

BASEL II – Disclosures

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TABLE 1: SCOPE OF APPLICATION - JUNE 2010

Capital Deficiencies (Table 1, (e))

Particulars	Amount SAR '000'
The aggregate amount of capital deficiencies in subsidiaries not included in the consolidation i.e. that are deducted:	Nil
1. Subsidiary 1	
2. Subsidiary 2	
3. Subsidiary n	

TABLE 2: CAPITAL STRUCTURE - JUNE 2010

Capital Structure (Table 2, (b) to (e))

Components of capital	SAR '000'
Core capital - Tier I:	
Eligible paid-up share capital	15,000,000
Shares premium accounts	-
Eligible reserves	10,981,592
Minority interests in the equity of subsidiaries	-
Retained earnings	513,034
IAS type adjustments	547,940
Deductions from Tier I:	
Interim losses during the year	-
Intangible assets (including goodwill)	-
Other country specific deductions from Tier 1 at 50%	-
Regulatory calculation differences deduction from Tier 1 at 50%	-
Reciprocal holding of bank capital at 50% deduction	-
Significant minority investments at 10% and above at 50% deduction:	(107,277)
- Banking and securities entities not fully consolidated	(40,220)
- Insurance organizations	(67,057)
- Commercial organizations	-
Total Tier I	26,935,289
Supplementary capital - Tier 2:	
Revaluation gains/reserves	-
Subordinated loan capital	-
Qualifying general provisions	1,072,349
Interim profits	1,450,264
Deductions from Tier II:	
Reciprocal holding of bank capital at 50% deduction	-
Significant minority investments at 10% and above at 50% deduction:	(107,277)
- Banking and securities entities not fully consolidated	(40,220)
- Insurance organizations	(67,057)
- Commercial organizations	-
Other country specific deductions from Tier 2 at 50%	-
Regulatory calculation differences deduction from Tier 2 at 50%	-
Total Tier II	2,415,336
Capital to cover market risks - Tier III	-
Short Term Subordinated Debit	-
Tier I and Tier II Capital Available for Market Risk	-
Total eligible capital	29,350,625

TABLE 3: CAPITAL ADEQUACY - JUNE 2010

Amount of Exposures Subject To Standardized Approach of Credit Risk and related Capital Requirements (TABLE 3, (b)) SAR '000'

Portfolios	Amount of exposures*	Capital requirements
Sovereigns and central banks:	35,607,354	15,570
- SAMA and Saudi Government	31,021,722	-
- Others	4,585,632	15,570
Multilateral Development Banks (MDBs)	-	-
Public Sector Entities (PSEs)	-	-
Banks and securities firms	18,819,659	651,912
Corporates	84,469,646	6,662,202
Retail non-mortgages	16,057,232	964,110
Small Business Facilities Enterprises (SBFEs)	122,233	8,820
Mortgages	3,354,217	268,337
- Residential	3,354,217	268,337
Equity	689,273	55,142
Others	10,816,325	701,674
Total	169,935,939	9,327,767

*'Amount of exposures' are on-balance sheet and on gross basis.

TABLE 3: CAPITAL ADEQUACY - JUNE 2010

Capital Requirements For Market Risk* (822, Table 3 (d))					SAR '000'
	Interest rate risk	Equity position risk	Foreign exchange risk	Commodity risk	Total
Standardised approach	-	-	85,953	-	85,953

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

TABLE 3: CAPITAL ADEQUACY - JUNE 2010

Capital Requirements for Operational Risk* (Table 3, (e))

Particulars	Capital requirement SAR '000'
Standardised approach	791,979
Total	791,979

*Capital requirement is to be disclosed only for the approach used.

TABLE 4 (STA): CREDIT RISK: GENERAL DISCLOSURES - JUNE 2010

Credit Risk Exposure (Table 4, (b))		SAR '000'
Portfolios	Total gross credit risk exposure*	Average gross credit risk exposure over the period**
Sovereigns and central banks:	35,611,275	39,186,305
– SAMA and Saudi Government	31,021,722	34,703,012
– Others	4,589,553	4,483,293
Multilateral Development Banks (MDBs)	-	-
Public Sector Entities (PSEs)	-	-
Banks and securities firms	24,485,676	24,157,714
Corporates	117,134,943	116,084,408
Retail non-mortgages	16,170,888	15,529,920
Small Business Facilities Enterprises (SBFEs)	224,213	350,366
Mortgages	3,354,217	2,984,051
– Residential	3,354,217	2,984,051
Equity	689,273	842,488
Others	9,997,091	12,394,586
Total	207,667,576	211,529,838

Notes:

* 'Total gross credit risk exposure' equals on-balance sheet, off-balance sheet after application of credit conversion factor, and derivatives at their credit equivalent values.

