



S.P. HINDUJA

BANQUE PRIVÉE

Supplemental Regulatory
Disclosure 2023

Supplementary Regulatory Disclosures

Introduction

The FINMA circular 2016/1 « Disclosure - banks » requires banks to provide certain qualitative and quantitative information which are complementary to the financial statements in order to better assess certain risk parameters and the fashion in which risks are managed.

KM1: Key regulatory metrics

	Consolidated		Bank	
	31.12.2023 (000'CHF) a	31.12.2022 (000'CHF) e	31.12.2023 (000'CHF) a	31.12.2022 (000'CHF) e
Available capital				
Common Equity Tier 1 (CET1)	16'667	19'158	56'551	65'459
Tier 1	34'667	42'658	56'551	65'459
Total capital	34'667	42'658	56'551	65'459
Risk-weighted assets				
Total risk-weighted assets (RWA)	140'124	146'310	170'822	186'792
Minimum capital requirement	11'210	11'705	13'666	14'943
Risk-based capital ratios as a percentage of RWA				
Common Equity Tier 1 ratio (%)	11.89%	13.09%	33.11%	35.04%
Tier 1 ratio (%)	24.74%	29.16%	33.11%	35.04%
Total capital ratio (%)	24.74%	29.16%	33.11%	35.04%
Additional CET1 buffer requirements as a percentage of RWA				
Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement (%)	-	-	-	-
Total of bank CET1 specific buffer requirements (%)	2.50%	2.50%	2.50%	2.50%
CET1 available after meeting the bank's minimum capital requirements (%)	7.39%	8.59%	25.11%	27.04%
CET1 buffer (CAO, Annex 8)	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer (CAO, Art. 44 and 44a)	0.00%	0.00%	0.00%	0.00%
CET1 total requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer	7.00%	7.00%	7.00%	7.00%
Tier 1 total requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a)	8.50%	8.50%	8.50%	8.50%
Total regulatory capital requirement in accordance with Annex 8 of the CAO plus the countercyclical buffer (CAO, Art. 44 and 44a)	10.50%	10.50%	10.50%	10.50%
Basel III leverage ratio				
Total Basel III leverage ratio exposure measure	229'932	264'756	233'061	264'823
Basel III leverage ratio (%)	15.08%	16.11%	24.26%	24.72%
Liquidity Coverage Ratio				
Total HQLA	37'166	38'480	36'176	37'397
Total net cash outflow	11'160	13'205	11'160	13'205
LCR ratio (%) of the 4th quarter	333.0%	291.4%	324.2%	283.2%
Total HQLA	23'703	39'144	23'702	38'188
Total net cash outflow	9'424	16'389	9'423	17'734
LCR ratio (%) of the 3rd quarter	251.5%	238.8%	251.5%	215.3%
Total HQLA	33'299	29'685	32'345	28'669
Total net cash outflow	14'665	11'854	17'080	11'888
LCR ratio (%) of the 2nd quarter	227.1%	250.4%	189.4%	241.2%
Total HQLA	35'853	40'808	35'853	40'807
Total net cash outflow	10'669	18'513	12'062	19'114
LCR ratio (%) of the 1st quarter	336.0%	220.4%	297.2%	213.5%
Net Stable Funding Ratio				
Available stable refinancing (in CHF)	143'413	154'438	194'902	232'211
Required stable refinancing (in CHF)	106'002	106'456	130'550	146'245
NSFR ratio (%)	135%	145.0%	149%	159.0%

OV1: Overview of risk-weighted assets

	Consolidated			Bank		
	31.12.2023 RWA	31.12.2022 RWA	Minimum Capital Requirement	31.12.2023 RWA	31.12.2022 RWA	Minimum Capital Requirement
	a	b	c	a	b	c
Overview of risk weighted assets (OV1) (000' CHF)						
Credit risk (excluding counterparty credit risk) (CCR)	77'813	89'625	6'225	83'775	101'525	6'702
Market risk	7'725	3'638	618	2'250	1'988	180
Operational risk	36'475	34'063	2'918	34'088	32'300	2'727
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-	-	-	-
Total (1+20+24+25)	122'013	127'325	9'761	120'113	135'813	9'609

Approaches used to calculate capital requirements:

Credit risk	standard approach
Market risks	de minimis approach
Operational risks	basic indicator approach

LIQA: Liquidity risk management

We refer to the section "Risk management" of the notes to the financial statements.

