



SMBC Bank International plc

Pillar 3 Disclosures
as of 30 September 2023

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1. Overview

1.1 Background and key changes in the September 2023 Pillar 3

From 1 January 2022, UK Pillar 3 disclosure requirements are set out under the Disclosure Part of the PRA Rulebook and are broadly aligned to the equivalent revisions that have already come into force under the EU version of CRR II.

In addition to summary capital and leverage disclosures, specific Pillar 3 templates are required to be disclosed by large institutions on a quarterly and semi-annual basis and these are included within this report with the following exceptions as those templates are not applicable to the Bank:

Table	Template name
CCR4	IRB approach – CCR exposures by exposure class and PD scale
CCR6	Credit derivatives exposures
CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries
CQ2	Quality of forbearance
CQ5	Credit quality of loans and advances by industry
CQ6	Collateral valuation - loans and advances
CQ7	Collateral obtained by taking possession and execution processes
CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown
CR6	IRB approach – Credit risk exposures by exposure class and PD range
CR7	IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques
CR7-A	IRB approach – Disclosure of the extent of the use of CRM techniques
SEC	Disclosure of securitisation positions

All quantitative information presented in this Pillar 3 report is in US dollar millions unless otherwise stated.

2. Key metrics

The key metrics dashboard provides an overview of the Bank's prudential regulatory situation including its capital, leverage ratio and liquidity ratios.

Table 1: KM1 Key metrics

		30 September 2023	31 March 2023	30 September 2022
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	5,084	5,083	4,871
2	Tier 1 capital	5,084	5,083	4,871
3	Total capital	5,084	5,083	4,871
Risk weighted exposure amounts				
4	Total risk weighted exposure amount	29,061	28,579	27,759
Capital ratios (as a percentage of risk weighted exposure amount)				
5	CET1 ratio (%)	17.5	17.8	17.5
6	Tier 1 ratio (%)	17.5	17.8	17.5
7	Total capital ratio (%)	17.5	17.8	17.5
Additional own funds requirements based on SREP* (as a percentage of risk weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%)	0.7	0.7	0.7
UK 7b	Additional Tier 1 SREP requirements (%)	0.2	0.2	0.3
UK 7c	Additional Tier 2 SREP requirements (%)	0.3	0.3	0.3
UK 7d	Total SREP own funds requirements (%)	9.3	9.3	9.3
Additional own funds requirements based on SREP* (as a percentage of risk weighted exposure amount)				
8	Capital conservation buffer (%)	2.5	2.5	2.5
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0	0	0
9	Institution specific countercyclical capital buffer (%)	0.99	0.44	0.04
11	Combined buffer requirement (%)	3.5	2.9	2.5
UK 11a	Overall capital requirements (%)	12.8	12.3	12.0
12	CET1 available after meeting the total SREP own funds requirements (%)	8.2	8.5	8.2
Leverage ratio				
13	Total exposure measure excluding claims on central banks	37,292	36,713	42,903
14	Leverage ratio excluding claims on central banks (%)	13.6	13.8	11.4
Additional leverage ratio disclosure requirements				
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	13.6	13.8	n/a
14b	Leverage ratio including claims on central banks (%)	8.3	8.2	
14c	Average leverage ratio excluding claims on central banks (%)	13.7	13.4	
14d	Average leverage ratio including claims on central banks (%)	8.5	8.1	
14e	Countercyclical leverage ratio buffer (%)	0.3	0.2	
Liquidity coverage ratio				
15	Total high quality liquid assets (HQLA) (Weighted value – average)	25,074	27,770	26,812
UK 16a	Cash outflows – Total weighted value	19,937	22,064	20,311
UK 16b	Cash inflows – Total weighted value	3,700	2,970	3,377
16	Total net cash outflows (adjusted value)	16,237	19,094	16,934
17	Liquidity coverage ratio (%)	154.4	145.4	158.3

Net stable funding ratio				
18	Total available stable funding	23,965	23,984	24,965
19	Total required stable funding	16,870	16,839	16,274
20	NSFR ratio (%)	142.1	142.4	153.4

* Supervisory Review and Evaluation Process.

3. Own funds

Table 2: CC1 Composition of regulatory own funds

The Bank determines its own funds on the basis laid down in the UK CRR. CET1 capital and risk weighted assets (RWAs) are calculated applying the transitional arrangements under the UK CRR, including the International Financial Reporting Standard (IFRS) 9 transitional arrangements.

		(a)	(b)	
		30 September 2023	31 March 2023	Balance sheet source in table CC2
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	3,200.1	3,200.1	a
2	Retained earnings	1,878.8	1,878.8	b
3	Accumulated other comprehensive income (and other reserves)	108.0	110.5	c
6	CET1 capital before regulatory adjustments	5,186.9	5,189.4	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments	(5.3)	(5.0)	h
8	Intangible assets (net of related tax liability)	(62.4)	(56.4)	d
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(7.7)	(10.2)	e
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	0	
15	Defined benefit pension fund assets	(33.0)	(30.1)	f
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	5.8	(4.7)	g
28	Total regulatory adjustments to CET1	(102.5)	(106.3)	
29	CET1 capital	5,084.3	5,083	
60	Total risk exposure amount	29,061	28,579.2	
Capital ratios and buffers				
61	CET1 (as a percentage of total risk exposure amount)	17.5%	17.8%	
62	Tier 1 (as a percentage of total risk exposure amount)	17.5%	17.8%	
63	Total capital (as a percentage of total risk exposure amount)	17.5%	17.8%	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	8.7%	8.2%	
65	of which: capital conservation buffer requirement	2.5%	2.5%	
66	of which: countercyclical buffer requirement	0.99%	0.44%	
68	CET1 available to meet buffers (as a percentage of risk exposure amount)	8.6%	9.4%	
Amounts below the thresholds for deduction (before risk weighting)				
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	23.7	26.0	

Table 3: CC2 reconciliation of regulatory own funds to balance sheet in the audited financial statements.

