

ANNUAL REPORT 2021



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The present document is the English translation of the Italian annual report. In case of dispute the Italian version shall prevail.

CORPORATE GOVERNANCE

Board of Directors

until the Ordinary General Meeting of 21st April 2021

Antonio Sergi	Chairman (independent member)
Viktor Dario	Vice-Chairman (independent member)
Alberto Banfi	Director (independent member)
Hieronymus T. Dormann	Director (independent member)
Stephan Eggenberg	Director (independent member)
Gianluca Generali	Director (independent member)

Board of Directors

after the resolutions of the Ordinary General Meeting and the Board of Directors of 21st April 2021

Antonio Sergi	Chairman (independent member)
Gianluca Generali	Vice-Chairman (independent member)
Alberto Banfi	Director (independent member)
Hieronymus T. Dormann ⁽¹⁾	Director (independent member)
Stephan Eggenberg ⁽¹⁾	Director (independent member)

Auditors

KPMG AG, Lugano

Executive Management

Alexei Oberholzer ^{(2), (3)}	Chief Executive Officer
Massimo Bertini-Morini	Deputy Chief Executive Officer
Daniel Jaeger ⁽⁴⁾	Executive Vice President
Christophe Silietti ⁽⁵⁾	Executive Vice President
Mauro Scalfi ⁽⁶⁾	Deputy Chief Executive Officer

⁽¹⁾ members of the Audit Committee, Chairman Stephan Eggenberg

⁽²⁾ Chief Executive Officer since 21st April 2021

⁽³⁾ Executive Vice President from 1st January 2021 until 21st April 2021

⁽⁴⁾ Executive Vice President from 1st June 2021

⁽⁵⁾ Executive Vice President from 1st January 2021

⁽⁶⁾ since January 2022, no longer member of the Executive Management (Deputy Chief Executive Officer from 21st April 2021 to 31st December 2021, previously Chief Executive Officer)

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

Dear Shareholders,

In 2021, health measures and the massive vaccination campaigns introduced globally to contain the spread of the Covid-19 virus made possible a noticeable recovery in the manufacturing activity and the international trade. Growth was robust in all major economies. The process of reallocation of activities and employment, brought about by the pandemic, produced excess demand and marked price rises, especially in the energy sector and, more generally, in all raw materials.

In the United States, inflationary pressures led the Federal Reserve to review its monetary policy, reducing the monetary stimulus in place. The economy of the euro area grew at a higher rate than expected, driven above all by domestic demand. The European Central Bank maintained an accommodating monetary policy. Private consumption and investment in residential construction were supported by the large stock of accumulated savings. The individual countries and European institutions implemented the programs launched to support economic recovery. Inflation expectations rose, especially in the second half of the year.

Financial markets performed very positively. The improvement in growth prospects contributed to the marked recovery in share prices, especially on European and American stock markets, driven by strong gains in technology, financial and consumer goods stocks. Lower results were recorded in emerging economies. Long-term interest rates remained slightly negative and in any case contained in the main advanced economies, showing an upward trend in the last quarter.

The euro showed weakness against the dollar and the main currencies. Excluding fluctuations during the year, there were no significant changes in the price of gold from one year to the next. Trading in cryptocurrencies increased robustly.

The easing of anti-Covid-19 measures, decided in early March, allowed the Swiss economy to benefit from a rapid recovery, with improvements in both the industrial and service sectors. Supply bottlenecks and new restrictions

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

introduced in the last quarter of the year partly dampened the economic recovery. Overall, GDP growth for the year reached pre-crisis levels. The National Bank did not change its monetary policy, continuing to maintain largely negative interest rates. The currency maintained its stability and relative strength.

The year 2021 was also characterized by operational limitations due to the need to adopt preventive measures against the pandemic, which, especially in the first part of the year and in the last quarter, made the implementation of commercial initiatives and contact with clients more difficult. Nonetheless, the Bank's activities continued without particular impediments, making use of teleworking and operational protocols, which were modified several times during the year, in accordance with the measures taken by the Confederation and the Canton. These measures did not compromise the efficiency of the various services, which were always guaranteed through remote access by all employees to the Bank's operating systems.

As in the past year, the characteristics and nature of existing loans, granted on a covered basis, did not lead to any need, nor do we currently see any need, for provisions on credit positions. Similarly, no problems have been reported in relation to Covid-19 receivables, which were granted in accordance with the legal requirements.

During the year, the changes to corporate governance, which in the last quarter of the previous year had seen the appointment of new members to the Board of Directors, were completed. In the first half of the year, the General Management team was expanded to include new professionals. Following the Ordinary General Meeting of the Shareholders, a new Chief Executive Officer was then appointed, with the aim of continuing the growth path undertaken, whilst expanding, at the same time, the range of services provided.

The result for the year does not fully reflect the many initiatives launched and the new projects undertaken, which will begin to deploy their effect as early as this year. Positive results were achieved in the qualitative re-composition of clients with a simultaneous increase in the average value of assets under management and administration. Significant goals were achieved in the institutional segment

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

with the setting up of partnerships with specialized entities in the field of asset management and with the launch of programs dedicated to the issue of structured products, with the possibility of listing on the main European stock exchanges.

Regarding the operating results, gross profit amounted to CHF 435'879 (CHF 1'402'646 in 2020); net profit amounted to CHF 102'015 (CHF 656'494 in 2020).

Total revenues amounted to CHF 13'062'363 (CHF 15'048'710 in 2020). Total interest income equalled 1'680'198 (CHF 1'610'183 in 2020), commissions and service income reached CHF 9'416'958 (CHF 10'459'366 in 2020), revenues from trading operations was CHF 1'965'207 (CHF 2'979'161 in 2020).

Total operating expenses amounted to CHF 12'626'484 (CHF 13'646'064 in 2020), of which CHF 7'791'333 allocated to personnel expenses (CHF 8'473'791 in 2020) and CHF 4'835'151 to general expenses (CHF 5'172'273 in 2020). Careful cost control policies enabled the overall incidence of overheads to be further reduced compared with the previous year.

Personnel expenses were positively affected by the initiatives to rationalise resources. Expenditure on materials was lower than in the previous year, partly due to the absence of certain charges associated with professional services provided by third parties. Further reductions are expected this year.

Total depreciations and amortizations equalled CHF 336'546 (CHF 514'248 in 2020), substantially lower than the previous year.

At year end, total client assets amounted to CHF 1'793 million (CHF 1'737 million at the end of 2020), in line with the amount of the previous year. The implementation of strategic repositioning initiatives regarding both private customers and certain institutional counterparties had no impact on total assets on deposit. As at 31st December 2021, the Bank had a total of 44 employees (40.4 "full time equivalent"), compared to 47 employees (43.4 "full time equivalent") as at 31st December 2020.

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

The policy of selective recruitment of qualified personnel continued. Collaboration in individual areas of activity with third parties continued, including recourse to outsourcing contracts.

