



Basel III Pillar 3 Disclosures

30 September 2022

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Part 2 – Overview of Risk Management and RWA

KM1 – Key metrics (at consolidated group level)

SAR '000		Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	108,181,493	109,585,888	112,657,705	110,160,107	107,814,130
1a	Fully loaded ECL accounting model	106,869,422	108,273,817	111,345,634	108,410,679	106,064,702
2	Tier 1	123,668,993	121,773,388	124,845,205	122,347,607	120,001,630
2a	Fully loaded ECL accounting model Tier 1	122,356,922	120,461,317	123,533,134	120,598,179	118,252,202
3	Total capital	129,037,552	127,332,764	130,463,930	127,759,030	125,905,685
3a	Fully loaded ECL accounting model total capital	127,725,481	126,020,693	129,151,859	126,009,602	124,156,257
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	691,338,884	692,113,673	664,634,979	665,173,204	670,255,487
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	15.65%	15.83%	16.95%	16.56%	16.09%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	15.46%	15.64%	16.75%	16.30%	15.82%
6	Tier 1 ratio (%)	17.89%	17.59%	18.78%	18.39%	17.90%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17.70%	17.40%	18.59%	18.13%	17.64%
7	Total capital ratio (%)	18.66%	18.40%	19.63%	19.21%	18.78%
7a	Fully loaded ECL accounting model total capital ratio (%)	18.48%	18.21%	19.43%	18.94%	18.52%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.17%	0.19%	0.21%	0.25%	0.26%
10	Bank G-SIB and/or D-SIB additional requirements (%)	1.50%	1.50%	1.50%	1.50%	1.50%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	4.17%	4.19%	4.21%	4.25%	4.26%
12	CET1 available after meeting the bank's minimum capital requirements (%)	11.48%	11.64%	12.74%	12.31%	11.83%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	998,468,532	1,002,772,384	959,602,324	962,925,629	948,158,059
14	Basel III leverage ratio (%) (row 2 / row 13)	12.39%	12.14%	13.01%	12.71%	12.66%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row13)	12.25%	12.01%	12.87%	12.52%	12.47%
Liquidity Coverage Ratio						
15	Total HQLA	174,937,497	179,536,327	201,169,069	191,702,097	186,178,082
16	Total net cash outflow	65,661,176	73,360,287	95,719,543	83,372,226	73,640,422
17	LCR ratio (%)	266%	246%	210%	230%	253%
Net Stable Funding Ratio						
18	Total available stable funding	653,582,428	653,801,565	661,360,606	634,750,137	643,809,071
19	Total required stable funding	548,725,573	545,515,501	558,419,639	530,443,929	552,834,049
20	NSFR ratio	119%	120%	118%	120%	116%

OV1 – Overview of RWA

SAR '000		RWA		Minimum capital Requirements
		Sep-22	June-22	Sep-22
1	Credit risk (excluding counterparty credit risk) (CCR)	555,777,903	566,235,993	44,462,232
2	Of which standardized approach (SA)	555,777,903	566,235,993	44,462,232
3	Of which foundation internal ratings-based (F-IRB) approach			
4	Of which supervisory slotting approach			
5	Of which advanced internal ratings-based (A-IRB) approach			
6	Counterparty credit risk	12,793,048	13,838,986	1,023,444
7	Of which standardized approach for counterparty credit risk	12,793,048	13,838,986	1,023,444
8	Of which internal model method (IMM)			
9	Of which other CCR			
10	Credit valuation adjustment (CVA)	14,465,446	14,100,396	1,157,236
11	Equity positions under the simple risk weight approach			
12	Equity investments in funds – look-through approach	22,960,600	18,878,513	1,836,848
13	Equity investments in funds – mandate-based approach			
14	Equity investments in funds – fallback approach	3,839,837	6,620,421	307,187
15	Settlement risk			
16	Securitization exposures in banking book	1,287,766	1,297,583	103,021
17	Of which securitization internal ratings-based approach (SEC-IRBA)			
18	Of which securitization external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	1,287,766	1,297,583	103,021
19	Of which SA/simplified supervisory formula approach (SSFA)			
20	Market risk	20,535,905	13,547,761	1,642,872
21	Of which standardized approach (SA)	20,535,905	13,547,761	1,642,872
22	Of which internal model approaches (IMA)			
23	Capital charge for switch between trading book and banking book			
24	Operational risk	59,678,379	57,593,534	4,774,270
25	Amounts below the thresholds for deduction (subject to 250% risk weight)			
26	Floor adjustment			
27	Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)	691,338,884	692,113,187	55,307,111

