

SMBC BANK INTERNATIONAL

# SMBC Bank International plc

## Interim Pillar 3 Disclosures

As of 30 September 2022



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## 1. Overview

### 1.1 Background and key changes in the September 2022 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
LIQ2	Net Stable Funding Ratio
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. Overall, the Bank's capital and leverage ratios remain consistent with prior periods, whereas liquidity ratios increased. This was principally driven by a reduction in net cash outflows as less deposits matured within 30 days.

Table 1: KM1 Key metrics

		30 September 2022	30 June 2022	31 March 2022
<b>Available own funds (amounts)</b>				
1	Common Equity Tier 1 (CET1) capital	4,871	4,864	4,887
2	Tier 1 capital	4,871	4,864	4,887
3	Total capital	4,871	4,864	4,887
<b>Risk weighted exposure amounts</b>				
4	Total risk weighted exposure amount	27,759	28,233	29,941
<b>Capital ratios (as a percentage of risk weighted exposure amount)</b>				
5	CET1 ratio (%)	17.5	17.2	16.3
6	Tier 1 ratio (%)	17.5	17.2	16.3
7	Total capital ratio (%)	17.5	17.2	16.3
<b>Additional own funds requirements based on SREP* (as a percentage of risk weighted exposure amount)</b>				
UK 7a	Additional CET1 SREP requirements (%)	0.7	0.7	0.7
UK 7b	Additional Tier 1 SREP requirements (%)	0.3	0.3	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
<b>Combined buffer requirement (as a percentage of risk weighted exposure amount)</b>				
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 (%)	0.04	0.04	0.04
11	Combined buffer requirement (%)	2.5	2.5	2.5
UK 11a	Overall capital requirements (%)	12.0	12.0	12.0
12	CET1 available after meeting the total SREP own funds requirements (%)	8.2	7.9	7.0
<b>Leverage ratio</b>				
13	Total exposure measure excluding claims on central banks	42,903	38,634	39,509
14	Leverage ratio excluding claims on central banks (%)	11.4	12.6	12.4
<b>Liquidity coverage ratio</b>				
15	Total high quality liquid assets (HQLA) (Weighted value – average)	26,812	27,846	27,878
UK 16a	Cash outflows – Total weighted value	20,311	23,455	23,403
UK 16b	Cash inflows – Total weighted value	3,377	3,725	3,259
16	Total net cash outflows (adjusted value)	16,934	19,730	20,144
17	Liquidity coverage ratio (%)	158.3	141.1	138.4
<b>Net stable funding ratio</b>				
18	Total available stable funding	24,965	22,865	23,643
19	Total required stable funding	16,274	17,191	17,713
20	NSFR ratio (%)	153.4	133.0	133.5

\* 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 2022	31 March 2022	Balance sheet source in table CC2
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1 Capital instruments and the related share premium accounts	3,200.1	3,200.1	a
2 Retained earnings	1,639.4	1,639.4	b
3 Accumulated other comprehensive income (and other reserves)	97.4	106.7	c
<b>6 CET1 capital before regulatory adjustments</b>	<b>4,936.9</b>	<b>4,946.2</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7 Additional value adjustments	(9.1)	(3.7)	h
8 Intangible assets (net of related tax liability)	(48.8)	(46.7)	d
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	1.9	(6.6)	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	(36.1)	(43.4)	f
27a Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	26	41.1	g
<b>28 Total regulatory adjustments to CET1</b>	<b>(66.1)</b>	<b>(59.3)</b>	
<b>29 CET1 capital</b>	<b>4,870.8</b>	<b>4,886.8</b>	
<b>60 Total risk exposure amount</b>	<b>27,758.7</b>	<b>29,941.4</b>	
<b>Capital ratios and buffers</b>			
61 CET1 (as a percentage of total risk exposure amount)	17.5%	16.3%	
62 Tier 1 (as a percentage of total risk exposure amount)	17.5%	16.3%	
63 Total capital (as a percentage of total risk exposure amount)	17.5%	16.3%	
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)	7.8%	7.8%	
65 of which: capital conservation buffer requirement	2.5%	2.5%	
66 of which: countercyclical buffer requirement	0.04%	0.04%	
<b>68 CET1 available to meet buffers (as a percentage of risk exposure amount)</b>	<b>9.6%</b>	<b>8.4%</b>	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
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)	29.1	32.0	

**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 after accounting for the regulatory adjustments detailed in the table below.

