



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

ANNUAL REPORT 2019

BIC-BRED (SUISSE) SA



THE YEAR AT A GLANCE

KEY FIGURES

**NET
BANKING
INCOME**
+17%

BALANCE SHEET (in CHF thousand)	31.12.2019	31.12.2018	Change (absolute)	Change (%)
Balance sheet total	782,621	841,292	(58,671)	(7%)
Amounts due from customers	456,924	419,658	37,266	9%
Amounts due in respect of customer deposits	238,509	227,649	10,860	5%
Equity	73,158	67,103	6,055	9%

**NET
RESULT**
+17%

OFF-BALANCE SHEET (in CHF thousand)			Change (absolute)	Change (%)
Off-balance sheet total	304,002	167,520	136,482	81%

RESULT (in CHF thousand)			Change (absolute)	Change (%)
Net result from interest operations	10,977	9,353	1,624	17%
Result from commission business and services	6,988	6,076	912	15%
Result from trading activities	298	208	90	43%
Other result from ordinary activities	17	–	17	100%
Net banking income	18,280	15,637	2,643	17%
Operating result	6,273	5,402	871	16%
Net result	6,055	5,177	878	17%

ROE
8.3%

RATIOS RELATING TO THE RESULTS (%)		
Equity/Balance sheet total	9.3%	8.0%
Operating result to equity	8.6%	8.1%
Return on equity (ROE)	8.3%	7.7%
Cost/Income	65.0%	64.7%

LIQUIDITY AND EQUITY RATIOS (%)		
Liquidity coverage ratio (LCR)	136.2%	127.1%
Total equity ratio	19.7%	24.4%

HEADCOUNT			Change (absolute)	Change (%)
Full-time equivalents	51.7	41.7	10.0	24%
Number of employees	54	44	10	23%

EVENTS

- BIC-BRED (Suisse) SA is a wholly-owned subsidiary of the BRED Group, which celebrated its 100-year anniversary this year.
- The Bank is continuing to grow: on 28 October 2019, it moved into more spacious premises at 8, Boulevard du Théâtre, 1204 Geneva.

CONTENTS

THE YEAR AT A GLANCE	1
Key figures	1
Events	1
1. LETTER FROM THE CHAIRMAN AND THE CEO	6
2. GROUP AND SHAREHOLDER STRUCTURE	10
2.1 The BPCE Group	10
2.2 The BRED Group	11
2.3 BIC-BRED (Suisse) SA	13
3. CORPORATE GOVERNANCE	16
3.1 Board of Directors	16
3.2 Committees and delegation of authority	23
3.3 Executive Board	25
4. BUSINESS ACTIVITIES	30
4.1 International trade finance	30
4.2 Corporate finance and business services	31
4.3 Banking products and services	31
4.4 Market products	32
5. 2019 REVIEW	36
5.1 Global economic environment	36
5.2 Economic environment for commodities	38
5.3 BIC-BRED (Suisse) SA in 2019	41
6. FINANCIAL DATA	46
6.1 Commentary on the financial statements	46
6.2 Audit opinion	47
6.3 2019 financial statements	48
7. REGULATORY DISCLOSURES	72



PART 1

LETTER FROM THE CHAIRMAN AND THE CEO

LETTER FROM THE CHAIRMAN AND THE CEO



Stève Gentili,
Chairman of the Board of
Directors

At the end of its fifth financial year, Banque Internationale de Commerce – BRED (Suisse) SA has demonstrated how well it has positioned itself on the Swiss financial market.

BIC-BRED (Suisse) SA is a wholly-owned subsidiary of BRED Banque Populaire, one of the BPCE group's main parent companies. The Bank specialises in Commodity Trade Finance and successfully recorded growth in its activities in a turbulent international environment.

In 2019, the Bank increased its penetration of the commodity trading sector, leading to 19% growth in its client portfolio, in keeping with its initial objectives. The ramping up of its sales activity in the various sectors, especially metals, resulted in the arrangement of credit facilities with an additional volume of more than CHF 700 million, offering extra development capacity to its clients.

Although market conditions (including the prices of the main commodities, global trade difficulties, heterogeneous demand, geopolitical instability and the interest rate environment) were less than optimal, they only moderately hindered the growth of the Bank's activities.

Banking income grew by 17% in 2019 to CHF 18.3 million, generating operating income of CHF 6.3 million, also up 16%.

Careful management of credit risk again meant that no credit losses were incurred during the year, resulting in a profit of CHF 6.1 million.

BIC-BRED (Suisse) SA's strategy draws on the cultural foundations of its shareholder, BRED, a cooperative bank. With BRED's support, the Bank seeks to offer a personalised approach to its clients, based on a close relationship, high standards of professionalism and flexibility.



Emmanuel Lemoigne,
Chief Executive Officer

Our goal is to build long-term relationships with companies in the commodities sector, from the smallest to the largest, by helping them to finance their transactions while offering them a large range of services that meet their needs.

Thanks to our strong local presence and global outlook, we will therefore continue to strengthen our positioning in the Swiss and Genevan financial market, in particular by continuing to expand our operations in high potential markets in Asia and Africa.

In Africa, the medium- and long-term outlooks for our business lines are good, given the projected demographic trends. They are in keeping with our long-term objectives and our desire to support our clients as they develop their business on this continent.

This will always go hand in hand with ensuring that we have adequate financial and human resources to meet our clients' requirements in line with the same exacting standards.

In 2020, we intend to continue to focus our growth strategy on commodity traders and on companies established in Switzerland that are looking for foreign export support.

At the same time, we will continue to step up our presence with local institutional clients through our capital market activity services.

We will endeavour to achieve our objectives while taking up these new challenges, within the BRED Group and within the Genevan financial market.

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

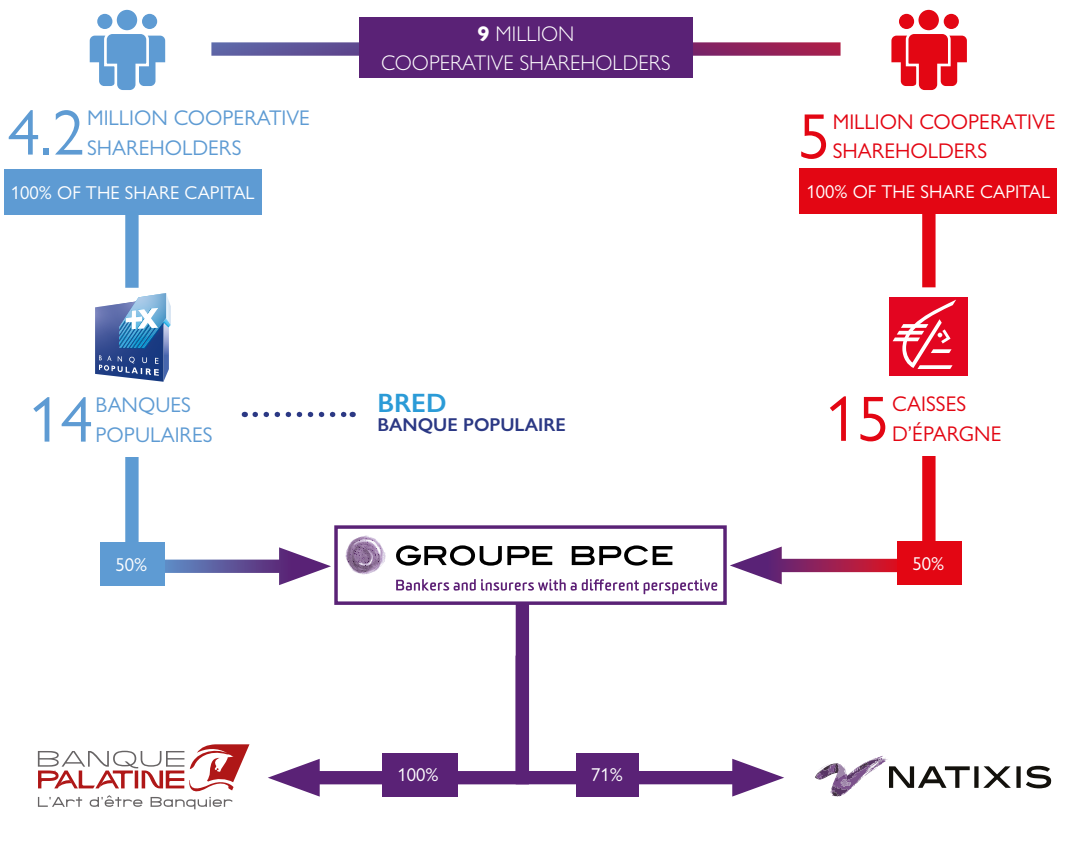
The BPCE Group was created in 2009 as the result of a merger between two major cooperative networks, Banque Populaire and Caisse d'Épargne. The BPCE Group is France's second largest banking group.