Considering the proposal of the result allocation, the surplus of available capital as at 31st December 2021 stood at CHF 21.0 million (CHF 20.7 million as at 31st December 2020), with a ratio of eligible capital to required capital of 317% and a Tier 1 capital ratio of 33.3%.

The issuance of debt instruments continued. These are recorded under the items "Other financial instruments at fair value" and "Liabilities from other financial instruments at fair value". It relates to the issuance of structured products, with underlying assets consisting, mainly, of a portfolio of securities, underwritten by institutional clients.

The trading counterparties were expanded and the quality of services offered to Swiss and foreign intermediaries was raised. IT implementations continued, aimed at further optimizing the internal processes and making them more efficient, ensuring at the same time, high quality in the monitoring of risks. Significant investments have been planned to make the online access more functional and user-friendly.

The Bank intensified its efforts to implement a development strategy characterised by increased specialisation in selected areas of operations. In this context, operations with institutional counterparties, selected after a careful due diligence process, have been reviewed and contacts functional to the structuring of financial transactions were consolidated. In private banking, the new commercial strategy was implemented, with strategic repositioning on certain target markets and a particular focus on medium-high range customers.

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

Considering the annual result (CHF 102'015), the profit carried forward (CHF 738'091) and the excess capital available, the Board of Directors recommends its allocation as follows

To:	CHF
legal reserve	10'000
dividend	600'000
profit to be carried forward	230'106

During 2022, the Bank will further intensify its efforts to expand services to customers, promote new commercial initiatives and seek opportunities to expand its area of activity, with the aim to further improve the overall profitability, while respecting a strict risk control policy.

The Board of Directors expresses its thanks to its customers for the trust they have placed in the Bank, to the Bank's shareholders, to the outgoing Chief Executive Officer for his substantial contribution to the Bank's development throughout his years in office, to the General Management and to all the staff.

The Board of Directors

ANNUAL FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2021

BALANCE SHEET

31 st December	Notes	2021 CHF	2020 CHF	Change CHF
ASSETS				
Liquid assets		94'220'600	76'310'933	17'909'667
Amounts due from banks		131'640'286	169'869'190	-38'228'904
Amounts due from customers	2	101'695'263	100'393'867	1'301'396
Mortgage loans	2	26'264'800	17'841'850	8'422'950
Trading portfolio assets	3	11'090'488	7'077'448	4'013'040
Positive replacement values of derivative financial instruments	4	6'081'658	4'196'184	1'885'474
Other financial instruments at fair value	3	157'588'851	182'680'317	-25'091'466
Accrued income and prepaid expenses		5'581'651	3'503'285	2'078'366
Tangible fixed assets	8	604'546	768'185	-163'639
Other assets	10	929'766	1'271'350	-341'584
TOTAL ASSETS		535'697'909	563'912'609	-28'214'700

31 st December	Notes	2021 CHF	2020 CHF	Change CHF
LIABILITIES				
Amounts due to banks		36'948'168	35'716'063	1'232'105
Amounts due in respect of customer deposit		267'791'674	267'067'304	724'370
Negative replacement values of derivative financial instruments	4	6'412'874	4'378'012	2'034'862
Liabilities from other financial instruments at fair value	3, 14	189'835'223	219'912'507	-30'077'284
Accrued expenses and deferred income		2'711'489	3'544'596	-833'107
Other liabilities	10	433'375	631'036	-197'661
Provisions	16	240'000	240'000	0
Bank's capital	17	30'000'000	30'000'000	0
Legal reserve from profits		485'000	450'500	34'500
Profit carried forward		738'091	1'316'097	-578'006
Profit (result of the period)		102'015	656'494	-554'479
TOTAL LIABILITIES		535'697'909	563'912'609	-28'214'700

ANNUAL FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2021

BALANCE SHEET

<i>31st December</i>				
	<i>Notes</i>	<i>2021 CHF</i>	<i>2020 CHF</i>	<i>Change CHF</i>
Off-Balance Sheet transactions				
Contingent liabilities	2, 28	2'807'833	2'295'304	512'529
Irrevocable commitments	2	422'000	458'000	-36'000
Fiduciary transactions	30	18'176'271	26'391'619	-8'215'348

ANNUAL FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2021

INCOME STATEMENT

	Notes	2021 CHF	2020 CHF	Change CHF
Result from interest operations				
Interest and discount income		758'956	714'088	44'868
Interest and dividend income from trading portfolios		99'052	171'530	-72'478
Interest expenses		822'190	724'565	97'625
Gross result from interest operations		1'680'198	1'610'183	70'015
Changes in value adjustments for default risks and losses from interest operations		0	0	0
Subtotal:				
Net result from interest operations		1'680'198	1'610'183	70'015
Result from commission business and services				
Commission income from securities trading and investment activities		17'456'505	18'148'961	-692'456
Commission income from lending activities		17'000	23'522	-6'522
Commission income from other services		1'425'627	1'666'856	-241'229
Commission expenses		-9'482'174	-9'379'973	-102'201
Subtotal: Result from commission business and services		9'416'958	10'459'366	-1'042'408
Result from trading activities and the fair value option	32	1'965'207	2'979'161	-1'013'954
Operating expenses				
Personnel expenses	34	-7'791'333	-8'473'791	682'458
General and administrative expenses	35	-4'835'151	-5'172'273	337'122
Subtotal: Operating expenses		-12'626'484	-13'646'064	1'019'580
Gross profit		435'879	1'402'646	-966'767
Value adjustment on participations and depreciation and amortisations of tangible fixed assets and intangible assets	8	-336'546	-514'248	177'702
Changes to provisions and other value adjustments, losses	16	0	-240'000	240'000
Operating result		99'333	648'398	-549'065
Extraordinary income	36	80'780	0	80'780
Changes in reserves for general banking risks	16	0	240'000	-240'000
Taxes	39	-78'098	-231'904	153'806
Profit (result of the period)		102'015	656'494	-554'479

ANNUAL FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2021

ALLOCATION OF BALANCE SHEET RESULT

Allocation of Balance Sheet result

Proposal of the Board of Directors	2021 CHF	2020 CHF
Profit carried forward	738'091	1'316'097
Profit of the year	102'015	656'494
Available Profit	840'106	1'972'591
Allocation of the available Balance Sheet result		
Allocation to legal reserve	10'000	34'500
Dividend distribution	600'000	1'200'000
Balance Sheet profit to be carried forward	230'106	738'091

Statement of changes in shareholders' equity

	2021					
	Bank's capital CHF	Legal retained earnings reserve CHF	Reserves for general banking risks CHF	Profit carried forward CHF	Result of the period CHF	Total CHF
Equity at start of current period	30'000'000	450'500	0	1'316'097	656'494	32'423'091
Dividends and other distributions					-1'200'000	-1'200'000
Other allocations to / other withdrawals from reserves for general banking risks						0
Other allocations to / other withdrawals from other reserves		34'500			-34'500	0
Other allocations to profit / loss carried forward (allocation of result)				-578'006	578'006	0
Profit (result of the period)					102'015	102'015
Equity at end of current period	30'000'000	485'000	0	738'091	102'015	31'325'106

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. General notes

Introduction

Banca Credinvest SA (hereinafter also “the Bank”) is an independent Swiss bank based in Lugano. The Bank provides investment / portfolio management and private banking services for both institutional and private clients. The year-end date of the annual Financial Statements is 31st December.