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference to table CC1
		30 September 2022		
Assets – Breakdown by asset class according to the balance sheet in the published financial statements				
1	Cash and balances at central banks	25,582		
2	Settlement balances	54		
3	Loans and advances to banks	4,092		
4	Loans and advances to customers	17,450		
	of which subject to capital increase (IFRS 9 transitional arrangements, partly offset by non-performing exposures)		28	g
5	Reverse repurchase agreements	1,123		
6	Investment securities	867		
7	Derivative assets	4,407		
8	Other assets	594		
9	Intangible assets and goodwill	49	(49)	d
10	Property and equipment	255		
11	Current tax asset	3		
12	Deferred tax asset	9		
13	Pensions surplus	53	(53)	f
14	Accruals and Prepayments	383		
	<b>Total assets</b>	<b>54,921</b>		
Liabilities – Breakdown by liability class according to the balance sheet in the published financial statements				
1	Deposits by banks	21,686		
2	Customer accounts	22,734		
3	Debts securities in issue	603		
4	Derivatives liabilities	3,844		
	Of which: subject to capital deduction (prudential valuation adjustment)		(9)	h
	Of which subject to capital decrease (Fair value loss from the institution's own credit risk related to derivative liabilities)		(2)	g
5	Other liabilities	790		
6	Other provisions	30		
7	Deferred tax liability	232	17	f
	<b>Total liabilities</b>	<b>49,919</b>		
Shareholders' equity				
1	Called up share capital	3,200		a
2	Retained earnings	1,705		b
	Of which unrecognised current year profits		(66)	b
3	Other reserves	97		c
	of which subject to prudential filter (fair value reserves related to gains or losses on cash flow hedges)		2	e
	<b>Total shareholders' equity &amp; difference to regulatory consolidation</b>	<b>5,002</b>	<b>(132)</b>	

#### 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 2022. Total own funds requirements are calculated as RWEAs multiplied by 8%.

		RWEAs			Total own funds requirements		
		30 September 2022	30 June 2022	31 March 2022	30 September 2022	30 June 2022	31 March 2022
1	Credit risk (excluding CCR)	23,801	24,332	26,391	1,904	1,947	2,111
2	Of which the standardised approach	23,801	24,332	26,391	1,904	1,947	2,111
6	Counterparty credit risk – CCR	1,804	1,262	1,303	144	101	104
UK 8b	Of which credit valuation adjustment – CVA	245	280	243	20	22	19
20	Position, foreign exchange and commodities risks (market risk)	517	722	610	41	58	49
21	Of which the standardised approach	517	722	610	41	58	49
UK 22a Large exposures							
23	Operational risk	1,637	1,637	1,637	131	131	131
UK 23a Of which basic indicator approach							
UK 23b Of which standardised approach		1,637	1,637	1,637	131	131	131
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)	73	82	80	6	7	6
29	<b>Total</b>	<b>27,759</b>	<b>28,233</b>	<b>29,941</b>	<b>2,221</b>	<b>2,259</b>	<b>2,395</b>

As of 30 September 2022 credit risk exposures denominated in Sterling and Euro currencies decreased, primarily driven by a strengthening US Dollar foreign exchange rate.

## 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.

30 September 2022

	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	51	429	429	429	(2)	(7)	384
Other financial corporations	11						11
Non-financial corporations	40	429	429	429	(2)	(7)	372
<b>Total</b>	<b>51</b>	<b>429</b>	<b>429</b>	<b>429</b>	<b>(2)</b>	<b>(7)</b>	<b>384</b>

31 March 2022

	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	65	471	471	471	(2)	(12)	340
Other financial corporations	14						14
Non-financial corporations	51	471	471	471	(2)	(12)	326
<b>Total</b>	<b>65</b>	<b>471</b>	<b>471</b>	<b>471</b>	<b>(2)</b>	<b>(12)</b>	<b>340</b>



