

ANNUAL REPORT 2023



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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

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 2023

Dear Shareholders, Customers, Stakeholders & Employees

The past few years have been particularly complex: health, economic, energy and geopolitical emergencies, all of which have resulted in an extremely fragile world economy. In 2023, a combination of new and familiar risks surfaced, which increased the uncertainty and unpredictability of events. Communities around the globe have been affected by conflicts; extreme weather conditions such as excessive heat, droughts, fires and floods have endangered lives and livelihoods; social unrest has been widespread, with many countries experiencing protests, riots and strikes. While the immediate effects of these issues have been averted, the potential for further global shocks remains a concern.

Another matter of concern has been inflation: in Switzerland, inflation was very low, even negative, until March 2021 and then rose sharply. It has then fallen slightly again and 2022 ended with an (average) inflation of 2.8%. In 2023, the highest point was observed in February. The Swiss National Bank took a cautious approach and decided in September to keep the benchmark interest rate at 1.75%. The SNB in any case did not rule out a forthcoming rise to ensure price stability in the medium term. The decline in prices at the end of the year can be attributed to various factors, including cost reductions in the hospitality sector, airline tickets and lump-sum travel. Fuel and heating oil have also become cheaper.

From a job perspective, Switzerland suffers from a labour shortage. At the end of August, the Federal Statistical Office (FSO) counted more than 120,000 job vacancies. However, due to the stagnating economy and high interest rates, unemployment will slowly increase.

In a historical period characterized by great uncertainty, in a society that is quickly changing, including the needs of its customers, Banca Crediinvest performed well. The results for the year show solid growth compared to the previous year despite the weak dynamism of the economy. This confirms the Bank's commitment to consolidate its position in Switzerland and to aim for new business objectives with an eye on global markets. The last

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2023

few months confirmed a clear path of Bank's evolution in our mission to be a concrete point of reference for private and institutional clients with services and products of excellence. The vision is to remain competitive with reliable and alternative solutions in the world of banking, an industry in which it is increasingly difficult to survive and differentiate. Competence, trust, proximity and transparency are the main drivers of success and will continue to guide the Bank's activities for the coming years.

The main reason behind the Bank's results and growth in the difficult global macroeconomic context lies in its human resources. People who every day, with their professionalism, but above all through their identity, personality and creativity contribute to making a boutique bank a distinctive player in the marketplace. Hence the increase in training, team building, interaction, and communication activities. The aim is to enhance employee involvement, collaboration, satisfaction, productivity and consequently the level of customer service. Engaging with colleagues, connecting and supporting each other in achieving common goals have a big impact on performance. It is important to have a guide and a plan to coordinate different talents and skills.

There has been an increase in the number of employees in the various divisions, especially in the teams involved with customers. If we want to grow in terms of figures and expand geographically and in terms of services provided, we must first grow internally, both quantitatively and qualitatively. Switzerland continues to be a prestigious centre for wealth management in the world, but counterparts require more protection and efficiency. With the new acquisitions, the objective is to form a responsive and well-knit team in 2024, ready to offer solutions that perfectly frame the client in its three main spheres: family, assets and company.

In 2023, smart working, established as a result of the Pandemic, was maintained and carried out in compliance with current regulations. Smart working has emerged as an organizational model capable of bringing considerable benefits from several points of view: in terms of productivity, achieving targets, but also regarding welfare and overall quality of staff

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2023

lives. Agile working has therefore not adversely affected the various services, which have always been guaranteed through remote access by all employees to the Bank's operating systems.

