



BANQUE
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| SUISSE

Together for you

Annual Report 2021



Together for you

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Management report

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Foreword

After the pandemic-induced recession of 2020, 2021 saw the economy bounce back and return to pre-pandemic level, thanks to a powerful confluence of fiscal and monetary stimulus. This fast recovery came with new challenges which have become a marker of 2021: supply-chain bottlenecks, shortages of supplies and the first signs of the return of inflation. Notwithstanding massive vaccination campaigns started in early 2021, the pandemic, which has impacted us during the past two years, still lingers on and will most likely stay longer than expected.

In this context, agility and the capability to adapt are essential. At BIL Suisse, we have embarked on a transformative 5-year strategic plan, with the objective to become by 2025 a leading boutique bank for clients with a hybrid "private/corporate" value proposition. The many initiatives it entails are key to build sustainable growth, to always improve our products and services and the client experience, and to become an employer of choice for the Swiss wealth management industry in the many years to come. Despite a challenging environment in 2021, we have achieved or outperformed our annual targets in most key markets, including China, Eastern Europe, and Middle East, underlying the strength of our positioning: Swiss tradition, European roots, Eastern expertise.

Uncertainties surrounding the global economy will remain high throughout 2022. We are closely monitoring the ongoing conflict between Russia and Ukraine. From a risk management perspective, BIL Suisse exposure to Russia is limited. However, the overall impact of the crisis is, as yet, not known, and we expect slower activity on some key markets. In this context, agility and focus will remain essential. We will continue the roll out of our strategy, accelerate the execution of major transformative projects and adapt where necessary. Most visible sign of our on-going transformation: we have recently moved to new offices with functional working spaces and modern client meeting rooms on Bahnhofstrasse in the heart of Zurich.

We are confident that we are well positioned to continue our growth trajectory, supporting our employees in their professional development and offering outstanding service to our private and corporate clients.

Marcel Leyers,
President of the Board of Directors

BIL Suisse Profile

Banque Internationale à Luxembourg (Suisse) SA ("BIL Suisse") is a fully owned subsidiary of Banque Internationale à Luxembourg SA (BIL), the oldest universal bank in the Grand Duchy. BIL Suisse has offices in Zurich, Geneva and Lugano, the three main Swiss financial centers.

Clients benefit from the bank's traditional Swiss Wealth Management offering, our strong European roots and BIL balance sheet and credit offering, as well as proven expertise servicing clients in the Eastern hemisphere.

BIL Suisse offers a full range of banking services for wealthy families, entrepreneurs and independent financial advisers through its wealth management and corporate and investment banking (CIB) offering.

For private clients, BIL Suisse offers integrated financial and non-financial solutions such as asset structuring, credit solutions, wealth planning as well as capital protection. The services take a client's personal situation into account and can be tailored to capital creation or capital utilization needs.

BIL Suisse also offers extensive client management services and business development support for professional clients. Professional clients are able to benefit from a selection of CIB solutions, including corporate financing, syndicated loans and advisory services. Further services include administration, reporting and custody services, direct access to the trading floor and financial products such as open architecture solutions and investment vehicles to best serve their clients.

BIL Suisse's 2025 ambitious strategic roadmap aims for BIL Suisse to become a leading boutique bank for clients with a hybrid "private/corporate" value proposition.

Status Report from the Executive Committee prepared on 11th April 2022

2021 presented its fair share of challenges: after a strong economic recovery in the first half of the year, the second half was dominated by inflation concerns and the related actions of central banks as well as new variants of the Corona virus. Throughout these uncertainties, global stock markets showed strong performance and proved to be resilient.

Against this background, 2021 was a successful and gratifying year for BIL Suisse: the 5-year strategic plan initiated in 2020, has been executed according to plan and BIL Suisse has achieved or outperformed its annual targets for 2021 in most key markets, including China, Eastern Europe, and Middle East, underlying our expertise in servicing clients in the Eastern hemisphere.

In 2021, NNM increased by a record-high 11% (annualized growth rate) or CHF 422 million, with positive contribution in all three locations: Zurich, Geneva and Lugano. AUM has increased to CHF 4'300 million, driven by aforementioned strong inflows, as well as market and FX developments.

In 2021, we also diversified our revenue stream with a strong push into corporate and investment banking (CIB) with various strategic lending deals and corporate advisory transactions. The CIB offering is a main pillar of our upgraded proposition, combining our traditional Swiss wealth management with our strong balance sheet capabilities based on our European roots in the Grand Duchy of Luxembourg. A growing team of specialists in Geneva and Zurich is offering these services to our international clientele.

Besides this, the reshaping of our operational platform and the digitalisation of our value proposition has progressed according to plan. In 2021, BIL Suisse rolled out a new e-Banking platform and further digitalized its account opening process amongst other exciting enhancements for clients and employees. These important investments reflect the aim of our strategic plan to further increase the scalability and robustness of our platform and client experience.

The aforementioned strong growth in revenues from a broader range of capabilities, together with improved operational scalability and ongoing investments, resulted in a profitable last quarter in 2021, and a strongly improved annual result compared to the previous year proving our resilience, despite the unforeseen challenges of a global pandemic.

The entity remains well capitalized, with capital ratios well above our floors and significantly in excess of regulatory minimums. At the end of 2021: the CET1 ratio stood at 30.06% versus 2020: 27.17%. In addition, BIL Suisse maintains a strong liquidity position, with a liquidity coverage ratio of 161.91% at the end of 2021, which is also well above the minimum regulatory requirements. BIL Suisse has exited the Small Bank Regime as of December 13, 2021.

BIL Suisse posted a CHF 7.9 million loss in line with expectations of our long-term strategy. This on revenues of CHF 44.4 million representing an increase of almost 32% to the previous year, underlying the strong momentum of our transformation.

Operating expenses were CHF 50.0 million in 2021 and have increased compared to the previous year by CHF 7.5 million due to hiring, ongoing investments into our transformation and restructuring of CHF 2.2 million. The decrease of "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets" and "Changes to provisions and other value adjustments and losses" by CHF 7.2 million is mainly due to depreciation on Goodwill of CHF 2.7 million and provisions for offices Geneva/Zurich of CHF 4.4 million in 2020.

Thanks to the substantial progress we achieved in the strategic transformation of BIL Suisse, we are confident that we are well positioned to continue our growth trajectory offering outstanding service to our esteemed clientele as well as becoming an employer of choice for the Swiss wealth management industry.

Corporate Governance

Board of Directors

Marcel Leyers, 1962, Chairman

Education

Diploma in Management, University of Luxembourg

Professional history

- Member of the Board of Directors of BIL Suisse as of December 2019
- Chairman of the Board of Directors of BIL Suisse as of January 2020
- Appointed Chief Executive Officer of Banque Internationale à Luxembourg SA and Member of the Board of Directors in May 2019
- Previously responsible for Corporate and Institutional Banking department and development of Services for Luxembourgish market across all business lines at Banque Internationale à Luxembourg SA

Alain Le Fort*, 1953, Vice Chairman

Education

Geneva University Law School, lic. iur.
Admitted to the Geneva Bar (1977)

Professional history

- Member of the Board of Directors of BIL Suisse as of June 2002
- Vice Chairman of the Board of Directors of BIL Suisse as of June 2014

**Independent Member*

Bernard Mommens, 1960, Member

Education

LL.M., Leuven University, Belgium

Professional history

- Member of the Executive Committee of Banque Internationale à Luxembourg SA and Secretary General and General Counsel of the BIL Group as of 2007
- Over the past 35 years held senior positions in banking groups in Belgium and Luxembourg

Dieter C. Hauser*, 1955, Member

Education

Master of Law and Dr. iur., University of Zurich,
Switzerland Attorney at law, Canton of Zurich, Switzerland

Professional history

- Member of the Board of Directors of BIL Suisse as of October 2015 and Chairman of the BACRC of BIL Suisse as of January 2016
- Founder and Managing Partner of icomply Inc., a Compliance Consultancy firm in the financial industry, as of 2000
- Previously CEO and held Board Member positions in subsidiaries of and legal advisor to global Swiss banking group

**Independent Member*

Nico Picard, 1964, Member

Education

PhD in Mathematics, University of Nancy I, France

Professional history

- Member of the Board of Directors of BIL Suisse as of July 2020
- Appointed Chief Financial Officer and Member of the Management Board of Banque Internationale à Luxembourg SA in 2017
- Previously responsible for Finance and Asset and Liability Management at Banque Internationale à Luxembourg SA
- Over the past 32 years held various positions in a variety of functions in banks in France and Luxembourg

Chris Van Aeken, 1963, Member

Education

MBA, University of Chicago, U.S.
Applied Economics, Leuven University, Belgium

Professional history

- Member of the Board of Directors of Banque Internationale à Luxembourg SA as of July 2018
- Previously CEO of Morgan Stanley SA, Switzerland and held a variety of management and board positions in Morgan Stanley Group between 1996 and 2016

Executive Committee

Hans-Peter Borgh, 1973, Chairman

Education

MSc in Management and Organisation Major in Finance and Marketing, University of Groningen, The Netherlands

Professional history

- CEO of BIL Suisse as of January 2020
- Member of the Executive Committee of Banque Internationale à Luxembourg SA as of November 2015
- Previously held various leadership positions in International Wealth Management in Luxembourg, Singapore, Hong Kong and other locations.

