BIC-BRED (SUISSE) SA
Commodity Trade Finance & Corporate Banking

ANNUAL REPORT **2020**

BIC-BRED (SUISSE) SA

THE YEAR AT A GLANCE

KEY FIGURES

NET BANKING INCOME
+20%

BALANCE SHEET (in CHF thousand)	**31.12.2020**	**31.12.2019**	**Change** (absolute)	**Change** (%)
Balance sheet total	974,814	782,621	*192,193*	*25%*
Amounts due from customers	580,850	456,924	*123,926*	*27%*
Amounts due in respect of customer deposits	196,206	238,509	*–42,303*	*–18%*
Equity	104,739	73,158	*31,581*	*43%*
of which Reserves for general banking risks	1,500	–	*1,500*	*100%*

OFF-BALANCE SHEET (in CHF thousand)			**Change** (absolute)	**Change** (%)
Off-balance sheet total	362,900	304,002	*58,898*	*19%*

NET RESULT BEFORE RESERVES FOR GENERAL BANKING RISKS
+9%

RESULT (in CHF thousand)			**Change** (absolute)	**Change** (%)
Net result from interest operations	13,827	10,977	*2,850*	*26%*
Result from commission business and services	7,621	6,988	*633*	*9%*
Result from trading activities	400	298	*102*	*34%*
Other result from ordinary activities	20	17	*3*	*17%*
Net banking income	21,868	18,280	*3,588*	*20%*
Operating result	6,991	6,273	*718*	*11%*
Net result before Reserves for general banking risks	6,581	6,055	*526*	*9%*
Change in Reserves for general banking risks	–1,500	–	*–1,500*	*–100%*
Net result	5,081	6,055	*–974*	*–16%*

ROE
6.3%

RATIOS RELATING TO THE RESULTS (%)		
Equity/Balance sheet total	10.7%	9.3%
Operating result to equity	6.7%	8.6%
Return on equity (ROE)	6.3%	8.3%
Cost/Income	67.2%	65.0%

LIQUIDITY AND EQUITY RATIOS (%)		
Liquidity coverage ratio (LCR)	135.1%	136.2%
Total equity ratio	17.3%	19.7%

HEADCOUNT			**Change** (absolute)	**Change** (%)
Full-time equivalents	60.3	51.7	*9*	*17%*
Number of employees	63	54	*9*	*17%*

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LETTER FROM THE CHAIRMAN AND THE CEO

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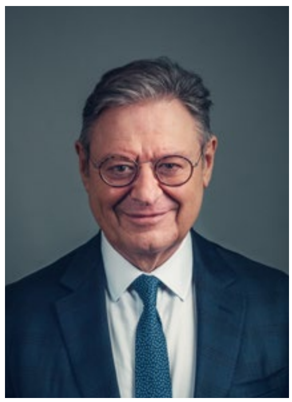
LETTER FROM THE CHAIRMAN AND THE CEO



Stève Gentili,
Chairman of the Board of Directors

Emmanuel Lemoigne,
Chief Executive Officer

Optimistic! We are feeling decidedly optimistic as we prepare the 2020 annual report and write this letter.

This period, in which we have overcome weaknesses and constraints, has been marked by sources of satisfaction and major challenges.

Commodity trade finance, of which we are proud to support the development, will be a future source of value.

The vital need for soft commodities essential to food and animal feed remains high, all the more so because the population growth or even explosion of certain regions of our planet must make us more attentive to them.

Thanks to the continued growth of our client portfolio and the positive trend in our net banking income, which is up 20% this year, we are embarking on a secure future, with reasonable ambitions.

Now we have built up our business, it is time to expand it. Our group is now well rooted in the Swiss banking landscape, and our ethical approach is at the heart of lasting relationships with trading companies of all sizes, large and small, local and international.

We have been spared the worst consequences of the pandemic that has affected us all.

Combined with perseverance, rigour and confidence, there are two essential aspects to what we do: the human dimension, with the recruitment of new talented employees, and the technological dimension, with investment in digital technology. Digital technology that serves people, promotes interaction and improves efficiency.

More than ever, this strategy continues to be part of our core business. By listening to business leaders, analysing situations in detail and making objective observations, we use this strategy to further development. We are going to multiply agreements, find new partners, increase the coverage of banking risks in Africa, the Middle East, China, and of course countries in South East Asia where the BRED Group has successfully established a presence.

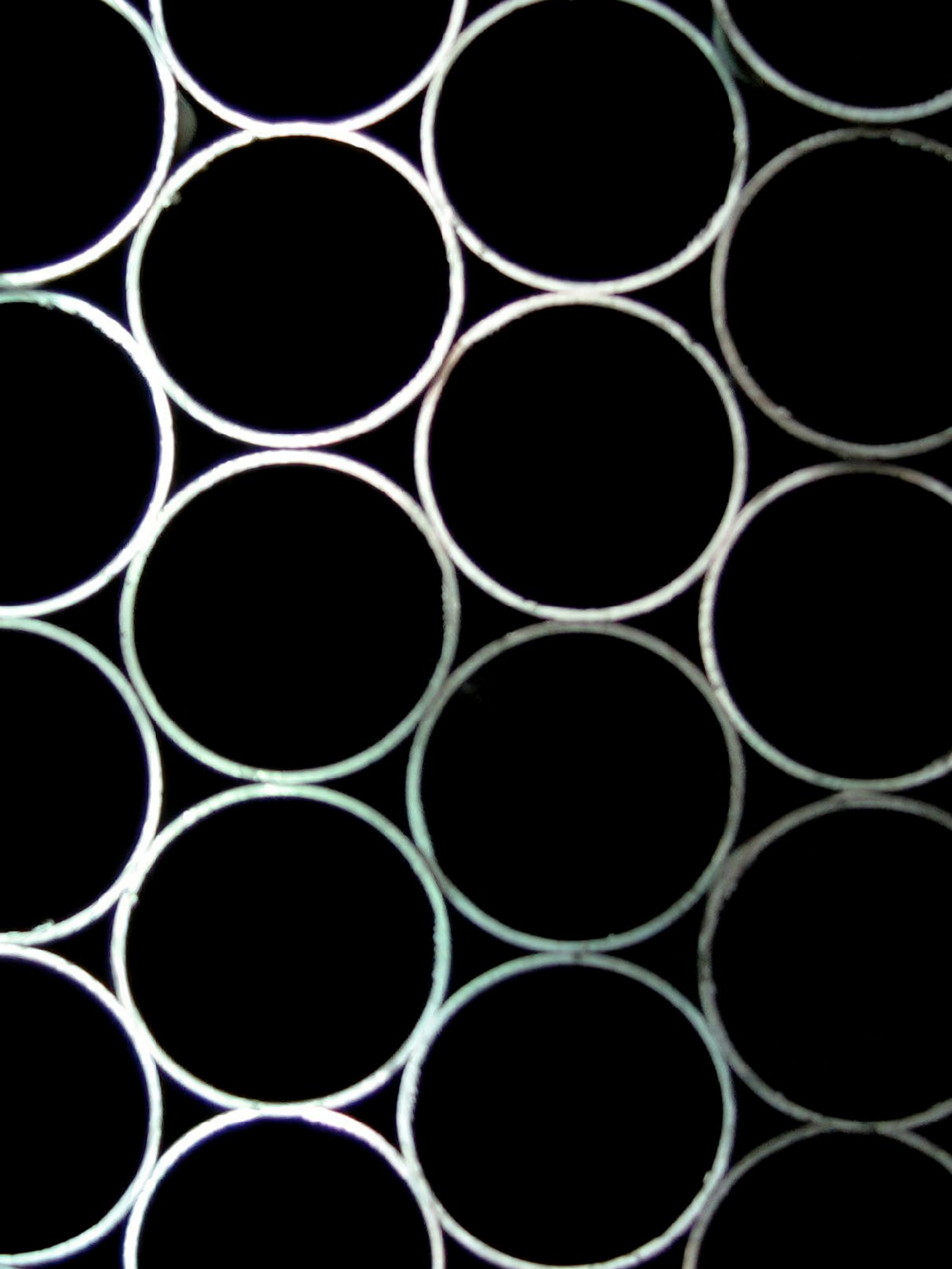
Behind the figures, there are men and women committed to serving the men and women who invest. Behind the quantitative data, there are qualitative partnerships and support for trading, which, in these difficult times, benefits everyone.

Our bank is now a forceful presence in the future of trading and is positioning its support to fully participate in the crucial economic recovery.

Best wishes,

Stève Gentili
Chairman of the Board of Directors

Emmanuel Lemoigne
Chief Executive Officer



PART 2

GROUP AND SHAREHOLDER STRUCTURE

GROUP AND SHAREHOLDER STRUCTURE

2.1 THE BPCE GROUP

HISTORY

The BPCE Group was created in 2009 as the result of a merger between two major cooperative networks, Banque Populaire and Caisse d'Épargne. The BPCE Group is France's second largest banking group.

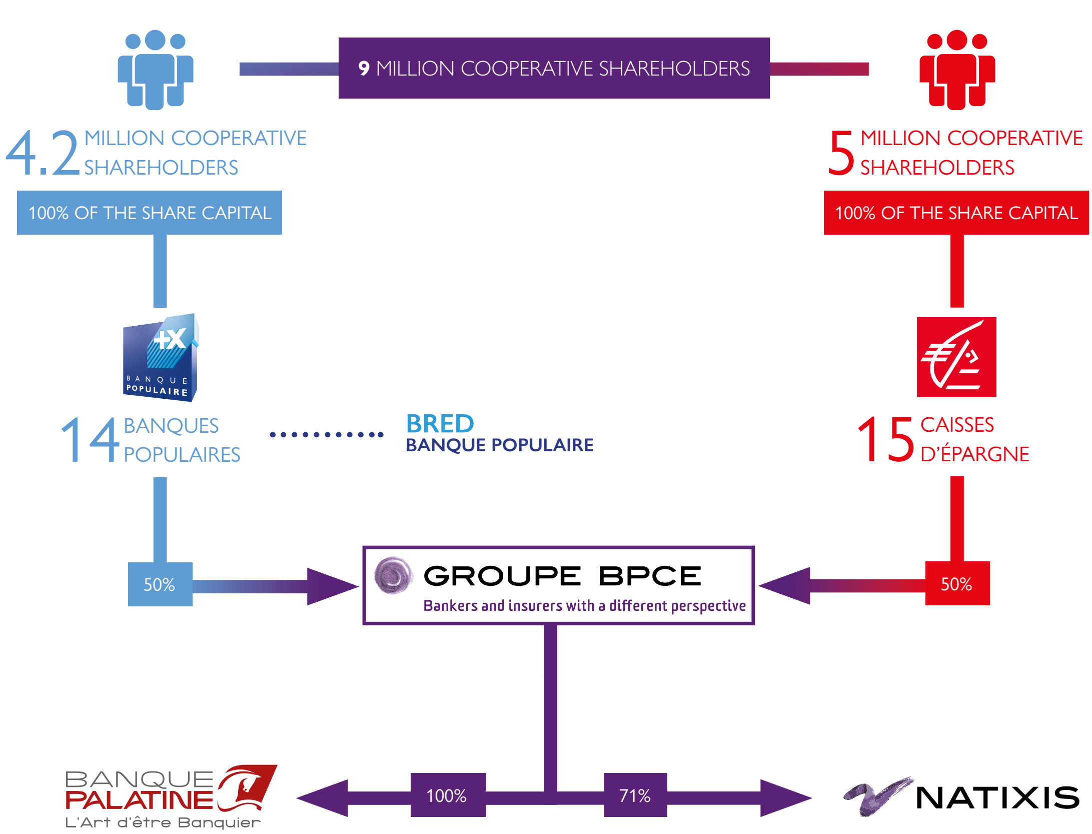
STRUCTURE

BPCE is a public limited company whose sole shareholders are the 14 Banques Populaires (including BRED) and the 15 Caisses d'Épargne. The two networks are equal shareholders in BPCE, which is the group's central body.

The group is currently wholly owned by more than 9 million cooperative shareholders.

In early 2021, in order to accelerate its expansion, the BPCE Group submitted a simplified tender offer for Natixis shares followed by a possible squeeze-out.

Figure 1 **THE BPCE GROUP'S STRUCTURE CHART AT 31 DECEMBER 2020**



BUSINESS ACTIVITIES

The BPCE Group has 105,000 employees and has 36 million clients worldwide: individuals, professionals, corporates, investors and local authorities. It offers a full range of banking and insurance services. It also carries out global asset management, wholesale banking and payment activities with Natixis.

KEY FIGURES

Table 1 **THE BPCE GROUP'S KEY FIGURES AT 31 DECEMBER 2020**

in EUR million	2020	2019	Change (absolute)	Change (%)
Net banking income	22,540	23,593	*(1,053)*	*–4.5%*
Gross operating income	5,896	6,528	*(632)*	*–9.7%*
Net income attributable to group	1,610	3,030	*(1,420)*	*–46.9%*
CET1 ratio	16.0%	15.6%	*0.4%*	*2.6%*

2.2 THE BRED GROUP

HISTORY

On 7 October 1919, traders, manufacturers and tradesmen came together at an event led by Louis-Alexandre Dagot, the Chairman of the Union Commerciale et Industrielle de Vincennes (Vincennes Commercial and Industrial Union) to create one of the first cooperative banks. The BRED Group celebrated its 100th anniversary last year.

STRUCTURE

The BRED Group is a member of the BPCE Group.

BRED Banque Populaire is the parent company of the BRED Group. It is owned by its 200,000 cooperative shareholders.

BUSINESS ACTIVITIES

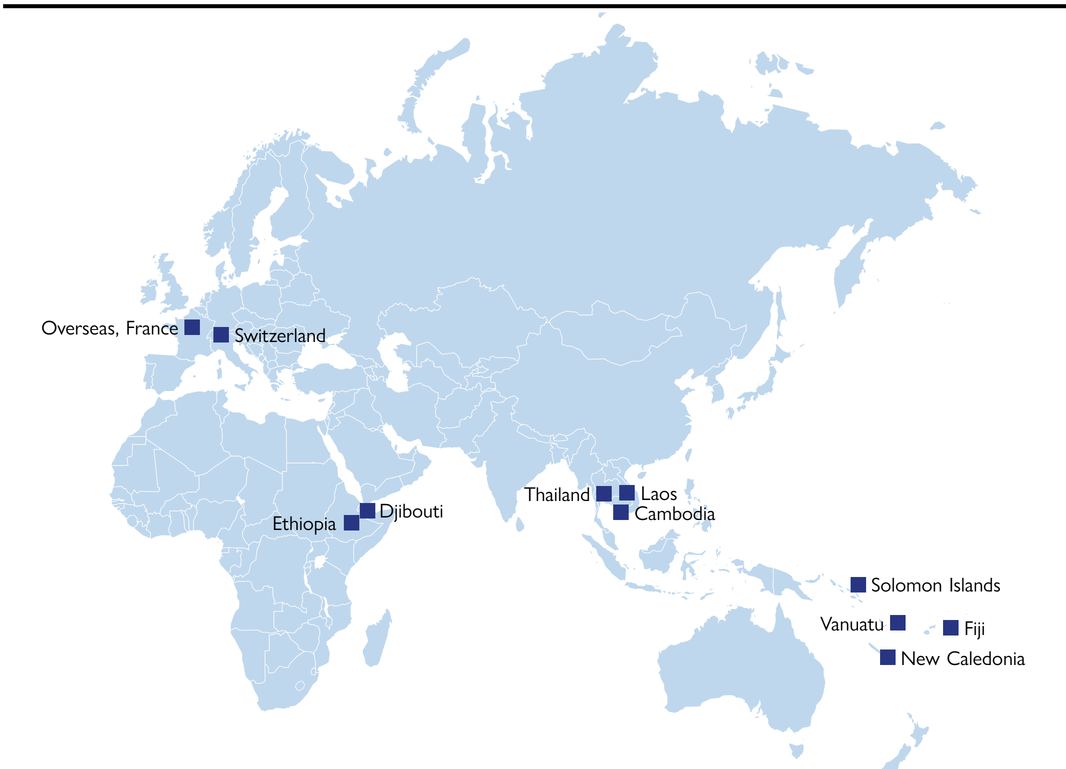
The BRED Group has 6,000 employees in the following diversified businesses: retail banking, large corporate and institutional banking, private banking, asset management, financial trading, insurance and international trade finance.

