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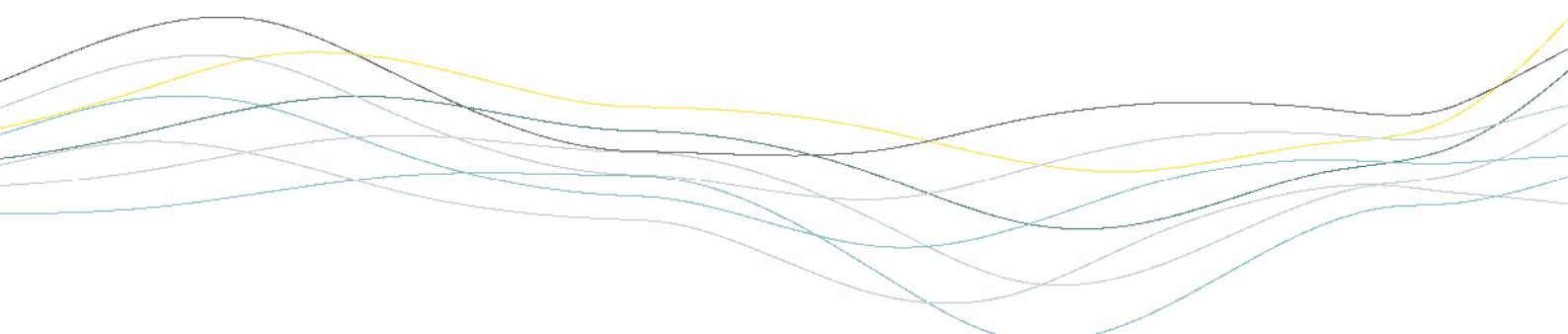
# ANNUAL REPORT 2021

QUINTET PRIVATE (SWITZERLAND) LTD

(Formerly QUINTET PRIVATE BANK (SWITZERLAND) LTD)



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## 1 MANAGEMENT REPORT

In early 2020, as Quintet Private Bank prepared to open for business in Switzerland, the world's attention increasingly focused on a mysterious virus emanating from central China. By early May, when Quintet Switzerland officially announced the launch of its activities, COVID-19 had been declared a full-blown global pandemic. Like countless nations, Switzerland was by then under virtual lockdown.

The launch of Quintet in Switzerland followed the successful closing of the acquisition of Zurich-based Bank am Bellevue – the wealth management business of the Bellevue Group – and approval of the transaction by the relevant regulatory authorities. As Switzerland's newest private bank, located in the heart of Zurich's financial center, the firm aggressively sought to expand Bank am Bellevue's base of domestic and international clients, leveraging the country's status as a global wealth management hub and Quintet's own family of leading private banks – defining a new standard in private banking by combining a highly personalized approach with independent, unbiased advice.

Over the following 18 months, despite extraordinarily challenging conditions, Quintet Switzerland grew its startup operations – one colleague at a time, one client at a time to a fully operational platform ready to onboard clients – an objective that was achieved during the summer 2021.

In addition to its very experienced senior leadership team, Quintet Switzerland put in place market heads for Latin America, Asia, Switzerland Domestic and the Group Family Investment Office. As the months passed, the firm slowly but surely expanded its base of domestic and international clients.

The Bank followed a multi-custody strategy, booking clients on its own platform as well as at third-party banks in Switzerland. It was pursuing a holistic advisory approach, covering the full range of wealth management services, relying on its own service offering as well as using its external service provider network.

### Core markets & strategic priorities

As more time passed and the pandemic continued to take a deadly toll, Quintet Private Bank faced a difficult choice. By the fall of 2021, the Group's core business, which extends across the EU and the UK, had recorded two years of significant growth. That included a marked increase in client assets, fueled by record client inflows and supported by robust lending activity. Consequently, Quintet's senior management saw clear opportunities to invest further and grow its core franchise.

In parallel, the global pandemic directly impacted the Group's startup business in Switzerland, including the ability to rapidly achieve scale. Establishing a path to profitability in Switzerland would have taken longer than anticipated and consume an increasing amount of the Group's human resources, energy and capital. In October 12, 2021, the Group therefore announced the difficult decision to reclassify its Swiss business as non-core.

This triggered discussions regarding an associated workforce reduction at Quintet Switzerland ahead of Quintet's exit from the Swiss market by way of a wind down.

As a consequence and under the guidance of the Quintet Switzerland Board of Directors, the Executive Committee of Quintet Switzerland put in place a market exit and wind-down plan by the end of 2021. Following the successful negotiation of a referral agreement with two Swiss-based banks, the implementation of the wind-down process started in December 2021.

This difficult decision has no impact on Quintet Private Bank's activities, clients or staff elsewhere in Europe and the UK. Rather, the Group will be able to further invest in sustaining and accelerating long-term growth in these core businesses.

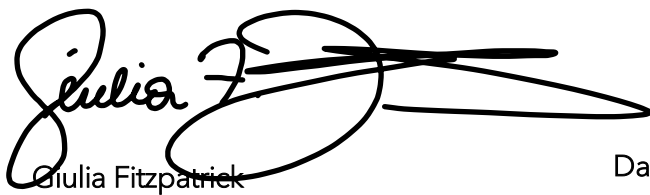
### **Financial result and change of accounting approach ("Bilanzierung") in view of the wind down**

Quintet Switzerland's 2021 operating result stood at CHF -34.6 million (2020: -28.3 million). The main drivers were staff costs that increased to CHF 38.8 million (2020: 33.5 million), and general & administrative expenses that rose to CHF 10.8 million (2020: 9.2 million), reflecting continuous investments. Services that Quintet Switzerland provides to other Group entities are charged out and accounted for under "Other ordinary income."

Due to the market exit announcement, the bank decreased its assets under management to CHF 908 million (2020: 1,667 million), leading to a result from commission business and services of CHF 4.2 million (2020: 4.1 million). The result from interest operations decreased to CHF 1.2 million (2020: 2.4 million), driven mainly by the sale of the trading portfolio at the end of 2020. In the light of the wind-down, exceptional expenses for CHF 34.7 million were recorded covering for wind-down related expenses and the write-off of all tangible and intangible assets.

As the firm exits the market, the Board of Directors of Quintet Switzerland ensures an appropriate risk and control environment, and the implementation of an effective internal control system; on a regular basis, it performs a risk assessment of the bank with a focus on key risks relevant to the wind down of the company. The Board proposes to the General Assembly to carry forward the loss for the period of CHF -69.4 million into the next fiscal year. With that, the bank's reported equity capital will decrease to CHF 15.8 million.