Fabian Käslin, 1986, CFO/COO

Education

MBA Edinburgh Business School

Professional history

- CFO of BIL Suisse as of May 2020
- COO of BIL Suisse as of January 2021
- Previously held various leadership positions in the private banking industry in Switzerland and abroad

Hartmut Vollmer, 1966, Head WM Growth Markets

Education

Dipl. Betriebswirt (lic. oec.), VWA/University of Freiburg

Professional history

- Head of Wealth Management Growth Markets BIL Suisse as of April 2021
- Previously held different management functions (Audit, Risk, Controlling, Finance, Operations, Project Management) in Switzerland

Marco Schaller, 1967, Head WM Core Markets

Education

MBA Cranfield School of Management,
UK Swiss Federal Diploma in Commercial Studies,
Lugano, Switzerland

Professional history

- Head of Wealth Management Core Markets BIL Suisse as of February 2018
- 30 years experience in Financial Services, held different management functions at UBS and Rothschild in several European countries and in the U.S.

Michiel Haasbroek, 1978, CRO

Education

PhD in East Asian Studies, University Bochum,
Germany MSc. TiasNimbas Business School, Utrecht,
Netherlands MA Political Science and History,
Trier University, Germany

Professional history

- Appointed CRO of BIL Suisse in May 2020
- Prior to BIL Suisse held roles as Chief Risk Officer and Alternate Country Executive ABN AMRO Greater China, Chief Risk Officer ABN AMRO Shanghai and various other risk management functions in Asia and Netherlands

Tobias Kamber, 1974, General Counsel

Education

Lawyer, qualified in Switzerland
LL.M., Master of Law, USA, California
Lic. iur., University of Zurich

Professional history

- General Counsel of BIL Suisse as of January 2021
- More than 17 years of experience in legal, risk and compliance affairs in Private Banking while being based in Switzerland and Asia
- Prior to BIL Suisse, held various management roles at Julius Baer, including Deputy General Counsel Private Banking, Deputy CRO Intermediaries and Head Legal & Compliance, Hong Kong

Ralph Ebert, 1969, Chief Compliance Officer

Education

Second Bar Examination (Germany)
Heidelberg and Würzburg University Studies of Laws
(Germany)

Professional history

- Chief Compliance Officer of BIL Suisse as of June 2019
- Previously held similar Compliance roles in Private Banking industry in Switzerland, Asia and Europe

Internal Audit

Xavier Barthes, 1974, General Auditor

Education

Master Degree INSEEC Business School, Bordeaux, France

Professional history

- Internal Auditor of BIL Suisse as of January 2019
- Commenced working for BIL Suisse in 2016
- Over 20 years experience in Financial Services.
- Prior to BIL Suisse, held roles as auditor, risk manager and compliance officer in both France and Switzerland in various financial institutions and with a reputed accountancy firm

Audit

PricewaterhouseCoopers AG, Zurich

Annual accounts

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Balance sheet

as of 31 December 2021

ASSETS			
(Swiss francs)	Notes	31/12/2021	31/12/2020
Liquid assets		515,588,190	655,341,435
Amounts due from banks		152,202,479	139,910,705
Amounts due from customers	3.2/3.13	501,098,380	250,508,211
Mortgage loans	3.2	57,547,678	34,510,945
Positive replacement values of derivative financial instruments	3.3	1,507,217	1,612,449
Financial investments	3.4	163,754,445	192,132,232
Accrued income and prepaid expenses		5,984,028	3,193,650
Participations	3.5/3.6	-	-
Tangible fixed assets	3.7	46,761	641,511
Intangible assets	3.8	1,238,852	716,603
Other assets	3.9	1,407,551	221,546
TOTAL ASSETS		1,400,375,581	1,278,789,287
Total subordinated assets		-	2,401,339
LIABILITIES			
(Swiss francs)	Notes	31/12/2021	31/12/2020
Amounts due to banks		296,173,216	124,493,249
Amounts due in respect of customer deposits		947,108,346	985,768,844
Negative replacement values of derivative financial instruments	3.3	2,323,343	8,792,224
Accrued expenses and deferred income		17,340,763	14,246,058
Other liabilities	3.9	2,675,686	2,368,414
Provisions	3.13	9,026,376	9,477,431
Share capital	3.14/3.16	85,000,000	85,000,000
Statutory capital reserves		52,000,000	52,000,000
<i>of which tax-exempt capital contribution reserves</i>		<i>52,000,000</i>	<i>52,000,000</i>
Statutory retained earnings reserves		-	15,301,631
Voluntary retained earnings reserves		-	-
Profit carried forward / loss carried forward		(3,356,933)	-
Profit / loss (result of the year)		(7,915,216)	(18,658,564)
TOTAL LIABILITIES		1,400,375,581	1,278,789,287

Off-balance sheet transactions

(Swiss francs)	Notes	31/12/2021	31/12/2020
Contingent liabilities	3.2/4.1	35,558,455	22,841,970
Irrevocable commitments	3.2	1,312,000	1,236,000

Income statement

INCOME STATEMENT FROM JANUARY 1 TO DECEMBER 31			
(Swiss francs)			
	Notes	2021	2020
Result from interest operations:			
Interest and discount income	5.1	5,726,459	5,697,461
Interest and dividend income from financial investments		1,948,786	2,207,088
Interest expense		618,242	12,489
Gross result from interest operations		8,293,487	7,917,038
Changes in value adjustments for default risks and losses from interest operations		(150,354)	(314,641)
Subtotal net result from interest operations		8,143,133	7,602,397
Result from commission business and services:			
Commission income from securities trading and investment activities		31,425,262	26,057,064
Commission income from lending activities		379,829	93,329
Commission income from other services		5,282,223	854,282
Commission expense		(6,342,173)	(5,458,268)
Subtotal result from commission business and services		30,745,141	21,546,407
Result from trading activities	5.1	5,534,578	4,549,661
Other result from ordinary activities:			
Other ordinary income		-	-
Other ordinary expenses		-	-
Subtotal other result from ordinary activities		-	-
Operating expenses:			
Personnel expenses	5.2	(30,936,260)	(27,878,135)
General and administrative expenses	5.3	(19,021,390)	(14,617,467)
Subtotal operating expenses		(49,957,650)	(42,495,602)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	3.7/3.8	(1,509,457)	(4,887,631)
Changes to provisions and other value adjustments and losses	3.13/5.4	(712,753)	(4,524,495)
Operating result		(7,757,008)	(18,209,263)
Extraordinary income	5.4	271,792	-
Extraordinary expenses	5.4	-	(19,301)
Taxes	5.5	(430,000)	(430,000)
Profit / loss (result of the year)		(7,915,216)	(18,658,564)

Presentation of the statement of changes in equity

(In CHF thousands)	Share capital	Statutory capital reserves	Statutory retained earnings reserves	Voluntary retained earnings reserves	Profit carried forward/loss carried forward	Profit/loss (result of the period)	TOTAL
Equity at start of current period	85,000	52,000	15,302	-	-	(18,659)	133,643
Capital increase / decrease	-	-	-	-	-	-	-
Other contributions / other capital paid in	-	-	-	-	-	-	-
Dividends and other distributions	-	-	-	-	-	-	-
Other allocations to (transfers from) the other reserves	-	-	(15,302)	-	(3,357)	18,659	-
Profit / loss (result of the period)	-	-	-	-	-	(7,915)	(7,915)
Equity at end of current period	85,000	52,000	-	-	(3,357)	(7,915)	125,728

Notes to the financial statements

1. Description of business activities and staff situation

General

Banque Internationale à Luxembourg (Suisse) SA (hereafter "the Bank") is active in Wealth Management in Zurich, Geneva and Lugano.

Asset management

Asset management for private clients is the main activity of the Bank.

Balance sheet management

The Bank grants loans mainly in the form of Lombard loans.

Personnel

The Bank employs 107 (2020: 99) persons (full-time equivalents).

Risk Assessment

In compliance with the legal requirements, the Board of Directors is presented with the risk appetite statement in the risk report. This allows the Board to examine the main risks to which the bank is exposed.

Outsourcing

Services in connection with the preparation of tax statements, payroll accounting, back-office operations as well as the operational, technical maintenance and backup aspects of the main banking tool are outsourced to service providers in Switzerland.