THE BRED GROUP'S ESTABLISHMENTS AND SUBSIDIARIES

The BRED Group has establishments in:

- Europe: France, the overseas departments and territories and Switzerland;
- Asia: Laos, Cambodia and Thailand;
- Africa: Djibouti and Ethiopia;
- Oceania: New Caledonia, Vanuatu, Fiji and the Solomon Islands.

Figure 2 **THE BRED GROUP'S ESTABLISHMENTS AND SUBSIDIARIES ABROAD**



KEY FIGURES

Table 2 **THE BRED GROUP'S KEY FIGURES AT 31 DECEMBER 2020**

in EUR million	**2020**	**2019**	**Change** (absolute)	**Change** (%)
Net banking income	1,283	1,252	*31*	*2.5%*
Gross operating income	513	499	*14*	*2.8%*
Net income attributable to group	270	307	*(37)*	*–12.0%*
CET1 ratio	17.3%	16.2%	*1.1%*	*6.8%*

2.3 BIC-BRED (SUISSE) SA

HISTORY

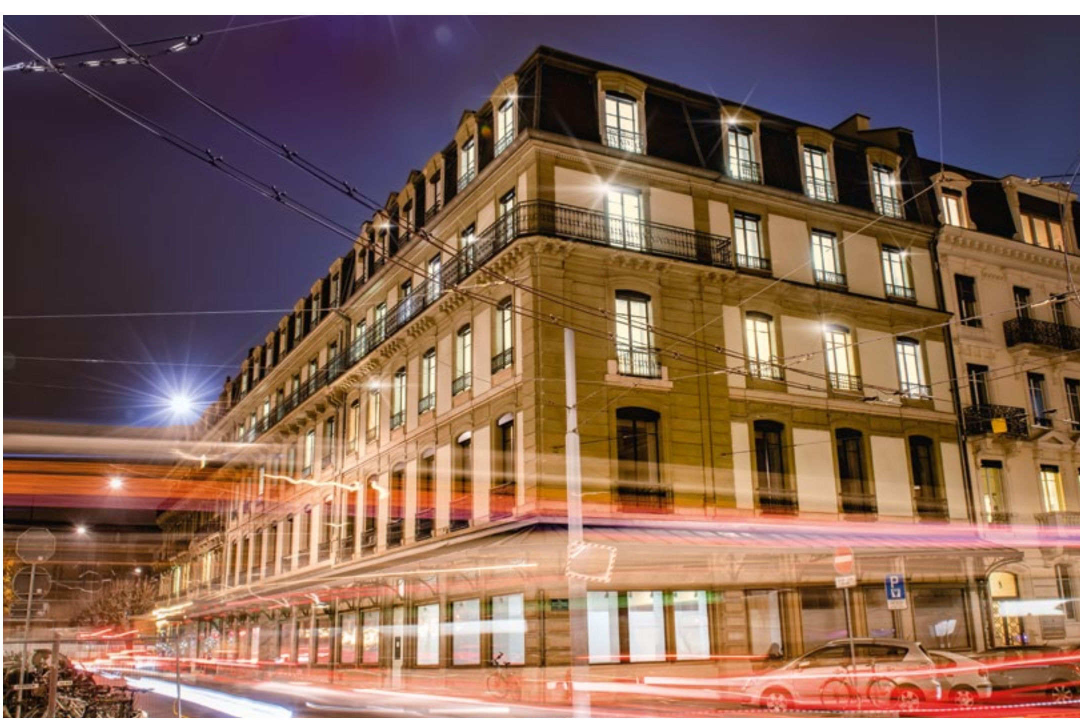
In 1991, Banque Internationale de Commerce-BRED SA, Paris created a branch in Geneva dedicated to financing commodities trading.

In 2015, wishing to grow this activity, Banque Internationale de Commerce-BRED SA, Paris established a limited company in Geneva to which it transferred all the branch's assets and liabilities. The subsidiary, Banque Internationale de Commerce-BRED (Suisse) SA ("BIC-BRED (Suisse) SA"), was established, and, in the same year, obtained a banking licence from the Swiss Financial Market Supervisory Authority (FINMA).

STRUCTURE

BIC-BRED (Suisse) SA is wholly owned by Banque Internationale de Commerce-BRED SA, Paris, whose shares are 99.99% owned by Compagnie Financière de la BRED SA (COFIBRED), which is itself wholly owned by BRED-Banque Populaire.

In 2020, BIC-BRED (Suisse) SA carried out a capital increase for a total amount of CHF 25,000,000. This capital increase, subscribed for in full by Banque Internationale de Commerce-BRED SA, Paris, increased the Bank's share capital from CHF 78,073,800 to CHF 103,073,800.



The Bank's headquarters on the Boulevard du Théâtre in Geneva.

PART 3

CORPORATE GOVERNANCE

PART 3

CORPORATE GOVERNANCE

The Bank's guidance, supervision and control is carried out by the Board of Directors, supported by its committees. The Bank's general management is carried out by the Executive Board.

3.1 BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors are appointed by the shareholders at a General Meeting for a renewable term of five years.

As at 31 December 2020, the Board of Directors had nine members, three of whom were independent[1]. In 2020, Stéphane Mangiavacca was appointed a member of the Board of Directors, replacing Marc Robert.

DUTIES AND REMIT

The Board of Directors is responsible for the Bank's supervision and control. It has ultimate responsibility for supervising the conduct of the Bank's affairs and for overseeing the work of the Executive Board. It ensures particularly that such the Executive Board complies with laws, the articles of association, regulations and instructions.

The Board of Directors is responsible for establishing an appropriate business organisation and issues the rules and regulations required to achieve this. It enacts the rules required to manage the Bank, to supervise such management and to determine the powers granted to the administrative and management bodies. It approves organisational rules.

1 Members of the Board of Directors are deemed to be independent if:
- they do not hold another position within the institution and have not held one for the last two years;
- they have not held the position of auditor responsible for the institution within the auditing firm in the last two years;
- they do not have a business relationship with the institution that, as a result of its nature or scope, creates a conflict of interest; and
- they do not own a qualifying shareholding in the institution or represent an owner of such a shareholding.

STÈVE GENTILI

a French national and resident

Role on the Board
Chairman of the Board.

Education
Holder of a bachelor's degree in IT and Management and a graduate of the Collège des Sciences Sociales et Économiques.

Career experience
Stève Gentili was previously the Chief Executive Officer of an agri-food company and Chairman and Chief Executive officer of an inter-sector business organisation.

As well as acting as Chairman of the Board of Directors of BRED Banque Populaire and COFIBRED (Compagnie Financière de la BRED), he is a director of various BRED Group entities and a member of PREPAR VIE's Supervisory Board.

He was Chairman of BPCE's Supervisory Board, and a director of COFACE, THALES and VEOLIA.

He is currently the Chairman of the Board of Directors of Natixis Institutions Jour and PRAMEX International.

LOUIS HABIB-DELONCLE

a French national and resident in Switzerland

Role on the Board
Vice-Chairman of the Board, independent member.

Education
Graduate of the Institut d'Études Politiques de Paris and holder of a master's degree in international law from the Université de Paris 1.

Career experience
Louis Habib-Deloncle began his career as CEO of United Commercial Agencies in Paris (1977-1980).

He was then appointed a director and Chief Executive Officer of Insurance Services Overseas (1980-1985).

From 1985 to 2000 he was founding Chairman of Unistrat P.A.R.I.S and, from 1984 to 2009, he was founding Chairman of HDA, which became Assurances, Finances et Développement.

From 1990 to 2007 he was Chairman of the Management Board of Eurexim Holding and, from 1994 to 2000, he was Chairman and Chief Executive Officer of Unistrat Assurances, Paris.

He was part of the ICISA's Solvency II working group from 2009 to 2013 and has been a member of AIDA's credit insurance/guarantee group since 2009.

Since 2003, he has been Chairman of Garant, a company based in Vienna and Geneva, which specialises in credit insurance and in insuring political risks for companies and banks that offer *Trade* and *Export Finance* solutions.

HERVÉ CATALA

a French national and resident

Role on the Board
Member of the Board, independent member.

Education
Holder of a master's degree in public law

Career experience
Hervé Catala has spent his whole career at Banque Indosuez and Crédit Agricole Corporate and Investment Bank.

After a few years working firstly in Paris in the Commitment Management Division, then as a Senior Banker in the European Large Corporates Division, in 1987 he joined the French Regions Division as Head of the Nancy and then Lille branches and then, finally, the Rhône-Alpes region, before assuming national responsibility in 1994.

He was appointed CEO of Crédit Foncier de Monaco in 1999, then of Indosuez Wealth Management in 2007.

In 2011, he joined the Crédit Agricole group's Swiss team as the *Senior Country Officer* and was appointed CEO of Crédit Agricole Indosuez Switzerland, a position that he held until 2016, when he joined the Executive Board of the Crédit Agricole SA group's Premium Client Solutions Division and the Executive Board of Crédit Agricole *Corporate and Investment Bank.*

JEAN-LUC DECORNOY

a French national and resident in Switzerland

Role on the Board
Member of the Board

Education
Graduate of the École Supérieure des Sciences Économiques et Commerciales de Paris and chartered accountant.

Career experience
From 1995 to 2002, Jean-Luc Decornoy was a member of the Regional Board of the Versailles Compagnie Régionale des Commissaires aux Comptes or CRCC (regional association of statutory auditors).

He then held the position of Vice-Chairman, then Chairman, of the Appel Public à l'Épargne or APE (public offering) department of the Compagnie Nationale des Commissaires aux Comptes (CNCC).

From 2001 to 2013, he held the position of Chairman of KPMG France, and was a member of the European *Board* and the Global *Board* of KPMG and, from 2008 to 2013, he was Chairman of KPMG's Global Audit Committee.

He has been a director of BIC-BRED Paris since 2014.

JEAN-PIERRE FOURÈS

a French national and resident

Role on the Board
Member of the Board.

Education
He holds a bachelor's degree in public law and is a graduate of the École Supérieure de Journalisme, the École Nationale Supérieure de Police and the Institut des Hautes Études de la Défense Nationale.

Career experience
Jean-Pierre Fourès currently holds the position of co-CEO of SEC Sari. He is also a director of BRED Banque Populaire, BRED Gestion, BIC-BRED Paris and the BRED Foundation, as well as of the Sainte Marie Hospital Foundation and Rougier SA.

JEAN-PAUL JULIA

a French national and resident

Role on the Board
Member of the Board

Education
Graduate of the École Nationale d'Administration

Career experience
Jean-Paul Julia began his career in Lyon in sales.

He joined the civil service in 1997, working mainly in the business field (SMEs and SMIs in the Rhône-Alpes region and Deputy Secretary General of the CIRI (Interministerial Industrial Restructuring Committee) responsible for the restructuring of distressed companies).

After gaining international experience (at the IMF and the World Bank), he joined the Office of the Finance Minister where he worked on corporate finance.

He has been Director of Corporate Banking and a member of BRED's Executive Committee since June 2015.

OLIVIER KLEIN

a French national and resident

Role on the Board
Member of the Board

Education
Graduate of the École Nationale de la Statistique et de l'Administration Économique and of the post-graduate finance programme at HEC Paris.

Career experience
Olivier Klein began his career at BFCE Natexis (1985), where he held the position of Regional Director (1993-1996), amongst others.

He then became a member of the Executive Committee and Head of Sales and Development at B.R.A., part of the CIC Group (1996-1997).

From 1998 to 2000, he replaced the Chairman of the Executive Board of the Caisse d'Épargne Caisse de Picardie Group.

From 2000 to 2007, he chaired the Management Board of Caisse d'Épargne Ile-de-France Ouest, and the Caisse d'Épargne Group's National Retail Banking Committee.

From February 2007 to April 2010, he held the position of CEO of Caisse d'Épargne Caisse Rhône-Alpes and, from April 2010 to September 2012, he was Chief Executive Officer of the BPCE Group.

Since September 2012, he has been Chief Executive Officer of BRED Banque Populaire, Paris.

STÉPHANE MANGIAVACCA

a French national and resident

Role on the Board
Member of the Board

Education
Degree in Civil Engineering in 1999

Career experience
Stéphane Mangiavacca began his career at the French Economic and Financial Mission in China in 1999-2000.

In 2001, he joined the Group Audit Department of Banque Fédérale des Banques Populaires (now BPCE) and in 2006 he was appointed Head of Quantitative Audit.

He then joined BRED in 2009, and was appointed to the Executive Committee in 2012 as Head of Risk, Compliance and Permanent Control. Since January 2020, he has been Head of International at the BRED Group.

He is Chairman of the Board of Directors of BRED Vanuatu Ltd and BCI Mer Rouge, as well as Chief Executive Officer of BIC-BRED Paris.

JEAN-PIERRE VETTOVAGLIA

a Swiss national and resident in France

Role on the Board
Member of the Board, independent member.

Education
He studied law at the universities of Lausanne, Rome and Geneva.

Career experience
Jean-Pierre Vettovaglia passed the competitive examination for entry to the diplomatic service in 1969.

During his diplomatic career he held the positions of secretary, minister, delegate and expert, working at the Swiss Embassy in Ghana (1971-1974), India and Nepal (1974-1977), Yugoslavia (1977-1981) and the Permanent Mission of Switzerland to the international organisations in Geneva (1983-1988).

He was then Ambassador in Vienna (1988-1993), Romania (1993-1996) and Paris (2000-2007).

He was a director of BIC-BRED Paris until 30 May 2016.

He has worked as an international consultant since 2007.

He is a columnist covering international affairs for *Q Magazine*.

3.2 COMMITTEES AND DELEGATION OF AUTHORITY

The Board of Directors has established two committees to assist it in carrying out its duties:

1. The Audit Committee;
2. The Board Credit Committee.

The Board of Directors remains responsible for the tasks delegated to these committees.

MEMBERS OF THE BOARD OF DIRECTORS' COMMITTEES

At 31 December 2020, these committees had the following members:

Committees	Members
Audit Committee	Louis Habib-Deloncle (Chairman) Jean-Luc Decornoy Stéphane Mangiavacca Jean-Pierre Vettovaglia Hervé Catala
Board Credit Committee	Stéphane Mangiavacca (Chairman) Olivier Klein Stève Gentili

In 2020, Stéphane Mangiavacca replaced Marc Robert on these committees.

DUTIES AND REMIT

Audit Committee

The main roles of the Audit Committee, which met four times in 2020, are to monitor and assess the integrity of the financial statements, the internal control system, the effectiveness of the external auditor and their cooperation with internal audit processes. It is also responsible for assessing the internal audit processes.

Board Credit Committee

The purpose of the Board Credit Committee is to review and validate loan applications for an amount exceeding 10% of the Bank's equity capital.

3.3 EXECUTIVE BOARD

From left to right: François Monnier, Anne-Ly Zumbino, Emmanuel Lemoigne and Franck Nater, members of the Executive Board.

MEMBERS OF THE EXECUTIVE BOARD

General management is carried out by the Executive Board, which is appointed by the Board of Directors. In 2020, Anne-Ly Zumbino was appointed Chief Risk Officer and a member of the Executive Board, replacing Antoine Spinelli.

DUTIES AND REMIT

The Executive Board is responsible for day-to-day management and for ensuring that the Bank is appropriately structured, and reports to the Board of Directors. It is tasked with making sure that the Bank's business is conducted properly, using all the means at its disposal.

It regularly reports to the Board of Directors on developments in the Bank's operations. It oversees the correct and faithful implementation of all the decisions made by the Board of Directors.

EMMANUEL LEMOIGNE

a French national and resident in Switzerland

Role on the Board

Chief Executive Officer since 2015

Education

Technical university diploma in the management of companies and administrations, diploma from the École Supérieure de Commerce d'Amiens (ISAM), post-graduate diploma from the Institut Technique de Banque and diploma from the Centre d'Études Supérieures de Banque.

Career experience

Emmanuel Lemoigne has spent his entire career at BRED, first as *Group Manager and Sales Manager* in the *Retail Banking Division* (1991-2001), then as *Head of Distribution* in the *Corporate Banking Division* (2001-2005).

He also held the position of *Regional Manager* in the *Retail and Corporate Banking Division* (2005-2009) and, from 2009 to 2015, he was an *Executive Director* and a member of the BRED Group's Executive Committee, in charge of Wholesale Banking.

FRANÇOIS MONNIER

a French national and resident in Switzerland

Role on the Board

Deputy Chief Executive Officer and Head of Sales since 2015.

Education

Graduate of the Institut Supérieur de Gestion.