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.

FIGURE 1 THE BPCE GROUP'S STRUCTURE CHART AT 31 DECEMBER 2019



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 2019

in EUR million	2019	2018	Change (absolute)	Change (%)
Net banking income	24,305	24,001	304	1.3%
Gross operating income	6,722	6,314	408	6.5%
Net income attributable to group	3,030	3,026	4	0.1%
CET1 ratio	15.6%	15.8%	(0.2%)	(1.3%)

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 100-year anniversary this 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.

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 2019

in EUR million	2019	2018	Change (absolute)	Change (%)
Net banking income	1,252	1,191	61	5.1%
Gross operating income	499	474	25	5.2%
Net income attributable to group	307	277	29	10.6%
CET1 ratio	16.2%	16.0%	0.2%	1.3%

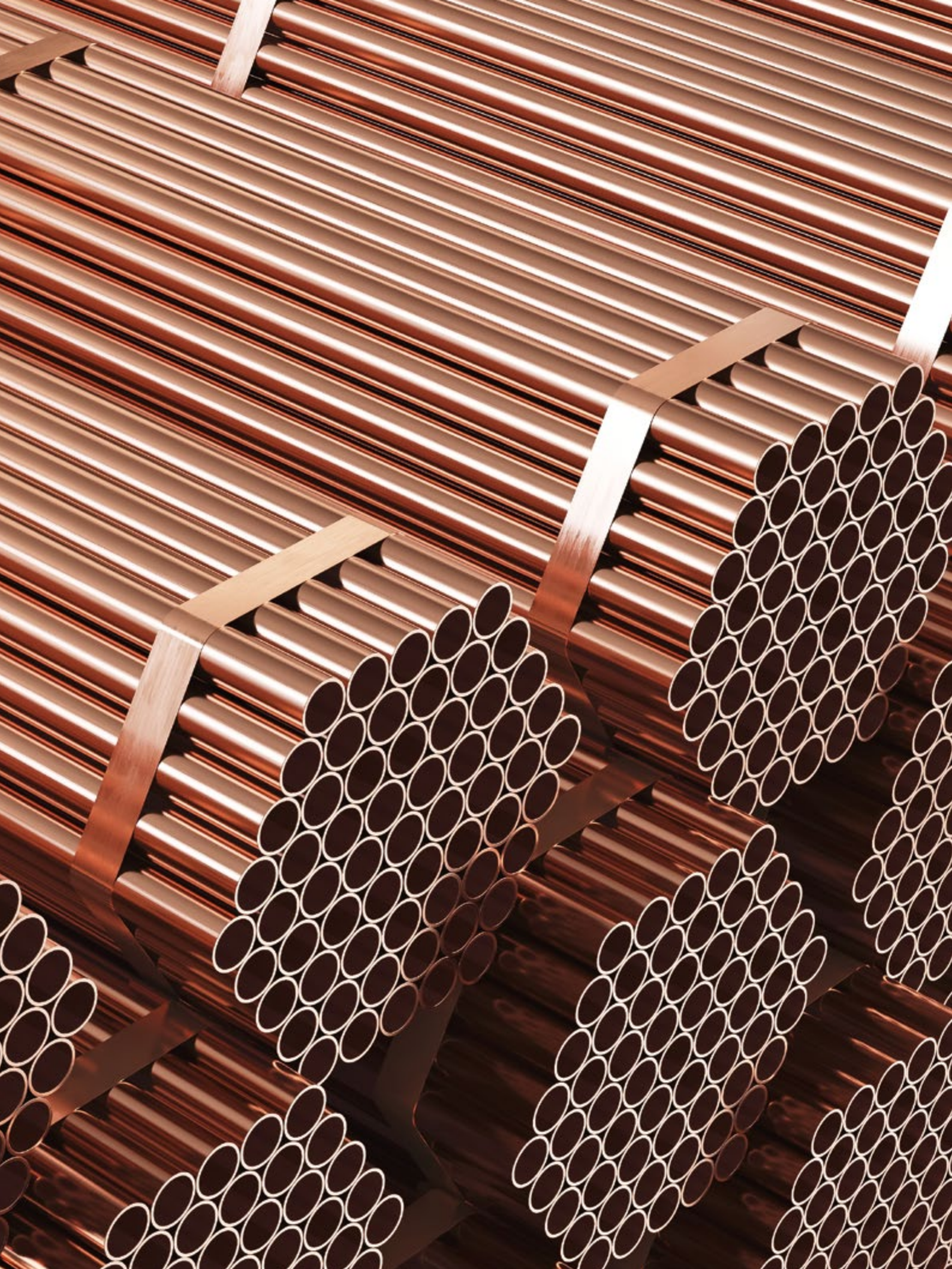
2.3 BIC-BRED (SUISSE) SA

Banque Internationale de Commerce – BRED (Suisse) SA, which operated in Geneva as a branch from 1991, became a full-service Swiss bank when it was granted a banking licence in August 2015 by the Swiss Financial Market Supervisory Authority (FINMA).

It 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.



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



PART 3

CORPORATE GOVERNANCE

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.

As at 31 December 2019, the Board of Directors had nine members, three of whom are independent¹. There was no change in the composition of the Board of Directors in 2019.

Stève Gentili

A FRENCH NATIONAL AND RESIDENT

Role on the Board

Chairman of the Board.

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.

Education

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

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

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.

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

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.

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 Crédit Agricole Corporate and Investment Bank's Executive Board.

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 International Monetary Fund 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 Île-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.

Marc Robert

A FRENCH NATIONAL AND RESIDENT

Role on the Board

Member of the Board

Education

He is a graduate of *ESSEC Paris* and holds a post-graduate diploma in International Economics from *Sciences Po Paris* and a PhD in Economics from the University of California.

Career experience

Marc Robert was an Assistant Professor at *Sciences Po Paris* from 2007 to 2010.

In 2003, he began his career as an advisor to the France's director at the International Monetary Fund and at the World Bank in Washington.

He joined the Dexia group in 2006, where he held various positions, from Head of the Asia zone to Chief Operating Officer and member of the Executive Committee.

From 2013 to 2014, he was a member of the Executive Board and Chief Operating Officer of Société de Financement Local.

In 2014, he was appointed by BRED Banque Populaire as Head of the International Division and a member of the Executive Committee. Amongst other roles, he is responsible for the BRED Banque Populaire Group's development in more than eleven countries, directly and through subsidiary banks or holdings.

He is Chairman of the Board of Directors of BRED Vanuatu Ltd and BCI Mer Rouge. He is Chief Executive Officer of BIC-BRED Paris and a member of its Board of Directors as a representative of BRED Banque Populaire.

He is also a director or COFIBRED's permanent representative on the Boards of Directors of various BRED Group entities.

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.

DUTIES AND RESPONSIBILITIES

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 the internal rules.

3.2 COMMITTEES AND DELEGATION OF AUTHORITY

The Board of Directors has established two committees to assist it in carrying out its duties. The Board of Directors remains responsible for the tasks delegated to these committees.

There was no change in the composition of these committees in 2019.

Table 3 EXCERPT FROM THE BANK'S RULES OF PROCEDURE

Members of the committees	Main roles
Audit Committee Louis Habib-Deloncle (Chairman) Jean-Luc Decornoy Marc Robert Jean-Pierre Vettovaglia Hervé Catala	<ul style="list-style-type: none">▪ Supervision and assessment of the financial statements' integrity;▪ Supervision and assessment of the internal control system;▪ Supervision and assessment of the external auditor's effectiveness and its cooperation with the internal audit team;▪ Assessment of internal auditing.
Board Committee Marc Robert (Chairman) Olivier Klein Stève Gentili	<ul style="list-style-type: none">▪ Examines and validates the loan applications submitted to it.