On behalf of the Quintet Switzerland Board of Directors and Executive Committee, we would like to thank our clients for their trust and express our appreciation to our employees for their dedication.



Giulia Fitzpatrick

Chair of the Board of Directors



Damian Zech

Chief Executive Officer

(As of January 2022)

Notes: <sup>1</sup> Figures for Quintet Group as at 31 December 2021

## 2 CORPORATE GOVERNANCE

Corporate Governance provides the organizational framework for responsible management and supervision of a company. This not only concerns the organizational and control structure, but also the culture and values of the company.

### 2.1. Corporate Structure and Shareholders

Quintet Switzerland is a Swiss limited company headquartered in Zurich and regulated by the FINMA. It is a wholly-owned subsidiary of Quintet Group which acquired the former "Bank am Bellevue Ltd" on 1 May 2020.

Quintet Group was acquired in 2012 by Precision Capital LLC, a Qatar-based bank holding company. Precision Capital LLC is a private – rather than sovereign – organization that seeks to capitalize on the attractiveness of the European private banking industry over the long term. A strong and committed shareholder, Precision Capital LLC seeks to grow Quintet Group both organically and inorganically.

The disclosures below provide details on the Quintet Switzerland's Board of Directors (Board) and its Executive Committee as of 31 December 2021. Further information on the assessment of risks is disclosed in the "Risk assessment" section.

### 2.2. Board of Directors

The Board is the supreme oversight body of the Bank.

#### 2.2.1. Composition of the Board of Directors

Since October 2021 the Board is composed of three members (as from 1 July 2021: six, before 1 July 2021: seven), of which one is an independent director according to FINMA Circular 2017/1 "Corporate governance – banks". The members of the Board are elected for a period of one year.

The Board comprises the following members as of 31 December 2021:

<i>Name</i>	<i>Function</i>
Giulia Fitzpatrick*	Chairperson
George Nasra	Vice-Chairperson
Marco Mazzucchelli	Member

\* Independent member of the Board in accordance with mn. 18-22 of FINMA circ. 2017/1 "Corporate Governance – banks".



### **Giulia Fitzpatrick, Chairwoman**



Giulia Fitzpatrick has a proven track record of leading organizations in complex and fast-changing international environments. She has been primarily active in financial services as well as agricultural commodities at Merrill Lynch, Bunge Limited as well as UBS. She is a subject matter expert in technology, digitalization and data as well as risk management. She currently serves on the board of directors of a number of other companies, both listed and private. She holds a bachelor's degree in

German Literature from the University of California, San Diego, an MBA in Finance from The Wharton School of the University of Pennsylvania and a master's degree in International Relations from the University of Pennsylvania.

### **Marco Mazzucchelli, Director**

Marco Mazzucchelli has been active in the financial industry for over 30 years, covering the roles of Head of European Bond Trading at Morgan Stanley, CFO at Monte dei Paschi di



Siena, CEO at Sanpaolo IMI Wealth Management (Insurance and Asset Management), Head of European Investment Banking at Credit Suisse, Deputy CEO and Global Head of Banking at Royal Bank of Scotland GBM and Managing Director at Bank Julius Baer in Zurich. Currently, he is a Non-Executive Director at Quintet Private Bank (Europe) S.A., Non-Executive Director at Quintet Private (Switzerland) Ltd, Chairman at Secofind SIM and General Council Member of the Hellenic Financial

Stability Fund. He has served as Independent Director on several boards, including Borsa Italiana, MTS, EuroMTS, Harrods Bank, Lindorff Group, Ospedale San Raffaele and Kairos Investment Management. He was also a Senior Adviser at Bain & Company. In recent years, he was a member of the European Commission High-Level Expert Group on Bank Structural Reform (the "Liikanen Group") and of the European Banking Authority (EBA) Stakeholders Group. He regularly interacts with policymakers and business leaders, contributing to the public debate on political economy, corporate governance, financial regulation and supervision. He graduated in Economics at Università Bocconi.



## George Nasra, Director



George Nasra, who serves as Deputy Chairman of the Board of Directors of Quintet Private Bank (Europe) S.A., is the CEO of Precision Capital LLC, a Qatar-based bank holding company. He started his career at NBK in 1979 as Executive Manager of the International Banking Group. In 1985, he embarked on his 13-year tenure at NBK's New York office as General Manager. In 1988, he was appointed as Group General Manager for Investment Banking, Asset Management and Treasury at NBK Kuwait for a period of seven years. Additionally, he was the CEO, founder and a board member of NBK Capital, the merchant and investment arm of NBK, and he was also responsible for NBK's private equity investment program, which has invested in privately owned companies and funds in the USA, Europe and Asia. He holds a BA in Economics and Statistics from the University of Jordan. He has also attended the Executive Development Program at Houston University and the Management Executive Program at the Massachusetts Institute of Technology (MIT).

## Directors who resigned in 2021:

<i>Name</i>	<i>Function</i>
Bruno Pfister*	Chairperson until 30 June 2021
Michaela Troyanov*	Member until 5 October 2021
Jakob Thomsen Stott	Member until 8 October 2021
Nicholas Harvey	Member until 8 October 2021

\* Independent member of the Board in accordance with mn. 18-22 of FINMA circ. 2017/1 "Corporate Governance – banks".

## 2.2.2. Internal Organization of the Board

Under the leadership of the Chairperson, the Board decides the Bank's strategy and supervises the Executive Committee. It determines the business policy, the risk policy, the long-term corporate objectives and the resources required to achieve these objectives.

The Board meets at least quarterly. Resolutions are passed by a majority of the votes present. In the event of a tie, the Chairperson has the casting vote. In 2021, the Board held 21 meetings.

Given the decision of the shareholder to exit Switzerland and the following reduction of the Board, the Board decided in October 2021 to waive its Board committees. Before that the Board has instituted three standing committees to assist in each of the following areas of

responsibility. The committees made recommendations to the Board which assumed final responsibility.

*Board Audit Committee (BAC)*

Chairperson Michaela Troyanov

Members Giulia Fitzpatrick, Marco Mazzuchelli

The BAC drafts the general guidelines for internal auditing and financial reporting and monitors and assesses the financial reporting and the integrity of the financial statements, including the effectiveness of the internal control system as it relates to the integrity of the financial statements. It is responsible for the relationship with the external audit company and for the supervision of Internal Audit and proposes to the Board the appointment and dismissal of the Head of Internal Audit.