Career experience

François Monnier began his career with Compagnie Bancaire (1988-1994).

He then worked as a business account manager at Crédit National (1994-1998), which became Natixis a few years later.

From 1998 to 2001, he was Natixis's *Chief Representative* in Indonesia then, when he returned to France, he held the position of *Group Head of Metals, Paris*, then Group *Head of Soft Commodities*, Paris, within Natixis's Trade department (2001-2009). He joined BNP Paribas (Suisse) in 2009 and, in 2012, became *Group Head, Energy and Metals*, within the *Energy and Commodity Finance Division.*

FRANCK NATER

a Swiss national and resident in France

Role on the Board

Deputy Chief Executive Officer and Chief Operating Officer since 2015.

Education

Graduate of the Université de Paris in sociology and public relations.

Career experience

Franck Nater started his career at B.A.I.I., Paris, as an *Account Officer* (1989-1991).

He worked for Bank Brussel Lambert (Suisse) as *Team Head in the L/C Department* (1991-1995).

From 1995 to 1999, he held the position of *Relationship Manager, Commodity Trade Finance,* at Crédit Lyonnais (Suisse), then joined BNP Paribas (Suisse), successively holding the positions of *Relationship Manager, Commodity Trade Finance, Team Head Collateral Officer, Commodity Trade Finance, Deputy Head Collateral Officer, CIB, Energy Commodity Financing, and Head of Transaction Management, CIB, Energy Commodity Financing,* from 1999 to 2015.

ANNE-LY ZUMBINO

a French national and resident

Role on the Board

Chief Risk Officer since 2020.

Education

A graduate of the Institut Commercial de Nancy, with a Master's degree in Accounting and Financial Science and Techniques from Nancy University.

Career experience

Anne-Ly Zumbino worked for 15 years at BNP Paribas in Paris and then in Geneva, in the field of lending.

She covered the corporate banking and specialised financing sector in the United States, then the commodities sector from 2003. She joined the Bank in August 2015 to structure and manage the Credit Department.

PART 4

BUSINESS ACTIVITIES

PART 4

BUSINESS ACTIVITIES

From its base at the heart of Geneva, one of the world's leading market places for commodity trading, BIC-BRED (Suisse) SA is pursuing its development strategy centred on commodity trade finance through its vast range of financing and service solutions.

François Monnier,
Deputy Chief Executive Officer and Head of Sales

MESSAGE FROM THE DEPUTY CHIEF EXECUTIVE OFFICER AND HEAD OF SALES

2020, a year marked by the pandemic, was atypical for the commodity finance market.

On the one hand, it helped reveal the fraudulent behaviour of certain energy players in Singapore and Dubai.

On the other hand, it showed the unbelievable resilience of international trade in the face of a historic public health crisis and a decline in global growth, as evidenced by the good financial results for 2020 published by most traders.

We did not have to wait long to see the effects of this wave of fraud, with the exit from the sector of major banking players and the tightening of lending conditions by banks that continued with this business. The spirit is now one of a "return to the good old practices of checking goods", a practice somewhat abandoned during periods of expansion.

This crisis has also shown that the world cannot stop feeding itself, as highlighted by the continuation of trade in soft commodities in 2020, that China remains the world's workshop, as evidenced by the boom in its imports of metals, and that the need for transportable energy (gas, oil) remains essential in our societies.

Commodity trading and its financing still have good days ahead of them, but will have to meet the challenge of the heightened requirements set out by environmental and societal regulations".

4.1 INTERNATIONAL TRADE FINANCE

FINANCING SOLUTIONS

The Bank offers solutions such as:

- pre-financing on behalf of traders for producers for goods in the process of production or extraction;
- financing of goods during transport phases (by sea, rail, etc.);
- financing of goods during short-term periods of storage or for accumulation or processing in producing countries (inland or at a port) until they are distributed in the countries where they are to be consumed;
- financing of outstanding receivables, secured by credit insurance or letters of credit, or payable by banking channels;
- financing of price and foreign exchange risk hedges on a spot or forward basis for various types of currencies.

CLIENT PORTFOLIO

The Bank's client portfolio is composed of a hundred or so international trading groups, of all sizes.

Although most of the portfolio consists of groups registered in Switzerland, the Bank meets the needs of its clients by structuring commodity transactions without geographical restrictions (except for restrictions required in order to comply with international rules) and also finances foreign companies.

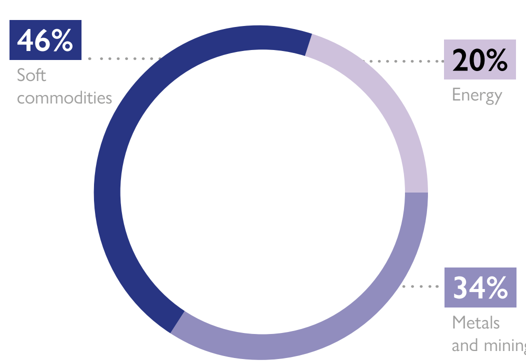
BIC-BRED (Suisse) SA is a niche player whose priority is flexibility and speed of execution, which it achieves through the professionalism of its teams.

SECTORS

The Bank offers this range of services in different sectors:

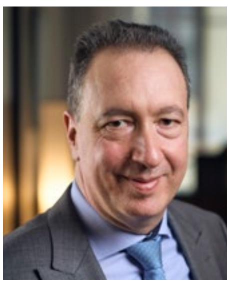
- energy;
- metals and mining;
- soft commodities;
- manufactured goods.

Figure 3 **BREAKDOWN OF THE NUMBER OF CLIENTS PER SECTOR AS AT 31 DECEMBER 2020**



4.1.1 ENERGY

“Hydrocarbons (oil, natural gas, coal) are one of the world's main energy sources. Countries with these resources need financing to be able to exploit them and sell them to consumers. This trade is an essential part of the development of importing countries that do not otherwise benefit from these natural resources. Our bank participates in the development of these activities by supporting the financing of this trade”.



Xuan Uong-Nguyen and **Ilario Cirieco,** Heads of the Energy Department

The Bank's portfolio of energy product traders is extremely diverse, ranging from trading in crude oil, refined products (gas oil, gasoline, naphta, bitumens), liquefied petroleum gas (LPG) and liquefied natural gas (LNG). With the energy transition picking up pace, the Bank has significantly developed natural gas-related trading operations.

It is rare for a country to have within its own territory both the natural resources it needs and the industrial infrastructure necessary to process these resources, hence their recourse to imports. All these transactions meet primary and country-specific needs, of which a few examples are given below.

BITUMEN

The Bank finances consignments of bitumen purchased from US refineries for the construction of roads in Africa, which is dealing with a strong increase in urbanisation due to its population growth.

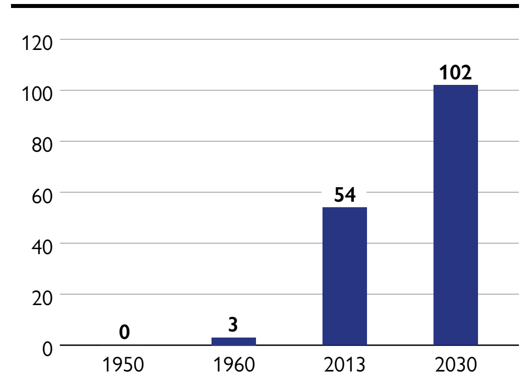
GAS

The Bank is involved in propane and butane gas transactions, mainly in the form of LPG or LNG, from the United States. This gas is sold to private consumers in the Caribbean, Oceania and Africa, where the use of these energy sources is still very common among individuals, especially for cooking.

PETROLEUM PRODUCTS

Crude oil-producing countries must be able to export it to foreign refineries so that it can be transformed into refined and petrochemical products, a portion of which is then exported to the countries where these products are consumed.

Figure 4 **CITIES WITH OVER 1 MILLION INHABITANTS IN AFRICA**



Source: Pythagore Consult

4.1.2 METALS & MINING

"'Life is not about waiting for the storm to pass, it's about learning how to dance in the rain,' said Seneca 2,000 years ago. This proverb is applied by traders constantly. They have been able to adapt to very specific market conditions, which has enabled us to support them in their very large exports of steel to China, at levels that have not been seen for many years".

Pierre-Paul Briguet,
Head of Metals Department

The Bank has a portfolio of traders mainly active in base metals (48%), steel (32%) and alloys (12%). A few example of transactions are presented below.

COPPER

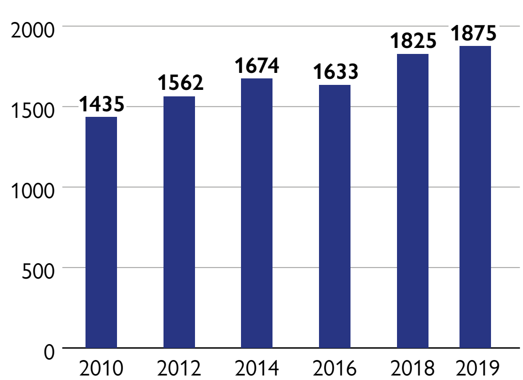
The Bank finances both copper concentrate sourced from Latin America and destined for China, and refined copper sourced from Africa and destined for Europe and China. This copper is used in the production of electrical cables for power generation and distribution, telecommunications and electric circuits. This component is also frequently used in the building sector, particularly in roofing, taps and boilers, as well as in hospitals for its antibacterial properties and its use in magnetotherapy.

STEEL

The financing of steel as a semi-finished product (rolled coils, steel bars, etc.), sourced from Russia and destined for China and Africa, is used in the automotive, construction, household appliance and industrial equipment sectors.

Steel, which has become indispensable, has seen its global production rise sharply since 2010, with a rise of more than 30%.

Figure 5 **GLOBAL STEEL PRODUCTION**
(in millions of tonnes)



Source: Steel Statistical Yearbook 2020, Worldsteel Association

ALUMINIUM

Aluminium is financed in Europe and transported from Europe and Russia to the United States and Brazil, where it has various uses in the construction market (windows, doors, roofs), the automotive industry, transport (carriages, ships), packaging (tins) as well as in the manufacture of household goods (furniture and kitchen utensils).

4.1.3 SOFT COMMODITIES

Michael Jackisch,
Head of Agricultural
Commodities Department

"Domestic agricultural production is supplemented by imports necessary for food supplies. At the same time, exports of local produce contribute to the economic development of many emerging countries. Trading is therefore reciprocal and depends on the proper functioning of production, transport and distribution channels. We are pleased to support our clients on these routes where their role as an intermediary and logistics provider is essential".

The Bank mainly finances cereals (38%), coffee and cocoa (28%), of which a few example of transactions are provided below.

WHEAT

The Bank is very active in the financing of wheat sourced from the Black Sea and destined for Sub-Saharan Africa and the Middle East, particularly on the Russian-Egypt axis.

As the world's leading exporter of wheat, Russia has counted on this cereal for 20 years to strengthen its international presence. Egypt is the largest importer of wheat in the world and the largest importer of Russian wheat, which accounts for nearly 80% of its wheat. This cereal is the basis of Egyptian food, particularly bread and pasta.

COFFEE

Coffee cultivation is highly developed in many tropical countries in the Americas, Africa and Asia in plantations that are farmed for export markets, particularly in Europe and the United States.

In this regard, the Bank finances a wide variety of flows, from various origins and destinations, from ordinary coffee to the most refined varieties, and from producers of all sizes. These exports are often a major contribution to the economies of producing countries.

COCOA

Côte d'Ivoire and Ghana are among the leading producers of cocoa beans, alone accounting for more than half of the world's cocoa production. For the most part, production in these countries comes from small growers. The main importers of cocoa beans are northern countries that account for more than 80% of the consumption of products made from cocoa beans.

In this regard, the Bank finances beans produced in Africa, destined for Europe, the United States and also increasingly South East Asia. Once they arrive in consumer countries, the beans are roasted, crushed and pressed to obtain the powder and cocoa butter that are used to make chocolate and other chocolate confectionery.

4.2 BANKING RELATIONSHIPS AND SERVICES

"The banking network is an integral part of the trade finance ecosystem. It plays a strategic role in facilitating and securing international trade. We are aware of the business challenges faced by our clients, and offer banking risk coverage based on strong and historical relationships with our partners to ensure smooth operations".

Yassine El Halaissi,
Head of Financial Institutions and Corporates

In support of its trade finance activity, the Bank is gradually growing its network of banking correspondents. It also benefits from the BRED Group's powerful network of correspondent banks, which covers more than 150 countries worldwide and comprises more than 500 banks on five continents.

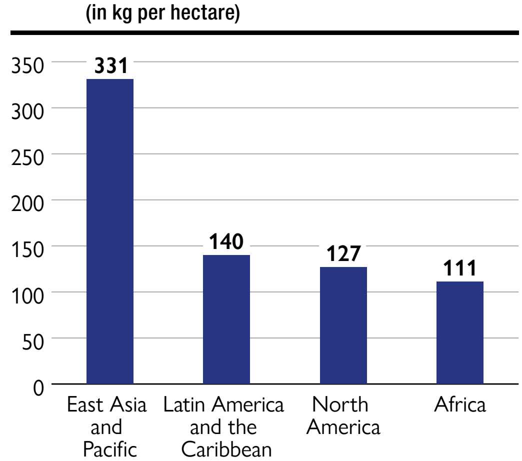
This vast network of banking correspondents enables it to meet the need to secure its clients' international transactions, by providing them with the ability to cover banking risk[2] on a wide selection of foreign banks located in China, South East Asia, Africa and the Middle East.

AFRICA

With 30% of the world's reserves, Africa is a major player in commodity trading. As traders play a strategic role in the supply chain, they actively ask the Bank to secure their exports to this continent, on commodities that are often of primary necessity:

- **Soft commodities**
  They are intended for human food or animal feed (wheat, rice, soya, corn, barley), or the agricultural sector, such as fertilisers which, where used reasonably, are a means of quantitative and qualitative improvement in the cultivation of cocoa, coffee, tea and cotton, for example.

Figure 6 **FERTILISER CONSUMPTION**
(in kg per hectare)



Source: Food and Agriculture Organization of the United Nations, 2016

- **Energy commodities**
  Many African countries often lack industrial facilities, particularly in refining, and need to use imports of refined petroleum or gas products.

2 Confirmation and discounting of letters of credit, bills of exchange, etc.

- **Metals**
  Population growth and urban exodus require a substantial increase in housing capacity and are boosting the construction sector.

In terms of imports from Africa, the Bank ensures the fluidity of banking channels, particularly for imports of coffee, cocoa and cotton.

In order to meet this demand, BIC-BRED (Suisse) SA and the BRED Group have developed an extensive banking network in Africa. With nearly 80 banks located in 20 African countries, the Bank and the BRED Group form a recognised banking group with a wide range of African banks that is a leading player on these markets.

In 2021, the Bank plans to both:
- consolidate its network with new countries in Western Africa (Ghana and Nigeria) and Eastern Africa (Uganda);
- continue to establish new partnerships (Tanzania, Rwanda and Kenya);
- activate new banking lines in its historical markets (Senegal, Burkina Faso, Côte d'Ivoire and Mali).

Figure 7 **EXTENT OF THE BANKING CORRESPONDENT NETWORK IN AFRICA**

4.3 CORPORATE FINANCE AND BUSINESS SERVICES

The Bank offers bespoke financing solutions to exporter clients and provides a wide range of banking services:

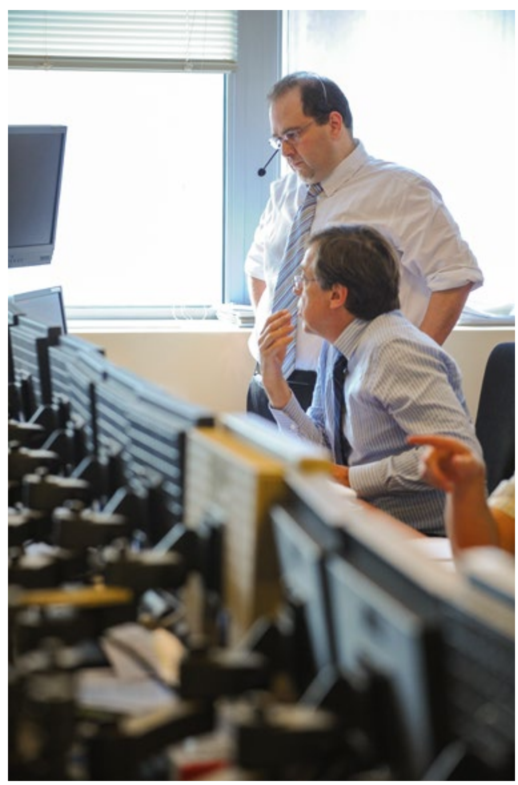
- credit facilities to finance working capital requirements or investments, in bilateral or syndicated form, in cash or through signed commitments;
- issuing of guarantees: advance payment guarantees, tender guarantees and performance guarantees;
- international trading transactions: documentary collections, letters of credit, SBLCs or advance market commitments;
- cash and treasury management in partnership with Kyriba[3];
- export financing solutions backed by insurance and/or banking hedges for Swiss companies exporting to Asia and Africa, in various sectors, particularly:
  - chemicals and pharmaceuticals;
  - machines, electronics and precision devices;
  - agri-food.

