Disclosures – statutory

Information relating to Capital adequacy ratios, Liquidity Coverage Ratio (LCR) and Leverage ratio of the statutory financial statements

KM1: Key metrics

(in 1'000 CHF)		a	b	c	d	e
		31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	46 822				46 930
2	Tier 1	46 822				46 930
3	Total capital	59 192				60 967
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	224 485				264 913
4a	Minimum capital requirement	17 959				21 193
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	20.86 %				17.72 %
6	Tier 1 ratio (%)	20.86 %				17.72 %
7	Total capital ratio (%)	26.37 %				23.01 %
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50 %				2.50 %
9	Countercyclical buffer requirement (%)	0.00 %				0.00 %
11	Total of bank CET1 specific buffer requirements (%)	2.50 %				2.50 %
12	CET1 available after meeting the bank's minimum capital requirements (%)	14.86 %				11.72 %
Target capital ratios according to Annex 8 CAO (in % of RWA)						
12a	Capital buffer according to Annex 8 CAO (%)	3.20 %				2.50 %
12b	National countercyclical buffer (articles 44 et 44a CAO) (%)	0.00 %				0.00 %
12c	CET1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44 a CAO	7.40 %				7.00 %
12d	T1 target ratio (in %) according to Annex 8 CAO plus national countercyclical buffer in accordance with Articles 44 and 44a CAO	9.00 %				8.50 %
12e	Total capital target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accprdance with articles 44 and 44a CAO	11.20 %				10.50 %

(in 1'000 CHF)	a	b	c	d	e
	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
Basel III leverage ratio					
13 Total exposure (CHF)	637 730				542 410
14 Basel III leverage ratio (%)	7.34 %				8.65 %
Liquidity Coverage Ratio					
15 Total HQLA	144 089	166 038	135 081	141 503	141 204
16 Total net cash outflow	35 079	37 447	36 891	44 463	39 417
17 LCR ratio (%)	410.75 %	443.39 %	366.16 %	318.25 %	358.24 %
Net Stable Funding Ratio (2)					
18 Total available stable funding	468 885				485 260
19 Total required stable funding	250 607				307 459
20 NSFR ratio	187.10 %				157.83 %

OV1: Overview of risk weighted assets

(in 1'000 CHF)		a	b	c
		RWA	RWA	Minimum Capital Requirement
		31.12.2021	31.12.2020	31.12.2021
1	Credit risk	135 933	156 412	10 875
20	Market risk	3 228	23 178	258
24	Operational risk	85 323	85 323	6 826
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	–	–	–
27	**Total (1+20+24+25)**	224 485	264 913	17 959

Capital requirements

The following approaches are adopted by the Bank with regards to the calculation of the capital requirements:

Credit risk

- *External rating agencies (governments, public corporations, banks, corporates):* Moodys and S&P
- *Risk mitigation:* Comprehensive approach
- *Haircut:* Standard supervisory haircuts
- *Model applied for derivatives:* Standardised approach

Market risk

- *Standardised approach for interest rate risk:* Maturity method
- *Standardised approach for options:* Simplified approach

Operational risk

- *Measurement method:* Basis indicator approach

LIQA: Liquidity risk management

Please refer to the "Liquidity" section on page 23 of the introductory notes to the financial statements.

CR1: Credit risk: Credit quality of assets

	(in 1'000 CHF)	a	b	c	d
		31.12.2021			
		Gross carrying values of [1]		[2] Allowances/ impairments	Net values (a + b - c)
		[3] Defaulted exposures	Non-defaulted exposures		
1	Loans (excluding debt securities)	2 457	555 539	12 457	545 539
2	Debt securities	—	41 174	—	41 174
3	Off-balance sheet exposures	—	28 952	—	28 952
4	**Total Reporting Period**	2 457	625 665	12 457	615 665

1 On and off-balance-sheet items with a credit risk exposure as defined in the capital adequacy provisions (with the exception of counterparty credit risks). On balance-sheet items shall include loans and debt securities. Off balance-sheet items must be measured using the following criteria: 1) Guarantees granted: the maximum amount that the bank would have to pay if the guarantee were called (gross amount, i.e. gross of any credit conversion factor (CCF) and prior to appying credit risk mitigation (CRM) techniques; 2) Irrevocable loan commitments must not be included. The gross value shall correspond to the carrying value before taking into account any valuation adjustments but after deducting any write-offs (write-offs are defined as being a direct reduction of the carrying amount made by tha bank if recovering the receivable is no longer possible). Banks must not take into account any credit risk mitigation technique of any type.