The Bank's financial statements are prepared in accordance with IFRS, and regulatory own funds are prepared under prudential rules. The financial statement forms the basis for the calculation of regulatory capital requirements. There is no difference in the regulatory and accounting scope of consolidation.

inference in the regulatory and accounting scope of consolidation.

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference to table CC1
		30 September 2023		
Assets – Breakdown by asset class according to the balance sheet in the published financial statements				
1	Cash and balances at central banks	23,881.4		
2	Settlement balances	107.8		
3	Loans and advances to banks	3,564.6		
4	Loans and advances to customers	18,175		
	of which subject to capital increase (IFRS 9 transitional arrangements)	6.6		g
5	Reverse repurchase agreements	1,711.4		
6	Investment securities	1,038.3		
7	Derivative assets	2,472.4		
8	Other assets	279.9		
9	Intangible assets and goodwill	62.4		
	of which subject to capital deduction (Goodwill)	1.9		d
	of which subject to capital deduction (other intangibles)	60.4		d
10	Property and equipment	240.8		
12	Deferred tax asset	24.1		
13	Pensions surplus	44.7		f
14	Accruals and Prepayments	423.2		
	Total assets	52,026		
Liabilities – Breakdown by liability class according to the balance sheet in the published financial statements				
1	Deposits by banks	22,352.3		
2	Customer accounts	20,637.5		
3	Debts securities in issue	751.2		
4	Derivatives liabilities	1,868.7		
	Of which: subject to capital deduction (prudential valuation adjustment)	5.3		h
	Of which subject to capital decrease (Fair value loss from the institution's own credit risk related to derivative liabilities)	0.8		g
5	Other liabilities	984.3		
6	Other provisions	22.4		
7	Current tax liability	0.5		
8	Deferred tax liability	24.1		
	Of which associated to defined pension fund assets	11.7		f
	Total liabilities	46,641		
Shareholders' equity				
1	Called up share capital	3,200.1		a
2	Retained earnings	2,076.2		b
	Of which unrecognised current year profits	(197.5)		b
3	Other reserves	108.0		c
	of which subject to prudential filter (fair value reserves related to gains or losses on cash flow hedges)	7.7		e

Total shareholders' equity	5,384.3
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4. Own funds requirements and risk weighted exposure amounts

Table 4: OV1 Overview of risk weighted exposure amounts.

This table provides a breakdown of the risk weighted exposure amounts (RWEAs) and the total own funds requirements, by exposure class and calculation approach, of SMBC BI as at 30 September 2023. Total own funds requirements are calculated as RWEAs multiplied by 8%.

		RWEAs			Total own funds requirements		
		30 September 2023	30 June 2023	31 March 2023	30 September 2023	30 June 2023	31 March 2023
1	Credit risk (excluding CCR)	25,262	25,587	24,625	2,021	2,047	1,970
2	Of which the standardised approach	25,262	25,587	24,625	2,021	2,047	1,970
6	Counterparty credit risk – CCR	1,672	1,618	1,742	134	129	139
UK 8b	Of which credit valuation adjustment – CVA	222	227	255	18	18	20
20	Position, foreign exchange and commodities risks (market risk)	381	613	466	31	49	37
21	Of which the standardised approach	381	613	466	31	49	37
UK 22a Large exposures							
23	Operational risk	1,745	1,745	1,745	140	140	140
UK 23a Of which basic indicator approach							
UK 23b Of which standardised approach		1,745	1,745	1,745	140	140	140
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)	59	66	65	5	5	5
29	Total	29,061	29,791	28,579	2,325	2,383	2,285

5. Credit risk exposures

Analysis of non-performing and forborne exposures

Table 5: CQ1 Credit quality of forborne exposures

The following table presents the credit quality of the performing and non-performing forborne exposures by portfolio and exposure class.

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	Gross carrying amount/ Nominal amounts of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
	Non-performing forborne				On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures
	Performing forborne	Of which defaulted	Of which impaired					
Loans and advances	71	61	61	61	(2)	(8)	0	0
Other financial corporations	0	0	0	0	0	0	0	0
Non-financial corporations	71	61	61	61	(2)	(8)	0	0

Total	71	61	61	61	(2)	(8)	0	0
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	Gross carrying amount/ Nominal amounts of exposures with forbearance measures			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures		
	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures	
	Performing forborne	Of which defaulted	Of which impaired					
Loans and advances	103	375	375	375	(3)	(8)	320	290
Other financial corporations	6						6	
Non-financial corporations	97	375	375	375	(3)	(8)	315	290
Total	103	375	375	375	(3)	(8)	320	290

