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
		31.12.20	30.9.20	30.6.20	31.3.20	31.12.19
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	46 930				48 008
1a	Fully loaded ECL accounting model	–				–
2	Tier 1	46 930				48 008
2a	Fully loaded ECL accounting model Tier 1	–				–
3	Total capital	60 967				62 456
3a	Fully loaded ECL accounting model total capital	–				–
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	264 913				164 392
4a	Minimum capital requirement	21 193				13 151
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	17.72 %				29.20 %
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	0.00 %				0.00 %
6	Tier 1 ratio (%)	17.72 %				29.20 %
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	0.00 %				0.00 %
7	Total capital ratio (%)	23.01 %				37.99 %
7a	Fully loaded ECL accounting model total capital ratio (%)	0.00 %				0.00 %
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 %
10	Bank G-SIB and/or D-SIB additional requirements (%)	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 (%)	11.72 %				23.20 %
Target capital ratios according to Annex 8 CAO (in % of RWA)						
12a(1)	Capital buffer according to Annex 8 CAO (%)	2.50 %				3.20 %
12b	Countercyclical buffer (articles 44 et 44a CAO) (%)	0.00 %				0.09 %
12c	CET1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44 a CAO	7.00 %				7.49 %
12d	T1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	8.50 %				9.09 %
12e	Total capital target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accprdance with articles 44 and 44a CAO	10.50 %				11.29 %

(in 1'000 CHF)	a	b	c	d	e
	31.12.20	30.9.20	30.6.20	31.3.20	31.12.19
Basel III leverage ratio					
13 Total exposure (CHF)	542 410				690 577
14 Basel III leverage ratio (%)	8.65 %				6.95 %
14a Fully loaded ECL accounting model Basel III leverage ratio (%)					
Liquidity Coverage Ratio					
15 Total HQLA	141 204	145 380	226 596	381 946	349 839
16 Total net cash outflow	39 417	32 115	34 431	64 179	83 926
17 LCR ratio (%)	358.24 %	452.69 %	658.12 %	595.13 %	416.84 %
Net Stable Funding Ratio (2)					
18 Total available stable funding	485 260				486 923
19 Total required stable funding	307 459				248 050
20 NSFR ratio	157.83 %				196.30 %

OV1: Overview of risk weighted assets

(in 1'000 CHF)		a	b	c
		RWA	RWA	Minimum Capital Requirement
		31.12.2020	31.12.2019	31.12.2020
1	Credit risk	156 412	65 205	12 513
20	Market risk	23 178	3 619	1 854
24	Operational risk	85 323	95 567	6 826
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	–	–	–
27	**Total (1+20+24+25)**	**264 913**	**164 392**	**21 193**

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 22 of the introductory notes to the financial statements.

CR1: Credit risk: Credit quality of assets

		31.12.2020			
	(in 1'000 CHF)	a	b	c	d
		[1] Gross carrying values of		[2] Allowances/ impairments	Net values (a + b - c)
		[3] Defaulted exposures	Non-defaulted exposures		
1	Loans (excluding debt securities)	2 406	623 727	12 406	613 727
2	Debt securities	–	49 987	–	49 987
3	Off-balance sheet exposures	–	21 989	–	21 989
4	**Total Reporting Period**	**2 406**	**695 704**	**12 406**	**685 704**

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

	31.12.2020		
(in 1'000 CHF)	a	c	e&g
	[1] Unsecured exposures/ carrying amount	[2] Secured exposures, actual collateralized amount	[3] Exposures secured by financial guarantees
Loans (including debt securities)	493 066	170 649	–
Off balance sheet	2 802	19 188	–
TOTAL	**495 867**	**189 836**	**–**
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 22 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	114.32	—	114.32	0.58	—
Amounts due from customers	77.23	19.09	57.90	0.27	0.44
Fixed Rate Mortgage	22.31	22.31	—	0.14	0.14
Financial investments	51.39	—	51.39	2.49	—
Other receivables	—	—	—	—	—
Amounts due to banks	—	—	—	—	—
Amounts due in respect of client deposits	—	—	—	—	—
Undefined interest rate reset dates					
Amounts due from banks	73.09	3.23	31.60	0.08	0.08
Amounts due from customers	98.69	5.25	92.74	0.22	0.22
Money market mortgage (LIBOR-based mortgages)	0.71	0.71	—	1.04	1.04
Amounts due in respect of client deposits	590.95	100.26	429.36	0.22	0.22
Other payables	2.93	1.30	1.17	0.08	0.08
Total	1 031.62	152.16	778.46	—	—

** 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	31.12.2020	30.06.2020	31.12.2020	30.06.2020
Parallel shift up	(193)	(860)	(2 611)	(3 502)
Parallel shift down	234	942	2 567	3 443
Steepener shock 1	(286)	(148)		
Flattener shock 2	255	(18)		
Rise in short-term interest rates	181	(319)		
Fall in short-term interest rates	(168)	355		
Maximum	(286)	(860)	(2 611)	(3 502)
Period		31.12.2020		30.06.2020
Tier 1 capital		46 930		46 942

