



Annual Report 2020

BankMed (Suisse) SA

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CEO MESSAGE

The year 2020 had marked a major achievement for BankMed Suisse.

Our team had successfully implemented a new core banking system, end of September 2020. This key milestone will enable us pursuing our development plans, with a modern and secured infrastructure.

This accomplishment was accompanied by a number of improvements at the operational level, with an upgrade of several processes. A new back-office team was also integrated.

The level of service provided to our customers was enhanced and will continue to be improved. Our new e-banking system is just a component of such progress.

A new investment team had joined our bank. Our investment offering was completely renovated, giving our customers access to tailor-made proposals, in line with their risk-return targets and profiles.

Our communication tools were also extended, with a new website, CIO newsletters, podcasts, and various high level financial and economic comments.

All these initiatives are laying the foundations for future sustainable and healthy growth.

Despite economic headwinds, our bank had posted a strong capital adequacy ratio, at 34.75%, well above the required regulatory minimum (10.5%). BankMed (Suisse) remains very well capitalised.

Our liquidity ratio end of 2020 (380.64%) is another indicator of the Bank's solidity.

Fadi Halout

Chief Executive Officer

BOARD OF DIRECTORS

DURING THE YEAR 2020, THE BOARD OF DIRECTORS WAS COMPOSED (ON AVERAGE) BY 8 NON-EXECUTIVE MEMBERS, AS FOLLOWS:

Michel Accad

Chairman of the Board of Directors

Mr. Michel Accad is the Executive General Manager of Bankmed and serves as an Executive Member on Bankmed's Board of Directors.

Mr. Accad serves also as Chairman – General Manager of MedInvestment Bank and as Executive General Manager of Saudi Lebanese Bank.

Mr. Accad served as the Group Chief Executive Officer of Al-Ahli Bank of Kuwait (ABK) from May 2014 to April 2020. He assumed this position after having successfully led the turnaround of Gulf Bank, another Kuwaiti lender, and contributed to its return to profitability following the 2008 crisis.

Prior to that, from 2006 to 2009, Michel was the Assistant Chief Executive of Arab Bank PLC, based in Amman. Within this capacity, he had direct responsibility over all banking businesses globally, including Corporate and Investment Banking, Consumer Banking, Private Banking and Wealth Management, Treasury, and Credit.

Before moving to Arab Bank, Mr. Accad spent 27 years with Citigroup, which he joined in 1979. His last post with Citi was Managing Director and CEO for the Middle East and North Africa (MENA) Division, a unit that spanned presence in 10 countries and contributed over \$1 BN to Citi's bottom line.

Mr. Accad holds MBA with Honors from the University of Texas at Austin in 1978.

Antoine Nehman*

Vice-Chairman of the Board of Directors

Mr. Nehman graduated from HEC Paris.

Since 1992, Mr. Nehman is the General Manager of Cofimed SA.

He was Deputy General Manager of BankMed SAL from 1978 till 1987 and General Manager of BankMed (Suisse) from 1987 to 1992.

Raya Haffar El Hassan

Member of the Board of Directors

Ms. Raya El Hassan serves as Chairperson of Bankmed S.A.L. as of October 2020 and served as an Independent Member on Bankmed's Board of Directors since December 2011. She is also a Board Member of MedInvestment Bank S.A.L, Saudi Lebanese Bank S.A.L.

From January 2019 until January 2020, Ms. El-Hassan served as the Minister of Interior and Municipalities in Lebanon. Before that, she served as the Chairman-General Manager of Tripoli's Special Economic Zone.

Prior to that, from November 2009 until June 2011, Ms. El-Hassan served as the Minister of Finance in Lebanon. Earlier in her career, Ms. El-Hassan was the Advisor to the Minister of Economy and Trade.

Ms. El Hassan holds a Bachelor's degree in Business Administration from the American University of Beirut, and a Master's Degree in Business Administration from the George Washington University. In 2019, Ms. El-Hassan was awarded an Honorary Doctorate in Humane Letters from the Lebanese American University and an Honorary Doctorate in Business Administration from the Beirut Arab University.



David Bueche*

Member of the Board of Directors
Chairman of the Audit Committee

Mr. Bueche holds a Master in Business Administration from HEC Lausanne and is a Swiss Chartered Professional Accountant. He is an independent member of several Board of Directors and Audit Committees of companies subject to the supervision of FINMA.

He joined Arthur Andersen Geneva in 1986 as part of the « audit financial market » division and was promoted in 1997 to the partnership in the audit division. In 2002, he joined Baker Tilly Spiess (member of Baker Tilly International, the 10th worldwide largest auditing network) as partner and head of the financial market department and works essentially with a wide variety of Swiss and international clients (internal audit, financial expertise, consulting, tax advice, directorship).

Tania Moussallem

Member of the Board of Directors
Member of the Audit Committee

Mrs. Moussallem has a career in banking and is currently Advisor to EGM and COO, Assistant Executive General Manager at BankMed. She sits in several Boards of Directors and committees.

She has chaired The Financial Alliance for Women from May 2015 to June 2019. In 2015, she has been selected among the most influential women in the Arab Banking Sectors by the Union of Arab Banks and is the recipient of several awards.

Her career started at Société Générale de Banque au Liban where she held several managerial positions. in the Corporate and Investment Banking Division.

She then joined BLC bank in 2008 as Head of Strategic Development and Financial Management Group and later took the responsibility of the Support and Marketing Group in 2014. Mrs. Moussallem was a member of the Board of Directors of USB Bank (Cypriot subsidiary of BLC Bank) and a member of several committees in BLC Bank.