Table 6: CQ4: Quality of non-performing exposures by geography

30 September 2023

	Gross carrying/Nominal amount			of which: non-performing		Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: defaulted	of which: subject to impairment					
On-balance sheet exposures	24,818	127	127	24,818	(260)			
United Kingdom	8,476	66	66	8,476	(44)			
France	3,898	0	0	3,898	(9)			
Saudi Arabia	1,151	0	0	1,151	(6)			
Japan	1,552	0	0	1,552	0			
Netherlands	1,001	28	28	1,001	(20)			
United States	684	0	0	684	(1)			
South Africa	678	0	0	678	(1)			
Switzerland	720	0	0	720	(9)			
Turkey	271	0	0	271	(7)			
Russian Federation	295	0	0	295	(145)			
Other countries	6,092	33	33	6,092	(18)			
Off-balance sheet exposures	17,081	10	10	0	–		22	
France	6,766	0	0	0	–		3	
United Kingdom	5,495	9	9	0	–		10	
Saudi Arabia	127	0	0	0	–		0	
Spain	488	0	0	0	–		0	
South Africa	257	0	0	0	–		0	
Netherlands	530	1	1	0	–		1	

Cayman Islands	165	0	0	0	–	3	–
Japan	179	0	0	0	–	0	–
Hong Kong	34	0	0	0	–	0	–
Jersey	39	0	0	0	–	0	–
Other countries	3,001	0	0	0	–	5	–
Total	41,899	137	137	24,818	(260)	22	–

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		Gross carrying/Nominal amount				Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing			Accumulated impairment		
			of which: defaulted	of which: subject to impairment			
On-balance sheet exposures	23,587	426	426	23,587	(253)	—	—
United Kingdom	7,547	100	100	7,547	(32)	—	—
France	3,798	0	0	3,798	(21)	—	—
Saudi Arabia	1,184	0	0	1,184	(6)	—	—
Japan	1,391	0	0	1,391	0	—	—
Netherlands	882	0	0	882	(5)	—	—
United States	436	0	0	436	(1)	—	—
South Africa	800	0	0	800	(1)	—	—
Switzerland	794	0	0	794	(11)	—	—
Turkey	296	0	0	296	(7)	—	—
Russian Federation	403	0	0	403	(148)	—	—
Other countries	6,055	327	327	6,055	(20)	—	—
Off-balance sheet exposures	14,191	28	28	0	—	12	
France	6,865	0	0	0	—	3	
United Kingdom	4,173	10	10	0	—	5	
Saudi Arabia	13	0	0	0	—	1	
Spain	410	0	0	0	—	0	
South Africa	313	0	0	0	—	0	
Netherlands	364	0	0	0	—	0	
Cayman Islands	192	0	0	0	—	0	
Japan	198	0	0	0	—	0	
Hong Kong	226	0	0	0	—	0	
Jersey	51	0	0	0	—	0	
Other countries	1,385	18	18	0	—	2	
Total	37,778	454	454	23,587	(253)	34	—

Table 7: CR1: Performing and non-performing exposures and related provisions

The table presents the credit quality of the performing and non-performing exposures by portfolio and exposure class showing the impairment stage.

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	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
	Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3		Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3			
Cash balances at central banks and other demand deposits	24,044	24,044	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	23,673	17,509	6,164	127	–	127	(217)	(30)	(187)	(42)	–	(42)	8,436	28
Central Banks	17	17	–	–	–	–	(0)	–	–	–	–	–	–	–
General governments	113	50	63	–	–	–	(0)	–	–	–	–	–	–	–
Credit institutions	4,169	3,862	307	–	–	–	(46)	(3)	(43)	–	–	–	3,680	–
Other financial corp	3,816	2,991	824	–	–	–	(4)	(1)	(3)	–	–	–	–	–
Non-financial corporations	15,557	10,588	4,969	127	–	127	(167)	(26)	(141)	(42)	–	(42)	4,756	28
Debt securities	1,018	1,018	–	–	–	–	–	–	–	–	–	–	–	–
General governments	990	990	–	–	–	–	–	–	–	–	–	–	–	–
Other financial corporations	29	29	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures	17,071	7,137	9,934	10	–	10	21	11	11	1	–	1	–	–
Central banks	0	0	–	–	–	–	–	–	–	–	–	–	–	–
General governments	1	–	1	–	–	–	–	–	–	–	–	–	–	–
Credit institutions	605	327	278	–	–	–	7	3	4	–	–	–	–	–
Other financial corporations	1,032	643	389	–	–	–	0	–	0	–	–	–	–	–
Non-financial corporations	15,433	6,167	9,266	10	–	10	15	7	8	1	–	1	–	–
Total	65,805	49,708	16,097	137	–	137	(196)	(19)	(177)	(42)	–	(42)	8,436	28