CR1: Credit risk – credit quality of assets

	Bank			
	a	b	c	d
	Gross carrying values of			
Credit risk : Credit quality of assets (CR1) (000'CHF)	Defaulted exposures	Non-defaulted exposures	Allowances /impairments	Net values (a + b - c)
Loans (excluding debt securities)	28'052 [█]	152'934	28'052	152'934
Debt securities	-	-	-	-
Off-balance sheet exposures	-	1'615	-	1'615
TOTAL Reporting Period	28'052	154'549	28'052	154'549

	Consolidated			
	a	b	c	d
	Gross carrying values of			
Credit risk : Credit quality of assets (CR1) (000'CHF)	Defaulted exposures	Non-defaulted exposures	Allowances/impairments	Net values (a + b - c)
Loans (excluding debt securities)	27'602 [█]	122'010	27'602	122'010
Debt securities	-	-	-	-
Off-balance sheet exposures	-	1'615	-	1'615
TOTAL Reporting Period	27'602	123'625	27'602	123'625

CR3: Credit risk – overview of risk mitigation techniques

	Bank		
	a	b	e & g
	Exposures unsecured: carrying amount	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees or credit derivatives, of which: secured amount
Credit risk: Credit risk mitigation techniques - overview (CR3) (000' CHF)			
Loans (including debt securities)	61'697	116'395	2'894
Off-balance sheet	925	690	-
Total	62'622	117'085	2'894
Of which defaulted	28'052	-	-

	Consolidated		
	a	b	e & g
	Exposures unsecured: carrying amount	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees or credit derivatives, of which: secured amount
Credit risk: Credit risk mitigation techniques - overview (CR3) (000' CHF)			
Loans (including debt securities)	30'323	116'395	2'894
Off-balance sheet	925	690	-
Total	31'248	117'085	2'894
Of which defaulted	27'602	-	-

IRRBBA: Interest rate risks – Objectives and rules of the interest rate risk management for the banking book

The interest rate risk (“IRR”) is the potential loss of net interest income (“NII”) or of economic value of equity (“EVE”) arising from adverse changes on the interest rate market.

The Bank concentrates the IRR exposure and the IRR management of the Group. Consequently, the Group is exempt from IRR regulatory reporting duty and the values presented in the present supplementary disclosures section relate to the Bank only.

The Bank’s Board of Directors approves the Risk Policy which sets the main principles of the IRR management including the limits of maximum IRR exposure (risk appetite) that are expressed in maximum loss of NII (“income effect”) or EVE (“value effect”) for a parallel shift of the interest rate curve by 100 basis points. The Bank’s Executive Committee ensures that the Bank’s organization allows to comply with the risk limits at all time. The Executive Committee is assisted by a specialized committee to monitor the evolution of the IRR profile on a monthly basis, the structure of the assets and liabilities in terms of maturities, currencies and interest conditions that determines the IRR exposure. The Bank measures the IRR on a quarterly basis using the following six standard scenarios imposed by FINMA that are deemed sufficient to measure its IRR effectively considering the Bank’s IRR exposure and simplicity of its balance sheet structure.

FINMA standard scenarios

1- Parallel shift up
2- Parallel shift down
3- Steepener shock (short term rates down and long term rates up)
4- Flattener shock (short term rates up and long term rates down)
5- Rise in short term interest rates
6- Fall in short term interest rates

IRRBB A1: Interest rate risks - Quantitative information on the structure of positions and the repricing as at 31.12.2023