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

30 September 2022

	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						
			of which: defaulted	of which: subject to impairment	Accumulated impairment		
On-balance sheet exposures	26,411	542	542	26,411	(224)	-	-
United Kingdom	7,606	168	168	7,606	(51)	-	-
France	3,651	3	3	3,651	(46)	-	-
Saudi Arabia	2,828	-	-	2,828	(7)	-	-
Japan	1,382	-	-	1,382	-	-	-
Netherlands	1,043	18	18	1,043	(67)	-	-
United States	963	-	-	963	(1)	-	-
South Africa	854	-	-	854	-	-	-
Switzerland	1,256	-	-	1,256	-	-	-
Turkey	547	-	-	547	(6)	-	-
Russian Federation	439	-	-	439	(20)	-	-
Other countries	5,841	354	354	5,841	(25)	-	-
Off-balance sheet exposures	18,613	89	89	-	-	28	
France	8,558	-	-	-	-	4	
United Kingdom	5,241	29	29	-	-	13	
Saudi Arabia	502	-	-	-	-	4	
Spain	495	-	-	-	-	0	
South Africa	385	-	-	-	-	1	
Netherlands	385	-	-	-	-	0	
Cayman Islands	329	-	-	-	-	1	
Japan	256	-	-	-	-	0	
Hong Kong	222	-	-	-	-	0	
Jersey	164	-	-	-	-	0	
Other countries	2,075	60	60	-	-	5	
Total	45,024	631	631	26,411	(224)	28	-

31 March 2022

	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						
			of which: defaulted	of which: subject to impairment	Accumulated impairment		
On-balance sheet exposures	26,369	542	542	26,369	(250)	—	—
United Kingdom	7,596	168	168	7,596	(51)	—	—
France	3,648	3	3	3,648	(46)	—	—
Saudi Arabia	2,823	—	—	2,823	(7)	—	—
Japan	1,381	—	—	1,381	(0.1)	—	—
Netherlands	1,041	18	18	1,041	(67)	—	—
United States	963	—	—	963	(1)	—	—
South Africa	849	—	—	849	(0.3)	—	—
Switzerland	1,256	—	—	1,256	(4)	—	—
Turkey	544	—	—	544	(6)	—	—
Russian Federation	439	—	—	439	(42)	—	—
Other countries	5,829	354	354	5,829	(25)	—	—
Off-balance sheet exposures	18,613	89	89	—	—	34	
France	8,558	—	—	—	—	4	
United Kingdom	5,241	29	29	—	—	13	
Saudi Arabia	502	—	—	—	—	4	
Spain	495	—	—	—	—	0.3	
South Africa	385	—	—	—	—	1	
Netherlands	385	—	—	—	—	0.4	
Cayman Islands	329	—	—	—	—	1	
Japan	256	—	—	—	—	0	
Hong Kong	222	—	—	—	—	0	
Jersey	164	—	—	—	—	0.4	
Other countries	2,075	60	60	—	—	12	
Total	44,982	631	631	26,369	(250)	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.

30 September 2022

	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	25,664	25,664	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	22,474	22,093	381	455	–	455	(196)	(19)	(177)	(17)	–	(17)	8,390	342
Central Banks	0.4	0.4	–	–	–	–	–	–	–	–	–	–	–	–
General governments	1,068	1,067	1	–	–	–	(1)	–	(1)	–	–	–	–	–
Credit institutions	4,101	3,979	123	–	–	–	(20)	(2)	(18)	–	–	–	3,210.5	–
Other financial corp	2,809	2,754	55	–	–	–	(6)	(1)	(5)	–	–	–	734	–
Non-financial corporations	14,496	14,293	203	455	–	455	(169)	(17)	(152)	(17)	–	(17)	4,445	342
Households	0.1	0.1	–	–	–	–	–	–	–	–	–	–	–	–
Debt securities	849	849	849	–	–	–	–	–	–	–	–	–	–	–
General governments	836	836	836	–	–	–	–	–	–	–	–	–	–	–
Other financial corporations	14	14	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures	16,783	15,392	1,391	40	–	40	(28)	(6)	(22)	(2)	–	(2)	–	–
Central banks	0.3	0.3	–	–	–	–	–	–	–	–	–	–	–	–
General governments	13	–	13	–	–	–	–	–	–	–	–	–	–	–
Credit institutions	578	578	–	–	–	–	(21)	–	(20)	–	–	–	–	–
Other financial corporations	516	386	130	–	–	–	(1)	(1)	–	–	–	–	–	–
Non-financial corporations	15,676	14,428	1,248	40	–	40	(6)	(5)	(1)	(2)	–	(2)	–	–