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	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
							Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				
	Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3		Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3		On performing exposures	On non-performing exposures
Cash balances at central banks and other demand deposits	26,014	26,014	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	22,135	17,429	4,706	426	–	426	(231)	(19)	(212)	(23)	–	(23)	7,435	317
General governments	124	58	66	–	–	–	(0)	(0)	(0)	–	–	–	–	–
Credit institutions	3,697	3,396	301	–	–	–	(36)	(2)	(34)	–	–	–	3,005	–
Other financial corporations	2,815	2,439	3,764	–	–	–	(6)	(1)	(5)	–	–	–	–	–
Non-financial corporations	15,486	11,523	3,963	426	–	426	(188)	(16)	(172)	(23)	–	(23)	4,430	317
Debt securities	1,026	1,026	–	–	–	–	–	–	–	–	–	–	–	–
General governments	996	996	–	–	–	–	–	–	–	–	–	–	–	–
Other financial corporations	29	29	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures	14,163	7,454	6,709	28	–	28	(11)	(7)	(4)	(1)	–	(1)	–	–
Central banks	0	0	-	–	–	–	(0)	–	(0)	–	–	–	–	–
General governments	1	-	1	–	–	–	(0)	–	(0)	–	–	–	–	–
Credit institutions	437	317	120	–	–	–	(2)	(1)	(1)	–	–	–	–	–
Other financial corporations	187	120	67	–	–	–	–	–	–	–	–	–	–	–
Non-financial corporations	13,538	7,016	6,522	28	–	28	(9)	(6)	(4)	(1)	–	(1)	–	–
Total	63,338	65,913	3,791	454	0	454	(242)	(26)	(216)	(24)	–	(24)	7,435	317

Table 8: CR1-A: Maturity of exposures

The table presents the maturity analysis of SMBC BI's credit quality of the performing and non-performing exposures split by the residual contractual maturity band of the portfolio. Net exposure value represents the gross carry amount less provisions.

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	Net exposure value					Total
	On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	
Loans and advances	–	10,450	8,907	4,184	–	23,541
Debt securities	–	1,019	–	–	–	1,019
Total	–	11,469	8,907	4,184	–	24,560

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	Net exposure value					Total
	On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	
Loans and advances	–	8,956	8,622	4,607	–	22,185
Debt securities	–	1,026	–	–	–	1,026
Total	–	9,982	8,622	4,607	–	23,211

Table 9: CR2: Changes in the stock of non-performing loans and advances

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	Gross carrying amount
Initial stock of non-performing loans and advances	426
Inflows to non-performing portfolios	–
Outflows from non-performing portfolios	(299)
Outflows due to write-offs	–
Outflow due to other situations	(299)
Final stock of non-performing loans and advances	127

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	Gross carrying amount
Initial stock of non-performing loans and advances	542
Inflows to non-performing portfolios	–
Outflows from non-performing portfolios	(116)
Outflows due to write-offs	–
Outflow due to other situations	(116)
Final stock of non-performing loans and advances	426

Table 10: CCyB1 Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

The following table presents information for the calculation of SMBC BI's countercyclical capital buffer.

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Breakdown by country	Exposure relevant to CCyB	Own funds requirement	Risk weighted exposure amounts	Own funds req. weights %	Countercyclical buffer rate (%)
Australia	56	4	56	0.2%	1.0%
Belgium	57	5	57	0.2%	0.0%
Bermuda	184	15	184	0.7%	0.0%
British virgin islands	245	10	123	0.5%	0.0%
Cayman is.	489	53	663	2.6%	0.0%
Czech republic	58	5	58	0.2%	2.5%
Finland	15	1	15	0.1%	0.0%
France	6,050	439	5,490	21.8%	0.5%
Germany	80	6	80	0.3%	0.8%
Greece	14	1	14	0.1%	0.0%
Guernsey	131	10	131	0.5%	0.0%
Hong kong	80	6	80	0.3%	1.0%
Hungary	93	7	90	0.4%	0.0%
Ireland	244	20	244	1.0%	0.5%
Isle of man	54	4	54	0.2%	0.0%
Italy	0	0	0	0.0%	0.0%
Japan	114	8	102	0.4%	0.0%
Jersey	835	67	835	3.3%	0.0%
Luxembourg	543	43	543	2.2%	0.5%
Morocco	33	2	30	0.1%	0.0%
Netherlands	1,195	95	1,183	4.7%	1.0%
Nigeria	560	45	566	2.3%	0.0%
Norway	117	9	117	0.5%	2.5%
Oman	44	4	44	0.2%	0.0%
Portugal	6	1	7	0.03%	0.0%
Qatar	76	3	38	0.2%	0.0%
Russian federation	187	22	281	1.1%	0.0%
Saudi arabia	1,017	64	798	3.2%	0.0%
Singapore	545	40	505	2.0%	0.0%
Slovakia	9	1	9	0.0%	1.5%
South africa	710	57	710	2.8%	0.0%
Spain	353	28	353	1.4%	0.0%
Sweden	102	8	102	0.4%	2.0%
Switzerland	300	24	301	1.2%	0.0%
United arab emirates	116	10	131	0.5%	0.0%
United kingdom	10,097	792	9,896	39.4%	2.0%
United states	897	53	656	2.6%	0.0%
Other countries	704	47	586	2.3%	0.0%
Total	26,409	2,010	25,129	100%	

