



BANCA DEL SEMPIONE  
SIMPLON BANK  
BANQUE DU SIMPLON

Banca del Sempione SA

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**Disclosure requirements in accordance  
with FINMA Circular 2016/1 "Disclosure - banks"  
2020**



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## CONSOLIDATED ACCOUNTS

### KM1 – Key metrics

(amount expressed in CHF 1,000)

	31,12,2020	31,12,2019
<b>Eligible capital</b>		
1 Common Equity Tier 1 (CET1)	126,300	124,309
2 Tier 1 capital (T1)	126,300	124,309
3 Total capital	126,300	124,309
<b>Risk-weighted assets (RWA)</b>		
4 RWA	449,758	460,218
4a Minimum capital requirement	35,981	36,817
<b>Risk-based capital ratios (as % of RWA)</b>		
5 CET 1 ratio	28.1%	27.0%
6 Tier 1 ratio	28.1%	27.0%
7 Total capital ratio	28.1%	27.0%
<b>Additional CET1 buffer requirements (as % of RWA)</b>		
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	20.1%	19.0%
<b>Target capital ratios according to CAO Annex 8 (as % of RWA)</b>		
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%	0.2%
12c CET 1 capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	7.0%	7.2%
12d Tier 1 capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	8.5%	8.7%
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%	10.7%
<b>Basel III Leverage Ratio</b>		
13 Total Basel III Leverage Ratio exposure measure	724,576	843,383
14 Basel III Leverage Ratio	17.4%	14.7%

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 <sup>th</sup> quarter 2020	3 <sup>rd</sup> quarter 2020	2 <sup>nd</sup> quarter 2020	1 <sup>st</sup> quarter 2020	4 <sup>th</sup> quarter 2019
(amount expressed in CHF 1,000)					
<b>Liquidity Coverage Ratio (LCR)</b>					
15 Total of high-quality liquid assets	192,209	197,053	207,631	177,002	145,468
16 Net cash outflows	34,316	38,679	40,058	38,193	47,327
17 Liquidity Coverage Ratio (LCR)	560%	509%	518%	463%	307%

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## OV1 – Overview of risk-weighted assets

	31,12,2020	31,12,2019	31,12,2020
(amount expressed in CHF 1,000)	RWA	RWA	Minimum capital requirements
1 Credit risk (standard international approach)	360,623	368,858	28,850
20 Market risk (standard approach)	17,011	15,386	1,361
24 Operational risks (basic indicator approach)	72,124	75,974	5,770
<b>27 Total</b>	<b>449,758</b>	<b>460,218</b>	<b>35,981</b>

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## LIQA – Liquidity risk management

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

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## 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)	1,357	582,169	1,357	582,169
2 Debt securities		61,022		61,022
3 Off-balance-sheet exposures		8,771		8,771
<b>4 Total</b>	<b>1,357</b>	<b>651,962</b>	<b>1,357</b>	<b>651,962</b>

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".

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## 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	2,983
2 Loans and debt securities that have defaulted since the last reporting period	12
3 Amounts returned to non-defaulted status	-229
4 Amounts written off	-1,409
<b>6 Defaulted loans and debt securities at end of 2020</b>	<b>1,357</b>

### 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
<i>(amount expressed in CHF 1,000)</i>			
Loans (including debt securities)	233,711	410,837	
Off-balance-sheet exposures	2,907	5,864	
<b>Total</b>	<b>236,618</b>	<b>416,701</b>	
<i>of which in default</i>	<i>1,357</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%	
<i>(amount expressed in CHF 1,000)</i>								
1 Sovereigns and their central banks	180,742							180,742
2 Banks and securities traders		142,250		19,562				161,812
3 Public-sector entities and multilateral developments banks	4,220	4,103	530			661		9,514
4 Corporate		9,710	11,397	12,753	491	80,415	3	114,769
5 Retail			96,214		35,126	72,114		203,454
6 Equity securities							131	131
7 Other assets	3,943					188		4,131
<b>8 Total</b>	<b>188,905</b>	<b>156,063</b>	<b>108,141</b>	<b>32,315</b>	<b>35,617</b>	<b>153,378</b>	<b>134</b>	<b>674,553</b>
9 <i>of which receivables secured by real estate</i>			108,141		2,850	36,430		147,421
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.