** 'Average gross credit risk exposure over the period' represents average of current and previous 4 Basel 2 Regulatory Reports

TABLE 4 (STA): CREDIT RISK: GENERAL DISCLOSURES - JUNE 2010

Geographic Breakdown (Table 4, (c)) SAR '000'

Portfolios	Geographic Area						Total
	Saudi Arabia	Other GCC & Middle East	Europe	North America	South East Asia	Other Countries	
Sovereigns and central banks:	31,021,722	788,320	922,680	2,661,674	52,930	163,949	35,611,275
- SAMA and Saudi Government	31,021,722	-	-	-	-	-	31,021,722
- Others	-	788,320	922,680	2,661,674	52,930	163,949	4,589,553
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-
Banks and securities firms	4,062,384	2,872,606	11,415,594	4,230,234	694,834	1,210,024	24,485,676
Corporates	108,290,385	2,349,230	1,851,246	3,866,426	136,892	640,764	117,134,943
Retail non-mortgages	16,170,740	-	-	-	-	148	16,170,888
Small Business Facilities Enterprises (SBFEs)	224,213	-	-	-	-	-	224,213
Mortgages	3,354,217	-	-	-	-	-	3,354,217
- Residential	3,354,217	-	-	-	-	-	3,354,217
Equity	612,670	6,806	23,728	33,178	2,382	10,509	689,273
Others	7,894,242	-	181,445	1,834,429	2,376	84,599	9,997,091
Total	171,630,573	6,016,962	14,394,693	12,625,941	889,414	2,109,993	207,667,576

TABLE 4 (STA): CREDIT RISK: GENERAL DISCLOSURES - JUNE 2010

Portfolios	Industry Sector Breakdown (Table 4, (d)) SAR '000'												
	Government and quasi Government	Banks and other Financial institutions	Agriculture and Fishing	Manufacturing	Mining and Quarrying	Electricity, Water, Gas and Health Services	Building and Construction	Commerce	Transportation and Communications	Services	Consumer loans and Credit cards	Others	Total
Sovereigns and central banks:	35,611,275												35,611,275
- SAMA and Saudi Government	31,021,722												31,021,722
- Others	4,589,553												4,589,553
Multilateral Development Banks (MDBs)													
Public Sector Entities (PSEs)													
Banks and securities firms		24,485,676											24,485,676
Corporates		7,035,972	1,173,004	17,830,810	2,720,144		18,143,165	47,764,466	10,017,112	3,368,222		9,082,048	117,134,943
Retail non mortgages		100,837					583	70,519	1,044	41,299	15,956,606		16,170,888
Small Business Facilities Enterprises (SBFEs)				19,458		271	89,546	105,485		9,132		321	224,213
Mortgages											3,354,217		3,354,217
- Residential											3,354,217		3,354,217
Equity		165,538	37,662	229,490	5,312	103,500		42,957	50,751	31,810		22,253	689,273
Others			3,926	207,477	1,313		144,025	2,868,502	2,865	56,326		6,712,657	9,997,091
Total	35,611,275	31,788,023	1,214,592	18,287,235	2,726,769	103,771	18,377,319	50,851,929	10,071,772	3,506,789	19,310,823	15,817,279	207,667,576

TABLE 4 (STA): CREDIT RISK: GENERAL DISCLOSURES - JUNE 2010

Residual Contractual Maturity Breakdown (Table 4, (e)) SAR '000'

Portfolios	Maturity breakdown								
	Less than 8 days	8-29 days	30-89 days	90-179 days	180-359 days	1-3 years	3-5 years	Over 5 years	Total
Sovereigns and central banks:	9,274,889	946,771	5,561,714	5,615,469	3,982,456	1,895,568	691,478	7,642,930	35,611,275
- SAMA and Saudi Government	9,274,889	946,771	2,977,093	5,615,469	3,982,456	1,842,396	-	6,382,648	31,021,722
- Others	-	-	2,584,621	-	-	53,172	691,478	1,260,282	4,589,553
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-
Banks and securities firms	6,632,734	2,096,206	4,984,807	3,453,299	2,428,568	2,558,838	1,482,385	848,839	24,485,676
Corporates	12,414,048	8,032,844	18,008,232	18,336,126	15,901,735	24,484,481	9,405,649	10,551,828	117,134,943
Retail non-mortgages	11,827	6,351	10,388	40,090	308,991	3,009,451	10,566,273	2,217,517	16,170,888
Small Business Facilities Enterprises (SBFEs)	15,209	2,254	12,403	6,122	10,282	175,597	2,245	101	224,213
Mortgages	-	26	26	49	245	18,659	64,065	3,271,147	3,354,217
- Residential	-	26	26	49	245	18,659	64,065	3,271,147	3,354,217
Equity	-	-	-	-	-	-	-	689,273	689,273
Others	4,923,384	22,415	138,747	243,919	84,053	265,857	495,171	3,823,545	9,997,091
Total	33,272,091	11,106,867	28,716,317	27,695,074	22,716,330	32,408,451	22,707,266	29,045,180	207,667,576

