BASEL III - PILLAR 3 MARKET DISCIPLINE 2023 REPORT

Union Bancaire Privée

Purpose and scope of this report

Disclosure principles

The purpose of this report is to publish in-depth information about risk management at the Union Bancaire Privée, UBP SA group in Switzerland (hereinafter the “UBP Group” or the "Bank"). This document reports on its level of share capital and describes its risk management framework.

It has been drafted as per the disclosure requirements set out in Circular 16/01 titled “Disclosure – banks” issued by the Swiss Financial Market Supervisory Authority (FINMA) and article 16 of the Capital Adequacy Ordinance (hereinafter "CAO").

This report is published twice a year within the two months following the mid-year closure of the accounts and four months following the closure of the annual accounts. It is available on the UBP Group’s website, www.ubp.com.

The information in this report refers to the UBP Group’s annual consolidated accounts closed on 31 December 2023.

Scope of consolidation

The scope of consolidation relating to capital requirements is based on the scope that applies to the consolidated annual financial statements (see “Consolidated holdings” on page 14 of the 2023 Annual Financial Report). The main holdings and the changes compared to the previous year taken into account in the calculation of the capital requirement are stated in the 2023 Annual Financial Report (see p. 26).

There is no indication of any internal or external restrictions preventing money or capital transfers within the UBP Group.

KM1 Table: Key regulatory figures

(in CHF thousands)		31.12.2023	31.12.2022	30.06.2023
	Available capital			
1	Common equity (CET1)	2,330,419	2,202,278	2,222,433
2	Tier 1 capital (T1)	2,330,419	2,202,278	2,222,433
3	Total shareholders' equity	2,334,419	2,206,278	2,226,433
	Risk-weighted assets (RWA)			
4	RWA	8,081,714	8,255,048	8,134,329
4a	**Minimum capital requirement**	646,537	660,404	650,746
	Risk based capital ratios (as a % of RWA)			
5	CET1 ratio	28.8%	26.7%	27.3%
6	T1 ratio	28.8%	26.7%	27.3%
7	Total capital ratio	28.9%	26.7%	27.4%
	Additional CET1 buffer requirements (as a % of RWA)			
8	Capital conservation buffer requirements as per Basel minimal standards	2.5%	2.5%	2.5%
11	Total of Bank CET1 specific buffer requirements as per the Basel minimal standards	2.5%	2.5%	2.5%
12	**CET1 available after meeting bank's minimun capital requirements as per Basel minimal standards**	20.9%	18.7%	19.4%
	Capital ratio target as per Annex 8 of the CAO, (as a % of RWA)			
12a	Capital buffer as per Annex 8 of the CAO	4.0%	4.0%	4.0%
12b	Countercyclical buffers (Art. 44 & 44a of the CAO)	0.035%	0.031%	0.034%
12c	CET1 target ratio as per Annex 8 of the CAO, plus countercyclical buffer as per Art. 44 & 44a of the CAO	7.8%	7.8%	7.8%
12d	T1 target ratio as per Annex 8 of the CAO plus countercyclical buffer as per Art. 44 & 44a of the CAO	9.6%	9.6%	9.6%
12e	Total capital target as per Annex 8 of the CAO plus countercyclical buffer as per Art. 44 & 44a of the CAO	12.0%	12.0%	12.0%
	BASEL III leverage ratio			
13	Total leverage ratio exposure	37,371,048	39,614,690	38,493,318
14	Leverage ratio	6.2%	5.6%	5.8%

(in CHF thousands)		Q4 2023 3-month average	Q2 2023 3-month average	Q4 2022 3-month average
	Liquidity coverage ratio (LCR)			
15	LCR numerator: sum of high-quality liquid assets	13,610,559	12,992,094	13,273,443
16	LCR denominator: net sum of cash outflows	4,234,474	4,655,302	3,957,807
17	Liquidity coverage ratio (LCR) (%)	321.4%	279.1%	335.3%
	Net stable funding ratio (NSFR)	**31.12.2023**	**30.06.2023**	**31.12.2022**
18	Available stable funding	21,104,125	21,919,305	22,249,071
19	Required stable funding	11,276,655	11,784,559	11,454,921
20	Net stable funding ratio (NSFR) (%)	187.2%	186.0%	194.2%

OVA Table: Bank risk management approach

Global risk management – General principles

The risk management mandate defined by the Board of Directors, via the Board’s Risk Committee, and the Executive Committee is set out in the “Bank Risk Policy & Risk Governance Framework” and the “Bank’s Liquidity Risk Tolerance & Risk Appetite Framework”, as well as in internal directives and procedures. The aim is to ensure that risks associated with the Group’s activities are identified, assessed and managed, for the benefit of both clients and shareholders. The Group's approach is very demanding in terms of employee skills and the quality of its procedures and IT infrastructure, and it actively promotes a strong risk management culture. This integrated and rigorous risk management strategy is the key to our success, as it provides a reliable base for operations.

The process is based on Risk Manuals, comprehensive and detailed guidelines, and effective information management systems for monitoring, controlling and reporting all significant risks (liquidity/ALM, market, credit, country, and operating risks). To ensure that risk is taken in a cautious, measured way in keeping with our commercial strategy, we apply a strict risk management framework when planning and conducting our business activities. In terms of organisational structure, the Group has three levels of risk management/risk controlling responsibilities:

- Overall strategic guidance and supervision, performed by the Board of Directors, via the Board’s Risk Committee, which is responsible for determining general risk policy and risk management strategy (risk vision, risk appetite and risk control standards);
- Management and operational supervision by the Executive Committee and the Risk Committee (formulation and implementation of risk management strategies); and
- Risk control, primarily by the independent Group Risk Management unit, as well as the Compliance Department and the Credit Administration & Control team.

Risk is controlled and reported as follows within each of the Group's divisions – Treasury & Trading, Wealth Management, Asset Management and Operations:

- Independent risk oversight, risk alert systems and crisis scenarios;
- Governance and risk vision;
- Identifying and evaluating the Group’s market, liquidity, credit, and operating risk as defined by the Board's Risk Committee and submitting a Daily Risk Snapshot to the Risk Committee as well as submitting a monthly consolidated risk report to the Board’s Risk Committee and the Executive Committee;
- Controlling Wealth Management's & Asset Management’s investment suitability measuring performance, analysing portfolios and assessing operating risk;
- Risk management system selection, design and maintenance; and
- Risk measurement relating to derivatives/structured products and new products and activities being developed.