The number of employees at the end of 2021 was 44, equivalents to 40.4 full-time staff (31.12.2020: 47 employees equivalent to 43.4 full-time staff).

Following art. 16 of the Swiss Capital Adequacy Ordinance (CAO) as well as the guidelines (Circular 2016/01) of the Swiss Financial Market Supervisory Authority FINMA (hereinafter “FINMA”), Banca Credinvest SA publishes its own available and required capital. Information can be obtained on the Bank’s website (www.credinvest.ch).

Risk management

Banca Credinvest SA has adopted a set of internal regulations and circulars aimed to identify, manage and control all potential risks associated with the Bank’s activity.

As defined by FINMA Circular 2017/1 “Corporate governance - banks”, the Board of Directors of the Bank has issued several directives presently in place, which represents a comprehensive instrument for the control, surveillance and mitigation of all risks.

The Board of Directors constantly examines the main risks at which the Bank is exposed. In particular, the Board of Directors has examined, on the basis of the internal documentation prepared by the Risk Manager and the Internal Control Committee, those risks with significant impact on the Annual Accounts. When necessary, adequate measures have been taken. The main risks are described thereafter:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- Credit risk

This risk is kept under control by monitoring all collaterals. Credit facilities given to clients are mainly “Lombard loans” made available only if supported by adequate guarantees. Responsibilities, limits and haircuts percentages applied to credit facilities are set in the internal directives in accordance with the applicable requirements. The Loan Service is responsible for carrying out regularly, using specific IT tools, the following controls:

- control on cash withdrawals/outgoing bank transfers for (i) amounts exceeding the collateralized value of assets, (ii) amounts that decrease the assets pledged in favor of third parties;
- control on customers with insufficient and/or unsecured coverage (by over 5%);
- control on all amounts exceeding the collateralized values for pledged assets;
- notification to the Relationship Managers of all customers exceeding allowed limits without a deed of pledge or without a global limit or without a signed customer letter, with a copy sent to the Credit Committee;
- control of the minutes of the Credit Committee;
- control of the list of customers with loans;
- control of the list of assets in place for each customer with a credit facility;
- control of the list of customers without a signed deed of pledge.

The Loan Service reports, at least on a monthly basis, to the Credit Committee all irregular positions, whether formal or substantial, as well as positions with doubtful interests and fees. The Executive Management, when deemed appropriate, immediately informs the Chairman of the Board of Directors about positions considered critical.

- Market risk

Each banking institution, as broker dealer and intermediary in securities and financial instruments, is subject to this kind of risk. The Bank has adopted a policy for monitoring financial markets and preventing this kind of risk. The Bank assumes market risks on a residual basis as it tends to hedge the exposure originated by the clients' activity. Proprietary investments are mainly limited to bond positions with high rating and short maturity and interbank deposits.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

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The Bank issues financial instruments in the form of structured products. These instruments represent a direct and unconditional obligation on the part of the Bank to the investor, who assumes counterparty, liquidity and market risk.

The Bank's operations on its own portfolio are governed by an internal directive. The proprietary portfolio is constantly monitored within the limits established by the Board of Directors. A detailed list of the positions in the proprietary portfolio (trading and financial investments portfolio) is submitted to the Board of Directors at least twice a year, specifying the investment policy adopted. The General Management informs the Board of Directors if the loss on positions in the proprietary portfolio, with respect to the purchase price and/or the book value at the end of the previous financial year, exceeds 5% of the total own funds, as defined in the Business and Organization Rules (BOR). The Bank carries out foreign exchange transactions within the limits established in a directive.

- Interest rate risk

The Bank has a limited exposure to this kind of risk as assets and liabilities maturities are matched. Exposure to interest rate risk is measured with specific software systems.

- Legal and reputational risk

This risk category is monitored by the Head of the Legal & Compliance Department who supervises the respect of regulations as well as the duties imposed to each financial intermediary. He is responsible for monitoring the current legal developments and to adapt all internal procedures to any new legal regulation.

The Bank issues financial instruments in the form of structured products which entail an operational and reputational risk in the event of incorrect NAV calculation. In order to mitigate this risk, controls are in place to ensure compliance with the investment strategy and margins defined in the various Pricing Supplements as well as compliance with investment limits.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- Operational risk
Operational risk is mitigated through internal procedures and regulations. Control activities are an integral part of daily operational duties.
- Liquidity and refinancing risk
Such risk is measured on the basis of specific IT procedures and mitigated through a broad diversification of the financing sources, which originate mainly from clients' and interbank deposits.

Outsourcing

Banca Credinvest SA. has entered into an outsourcing contract with AnaSys AG, Zurich for interbank swift messages and a contract with ASMA Asset Management Audit & Compliance SA, Lugano for compliance activities. The contracts are considered as outsourcing under the terms of the FINMA Circular 2018/3.

2. Accounting and valuation principles

The Bank's Financial Statements are prepared in accordance with the requirements of the Swiss Code of Obligations, the Federal Law on Banks, the FINMA Ordinance in relation to the preparation and presentation of accounts (FINMA accounting Ordinance), the FINMA Circ. 2020/01 on accounting rules as well as corporate by-laws.

The Annual Financial Statements are prepared to present a reliable assessment of the Bank's economic position. All transactions carried out by the Bank are recorded on the date when they occur (trade date accounting). Assets, liabilities and off-Balance Sheet transactions are valued individually.

Foreign currencies

The Bank makes use of a multi-currency accounting system. All foreign currency transactions are recorded in the currency in which they have been concluded.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

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Assets and liabilities denominated in foreign currencies are converted at the exchange rate prevailing at the end of the financial period. Revenues and costs are converted into CHF at the exchange rate applicable on the day when the transaction took place.

The main exchange rates used to convert the main currencies in the Balance Sheet items are (against CHF): EUR 1.0345 (31.12.2020: EUR 1.0840); USD 0.9145 (31.12.2020: USD 0.8820).

Cash, amounts due from banks and amounts due to banks

Such items are recorded in the Balance Sheet at their nominal value.

Due from customers

They are recorded in the Balance Sheet at their nominal value. If the repayment of a credit is, totally or partially, doubtful, the Bank makes specific provisions on the basis of a prudent approach in deduction to the relevant asset value. The Bank does not make general provisions or latent reserves (on performing loans).