She holds a Master's degree in Finance & Communication from Ecole Supérieure des Sciences Economiques et Commerciales ESSEC, France and a BA from the American University of Beirut.

Bruno Desgardins*

Member of the Board of Directors

Bruno Desgardins is an Independent Non-Executive Member of the Board of Directors of Bankmed (Suisse) SA's since 20 Jul 2020. Bruno has more than 38 years of experience in the banking industry in Paris and in Geneva. After starting its career as a financial analyst, he took over the responsibility of the Trade Finance for South European countries for Banque de l'Union Européenne.

Then, Bruno joined NSM Bank to head the Institutional Department for foreign clients, before taking over the Research Department. In 1995, Bruno was hired by ABN AMRO to manage its Corporate Finance's M&A activities. In Geneva since 2000, he spent the last 20 years at Banque Eric Sturdza holding there a management role.

Nicolas Killen*

Member of the Board of Directors
Member of the Audit Committee

A graduate of the faculty of Law of the University of Geneva in 1986 and holding a LL.M degree from the Duke University School of Law, Mr. Killen is admitted to the Geneva Bar and the New York Bar in 1990, first joining Skadden Arps Slate Meagher & Flom in New York as an associate and Borel & Barbey in Geneva in 1992. He becomes a partner of the firm in 1999 and is managing partner since 2011.

Antoine Raphael*

Member of the Board of Directors

Mr. Antoine Raphael serves as an Independent Non-Executive Member of the Board of Directors of Bankmed (Suisse) SA's since 20 Jul 2020. Mr Raphael has over 35 years of banking and financial services consulting experience stemming from the positions he held at CIBC, Citigroup, Gulf Bank, Arab Bank, Booz Allen Hamilton and Strategy& in Canada, Switzerland and in the MENA region. He also sat on the board of a number of investment funds in Guernsey, the Netherland and the UK.

**Reference of independent Board member according to FINMA Circular 2017/1*

EXECUTIVE COMMITTEE

THE EXECUTIVE COMMITTEE IS COMPOSED OF 5 MEMBERS, CHAIRED BY MR. FADI HALOUT.

Fadi Halout

Chief Executive Officer (CEO)

Mr. Halout, BankMed (Suisse) CEO since November 2019, has over 20 years of experience in the Banking and finance industry.

He was previously Head of Private Banking Europe at Europe Arab Bank, based in London, in addition to his role as acting Country Head for France. From 2004 to 2016, he was the Country CEO for National Bank of Abu Dhabi in France, where he led many major transactions with large European corporates, Middle Eastern Sovereign Wealth Funds, and High Net Worth Individuals.

Mr. Halout started his career with Philippe Investment Management in Paris, before joining BFO –Credit Agricole Indosuez as Product Development Manager and later BLC Bank France as Head of Marketing & Financial Products.

Guest speaker in several conferences, he was elected President of the foreign banks association in France (CBEF), from 2013 to 2017, where he serves now as Honorary President & Board Member. He is currently lecturer in Corporate Strategy at Dauphine University, Paris. From 2001 to 2005, he was lecturer in asset management at Dauphine University. He co-founded an economic think tank in Paris in 2009.

He holds an Executive MBA joint degree from HEC Paris, London School of Economics and New York University; and a Master's degree in Industrial Organization from Paris Dauphine University.

Laurent Perusset

Chief Investment Officer (CIO)

Laurent Perusset is a Swiss national with more than 30 years of banking experience. He started his career in 1989 as a fixed income trader at the Geneva stock exchange for Darier & Cie. In 1995 he joined Banque Ferrier Lullin as Head of Fixed Income and Member of Treasury Committee of the bank.

From 2000 to 2010, Laurent joined Union Bancaire Privée as Head of Investment Research & Advisory, Member of the Investment Strategy Committee.

In 2010, he was appointed by Barclays Bank (Suisse) SA as Head of Investment & Global Research, looking after the advisory services in Switzerland and the pan-European ex-UK discretionary mandates. He was also the Chairman of Barclays' Pension Fund in Switzerland.

He later on joined again Union Bancaire Privée as Global Advisory Head, Member of the Investment Committee with the objectives to develop and re-design the Advisory Offering. Right after, he was appointed by Edmond de Rothschild in Geneva as Head of Advisory department which included the Research, the Structured Product and the Advisory teams for the International Private Banking division and was also member of the Global Investment Committee.

Before joining Bankmed (Suisse) SA as Chief Investment Officer, Laurent served as Head of Investment Solution for the Singalliance Group.

Fernand Cendan

Chief Operation and Risk Officer (COO/CRO)

Mr. Cendan is the Chief Operating Officer of BankMed (Suisse) since November 2018.

Prior to joining BankMed (Suisse), he spent 10 years at Merrill Lynch (Bank) Suisse SA in Geneva, holding different positions, 5 years at KBL (Switzerland) Ltd, as Head of Operations, 5 years at SEB Private Bank SA in Geneva, as Chief Operating Officer and 2 years at Lombard Odier in Geneva.

Mr. Cendan has more than 25 years of experience in the Banking industry and assumed responsibility for several strategic projects related to operations, ICT implementation and restructuring.

He holds a Federal Certificate of Proficiency in Commercial Business.

Michel Trolliet

Head of Compliance and Central File

Mr. Trolliet is the Head of Compliance and Central File of BankMed (Switzerland) since April 2017.

Prior to joining BankMed (Switzerland), he was responsible of various operational sectors, with Credit Suisse and CA Indosuez Wealth Management as well as in other private banks in Geneva.

Mr. Trolliet has more than 30 years of experience in the Banking industry, mainly in operational areas and control.