The presence of Banca Credinvest's brand on the territory and through online communication has increased considerably. Strategic decision-making in terms of marketing and communication was in line with the Bank's entire strategy and vision. The marketing plan was drawn up considering the Bank's current situation, our strengths, and the areas in which we are most deficient. In drafting it, the business plan and operational strategy were considered. We assessed our products and services, the competitive advantages they offer and how they can be improved. An analysis of competitors and the strategies put in place by peers to differentiate ourselves and stand out was carried out. The first events were set up in the bank: opening the doors to customers in a physical sense, which transcends open architecture at a conceptual level. The events in which the relationship managers participated or in which we were sponsors/partners had as primary objective the promotion of company's identity and image, the expansion of the network, the possibility of offering a 360° customer experience to top clients, and the acquisition of new assets. The aim is a more holistic approach, a solid and trusting relationship constantly evolving and transversal, which identifies and anticipates the demands of new costumers generations.

The investment in education and support of younger generations has been significant by playing an active role with several collaborations with local universities, "Università della Svizzera Italiana" and SUPSI: meetings with students, curriculum vitae recruitment, participation in financial boards with other players in the financial community, in-company thesis projects by groups of talented students.

Remaining true to our nature, we wish to grow ambitiously and distinguish ourselves as an innovative and cutting-edge bank. With this goal in mind, a great deal of research and project development has been conducted, such as the digitalized opening process and the implementation of digital

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2023

signatures. New systems were studied and implemented/being implemented to make the structure more agile and efficient in the use of platforms, and consequently the customer experience of current and future clients.

Banca Credinvest has imprinted its values in its long-term strategy. The main objective for 2024 and the years to come is to establish itself as one of Switzerland's leading banks in terms of productivity and quality.

Regarding the operating results, gross profit amounted to CHF 5'322'084 (CHF 2'301'692 in 2022); net profit amounted to CHF 3'844'006 (CHF 575'599 in 2022).

Total revenues amounted to CHF 19'202'673 (CHF 14'449'303 in 2022). Total interest income equalled CHF 7'141'861 (CHF 2'704'102 in 2022), commissions and service income reached CHF 8'986'634 (CHF 8'792'787 in 2022), revenues from trading operations was CHF 3'074'178 (CHF 2'952'414 in 2022).

Total operating expenses amounted to CHF 13'880'589 (CHF 12'147'611 in 2022), of which CHF 8'855'377 allocated to personnel expenses (CHF 7'664'183 in 2022) and CHF 5'025'212 to general expenses (CHF 4'483'428 in 2022). 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 339'571 (CHF 249'795 in 2022).

At year end, total client assets amounted to CHF 1'469 million (CHF 1'598 million at the end of 2022).

Considering the proposal of the result allocation, the surplus of available capital as at 31st December 2023 amounted to CHF 27.0 million (CHF 20.0 million as at 31st December 2022), with a ratio of eligible capital to required capital of 444% (276% in 2022) and a Tier 1 capital ratio of 47.3% (29.4% in 2022).

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2023

Considering the annual result of CHF 3'844'006 and the profit carried forward CHF 775'705, the Board of Directors recommends the following allocation of the Balance Sheet result:

To:	CHF
Legal reserve	200'000
Profit to be carried forward	4'419'711

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 2023

BALANCE SHEET

31 st December	Notes	2023 CHF	2022 CHF	Change CHF
ASSETS				
Liquid assets		56'474'821	63'402'360	-6'927'539
Amounts due from banks		91'754'329	138'933'258	-47'178'929
Amounts due from customers	2	93'916'610	117'722'169	-23'805'559
Mortgage loans	2	20'068'195	22'969'580	-2'901'385
Trading portfolio assets	3	3'675'598	4'257'189	-581'591
Valori di sostituzione positivi of derivative financial instruments	4	7'769'697	7'057'291	712'406
Other financial instruments at fair value	3	74'745'700	117'778'436	-43'032'736
Accrued income and prepaid expenses		4'305'482	4'310'906	-5'424
Tangible fixed assets	8	936'665	556'713	379'952
Other assets	10	454'566	606'943	-152'377
TOTAL ASSETS		354'101'663	477'594'845	-123'493'182

