DISCLOSURE REQUIREMENTS (BASEL III - PILLAR 3)

1) BASIC REGULATORY KEY FIGURES

CHF 000s	31.12.2020	31.12.2019
1.1) Eligible capital		
Common Equity Tier 1 (CET1)	481'330	469'013
Tier 1 (T1)	481'330	469'013
Total eligible capital	481'330	469'013
1.2) Risk-weighted assets (RWA)		
Total risk-weighted assets (RWA)	3'389'219	3'352'943
Minimum capital requirements	271'138	268'235
1.3) Risk-based capital ratios (in % of RWA)		
CET1 ratio	14.2%	14.0%
Tier 1 ratio	14.2%	14.0%
Total capital ratio	14.2%	14.0%
1.4) Targeted capital ratios according to Annex 8 of CAO (in % of RWA)		
Minimum capital ratio	8.0%	8.0%
Capital buffer according to Annex 8 of CAO	2.5%	2.5%
CET1 target ratio according to Annex 8 of CAO	7.0%	7.0%
T1 target ratio according to Annex 8 of CAO	8.5%	8.5%
Total capital target ratio according to Annex 8 of CAO	10.5%	10.5%
1.5) Basel III leverage ratio		
Total exposure	4'261'010	4'253'206
Basel III leverage ratio (Tier 1 capital in % of total exposure)	11.3%	11.0%

1.6) Liquidity coverage ratio (LCR)	Average Q1-2020	Average Q2-2020	Average Q3-2020	Average Q4-2020	Average Q4-2019
LCR numerator: Total high quality liquid assets (HQLA)	732'629	659'378	682'381	584'865	599'152
LCR denominator: Total net cash outflow	504'953	346'557	372'015	354'360	300'145
LCR (in %)	145.1%	190.3%	183.4%	165.0%	199.6%

2) OVERVIEW OF RISK-WEIGHTED ASSETS

CHF 000s	Approach used	Risk-weighted assets (RWA) 31.12.2020	Risk-weighted assets (RWA) 31.12.2019	Minimum capital requir. 31.12.2020
Credit risk	SA-BIS	3'187'380	3'129'596	254'990
Market risk	SA	21'154	16'628	1'692
Operational risk	BIA	180'686	206'718	14'455
Total		**3'389'219**	**3'352'943**	**271'138**

3) LIQUIDITY: LIQUIDITY RISK MANAGEMENT

Structure and organization

The Board of Directors defines the risk profile of the Bank based on indicators for liquidity risk appetite and tolerance. The risk tolerance is determined taking into account the short term liquidity ratio LCR and other indicators for the analysis of the balance sheet structure.

The management of the liquidity is under the responsibility of the ALCO (Assets and Liability Committee) that reports directly to the General Management. This Committee follows the liquidity risks, the placements made by the Bank on the market, and ensures an adequate diversification of the placement and funding positions. It reports the results of its activity to the General Management on a monthly basis.

The Treasury department is in charge of the operational management of the liquidity in line with the strategy defined by the Board of Directors. It carries out the necessary means and actions to ensure compliance with internal and regulatory limits.

This department surveys the foreign currency movements and estimates the global needs of the Bank in foreign currency. The Treasury department is also in charge of the sound execution of the transactions of the Bank's branches.

The Bank refinances its commercial activities mainly through deposits from the trade finance and wealth management customers, but also through the interbanking market.

Stress testing

The Bank regularly performs stress tests in order to identify and quantify the potential impacts that extreme but plausible events may have on the treasury inflows and outflows. Every year, the Bank reviews the applicable stress tests scenarios and their frequency according to internal (e.g. Bank's strategy) or external factors (e.g. market conditions). Several stress tests with two times horizon are performed. The results of the stress tests are properly documented and used to:

- compare the liquidity risk tolerance to the stress situation,
- ensure that the size and the structure of the liquidity reserve are adequate,
- integrate these stress scenarios in the process for setting of limits.

Contingency plan

The contingency plan is established by the Bank in accordance with the Liquidity Ordinance (OLiq) requirements. The contingency plan includes:

- alert indicators allowing to detect on time the dangers threatening the liquidity positions,
- internal escalation process depending on the gravity of the liquidity crisis,
- measures to undertake (in order of priority) taking into accouint the seriousness of the liquidity crisis,
- clear repartition of roles and competencies of involved departments,
- well established means of communication ensuring a consistent and regular flow of information.

The contingency plan is reviewed and updated every year.

DISCLOSURE REQUIREMENTS (BASEL III - PILLAR 3)

4) CREDIT RISK: CREDIT QUALITY OF ASSETS

As at : 31.12.2020 CHF 000s

	Gross carrying values of: Defaulted exposures	Gross carrying values of: Non-defaulted exposures	Value adjustment / impairments	Net values
Loans (excluding debt securities)	49'771	2'724'236	22'094	2'751'913
Debt securities	-	353'451	-	353'451
Off-balance sheet exposures	-	2'225'732	-	2'225'732
Total	**49'771**	**5'303'419**	**22'094**	**5'331'096**

5) CREDIT RISK: CHANGES IN STOCK OF DEFAULTED LOANS AND DEBT SECURITIES

	CHF 000s
Defaulted receivables and debt securities as at 31.12.2018	54'430
Receivables and debt securities that have defaulted since the end of the previous reporting period	72'829
Exposures that have returned to non-default status	-
Amounts written-off	-74'418
Other changes (+/-)	-3'070
Defaulted receivables and debt securities as at 31.12.2019	49'771

