

SMBC BANK INTERNATIONAL

SMBC Bank International plc

Interim Pillar 3 Disclosures

As of 30 June 2022



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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 and to provide information about the management of risks relating to those 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).

1. Overview

1.1 Background and key changes in the June 2022 Pillar 3

From 1 January 2022, UK Pillar 3 disclosure requirements are set out under the Disclosure Part of the PRA Rulebook. This includes revisions to current Pillar 3 disclosure requirements that will apply from the same date 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 basis and these are included within this report with the following exceptions:

- Template CR8 (RWA flow statements of credit risk exposures under the IRB approach) is not applicable to SMBC BI PLC
- Template CCR7 (RWA flow statements of CCR exposures under the IMM) is not applicable to SMBC BI PLC.
- Template MR2-B (RWA flow statements of market risk exposures under the IMA) has been omitted on the grounds of materiality.

The information presented in this Pillar 3 report is not required to be, and has not been, subject to external audit.

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. Overall, the Bank's capital and liquidity ratios remained stable as of 30 June 2022.

Table 1: KM1 Key metrics

		30 June 2022	31 March 2022
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	4,864	4,887
2	Tier 1 capital	4,864	4,887
3	Total capital	4,864	4,887
Risk weighted exposure amounts			
4	Total risk weighted exposure amount	28,233	29,941
Capital ratios (as a percentage of risk weighted exposure amount)			
5	CET1 ratio (%)	17.2	16.3
6	Tier 1 ratio (%)	17.2	16.3
7	Total capital ratio (%)	17.2	16.3
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
UK 7b	Additional Tier 1 SREP requirements (%)	0.2	0.3
UK 7c	Additional Tier 2 SREP requirements (%)	0.3	0.3
UK 7d	Total SREP own funds requirements (%)	9.3	9.3
Combined buffer requirement (as a percentage of risk weighted exposure amount)			
8	Capital conservation buffer (%)	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
9	Institution specific countercyclical capital buffer (%)	0.04	0.04
11	Combined buffer requirement (%)	2.5	2.5
UK 11a	Overall capital requirements (%)	12.0	12.0
12	CET1 available after meeting the total SREP own funds requirements (%)	7.9	7.0
Leverage ratio			
13	Total exposure measure excluding claims on central banks	38,634	39,509
14	Leverage ratio excluding claims on central banks (%)	12.6	12.4
Liquidity coverage ratio			
15	Total high quality liquid assets (HQLA) (Weighted value – average)	27,846	27,160
UK 16a	Cash outflows – Total weighted value	23,455	23,682
UK 16b	Cash inflows – Total weighted value	3,725	3,646
16	Total net cash outflows (adjusted value)	19,730	20,036
17	Liquidity coverage ratio (%)	141	136
Net stable funding ratio			
18	Total available stable funding	22,865	23,643
19	Total required stable funding	17,191	17,713
20	NSFR ratio (%)	133.0	133.5

* Supervisory Review and Evaluation Process.

3. Own funds requirements and risk weighted exposure amounts

Table 2: 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 of 30 June 2022. Total own funds requirements are calculated as RWEAs multiplied by 8%.

	RWEAs		Total own funds requirements	
	30 June 2022	31 March 2022	30 June 2022	31 March 2022
1 Credit risk (excluding CCR)	24,332	26,391	1,947	2,111
2 Of which the standardised approach	24,332	26,391	1,947	2,111
6 Counterparty credit risk – CCR	1,262	1,303	101	104
UK 8b Of which credit valuation adjustment – CVA	280	243	22	19
20 Position, foreign exchange and commodities risks (market risk)	722	610	58	49
21 Of which the standardised approach	722	610	58	49
UK 22a Large exposures				
23 Operational risk	1,637	1,637	131	131
UK 23a Of which basic indicator approach				
UK 23b Of which standardised approach	1,637	1,637	131	131
24 Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)	82	80	7	6
29 Total	28,233	29,941	2,259	2,395

4. Liquidity requirements

Table 3: LIQ1 – Quantitative information of LCR

UK 1a	Quarter ending on (DD Month YYYY)	Total unweighted value (average)				Total weighted value (average)			
		30 June 2022	31 March 2022	31 Dec 2021	30 Sep 2021	30 June 2022	31 March 2022	31 Dec 2021	30 Sep 2021
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)					27,846	27,878	31,367	31,798
Cash outflows									
5	Unsecured wholesale funding	27,319	27,704	28,873	30,708	20,100	20,206	21,403	22,912
7	Non-operational deposits (all counterparties)	26,802	27,096	28,361	30,360	19,583	19,599	20,891	22,564
8	Unsecured debt	516	607	512	349	516	607	512	349
10	Additional requirements	722	786	986	884	722	786	986	884
11	Outflows related to derivative exposures and other collateral requirements	722	786	986	884	722	786	986	884
13	Credit and liquidity facilities	13,633	13,442	14,307	13,604	2,396	2,213	2,282	2,101
14	Other contractual funding obligations	403	289	311	316	55	13	43	59
15	Other contingent funding obligations	3,078	3,113	3,289	3,039	181	184	193	180
16	Total cash outflows	–	–	–	–	23,455	23,403	24,907	26,136
Cash inflows									
17	Secured lending (e.g., reverse repos)	1,183	1,242	1,283	1,387	–	–	–	–
18	Inflows from fully performing exposures	4,108	4,024	3,251	3,575	3,132	2,990	2,426	2,683
19	Other cash inflows	773	480	564	949	593	268	363	736
20	Total cash inflows	6,063	5,746	5,098	5,910	3,725	3,259	2,789	3,419
UK 20c	Inflows subject to 75% cap	6,063	5,746	5,098	5,910	3,725	3,259	2,789	3,419
Total adjusted value									
UK 21	Liquidity buffer					27,846	27,878	31,367	31,798
22	Total net cash outflows					19,730	20,144	22,118	22,717
23	Liquidity coverage ratio					141.14%	138.39%	141.82%	139.97%

