

ANNUAL REPORT 2022



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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 27th April 2022

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

Board of Directors

after the resolutions of the Ordinary General Meeting and the Board of Directors of 27th April 2022

Andrea De Vido	Chairman
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	Chief Executive Officer
Massimo Bertini-Morini	Deputy Chief Executive Officer
Daniel Jaeger	Executive Vice President
Christophe Silietti	Executive Vice President

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

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

Dear Shareholders, Customers, Stakeholders & Employees

The war in Ukraine and related events generated in 2022 a volatile situation in the financial market, contributing to an increase in inflation and affecting the global economy. The outbreak of the conflict came at a very difficult historical moment as the fight against the worldwide Covid-19 pandemic was not yet definitively over. Therefore, from the outset, concerns over international instability and apprehension for the fate of entire populations were compounded by strong uncertainties related to the world of savings and investments.

As usually occurs in economic or geopolitical crisis scenarios, stock exchanges around the world immediately showed strong price instability, generating panic among investors: during the first two weeks of the war period the main stock exchanges recorded heavy losses, which wiped out the recovery we had witnessed in the previous seven months. In addition, the sanctions applied by the international community against Russia have led to a rise in costs of energy and various commodities, impacting private and corporate investors.

The alternative financial system of cryptocurrencies, in which Switzerland aims to play a major role, is in the grip of a crisis after the bankruptcy of the cryptocurrency trading company FTX, considered to be one of the most stable and innovative cryptocurrency companies in the world with a very profitable investment company, Alameda Research. This catastrophe in the crypto world has led to a ripple effect in Switzerland, although the actual extent of the damage will be evident mainly from the beginning of the new year. The industry is bracing itself for a significant drop in trading volumes, a reduction in venture capital investments, further potential bankruptcies of FTX-related companies, and a general decrease in the interest of the traditional financial world in cryptocurrencies, which are currently too risky and too little regulated.

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

The FED has commented in recent weeks about the situation prevailing on the international markets. Inflation is still far from the target, but the peak has been reached and in the coming months the rise in rates will be less pronounced. The current economic cycle after peaking in the past quarter is slowing down. Inflation and rising interest rates have prompted households and businesses to reduce consumption and investment.

At the moment, it is still unclear whether the economic cycle is simply starting to slow down or whether it may result in a full-blown recession. In particular, the new data on the US unemployment rate will guide the FED's future choices. The convergence/divergence between the inflation rates of the different nations will always have to be taken into account to monitor that a country cannot lose competitiveness, and consequently face a negative impact on growth and employment rates. As far as inflation is concerned, the ceiling seems to have been reached, however, it is crucial to assess certain aspects: the decrease in tensions on energy commodity prices, which is linked to unstable factors such as the conflict between Ukraine and Russia, the temperatures changing in Europe, the pandemic situation in China, and Europe's ability to equip itself with regasification plants to ensure a diversification of suppliers. Furthermore, it should be considered that even if the peak is not exceeded, inflation will continue to impact the financial landscape for a couple of years.

In a period characterised by high volatility, uncertainties caused first by the pandemic and then by the war, and sudden social and economic changes, Banca Credinvest performed more than well. The results for the year highlight solid growth compared to the previous year despite the crisis and the aforementioned negative factors that have strongly affected our industry over the past twelve months. This confirms the Bank's desire to consolidate its position in Switzerland and to focus on new business opportunities with an eye on global markets. These last few months are a sign of a transparent path in evolution. Today, the mission is to be a preferred point of reference for private and institutional clients with outstanding services and products. The ambition is to remain competitive

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

with reliable and alternative solutions in the world of banking, a reality in which it is more and more challenging to survive and differentiate oneself. Competence, trust, proximity and transparency are the main drivers of success and will continue to guide the Bank's operation in future years.

As of today, the Bank's key success factor of its results and growth in the difficult global macroeconomic context is its human capital, the resources that every day with their professionalism, but above all through their identity, personality and creativity contribute to turning a small bank into a distinctive face in the marketplace. Hence the costs for initiatives addressed to the employees increased, especially in the last quarter. The aim is to further employee engagement and satisfaction.