2. Accounting and valuation principles

2.1 Accounting Principles

General

The bookkeeping, accounting and valuation principles are based on the Swiss Code of Obligations, the Banking Act and the related ordinance and the guidelines (Circular 2020/1 as of 31st October 2019) as well as the accounting ordinance issued by the Swiss Financial Market Supervisory Authority (FINMA). The financial statements have been prepared on a going concern basis and are generally accounted for at going concern values.

Records of Business Transactions

All transactions concluded by the Bank are included in the balance sheet and/or income statement respectively on the transaction date.

2.2 Valuation Principles

Liquidity, short-term liabilities

These items are stated in the balance sheet at nominal value.

Amounts due from banks, clients and mortgages

These elements are recognised in the balance sheet at their nominal value, except non-monetary transactions e.g. precious metal accounts, which are valued at market value. Known and foreseeable risks are reflected in value adjustments under changes in value adjustments for default risks and losses from interest operations.

Repurchase and reverse repurchase

Sales of securities with a repurchase obligation (repurchase) and buying of securities with an obligation to resell (reverse repurchase) are similar to guaranteed financial transactions. The total value of liquid assets received or given as a collateral for repurchase and reverse repurchase agreements is carried in the balance sheet, including accrued interest.

Interest income from reverse repurchases and interest expenses from repurchases are accrued over the underlying transaction period.

Financial investments

Interest-bearing securities held-to-maturity are valued at their acquisition cost adjusted for the amortisation of premiums and discounts over their remaining maturity (accrual method). Equity securities are valued using the lower of cost or market price.

Participating interests

Participating interests are recorded in the balance sheet at their acquisition cost, less required value adjustments.

Tangible fixed assets

Fixed assets are recognised at their acquisition costs and are depreciated on a straight-line basis over their estimated useful life as follows:

- Proprietary or separately acquired software
maximum 5 years
- Information technology and communication equipment
maximum 5 years
- Other tangible fixed assets
maximum 10 years

Upon subsequent revaluation, tangible fixed assets are carried in the balance sheet at their acquisition cost, less cumulative depreciation. The depreciation calculation is based on the asset's entire estimated useful life. Depreciation is calculated from the time the item is ready for use. The accounting value is reviewed on each balance sheet date. If necessary, the impairment charges are accounted for in the current period.

Intangible assets

Intangible assets are amortised as follows:

- Goodwill: maximum 5 years;
- Other intangible assets: maximum 5 years.

Extraordinary depreciation is taken into account when the situation requires it.

Accrued income and expenses

All profit or loss transactions are accrued or deferred accordingly.

Liabilities to own pension funds

The Bank concluded an affiliation agreement with a collective fund to manage the employees' pension plan. This agreement complies with local applicable legal conditions. The Bank bears more than 50% of the local mandatory pension funds' costs in favour of employees and their successors. The Bank has concluded an insurance policy; the pension plan's liabilities and the assets covering them are held by the insurance company. The organisation, management and financing of the pension plan comply with the legal and regulatory framework. The plan is a defined contribution plan.

Valuation adjustments and provisions

Valuation adjustments are performed to account for recognisable loss risks at closing date in compliance with an appropriate commercial management.

Doubtful debts, i.e. accounts whose debtors are unlikely to fulfil their future obligations, are estimated individually and the related impairment is accounted for by individual valuation adjustments. Off-balance transactions (such as fixed obligations, guaranteed and derivative financial instruments) are also included in the valuation process.

A receivable is considered to be impaired when there is strong evidence that future contractual payments linked to capital and/or interests are unlikely to be received, or each time a payment is 90 days late. Outstanding interests older than 90 days are said to be overdue. The Bank renounces to recognise overdue interests and impaired interests as income and records them directly in "Changes in value adjustments for default risks and losses from interest operations". When interests' payments are unlikely to be received, and when, as a result, the scheduling becomes useless, the Bank renounces to record these interests.

The impairment is defined as the difference between receivable book value and the amount which is likely to be received. The latter is estimated taking into account the counterparty risk and the realisation of possible collaterals. If it is expected that the realisation of collateral will take more than one year, the related income is discounted at the closing date.

The Bank does not establish allowances for latent default risks for receivables that are not at risk.

Taxes

Direct taxes which are still due at the end of the financial year are recorded in the liabilities section of the balance sheet under the heading "Accrued expenses and deferred income".

Contingent liabilities and irrevocable commitments

Off-balance sheet items are stated at their nominal value. A provision is made for identifiable risks and recorded under liabilities in the balance sheet.

Derivative financial instruments

The Bank's derivative financial instruments held for trading are priced at fair value, which is derived from an efficient and liquid market.

Derivative financial instruments are also used for hedging purposes in asset and liability management. Valuation and recording of the latter comply with hedged transactions' valuation and recording.

Positive and negative replacement values of outstanding derivative instruments at closing date are recorded as separate items in the balance sheet.

Derivative instruments' replacement values are also mentioned in the Notes.

Conversion of foreign currency items

In the Bank's financial statements all balance sheet positions held in foreign currencies are calculated at the balance sheet date. Realised and unrealised profits and losses are recognised in the income statement. Foreign currency transactions in the income statement are calculated using the exchange rate valid on the day of transaction.

The exchange rates against the Swiss francs used for converting foreign currency items are as follows:

	Closing rates	
	31/12/2021	31/12/2020
EUR	1.03	1.08
USD	0.91	0.88
GBP	1.23	1.20
JPY	0.79	0.85
PLN	22.47	23.64
XAU	1,661.02	1,668.19

2.3 Risk Management

Risk assessment and Risk policy

The Bank pursues a prudent risk policy, which is based on the Banque Internationale à Luxembourg Group principles and policies. It ensures a balanced and favourable risk/reward ratio. In its Risk Management Framework, the Bank defines the risk strategy (including Risk Appetite and Risk Tolerance) and expresses this in its Risk Appetite.

The Board of Directors (BoD) signs off on a yearly basis (a) the institution-wide Risk Management Framework (including Risk Appetite and Risk Tolerance) and (b) approves / re-approves the regulations of operative Risk Management and Risk Control. The Board Audit, Risk and Compliance Committee (BACRC) takes over its responsibilities on a yearly basis by:

- Discussing the institution-wide Risk Management Framework and presenting relevant recommendations to the BoD;
- Assessing the institution's capital and liquidity planning and reporting to the BoD;
- Assessing the institution-wide Risk Management Framework and ensuring that necessary changes are made;
- Monitoring whether the institution has adequate Risk Management with effective processes which are appropriate to the institution's particular risk situation;
- Monitoring the implementation of Risk Strategies, ensuring in particular that they are in line with the defined Risk Tolerance and Risk Limits defined in the institution-wide Risk Management Framework.

The Executive Committee as well as the Board of Directors are informed on a regular basis concerning the following risks:

- Market risk
- Credit risk (including concentration risk / large exposure / country risk)
- Liquidity risks
- Operational risk (including the internal control framework)
- Reputation risk

Market Risk

Market risk reflects the potential loss on the Bank's balance sheet positions, of which the value or cash flows depend on market fluctuations. The market risks of the Bank are mainly caused by foreign currency positions (foreign exchange risk) and positions with defined repricing maturity (interest rate change risk).

The procedures (Identification, Analysis, Measurement and Assessment) are delegated to the Risk Management department which works with the following methods and limits:

- Interest rate change risk (IR): Measurement of exposure vs limits (e.g. maturity), of sensitivity (+/- 1% interest rate shift) vs limits daily for the treasury book and monthly for the asset and liability book. For the treasury book a value-at-risk model vs limit ensures the daily identification of risk.
- Foreign exchange risk (FX): Measurement of exposure vs limits (e.g. foreign exchange gaps) daily for the banking book (treasury and asset and liability book). For the treasury book a value-at-risk model vs limit ensures the daily identification of risk.
- Financial derivatives are used only for hedging of foreign exchange exposures as: (1) FX balance sheet gaps or (2) FX cash flow hedge. Financial derivatives (OTC FX / metals forwards and OTC FX / metals options) initiated by clients are in principle fully hedged with external counterparties.

Credit risk

Credit risk is the risk associated with a loss (potential) from counterparties failing to fulfil their financial obligations. It covers:

- Default risk on loans: The risk is managed by an independent credit granting process, appropriate loan-to-value rates, diversification rules and regular reviews. Credit risks are subject to specific approval and monitoring by the Credit Committee. The Credit Department is in charge of credit controls using the following methods:
 - Daily: Violation list, which shows all uncovered positions based on lending value and all limit oversteps based on the exposure
 - Monthly: Assessment of new or existing exception to policy (ETP) positions or default positions (any break of contractual obligation) in addition to independent risk manager's assessment
 - Yearly: Stress test exercise (e.g. decrease of all market prices of 20%) with parameters defined by independent risk manager

The market prices of securities and cash collaterals (for Lombard loans) are valued by a daily market data feed. The market prices of real estate (for mortgages) are valued every 3 years by an independent real estate valuator. The loan to value rates (LTVs) are (a) fed into the banking system through an IT automated daily feed of BIL Group LTVs and (b) monitored by the credit department.