<b>Total</b>	65,771	63,999	1,772	495	–	495	(224)	(25)	(199)	(19)	0	(19)	8,390	342
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31 March 2022

	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 3	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	25,352	25,352	–	–	–	–	–	–	–	–	–	–	–	–
Loans and advances	24,837	22,244	2,593	542	–	542	(204)	(67)	(137)	(46)	–	(46)	9,043	342
General governments	1,085	1,084	1	–	–	–	(1)	(0.03)	(1)	–	–	–	–	–
Credit institutions	5,012	4,368	644	–	–	–	(12)	(1)	(12)	–	–	–	3,445	–
Other financial corporations	2,697	2,604	94	–	–	–	(54)	(49)	(5)	–	–	–	730	–
Non-financial corporations	16,043	14,189	1,854	542	–	542	(137)	(17)	(119)	(46)	–	(46)	4,868	342
Debt securities	990	990	–	–	–	–	–	–	–	–	–	–	–	–
General governments	925	925	–	–	–	–	–	–	–	–	–	–	–	–
Other financial corporations	65	65	–	–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet exposures	18,524	17,326	1,198	89	–	89	(32)	(6)	(26)	(3)	–	(3)	–	–
Central banks	88	–	88	–	–	–	(0.1)	–	(0.1)	–	–	–	–	–
General governments	25	1	24	–	–	–	(0.01)	–	(.01)	–	–	–	–	–
Credit institutions	736	626	110	–	–	–	(1)	–	(1)	–	–	–	–	–
Other financial corporations	608	479	129	–	–	–	(3)	(1)	(2)	–	–	–	–	–
Non-financial corporations	17,067	16,219	848	89	–	89	(28)	(5)	(22)	(3)	–	(3)	–	–
Total	69,704	65,913	3,791	631	0	631	(236)	(73)	(163)	(49)	–	(49)	9,043	342

**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.

30 September 2022

	Net exposure value					Total
	On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	
Loans and advances	-	10,036	7,670	5,010	-	22,716
Debt securities	-	849	-	-	-	849
<b>Total</b>	-	10,885	7,670	5,010	-	23,565

31 March 2022

	Net exposure value					Total
	On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	
Loans and advances	750	10,585	8,862	4,932	-	25,129
Debt securities	-	990	-	-	-	990
<b>Total</b>	750	11,575	8,862	4,932	-	26,119

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

30 September 2022

	Gross carrying amount
<b>Initial stock of non-performing loans and advances</b>	542
Inflows to non-performing portfolios	-
Outflows from non-performing portfolios	-
Outflows due to write-offs	-
Outflow due to other situations	87
<b>Final stock of non-performing loans and advances</b>	455

31 March 2022

	Gross carrying amount
<b>Initial stock of non-performing loans and advances</b>	529
Inflows to non-performing portfolios	133
Outflows from non-performing portfolios	(120)
Outflows due to write-offs	(14)
Outflow due to other situations	(106)
<b>Final stock of non-performing loans and advances</b>	542

**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.

30 September 2022

Breakdown by country	Exposure relevant to CCyB	Own funds requirement	Risk weighted exposure amounts	Own funds req. weights %	Countercyclical buffer rate (%)
Belgium	133	11	133	0.6%	0.0%
Bermuda	30	0	2	0.0%	0.0%
Cayman Islands	607	49	610	2.6%	0.0%
Czech Republic	69	6	69	0.3%	1.0%
Denmark	39	2	31	0.1%	1.0%
France	5,995	409	5,115	21.5%	0.0%
Germany	101	8	96	0.4%	0.0%
Greece	132	13	160	0.7%	0.0%
Guernsey	128	10	128	0.5%	0.0%
Hong Kong	336	18	226	0.9%	1.0%
Hungary	86	7	83	0.4%	0.0%
Ireland	149	12	149	0.6%	0.0%
Isle of Man	67	5	67	0.3%	0.0%
Israel	60	5	60	0.3%	0.0%
Japan	358	6	71	0.3%	0.0%
Jersey	382	31	382	1.6%	0.0%
Luxembourg	392	32	404	1.7%	0.5%
Morocco	125	8	100	0.4%	0.0%
Netherlands	1,040	83	1,041	4.4%	0.0%
Nigeria	416	32	395	1.7%	0.0%
Norway	217	15	188	0.8%	1.5%
Oman	50	4	50	0.2%	0.0%
Qatar	167	11	132	0.6%	0.0%
Russian Federation	378	46	569	2.4%	0.0%
Saudi Arabia	1,134	68	854	3.6%	0.0%
Singapore	408	31	389	1.6%	0.0%
Slovakia	11	1	11	0.0%	1.0%
South Africa	807	64	798	3.4%	0.0%
Spain	386	31	393	1.7%	0.0%
Sweden	117	9	117	0.5%	1.0%
Switzerland	973	70	871	3.7%	0.0%
United Arab Emirates	130	10	131	0.6%	0.0%
United Kingdom	9,380	729	9,110	38.3%	0.0%
United States	642	28	355	1.5%	0.0%
Other countries	655	38	481	1.8%	0.0%
<b>Total</b>	<b>26,100</b>	<b>1,902</b>	<b>23,771</b>	<b>100.0%</b>	