4.4 MARKET PRODUCTS

Working in collaboration with BRED's trading floor, the Bank offers:

- spot foreign exchange transactions;
- a wide range of currency and interest rate risk hedging products: forward foreign exchange, foreign exchange swaps, interest rate swaps, etc.;
- investment solutions for banks: investment in short-term securities through BRED's money market instrument distribution service;
- a service offering for institutional investors and financial institutions: repurchase agreements, issuing of market instruments, etc.

For example, in 2019, Trafigura entrusted BIC-BRED (Suisse) SA and the BRED Trading Room with the arrangement, issuance and marketing of a Negotiable Commercial Paper (NeuCP) programme for a maximum amount of EUR 1 billion.



BRED Trading room

3 Kyriba is the world leader in *Cloud*-based cash management and financing solutions and offers solutions for risk management, treasury, payment and working capital.

PART 5

REVIEW OF 2020

PART 5

REVIEW OF 2020

5.1 GLOBAL ECONOMIC ENVIRONMENT[4]

2020, A SEVERE TEST FOR THE GLOBAL ECONOMY

In 2020, the coronavirus epidemic severely tested global economic growth. At the beginning of the year, stock market indices fell sharply as the first wave of coronavirus spread across the world.

Governments and central banks have historically intervened in order to allow global activity to recover and prevent this chiefly public health and economic crisis from becoming a financial crisis. In the US, for example, the US Federal Reserve (Fed) cut its key interest rates within the range of 0 to 0.25%. The European Central Bank (ECB) maintained its key rates between –0.5% and 0.25%, and implemented a pandemic debt purchase plan of EUR 1,850 billion. Including the other debt purchase programmes that the ECB is implementing at the same time, this brings the total amount to EUR 2,400 billion over the period from March 2020 to March 2022. These ECB interventions allow European governments to borrow at very low or even negative rates.

The easing of monetary policies, the continuing very low levels of bond yields and hopes relating to vaccines finally enabled the main stock indices to regain some momentum. In the US, the S&P 500 ended the year up 16%, driven by technology stocks. In Switzerland, the SMI remained broadly stable (+0.8%). The Euro Stoxx 50 index of eurozone blue chips, containing few technology stocks, posted a decline of 5%.

Combined with the uncertainty surrounding the management of the pandemic and the US presidential elections, the Fed's monetary policy also resulted in a depreciation of the US dollar. It fell by 9% against the Swiss franc, to 0.88 francs for 1 USD at the end of 2020.

Large-scale public interventions helped limit the number of bankruptcies, although a number of companies ended 2020 in a very weak financial position. Although many people, businesses and countries remain in extremely precarious positions, the economic fabric has been largely preserved and could regenerate rapidly.

As a result of these major economic disruptions, global GDP fell by 3.5% in 2020, after growth of 2.8% in 2019.

4 **Sources:**
- The OECD's economic outlook, December 2020
- *IMF World Economic Outlook Update*, January 2021
- Economic forecasts of the Swiss Federal Government's Expert Group, SECO, December 2020
- Bloomberg

The economic impact of COVID-19 varies between countries. The eurozone and Latin America, hit hard by the public health crisis, were particularly affected by the recession, with falls in GDP of 7.2% and 7.4%, respectively. With growth of 2.3%, China was one of the few economies to generate positive growth, although this was the weakest figure since 1976. The recovery in activity in China was particularly notable at the end of the year due to the very strong global demand for medical products and remote working equipment.

At the end of 2020, thanks to the progress made with vaccinations, the prospects for a more promising future have brightened, and uncertainty has eased for the first time since the outbreak of the pandemic.

Table 3 **GDP GROWTH IN 2020**

	2020	2019	Change (%)
Global	–3.5%	2.8%	*–6.3%*
Advanced economies	–4.9%	1.6%	*–6.6%*
Eurozone	–7.2%	1.3%	*–8.5%*
United States	–3.4%	2.2%	*–5.6%*
Switzerland	–3.3%	1.1%	*–4.4%*
Emerging markets and developing economies	–2.4%	3.6%	*–6.1%*
China	2.3%	6.0%	*–3.6%*
Russia	–3.6%	1.3%	*–5.0%*
Latin America	–7.4%	0.2%	*–7.5%*
Sub-Saharan Africa	–2.6%	3.2%	*–5.8%*

Source: IMF and SECO

2021, RECOVERY ON THE HORIZON

2021 has been marked by the race between the spread of new variants and vaccination, leading to waves of infection and further lockdowns.

As a result, for a few more quarters, social distancing measures and the partial closure of borders will continue to restrict activity. Little by little, advances in pharmaceuticals, a more effective tracing and isolation system and adaptations in behaviour appropriate to the situation will help control the pandemic, allowing restrictions on movement to be gradually lifted.

The support measures for employment and businesses, which have been in place since the beginning of the pandemic, will fuel the economic recovery once the restrictions have been lifted. These improvements should support consumption and investment, mobilising accumulated savings. The recovery will gain strength and speed as a growing number of activities restart.

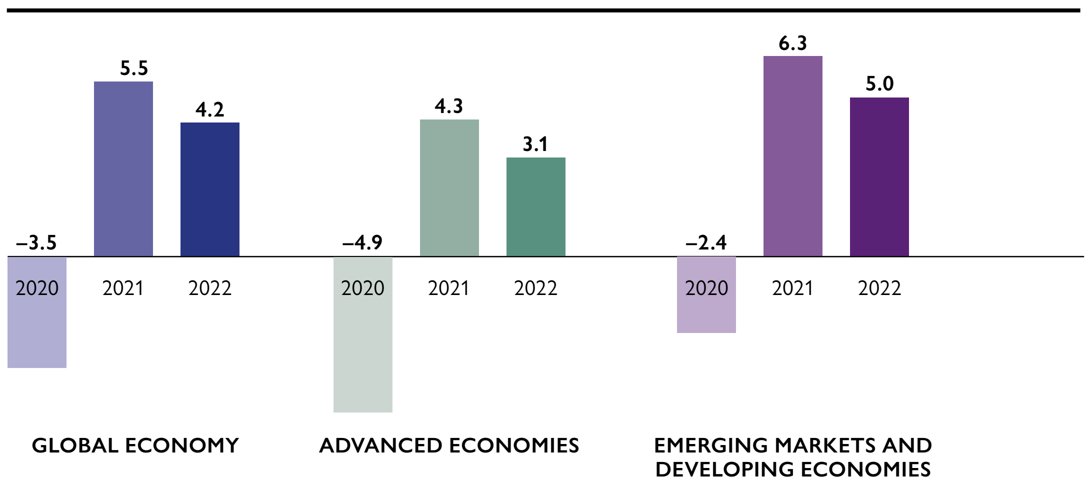
Against this backdrop, the International Monetary Fund expects the global economy to recover over the next two years, with global GDP up by around 5.5% in 2021, followed by 4.2% in 2022.

Like the crisis, the recovery will not be even across all countries, a factor that could change the power balance in the global economy over the long term.

The countries with the fastest pick-up in growth will be those with effective test, trace and isolate systems, and where vaccination programmes are rolled out quickly. China's rapid recovery from the pandemic has allowed it to close the gap with the US, the world's largest economy.

When this public health crisis is over, governments worldwide will have to work together to deal with a variety of issues, such as the growing number of epidemics, the explosion in government and corporate debt, the risk of inflation when consumption picks up, and the risk of bubbles bursting on the markets when central banks reduce their liquidity injections.

Figure 8 **IMF GROWTH FORECASTS 2021 AND 2022**

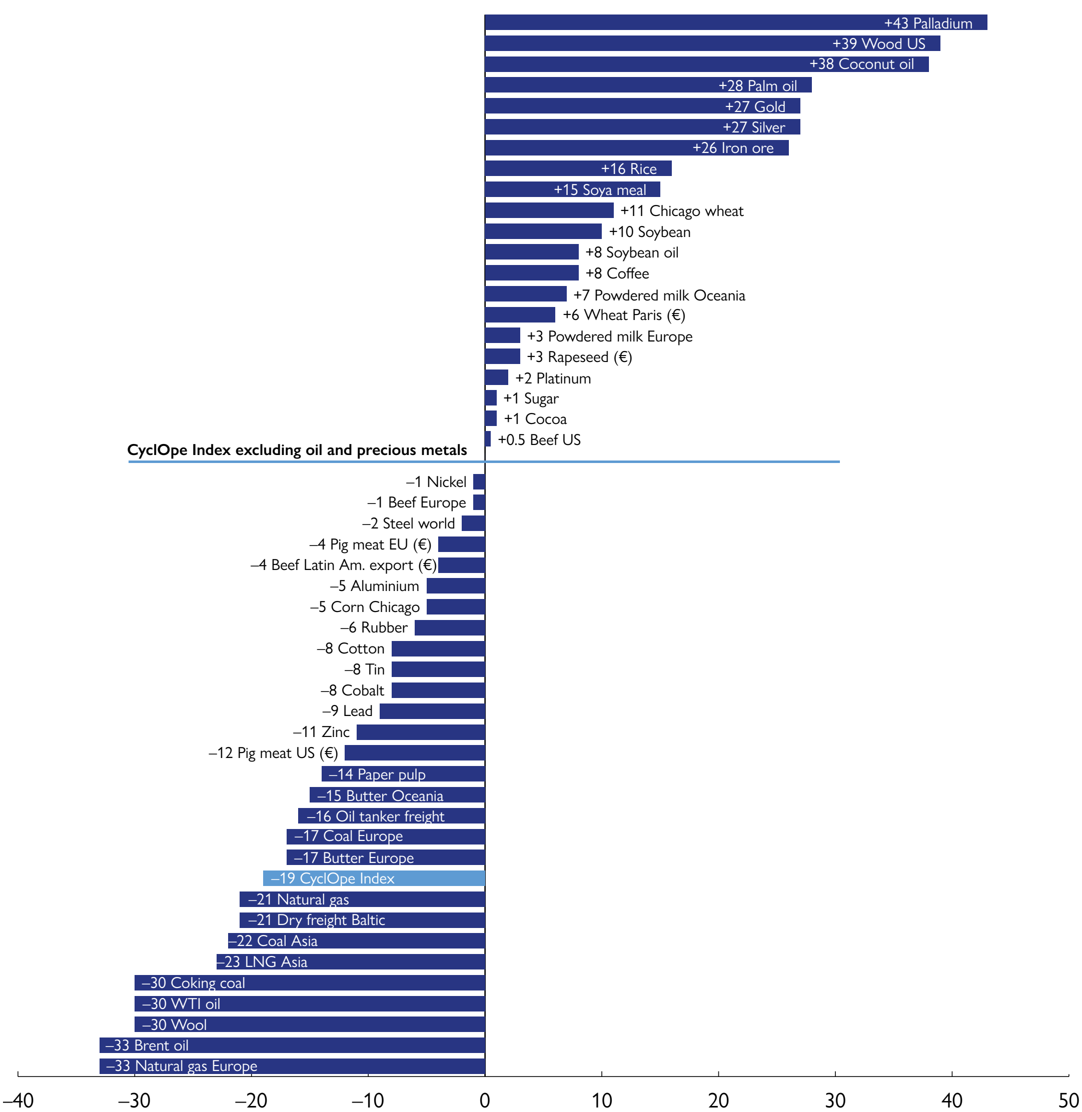


5.2 ECONOMIC ENVIRONMENT FOR COMMODITIES[5]

A COMMODITY MARKET IN DECLINE IN 2020

In 2020, the global commodity markets, as measured by the CyclOpe index, fell by 19% on average compared with 2019.

Figure 9 **CHANGE IN PRICES IN 2020 (PERCENTAGE RISE IN AVERAGE PRICES BETWEEN 2019 AND 2020), CERCLE CYCLOPE**



5 **Sources:**
- Analysis entitled "Marchés internationaux – Bilan 2020 et Prévisions 2021" (International markets – Review of 2020 and Forecasts for 2021), Cercle CyclOpe, Philippe Chalmin, January 2021
- "Pétrole: chronique d'un effondrement" (Oil: chronicle of a collapse), Observatoire français des conjonctures économiques

This fall in the CyclOpe index was the result of high volatility in commodity prices, a consequence of the various stages of the spread of the pandemic.

The virus first hit China, immediately impacting all the markets in which Chinese imports play a major role, such as iron ore and copper.

The virus then spread, forcing most western economies into lockdown in April and May 2020. The sharp fall in demand coupled with the oil price war initiated by Saudi Arabia led to a decline in energy prices, especially oil and natural gas, but also the price of certain non-food agricultural commodities, such as cotton and wool.

Returning to growth from the second quarter, China triggered a rally on the markets, including in ores and metals, but also cotton, rubber, grains and oilseeds.

ENERGY

The dual supply and demand crisis led to an unprecedented collapse in oil prices. Surplus oil required significant storage capacity. It is largely this issue that explains why, on 20 April 2020, WTI traded on the futures market at negative prices. Given the storage capacity crunch in Oklahoma, the holders of futures contracts anticipated high storage and transport costs if the oil was physically delivered to them. They therefore opted to offload their contracts. The strict reduction in production quotas then enabled the market to stabilise around USD 40-50 per barrel of Brent.

As a result, in 2020, the biggest price falls were for oil (–33%) and European natural gas (–33%).

At the end of the year, a cold and early winter led to a very spectacular price readjustment on the LNG market to USD 14 per MBtu, seven times more than in spring.

METALS AND MINING

Certain precious metals that act as safe havens during periods of uncertainty are doing well, such as palladium (+43%), gold (+27%) and rhodium (+184%), the price of which is soaring.

In terms of metals and mining, the fall in demand in the West was more than offset by the Chinese industrial recovery at the end of the second quarter.

For the first time in 2020, Chinese steel production exceeded one billion tonnes and, for the first time since 2013, the average price of iron ore exceeded USD 100 per tonne. Steel prices also rose, again driven by China.

The most paradoxical situation was that of aluminium, for which the market remained in surplus but whose price returned above USD 2,000 per tonne at the end of the year on the back of Chinese imports, despite the fact that China accounts for more than half of global production.

While nickel rose slightly despite being in surplus, this was not the case for cobalt and lithium, both of which posted a fall in prices owing to large inventories.

SOFT COMMODITIES

The coronavirus had little impact on the agricultural and food markets.

The main concern was another pandemic, African swine fever, which ravaged China's pig farming business before spreading to the rest of Asia and Europe. In 2020, China started to rebuild its livestock population, resulting in a growing need for soya and cereals.

Having been less affected by the coronavirus, agricultural markets only started to appreciate in the autumn following a deterioration in the climate and the adverse weather caused by La Niña. The rise in agricultural prices then accelerated at the end of the year due to strong demand from China for soya and cereals.

GROWTH PROJECTED FOR COMMODITIES IN 2021

Average prices are expected to rise by 19% in 2021 compared with 2020, driven by energy (natural gas +44% and oil +30%), assuming a slow improvement in the public health situation, climate factors limited to La Niña and no significant change in the geopolitical situation. China is likely to continue to be the key driver of global markets in 2021.

5.3 BIC-BRED (SUISSE) SA IN 2020

VERY STRONG RESULTS

BIC-BRED (Suisse) SA ended the 2020 financial year with strong income growth, including a 20% rise in its net banking income to CHF 21.9 million.

This increase in revenues resulted in a net result before the creation of the reserves for general banking risks of CHF 6.6 million, an increase of 9%. This was accompanied by a sound solvency ratio, a comfortable liquidity position and a high quality loan portfolio.

SOLVENCY STILL ROBUST

The strong income result in 2020 enabled the Bank to increase its equity capital. This rose by 7%, from CHF 98 million at 31 December 2019 to CHF 105 million at 31 December 2020.