Even in 2022, home office, instituted as a result of the pandemic, was maintained and carried out in compliance with current regulations. Smart working has emerged as an organisational model capable of bringing considerable benefits from several points of view: in terms of productivity, achievement of goals, but also in terms of welfare and overall quality of life for staff. So agile working has not negatively affected the various services, which have always been guaranteed through remote access by all employees to the Bank's operating systems.

Marketing & communication activities have been and will be manifold. Its objectives include creating and writing high quality institutional content in cooperation with partners and external agencies, narrating success stories about the Bank's core business and corporate governance, producing bank-customer selling and communication tools, increasing internal and external communication for a greater interaction and thus productivity of the various stakeholders, and continuously developing the Bank's online presence.

The new website aims to simplify the previous web architecture, ensuring an efficient customer experience for the user. In order to consolidate the Bank's digital presence, a new section was created on the website,

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

a magazine offering articles on financial education and macroeconomic information on current and relevant topics.

E-banking was also improved to provide customers a more functional and user-friendly online access method. The bank's growth must necessarily be accompanied by a strong and recognisable identity. This new corporate identity will give greater strength to the business, enhancing the Bank's image as a financial player with a local presence and close to the Ticino region, increasing its reputation, building the loyalty of current clients and intercepting new ones.

A new position dealing with Marketing and Corporate Communication was implemented. There is a real desire to communicate on a large scale the identity and services that our Bank can offer. The aim is to strengthen the Bank's positioning, especially as a player in the certificate field, promote the values on an international level and express the Bank's modernity through a contemporary and digital brand.

In an unfavourable economic and geopolitical scenario characterised by sudden changes, the financial sector is preparing for a potentially difficult 2023, in which asset managers will seek to preserve clients' capital, while equity and bond markets will have to cope with weak economic growth on the one hand and rising interest rates on the other.

In the course of 2023, the Bank will further intensify its efforts to foster the expansion of client services, promote new initiatives both internally and externally and look for expansion opportunities, with a view to further increasing overall profitability, in compliance with regulatory and legal requirements as well as a strict risk control policy.

Regarding the operating results, gross profit amounted to CHF 2'301'692 (CHF 435'879 in 2021); net profit amounted to CHF 575'599 (CHF 102'015 in 2021).

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

Total revenues amounted to CHF 14'449'303 (CHF 13'062'363 in 2021). Total interest income equalled CHF 2'704'102 (CHF 1'680'198 in 2021), commissions and service income reached CHF 8'792'787 (CHF 9'416'958 in 2021), revenues from trading operations was CHF 2'952'415 (CHF 1'965'207 in 2021).

Total operating expenses amounted to CHF 12'147'611 (CHF 12'626'484 in 2021), of which CHF 7'664'183 allocated to personnel expenses (CHF 7'791'333 in 2021) and CHF 4'483'428 to general expenses (CHF 4'835'151 in 2021). Careful cost control policies enabled the overall incidence of overheads to be further reduced compared with the previous year.

Total depreciations and amortizations equalled CHF 249'795 (CHF 336'546 in 2021), substantially lower than the previous year.

At year end, total client assets amounted to CHF 1'598 million (CHF 1'793 million at the end of 2021), 11% lower than the previous year.

As at 31st December 2022, the Bank had a total of 47 employees (42.1 "full time equivalent"), compared to 44 employees (40.4 "full time equivalent") as at 31st December 2021.

Considering the proposal of the result allocation, the surplus of available capital as at 31st December 2022 amounted to CHF 20.0 million (CHF 21.0 million as at 31st December 2021), with a ratio of eligible capital to required capital of 276% and a Tier 1 capital ratio of 29.4%.

Considering the annual result of CHF 575'599 and the profit carried forward CHF 230'106, the Board of Directors recommends the following allocation of the Balance Sheet result:

To:	CHF
legal reserve	30'000
profit to be carried forward	775'705

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

The Board of Directors expresses its gratitude to customers for the trust they have renewed, to the shareholders for investing in the Bank's new ambitious plan and philosophy, to the General Management for successfully leading the Bank with professionalism and an innovative approach, and to all employees who contribute daily to improving the Bank's spirit and profitability with their know-how.