- Default risk on institutional counterparties [banks, brokers, custodians, and bonds positions in the asset and liability book (ALM)]: these credit risks are subject to a monthly monitoring by Risk Management (e.g. changes in investment grade and prices). Diversification limits are in place for Issuer, rating, and country. All counterparties and brokers (for securities and foreign exchange transactions) must be authorized by the Executive Committee, based on an assessment by Risk Management, with additional yearly approval by the BACRC.

Any significant increase in credit risk for a borrower or counterparty is presented to the Default Committee, which decides about provisions.

Liquidity and refinancing risks

Liquidity risk is defined as the risk that the Bank does not have sufficient liquidity to meet its obligations when transactions are due, or the risk that the Bank would have to incur excessive costs to do so. The refinancing risk is defined as the risk that the Bank is not in a position to refinance its current or planned liabilities at reasonable prices. The main refinancing sources are the client accounts and the BIL Group.

Liquidity and refinancing risks are managed by the Treasury department and monitored by the Risk Management department using the following methods: monthly calculation and assessment of the client's current accounts (exposure and average), calculation and assessment of the liquidity coverage ratio (LCR) monthly for the basis stress scenario and quarterly for the additional stress scenario; both results comparing to limits set out by the Board of Directors in the Risk Appetite Statement.

Operational risk (including Internal Control Framework)

Operational risk is the term given to the risk of loss resulting from the inadequacy or failure of internal processes, people or systems, or from external events. This definition includes legal risks, but excludes strategic and reputation risks.

Operational risks are managed through the application of controls, for which the yearly Risk and Control Self-Assessment (RCSA) measures the effectiveness and efficiency of these controls. The controls are captured in the Internal Control Framework and the execution of the controls is reported in the Risk Report that is presented to the Internal Control Committee and the BACRC. Regarding transactions processing and approval, system-embedded controls ensure the application of a four-eyes principle and segregation of duties requirements.

The Bank must comply with the legal and regulatory framework.

- Litigations are centrally managed by the Legal department, supported by external legal advisers.
- Legal gives legal support to the other departments of the Bank.

Reputational risk

Through continuous training, all staff is made aware of potential reputational risks related to client relationships. The procedure for the establishment of a new client relationship or for acceptance of new credits ensures that any possible reputational risk is held to a minimum. Complex or high risk account openings are subject to approval by a specific committee chaired by Head Compliance. The IT system monitors all transactions in order to identify high risks linked to the amount of incoming and outgoing assets, the country of the contractual parties, respectively of the beneficial owners or to identify persons under sanctions or subject to prosecution. In 2019, BIL Group has issued an AML Risk Appetite Statement which highlights client profiles, activities and countries with a heightened reputation risk subject to exit processes. Finally, all new client on-boarding and reviews are subject to a specific reputation risk assessment based on a Compliance Risk Grid to provide more transparency on the related risks. All staff are obliged to the "Code of Ethics" of the BIL Group.

2.4 Events after the balance sheet date

The Bank has been conducting risk assessments and further analysis regarding the conflict between Russia and Ukraine and is prepared for potential developments. Beside the before mentioned, no events with a significant influence on the financial closing occurred after the balance sheet date.

3. Balance sheet related information

3.1 Assets pledged and financing transactions

3.1.1 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

(In CHF thousands)		
Pledged/assigned assets	Book values	Effective commitments
Financial investments	-	-
Total Pledged / assigned assets	-	-
Total Assets under reservation of ownership	-	-

3.1.2 Breakdown of securities financing transactions (assets and liabilities)

(In CHF thousands)	31/12/2021	31/12/2020
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions ¹	-	14,000
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions ¹	-	-
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	-	-
- with unrestricted right to resell or pledge	-	-
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	-	-
- of which, repledged securities	-	-
- of which, resold securities	-	-

¹ Before netting agreements.

3.2 Presentation of collateral for loans / receivables and off-balance sheet transactions, as well as impaired loans

3.2.1 Loans

(In CHF thousands)	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from customers	242	500,857	631	501,730
Mortgage loans	57,548	-	-	57,548
- Residential property	56,398	-	-	56,398
- Office and business premises	-	-	-	-
- Commercial and industrial premises	1,150	-	-	1,150
- Other	-	-	-	-
TOTAL LOANS (BEFORE NETTING WITH VALUE ADJUSTMENTS)				
31/12/2021	57,790	500,857	631	559,278
31/12/2020	34,635	250,384	3,438	288,457
TOTAL LOANS (AFTER NETTING WITH VALUE ADJUSTMENTS)				
31/12/2021	57,790	500,857	-	558,647
31/12/2020	34,635	250,384	-	285,019

3.2.2 Off-balance sheet

(In CHF thousands)	Secured by mortgage	Other collateral	Unsecured	Total
Contingent liabilities	-	35,558	-	35,558
Irrevocable commitments	-	-	1,312	1,312
TOTAL OFF-BALANCE-SHEET				
31/12/2021	-	35,558	1,312	36,870
31/12/2020	-	22,842	1,236	24,078

3.2.3 Impaired loans / receivables

(In CHF thousands)	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
31/12/2021	631	-	631	631
31/12/2020	3,539	159	3,380	3,438

3.3 Presentation of derivative financial instruments (assets and liabilities)

(In CHF thousands)			
	HEDGING INSTRUMENTS		
	Positive replacement values	Negative replacement values	Contract volume
Foreign exchange / precious metals			
Forward contracts	1,475	2,291	401,161
Options (OTC)	33	33	2,097
TOTAL BEFORE NETTING AGREEMENTS:			
31/12/2021	1,508	2,324	403,258
31/12/2020	1,612	8,792	718,727
TOTAL AFTER NETTING AGREEMENTS:			
31/12/2021	1,508	2,324	403,258
31/12/2020	1,612	8,792	718,727

3.3.1 Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	-	1,089	418
Negative replacement values (after netting agreements)	-	1,932	391

3.4 Breakdown of financial investments

(In CHF thousands)				
	Book value		Fair value	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Debt securities	163,681	192,056	161,775	190,787
- of which, intended to be held to maturity	163,681	192,056	161,775	190,787
- of which, not intended to be held to maturity (available for sale)	-	-	-	-
Equity securities	74	76	176	202
- of which, qualified participations ¹	-	-	-	-
Precious metals	-	-	-	-
Real estate	-	-	-	-
TOTAL	163,755	192,132	161,951	190,989
of which, securities eligible for repo transactions in accordance with liquidity requirements	31,259	25,910	31,298	26,057

3.4.1 Breakdown of counterparties by rating

(In CHF thousands)	AA	AA-	A+	A	A-	n/a	Total
Debt securities: book values	5,509	20,138	10,625	3,747	-	123,662	163,681

The allocation is based on the ratings categories of S&P.

¹ at least 10% of capital or votes.

3.5 Presentation of participations

(In CHF thousands)

	Acquisition cost	Accumulated value adjustments and changes in book value (valuation using the equity method)	Book value 31/12/2020
Participations valued using the equity method:	-	-	-
- with market value	-	-	-
- without market value	-	-	-
Other participations:	87	(87)	-
- with market value	-	-	-
- without market value	87	(87)	-
TOTAL PARTICIPATIONS	87	(87)	-

2021						
	Reclassifications	Additions	Disposals	Value adjustments	Book value as at 31/12/2021	Market value
Participations valued using the equity method:	-	-	-	-	-	-
- with market value	-	-	-	-	-	-
- without market value	-	-	-	-	-	-
Other participations:	-	-	-	-	-	-
- with market value	-	-	-	-	-	-
- without market value	-	-	-	-	-	-
TOTAL PARTICIPATIONS	-	-	-	-	-	-

The Bank holds one inactive participation, which is fully impaired and in liquidation.

3.6 Disclosure of companies in which the bank holds a permanent direct or indirect significant participation

(In CHF thousands)	Company name and domicile	Business activity	Company capital (in 1,000s)	Share of capital (in %)	Share of votes (in %)	Held directly	Held indirectly
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The Bank holds one inactive participation, which is fully impaired. The company is in liquidation.