As a result of the repayment of the subordinated loan of CHF 25 million to COFIBRED and the simultaneous capital increase by BIC-BRED SA, Paris in 2020, regulatory capital now consists exclusively of Common Equity Tier 1 capital (CET1).

The 21% increase in risk-weighted assets (RWA) was mainly due to the increase in amounts due from customers (+27%) and off-balance sheet assets (+19%). This 21% RWA increase compares favourably with the increase in the Bank's balance sheet and off-balance sheet total of 23%, showing a relative improvement in the risk profile.

The solvency ratio decreased in 2020, while remaining well above the regulatory requirement of 10.5%, falling from 19.7% as at 31 December 2019 to 17.3% as at 31 December 2020.

Table 4 **EXCERPT FROM SNB CRSABIS STATISTICS AS AT 31 DECEMBER 2019 AND 2020**

in CHF thousand	**31.12.2020**	**31.12.2019**	**Change** (absolute)	**Change** (%)
Eligible capital	104,738	98,157	*6,581*	*7%*
Of which common equity tier 1 capital (CET1)	104,738	73,157	*31,581*	*43%*
Risk-weighted assets (RWAs)	605,757	499,015	*106,742*	*21%*
Solvency ratio (%)	17.3%	19.7%	*–2.4%*	*–12%*
CET1 ratio (%)	17.3%	14.7%	*2.6%*	*18%*
Leverage ratio (%)	9.8%	11.3%	*–1.5%*	*–13%*

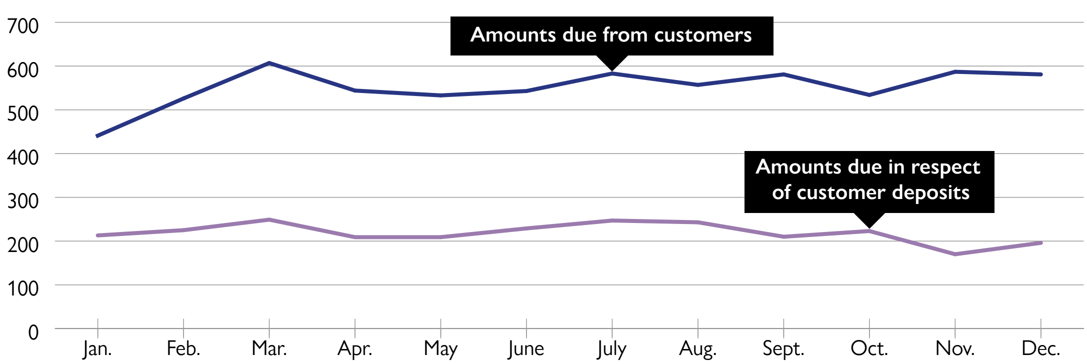
A COMFORTABLE LIQUIDITY PROFILE

The Bank mainly refinances with the BRED Group. At the same time, its strategy has been to develop deposit-taking from clients and its interbank facilities. This policy is intended to diversify its sources of refinancing.

In 2020, the Bank financed a little less than half of its advances to clients through deposits from clients. The remainder was financed by banks, for which commitments rose to meet the increase in activity, from CHF 467 million as at 31 December 2019 to CHF 671 million as at 31 December 2020.

The LCR is tightly managed to keep it within a range that allows regulatory refinancing costs to be optimised. This ratio was 135% as at 31 December 2020.

Figure 10 **CHANGE IN AMOUNTS DUE FROM CUSTOMERS AND CUSTOMER DEPOSITS IN 2020 (IN CHF THOUSAND)**



CREDIT POLICY

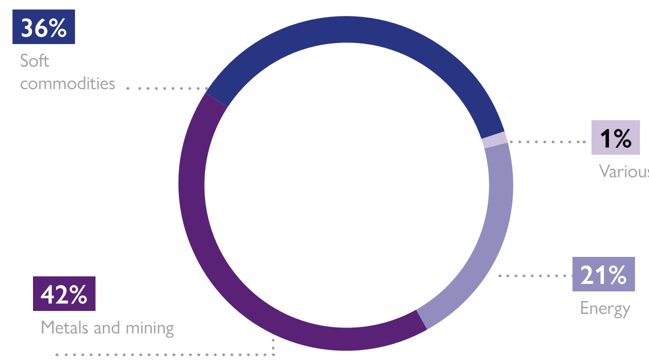
When it comes to granting loans, the Bank focuses on clients with which it is able to develop an uncommitted and relatively close transactional relationship. As at 31 December 2020, its clients were therefore mostly made up of trading companies registered in Switzerland (52% of amounts due from customers) or in Europe (18%).

The Bank manages its risks by being highly selective with regard to its clients and their transactions, carrying out detailed analysis that provides it with in-depth knowledge of the risks involved.

It also bases its approach on risk diversification, including having multiple types of counterparties (integrated groups, independent operators, etc.), allocating risk across different commodities, limiting unit amounts, acquiring specific collateral and controlling indirect risks.

In 2020, loans and commitments were distributed between sectors as follows:

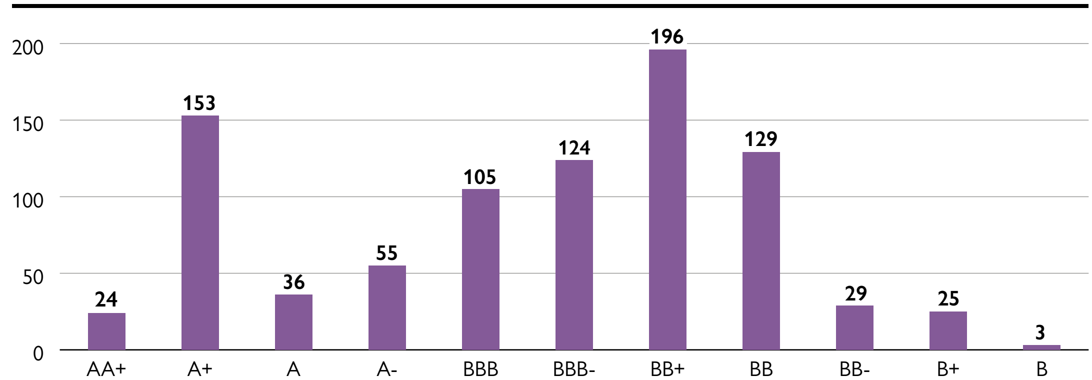
Figure 11 **DISTRIBUTION OF LOANS AND COMMITMENTS IN 2020**



The Bank targets clients with satisfactory financial positions, as shown in the chart that breaks down loans by internal rating as at 31 December 2020:

Provisions have been recognised for the full amount of impaired loans since the end of 2018. No new value adjustments have been recorded since.

Figure 12 **DISTRIBUTION OF NET CLIENT LOANS AND COMMITMENTS, BY INTERNAL RATING, AT 31 DECEMBER 2020 (IN CHF MILLION)**



Anne-Ly Zumbino,
Chief Risk Officer and
Stève-Eric Mensah,
Head of Credit Department

STÈVE-ERIC: AS WE CARRY OUT THIS ANNUAL REVIEW, WHAT DO YOU TAKE AWAY FROM 2020?

ANNE-LY: In the world of commodity trader financing, the key feature was of course the series of fraud cases of unprecedented magnitude, both in terms of number and the fact that they affected long-established companies of significant size trusted by bankers… hence the high exposures for banks that led to several of them withdrawing from the market.

STÈVE-ERIC: WHY IS THIS SIZE FACTOR IMPORTANT?

ANNE-LY: It poses several problems. On the one hand, we obviously lend higher amounts to large counterparties, and sometimes we become blinded and overlook the fact that a client may exceptionally default on all their loans and commitments in the event of fraud. On the other hand, the larger the client, the less the approach is strictly transactional. When clients have a turnover of several billion dollars, they are granted more flexible conditions, which is inevitable and understandable up to a certain point. When structured and theoretically transactional financing becomes cosmetic, the risks become significant and the capacity for recovery limited. Finally, in 2020, there were defaults on transactions without a physical "circle out" (as distinguished from paper hedging transactions) with well-known counterparties on the market. These transactions also raise questions: not only do they artificially inflate turnover and help to dull vigilance because they give a false air of respectability (high volumes with good counterparties), they also often pose netting problems. I would add that this is validated by the auditors and therefore very difficult to detect for a bank.

STÈVE-ERIC: WERE THERE ANY OTHER AGGRAVATING FACTORS?

ANNE-LY: Yes, these frauds have increased over time and show a very high degree of professionalism – hence the great difficulty the operational and risk teams have in detecting them.

STÈVE-ERIC: WAS EVERYTHING ABOUT THIS CRISIS NEW?

ANNE-LY: No. As much as the magnitude was a surprise, some of the causes gave us a sense of *déjà vu*: fraud revealed amid high volatility on the markets and in certain jurisdictions, fraud schemes based on the dual mobilisation of receivables and stocks, and netting transactions detrimental to banks.

At this level, all the control chains have a role to play, and measures must be implemented from the first serious alert. This requires firm action and coordination between departments, and it is not easy!

However, I note that in this tsunami, no parties were subject to sanctions and that this crisis has not become systemic: the market remains reasonable.

Finally, we note that the metals sector has remained unaffected. Lower volatility? A sector that is more focused on end-users and driven by China, a country that, ironically, did fairly well in 2020? Hard to say...

ANNE-LY: THE FACT REMAINS, HOWEVER, THAT THIS CRISIS HAS, ABOVE ALL, CAUSED CREDIT RISK PROBLEMS. IN YOUR VIEW, WHAT ARE THE RISK-MITIGATING FACTORS THAT NEED TO BE PUT IN PLACE OR REDISCOVERED?

STÈVE-ERIC: The commodity trading sector has actually largely been spared credit problems (liquidity crisis and bankruptcies). Our clients are “logistics specialists for commodities” essential to human activity. The public health crisis principally led to disruptions in the global supply chain and production chain, which meant that the duration of financing has had to be extended (storage or payment terms). On these less serious issues, banks were able to support their clients.

As you mentioned, the crisis above all revealed certain fraudulent practices, which are sometimes difficult to detect in a stable economic environment, among historical clients. We must therefore review the well-established rules of the transactional financing business, which I think have been eased due to the development of a more competitive banking market and the changing profile of traders towards more "corporate" structures.

ANNE-LY: WHAT MEASURES ARE YOU REFERRING TO, MORE SPECIFICALLY?

STÈVE-ERIC: It's hardly news to us that structured and transactional financing, like any specialised banking activity, requires in-depth due diligence of the client and their transactions before a relationship is entered into.

Second, credit analysis, which remains essential, must go beyond ratios and ensure that a client's business model, their ability to generate margins and the transactional analysis of their flows are consistent. This analysis must remain dynamic over time, drawing on reliable data and a good understanding of the client's operational structure.

The first line of defence remains above all the good understanding and the security of flows by the Front Office and the Middle Office that initiate the transactions. Certain safeguards to be adapted depending on the client are: financing based on original documents instead of copies of documents, recourse to supervisory bodies such as the IMB, the establishment of Collateral Management Agreements or Stock Management Agreements where possible, control by independent third parties, notification of receivables to assigned debtors, etc.

For a bank like ours, one of the measures is also the principle of risk division. Depending on the size of the parties involved and their stated solvency, we must be vigilant regarding the nominal value of transactions.

I also believe that interacting with players of all sizes (small or large traders) gives a good, in-depth understanding of market dynamics, which is necessary in order to have a certain level of responsiveness.

ANNE-LY: HOW CAN WE ACHIEVE COMMON MARKET PRACTICE?

STÈVE-ERIC: I am not sure that's possible or desirable. Each bank defines its risk appetite and makes its strategic choices. We have also seen that, post-crisis, several institutions have adopted selective measures based on new criteria (country risk, level of equity capital, shareholding structure, products, etc.). This boosts diversity within the banking offer.

That said, I am delighted that joint initiatives are under way in Singapore and Geneva, with a view to establishing a code of best practice that should allow us to support our clients in a healthier and better controlled environment over the long term.

PART 6

FINANCIAL DATA

FINANCIAL DATA

BIC-BRED (Suisse) SA continued its strong growth and posted excellent results in 2020. Revenues from banking activities and net banking income reached record levels of CHF 21.9 and CHF 7.0 million, respectively, supported by growth of the client portfolio.

Delphine Bourgès,
Head of Finance

LETTER FROM THE HEAD OF FINANCE

"This year, BIC-BRED (Suisse) SA had to navigate a tumultuous environment that saw the public health crisis, low interest rates, fraud on the trade finance market and the weakening of the dollar.

Despite the recessionary backdrop, the Bank continued to expand its business. Thanks in part to effective client support and strict vigilance, we maintained strong earnings growth (net banking income +20%) and did not register any credit losses.

The Bank continued its recruitment and IT investment in a conservative manner, but also strengthened its equity capital through a capital increase, attesting to the confidence shown by the Group. Thanks to our strong results, we have been able to start building reserves for general banking risks.

As is often the case, the figures presented below are valuable indicators of these events".

6.1 COMMENTARY ON THE FINANCIAL STATEMENTS

STRONG RISE IN NET BANKING INCOME

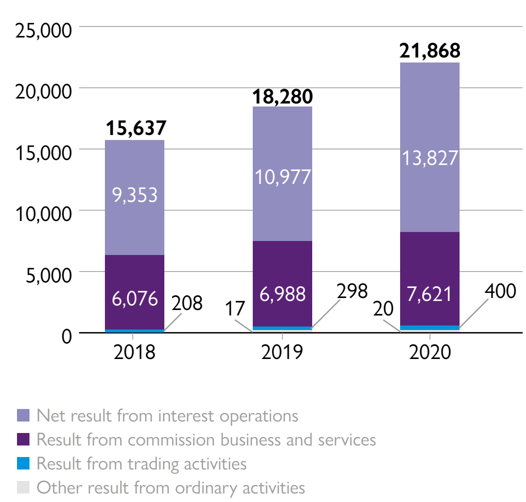
This year, net banking income increased by 20% to CHF 21,868k.

The sources of revenue changed as follows:

- The net result from interest operations increased by 26% to CHF 13,827k as a result of the growth in the number of clients and the volume of loans and commitments;
- The result from commission business increased by 9% to CHF 7,621k, due to the rise in the number of trade finance transactions and the development of market activities;
- The result of trading activities amounted to CHF 400k (+34%), following the increase in foreign exchange transactions;
- Other result from ordinary activities came out at CHF 20k (+17%).

As the Bank is primarily involved in commodity trade finance, the majority of its revenues are in dollars. The average USD/CHF rate in 2019 was 0.9938. It fell throughout 2020, reaching 0.8889 in December, a fall of 10.6% from its average in 2019. This change in the exchange rate had a negative impact on net banking income in 2020. Had the USD/CHF rate in 2020 been similar to that of 2019, growth in net banking income would have been around 26% instead of 20%.

Figure 13 **NET BANKING INCOME**
in CHF thousand



COST CONTROLS

Total operating expenses rose 24% to CHF 14,705k.

This increase in expenses breaks down as follows:

- Personnel expenses increased by 21% to CHF 11,777k.
  The Bank is gradually expanding its headcount in order to support its growth, while managing its risks. It therefore increased from 51.7 full-time equivalent employees as at 31 December 2019 to 60.3 full-time equivalent employees as at 31 December 2020.

- General and administrative expenses increased by 37% to CHF 2,928k.
  This increase is mainly due to three factors:
  - moving to larger premises at the end of 2019, in order to support the increase in the workforce;
  - the increase in IT costs, due to the increase in the number of software licences and the rise in remote working;
  - the stamp duty on issues payable by the Bank following the CHF 25 million capital increase.

The Cost/Income ratio, comparing Operating Expenses to Net Banking Income, was 67.2% (2019: 65.0%).