Andrea De Vido
President of the Board

ANNUAL FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2022

BALANCE SHEET

31 st December	Notes	2022 CHF	2021 CHF	Change CHF
ASSETS				
Liquid assets		63'402'360	94'220'600	-30'818'240
Amounts due from banks		138'933'258	131'640'286	7'292'972
Amounts due from customers	2	117'722'169	101'695'263	16'026'906
Mortgage loans	2	22'969'580	26'264'800	-3'295'220
Trading portfolio assets	3	4'257'189	11'090'488	-6'833'299
Positive replacement values of derivative financial instruments	4	7'057'291	6'081'658	975'633
Other financial instruments at fair value	3	117'778'436	157'588'851	-39'810'415
Accrued income and prepaid expenses		4'310'906	5'581'651	-1'270'745
Tangible fixed assets	8	556'713	604'546	-47'833
Other assets	10	606'943	929'766	-322'823
TOTAL ASSETS		477'594'845	535'697'909	-58'103'064

31 st December	Notes	2022 CHF	2021 CHF	Change CHF
LIABILITIES				
Amounts due to banks		40'385'023	36'948'168	3'436'855
Amounts due in respect of customer deposit		233'660'423	267'791'674	-34'131'251
Negative replacement values of derivative financial instruments	4	7'329'936	6'412'874	917'062
Liabilities from other financial instruments at fair value	3, 14	159'726'372	189'835'223	-30'108'851
Accrued expenses and deferred income		3'279'752	2'711'489	568'263
Other liabilities	10	422'634	433'375	-10'741
Provisions	16	1'490'000	240'000	1'250'000
Bank's capital	17	30'000'000	30'000'000	0
Legal reserve from profits		495'000	485'000	10'000
Profit carried forward		230'106	738'091	-507'985
Profit (result of the period)		575'599	102'015	473'584
TOTAL LIABILITIES		477'594'845	535'697'909	-58'103'064

ANNUAL FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2022

BALANCE SHEET

<i>31st December</i>	<i>Notes</i>	<i>2022 CHF</i>	<i>2021 CHF</i>	<i>Change CHF</i>
Off-Balance Sheet transactions				
Contingent liabilities	2, 28	1'737'232	2'807'833	-1'070'601
Irrevocable commitments	2	378'000	422'000	-44'000
Fiduciary transactions	30	54'688'056	18'176'271	36'511'785

ANNUAL FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2022

INCOME STATEMENT

	Notes	2022 CHF	2021 CHF	Change CHF
Result from interest operations				
Interest and discount income		2'219'588	758'956	1'460'632
Interest and dividend income from trading portfolios		44'833	99'052	-54'219
Interest expenses		439'681	822'190	-382'509
Gross result from interest operations		2'704'102	1'680'198	1'023'904
Changes in value adjustments for default risks and losses from interest operations		0	0	0
Subtotal:				
Net result from interest operations		2'704'102	1'680'198	1'023'904
Result from commission business and services				
Commission income from securities trading and investment activities		14'246'125	17'456'505	-3'210'380
Commission income from lending activities		24'250	17'000	7'250
Commission income from other services		1'560'866	1'425'627	135'239
Commission expenses		-7'038'454	-9'482'174	2'443'720
Subtotal: Result from commission business and services		8'792'787	9'416'958	-624'171
Result from trading activities and the fair value option				
	32	2'952'414	1'965'207	987'207
Operating expenses				
Personnel expenses	34	-7'664'183	-7'791'333	127'150
General and administrative expenses	35	-4'483'428	-4'835'151	351'723
Subtotal: Operating expenses		-12'147'611	-12'626'484	478'873
Gross profit				
		2'301'692	435'879	1'865'813
Value adjustment on participations and depreciation and amortisations of tangible fixed assets and intangible assets	8	-249'795	-336'546	86'751
Changes to provisions and other value adjustments, losses	16	-1'250'000	0	-1'250'000
Operating result				
		801'897	99'333	702'564
Extraordinary income	36	0	80'780	-80'780
Taxes	39	-226'298	-78'098	-148'200
Profit (result of the period)				
		575'599	102'015	473'584

ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

ALLOCATION OF BALANCE SHEET RESULT

Allocation of Balance Sheet result

Proposal of the Board of Directors	2022 CHF	2021 CHF
Profit carried forward	230'106	738'091
Profit of the year	575'599	102'015
Available Profit	805'705	840'106
Application of results		
Allocation to legal reserve	30'000	10'000
Dividend distribution	0	600'000
Profit to be carried forward	775'705	230'106

Statement of changes in shareholders' equity

	2022					
	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	485'000	0	738'091	102'015	31'325'106
Dividends and other distributions					-600'000	-600'000
Other allocations to / other withdrawals from reserves for general banking risks						0
Other allocations to / other withdrawals from other reserves		10'000			-10'000	0
Other allocations to profit / loss carried forward (allocation of result)				-507'985	507'985	0
Profit (result of the period)					575'599	575'599
Equity at end of current period	30'000'000	495'000	0	230'106	575'599	31'300'705

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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 as well as activities related to the issuance of debt instruments.

The year-end date of the annual Financial Statements is 31st December.

The number of employees at the end of 2022 was 47, equivalent to 42.1 full-time staff (31.12.2021: 44 employees equivalent to 40.4 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 and the Executive Management of the Bank have 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 Audit Committee has examined on the basis of the internal documentation prepared by the Risk Manager, 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 2022

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

- 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 Bottomline Technologies DACH AG, Zurich (former 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

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 0.9846 (31.12.2021: 1.0345); USD 0.9244 (31.12.2021: 0.9145).

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 at their nominal value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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 2022

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 2022

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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 (2022: CHF 257'936; 2021: CHF 682'427) and interest income arising from borrowings are recorded in deduction of interest expenses (2022: CHF 517'635; 2021: CHF 884'308).

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 2022

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 2022

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			Total CHF
	Secured by mortgage CHF	Other collateral CHF	Unsecured CHF	
Loans (before value adjustments)				
Amounts due from customers	0	117'669'026	53'143	117'722'169
Mortgage loans				
- Residential property	22'969'580	0	0	22'969'580
Total loans (before netting with value adjustments)				
31.12.2022	22'969'580	117'669'026	53'143	140'691'749
31.12.2021	26'264'800	101'630'282	64'981	127'960'063

Total loans (after netting with value adjustments)

31.12.2022	22'969'580	117'669'026	53'143	140'691'749
31.12.2021	26'264'800	101'630'282	64'981	127'960'063

Off-balance sheet

Contingent liabilities	0	1'639'851	97'381	1'737'232
Irrevocable commitments	0	0	378'000	378'000
Total off-balance-sheet				
31.12.2022	0	1'639'851	475'381	2'115'232
31.12.2021	0	2'307'161	922'672	3'229'833

Impaired loan / receivables

	Gross debt amount CHF	Estimated liquidation value of collateral CHF	Net debt amount CHF	Individual value adjustments CHF
Impaired loans / receivables				
31.12.2022	0	0	0	0
31.12.2021	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 2022

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	2022 CHF	2021 CHF
Trading portfolio assets		
Debt securities, money market securities / transactions	3'826'954	11'090'488
- of which, listed	3'826'954	11'090'488
Equity securities	29'119	0
Precious metals and commodities	0	0
Other trading portfolio assets	401'116	0
Total trading portfolio assets	4'257'189	11'090'488
Other financial instruments at fair value		
Debt securities	0	0
Structured products	117'778'436	157'588'851
Other	0	0
Total other financial instruments at fair value	117'778'436	157'588'851
Total assets	122'035'625	168'679'339
- 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		
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	159'726'372	189'835'223
Other	0	0
Total other financial instruments at fair value	159'726'372	189'835'223
Total liabilities	159'726'372	189'835'223
of which, determined using a valuation model	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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	9'713	97'961	15'196'787	0	0	0
Combined interest rate / currency swaps	203'209	387'606	61'462'986	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	212'922	485'567	76'659'773	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)	6'844'369	6'844'369	636'382'186	0	0	0
Total	6'844'369	6'844'369	636'382'186	0	0	0
Total before netting agreements						
31.12.2022	7'057'291	7'329'936	713'041'959	0	0	0
- of which, determined using a valuation model	0	0	0	0	0	0
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
Total after netting agreements						
	Positive replacement values (cumulative)			Negative replacement values (cumulative)		
31.12.2022	7'057'291			7'329'936		
31.12.2021	6'081'658			6'412'874		