31 March 2022

Breakdown by country	Exposure relevant to CCyB	Own funds requirement	Risk weighted exposure amounts	Own funds req. weights %	Countercyclical buffer rate (%)
Belgium	124	10	124	0.5%	0.0%
Bermuda	150	10	122	0.5%	0.0%
Cayman Islands	691	51	643	2.5%	0.0%
Czech Republic	56	4	56	0.2%	0.5%
France	6,754	448	5,595	21.7%	0.0%
Germany	135	10	130	0.5%	0.0%
Greece	136	11	136	0.5%	0.0%
Guernsey	54	4	55	0.2%	0.0%
Hong Kong	513	30	378	1.5%	1.0%
Hungary	109	8	105	0.4%	0.0%
Ireland	107	9	107	0.4%	0.0%
Isle of Man	73	6	73	0.3%	0.0%
Israel	62	5	62	0.2%	0.0%
Japan	234	6	79	0.3%	0.0%
Jersey	392	31	392	1.5%	0.0%
Luxembourg	428	38	481	1.9%	0.5%
Morocco	165	11	134	0.5%	0.0%
Netherlands	1,186	97	1,215	4.7%	0.0%
Nigeria	245	20	248	1.0%	0.0%
Norway	281	20	245	1.0%	1.0%
Oman	61	5	61	0.2%	0.0%
Qatar	168	11	132	0.5%	0.0%
Russian Federation	433	52	651	2.5%	0.0%
Saudi Arabia	1,170	70	873	3.4%	0.0%
Singapore	568	42	528	2.0%	0.0%
Slovakia	13	1	13	0.1%	1.0%
South Africa	876	69	864	3.4%	0.0%
Spain	445	36	453	1.8%	0.0%
Sweden	136	11	136	0.5%	0.0%
Switzerland	962	66	826	3.2%	0.0%
United Arab Emirates	142	11	142	0.6%	0.0%
United Kingdom	9,972	771	9,642	37.4%	0.0%
United States	844	43	534	2.1%	0.0%
Other countries	775	41	514	2.0%	0.0%
<b>Total</b>	<b>28,461</b>	<b>2,060</b>	<b>25,748</b>	<b>100%</b>	

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

	Total
30 September 2022	
Total risk weighted assets	27,759
Institution specific countercyclical capital buffer rate	0.04%
Institution specific countercyclical capital buffer requirement	9.75
31 March 2022	Total
Total risk weighted assets	29,941
Institution specific countercyclical capital buffer rate	0.04%
Institution specific countercyclical capital buffer requirement	10.5

## 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 2022

	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	27,430	13	28,203	110	203	0.7%
3	Public sector entities	24	–	70	–	14	20.0%
4	Multilateral development banks	398	100	381	34	338	81.4%
6	Institutions	3,957	310	1,403	484	946	50.1%
7	Corporates	16,142	16,375	13,841	7,506	20,097	94.1%
8	Retail	–	–	–	–	–	75.0%
9	Secured by mortgages on immovable property	920	–	904	–	904	100.0%
10	Exposures in default	402	76	78	13	134	148.8%
11	Exposures associated with particularly high risk	435	15	341	8	524	150.0%
14	Collective investment undertakings	25	–	25	–	309	1250.0%
16	Other items	331	–	331	–	331	100.0%
17	Total	50,063	16,889	45,578	8,154	23,801	44.3%