		Volume in KCHF			Average repricing maturities (in years)	
		Total	Of which CHF	Of which other significant currencies (>10%)	Total	Of which CHF
Determined repricing maturity	Due from banks	-	-	-	0.00	0.00
	Due from customers	22'480	6'336	16'144	0.31	0.02
	Money-market mortgages	-	-	-	-	-
	Fixed-rate mortgages	-	-	-	-	-
	Financial investments	16'952	2'296	14'656	0.08	0.08
	Other receivables	-	-	-	-	-
	Receivables from interest derivatives	-	-	42'792	0.03	-
	Liabilities to banks	-9'354	-	-9'354	0.07	-
	Liabilities from client deposits	-	-	-	-	-
	Bonds and mortgage-backed bonds	-	-	-	-	-
	Liabilities from interest derivatives	-	-	-47'825	0.03	-
Underdetermined repricing maturity	Due from banks	46'656	610	46'046	0.08	0.08
	Due from customers	80'186	55'039	25'147	0.22	0.22
	Variable mortgage claims	-	-	-	-	-
	Other receivables	-	-	-	-	-
	Liabilities at sight in personal and current accounts	-132'129	-18'751	-113'378	0.08	0.08
	Other liabilities	-49'745	-27'580	-22'165	1.04	1.04
	Liabilities from client deposits, call but not transferable (savings)	-	-	-	-	-
	Total	-24'953	17'951	-47'938		

The bank does not use interest rate derivatives

IRRBB1: Interest rate risks - Quantitative information on the economic value of equity (EVE) and the net interest income (NII)

In CHF	Δ EVE (change in economic value of equity)		Δ NII (change in net interest income)	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Parallel up	581'456	84'463	297'845	474'491
Parallel down	-605'060	-84'866	269'614	487'020
Steeper-shock	-217'248	8'804		
Flattener-shock	313'395	-3'343		
Short rate up	463'400	6'060		
Short rate down	-475'429	-2'568		
Maximum	-475'429	-2'568	297'845	474'491

Period	31.12.2023	31.12.2022
Tier 1 capital	56'550'754	65'459'047

ORA: Operational risks – general indications

Operational risks are defined as the risk of losses or other damage due to inadequacy or failure of internal processes, staff or systems or due to external events. This definition includes risks related to client data confidentiality and legal risks, including fines by supervisory authorities and settlement of possible litigations. Due to its banking and wealth management activities, operational risks including IT, cyber risks, fraud, manual errors, compliance and legal risks are among the highest the Group is exposed to. Operational risks are addressed by a comprehensive risk management framework approved by the Bank's board of Directors including the Bank's operational risks appetite. Due to the nature of operational risks, such risk appetite can only be partially translated into quantitative risk limits such as maximum losses. For most of operational risks, qualitative objectives are set such as avoiding occurrence of data leakage, harm to the reputation or non-compliance issues. The tackling of operational risks is embedded at all levels of the organisation and Corporate Governance. The key risk mitigation measures in place are the following:

- firewalls and other usual protective technical measures surrounding the IT infrastructure which are verified periodically including via intrusion tests;
- careful management of logical access rights, application of the “need-to-access” principle;
- physical security measures for premises used by the Group;
- proper selection of service providers, set up of redundancies for selected key resources;
- business continuity planning and testing;
- comprehensive internal regulation defining working procedures, proper segregation of duties and three layers of controls including internal audit;
- wide application of the four-eyes principle in manual operations;
- proper contractual documentation ruling business relationships;
- monitoring of risk indicators such as operational losses;



S.P. HINDUJA

BANQUE PRIVÉE

- effective and independent Compliance and Risk Control Functions satisfying the requirements of the FINMA circular 2017/01 Corporate governance;
- proper selection of the personnel, continuous training.

Risk indicators including operational losses and eventual inadequacies of internal controls are reported quarterly to the Executive Committee and to the Board of Directors. As a key element of the third line of defence internal audit plays an important role in tackling operational risks. For sake of independence toward executive boards, local internal auditors report directly to supervisory boards such as the Bank's Board of Directors. The internal auditor of the Bank is the Group auditor in charge of coordinating and supervising the internal audit effort over regulated entities of the Group. The banking auditor of the Bank annually reports to FINMA about the internal audit findings and recommendations raised by the Group internal auditor.