2 Total amount of valuation adjustments recorded without taking into account the fact that these cover impaired exposures as well as latent risks and direct write-offs.

3 In the case of SA-BIS, this included and impaired exposures, In the case of IRB, section 452 of the Basel minimum standards (Basel II text) gives the definition for regulatory purposes.

CR3: Credit risk: Credit risk mitigation techniques – overview

(in 1'000 CHF)	a	c	e&g
		31.12.2021	
	[1] Unsecured exposures/ carrying amount	[2] Secured exposures, actual collateralized amount	[3] Exposures secured by financial guarantees
Loans (including debt securities)	487 637	109 076	—
Off balance sheet	11 683	8 122	—
TOTAL	499 319	117 198	—
Of which defaulted	—	—	—

1 carrying amount of exposures (net of value adjustments) that do not benefit from a credit risk mitigation technique.

2 carrying amount of exposures (net of value adjustments) partly of totally secured by collateral, regardless of what portion of the original exposure is secured.

3 carrying amount of exposures (net of value adjustments) partly of totally secured by guarantees or credit derivatives, regardless of what portion of the original exposure is secured.

ORA: Operational risk: general information

Operational Risks

Please refer to the "Operational risks" section on page 23 of the introductory notes to the financial statements.

Capital Requirements

Please refer to the previous section OV1, subsection "Capital Requirements".

IRRBA: Interest rate risk: Objectives and guidelines for the management of interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) is a measure of the risk to a bank's capital and to its earnings arising from the movement of interest rates. This risk generally arises from repricing risk, basis risk, yield curve risk and risk arising from options.

Excessive levels of interest rate risks can significantly affect the economic value of equity (EVE) as well as the bank's earnings, defined as the net interest income (NII). It is therefore essential to establish an effective risk management process that effectively measures and contains these risks at established levels.

The Board of Directors overviews the Bank risk management and risk strategy process, and defines the interest rate risk appetite for the Bank on an annual basis. This is essentially performed with the validation of the IRR Global Limit of Banque Heritage (Suisse).

The General Management is responsible for the organization and operation of the management of the IRRBB. The Risk Management function monitors the interest rate risk on a daily basis. Furthermore, the interest rate risk is reviewed by the Asset and Liability Committee (ALM) of the Bank on a regular basis.

A formal measure of the IRRBB as defined by circular FINMA 2019/02 is performed by the Bank on a quarterly basis. Interest rate risk is measured using indicators to measure the changes in economic value of the banking book, indicators to measure changes in earnings as well as gap maturities analysis. The six regulatory scenarios that are to be applied within this measure as defined by Circular FINMA 2019/2 are i) Parallel shift up; ii) Parallel shift down; iii) Steepener shock; iv) Flattener shock; v) Rise in short-term interest rates; vi) Fall in short-term interest rates.

The mapping process is established on product-specific payment streams that exist within the balance sheet of the Bank at the date of generation of the formal measures.

Discounted interest rates are based on present interbank interest rates. Intermediary inexistent rates are linearly extrapolated.

Replication keys are integrated in our internal model with a conservative approach with respect to maturities of the underlying balance sheet structure. These replication keys may be modified should the respective balance sheet(s) not reflect the underlying replication key assumptions. Within these replication keys, term deposits are treated as being withdrawn 70% within one month and 30% within one year to reflect potential behavioural early withdrawals.