31 st December	Notes	2023 CHF	2022 CHF	Change CHF
LIABILITIES				
Amounts due to banks		27'699'986	40'385'023	-12'685'037
Amounts due in respect of customer deposit		178'266'475	233'660'423	-55'393'948
Negative replacement values of derivative financial instruments	4	8'232'452	7'329'936	902'516
Liabilities from other financial instruments at fair value	3, 14	99'258'805	159'726'372	-60'467'567
Accrued expenses and deferred income		4'802'499	3'279'752	1'522'747
Other liabilities	10	456'735	422'634	34'101
Provisions	16	240'000	1'490'000	-1'250'000
Bank's capital	17	30'000'000	30'000'000	0
Legal reserve from profits		525'000	495'000	30'000
Profit carried forward		775'705	230'106	545'599
Profit (result of the period)		3'844'006	575'599	3'268'407
TOTAL LIABILITIES		354'101'663	477'594'845	-123'493'182

ANNUAL FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2023

BALANCE SHEET

<i>31st December</i>	<i>Notes</i>	<i>2023 CHF</i>	<i>2022 CHF</i>	<i>Change CHF</i>
Off-Balance Sheet transactions				
Contingent liabilities	2, 28	1'405'372	1'737'232	-331'860
Irrevocable commitments	2	0	378'000	-378'000
Fiduciary transactions	30	49'376'070	54'688'056	-5'311'986

ANNUAL FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2023

INCOME STATEMENT

	Notes	2023 CHF	2022 CHF	Change CHF
Result from interest operations				
Interest and discount income		7'702'241	2'219'588	5'482'653
Interest and dividend income from trading portfolios		97'527	44'833	52'694
Interest expenses		-657'907	439'681	-1'097'588
Gross result from interest operations		7'141'861	2'704'102	4'437'759
Changes in value adjustments for default risks and losses from interest operations		0	0	0
Subtotal: Net result from interest operations		7'141'861	2'704'102	4'437'759
Result from commission business and services				
Commission income from securities trading and investment activities		13'708'008	14'246'125	-538'117
Commission income from lending activities		20'000	24'250	-4'250
Commission income from other services		1'627'430	1'560'866	66'564
Commission expenses		-6'368'804	-7'038'454	669'650
Subtotal: Result from commission business and services		8'986'634	8'792'787	193'847
Result from trading activities and the fair value option	32	3'074'178	2'952'414	121'764
Operating expenses				
Personnel expenses	34	-8'855'377	-7'664'183	-1'191'194
General and administrative expenses	35	-5'025'212	-4'483'428	-541'784
Subtotal: Operating expenses		-13'880'589	-12'147'611	-1'732'978
Gross profit		5'322'084	2'301'692	3'020'392
Value adjustment on participations and depreciation and amortisations of tangible fixed assets and intangible assets	8	-339'571	-249'795	-89'776
Changes to provisions and other value adjustments, losses	16	-150'000	-1'250'000	1'100'000
Operating result		4'832'513	801'897	4'030'616
Extraordinary income	36	8'988	0	8'988
Taxes	39	-997'495	-226'298	-771'197
Profit (result of the period)		3'844'006	575'599	3'268'407

ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

ALLOCATION OF BALANCE SHEET RESULT

Allocation of Balance Sheet result

Proposal of the Board of Directors	2023 CHF	2022 CHF
Profit carried forward	775'705	230'106
Profit of the year	3'844'006	575'599
Available Profit	4'619'711	805'705
Application of results		
Allocation to legal reserve	200'000	30'000
Dividend distribution	0	0
Profit to be carried forward	4'419'711	775'705

Statement of changes in shareholders' equity

	2023					
	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	495'000	0	230'106	575'599	31'300'705
Dividends and other distributions						0
Other allocations to / other withdrawals from reserves for general banking risks						0
Other allocations to / other withdrawals from other reserves		30'000			-30'000	0
Other allocations to profit / loss carried forward (allocation of result)				545'599	-545'599	0
Profit (result of the period)					3'844'006	3'844'006
Equity at end of current period	30'000'000	525'000	0	775'705	3'844'006	35'144'711

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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 2023 was 47, equivalents to 42.9 full-time staff (31.12.2022: 47 employees equivalent to 42.1 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:

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- 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

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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.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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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;

ASMA Asset Management Audit & Compliance SA, Lugano for compliance activities;

Microsoft for the use of MS applications on the 'cloud platform' with data stored on the Swiss data centre.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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.