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	2'703'291	4'354'000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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 2022

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	2022					Book value at the end of current year
				Reclassifications	Additions	Disposals	Depreciation	Reversals	
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Software	2'213'093	-2'128'353	84'740	0	149'833	0	-69'443	0	165'130
Other tangible fixed assets	4'727'652	-4'207'846	519'806	0	52'129	0	-180'352	0	391'583
Total tangible fixed assets	6'940'745	-6'336'199	604'546	0	201'962	0	-249'795	0	556'713

Operating leases: total amount not included in the Balance Sheet

	Total 31.12.22	within years	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	over 5 years
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Future leasing payments:	69'105	31'076	20'319	17'709	0	0	0
Future rental payment	2'124'560	534'120	452'520	387'920	375'000	375'000	0
Total	2'193'665	565'196	472'839	405'629	375'000	375'000	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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	
	2022 CHF	2021 CHF	2022 CHF	2021 CHF
Guarantee deposits	42'444	42'444	0	0
Indirect taxes	202'916	174'234	338'055	358'845
Payments on account of accrued rebates	170'236	278'991	0	0
Direct taxes	2'274	231'546	0	0
Others	189'073	202'551	84'579	74'530
Total	606'943	929'766	422'634	433'375

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

31 st December	2022		2021	
	CHF Book value	CHF Effective commitments	CHF Book value	CHF Effective commitments
Pledged / assigned assets				
Pledged assets to guarantee stock market and foreign exchange activities	1'376'767	1'376'767	3'114'289	3'114'289
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 2022

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 2022:	at current year end 2022:	at current year end 2022:	at previous year end 2021:	ECR on personnel expenses at current year end 2022:	ECR on personnel expenses at previous year 2021:
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 2022:	of the bank at end of current year 2022:	of the bank at end of previous year 2021:	versus previous year (economic benefit/obligation):	paid for the current period 2022:	included in personnel expenses at end of current year 2022:	included in personnel expenses at end of previous year 2021:
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Pension plans without overfunding / under-funding	0	0	0	0	0	666'572	753'664

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 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14 Presentation of issued structured products

	Book value				Total CHF
	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	
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)	401'116	113'643'889	0	0	114'045'005
Without oDC	0	0	0	0	0
Foreign currencies					
With own debenture component (oDC)	0	46'082'483	0	0	46'082'483
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 31st December 2022	401'116	159'726'372	0	0	160'127'488

15 Presentation of outstanding bonds and mandatory convertible bonds

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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	1'250'000	0	1'490'000
Total provisions	240'000	0	0	0	0	1'250'000	0	1'490'000
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

“Other provisions” mainly includes provisions for legal and fiscal risks.

17 Presentation of the share capital

31 st December	2022			2021		
	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 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19 Disclosure of amounts due from / to related parties

31 st December	Amounts due from		Amounts due to	
	2022 CHF	2021 CHF	2022 CHF	2021 CHF
Holders of qualified participations	627	2'920'505	1'827'113	3'800'894
Group companies	0	0	0	0
Linked companies	0	0	0	0
Transactions with members of governing bodies	1'260'000	2'088'257	384'464	631'922
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.