*Board Risk, Legal & Compliance Committee (BRLCC)*

Chairperson Marco Mazzuchelli

Members Michaela Troyanov, George Nasra

The BRLCC is mainly dedicated to tasks relating to risk management and monitors and assesses the effectiveness of the internal control system of the Bank, specifically the risk control and compliance functions. It controls whether the Bank has adequate risk management with effective processes that are appropriate for the Bank's particular risk situation. It monitors the implementation of risk strategies, ensuring in particular that they are in line with the risk tolerance and risk limitations defined by the Board. It assesses the Bank's capital and liquidity planning and discusses and releases the Bank's risk governance framework.

*Board Remuneration & Compensation Committee (BRNC)*

Chairperson George Nasra

Members Giulia Fitzpatrick, Bruno Pfister

The BRNC dedicates its work to the strategic orientation and definition of the leadership principles, the corporate culture and the organizational structure of the Bank. It is responsible for the succession planning at the highest level, including the selection, appointment and removal of the members of the Board, the Executive Committee and the key function holders. It elaborates the Bank's guidelines on compensation and benefits and is responsible

for performance appraisal at the highest level. It defines pension policy and advises the Board on policy topics relating to human resources.

### 2.3. Executive Committee

Under the leadership of the Chief Executive Officer, the Executive Committee is responsible for conducting the operational business and for managing the risks of the Bank, in line with the policies set by the Board. It meets at least on a monthly basis and consisted of five members as at 31 December 2021.

The Executive Committee of Quintet Switzerland comprises the following members as of 31 December 2021<sup>1,8</sup>

<i>Name</i>	<i>Function</i>
Emmanuel Fievet <sup>2</sup>	Chief Executive Officer
Damian Zech <sup>3</sup>	Chief Operating Officer
Stéphanie Ichter <sup>4</sup>	Chief Financial Officer
Clemens Lansing <sup>5</sup>	Head Global Products & Solutions <sup>9</sup>
Olivier Kuetsgens <sup>6</sup>	Chief Risk Officer
Olivier Kuetsgens <sup>7</sup>	Chief Compliance Officer ad interim <sup>7</sup>

#### Notes

<sup>1</sup> Above table reflects the status of 31.12.2021 with subsequent changes outlined in notes 2, 5, 6, 7, 9

<sup>2</sup> As per 20.01.2022, Damian Zech has taken on the role as CEO from Emmanuel Fievet, who continues as external advisor until 30.06.2022.

<sup>3</sup> As per 1.2.2021, Damian Zech has taken on the role as interim-COO from Anke Weber. He was confirmed by FINMA as COO on 10.05.2021.

<sup>4</sup> Stéphanie Ichter took over the role as CFO from Dirk Dillinger on 27 September 2021.

<sup>5</sup> Clemens Lansing also served as Group Co-Head of Global Products & Solutions. Due to the exit decision he was released from the Executive Committee per 31.12.2021.

<sup>6</sup> As per 1.2.2021, Oliver Kuetsgens has taken on the role as a CRO from Thomas Siegenthaler which FINMA confirmed on 10.05.2021.

<sup>7</sup> As per 08.07.2021 Olivier Kuetsgens has taken on the role as CCO ad interim from Christine Kennedy. FINMA approved his permanent role as CRO on 20.01.2022.

<sup>8</sup> Stephan Matti who acted as Head of Financial Intermediaries and Group Head of Asset Servicing & FIM was removed from the Executive Committee per 31 March 2021. As per the same date the Board of Directors decided to remove the function from the Executive Committee.

<sup>9</sup> As per 13.12.2021, the Board of Directors decided to remove the function from the Executive Committee.



**Emmanuel Fievet, Chief Executive Officer (until 19.01.2022)**

Emmanuel Fievet serves as Chief Executive Officer of Quintet Private Bank (Switzerland) Ltd. He joined the Group in 2019 as CEO for Quintet Private Bank Luxembourg. Prior to that, he was the CEO of Edmond de Rothschild (Suisse) and Head of International Private Banking (2014 to 2019). From 2008 to 2014, he served as Head of UK and Europe at Barclays Wealth & Investment Management in London and Geneva. He graduated with honors from the Catholic University of Louvain (Belgium) with a degree in Applied Economics.



**Damian Zech, Chief Executive Officer (as from 20.01.2022) / Chief Operating Officer**

Damian Zech performs the role as COO and since 2022 as CEO. Prior to this he was COO at Lombard Odier and in various leader positions at Credit Suisse in Zurich, Geneva, London and New York. Before he served as a consultant at Wells Fargo and McKinsey, specialized on operational effectiveness and transformation. He holds a PhD in Physics from the University of Zurich and made a postdoctoral fellowship at Stanford University in California.



**Stéphanie Ichter, Chief Financial Officer**

Stéphanie Ichter serves as CFO of Quintet Private (Switzerland) Ltd. She joined on 1 September 2021. Prior to that she was CFO Switzerland and Luxembourg at Bank of America, Head of Finance, BSI Europe. From 2001 to 2009 she held various positions in Finance in Iceland, Luxembourg and Switzerland. She holds a Master in pharmacology and an MBA from University Strasbourg.



**Clemens Lansing, Head of Global Products & Solutions (until 31.12.2021)**

Clemens Lansing performs the role of Head of Global Products & Solutions locally and Co-Head of Global Products & Solutions for the Group. Prior to that he was Head of Investments at Bank am Bellevue AG since 2018 and Global Head of Markets at Haitong between 2015 and 2017. Before that he served in a variety of financial market roles at JPMorgan and UBS. He holds a university degree in Business Engineering from the Karlsruhe Institute of Technology.



**Olivier Kuetgens, Chief Risk Officer / Chief Compliance Officer**

Olivier Kuetgens performs the roles of CRO and CCO. Prior to this he worked since 2009 with Merck Finck Privatbankiers, the German Group company, for three years as Chief Finance, Risk & Operating Officer and before as Head of Risk, Credit & Direct Participations Management.

Between 2004 and 2009 he worked for PwC Luxembourg as Senior Auditor and Senior Consultant. He holds an MBA from ICHEC Brussel Management School.

## 2.4. Information and Control Instruments

### 2.4.1. Reporting

The Board receives regular reports from the Executive Committee, as well as reports from internal audit, finance, risk control, compliance, and legal functions.

The Executive Committee receives regular reports from the internal audit, finance, risk control, legal and compliance functions, and from its management committees.

### 2.4.2. Internal Control Systems

The Bank has an internal control system. It comprises the control structures and processes which, at all levels of the Bank, form the basis for achieving its business objectives and ensuring orderly operations. Formally, monitoring and internal controls are based on the eight-level COSO II Framework, the concept of the “three lines of defense” and the control requirements defined by FINMA.