Patrice Richard

Head of Financial Control

Mr. Richard has been the Head of Financial Control of BankMed (Suisse) for the last 22 years. He is a member of Risk and Product Committees. He is also assuming the role of Credit Risk Manager for the Credit Committee.

Prior to joining BankMed (Suisse), Mr. Richard worked at Barclays (Suisse) for a period of 8 years.

CAPITAL ADEQUACY DISCLOSURES

	31.12.2020 (in K CHF)			
Composition of eligible capital				
Common Equity Tier 1 (CET +1) Capital	82 881			
Additional Tier 1 (AT1) Capital	-			
Tier 2 Capital	-			
Total Eligible capital	82 881			
Composition of required capital				
Credit risk	15 722			
Non counterparty- related risks	353			
Credit valuation adjustment	42			
Market risk	30			
Operational risks	2 057			
Items not deducted in application of threshold 3 , but risk weighted with 250 %	876			
Total required capital	19 080			
Capital ratios				
CET 1 Capital ratio	34.75%			
Ratio T1	34.75%			
Ratio regarding the regulatory capital	34.75%			
Regulatory capital target ratios according to FINMA 11/2 (including the countercyclical buffer)	10.50%			
Leverage ratio				
Tier 1 Capital	82 881			
Exposure measure	488 148			
Leverage ratio	17%			
LIQUIDITY RATIO				
	Q1 2020 (average)	Q2 2020 (average)	Q3 2020 (average)	Q4 2020 (average)
Liquidity coverage				
Total high quality liquid assets	117 493	76 181	64 836	101 038
Total net cash flows	22 681	26 468	31 219	26 192
Liquidity coverage ratio	518.02%	287.82%	207.68%	385.76%



FINANCIAL STATEMENTS 2020

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS



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Report of the Statutory Auditor

To the General Meeting of
BankMed (Suisse) SA, Geneva

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of BankMed (Suisse) SA, which comprise the balance sheet, the income statement, the statement of changes in equity and the notes for the year ended December 31, 2020.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's 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 December 31, 2020 comply with Swiss law and the company's 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 (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 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 company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA

Sébastien Macaire
Licensed Audit Expert
Auditor in Charge

Myriam Meissner
Licensed Audit Expert

Geneva, April 28, 2021

MME/SMA/nvi

Enclosures:

- Financial statements (balance sheet, income statement, statement of changes in equity and notes)
- Proposed appropriation of available earnings

BALANCE SHEET

At December 31st, 2020
(with 2019 comparative figures)

<i>in CHF</i>	NOTES	2020	2019
ASSETS			
Liquid assets		74,526,114	105,423,520
Amounts due from banks		279,019,159	134,905,779
Amounts due from customers	4.2	91,725,553	151,211,119
Mortgage loans	4.2	52,865,766	48,113,599
Positive replacement values of derivative financial instruments	4.4	12,010	688,972
Financial investments	4.5	29,763,618	35,281,468
Accrued income and prepaid expenses		894,951	3,570,797
Participations	4.6 & 4.7	4,378,875	5,015,000
Tangible fixed assets	4.8	3,115,570	303,727
Intangible assets	4.9	950,000	-
Other assets	4.10	425,181	20,796
Total assets		537,676,797	484,534,777
Total subordinated claims		-	-
Of which subject to mandatory conversion and /or debt waiver		-	-
LIABILITIES			
Amounts due to banks		11,691,746	81,558,541
Amounts due in respect of customers deposits		439,243,059	307,725,672
Negative replacement values of derivative financial instruments	4.4	339,819	488,993
Accrued expenses and deferred income		1,321,260	1,172,193
Other liabilities	4.10	379,252	216,704
Provisions	4.16	766,874	1,000,000
Reserves for general banking risks	4.16	7,521,324	12,227,469
Bank's capital	4.17	30,000,000	30,000,000
Statutory retained earnings reserve		3,601,000	3,575,000
Profit carried forward		46,544,204	46,058,771
Profit/(Loss) (result of the period)		(3,731,741)	511,433
Total liabilities		537,676,797	484,534,777
Total subordinated liabilities		-	-
Of which subject to mandatory conversion and /or debt waiver		-	-

OFF-BALANCE SHEET

At December 31st, 2020
(with 2019 comparative figures)

<i>in CHF</i>	NOTES	2020	2019
Contingent liabilities	4.28	3,682,396	6,039,827
Irrevocable commitments		777,906	755,564

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31st, 2020
(with 2019 comparative figures)

<i>in CHF</i>	Notes	2020	2019
Interest & discount income		5,651,578	10,064,784
Interest & dividend income from financial investments		451,194	1,810,850
Interest expenses		(618,338)	(1,660,189)
Gross result from interest operations		5,484,434	10,215,445
Changes in value adjustments for default risks and losses from interest operations		(2,092,878)	(2,812,000)
Subtotal net result from interests operations		3,391,556	7,403,445
Commission income from securities trading and investment activities		2,254,954	2,656,596
Commission income from lending activities		276,761	551,222
Commission income from other services		763,705	671,620
Commission expenses		(760,636)	(511,949)
Subtotal result of commissions from business and services		2,534,784	3,367,488
Result from trading activities	4.32	330,635	(152,124)
Other ordinary income		22,620	20,826
Other ordinary expenses	4.36	(7,776,202)	(1,103,244)
Subtotal result from ordinary activities		(7,753,582)	(1,082,418)
Personnel expenses	4.34	(6,463,200)	(6,527,462)
General and administrative expenses	4.35	(3,631,430)	(3,404,510)
Subtotal operating expenses		(10,094,630)	(9,931,971)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	4.6 & 4.8	(836,617)	(132,545)
Changes in provisions and other value adjustments, and losses	4.16	(837,605)	(1,004,442)
Operating result		(13,265,458)	(1,532,567)
Extraordinary income	4.36	5,127,572	-
Extraordinary expenses		-	-
Changes in reserves for general banking risk	4.16 & 4.36	4,706,145	2,512,000
Taxes	4.39	(300,000)	(468,000)
Profit/(Loss) (result of the period)		(3,731,741)	511,433

