-	174,889	-	-	
Total special commission rate sensitivity gap	5,253,279	277,628	9,299,909	2,592,396	(17,423,212)	-	
Cumulative special commission rate sensitivity gap	5,253,279	5,530,907	14,830,816	17,423,212	-	-	

The off balance sheet gap represents the net notional amounts of off balance sheet financial instruments, which are used to manage the special commission rate risk.

The effective special commission rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and the current market rate for a floating rate instrument or an instrument carried at fair value.

32. Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. The Bank monitors and manages the liquidity structure of its assets and liabilities so as to ensure that cash flows are sufficiently balanced and that sufficient liquid funds are maintained to meet liquidity requirements.

In accordance with the Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% of total demand deposits and 2% of savings and time deposits. In addition to the statutory deposit, the Bank also maintains liquid reserves of not less than 20% of its deposit liabilities, in the form of cash, gold, Saudi Government Development Bonds, or assets which can be converted into cash within a period not exceeding thirty days.

The Bank may also raise additional funds through repo facilities available with SAMA against its holdings of Saudi Government Development Bonds up to 75% of the nominal value of bonds held.

The table below summarises the maturity profile of the Bank's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period from the balance sheet date to the contractual maturity date and do not take account of the effective maturities as indicated by the Bank's deposit retention history and the availability of liquid funds.

Notes to the Financial Statements (Continuation)

The maturity profile of the assets and liabilities is as follows:

2003 SAR'000	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	1,069,315	-	-	-	1,286,719	2,356,034
Due from banks and other financial institutions	338,483	-	-	-	-	338,483
Investments, net	74,588	2,765,824	9,034,522	3,715,527	380,787	15,971,248
Loans and advances, net	11,543,202	3,926,230	10,038,272	608,918	-	26,116,622
Fixed assets, net	-	-	-	-	547,920	547,920
Other assets	-	-	-	-	731,301	731,301
Total assets	13,025,588	6,692,054	19,072,794	4,324,445	2,946,727	46,061,608
Liabilities and shareholders' equity						
Due to banks and other financial institutions	2,732,839	687,370	-	-	-	3,420,209
Customer deposits	29,069,059	6,754,042	266,797	-	-	36,089,898
Other liabilities	-	-	-	-	1,805,288	1,805,288
Shareholders' equity	-	-	-	-	4,746,213	4,746,213
Total liabilities and shareholders' equity	31,801,898	7,441,412	266,797	-	6,551,501	46,061,608

2002 SAR'000	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	1,869,745	-	-	-	1,254,260	3,124,005
Due from banks and other financial institutions	1,084,128	-	-	-	-	1,084,128
Investments, net	22,987	1,655,709	12,473,541	5,903,674	343,760	20,399,671
Loans and advances, net	9,416,677	3,100,152	7,176,713	665,642	-	20,359,184
Fixed assets, net	-	-	-	-	544,704	544,704
Other assets	-	-	-	-	714,817	714,817
Total assets	12,393,537	4,755,861	19,650,254	6,569,316	2,857,541	46,226,509
Liabilities and shareholders' equity						
Due to banks and other financial institutions	3,100,646	1,579,972	-	-	-	4,680,618
Customer deposits	30,348,699	4,418,306	213,129	-	-	34,980,134
Other liabilities	519,234	-	-	-	1,763,477	2,282,711
Shareholders' equity	-	-	-	-	4,283,046	4,283,046
Total liabilities and shareholders' equity	33,968,579	5,998,278	213,129	-	6,046,523	46,226,509

33. Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

The fair values of on balance sheet financial instruments, except for originated debt securities, held to maturity investments, loans and advances and customer deposits, are not significantly different from the carrying values included in the financial statements.

The estimated fair values of the originated debt securities and investments held to maturity are based on quoted market prices, when available, or pricing models in the case of certain fixed rate bonds. The fair value of these investments is disclosed in note 5.

