



BANCA DEL SEMPIONE
SIMPLON BANK
BANQUE DU SIMPLON

Banca del Sempione SA

**Disclosure requirements in accordance
with FINMA Circular 2016/1 "Disclosure - banks"**

2021

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CONSOLIDATED ACCOUNTS

KM1 – Key metrics

(amount expressed in CHF 1,000) 31.12.2021 31.12.2020

Eligible capital

1	Common Equity Tier 1 (CET1)	125,845	126,300
2	Tier 1 capital (T1)	125,845	126,300
3	Total capital	125,845	126,300

Risk-weighted assets (RWA)

4	RWA	456,516	449,758
4a	Minimum capital requirement	36,521	35,981

Risk-based capital ratios (as % of RWA)

5	CET 1 ratio	27.6%	28.1%
6	Tier 1 ratio	27.6%	28.1%
7	Total capital ratio	27.6%	28.1%

Additional CET1 buffer requirements (as % of RWA)

8	Capital conservation buffer according to Basel minimum requirements	2.5%	2.5%
11	Total of CET1 specific buffer according to Basel minimum requirements	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements	19.6%	20.1%

Target capital ratios according to CAO Annex 8 (as % of RWA)

12a	Capital conservation buffer according to CAO Annex 8	2.5%	2.5%
12b	Countercyclical capital buffer according to CAO Art, 44 and Art, 44a	0.0%	0.0%
12c	CET 1 capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	7.0%	7.0%
12d	Tier 1 capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	8.5%	8.5%
12e	Total capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a according to CAO Art, 44 and Art, 44a	10.5%	10.5%

Basel III Leverage Ratio

13	Total Basel III Leverage Ratio exposure measure	893,465	724,576
14	Basel III Leverage Ratio	14.1%	17.4%

In the framework of the temporary exemptions granted by FINMA following the crisis caused by COVID-19, deposits held with central banks were excluded from the calculation of the leverage ratio in 2020.

(amount expressed in CHF 1,000) Quarterly average of the monthly figures

	4 th quarter 2021	3 rd quarter 2021	2 nd quarter 2021	1 st quarter 2021	4 th quarter 2020
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Liquidity Coverage Ratio (LCR)

15	Total of high-quality liquid assets	175,626	184,518	178,911	175,790	192,209
16	Net cash outflows	33,398	38,886	37,182	35,650	34,316
17	Liquidity Coverage Ratio (LCR)	526%	475%	481%	493%	560%

(amount expressed in CHF 1,000) 31.12.2021 31.12.2020

Net Stable funding ratio (NSFR)

18	Total available stable funding	730,809	-
19	Total required stable funding	354,066	-
20	Net Stable funding ratio (NSFR)	206%	-

OV1 – Overview of risk-weighted assets

	31.12.2021	31.12.2020	31.12.2021
(amount expressed in CHF 1,000)	RWA	RWA	Minimum capital requirements
1 Credit risk (standard international approach)	364,891	360,623	29,191
20 Market risk (standard approach)	17,850	17,011	1,428
24 Operational risks (basic indicator approach)	73,775	72,124	5,902
27 Total	456,516	449,758	36,521

LIQA – Liquidity risk management

Liquidity risk management is described in paragraph 3 of the Notes to the consolidated financial statements.

CR1 – Credit risk: credit quality of assets

(amount expressed in CHF 1,000)	Gross carrying values of		Value adjustments/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans (excluding debt securities)	1,074	600,046	1,074	600,046
2 Debt securities		52,241		52,241
3 Off-balance-sheet exposures		7,656		7,656
4 Total	1,074	659,943	1,074	659,943

Defaulted loans include non-performing and doubtful loans rated and valued according to the definitions set out in the FINMA Accounting Ordinance and FINMA circular 2020/1 "Accounting - Banks".

CR2 – Credit risk: change in stock of defaulted loans and debt securities

(amount expressed in CHF 1,000)		
1	Defaulted loans and debt securities at end of 2019	1,357
2	Loans and debt securities that have defaulted since the last reporting period	12
3	Amounts returned to non-defaulted status	-52
4	Amounts written off	-243
6	Defaulted loans and debt securities at end of 2020	1,074

CR3 – Credit risk: overview of credit risk mitigation techniques

	Exposures unsecured/carrying values	Exposures secured by collateral: secured amount	Exposures secured by financial guarantees or credit derivatives: secured amount
(amount expressed in CHF 1,000)			
Loans (including debt securities)	234,993	417,294	
Off-balance-sheet exposures	2,561	5,095	
Total	237,554	422,389	
<i>of which in default</i>	<i>1,074</i>		

Uncovered positions essentially include amounts due to banks and debt securities.