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## IRRBBA - Interest rate risk: objectives and rules for managing the interest rate risk of the Banks's 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
<b>Determined repricing period</b>							
<b>Assets</b>	<b>263,641</b>	<b>145,499</b>	<b>118,142</b>	<b>4.57</b>	<b>7.18</b>		
Amounts due from banks	56,400		56,400	0.19			
Amounts due from customers	9,292	1,668	7,624	0.62	0.43		
Variable-rate mortgage loans	22,644		22,644	0.50			
Fixed-rate mortgage loans	117,340	117,340		7.42	7.42		
Financial investments	57,965	26,491	31,474	5.35	6.67		
<b>Undetermined repricing period</b>							
<b>Assets</b>	<b>345,160</b>	<b>72,378</b>	<b>272,782</b>	<b>0.27</b>	<b>0.55</b>		
Amounts due from banks	51,762	7,190	44,572	0.08	0.08		
Amounts due from customers	263,359	35,149	228,210	0.22	0.22		
Variable-rate mortgage loans	30,039	30,039		1.04	1.04		
<b>Liabilities</b>	<b>719,412</b>	<b>249,600</b>	<b>469,812</b>	<b>0.27</b>	<b>0.35</b>		
Customer sight deposits	676,993	209,269	467,724	0.22	0.22		
Other sight liabilities	2,408	320	2,088	0.08	0.08		
Callable but not transferable customer saving deposits	40,011	40,011		1.04	1.04		
<b>Total</b>	<b>-110,611</b>	<b>-31,723</b>	<b>-78,888</b>				

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

(amount expressed in CHF 1,000)	$\Delta$ EVE (change of economic value of equity)		$\Delta$ NII (change of net interest income)	
	31,12,2020	31,12,2019	31,12,2020	31,12,2019
Parallel upward shock	-6,053	-7,429	-3,035	-2,773
Parallel downward shock	6,610	7,518	2,987	2,728
Steeper shock	-1,807	38		
Flattener shock	671	-1,386		
Upward shock of short-term interest rate	-1,518	-3,918		
Downward shock of short-term interest rate	1,565	4,031		
Maximum	-6,053	-7,429	-3,035	-2,773
<b>Tier 1 capital</b>	<b>126,300</b>	<b>124,309</b>		



## INDIVIDUAL ACCOUNTS

### KM1 – Key metrics

(amount expressed in CHF 1,000) 31,12,2020      31,12,2019

#### Eligible capital

1	Common Equity Tier 1 (CET1)	100,455	88,114
2	Tier 1 capital (T1)	100,455	88,114
3	Total capital	111,365	99,024

#### Risk-weighted assets (RWA)

4	RWA	448,650	413,386
4a	Minimum capital requirement	35,892	33,071

#### Risk-based capital ratios (as % of RWA)

5	CET 1 ratio	22.4%	21.3%
6	Tier 1 ratio	22.4%	21.3%
7	Total capital ratio	24.8%	24.0%

#### 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	16.4%	15.3%

#### 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%	0.2%
12c	CET 1 capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	7.0%	7.2%
12d	Tier 1 capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	8.5%	8.7%
12e	Total capital target according to CAO Annex 8 plus countercyclical buffer according to CAO Art, 44 and Art, 44a	10.5%	10.7%

#### Basel III Leverage Ratio

13	Total Basel III Leverage Ratio exposure measure	658,011	771,380
14	Basel III Leverage Ratio	15.3%	11.4%

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.

	Quarterly average of the monthly figures					
	4 <sup>th</sup> quarter 2020	3 <sup>rd</sup> quarter 2020	2 <sup>nd</sup> quarter 2020	1 <sup>st</sup> quarter 2020	4 <sup>th</sup> quarter 2019	
(amount expressed in CHF 1,000)						
<b>Liquidity Coverage Ratio (LCR)</b>						
15	Total of high-quality liquid assets	192,207	197,051	207,629	176,932	145,265
16	Net cash outflows	41,301	51,279	46,840	56,655	63,538
17	Liquidity Coverage Ratio (LCR)	465%	384%	443%	312%	229%

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