Mr Monnier,
Mr Lemoigne and
Mr Nater,
members of the
Executive Board.

3.3 EXECUTIVE BOARD

MEMBERS OF THE EXECUTIVE BOARD

General management is carried out by the Executive Board, which is appointed by the Board of Directors.

There was no change in the composition of the Executive Board in 2019.

Emmanuel Lemoigne

A FRENCH NATIONAL AND RESIDENT IN SWITZERLAND

Role on the Executive 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 Executive 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 Executive 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.

Antoine Spinelli

A FRENCH NATIONAL AND RESIDENT IN SWITZERLAND

Role on the Executive Board

Chief Risk Officer, responsible for risk management, compliance and permanent control since 2018.

Education

Holder of an engineering diploma from the *École Supérieure d'Optique de Palaiseau*, two master's degrees in Optics, Photonics and Microwaves and in Images and Vision from the *Université Jean Monnet*, and an MBA from HEC Paris.

Career experience

Antoine Spinelli began his career in the mining industry.

After spending time as an entrepreneur, in 2008 he joined Moody's, where he worked as a Relationship Manager, in London and then Paris, on solutions for managing credit risk and regulatory risk linked to Basel II/III.

In 2015, he moved to Deloitte SA in Geneva, where he was head of risk management for financial institutions in the audit practice in Switzerland.

In 2016, he was seconded to FINMA, where he worked in the Banking Division's Risk Management Department.

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.



PART 4

BUSINESS ACTIVITIES

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.

4.1 INTERNATIONAL TRADE FINANCE

The Bank offers solutions such as:

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

Close collaboration between the Relationship Managers and the Collateral department.



The Bank offers this range of services in different sectors:

- energy: crude oil, petroleum products, LNG, etc.;
- metals: steel, mineral ores, ferroalloys, etc.;
- agricultural products: cereals, oilseeds and tropical products such as coffee, cocoa, sugar and cotton;
- manufactured goods.

The Bank's client portfolio is composed of a hundred or so international trading groups, divided into four sectors.

Although most of the portfolio is linked to 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 is able to finance non-Swiss 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.

4.2 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 and issuing of letters of credit or SBLCs or advance market commitments;
- spot or forward foreign exchange activity;
- cash and treasury management in partnership with Kyriba².

4.3 BANKING PRODUCTS AND SERVICES

To support the above activities, the Bank is continuing to increase the coverage of its network of correspondent banks to cater for its clients' need for security on international transactions. This offering may be extended to clients that are not party to financing arrangements, in specific cases and after analysis. The Bank is

in this way able to offer financial instrument confirmation and discounting services (letters of credit, bills of exchange, etc.).

² Kyriba is the world leader in Cloud-based cash management and financing solutions and offers vital risk management, treasury, payment and working capital functionalities.

To do so, the Bank draws on 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.

4.4 MARKET PRODUCTS

Working alongside BRED's trading floor, the Bank offers:

- multi-currency investments with various maturities;
- a wide range of products (IRSs, options, etc.) that provide protection against interest rate and foreign exchange risks;

- a service offering for institutional investors and financial institutions (repurchase agreements, issuing of market instruments, etc.).

Working meeting between the Relationship Managers and the Credit Department.



The bank is active in commodity trade finance

The range of services covers every type of loan and documentary collection, as well as guarantees, export finance and discounting transactions.



PART 5

REVIEW OF 2019

REVIEW OF 2019

5.1 GLOBAL ECONOMIC ENVIRONMENT³

GLOBAL GROWTH LOST ITS MOMENTUM IN 2019

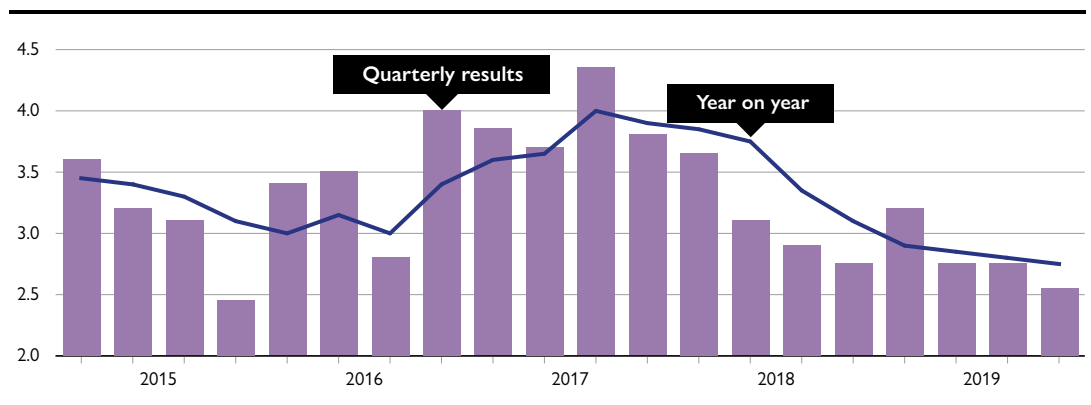
In 2019, global growth fell to its lowest level since the financial crisis, falling from 3.5% in 2018 to 2.9% in 2019. The year was marked by a worldwide economic slowdown, as activity was disrupted in a number of countries by strikes, social unrest and natural disasters.

Growth slowed in the United States, to 2.3% in 2019, versus 2.9% in 2018. Although the tax cuts passed at the end of 2017 to support investment and consumption stimulated growth in 2018, their effects started to fade in 2019. Trade tensions between the US and China also had an impact on the global economy. Customs tariffs on Chinese goods were 3% on average up until autumn 2018.

They rose to 6% in October 2018, to 12.3% in May 2019, then to 15.4% in September 2019. The rise in customs tariffs, which hit bilateral trade between the two countries, created a general feeling of unease that spread to every category of investor, to the extent that this dispute between the world's two largest economic powers caused a global slowdown of activity.

Growth remained sluggish in many emerging market economies. In China, GDP slowed slightly, from 6.6% in 2018 to 6.1% in 2019. In India, the sizeable volume of doubtful or disputed debts, combined with the excess debt on companies' balance sheets, was a drag on investment, contributing to the sharp fall in GDP to 4.9% in 2019, versus 7.0% in 2018.

Figure 3 GLOBAL GDP GROWTH, OECD (ANNUAL RATES, %)



3 Sources

- The OECD's economic outlook, May 2019
- The OECD's interim report of 2 March 2020 entitled "Coronavirus: the world economy at risk"
- Article entitled "La guerre des prix du pétrole, pari risqué de l'Arabie saoudite" (The oil price war, a risky gamble by Saudi Arabia), Le point, 9 March 2020

Global trade is still very weak. The volumes of goods traded fell overall 2019 as a whole, contracting particularly significantly in the fourth quarter of 2019.

A GLOBAL ECONOMY UNDER THREAT IN 2020

Since the coronavirus (COVID-19) epidemic began in January 2020, it has caused major economic disruptions.

The contraction of production in China had an impact all over the world, demonstrating the importance of China's place in global supply chains and on commodities markets as the world's foremost buyer of commodities.

At the start of March 2020, Saudi Arabia, the leading member of the Organization of the Petroleum Exporting Countries (OPEC), applied pressure to reduce oil production to compensate for the fall in global demand due to the epidemic. Russia, the world's second largest producer after the US, was, however, against taking such action. Saudi Arabia launched an oil price war in response, causing a collapse in the price per barrel of historic proportions.

The markets nose-dived at the start of 2020, as a result of both the spread of the coronavirus around the world and the plunge in the price of oil.

The spread of the coronavirus epidemic, with its negative impact on growth, the financial markets and the travel sector, and supply chain disruptions, have

prompted the OECD to revise down its economic forecasts for 2020.

Whereas in November 2019 the OECD's forecast was for stable global growth in 2020 with 2.9% GDP growth, in March 2020 the OECD projected a fall in global growth in 2020 to 2.4% GDP growth. These forecasts assume that the epidemic will be brought under control, with the peak reached in China in the first quarter of 2020 and a more moderate epidemic in other countries.

