SEBA Bank AG
Regulatory disclosure requirements

Regulatory disclosure

Certain regulatory disclosures (CR1, CR2, CR3, CRB, CCR3, CCR5, IRRBBA, IRRB-BA1, IRRBB1) are not published due to the immateriality of its information value.

Key regulatory data (KM1)

	in thousand CHF	31.12.2019	
	Eligible capital		
1	Common Equity Tier 1 (CET1)	68 977	
2	Tier 1 capital (T1)	68 977	
3	**Total capital**	**68 977**	
	Risk-weighted assets (RWA)		
4	**Total risk-weighted assets (RWA)**	**43 543**	
4a	Minimum capital*	10 000	
	Risk-based capital ratios (in % of RWA)		
5	Common Equity Tier 1 ratio (CET1 ratio in %)	158.41%	
6	Tier 1 capital ratio (%)	158.41%	
7	**Total capital ratio (%)**	**158.41%**	
	CET1 buffer capital requirements (in % of RWA)		
8	Capital buffer in accordance with Basel Minimum Standards (%)	2.50%	
11	Overall buffer requirements in accordance with the Basel Minimum Standards in CET1 quality (%)	2.50%	
12	Available CET1 to cover buffer requirements in accordance with Basel Minimum Standards (after deducting CET1 from the cover of the minimum requirements and possibly to cover the TLAC requirements) (%)	150.41%	
	Target capital ratios according to Annex 8 CAO (in % of RWA)		
12a	Capital buffer according to Annex 8 CAO (%)	2.50%	
12c	CET1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	7.00%	
12d	T1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	8.50%	
12e	**Total capital target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO**	**10.50%**	
	Basel III leverage ratio		
13	**Total exposure**	**79 529**	
14	Basel III leverage ratio (Tier 1 capital in % of the total exposure)	86.73%	
	Liquidity Coverage Ratio (LCR)	**31.12.2019**	**30.09.2019**
15	LCR numerator: Total high quality liquid assets (HQLA)	47 795	12 691
16	LCR denominator: Total of net cash outflow	443	–
17	LCR (in %)	10 788.48	–

* A minimum capital of CHF 10 million instead of the minimum capital required of 8% of RWA is disclosed because of the absolute minimum requirements in accordance with Articles 15 and 16 BO.

Overview of risk-weighted assets (OV1)

in thousand CHF		RWA	Minimum capital
		a	c
		31.12.2019	**31.12.2019**
1	Credit risk (standardised approach)	12 591	1 007
20	Market risks (de minimis approach)	29	2
24	Operational risk (basic indicator approach)	7 495	600
25	Amounts below the threshold for deductions (amounts subject to a risk-weight of 250%)	–	–
	Crypto risks	23 427	1 874
27	**Total**	**43 543**	**3 483**

Liquidity risk management

The BoD approves the liquidity risk management framework, which is reviewed at least on an annual basis. In the Executive Board, the Risk, Assets&Liabilities Committee (RALCO) is primarily responsible for the Bank's liquidity risk matters. This includes the formulation, implementation and supervision of liquidity strategies, initiatives that have an impact on the liquidity risk profile and supervision of the liquidity control including liquidity stress testing. The RALCO ensures that the respective policy is in line with the risk appetite and exposure limits as defined by the BoD, and that they comply with the framework set by the regulators.

The main liquidity control ratio for liquidity management is the liquidity coverage ratio. The Bank runs low-funding liquidity risk, driven by a balance sheet that is funded via a diversified pool of customer deposits and well capitalised. This ensures that sufficient liquidity is available to meet commitments to customers, both in demand for loans (if needed) and repayments of deposits, and to satisfy the Bank's own cashflow needs within all of its business entities.

Liquidity risk control is under the responsibility of the CRO and continuously monitors all liquidity risks at instrument, portfolio and aggregated bank levels and reports exceptions or breaches on a daily basis to CRO as well as Operational Management and Treasury.

The Bank conducts stress tests, which can identify increased vulnerabilities in the Bank's liquidity position. The Bank's liquidity stress scenarios consider Bank-specific and market-wide shocks applied over different time horizons.

The Bank also maintains a contingency funding plan which defines the actions to be taken should the Bank encounter a liquidity shortfall in a stress situation. The Bank maintains internal directives that clearly define responsibilities, the communication plan and the necessary measures to execute the contingency funding plan.

Credit risk: additional disclosure related to the credit quality of assets (CRB)

A significant increase in credit risk occurs if an exposure is over 30 days past due. In this case, the account is classified as watch-list and subject to separate monitoring and reporting.

Exposures are considered "impaired", if they are more than 90 days past due. The provision for impairment losses is measured on an individual basis, through the application of judgment and use of assumptions. The key judgement made by the Bank when estimating the provision for impairment losses involves assessing whether the realisable value of collateral is sufficient to cover the impaired exposure.

Credit risk: exposures by exposure category and risk weights under the standardised approach (CR5)

in thousand CHF		a	b	c	d	e	f	g	h	i	j
	Exposure category/risk-weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total of credit risk exposures after CCF and CRM
1	Central governments and central banks	47 697	–	–	–	–	–	–	–	–	47 697
2	Banks and securities dealers	–	–	15 976	–	–	–	–	–	–	15 976
5	Retail	–	–	–	–	–	125	481	–	–	606
6	Equity interests	–	–	–	–	–	–	–	1 000	–	1 000
7	Other exposures	–	–	–	–	–	–	1 912	–	–	1 912
8	**TOTAL**	**47 697**	**–**	**15 976**	**–**	**–**	**125**	**2 393**	**1 000**	**–**	**67 191**
9	Of which mortgage-backed exposures	–	–	–	–	–	–	–	–	–	–
10	Of which overdue exposures	–	–	–	–	–	–	–	–	–	–

Interest rate risk: objectives and guidelines for the management of interest rate risk in the banking book (IRRBBA)

The interest rate risks arise mainly from imbalances between the time limits of assets and liabilities. The majority of the Bank's interest rate risk results from the portfolio of liquid assets in the Banking Book. The Bank measures and manages interest rate risk by estimating the sensitivity of the economic value of its balance sheet to an interest rate shock of a 100 basis point parallel shift. The Bank also calculates the six standardised interest rate shock scenarios prescribed in FINMA circular 2019/02 Interest Rate Risks – Banks.

The RALCO is responsible for the definition of a limit framework that allows Treasury to manage its credit, market, liquidity and operational risk.

The risk management function operates the Asset and Liability Management (ALM) system and reports at least on a quarterly basis.

No significant modelling and parameter assumptions are used when calculating interest rate risk in the banking book.

Operational risks: general Information (ORA)

The Bank uses the basic Indicator approach (BIA) to determine the capital requirements for operational risks.

Please refer to the notes on operational risk on page 33 for further information regarding the management of operational risks.

SEBA Bank AG
Kolinplatz 15
6300 Zug, Switzerland
info@seba.swiss

SEBA