



Basel III Pillar 3 Disclosures

31 March 2022

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Part 2 – Overview of Risk Management and RWA

KM1 – Key metrics (at consolidated group level)

SAR '000		Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	112,657,705	110,160,107	110,237,311	109,984,081	73,761,823
1a	Fully loaded ECL accounting model	111,345,634	108,410,679	108,487,883	108,234,653	72,012,395
2	Tier 1	124,845,205	122,347,607	122,424,811	122,171,581	85,949,322
2a	Fully loaded ECL accounting model Tier 1	123,533,134	120,598,179	120,675,383	120,422,153	84,199,894
3	Total capital	130,463,930	127,759,030	128,328,866	128,517,378	90,530,553
3a	Fully loaded ECL accounting model total capital	129,151,859	126,009,602	126,579,438	126,767,950	88,781,125
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	664,634,979	665,173,204	671,934,967	685,343,715	429,577,163
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	16.95%	16.56%	16.41%	16.05%	17.17%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	16.75%	16.30%	16.15%	15.79%	16.76%
6	Tier 1 ratio (%)	18.78%	18.39%	18.22%	17.83%	20.01%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	18.59%	18.13%	17.96%	17.57%	19.60%
7	Total capital ratio (%)	19.63%	19.21%	19.10%	18.75%	21.07%
7a	Fully loaded ECL accounting model total capital ratio (%)	19.43%	18.94%	18.84%	18.50%	20.67%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.21%	0.25%	0.26%	0.24%	0.00%
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)	4.21%	4.25%	4.26%	4.24%	4.00%
12	CET1 available after meeting the bank's minimum capital requirements (%)	12.74%	12.31%	12.15%	11.81%	13.17%
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	959,602,324	962,925,629	949,846,436	943,332,102	649,559,765
14	Basel III leverage ratio (%) (row 2 / row 13)	13.01%	12.71%	12.89%	12.95%	13.23%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row 13)	12.87%	12.52%	12.70%	12.77%	12.96%
	Liquidity Coverage Ratio					
15	Total HQLA	201,169,069	191,702,097	186,178,082	195,793,300	135,791,072
16	Total net cash outflow	95,719,543	83,372,226	73,640,422	95,495,597	73,944,671
17	LCR ratio (%)	210%	230%	253%	205%	184%
	Net Stable Funding Ratio					
18	Total available stable funding	661,360,606	634,750,137	643,809,071	647,241,771	421,157,715
19	Total required stable funding	558,419,639	530,443,929	552,834,049	536,868,732	346,095,989
20	NSFR ratio	118%	120%	116%	121%	122%

OV1 – Overview of RWA

SAR '000		RWA		Minimum capital Requirements
		Mar-22	Dec-21	Mar-22
1	Credit risk (excluding counterparty credit risk) (CCR)	538,706,670	524,752,591	43,096,534
2	Of which standardized approach (SA)	538,706,670	524,752,591	43,096,534
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	11,236,611	14,408,583	898,929
7	Of which standardized approach for counterparty credit risk	11,236,611	14,408,583	898,929
8	Of which internal model method (IMM)			
9	Of which other CCR			
10	Credit valuation adjustment (CVA)	14,018,406	16,407,196	1,121,472
11	Equity positions under the simple risk weight approach			
12	Equity investments in funds – look-through approach	22,769,267	21,316,595	1,821,541
13	Equity investments in funds – mandate-based approach			
14	Equity investments in funds – fallback approach	5,765,495	8,201,428	461,240
15	Settlement risk			
16	Securitization exposures in banking book	1,259,074	1,228,626	100,726
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)	1,259,074	1,228,626	100,726
19	Of which SA/simplified supervisory formula approach (SSFA)			
20	Market risk	15,622,872	21,734,754	1,249,830
21	Of which standardized approach (SA)	15,622,872	21,734,754	1,249,830
22	Of which internal model approaches (IMM)			
23	Capital charge for switch between trading book and banking book			
24	Operational risk	55,256,584	57,123,430	4,420,527
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)	664,634,979	665,173,204	53,170,798

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	921,564,652
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	9,034,196
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)	71,007,996
7	Other adjustments	(42,004,520)
8	Leverage ratio exposure measure	959,602,324

LR2 – Leverage ratio common disclosure template

SAR '000		March 22	December 21
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	911,475,348	905,240,007
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-42,004,520	-42,234,175
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)	869,470,828	863,005,832
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	10,089,304	8,909,910
5	Add-on amounts for PFE associated with all derivatives transactions	9,034,196	16,862,609
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)	19,123,500	25,772,519
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	96,469,698	99,226,717
18	(Adjustments for conversion to credit equivalent amounts)	-25,461,702	-25,079,439
19	Off-balance sheet items (sum of rows 17 and 18)	71,007,996	74,147,277
Capital and total exposures			
20	Tier 1 capital	124,845,205	122,347,607
21	Total exposures (sum of rows 3, 11, 16 and 19)	959,602,324	962,925,629
Leverage ratio			
22	Basel III leverage ratio	13.01%	12.71%

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		201,169,069
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	389,512,597	38,837,234
3	Stable deposits	-	-
4	Less stable deposits	389,512,597	38,837,234
5	Unsecured wholesale funding, of which:	186,195,580	88,143,254
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	185,820,199	87,767,872
8	Unsecured debt	375,382	375,382
9	Secured wholesale funding	-	3,705,336
10	Additional requirements, of which:	8,632,076	1,517,979
11	Outflows related to derivative exposures and other collateral requirements	727,524	727,524
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	7,904,552	790,455
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	245,016,393	6,213,583
16	TOTAL CASH OUTFLOWS	-	138,417,386
Cash inflows			
17	Secured lending (e.g. reverse repos)	95,711	-
18	Inflows from fully performing exposures	86,348,235	42,584,886
19	Other cash inflows	132,235,938	112,957
20	TOTAL CASH INFLOWS	218,679,885	42,697,843
			Total adjusted value
21	Total HQLA		201,169,069
22	Total net cash outflows		95,719,543
23	Liquidity Coverage Ratio (%)		210%

The average LCR is calculated by taking a simple average of monthly figures based on daily average balances beginning from Jan 1st 2022 to Mar 31st 2022.

During the period, the Bank held an average of 95% 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 5% 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 45% of outflows. Whereas retail and small Businesses' deposits held 28%, and bank placements at 17%. SNB's 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 Q1-2022 LCR was 210% compared to Q4-2021 230%, a decrease of 20%. The decrease in the average LCR between the two periods was primarily due to the increase in net cash outflows.

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