31 March 2023

Breakdown by country	Exposure relevant to CCyB	Own funds requirement	Risk weighted exposure amounts	Own funds req. weights %	Countercyclical buffer rate (%)
Australia	64	5	64	0.3%	1.0%
Belgium	42	3	42	0.2%	0.0%
Bermuda	115	11	142	0.6%	0.0%
Cayman Islands	637	63	787	3.2%	0.0%
Czech Republic	64	5	64	0.3%	2.0%
France	5,930	435	5,434	22.4%	0.0%
Germany	70	6	70	0.3%	0.8%
Guernsey	65	5	65	0.3%	0.0%
Hong Kong	206	16	206	0.8%	1.0%
Hungary	92	7	88	0.4%	0.0%
Ireland	172	14	172	0.7%	0.0%
Isle of Man	60	5	60	0.2%	0.0%
Italy	0	0	0	0.0%	0.0%
Japan	126	9	114	0.5%	0.0%
Jersey	527	42	527	2.2%	0.0%
Luxembourg	539	43	539	2.2%	0.5%
Morocco	71	6	71	0.3%	0.0%
Netherlands	1,041	82	1,029	4.2%	0.0%
Nigeria	383	31	391	1.6%	0.0%
Norway	170	14	170	0.7%	2.5%
Oman	49	4	49	0.2%	0.0%
Qatar	80	3	40	0.2%	0.0%
Russian Federation	269	32	403	1.7%	0.0%
Saudi Arabia	1,087	69	865	3.6%	0.0%
Singapore	319	25	319	1.3%	0.0%
Slovakia	12	1	12	0.0%	1.0%
South Africa	842	67	840	3.5%	0.0%
Spain	445	36	445	1.8%	0.0%
Sweden	96	8	96	0.4%	1.0%
Switzerland	378	30	379	1.6%	0.0%
United Arab Emirates	179	15	194	0.8%	0.0%
United Kingdom	9,728	762	9,525	39.2%	1.0%
United States	402	32	402	1.7%	0.0%
Other countries	876	55	693	2.9%	0.0%
Total	25,134	1,944	24,295	100%	

Table 11: CCyB2 Amount of institution-specific countercyclical capital buffer

30 September 2023

	Total
Total risk weighted assets	29,061
Institution specific countercyclical capital buffer rate	0.99%
Institution specific countercyclical capital buffer requirement	289

31 March 2023

	Total
Total risk weighted assets	28,579
Institution specific countercyclical capital buffer rate	0.44%
Institution specific countercyclical capital buffer requirement	127

6. Standardised approach

Credit risk is the risk of any losses the Bank may incur due to reduction or loss of the value of assets (including off-balance sheet assets) arising from any credit events, such as the deterioration of a borrower's financial standing. Credit risks are calculated based on the borrower's overall ability to repay. For these purposes the Bank has adopted the standardised approach to calculate credit RWA.

Table 12: CR4 Credit risk exposure and CRM effects

The following table presents the credit risk standardised exposures by exposure classes on two different bases before and after credit conversion factor (CCF) and CRM.

30 September 2023

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet amount	RWAs	RWAs density (%)
1 Central governments or central banks	24,970	-	25,948	48	86	0.3%
3 Public sector entities	25	-	92	2	19	20.0%
4 Multilateral development banks	644	-	532	3	492	91.9%
6 Institutions	2,674	278	1,130	320	563	38.8%
7 Corporates	17,504	16,819	15,570	8,040	22,018	93.3%
8 Retail	0	-	0	-	0	75.0%
9 Secured by mortgages on immovable property	1,181	-	1,181	-	1,181	100.0%
10 Exposures in default	76	9	48	5	69	131.5%
11 Exposures associated with particularly high risk	267	33	170	5	262	150.0%
14 Collective investment undertakings	19	3	19	3	278	1250.0%
15 Equity	0	-	0	-	0	100.0%
16 Other items	295	1	295	1	295	100.0%
17 Total	47,654	17,143	44,984	8,425	25,262	47.3%

31 March 2023

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet amount	RWAs	RWAs density (%)
1 Central governments or central banks	26,982	—	28,036	132	97	0.3%
3 Public sector entities	26	—	85	7	18	20.0%
4 Multilateral development banks	650	—	526	2	497	94.2%
6 Institutions	2,253	277	1,135	471	656	40.9%
7 Corporates	17,007	15,999	15,024	7,469	21,262	94.5%
8 Retail	—	—	—	—	—	75.0%
9 Secured by mortgages on immovable property	1,034	—	1,015	—	1,015	100.0%
10 Exposures in default	379	27	75	5	108	134.5%
11 Exposures associated with particularly high risk	330	31	240	4	365	150.0%
14 Collective investment undertakings	19	6	19	6	307	1250.0%
16 Other items	299	—	299	—	299	100.0%
17 Total	48,978	16,340	46,454	8,096	24,625	45.1%

Table 13: CR5 standardised approach

The following tables outline the credit risk standardised exposure classes by the prescribed risk weight as at 30 September 2023 and 31 March 2023.