3.7 Presentation of tangible fixed assets

(In CHF thousands)	Acquisition cost	Accumulated depreciation	Book value 31/12/2020
Bank buildings	-	-	-
Other real estate	-	-	-
Proprietary or separately acquired software	1,920	(1,886)	34
Other tangible fixed assets	12,044	(11,436)	608
Tangible assets acquired under finance leases:	-	-	-
- of which, bank buildings	-	-	-
- of which, other real estate	-	-	-
- of which, other tangible fixed assets	-	-	-
TOTAL TANGIBLE FIXED ASSETS	13,964	(13,322)	642

(In CHF thousands)	2021					Book value as at 31/12/2021
	Reclassifications	Additions	Disposals	Depreciation	Reversals	
Bank buildings	-	-	-	-	-	-
Other real estate	-	-	-	-	-	-
Proprietary or separately acquired software	-	-	(34)	-	-	-
Other tangible fixed assets	-	139	-	(700)	-	47
Tangible assets acquired under finance leases:	-	-	-	-	-	-
- of which, bank buildings	-	-	-	-	-	-
- of which, other real estate	-	-	-	-	-	-
- of which, other tangible fixed assets	-	-	-	-	-	-
TOTAL TANGIBLE FIXED ASSETS	-	139	(34)	(700)	-	47
Operating lease commitments as at 31.12.2021						131
- of which, with maturity within one year						52

3.8 Presentation of intangible assets

(In CHF thousands)	Acquisition cost	Accumulated depreciation	Book value 31/12/2020
Goodwill	13,327	(13,327)	-
Patents	-	-	-
Licenses	-	-	-
Other intangible assets	8,344	(7,627)	717
TOTAL INTANGIBLE ASSETS	21,671	(20,954)	717

(In CHF thousands)	2021					Book value as at 31/12/2021
	Reclassifications	Additions	Disposals	Depreciation	Reversals	
Goodwill	-	-	-	-	-	-
Patents	-	-	-	-	-	-
Licenses	-	-	-	-	-	-
Other intangible assets	-	2,118	(787)	(809)	-	1,239
TOTAL INTANGIBLE ASSETS	-	2,118	(787)	(809)	-	1,239

3.9 Breakdown of other assets and other liabilities

(In CHF thousands)	Other assets		Other liabilities	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Compensation account	-	-	-	50
Deferred income taxes recognised as assets	-	-	-	-
Amount recognised as assets in respect of employer contribution reserves	-	-	-	-
Indirect taxes	148	96	525	463
Other assets and liabilities	1,260	126	2,151	1,855
TOTAL	1,408	222	2,676	2,368

3.10 Disclosures on the economic situation of own pension schemes

The Bank's pension plan is managed by collective pension funds.

Employees of the Bank are affiliated to pension plans with defined contributions. Retirement happens at 65 for men and 64 for women. However, early retirement is possible as of the age of 58 subject of a proportioned reduction of the retirement plan. The pension fund solution is split between two independent providers. The basic solution is implemented with a semi-autonomous provider, while the supplementary solution is implemented with a 1e provider¹. The two pension plans are coordinated with each other.

¹ Swiss 1e plans are a form of pension solution offering investment choice to employees.

3.11 Employer contribution reserves (ECR)

(In CHF thousands)					
ECR	Nominal value at 31/12/2021	Waiver of use at 31/12/2021	Net amount at 31/12/2021	Net amount at 31/12/2020	Influence of ECR on personnel expenses
					2021 2020
Employer sponsored funds / employer sponsored pension schemes	-	-	-	-	- -
Pension schemes	788	-	788	788	- -

The ECR is not reported as an asset on the balance sheet.

3.12 Presentation of the economic benefit / obligation and the pension expenses

(In CHF thousands)	Overfunding / underfunding at 31/12/2021	Economic interest of the Bank	Change in economic interest (economic benefit/obligation) versus 2020	Contributions paid for 2021	Pension expenses in personnel expenses
	31/12/2021	31/12/2020			2021 2020
Pension plan with over-funding	-	(14)	129	(143)	2,288 2,145 2,386

The free funds for early retirement were distributed to the insured in 2021.

3.13 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

(In CHF thousands)	Balance 31/12/2020	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance 31/12/2021
Provisions for restructuring	1,347	(1,290)	-	-	-	2,145	-	2,202
Other provisions	8,130	(1,373)	-	(3)	-	70	-	6,824
TOTAL PROVISIONS	9,477	(2,663)	-	(3)	-	2,215	-	9,026
Value adjustments for default and country risks	3,438	(2,882)	-	(16)	-	162	(71)	631
- of which, value adjustments for default risks in respect of impaired loans / receivables	3,438	(2,882)	-	(16)	-	162	(71)	631
- of which, value adjustments for latent risks	-	-	-	-	-	-	-	-

Provisions for restructuring (CHF 2.15 Million) and legal costs (CHF 0.07 million) have been recorded in the current period.

3.14 Presentation of the bank's capital

(In CHF thousands)	31/12/2021			31/12/2020		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend
Total share capital	85,000	85,000	85,000	85,000	85,000	85,000
TOTAL SHARE CAPITAL	85,000	85,000	85,000	85,000	85,000	85,000

3.15 Disclosure of amounts due from / to related parties

(In CHF thousands)	Amounts due from		Amounts due to	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Holders of qualified participations	137,514	91,661	294,382	100,553
Group companies	-	-	-	-
Linked companies	-	-	-	-
Transactions with members of governing bodies	-	-	-	-
Other related parties	-	-	-	-

The services rendered to and from related parties are at arm's length.

3.16 Disclosure of holders of significant participations

(In CHF thousands)		31/12/2021		31/12/2020	
		Nominal	%	Nominal	%
Holders of significant participations and groups of holders of participations with pooled voting rights					
With voting rights	Banque Internationale à Luxembourg SA, Luxembourg	85,000	100%	85,000	100%
Without voting rights	-	-	-	-	-

The parent company of Banque Internationale à Luxembourg (Suisse) SA ("BIL Switzerland") is Banque Internationale à Luxembourg S.A., a Luxembourg public limited company governed by the laws of the Grand Duchy of Luxembourg. Its registered office is situated at 69, route d'Esch, L-2953 Luxembourg.

The main shareholders of Banque Internationale à Luxembourg are Beyond Leap Limited with a holding of 89.9804% and the Luxembourg State with a holding of 9.9978%. The remaining 0.0218% is held by individual shareholders.

BIL Switzerland is integrated in the consolidated financial statements of Legend Holdings Corporation, comprising the largest body of undertakings of which BIL Switzerland forms part as a subsidiary. The registered office of Legend Holdings Corporation is located at Room 1701, 17/F, Block 1, Court No. 2, Ke Xue Yuan Nanlu, Haidian District, Beijing, the People's Republic of China. BIL Switzerland is integrated in the consolidated financial statements of Beyond Leap Limited, comprising the smallest body of undertakings of which BIL Switzerland forms part as a subsidiary. The registered office of Beyond Leap Limited is located at 27/F., One Exchange Square, Central, Hong Kong, and its consolidated accounts are available at the same address.

3.17 Presentation of the maturity structure of financial instruments

(In CHF thousands)	At sight	Cancellable	Due					Total	
			within 3 months	within 3 to 12 months	within 12 months to 5 years	after 5 years	No maturity		
ASSETS / FINANCIAL INSTRUMENTS									
Liquid assets	515,588	-	-	-	-	-	-	515,588	
Amount due from banks	149,202	-	3,000	-	-	-	-	152,202	
Amount due from customers	-	17,779	284,213	111,257	87,849	-	-	501,098	
Mortgage loans	37	-	25,435	-	6,535	25,541	-	57,548	
Positive replacement values of derivatives	1,507	-	-	-	-	-	-	1,507	
Financial investments	74	-	-	2,511	161,169	-	-	163,754	
TOTAL	31/12/2021	666,408	17,779	312,648	113,768	255,553	25,541	-	1,391,697
	31/12/2020	780,910	25,335	149,889	128,991	161,588	27,302	-	1,274,015
DEBT CAPITAL / FINANCIAL INSTRUMENTS									
Amount due to banks	126,935	-	169,238	-	-	-	-	296,173	
Amounts due in respect of customer deposits	946,591	-	517	-	-	-	-	947,108	
Negative replacement values of derivative financial instruments	2,323	-	-	-	-	-	-	2,323	
TOTAL	31/12/2021	1,075,849	-	169,755	-	-	-	-	1,245,604
	31/12/2020	925,642	-	133,993	59,419	-	-	-	1,119,054

3.18 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

(In CHF thousands)	31/12/2021		31/12/2020	
	Domestic	Foreign	Domestic	Foreign
ASSETS				
Liquid assets	515,588	-	655,341	-
Amounts due from banks	11,331	140,872	46,921	92,990
Amounts due from customers	47,108	453,991	14,667	235,841
Mortgage loans	49,151	8,397	34,511	-
Positive replacement values of derivative financial instruments	1,074	433	1,076	536
Financial investments	22,723	141,032	22,807	169,325
Accrued income and prepaid expenses	3,294	2,688	861	2,332
Participations	-	-	-	-
Tangible fixed assets	47	-	642	-
Intangible assets	1,239	-	717	-
Other assets	1,408	-	222	-
TOTAL ASSETS	652,963	747,413	777,765	501,024
LIABILITIES				
Amounts due to banks	2,917	293,256	29,084	95,409
Amounts due in respect of customer deposits	102,540	844,569	72,179	913,590
Negative replacement values of derivative financial instruments	860	1,464	2,951	5,841
Accrued expenses and deferred income	16,830	510	13,747	500
Other liabilities	2,676	-	2,368	-
Provisions	8,652	374	9,145	332
Share capital	85,000	-	85,000	-
Statutory capital reserves	52,000	-	52,000	-
Statutory retained earnings reserves	-	-	15,302	-
Voluntary retained earnings reserves	-	-	-	-
Profit carried forward / loss carried forward	(3,357)	-	-	-
Profit / loss (result of the year)	(7,915)	-	(18,659)	-
TOTAL LIABILITIES	260,203	1,140,173	263,117	1,015,672