OV1 Table: Overview of risk-weighted assets

(in CHF thousands)		RWA 31.12.2023	RWA 30.06.2023	Minimal capital requirements as at 31.12.2023
1	**Credit risk (excluding CCR – counterparty credit risk)**	**4,726,861**	**5,007,360**	**378,149**
2	of which, standardised approach (SA)	4,418,164	4,697,103	353,453
	of which non-counterparty related risk	308,697	310,257	24,696
6	**Counterparty credit risk**	**470,023**	**350,807**	**37,602**
7	of which, standardised approach (SA-CCR)	373,015	313,019	29,841
9	of which, other approach (CCR)	97,008	37,788	7,761
10	**Credit valuation adjustment (CVA)**	**270,333**	**162,750**	**21,627**
13	**Investments in managed collective assets – mandate-based approach**	**508,750**	**542,132**	**40,700**
15	**Settlement risk**	**955**	**32**	**76**
16	**Securitisation exposures in banking book**	**129,125**	**85,600**	**10,330**
18	of which ratings-based approach (RBA)	129,125	85,600	10,330
20	**Market risk**	**39,474**	**72,690**	**3,158**
21	of which, standardised approach	39,474	72,690	3,158
24	**Operating risk**	**1,936,193**	**1,912,958**	**154,895**
27	**Total**	**8,081,714**	**8,134,329**	**646,537**

LI1 Table: Reconciliation between accounting and regulatory scopes of consolidation

(in CHF thousands)		Carrying values				
	Carrying values under the scope of accounting and regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to securitisation framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and cash equivalents	1,340,560	1,340,560				
Due from banks	2,449,054	1,657,770	791,284			
Due from securities financing transactions	1,016,373		1,016,373			
Due from clients	7,382,106	7,240,099	139,307			2,700
Mortgages	2,084,346	2,084,346				
Trading portfolio assets	6,585				6,585	
Positive replacement values of derivative financial instruments	1,086,773		1,086,773			
Other financial instruments at fair value	900,965				900,965	
Financial investments	20,139,604	18,809,068	4,736	387,350		938,450
Accrued income and prepaid expenses	286,839	286,839				
Non-consolidated participations	3,308	2,826				482
Tangible fixed assets	304,511	304,511				
Intangible assets	183,891					183,891
Other assets	211,016	111,465				99,551
Total assets	**37,395,931**	**31,837,484**	**3,038,473**	**387,350**	**907,550**	**1,225,074**

(in CHF thousands)		Carrying values of items				
	Carrying values under the scope of accounting and regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to securitisation framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
Liabilities						
Due to banks	1,968,508		416,334			1,552,174
Liabilities from securities financing transactions	5,341,561					5,341,561
Due in respect of client deposits	23,939,950	1,539,100	6,363			22,394,487
Negative replacement values of derivative financial instruments	1,440,987		1,440,987			
Liabilities from other financial instruments at fair value	1,117,354				1,117,354	
Bond issues and central mortgage institution loans	335,000					335,000
Accrued expenses and deferred income	497,643					497,643
Other liabilities	63,484					63,484
Provisions	36,825					36,825
Total liabilities	**34,741,312**	**1,539,100**	**1,863,684**	**-**	**1,117,354**	**30,221,174**

Carrying values under the scope of accounting consolidation and those under the scope of regulatory consolidation are identical.

LIA Table: Explanation of differences between regulatory exposure amounts and carrying values

Carrying values under the scope of accounting consolidation and those under the scope of regulatory consolidation are identical.

CC1 Table: Presentation of eligible regulatory capital

	(in CHF thousands)	31.12.2023	Reference
	Regulatory capital		
1	Issued and paid-in capital, fully eligible	300,000	c
2	Retained earnings reserves, including reserves for general banking risks/profit (loss) carried forward and profit (loss) for the period	1,354,791	
3	Capital reserves, currency reserves (+/-) and other reserves	867,336	
6	CET1: capital before regulatory adjustments	2,522,127	
8	Goodwill (net of related tax liability)	(183,891)	a
10	Deferred tax assets that rely on future profitability, gross amount	(4,745)	
17	Qualified participations where a controlling influence is exercised together with other owners (CET1 instruments)	(3,072)	
28	Total regulatory adjustments to CET1	(191,708)	
29	Common Equity Tier 1 capital (net CET1)	2,330,419	
45	Core capital (net T1 = net CET1 + net AT1)	2,330,419	
50	Valuation adjustments; provisions and depreciation for prudential reasons; compulsory reserves on financial investments	4,000	
51	Tier 2 capital before regulatory adjustments	4,000	
58	Tier 2 capital (net T2)	4,000	
59	Regulatory capital (net T1 & T2)	2,334,419	
60	Total risk-weighted assets	8,081,714	
	Capital ratios		
61	CET1 ratio (as a percentage of risk-weighted assets)	28.8%	
62	T1 ratio (as a percentage of risk-weighted assets)	28.8%	
63	Regulatory capital ratio (as a percentage of risk-weighted assets)	28.9%	
64	CET1 requirements in accordance with Basel III requirements (capital buffer + countercyclical buffer in accordance with Art. 44a of the CAO + capital buffer for systemically important institutions) (as a percentage of risk-weighted assets)	2.5%	
65	of which, capital buffer in accordance with Basel III requirements (as a percentage of risk-weighted assets)	2.5%	
66	of which, countercyclical buffer in accordance with Basel III requirements in accordance with Art. 44a of the OFR (as a percentage of risk-weighted assets)		
68	CET1 available to meet Basel III minimum and buffer requirements, after deduction of the minimum and, where applicable, TLAC requirements met by CET1 (as a percentage of risk-weighted assets)	20.9%	
68a	CET1 target in accordance with Annex 8 of the CAO, plus the countercyclical buffer in accordance with Art. 44 & 44a of the CAO (as a percentage of risk-weighted assets)	7.8%	
68b	of which, countercyclical buffer with Art. 44 & 44a of the CAO (as a percentage of risk-weighted assets)	0.035%	
68c	CET1 available (as a percentage of risk-weighted assets)	24.7%	
68d	T1 target in accordance with Annex 8 of the CAO, plus the countercyclical buffer in accordance with Art. 44 & 44a of the CAO (as a percentage of risk-weighted assets)	9.6%	
68e	T1 available (as a percentage of risk-weighted assets)	26.5%	
68f	Target for regulatory capital ratio in accordance with Annex 8 of the CAO, plus the countercyclical buffer in accordance with Art. 44 & 44a of the CAO (as a percentage of risk-weighted assets)	12.0%	
68g	Regulatory capital available (as a percentage of risk-weighted assets)	28.9%	

CC2 Table: Reconciliation of financial statements and regulatory exposure

Balance sheet

(in CHF thousands)

	According to the financial statements	
	31.12.2023	Reference
Assets		
Cash and cash equivalents	1,340,560	
Due from banks	2,449,054	
Due from securities financing transactions	1,016,373	
Due from clients	7,382,106	
Mortgages	2,084,346	
Trading portfolio assets	6,585	
Positive replacement values of derivative financial instruments	1,086,773	
Other financial instruments at fair value	900,965	
Financial investments	20,139,604	
Accrued income and prepaid expenses	286,839	
Non-consolidated participations	3,308	
Tangible fixed assets	304,511	
Intangible assets	183,891	a
of which goodwill	183,891	
Other assets	211,016	
Total assets	**37,395,931**	

(in CHF thousands)	According to the financial statements	
	31.12.2023	Reference
Liabilities		
Due to banks	1,968,509	
Liabilities from securities financing transactions	5,341,561	
Due in respect of client deposits	23,939,950	
Negative replacement values of derivative financial instruments	-	
Negative replacement values of derivative financial instruments	1,440,987	
Liabilities from other financial instruments at fair value	1,117,354	
Bond issues and central mortgage institution loans	335,000	
Accrued expenses and deferred income	497,643	
Other liabilities	63,484	
Provisions	36,825	
Total liabilities	**34,741,313**	
Capital		
Reserves for general banking risks	221,513	
Share capital	300,000	c
of which, recognised as CET1	300,000	
Legal/optional reserves, or profits/losses carried forward and for the financial year concerned	2,132,616	
Minority interests in equity	489	
Total capital	**2,654,618**	

CCA Table: Material features of regulatory capital instruments and other TLAC instruments

