DISCLOSURE REQUIREMENTS (BASEL III - PILLAR 3)

1) BASIC REGULATORY KEY FIGURES

CHF 000s	31.12.2019	31.12.2018
1.1) Eligible capital		
Common Equity Tier 1 (CET1)	469'013	455'300
Tier 1 (T1)	469'013	455'300
Total eligible capital	469'013	455'300
1.2) Risk-weighted assets (RWA)		
Total risk-weighted assets (RWA)	3'352'943	3'076'432
Minimum capital requirements	268'235	246'115
1.3) Risk-based capital ratios (in % of RWA)		
CET1 ratio	14.0%	14.8%
Tier 1 ratio	14.0%	14.8%
Total capital ratio	14.0%	14.8%
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	4'253'206	4'394'227
Basel III leverage ratio (Tier 1 capital in % of total exposure)	11.0%	10.4%

1.6) Liquidity coverage ratio (LCR)	Average Q1-2019	Average Q2-2019	Average Q3-2019	Average Q4-2019	Average Q4-2018
LCR numerator: Total high quality liquid assets (HQLA)	694'203	783'268	793'789	599'152	700'785
LCR denominator: Total net cash outflow	514'654	501'498	531'049	300'145	559'863
LCR (in %)	134.9%	156.2%	149.5%	199.6%	125.2%

2) OVERVIEW OF RISK-WEIGHTED ASSETS

CHF 000s	Approach used	Risk-weighted assets (RWA) 31.12.2019	Risk-weighted assets (RWA) 31.12.2018	Minimum capital requir. 31.12.2019
Credit risk	SA-BIS	3'129'596	2'812'883	250'368
Market risk	SA	16'628	38'956	1'330
Operational risk	BIA	206'718	224'593	16'537
Total		**3'352'943**	**3'076'432**	**268'235**

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 : 31.12.2019 CHF 000s

	Gross carrying values of		Value	Net
	Defaulted exposures	Non-defaulted exposures	adjustment / impairments	values
Loans (excluding debt securities)	54'430	2'602'260	48'685	2'608'005
Debt securities	-	320'016	1'768	318'248
Off-balance sheet exposures	-	2'061'721	-	2'061'721
Total	**54'430**	**4'983'997**	**50'453**	**4'987'974**

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

CHF 000s

Defaulted receivables and debt securities as at 31.12.2018	67'419
Receivables and debt securities that have defaulted since the end of the previous reporting period	4'744
Exposures that have returned to non-default status	-
Amounts written-off	-17'368
Other changes (+/-)	-365
Defaulted receivables and debt securities as at 31.12.2019	54'430

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

As at : 31.12.2019 CHF 000s

	Gross carrying values of		Value	Net
Geographical area/country	Defaulted exposures	Non-defaulted exposures	adjustment / impairments	values
Switzerland	-	732'515	-	732'515
Europe	5'716	517'821	4'497	519'040
Middle-East	29'609	318'798	29'609	318'798
Americas & Caribbean area	19'105	49'029	14'579	53'555
Rest of the world	-	258'455	-	258'455
Total amounts due from clients	**54'430**	**1'876'618**	**48'685**	**1'882'363**
Switzerland	-	57'519	-	57'519
Europe	-	299'679	1'768	297'911
Middle-East	-	147'116	-	147'116
Americas & Caribbean area	-	245'533	-	245'533
Rest of the world	-	295'811	-	295'811
Total amounts due from banks and debt securities	**-**	**1'045'658**	**1'768**	**1'043'890**

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 : 31.12.2019 CHF 000s

	Unsecured exposures	Secured exposures	Exposures secured with financial guarantees or credit derivatives
	carrying amounts	actual collateralized amounts	actual collateralized amounts
Receivables (including debt securities)	2'926'253	326'929	-
Off-balance sheet transactions	2'061'721	481'133	-
Total	4'987'974	808'062	-
- of which: defaulted	5'746	-	-

9) 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)

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

As at : 31.12.2019

		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	530	3	451	0.2	-		
	Amounts due form customers	1'198	0	1'198	0.0	0.6		
	Financial investments	306	13	245	2.4	3.6		
	Amounts due to banks	-1'329	-23	-1'168	0.2	-		
	Amounts due in respect of client deposits	-479	-	-463	0.2	-		
Undefined interest rate reset date	Amounts due from banks	196	22	127	0.1	0.1		
	Amounts due form customers	684	13	671	0.2	0.2		
	Paybles on demand from personnal accounts and current accounts	-576	-42	-518	0.1	0.1		
	Other payables	-343	-58	-254	1.0	1.0		
Total		**187**	**-73**	**289**	**4.5**	**5.7**		

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

11) 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)	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Parallel shift up	-6	-12	-3	
Parallel shift down	7	14	3	
Steepener chock	-4	-1		
Flattener chock	2	-2		
Rise in short-term interest rates	-1	-7		
Fall in short-term interest rates	1	7		
Maximum	-6	-12	-3	

	31.12.2019	**31.12.2018**
Tier 1 capital	469'013	455'300

12) 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.