It is not practical to determine the fair value of loans and advances and customer deposits with sufficient reliability.

34. Related party transactions

Managerial and specialised expertise is provided under a technical services agreement with the parent company of one of the shareholders, HSBC Holdings BV. This agreement was renewed on 30 September 2002 for a period of five years.

In the ordinary course of its activities, the Bank transacts business with related parties. In the opinion of the management and the Board, the related party transactions are performed on an arm's length basis. The related party transactions are governed by limits set by the Banking Control Laws and the regulations issued by SAMA. The year end balances included in the balance sheet resulting from such transactions are as follows:

	2003 SAR'000	2002 SAR'000
HSBC Group:		
Due from banks and other financial institutions	247,303	843,165
Investments	354,323	394,576
Derivatives - net positive fair value	36,120	16,161
Due to banks and other financial institutions	152,300	597,605
Commitments and contingencies	161,398	133,139
Directors, audit committee, major shareholders and their affiliates:		
Loans and advances	594,628	740,600
Deposits	3,625,001	3,222,832
Derivatives - net negative fair value	642	2,565
Commitments and contingencies	137,437	144,259
Shareholders who hold more than 5% of the Bank's share capital are classified as major shareholders.		
Bank's mutual funds:		
Investments	94,676	43,760
Loans and advances	319	345
Demand and time deposits	2,757,865	3,230,325

Income and expense pertaining to transactions with related parties included in the financial statements are as follows:

	2003 SAR'000	2002 SAR'000
Special commission income	35,185	53,818
Special commission expense	(165,104)	(187,703)
Fees from banking services	30,635	34,187
Directors' remuneration	1,596	1,567

Notes to the Financial Statements (Continuation)

35. Capital adequacy

The Bank monitors the adequacy of its capital using the methodology and ratios established by SAMA. These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, commitments and contingencies, and notional amount of derivatives at a weighted amount to reflect their relative risk.

	Capital		Ratio %	
	2003 SAR'000	2002 SAR'000	2003	2002
Tier 1	4,746,213	4,283,046	15.1	16.3
Tier 1 + Tier 2	4,833,980	4,347,822	15.4	16.6

	Risk weighted assets					
	2003 SAR'000			2002 SAR'000		
	Carrying value/ Notional amount	Credit equivalent	Risk weighted assets	Carrying value/ Notional amount	Credit equivalent	Risk weighted assets
Balance sheets assets						
0%	14,657,683		-	17,131,760		-
20%	3,777,065		755,413	7,069,707		1,413,941
100%	27,626,860		27,626,860	22,025,042		22,025,042
Total	46,061,608		28,382,273	46,226,509		23,438,983
Commitments and contingencies						
0%	552,853	170,855	-	411,777	142,790	-
20%	952,371	354,022	70,804	901,490	346,498	69,300
100%	8,090,760	2,894,424	2,894,424	7,482,118	2,567,462	2,567,462
Total	9,595,984	3,419,301	2,965,228	8,795,385	3,056,750	2,636,762
Derivatives						
0%	1,736,423	-	-	2,947,057	-	-
20%	7,788,752	244,511	48,902	15,042,303	445,495	89,099
50%	2,683,583	86,153	43,076	5,182,764	156,972	78,486
Total	12,208,758	330,664	91,978	23,172,124	602,467	167,585
Total risk weighted assets			31,439,479			26,243,330

36. Investment management services

The Bank offers investment services to its customers, which include management of certain investment funds, in consultation with professional investment advisors. The financial statements of these funds are not consolidated with the financial statements of the Bank. However, the Bank's share of these funds is included in available for sale investments, and fees earned are disclosed under related party transactions. Assets held in trust or in a fiduciary capacity are not treated as assets of the Bank and, accordingly, are not included in the financial statements.

37. Comparative figures

Certain prior year figures have been reclassified to conform with the current year's presentation.