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 0.9323 (31.12.2022: EUR 0.9846); USD 0.8423 (31.12.2022: USD 0.9244).

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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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.

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 2023

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.

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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 (2023: CHF 0; 2022: CHF 257'936) and interest income arising from borrowings are recorded in deduction of interest expenses (2023: CHF 1'122; 2022: CHF 517'635).

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 2023

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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

In December 2023, the purchase of the building located at Via G. Cattori 14, Lugano, where the Bank's offices are located, was completed. The transfer of the ownership and the relevant registration in the land register took place in January 2024.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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	93'819'764	96'846	93'916'610
Mortgage loans				
- Residential property ⁱ	20'068'195	0	0	20'068'195
Total loans (before netting with value adjustments)				
31.12.2023	20'068'195	93'819'764	96'846	113'984'805
31.12.2022	22'969'580	117'669'026	53'143	140'691'749

Total loans (after netting with value adjustments)

31.12.2023	20'068'195	93'819'764	96'846	113'984'805
31.12.2022	22'969'580	117'669'026	53'143	140'691'749

Off-balance sheet

Contingent liabilities	0	1'306'450	98'922	1'405'372
Total off-balance-sheet				
31.12.2023	0	1'306'450	98'922	1'405'372
31.12.2022	0	1'639'851	475'381	2'115'232

Impaired loan / receivables

	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
	CHF	CHF	CHF	CHF
Impaired loans / receivables				
31.12.2023	0	0	0	0
31.12.2022	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 2023

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	2023 CHF	2022 CHF
Trading portfolio assets		
Debt securities, money market securities / transactions	2'664'439	3'826'954
- of which, listed	2'664'439	3'826'954
Equity securities	27'574	29'119
Precious metals and commodities	0	0
Other trading portfolio assets	983'585	401'116
Total trading portfolio assets	3'675'598	4'257'189
Other financial instruments at fair value		
Debt securities	0	0
Structured products	74'745'700	117'778'436
Other	0	0
Total other financial instruments at fair value	74'745'700	117'778'436
Total assets	78'421'298	122'035'625
- 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	99'258'805	159'726'372
Other	0	0
Total other financial instruments at fair value	99'258'805	159'726'372
Total liabilities	99'258'805	159'726'372
of which, determined using a valuation model	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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	1'745	42'014	4'949'969	0	0	0
Combined interest rate / currency swaps	137'556	560'042	48'924'778	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	139'301	602'056	53'874'747	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)	7'630'396	7'630'396	838'197'607	0	0	0
Total	7'630'396	7'630'396	838'197'607	0	0	0
Total before netting agreements						
31.12.2023	7'769'697	8'232'452	892'072'354	0	0	0
- of which, determined using a valuation model	0	0	0	0	0	0
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
Total after netting agreements						
	Valori di sostituzione positivi (cumulativi)			Valori di sostituzione negativi (cumulativi)		
31.12.2023	7'769'697			8'232'452		
31.12.2022	7'057'291			7'329'936		

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	1'100'697	6'669'000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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 2023

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	2023					Book value at the end of current year
				Reclassifications	Additions	Disposals	Depreciation	Reversals	
				CHF	CHF	CHF	CHF	CHF	
Software	2'362'926	-2'197'796	165'130	0	67'884	0	-80'955	0	152'059
Other tangible fixed assets	4'779'780	-4'388'197	391'583	0	651'639	0	-258'616	0	784'606
Total tangible fixed assets	7'142'706	-6'585'993	556'713	0	719'523	0	-339'571	0	936'665