31 March 2022

	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	27,206	112	28,077	152	225	0.8%
3	Public sector entities	27	–	80	–	16	20.0%
4	Multilateral development banks	231	300	183	120	236	77.8%
6	Institutions	4,567	326	2,035	717	1,303	47.4%
7	Corporates	18,220	17,886	15,654	8,214	22,449	94.1%
8	Retail	–	0	–	–	–	75.0%
9	Secured by mortgages on immovable property	756	–	737	–	737	100.0%
10	Exposures in default	444	85	117	15	181	137.4%
11	Exposures associated with particularly high risk	524	35	411	18	643	150.0%
14	Collective investment undertakings	25	–	25	–	317	1250.0%
16	Other items	283	–	283	–	283	100.0%
17	Total	52,285	18,743	47,602	9,236	26,391	46.4%

**Table 13: CR5 standardised approach**

The following tables outline the credit risk standardised exposure classes by the prescribed risk weight as at 30 September 2022 and 31 March 2022.

Exposure classes	Risk weight								Total	Of which unrated
	0%	20%	50%	75%	100%	150%	250%	1250%		
Central governments or central banks	27,711	527	42	–	4	–	29	–	28,314	4
Regional government or local authorities										
Public sector entities	–	70	–	–	–	–	–	–	70	24
Multilateral development banks	77	–	–	–	338	–	–	–	415	338
International organisations										
Institutions	–	933	389	–	565	–	–	–	1,887	885
Corporates	–	288	2,228	1,040	17,082	707	1	–	21,346	15,603
Retail exposures	–	–	–	0	–	–	–	–	0	0
Exposures secured by mortgages on immovable property	–	–	–	–	904	–	–	–	904	904
Exposures in default	–	–	–	–	2	88	–	–	90	90
Exposures associated with particularly high risk	–	–	–	–	–	349	–	–	349	349
Units or shares in collective investment undertakings	–	–	–	–	–	–	–	25	25	25
Equity exposures	–	–	–	–	0	–	–	–	0	0
Other items	–	–	–	–	331	–	–	–	331	331
As at 30 September 2022	27,788	1,818	2,660	1,040	19,226	1,144	30	25	53,732	18,552

Exposure classes	Risk weight								Total	Of which unrated
	0%	20%	50%	75%	100%	150%	250%	1250%		
Central governments or central banks	27,582	548	51	–	12	12	24	–	28,229	12
Regional government or local authorities	–	–	–	–	–	–	–	–	–	–
Public sector entities	–	80	–	–	–	–	–	–	80	27
Multilateral development banks	67	–	–	–	236	–	–	–	303	236
International organisations	–	–	–	–	–	–	–	–	–	–
Institutions	–	1,195	985	–	572	–	–	–	2,752	1,111
Corporates	–	307	2,478	1,282	19,029	770	1	–	23,868	17,212
Retail exposures	–	–	–	0	–	–	–	–	0	0
Exposures secured by mortgages on immovable property	–	–	–	–	737	–	–	–	737	737
Exposures in default	–	–	–	–	33	99	–	–	132	132
Exposures associated with particularly high risk	–	–	–	–	–	429	–	–	429	429
Units or shares in collective investment undertakings	–	–	–	–	–	–	–	25	25	25
Equity exposures	–	–	–	–	0	–	–	–	0	0
Other items	–	–	–	–	283	–	–	–	283	283
<b>As at 31 March 2022</b>	<b>27,650</b>	<b>2,130</b>	<b>3,515</b>	<b>1,282</b>	<b>20,903</b>	<b>1,308</b>	<b>25</b>	<b>25</b>	<b>56,838</b>	<b>20,205</b>

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

30 September 2022

	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	39,861	8,732	4,695	4,037	
Debt securities	849	–	–	–	
<b>Total</b>	<b>40,710</b>	<b>8,732</b>	<b>4,695</b>	<b>4,037</b>	
Of which non-performing exposures	113	342	–	342	

31 March 2022

	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	15,744	9,385	4,946	4,439	
Debt securities	990				
<b>Total</b>	<b>16,734</b>	<b>9,385</b>	<b>4,946</b>	<b>4,439</b>	
Of which non-performing exposures	200	342	12	329	