TABLE 4 (STA): CREDIT RISK: GENERAL DISCLOSURES - JUNE 2010

Impaired Loans, Past Due Loans and Allowances (Table 4, (f))											SAR '000'
Industry sector	Impaired loans *	Defaulted **	Aging of Past Due Loans (days)				Specific allowances				General allowances
			31-90	91-180	181-360	Over 360	Balance at the beginning of the period	Charges during the period	Charge-offs during the period	Balance at the end of the period	
Government and quasi government	-	-	-	-	-	-	-	-	-	-	-
Banks and other financial institutions	-	-	-	-	-	-	-	-	-	-	-
Agriculture and fishing	13,203	-	-	-	-	-	10,455	(733)	-	9,722	-
Manufacturing	238,414	7,735	68,595	-	-	7,735	23,467	67,838	-	91,305	-
Mining and quarrying	-	-	7,060	-	-	-	-	-	-	-	-
Electricity, water, gas and health services	-	-	-	-	-	-	-	-	-	-	-
Building and construction	147,490	28,873	35,901	28,873	-	-	105,235	11,094	-	116,329	-
Commerce	1,455,172	2,072,335	618,459	1,426,802	-	645,533	528,748	219,757	-	748,505	-
Transportation and communication	-	-	1,301	-	-	-	116	(116)	-	-	-
Services	7,302	-	24,118	-	-	-	9,703	(5,867)	-	3,836	-
Consumer loans and credit cards	-	359,260	750,058	359,260	-	-	-	200,211	(200,211)	-	-
Others	52,882	-	-	-	-	-	15,875	(1,357)	-	14,518	-
Portfolio provision	-	-	-	-	-	-	-	-	-	-	1,072,349
Total	1,914,463	2,468,203	1,505,492	1,814,935	-	653,268	693,599	490,827	(200,211)	984,215	1,072,349

Definitions: ** 'Defaulted' are Loans that are Past Due over 90 days, but not yet impaired

* 'Impaired Loans' are loans with Specific Provisions

Above industry sectors are based on facility level, 2009 Q2 & 2008 Q4 were at customer level

TABLE 4 (STA): CREDIT RISK: GENERAL DISCLOSURES - JUNE 2010

Impaired Loans, Past Due Loans And Allowances (Table 4, (g))

SAR '000'

Geographic area	Impaired loans	Aging of Past Due Loans (days)				Specific allowances	General allowances
		31-90	91-180	181-360	Over 360		
Saudi Arabia	1,914,463	1,505,492	1,814,935	-	653,268	984,215	1,072,349
Other GCC & Middle East	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-
South East Asia	-	-	-	-	-	-	-
Others countries	-	-	-	-	-	-	-
Total	1,914,463	1,505,492	1,814,935	-	653,268	984,215	1,072,349

TABLE 4 (STA): CREDIT RISK: GENERAL DISCLOSURES - JUNE 2010

Reconciliation Of Changes In The Allowances For Loan Impairment (Table 4, (h))		SAR '000'	
Particulars	Specific allowances	General allowances	
Balance, beginning of the year	693,599	1,072,349	
Charge-offs taken against the allowances during the period	568,324	-	
Amounts set aside (or reversed) during the period	(277,708)	-	
Other adjustments:	-	-	
- exchange rate differences	-	-	
- business combinations	-	-	
- acquisitions and disposals of subsidiaries	-	-	
- etc.	-	-	
Transfers between allowances	-	-	
Balance, end of the year	984,215	1,072,349	

Note: Charge-offs and recoveries have been recorded directly to the income statement.