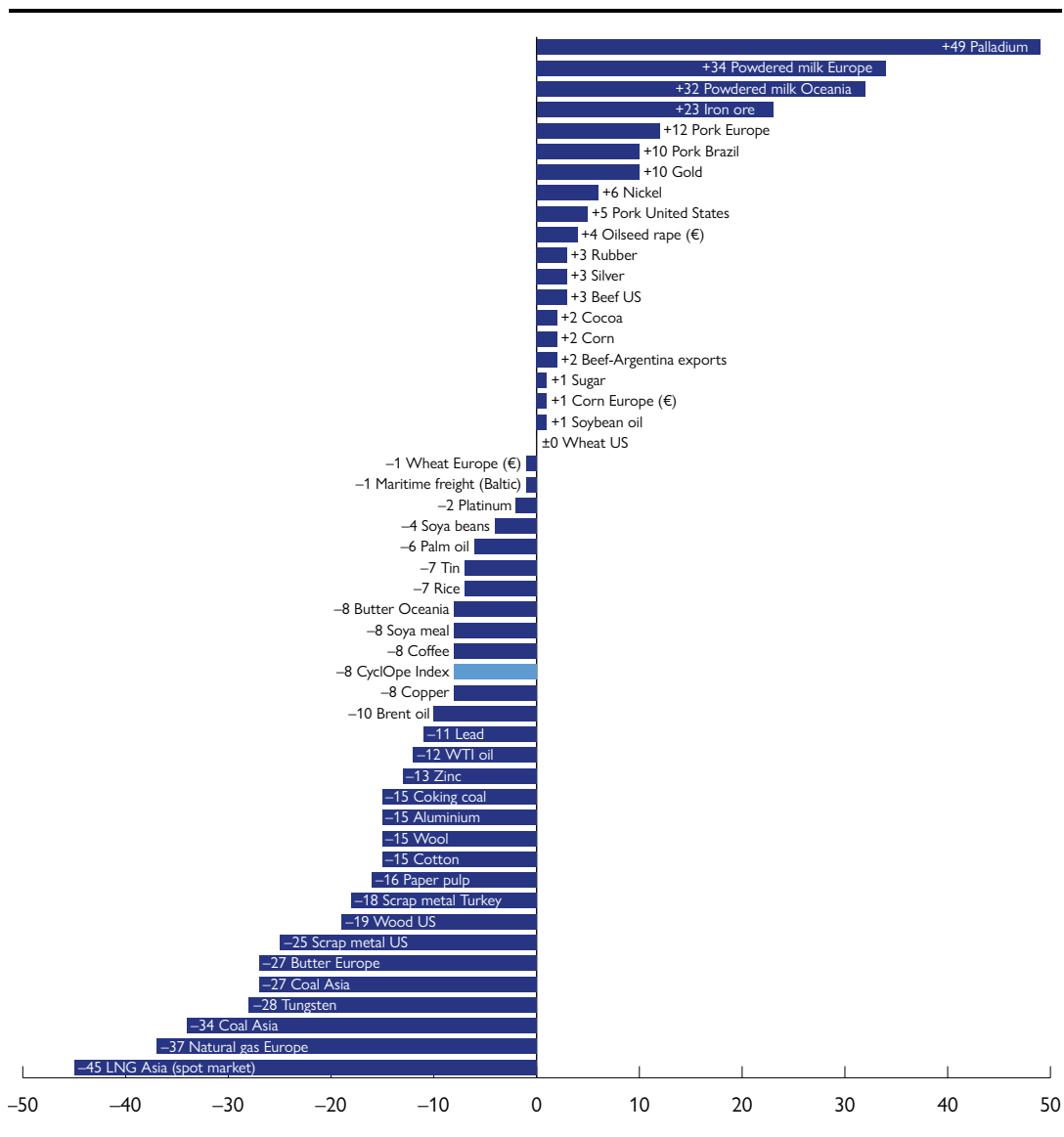
In the event of a longer-lasting epidemic that spreads widely through the Asia-Pacific region, Europe and North America, demand should dip more strongly in most of the world for an extended period. Global growth could therefore fall to 1.5% in 2020, according to the OECD's calculations, i.e. half the growth rate forecast before the epidemic began.

5.2 ECONOMIC ENVIRONMENT FOR COMMODITIES ⁴

A COMMODITY MARKET IN DECLINE IN 2019

In 2019, the global commodity markets, as measured by the CyclOpe index, fell by 8% on average compared with 2018.

Figure 4 **CHANGE IN PRICES IN 2019 (CERCLE CYCLOPE, PERCENTAGE RISE IN AVERAGE PRICES BETWEEN 2018 AND 2019)**



⁴ Source: Analysis entitled "Marchés internationaux – Bilan 2019 et Prévisions 2020" (International markets – Review of 2019 and Forecasts for 2020), Cercle CyclOpe, Philippe Chalmin, January 2020.

This slide may be due to the fact that there were surpluses in many countries, driving down prices, which were weakened a little further by the strength of the dollar, the reference currency for global trade. Investors have therefore lost their enthusiasm for this asset class, adding slightly to the gloomy economic climate.

Metals

2019 was the year of palladium, the price of which rose by 49% to USD 1,943 at the end of 2019. The price of this precious metal has quadrupled in the space of a few years. At the start of January 2020, it exceeded USD 2,000 per ounce, a threshold to which gold has never come close.

Gold, for its part, benefited from negative interest rates to rise by 10%, reaching USD 1,572 per ounce at the end of 2019.

Cobalt and lithium saw their prices collapse. Nickel gave cause for hope for a while, thanks to an Indonesian embargo. Copper barely moved. The situation was more or less the same for the other non-ferrous metals despite fairly downbeat fundamentals.

The price of iron ore on the Chinese Dalian exchange more than doubled in early 2019, due to the accident suffered by the Vale group at the beginning of 2019. In January 2019, this group, which is the world's largest producer of iron ore, with a 24% market share, announced the decommissioning of 10 tailings dams over the next three years, following the collapse of one of its mining dams in Brazil. Prices fell

again at year-end, despite the continuing high level of Chinese imports, as did steel prices, starting a new chapter in the crisis affecting the western steel industry.

Energy

On the energy side, on a market in surplus due to the US oil market's momentum, producers were really struggling to keep the Brent price at around USD 60 per barrel.

The markets for other fuels were very bearish, from natural gas (and above all LNG on the Asian market, where it was down 45%) to coal.

Agricultural products

2019 was a difficult year for agricultural products.

With the notable exception of Australia, where droughts are becoming a structural feature, weather conditions were more or less optimal everywhere, with excellent harvests and most markets in surplus. The prices of sugar, coffee, cotton, rubber, cereals and oilseeds stayed at depressed levels and in many countries governments took measures to support their agricultural sectors.

At the end of the year, however, the re-emergence of African swine flu in Asia drove up not only pork prices, but the prices of all meats, due to the level of Chinese demand.

A VERY UNCERTAIN OUTLOOK FOR COMMODITIES IN 2020

As China is the world's leading global consumer of commodities and Saudi Arabia has started an oil price war, the impact of the coronavirus epidemic on the main commodities has been very strongly felt. The world is facing the biggest demand shock since the financial crisis, causing a widespread fall in commodity prices.

The Brent price per barrel, which was fluctuating at around USD 65 in 2019, is plummeting in 2020, reaching a low of USD 24 at the end of March.

Some precious metals that act as safe havens during periods of uncertainty are

doing well, such as palladium, gold and rhodium, the price of which is soaring.

The growth outlook for 2020 is currently very uncertain. It will depend, amongst other things, on:

- the coordinated measures that are introduced by the public authorities in all the major economies to contain the virus's spread, strengthen public health infrastructure, rebuild trust, stimulate demand and limit the negative effects on supply;
- the development of relations between the US and China;
- the situation in the Persian Gulf.

The commodity markets will be a valuable indicator of the answers to all these questions, as is often the case.

5.3 BIC-BRED (SUISSE) SA IN 2019

VERY STRONG RESULTS

BIC-BRED (Suisse) SA ended the 2019 financial year with strong income growth, including a 17% rise in its banking income to CHF 18.3 million.

This increase in its revenue resulted in net income of CHF 6.0 million after four years of activity and is accompanied by solid balance sheet fundamentals, as shown by the Bank's sound solvency ratios, comfortable liquidity position and high quality credit portfolio.