3.19 Breakdown of total assets by country or group of countries (domicile principle)

(In CHF thousands)		31/12/2021		31/12/2020	
		Absolute	Share as %	Absolute	Share as %
Assets					
Europe :					
- Switzerland		652,963	48%	777,765	62%
- Luxembourg		147,299	11%	101,567	8%
- Rest of Europe		257,845	18%	222,048	17%
North America		6,801	-	28,617	2%
Caribbean		124,373	9%	44,136	3%
Latin America		1,133	-	1,140	-
Africa		18,650	1%	1,848	-
Asia		188,714	13%	100,845	8%
Australia/Oceania		2,598	-	823	-
TOTAL ASSETS		1,400,376	100%	1,278,789	100%

3.20 Breakdown of total assets by credit rating of country groups (risk domicile view)

(In CHF thousands)		Net foreign exposure 31/12/2021		Net foreign exposure 31/12/2020	
Rating		Absolute	Share as %	Absolute	Share as %
AAA to AA-		489,955	65%	404,286	82%
A+ to A-		57,538	8%	20,011	4%
BBB+ to BBB-		43,285	6%	21,685	4%
BB+ to BB-		14	-	159	-
B+ to B-		1,769	-	1,265	-
CCC+ to C-		3,988	1%	1,851	-
D		-	-	7	-
No rating		150,864	20%	51,760	10%
TOTAL		747,413	100%	501,024	100%

The exposures have been classified as per country risk ratings issued by S&P.

3.21 Presentation of assets and liabilities broken down by the most significant currencies for the Bank

(In CHF thousands)	CHF	EUR	USD	GBP	JPY	PLN	XAU	Others
ASSETS								
Liquid assets	515,588	-	-	-	-	-	-	-
Amounts due from banks	8,338	1,625	120,610	-	370	760	5,615	14,884
Amounts due from customers	36,103	183,134	270,394	10,762	34	255	-	416
Mortgage loans	49,136	8,412	-	-	-	-	-	-
Positive replacement values of derivative financial instruments	1,471	33	-	-	-	-	3	-
Financial investments	31,333	132,421	-	-	-	-	-	-
Accrued income and prepaid expenses	3,322	2,389	254	17	-	3	-	-
Participations	-	-	-	-	-	-	-	-
Tangible fixed assets	47	-	-	-	-	-	-	-
Intangible assets	1,239	-	-	-	-	-	-	-
Other assets	1,365	43	-	-	-	-	-	-
TOTAL ASSETS SHOWN IN BALANCE SHEET	647,942	328,057	391,258	10,779	404	1,018	5,618	15,300
Delivery entitlements from spot exchange, forward forex and forex options transactions	8,281	38,727	282,342	18,012	868	14,880	21,842	18,305
TOTAL ASSETS	656,223	366,784	673,600	28,791	1,272	15,898	27,460	33,605
LIABILITIES								
Amounts due to banks	180,701	41,088	70,612	2,534	64	-	1,126	48
Amounts due in respect of customer deposits	51,905	246,153	562,326	21,060	321	8,939	26,082	30,322
Negative replacement values of derivative financial instruments	2,287	33	-	-	-	-	3	-
Accrued expenses and deferred income	17,337	-	5	-	-	-	-	-
Other liabilities	1,093	502	1,076	3	-	-	-	2
Provisions	8,652	190	184	-	-	-	-	-
Share capital	85,000	-	-	-	-	-	-	-
Statutory capital reserves	52,000	-	-	-	-	-	-	-
Statutory retained earnings reserves	-	-	-	-	-	-	-	-
Voluntary retained earnings reserves	-	-	-	-	-	-	-	-
Profit carried forward / loss carried forward	(3,357)	-	-	-	-	-	-	-
Profit / loss (result of the year)	(7,915)	-	-	-	-	-	-	-
TOTAL LIABILITIES SHOWN IN BALANCE SHEET	387,703	287,966	634,203	23,597	385	8,939	27,211	30,372
Delivery obligations from spot exchange, forward forex and forex options transactions	269,252	78,822	39,392	5,189	887	6,957	249	3,200
TOTAL LIABILITIES	656,955	366,788	673,595	28,786	1,272	15,896	27,460	33,572
NET POSITION PER CURRENCY	(732)	(4)	5	5	-	2	-	33

4. Off balance sheet related information

4.1 Breakdown of contingent liabilities and contingent assets

(In CHF thousands)	31/12/2021	31/12/2020
Guarantees given to secure credits and similar	33,623	22,842
Other contingent liabilities	1,935	-
TOTAL CONTINGENT LIABILITIES	35,558	22,842
Guarantees received to secure credits and similar	-	-
Other contingent assets	-	-
TOTAL CONTINGENT ASSETS	-	-

4.2 Breakdown of fiduciary transactions

(In CHF thousands)	31/12/2021	31/12/2020
Fiduciary investments with third-party companies	-	1,627
Fiduciary investments with group companies and linked companies	162,328	138,321
Other fiduciary transactions	-	-
TOTAL	162,328	139,948

4.3 Breakdown of managed assets and presentation of their development

4.3.1 Breakdown of managed assets

(In CHF million)	31/12/2021	31/12/2020
Assets in collective investment schemes managed by the Bank	-	-
Assets under discretionary asset management agreements	434	362
Other managed assets	3,866	3,382
TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING)	4,300	3,744
<i>of which, double counting</i>	<i>-</i>	<i>-</i>

4.3.2 Presentation of the development of managed assets

(In CHF million)	2021	2020
TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING) AT BEGINNING	3,744	4,131
+/- net new money inflow or net new money outflow	422	(342)
+/- price gains / losses, interest, dividends and currency gains / losses	134	(45)
+/- other effects	-	-
TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING) AT END	4,300	3,744

Considered as client assets are all assets, held as investment, from institutional clients, company clients and private clients. Assets held for safekeeping only are not included. This concerns assets from institutionals like investment funds, where the Bank acts as custody and financial collector only.

Changes in rates, credits of interests and dividends, commissions, debit interests on Lombard loans, etc. are considered as performance-based changes in client assets.

5. Income statement related information

5.1 Result from trading activities and interest operations

5.1.1 Breakdown of the result from trading activities and the fair value option

(In CHF thousands)	2021	2020
Result from trading activities from:		
- Interest rate instruments (including funds)	-	-
- Equity securities (including funds)	-	-
- Foreign currencies	5,535	4,550
- Commodities / precious metals	-	-
TOTAL RESULT FROM TRADING ACTIVITIES	5,535	4,550
- of which, from fair value option	-	-
- of which, from fair value option on assets	-	-
- of which, from fair value option on liabilities	-	-

5.1.2 Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

(in CHF thousands)	2021	2020
Result from interest operations		
- Interest and discount income	5,726	5,698
of which, from refinancing income	-	-
of which from negative interest	(3,169)	(2,457)
- Interest and dividend income from financial investments	1,949	2,207
- Interest expense	618	12
of which from negative interest	1,447	546
TOTAL RESULT FROM INTEREST OPERATIONS	8,293	7,917

5.2 Breakdown of personnel expenses

(in CHF thousands)	2021	2020
Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	26,130	22,931
of which expenses relating to share-based compensation and alternative forms of variable compensation	4,926	3,524
Social insurance benefits	3,935	3,973
Changes in book value for economic benefits and obligations arising from pension schemes	-	-
Other personnel expenses	871	974
TOTAL	30,936	27,878

5.3 Breakdown of general and administrative expenses

(In CHF thousands)	2021	2020
Office space expenses	2,547	3,370
Expenses for information and communications technology	7,038	5,233
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	218	101
Fees of audit firm(s) (Art. 961a no. 2 CO)	420	406
<i>of which, for financial and regulatory audits</i>	420	406
<i>of which, for other services</i>	-	-
Other operating expenses	8,798	5,507
TOTAL	19,021	14,617

5.4 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

Provisions for restructuring (CHF 2.15 Million) and legal costs (CHF 0.07 million), operating losses (0.7 Million) and a loss on the sale of art pieces (0.02 Million) have been recorded in the current period. On the other hand, the bank realized an extraordinary income of CHF 0.3 Million resulting from the sale of non-liquid amortised assets.