Exposure classes	Risk weight								Total	Of which unrated
	0%	20%	50%	75%	100%	150%	250%	1250%		
Central governments or central banks	25,875	73	24	—	—	—	24	—	25,996	—
Regional government or local authorities	—	—	—	—	—	—	—	—	—	—
Public sector entities	—	94	—	—	—	—	—	—	94	25
Multilateral development banks	43	—	—	—	492	—	—	—	535	492
International organisations	—	—	—	—	—	—	—	—	—	—
Institutions	—	749	575	—	126	—	—	—	1,449	678
Corporates	—	705	1,868	—	20,675 ¹	362	—	—	23,610	16,933
Retail exposures	—	—	—	0	—	—	—	—	0	—
Exposures secured by mortgages on immovable property	—	—	—	—	1,181	—	—	—	1,181	1,181
Exposures in default	—	—	—	—	19	33	—	—	52	52
Exposures associated with particularly high risk	—	—	—	—	—	174	—	—	174	174
Units or shares in collective investment undertakings	—	—	—	—	—	—	—	22	22	—
Equity exposures	—	—	—	—	0	—	—	—	0	0
Other items	—	—	—	—	295	—	—	—	295	295
As at 30 September 2023	25,919	1,620	2,466	0	22,789	570	24	22	53,409	19,852

¹ Note that the corporates 100% RW category contains \$1,101 million in exposures that benefit from Infrastructure Supporting Factor, where the final RWA are multiplied by a factor of 75%.

Exposure classes	Risk weight								Total	Of which unrated
	0%	20%	50%	75%	100%	150%	250%	1250%		
Central governments or central banks	28,030	78	33	–	–	–	26	–	28,168	–
Regional government or local authorities	–	–	–	–	–	–	–	–	–	–
Public sector entities	–	91	–	–	–	–	–	–	91	26
Multilateral development banks	31	–	–	–	497	–	–	–	528	497
International organisations	–	–	–	–	–	–	–	–	–	–
Institutions	–	807	610	–	190	–	–	–	1,606	18
Corporates	–	281	1,803	–	20,068 ²	341	–	–	22,493	16,658
Retail exposures	–	–	–	0	–	–	–	–	–	–
Exposures secured by mortgages on immovable property	–	–	–	–	1,015	–	–	–	1,015	1,015
Exposures in default	–	–	–	–	25	55	–	–	80	80
Exposures associated with particularly high risk	–	–	–	–	–	243	–	–	243	243
Units or shares in collective investment undertakings	–	–	–	–	–	–	–	25	25	25
Equity exposures	–	–	–	–	–	–	–	–	–	0
Other items	–	–	–	–	299	–	–	–	299	299
As at 31 March 2023	28,061	1,258	2,446	–	22,095	640	26	25	54,550	19,423

Table 14: CR3 CRM techniques overview: Use of CRM techniques

30 September 2023

	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral c	Of which secured by financial guarantees d	Of which secured by credit derivatives e
	a	b			
Loans and advances	39,379	8,464	5,469	2,995	–
Debt securities	1,018	–	–	–	–
Total	40,398	8,464	5,469	2,995	–
Of which non-performing exposures	100	28	–	28	–

31 March 2023

	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral c	Of which secured by financial guarantees d	Of which secured by credit derivatives e
	a	b			
Loans and advances	40,823	7,752	4,660	3,092	–
Debt securities	1,026	–	–	–	–
Total	41,849	7,752	4,660	3,092	–
Of which non-performing exposures	109	317	–	317	–

² Note that the corporates 100% RW category contains \$1,105 million in exposures that benefit from Infrastructure Supporting Factor, where the final RWA are multiplied by a factor of 75%.

7. Exposures to counterparty credit risk

Counterparty credit risk is the risk of a counterparty to a contract (recorded in either the trading book or non-trading book) defaulting before the final settlement of cash flow obligations. The size of the potential loss could be reduced by the application of netting or collateral agreements with the counterparty.

Table 15: CCR1 Analysis of CCR exposure by approach

The following table presents the SA-CCR method used to calculate counterparty credit risk exposure.

30 September 2023

	Replacement cost	Potential future exposure	Alpha used for computing regulatory exposure value	Exposure value pre CRM	Exposure value post CRM	Exposure value	RWEA
SA-CCR (for derivatives)	481	828	1.4	1,815	1,815	1,815	1,437
Financial collateral comprehensive method (for securities financing transactions)*				1,711	64	64	13
Total				3,527	1,880	1,880	1,450

* Note that Securities Financing Transactions are included here for completeness and they are included under credit risk elsewhere in the document

31 March 2023

	Replacement cost	Potential future exposure	Alpha used for computing regulatory exposure value	Exposure value pre CRM	Exposure value post CRM	Exposure value	RWEA
SA-CCR (for derivatives)	459	999	1.4	1,949	1,949	1,949	1,482
Financial collateral comprehensive method (for securities financing transactions)				1,267	25	25	5
Total				3,216	1,974	1,974	1,487

Table 16: CCR2 Transactions subject to own funds requirements for CVA risk

30 September 2023

	Exposure value	RWEA
Transactions subject to the standardised method	674	222
Total transactions subject to own funds requirements for CVA risk	674	222

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	Exposure value	RWEA
Transactions subject to the standardised method	726	255
Total transactions subject to own funds requirements for CVA risk	726	255

Table 17: CCR3 Standardised approach – CCR exposures by regulatory exposure class and risk weights

The following table presents the counterparty credit risk position subject to the standardised risk-weight method by exposure classes and prescribed risk weight.

30 September 2023

Exposure classes	Risk weight											Total exposure value
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other s	
Central governments or central banks									0.2			0.2
Institutions					120	607						727
Corporates						61			1,092			1,152
Total exposure value					120	668			1092			1,880

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Exposure classes	Risk weight											Total exposure value
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other s	
Institutions					102	785						887
Corporates						25			1,061			1,086
Total exposure value					102	810			1,061			1,974

Table 18: CCR5 Standardised approach – Composition of collateral for CCR exposures

The table presents a breakdown of the types of collateral posted or received relating to derivative transactions or securities financing transactions (SFTs).