ROBUST SOLVENCY

The strong income result in 2019 enabled the Bank to increase its eligible capital. This rose by 7%, from CHF 92 million in 2018 to CHF 98 million in 2019. The eligible capital is composed of 75% common

equity tier 1 capital (CET1) and 25% additional tier 1 capital (AT1) in the form of a subordinated loan granted by the BRED Banque Populaire group.

The 32% rise in risk-weighted assets (RWAs) is attributable to the change in the breakdown of loans and commitments due to economic conditions as at 31 December 2019.

The solvency ratio decreased in 2019 as a result, while remaining well within the regulatory requirement of 10.5%, falling from 24.4% as at 31 December 2018 to 19.7% as at 31 December 2019.

Table 4 EXCERPT FROM BNS CRSABIS STATISTICS AS AT 31 DECEMBER 2018 AND 2019

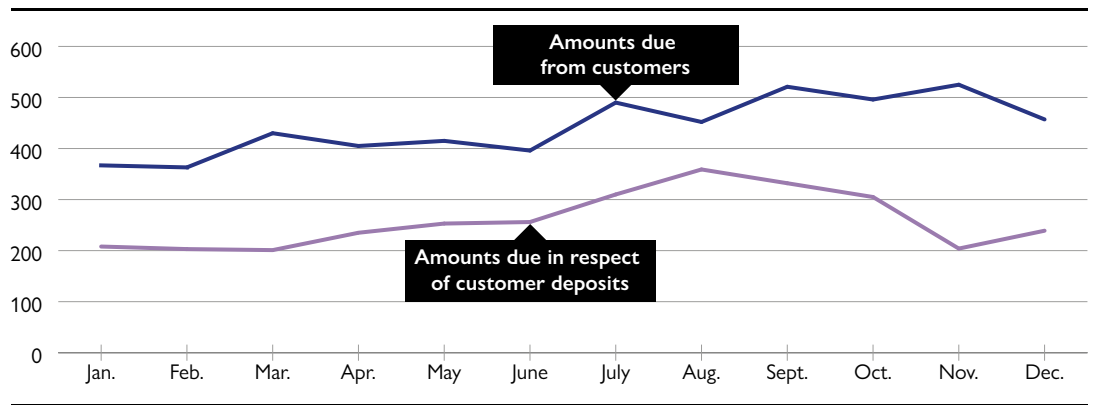
in EUR million	31.12.2019	31.12.2018	Change (absolute)	Change (%)
Eligible capital	98,157	92,103	6,054	7%
<i>Of which common equity tier 1 capital (CET1)</i>	73,157	67,103	6,054	9%
Risk-weighted assets (RWAs)	499,015	377,396	121,619	32%
Solvency ratio (%)	19.7%	24.4%	(4.7%)	(19%)
CET1 ratio (%)	14.7%	17.8%	(3.1%)	(18%)
Leverage ratio (%)	11.3%	10.5%	0.9%	8%

A COMFORTABLE LIQUIDITY PROFILE

Since it was converted to a subsidiary, the Bank's strategy has been to develop deposit-taking from customers and its interbank facilities. This allows it to diversify its sources of refinancing while optimising its costs.

In 2019, the Bank financed more than half of its advances to clients through deposits from clients. The remainder is financed by banks, for which commitments fell from CHF 543 million as at 31 December 2018 to CHF 467 million as at 31 December 2019.

Figure 5 CHANGE IN ADVANCES TO CLIENTS AND CLIENT DEPOSITS IN 2019



The Bank entered into new interbank facilities in 2019 in order to finance its strong growth. These facilities guarantee that the Bank will have the funds it needs for its future development.

The LCR is tightly managed to keep it within a range that allows regulatory refinancing costs to be optimised. This ratio was 136% as at 31 December 2019.

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 2019, its clients were therefore mostly made up of trading companies registered in Switzerland (66% of gross loans and commitments) or in Europe (16% of gross loans and commitments).

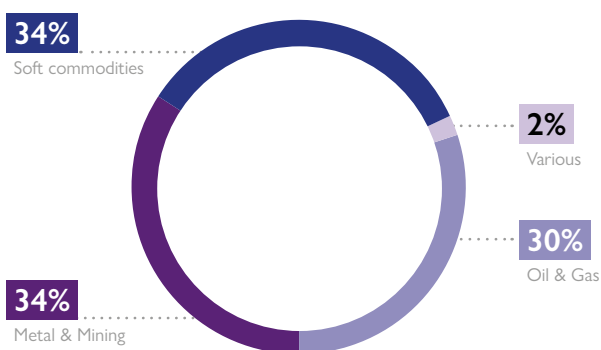
The Bank manages its risks by being highly selective with regard to its clients and their transactions, as a result of a high level of analysis that provides it with in-depth knowledge of the risks involved.

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 2019, loans and commitments were distributed between sectors as follows (see figure 6).

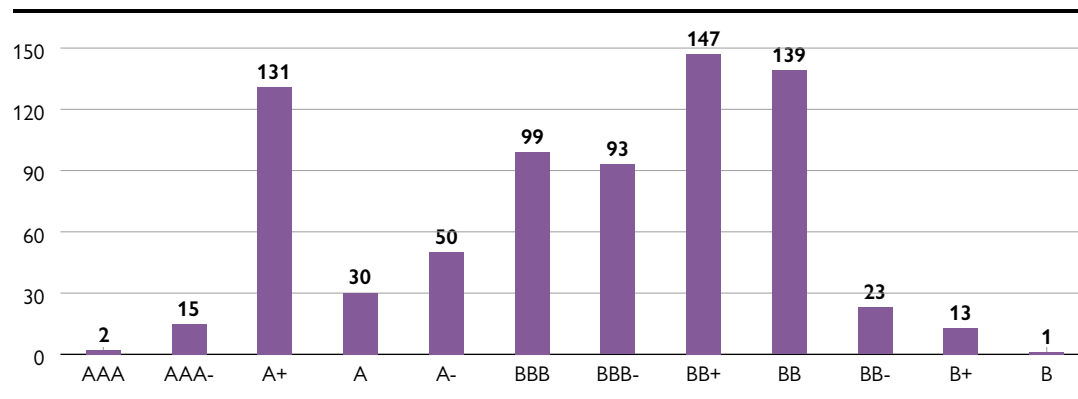
Figure 6 DISTRIBUTION OF LOANS AND COMMITMENTS IN 2019



The bank targets clients who have satisfactory financial positions, as shown in the chart that breaks down performing loans by internal rating as at 31 December 2019 (see figure 7).

Provisions have been recognised for the full amount of impaired receivables since the end of 2018. No new value adjustments were recorded in 2019.

Figure 7 DISTRIBUTION OF NET CLIENT LOANS AND COMMITMENTS, BY INTERNAL RATING (IN CHF MILLION)





PART 6

FINANCIAL DATA

FINANCIAL DATA

6.1 COMMENTARY ON THE FINANCIAL STATEMENTS

STRONG RISE IN NET BANKING INCOME

The Bank's net banking income rose by 17% to CHF 18,280k compared with the 2018 financial year.

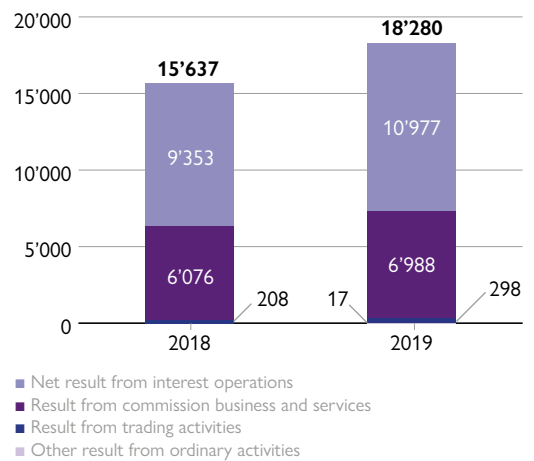
The sources of revenue changed as follows:

- The net result from interest operations increased by 17% to CHF 10,977k as a result of the growth in the number of customers and the volume of loans and commitments;
- The result from commission business increased by 15% to CHF 6,988k, due to the rise in the number of trade finance transactions and the development of market activities;
- The result from trading activities stood at CHF 298k (+43%);
- Other result from ordinary activities came out at CHF 17k (+100%).