Operating leases: total amount not included in the Balance Sheet

	Total 31.12.23	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:	38'029	0	20'319	17'709	0	0	0
Future rental payment	90'440	0	77'520	12'920	0	0	0
Total	128'469	0	97'839	30'629	0	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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	
	2023	2022	2023	2022
	CHF	CHF	CHF	CHF
Guarantee deposits	42'144	42'444	0	0
Indirect taxes	188'529	202'916	456'735	338'055
Payments on account of accrued rebates	177'002	170'236	0	0
Direct taxes	2'274	2'274	0	0
Others	44'617	189'073	0	84'579
Total	454'566	606'943	456'735	422'634

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

31 st December	2023		2022	
	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	4'453'653	4'453'653	1'376'767	1'376'767
Guarantee deposits	42'144	42'144	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 2023

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 2023:	at current year end 2023	at current year end 2023:	at previous year end 2022	ECR on personnel expenses at current year end 2023	ECR on personnel expenses at previous year 2022
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 of the bank:	Economic interest of the bank:	Change in economic interest versus previous year:	Contributions paid for the current period:	Pensions expenses included in personnel expenses at end of current year:	Pensions expenses included in personnel expenses at end of previous year:
	at end of current year 2023:	at end of current year 2023	at end of previous year 2022	(economic benefit/obligation)	paid for the current period 2023	at end of current year 2023	at end of previous year 2022
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Pension plans without overfunding / under-funding	0	0	0	0	0	751'895	666'572

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 2023

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)	983'585	71'891'627	0	0	72'875'212
Without oDC	0	0	0	0	0
Foreign currencies					
With own debenture component (oDC)	0	27'367'178	0	0	27'367'178
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 2023	983'585	99'258'805	0	0	100'242'390

15 Presentation of outstanding bonds and mandatory convertible bonds

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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	1'490'000	-1'400'000	0	0	0	150'000	0	240'000
Total provisions	1'490'000	-1'400'000	0	0	0	150'000	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

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

17 Presentation of the share capital

31 st December	2023			2022		
	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 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19 Disclosure of amounts due from / to related parties

31 st December	Amounts due from		Amounts due to	
	2023 CHF	2022 CHF	2023 CHF	2022 CHF
Holders of qualified participations	3'948'042	627	1'480'182	1'827'113
Group companies	0	0	0	0
Linked companies	0	0	0	0
Transactions with members of governing bodies	1'244'679	1'260'000	1'033'699	384'464
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 2023, one indirect shareholder of the Bank has also been member of the Executive Management; towards this related party, the corresponding amounts due from (2023: CHF 12'929; 2022: CHF 0) and amounts due to (2023: CHF 197'277; 2022: CHF 44'334) are included in both categories of the table.

20 Disclosure of holders of significant participations

31 st December	2023		2022	
	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 2023, 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 2023

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	56'254'077	220'744	0	0	0	0	0	56'474'821
Amounts due from banks	61'743'444	30'010'885	0	0	0	0	0	91'754'329
Amounts due from customers	0	89'021'799	4'894'811	0	0	0	0	93'916'610
Mortgage loans	0	0	0	0	0	20'068'195	0	20'068'195
Trading portfolio assets	1'005'792	0	2'664'439	0	5'367	0	0	3'675'598
Positive replacement values of derivatives financial instruments	7'769'697	0	0	0	0	0	0	7'769'697
Other financial instruments at fair value	0	0	12'165'912	14'187'447	5'624'546	42'767'795	0	74'745'700
31.12.2023	126'773'010	119'253'428	19'725'162	14'187'447	5'629'913	62'835'990	0	348'404'950
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
Debt capital / financial instruments								
Amounts due to bank	22'013'703	0	5'686'283	0	0	0	0	27'699'986
Amounts due in respect of customer deposits	158'135'282	0	20'131'193	0	0	0	0	178'266'475
Negative replacement values of derivative financial instruments	8'232'452	0	0	0	0	0	0	8'232'452
Liabilities from other financial instruments at fair value	0	0	28'620'056	14'970'451	9'798'738	45'869'560	0	99'258'805
31.12.2023	188'381'437	0	54'437'532	14'970'451	9'798'738	45'869'560	0	313'457'718
31.12.2022	270'112'444	0	30'895'808	50'725'893	54'932'040	34'435'569	0	441'101'754