20 Disclosure of holders of significant participations

31 st December	2022		2021	
	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 2022, 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 Sintesi S.p.A. (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 2022

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	63'402'360	0	0	0	0	0	0	63'402'360
Amounts due from banks	70'745'185	0	68'188'073	0	0	0	0	138'933'258
Amounts due from customers	0	96'449'748	21'272'421	0	0	0	0	117'722'169
Mortgage loans	0	0	0	0	0	22'969'580	0	22'969'580
Trading portfolio assets	45'015	0	982'222	2'831'682	398'270	0	0	4'257'189
Positive replacement values of derivatives financial instruments	7'057'291	0	0	0	0	0	0	7'057'291
Other financial instruments at fair value	0	0	12'167'467	49'912'993	34'944'415	20'753'561	0	117'778'436
31.12.2022	141'249'851	96'449'748	102'610'183	52'744'675	35'342'685	43'723'141	0	472'120'283
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
Debt capital / financial instruments								
Amounts due to bank	37'940'280	0	2'444'743	0	0	0	0	40'385'023
Amounts due in respect of customer deposits	224'842'228	0	8'818'195	0	0	0	0	233'660'423
Negative replacement values of derivative financial instruments	7'329'936	0	0	0	0	0	0	7'329'936
Liabilities from other financial instruments at fair value	0	0	19'632'870	50'725'893	54'932'040	34'435'569	0	159'726'372
31.12.2022	270'112'444	0	30'895'808	50'725'893	54'932'040	34'435'569	0	441'101'754
31.12.2021	307'867'328	0	6'413'724	5'477'008	169'722'893	11'506'986	0	500'987'939

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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	2022		2021	
	Domestic CHF '000	Foreign CHF '000	Domestic CHF '000	Foreign CHF '000
Assets				
Liquid assets	63'402	0	94'221	0
Amounts due from banks	21'720	117'213	21'788	109'852
Amounts due from customers	40'840	76'882	37'718	63'977
Mortgage loans	22'970	0	26'265	0
Trading portfolio assets	0	4'257	51	11'039
Positive replacement values of derivative financial instruments	2'110	4'947	519	5'563
Other financial instruments at fair value	117'778	0	157'589	0
Accrued income and prepaid expenses	4'311	0	5'582	0
Tangible fixed assets	557	0	605	0
Other assets	607	0	930	0
Total assets	274'296	203'299	345'267	190'431

31 st December	2022		2021	
	Domestic CHF '000	Foreign CHF '000	Domestic CHF '000	Foreign CHF '000
Liabilities				
Amounts due to banks	979	39'406	1	36'947
Amounts due in respect of customer deposit	39'335	194'325	46'573	221'219
Negative replacement values of derivative financial instruments	2'465	4'865	3'745	2'668
Other financial instruments at fair value	159'726	0	189'835	0
Accrued expenses and deferred income	3'280	0	2'711	0
Other liabilities	423	0	433	0
Provisions	1'490	0	240	0
Bank's capital	30'000	0	30'000	0
Statutory retained earnings reserves	495	0	485	0
Profit carried forward	230	0	738	0
Profit (result of the period)	576	0	102	0
Total liabilities	238'999	238'596	274'864	260'834