If a borrower is late in the payment of interests by more than 90 days, the related loan would be regarded as non-performing and would be recorded in the appropriate account "Changes in value adjustments for default risks and losses from interest operations". The related revenue will be recorded only when received. The Bank considers a loan to be non-performing when it is unlikely that the borrower is in the position to meet his future obligations. The amount of the provision is the difference between the book value of the credit exposure and the realizable value of the collateral guarantees, and it is deducted from the relevant asset value.

Off-Balance Sheet transactions are valued in the same way.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Valuation of collaterals

The Bank has defined in its internal lending rules the limits and haircuts percentages to be applied to credit facilities. Loans are granted against a deed of pledge in favor of the Bank.

To properly weight the ratings assigned to bonds, the Loan Service uses the better of the two worst ratings issued by Standard & Poor's, Moody's and Fitch. In the case a rating is issued only by two agencies, the lowest of the two is used. If only one agency issues a rating, the security is assigned this rating.

Mortgages are granted on the basis of the market value of the real estate asset, limited to residential properties located in Switzerland.

Securities and precious metals trading portfolio

The valuation is made at fair value, being the year-end market price quoted on a recognized stock exchange. For securities traded on the proprietary book, the Bank has set limits, which are checked daily.

Other financial instruments at fair value (assets and liabilities)

These are debt instruments (structured notes with an underlying), mainly composed, by a security portfolio, issued by the Bank and recorded under "Other financial instruments at fair value" and "Liabilities from other financial instruments at fair value." The latter are subscribed by institutional clients.

The financial instruments are valued at fair value and their risks are managed in the same way as those of trading activities. There is a hedging between the financial instruments on the asset side and those on the liability side which is economically offset through the fair value valuation of the relevant engagements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Tangible fixed assets

Fixed assets are recorded in the Balance Sheet at their acquisition cost less depreciations economically required and based on the expected period of use and defined as follows:

- | | |
|--|----------|
| • technological appliances, hardware and software | 3 years |
| • installation | 10 years |
| • other fixed assets (costs of incorporation, equipment and furnishings, etc.) | 5 years |

The valuation criteria are verified on an annual basis.

Accrued income and prepaid expenses

All revenues and charges are recorded on the basis of the accrual method.

Due to customers

All amounts due to customers are expressed at their nominal value. They are classified in the Liabilities section of the Balance Sheet under “Amounts due in respect of customer deposit”.

Liabilities to own pension schemes

For all employees, Banca Credinvest SA is affiliated to an independent social security institution (Swiss Life). The foundation covers all obligations defined by the LPP law, as well as additional fringe benefits. The pension plans are conformed to the Swiss GAAP FER 16 directives.

At the end of the period under review, following the same procedure adopted in the past, there is no additional obligation towards the social security foundation and there are no residual employer’s contributions reserves. Employer’s charges are included in “Personnel expenses”. As foreseen in the participation contract, the employees are insured with an independent social security institution through an insurance policy. Such insurance policy is a global agreement that covers investment risks as well as technical-insurance risks and provides at all times a 100% coverage.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

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Consequently, the Bank does not have any economic advantage or any other coverage obligation.

Result from interest operations

In accordance with Annex 2 mn 8 and mn 14 of FINMA Circular 2020/01, the payment of negative interests on lending operations are recorded in deduction of interest income (2021: CHF 682'427; 2020: CHF 538'298) and interest income arising from borrowings are recorded in deduction of interest expenses (2021: CHF 884'308; 2020: CHF 806'187).

Taxation

Current taxes, recorded in the Income Statement, are computed according to current tax rules. Taxes on capital are calculated on the taxable capital at the period end. The associated provision is recorded in the liability section of the Balance Sheet under "Accrued expenses and deferred income".

Valuation adjustments and provisions

Following the principle of prudence, specific valuation adjustments and provisions are made for all real or potential situations of risk.

Contingent liabilities

Contingent liabilities are recorded at their nominal value. For all potential risks the Bank makes provisions in the liability section of the Balance Sheet.

Derivative Financial Instruments

The Bank executes transactions in derivative financial instruments mainly on behalf of its own customers. Positive and negative replacement values are recorded at their market value and are included in the Balance Sheet under the caption "Positive replacement values of derivative financial instruments" and "Negative replacement values of derivative financial instruments".

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Changes in accounting principles

The Bank has not made any change in the application of the accounting principles during the financial year.

Significant post Balance Sheet events

There are no significant events to report after the Balance Sheet date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 Breakdown of securities financing transactions (assets and liabilities)

N/A

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

	Type of collateral			
	Secured by mortgage CHF	Other collateral CHF	Unsecured CHF	Total CHF
Loans (before value adjustments)				
Amounts due from customers	0	101'630'282	64'981	101'695'263
Mortgage loans				
- Residential property	26'264'80	0	0	26'264'800
Total loans (before netting with value adjustments)				
31.12.2021	26'264'800	101'630'282	64'981	127'960'063
31.12.2020	17'841'850	100'314'595	79'272	118'235'717

Total loans (after netting with value adjustments)

31.12.2021	26'264'800	101'630'282	64'981	127'960'063
31.12.2020	17'841'850	100'314'595	79'272	118'235'717

Off-balance sheet

Contingent liabilities	0	2'307'161	500'672	2'807'833
Irrevocable commitments	0	0	422'000	422'000
Total off-balance-sheet				
31.12.2021	0	2'307'161	922'672	3'229'833
31.12.2020	0	2'188'325	564'979	2'753'304

Impaired loan / receivables

	Gross debt amount CHF	Estimated liquidation value of collateral CHF	Net debt amount CHF	Individual value adjustments CHF
Impaired loans / receivables				
31.12.2021	0	0	0	0
31.12.2020	0	0	0	0

There are no impaired loans at the end of the period under review.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

