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BANQUE PRIVÉE

Supplemental Regulatory
Disclosure 2022

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 | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31.12.2022 (000' CHF) a | 31.12.2021 (000' CHF) e | 31.12.2022 (000' CHF) a | 31.12.2021 (000' CHF) e |
| Available capital | | | | |
| Common Equity Tier 1 (CET1) | 19'158 | 25'165 | 65'459 | 81'079 |
| Tier 1 | 42'658 | 48'665 | 65'459 | 81'079 |
| Total capital | 42'658 | 48'665 | 65'459 | 81'079 |
| Risk-weighted assets | | | | |
| Total risk-weighted assets (RWA) | 146'310 | 182'706 | 186'792 | 198'757 |
| Minimum capital requirement | 11'705 | 14'616 | 14'943 | 15'901 |
| Risk-based capital ratios as a percentage of RWA | | | | |
| Common Equity Tier 1 ratio (%) | 13.09% | 13.77% | 35.04% | 40.79% |
| Tier 1 ratio (%) | 29.16% | 26.63% | 35.04% | 40.79% |
| Total capital ratio (%) | 29.16% | 26.63% | 35.04% | 40.79% |
| 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 (%) | 8.59% | 9.27% | 27.04% | 32.79% |
| 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 | 264'756 | 377'596 | 264'823 | 350'320 |
| Basel III leverage ratio (%) | 16.11% | 12.88% | 24.72% | 23.14% |
| Liquidity Coverage Ratio | | | | |
| Total HQLA | 42'862 | 31'350 | 42'501 | 30'765 |
| Total net cash outflow | 17'434 | 13'445 | 17'576 | 14'956 |
| LCR ratio (%) of the 4th quarter | 245.9% | 233.2% | 241.8% | 205.7% |
| Total HQLA | 38'099 | 38'692 | 37'780 | 38'046 |
| Total net cash outflow | 14'831 | 12'653 | 15'279 | 17'287 |
| LCR ratio (%) of the 3rd quarter | 256.9% | 305.8% | 247.3% | 220.1% |
| Total HQLA | 32'347 | 42'961 | 32'007 | 42'054 |
| Total net cash outflow | 15'522 | 14'754 | 16'444 | 16'976 |
| LCR ratio (%) of the 2nd quarter | 208.4% | 291.2% | 194.6% | 247.7% |
| Total HQLA | 36'835 | 41'911 | 36'611 | 38'111 |
| Total net cash outflow | 14'336 | 13'655 | 14'536 | 15'817 |
| LCR ratio (%) of the 1st quarter | 256.9% | 306.9% | 251.9% | 240.9% |
| Net Stable Funding Ratio | | | | |
| Available stable refinancing (in CHF) | 154'438 | 190'541 | 232'211 | 240'052 |
| Required stable refinancing (in CHF) | 106'456 | 139'052 | 146'245 | 159'410 |
| NSFR ratio (%) | 145% | 137.0% | 159% | 151.0% |

OV1: Overview of risk-weighted assets

| | Consolidated | | | Bank | | |
|--|-------------------|-------------------|-----------------------------------|-------------------|-------------------|-----------------------------------|
| | 31.12.2022 RWA | 31.12.2021 RWA | Minimum Capital Requirement | 31.12.2022 RWA | 31.12.2021 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) | 89'625 | 120'175 | 7'170 | 101'525 | 114'525 | 8'122 |
| Market risk | 3'638 | 8'775 | 291 | 1'988 | 1'675 | 159 |
| Operational risk | 34'063 | 33'800 | 2'725 | 32'300 | 30'863 | 2'584 |
| Amounts below the thresholds for deduction (subject to 250% risk weight) | - | - | - | - | - | - |
| Total (1+20+24+25) | 127'325 | 162'750 | 10'186 | 135'813 | 147'063 | 10'865 |

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) | 29'255 | 158'193 | 29'255 | 158'193 |
| Debt securities | - | - | - | - |
| Off-balance sheet exposures | - | 2'327 | - | 2'327 |
| TOTAL Reporting Period | 29'255 | 160'520 | 29'255 | 160'520 |

| | 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) | 29'255 | 129'707 | 29'255 | 129'707 |
| Debt securities | - | - | - | - |
| Off-balance sheet exposures | - | 2'327 | - | 2'327 |
| TOTAL Reporting Period | 29'255 | 132'034 | 29'255 | 132'034 |

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) | 63'156 | 124'292 | - |
| Off-balance sheet | 990 | 1'337 | - |
| Total | 64'146 | 125'629 | - |
| Of which defaulted | 29'255 | - | - |

| | 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) | 34'670 | 124'292 | - |
| Off-balance sheet | 990 | 1'337 | - |
| Total | 35'660 | 125'629 | - |
| Of which defaulted | 29'255 | - | - |

IRRBB: 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 31.12.2022

| | 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 | 5'961 | 131 | 5'830 | 1.77 | 0.25 |
| Money-market mortgages | - | - | - | - | - |
| Fixed-rate mortgages | - | - | - | - | - |
| Financial investments | 32'610 | 3'283 | 29'328 | 0.08 | 0.08 |
| Other receivables | - | - | - | - | - |
| Receivables from interest derivatives | - | - | 13'026 | 0.04 | - |
| Liabilities to banks | -6'928 | - | -6'928 | 0.01 | - |
| Liabilities from client deposits | - | - | - | - | - |
| Bonds and mortgage-backed bonds | - | - | - | - | - |
| Liabilities from interest derivatives | - | - | -27'715 | 0.04 | - |
| Underdetermined repricing maturity | | | | | |
| Due from banks | 57'418 | 10'254 | 47'164 | 0.08 | 0.08 |
| Due from customers | 137'256 | 57'398 | 79'858 | 0.22 | 0.22 |
| Variable mortgage claims | - | - | - | - | - |
| Other receivables | - | - | - | - | - |
| Liabilities at sight in personal and current accounts | -158'837 | -26'677 | -132'160 | 0.08 | 0.08 |
| Other liabilities | -37'327 | -26'765 | -10'562 | 1.04 | 1.04 |
| Liabilities from client deposits, call but not transferable (savings) | - | - | - | - | - |
| Total | 30'153 | 17'622 | -2'158 | | |

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) | |
|-----------------|--|------------|---------------------------------------|------------|
| Period | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| Parrallel up | 84'463 | 414'357 | 474'491 | 309'731 |
| Parallel down | -84'866 | -419'910 | 487'020 | 327'101 |
| Steeper-shock | 8'804 | -116'506 | | |
| Flattener-shock | -3'343 | 168'082 | | |
| Short rate up | 6'060 | 248'729 | | |
| Short rate down | -2'568 | -249'250 | | |
| Maximum | -2'568 | -249'250 | 474'491 | 309'731 |

| Period | 31.12.2022 | 31.12.2021 |
|----------------|------------|------------|
| Tier 1 capital | 65'459'357 | 81'079'281 |

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;
- 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.



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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.