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
		31.12.2020	30.9.2020	30.6.2020	31.3.2020	31.12.2019
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	84 362				87 916
1a	Fully loaded ECL accounting model	–				–
2	Tier 1	84 362				87 916
2a	Fully loaded ECL accounting model Tier 1	–				–
3	Total capital	84 362				87 916
3a	Fully loaded ECL accounting model total capital	–				–
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	444 630				354 138
4a	Minimum capital requirement	35 570				28 331
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	18.97 %				24.83 %
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	0.00 %				0.00 %
6	Tier 1 ratio (%)	18.97 %				24.83 %
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	0.00 %				0.00 %
7	Total capital ratio (%)	18.97 %				24.83 %
7a	Fully loaded ECL accounting model total capital ratio (%)	0.00 %				0.00 %
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 %
10	Bank G-SIB and/or D-SIB additional requirements (%)	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 (%)	10.97 %				16.83 %
Target capital ratios according to Annex 8 CAO (in % of RWA)						
12a(1)	Capital buffer according to Annex 8 CAO (%)	2.50 %				3.20 %
12b	Countercyclical buffer (articles 44 et 44a CAO) (%)	0.00 %				0.04 %
12c	CET1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44 a CAO	7.00 %				7.44 %
12d	T1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	8.50 %				9.04 %
12e	Total capital target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accprdance with articles 44 and 44a CAO	10.50 %				11.24 %

(in 1'000 CHF)		a	b	c	d	e
		31.12.2020	30.9.2020	30.6.2020	31.3.2020	31.12.2019
Basel III leverage ratio						
13	Total exposure (CHF)	870 004				1 006 128
14	Basel III leverage ratio (%)	9.70 %				8.74 %
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	0.00 %				0.00 %
Liquidity Coverage Ratio						
15	Total HQLA	141 204	145 380	226 596	381 946	349 839
16	Total net cash outflow	66 330	53 642	52 910	63 339	92 556
17	LCR ratio (%)	212.88 %	271.02 %	428.27 %	603.02 %	377.98 %
Net Stable Funding Ratio (2)						
18	Total available stable funding	761 385				730 405
19	Total required stable funding	611 171				465 139
20	NSFR ratio	124.58 %				157.03 %

OV1: Overview of risk weighted assets

(in 1'000 CHF)		a	b	c
		RWA	RWA	Minimum Capital Requirement
		31.12.2020	31.12.2019	31.12.2020
1	Credit risk	308 454	184 101	24 676
20	Market risk	14 708	34 517	1 177
24	Operational risk	121 468	135 520	9 717
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	–	–	–
27	**Total (1+20+24+25)**	**444 630**	**354 138**	**35 570**

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 58 of the introductory notes to the consolidated financial statements.

CR1: Credit risk: Credit quality of assets

(in 1'000 CHF)		31.12.2020 a	b	c	d
		[1] Gross carrying values of		[2] Allowances/ impairments	Net values (a + b - c)
		[3] Defaulted exposures	Non-defaulted exposures		
1	Loans (excluding debt securities)	8 357	900 078	15 944	892 491
2	Debt securities	—	173 050	—	173 050
3	Off-balance sheet exposures	—	41 958	—	41 958
4	**Total Reporting Period**	**8 357**	**1 115 087**	**15 944**	**1 107 500**

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)	31.12.2020 a	c	e&g
	[1] Unsecured exposures /carrying amount	[2] Secured exposures, actual collateralized amount	[3] Exposures secured by financial guarantees
Loans (including debt securities)	848 710	216 831	—
Off balance sheet	16 454	25 503	—
TOTAL	**865 165**	**242 335**	**—**
Of which defaulted	*2 413*	—	—

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 58 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	131.28	–	131.27	0.60	–
Amounts due from customers	195.23	19.09	149.94	1.01	0.44
Money market mortgage (LIBOR-based)	0.22	–	–	0.08	–
Fixed rate mortgage	22.31	22.31	–	0.14	0.14
Financial investments	177.93	–	117.40	1.37	–
Other receivables	–	–	–	–	–
Amounts due to banks	12.66	–	0.09	0.03	–
Undefined interest rate reset dates					
Amounts due from banks	108.13	4.31	61.63	0.08	0.08
Amounts due from customers	103.64	1.00	100.95	0.22	0.22
Money market mortgage (LIBOR-based mortgages)	0.71	0.71	–	1.04	1.04
Other receivables	–	–	–	–	–
Amounts due in respect of client deposits	866.68	102.66	677.97	0.22	0.22
Other payables	1.54	0.74	0.25	0.08	0.08
Total	**1 710.60**	**150.82**	**1 267.33**	**–**	**–**

** 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	31.12.2020	30.06.2020	31.12.2020	30.06.2020
Parallel shift up	(1 834)	(1 419)	(4 941)	(6 915)
Parallel shift down	2 417	2 066	4 835	6 797
Steepener shock 1	(479)	(1 008)		
Flattener shock 2	210	822		
Rise in short-term interest rates	(539)	145		
Fall in short-term interest rates	576	(101)		
Maximum	(1 834)	(1 419)	(4 941)	(6 915)
Period		31.12.2020		30.06.2020
Tier 1 capital		84 362		86 307

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.