As at 31 December 2022		Share capital
1	Issuer	UNION BANCAIRE PRIVÉE, UBP SA
2	Unique identifier (e.g. ISIN)	n/a
3	Governing law of the instrument	Swiss law
	Regulatory treatment	
4	Under transitional Basel III rules	CET1
5	Under post-transitional Basel III rules	CET1
6	Eligible at single-entity or group level, and at single-entity and group levels	Single-entity and group
7	Instrument type	Equity securities
8	Amount recognised in regulatory capital	CHF 300 million
9	Par value of instrument	CHF 300 million
10	Accounting classification	Share capital
11	Original date of issuance	3 July 1956
12	Perpetual or dated	Perpetual
13	Original maturity date	n/a
14	Issuer call (subject to prior approval from supervisory authority)	None
15	Optional call date/contingent call dates /redemption amount	n/a
16	Subsequent call dates, if applicable	n/a
	Coupons/dividends	
17	Fixed or floating rate	n/a
18	Coupon rate and any related index	n/a
19	Existence of a dividend stopper	n/a
20	Coupon payment/dividends: fully discretionary, partially discretionary, or mandatory	Discretionary dividends
21	Existence of step up or other incentive to redeem	None
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	n/a
35	Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument for the legal entity concerned)	Unsecured creditors
36	Features that prevent full recognition under Basel III	None

LR1 Table: Leverage ratio – comparison of accounting assets versus leverage ratio exposure measure

(in CHF thousands)

		31.12.2023
1	Total assets as per published financial statements	37,395,931
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation (margin nos. 6 & 7 FINMA Circ. 15/3) as well as adjustment for assets deducted from Tier 1 capital (margin nos. 16 & 17 FINMA Circ. 15/3)	(191,708)
4	Adjustment for derivative financial instruments (margin nos. 21–51 FINMA Circ. 15/3)	(1,086,773)
5	Adjustment for securities financing transactions (margin nos. 52–73 FINMA Circ. 15/3)	342
6	Adjustment for off-balance-sheet items (i.e. conversion to credit equivalent amounts of off-balance-sheet exposures) (margin nos. 74–76 FINMA Circ. 15/3)	1,253,256
8	**Total leverage ratio exposure**	**37,371,048**

LR2 Table: Leverage ratio – detailed presentation

(in CHF thousands)		31.12.2023	31.12.2022
	On-balance-sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral) (margin nos. 14 and 15 FINMA Circ. 15/3)	35,292,785	35,608,846
2	(Assets that must be deducted in determining the eligible Tier 1 capital) (margin nos. 7, 16, & 17 FINMA Circ. 15/3)	(191,708)	(236,998)
3	**Total on-balance sheet exposures within the leverage ratio framework (excluding derivatives and SFTs)**	**35,101,077**	**35,371,848**
	Derivatives		
4	Replacement values associated with all derivatives transactions, including those with CCPs, taking into account the margin payments received and netting agreements in accordance with margin nos. 22, 23, 34, & 35 of FINMA Circ. 15/3	353,043	656,115
5	Add-on amounts for PFE associated with all derivatives transactions (margin nos. 22 & 25 FINMA Circ. 15/3)	540,968	543,103
7	(Deduction of receivables assets for cash variation margin provided in derivatives transactions, in accordance with margin no. 36 FINMA Circ. 15/3)	(894,011)	(600,942)
11	**Total derivative exposures**	**-**	**598,276**
	Securities financing transaction (SFT) exposures		
12	Gross SFT assets with no recognition of netting (except in the case of novation with a QCCP as per margin no. 57 FINMA Circ. 15/3) including sale accounting transactions (margin no. 69 FINMA Circ. 15/3), less the items specified in margin no. 58 FINMA Circ. 15/3)	1,016,373	1,777,545
14	CCR exposure for SFT assets (margin nos. 63-68 FINMA Circ. 15/3)	342	303,767
16	**Total securities financing transaction exposures**	**1,016,715**	**2,081,312**
	Other off-balance-sheet exposures		
17	Off-balance-sheet exposure at gross national amounts before application of credit conversion factors	1,690,826	2,099,017
18	(Adjustments for conversion to credit equivalent amounts) (margin nos. 75 & 76 FINMA Circ. 15/3)	(437,570)	(535,763)
19	**Total off-balance-sheet items**	**1,253,256**	**1,563,254**
	Eligible capital and total exposures		
20	Tier 1 capital (margin no. 5 FINMA Circ. 15/3)	2,330,419	2,202,278
21	Total exposures	37,371,048	39,614,690
	Leverage ratio		
22	Leverage ratio (margin nos. 3 and 4 FINMA Circ. 15/3)	6.2%	5.6%

LIQA Table: Liquidity risk management

The Group has a clearly defined system for managing liquidity risk including determining its risk tolerance (based on its ALM Risk Manual, Liquidity Risk Manual, Liquidity Contingency Funding Plan, Funds Transfer Pricing Policy, and ALM and Capital Management Policy for Local Entities, as well as various directives and procedures). This involves consolidated analysis carried out and submitted monthly to the Board's Risk Committee, the Executive Committee, the Risk Committee, and the departments concerned.

The general principles governing liquidity risk management can be summarised as follows:

- Maintain a comfortable level of liquidity at all times in order to withstand multiple liquidity stress scenarios, whether within the Group or on the markets;
- Have diversified and stable refinancing strategies in place at all times, with a high ratio of HQLAs;
- Maintain a liquidity stress limit which determines and sets the maximum for all other risk limits and risk appetites defined (market, ALM, credit, and operating risk);
- Run daily liquidity stress tests and impact analyses on the Group's balance sheet, profitability, and solvency;
- Maintain a solid Group-wide emergency refinancing plan;
- Meet subsidiaries', branches' and individual entities' liquidity and refinancing needs within regulatory limits.

The Group's liquidity risk tolerance depends on the business model, objectives and capital planning; it is based on the High Crisis Stress Scenario liquidity limit and the High Crisis Stress Test (retail client run-off/run on the Bank set at 40% in a single week), and codified in the Bank's Liquidity Risk Tolerance & Risk Appetite Statement. In other words, the Group's activities are de facto limited and capped at all times by the liquidity risk tolerance limit (High Crisis Stress Scenario liquidity limit), as set by the Board's Risk Committee. This liquidity risk management concept is more conservative than LCR or NSFR measures (as are underlying assumptions for defining HQLA inflows and outflows).

The Group manages liquidity risk at three levels:

- The Board of Directors sets the liquidity risk policy and tolerance limit through the Board's Risk Committee, while the Executive Committee supervises and monitors them;
- The Treasury Desk and the Asset & Liability Committee (ALCO) manage liquidity risk, including daily active management and continuous monitoring of liquidity risk exposure;
- Group Risk Management controls liquidity risk independently on a daily basis (potentially throughout the day).

The Bank has set a Liquidity Contingency Funding Framework for managing and monitoring its liquidity risk profile during periods of stress. This Framework defines responsibilities and procedures relating to liquidity resource management to prepare for multiple liquidity stress situations that may arise (whether within the Group or on the markets), for every currency to which the Bank is exposed and for each of the Bank's entities. Two crisis levels have been identified: Stage A ('very high crisis') and Stage B ('severely high crisis'). Each of those levels has been assigned a specific body, activation and termination triggers, scenario descriptions and a specific set of measures to be taken with regard to asset classes and investment products taking into account currencies.

The Risk Management unit generates specific daily reports as regards liquidity risk exposure (crisis, high crisis, and catastrophe stress scenarios) for the Group's senior management to analyse and take decisions on, and those reports are passed on to the Risk Committee and the Executive Committee. A consolidated stress liquidity risk report is submitted to the Board's Risk Committee, the Executive Committee, the Risk Committee and the departments concerned each month.

