

SMBC BANK INTERNATIONAL

SMBC Bank International plc

Interim Pillar 3 Disclosures

As of 31 December 2022



Contents

- 3 1. Overview
- 4 2. Key metrics
- 5 3. Overview of risk weighted exposure amounts
- 6 4. Liquidity requirements

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

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 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. LCR decrease is driven by an increase in net cash outflow within 30 days from deposits. The decrease in the NSFR ratio was due to a decrease in deposits and a change in tenor for loans to customers.

Table 1: KM1 Key metrics

		31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	4,878	4,871	4,864	4,887
2	Tier 1 capital	4,878	4,871	4,864	4,887
3	Total capital	4,878	4,871	4,864	4,887
Risk weighted exposure amounts					
4	Total risk weighted exposure amount	28,657	27,759	28,233	29,941
Capital ratios (as a percentage of risk weighted exposure amount)					
5	CET1 ratio (%)	17.0	17.5	17.2	16.3
6	Tier 1 ratio (%)	17.0	17.5	17.2	16.3
7	Total capital ratio (%)	17.0	17.5	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	0.7	0.7
UK 7b	Additional Tier 1 SREP requirements (%)	0.3	0.3	0.3	0.3
UK 7c	Additional Tier 2 SREP requirements (%)	0.3	0.3	0.3	0.3
UK 7d	Total SREP own funds requirements (%)	9.3	9.3	9.3	9.3
Combined buffer requirement (as a percentage of risk weighted exposure amount)					
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%)	0.4	0.04	0.04	0.04
11	Combined buffer requirement (%)	2.9	2.5	2.5	2.5
UK11a	Overall capital requirements (%)	12.2	11.8	11.8	11.8
12	CET1 available after meeting the total SREP own funds requirements (%)	7.7	8.2	7.9	7.0
Leverage ratio					
13	Total exposure measure excluding claims on central banks	38,261	42,903	38,634	39,509
14	Leverage ratio excluding claims on central banks (%)	12.7	11.4	12.6	12.4
Liquidity coverage ratio					
15	Total high quality liquid assets (HQLA) (Weighted value – average)	28,599	26,812	27,846	27,878
UK16a	Cash outflows – Total weighted value	22,090	20,311	23,455	23,403
UK16b	Cash inflows – Total weighted value	2,915	3,377	3,725	3,259
16	Total net cash outflows (adjusted value)	19,175	16,934	19,730	20,144
17	Liquidity coverage ratio (%)	149.1	158.3	141.1	138.4
Net stable funding ratio					
18	Total available stable funding	24,228	24,965	22,865	23,643
19	Total required stable funding	17,256	16,274	17,191	17,713
20	NSFR ratio (%)	140.4	153.4	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 at 31 December 2022. Total own funds requirements are calculated as RWEAs multiplied by 8%.

	RWEAs				Total own funds requirements			
	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
1 Credit risk (excluding CCR)	25,099	23,801	24,332	26,391	2,007	1,904	1,947	2,111
2 Of which the standardised approach	25,099	23,801	24,332	26,391	2,007	1,904	1,947	2,111
6 Counterparty credit risk – CCR	1,621	1,804	1,542	1,303	131	144	101	104
UK 8b adjustment – CVA	211	245	280	243	17	20	22	19
20 Position, foreign exchange and commodities risks (market risk)	300	517	722	610	24	41	58	49
21 Of which the standardised approach	300	517	722	610	24	41	58	49
UK22a Large exposures								
23 Operational risk	1,637	1,637	1,637	1,637	131	131	131	131
UK23a Of which basic indicator approach								
UK23b Of which standardised approach	1,637	1,637	1,637	1,637	131	131	131	131
24 Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)	75	73	82	80	6	6	7	6
29 Total	28,657	27,759	28,233	29,941	2,290	2,221	2,259	2,395

4. Liquidity requirements

Table 3: LIQ1 – Quantitative information of LCR

UK 1a	Quarter ending on (DD Month YYY)	Total unweighted value (average)				Total weighted value (average)			
		31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 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)					28,599	26,812	27,846	27,878
Cash outflows									
5	Unsecured wholesale funding	25,717	23,479	27,319	27,704	18,324	16,893	20,100	20,206
7	Non-operational deposits (all counterparties)	25,361	23,003	26,802	27,096	17,968	16,417	19,583	19,599
8	Unsecured debt	356	476	516	607	356	476	516	607
10	Additional requirements	1,151	867	722	786	1,151	867	722	786
11	Outflows related to derivative exposures and other collateral requirements	1,151	867	722	786	1,151	867	722	786
13	Credit and liquidity facilities	12,467	12,832	13,633	13,442	2,203	2,256	2,396	2,213
14	Other contractual funding obligations	346	314	403	289	85	60	55	13
15	Other contingent funding obligations	25,166	11,208	3,078	3,113	326	235	181	184
16	Total cash outflows	-	-	-	-	22,090	20,311	23,455	23,403
Cash inflows									
17	Secured lending (e.g., reverse repos)	1,116	1,014	1,183	1,242			-	-
18	Inflows from fully performing exposures	2,983	3,047	4,108	4,024	2,340	2,318	3,132	2,990
19	Other cash inflows	723	1,178	773	480	575	1,059	593	268
20	Total cash inflows	4,822	5,240	6,063	5,746	2,915	3,377	3,725	3,259
UK 20c	Inflows subject to 75% cap	4,822	5,240	6,063	5,746	2,915	3,377	3,725	3,259
Total adjusted value									
UK 21	Liquidity buffer					28,599	26,812	27,846	27,878
22	Total net cash outflows					19,175	16,934	19,730	20,144
23	Liquidity coverage ratio					149.1%	158.3%	141.1%	138.4%