38. Board of Directors' approval

The financial statements were approved by the Board of Directors on 28 Dhul Qadah 1424H (20 January 2004G).

Branches and ATM Locations

Head Office (Riyadh):

Prince Abdulaziz Bin Mossaad Bin Jalawi Street (Dabaab),

P.O. Box 9084, Riyadh 11413, Saudi Arabia.

Tel: (01) 405-0677

Fax: (01) 405-0660

Telegram: SABRIT RIYADH.

Treasury: Tel: (01) 405-0020

Fax: (01) 405-8652

SABB Direct: Toll Free Number: 800-124-8888

Website: www.sabb.com

Area Management Offices:

Central Province: Riyadh: Salah Al-Din Al-Ayubi Road (Sitteen), P.O. Box 2907, Riyadh 11461, Saudi Arabia.

Tel: (01) 479-4400 - Fax: (01) 479-2438

Western Province: Jeddah: Ali Bin Abi Talib Street, Sharafiah, P.O. Box 109, Jeddah 21411, Saudi Arabia.

Tel: (02) 651-2121 (12 lines) - Fax: (02) 653-2816

Eastern Province: Al-Khobar: King Abdulaziz Boulevard, P.O. Box 394, Al-Khobar 31952, Saudi Arabia.

Tel: (03) 882-6000 - Fax: (03) 882-1669

Branch		Telephone No	P.O. Box	Postal Code
Central Province:				
Riyadh Main: Salah Al-Din Al-Ayubi Road, Malaz (Sitteen)	RIYADH	(01) 479-4400	2907	11461
King Faisal Street: Batha	RIYADH	(01) 404-3196	43069	11561
Prince Abdulaziz Bin Mossaad Bin Jalawi Street (Dabaab)	RIYADH	(01) 405-0677	17682	11494
Olaya Road: Olaya Main	RIYADH	(01) 465-7171	10914	11443
Al-Faisalyiah Tower: King Fahd Road	RIYADH	(01) 273-4459	2907	11461
Sinnaiyah: Prince Salman Bin Abdulaziz Street	RIYADH	(01) 446-5849	26973	11496
Dharat Al-Badia: Al Medina Street	RIYADH	(01) 431-1250	2907	11461
Ladies Section - Dharat Al-Badia: Al Medina Street	RIYADH	(01) 431-6033	2907	11461
Al-Worood: King Abdulaziz Road, Warood	RIYADH	(01) 456-5125	2907	11461
Al-Takhassusi: Takhassusi Street	RIYADH	(01) 464-9446	2907	11461
Al-Rawdah: Khalid Bin Al-Walid Street	RIYADH	(01) 230-0101	2907	11461
Al-Suwaidi: Al-Suwaidi Main Street	RIYADH	(01) 426-3961	2907	11461
Al-Shifa: Bin Taymiah Street, Al-Shifa	RIYADH	(01) 421-2984	2907	11461
Al-Nozha: Abubaker Al Siddiq Street	RIYADH	(01) 456-4441	2907	11461
Riyadh Super Branch: Junction of HRH Abdullah and Olaya Roads	RIYADH	(01) 470-6515	2907	11461
Ladies Section - Super Branch:				
Junction of HRH Abdullah and Olaya Roads	RIYADH	(01) 470-6511	2907	11461
Al-Naseem: Saad Bin Abi Al Wakkas Street	RIYADH	(01) 231-7456	2907	11461
Al-Hassa Street	RIYADH	(01) 476-9028	2907	11461
Ladies Section - Al-Hassa Street	RIYADH	(01) 477-4007	2907	11461
Shumaisi: Prince Fahd Bin Faisal Al Farhan Al-Saud Street	RIYADH	(01) 434-1115	2907	11461
King Fahd Road, Al-Kharj District	AL-KHARJ	(01) 544-4000	698	11942
Al-Zulfi Road	ONAIZAH	(06) 362-0490	877	Onaizah
King Abdulaziz Road	AL-RASS	(06) 333-7060	101	Al-Rass