*The decrease in Credit Risk Weighted Assets is due to changes in the portfolio mix whereby reductions in higher risk weighted asset classes have been offset by growth in asset classes attracting lower risk weights.

Part 6 – Leverage ratio

LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure

SAR '000

1	Total consolidated assets as per published financial statements	964,420,979
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4	Adjustments for derivative financial instruments	5,832,725
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	69,809,208
7	Other adjustments	(41,594,380)
8	Leverage ratio exposure measure	998,468,532

LR2 – Leverage ratio common disclosure template

SAR '000		T (Sep-22)	T-1 (Jun-22)
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs),but including collateral)	945,378,303	945,741,944
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-41,594,380	-41,802,813
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)	903,783,923	903,939,131
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	19,042,676	12,730,262
5	Add-on amounts for PFE associated with all derivatives transactions	5,832,725	12,319,346
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework		
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
8	(Exempted CCP leg of client-cleared trade exposures)		
9	Adjusted effective notional amount of written credit derivatives		
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
11	Total derivative exposures (sum of rows 4 to 10)	24,875,401	25,049,608
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
14	CCR exposure for SFT assets		
15	Agent transaction exposures		
16	Total securities financing transaction exposures (sum of rows 12 to 15)		
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	95,439,461	99,888,474
18	(Adjustments for conversion to credit equivalent amounts)	-25,630,253	-26,104,829
19	Off-balance sheet items (sum of rows 17 and 18)	69,809,208	73,783,645
Capital and total exposures			
20	Tier 1 capital	123,668,993	121,773,388
21	Total exposures (sum of rows 3, 11, 16 and 19)	998,468,532	1,002,772,384
Leverage ratio			
22	Basel III leverage ratio	12.39%	12.14%

Part 7 - Liquidity

LIQ1 – Liquidity Coverage Ratio (LCR)

SAR *000		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		174,937,497
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	345,697,925	33,654,392
3	Stable deposits	-	-
4	Less stable deposits	336,543,916	33,654,392
5	Unsecured wholesale funding, of which:	140,194,537	64,456,847
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	139,831,939	64,094,249
8	Unsecured debt	362,598	362,598
9	Secured wholesale funding		4,249,433
10	Additional requirements, of which:	7,869,242	818,558
11	Outflows related to derivative exposures and other collateral requirements	35,149	35,149
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	7,834,093	783,409
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	128,199,452	2,646,919
16	TOTAL CASH OUTFLOWS		105,826,148
Cash inflows			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	96,862,419	40,164,972
19	Other cash inflows	98,241,659	-
20	TOTAL CASH INFLOWS	195,104,078	40,164,972
			Total adjusted value
21	Total HQLA		174,937,497
22	Total net cash outflows		65,661,176
23	Liquidity Coverage Ratio (%)		266%

The average LCR is calculated by taking a simple average of monthly figures based on daily average balances beginning from July 1st, 2022 to Sept 30th 2022.

During the period, the Bank held an average of 98% of its High Quality Liquid Assets (HQLAs) in securities with a 0% risk weight, issued or guaranteed by sovereigns, central banks and supranational entities. The remaining 2% of HQLAs held a 20% risk weight from securities guaranteed by sovereigns and non-financial corporate bonds rated AA- or better.

The majority of the bank's weighted cash outflows are attributable to non-financial corporates at 47% of outflows, whereas retail and small Businesses' deposits held 32%, and bank placements at 13%

respectively. SNB's net derivatives positions are not significant, as most transactions are conducted on a back-to-back basis with limited open positions being taken. The Group's main activities are conducted in SAR USD, and TRY. The peg between SAR and USD currencies enhances the funding ability and provides the flexibility to interchange between both currencies.