Figure 14 **OPERATING EXPENSES**
in CHF thousand

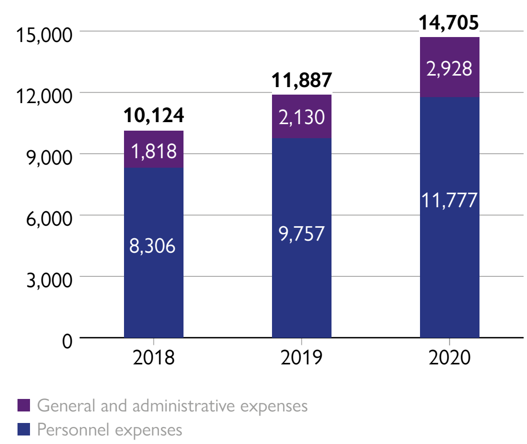
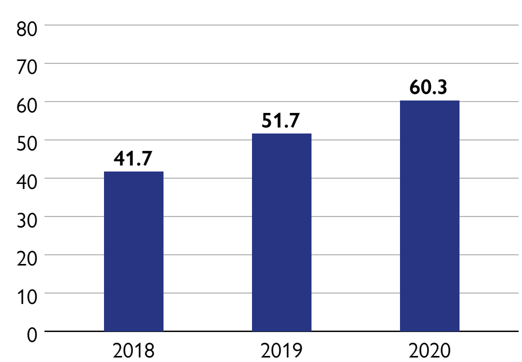


Figure 15 **HEADCOUNT**
full-time equivalents



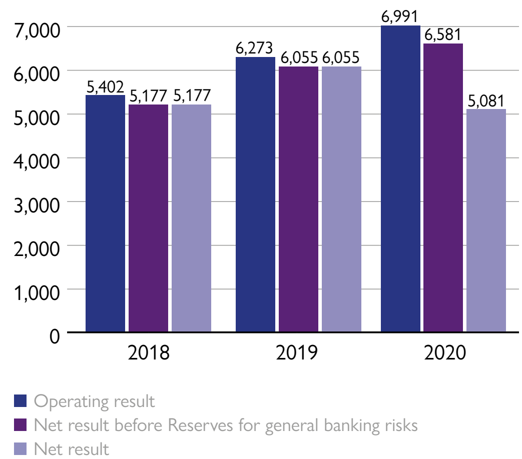
OPERATING RESULT AND NET RESULT

For the sixth financial year, the Bank maintained double-digit growth in operating income, which increased by 11% to CHF 6,991k.

The net result before allocation to the reserve for general banking risks was CHF 6,581k, an increase of 9% on the previous year, when the Bank had registered extraordinary income generated by its move.

In 2020, the Bank took the conservative and optional decision to create a reserve for general banking risks of CHF 1,500k. After this allocation, the 2020 net result fell by 16% to CHF 5,081k.

Figure 16 **OPERATING RESULT AND NET RESULT**
in CHF thousand



6.2 AUDIT OPINION

Regarding to the audit opinion, please refer to the French official version of the Annual Report 2020.

6.3 2020 FINANCIAL STATEMENTS

BALANCE SHEET

In CHF thousand

ASSETS	*Notes*	31.12.2020	31.12.2019
Liquid assets		196,728	135,570
Amounts due from banks	*15*	177,650	168,810
Amounts due from customers	*6*	580,850	456,924
Positive replacement values of derivative financial instruments	*7*	524	–
Financial investments	*8*	17,682	19,475
Accrued income and prepaid expenses		834	1,474
Tangible fixed assets	*9*	481	368
Other assets	*10*	65	–
Total assets		**974,814**	**782,621**

LIABILITIES			
Amounts due to banks	*15*	670,767	467,500
Amounts due in respect of customer deposits	*15*	196,206	238,509
Negative replacement values of derivative financial instruments	*7*	503	–
Accrued expenses and deferred income		2,569	3,438
Other liabilities	*10*	30	16
Liabilities subtotal		**870,075**	**709,463**
Reserves for general banking risks	*13*	1,500	–
Bank's capital	*14, 16*	103,074	78,074
Profit carried forward/loss carried forward		(4,916)	(10,971)
Profit/loss (result of the period)		5,081	6,055
Total equity		**104,739**	**73,158**
Total liabilities		**974,814**	**782,621**

Total subordinated liabilities		–	25,000
– of which subject to mandatory conversion and / or debt waiver	15	–	*25,000*

OFF-BALANCE SHEET TRANSACTIONS			
Contingent liabilities	*6, 22*	296,086	251,589
Irrevocable commitments	*6*	44,135	48,611
Credit commitments	*6, 23*	22,679	3,802

INCOME STATEMENT

In CHF thousand

RESULT FROM INTEREST OPERATIONS	Notes	31.12.2020	31.12.2019
Interest and discount income	*25*	14,838	18,037
Interest and dividend income from trading portfolios		–	–
Interest and dividend income from financial investments		542	574
Interest expense	*25*	(1,553)	(7,634)
Gross result from interest operations		**13,827**	**10,977**
Changes in value adjustments for default risks and losses from interest operations	*6, 13*	–	–
Subtotal net result from interest operations		**13,827**	**10,977**
RESULT FROM COMMISSION BUSINESS AND SERVICES			
Commission income from securities trading and investment activities		–	–
Commission income from lending activities		7,191	6,755
Commission income from other services		2,373	2,120
Commission expense		(1,943)	(1,887)
Subtotal result from commission business and services		**7,621**	**6,988**
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION	*24*	400	298
OTHER RESULT FROM ORDINARY ACTIVITIES			
Result from the disposal of financial investments		–	–
Other ordinary income		20	17
Other ordinary expenses		–	–
Subtotal other result from ordinary activities		**20**	**17**
OPERATING EXPENSES			
Personnel expenses	*26*	(11,777)	(9,757)
Other operating expenses	*27*	(2,928)	(2,130)
Subtotal operating expenses		**(14,705)**	**(11,887)**
Gross income		**7,163**	**6,393**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		(172)	(120)
Operating result		**6,991**	**6,273**
Extraordinary income	*28*	17	360
Extraordinary expenses	*28*	–	(131)
Changes in reserves for general banking risks	*13*	–1,500	–
Taxes	*29*	(427)	(447)
PROFIT (result of the period)		**5,081**	**6,055**

STATEMENT OF CHANGES IN EQUITY

In CHF thousand

	Bank's capital	Reserves for general banking risks	Profit/ loss carried forward	Result of the period	Total
Equity as at 31.12.2019	**78,074**	**–**	**(10,971)**	**6,055**	**73,158**
Capital increase/decrease	25,000	–	–	–	25,000
Allocation of 2019 result	–	–	6,055	(6,055)	–
Other allocations to (transfers from) the reserves for general banking risks	–	1,500	–	–	1,500
Profit / loss (result of the period)	–	–	–	5,081	5,081
Equity as at 31.12.2020	**103,074**	**1,500**	**(4,916)**	**5,081**	**104,739**

1. THE BANK'S BUSINESS NAME, LEGAL FORM AND DOMICILE

I. Business name, legal form and domicile

Banque Internationale de Commerce – BRED (Suisse) SA was granted authorisation to carry on a banking business in Switzerland on 21 September 2015. It took over the activities of the Genevan branch of Banque Internationale de Commerce – BRED Paris through a qualified capital increase with effect from 28 February 2015.

The Bank is headquartered in Geneva.

The Bank is wholly owned by Banque Internationale de Commerce – BRED SA, Paris (the Headquarters), whose shares are 99.99% owned by Compagnie Financière de la BRED SA (COFIBRED), which is itself wholly owned by BRED – Banque Populaire (the Group).

BRED Banque Populaire has a 4.95% interest in BPCE.

II. Headcount

As at 31 December 2020, the Bank employed 60.3 full-time equivalent employees, versus 51.7 at 31 December 2019.

III. Business activities

The Bank is active in international trade finance and, more specifically, in commodity finance (oil and oil derivatives, metals and ores, soft commodities, fertilisers, and raw materials, or materials that have undergone limited processing).

It provides its clients with a full range of services linked to this activity, such as lending based on the disbursement of funds or the issue of banking instruments by signature, hedging products provided through the Group's trading floor and other, similar transactions.

2. PRINCIPLES GOVERNING THE PREPARATION OF THE FINANCIAL STATEMENTS

I. Principles governing the preparation of the financial statements

The accounting, recognition and valuation principles are in keeping with the Swiss code of obligations (CO), the Banking law (BL) and its ordinance (BO), the Swiss Financial Market Supervisory Authority (FINMA) Ordinance on accounts (OEPC-FINMA) and the accounting rules for Banks, securities traders and financial groups and conglomerates defined by FINMA circular 2020/1. The Reliable assessment statutory single-entity financial statements present the Bank's economic position in such a way that third parties are able form an informed opinion thereof. The annual financial statements may contain hidden reserves.

The figures in the notes have been rounded for publication purposes.

Comparative data have been adapted to conform to the presentation of the 2020 financial statements where necessary.

II. General valuation principles

The financial statements have been prepared on the assumption that the Bank is a going concern. The items in the balance sheet have been recorded on a going concern basis.

The assets contain items that may be disposed of as a result of past events, from which it expects a flow of economic benefits, and whose value may be estimated with a sufficient degree of reliability. If it is not possible to reliably estimate the value of an asset, it becomes a contingent receivable, which is commented on in the notes.

Debts arising from past events that are likely to lead to an outflow of economic benefits from the company and whose value may be estimated with a sufficient degree of reliability are recorded on the liability side of the balance sheet. If it is not possible to reliably estimate the value of a liability, it becomes a contingent commitment, which is commented on in the notes.

The items presented in the balance sheet are valued individually.

III. Recording of transactions

Transactions are recorded in the balance sheet on the date on which they are entered into.

IV. Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates in force on the balance sheet date. Tangible fixed assets and intangible assets are translated at historical exchange rates. The foreign exchange gain or loss resulting from the translation of items into foreign currencies is recognised in "Result from trading activities and the fair value option".

Income and expenses denominated in foreign currencies are translated at the exchange rate in force on the date on which they are recognised.

The main foreign currencies were translated into Swiss Francs on the closing date at the following rates:

	31.12.2020	31.12.2019
USD	0.8832	0.9716
EUR	1.0856	1.0871
GBP	1.2012	1.2758

V. Treatment of interest

Past due interest and related commissions are not recorded as interest income. Interest and commissions that are more than ninety days overdue fall into this category. In the case of current account credit facilities used, interest and commissions are considered past due where the credit facility limit has been exceeded for more than ninety days. From then on, future interest and commissions accruing may no longer be credited to the income statement item "Interest and discount income" until no overdue interest has been outstanding for longer than ninety days.

A retroactive cancellation of interest income is not expressly prescribed. Receivables arising from interest accrued up to the expiry of the ninety day period (due and unpaid interest and accrued interest) are to be written off via the item "Changes in value adjustments for default risks and losses from interest operations".

3. VALUATION PRINCIPLES

I. Liquid assets

Liquid assets are recognised at their nominal value.

II. Amounts due from banks and amounts due from customers

Amounts due from banks and amounts due from customers are recognised at their nominal value, less any necessary value adjustments.

The discounting of money-market instruments is recognised in accrued income and charged to the income statement until maturity.

III. Positive and negative replacement values of derivative financial instruments

Financial instruments are measured at their fair value and their positive or negative replacement values are presented in the corresponding balance sheet items. The fair value is based on market prices.

The result realised from trading transactions and the unrealised valuation result from trading activities is recognised in “Result from trading activities and the fair value option”.

IV. Tangible fixed assets

Investments in tangible fixed assets that are used for more than one accounting period are carried on the balance sheet at their acquisition cost and depreciated on a straight-line basis over their foreseeable lifetime.

Tangible fixed assets are depreciated on a straight-line basis through “Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets”, in accordance with their useful life, estimated on a conservative basis. The estimated useful life may be summarised as follows:

- Fixtures: 5 years;
- IT software purchased: 3 to 5 years;
- Office equipment and furniture: 3 years.

The Bank test whether, on the balance sheet date, the value of any tangible fixed asset is impaired. This test is to be based on indications reflecting a possible impairment of individual assets. If it notes such signs, the Bank determines the recoverable amount of each asset. An asset is impaired if its book value exceeds its recoverable amount.

If the assessment reveals a change in the asset’s useful life or an impairment the Bank depreciates the residual book value in accordance with a plan based on the new useful life or recognises an unplanned depreciation charge.

Where an impairment exists, the book value is to be reduced to reflect the recoverable amount and the impairment loss is recognised on the debit side in “Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets”.

Gains made from the sale of tangible fixed assets are recognised in “Extraordinary income”, and the losses made in “Extraordinary expenses”.

V. Financial investments

Financial investments consist of securities acquired for medium- and long-term investment purposes and equity securities intended neither for trading nor for permanent investment.

Held-to-maturity interest-bearing securities (marketable securities) are measured at their acquisition value, taking into account any premiums or discounts (rate components) accrued over time (accrual method). The gains and losses resulting from a sale or an early redemption are recorded proportionally until the original maturity date. Changes in value linked to the risk of default are recorded in “Changes in value adjustments for default risks and losses from interest operations”.

VI. Amounts due to banks and amounts due in respect of customer deposits

These items are recognised at their nominal value.

VII. Provisions

In line with the precautionary principle, provisions may be recognised for any potential or proven risks of losses on the balance sheet date linked to a balance sheet commitment. These risks are regularly reviewed by the Executive Board. If a provision seems necessary, it is recognised in the income statement.

VIII. Reserves for general banking risks

Reserves for general banking risks are reserves that are established as a precaution to cover the Bank’s business risks.

Reserves for general banking risks are not taxable up to the set threshold.

IX. Pension benefit obligations

Employees are insured with a collective pension foundation. The pension plans are organised, managed and funded in accordance with the law, the foundation’s articles of association and the pension regulations in force. The Bank’s five pension plans are defined contribution schemes.

The Bank bears the costs of the professional pensions of employees and their survivors in accordance with the law. The employer contributions to pension plans are recorded in “Personnel expenses”.

The Bank assesses whether, on the balance sheet date, it has any economic benefits or commitments outstanding with pension plan providers.

The economic benefits of the pension plans (including the employer contribution reserve the use of which has not been waived) are carried in the balance sheet in “Other assets” and the economic commitments in “Provisions”. Value adjustments relating to economic benefits/commitments in respect of the previous period are recorded in “Personnel expenses” in the income statement.

X. Equity capital

Equity capital consists of the share capital, general banking risk reserves, retained earnings and the earnings of the period.

XI. Taxes

Current income taxes consist of recurring taxes, generally paid annually, on income and capital. They do not include transaction taxes.

Liabilities from current income taxes and capital taxes are recognised in “Accrued income and prepaid expenses” in the income statement.

Current income taxes on income and capital are recognised in “Taxes” in the income statement.

XII. Off-balance sheet transactions

Contingent liabilities and irrevocable commitments as well as credit commitments are recorded off-balance sheet at their nominal value.

XIII. Structure of the notes

The notes follow the structure set out by FINMA in circular 2020/1 Accounting – Banks. Items that are not relevant to the Bank are not included in the notes.

4. RISK MANAGEMENT

I. Introduction

The Bank's risk policy is based on the general policy of the Group to which it belongs. Risks are monitored using a system approved by the Board of Directors.

The members of the Board of Directors and the Executive Board are regularly informed about the Bank's position, the condition of its portfolio, its income and the related risks.

The Bank is exposed to the following risks: credit, market, liquidity, operational and legal risks. One of the Bank's key responsibilities is the monitoring, identification, measurement and management of these risks.

II. Credit risks

FOUNDATIONS OF THE LENDING SYSTEM

The same credit risk management is applied whether the credit risks involve exposure to companies, banks or financial institutions, and is structured along several lines:

- carrying out specific, detailed analysis each year for every credit application in accordance with clearly established preconditions;
- assigning a rating to the counterparty based on an internal assessment grid;
- collegiate decision-making by credit committees based on the credit analysis produced by the sales teams and separate analysis carried out by the Credit Risk Department;
- risk division principles dictated by compliance with regulatory limits and the establishing of thresholds based on sector, counterparty type and country risk;
- procedures describing these components of the lending process and the lending policy.

MONITORING OF LOANS

The loans that are granted are closely monitored at various levels, particularly covering:

- the legal (or other) documentation required;
- compliance with the limits granted and their terms (due dates, specific conditions, etc.);
- the indirect risks that may be encountered in connection with certain transactional operations (see below).

This monitoring is carried out by departments that are independent of the Sales Division. This mainly involves the Credit Risk and Permanent Control Departments.

For loans based on a self-liquidating transactional approach, i.e. the financing of commodities reimbursed using their sale proceeds, the Bank has a specific department, the Collateral Management Department, which closely monitors the status of the underlying asset being financed (commodity stored in a port or in transit with a marketable security, etc.). The Bank also carries out due diligence checks on the entities with which its clients work and that may have an impact on lending, such as brokers and warehousekeepers.

Credit monitoring is also carried out through portfolio reviews.