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31st, 2020

(with 2019 comparative figures)

<i>in CHF</i>	Bank's capital	Statutory retained earnings reserve	Profit carried forward	Reserves for general banking risks	Profit /(Loss) (Result of the period)	Total
Shareholder's equity at January 1, 2020	30,000,000	3,575,000	46,058,771	12,227,469	511,433	92,372,673
Allocation (usage) of the reserves for general banking risks*				(4,706,145)		(4,706,145)
Allocation to the the statutory retained earnings reserve		26,000			(26,000)	-
Allocation to the profit carried forward			485,433		(485,433)	-
Profit/(Loss) (result of the period)					(3,731,741)	(3,731,741)
Shareholder's equity at December 31, 2020	30,000,000	3,601,000	46,544,204	7,521,324	(3,731,741)	83,934,787

*Please refer to note 36.

NOTES TO FINANCIAL STATEMENTS

1. COMMENTS ON BUSINESS ACTIVITIES AND NUMBER OF EMPLOYEES

Established in Switzerland since 1985, BankMed (Suisse) SA (hereafter “the Bank”) is a public limited company registered in the Swiss Commercial Register. Its registered office is located in Geneva, Rue du Mont Blanc 3.

The Bank’s primary business is advisory services for investments and trading of securities for private clients. The Bank is also providing loans to its private clients. The Bank does business at its main office in Geneva and with the support of its representative office in Lebanon (Beirut).

The total number of employees at the end of the year, on a full-time equivalent basis, is 35 employees (2019: 29 employees).

In accordance with the legal requirements of Circ.-FINMA 2018/3 Outsourcing - Banks, the Bank has outsourced the securities and cash back-offices and the data processing to Azqore until September 30, 2020. The Bank migrated, since October 1st, 2020 to a new Core Banking System (Apsys) outsourced to NewAccess while the Back Office operations are now internal.

2. ACCOUNTING POLICIES AND VALUATION PRINCIPLES

The Bank’s financial statements are prepared in accordance with the directives of the FINMA, in particular Circ.-FINMA 2020/1 Accounting – Banks and FINMA Accounting Ordinance.

Accounting principles for bank have changed with the entry into force of FINMA Accounting Ordinance and FINMA Circular 2020/1 replacing FINMA Circular 2015/1. As per the Bank’s classification (FINMA category 5), this change in the framework has not significantly affected the accounting and valuation principles of the Bank, especially in regards of value adjustment principles for which the Bank continue to apply FINMA Circular 2015/1 provision (transitory period).

Notes are numbered according to this circular. Those that are not relevant to BankMed (Suisse) SA (i.e., 4.1, 4.3, 4.9, 4.12, 4.14, 4.15, 4.18, 4.21, 4.22, 4.29, 4.37, 4.40) have not been incorporated.

Amounts due from customers and mortgage loans

Amounts due from customers and mortgage loans are stated at their nominal value after deduction of individual value adjustments, if any are required. Collaterals are valued as follows:

- Cash and securities used as collateral for lombard loans have a pledge value ranging from 50% to 100% of their market value depending on the type of assets;
- Real estate: Market value of the property assessed through a full appraisal made by a local valuator or validation of the purchase price by a local professional.

Replacement values of derivative financial instruments

The positive replacement values are accounted for in the balance sheet on the asset side, and the negative replacement values on the liability side, for all the derivative financial instruments, irrespective of the accounting treatment in the income statement.

Financial investments

Financial investments are accounted for at the lower of cost or market value. Financial investments include real estate by virtue of a credit transaction and intended for resale are valued at the lower of cost or liquidation value. Financial investments include also bonds intended to hold until maturity. These securities are valued at acquisition cost, adjusted by the premium or discount on a pro-rata basis to maturity date (accrual method), less necessary value adjustments. The security equity are valued at at the lower of cost or market value, and variations are booked in the income statement

Participation

Participation is stated at acquisition cost, after deduction of impairment if required.

Tangible Fixed assets

Fixed assets are stated at historical cost, deducted from impairment if required, less straight-line depreciation over their estimated lives, as follows:

Nature of the goods	Estimated life
Fittings	8 years
Vehicles	5 years
Furniture and equipment	8 years
Hardware	10 years
Software	10 years

The estimated useful life of the hardwares and softwares have been extended to 10 years (3 years previously), due to the IT migration carried out in October 2020 for which the lifetime of the contract is 10 years.

Intangible assets

Licenses acquired are amortised over 10 years. Additional depreciation may be required during the periodic verification of the value.

Taxes

The reserves for general banking risks are not taxed. Current taxes, in general income and capital taxes, are determined in accordance with fiscal requirements and recorded as an expense in the relevant period. Accruals of current taxes due are booked on the liabilities side under accrued expenses and deferred income.

Translation of foreign currencies

Assets, liabilities and off-balance sheet expressed in foreign currencies are translated at year-end exchange rates, except for the participations in company which is translated at the exchange rate ruling at the acquisition date. Income and expenses arising during the year are converted into Swiss francs at the exchange rate prevailing at the transaction date. Conversion differences are recorded in the income statement of the year.