Assets 31 st December	2021 CHF	2020 CHF
Trading portfolio assets		
Debt securities, money market securities / transactions	11'090'488	7'077'448
- of which, listed	11'090'488	7'077'448
Equity securities	0	0
Precious metals and commodities	0	0
Other trading portfolio assets	0	0
Total trading portfolio assets	11'090'488	7'077'448
Other financial instruments at fair value		
Debt securities	0	0
Structured products	157'588'851	182'680'317
Other	0	0
Total other financial instruments at fair value	157'588'851	182'680'317
Total assets	168'679'339	189'757'765
- of which, determined using a valuation model	0	0
- of which, securities eligible for repurchase transactions in accordance with liquidity requirements	0	0
Liabilities 31 st December	2021 CHF	2020 CHF
Trading portfolio liabilities		
Debt securities, money market securities / transactions	0	0
- of which, listed	0	0
Equity securities	0	0
Precious metals and commodities	0	0
Other trading portfolio liabilities	0	0
Total trading portfolio liabilities	0	0
Other financial instruments at fair value		
Debt securities	0	0
Structured products	189'835'223	219'912'507
Other	0	0
Total other financial instruments at fair value	189'835'223	219'912'507
Total liabilities	189'835'223	219'912'507
of which, determined using a valuation model	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4 Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments			Hedging instruments		
	Positive replacement values CHF	Negative replacement values CHF	Contract volumes CHF	Positive replacement values CHF	Negative replacement values CHF	Contract volumes CHF
Foreign exchange / Precious metals						
Forward contracts	26'922	7'515	21'814'385	0	0	0
Combined interest rate / currency swaps	483'603	834'226	140'921'278	0	0	0
Futures	0	0	0	0	0	0
Options (OTC)	0	0	0	0	0	0
Options (exchange-traded)	0	0	0	0	0	0
Total	510'525	841'741	162'735'663	0	0	0
Equity securities / Indices						
Forward contracts	0	0	0	0	0	0
Combined interest rate / currency swaps	0	0	0	0	0	0
Futures	0	0	0	0	0	0
Options (OTC)	0	0	0	0	0	0
Options (exchange-traded)	5'571'133	5'571'133	56'575'034	0	0	0
Total	5'571'133	5'571'133	56'575'034	0	0	0
Total before netting agreements						
31.12.2021	6'081'658	6'412'874	219'310'697	0	0	0
- of which, determined using a valuation model	0	0	0	0	0	0
31.12.2020	4'196'184	4'378'012	220'915'212	0	0	0
- of which, determined using a valuation model	0	0	0	0	0	0
Total after netting agreements						
	Positive replacement values (cumulative)		Negative replacement values (cumulative)			
31.12.2021	6'081'658		6'412'874			
31.12.2020	4'196'184		4'378'012			

The Bank does not apply netting agreements in the presentation of the above-mentioned scheme.

Breakdown by counterparty			
	Central clearing	Banks and securities dealers	Other customers
Positive replacement values	0	2'876'658	3'205'000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5 Breakdown of financial investments

N/A

6 Presentation of participations

N/A

7 Disclosure of companies in which the bank holds a permanent direct or indirect significant participation as at 31st December 2021

N/A

8 Presentation of tangible fixed assets

	Acquisition cost	Accumulated depreciation at the beginning of the year	Book value at the beginning of the year	2021					Book value at the end of current year
				Reclassifications	Additions	Disposals	Depreciation	Reversals	
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Software	2'161'943	-2'065'228	96'715	0	51'150	0	-63'125	0	84'740
Other tangible fixed assets	4'605'895	-3'934'422	671'470	0	121'757	0	-273'421	0	519'806
Total tangible fixed assets	6'767'838	-5'999'650	768'185	0	172'907	0	-336'546	0	604'546

Operating leases: total amount not included in the Balance Sheet

	Total 31.12.2021 CHF	within years CHF	from 1 to 2 years CHF	from 2 to 3 years CHF	from 3 to 4 years CHF	from 4 to 5 years CHF	over 5 years CHF
Future leasing payments:	101'032	31'927	31'076	20'319	17'709	0	0
Future rental payment	2'678'480	553'920	534'120	452'520	387'920	375'000	375'000
Total	2'779'512	585'847	565'196	472'839	405'629	375'000	375'000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9 Presentation of intangible assets

N/A

10 Breakdown of other assets and other liabilities

31 st December	Other assets		Other liabilities	
	2021 CHF	2020 CHF	2021 CHF	2020 CHF
Guarantee deposits	42'444	42'444	0	0
Indirect taxes	174'234	747'656	358'845	576'604
Payments on account of accrued rebates	278'991	162'895	0	0
Direct taxes	231'546	132'821	0	0
Others	202'551	185'534	74'530	54'432
Total	929'766	1'271'350	433'375	631'036

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

31 st December	2021		2020	
	CHF	CHF	CHF	CHF
	Book value	Effective commitments	Book value	Effective commitments
Pledged / assigned assets				
Pledged assets to guarantee stock market and foreign exchange activities	3'114'289	3'114'289	3'134'791	3'134'791
Guarantee deposits	42'444	42'444	42'444	42'444

12 Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the bank held by own pension schemes

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13 Disclosure on the economic situation of own pension schemes

a) Employer contribution reserves (ECR)	Nominal value:	Waiver of use	Net amount:	Net amount:	Influence of	Influence of
	at current year end 2021	at current year end 2021	at current year end 2021	at previous year end 2020	ECR on personnel expenses at current year end 2021	ECR on personnel expenses at previous year end 2020
ECR	CHF	CHF	CHF	CHF	CHF	CHF
Employer sponsored funds						
- Employer sponsored pensions scheme	0	0	0	0	0	0
- Pension scheme	0	0	0	0	0	0

b) Presentation of the economic benefit / obligation and the financial cost	Overfunding/underfunding	Economic interest	Economic interest	Change in economic interest	Contributions	Pensions expenses	Pensions expenses
	at end of current year 2021	of the bank at end of current year 2021	of the bank at end of previous year 2020	versus previous year (economic benefit/obligation)	paid for the current period 2021	included in personnel expenses at end of current year 2021	included in personnel expenses at end of previous year 2020
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Pension plans without overfunding / under-funding	0	0	0	0	0	753'664	721'799

For pension and social security purposes Banca Credinvest has covered its own staff through a collective scheme promoted by "Fondazione Collettiva LPP Swiss Life". All insurance and investment risks are entirely covered by the Swiss Life Group at any time.

Neither economic liabilities nor economic benefits towards the pension scheme did exist at year end. The pension scheme did not have any reserve pertaining to employer's contributions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14 Presentation of issued structured products

	Book value				Total
	Valued as a whole		Valued separately		
	Booked in trading portfolio CHF	Booked in other financial instruments at fair value CHF	Value of the underlying instrument CHF	Value of the derivative CHF	
					CHF
Interest rate instruments					
With own debenture component (oDC)	0	0	0	0	0
Without oDC	0	0	0	0	0
Equity securities					
With own debenture component (oDC)	0	150'773'445	0	0	150'773'445
Without oDC	0	0	0	0	0
Foreign currencies					
With own debenture component (oDC)	0	39'061'778	0	0	39'061'778
Without oDC	0	0	0	0	0
Commodities / precious metals					
With own debenture component (oDC)	0	0	0	0	0
Without oDC	0	0	0	0	0
Total as at 31 st December 2021	0	189'835'223	0	0	189'835'223

15 Presentation of outstanding bonds and mandatory convertible bonds

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	Previous year end CHF	Used in conformity with designated purpose CHF	Reclassifications CHF	Currency differences CHF	Default interests, sums recovered CHF	New creations charged to P & L CHF	Release to P & L CHF	Balance at current year end CHF
Other provisions	240'000	0	0	0	0	0	0	240'000
Total provisions	240'000	0	0	0	0	0	0	240'000
Reserves for general banking risks	0	0	0	0	0	0	0	0
Value adjustments for default risks and contry risks	0	0	0	0	0	0	0	0