5.5 Presentation of current taxes, deferred taxes, and disclosure of tax rate

(In CHF thousands)	2021	2020
Current taxes	430	430
Deferred taxes	-	-
Impact of changes arising from loss carry forwards on income taxes	-	-
Average income tax rate	-	-

Proposal to the Annual General Meeting

The Board of Directors proposes to the Ordinary Annual General Meeting that available earnings be appropriated as follows:

(Swiss francs)	
TOTAL SHAREHOLDERS' EQUITY AS AT 31/12/2021 BEFORE APPROPRIATION OF AVAILABLE EARNINGS:	
Share capital	85,000,000
Statutory capital reserves	52,000,000
<i>of which tax-exempt capital contribution reserves</i>	52,000,000
Statutory retained earnings reserves	-
Voluntary retained earnings reserves	-
Profit carried forward / loss carried forward	(3,356,933)
Profit / loss (result of the period)	(7,915,216)
TOTAL	125,727,851
Loss (result of the period)	(7,915,216)
+/- profit / loss carried forward	(3,356,933)
= DISTRIBUTABLE PROFIT / ACCUMULATED LOSS	(11,272,149)
APPROPRIATION OF PROFIT / COVERAGE OF LOSSES:	
- Transfers from statutory retained earnings reserves	-
NEW AMOUNT CARRIED FORWARD	(11,272,149)
TOTAL SHAREHOLDERS' EQUITY AS AT 31/12/2021 AFTER APPROPRIATION OF AVAILABLE EARNINGS:	
Share capital	85,000,000
Statutory capital reserves	52,000,000
<i>of which tax-exempt capital contribution reserves</i>	52,000,000
Statutory retained earnings reserves	-
Voluntary retained earnings reserves	-
Profit carried forward / loss carried forward	(11,272,149)
TOTAL	125,727,851

Report of the statutory auditor

to the General Meeting of Banque Internationale à Luxembourg (Suisse) SA, Zurich

Report on the financial statements

As statutory auditor, we have audited the financial statements of Banque Internationale à Luxembourg (Suisse) SA, which comprise the balance sheet, income statement, presentation of the statement of changes in equity and notes (pages 15 to 38), for the year ended 31 December 2021.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (art. 728 CO and art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Guido Andermatt
Audit expert
Auditor in charge

Roland Holl
Audit expert

Zürich, 29 April 2022

Disclosure according to FINMA Circular 2016/1 on capital and liquidity

TABLE ID	TYPE	NAME AND DESCRIPTION	REMARKS
OVERVIEW DISCLOSURES			
CorpGov	QUALITATIVE	Corporate Governance	Qualitative disclosure covered by narrative included in the annual report.
KM1	QUANTITATIVE	Key metrics	See table KM1
OV1	QUANTITATIVE	Overview of risk weighted assets (RWA)	See table OV1
			BIL Suisse is classified as Category 4 Bank by the FINMA and is therefore subject to a Liquidity Coverage Ratio (LCR) regulatory requirement of 100%. In addition to the regulatory requirement, BIL Suisse maintains a stricter internal requirement prescribed by the bank's Risk Appetite Statement (RAS).
LIQA	MIXED	Liquidity risk management	<p>The internal requirement is implemented using a traffic light approach where three different thresholds define the RED, AMBER and GREEN areas as follows:</p> <ul style="list-style-type: none"> - GREEN: LCR > 150% - AMBER: 120% ≤ LCR ≤ 150% - RED: LCR < 120% <p>The ratio is monitored on a daily basis and reported to the ALM Committee members, as well as to BIL Group.</p>
CREDIT AND COUNTERPARTY CREDIT RISK DISCLOSURE			
CR1	QUANTITATIVE	Credit risk: Credit quality of assets	See table CR1
CR2	QUANTITATIVE	Credit risk: Changes in stock of defaulted loans and debt securities	See table CR2
			BIL Suisse credit portfolios mainly consists of (revocable) Lombard loans and Mortgage Loans.
CRB	MIXED	Credit risk: Additional disclosure related to the credit quality of assets	<p>Lombard loans are secured by liquid financial securities and the collateral cover is monitored on a daily basis. Furthermore, particular attention is placed on country risk (BIL Suisse does not hold either Russian or Ukrainian securities in the collateral pool).</p> <p>Finally BIL Suisse holds debt securities in European corporates diversified across various sectors as well as Swiss government bonds that are part of the High Quality Liquid Assets pool of the bank.</p>
CR3	QUANTITATIVE	Credit risk: Credit risk mitigation techniques – overview	See table CR3
CR5	QUANTITATIVE	Credit risk: Standardised approach – exposures by asset classes and risk weights	See table CR5
CCR3	QUANTITATIVE	Counterparty credit risk: Standardised approach of CCR exposures by regulatory portfolio (position class) and risk weights	See table CCR3
CCR5	QUANTITATIVE	Counterparty credit risk: Composition of collateral for CCR exposure	Given the type and size of derivatives transactions carried out by BIL Suisse, in compliance with FINMA Circular 2016/01 – “Disclosure Banks” – Margin 15, table CCR5 is not disclosed as deemed not meaningful.

TABLE ID	TYPE	NAME AND DESCRIPTION	REMARKS
INTEREST RATE RISK IN THE BANKING BOOK DISCLOSURE			
IRRBB	QUALITATIVE	Interest rate risk: risk management objectives and policies for the management of interest rate risk in the banking book	<p>BIL Suisse is part of BIL Group and complies with the Group's Interest Rate Risk in the Banking Book policy explained in the Group's Pillar III disclosures report available at https://www.bil.com/en/bil-group/documentation/Pages/financial-reports.aspx</p> <p>As part of its regulatory reporting duties, the bank reports the IRRBB metrics (Delta-EVE and Delta-NII) to the FINMA on a quarterly basis.</p> <p>Furthermore, the BIL Suisse's Risk Appetite Framework includes two different sets of limits covering the interest rate sensitivity on ALM and Treasury positions.</p> <p>For both types of positions, the sensitivity is measured using a parallel shift of 100 basis points on all underlying interest rate curves.</p> <p>The limits are set using a traffic light approach as follows:</p> <p>ALM Interest Rate Sensitivity</p> <ul style="list-style-type: none"> - GREEN: IR Sensitivity < 7.5m CHF - AMBER: 7.5m CHF ≤ IR Sensitivity ≤ 8.5m CHF - RED: IR Sensitivity > 8.5m CHF <p>Treasury Interest Rate Sensitivity</p> <ul style="list-style-type: none"> - GREEN: IR Sensitivity < 0.3m CHF - AMBER: 0.3m CHF ≤ IR Sensitivity ≤ 0.5m CHF - RED: IR Sensitivity > 0.5m CHF <p>The Treasury Interest Rate Sensitivity is measured and reported with daily frequency whereas the ALM Interest Rate Sensitivity is reported at least on a monthly basis.</p>
IRRBB1	QUANTITATIVE	Interest rate risk: quantitative information on position structure and interest rate repricing	See table IRRBB1
IRRBB1	QUANTITATIVE	Interest rate risk: quantitative information on the net present value and interest income	See table IRRBB1
OPERATIONAL RISK DISCLOSURE			
ORA	QUALITATIVE	OPERATIONAL RISKS: GENERAL INFORMATION	<p>BIL Suisse determines the capital requirement for Operational Risk using the Basic Indicator Approach (BIA). The latter computes the capital requirement as a three-years average of the positive Gross Income (GI) indicator, rescaled by 15%. BIL Suisse update the operational risk capital requirement twice a year, on the second and fourth quarters.</p>

Table KM1: Key metrics

(In CHF thousands)	31/12/2021	30/09/2021	30/06/2021	31/03/2021	31/12/2020
Available capital (amounts)					
Common Equity Tier 1 (CET1)	124,489				132,209
Tier 1	124,489				132,209
Total capital	124,489				132,209
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	414,100				486,615
Minimum capital requirement	33,128				38,929
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio (%)	30.06%				27.17%
Tier 1 ratio (%)	30.06%				27.17%
Total capital ratio (%)	30.06%				27.17%
Additonal CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%				2.5%
Countercyclical buffer requirement (%)	0%				0%
Bank G-SIB and/or D-SIB additional requirements (%)	0%				0%
Total of bank CET1 specific buffer requirements (%)	2.5%				2.5%
CET1 available after meeting the bank's minimum capital requirements (%)	22.06%				19.17%
Target capital ratios according to appendix 8 CAO (% of RWA)					
Capital buffer according to appendix 8 CAO (%)	3.2%				2.5%
Countercyclical capital buffer (art. 44 and 44a CAO) (%)	0%				0%
CET1 target ratio according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO (%)	7.4%				7.0%
T1 target ratio according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO (%)	9%				8.5%
Total capital target ratio according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO (%)	11.2%				10.5%
Basel III leverage ratio¹					
Total Basel III leverage ratio exposure measure	1,470,462				
Basel III leverage ratio (%)	8.47%				
Liquidity Coverage Ratio					
Total HQLA	476,365	486,091	520,010	589,624	542,602
Total net cash outflow	294,209	216,329	235,365	211,751	154,336
LCR ratio (%)	161.91%	224.70%	220.94%	278.45%	351.57%
Net Stable Funding Ratio²					
Total available stable funding	766,601				
Total required stable funding	482,482				
NSFR ratio	158.89%				

¹ The Leverage Ratio Exposure measure as well as the ratio as of 31.12.2020 are not reported as BIL Suisse was in category 5 and participating to the Small Bank Regime (SBR), therefore subject to the simplified Leverage Ratio requirement.