Forward contracts are estimated at the forward exchange rates of the currencies at year-end. Gains and losses on forward foreign exchange positions are included in the exchange results of the year.

The main exchange rates ruling at the balance sheet date are as follows:

Currency	2020	2019
USD	0.8838	0.9676
EUR	1.0810	1.0852
GBP	1.2074	1.2704

Treatment of doubtful interest income

Interest due and unpaid for more than 90 days is considered as doubtful and a value adjustment is recorded. Interest is no longer recorded when the credit facility is considered unrecoverable.

Subsequent events

There were no other subsequent events after the reporting date that require adjustment to or disclosure in the financial statements.

3. RISK MANAGEMENT

Market risks

Interest rate risk: The Bank’s policy is to hedge its interest-rate risk by refinancing fixed-term advances and loans to customers at similar amounts, terms and currencies. The exposure is measured and limited in terms of capital sensitivity. The limits are monitored regularly.

Currency, money market and securities risks: Limits are set and monitored daily by management. The Board of Directors has sole authority to approve investments for own account.

Credit risks

Counterparty risk: The Bank’s credit limits are authorized annually. The customer credit limits are approved by either the Board of directors or the Credit Committee. The Risk Department regularly monitors compliance with delegated authority and authorized limits as well as quality of the credits.

Identification of risk of default and value adjustment requirements: Non performing loans are identified through lists of exceptions (limits breaches, collateral value, unpaid interest). Knowledge of the customers’ activity also allows to assess the risk on an individual basis. Provisions are recorded for the impaired portion.

4. NOTES

Note 4.2: Presentation of the collateral for loans and off-balance sheet transactions, as well as impaired loans / receivables

<i>in CHF</i>	TYPE OF COLLATERAL			Total
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from customers	-	36,143,303	56,758,170	92,901,473
Mortgage loans (residential property)	52,865,766	-	-	52,865,766
Total loans (before netting with value adjustments)				
Current year	52,865,766	36,143,303	56,758,170	145,767,239
Previous year	48,113,599	78,806,880	72,858,214	199,778,693
Total loans (after netting with value adjustments)				
Current year	52,865,766	36,143,303	55,582,250	144,591,319
Previous year	48,113,599	78,806,880	72,404,239	199,324,718
Off-balance-sheet				
Contingent liabilities	-	3,682,396	-	3,682,396
Irrevocable commitments	-	777,906	-	777,906
Total off-balance-sheet				
Current year	-	4,460,302	-	4,460,302
Previous year	-	6,795,391	-	6,795,391
Impaired Loans / receivables				
	Gross amount	Estimated liquidation value of collateral	Net amount	Individual value adjustments
Current year	9,077,102	7,771,194	1,305,908	1,175,920
Previous year	478,538	24,563	453,975	453,975

Note 4.4: Presentation of derivative financial instruments (assets and liabilities)

<i>in CHF</i>	Positive replacement values	Negative replacement values	Contract volumes
Trading instruments			
Interest rate instruments			
Forward agreements	9,252	337,062	35,170,648
Options (OTC)	2,757	2,757	1,895,644
Total trading instruments before netting agreements at 31.12.2019	12,009	339,819	37,066,292
of which, determined using a valuation model	-	-	-
Total trading instruments after netting agreements at 31.12.2019	12,009	339,819	37,066,292
Previous year	688,972	488,993	166,387,033
Breakdown by counterparty	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after nettings agreements) on 31.12.2019	-	832	11,177

Note 4.5: Breakdown of financial investments

<i>in CHF</i>	Book value		Fair value	
	2020	2019	2020	2019
Financial investments				
Debt instruments intended to be held to maturity	23,391,168	32,248,630	23,720,777	32,248,630
Equity securities	6,027,551	-	6,027,551	-
Funds	-	2,655,215	-	2,655,215
Real estate	344,899	377,623	344,899	377,623
Total	29,763,618	35,281,468	30,093,227	35,281,468
of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-	-	-

Breakdown of counterparties by rating*

Book values	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Debt instruments	11,527,985	2,644,565	3,981,595		384,431	4,852,592

*The above rating is based on the credit rating from Standard & Poor's.

Note 4.6: Presentation of participations

Investment in company <i>In CHF</i>	Acquisition cost	Book value previous year end	Value adjustment	Book value as at end of current year
Other participation without market value	5,015,000	5,015,000	(636,125)	4,378,875

As of December 31, 2020, the Bank holds a unique participation in SaudiMed Investment Co. Please refer to the Note 4.7.

Note 4.7: Presentation of companies in which the Bank holds a permanent direct or indirect significant participation

The Bank has a direct investment in SaudiMed Investment Co (the "Company"), based in Riyadh, in the Kingdom of Saudi Arabia, with a share capital of Saudi riyals 100 million. The Bank holds 17 % (held directly) of the Company's share capital and voting rights. This Company carries out advisory activities under the Saudi Capital Market regulations

There are no permanent indirect participations.

Note 4.8: Presentation of tangible fixed assets

<i>in CHF</i>	Acquisition cost	Accumulated depreciation	Book value 2019	Additions	Disposals	Accumulated depreciation	Book value 2020
Softwares	91,669	(61,113)	30,556	2,972,687	-	(128,374)	2,874,870
Other tangible fixed assets	647,745	(374,574)	273,171	53,553	(13,906)	(72,119)	240,950
Total	739,414	(435,686)	303,727	3,026,240	(13,906)	(200,492)	3,115,570

The straight-line method of depreciation is used and no margin used for the useful life is applied. The Bank has capitalised the core banking system acquired in October 2020 for an amount of CHF 2,972,687.