17 Presentation of the share capital

31 st December	2021			2020		
	Total par value CHF	Numbers of shares	Capital eligible for dividends CHF	Total par value CHF	Numbers of shares	Capital eligible for dividends CHF
Ordinary nominative shares -A-	25'500'000	25'500	25'500'000	25'500'000	25'500	25'500'000
Preference nominative shares -B-	4'496'250	10'900	4'496'250	4'496'250	10'900	4'496'250
Preference nominative shares -C-	1'950	4	1'950	1'950	4	1'950
Preference nominative shares -D-	1'800	4	1'800	1'800	4	1'800
Total bank's capital	30'000'000	36'408	30'000'000	30'000'000	36'408	30'000'000
of which, paid up	30'000'000	36'408	30'000'000	30'000'000	36'408	30'000'000

18 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures on any employee participation schemes

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19 Disclosure of amounts due from / to related parties

31 st December	Amounts due from		Amounts due to	
	2021 CHF	2020 CHF	2021 CHF	2020 CHF
Holders of qualified participations	2'920'505	2'763'017	3'800'894	2'175'079
Group companies	0	0	0	0
Linked companies	0	0	0	0
Transactions with members of governing bodies	2'088'257	1'764'000	631'922	555'471
Other related parties	0	0	0	0

Terms and conditions applied to transactions of the staff and members of the Bank's governing bodies are more favorable than those applied to client's transactions. Terms and conditions applied to transactions of group companies are carried out according to market criteria. During 2021, one indirect shareholder of the Bank has also been member of the Executive Management; towards this related party, the corresponding amounts due from (2021: CHF 800'000; 2020: CHF 800'000) and amounts due to (2021: CHF 202'720; 2020: CHF 260'985) are included in both categories of the table.

20 Disclosure of holders of significant participations

31 st December	2021		2020	
	Nominal CHF	% of equity	Nominal CHF	% of equity
Holders of significant participations and groups of holders of participations with pooled voting rights				
With voting rights				
HBC Luxembourg Sàrl	18'179'000	67.53%	18'179'000	67.53%

As at 31st December 2021, HBC Luxembourg Sàrl belongs to HBS International Luxembourg SA (54.50%) and Sintesi S.p.A. (45.50%).

HBS International Luxembourg SA is owned by Mauro Scalfi (50.0002%) and Gianfranco Basta (49.9998%)

Sintesi S.p.A. belongs to the Andrea De Vido (94.71%) and his family members (5.29%).

21 Disclosure of own shares and composition of equity capital

N/A

22 Disclosure in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations and Art. 663c para.3 CO for banks whose equity securities are listed

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23 Presentation of the maturity structure of financial instruments

	At sight CHF	With notice CHF	Maturities					Total CHF
			within 3 months CHF	within 3 to 12 months CHF	within 1 to 5 years CHF	over 5 years CHF	no maturity CHF	
Assets / financial instruments								
Liquid assets	94'220'600	0	0	0	0	0	0	94'220'600
Amounts due from banks	92'229'001	0	38'894'010	0	517'275	0	0	131'640'286
Amounts due from customers	0	80'653'553	21'041'710	0	0	0	0	101'695'263
Mortgage loans	0	0	0	0	0	26'264'800	0	26'264'800
Trading portfolio assets	53'248	0	9'447'458	83'274	1'506'508	0	0	11'090'488
Positive replacement values of derivatives financial instruments	6'081'658	0	0	0	0	0	0	6'081'658
Other financial instruments at fair value	0	0	3'017'599	4'666'116	140'244'950	9'660'186	0	157'588'851
31.12.2021	192'584'507	80'653'553	72'400'777	4'749'390	142'268'733	35'924'986	0	528'581'946
31.12.2020	184'274'434	57'688'621	108'140'660	7'157'416	178'598'493	22'510'165	0	558'369'789
Debt capital / financial instruments								
Amounts due to bank	36'698'849	0	249'319	0	0	0	0	36'948'168
Amounts due in respect of customer deposits	264'755'605	0	3'036'069	0	0	0	0	267'791'674
Negative replacement values of derivative financial instruments	6'412'874	0	0	0	0	0	0	6'412'874
Liabilities from other financial instruments con valutazione at fair value	0	0	3'128'336	5'477'008	169'722'893	11'506'986	0	189'835'223
31.12.2021	307'867'328	0	6'413'724	5'477'008	169'722'893	11'506'986	0	500'987'939
31.12.2020	303'214'412	0	3'946'967	3'723'829	211'296'906	4'891'772	0	527'073'886

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principles

31 st December	2021		2020	
	Domestic CHF '000	Foreign CHF '000	Domestic CHF '000	Foreign CHF '000
Assets				
Liquid assets	94'221	0	76'311	0
Amounts due from banks	21'788	109'852	24'119	145'750
Amounts due from customers	37'718	63'977	35'235	65'159
Mortgage loans	26'265	0	17'842	0
Trading portfolio assets	51	11'039	0	7'077
Positive replacement values of derivative financial instruments	519	5'563	667	3'529
Other financial instruments at fair value	157'589	0	182'680	0
Accrued income and prepaid expenses	5'582	0	3'503	0
Tangible fixed assets	605	0	768	0
Other assets	930	0	1'271	0
Total assets	345'267	190'431	342'398	221'515

31 st December	2021		2020	
	Domestic CHF '000	Foreign CHF '000	Domestic CHF '000	Foreign CHF '000
Liabilities				
Amounts due to banks	1	36'947	2'075	33'641
Amounts due in respect of customer deposit	46'573	221'219	31'140	235'927
Negative replacement values of derivative financial instruments	3'745	2'668	669	3'709
Other financial instruments at fair value	189'835	0	219'913	0
Accrued expenses and deferred income	2'711	0	3'545	0
Other liabilities	433	0	631	0
Provisions	240	0	240	0
Bank's capital	30'000	0	30'000	0
Statutory retained earnings reserves	485	0	451	0
Profit carried forward	738	0	1'316	0
Profit (result of the period)	102	0	656	0
Total liabilities	274'864	260'834	290'636	273'277

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

31 st December	2021		2020	
	Absolute CHF '000	Share as %	Absolute CHF '000	Share as %
Assets				
Switzerland	345'267	64.45%	342'398	60.72%
Rest of Europe	151'696	28.32%	177'110	31.41%
North America	33'918	6.33%	38'332	6.80%
South America	3'485	0.65%	5'953	1.06%
Others	1'332	0.25%	120	0.02%
Total assets	535'698	100.00%	563'913	100.00%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