LIQ1 Table: Liquidity coverage ratios

(in CHF millions)		4th quarter 2023		3rd quarter 2023	
		Unweighted values	Risk-weighted values	Unweighted values	Risk-weighted values
A	**High-quality liquid assets (HQLAs)**				
1	**Total HQLAs**		**13,611**		**13,230**
B	**Cash outflows**				
2	Retail deposits	15,696	1,500	15,276	1,556
3	of which, stable deposits	674	34	691	35
4	of which, less stable deposits	15,022	1,646	14,585	1,521
5	Unsecured corporate and wholesale funding	11,977	5,132	12,849	5,668
7	of which, non-operational deposits	11,972	5,127	12,763	5,582
8	of which, unsecured debt issuance	5	5	86	86
9	Secured wholesale funding and collateral swaps	1,461	98	1,366	62
10	Other outflows	2,986	983	2,827	914
11	of which, outflows related to derivative exposures and other transactions	146	146	99	98
13	of which, outflows related to committed credit and liquidity facilities	2,840	837	2,728	816
14	Other contractual funding commitments	72	75	54	54
15	Other contingent funding obligations	8,111	24	829	25
16	**Total cash outflows**		**7,812**		**8,279**
C	**Cash inflows**				
17	Secured lending (e.g. reverse repo)	1,397	-	180	58
18	Inflows from fully performing exposures	7,786	3,389	5,790	3,435
19	Other cash inflows	182	189	144	144
20	**Total cash inflows**	**9,365**	**3,578**	**6,114**	**3,637**
21	**Total HQLAs**		**13,611**		**13,230**
22	**Total net cash outflows**		**4,234**		**4,642**
23	**Liquidity coverage ratio**		**321.4%**		**285.0%**

Table LIQ2 : Liquidity – information on the net stable funding ratio (NSFR) as at 31.12.2023

(in CHF millions)

		Values not weighted, according to residual maturities				
		No maturity	< 6 months	≥ 6 months up to < 1 year	≥ 1 year	**Weighted values**
	Available stable funding (ASF)					
1	Capital instruments	2,430				2,430
2	Regulatory capital [(1)]	2,430				2,430
4	Retail deposits and deposits from small business customers	6,092	8,178	534	13	13,370
5	Stable deposits	676	2			645
6	Less stable deposits	5,417	8,176	533	13	12,726
7	Wholesale funding	3,218	5,741	204		4,581
9	Non-operational deposits	3,218	5,741	204		4,581
11	Other liabilities	1,453	6,902	121	1,158	723
12	NSFR derivative liabilities				510	
13	All other liabilities and equity not included in the above category	1,453	6,902	121	648	723
14	**Total Available Stable Funding (ASF)**					**21,104**

[(1)] Before application of capital deductions.

(in CHF millions)

		Values not weighted, according to residual maturities				
		No maturity	< 6 months	≥ 6 6 months up to < 1 year	≥ 6 1 year	**Weighted values**
	Required stable funding (RSF)					
15	Total NSFR high-quality liquid assets (HQLA)	2,333	8,243	1,199	8,054	1,473
17	Performing loans and securities	1,945	6,969	742	3,064	6,586
18	Performing loans to financial institutions, secured with Category 1 and 2a HQLA		200			20
19	Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	489	1,609	83	822	1,178
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereign central banks and PSEs, of which:	1,080	4,381	550	817	3,705
22	Performing residential mortgages, of which:		770	105	793	950
23	Risk-weighted up to 35% under the SA-BIS		734	111	808	948
24	Non-defaulted securities that do not qualify as HQLA, including exchange-traded shares	376	10	4	633	733
26	Other assets:	2,414	53	31	2,446	3,133
27	Physical traded commodities, including gold	938				798
29	NSFR derivatives assets				664	154
30	NSFR derivative liabilities before deduction of the variation margin				1,441	288
31	All other assets	1,476	53	31	341	1,893
32	Off-balance sheet items		1,184	74	291	85
33	**Total Required Stable Funding (RSF)**					**11'277**
34	**Net stable funding ratio (NSFR) (%)**					**187.2%**

Table LIQ2 : Liquidity – information on the net stable funding ratio (NSFR) as at 30.09.2023

(in CHF millions)

		Values not weighted, according to residual maturities				
		No maturity	< 6 months	≥ 6 6 months up to < 1 year	≥ 6 1 year	**Weighted values**
	Available stable funding (ASF)					
1	Capital instruments	2,439				2,439
2	Regulatory capital [(1)]	2,439				2,439
4	Retail deposits and deposits from small business customers	6,913	8,124	270	4	13,815
5	Stable deposits	681	2			649
6	Less stable deposits	6,232	8,122	269	4	13,165
7	Wholesale funding	3,634	5,572	128	2	4,669
9	Non-operational deposits	3,634	5,572	128	2	4,669
11	Other liabilities	2,106	6,847	212	1,037	455
12	NSFR derivative liabilities				702	
13	All other liabilities and equity not included in the above category	2,106	6,847	212	335	455
14	**Total Available Stable Funding (ASF)**					**18,939**

[(1)] Before application of capital deductions.

(in CHF millions)

		Values not weighted, according to residual maturities				
	Required stable funding (RSF)	No maturity	< 6 months	≥ 6 6 months up to < 1 year	≥ 6 1 year	**Weighted values**
15	Total NSFR high-quality liquid assets (HQLA)	996	8,172	988	9,147	1,469
17	Performing loans and securities	2,501	7,973	652	2,707	6,713
18	Performing loans to financial institutions, secured with Category 1 and 2a HQLA		22			2
19	Performing loans to financial institutions secured by non-level 1 HQLA and unsecured performing loans to financial institutions	744	2,264	15	549	1,008
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereign central banks and PSEs, of which:	1,382	4,920	484	691	3,980
22	Performing residential mortgages, of which:		532	139	848	970
23	Risk-weighted up to 35% under the SA-BIS		699	137	856	975
24	Non-defaulted securities that do not qualify as HQLA, including exchange-traded shares	375	65	14	619	753
26	Other assets:	2,445	46	5	2,811	3,534
27	Physical traded commodities, including gold	946				804
29	NSFR derivatives assets				1,245	542
30	NSFR derivative liabilities before deduction of the variation margin				1,192	238
31	All other assets	1,499	46	43	374	1,949
32	Off-balance sheet items		937	254	345	85
33	**Total Required Stable Funding (RSF)**					**11'801**
34	**Net stable funding ratio (NSFR) (%)**					**160.5%**

CRA Table: Credit risk – general information

Credit risk

Credit risk concerns the risk of loss should a counterparty fail to honour its contractual obligations to repay a loan or fulfil any other predetermined financial obligation.

The Group has a clearly defined system for managing client credit, counterparty, settlement and country risk, based on various risk manuals, directives and procedures. This includes consolidated analysis which is submitted monthly to the Board's Risk Committee, the Executive Committee, the Risk Committee, and the departments concerned.

Credit risks concerning individual clients

Client credit risk is managed as per the framework defined in the Group Credit Policy and related directives and procedures.

In principle, loans granted to private banking clients are secured by pledged collateral (Lombard loans). Credit risks include current account loans and advances, and risks arising from guarantees and transactions on derivatives, on forex, on securities, and on any other financial instruments.

The pledged portfolios are appraised individually by the Credit Administration & Control unit and a loan rate assigned to each position, based on the type of instrument, its credit rating where applicable and its liquidity, together with the diversification of the investments. The assets are valued daily at the market price. Daily supervision and management of loan rates is based on predefined safety thresholds (additional margin calls and realisation of pledged assets).