Note 4.9: Presentation of intangible assets

<i>in CHF</i>	Purchase value	Accumulated depreciation and amortization	Book value 2019	Change during 2020 Investment	Depreciations	Book value 2020
Licenses	950'000	-	-	950'000	-	950'000
Total	950'000	-	-	950'000	-	950'000

Note 4.10: Breakdown of other assets and other liabilities

<i>in CHF</i>	Other assets		Other liabilities	
	2020	2019	2020	2019
Income taxes recognized as assets	95,805	19,589	49,875	216,704
Clearing account	329,376	-	329,377	2
Amount on the asset side due to other assets related to pension funds	-	1,207	-	-
Total	425,181	20,796	379,252	216,704

Note 4.11: Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

The Bank does not have any assets pledged or assigned to secure own commitments and of assets under reservation of ownership.

Note 4.13: Disclosures on the economic situation of pension schemes

All employees of the Bank adhere to a collective pension scheme with Swiss Life. The plan is classified as defined contribution under Swiss law.

The pension plan of the Bank is reinsured with Swiss Life to guarantee cover of its assets. The pension plan therefore is 100 % covered (2019: 100%).

Economic benefit (obligation) and pension benefit expenses		
Pension schemes without own assets <i>In CHF</i>	2020	2019
Economic benefits (obligations)	-	201,280
Change in economic interest (economic benefit/obligation) versus previous year	-	117,579
Contributions paid for the period (including result from employer contribution reserves)	547,802	511,409
<i>Of which extraordinary contributions in the case of temporary measures to remove deficits</i>	<i>None</i>	<i>None</i>
Pension benefit expenses with their most important parameters – as part of the personnel expenses	547,802	511,409

Note 4.16: Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

<i>in CHF</i>	Previous year end	Use in conformity with designated purpose	Reclassifications	Recoveries doubtful interest, exchange differences	New creations charged to income*	Releases to income statement	Balance, end of year
Other provisions (*)	1,000,000	(1,000,000)	-	(738)	767,612	-	766,874
Total provisions	1,000,000	(1,000,000)	-	(738)	767,612	-	766,874
Reserves for general banking risks (**)	12,227,469	-	-	-	-	(4,706,145)	7,521,324
Value adjustments for default and country risks	453,975	-	-	1,561	2,105,582	-	2,561,118
<i>of which, value adjustments for default risks arising from impaired loans / receivables</i>	453,975	-	-	1,561	720,384	-	1,175,920
<i>of which value adjustments for default risks and losses from interest operations</i>	-	-	-	-	1,385,198	-	1,385,198

(*) Other provisions has been used to cover a part of the losses associated to Lebanese bonds.

(**) New creations and releases detailed in the note 36

Note 4.17: Presentation of the bank's capital

<i>in CHF</i>	Total nominal value	Number of shares	Dividend-bearing capital
Share capital	30,000,000	30,000	30,000,000

The Bank's capital is unchanged compared to previous year.

Note 4.19: Disclosure of amounts due from / to related parties

<i>in CHF</i>	Amounts due from		Amount due to	
	2020	2019	2020	2019
Holders of qualified participations	9,844,434	6,095,880	10,502,709	84,469,043
Group companies	-	-	-	-
Linked companies	-	-	19,807,998	25,560,580
Transactions with members of governing bodies	1,500,000	2,163,908	15,854	266,026

We confirm that transactions were concluded at arm's length with the Group with one exception related to a specific transaction with the Group in 2020. Please refer to the note 4.36.

Other material off-balance-sheet transactions

<i>in CHF</i>	Fiduciary transactions	
	2020	2019
Holders of qualified participations	199,415,315	278,302,470
Linked companies	-	913,414
Transactions with members of governing bodies	-	2,394,350

Services provided to affiliated companies (deposits and fiduciary) are provided on terms generally prevalent in the sector. The transactions with member of government bodies, consist of deposit accounts and mortgage loans, are all granted according to the principles generally prevalent in the sector.

Note 4.20: Disclosure of holders of significant participations

Holders of significant participations and groups of holder of participation with pooled voting rights		2020		2019	
		Nominal	%	Nominal	%
With voting rights					
BANKMED SAL, Beirut	Direct	30,000	100%	30,000	100%
Without voting rights					
GroupMed (Holding) SAL, Beirut	Indirect	30,000	100%	30,000	100%
<i>Via GroupMed (Holding) SAL, Beirut:</i>					
Saadeddine Rafic Hariri, Beirut, Lebanon	Indirect	5,172	17.24%	5,172	17.24%
Teaminvest Holding SAL, Beirut, Lebanon	Indirect	7,500	25%	7,500	25%
Nazek Audi Hariri, Lebanon, Beirut	Indirect	4,656	15.52%	4,656	15.52%
OLT Holding SAL, Beirut, Lebanon	Indirect	12,672	42.24%	12,672	42.24%
<i>Via OLT Holding SAL, Beirut, Lebanon:</i>					
Ala Alkhawaja, Lebanon, Beirut (99.99%)	Indirect	12,672	42.24%	12,672	42.24%
<i>Via Teaminvest Holding SAL, Beirut, Lebanon:</i>					
Saadeddine Rafic Hariri, Beirut, Lebanon (99.99%)	Indirect	7,500	25%	7,500	25%