31 st December			Net foreign exposure 2021		Net foreign exposure 2020	
Nation	S & P (Standard & Poor's)		CHF '000	%	CHF '000	%
Denmark	AAA - AA-		10'774	5.66%	8'246	3.72%
Germany	AAA - AA-		8'235	4.32%	11'205	5.06%
Liechtenstein	AAA - AA-		809	0.42%	0	0.00%
Luxembourg	AAA - AA-		35'691	18.74%	47'284	21.35%
Holland	AAA - AA-		3'201	1.68%	24'606	11.11%
USA	AAA - AA-		33'918	17.81%	38'332	17.30%
others	AAA - AA-		4	0.00%	9	0.00%
Belgium	A+ - A-		24'600	12.92%	24'670	11.14%
United Arab Emirates	A+ - A-		518	0.27%	109	0.05%
Cayman Islands	A+ - A-		55	0.03%	437	0.20%
Czech Republic	A+ - A-		601	0.32%	630	0.28%
France	A+ - A-		1'194	0.63%	1'250	0.56%
United Kingdom	A+ - A-		16'114	8.46%	2'737	1.24%
Malta	BBB+ - BBB-		114	0.06%	118	0.05%
Poland	BBB+ - BBB-		622	0.33%	651	0.29%
Spain	BBB+ - BBB-		2'153	1.13%	3'136	1.42%
Panama	BB+ - BB-		284	0.15%	8	0.00%
Croatia	BB+ - BB-		322	0.17%	196	0.09%
Italy	BB+ - BB-		43'372	22.78%	49'942	22.55%
Portugal	BB+ - BB-		22	0.01%	22	0.01%
Russian Federation	BB+ - BB-		4'533	2.38%	1'364	0.62%
others	BB+ - BB-		5	0.00%	2	0.00%
Bahamas	B+ - B-		237	0.12%	2'469	1.11%
Dominican Republic	B+ - B-		213	0.11%	230	0.10%
Brazil	B+ - B-		5	0.00%	2	0.00%
Paraguay	B+ - B-		146	0.08%	184	0.08%
Cyprus	B+ - B-		17	0.01%	2'932	1.32%
others	B+ - B-		0	0.00%	4	0.00%
Barbados	CCC+ - C		2'085	1.09%	0	0.00%
Venezuela	CCC+ - C		18	0.01%	21	0.01%
Montenegro	CCC+ - C		0	0.00%	140	0.06%
others	CCC+ - C		5	0.00%	3	0.00%
British Virgin Islands	Unrated		442	0.23%	419	0.19%
Guernsey	Unrated		118	0.06%	153	0.07%
Monaco	Unrated		4	0.00%	4	0.00%
Total			190'431	100.00%	221'515	100.00%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27 Presentation of assets and liabilities split on the basis of the most significant currencies for the Bank

31 st December	2021				
in CHF '000	CHF	EUR	USD	Others	Total
Assets					
Liquid assets	93'612	486	106	17	94'221
Amounts due from banks	5'228	61'197	57'383	7'832	131'640
Amounts due from customers	19'594	61'481	16'465	4'155	101'695
Mortgage loans	26'265	0	0	0	26'265
Trading portfolio assets	50	3'538	7'502	0	11'090
Positive replacement values of derivative financial instruments	126	616	5'302	38	6'082
Other financial instruments at fair value	151'378	1'313	3'835	1'063	157'589
Accrued income and prepaid expenses	5'562	8	12	0	5'582
Tangible fixed assets	605	0	0	0	605
Other assets	742	7	181	0	930
Total assets shown in the balance sheet	303'162	128'646	90'786	13'105	535'698
Delivery entitlements from spot exchange, forward forex and option transactions	17'239	60'730	61'591	23'175	162'735
Total assets	320'401	189'376	152'377	36'280	698'433

31 st December	2021				
in CHF '000	CHF	EUR	USD	Others	Total
Liabilities					
Amounts due to banks	4'747	10'104	10'998	11'099	36'948
Amounts due in respect of customer deposits	38'173	131'055	75'946	22'618	267'792
Negative replacement values of derivative financial instruments	586	614	5'210	3	6'413
Other financial instruments at fair value	153'294	15'265	20'939	337	189'835
Accrued expenses and deferred income	2'711	0	0	0	2'711
Other liabilities	393	14	2	24	433
Provisions	240	0	0	0	240
Bank's capital	30'000	0	0	0	30'000
Statutory retained earnings reserves	485	0	0	0	485
Profit carried forward	738	0	0	0	738
Profit (result of the period)	102	0	0	0	102
Total liabilities shown in the balance sheet	231'469	157'052	113'095	34'080	535'698
Delivery obligations from spot exchange, forward forex and forex options transactions	90'515	32'327	39'038	2'225	164'105
Total liabilities	321'984	189'379	152'133	36'305	699'803
Net position per currency	-1'583	-3	244	-25	-1'369

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28 Breakdown and explanation of contingent liabilities and assets

31 st December	2021 CHF	2020 CHF
Guarantees to secure credits and similar	2'767'955	2'255'426
Other contingent liabilities	39'878	39'878
Total contingent liabilities	2'807'833	2'295'304
Contingent assets arising from tax losses carried forward	0	0
Other contingent assets	0	0
Total contingent assets	0	0

29 Breakdown of credit commitments

N/A

30 Breakdown of fiduciary transactions

31 st December	2021 CHF	2020 CHF
Fiduciary investments with third-parties	18'176'271	26'391'619
Total	18'176'271	26'391'619

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 Breakdown of assets and presentation of their development

31 st December	2021 CHF	2020 CHF
a) Breakdown of assets		
Type of managed assets:		
- Assets in collective investment schemes managed by the Bank	142'308'160	135'408'846
- Assets under discretionary asset management agreements	131'992'859	128'215'104
- Other managed assets	1'518'611'745	1'473'184'894
Total assets (included double counting)	1'792'912'764	1'736'808'844
- of which double counting	35'649'843	38'902'649
- of which assets under discretionary asset management agreements with third-parties	77'291'053	73'364'405
b) Presentation of the development of assets		
Total assets (including double counting) at beginning of the year	1'736'808'844	2'126'629'510
+/- net new money inflow or net new money outflow	-10'165'272	-350'906'127
+/- price gains / losses, interest, dividends and currency gains / losses	66'269'192	-38'914'539
+/- other effects	0	0
Total assets (included double counting) at the end of the year	1'792'912'764	1'736'808'844

"Assets under discretionary management agreements" include also assets deposited with third parties.

"Other managed assets" includes all assets for which the Bank receives fees and/or additional fees to custody fees and account maintenance fees. Assets deposited simply for safekeeping ("custody assets") are excluded from the total of assets under management. The Bank has no assets that can be considered as "custody only".

Lombard loans have not been deducted from the overall client's assets.