The Group's wealth planning business may entail granting mortgages or loans that are partially or fully secured on pledged real estate. This type of loan is granted only on the basis of appraisal of the pledged property by an independent appraiser and the fixing of an adequate loan rate. Such assessments are renewed regularly.

It is not the Group's policy to grant commercial loans or any other type of loan not hedged with realisable pledged assets.

In light of the margins applied to Lombard loans and the safety thresholds in place, there is little risk of default in this credit category. A loan granted on the basis of less liquid assets is considered non-performing when a due date for payment (of interest and/or all or part of the principal) is exceeded by more than 90 days. If the borrower seems unlikely to be able to meet its commitments, the loan becomes a doubtful loan. In such an event, special provisions are set aside on a case-by-case basis, as determined by Executive Management and/or the Credit Committee and taking into account a detailed appraisal of any pledged assets. The interest is considered past due when the credit limit granted has been exceeded for longer than 90 days. As of that time, the interest is no longer credited to the statement of income.

The Credit Administration & Control team runs an independent check and monitoring of client credit risk, and produces a report on exposure to such risk which is submitted monthly to the Risk Committee and the Board's Risk Committee, and quarterly to the Board of Directors.

As interest transactions represent no more than one third of the Bank's or the Group's income, in accordance with Art. 25(1b) and (1c) of the FINMA Accounting Ordinance, no value adjustments have been made for inherent default risks.

Credit risks concerning professional counterparties and country risk

Counterparty, settlement, and country risk is managed according to the principles set out in the manuals "Credit Risk Management (Counterparty & Settlement)" and "Country Risk Policy & Procedures Manual", and various appendices, including "Counterparty & Settlement Risk Limits", "Country Risk Limits", "Authorised Brokers List", and "Authorised Cash Correspondents & Custodians List".

Exposure to professional counterparty risk is assumed only with counterparties that have very high credit ratings. For OTC derivatives transactions, credit and counterparty risks are managed and related risk limits monitored by applying the market-value method, using regulatory multiplication factors based on the Standardised Approach for Counterparty Credit Risk (SA-CCR). For such transactions, corresponding bilateral agreements (ISDA, CSAs with daily margining) are in place with the counterparties. Risk is limited by the use of an adequate, flexible system of limits adapted to each category of product and counterparty and to the settlement period. Operational limits on counterparty credit risk exposure is based on a dynamic model using CDS spreads and ratings – a matrix approach combining the least favourable 5-year CDS spreads and the counterparty's LT rating, and comparing them to the counterparty's capital.

Group Risk Management generates daily and monthly consolidated counterparty risk reports which it submits to the Risk Committee and the departments concerned, and monthly reports are produced for the Board's Risk Committee and the Executive Committee.

The Bank applies the standard method for calculating capital requirements to cover credit and counterparty risk.

For all products, the Group's exposure to country risk is calculated, monitored and reported by Risk Management to the department concerned and the Group's management organs on the basis of the credit-rating equivalent. Levels of provisioning for specific country risk exposure reflect default ratings by Moody's, Standard & Poor's and Fitch. Country risk limits are set on the basis of risk appetite defined by the strategic importance of a given country for credit and nostro activities, credit ratings and CDS spreads.

The ongoing monitoring and controlling of counterparty and country risk for market and treasury activities is managed centrally using a real-time system.

CR1 Table: Credit risk – credit quality of assets

(in CHF thousands)

		Gross carrying values of		Value adjustments/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans (excluding debt securities)	12,919	10,998,246	12,919	11,902,585
2	Debt securities		18,862,005		18,862,005
3	Off-balance-sheet exposures		1,690,826		1,690,826
4	**Total**	**12,919**	**31,551,077**	**12,919**	**32,455,416**

CR2 Table: Credit risk – changes in stock of defaulted loans and debt securities

(in CHF thousands)

1	Defaulted loans and debt securities as at 31.12.2022	4,375
2	Loans and debt securities that have defaulted since the end of the previous period	4,352
3	Returned to non-defaulted status	
4	Amounts written off	(21)
5	Other changes (+/-)	4,213
6	**Defaulted loans and debt securities as at 31.12.2023**	**12,919**

CRB Table: Credit risk by geographical area

(in CHF millions)	Switzerland	Oceania	North America	Latin America	Europe	Caribbean	Asia	Africa	**Total**
Loan commitments									
Balance sheet/loans									
Liquid assets	1,285				40		15		**1,340**
Due from banks	1,144	3	232	1	1,032		32	5	**2,449**
Due from clients	693	54	1,073	170	2,733	1,213	1,334	112	**7,382**
Mortgages	261		32		1,644	32	112	3	**2,084**
Financial assets	5,709	590	5,274	45	4,225	252	4,041	4	**20,140**
Balance sheet total as at 31.12.2023	**9,092**	**647**	**6,611**	**216**	**9,674**	**1,497**	**5,534**	**124**	**33,395**
Balance sheet total as at 31.12.2022	**9,088**	**289**	**6,343**	**303**	**9,301**	**1,922**	**5,007**	**140**	**32,393**
Off-balance sheet exposures									
Conditional commitments	28	3	78	14	186	64	80	10	**463**
Irrevocable commitments	4	1	38	2	276	185	12		**518**
Liabilities to pay in full and to make additional payments	61	6	58	3	354	92	131	5	**710**
Off-balance sheet total as at 31.12.2023	**93**	**10**	**174**	**19**	**816**	**341**	**223**	**15**	**1,692**
Off-balance sheet total as at 31.12.2022	**228**	**56**	**163**	**28**	**958**	**317**	**278**	**19**	**2,047**

The geographical distribution of risk is based on domicile as per the SNB's statistics.

	Switzerland	Oceania	North America	Latin America	Europe	Caribbean	Asia	Africa	**Total**
Past-due loans									
Past-due loans									
of which, past-due loans that are not impaired									
of which, loans past due for over 90 days that are not impaired									
Impaired loans	8				5				**13**
Value corrections for impaired positions	8				5				**13**
Positions written off in the year									

CRB Table: Credit risk by sectors

(in CHF millions)	Central governments and central banks	Public bodies	Banks and brokers	Corporates	Retail	Shares and similar securities and rights	Other exposures	**Total**
Loan commitments (at year end)								
Balance sheet/loans								
Liquid assets	1,317		16				7	**1,340**
Due from banks	300	525	1,622		2			**2,449**
Due from clients	421	64	515	2,969	3,413			**7,382**
Mortgages	9		14	108	1,953			**2,084**
Financial assets	10,944	2,624	2,364	2,926		5	1,277	**20,140**
Balance sheet total as at 31.12.2023	**12,991**	**3,213**	**4,531**	**6,003**	**5,368**	**5**	**1,284**	**33,395**
Balance sheet total as at 31.12.2022	**12,615**	**3,542**	**3,066**	**6,102**	**6,209**	**-**	**859**	**32,393**
Off-balance-sheet exposures								
Conditional commitments	52	4	29	92	286			**463**
Irrevocable commitments	33	26	17	180	263			**519**
Liabilities to pay in full and to make additional payments	28		31	235	416			**710**
Off-balance sheet total as at 31.12.2023	**113**	**30**	**77**	**507**	**965**	**-**	**-**	**1,692**
Off-balance sheet total as at 31.12.2022	**82**	**24**	**113**	**436**	**1,392**	**-**	**-**	**2,047**