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

31 st December	2022		2021	
	Absolute CHF '000	Share as %	Absolute CHF '000	Share as %
Assets				
Switzerland	274'296	57.43%	345'267	64.45%
Rest of Europe	167'716	35.12%	151'696	28.32%
North America	31'526	6.60%	33'918	6.33%
South America	3'530	0.74%	3'485	0.65%
Others	527	0.11%	1'332	0.25%
Total assets	477'595	100.00%	535'698	100.00%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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 2022		Net foreign exposure 2021	
Nation	S & P (Standard & Poor's)		CHF '000	%	CHF '000	%
Denmark	AAA - AA-		10'104	4.97%	10'774	5.66%
Germany	AAA - AA-		1'763	0.87%	8'235	4.32%
Liechtenstein	AAA - AA-		12	0.01%	809	0.42%
Luxembourg	AAA - AA-		39'420	19.39%	35'691	18.74%
Holland	AAA - AA-		28'324	13.93%	3'201	1.68%
USA	AAA - AA-		31'526	15.51%	33'918	17.81%
others	AAA - AA-		4	0.00%	4	0.00%
Belgium	A+ - A-		18'581	9.14%	24'600	12.92%
United Arab Emirates	A+ - A-		500	0.25%	518	0.27%
France	A+ - A-		1'220	0.60%	1'194	0.63%
Cayman Islands	A+ - A-		406	0.20%	55	0.03%
United Kingdom	A+ - A-		14'520	7.14%	16'114	8.46%
Czech Republic	A+ - A-		575	0.28%	601	0.32%
Malta	BBB+ - BBB-		127	0.06%	114	0.06%
Poland	BBB+ - BBB-		595	0.29%	622	0.33%
Spain	BBB+ - BBB-		1'013	0.50%	2'153	1.13%
Cyprus	BBB+ - BBB- (2021: B+ - B-)		461	0.23%	17	0.01%
Croatia	BB+ - BB-		0	0.00%	322	0.17%
Italy	BB+ - BB-		34'693	17.07%	43'372	22.78%
Panama	BB+ - BB-		38	0.02%	284	0.15%
Portugal	BB+ - BB-		0	0.00%	22	0.01%
others	BB+ - BB-		1	0.00%	5	0.00%
Brazil	B+ - B-		5	0.00%	5	0.00%
Paraguay	B+ - B-		143	0.07%	146	0.08%
Dominican Republic	B+ - B-		205	0.10%	213	0.11%
Bahamas	B+ - B-		215	0.11%	237	0.12%
Barbados	CCC+ - C		2'006	0.99%	2'085	1.09%
Russian Federation	CCC+ - C (2021: BB+ - BB-)		4'675	2.30%	4'533	2.38%
Venezuela	CCC+ - C		18	0.01%	18	0.01%
others	CCC+ - C		6	0.00%	5	0.00%
British Virgin Islands	Senza rating		495	0.24%	442	0.23%
Guernsey	Senza rating		4'842	2.38%	118	0.06%
Monaco	Senza rating		6'723	3.31%	4	0.00%
others	Senza rating		83	0.04%	0	0.00%
Total			203'299	100.00%	190'431	100.00%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

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 in CHF '000	2022				
	CHF	EUR	USD	Others	Total
Assets					
Liquid assets	62'610	678	91	23	63'402
Amounts due from banks	3'042	44'051	49'676	42'164	138'933
Amounts due from customers	20'496	74'000	19'188	4'038	117'722
Mortgage loans	22'970	0	0	0	22'970
Trading portfolio assets	0	1'425	2'832	0	4'257
Positive replacement values of derivative financial instruments	66	267	6'705	19	7'057
Other financial instruments at fair value	113'774	1'509	2'196	299	117'778
Accrued income and prepaid expenses	4'250	4	11	46	4'311
Tangible fixed assets	557	0	0	0	557
Other assets	418	6	183	0	607
Total assets shown in the balance sheet	228'183	121'940	80'882	46'589	477'595
Delivery entitlements from spot exchange, forward forex and option transactions	6'922	29'405	33'126	7'207	76'660
Total assets	235'105	151'345	114'008	53'796	554'255

31 st December in CHF '000	2022				
	CHF	EUR	USD	Others	Total
Liabilities					
Amounts due to banks	2'580	15'466	14'548	7'791	40'385
Amounts due in respect of customer deposit	29'351	87'222	80'702	36'385	233'660
Negative replacement values of derivative financial instruments	138	267	6'828	97	7'330
Other financial instruments at fair value	124'600	28'121	6'316	689	159'726
Accrued expenses and deferred income	3'234	16	30	0	3'280
Other liabilities	380	13	3	27	423
Provisions	1'490	0	0	0	1'490
Bank's capital	30'000	0	0	0	30'000
Statutory retained earnings reserves	495	0	0	0	495
Profit carried forward	230	0	0	0	230
Profit (result of the period)	576	0	0	0	576
Total liabilities shown in the balance sheet	193'074	131'105	108'427	44'989	477'595
Delivery obligations from spot exchange, forward forex and forex options transactions	42'247	20'120	5'684	8'800	76'851
Total liabilities	235'321	151'225	114'111	53'789	554'446
Net position per currency	-216	120	-103	7	-191

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28 Breakdown and explanation of contingent liabilities and assets

<i>31st December</i>	<i>2022 CHF</i>	<i>2021 CHF</i>
Guarantees to secure credits and similar	1'697'354	2'767'955
Other contingent liabilities	39'878	39'878
Total contingent liabilities	1'737'232	2'807'833
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