Net inflow / (outflow) from clients is calculated without including any accrued interests, charged commissions and expenses.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2021 CHF	2020 CHF
a) Breakdown by business area		
Private	1'965'207	2'979'161
Total	1'965'207	2'979'161
b) Breakdown by underlying risk and based on the use of the fair value option		
Result from trading activities from:		
- Interest rate instruments (including funds)	419'499	1'173'066
- Equity securities (including funds)	0	0
- Foreign currencies	1'543'107	1'760'164
- Commodities / precious metals	2'601	45'931
Total result from trading activities from:	1'965'207	2'979'161
of which, for financial and regulatory audits	0	0
- of which, from fair value option on assets	0	0
- of which, from fair value option on liabilities	0	0

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

In accordance with Annex 2 mn 2 and 8 of FINMA Circular 2020/01, the payment of negative interests on lending operations are recorded in deduction of interest income (2021: CHF 682'427; 2020: CHF 538'298) and interest income arising from borrowings are recorded in deduction of interest expenses (2021: CHF 884'308; 2020: CHF 806'187).

34 Breakdown of personnel expenses

	2021 CHF	2020 CHF
Salaries	6'434'794	7'097'554
- of which, forms of variable compensation	611'288	1'201'690
Social insurance benefits	1'285'454	1'257'911
Other personnel expenses	71'085	118'326
Total	7'791'333	8'473'791

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35 Breakdown of general and administrative expenses

	2021 CHF	2020 CHF
Office space expenses	811'986	915'796
Expenses for information and communication technology	1'723'414	1'785'327
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	36'529	18'879
Fees of audit firm (art. 961a n.2 CO)	361'900	350'892
- of which, for financial and regulatory audits	361'900	350'892
- of which, for other services	0	0
Other operating expenses	1'901'322	2'101'379
Total	4'835'151	5'172'273

36 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for banking risks, and value adjustments and provisions no longer required

	2021 CHF	2020 CHF
Extraordinary income		
- Profit realized on the disposal of tangible fixed assets	80'780	0
Total	80'780	0
Changes in reserves for general banking risks		
- Changes in reserves for general banking risks	0	240'000
Total	0	240'000

37 Disclosure of and reasons for revaluations of participations and tangible fixed assets up to the acquisitions cost

N/A

38 Presentation of the operating result divided between domestic and foreign origin, according to the principle of permanent establishment

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2021 CHF	2020 CHF
Current tax expenses	78'098	231'904
Deferred tax expenses	0	0
Total	78'098	231'904
Weighted average tax rate	43.36%	26.10%

40 Disclosures and explanations of the earnings for each right of participation in the case of listed banks

N/A

**Report of the Statutory Auditor to the General Meeting of Shareholders of
BANCA CREDINVEST SA, Lugano****Report of the Statutory Auditor on the Financial Statements**

As statutory auditor, we have audited the financial statements of BANCA CREDINVEST SA, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 8 - 39) 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 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 31 December 2021 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 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 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.

KPMG AG



Patrizio Aggio
Licensed Audit Expert
Auditor in Charge



Claudia Brusatori

Lugano, 24 March 2022

CORPORATE GOVERNANCE

Board of Directors

Antonio Sergi

Born in 1957, Swiss citizen, he is Board member since 2008 and Chairman since 2020. He holds a Diploma Federale in Economia Bancaria and has a large professional experience in the banking field. He has been a Board member and member of the Executive Committee in several Swiss banks. He has consolidated his professional expertise in the Wealth Management and Investment Banking areas, in Switzerland and abroad.

Gianluca Generali

Born in 1969, Swiss citizen, he is Board member since 2020. He is practicing the legal profession since 2000. He Graduated in Law at the University of Zurich in 1994, after a training period abroad, he was admitted to the bar in 1996. He worked at the Lugano Magistrate's Court until 1998 and in 1999 for the Legal & Compliance unit of a leading Swiss bank institution. Since 2005 he is partner in a historic law firm in Lugano, operating, in particular, in the field of contractual, commercial and financial consulting. He is member of the board of several companies.

Alberto Banfi

Born in 1958, Italian citizen, he is a Board member since 2007. He graduated in Scienze Economiche e Bancarie at Università Cattolica in Milan and is currently ordinary Professor at the Faculty of Scienze Bancarie Finanziarie e Assicurative in the same university. He is the author of several publications on matters related to banks, markets and financial instruments. He has been a Board Member and member of the controlling bodies of banks and financial intermediaries and has developed close contacts with regulatory authorities.

CORPORATE GOVERNANCE

Hieronimus T. Dormann

Born in 1960, Swiss citizen, he is Board member and member of the Audit Committee since 2020. He has a degree in economics from the HSG St. Gallen and is a certified auditor. During his professional career he held various management positions in a large international auditing and consulting company.

Stephan Eggenberg

Born in 1956, Swiss citizen, he is Board member and Chairman of the Audit Committee since 2020. He has a degree in economics from the Berne University of Applied Sciences and is a certified auditor. He held various management positions in a large international auditing and consulting company. During the last 20 years he was the Chief Audit Executive of first, an international Bank acting in Ticino and then of a large Swiss insurance company.

CORPORATE GOVERNANCE

Executive Management

Alexei Oberholzer

Born in 1981, Swiss citizen, is Chief Executive Officer since 21st April 2021. He graduated from Mount Allison University in Canada. He started his career as a trader in precious metals. He first worked for a large Japanese trading house in London and later has held roles of responsibility in a European bank, leader in providing online trading services for private and institutional clients. Started in Banca Credinvest in 2013, as Head of Institutional Clients and was appointed Executive Vice President 1st January 2021.

Massimo Bertini-Morini

Born in 1965, Swiss citizen, is Deputy Chief Executive Officer since 2020. He holds a Diploma in Commerce. He has held roles of responsibility in financial institutions, especially in information technology, operational processes, and administrative services. Started in Banca Credinvest in 2007 as First Vice President in the Information Technology and Organization Division, he has been appointed Director in 2008 in charge of all activities of the Operational Division. He was appointed Executive Vice President in 2017.

Daniel Jaeger

Born in 1981, Swiss citizen, he joined Banca Credinvest in June 2021 as reference person for the Legal & Compliance Function as Executive Vice President. He holds a degree in law from the University of Fribourg and he passed the bar exam in Zurich in 2009. Before joining Banca Credinvest, he gained professional experience in law firms and held positions of responsibility in banking institutions and a legal-regulatory consultancy company for financial firms, where he became a partner.

CORPORATE GOVERNANCE

Christophe Silietti

Born in 1977, Swiss citizen, is Executive Vice President since 1st January 2021. He holds a Diploma in High School of Commerce. He has held roles of responsibility in financial institutions in trading of financial products and has consolidated experience in back-office and settlement activities. He joined Banca Credinvest in 2007 as head of the Trading and Treasury Division. He was appointed Director in 2019 as Head of Markets Department.

Mauro Scalfi

Born in 1958, Italian citizen, is Deputy Chief Executive Officer since 21st April 2021 (previously Chief Executive Officer since 2007). He graduated in Discipline Economiche e Sociali at Bocconi University in Milan and has held roles of responsibility in banks, asset managers, financial intermediaries and SICAV. He has gained professional experiences in London, Italy and finally in Switzerland, since 2003.



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