### 2.4.3. Internal Audit

Internal Audit is an independent supervisory body of the Bank. It is the oversight instrument of the Board for control matters. Internal Audit works independently of the Bank’s daily business processes and is an independent organizational unit. It reports directly to the Board to ensure the greatest possible independence. The Internal Audit of the Bank is integrated into the Group Internal Audit function of Quintet Group.

## 2.5. External Audit

Statutory and regulatory auditor: Ernst & Young Ltd, Zurich.

### 3 RISK ASSESSMENT

During 2021, Quintet Switzerland was still in a build-up phase with limited business volumes, which is why the general risk profile of the Bank can be described as relatively conservative.

The transformation process from the Bank am Bellevue business model to a private banking boutique focusing on ultra- and high-net-worth clients was gradually changing the risk profile of the Bank. Bank am Bellevue was mainly active in the brokerage and execution-only business, whereas Quintet Switzerland was focusing on wealth management activities in Switzerland (domestic) as well as in international markets, namely Asia and Latin America.

Dedicated risk and impact assessments had been performed prior to entering new markets in order to ensure operational readiness of the Bank in terms of processes and controls environment.

In 2021, the main risks arose from lending services, as well as from the general execution and delivery risks linked to its transformation process. Transformation from a domestically focused to an international private bank was planned to be completed by the end of 2021.

Alongside the process optimization efforts achieved in 2020 and 2021, the Bank onboarded experienced Client Advisor teams as well as dedicated second line of defense resources, all having multi-year experience within the respective markets. Furthermore, the Bank could rely on Quintet Group cross-border specialists.

The Bank's risk governance framework is organized around the three lines of defense model and is primarily aiming at complying with Swiss regulatory requirements. In addition, European regulatory standards also applied indirectly through Quintet Group policies applicable to Quintet Switzerland where not in contradiction with Swiss regulatory requirements and market practices.

To manage its compliance risks, the Bank adhered to the Swiss Banking Association's Code of Conduct (CDB 20), performed a comprehensive compliance risk assessment and developed a compliance controls plan to underpin the implementation of a compliance monitoring program in 2021. The compliance function also implemented a compliance training plan during the course of 2021 based on updated policies that aligned Quintet Group standards with Swiss laws, regulations and standards. Finally, a complete client file review of the book of business acquired with Bank am Bellevue that was commenced in 2020 and has been completed in 2021. In October 2021, as part of a Group wide strategic review, Quintet Group has decided to exit the Swiss market. Upon this decision, above mentioned transformation activities were stopped and the operational activities across the three lines of defense were reoriented towards a well monitored and coordinated wind down of the bank.

In doing so, Quintet Switzerland did not stop any of the key 2nd line of defense (2LOD) activities. All of them will be maintained until release of supervision by FINMA which is



expected by end of Q3 2022. Same is valid for staffing of the Risk and Compliance Function where it is ensured that sufficient resources will always be available to cover 2LOD activities. Some of the 2LOD activities, such as the monitoring of Information Security Risk (incl. the CISO function) are outsourced to Quintet Group and covered by dedicated Service Level Agreements. Cyber Risk is completely covered by Quintet Group. Disaster Recovery Planning (DRP) is still being handled locally and Data Protection Risk is outsourced to PwC.

Further information on the risk management of the Bank is disclosed as per the notes.



## 4 BALANCE SHEET

### Balance sheet

as at 31 December 2021

in CHF 1'000	Note	31 Dec 2021	31 Dec 2020		Change
<b>Assets</b>				Liquidation values	
Liquid assets		146'520	71'595	+ 74'925	> 100%
Amounts due from banks		57'657	39'753	+ 17'904	45%
Amounts due from customers	9.1	74'485	89'244	- 14'759	-17%
Mortgage loans	9.1	16'996	10'024	+ 6'972	70%
Trading portfolio assets	9.2	0	40	- 40	-99%
Positive replacement values of derivative financial instruments	9.3	664	232	+ 431	> 100%
Accrued income and prepaid expenses		1'731	1'147	+ 584	51%
Participations	9.4	-	-	-	-
Tangible fixed assets	9.5	-	2'653	- 2'653	-100%
Intangible fixed assets	9.6	-	1'792	- 1'792	-100%
Other assets	9.7	1'885	3'648	- 1'764	-48%
<b>Total assets</b>		<b>299'937</b>	<b>220'129</b>	<b>+ 79'808</b>	<b>36%</b>
<b>Liabilities and equity</b>					
Amounts due to banks		168'024	60'123	+ 107'901	> 100%
Amounts due in respect of customer deposits		68'267	104'678	- 36'411	-35%
Negative replacement values of derivative financial instruments	9.3	440	895	- 456	-51%
Accrued expenses and deferred income		11'312	19'091	- 7'778	-41%
Other liabilities	9.7	186	1'138	- 951	-84%
Provisions	9.18	35'922	-	+ 35'922	-
Share capital	9.11	25'000	25'000	-	0%
Statutory capital reserve		76'000	25'000	+ 51'000	> 100%
of which tax-exempt capital contribution reserve		76'000	25'000	+ 51'000	> 100%
Statutory retained earnings reserve		12'500	12'500	-	0%
Profit/ loss carried forward		-28'295	-	- 28'295	-
Profit/ loss of the period		-69'419	-28'295	- 41'123	> 100%
<b>Total liabilities and equity</b>		<b>299'937</b>	<b>220'129</b>	<b>+ 79'808</b>	<b>36%</b>
<b>Off-balance sheet transactions</b>					
Irrevocable commitments	10.1	118	118	-	0%