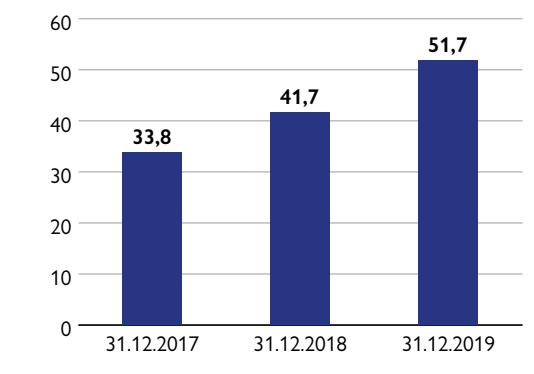
COST CONTROLS

The Bank is gradually expanding its headcount in order to support its growth, while controlling its risks. It therefore increased from 41.7 full-time equivalent employees as at 31 December 2018 to

NET BANKING INCOME
in CHF thousand



HEADCOUNT
(full-time equivalents)



51.7 full-time equivalent employees as at 31 December 2019.

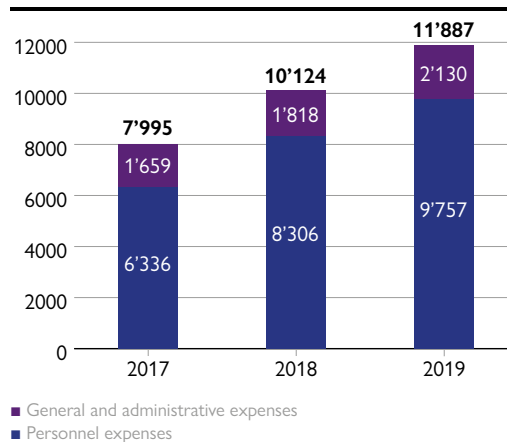
This caused total operating expenses to rise by 17% to CHF 11,887k:

- Personnel expenses increased by 17% to CHF 9,757k;
- General and administrative expenses also increased by 17%, to CHF 2,130k.

The Cost/Income ratio, comparing Operating Expenses to Banking Income, remained stable overall, at 65.0% (2018: 64.7%).

OPERATING EXPENSES

in CHF thousand



Operating result and net result

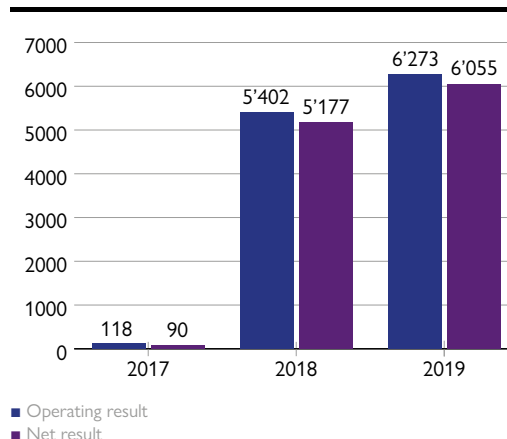
The extraordinary result was CHF 229k (2018: 0). This is linked to the income and expenses generated by the Bank's move in 2019.

The subsidiary successfully maintained its double-digit growth in its fifth financial year:

- Operating result grew by 16% to CHF 6,273k;
- Net result rose by 17% to CHF 6,055k;

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 2019.

6.3 2019 FINANCIAL STATEMENTS

BALANCE SHEET

In CHF thousand

ASSETS	<i>Notes</i>	31.12.2019	31.12.2018
Liquid assets		135,570	227,195
Amounts due from banks	15	168,810	173,451
Amounts due from customers	6	456,924	419,658
Positive replacement values of derivative financial instruments	7	–	7
Financial investments	8	19,475	19,670
Accrued income and prepaid expenses		1,474	1,152
Tangible fixed assets	9	368	159
Total assets		782,621	841,292
LIABILITIES			
Amounts due to banks	15	467,500	543,429
Amounts due in respect of customer deposits		238,509	227,649
Negative replacement values of derivative financial instruments	7	–	3
Accrued expenses and deferred income		3,454	3,108
<i>Liabilities subtotal</i>		709,463	774,189
Bank's capital	14, 16	78,074	78,074
Profit carried forward / loss carried forward		(10,971)	(16,148)
Profit / loss (result of the period)		6,055	5,177
<i>Total equity</i>		73,158	67,103
Total liabilities		782,621	841,292
Total subordinated liabilities		25,000	25,000
– of which subject to mandatory conversion and / or debt waiver	15	25,000	25,000

OFF-BALANCE SHEET TRANSACTIONS

Contingent liabilities	6, 22	304,000	167,518
Irrevocable commitments	6	2	2

INCOME STATEMENT

In CHF thousand

	Notes	31.12.2019	31.12.2018
RESULT FROM INTEREST OPERATIONS			
Interest and discount income	24	18,037	14,276
Interest and dividend income from trading portfolios		–	–
Interest and dividend income from financial investments		574	73
Interest expense	24	(7,634)	(5,508)
Gross result from interest operations		10,977	8,841
Changes in value adjustments for default risks and losses from interest operations	6, 13	–	512
Subtotal net result from interest operations		10,977	9,353
RESULT FROM COMMISSION BUSINESS AND SERVICES			
Commission income from securities trading and investment activities		–	–
Commission income from lending activities		6,755	5,542
Commission income from other services		2,120	1,556
Commission expense		(1,887)	(1,022)
Subtotal result from commission business and services		6,988	6,076
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION	23	298	208
OTHER RESULT FROM ORDINARY ACTIVITIES			
Result from the disposal of financial investments		–	–
Other ordinary income		17	–
Other ordinary expenses		–	–
Subtotal other result from ordinary activities		17	–
OPERATING EXPENSES			
Personnel expenses	25	(9,757)	(8,306)
General and administrative expenses	26	(2,130)	(1,818)
Subtotal operating expenses		(11,887)	(10,124)
Gross income		6,393	5,513
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		(120)	(111)
Operating result		6,273	5,402
Extraordinary income	27	360	1
Extraordinary expenses	27	(131)	–
Changes in reserves for general banking risks	13	–	–
Taxes	28	(447)	(227)
PROFIT / LOSS (result of the period)		6,055	5,177

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 31.12.2018	78,074	–	(16,148)	5,177	67,103
Allocation of 2018 result	–	–	5,177	(5,177)	–
Other allocations to (transfers from) the reserves for general banking risks	–	–	–	–	–
Profit / loss (result of the period)	–	–	–	6,055	6,055
Equity as at 31.12.2019	78,074	–	(10,971)	6,055	73,158

NOTES TO THE 2019 FINANCIAL STATEMENTS

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 Geneva 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 2019, the Bank employed 51.7 full-time equivalent employees, versus 41.7 at 31 December 2018.

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, the Banking law and its ordinance and the accounting rules for Banks, securities traders and financial groups and conglomerates defined by Swiss Financial Market Supervisory Authority (FINMA) circular 2015/1. 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.

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:

	31.12.2019	31.12.2018
USD	0.9716	0.9802
EUR	1.0871	1.1227
GBP	1.2758	1.2437

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 tests 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 six 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 Bank's capital, retained earnings and the result 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 expenses and deferred income" 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 are carried off balance sheet at their nominal value.

XIII. Structure of the notes

The notes follow the structure set out by FINMA in circular 2015/1 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 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 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 likely to have a material impact on the annual financial statements had been reported by 2 April 2020, the date on which the preparation of the financial statements was completed. The COVID-19 epidemic and its impact on the global economy are events that are unconnected with the financial year ended 31 December 2019. The Bank has taken organisational and technological steps to allow it to continue to operate and to continue to offer the same level of service to its clients.

