DISCLOSURE REQUIREMENTS (BASEL III - PILLAR 3)

1) BASIC REGULATORY KEY FIGURES

CHF 000s	31.12.2021	31.12.2020
1.1) Eligible capital		
Common Equity Tier 1 (CET1)	511 405	481 330
Tier 1 (T1)	511 405	481 330
Total eligible capital	511 405	481 330
1.2) Risk-weighted assets (RWA)		
Total risk-weighted assets (RWA)	3 846 912	3 389 219
Minimum capital requirements	307 753	271 138
1.3) Risk-based capital ratios (in % of RWA)		
CET1 ratio	13.3%	14.2%
Tier 1 ratio	13.3%	14.2%
Total capital ratio	13.3%	14.2%
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	5 205 048	4 261 010
Basel III leverage ratio (Tier 1 capital in % of total exposure)	9.8%	11.3%

1.6) Liquidity coverage ratio (LCR)	Average Q1-2021	Average Q2-2021	Average Q3-2021	Average Q4-2021	Average Q4-2020
LCR numerator: Total high quality liquid assets (HQLA)	606 684	744 145	772 147	698 068	584 865
LCR denominator: Total net cash outflow	353 007	310 992	258 704	259 481	354 360
LCR (in %)	177.3%	244.2%	300.3%	267.9%	167.3%

1.7) Net stable funding ratio (NSFR)	31.12.2021	31.12.2020
Available stable refinancing	1 703 881	n/a
Required stable refinancing	1 600 022	n/a
NSFR (in %)	106%	n/a

2) OVERVIEW OF RISK-WEIGHTED ASSETS

CHF 000s	Approach used	Risk-weighted assets (RWA) 31.12.2021	Risk-weighted assets (RWA) 31.12.2020	Minimum capital requir. 31.12.2021
Credit risk	SA-BIS	3 654 425	3 187 380	292 354
Market risk	SA	18 340	21 154	1 467
Operational risk	BIA	174 147	180 686	13 932
Total		**3 846 912**	**3 389 219**	**307 753**

DISCLOSURE REQUIREMENTS (BASEL III - PILLAR 3)

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, the net stable funding ratio (NSFR) 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.

4) CREDIT RISK: CREDIT QUALITY OF ASSETS

As at : 31.12.2021 CHF 000s	**Gross carrying values of**		**Value**	**Net**
	Defaulted exposures	**Non-defaulted exposures**	**adjustment / impairments**	**values**
Loans (excluding debt securities)	48 964	2 730 221	21 942	2 757 243
Debt securities	-	377 333	-	377 333
Off-balance sheet exposures	-	2 769 643	-	2 769 643
Total	**48 964**	**5 877 197**	**21 942**	**5 904 219**

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

	CHF 000s
Defaulted receivables and debt securities as at 31.12.2020	49 771
Receivables and debt securities that have defaulted since the end of the previous reporting period	-
Exposures that have returned to non-default status	-
Amounts written-off	-1 567
Other changes (+/-)	760
Defaulted receivables and debt securities as at 31.12.2021	48 964

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

As at : 31.12.2021 CHF 000s	**Gross carrying values of**		**Value**	**Net**
Geographical area/country	**Defaulted exposures**	**Non-defaulted exposures**	**adjustment / impairments**	**values**
Switzerland	-	1 075 463	-	1 075 463
Europe	-	573 289	-	573 289
Middle-East	17 383	146 946	1 343	162 986
Americas & Caribbean area	17 997	176 008	13 733	180 272
Rest of the world	13 584	195 939	6 866	202 657
Total amounts due from clients	**48 964**	**2 167 645**	**21 942**	**2 194 667**
Switzerland	-	46 094	-	46 094
Europe	-	349 760	-	349 760
Middle-East	-	99 835	-	99 835
Americas & Caribbean area	-	139 747	-	139 747
Rest of the world	-	304 473	-	304 473
Total amounts due from banks and debt securities	**-**	**939 909**	**-**	**939 909**

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.

DISCLOSURE REQUIREMENTS (BASEL III - PILLAR 3)

7) CREDIT RISK: OVERVIEW OF RISK MITIGATION TECHNIQUES

As at : **31.12.2021** 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)	3 134 576	463 165	-
Off-balance sheet transactions	2 769 643	494 843	-
Total	5 904 219	958 008	-
- of which: defaulted	27 022	-	-

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.

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

As at : **31.12.2021**

		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	412	-	412	0.2	-		
	Amounts due form customers	1 647	1	1 646	0.0	0.2		
	Financial investments	370	26	344	2.6	4.5		
	Amounts due to banks	-1 366	-	-1 366	0.3	-		
	Amounts due in respect of client deposits	-574	-	-574	0.5	-		
Undefined interest rate reset date	Amounts due from banks	79	10	69	0.1	0.1		
	Amounts due form customers	545	20	525	0.2	0.2		
	Paybles on demand from personnal accounts and current accounts	-926	-27	-899	0.2	0.2		
	Other payables	-255	-59	-196	0.1	0.1		
Total		**-68**	**-29**	**-39**	**0.1**	**2.0**		

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

DISCLOSURE REQUIREMENTS (BASEL III - PILLAR 3)

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)	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
Parallel shift up	-5	-6	7	9
Parallel shift down	7	7	-7	-9
Steepener chock	-9	-5		
Flattener chock	8	3		
Rise in short-term interest rates	5	0		
Fall in short-term interest rates	-5	-0		
Maximum	-9	-6	-7	-9

	31.12.2021	**31.12.2020**
Tier 1 capital	511.4	481.3

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 a Risk Management Committee, which meets at least quarterly. This Committee analyses the reports received from the 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 critical 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 Risk Manager in order to elaborate and set up remediation actions.
A reporting on significant operationnal losses incurred by the Bank is provided to the Board of Directors on a semi-annual basis.
The Bank determines its operational risk capital requirements based on the Basic Indicator Approach.