## 5 INCOME STATEMENT

### Income statement

for the period from 1 January to 31 December 2021

in CHF 1'000	Note	2021	2020		Change
<b>Result from interest operations</b>					
Interest and discount income	11.2	2'085	1'502	+ 583	39%
Interest and dividend income from trading portfolios		0	539	- 539	-100%
Interest expense	11.2	-686	378	- 1'064	< -100%
<b>Gross result from interest operations</b>		<b>1'400</b>	<b>2'420</b>	<b>- 1'021</b>	<b>-42%</b>
Changes in value adjustments for default risk and losses from interest operations		-180	-	- 180	-
<b>Subtotal net result from interest operations</b>		<b>1'220</b>	<b>2'420</b>	<b>- 1'200</b>	<b>-50%</b>
<b>Result from commission business and services</b>					
Commission income from securities trading and investment activities		4'394	4'271	+ 123	3%
Commission income from other services		48	88	- 40	-45%
Commission expense		-245	-291	+ 47	-16%
<b>Subtotal result from commission business and services</b>		<b>4'198</b>	<b>4'068</b>	<b>+ 130</b>	<b>3%</b>
<b>Result from trading activities and the fair value option</b>	<b>11.1</b>	<b>372</b>	<b>-432</b>	<b>+ 805</b>	<b>&lt; -100%</b>
<b>Other result from ordinary activities</b>					
Other ordinary income	11.3	10'972	8'940	+ 2'032	23%
Other ordinary expenses		-19	-41	+ 22	-54%
<b>Subtotal other result from ordinary activities</b>		<b>10'952</b>	<b>8'899</b>	<b>+ 2'053</b>	<b>23%</b>
<b>Operating expenses</b>					
Personnel expenses	11.4	-38'831	-33'493	- 5'338	16%
General and administrative expenses	11.5	-10'813	-9'212	- 1'601	17%
<b>Subtotal operating expenses</b>		<b>-49'644</b>	<b>-42'705</b>	<b>- 6'939</b>	<b>16%</b>
Value adjustments on participations and depreciation and amortisation of tangible fixed assets		-1'682	-601	- 1'081	> 100%
Changes to provisions and other value adjustments, and losses		-	-10	+ 10	-100%
<b>Operating result</b>		<b>-34'584</b>	<b>-28'361</b>	<b>- 6'223</b>	<b>22%</b>
Extraordinary income	11.6	99	389	- 290	-75%
Extraordinary expenses	11.7	-34'852	-	- 34'852	-
Taxes	11.8	-81	-323	+ 242	-75%
<b>Profit/ loss of the period</b>		<b>-69'419</b>	<b>-28'295</b>	<b>- 41'123</b>	<b>&gt; 100%</b>

## 6 APPROPRIATION OF PROFIT / COVERAGE OF LOSSES / OTHER DISTRIBUTIONS

### Appropriation of profit/ coverage of losses/ other distributions

in CHF 1'000

2021

2020

The Board of Directors proposes to the annual General Meeting of shareholders the following allocation of distributable profit/ accumulated loss

Profit/ loss	-69'419	-28'295
+/- profit/ loss carried forward	-28'295	-
<b>Distributable profit/ accumulated loss</b>	<b>-97'714</b>	<b>-28'295</b>

#### Appropriation of profit

Allocation to statutory retained earnings reserve	-	-
Distributions from distributable profit	-	-
Other appropriation of profit	-	-
<b>New amount carried forward</b>	<b>-97'714</b>	<b>-28'295</b>

#### Coverage of losses

Transfers from statutory retained earnings reserve	-	-
Transfers from tax-exempt capital contribution reserve	-	-
<b>New amount carried forward</b>	<b>-97'714</b>	<b>-28'295</b>

## 7 STATEMENT OF CHANGES IN EQUITY

### Statement of changes in equity

in CHF 1'000	Share capital	Statutory capital reserve <sup>1)</sup>	Statutory retained earnings reserve	Profit/ loss carried forward	Profit/ loss of the period	Total
<b>Equity at beginning of period</b>	<b>25'000</b>	<b>25'000</b>	<b>12'500</b>	<b>-28'295</b>	<b>-</b>	<b>34'205</b>
Dividends and other distributions	-	-	-	-	-	-
Other allocations to (transfers from) other reserve	-	51'000	-	-	-	51'000
Profit/ loss of the period	-	-	-	-	-69'419	-69'419
<b>Equity at end of period</b>	<b>25'000</b>	<b>76'000</b>	<b>12'500</b>	<b>-28'295</b>	<b>-69'419</b>	<b>15'786</b>

- <sup>1)</sup> On 19 March and 30 November 2021, the Bank's shareholder injected CHF 36.0 million, resp. CHF 15.0 million into the statutory capital reserve (of which CHF 51.0 million is tax-exempt capital contribution reserve).

## 8 NOTES

### General

Quintet Private (Switzerland) Ltd (hereinafter "Quintet Switzerland") is a wholly-owned subsidiary of Quintet Group.

#### Fee and commission business

The services of Quintet Switzerland include asset management and advisory services for wealthy individuals and families with diverse and complex long-term financial needs. The Bank also offers custody account management services, securities trading and individual credit solutions.

#### Banking activities

Quintet Switzerland's main balance sheet activities are the lending business for clients and interbank operations. Loans to clients are primarily granted as Lombard loans in the context of its holistic wealth management services.

#### Trading activities

The Bank has phased out its market making activities in December 2020.

#### Staff

	2021	2020		Change
Headcount	<b>106.0</b>	<b>80.0</b>	<b>26.0</b>	<b>33%</b>
Avg. Headcount	93.0	50.5	42.5	84%
Full-time equivalents ("FTE")	<b>101.9</b>	<b>78.5</b>	<b>23.4</b>	<b>30%</b>
Avg. FTE	90.2	49.45	40.7	82%

Following the review of its growth strategy and against the backdrop of the pandemic, Quintet Private Bank (Europe) S.A. announced on October 12<sup>th</sup> 2021 that the Swiss expansion was no longer a strategic focus and that the Group would concentrate its growth plans on the existing footprint within the EU and UK.

On 13 December 2021, the Board of Quintet Switzerland decided to discontinue the banking activities and to wind-down the regulated banking operations in a controlled and orderly process. As a consequence, by end of 2021, the Executive Committee of Quintet Switzerland put in place a market exit and wind-down plan. Since then, the Company's activities are

focused on the wind-down of the banking activities, the transfer of clients, the closure of residual matters, and the infrastructure wind-down. The Company remains subject to banking regulation and FINMA supervision throughout this phase.

## Accounting and valuation principles

### General principles

Accounting and valuation principles are based on the provisions of the Code of Obligations and Swiss Banking Law provisions, the accounting rules for banks, securities firms, financial groups and conglomerates according to the Accounting Ordinance (ReIV-FINMA) and FINMA Circular 2020/1. Statutory financial statements are prepared in compliance with the provision of Article 25(1)(a) of the Swiss Banking Ordinance ("Reliable assessment statutory single-entity financial statements"). In the notes, individual figures are rounded for publication, but the calculations are based on precise figures, meaning that small differences can arise. Items without balance have been omitted.

As per Article 25(3) of the Swiss Banking Ordinance the Bank is exempt from the obligation to prepare a cash flow statement.

As the Bank does not hold or control other entities, no consolidated financial statements in accordance with Article 34(1) of the Swiss Banking Ordinance have been prepared.

Following the Board of Directors resolution to wind down the Company's banking activities, made on 13 December 2021, the respective balance sheet and the income statement are valued based on the principles of liquidation. The comparable year as at 31 December 2020 is set at going concern values and has not been restated. The prior-year figures are therefore not directly comparable. The impact of this accounting and valuation principles changes leads to the constitution of provisions directly associated with the wind-down decision.