Al Amanah Islamic:

Rabwah: Omar Bin Abdulaziz Street

RIYADH (01) 493-2439 2907 1461

Al-Khubaib Street

BURAIDAH (06) 324-5494 1829 Buraidah

Branches and ATM Locations (Continuation)

Branch		Telephone No	P.O. Box	Postal Code
Western Province:				
Jeddah Main: Wali Al Ahad (Crown Prince) Street	JEDDAH	(02) 652-5111	109	21411
King Abdulaziz Street: Al-Balad	JEDDAH	(02) 642-7008	7002	21462
Makkah Road: Kilo 3, Al Nuzlah Al Sharqeyyah	JEDDAH	(02) 688-4536	11633	21463
Palestine Street: Al Mukhmal Commercial Centre	JEDDAH	(02) 660-2929	109	21411
Ladies Branch - Palestine Street: Al Mukhmal Commercial Centre	JEDDAH	(02) 668-2219	109	21411
Prince Mutaib Street: Al-Rehab Market	JEDDAH	(02) 672-9046	109	21411
Sary Street: Al-Salamah	JEDDAH	(02) 683-2416	109	21411
Ladies Section - Sary Street: Al-Salamah	JEDDAH	(02) 698-1802	109	21411
Al-Tahliah: Prince Mohammed Bin Abdulaziz, Al-Rawdah	JEDDAH	(02) 667-9000	109	21411
Ladies Section - Al-Tahliah: Prince Mohammed Bin Abdulaziz, Al-Rawdah	JEDDAH	(02) 664-1666	109	21411
Hera Street, Al-Nahda	JEDDAH	(02) 699-0097	109	21411
Ladies Section - Hera Street: Al-Nahda	JEDDAH	(02) 622-6007	109	21411
Balad: Al-Dahab Street	JEDDAH	(02) 647-1145	19513	21455
Al-Safa District: Amir Majed Street	JEDDAH	(02) 679-2525	109	21411
Al-Amir Fahd Street: Prince Fahd Street, Al-Bawadi	JEDDAH	(02) 655-0862	109	21411
Abdullah Areef Street, Al-Nuzha	MAKKAH	(02) 545-2000	9559	Makkah
Ladies Section - Abdullah Areef Street: Al-Nuzha	MAKKAH	(02) 547-1000	9559	Makkah
Al-Azziziah: Aziziah Main Road	MAKKAH	(02) 557-0134	6052	Makkah
Abu Baker Al-Siddiq Street, Sultana	MADINAH	(04) 826-7472	135	Medinah
Ladies Section - Abu Baker Al-Siddiq Street: Sultana	MADINAH	(04) 823-2530	135	Medinah
Shehar Street	TAIF	(02) 740-0182	822	Taif,
King Abdulaziz Street, Al-Khasha'a	ABHA	(07) 224-4008	698	Abha
Al-Khairia Commercial Centre	K.MUSHAIT	(07) 222-2904	1846	Khamis Mushait
King Saud Street, Al-Nawa, Yanbu Industrial City	YANBU	(07) 325-4445	31220	Yanbu Al-Sinaiyah
Al-Amanah Islamic:				
Misfalah: Ibrahim Al-Khaleel Street	MAKKAH	(02) 537-8501	9559	Makkah
King Abdulaziz Street: Al-Harah Al-Sharqeyyah	MADINAH	(04) 838-5984	135	Medinah
Eastern Province:				
Dammam Main: Dhahran Street	DAMMAM	(03) 833-1553	1618	31441
Bin Khildoun Street: King Fahd Road	DAMMAM	(03) 842-5242	1618	31441
Al-Jalawiah: King Khalid Street	DAMMAM	(03) 842-4105	1618	31441
Al-Anoud: King Abdulaziz Street	DAMMAM	(03) 834-1087	1618	31441
Dammam Super Branch: Corniche Street, Al-Shati District	DAMMAM	(03) 830-1000	1618	31441
Ladies Section - Dammam Super Branch: Corniche Street	DAMMAM	(03) 830-1000	1618	31441
King Abdulaziz Boulevard, EPM Building	AL-KHOBAR	(03) 882-6000	394	31952
Ladies Section - King Abdulaziz Boulevard: EPM Building	AL-KHOBAR	(03) 882-6000	394	31952
Al-Agrabiah: 10th Street crossing Abu Haidria	AL-KHOBAR	(03) 894-8297	1618	31441
Thugbah: Makkah Street	AL-KHOBAR	(03) 898-5580	394	31952
Al-Imaam Al-Sadiq Street	QATIF	(03) 855-2059	209	31911
Taroot: Main Street	QATIF	(03) 823-2444	1618	31441
Safwa: Main Road	QATIF	(03) 664-2620	1618	31441
Saihat: King Abdulaziz Street	QATIF	(03) 856-0008	1618	31441