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			Total
		Secured by mortgage	Other collateral	Unsecured	
LOANS AND BILLS OF EXCHANGE					
Amounts due from customers		–	118,625	354,529	473,154
Total loans and bills of exchange	31.12.2019	–	118,625	354,529	473,154
(before netting with value adjustments)	31.12.2018	–	173,842	262,190	436,032
Total loans and bills of exchange	31.12.2019	–	118,625	338,299	456,924
(after netting with value adjustments)	31.12.2018	–	173,842	245,816	419,658

OFF BALANCE SHEET

Contingent liabilities		–	48,298	255,702	304,000
Irrevocable commitments		–	–	2	2
Off-balance sheet total at	31.12.2019	–	48,298	255,704	304,002
	31.12.2018	–	26,867	140,653	167,520

		Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Total impaired receivables	31.12.2019	21,477	–	21,477	21,477
	31.12.2018	21,667	–	21,667	21,667

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

In CHF thousand

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

		Trading instruments		Contract volume
		Positive replacement values	Negative replacement values	
FOREIGN EXCHANGE/PRECIOUS METALS				
Forward contracts		–	–	–
Total before netting agreements	31.12.2019	–	–	–
– of which determined using a valuation model		–	–	–
Total before netting agreements	31.12.2018	7	3	10,182
– of which determined using a valuation model		–	–	–

		Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after netting agreements	31.12.2019	–	–
	31.12.2018	7	3

BREAKDOWN BY COUNTERPARTY		Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	31.12.2019	–	–	–

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

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

In CHF thousand

8. FINANCIAL INVESTMENTS

BREAKDOWN OF FINANCIAL INVESTMENTS	Book value		Fair value	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Debt securities	19,475	19,670	19,937	19,670
– of which intended to be held to maturity	19,475	19,670	19,937	19,670
– of which not intended to be held to maturity (available for sale)	–	–	–	–
Equity securities	–	–	–	–
– of which qualified participations	–	–	–	–
Precious metals	–	–	–	–
Real estate	–	–	–	–
Total	19,475	19,670	19,937	19,670
– of which securities eligible for repo transactions in accordance with liquidity requirements	–	–	–	–

BREAKDOWN OF COUNTERPARTIES BY MOODY'S RATING CATEGORY	31.12.2019	31.12.2018
Aaa-Aa3	19,475	19,670
A1-A3	–	–
Baa1-Baa3	–	–
Ba1-Ba2	–	–
Ba3	–	–
B1-B3	–	–
Caa1-C	–	–
Total debt securities	19,475	19,670

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

In CHF thousand

9. TANGIBLE FIXED ASSETS

	Acquisition cost	Accumulated depreciation	Book value at 31.12.2018	Additions	Disposals	Depreciation	Book value at 31.12.2019
Acquired software	602	(513)	89	134	–	(65)	158
Other tangible fixed assets	260	(190)	70	182	13	(55)	210
Total tangible fixed assets	862	(703)	159	316	13	(120)	368

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 8.8 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	721	764	827	890	921	4,682	8,804

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.

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

In CHF thousand

10. BREAKDOWN OF OTHER ASSETS AND OTHER LIABILITIES

No other assets or other liabilities were recognised as at 31 December 2019 (2018: idem).

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 2019 (2018: 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	
		31.12.2019	31.12.2018			31.12.2019	31.12.2018
Pension plans without overfunding/ underfunding	-	-	-	-	-	962	786
Total	-	-	-	-	-	962	786

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 six pension plans:

- choice of three basic plans for all employees, except for those on the Executive Board;
- an additional scheme for executives;
- two schemes for the Executive Board
(one covering fixed salaries and one covering bonuses).

As at 31 December 2019, 54 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 2019.

The Bank had no pension commitments towards its own pension schemes as at 31 December 2019.

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

In CHF thousand

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

	Position as at 31.12.2018	Use in conformity with designated purpose	Reclassifica- tions	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Position at 31.12.2019
Other provisions	–	–	–	–	–	–	–	–
Total provisions	–	–	–	–	–	–	–	–
Reserves for general banking risks	–	–	–	–	–	–	–	–
Value adjustments for default and country risks	21,667	–	–	(190)	–	–	–	21,477
– of which, value adjustments for default risks in respect of impaired loans/receivables	21,667	–	–	(190)	–	–	–	21,477

Provisions have been recognised for the full amount of impaired loans/receivables since the end of 2018.

No new value adjustments were recorded in 2019.

14. PRESENTATION OF THE BANK'S CAPITAL

	31.12.2019			31.12.2018		
	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/cooperative capital	100	780,738	78,074	100	780,738	78,074
– of which paid up	100	780,738	78,074	100	780,738	78,074
Total bank's capital	100	780,738	78,074	100	780,738	78,074

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

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Holders of qualified participations ¹	91,301	104,335	448,796	567,442
Linked companies ²	1,996	–	49,255	50,379
Transactions with members of governing bodies	–	–	–	–
Total	93,297	104,335	498,051	617,821

1 On 29 December 2015, the Bank took out a CHF 25 million subordinated loan with COFIBRED containing a PONV clause.

2 Amounts due to linked companies include a CHF 28.3 million commitment towards COFACE RE, a wholly owned subsidiary of COFACE. COFACE is 4.2% owned by NATIXIS, which is itself 71% owned by the BPCE group. The Bank is wholly owned by BRED, which has a 4.95% interest in the BPCE group.

OTHER OFF-BALANCE SHEET TRANSACTIONS WITH RELATED PARTIES

As at 31 December 2019, the off-balance sheet statement contained the following transactions with related parties:

- a rent guarantee for a member of the Executive Board (transactions with members of governing bodies) of an amount of CHF 11,940 (2018: Idem);
- a guarantee for Banque du Léman (a related company) of an amount of CHF 6.5 million (2018: 0).

16. DISCLOSURE OF HOLDERS OF SIGNIFICANT PARTICIPATIONS

HOLDERS OF SIGNIFICANT PARTICIPATIONS AND GROUPS OF HOLDERS OF PARTICIPATIONS WITH POOLED VOTING RIGHTS	31.12.2019		31.12.2018	
	Nominal	% of equity	Nominal	% of equity
Banque Internationale de Commerce – BRED (with voting right)	100	100%	100	100%

The Subsidiary 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.

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

In CHF thousand

17. PRESENTATION OF THE MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS

	At sight		Cancellable	Due			Total
				within 3 months	within 3 to 12 months	within 12 months to 5 years	
ASSETS/FINANCIAL INSTRUMENTS							
Liquid assets		135,570	–	–	–	–	135,570
Amounts due from banks		107,144	–	45,153	16,513	–	168,810
Amounts due from customers		–	262,764	194,044	116	–	456,924
Positive replacement values of derivative financial instruments		–	–	–	–	–	–
Financial investments		–	–	–	–	19,475	19,475
Total	31.12.2019	242,714	262,764	239,197	16,629	19,475	780,779
	31.12.2018	337,438	217,787	257,786	7,300	19,670	839,981
DEBT CAPITAL/FINANCIAL INSTRUMENTS							
Amounts due to banks		16,586	–	450,914	–	–	467,500
Amounts due in respect of customer deposits		113,851	–	76,829	22,829	–	238,509
Negative replacement values of derivative financial instruments		–	–	–	–	–	–
Total	31.12.2019	130,437	–	527,743	22,829	–	706,009
	31.12.2018	80,783	77	618,068	47,153	–	771,081

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

In CHF thousand

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

	31.12.2019		31.12.2018	
	Domestic	Foreign	Domestic	Foreign
ASSETS				
Liquid assets	135,570	–	227,195	–
Amounts due from banks	15,509	153,302	219	173,232
Amounts due from customers	260,516	196,407	262,820	156,838
Positive replacement values of derivative financial instruments	–	–	5	2
Financial investments	–	19,475	–	19,670
Accrued income and prepaid expenses	1,309	165	1,152	–
Tangible fixed assets	368	–	159	–
Intangible assets	–	–	–	–
Total	413,272	369,349	491,550	349,742
LIABILITIES				
Amounts due to banks	20,594	446,906	980	542,449
Amounts due in respect of customer deposits	145,585	92,924	178,301	49,348
Negative replacement values of derivative financial instruments	–	–	–	3
Accrued expenses and deferred income	3,015	439	3,108	–
Bank's capital	78,074	–	78,074	–
Loss carried forward	(10,971)	–	(16,148)	–
Profit/loss (result of the period)	6,055	–	5,177	–
Total	242,352	540,269	249,492	591,800