RISK MITIGATION MEASURES

The risk mitigation measures that are currently applied are:

- pledges over liquid assets;
- guarantees received from entities belonging to BRED or the BRED Group;
- guarantees issued by other financial institutions or insurance companies with good external ratings (i.e. at least investment grade) for which credit approval has been arranged to allow the risk to be transferred to these entities, and provided that the guarantees meet the conditions set out in Circular 2017/7 Credit risk – Banks, Margin Nos. 281 to 296.

These measures are grouped together under "Other collateral" in note 6.

VALUATION OF COLLATERAL

When carrying on its international trade finance activity, the Bank usually grants collateral-based loans, i.e. loans based on documents proving the existence of commodities (such as bills of lading or warehousing certificates) or receivables. This collateral is not included in "collateral" as it does not enable credit risk to be formally reduced and does not always have an indisputable legal value. Notwithstanding these points, in practice, collateral is the main way in which loans are repaid if a debtor defaults and is therefore a major component of risk management.

Collateral is periodically revalued by the Collateral Management Department.

IDENTIFICATION OF NON-PERFORMING LOANS RECEIVABLES

Loan receivables are non-performing if any of the following payments has not been received in full more than 90 days after the due date:

- payment of interest;
- payment of fees;
- repayment of principal.

The basic debt itself is deemed to be non-performing if an interest, fee and/or reimbursement payment linked to it is non-performing. Loans/receivables to debtors in liquidation are always considered to be non-performing.

IDENTIFICATION OF IMPAIRED LOANS/ RECEIVABLES AND VALUE ADJUSTMENTS

Loans/receivables in respect of which the debtor will unlikely be able to fulfil its future obligations are deemed to be impaired.
If the total impaired loans/receivables exceed the amount that is likely to be received after analysis of the cover and collateral, a specific provision equal to the difference between the book value and the probable realisable value (or the liquidation value) must be recognised.
The liquidation value is calculated as follows:

- fair value of the collateral that must be liquidated after deduction of the estimated selling costs or
- value of the expected cash flows discounted by applying the rate of return before default and by using reasonable and justified assumptions and projections or
- observable market value of the loan if that is a reliable indicator of the estimated recoverable amount.

MONITORING OF DISTRESSED LOANS

The Bank has a specific system for monitoring distressed loans involving committees, procedures, etc.
An identification system is also in place so that the following can be appropriately monitored:

- sensitive transactions: identification of transactions that present a higher recovery risk but for which recovery is not considered to be problematic and that do not result in the assessment of the client being changed ("one-off account incident");
- loans presenting a high risk despite there being no proven risk event. These loans are included in the performing loan watchlist (WL). Loans are added to the performing loan WL either as a result of a decision by a credit committee or automatically because certain criteria have been met.
- non-performing loans, which are included in the doubtful loan WL.

III. Counterparty risk in interbank operations

In respect of interbank transactions, the Bank never enters into a business relationship without carrying out a detailed assessment of the default risk. Compliance with limits is regularly monitored by the credit risk function. Counterparty ratings are reviewed on an annual basis within the BPCE group.

If extreme market events occur, the Bank continuously assesses the situation so that it can instantly respond to an increase in risk.

IV. Market risks

INTEREST RATE RISKS

Interest rate risk arises as a result of the Bank's exposure to an adverse fluctuation in interest rates, based on its on- and off-balance sheet positions. A sharp rise or fall in interest rates, depending on the balance sheet and off-balance sheet structure, may lead to a loss of income, or even a negative interest margin.

In view of the Bank's activity, interest rate risks are mainly caused by the following active and passive items: amounts due from and amounts due to banks and customers.

FOREIGN EXCHANGE RISKS

The Bank may be exposed to a foreign exchange risk with regard to its income given that its income statement is in CHF and its main source of income is in USD and, to a lesser degree, EUR.

Foreign exchange positions resulting from the Bank's balance sheet are systematically hedged. The strategy consists of balancing assets and liabilities denominated in the same currency. The Bank is therefore not exposed to significant foreign exchange risk.

LIQUIDITY RISKS

The Treasury Department verifies compliance with limits and objectives. It monitors liquid assets, the financing position and concentration risks.

The Bank's approach to liquidity management aims to generate a solid liquidity position that ensures that the Bank is always able to meet its payment obligations on time.

Regular checks are carried out on all major cash flows and on the availability of top tier collateral that may be used to provide additional liquidity.

V. Operational risks

GENERAL PRINCIPLES AND ASSESSMENT

Operational risks are defined as risks of direct or indirect losses arising from an inadequacy or malfunction attributable to procedures, human involvement, systems or external events.

Operational and compliance risks are assessed with regard to direct financial losses and the consequences that would result from a loss of client confidence. The primary aim of operational risk management is to strengthen the institution's reputation in the eyes of clients, shareholders and the regulator.

Operational risks are measured based on losses resulting from normal and extreme situations. The Permanent Control Department manages a database of incidents that have given rise to losses. For risk management purposes, it breaks down the loss events into different risk groups and determines measures to reduce the potential losses. It regularly reports on the results of its controls to the Executive Board.

MONITORING AND SAFEGUARDING PROCESS

Measures are taken to reduce the occurrence of losses associated with processes, IT security, control systems and training. The business continuity plan also helps to ensure operational security in the event of either internal or external disasters.

The key controls are documented in line with uniform principles. All the Bank's departments conduct annual assessments of their internal control processes to measure their operational effectiveness. The Business Continuity Management Plan is tested once a year. The observations made during this test are noted in the internal control report produced for the Executive Board. The improvements suggested in the report are validated by the Bank's management bodies.

COMPLIANCE AND LEGAL RISK

The Compliance Department monitors the strict application of the the Bank and the Group's internal rules and compliance with the regulatory framework in force. The Compliance Department is responsible for monitoring the enactment of new regulations by supervisory authorities and governments and their integration into the Bank's procedures and operations.

VI. Policy on the use of derivative financial instruments and hedge accounting

The Bank does not use hedge accounting. Derivative financial instruments are used to manage risk and are principally used to hedge against interest rate and foreign exchange risks and, under certain conditions, to reduce credit risks, including those relating to future transactions. Hedging transactions are always entered into with external counterparties. The Bank uses BRED's trading floor to enter into this type of transaction.

5. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date.

DETAILS ON THE INDIVIDUAL ITEMS IN THE NOTES TO ANNUAL FINANCIAL STATEMENTS

In CHF thousand

6. PRESENTATION OF COLLATERAL FOR LOANS/RECEIVABLES AND OFF-BALANCE-SHEET TRANSACTIONS, AS WELL AS IMPAIRED LOANS/RECEIVABLES

		Type of collateral			
LOANS AND BILLS OF EXCHANGE		Secured by mortgage	Other collateral	Unsecured	Total
Amounts due from customers		–	142,702	452,902	595,604
Total loans and bills of exchange (before netting with value adjustments)	**31.12.2020**	**–**	**142,702**	**452,902**	**595,604**
	31.12.2019	–	118,625	354,529	473,154
Total loans and bills of exchange (after netting with value adjustments)	**31.12.2020**	**–**	**142,702**	**438,148**	**580,850**
	31.12.2019	–	118,625	338,299	456,924

OFF BALANCE SHEET					
Contingent liabilities		–	63,585	232,501	296,086
Irrevocable commitments		–	14,095	30,040	44,135
Credit commitments		–	11,109	11,570	22,679
Off-balance sheet total at	**31.12.2020**	**–**	**88,789**	**274,111**	**362,900**
	31.12.2019	–	48,298	255,704	304,002

		Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Total impaired receivables	**31.12.2020**	**19,523**	**–**	**19,523**	**19,523**
	31.12.2019	21,477	–	21,477	21,477

In CHF thousand

7. PRESENTATION OF DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

		Trading instruments		
FOREIGN EXCHANGE/PRECIOUS METALS		Positive replacement values	Negative replacement values	Contract volume
Forward contracts		524	503	40,422
Total before netting agreements	**31.12.2020**	**524**	**503**	**40,422**
– of which determined using a valuation model		–	–	–
Total before netting agreements	31.12.2019	–	–	–
– of which determined using a valuation model		–	–	–

		Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after netting agreements	**31.12.2020**	**524**	**503**
	31.12.2019	–	–

BREAKDOWN BY COUNTERPARTY		Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	**31.12.2020**	**–**	**24**	**500**

The Bank does not hold any hedging instruments and does not enter into any positive or negative replacement value netting agreements.

In CHF thousand

8. FINANCIAL INVESTMENTS

	Book value		Fair value	
BREAKDOWN OF FINANCIAL INVESTMENTS	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Debt securities	17,682	19,475	18,196	19,937
– of which intended to be held to maturity	*17,682*	*19,475*	*18,196*	*19,937*
– of which not intended to be held to maturity (available for sale)	–	–	–	–
Equity securities	–	–	–	–
– of which qualified participations	–	–	–	–
Precious metals	–	–	–	–
Real estate	–	–	–	–
Total	17,682	19,475	18,196	19,937
– of which securities eligible for repo transactions in accordance with liquidity requirements	–	–	–	–

BREAKDOWN OF COUNTERPARTIES BY MOODY'S RATING CATEGORY	31.12.2020	31.12.2019
Aaa-Aa3	17,682	19,475
A1-A3	–	–
Baa1-Baa3	–	–
Ba1-Ba2	–	–
Ba3	–	–
B1-B3	–	–
Caa1-C	–	–
Total debt securities	17,682	19,475

In CHF thousand

9. TANGIBLE FIXED ASSETS

	Acquisition cost	Accumulated depreciation	Book value at 31.12.2019	Additions	Disposals	Depreciation	Book value at 31.12.2020
Acquired software	737	(579)	158	229	(79)	(61)	247
Other tangible fixed assets	441	(231)	210	135	–	(111)	234
Total tangible fixed assets	**1,178**	**(810)**	**368**	**364**	**(79)**	**(172)**	**481**

Depreciation is calculated on a straight-line basis based on their estimated useful life,
subject to the following maximum periods:
- 5 years for plant and fixtures and fittings;
- 3 to 5 years for software;
- 3 years for office equipment and furniture.

OPERATING LEASE COMMITMENTS, NOT CARRIED ON THE BALANCE SHEET, ACCORDING TO DUE DATE

On 1 October 2019, the Bank entered into a lease over business premises in Geneva for an initial term of 10 years and 4 months, i.e. until 31 January 2030. This lease generates future rent expenditure totalling CHF 8.1 million:

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years[1]	Total
Operating lease commitments	780	843	898	921	921	3,761	**8,124**

1 From 1 December 2025, the basic rent corresponding to the annual rent for the sixth year is deemed to be indexed to the official Swiss consumer price index (ISPC). As this indexing cannot be known in advance, the amount of the rent for years 6 to 10 is based on the annual rent for 2025.

In CHF thousand

10. BREAKDOWN OF OTHER ASSETS AND OTHER LIABILITIES

	Other assets		Other liabilities	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Indirect taxes	–	–	30	16
Coupons	65	–	–	–
Total	**65**	**–**	**30**	**16**

11. DISCLOSURE OF ASSETS PLEDGED OR ASSIGNED TO SECURE OWN COMMITMENTS AND OF ASSETS UNDER RESERVATION OF OWNERSHIP

There were no assets pledged or assigned as collateral as at 31 December 2020 (2019: idem).

12. ECONOMIC SITUATION OF OWN PENSION SCHEMES

PRESENTATION OF THE ECONOMIC BENEFIT/OBLIGATION AND THE PENSION EXPENSES

	Overfunding/ underfunding	Economic interest of the bank/ financial group		Change in economic interest versus previous year	Contributions paid for the current period	Pension expenses in personnel expenses	
	31.12.2020	31.12.2020	31.12.2019	31.12.2020	31.12.2020	31.12.2020	31.12.2019
Pension plans without overfunding/ underfunding	–	–	–	–	–	1,340	962
Total	**–**	**–**	**–**	**–**	**–**	**1,340**	**962**

Banque Internationale de Commerce BRED (Suisse) SA signed an affiliation agreement with the collective foundation AXA Fondation LPP Suisse romande, Winterthur, on 1 January 2016, which, at the very least, complies with the law regarding professional pension schemes in Switzerland. The pension schemes are classified in accordance with Swiss standards on defined contribution schemes.

There are five pension plans:
- choice of three basic plans for all employees, except for those on the Executive Board;
- two plans for the Executive Board (one covering fixed salaries and one covering bonuses).

As at 31 December 2020, 62 employees were insured.

The accounts of the collective foundation, AXA Fondation LPP Suisse romande, Winterthur apply the measures for professional pension plans set out in Swiss standard GAAP RPC.

There were no employer contribution reserves in 2020.

The Bank had no pension commitments towards the pension scheme as at 31 December 2020.

In CHF thousand

13. PRESENTATION OF VALUE ADJUSTMENTS AND PROVISIONS, RESERVES FOR GENERAL BANKING RISKS

	Position at 31.12.2019	Use in conformity with designated purpose	Reclassi-fications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Position at 31.12.2020
Other provisions	–	–	–	–	–	–	–	–
Total provisions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Reserves for general banking risks	**–**	**–**	**–**	**–**	**–**	**1,500**	**–**	**1,500**
Value adjustments for default and country risks	**21,477**	**–**	**–**	**(1,954)**	**–**	**–**	**–**	**19,523**
– of which, value adjustments for default risks in respect of impaired loans/receivables	*21,477*	–	–	*(1,954)*	–	–	–	*19,523*

Provisions have been recognised for the full amount of impaired loans/receivables since the end of 2018.
No new value adjustments were recorded in 2020.

14. PRESENTATION OF THE BANK'S CAPITAL

	31.12.2020			31.12.2019		
	Par value (in CHF)	Number of shares	Capital eligible for dividend (in CHF thousand)	Par value (in CHF)	Number of shares	Capital eligible for dividend (in CHF thousand)
Share capital	100	1,030,740	103,074	100	780,738	78,074
– of which paid up	*100*	*1,030,740*	*103,074*	*100*	*780,738*	*78,074*
Total bank's capital	**100**	**1,030,740**	**103,074**	**100**	**780,738**	**78,074**

In 2020, the Bank carried out a CHF 25 million capital increase fully subscribed for by its sole shareholder, Banque Internationale de Commerce-BRED, Paris.

In CHF thousand

15. DISCLOSURE OF AMOUNTS DUE FROM/TO RELATED PARTIES

Transactions with related parties, on and off the balance sheet, are entered into on market terms.

	Amounts due from		Amounts due to	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Holders of qualified participations[1]	123,226	91,301	628,293	448,796
Linked companies[2]	3,612	1,996	44,712	49,255
Transactions with members of governing bodies	–	–	–	–
Total	**126,838**	**93,297**	**673,005**	**498,051**

1 On 29 December 2015, the Bank took out a CHF 25 million subordinated loan with COFIBRED containing a PONV clause. This loan was repaid on 7 October 2020.

2 Amounts due to linked companies include a CHF 23.9 million commitment towards COFACE RE, a wholly owned subsidiary of COFACE, a company consolidated using the equity method by the BPCE Group.

OTHER OFF-BALANCE SHEET TRANSACTIONS WITH RELATED PARTIES

As at 31 December 2020, the off-balance sheet statement contained a guarantee for Banque du Léman (a related company) of CHF 6.5 million (2019: the same amount).

16. DISCLOSURE OF HOLDERS OF SIGNIFICANT PARTICIPATIONS

HOLDERS OF SIGNIFICANT PARTICIPATIONS AND GROUPS OF HOLDERS OF PARTICIPATIONS WITH POOLED VOTING RIGHTS	31.12.2020		31.12.2019	
	Nominal	% of equity	Nominal	% of equity
Banque Internationale de Commerce – BRED (with voting right)	100	100%	100	100%

The Bank is wholly-owned by Banque Internationale de Commerce – BRED, a 99.99% subsidiary of Compagnie Financière de la BRED (COFIBRED), which is a wholly owned subsidiary of BRED Banque Populaire.

RIGHTS AND RESTRICTIONS LINKED TO THE BANK'S CAPITAL

All shares are fully paid up.

To be able to exercise their voting rights and the rights attached to shares, holders of registered shares must be recognised by the Board of Directors and be registered on the shareholder register. Consent may be withheld if shareholders do not declare that they have purchased the shares in their own name and on their own behalf, or if the voting rights of a registered shareholder exceed 5% of the total number of registered shares in issue.

These are the only restrictions on shareholder voting rights.