30 September 2023

Collateral type	Collateral used in derivatives transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash		790		231		
Debt					1,687	
Total		790		231	1,687	

31 March 2023

Collateral type	Collateral used in derivatives transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash		817		390		
Debt					1,279	
Total		817		390	1,279	

Table 19: CCR8 – Exposures to central counterparties (CCPs)

30 September 2023

	Exposure value	RWEA
Exposures to QCCPs (total)		
Prefunded default fund contributions	2.5	0.0

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	Exposure value	RWEA
Exposures to QCCPs (total)		0.1
Prefunded default fund contributions	2.5	0.1

8. Market risk management

Market risk

Market risk is the risk that movements in interest rates, foreign exchange rates or stock prices will change the market value of financial products, leading to a loss. As articulated in the Bank's risk strategy, SMBC BI generates revenue as a direct result of taking credit risk through its lending portfolio. Therefore, the Bank has an active appetite for well-controlled credit risk and limited appetite for market risk.

Table 20: MR1 Market risk under the standardised approach

30 September 2023

	RWE amounts
Outright products	
1 Interest rate risk (general and specific)	49
2 Equity risk (general and specific)	–
3 Foreign exchange risk	329
4 Commodity risk	–
Options	
5 Simplified approach	–
6 Delta-plus method	2
7 Scenario approach	–
8 Securitisation (specific risk)	–
9 Total	381

31 March 2023

	RWE amounts
Outright products	
1 Interest rate risk (general and specific)	96
2 Equity risk (general and specific)	–
3 Foreign exchange risk	356
4 Commodity risk	–
Options	
5 Simplified approach	–
6 Delta-plus method	15
7 Scenario approach	–
8 Securitisation (specific risk)	–
9 Total	466

9. Interest rate risk in the banking book

9.1 IRRBB risk management objectives and policies

Table 21: IRRBB1 – Quantitative information on IRRBB

		a	b	c	d	e	f
In reporting currency		Δ EVE*		Δ NI**		Tier 1 capital	
Period		30 September 2023	31 March 2023	30 September 2023	31 March 2023	30 September 2023	31 March 2023
010	Parallel shock up	(2.9)	6	201.1	185.2		
020	Parallel shock down	(24.1)	(24.3)	(201.1)	(185.2)		
030	Steeper shock	(16.2)	(15.6)				
040	Flattener shock	(11)	1.1				
050	Short rates shock up	(12.5)	2.3				
060	Short rates shock down	(24.5)	(25.6)				
070	Maximum	(24.5)	(25.6)		(185.2)		
080	Tier 1 capital					5,084	5,083

* Change in economic value of equity

** Change in net interest income

10. Leverage ratio

The Bank's leverage ratio is calculated as its Tier 1 capital divided by its total exposure measure. The total exposure measure is the sum of the exposure values of all assets and off-balance sheet items not deducted when determining the Tier 1 capital.

The table below presents SMBC BI's leverage ratio calculation and provides a breakdown of the on- and off-balance sheet exposures that are used. Further analysis of qualitative items includes descriptions of the processes used to manage the risk of excessive leverage and the factors that had an impact on the leverage ratio.

Table 22: LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

30 September 2023

	Applicable amount
Total assets as per published financial statements	52,026
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
Adjustment for exemption of exposures to central banks	(23,898)
Adjustment for derivative financial instruments	185
Adjustment for securities financing transactions (SFTs)	25
Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	8,904
Other adjustments	50
Total exposure measure	37,292

Table 23: LR2 – LRCom: Leverage ratio common disclosure

		Leverage ratio exposures	
		30 September 2023	31 March 2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives and SFTs but including collateral)	47,988	49,314
6	Asset amounts deducted in determining Tier 1 capital (leverage)	(95)	(97)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	47,892	49,217
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)	1,290	1,067
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,367	1,742
13	Total derivatives exposures	2,658	2,809
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	1,711	1,267
16	Counterparty credit risk exposure for SFT assets	25	4
18	Total securities financing transaction exposures	1,736	1,271
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	17,165	16,036
20	Adjustments for conversion to credit equivalent amounts	(8,261)	(7,623)
21	General provisions deducted in determining Tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures		–
22	Off-balance sheet exposures	8,904	8,413
Capital and total exposure measure			
23	Tier 1 capital (leverage)	5,084	5,083
24	Total exposure measure including claims on central banks	61,190	61,710
UK 24a	Claims on central banks excluded	(23,898)	(24,997)
UK 24b	Total exposure measure excluding claims on central banks	37,292	36,713
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	13.6%	13.8%
UK 25a	Fully loaded ECL* accounting model leverage ratio excluding claims on central banks (%)	13.6%	13.8%
UK 25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	13.6%	13.8%
UK 25c	Leverage ratio including claims on central banks (%)	8.3%	8.2%
26	Regulatory minimum leverage ratio requirement (%)	3.25%	3.25%
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%)	0.3%	0.2%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.3%	0.2%
Additional leverage ratio disclosure requirements – disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	1,637	1,251
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	1,711	1,267
UK-31	Average total exposure measure including claims on central banks	59,826	62,928
UK-32	Average total exposure measure excluding claims on central banks	37,242	38,067
UK-33	Average leverage ratio including claims on central banks	8.5%	8.1%

UK-34	Average leverage ratio excluding claims on central banks	13.7%	13.4%
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* Expected credit loss.