<i>31st December</i>	<i>2022 CHF</i>	<i>2021 CHF</i>
Fiduciary investments with third-parties	54'688'056	18'176'271
Total	54'688'056	18'176'271

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 Breakdown of assets and presentation of their development

<i>31st December</i>	<i>2022 CHF</i>	<i>2021 CHF</i>
a) Breakdown of assets		
Type of assets:		
- Assets in collective investment schemes managed by the Bank	91'810'827	142'308'160
- Assets under discretionary asset management agreements	126'743'805	131'992'859
- Other managed assets	1'379'210'074	1'518'611'745
Total assets (included double counting)	1'597'764'706	1'792'912'764
- of which double counting	60'821'877	35'649'843
- of which assets under discretionary asset management agreements with third-parties	71'431'174	77'291'053
b) Presentation of the development of assets		
Total assets (including double counting) at beginning of the year	1'792'912'764	1'736'808'844
+/- net new money inflow or net new money outflow	-25'928'511	-10'165'272
+/- price gains / losses, interest, dividends and currency gains / losses	-169'219'547	66'269'192
+/- other effects	0	0
Total assets (included double counting) at the end of the year	1'597'764'706	1'792'912'764

"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 clients' assets.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2022 CHF	2021 CHF
a) Breakdown by business area		
Private	2'952'414	1'965'207
Total	2'952'414	1'965'207
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)	776'450	419'499
- Equity securities (including funds)	0	0
- Foreign currencies	2'165'815	1'543'107
- Commodities / precious metals	10'149	2'601
Total result from trading activities from:	2'952'414	1'965'207
of which, from fair value option	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 (2022: CHF 257'936; 2021: CHF 682'427) and interest income arising from borrowings are recorded in deduction of interest expenses (2022: CHF 517'635; 2021: CHF 884'308).

34 Breakdown of personnel expenses

	2022 CHF	2021 CHF
Salaries	6'351'268	6'434'794
- of which, forms of variable compensation	985'283	611'288
Social insurance benefits	1'154'194	1'285'454
Other personnel expenses	158'721	71'085
Total	7'664'183	7'791'333

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35 Breakdown of general and administrative expenses

	2022 CHF	2021 CHF
Office space expenses	828'862	811'986
Expenses for information and communication technology	1'582'274	1'723'414
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	39'237	36'529
Fees of audit firm (art. 961a n.2 CO)	350'000	361'900
- of which, for financial and regulatory audits	350'000	361'900
- of which, for other services	0	0
Other operating expenses	1'683'055	1'901'322
Total	4'483'428	4'835'151

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

	2022 CHF	2021 CHF
Extraordinary income		
- Profit realized on the disposal of tangible fixed assets	0	80'780
Total	0	80'780

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 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2022 CHF	2021 CHF
Current tax expenses	226'298	78'098
Deferred tax expenses	0	0
Total	226'298	78'098
Weighted average tax rate	28.22%	43.36%

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
BANCA CREDINVEST SA, Lugano****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of BANCA CREDINVEST SA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 9 – 40) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 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



Erich Schärli
Licensed Audit Expert
Auditor in Charge



Claudia Brusatori

Lugano, 23 March 2023

CORPORATE GOVERNANCE

Board of Directors

Andrea De Vido

Born in 1955, Italian citizen. He is member and Chairman of the Board since April 2022. He holds a degree in Economics “cum Laude” from the University of Venice and has gained an extensive professional experience in Italy, Sweden and the United States. He has held positions of responsibility in major companies active in the financial field. He was founder and then CEO for over 30 years of an important Italian financial and banking group leader in financial innovation. He previously served as Chairman of the Board of Directors of Banca Credinvest for the years 2007 to 2011.

Gianluca Generali

Born in 1969, Swiss citizen. He is member and Vice-Chairman of the Board 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 Assicurate 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

Hieronymus 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 Head Internal Audit of an international Bank domiciled in Ticino and then of a large Swiss insurance company.

CORPORATE GOVERNANCE

Executive Management

Alexei Oberholzer

Born in 1981, Swiss citizen. He 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. He 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. He started in Banca Credinvest in 2007 as First Vice President in the Information Technology and Organization Division and 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 Head Legal & Compliance 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.



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