Branches and ATM Locations (Continuation)

Branch		Telephone No	P.O. Box	Postal Code
Ras Tanura: Al Malik Saud Street	QATIF	(03) 667-0056	607	31941
Ohud Street	QATIF	(03) 852-0266	209	31911
Ladies Section - Ohud Street	QATIF	(03) 852-0526	209	31911
King Abdulaziz Street	JUBAIL	(03) 362-0250	119	31951
Jubail Industrial City: 213 Road	JUBAIL	(03) 341-9147	10015	31961
Hoffuf: King Khalid Street	AL-HASSA	(03) 586-6000	365	31982
Mubarraz: Al-Hazam Street	AL-HASSA	(03) 587-2269	365	31982
Al-Khaldia: University Street	AL-HASSA	(03) 580-5186	365	31982
Ladies Section - Al-Khaldia: University Street	AL-HASSA	(03) 580-7209	365	31982
Al-Jafr: Main Street, Hoffuf	AL-HASSA	(03) 539-3156	365	31982

Central Province Offsite ATM Locations:

Riyadh:

Al-Mohammadiyah, Al-Jamea'ah,
 Prince Abdullah Street
 Al-Dabab Street, Al Jomaih Gas Station
 Al-Malaz, Al-Abar Gas Station -
 Salah Alddeen Al-Ayoubi (60) Street
 Al-Manar, Al-Zahra Gas Station,
 Ahmed Bin Hanbbal Street
 Olaya, Al-Awais Market -North Olaya
 Olaya, Alkhaldiah Building, Computer Market
 (next to Holiday Inn Hotel)
 Olaya, Sahara Mall -1st -Prince Abdullah Road
 Olaya, Sahara Mall -2nd -Prince Abdullah Road
 Olaya, NCCI Building -King Fahd Road
 Olaya, Al Faisaliah -3rd floor, Olaya Main
 Olaya, Al Faisaliah -Ground floor, Olaya Main
 Olaya, Al Faisaliah 3 -King Fahd Road
 Olaya, Nimer Plaza 1, Olaya Main Road
 Otaiqah, Al Aswaq Al Arabiah Mall -King Fahd Road
 Tahkassusi, City Plaza, Tahkassusi Main Road
 Wizarat -Sh. Abdulrahman Bin Hussain Street
 Al-Noor, Shumaisi, Muslimah Bin Abdulmalik Street
 (can be used by blind people)
 Al-Nadeem, Al Marmara Street
 Batha, Al Rajhi Centre, Batha Main Street
 Al-Swaidi, Naft Al-Swaidi, Swaidi Main Street
 Al-Swaidi, Reem Al-Jazirah Gas Station,
 Sultana Street
 Al-Rawdah, Al-Sharqi Mall,
 Khalid Ibn Al-Waleed Street (Inkas)
 Al-Rawdah, Al-Rawdah International Mall,
 Hafsa Bin Omer Street
 Al-Rawdah, Al Nasser Mall, Khurais,
 Hassan Bin Ali Street
 Al-Rawdah, Al-Jazirah Gas Station,
 Prince Bandar Bin Abdulaziz Street
 Al-Aud, Naft Ghobairah, Amar Bin Yaser Street
 Industrial Zone, MASCO 2, Al-Kharj Road

