



# Basel III Pillar 3 Disclosures

30 September 2021

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## Part 2 – Overview of Risk Management and RWA

### KM1 – Key metrics (at consolidated group level)

SAR '000		Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
	<b>Available capital (amounts)</b>					
1	Common Equity Tier 1 (CET1)	110,237,311	109,984,081	73,761,823	71,716,210	67,770,211
1a	Fully loaded ECL accounting model	108,487,883	108,234,653	72,012,395	69,966,782	66,020,783
2	Tier 1	122,424,811	122,171,581	85,949,322	81,916,210	77,970,211
2a	Fully loaded ECL accounting model Tier 1	120,675,383	120,422,153	84,199,894	80,166,782	76,220,783
3	Total capital	128,328,866	128,517,378	90,530,553	86,464,598	82,235,916
3a	Fully loaded ECL accounting model total capital	126,579,438	126,767,950	88,781,125	84,715,170	80,486,488
	<b>Risk-weighted assets (amounts)</b>					
4	Total risk-weighted assets (RWA)	671,934,967	685,343,715	429,577,163	425,439,294	430,617,787
	<b>Risk-based capital ratios as a percentage of RWA</b>					
5	Common Equity Tier 1 ratio (%)	16.41%	16.05%	17.17%	16.86%	15.74%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	16.15%	15.79%	16.76%	16.45%	15.33%
6	Tier 1 ratio (%)	18.22%	17.83%	20.01%	19.25%	18.11%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	17.96%	17.57%	19.60%	18.84%	17.70%
7	Total capital ratio (%)	19.10%	18.75%	21.07%	20.32%	19.10%
7a	Fully loaded ECL accounting model total capital ratio (%)	18.84%	18.50%	20.67%	19.91%	18.69%
	<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical buffer requirement (%)	0.26%	0.24%	0.00%	0.00%	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)	4.3%	4.2%	4.0%	4.0%	4.0%
12	CET1 available after meeting the bank's minimum capital requirements (%)	12.1%	11.8%	13.2%	12.9%	11.7%
	<b>Basel III leverage ratio</b>					
13	Total Basel III leverage ratio exposure measure	949,846,436	943,332,102	649,559,765	653,231,414	628,139,077
14	Basel III leverage ratio (%) (row 2 / row 13)	12.89%	12.95%	13.23%	12.54%	12.48%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2a / row 13)	12.70%	12.77%	12.96%	12.27%	12.13%
	<b>Liquidity Coverage Ratio</b>					
15	Total HQLA	186,178,082	195,793,300	135,791,072	123,212,966	125,134,817
16	Total net cash outflow	73,640,422	95,495,597	73,944,671	71,450,070	67,663,645
17	LCR ratio (%)	253%	205%	184%	172%	185%
	<b>Net Stable Funding Ratio</b>					
18	Total available stable funding	643,809,071	647,241,771	421,157,715	414,085,356	405,343,820
19	Total required stable funding	552,834,049	536,868,732	346,095,989	337,978,879	334,297,272
20	NSFR ratio	116%	121%	122%	123%	121%

## OV1 – Overview of RWA

SAR '000		RWA		Minimum capital Requirements
		Sep-21	Jun-21	Sep-21
1	Credit risk (excluding counterparty credit risk) (CCR)	528,841,804	534,011,025	42,307,344
2	Of which standardized approach (SA)	528,841,804	534,011,025	42,307,344
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	14,443,659	16,938,664	1,155,493
7	Of which standardized approach for counterparty credit risk	14,443,659	16,938,664	1,155,493
8	Of which internal model method (IMM)			
9	Of which other CCR			
10	Credit valuation adjustment (CVA)	16,965,410	16,962,768	1,357,233
11	Equity positions under the simple risk weight approach			
12	Equity investments in funds – look-through approach	17,500,171	19,515,497	1,400,014
13	Equity investments in funds – mandate-based approach			
14	Equity investments in funds – fallback approach	14,023,781	15,454,579	1,121,902
15	Settlement risk			
16	Securitization exposures in banking book	1,211,259	1,196,448	96,901
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)	1,211,259	1,196,448	96,901
19	Of which SA/simplified supervisory formula approach (SSFA)			
20	Market risk	23,531,143	27,539,509	1,882,491
21	Of which standardized approach (SA)	23,531,143	27,539,509	1,882,491
22	Of which internal model approaches (IMM)			
23	Capital charge for switch between trading book and banking book			
24	Operational risk	55,417,740	53,725,224	4,433,419
25	Amounts below the thresholds for deduction (subject to 250% risk weight)			
26	Floor adjustment			
27	<b>Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)</b>	<b>671,934,967</b>	<b>685,343,715</b>	<b>53,754,797</b>