Table 24: LR3 – LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)
30 September 2023

	Leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	47,988
Trading book exposures	-
Banking book exposures, of which:	47,988
Covered bonds	-
Exposures treated as sovereigns	25,988
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	584
Institutions	4,025
Secured by mortgages of immovable properties	1,181
Retail exposures	0
Corporates	15,558
Exposures in default	48
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	604

31 March 2023

	Leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	49,314
Trading book exposures	-
Banking book exposures, of which:	49,314
Covered bonds	-
Exposures treated as sovereigns	28,058
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	579
Institutions	3,993
Secured by mortgages of immovable properties	1,102
Retail exposures	0
Corporates	14,920
Exposures in default	75
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	677

11. Liquidity risk management

Liquidity risk

Table 25: LIQ1 – Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on (DD Month YYYY)	30 Sep 2023	30 June 2023	31 March 2023	31 Dec 2022	30 Sep 2023	30 June 2023	31 March 2023	31 Dec 2022
UK 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
High quality liquid assets									
1	Total high quality liquid assets (HQLA)					25,074	22,986	27,770	28,599
Cash outflows									
5	Unsecured wholesale funding	22,383	20,760	24,606	25,717	15,845	14,820	18,453	18,324
7	Non-operational deposits (all counterparties)	21,991	20,405	24,166	25,361	15,453	14,465	18,013	17,968
8	Unsecured debt	392	355	440	356	392	355	440	356
10	Additional requirements	1,061	1,095	1,093	1,151	1,061	1,095	1,093	1,151
11	Outflows related to derivative exposures and other collateral requirements	1,061	1,095	1,093	1,151	1,061	1,095	1,093	1,151
13	Credit and liquidity facilities	13,273	12,943	12,582	12,467	2,654	2,379	2,159	2,203
14	Other contractual funding obligations	466	668	457	346	126	143	1,141	85
15	Other contingent funding obligations	24,598	23,822	23,666	25,166	251	219	217	326
16	Total cash outflows	–	–	–	–	19,937	18,656	22,064	22,090
Cash inflows									
17	Secured lending (e.g., reverse repos)	1,564	1,196	1,266	1,116	–	–	–	–
18	Inflows from fully performing exposures	3,058	3,027	3,548	2,983	2,397	2,278	2,691	2,340
19	Other cash inflows	1,317	1,211	427	723	1,303	1,076	279	575
20	Total cash inflows	5,939	5,434	5,240	4,822	3,700	3,355	2,970	2,915
UK 20c	Inflows subject to 75% cap	5,939	5,434	5,240	4,822	3,700	3,355	2,970	2,915
Total adjusted value									
UK 21	Liquidity buffer					25,074	22,986	27,770	28,599
22	Total net cash outflows					16,237	15,301	19,904	19,175
23	Liquidity coverage ratio					154.4%	150.2%	145.4%	149.1%

Table 26: LIQ2: Net stable funding ratio

The NSFR requires SMBC BI to have sufficient available stable funding to meet its required stable funding over a one-year horizon. Based on current regulatory requirements and guidance which came into effect on 1 January 2022, the minimum level is 100%.

30 September 2023

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding Items						
1	Capital items and instruments	5,147	–	–	–	5,147
2	Own funds	5,147	–	–	–	5,147
7	Wholesale funding:	–	33,049	809	10,368	18,808
9	Other wholesale funding	–	33,049	809	10,368	18,808
11	Other liabilities:	–	283	2	9	11
13	All other liabilities and capital instruments not included in the above categories	–	283	2	9	11
14	Total available stable funding	–	–	–	–	23,965
Required stable funding Items						
15	Total high quality liquid assets (HQLA)					–
UK-15a	Assets encumbered for more than 12 months in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities:		7,143	1,872	14,040	15,115
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		1,347	–	–	–
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,471	291	2,208	2,601
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and public sector entities, of which:		3,303	1,577	11,812	12,480
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		24	4	20	34
26	Other assets:		1,511	16	435	1,047
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	2	2
29	NSFR derivative assets		348	–	–	348
30	NSFR derivative liabilities before deduction of variation margin posted		483	–	–	24
31	All other assets not included in the above categories		680	16	432	673
32	Off-balance sheet items		15,427	–	–	708
33	Total required stable funding		–	–	–	16,870
34	Net stable funding ratio (%)					142.1

Document disclaimer

- The purpose of the Pillar 3 disclosures as contained within this Disclosure Document is to explain how SMBC Bank International plc (SMBC BI or the Bank) complies with certain prudential requirements.
- The information has been subject to internal review but has not been audited by the Bank's external auditor, KPMG.
- Although Pillar 3 disclosures are designed to provide transparent capital and liquidity disclosures by banks on a common basis, the information contained in this Disclosure Document may not be directly comparable with that made available by other banks. This may be due to several factors such as:
 - the different approaches to calculating capital allowed under the Prudential regulatory requirements;
 - the mix of corporate exposure types between banks;
 - the different risk appetites and profiles of banks; and
 - the different waivers applied for and granted by the Prudential Regulation Authority (PRA).