### Gone concern

The accounting methods used to determine the shareholder's equity and the result for the period under the principle of liquidation are as follows:

#### *Transactions*

All transactions concluded up to the balance sheet date are recognized and valued at liquidation values. Their result is included in the income statement.

### *Tangible Fixed Assets*

Tangible Fixed Assets have been reviewed for impairment under the condition of liquidation. The remaining useful life of all tangible fixed assets was estimated to be ended as per start of the liquidation. Therefore a full write-off was recognized as of 31.12.2021.

### *Intangible Assets*

Intangible Fixed Assets have been reviewed for impairment under the condition of liquidation. The remaining useful life of all intangible fixed assets was estimated to be ended as per start of the liquidation. Therefore a full write-off was recognized as of 31.12.2021.

### *Wind-down Provision*

The decision of the Board of Quintet Switzerland to cease the activities of the Company as a bank and to apply for a release from FINMA's supervision led to the recognition of a wind-down provision in the balance sheet line item "Provisions". This includes all expected expenses not covered by the Shareholder in connection with the Company's wind down. In particular: costs related to staff, premises, information technology infrastructure, archiving, legal, consulting and audit fees as well as the settlement of outstanding litigations. The impact on the Income Statement is recorded in the line "Extraordinary Expenses".

### **Going concern**

The following accounting and valuation principles (assumption of going concern) are still applicable for all comparable figures.

With the exception of value adjustments and value added tax (VAT) liabilities, which have been netted against the corresponding asset item, the disclosed balance sheet items are valued individually. Neither assets and liabilities nor income and expenses have been netted.

### **Recognition of transactions**

All business transactions concluded up to the balance sheet date are recorded as of their trade date (trade date accounting) and valued according to the below-mentioned principles. Any money market, foreign exchange spot transactions and foreign exchange forwards entered into but not yet fulfilled are recorded in accordance with the settlement date accounting method. Between the trade date and the settlement date, these transactions are disclosed at replacement value in the balance sheet items "Positive replacement values of derivative financial instruments" or "Negative replacement values of derivative financial instruments".



In accordance with periodic accrual principle, revenues and expenses are recorded in the financial statements in the periods they refer to according to the economic substance of the transactions. Where performance obligations are satisfied over time, revenues and expenses are accrued on a pro rata basis over the duration of the service.

### **Treatment of overdue interest**

Credit receivables for which interest and commissions are more than 90 days overdue are considered to be at risk. Interest at risk and interest which is impaired are not recognized as income, but are deducted together with the value adjustment against the notional amount from the respective asset. If the collection of interest in respect of "Amounts due from clients" and "Mortgage loans" is doubtful, interest is not calculated.

### **Valuation principles**

#### *Liquid assets*

Liquid assets are recognized at their nominal value. They are entirely comprised of sight deposits at the Swiss National Bank (SNB).

#### *Amounts due from banks, amounts due from customers and mortgage loans*

Amounts due from banks, amounts due from customers and mortgage loans are recognized at their nominal value less any necessary value adjustments to account for default risks on an individual basis.

#### *Positive and negative replacement values of derivative financial instruments*

Derivative financial instruments are valued at fair value. In general, replacement values of derivative financial instruments from client transactions resulting from contracts traded over-the-counter (OTC) as well as exchange-traded contracts are accounted for. Replacement values from trading activities are accounted for under "Positive replacement values of derivative financial instruments" on the asset side or under "Negative replacement values of derivative financial instruments" on the liability side. Valuation gains are recognized through income under "Results from trading activities and the fair value option".

### *Tangible fixed assets and intangible assets*

Leasehold improvements, IT equipment and furniture and equipment (tangible fixed assets) and acquired software licenses (intangible assets) are capitalized and valued at acquisition cost less discounts granted, provided they are used for more than one accounting period and the value exceeds CHF 2,000. Investments in existing tangible fixed assets and acquired software are capitalized if this investment enhances the market or utilization value, or significantly extends the estimated useful life of an existing fixed asset. Tangible fixed assets and intangible assets are recorded in the balance sheet at acquisition cost less valuation adjustment (including accumulated depreciation). The straight-line depreciation method is applied over the estimated useful life of an individual asset. Depreciation is recorded in the income statement under "Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets". The value is reviewed on a regular basis. If a review reveals an impairment in value, an additional value adjustment is made accordingly. The adjusted book value is subsequently written down over the residual useful life.

The estimated useful life for different types of fixed assets is as follows:

Leasehold improvements: 5 years

Fixtures, fittings and installations: 5 years

Software and licenses: 3 years

Computers: 3 years

Other: 3 years

Leasehold improvements are depreciated over the shorter of the remaining lease term or estimated useful life of the improvement. Realized profits or losses from the disposal of tangible fixed assets and intangible assets are recorded under "Extraordinary income" or "Extraordinary expense" respectively.

### *Amounts due to banks and amounts due in respect of customer deposits*

Amounts due to banks and amounts due in respect of customer deposits are valued at their nominal value.

### *Provisions*

Loss risks in connection with off-balance sheet transactions as well as other identifiable and foreseeable risks as of the balance sheet date are accounted for by means of appropriate,

operationally necessary provisions. Creation and dissolution take place via the item "Changes to provisions and other value adjustments and losses".

### *Foreign currencies*

Transactions denominated in foreign currencies are converted to Swiss francs at the prevailing market spot exchange rates at the time of the transaction. Foreign exchange positions in the balance sheet are translated at the closing exchange rates at the balance sheet date and revalued against the income statement. All currency translation effects are recognized in the income statement.

The conversion rates for main currencies are listed below:

FX rates		
	Balance sheet rates 31 Dec 2021	Balance sheet rates 31 Dec 2020
<b>Exchange rate to CHF</b>		
USD	0.91085	0.88375
EUR	1.03575	1.08155
GBP	1.23380	1.20860

### *Taxes*

Current income taxes are recurring, usually annual taxes on profits and capital. Liabilities from current income and capital tax are disclosed via the item "Accrued liabilities and deferred income".

### *Off-balance sheet transactions*

Off-balance sheet transactions are reported at nominal value. Appropriate provisions are set aside for identifiable risks.

### *Pension benefit obligations*

The Bank does not have its own pension plan. The occupational benefit plans are covered by an insurance company in the form of defined contribution schemes. All employees are insured in accordance with applicable law, the foundation document and the regulations of the benefit plan. The employer contributions are disclosed under "Personnel expenses".

*Explanation of the methods used for identifying default risks and determining the need for value adjustments*

Lombard loans: Credit exposures and the value of related collaterals are monitored on a daily basis. Should an exposure amount fall below the value of the posted collateral, further collateral or a reduction of the exposure amount is required. Should net exposure increase or market conditions in collateral markets deteriorate significantly, collaterals are realized and the loan will be recovered.