## 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 2022

	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)	721	637	1.4	1,901	1,901	1,901	1,559
Financial collateral comprehensive method (for securities financing transactions)*				1,123	39	39	8
<b>Total</b>				3,024	1,940	1,910	1,567

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

31 March 2022

	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)	313	698	1.4	1,415	1,415	1,415	1,060
Financial collateral comprehensive method (for securities financing transactions)				1,198	43	43	9
<b>Total</b>				2,613	1,458	1,458	1,069

Table 16: CCR2 Transactions subject to own funds requirements for CVA risk  
30 September 2022

	Exposure value	RWEA
Transactions subject to the standardised method	953	245
<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>953</b>	<b>245</b>

31 March 2022

	Exposure value	RWEA
Transactions subject to the standardised method	791	243
<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>791</b>	<b>243</b>

Table 17: CCR3 Standardised approach – CCR exposures by regulatory exposure class and risk weights  
The table presents the SA-CCR method by exposure classes and prescribed risk weight.

30 September 2022

Exposure classes	Risk weight											Total exposure value
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
Institutions					79	513						592
Corporates						47			1,263			1,309
<b>Total exposure value</b>					79	559			1,263			1,901

31 March 2022

Exposure classes	Risk weight											Total exposure value
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
Institutions					115	509						624
Corporates						18			774			791
<b>Total exposure value</b>					115	527			774			1,415



**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 2022

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		1,971		342		
Debt					1,114	
<b>Total</b>		<b>1,971</b>		<b>342</b>	<b>1,114</b>	

31 March 2022

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		975		324		
Debt					1,181	
<b>Total</b>		<b>975</b>		<b>324</b>	<b>1,181</b>	

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

30 September 2022

	Exposure value	RWEA
<b>Exposures to QCCPs (total)</b>		<b>0.2</b>
Prefunded default fund contributions	2.2	0.2

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	Exposure value	RWEA
<b>Exposures to QCCPs (total)</b>		<b>0.2</b>
Prefunded default fund contributions	2.6	0.2

## 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 2022

		RWE amounts
<b>Outright products</b>		
1	Interest rate risk (general and specific)	247
2	Equity risk (general and specific)	—
3	Foreign exchange risk	270
4	Commodity risk	—
<b>Options</b>		—
5	Simplified approach	—
6	Delta-plus method	—
7	Scenario approach	—
8	Securitisation (specific risk)	—
9	<b>Total</b>	517

31 March 2022

		RWE amounts
<b>Outright products</b>		
1	Interest rate risk (general and specific)	125
2	Equity risk (general and specific)	—
3	Foreign exchange risk	484
4	Commodity risk	—
<b>Options</b>		—
5	Simplified approach	—
6	Delta-plus method	1
7	Scenario approach	—
8	Securitisation (specific risk)	—
9	<b>Total</b>	610

## 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		ΔEVE*		ΔNII**		Tier 1 capital	
Period		30 September 2022	31 March 2022	30 September 2022	31 March 2022	30 September 2022	31 March 2022
010	Parallel shock up	7.3	(7.0)	188.85	182.2		
020	Parallel shock down	(23.0)	(3.9)	(188.85)	(182.2)		
030	Steeper shock	(17.1)	(2.6)				
040	Flattener shock	4.0	(6.4)				
050	Short rates shock up	5.5	(9.1)				
060	Short rates shock down	(22.5)	(2.2)				
070	Maximum	(23.0)	(9.1)	(188.85)	(182.2)		
080	Tier 1 capital					4,871	4,887

\* 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.

Following the PRA's publication of PS21/21 'The UK leverage ratio framework', as of 1 January 2022, SMBC BI calculates its leverage ratio based on the rules contained within the Policy Statement by excluding central bank claims if they are matched by liabilities of the same currency and with equal or longer maturity. As of 30 September 2022, SMBC BI held USD 19.8bn of central bank claims which were eligible to be excluded.