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

In CHF thousand

19. ASSETS BY COUNTRY IN ACCORDANCE WITH THE DOMICILE PRINCIPLE

	31.12.2019		31.12.2018	
	Absolute	Share as %	Absolute	Share as %
SWITZERLAND	413,272	52.81%	491,552	58.43%
EUROPE				
Cyprus	2,320	0.30%	3,560	0.42%
Spain	1,669	0.21%	1,545	0.18%
France	126,095	16.11%	114,148	13.57%
Luxembourg	34,720	4.44%	15,518	1.84%
UK	45,893	5.86%	20,441	2.43%
Jersey	817	0.10%	–	0.00%
MIDDLE EAST				
United Arab Emirates	12,628	1.61%	16,733	1.99%
Qatar	–	0.00%	6,618	0.79%
NORTH AMERICA				
States	57,062	7.29%	58,189	6.92%
Canada	7,001	0.89%	–	0.00%
AFRICA				
Benin	12,466	1.59%	10,167	1.21%
Burkina Faso	–	0.00%	1,746	0.21%
Côte d'Ivoire	–	0.00%	3,602	0.43%
Morocco	3,930	0.50%	9,621	1.14%
Senegal	5,938	0.76%	2,061	0.24%
Zimbabwe	–	0.00%	3,647	0.43%
ASIA				
China	11,945	1.53%	23,782	2.83%
Hong Kong	696	0.09%	4,972	0.59%
Singapore	46,169	5.90%	53,392	6.35%
TOTAL ASSETS	782,621	100%	841,292	100%

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

In CHF thousand

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

NET FOREIGN EXPOSURE	31.12.2019		31.12.2018	
	Absolute	Share as %	Absolute	Share as %
External rating of countries according to Moody's				
Aaa-Aa3	331,081	89.64%	0	0.00%
A1-A3	11,945	3.23%	160,513	45.90%
Baa1-Baa3	1,669	0.45%	86,769	24.81%
Ba1-Ba2	6,250	1.69%	85,533	24.46%
Ba3	5,938	1.61%	1,365	0.39%
B1-B3	12,466	3.38%	15,560	4.45%
Caa1-C	–	0.00%	–	0.00%
Total	369,349	100.0%	349,740	100.0%

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

In CHF thousand

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

ASSETS	31.12.2019				Total
	CHF	EUR	USD	GBP	
Liquid assets	135,570	–	–	–	135,570
Amounts due from banks	90,776	62,081	15,571	382	168,810
Amounts due from customers	359	47,339	405,580	3,646	456,924
Positive replacement values of derivative financial instruments	–	–	–	–	–
Financial investments	–	–	19,475	–	19,475
Accrued income and prepaid expenses	423	12	1,037	2	1,474
Tangible fixed assets	368	–	–	–	368
Total assets shown in balance sheet	227,496	109,432	441,663	4,030	782,621
Delivery entitlements from spot exchange, forward forex and forex options transactions	–	–	–	–	–
Total assets	227,496	109,432	441,663	4,030	782,621
LIABILITIES					
Amounts due to banks	125,853	60,114	281,533	–	467,500
Amounts due in respect of customer deposits	26,867	49,029	159,386	3,960	238,509
Accrued expenses and deferred income	2,530	224	630	70	3,454
Bank's capital	78,074	–	–	–	78,074
Profit carried forward/loss carried forward	(10,971)	–	–	–	(10,971)
Profit/loss (result of the period)	6,055	–	–	–	6,055
Total liabilities shown in the balance sheet	227,675	109,367	441,549	4,030	782,621
Delivery obligations from spot exchange, forward forex and forex options transactions	–	–	–	–	–
Total liabilities	227,675	109,367	441,549	4,030	782,621
NET POSITION PER CURRENCY	(179)	65	114	–	–

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

In CHF thousand

22. BREAKDOWN AND EXPLANATION OF CONTINGENT ASSETS AND LIABILITIES

	31.12.2019	31.12.2018
Guarantees to secure credits and similar	48,609	58,094
Irrevocable commitments arising from documentary letters of credit	226,391	101,738
Other contingent liabilities	29,000	7,686
Total contingent liabilities	304,000	167,518
Contingent assets arising from tax losses carried forward	688	2,563
Total contingent assets	688	2,563

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

	31.12.2019	31.12.2018
Foreign currencies	298	208
Total result from trading activities	298	208

The Bank does not use the fair value option.

24. DISCLOSURE OF NEGATIVE INTEREST

	31.12.2019	31.12.2018
Negative interest on the lending business	826	1,140
Negative interest on the borrowing business	757	915

The negative interest on the lending business is presented as a deduction from from interest and discount income, and the negative interest on the borrowing business as a deduction from interest expense.

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

In CHF thousand

25. BREAKDOWN OF PERSONNEL EXPENSES

	31.12.2019	31.12.2018
Salaries	8,032	6,834
– of which expenses relating to share-based compensation and alternative forms of variable compensation	–	–
Social insurance benefits	1,591	1,319
Other personnel expenses	134	154
Total personnel expenses	9,757	8,306

26. BREAKDOWN OF GENERAL AND ADMINISTRATIVE EXPENSES

	31.12.2019	31.12.2018
Office space expenses	488	498
Expenses for information and communications technology	334	174
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	14	255
Fees of audit firm (art. 961a ch. 2 of the Swiss Code of Obligations)	94	259
– of which for financial and regulatory audits	94	259
– of which for other services	–	–
Other operating expenses	1,200	632
Total other operating expenses	2,130	1,818

27. 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

	31.12.2019	31.12.2018
Non-recurring non-operating gains	360	1
Total extraordinary income	360	1
Non-recurring non-operating expenses	(131)	–
Total extraordinary expenses	(131)	–

In 2019, the Bank moved to larger premises in keeping with its growing size. The new occupant of the old premises paid the Bank for moving out quickly, generating extraordinary income of CHF 360k. Various real estate experts assisted the Bank with its move, resulting in extraordinary expenditure of CHF 131k.

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

In CHF thousand

28. PRESENTATION OF CURRENT TAXES

	31.12.2019	31.12.2018
Expense for the current tax on capital for the year	345	227
Adjustment of the tax expense for the previous year	102	–
Total tax expense	447	227

The tax expense corresponds solely to the tax on capital (around 0.45%) as the Bank had a loss carried forward as at 31 December 2019.

The average tax rate for 2019 based on the Bank's operating income was 5.5%.



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 “2019 Pillar III risk

report” published by the BPCE group for further information.

According to this circular, banks must also publish a corporate governance report. Please refer to part 5 of this report.

ELIGIBLE CAPITAL (in CHF thousand)		31.12.2019	31.12.2018
1	Common Equity Tier 1 capital (CET 1)	73,157	67,103
2	Tier 1 capital (T1)	98,157	92,103
3	Total capital	98,157	92,103
RISK-WEIGHTED ASSETS (RWAs) (in CHF thousand)			
4	RWAs ¹	499,015	377,396
4a	Minimum capital requirements	39,921	30,192
RISK-BASED CAPITAL RATIOS (% of RWAs)			
5	CET1 ratio (%)	14.66%	17.78%
6	Tier 1 ratio (%)	19.67%	24.40%
7	Total capital ratio (%)	19.67%	24.40%
CET1 CAPITAL BUFFER REQUIREMENTS (% of RWAs)			
8	Capital buffer under the minimum Basel standard (%)	2.50%	1.87%
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%	1.87%
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) (%)	10.16%	13.28%

¹ The 32% rise in risk-weighted assets (RWAs) is attributable to the change in the breakdown of loans and commitments due to economic conditions as at 31 December 2019.

TARGET CAPITAL RATIOS UNDER APPENDIX 8 TO THE SWISS CAPITAL ORDINANCE (% of RWAs)		31.12.2019	31.12.2018
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)	865,564	880,210
14	Basel III leverage ratio (Tier 1 capital as a % of the total commitment)	11.34%	10.46%

LIQUIDITY COVERAGE RATIO (LCR)²		Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q4 2018
15	LCR numerator: sum of HQLAs (in CHF thousand)	135,307	138,508	136,030	163,384	231,367
16	LCR denominator: net sum of cash outflows (in CHF thousand)	114,611	102,585	115,123	129,790	184,483
17	Liquidity coverage ratio (LCR) (%)	118.06%	135.02%	118.16%	125.88%	125.41%

The Swiss Federal Council intends to introduce a financing ratio for banks (NSFR) aimed at guaranteeing their long-term stability. The amendments to the liquidity ordinance (OLiq) should be adopted at the start of summer 2020 with

the new provisions coming into force in mid-2021. Once this new regulation comes into force, the NSFR ratio will be added to the key figures presented above.

² The LCR's numerator and denominator figures correspond to the average values for each of the last four quarters.

IMPRESSUM

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