Process for determining value adjustments: Loans deemed to be non-performing are valued individually and specific loan value adjustments are recorded based on the decision of the local Credit Committee. The Credit Committee assesses and approves the value adjustments.

*Valuation of collateral for Lombard loans and mortgages*

For Lombard loans, primarily liquid and actively traded securities are accepted as collateral. Tradable structured products for which a liquid market and a market maker exist, are also accepted.

The Bank applies a haircut to the market value of collaterals in order to cover the market risk relating to marketable liquid securities and to calculate the realizable value of the collateral. For structured products and products with long residual terms to maturity, the closing out period can be significantly longer, hence higher haircuts are applied to them than those applied to liquid instruments.

Mortgage loans are granted exclusively to Clients with a tangible Wealth-Management business case and only for residential properties located in Switzerland. The property pledged as collateral is valued upon inception of the mortgage loan by an external valuation expert. Revaluation is performed upon credit reviews or if the Bank receives an indication that the value of the collateralized property is impaired. The haircut applied to determine the collateral value depends on the market value of the collateral.

*Explanation of the Bank's business policy regarding the use of derivative financial instruments and the use of hedge accounting*

Derivative financial instruments are used for trading and are traded exclusively by specially trained traders. The Bank phased out its market making activities in December 2020. Standardized and OTC instruments are traded on behalf of clients, especially interest-

currency and equity/index-based instruments and, to a limited extent, derivatives based on commodities. There is no trading in credit derivatives.

Derivative financial instruments can be used by the Bank for risk management purposes, mainly to hedge against interest rate and foreign currency risks. Hedging transactions are concluded exclusively with external counterparties.

As derivatives are used both for proprietary trading and for trading for the accounts of clients, valuation is in accordance with the purposes for which they were originally acquired.

## Events after the balance sheet date

Since the decision of the Board of Quintet Switzerland to discontinue the banking activities in December 2021, the Company's activities are focused on the wind-down of the banking activities, the transfer of clients, the closure of residual matters, and the infrastructure wind-down.

At the end of February 2022, and following a change of the purpose of the articles of association, the Company announced its intention to cease its activities as a bank and to apply for a release from FINMA's supervision in the Swiss Official Gazette of Commerce. While the Company in this context has been renamed Quintet Private (Switzerland) Ltd (formerly Quintet Private Bank (Switzerland) Ltd), it will remain subject to banking regulation and FINMA supervision throughout this phase.

The conflict in Ukraine does not impact the Company's financial position nor the wind-down activities.

Other than the above, no significant events occurred between the balance sheet date and the date on which the statutory financial statements were prepared.

## Risk management

The guiding principle of risk management at Quintet Switzerland is to adopt a prudent and conservative approach when taking and managing risks across the Bank. Caring about the Bank's reputation is a fundamental element of Quintet Group's, as well as Quintet Switzerland's, risk appetite.

Quintet Switzerland's risk monitoring framework covering the entire business activities of the bank is fully compliant with FINMA Circular 2017/01 on the governance of banks. The framework is based on a risk assessment as well as a risk strategy developed by the Board of Directors and reviewed on a regular basis.

The same is true for the internal controls framework and the management information system. The internal controls framework is designed to minimize risks within day-to-day business activities. The management information system aims at giving relevant decision-making bodies regular and granular information on the financial stability of the Bank, its profitability, liquidity and risk situation.

In order to prepare for the growth ambitions in Switzerland, the planned geographical business expansion targeting Asian and Latin American clients as well as the development of the Global Family Office Business, a new risk framework including a revised risk appetite statement was validated at the end of 2020 and has progressively been implemented during 2021. Quarterly Risk Reporting to management bodies (including to the Board of Directors) has been adapted accordingly in order to provide transparent information on risks taken versus the risk appetite defined by the Board of Directors.

### Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems as well as from external events.

Operational risks are inherent to any business activity and are being avoided, reduced, transferred or simply borne by the organization based on cost-benefit assessments.

For the management of operational risks, Quintet Switzerland had taken over the operational risk framework from Bank am Bellevue. The framework was established based on regular operational risks assessments covering front-to-back processes and process owners. The Operational Risk Framework has been reviewed and optimized in 2021 and a dedicated Business Risk Function has been implemented in order to strengthen Risk monitoring at the level of the 1st LOD. Furthermore, the risk assessment methodology has been reviewed in 2021 by implementing a new yearly Risk & Controls Self-Assessment (RCSA) exercise including a forward looking approach (to be noted that the RCSA exercise 2021 was not

finalized due to the decision to exit the Swiss market). All measures undertaken by the Bank to manage operational risks are part of the Bank-wide internal controls system.

The operational risk framework was established in accordance with FINMA Circular 2008/21 and thus covers execution, delivery and process management risk, legal and compliance risk, fraud risk, business disruption and system failures risk, physical assets risk, workforce management risk, model risk as well as outsourcing risk.

### **Compliance risk**

Compliance risk refers to the risk of sanctions, penalties and/or losses arising from the failure to adhere, at all times, in whole or in part, to applicable laws, regulations, standards and industry practices in the conducting the Bank's business.

As a consequence of the growth ambitions of Quintet Switzerland and the further aim to build-out an international cross-border business with focus on Asia and LATAM markets, the inherent Compliance risk did increase in 2021, especially on the AML and cross-border side.

In order to manage accordingly the Compliance risk, the bank did invest substantial resources in Compliance and finalized a client file review of the former book of Bank am Bellevue, performed a Compliance assessment, developed a detailed Compliance monitoring plan, implemented more automated AML tools, published new policies in line with Swiss regulations and Quintet Group standards and delivered comprehensive Compliance training sessions to all staff. For the cross-border risk mitigation, detailed cross-border manuals and respective controls have been implemented.

Regarding Investor protection, the risk has been mainly mitigated by the fact that the Bank is only targeting professional investors. Furthermore, a respective risk framework has been established as part of the FinSA implementation.

Compliance risks have also been reported on a regular basis to the Executive Committee and to Quintet Switzerland's Board of Directors as well as to Group Compliance as part of the Bank's Governance framework.

Following the Group decision to exit the Swiss market, the Bank stopped client onboarding in October and started the exit of its clients. Based on these new developments and considering the wind down of Quintet Switzerland, the Compliance risk was decreasing end of 2021.