6) CREDIT RISK: ADDITIONAL DISCLOSURE RELATED TO THE CREDIT QUALITY OF ASSETS

As at : 31.12.2020 CHF 000s

Geographical area/country	Gross carrying values of: Defaulted exposures	Gross carrying values of: Non-defaulted exposures	Value adjustment / impairments	Net values
Switzerland	-	847'896	-	847'896
Europe	885	433'426	885	433'426
Middle-East	18'361	345'255	1'298	362'318
Americas & Caribbean area	17'395	287'358	13'274	291'479
Rest of the world	13'130	24'584	6'637	31'077
Total amounts due from clients	**49'771**	**1'938'519**	**22'094**	**1'966'196**
Switzerland	-	296'162	-	296'162
Europe	-	293'646	-	293'646
Middle-East	-	127'435	-	127'435
Americas & Caribbean area	-	341'941	-	341'941
Rest of the world	-	57'769	-	57'769
Total amounts due from banks and debt securities	**-**	**1'116'953**	**-**	**1'116'953**

The Bank mitigates credit risks, in particular through due attention to their diversification. The Bank is highly selective on the quality of the borrowers, which is assessed taking into account specific guarantees inherent to trade finance business in terms of documentation and risk coverage.

7) CREDIT RISK: OVERVIEW OF RISK MITIGATION TECHNIQUES

As at : 31.12.2020 CHF 000s

	Unsecured exposures: carrying amounts	Secured exposures: actual collateralized amounts	Exposures secured with financial guarantees or credit derivatives: actual collateralized amounts
Receivables (including debt securities)	3'105'364	497'503	-
Off-balance sheet transactions	2'225'732	338'409	-
Total	5'331'096	835'912	-
- of which: defaulted	26'695	-	-

8) INTEREST RATE RISK: QUALITATIVE INFORMATION

Market risk is not an important risk for the Bank. In this context and considering the short term nature of most activities of the Bank, the interest rate risk is also very limited. The interest rate risk on the balance sheet and off-balance sheet side is centrally managed and supervised by the ALCO Committee (Assets and Liabilities Management), which meets every week.

DISCLOSURE REQUIREMENTS (BASEL III - PILLAR 3)

9) INTEREST RATE RISK: QUANTITATIVE INFORMATION ON THE EXPOSURE'S STRUCTURE AND INTEREST RATE FIXING DATE

As at : 31.12.2020

		Volume in CHF millions			Average interest rate reset period (in years)		Maximum interest rate reset period (in years) for exposures with modeled (not determined) interest rate reset dates	
		Total	of which in CHF	of which other currencies (*)	Total	of which in CHF	Total	of which in CHF
Defined interest rate reset date	Amounts due from banks	434	-	434	0.4	-		
	Amounts due form customers	1'300	0	1'299	0.1	0.7		
	Financial investments	347	22	325	5.6	6.2		
	Amounts due to banks	-867	-1	-866	0.5	-		
	Amounts due in respect of client deposits	-574	-	-574	0.2	-		
Undefined interest rate reset date	Amounts due from banks	323	214	109	0.1	0.1		
	Amounts due form customers	689	20	669	0.2	0.2		
	Paybles on demand from personnal accounts and current accounts	-932	-26	-906	0.1	0.1		
	Other payables	-540	-60	-481	1.0	1.0		
Total		**178**	**169**	**9**	**8.2**	**8.3**		

(*) Significant currencies that make up more than 10% of assets or liabilities of total assets.

10) INTEREST RATE RISK: QUANTITATIVE INFORMATION ON THE EXPOSURE'S NET PRESENT VALUE AND INTEREST RATE INCOME

CHF Mio	EVE (changes in the net present value)		NII (changes in the discounted earnings value)	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Parallel shift up	-6	-6	9	-3
Parallel shift down	7	7	-9	3
Steepener chock	-5	-4		
Flattener chock	3	2		
Rise in short-term interest rates	0	-1		
Fall in short-term interest rates	-0	1		
Maximum	-6	-6	-9	-3

	31.12.2020	31.12.2019
Tier 1 capital	481'330	469'013

11) OPERATIONAL RISK: GENERAL INFORMATION

Framework and procedures

Operational risk is inherent to the different activities of the Bank, namely commodity trade finance, wealth management, treasury and correspondent banking.
In order to reduce as much as possible the occurrence of operational risk, the Bank has put in place a reinforced management of operational risks by:

- enhanced employee awareness in order to have a cautious attitude in their activities,
- reinforcement of operational processes which are formalised through directives and procedures,
- systematic application of task segregation and 4 eyes principles,
- regular tests aimed at detecting inappropriate behaviours in IT systems (applications, interfaces) or other means of communication,
- regular stress tests.

Structure

Within the Risk Management department, one dedicated person is responsible for performing analysis in order to follow the operational risk profile of the Bank through Key Risk Indicators. This person establishes an inventory and performs a reporting and follow-up of the incidents and operational losses.

The General Management has put in place an Operational Risk Management Committee, which meets on a quarterly basis. This Committee analyses the reports received from the Operational Risk Manager, discusses, proposes and/or validates the measures aimed at reinforcing the control of the operational risk.

In the context of the internal control system of the Bank, the Internal Control division reinforces the processes and controls put in place. Depending on the situation, this division carries out punctual missions based on risk evaluations. The division issues recommendations and may collaborate with the Operational Risk Manager in order to elaborate and set up remediation actions.

The Bank determines its operational risk capital requirements based on the Basic Indicator Approach.