In CHF thousand

17. PRESENTATION OF THE MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS

		At sight	Cancellable	Due				
ASSETS/FINANCIAL INSTRUMENTS				within 3 months	within 3 to 12 months	within 12 months to 5 years	No maturity	Total
Liquid assets		196,728	–	–	–	–	–	196,728
Amounts due from banks		124,194	–	48,900	4,556	–	–	177,650
Amounts due from customers		–	354,218	220,372	6,260	–	–	580,850
Positive replacement values of derivative financial instruments		524	–	–	–	–	–	524
Financial investments		–	–	–	17,682	–	–	17,682
Total	**31.12.2020**	**321,446**	**354,218**	**269,272**	**28,498**	**–**	**–**	**973,434**
	31.12.2019	242,714	262,764	239,197	16,629	19,475	–	780,779

		At sight	Cancellable	within 3 months	within 3 to 12 months	within 12 months to 5 years	No maturity	Total
DEBT CAPITAL/FINANCIAL INSTRUMENTS								
Amounts due to banks		40,391	–	550,376	80,000	–	–	670,767
Amounts due in respect of customer deposits		139,645	–	38,106	18,455	–	–	196,206
Negative replacement values of derivative financial instruments		503	–	–	–	–	–	503
Total	**31.12.2020**	**180,539**	**–**	**588,482**	**98,455**	**–**	**–**	**867,476**
	31.12.2019	130,437	–	527,743	22,829	–	25,000	706,009

In CHF thousand

18. PRESENTATION OF ASSETS AND LIABILITIES BY DOMESTIC AND FOREIGN ORIGIN IN ACCORDANCE WITH THE DOMICILE PRINCIPLE

	31.12.2020		31.12.2019	
ASSETS	**Switzerland**	**Foreign**	**Switzerland**	**Foreign**
Liquid assets	196,728	–	135,570	–
Amounts due from banks	2,217	175,433	15,509	153,302
Amounts due from customers	304,690	276,160	260,516	196,407
Positive replacement values of derivative financial instruments	495	29	–	–
Financial investments	–	17,682	–	19,475
Accrued income and prepaid expenses	300	534	1,309	165
Tangible fixed assets	481	–	368	–
Intangible assets	–	–	–	–
Other assets	–	65	–	–
Total	**504,911**	**469,903**	**413,272**	**369,349**

LIABILITIES				
Amounts due to banks	1,770	668,997	20,594	446,906
Amounts due in respect of customer deposits	113,268	82,938	145,585	92,924
Negative replacement values of derivative financial instruments	1	502	–	–
Accrued income and prepaid expenses	2,438	131	2,999	439
Other liabilities	30	–	16	–
Reserves for general banking risks	1,500	–	–	–
Bank’s capital	103,074	–	78,074	–
Loss carried forward	(4,916)	–	(10,971)	–
Profit/loss (result of the period)	5,081	–	6,055	–
Total	**222,246**	**752,568**	**242,352**	**540,269**

In CHF thousand

19. ASSETS BY COUNTRY IN ACCORDANCE WITH THE DOMICILE PRINCIPLE

	31.12.2020		31.12.2019	
	Absolute	Share as %	Absolute	Share as %
SWITZERLAND	504,911	51.80%	413,272	52.81%
EUROPE				
Belgium	2,311	0.24%	–	0.00%
Cyprus	3,387	0.35%	2,320	0.30%
Spain	2	0.00%	1,669	0.21%
France	148,222	15.21%	126,095	16.11%
Luxembourg	32,751	3.36%	34,720	4.44%
Netherlands	8,251	0.85%	–	0.00%
UK	57,026	5.85%	45,893	5.86%
Jersey	2,511	0.26%	817	0.10%
MIDDLE EAST				
United Arab Emirates	47,884	4.91%	12,628	1.61%
Turkey	1,551	0.16%	–	0.00%
NORTH AMERICA				
States	36,385	3.73%	57,062	7.29%
Canada	16,329	1.68%	7,001	0.89%
Panama	26	0.00%	–	0.00%
AFRICA				
Benin	–	0.00%	12,466	1.59%
Burkina Faso	6,597	0.68%	–	0.00%
Egypt	8,356	0.86%	–	0.00%
Mali	2,778	0.28%	–	0.00%
Morocco	4,813	0.49%	3,930	0.50%
Mauritius	2,452	0.25%	–	0.00%
Senegal	6,749	0.69%	5,938	0.76%
ASIA				
China	1,298	0.13%	11,945	1.53%
Hong Kong	–	0.00%	696	0.09%
Singapore	80,224	8.23%	46,169	5.90%
TOTAL ASSETS	974,814	100%	782,621	100%

In CHF thousand

20. BREAKDOWN OF TOTAL ASSETS BY CREDIT RATING OF COUNTRY GROUPS (RISK DOMICILE VIEW)

NET FOREIGN EXPOSURE	31.12.2020		31.12.2019	
External rating of countries according to Moody's	Absolute	Share as %	Absolute	Share as %
Aaa-Aa3	24,580	2.52%	331,081	89.64%
A1-A3	915,614	93.93%	11,945	3.23%
Baa1-Baa3	2,478	0.25%	1,669	0.45%
Ba1-Ba2	7,662	0.79%	6,250	1.69%
Ba3	6,749	0.69%	5,938	1.61%
B1-B3	–	0.00%	12,466	3.38%
Caa1-C	17,731	1.82%	–	0.00%
Total	**974,814**	**100.0%**	**369,349**	**100.0%**

In CHF thousand

21. PRESENTATION OF ASSETS AND LIABILITIES BROKEN DOWN BY THE MOST SIGNIFICANT CURRENCIES FOR THE BANK

	31.12.2020					
ASSETS	**CHF**	**EUR**	**USD**	**GBP**	**Other**	**Total**
Liquid assets	196,728	–	–	–	–	196,728
Amounts due from banks	112,555	40,956	23,465	666	8	177,650
Amounts due from customers	180	27,959	525,389	27,322	–	580,850
Positive replacement values of derivative financial instruments	–	–	524	–	–	524
Financial investments	–	–	17,682	–	–	17,682
Accrued income and prepaid expenses	408	49	373	4	–	834
Tangible fixed assets	481	–	–	–	–	481
Other assets	–	–	65	–	–	65
Total assets shown in balance sheet	**310,352**	**68,964**	**567,498**	**27,992**	**8**	**974,814**
Delivery entitlements from spot exchange, forward forex and forex options transactions	–	–	–	–	–	–
Total assets	**310,352**	**68,964**	**567,498**	**27,992**	**8**	**974,814**

LIABILITIES						
Amounts due to banks	200,000	19,016	427,329	24,422	–	670,767
Amounts due in respect of customer deposits	3,279	49,729	139,608	3,585	5	196,206
Negative replacement values of derivative financial instruments	–	503	–	–	–	503
Accrued income and prepaid expenses	2,434	123	12	–	–	2,569
Other liabilities	30	–	–	–	–	30
Reserves for general banking risks	1,500	–	–	–	–	1,500
Bank's capital	103,074	–	–	–	–	103,074
Profit carried forward/loss carried forward	(4,916)	–	–	–	–	(4,916)
Profit/loss (result of the period)	5,081	–	–	–	–	5,081
Total liabilities shown in the balance sheet	**310,482**	**69,371**	**566,949**	**28,007**	**5**	**974,814**
Delivery obligations from spot exchange, forward forex and forex options transactions	–	–	–	–	–	–
Total liabilities	**310,482**	**69,371**	**566,949**	**28,007**	**5**	**974,814**

NET POSITION PER CURRENCY	(130)	(407)	549	(15)	3	–

In CHF thousand

22. BREAKDOWN AND EXPLANATION OF CONTINGENT ASSETS AND LIABILITIES

	31.12.2020	31.12.2019
Guarantees to secure credits and similar	–	–
Irrevocable commitments arising from documentary letters of credit	281,346	222,589
Other contingent liabilities	14,740	29,000
Total contingent liabilities	**296,086**	**251,589**

Contingent assets arising from tax losses carried forward	–	688
Total contingent assets	**–**	**688**

23. BREAKDOWN OF CREDIT COMMITMENTS

	31.12.2020	31.12.2019
Commitments resulting from deferred payments	22,679	3,802
Commitments by acceptance	–	–
Other loans by commitment	–	–
Total loans by commitment	**22,679**	**3,802**

24. BREAKDOWN OF THE RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION

	31.12.2020	31.12.2019
Foreign currencies	400	298
Total result from trading activities	**400**	**298**

The Bank does not use the fair value option.

25. DISCLOSURE OF NEGATIVE INTERESTS

	31.12.2020	31.12.2019
Negative interests on assets	677	826
Negative interests on liabilities	986	757

The negative interests on assets is presented as a deduction from interest and discount income, and the negative interests on liabilities as a deduction from interest expense.

In CHF thousand

26. BREAKDOWN OF PERSONNEL EXPENSES

	31.12.2020	31.12.2019
Salaries	9,451	8,032
– of which expenses relating to share-based compensation and alternative forms of variable compensation	–	–
Social insurance benefits	2,171	1,591
Other personnel expenses	155	134
Total personnel expenses	**11,777**	**9,757**

27. BREAKDOWN OF GENERAL AND ADMINISTRATIVE EXPENSES

	31.12.2020	31.12.2019
Office space expenses	955	488
Expenses for information and communications technology	519	334
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	17	14
Fees of audit firm (art. 961a ch. 2 of the Swiss Code of Obligations)	90	94
– of which for financial and regulatory audits	*90*	*94*
– of which for other services	–	–
Other operating expenses	1,347	1,200
Total other operating expenses	**2,928**	**2,130**

28. EXPLANATIONS REGARDING MATERIAL LOSSES, EXTRAORDINARY INCOME AND EXPENSES, AS WELL AS MATERIAL RELEASES OF HIDDEN RESERVES, RESERVES FOR GENERAL BANKING RISKS, AND VALUE ADJUSTMENTS AND PROVISIONS NO LONGER REQUIRED

	31.12.2020	31.12.2019
Non-recurring non-operating gains	17	360
Total extraordinary income	**17**	**360**
Non-recurring non-operating expenses	–	(131)
Total extraordinary expenses	**–**	**(131)**

Various real estate experts assisted the Bank with its move in 2019.

As the actual expense in 2020 was lower than the amount provisioned in 2019, this resulted in extraordinary income of CHF 17k.

DETAILS ON THE INDIVIDUAL ITEMS IN THE NOTES TO ANNUAL FINANCIAL STATEMENTS
(continued)

In CHF thousand

29. PRESENTATION OF CURRENT TAXES

	31.12.2020	31.12.2019
Expense for the current tax on capital for the year	429	345
Adjustment of the tax expense for the previous year	(2)	102
Total tax expense	**427**	**447**

The tax expense mainly corresponds to the tax on capital (around 0.39%) as the Bank has just finished using up its loss carried forward as at 31 December 2020.

The average tax rate for 2020 based on the Bank's operating income was 6.1%.

PROPOSED DISTRIBUTION OF EARNINGS

In CHF thousand

	31.12.2020	31.12.2019
Profit/loss	5,081	6,055
+/- Profit/loss carried forward from the previous financial year	(4,916)	(10,971)
Profit/loss on the balance sheet	**165**	**(4,916)**

Allocation to the statutory retained earnings reserve	165	–
Profit/loss carried forward to the new financial year	**–**	**(4,916)**

PART 7

REGULATORY DISCLOSURES

REGULATORY DISCLOSURES

The information set out below was prepared in accordance with the requirements of FINMA Circular 2016/1 “Regulatory Disclosures”.

Banks under foreign ownership are subject to reduced publication requirements if comparable information is published at group level outside Switzerland. Please refer to the “2020 Pillar III Report” published by the BPCE Group for further information.

Table 5 **KEY REGULATORY FIGURES (KM1)**

	ELIGIBLE CAPITAL (in CHF thousand)	**31.12.2020**	**31.12.2019**
1	Common Equity Tier 1 capital (CET 1)	104,738	73,157
2	Tier 1 capital (T1)	104,738	98,157
3	Total capital	104,738	98,157
	RISK-WEIGHTED ASSETS (RWAs) (in CHF thousand)		
4	RWAs[6]	605,757	499,015
4a	Minimum capital requirements	48,461	39,921
	RISK-BASED CAPITAL RATIOS (% of RWAs)		
5	CET1 ratio (%)	17.29%	14.66%
6	Tier 1 ratio (%)	17.29%	19.67%
7	Total capital ratio (%)	17.29%	19.67%
	CET1 CAPITAL BUFFER REQUIREMENTS (% of RWAs)		
8	Capital buffer under the minimum Basel standard (%)	2.50%	2.50%
9	Countercyclical capital buffers (art. 44a of the Swiss Capital Ordinance) under the minimum Basel standard (%)	0.00%	0.00%
10	Additional capital buffer for international or national systemic risk (%)	0.00%	0.00%
11	Total capital buffer requirements under the minimum Basel standard (CET1 quality, %)	2.50%	2.50%
12	CET1 capital available to cover the capital buffer requirements under the minimum Basel standard (after deduction of CET1 capital allocated to covering the minimum requirements and, where applicable, to covering the TLAC requirements) (%)	9.29%	10.16%

6 The 21% increase in risk-weighted assets (RWA) was due to the increase in amounts due from customers (+27%) and off-balance sheet assets (+19%).

	TARGET CAPITAL RATIOS UNDER APPENDIX 8 TO THE SWISS CAPITAL ORDINANCE (% of RWAs)	31.12.2020	31.12.2019
12a	Capital buffer under appendix 8 to the Swiss Capital Ordinance (%)	2.50%	2.50%
12b	Countercyclical capital buffers (art. 44 and 44a of the Swiss Capital Ordinance) (%)	0.00%	0.00%
12c	Target CET1 ratio (%) under appendix 8 to the Swiss Capital Ordinance plus the countercyclical capital buffers under art. 44 and 44a of the Swiss Capital Ordinance	7.00%	7.00%
12d	Target T1 ratio (%) under appendix 8 to the Swiss Capital Ordinance plus the countercyclical capital buffers under art. 44 and 44a of the Swiss Capital Ordinance	8.50%	8.50%
12e	Target total capital ratio (%) under appendix 8 to the Swiss Capital Ordinance plus the countercyclical capital buffers under art. 44 and 44a of the Swiss Capital Ordinance	10.50%	10.50%

	BASEL III LEVERAGE RATIO		
13	Total commitment (in CHF thousand)	1,063,944	865,564
14	Basel III leverage ratio (Tier 1 capital as a % of the total commitment)	9.84%	11.34%

	LIQUIDITY COVERAGE RATIO (LCR)[7]	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q4 2019
15	LCRnumerator: sum of HQLAs (in CHF thousand)	175,502	173,318	185,806	226,846	163,384
16	LCR denominator: net sum of cash outflows (in CHF thousand)	139,216	143,898	150,562	174,697	129,790
17	Liquidity coverage ratio (LCR) (%)	126.06%	120.45%	123.41%	129.85%	125.88%

The Swiss Federal Council has introduced a financing ratio for banks aimed at guaranteeing their long-term stability (NSFR). Once this new regulation comes into force, expected for mid-2021, the NSFR ratio will be added to the key figures presented above.

7 The LCR's numerator and denominator figures correspond to the average values for each of the last four quarters.

8 PARTNERSHIPS

BIC-BRED (Suisse) is a member of several umbrella associations and organisations active on the financial markets.

Swiss Trading and Shipping Association
The STSA is the main professional association for the trading and shipping of goods in Switzerland.

Geneva Chamber of Commerce and Industry (CCIG)
The purpose of the CCIG is to ensure a strong economy, conducive to local businesses a long-term sustainment of their activities.

Swiss-African Business Circle
The SABC is the main association promoting business contacts and links between Switzerland and Africa. It provides an important network and platform dedicated to the exchange of expertise, experience, projects and ideas.

Agence Pour la Coopération et le Développement (ABPCD)
The ABPCD helps to improve banking systems and financial organisations, serving economies and developing private sector financing.

Fondation Genève Place Financière
The FGPF is the umbrella association for the financial sector and its main objective is to promote the development and advancement of the sector.

Cercle CyclOpe
Cercle CyclOpe is a research company specialising in the analysis of global commodity markets. It is also a global network of around fifty experts on these markets.

Forum Francophone des Affaires (FFA)
The FFA aims to strengthen dialogue between the economic and political worlds through events and meetings (heads of state and governments, ministers).

EsiSuisse
The purpose of EsiSuisse is to implement, in the event of forced liquidation or protective measures imposed against a bank or securities house, the provisions of Article 37h of the Banking Act relating to self-regulation.

IMPRESSUM

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