Al-Kharj:

Najmat Al-Madaen Gas Station, King Abdulaziz Road

Al Ameerah Gas Station -King Abdulaziz Street

Al Sheddi Gas Station

King Fahd Street

Buraidah:

Al Khobaib, Al Khobaib Road

Al-Rass:

Al-Souq, King Abdulaziz Street

Al-Souq, King Fahed Road

Western Province Offsite ATM Locations:

Jeddah:

Wali Alhed Street, in front of Jeddah main branch
 Al Bughdadiyah District, Al Johara Building,
 Madinah Road
 Al-Hamra, Fudruckers Restaurant -
 Al Fitaihi Street
 Al-Mahjer, King Abdulaziz Hospital -
 Al-Mahjer Street
 Al-Rehab, Al-Rehab Centre -Prince
 Mutaib Street (40)
 Al-Rwais, United Doctors Hospital,
 Al Jazeerah Street
 Al-Salamah, Al-Salamah Station -Sari Street
 Al-Mokhtar Mall, Prince Sultan Street
 ARAMCO, SAMARIC -Al-Madinah Road
 Herra, Dr. Erfan Hospital -King Fahd (60) Street
 Industrial Zone, Saudi Cable Plant -
 Saudi Cable Street
 Kandarah, Al-Wafa Gas Station -Old Airport Street
 Marriot Hotel, Palestine Street
 Mosadia, Mosadia Plaza, Al-Madinah Road
 SWCC, SWCC Compound Jeddah
 Al-Jameah, Diwan Restaurant,
 Abdallah Bin Sulaiman Street
 Quraish Road, near Madina Road, Mobil Station
 Petrolco Gas Station, Sitteen Street
 Suzuki Dealership, Hail Street
 Crossing of Sahafa Street & Palestine Street
 Tahliyah Street, Suzuki Dealership
 Al-Toubah Street, Mobile Gas Station
 Watani Stores, Al-Tahliyah Street

Branches and ATM Locations (Continuation)

Al-Rawadah Gas Station, Medina Road to Baled
Al-Tahliyah Street, in front of Tahliya Branch
Le Mall Center, Al-Tahliyah Street
Chuk & Cheasse Center, Al-Kournish Street
Abdullatif Jameel Hospital

Makkah:

Al-Haram Hilton Hotel (2 ATMs),
King Abdulaziz Street
Al Hojoun, Al Haram Street
Al Noor, Jeddah-Makkah Road
(can be used by blind people)
Abdullah Areif Street, in front of Makkah Branch
Watani Stores, Jabal Thour Road (Mini Lobby & D/T)
Hajj Ministry

Al-Madinah:

Al-Anabiyah, Oberoi Hotel (next to Al-Haram)
Madinah International Mall, Abu Baker Al
Siddiq Street
Said Al Shuhada Road Al-Deera Gas Station

Taif:

Al-Qammaryah, Airport Road
Al Gaish Gas Station, Al-Gaish Street
Shear Street in front of Taif Branch

Abha:

Al Hizam Al Akhdar, Opposite to
Al Ghunaim Commercial Center, Prince Sultan Road
Shamsan, Al-Ghamdi Gas Station,
Prince Sultan Bin Abdulaziz Street

Khamis Mushait:

Al-Ghounaim, Al-Ghounaim Centre -Main Street
Al Mobti, Abha -Airport Road
Al-Janadriah Gas Station, Prince Sultan Street
(next to the Military Base)
Naft Gas Station, King Faisal Street

Yanbu:

