DISCLOSURE REQUIREMENTS (BASEL III - PILLAR 3)

1) BASIC REGULATORY KEY FIGURES

CHF 000s	31.12.2022	31.12.2021
1.1) Eligible capital		
Common Equity Tier 1 (CET1)	555 043	511 405
Tier 1 (T1)	555 043	511 405
Total eligible capital	555 043	511 405
1.2) Risk-weighted assets (RWA)		
Total risk-weighted assets (RWA)	3 047 617	3 846 912
Minimum capital requirements	243 809	307 753
1.3) Risk-based capital ratios (in % of RWA)		
CET1 ratio	18.2%	13.3%
Tier 1 ratio	18.2%	13.3%
Total capital ratio	18.2%	13.3%
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	4 440 345	5 205 048
Basel III leverage ratio (Tier 1 capital in % of total exposure)	12.5%	9.8%

1.6) Liquidity coverage ratio (LCR)	Average Q1-2022	Average Q2-2022	Average Q3-2022	Average Q4-2022	Average Q4-2021
LCR numerator: Total high quality liquid assets (HQLA)	810 235	771 992	785 889	811 804	698 068
LCR denominator: Total net cash outflow	357 731	275 055	377 274	372 886	259 481
LCR (in %)	238%	281%	213%	219%	268%

1.7) Net stable funding ratio (NSFR)	31.12.2022	31.12.2021
Available stable refinancing	1 636 571	1 703 881
Required stable refinancing	1 356 059	1 600 022
NSFR (in %)	121%	106%

2) OVERVIEW OF RISK-WEIGHTED ASSETS

CHF 000s	Approach used	Risk-weighted assets (RWA) 31.12.2022	Risk-weighted assets (RWA) 31.12.2021	Minimum capital requir. 31.12.2022
Credit risk	SA-BIS	2 771 234	3 654 425	221 699
Market risk	SA	73 332	18 340	5 867
Operational risk	BIA	203 051	174 147	16 244
Total		**3 047 617**	**3 846 912**	**243 809**

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, political environment). 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 : 31.12.2022 CHF 000s	**Gross carrying values of**		**Value**	**Net**
	Defaulted exposures	**Non-defaulted exposures**	**adjustment / impairments**	**values**
Loans (excluding debt securities)	14 364	2 286 585	9 913	2 291 036
Debt securities	4 014	615 179	4 014	615 179
Off-balance sheet exposures	-	2 231 874	-	2 231 874
Total	**18 378**	**5 133 638**	**13 927**	**5 138 089**

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

	CHF 000s
Defaulted receivables and debt securities as at 31.12.2021	48 964
Receivables and debt securities that have defaulted since the end of the previous reporting period	1 696
Exposures that have returned to non-default status	-20 145
Amounts written-off	-17 389
Other changes (+/-)	1 238
Defaulted receivables and debt securities as at 31.12.2022	14 364

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

As at : 31.12.2022 CHF 000s	**Gross carrying values of**		**Value**	**Net**
Geographical area/country	**Defaulted exposures**	**Non-defaulted exposures**	**adjustment / impairments**	**values**
Switzerland	1 690	900 376	1 652	900 414
Europe	-	382 591	-	382 591
Middle-East	1 352	171 062	1 352	171 062
Americas & Caribbean area	-	186 267	-	186 267
Rest of the world	11 322	134 670	6 909	139 083
Total amounts due from clients	**14 364**	**1 774 966**	**9 913**	**1 779 417**
Switzerland	-	204 603	-	204 603
Europe	4 014	407 376	4 014	407 376
Middle-East	-	27 436	-	27 436
Americas & Caribbean area	-	153 481	-	153 481
Rest of the world	-	333 902	-	333 902
Total amounts due from banks and debt securities	**4 014**	**1 126 798**	**4 014**	**1 126 798**

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 : 31.12.2022 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)	2 906 215	456 999	-
Off-balance sheet transactions	2 231 874	881 189	-
Total	5 138 089	1 338 188	-
- of which: defaulted	4 451	-	-

8) INTEREST RATE RISK: QUALITATIVE INFORMATION

Considering the short term nature of the balance sheet positions, the 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 at least once a month.

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

As at : 31.12.2022

		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	415	-	415	0.2	-		
	Amounts due form customers	1 313	2	1 312	0.0	0.3		
	Financial investments	598	162	436	2.8	2.3		
	Amounts due to banks	-1 077	-	-1 077	0.3	-		
	Amounts due in respect of client deposits	-825	-7	-818	0.1	-		
Undefined interest rate reset date	Amounts due from banks	69	17	52	0.0	0.0		
	Amounts due form customers	466	21	445	0.0	0.0		
	Paybles on demand from personnal accounts and current accounts	-686	-26	-660	0.0	0.0		
	Other payables	-240	-62	-179	0.0	0.0		
Total		**33**	**108**	**-75**	**0.5**	**1.8**		

(*) 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)	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Parallel shift up	-24	-5	-4	7
Parallel shift down	29	7	4	-7
Steepener chock	-3	-9		
Flattener chock	-1	8		
Rise in short-term interest rates	-9	5		
Fall in short-term interest rates	10	-5		
Maximum	-24	-9	-4	-7

	31.12.2022	31.12.2021
Tier 1 capital	555.0	511.4

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 of critical controls performed by the internal control function,
- regular tests aimed at detecting inappropriate behaviours in IT systems (applications, interfaces) or other means of communication,
- regular stress tests.

Structure

The Risk Management department 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 reccommendations and may collaborate with the Risk Manager in order to elaborate and set up remediation actions.

A reporting of operationnal losses incurred by the Bank is escalated to the Board of Directors on a semi-annual basis. Significant losses are immediately announced.

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