CRB Table: Credit risk by maturity

(in CHF millions)	At sight	Cancellable	Due: Up to 3 months	Due: 3 to 12 months	Due: 12 months to 5 years	Due: More than 5 years	No maturity	**Total**
Balance sheet/loans								
Cash and cash equivalents	1,340							**1,340**
Due from banks	417		2,032					**2,449**
Due from clients		1,273	4,629	976	420	84		**7,382**
Mortgages			761	212	838	273		**2,084**
Financial investments	284	3,329	5,104	2,738	6,057	2,628		**20,140**
Balance sheet total as at 31.12.2023	**2,041**	**4,602**	**12,526**	**3,926**	**7,315**	**2,985**	**-**	**33,395**
Balance sheet total as at 31.12.2022	**2,223**	**5,202**	**12,010**	**3,246**	**6,066**	**3,646**	**-**	**32,393**
Off-balance sheet exposures								
Conditional commitments	82	2	369	1		9		**463**
Irrevocable commitments	36		100	288	91	4		**519**
Liabilities to pay in full and to make additional payments	18		634		3	55		**710**
Off-balance sheet total as at 31.12.2023	**136**	**2**	**1,103**	**289**	**94**	**68**	**-**	**1,692**
Off-balance sheet total as at 31.12.2022	**123**	**-**	**1,205**	**341**	**262**	**114**	**-**	**2,047**

CRC Table: Credit risk – qualitative disclosure requirements related to risk-mitigation techniques

Credit exposures are presented after netting according to capital requirements. Collateral is taken into account using the comprehensive approach.

CR3 Table: Credit risk – overview of risk-mitigation techniques

(in CHF thousands)

		Exposures unsecured/ carrying amount	Exposures secured by collateral carrying amount	of which secured by collateral/ secured amount	of which secured by mortgages	of which secured by financial guarantees/ or credit derivatives
1	Loans (excluding debt securities)	2,079,626	9,822,959	8,230,560	2,071,032	675,139
2	Debt securities	17,341,585	1,520,420			1,520,420
3	**Total**	**19,421,211**	**11,343,379**	**8,230,560**		**2,195,559**
4	of which, defaulted exposures			12,919		

CRD Table: Credit risk – qualitative disclosures of the Bank's use of external credit ratings under the standardised approach

The Bank uses external credit assessments for calculating the risk weighting of nearly all the counterparties to which it applies the international standardised approach and that have been rated by Standard & Poor’s, Moody’s and/or Fitch. These are mainly large companies and bonds in the financial investment portfolio. For companies that have no external credit rating, the weighting is set at 100% (unrated classes).

CR4 Table: Credit risk – exposure and credit risk mitigation (CRM) effects under the standardised approach

(in CHF thousands)

	Exposure class	Exposures before CCF and CRM		Exposures after CCF and CRM			
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Central governments and central banks	11,402,280		12,584,941		69,569	0.6%
2	Banks and securities firms	4,614,145	19,451	3,291,377	16,817	685,177	20.7%
3	Other public sector entities and multilateral development banks	2,367,798	22,417	2,789,330	11,208	312,549	11.2%
4	Corporates	3,380,357	24,858	3,016,988	15,675	808,046	26.6%
5	Retail	9,423,354	1,624,100	3,297,268	295,473	2,531,288	70.5%
6	Equity	7,690		7,690		11,534	150.0%
7	Other exposures	650,271		650,274		813,262	125.1%
8	**Total**	**31,845,895**	**1,690,826**	**25,637,868**	**339,173**	**5,231,425**	**20.1%**

CR5 Table: Credit risk – exposures by exposure category and risk weights under the standardised approach

(in CHF thousands)

	Exposure class/risk weight	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total credit exposures amount (post-CCF and post-CRM)
1	Central governments and central banks	12,237,970		346,387		584					12,584,941
2	Banks and securities firms	16,483		3,240,659		28,197		22,672	183		3,308,194
3	Non-central government public sector entities and multilateral development banks	1,327,529		1,413,117	138	59,756					2,800,540
4	Corporates			2,547,581	26,316	338,844	100	119,822			3,032,663
5	Retail	50,612		10,716	1,422,725	80,418	149,156	1,879,115			3,592,742
6	Equity								7,690		7,690
7	Other exposures	6,593						304,511	339,167		650,271
8	**Total**	**13,639,187**	**-**	**7,558,460**	**1,449,179**	**507,799**	**149,256**	**2,326,120**	**347,040**	**-**	**25,977,041**
9	of which, covered by mortgages				1,425,324		52,318	622,619			2,100,261
10	of which, past-due loans							12,919			12,919

CCRA Table: Counterparty credit risk – general information

For OTC derivative transactions, credit and counterparty risks are managed and related risk limits monitored by applying the market-value method, using regulatory add-on factors, based on the Standardised Approach for Counterparty Credit Risk (SA-CCR). For such transactions, corresponding bilateral agreements (ISDA, CSAs with daily margining) are in place with the counterparties. Risk is limited by the use of an adequate, flexible system of limits adapted to each category of product and counterparty and to the settlement period. Operational limits on counterparty credit risk exposure are based on a dynamic model using CDS spreads and ratings – a matrix approach combining the least favourable 5-year CDS spreads and the counterparty's LT rating and comparing them to the counterparty's capital.

CCR3 Table: Counterparty credit risk – CCR exposures by exposure category and risk weights under the standardised approach

(in CHF thousands)	Exposure category/risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure
1	Central governments and central banks	30								30
2	Banks and securities firms			494,077	413,677					907,754
3	Other public sector entities and multilateral development banks	99,253		7,917	6					107,176
4	Corporates			11,332	10		134,937		39,634	185,913
5	Retail			4,697		10,533	51,267			66,497
6	Equity									-
7	Other exposures									-
9	**Total**	**99,283**	**-**	**518,023**	**413,693**	**10,533**	**186,204**	**-**	**39,634**	**1,267,370**

CCR5 Table: Counterparty credit risk – composition of collateral for CCR exposure

(in CHF thousands)	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – CHF	125,879		94,552			
Cash – other currencies	259,247		613,538			
Swiss Confederation sovereign debt						36,854
Other sovereign debt					3,857,789	
Government agency debt					613,962	82,747
Corporate bonds					903,645	824,250
Equity						
Other collateral						131,984
Total	**385,126**	**-**	**708,090**	**-**	**5,375,396**	**1,075,835**

CCR8 Table: Counterparty credit risk – exposures to central counterparties

(in CHF thousands)		EAD (after CRM)	RWA
1	**Exposures to QCCPs (total)**	**39,629**	**1,997**
2	Exposures for trades through QCCPs (excluding initial margin and default fund contributions)	39,629	797
3	of which, OTC derivatives	39,391	788
4	of which, exchange-traded derivatives	238	10
5	of which, SFTs		
6	of which, netting sets where cross-product netting has been approved	39,629	797
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Pre-funded default fund contributions		
10	Unfunded default fund contributions		
11	**Total exposures to non-QCCPs**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions)		
13	of which, OTC derivatives		
14	of which, exchange-traded derivatives		
15	of which, SFTs		
16	of which, netting sets where cross-prod-uct netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Pre-funded default fund contributions		
20	Unfunded default fund contributions		

Tableau SECA: Securitisations – general indications related to securitisation exposures

The Group runs no internal securitisation activities, but does have exposure resulting from third-party securitisation in its banking book. It comprises:

- AAA-rated senior collateralised loan obligations (CLOs)
- asset-backed securities collateralised by senior AAA-rated automobile leases
- asset-backed securities collateralised by senior AAA-rated credit cards