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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	2023		2022	
	Domestic CHF '000	Foreign CHF '000	Domestic CHF '000	Foreign CHF '000
Assets				
Liquid assets	56'475	0	63'402	0
Amounts due from banks	33'724	58'030	21'720	117'213
Amounts due from customers	26'175	67'742	40'840	76'882
Mortgage loans	20'068	0	22'970	0
Trading portfolio assets	1	3'675	0	4'257
Positive replacement values of derivative financial instruments	3'017	4'753	2'110	4'947
Other financial instruments at fair value	74'746	0	117'778	0
Accrued income and prepaid expenses	4'305	0	4'311	0
Tangible fixed assets	937	0	557	0
Other assets	455	0	607	0
Total assets	219'902	134'200	274'296	203'299

31 st December	2023		2022	
	Domestic CHF '000	Foreign CHF '000	Domestic CHF '000	Foreign CHF '000
Liabilities				
Amounts due to banks	716	26'985	979	39'406
Amounts due in respect of customer deposit	17'750	160'517	39'335	194'325
Negative replacement values of derivative financial instruments	1'243	6'989	2'465	4'865
Other financial instruments at fair value	99'259	0	159'726	0
Accrued expenses and deferred income	4'802	0	3'280	0
Other liabilities	457	0	423	0
Provisions	240	0	1'490	0
Bank's capital	30'000	0	30'000	0
Statutory retained earnings reserves	525	0	495	0
Profit carried forward	776	0	230	0
Profit (result of the period)	3'845	0	576	0
Total liabilities	159'612	194'490	238'999	238'596

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

31 st December	2023		2022	
	Absolute CHF '000	Share as %	Absolute CHF '000	Share as %
Assets				
Switzerland	219'902	62.10%	274'296	57.43%
Rest of Europe	105'648	29.84%	167'716	35.12%
North America	22'735	6.42%	31'526	6.60%
South America	215	0.06%	3'530	0.74%
Others	5'602	1.58%	527	0.11%
Total assets	354'102	100.00%	477'595	100.00%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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 2023		Net foreign exposure 2022	
Nation	S & P (Standard & Poor's)		CHF '000	%	CHF '000	%
Denmark	AAA - AA-		14'113	10.52%	10'104	4.97%
Germany	AAA - AA-		6'483	4.83%	1'763	0.87%
Liechtenstein	AAA - AA-		1	0.00%	12	0.01%
Luxembourg	AAA - AA-		1'964	1.46%	39'420	19.39%
Holland	AAA - AA-		9'960	7.42%	28'324	13.93%
USA	AAA - AA-		22'735	16.94%	31'526	15.51%
others	AAA - AA-		0	0.00%	4	0.00%
Belgium	A+ - A-		2'872	2.14%	18'581	9.14%
United Arab Emirates	A+ - A-		145	0.11%	500	0.25%
France	A+ - A-		1'162	0.87%	1'220	0.60%
Cayman Islands	A+ - A-		49	0.04%	406	0.20%
United Kingdom	A+ - A-		26'713	19.91%	14'520	7.14%
Czech Republic	A+ - A-		548	0.41%	575	0.28%
Malta	BBB+ - BBB-		334	0.25%	127	0.06%
Poland	BBB+ - BBB-		568	0.42%	595	0.29%
Spain	BBB+ - BBB-		635	0.47%	1'013	0.50%
Cyprus	BBB+ - BBB- (2022: B+ - B-)		427	0.32%	461	0.23%
Croatia	BB+ - BB-		6	0.00%	0	0.00%
Italy	BB+ - BB-		23'632	17.61%	34'693	17.07%
Panama	BB+ - BB-		128	0.10%	38	0.02%
Portugal	BB+ - BB-		3	0.00%	0	0.00%
others	BB+ - BB-		2	0.00%	1	0.00%
Brazil	B+ - B-		1	0.00%	5	0.00%
Paraguay	B+ - B-		210	0.16%	143	0.07%
Dominican Republic	B+ - B-		0	0.00%	205	0.10%
Bahamas	B+ - B-		93	0.07%	215	0.11%
Barbados	CCC+ - C		1'134	0.85%	2'006	0.99%
Russian Federation	CCC+ - C (2022: BB+ - BB-)		4'493	3.35%	4'675	2.30%
Venezuela	CCC+ - C		4	0.00%	18	0.01%
others	CCC+ - C		2	0.00%	6	0.00%
British Virgin Islands	Senza rating		4'045	3.01%	495	0.24%
Guernsey	Senza rating		5'314	3.96%	4'842	2.38%
Monaco	Senza rating		6'414	4.78%	6'723	3.31%
others	Senza rating		8	0.01%	83	0.04%
Total			134'198	100.00%	203'299	100.00%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