CR5 - Credit risk: exposure by asset classes and risk weight under the standardised approach

Assets classes	Risk weight							Total credit exposure amount (post-CCF and post-CRM)
	0%	20%	35%	50%	75%	100%	150%	
(amount expressed in CHF 1,000)								
1 Sovereigns and their central banks	169,896							169,896
2 Banks and securities traders		95,856		68,577		460		164,893
3 Public-sector entities and multilateral developments banks	7,056	3,429	530	44		471		11,530
4 Corporate		7,092	11,794	10,847	988	73,450	422	104,593
5 Retail			100,723		29,847	64,030		194,600
6 Equity securities							320	320
7 Other assets	4,903					110		5,013
8 Total	181,855	106,377	113,047	79,468	30,835	138,521	742	650,845
9 <i>of which receivables secured by real estate</i>			113,047		3,423	36,690		153,160
10 <i>of which receivables past due</i>	-	-	-	-	-	-	-	-

ORA - Operational risks: general information

Operational risk management is described in paragraph 3 of the Notes to the consolidated financial statements.

IRRBB - Interest rate risk: objectives and rules for managing the interest rate risk of the Banks' portfolio

Interest rate risk in the Bank and the Group's portfolio (IRRBB - Interest Rate Risk in the Banking Book) is measured as the impact of changes in interest rates on the economic value of assets, liabilities and off-balance-sheet positions (present value approach) and on interest income (current income approach).

Interest rate risk can take three forms:

- **Repricing risk**, arising from the different maturity structure of balance-sheet assets and liabilities.
- **Basis risk** describing the impact of changes in interest rates on instruments that have similar maturities, but are measured on the basis of different interest rates.
- **Option risk** arising from options, or embedded (implicit) options, under which the Bank or its client can change the amount and timing of payment flows (e.g. deposits with no fixed maturity, term deposits, and fixed-rate loans).

The Board of Directors has established the principles according to which the rate risk must be measured, monitored and controlled, as outlined in the Bank's "Risk Policy and Risk Management principles". It has also set the tolerance limits that constitute the reference values for the implementation of the Bank's internal management and control strategies and processes.

General Management develops and enforces risk management strategies through the issuing of directives and instructions and ensures that they are properly implemented.

On the basis of proposals drawn up by ALCO, it manages the balance sheet structure and implements the measures necessary to ensure permanently that the Bank does not assume risks higher than those tolerated.

ALCO is responsible for monitoring and controlling interest rate risk on the basis of analyses carried out by the Risk Control unit as well as for drawing up proposals to General Management for managing the balance sheet structure.

At least every three years ALCO verifies the integrity of the data and the adequacy of the measurement methods (including the underlying modelling assumptions and their impact). In the event of a substantial change in the business model or structure of clients and products, verification shall be carried out within the current year.

ALCO's analyses and considerations are included in the quarterly reports addressed to General Management.

On a quarterly basis, the Risk Control unit independently measures and assesses exposure to liquidity risk, verifies the observance of legal and internal limits, and provides General Management and ALCO with all the necessary support.

The analyses and considerations of the Risk Control unit are included in the quarterly reports addressed to General Management and the Board of Directors.

The consolidated financial statements are analysed every six months.

The Bank uses the "Delta Market Value" method to measure and manage interest rate risk.

The Bank is considered to be small in size (category 5). It provides purely advisory and asset management services.

Loan issuance is carried out on an ancillary basis and is mainly aimed at existing customers. The balance sheet structure is simple and transparent; the Bank does not offer complex products, nor are derivative instruments used for hedging interest rate risks.

The Bank therefore applies the interest rate shock scenarios provided for in Annex 2 of FINMA circular 2019/2 "Interest Rate Risks - Banks" which are considered appropriate in relation to the interest rate risks assumed:

- 1) parallel upward shock
- 2) parallel downward shock
- 3) steepener shock (fall in short-term rates and rise in long-term rates)
- 4) flattener shock (rise in short-term rates and fall in long-term rates)
- 5) upward shock in short-term rates
- 6) downward shock in short-term rates

The modelling principles and assumptions used are those provided for publication in the IRRBB table.