Note 4.23: Presentation of the maturity structure of financial instruments

<i>in CHF</i>	At sight	Redeemable	Within 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total	
Current assets									
Liquid assets	74,526,114	-	-	-	-	-	-	74,526,114	
Amounts due from banks	199,481,660	-	79,537,499	-	-	-	-	279,019,159	
Amounts due from customers	70,042,446	6,095	3,426,896	18,250,116	-	-	-	91,725,553	
Mortgage loans		10,093,484		5,519,787	27,790,753	9,461,740	-	53,865,766	
Positive replacement values of derivative financial instruments	12,010	-	-	-	-	-	-	12,010	
Financial investments	6,027,551	-	-	7,446,565	15,560,569	384,034	344,899	29,763,618	
	Total Current year	350,089,783	10,099,579	82,964,395	31,216,469	43,351,322	9,845,774	344,899	527,912,220
	Previous year	214,645,486	63,761,575	109,687,763	43,549,299	40,009,131	3'593'581	377,622	475,624,456
Debt Capital / financial instruments									
Amounts due to banks	3,832,746	-	7,859,000	-	-	-	-	11,691,746	
Amounts due in respect of customer deposits	354,553,159	-	84,689,900	-	-	-	-	439,243,059	
Negative replacement values of derivative financial instruments	339,819	-	-	-	-	-	-	339,819	
	Total Current year	358,725,724	-	92,548,900	-	-	-	-	451,274,624
	Previous year	222,783,334	-	156,830,072	10,159,800	-	-	-	389,773,206

Note 4.24: Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

<i>in CHF</i>	2020		2019	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	74,526,114	-	105,423,520	-
Amounts due from banks	162,277,672	116,741,487	83,425,061	51,480,719
Amounts due from customers	1,677,591	90,047,962	2,556,109	148,655,010
Mortgage loans	7,103,808	45,761,958	333,000	47,780,599
Positive replacement values of derivative financial instruments	12,010	-	688,972	-
Financial investments	-	29,763,618	-	35,281,468
Accrued income and prepaid expenses	779,787	115,164	3,570,796	-
Participations	-	4,378,875	-	5,015,000
Tangible fixed assets	3,115,570	-	303,727	-
Intangible assets	950,000	-	-	-
Other assets	425,181	-	20,796	-
Total Assets	250,867,733	286,809,064	196,321,981	288,212,796

<i>in CHF</i>	2020		2019	
	Domestic	Foreign	Domestic	Foreign
Liabilities				
Amounts due to banks	25,008	11,666,738	3,295	81,555,246
Amounts due in respect of customer deposits	26,666,261	412,576,798	27,453,253	280,272,418
Negative replacement values of derivative financial instruments	339,819	-	488,993	-
Accrued expenses and deferred income	1,321,260	-	1,172,193	-
Other liabilities	379,252	-	216,704	-
Provisions	766,874	-	1,000,000	-
Reserves for general banking risks	7,521,324	-	12,227,469	-
Bank's capital	30,000,000	-	30,000,000	-
Statutory retained earnings reserve	3,601,000	-	3,575,000	-
Profit carried forward	46,544,204	-	46,058,771	-
Profit (result of the period)	(3,731,741)	-	511,433	-
Total Liabilities	113,433,261	424,243,536	122,707,113	361,827,664

Note 4.25: Breakdown of total assets by country or group of countries (domicile principle)

Assets In CHF	2020	%	2019	%
Europe	381,156,010	71%	281,049,699	58%
<i>of which Switzerland</i>	<i>250,867,733</i>	<i>47%</i>	<i>196,321,980</i>	<i>40%</i>
North America	12,150,270	2%	6,118,825	1%
Middle East	117,016,335	22%	141,268,165	29%
<i>of which Lebanon</i>	<i>54,660,185</i>	<i>10%</i>	<i>98,951,787</i>	<i>20%</i>
Africa	7,064,530	1%	1,980,361	0%
Other countries	20,289,652	4%	54,117,727	11%
Total assets	537,676,797	100 %	484,534,777	100 %

Note 4.26: Breakdown of total assets by credit rating of country groups (risk domicile view)

S&P In CHF	2020	%	2019	%
AAA AA-	168,787,879	59%	110,444,001	38%
A+ A-	16,238,000	6%	15,658,525	5%
BBB+ BBB-	8,322,000	3%	3,764,170	1%
BB+ BB	-	-	1,212	0%
B+ B-	13,488,000	5%	4,209,881	1%
CCC+ D-	54,660,185	19%	87,561,353	30%
Unrated	25,313,000	9%	66,573,255	23%
Total	286,809,064	100%	288,212,796	100%

Note 4.27: Presentation of assets and liabilities broken down by the most significant currencies for the Bank

<i>in CHF</i>	CHF	USD	EUR	GBP	JPY	Others	TOTAL
Assets							
Liquid assets	74,412,367	47,631	41,321	24,794	-	-	74,526,114
Amounts due from banks	6,826,935	188,748,597	58,519,633	4,028,408	47,025	20,848,561	279,019,159
Amounts due from customers	9,247,569	70,128,111	7,792,070	428,529	4,040,140	89,133	91,725,553
Mortgage loans	9,378,000	6,302,905	15,071,843	22,113,019	-	-	52,865,765
Positive replacement values of derivative financial instruments	12,010	-	-	-	-	-	12,010
Financial investments	3,981,595	19,754,472	-	-	-	6,027,551	29,763,618
Accrued income and prepaid expenses	478,842	325,805	16,864	73,113	-	-	894,852
Participations	4,378,875	-	-	-	-	-	4,378,875
Tangible fixed assets	3,115,570	-	-	-	-	-	3,115,570
Intangible assets	950,000	-	-	-	-	-	950,000
Other assets	425,181	-	-	-	-	-	425,181
Total assets	113,206,882	285,307,521	81,441,732	26,667,863	4,087,397	26,965,341	537,676,797