TABLE 5 (STA): CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH - JUNE 2010

Allocation Of Exposures To Risk Buckets (Table 5, (b))									SAR '000'	
Particulars	Risk buckets								Unrated	Deducted
	0%	20%	35%	50%	75%	100%	150%	Other risk weights		
Sovereigns and central banks:	35,266,448	146,550	-	65,920	-	132,357	-	-	-	-
- SAMA and Saudi Government	31,021,722	-	-	-	-	-	-	-	-	-
- Others	4,244,726	146,550	-	65,920	-	132,357	-	-	-	-
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	201,224	5,131,497	-	19,072,522	-	75,112	4,727	-	-	-
Corporates	7,433	531,472	-	3,150,716	37,029	110,415,821	10,237	-	112,461,078	-
Retail non-mortgages	5	-	-	-	16,126,832	-	-	-	16,126,837	-
Small Business Facilities Enterprises (SBFEs)	-	-	-	-	213,560	-	-	-	214,283	-
Mortgages	-	-	-	-	-	3,354,217	-	-	3,354,216	-
- Residential	-	-	-	-	-	3,354,217	-	-	3,354,216	-
Equity	-	-	-	-	-	689,273	-	-	689,273	-
Others	1,923,460	-	-	-	-	6,331,247	1,642,019	-	9,351,322	-
Total	37,398,570	5,809,519	-	22,289,158	16,377,421	120,998,027	1,656,983	-	142,197,009	-

Note: Exposure amounts are after applying 'risk mitigants' where applicable.

TABLE 7 (STA): CREDIT RISK MITIGATION (CRM): DISCLOSURES FOR STANDARDIZED APPROACH - JUNE 2010

Credit Risk Exposure Covered By CRM (Table 7, (b) and (c))		SAR '000'
Portfolios	Covered by	
	Eligible financial collateral	Guarantees \ credit derivatives
Sovereigns and central banks:		
- SAMA and Saudi Government		
- Others		
Multilateral Development Banks (MDBs)		
Public Sector Entities (PSEs)		
Banks and securities firms	594	
Corporates	2,707,617	274,614
Retail non-mortgages	44,052	
Small Business Facilities Enterprises (SBFEs)	10,652	
Mortgages		
- Residential		
Equity		
Others	100,365	
Total	2,863,280	274,614

TABLE 3: CAPITAL ADEQUACY - JUNE 2010

Capital Requirements For Market Risk* (Table 10 (b))					SAR '000'
	Interest rate risk	Equity position risk	Foreign exchange risk	Commodity risk	Total
Standardised approach	-	-	85,953	-	85,953

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

TABLE 13: EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS - JUNE 2010

Value Of Investments (Table 13, (b))		SAR '000'			
	Un-quoted investments		Quoted investments		
	Value disclosed in Financial Statements	Fair value	Value disclosed in Financial Statements	Fair value	Publicly quoted share values (if materially different from fair value)
Investments	172,418	172,418	516,855	516,855	n/a

TABLE 13: EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS - JUNE 2010

Types And Nature of Investments (Table 13, (c))	SAR '000'	
	Publicly traded	Privately held
Investments		
Government and quasi government	-	-
Banks and other financial institutions	138,481	27,056
Agriculture and fishing	37,062	600
Manufacturing	229,490	-
Mining and quarrying	5,312	-
Electricity, water, gas and health services	1,060	102,442
Building and construction	-	-
Commerce	42,957	-
Transportation and communication	50,751	-
Services	-	31,810
Others	11,742	10,510
Total	516,855	172,418

TABLE 13: EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS - JUNE 2010

Gains / Losses Etc. (Table 13, (d) and (e)) SAR '000'

Particulars	Amount
Cumulative realized gains (losses) arising from sales and liquidations in the reporting period	-
Total unrealized gains (losses)	60,427
Total latent revaluation gains (losses)*	N/A
Unrealized gains (losses) included in Capital	37,681
Latent revaluation gains (losses) included in Capital*	N/A

*Not applicable to KSA to date

TABLE 13: EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS - JUNE 2010

Capital Requirements (Table 13, (f))	SAR '000'
Equity grouping	Capital requirements
Government and quasi government	-
Banks and other financial institutions	13,243
Agriculture and fishing	3,013
Manufacturing	18,359
Mining and quarrying	425
Electricity, water, gas and health services	8,280
Building and construction	-
Commerce	3,437
Transportation and communication	4,060
Services	2,545
Others	1,780
Total	55,142

TABLE 14: INTEREST RATE RISK IN THE BANKING BOOK (IRRBB) - JUNE 2010

200bp Interest Rate Shocks for currencies with more than 5% of Assets or Liabilities (Table 14, (b))

	SAR 000's
Rate Shocks	Change in earnings
Upward rate shocks:	
SAR +200bp	340,705
USD +200bp	(245,708)
Downward rate shocks:	
SAR-200bp	(202,256)
USD-200bp	48,801