IRRBA1 – Interest rate risk: quantitative information on the exposure's structure and maturity repricing

(amount expressed in CHF 1,000)	Amount expressed in CHF 1,000			Average repricing maturity (in years)		Longest repricing maturity (in years) assigned to non-maturity positions	
	Total	of which CHF	of which other currencies	Total	of which CHF	Total	of which CHF
Determined repricing period							
Assets	254,432	149,253	105,179	1.93	2.88		
Amounts due from banks	53,823		53,823	0.08			
Amounts due from customers	7,229	2,564	4,665	1.05	2.79		
Variable-rate mortgage loans	22,485		22,485	0.33			
Fixed-rate mortgage loans	118,654	118,654		2.71	2.71		
Financial investments	52,241	28,035	24,206	2.85	3.61		
Undetermined repricing period							
Assets	356,069	73,694	282,375	0.27	0.56		
Amounts due from banks	55,539	3,769	51,770	0.08	0.08		
Amounts due from customers	269,795	39,190	230,605	0.22	0.22		
Variable-rate mortgage loans	30,735	30,735		1.04	1.04		
Liabilities	710,839	245,050	465,789	0.26	0.34		
Customer sight deposits	671,579	207,720	463,859	0.22	0.22		
Other sight liabilities	2,520	590	1,930	0.08	0.08		
Callable but not transferable customer saving deposits	36,740	36,740		1.04	1.04		
Total	-100,338	-22,103	-78,235				

IRRBB1 – Interest rate risk: quantitative information on economic value of equity and net interest income

(amount expressed in CHF 1,000)	Δ EVE (change of economic value of equity)		Δ NI (change of net interest income)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Parallel upward shock	-5,991	-6,053	-3,004	-3,035
Parallel downward shock	6,502	6,610	2,957	2,987
Steepener shock	-1,504	-1,807		
Flattener shock	399	671		
Upward shock of short-term interest rate	-1,703	-1,518		
Downward shock of short-term interest rate	1,752	1,565		
Maximum	-5,991	-6,053	-3,004	-3,035
Tier 1 capital	125,845	126,300		

INDIVIDUAL ACCOUNTS

KM1 – Key metrics

(amount expressed in CHF 1,000) 31.12.2021 31.12.2020

Eligible capital

1	Common Equity Tier 1 (CET1)	101,749	100,455
2	Tier 1 capital (T1)	101,749	100,455
3	Total capital	110,259	111,365

Risk-weighted assets (RWA)

4	RWA	426,489	448,650
4a	Minimum capital requirement	34,119	35,892

Risk-based capital ratios (as % of RWA)

5	CET 1 ratio	23.9%	22.4%
6	Tier 1 ratio	23.9%	22.4%
7	Total capital ratio	25.9%	24.8%

Additional CET1 buffer requirements (as % of RWA)

8	Capital conservation buffer according to Basel minimum requirements	2.5%	2.5%
11	Total of CET1 specific buffer according to Basel minimum requirements	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements	17.9%	16.4%

Target capital ratios according to CAO Annex 8 (as % of RWA)

12a	Capital conservation buffer according to CAO Annex 8	2.5%	2.5%
12b	Countercyclical capital buffer according to CAO Art, 44 and Art, 44a	0.0%	0.0%
12c	CET 1 capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	7.0%	7.0%
12d	Tier 1 capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	8.5%	8.5%
12e	Total capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	10.5%	10.5%

Basel III Leverage Ratio

13	Total Basel III Leverage Ratio exposure measure	827,251	658,011
14	Basel III Leverage Ratio	12.3%	15.3%

In the framework of the temporary exemptions granted by FINMA following the crisis caused by COVID-19, deposits held with central banks were excluded from the calculation of the leverage ratio in 2020.

	Quarterly average of the monthly figures					
	4 th quarter 2021	3 rd quarter 2021	2 nd quarter 2021	1 st quarter 2021	4 th quarter 2020	
(amount expressed in CHF 1,000)						
Liquidity Coverage Ratio (LCR)						
15	Total of high-quality liquid assets	175,626	184,518	178,910	175,789	192,207
16	Net cash outflows	30,302	38,175	46,789	34,196	41,301
17	Liquidity Coverage Ratio (LCR)	580%	483%	382%	514%	465%

(amount expressed in CHF 1,000) 31.12.2021 31.12.2020

Net Stable funding ratio (NSFR)

18	Total available stable funding	671,963	-
19	Total required stable funding	339,170	-
20	Net Stable funding ratio (NSFR)	198%	-

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