SEC1 Table: Securitisations – exposures in the banking book

(in CHF thousands)	Banks acts as investor		
	Traditional	Synthetic	Sub-total
Retail (total) – of which	12,500		12,500
residential mortgages			
credit cards	12,500		12,500
other retail exposures			
re-securitisation			
Wholesale (total) – of which	323,365		323,365
loans to corporates	323,365		323,365
commercial mortgages			
leases and receivables	51,485		51,485
other wholesale			
re-securitisation			

Table SEC4: Securitisation: exposures in the banking book and associated capital requirements – bank acting as investor

	(in CHF thousands)	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		<=20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%
1	**Total exposures**																	
2	**Traditional securitisation**		387,350					387,350				129,136				10,330		
3	Of which securitisation		387,350					387,350				129,136				10,330		
4	Of which retail underlying		12,500					12,500				2,500				200		
5	Of which wholesale		374,850					374,850				126,636				10,130		
6	Of which re-securitisation																	
7	Of which senior																	
8	Of which non-senior																	
9	**Synthetic securitisation**																	
10	Of which securitisation																	
11	Of which retail underlying																	
12	Of which wholesale																	
13	Of which re-securitisation																	
14	Of which senior																	
15	Of which non-senior																	

MRA Table: Market risk – general information

Market risk

Market risks arising through the Group's treasury and trading activities are managed within the framework defined in the internal "Market Risk Manual", and according to a system of integrated limits, established at various levels and consisting of the following:

- Position limits (market value / intraday valuation);
- Sensitivity limits (duration, delta, gamma, vega);
- Value at risk (VaR); and
- Primary market exposure, issuer and country limits.

That management is supplemented by stress scenario simulations, risk-adjusted performance measurement (RAPM) and VaR backtesting.

Risk Management submits consolidated reports regarding market risk exposure, stress VaR, and RAPM to the Risk Committee and the departments concerned on a daily basis, and to the Board's Risk Committee and the Executive Committee on a monthly basis for review and analysis.

In addition, a consolidated stress-scenario analysis is carried out, and submitted to the Board's Risk Committee, the Executive Committee, the Risk Committee, and the departments concerned. This analysis is based on full revaluation (for linear and non-linear positions) and covers the worst historical events and the resulting liquidity situations (e.g. 1987 equity crash, 1992 ERM crisis, 1994 bond-market crisis, 2008 crisis), as defined in the stress-scenario manual for market risk.

The Bank uses the standardised approach to assess the capital required to hedge market risk in the trading book.

Interest risk in the Bank's portfolio

As regards asset-liability management (ALM), the Bank uses a centralised approach based on three levels:

1) The Board's Risk Committee and the Executive Committee;
2) The Asset & Liability Committee (ALCO); and
3) The Treasury Desk.

The ALCO is in charge of final ALM decision-making within the policy and framework established by the Board's Risk Committee and the Executive Committee, and meets once a month or more frequently if necessary. The role of the ALCO is mainly strategic, taking a medium- to long-term view of the Bank's overall risk position, whilst the Treasury Desk focuses on day-to-day ALM.

ALM is conducted in compliance with the framework defined in the "ALM Risk Policy & Procedures Manual" and various appendices including the "Liquidity Risk Manual", "Liquidity Contingency Funding Plan", "Funds Transfer Pricing", and "ALM and Capital Management Policy for Local Entities", and according to the following multi-level system of integrated limits:

- Stress liquidity;
- Value and income effects arising from sensitivity to interest-rate shifts (+/-100bp);
- Value at risk (VaR);
- Maximum loss (stop losses); and
- Issuer and counterparty risk exposure.

These limits are supplemented by monthly ALM stress scenario analyses and impact simulations on net interest income (e.g. through shifts in the interest rate of +/-100bp, +/-200bp, or modelled on the global tightening of 1994).

Risk Management generates specific daily and consolidated monthly reports regarding ALM market risk and stress liquidity risk exposure for analysis and decision-making by the Group's top management. A consolidated analysis of ALM market risk on the balance sheet and stress liquidity risk is submitted to the Board's Risk Committee, the Executive Committee, the Risk Committee and the departments concerned every month.

MR1 Table: Market risk – minimum capital requirements under the standardised approach

(in CHF thousands)

		31.12.2023 RWA
	Outright products	
1	Interest-rate risk (general and specific)	7,362
2	Equity risk (general and specific)	6,313
3	Foreign exchange risk	18,217
4	Commodity risk	2,057
	Options	
5	Simplified approach	
6	Delta-plus method	5,525
7	Scenario approach	
9	**Total**	**39,474**

IRRBBA table / Interest rate risk: Objectives and standards for managing interest rate risk in the banking book

Interest Rate Risk in the Banking Book (IRRBB) is the risk to the Bank's capital and to its earnings arising from changes in interest rates. The banking book is composed of all client-related positions and the Bank's own positions which are not subject to its short-term trading activity.

The organisation and supervision of interest rate risk management is explained in the section on market risk.

The Asset & Liability Committee (ALCO) is the centralised decision-making body in charge of asset and liability management (ALM). Meeting monthly, it is responsible for managing and monitoring interest rate and liquidity risk through planning the balance sheet structure, ensuring that sensitivity limits set by senior management are adhered to, and ensuring that the Bank meets regulatory and supervisory requirements.

The Bank's IRRBB limit structure is composed of a limit on changes in the economic value of equity (EVE) and of a limit on changes in net interest income (NII), along with an overall liquidity risk limit defined for the Bank, which caps the maximum ALCO investment portfolio and loan book exposures, based on the existing run-off assumptions for retail deposits and on the classification of asset classes.

The Bank monitors the limits and submits reports to the ALCO and to senior management every month. The balance sheet is allocated in terms of future cash flows in order to analyse the timing of potential funding gaps. This is supplemented with an economic value stress test that excludes any replication of non-maturing positions and of capital. Several economic value stress tests based on various shifts in interest rate curves are also provided.

The sensitivity of EVE and of NII to changes in interest rates is measured by applying a 1% upward parallel shock to all interest rate curves. For economic value calculations, future cash flows are discounted using overnight indexed swap (OIS) interest rates. Cash flows from interest-yielding positions include spread margin payments. NII calculations are made over a forward-looking period of 12 months with the assumption that the balance sheet will remain constant.

For the Bank's EVE and NII, the assumption for clients' deposits is 37.5%with a half-year and one-year maturity, 20% with a 5-year maturity, and 5% with a 10-year maturity. The assumption for the Bank's capital is 5 years.

The Bank makes extensive use of interest rate swaps to manage interest rate risks.

As at 31 December 2023, ALM market risk exposure on the balance sheet based on a 100bp increase in interest rates was CHF +15.6 million in terms of the Bank's assets and CHF +3.3 million in terms of its income.