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 2022

	Applicable amount
Total assets as per published financial statements	54,921
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	(19,833)
Adjustment for derivative financial instruments	(762)
Adjustment for securities financing transactions (SFTs)	12
Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	8,657
Other adjustments	(94)
<b>Total exposure measure</b>	<b>42,903</b>

Table 23: LR2 – LRCom: Leverage ratio common disclosure

		Leverage ratio exposures	
		30 September 2022	31 March 2022
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives and SFTs but including collateral)	49,391	51,389
6	Asset amounts deducted in determining Tier 1 capital (leverage)	(94)	(92)
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>49,297</b>	<b>51,297</b>
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)	2,177	853
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,468	1,361
13	<b>Total derivatives exposures</b>	<b>3,646</b>	<b>2,214</b>
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	1,123	1,198
16	Counterparty credit risk exposure for SFT assets	12	17
18	<b>Total securities financing transaction exposures</b>	<b>1,135</b>	<b>1,215</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	16,780	18,613
20	Adjustments for conversion to credit equivalent amounts	(8,122)	(8,765)
21	General provisions deducted in determining Tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures	–	–
22	<b>Off-balance sheet exposures</b>	<b>8,657</b>	<b>9,848</b>
<b>Capital and total exposure measure</b>			
23	Tier 1 capital (leverage)	4,871	4,887
24	Total exposure measure including claims on central banks	62,736	64,573
UK 24a	Claims on central banks excluded	(19,833)	(25,065)
UK 24b	<b>Total exposure measure excluding claims on central banks</b>	<b>42,903</b>	<b>39,509</b>
<b>Leverage ratio</b>			
25	Leverage ratio excluding claims on central banks (%)	11.4%	12.4%
UK 25a	Fully loaded ECL* accounting model leverage ratio excluding claims on central banks (%)	11.3%	12.3%
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 (%)	11.4%	12.4%
UK 25c	Leverage ratio including claims on central banks (%)	7.8%	7.6%

\* Expected credit loss.

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

30 September 2022

	Leverage ratio exposures
<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>49,214</b>
Trading book exposures	-
Banking book exposures, of which:	49,214
Covered bonds	-
Exposures treated as sovereigns	28,274*
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	372
Institutions	5,057
Secured by mortgages of immovable properties	900
Retail exposures	0
Corporates	13,749
Exposures in default	77
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	784

\* of which USD 19,833 million of central bank deposits are exempt. See Table 23

31 March 2022

	Leverage ratio exposures
<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>51,389</b>
Trading book exposures	-
Banking book exposures, of which:	51,389
Covered bonds	-
Exposures treated as sovereigns	28,139
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	196
Institutions	5,760
Secured by mortgages of immovable properties	734
Retail exposures	0
Corporates	15,617
Exposures in default	116
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	828

## 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 2022	30 June 2022	31 March 2022	31 Dec 2021	30 Sep 2022	30 June 2022	31 March 2022	31 Dec 2021
UK 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
<b>High quality liquid assets</b>									
1	Total high quality liquid assets (HQLA)					26,812	27,846	27,878	31,367
<b>Cash outflows</b>									
5	Unsecured wholesale funding	23,479	27,319	27,704	28,873	16,893	20,100	20,206	21,403
7	Non-operational deposits (all counterparties)	23,003	26,802	27,096	28,361	16,417	19,583	19,599	20,891
8	Unsecured debt	476	516	607	512	476	516	607	512
10	Additional requirements	867	722	786	986	867	722	786	986
11	Outflows related to derivative exposures and other collateral requirements	867	722	786	986	867	722	786	986
13	Credit and liquidity facilities	12,832	13,633	13,442	14,307	2,256	2,396	2,213	2,282
14	Other contractual funding obligations	314	403	289	311	60	55	13	43
15	Other contingent funding obligations	11,208	3,078	3,113	3,289	235	181	184	193
16	Total cash outflows	-	-	-	-	20,311	23,455	23,403	24,907
<b>Cash inflows</b>									
17	Secured lending (e.g., reverse repos)	1,014	1,183	1,242	1,283	-	-	-	-
18	Inflows from fully performing exposures	3,047	4,108	4,024	3,251	2,318	3,132	2,990	2,426
19	Other cash inflows	1,178	773	480	564	1,059	593	268	363
20	Total cash inflows	5,240	6,063	5,746	5,098	3,377	3,725	3,259	2,789
UK 20c	Inflows subject to 75% cap	5,240	6,063	5,746	5,098	3,377	3,725	3,259	2,789
<b>Total adjusted value</b>									
UK 21	Liquidity buffer					26,812	27,846	27,878	31,367
22	Total net cash outflows					16,934	19,730	20,144	22,118
23	Liquidity coverage ratio					158.3%	141.1%	138.4%	141.8%



## 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).