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	2023				
	CHF	EUR	USD	Altri	Totale
Assets					
Liquid assets	55'845	518	93	19	56'475
Amounts due from banks	7'707	18'484	48'906	16'657	91'754
Amounts due from customers	13'100	52'181	23'594	5'042	93'917
Mortgage loans	20'068	0	0	0	20'068
Trading portfolio assets	1	1'009	2'665	1	3'676
Positive replacement values of derivative financial instruments	48	86	7'620	16	7'770
Other financial instruments at fair value	71'951	2'199	456	140	74'746
Accrued income and prepaid expenses	4'253	3	17	32	4'305
Tangible fixed assets	937	0	0	0	937
Other assets	410	45	0	0	455
Total assets shown in the balance sheet	174'320	74'525	83'351	21'906	354'102
Delivery entitlements from spot exchange, forward forex and option transactions	303	29'815	23'757	0	53'875
Total assets	174'623	104'340	107'108	21'906	407'977

31 st December in CHF '000	2023				
	CHF	EUR	USD	Altri	Totale
Liabilities					
Amounts due to banks	1'307	13'615	10'895	1'883	27'700
Amounts due in respect of customer deposit	29'994	60'287	75'228	12'757	178'266
Negative replacement values of derivative financial instruments	256	86	7'711	179	8'232
Other financial instruments at fair value	72'814	15'156	10'779	510	99'259
Accrued expenses and deferred income	4'703	6	93	0	4'802
Other liabilities	413	13	3	28	457
Provisions	240	0	0	0	240
Bank's capital	30'000	0	0	0	30'000
Statutory retained earnings reserves	525	0	0	0	525
Profit carried forward	776	0	0	0	776
Profit (result of the period)	3'844	0	0	0	3'844
Total liabilities shown in the balance sheet	144'872	89'163	104'709	15'357	354'102
Delivery obligations from spot exchange, forward forex and forex options transactions	32'325	14'286	2'104	6'525	55'240
Total liabilities	177'197	103'449	106'813	21'882	409'342
Net position per currency	-2'574	891	295	24	-1'365

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28 Breakdown and explanation of contingent liabilities and assets

<i>31st December</i>	<i>2023 CHF</i>	<i>2022 CHF</i>
Guarantees to secure credits and similar	1'365'494	1'697'354
Other contingent liabilities	39'878	39'878
Total contingent liabilities	1'405'372	1'737'232
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>2023 CHF</i>	<i>2022 CHF</i>
Fiduciary investments with third-parties	49'376'070	54'688'056
Total	49'376'070	54'688'056