Table IRRBBA1: Interest rate risk: quantitative information on the exposure's structure and interest rate fixing date

Fixed and flexible tables

	Volume in CHF million			Average interest rate reset period (in years)	
	Total	Of which in CHF	Of which other significant currencies *	Total	Of which in CHF
Defined interest rate reset date					
Amounts due from banks	155.62	–	155.62	0.08	–
Amounts due from customers	76.51	25.59	50.93	0.28	0.27
Fixed rate mortgage	44.03	38.29	5.74	0.47	0.39
Financial investments	41.94	–	41.94	0.85	–
Other receivables	–	–	–	–	–
Amounts due to banks	–	–	–	–	–
Amounts due in respect of client deposits	–	–	–	–	–
Undefined interest rate reset dates					
Amounts due from banks	53.35	3.47	29.45	0.08	0.08
Amounts due from customers	8.59	5.59	2.98	0.22	0.22
Money market mortgage (LIBOR-based mortgages)	0.74	0.74	–	1.04	1.04
Amounts due in respect of client deposits	515.89	87.81	392.86	0.22	0.22
Other payables	3.61	0.52	2.36	0.08	0.08
Total	**900.28**	**162.01**	**681.88**	**–**	**–**

** representing more than 10% of assets or liabilities of total assets*

Table IRRBB1: Interest rate risk: quantitative information on the exposure's net present value and interest rate income

(in 1'000 CHF)	DELTA EVE		DELTA NII	
Period	31.12.2021	30.06.2021	31.12.2021	30.06.2021
Parallel shift up	415	168	(2 321)	(3 502)
Parallel shift down	(413)	(150)	2 282	3 443
Steepener shock 1	(410)	(366)		
Flattener shock 2	507	408		
Rise in short-term interest rates	641	453		
Fall in short-term interest rates	(646)	(449)		
Maximum	(646)	(449)	(2 321)	(3 502)

Period	31.12.2021	30.06.2021
Tier 1 capital	46 822	45 651

For each of the supervisory prescribed interest rate shock scenarios, the bank must report for the current period and for previous period: (1) The change in the economic value of equity based on its IMS, using a run-off balance sheet and an instantaneous shock or based on the result of the standardised framework as set out in Section IV if the bank has chosen to adopt the framework or has been mandated by its supervisor to follow the framework. (2) The change in projected NII over a forward-looking rolling 12-month period compared with the bank's own best estimate 12-month projections, using a constant balance sheet assumption and an instantaneous shock.

Disclosures – consolidated

Presentation of eligible capital

KM1: Key metrics

(in 1'000 CHF)		a	b	c	d	e
		31.12.2021	30.9.2021	30.6.2021	31.3.2021	31.12.2020
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	83 456				84 362
2	Tier 1	83 456				84 362
3	Total capital	90 774				84 362
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	457 807				444 630
4a	Minimum capital requirement	36 625				35 570
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	18.23 %				18.97 %
6	Tier 1 ratio (%)	18.23 %				18.97 %
7	Total capital ratio (%)	19.83 %				18.97 %
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital convervation buffer requirement (2.5% from 2019) (%)	2.50 %				2.50 %
9	Countercyclical buffer requirement (%)	0.00 %				0.00 %
11	Total of bank CET1 specific buffer requirements (%)	2.50 %				2.50 %
12	CET1 available after meeting the bank's minimum capital requirements (%)	11.83 %				10.97 %
Target capital ratios according to Annex 8 CAO (in % of RWA)						
12a	Capital buffer according to Annex 8 CAO (%)	3.20 %				2.50 %
12b	National countercyclical buffer (articles 44 et 44a CAO) (%)	0.00 %				0.00 %
12c	CET1 target ratio (in %) according to Annex 8 CAO plus national countercyclical buffer in accordance with Articles 44 and 44 a CAO	7.40 %				7.00 %
12d	T1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	9.00 %				8.50 %
12e	Total capital target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accprdance with articles 44 and 44a CAO	11.20 %				10.50 %

(in 1'000 CHF)		a	b	c	d	e
		31.12.2021	30.9.2021	30.6.2021	31.3.2021	31.12.2020
Basel III leverage ratio						
13	Total exposure (CHF)	1 129 073				870 004
14	Basel III leverage ratio (%)	7.40 %				9.70 %
Liquidity Coverage Ratio						
15	Total HQLA	314 401	166 038	135 081	141 503	141 204
16	Total net cash outflow	152 714	59 518	65 821	72 350	66 330
17	LCR ratio (%)	205.88 %	278.97 %	205.23 %	195.58 %	212.88 %
Net Stable Funding Ratio (2)						
18	Total available stable funding	792 497				761 385
19	Total required stable funding	526 712				611 171
20	NSFR ratio	150.46 %				124.58 %