**\* The decrease in total RWA since Q2 2021 is primarily due to changes in the portfolio mix, with exposures attracting higher risk weights being replaced with those 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	902,719,860
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	17,259,158
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)	69,514,407
7	Other adjustments	(39,646,988)
<b>8</b>	<b>Leverage ratio exposure measure</b>	<b>949,846,437</b>

## LR2 – Leverage ratio common disclosure template

SAR '000		September 21	June 21
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	892,465,644	885,259,821
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-39,646,988	-39,937,636
3	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of rows 1 and 2)	<b>852,818,656</b>	<b>845,322,185</b>
<b>Derivative exposures</b>			
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	10,254,216	11,161,379
5	Add-on amounts for PFE associated with all derivatives transactions	17,259,158	18,571,195
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	<b>Total derivative exposures (sum of rows 4 to 10)</b>	<b>27,513,375</b>	<b>29,732,574</b>
<b>Securities financing transaction exposures</b>			
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	<b>Total securities financing transaction exposures (sum of rows 12 to 15)</b>		
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	96,259,769	96,603,586
18	(Adjustments for conversion to credit equivalent amounts)	-26,745,362	-28,326,243
19	<b>Off-balance sheet items (sum of rows 17 and 18)</b>	<b>69,514,406</b>	<b>68,277,342</b>
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	<b>122,424,811</b>	<b>122,171,580</b>
21	<b>Total exposures (sum of rows 3, 11, 16 and 19)</b>	<b>949,846,437</b>	<b>943,332,102</b>
<b>Leverage ratio</b>			
22	<b>Basel III leverage ratio</b>	<b>12.89%</b>	<b>12.95%</b>

## Part 7 - Liquidity

### LIQ1 – Liquidity Coverage Ratio (LCR)

SAR '000

		Total unweighted value (average)	Total weighted value (average)
<b>High-quality liquid assets</b>			
1	<b>Total HQLA</b>		<b>186,178,082</b>
<b>Cash outflows</b>			
2	<b>Retail deposits and deposits from small business customers, of which:</b>	<b>367,837,732</b>	<b>35,971,382</b>
3	Stable deposits	-	-
4	Less stable deposits	367,837,732	35,971,382
5	<b>Unsecured wholesale funding, of which:</b>	<b>155,460,103</b>	<b>69,117,447</b>
6	<b>Operational deposits (all counterparties) and deposits in networks of cooperative banks</b>	-	-
7	Non-operational deposits (all counterparties)	155,435,258	69,092,603
8	Unsecured debt	24,845	24,845
9	<b>Secured wholesale funding</b>	-	<b>1,276,172</b>
10	<b>Additional requirements, of which:</b>	<b>19,920,473</b>	<b>2,867,755</b>
11	Outflows related to derivative exposures and other collateral requirements	1,529,744	1,529,744
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	18,390,729	1,338,011
14	<b>Other contractual funding obligations</b>	-	-
15	<b>Other contingent funding obligations</b>	<b>250,108,285</b>	<b>6,664,377</b>
16	<b>TOTAL CASH OUTFLOWS</b>	-	<b>115,897,133</b>
<b>Cash inflows</b>			
17	<b>Secured lending (e.g. reverse repos)</b>	-	-
18	<b>Inflows from fully performing exposures</b>	<b>25,204,122</b>	<b>42,043,334</b>
19	Other cash inflows	213,377	213,377
20	<b>TOTAL CASH INFLOWS</b>	<b>25,417,499</b>	<b>42,256,711</b>
			<b>Total adjusted value</b>
21	<b>Total HQLA</b>		<b>186,178,082</b>
22	<b>Total net cash outflows</b>		<b>73,640,422</b>
23	<b>Liquidity Coverage Ratio (%)</b>		<b>253%</b>

The average LCR is calculated by taking a simple average of monthly figures based on daily average balances beginning from Jul 1st, 2021 to Sep 30th 2021.

During the period, the Bank held an average of 96% 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 4% 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 46% of outflows. Whereas retail and small Businesses' deposits held 31%, and bank placements at 13%. 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 Q3-2021 LCR was 253% compared to Q2-2021 205%, an increase of 48%. The increase in the average LCR between the two periods was primarily due to the Merger with SAMBA**



## Appendix

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

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