Additionally, following regulatory guidelines, LCR is monitored separately for all significant currencies to ensure the liquidity ratios are met at all times in either currency, SAR, USD and TRY.

The average Q3-2022 LCR is 266% compared to Q2-2022 LCR is 261%, an increase of 5%. The increase in the average LCR between the two periods was primarily due to the decrease in the net cash outflow in unsecured wholesale funding. Additionally, there is a decrease in the HQLA mainly from Level 1 Assets.

LIQ2 – Net Stable Funding Ratio (NSFR)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
SAR '000						
Available stable funding (ASF) item						
1	Capital:	-	-	-	172,659,847	172,659,847
2	Regulatory capital				149,692,572	149,692,572
3	Other capital instruments				22,967,275	22,967,275
4	Retail deposits and deposits from small business customers:	345,760,483	16,489,835	1,656,846	2,478,470	329,994,918
5	Stable deposits					
6	Less stable deposits	345,760,483	16,489,835	1,656,846	2,478,470	329,994,918
7	Wholesale funding:	126,500,704	98,782,824	11,350,539	405,586	118,722,619
8	Operational deposits	7,186,797				3,593,398
9	Other wholesale funding	119,313,908	98,782,824	11,350,539	405,586	115,129,221
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	148,827,741	10,592,431	26,908,828	32,205,044
12	NSFR derivative liabilities		-	-	-	
13	All other liabilities and equity not included in the above categories	-	148,827,741	10,592,431	26,908,828	32,205,044
14	Total ASF					653,582,428
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					13,913,273
16	Deposits held at other financial institutions for operational purposes	21,102,513	32,306,235	-	8,907,025	35,611,399
17	Performing loans and securities:	12,943,257	202,521,756	40,169,437	324,187,084	407,834,012
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	240,676	2,193,751	79,077	1,212,054
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	196,750,848	36,978,136	292,921,437	365,847,714
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	12,943,257	5,530,231	997,551	31,186,570	40,774,244
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	44,677,513	136,698,082	-	83,271,035	91,782,788
27	Physical traded commodities, including gold	1,324,032				1,125,427
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs			7,472,971		6,352,025
29	NSFR derivative assets			507,332		507,332
30	NSFR derivative liabilities before deduction of variation margin posted			-		-
31	All other assets not included in the above categories	40,765,974	-	-	82,495,143	82,495,143
32	Off-balance sheet items	-	127,548,480			886,961
33	Total RSF					548,725,573
34	Net Stable Funding Ratio (%)					119.1%

As at the end of Sept 2022, the Bank held a balance of 26% of its Available Stable Funding (ASF) in capital, with a 100% ASF factor, comprised of regulatory and other capital instruments. The majority of Available Stable Funding was held as retail and SME deposits at 50%, with a 90% ASF factor, 18% of ASF

was in wholesale funding, with a 50% ASF factor and the remaining balances were held as other liabilities with different ASF factors.

The Required Stable Funding (RSF) at the end of Sept 2022 is predominantly comprised of performing loans and securities holding 74% of the total Required Stable Funding, with various RSF factors. Of these loans, were performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to financial institutions at 67% of the total Required Stable Funding. The remaining composition of RSF held weights in HQLA's, deposits held at other financial institutions, other assets and off balance sheet items.

A comparison with last quarter's NSFR is presented in the following table:

Description	September-22	Jun-22
NSFR	119.1%	119.6%

The Net Stable Funding Ratio as of Sept 2022 is 119.1%. A decrease of 50 basis points as compared to June 2022 119.6%.

Appendix

The below list of tables and templates are Not Available as the related approach is Not Applicable to the Bank

	Tables and templates
Part 2 – overview of risk management, key prudential metrics and RWA	KM2 – Key metrics – TLAC requirements (at resolution group level)
Part 8 – Credit risk	CR8 – RWA flow statements of credit risk exposures under IRB
Part 9 – Counterparty credit risk	CCR7 – RWA flow statements of CCR exposures under the Internal Model Method (IMM)
Part 11 – Market risk	MR3 – IMA values for trading portfolios