<i>in CHF</i>	CHF	USD	EUR	GBP	JPY	Others	TOTAL
Liabilities							
Amounts due to banks	204,009	5,515,743	5,718,780	154,327	6,820	92,067	11,691,747
Amounts due to customers	24,950,683	298,644,507	88,995,841	10,789,044	-	15,862,984	439,243,059
Negative replacement values of derivative financial instruments	339,819	-	-	-	-	-	339,819
Accrued expenses and deferred income	985,626	333,773	1,862	-	-	-	1,321,260
Other liabilities	379,252	-	-	-	-	-	379,252
Provisions	-	766,874	-	-	-	-	766,874
Reserves for general banking risks	7,521,324	-	-	-	-	-	7,521,324
Bank's capital	30,000,000	-	-	-	-	-	30,000,000
Statutory retained earnings reserve	3,601,000	-	-	-	-	-	3,601,000
Profit carried forward	46,544,204	-	-	-	-	-	46,544,204
Profit (result of the period)	(3,731,741)	-	-	-	-	-	(3,731,741)
Total liabilities shown in the balance sheet	110,794,175	305,260,897	94,716,483	10,943,370	6,820	15,955,051	537,676,797
Delivery obligations from spot exchange, forward forex and forex options transactions	-	-	-	-	-	-	-
Total Liabilities	110,794,175	305,260,897	94,716,483	10,943,370	6,820	15,955,051	537,676,797
Net position per currency	2,412,770	(19,953,376)	(13,274,751)	15,724,493	4,080,576	11,010,289	-

Note 4.28: Breakdown and explanation of contingent assets and liabilities

<i>in CHF</i>	2020	2019
Contingent assets	2,651,250	13,637,200
Contingent liabilities	3,682,396	6,039,827

The Bank received guarantees issued by the Head office as collateral. They are recorded under contingent assets.

Note 4.30: Breakdown of fiduciary transactions

<i>in CHF</i>	2020	2019
Fiduciary investments with third-party companies	148,121,223	348,024,126
Fiduciary investments with group companies and linked companies	199,415,315	278,302,470
Fiduciary loans	-	290,280
Fiduciary transactions arising from securities lending and borrowing, which the bank conducts in its own name for the account of customers	-	-
Other fiduciary transactions	-	-
Total fiduciary transactions	347,536,538	626,616,876

Note 4.31: Breakdown of managed assets and presentation of their development

<i>in CHF</i>	2020	2019
a) Type of managed assets		
Assets under discretionary asset management agreements	-	-
Other managed assets	987,985,581	1,340,041,409
Total managed assets (including double counting)	987,985,581	1,340,041,409
of which, double counting	-	-

b) Presentation of the development of assets under management

Total managed assets at beginning of the year	1,340,041,409	1,253,740,790
+/- net new money inflow or net new money outflow	(125,980,876)	50,980,643
+/- price gains / losses, interest, dividends and currency gains / losses	(226,074,952)	35,319,976
Total managed assets (including double counting) at end of the year	987,985,581	1,340,041,409

Other managed assets include client relationships for which the Bank performs safekeeping activities, revenue collection and carries out transactions based on client instructions.

Net new money inflow or net new money outflow, do not include interests, commissions and fees charged to clients and represent the difference between inflows and outflows of clients, assets (cash and securities).

Note 4.32: Breakdown of the result from trading activities and the fair value option

<i>in CHF</i>	2020	2019
Foreign currencies and bank notes	330,635	(152,124)
Total	330,635	(152,124)

Note 4.33: Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

During 2015, the Swiss National Bank decided to introduce negative interest to sight accounts. The negative impact on the interest margin for BankMed (Suisse) SA was CHF 611,628 for 2020 (CHF 353,482 for 2019).

Note 4.34: Breakdown of personnel expenses

<i>in CHF</i>	2020	2019
Salaries	5,089,547	5,158,722
Social insurance benefits	1,115,964	1,066,385
Other personnel expenses	257,689	302,354
Total	6,463,200	6,527,461

Note 4.35: Breakdown of general and administrative expenses

<i>in CHF</i>	2020	2019
Office space expenses	808,643	761,766
Expenses for information and communications technology	1,086,247	1,487,197
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	86,230	102,059
Fees of audit firm*	220,293	216,323
Other operating expenses	1,430,017	837,165
Total	3,631,430	3,404,510

* Of which, for financial and regulatory audits CHF 202,991(2019 - CHF 210,000) and, for other services CHF 17,392 (2019 - CHF 6,323).

Note 4.36: 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

The reserve for General Banking risks has been released of CHF 4,706,145 in 2020.

The Bank acquired securities to the Group in January 2020, based on the market price of Amman stock exchange and endured a material loss of CHF 5,127,572 booked in the ordinary expenses due to market conditions. The Group agreed to compensate this leading to a compensation of CHF 5,127,572 received in December 2020.

Furthermore a loss of MCHF 2.6 has been recorded in other ordinary expenses as a result of the value of Medfund Income Fund being set to nil.

Note 4.39: Presentation of current taxes and disclosure of tax rate

<i>in CHF</i>	2020	2019
Expenses for current taxes	300,000	468,000
Total	300,000	468,000
<i>Average effective tax rate on income</i>	<i>14%</i>	<i>24%</i>
<i>Average effective tax rate on capital</i>	<i>0.4%</i>	<i>0.4%</i>

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

<i>in CHF</i>	2020	2019
Profit for the year	(3,731,741)	511,443
Profit carried forward	46,544,205	46,058,772
Total	42,812,463	46,570,205
Less: Allocation to statutory retained earnings reserves	-	(26,000)
Net amount carried forward	42,812,463	46,544,205