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 Breakdown of assets and presentation of their development

<i>31st December</i>	<i>2023 CHF</i>	<i>2022 CHF</i>
a) Breakdown of assets		
Type of assets:		
- Assets in collective investment schemes managed by the Bank	97'513'190	91'810'827
- Assets under discretionary asset management agreements	122'638'126	126'743'805
- Other managed assets	1'248'829'710	1'379'210'074
Total assets (included double counting)	1'468'981'026	1'597'764'706
- of which double counting	60'869'632	60'821'877
- of which assets under discretionary asset management agreements with third-parties	71'640'972	71'431'174
b) Presentation of the development of assets		
Total assets (including double counting) at beginning of the year	1'597'764'706	1'792'912'764
+/- net new money inflow or net new money outflow	-110'105'165	-25'928'511
+/- price gains / losses, interest, dividends and currency gains / losses	-18'678'515	-169'219'547
+/- other effects	0	0
Total assets (included double counting) at the end of the year	1'468'981'026	1'597'764'706

“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 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2023 CHF	2022 CHF
a) Breakdown by business area		
Private	3'074'178	2'952'414
Total	3'074'178	2'952'414
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)	775'007	776'450
- Equity securities (including funds)	0	0
- Foreign currencies	2'293'716	2'165'815
- Commodities / precious metals	5'455	10'149
Total result from trading activities from:	3'074'178	2'952'414
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 (2023: CHF 0; 2022: CHF 257'936) and interest income arising from borrowings are recorded in deduction of interest expenses (2023: CHF 1'122; 2022: CHF 517'635).

34 Breakdown of personnel expenses

	2023 CHF	2022 CHF
Salaries	7'464'924	6'351'268
- of which, forms of variable compensation	1'526'783	985'283
Social insurance benefits	1'277'225	1'154'194
Other personnel expenses	113'228	158'721
Total	8'855'377	7'664'183

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35 Breakdown of general and administrative expenses

	2023 CHF	2022 CHF
Office space expenses	877'524	828'862
Expenses for information and communication technology	1'801'536	1'582'274
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	31'500	39'237
Fees of audit firm (art. 961a n.2 CO)	360'000	350'000
- of which, for financial and regulatory audits	360'000	350'000
- of which, for other services	0	0
Other operating expenses	1'954'652	1'683'055
Total	5'025'212	4'483'428

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

	2023 CHF	2022 CHF
Extraordinary income		
- Profit realized on the disposal of tangible fixed assets	8'988	0
Total	8'988	0

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 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2023 CHF	2022 CHF
Current tax expenses	997'495	226'298
Deferred tax expenses	0	0
Total	997'495	226'298
Weighted average tax rate	20.60%	28.22%

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 31.12.2023, 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 8-39) 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 allocation of the balance sheet result complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG SA



Erich Schärli
Licensed Audit Expert
Auditor in Charge



Fabio Schoop-Zandonella
Licensed Audit Expert

Lugano, 27 March 2024

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. He is a board member in several other companies.

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 domiciliated in Ticino and then of a large Swiss insurance company.

CORPORATE GOVERNANCE

Executive Management

Alexei Oberholzer

Born in 1981, Swiss citizen. 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. He is Chief Executive Officer since 21st April 2021.

Massimo Bertini-Morini

Born in 1965, Swiss citizen. 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. He is Deputy Chief Executive Officer since 2020.

Daniel Jaeger

Born in 1981, Swiss citizen. He holds a degree in law from the University of Fribourg and 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. He is Executive Vice President since 2021 as Head of Legal & Compliance.

CORPORATE GOVERNANCE

Christophe Silietti

Born in 1977, Swiss citizen. 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. He is Executive Vice President since 2021.



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