OV1: Overview of risk weighted assets

(in 1'000 CHF)		a	b	c
		RWA	RWA	Minimum Capital Requirement
		31.12.2021	31.12.2020	31.12.2021
1	Credit risk	305 031	308 454	24 402
20	Market risk	31 262	14 708	2 501
24	Operational risk	121 514	121 468	9 721
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	–	–	–
27	**Total (1+20+24+25)**	457 807	444 630	36 625

Capital requirements

The following approaches are adopted by the Bank with regards to the calculation of the capital requirements

Credit risk

- *External rating agencies (governments, public corporations, banks, corporates):* Moodys and S&P
- *Risk mitigation:* Comprehensive approach
- *Haircut:* Standard supervisory haircuts
- *Model applied for derivatives:* Standardised approach

Market risk

- *Standardised approach for interest rate risk:* Maturity method
- *Standardised approach for options:* Simplified approach

Operational risk

- *Measurement method:* Basis indicator approach

LIQA: Liquidity risk management

Please refer to “Liquidity” section on page 59 of the introductory notes to the consolidated financial statements.

CR1: Credit risk: Credit quality of assets

	(in 1'000 CHF)	a	b	c	d
		31.12.2021			
		Gross carrying values of [1]		[2] Allowances/ impairments	Net values (a + b - c)
		[3] Defaulted exposures	Non-defaulted exposures		
1	Loans (excluding debt securities)	8 395	843 503	16 357	835 541
2	Debt securities	—	224 994	—	224 994
3	Off-balance sheet exposures	—	37 314	—	37 314
4	**Total Reporting Period**	8 395	1 105 811	16 357	1 097 848

On and off-balance-sheet items with a credit risk exposure as defined in the capital adequacy provisions (with the exception of counterparty credit risks). On balance-sheet items shall include loans and debt securities. Off balance-sheet items must be measured using the following criteria: 1) Guarantees granted: the maximum amount that the bank would have to pay if the guarantee were called (gross amount, i.e. gross of any credit conversion factor (CCF) and prior to appying credit risk mitigation (CRM) techniques; 2) Irrevocable loan commitments must not be included. The gross value shall correspond to the carrying value before taking into account any valuation adjustments but after deducting any write-offs (write-offs are defined as being a direct reduction of the carrying amount made by tha bank if recovering the receivable is no longer possible). Banks must not take into account any credit risk mitigation technique of any type.

2 *Total amount of valuation adjustments recorded without taking into account the fact that these cover impaired exposures as well as latent risks and direct write-offs.*

3 *In the case of SA-BIS, this included and impaired exposures, In the case of IRB, section 452 of the Basel minimum standards (Basel II text) gives the definition for regulatory purposes.*

CR3: Credit risk: Credit risk mitigation techniques – overview

(in 1'000 CHF)	a	c	e&g
	31.12.2021		
	[1] Unsecured exposures /carrying amount	[2] Secured exposures, actual collateralized amount	[3] Exposures secured by financial guarantees
Loans (including debt securities)	911 095	162 995	—
Off balance sheet	21 436	15 877	—
TOTAL	932 531	178 872	—
Of which defaulted	*2 037*	—	—

1 *carrying amount of exposures (net of value adjustments) that do not benefit from a credit risk mitigation technique.*

2 *carrying amount of exposures (net of value adjustments) partly of totally secured by collateral, regardless of what portion of the original exposure is secured.*

3 *carrying amount of exposures (net of value adjustments) partly of totally secured by guarantees or credit derivatives, regardless of what portion of the original exposure is secured.*

ORA: Operational risk: general information

Operational Risks

Please refer to the "Operational risks" section on page 59 of the introductory notes to the financial statements.

Capital Requirements

Please refer to the previous section OV1, subsection "Capital requirements".

IRRBA: Interest rate risk: Objectives and guidelines for the management of interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) is a measure of the risk to the banking group's capital and to its earnings arising from the movement of interest rates. This risk generally arises from repricing risk, basis risk, yield curve risk and risk arising from options.

Excessive levels of interest rate risks can significantly affect the economic value of equity (EVE) as well as the bank's earnings, defined as the net interest income (NII). It is therefore essential to establish an effective risk management process that effectively measures and contains these risks at established levels.