King Saud X Radawi Street

Eastern Province Offsite ATM Locations:

Dammam:

Vegetable Market, 42nd Street
Al Anoud, Al Dowayan Gas Station, King Khalid Street
Dammam Plaza Complex, Prince Mohammad Street
STC, STC Complex, 42nd Street
Al Mina, Al Mina Street
Al Mubarkiyah, The Main Street
Al Rabea, Al Rabea Park, Dammam/Dhahran Highway
Railway, Railway Headquarters
9th Street, 9th Street Cross King Khalid Street
GDE, Khobar/Dammam Highway
Corniche(Super)Branch, 1st Street Cross Corniche Road
Al Watham, Ibn Sena Street, Abdalla Foad Area
Al Otaibi, Al Otaibi Gas Station, King Fahd Road
King Saud, Gas Station King Saud Street
Al Jabreen, Dhahran/Abqiq Highway

Khobar:

Arkan Al Khair, Close to N.Guard, Dam/Dhn Airport

Highway

Al Sanad, City Plaza, Khobar/Dhahran Highway
Corniche, Corniche (Prince Turki) Road
EPM Building, King Abdulaziz Road
Toyota, Prince Faisal Bin Fahd (28th) Road
SWCC, SWCC Housing Compound
Al Naghmoosh, 20th Street, Thogbah
Al Jesir, Main Street, Al Jesir (26) Area
The Causeway, King Fahd Causeway
Al Saeed, Corniche/Doha Road
Al Angari, Dayem Center, Riyadh Street, Thogbah
Al Rashid, Al Rashid Mall, Khobar/Dhahran Highway
Saad Specialist Hospital, Prince Faisal Bin Fahd Street
Nayef, Prince Nayef Street

Dhahran:

KAAB, King Abdulaziz Air Base Hospital
ARAMCO, Al Mujamaa Bldg., S. ARAMCO Headquarters
Al Danah, Danah Park, The Main Road
KFMMC, KF Military Medical Complex, Dhn/Abq Hwy

Qatif:

Al Abduljabbar, Al Abduljabbar Gas Station, Al Quds Road
Ohud, Ohud Branch, Al Quds Road
Al Zahrah, Al Zahrah Mall, Ohud Street
Fish Market, Al Fatah Street
Al Awamiya, The Main Road,
Al Ghanim, Al Ghanim Gas Station, Umm Al Hamam
Al Jarodiyah, Al Muheet Street

Safwa:

Co-op Stores, Al Zahrah Main Street
APSCO Gas Station, Safwa/Umm Al Sahik

Saihat:

Al Muntazah, Corniche Old Road

Enak:

Enak, Al Gismah Street

Jubail:

Toyota, Jeddah Street
SWCC, SWCC Housing Compound
Al Safat, King Abdulaziz (Al Safat) Street
Al Safat2, King Abdulaziz Street (Al Safat)
Al Fanaateer, Giant Stores, Al Fanaateer
Al Jabal St., Al Jabal Street

Al Hasa:

PGE, Qatar (Al Khaleej) Road, Al Khalidiyah
Boukhudor, Al Jafar Road, Al Munizlah
Municipality Square, King Abdulaziz Street, Hoffuf
Al Noor, Al Noor Institute, Prince Sultan Street, Hoffuf
Riyadh Road, Close to KF Hospital & KF Mosque. Hoffuf
Al Garah, The Main Street, Al Garah
Al Rashdiyah, Al Rashdiyah Street, Mubarak
Al Omran, the Main Street, Al Omran
Al Kuhl, Dhahran Street, Mubarak
Al Ridah, Al Ridah Center, King Fahd Road
Sanabil Al Khaleej, Abu Hatab Street, Al Nuzha
Al Khaimah, Prince Nayef Street, Al Hoffuf
Al Taraiff, Main Street (Al Taraiff) Village
Al Moosa, Main Street (Al Garan) Village