IRRBBA1 table / Interest rate risk: Quantitative information on the structure of the exposure and the interest rate fixing date

	Volume in CHF millions			Average interest rate reset period (in years)		Maximum interest rate reset period (in years) for exposures with modelled (not determined) interest rate reset dates	
	Total	Of which CHF	Of which other significant currencies that make up more than 10% of total assets or liabilities	Total	Of which CHF	Total	Of which CHF
Defined interest rate reset date							
Due from banks	3,052	1,287	1,764	0.04	0.03		
Due from clients	6,222	1,366	3,556	0.32	0.67		
Money market mortgages	1,761	217	627	0.35	1.32		
Fixed-rate mortgages	414	72	231	2.45	1.85		
Financial investments	20,999	5,112	11,856	3.14	1.33		
Other receivables	-			-			
Assets from interest-rate derivatives	51,910	9,101	38,854	0.50	0.60		
Due to banks	(7,120)	(151)	(6,398)	0.11	0.08		
Liabilities from client deposits	(15,571)	(693)	(12,622)	0.13	0.12		
Bonds and mortgage-backed bonds	(337)	(337)		2.95	2.95		
Other liabilities	(295)	(2)	(293)	0.80	1.27		
Liabilities from interest-rate derivatives	(53,273)	(14,502)	(32,784)	1.47	0.56		

IRRBBA1 table / Interest rate risk: Quantitative information on the structure of the exposure and the interest rate fixing date

	Volume in CHF millions			Average interest rate reset period (in years)		Maximum interest rate reset period (in years) for exposures with modelled (not determined) interest rate reset dates	
	Total	Of which CHF	Of which other significant currencies that make up more than 10% of total assets or liabilities	Total	Of which CHF	Total	Of which CHF
Undefined interest rate reset date							
Due from banks	378	7	291	-			
Due from clients	1,272	327	715	-			
Floating-rate mortgages	-			-			
Other receivables	9		2	-			
Sight liabilities from personal accounts and current accounts	(7,724)	(935)	(5,159)	1.07	1.08		
Other liabilities	(305)	(77)	(189)	-			
Liabilities from client deposits, terminable but not transferable (savings)	-			-			
Total	**1'392**	**792**	**451**			**10**	**10**

Interest rate and currency swap transactions are composed of both assets and liabilities. The assets are reported under “Assets from interest-rate derivatives” and the liabilities under “Liabilities from interest-rate derivatives”.

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

(in CHF millions)	EVE (changes in the net present value)	NII (changes in the discounted earnings value)
Internal baseline scenario		355
Parallel shift up	(81)	42
Parallel shift down	81	(55)
Steepener shock	(5)	
Flattener shock	(13)	
Rise in short-term interest rates	(43)	
Fall in short-term interest rates	40	
Maximum	81	(55)
Period	31.12.2023	
Tier 1 capital	2'335	

The six interest rate scenarios are imposed by FINMA Circular 2019/2 “Interest rate risk – Banks”. Values are calculated according to FINMA Circular 2016/1 “Disclosure – banks”.

Interest rate risk in the banking book is influenced mainly by the investment book and by clients’ current account balances. The Bank uses interest rate swaps to reduce interest rate risk. Due to the current account balances in USD of its high-asset clients, the Bank is exposed to USD interest rates, which impacts potential net interest income (NII) fluctuations. NII projections are made for a 12-month period assuming that the structure of the balance sheet will remain the same.

For the Bank's EVE and NII, the assumption for clients' deposits is 37.5%with a half-year and one-year maturity, 20% with a 5-year maturity, and 5% with a 10-year maturity. The assumption for the Bank's capital is 5 years.

ORA Table: Operational risk – general information

Operational risk

To manage and supervise operational risk, the Bank has set up a dedicated framework and system that it applies consistently throughout its operational entities and activities. The Operational Risk Manual, supplemented by various appendices including the New Business/Product Risk Assessment and Change Risk Assessment, defines the following principles and key components:

- The policy, strategies and active supervision required to manage operational risk, as developed by the Board's Risk Committee and implemented by the Executive Committee;
- A common description of operational risk, applied throughout the Group and encompassing all types of operational risk or incident liable to have a significant impact on the Group's activities;
- Clear lines of operational risk responsibilities from the Board's Risk Committee and the Executive Committee down to the Heads of Operating Units and the Risk Control Units (Risk Management, Compliance);
- The methodology used to identify, assess, monitor and control or reduce operational risk (risk event management, risk self-assessment, scenario analysis, change risk assessment, issue management and tracking, and key risk indicators);
- The procedures for regular, efficient monitoring and reporting of operational risk profiles (use of risk mapping and risk indicators) by the Bank's entities and activities, for communication to the Group's top management, Executive Committee, Board's Risk Committee and Audit Committee;
- Emergency and business-continuity plans, to ensure that the Bank's activities may proceed uninterrupted;
- A clear procedure for assessing the operational risk inherent in the launch or use of new products, business activities, processes or systems; and
- Guidelines for promoting a sound internal operational risk culture.

To ensure dynamic management and effective supervision of operational risk and to define proactive risk-reduction measures, the Bank has introduced a multi-tiered organisational structure:

- Board's Risk Committee
- Audit Committee
- Risk Committee
- Independent Control Units (Group Risk Management, Compliance, Legal departments)
- Internal Audit, and
- Business Unit management teams

The Bank's priority is therefore to ensure that our risk management culture is sustainable at all levels, and that our risk measurement and supervision process is independent and effective. The approach enables us to provide better information to our departments and department heads, thereby ensuring uniformity across the Bank, and to improve our risk management constantly as our business evolves.

The Bank uses the standardised approach to calculate regulatory capital requirements in relation to operational risk.

Capital, short-term liquidity coverage, leverage ratios and financing ratio – Parent bank

Some ratio requirements presented for the parent bank (non-consolidated) in accordance with FINMA Circular 2016/01.

(in CHF millions)

	31.12.2023	31.12.2022
Capital ratio		
Minimum capital based on risk-weighted asset (RWA) requirements	687	677
Eligible capital	1,940	1,808
of which, Common Equity Tier 1 (CET1)	1,662	1,528
of which, core capital (T1)	1,936	1,804
Risk-weighted assets (RWA)	8,590	8,468
CET1 ratio (as % of RWA)	19.3%	18.1%
T1 ratio (as % of RWA)	22.5%	21.3%
Total capital ratio (as % of RWA)	22.6%	21.3%
Countercyclical capital buffer (as % of RWA)	0.033%	0.031%
Target CET1 ratio (in %) as per Annex 8 of the CAO, plus countercyclical buffer	7.5%	7.8%
Target T1 ratio (in %) as per Annex 8 of the CAO, plus countercyclical buffer	10.1%	9.6%
Total capital ratio target (in %) as per Annex 8 of the CAO, plus countercyclical buffer	12.5%	12.0%
Leverage ratio according to Basel III		
Leverage ratio Basel III (margin numbers 3 and 4, FINMA Circ. 15/3)	5.3%	4.7%
Total exposures	36,388	38,460
Liquidity coverage ratio (LCR)		
Liquidity coverage ratio (LCR) (in %), 4th quarter	264.8%	259.3%
LCR numerator: sum of high-quality liquid assets	12,727	12,707
LCR denominator: net sum of cash outflows	4,807	4,901
Liquidity coverage ratio (LCR) (in %), 3rd quarter	253.2%	218.3%
LCR numerator: sum of high-quality liquid assets	12,235	10,494
LCR denominator: net sum of cash outflows	4,832	4,807
Liquidity coverage ratio (LCR) (in %), 2nd quarter	250.6%	204.3%
LCR numerator: sum of high-quality liquid assets	11,925	10,720
LCR denominator: net sum of cash outflows	4,759	5,246
Liquidity coverage ratio (LCR) (in %), 1st quarter	267.2%	196.3%
LCR numerator: sum of high-quality liquid assets	12,243	10,502
LCR denominator: net sum of cash outflows	4,581	5,351
Net stable funding ratio (NSFR)		
Net stable funding ratio (NSFR) (%)	171.7%	178.3%
Numerator: Available stable funding	19,758	20,472
Denominator: Required stable funding	11,504	11,479

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