The Board of Directors of the parent company, overviews the Group risk management and risk strategy process, and defines the interest rate risk appetite for the Group on an annual basis. This is essentially performed with the validation of the IRR Global Limit of the Group.

The General Management is responsible for the organization and operation of the management of the IRRBB. The Risk Management function of both banks monitors the interest rate risk of their respective Bank on a daily basis. Furthermore, the interest rate risk is reviewed by the Asset and Liability Committee (ALM) of the parent company on a regular basis.

A formal measure of the IRRBB as defined by circular FINMA 2019/02 is performed by the Bank on a semestrial basis. Interest rate risk is measured using indicators to measure the changes in economic value of the banking book, indicators to measure changes in earnings as well as gap maturities analysis. The six regulatory scenarios that are to be applied within this measure as defined by Circular FINMA 2019/2 are i) Parallel shift up; ii) Parallel shift down; iii) Steepener shock; iv) Flattener shock; v) Rise in short-term interest rates; vi) Fall in short-term interest rates.

The mapping process is established on product-specific payment streams that exist within the balance sheet of the Group at the date of generation of the formal measures.

Discounted interest rates are based on present interbank interest rates. Intermediary inexistent rates are linearly extrapolated.

Replication keys are integrated in our internal model with a conservative approach with respect to maturities of the underlying balance sheet structure. These replication keys may be modified should the respective balance sheet(s) not reflect the underlying replication key assumptions. Within these replication keys, term deposits are treated as being withdrawn 70% within one month and 30% within one year to reflect potential behavioural early withdrawals.

Table IRRBBA1: Interest rate risk: quantitative information on the exposure's structure and interest rate fixing date

Fixed and flexible tables

	Volume in CHF million			Average interest rate reset period (in years)	
	Total	Of which in CHF	Of which other significant currencies *	Total	Of which in CHF
Defined interest rate reset date					
Amounts due from banks	173.51	–	173.50	0.10	–
Amounts due from customers	223.67	25.59	162.03	0.78	0.27
Money market mortgage (LIBOR-based)	5.97	–	5.97	–	–
Fixed rate mortgage	44.51	38.29	5.97	0.51	0.39
Financial investments	228.82	–	158.40	0.59	–
Other receivables	–	–	–	–	–
Amounts due to banks	38.66	–	13.81	2.26	–
Undefined interest rate reset dates					
Amounts due from banks	70.08	3.81	44.27	0.08	0.08
Amounts due from customers	13.30	1.31	8.40	0.22	0.22
Money market mortgage (LIBOR-based mortgages)	0.74	0.74	–	1.04	1.04
Other receivables	–	–	–	–	–
Amounts due in respect of client deposits	858.25	89.52	703.39	0.22	0.22
Other payables	1.40	0.00	1.40	0.08	0.08
Total	**1 738.73**	**159.27**	**1 305.07**	**–**	**–**

** representing more than 10% of assets or liabilities of total assets*

Table IRRBB1: Interest rate risk: quantitative information on the exposure's net present value and interest rate income

(in 1'000 CHF)		DELTA EVE		DELTA NII
Period	31.12.2021	30.06.2021	31.12.2021	30.06.2021
Parallel shift up	(1 872)	(1 864)	(4 646)	(4 462)
Parallel shift down	2 081	2 593	4 552	4 365
Steepener shock 1	(349)	(1 033)		
Flattener shock 2	(35)	760		
Rise in short-term interest rates	(656)	(77)		
Fall in short-term interest rates	718	102		
Maximum	(1 872)	(1 864)	(4 646)	(4 462)
Period		31.12.2021		30.06.2021
Tier 1 capital		83 032		84 362

For each of the supervisory prescribed interest rate shock scenarios, the bank must report for the current period and for previous period: (1) The change in the economic value of equity based on its IMS, using a run-off balance sheet and an instantaneous shock or based on the result of the standardised framework as set out in Section IV if the bank has chosen to adopt the framework or has been mandated by its supervisor to follow the framework. (2) The change in projected NII over a forward-looking rolling 12-month period compared with the bank's own best estimate 12-month projections, using a constant balance sheet assumption and an instantaneous shock.