² The NSFR as of 31.12.2020 is not reported as BIL Suisse was in category 5 and participating to the Small Bank Regime (SBR), therefore exempted from the reporting requirement.

Table OV1: Overview of risk weighted assets

(In CHF thousands)	RWA ¹	RWA	Minimum Capital Requirement	RWA change
	31/12/2021	31/12/2020	31/12/2021	in %
Credit risk ²	332,481	398,760	26,599	(17%)
Market risk ¹	9,727	14,055	778	(31%)
Operational risk ¹	71,892	73,800	5,751	(3%)
Amounts below threshold for deductions (with 250% to be risk weighted positions)	-	-	-	-%
TOTAL	414,100	486,615	33,128	(15%)

Table CR1 : Credit risk: Credit quality of assets [QC / fixed]

(In CHF thousands)	Gross carrying values of ³		Allowances/ impairments ⁴	Net values
	Defaulted exposures ⁵	Non-defaulted exposures		
Loans (excluding debt securities)	485	710,849	485	710,849
Debt securities	-	163,681	-	163,681
Off-balance sheet exposures	-	192,214	-	192,214
TOTAL REPORTING PERIOD	485	1,066,743	485	1,066,743

¹ RWA: risk weighted positions in accordance with own funds requirement calculation regulation. When the regulation does not foresee the direct calculation of RWA (e.g. Operational Risk and Market Risk), the capital requirement is converted into RWA equivalent by means of the application of 12.5 scaling factor.

² Includes counterparty credit risk, non-counterparty-related risks, the risks relating to shares held in the banking book and the investments in collective managed assets as well as settlement risk.

³ Gross carrying values: on- and off-balance sheet items that give rise to a credit risk exposure according to the Basel framework. On-balance sheet items include loans and debt securities.

Off-balance sheet items must be measured according to the following criteria:

(a) guarantees given – the maximum amount that the bank would have to pay if the guarantee were called. The amount must be gross of any credit conversion factor (CCF) or credit risk mitigation (CRM) techniques.

(b) Irrevocable loan commitments – total amount that the bank has committed to lend. The amount must be gross of any CCF or CRM techniques. Revocable loan commitments must not be included.

The gross value is the accounting value before any allowance/impairments but after considering write-offs. Banks must not take into account any credit risk mitigation technique.

⁴ Sum of value adjustments, without taking into account, that these adjustments cover past due credits or even deferred risks, and directly booked amortisations.

⁵ Under SA-BIZ this includes credits past due and defaulted positions.

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

(In CHF thousands)	Reporting period
Defaulted loans and debt securities at end of the previous reporting period ¹	3,351
Loans and debt securities that have defaulted since the last reporting period	-
Returned to non-defaulted status	(79)
Amounts written off ²	(2,766)
Other changes ³	(22)
Defaulted loans and debt securities at end of the reporting period	485

Table CR3: Credit risk: Credit risk mitigation techniques

(In CHF thousands)	Exposures unsecured: carrying amount ⁴	Exposures secured by collateral, of which: secured amount ⁵	Exposures secured by financial guarantees or credit derivatives, of which: secured amount
Loans (including debt securities)	399,080	413,736	61,713
Off-balance sheet	68,250	123,964	-
TOTAL	467,330	537,700	61,713
Of which defaulted	-	485	-

Table CR5: Credit risk: exposures by asset classes and risk weights under the standardised approach

(In CHF thousands)	0%	10%	20%	35%	50%	75%	100%	150%	Other	Total credit exposures amount (post CCF and post-CRM)
Asset classes / Risk weight										
Sovereigns and their central banks	517,695	-	-	-	-	-	-	-	-	517,695
Banks and securities traders	-	-	151,621	-	79,654	-	-	-	-	231,275
Public-sector entities and multilateral developments banks	-	-	29,455	-	2,528	-	5	-	-	31,988
Corporate	-	-	-	11,556	-	125	192,392	336	-	204,409
Retail	-	-	-	43,724	-	7,275	34,949	-	-	85,948
Equity securities	-	-	-	-	-	-	-	74	-	74
Other assets	-	-	-	-	-	-	647	-	-	647
TOTAL	517,695		181,076	55,280	82,181	7,401	227,993	409	-	1,072,034
Thereof receivables secured by real estate	-	-	-	55,280	-	2,817	-	-	-	58,097

The exposure reported in Table CR5 consists of the Exposure at Default (EAD) used to calculate the minimum capital requirement post application of Credit Conversion Factors (CCF) and recognition of any Credit Risk Mitigation (CRM).

¹ Loans and debt securities that have defaulted since the last reporting period: refers to any loan or debt securities that became marked as defaulted during the reporting period.

² Amounts written off: both total and partial write-offs.

³ Other changes: balancing items that are necessary to enable total to reconcile.

⁴ Exposures unsecured- carrying amount: carrying amount of exposures (net of allowances/impairments) that do not benefit from a credit risk mitigation technique.

⁵ Exposures secured by collateral: carrying amount of exposures (net of allowances/ impairments) partly or totally secured by collateral, regardless of the collateralised portion.

Table CCR3: Counterparty credit risk: exposures by regulatory portfolio and risk weights under the standardised approach

(In CHF thousands)									
Asset classes / Risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ¹
Sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Banks and securities traders	-	-	2,309	554	-	-	-	-	2,864
Public-sector entities and multilateral development banks	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	25	-	-	25
Retail	-	-	-	-	-	582	-	-	582
Equity securities	-	-	-	-	-	-	-	-	-
Other assets ²	-	-	-	-	-	-	-	-	-
TOTAL	-	-	2,309	554	-	607	-	-	3,471

Table IRRBBA1: Quantitative information on the exposure's structure and interest rate fixing date

(In CHF thousands)	Amount in CHF millions			Average interest rate reset period (in years)	
	Total	Of which: CHF	Of which: other significant currencies that make up more than 10% of assets and liabilities	Total	Of which: CHF
Defined interest rate reset date					
Amounts due from banks	2,982	2,982	-	0.10	0.10
Amounts due from customers	486,778	34,649	443,249	0.68	0.61
Money market mortgages	-	-	-	-	-
Fixed-rate mortgages	36,584	29,211	7,372	9.09	7.71
Financial investments	166,516	25,680	140,837	3.02	2.46
Other receivables	-	-	-	-	-
Receivables from interest-rate derivatives	-	-	-	-	-
Amounts due to banks	169,146	74,869	94,277	0.19	0.22
Amounts due in respect to customer deposits	517	-	-	0.04	-
Cash bonds	-	-	-	-	-
Bonds issues and central mortgage institution loans	-	-	-	-	-
Other payables	-	-	-	-	-
Payables to interest-rate derivatives	-	-	-	-	-
Undefined interest rate reset date					
Amounts due from banks	141,860	5,338	122,235	0.08	0.08
Amounts due from customers	17,779	1,683	13,467	0.08	0.08
Fixed-rate mortgages	24,595	21,480	3,115	1.16	1.15
Other receivables	-	-	-	-	-
Payables from personal accounts and current accounts	773,628	51,906	671,656	1.58	0.08
Other payables	125,808	105,700	17,462	0.08	0.08
Payables arising from customers deposits, terminable but not transferable (savings accounts)	136,822	-	136,822	1.25	-
TOTAL	2,083,016	353,497	1,650,494	1.27	1.03

¹ Total credit exposure: the amount relevant for the capital requirements calculation, post recognition of Credit Risk Mitigation techniques.

² Other assets includes securitization positions, non-counterparty related positions as well as any investments (participations) in commercial enterprises subject to a risk weight of 1250%.

Table IRRBB1: Quantitative information on IRRBB

(In CHF thousands)				
	DELTA EVE		DELTA NII	
Period	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Parallel up	5,211	(14,655)	(5,406)	3,752
Parallel down	(5,897)	16,124	5,314	(3,677)
Steeper	1,739	(2,036)		
Flattener	(224)	(462)		
Short rate up	2,290	(5,039)		
Short rate down	(2,417)	5,214		
Maximum	5,897	16,124	5,406	3,752
Period	31/12/2021		31/12/2020	
Tier 1 capital	124,489		132,209	

The change in the economic value of equity (Delta-EVE) resulting from the application of the regulatory interest rate scenarios are below 15% of BIL Suisse Tier1 Capital.

The scenario originating the highest Delta-EVE is the parallel down which assumes a parallel shift along the whole interest rate curve. The substantial drop in interest rate sensitivity with respect to the prior reporting period is driven by the implementation of the Non-Maturing Deposit model developed by BIL Group.

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