### **Credit risk and counterparty risk**

Credit risk is the risk that a contractual party is unwilling or unable to fulfil an obligation to which he/she has committed (e.g. periodically paying interest and instalments in order to reimburse a loan, paying interest on a bond or repaying the principal of the bond at maturity). Quintet Switzerland is focusing on fully secured Lombard credits and has limited exposure to third-party banking counterparties. Furthermore, it is exposed to limited credit risk with regard to financial transactions such as derivatives trading executed for its clients. Overall, the Bank is thus running a relatively limited credit risk.

In accordance with Quintet Group's credit policy and credit risk appetite, that was reviewed in 2021 and adopted by Quintet Switzerland, clients' specific credit limits are approved on a case-by-case basis by the Bank's Credit Committee and in certain cases by the Group's Credit Committee, depending on the size and the structure of the credit. Collateral monitoring is done on a daily basis.

Nostro exposures on banking counterparties are diligently selected and monitored on a daily basis. Each counterparty is selected based on the minimum quality and rating requirement. Counterparty limits must be approved by the Bank's Credit Committee and acknowledged by Quintet Group Risk Control.

Due to the decision to exit the Swiss market and alongside client exit activities, the bank has started to decrease its credit portfolio in Q4 2021 with the objective to exit the majority of loans by end of Q1 2022.

The bank does not hold own book bond positions.

### **Market risk**

Market risks at Quintet Switzerland mainly arise as a result of the Bank's credit activities and are limited to interest rate risks, currency risks as well as market volatility and (il)liquidity risks.

Interest rate risk is limited as the majority of loans are granted with variable interest rates. Foreign currency risk is kept low by hedging all FX positions from lending activity. Market volatility and (il)liquidity risks the Bank is indirectly exposed to through Lombard collaterals are reduced by focusing on well-diversified securities portfolios as well as conservative haircuts applied in terms of lending value.

Active own book trading is not part of the Banks business strategy.

### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The liquidity risk governance policy comprises functional risk measurement and control systems to ensure the Bank is continuously able to pay its obligations and to comply with relevant regulatory requirements at any time. It also defines strategies and requirements for the management of liquidity risk under stress conditions within a defined liquidity risk tolerance. The policy includes risk mitigation measures, the holding of highly liquid assets as liquidity buffer and a contingency plan to manage potential liquidity shortfalls.

The Bank's liquidity is managed, monitored and reported on a permanent basis.

## 9 INFORMATION ON THE BALANCE SHEET

### 9.1 Collateral for loans and off-balance sheet transactions, as well as impaired loans

#### Collateral for loans and off-balance sheet transactions, as well as impaired loans

in CHF 1'000	Secured by mortgage <sup>1)</sup>	Other collateral	Unsecured <sup>2)</sup>	Total
<b>Loans (before netting with value adjustments)</b>				
Amounts due from customers	-	68'294	6'207	74'501
Mortgage loans	17'000	-	-	17'000
<b>Total loans (before netting with value adjustments) 2021</b>	<b>17'000</b>	<b>68'294</b>	<b>6'207</b>	<b>91'501</b>
Total loans (before netting with value adjustments) 2020	10'024	61'146	28'098	99'268
<b>Total loans (after netting with value adjustments) 2021</b>				
	<b>16'996</b>	<b>68'294</b>	<b>6'191</b>	<b>91'481</b>
Total loans (after netting with value adjustments) 2020	10'024	61'146	28'098	99'268
<b>Off-balance sheet amounts</b>				
Irrevocable commitments	-	-	118	118
<b>Off-balance sheet amounts 2021</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>118</b>
Off-balance sheet amounts 2020	-	-	118	118

<sup>1)</sup> Mortgage loans are entirely secured by residential property.

<sup>2)</sup> CHF 4.5m of unsecured exposures in 2021 are due from SIX, which represent collateral accounts posted by the Bank.

### 9.2 Trading portfolio assets and other financial instruments at fair value

#### Trading portfolio and other financial instruments at fair value

in CHF 1'000	31 Dec 2021	31 Dec 2020	Change
<b>Trading portfolio assets</b>			
Equities incl. Funds	0	40	-40 -100%
Debt securities, money market securities/ transactions	-	-	-
of which listed	-	-	-
<b>Total trading portfolio assets</b>	<b>0</b>	<b>40</b>	<b>-40 -100%</b>

## 9.3 Derivative financial instruments

### Derivative financial instruments

in CHF 1'000	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Contract volume	Positive replacement value	Negative replacement value	Contract volume
<b>Foreign exchange</b>						
Forward contracts	-	-	-	95	67	16'968
Currency swaps	-	-	-	306	110	42'152
<b>Equity securities/ indices</b>						
Options (OTC)	-	-	-	262	262	2'676
<b>Total before netting agreements 2021</b>	-	-	-	<b>664</b>	<b>440</b>	<b>61'796</b>
Total before netting agreements 2020	-	-	-	232	895	67'065
	Positive replacement values (cumulative)			Negative replacement values (cumulative)		
<b>Total before netting agreements 2021</b>	<b>664</b>			<b>440</b>		
Total before netting agreements 2020	232			895		
Breakdown by counterparty	Central clearing houses		Banks and securities dealers		Other clients	
Positive replacement values after netting agreements	-		657		7	

## 9.4 Participations

### Participations

in CHF 1'000	31 Dec 2020				31 Dec 2021		
	Acquisition cost	Acc. value adjustments	Book value	Additions	Disposals	Value adjustments	Book value
Participations without market value	-	-	-	-	-	-	-
<b>Total participations</b>	-	-	-	-	-	-	-

In 2020 Quintet Switzerland disposed of its 100% holding in BIA Investment Advisers AG.

## 9.5 Tangible fixed assets

### Tangible fixed assets

in CHF 1'000	31 Dec 2020					31 Dec 2021	
	Acquisition cost	Acc. depreciation	Book value	Additions	Disposals	Depreciation	Book value
Tenant improvements	2'291	-142	2'150	1'079	-	-3'229	-
Other tangible fixed assets	963	-459	503	65	-	-568	-
<b>Total fixed assets</b>	<b>3'254</b>	<b>-601</b>	<b>2'653</b>	<b>1'144</b>	<b>-</b>	<b>-3'797</b>	<b>-</b>

Following the wind-down decision, the tangible fixed assets have been reviewed for impairment and, as a result, have been fully impaired at book value as of 31.12.2021. This extraordinary impact of CHF 3.0 million is recorded under the line item "Extraordinary expenses" in the income statement.

Operating lease contract maturities	3 to 12 months	12 months up to 3 years	3 years to 5 years	Over 5 years	Total
<b>31 Dec 21</b>	<b>902</b>	<b>2'406</b>	<b>1'739</b>	<b>-</b>	<b>5'048</b>
of which may be terminated within one year	-	-	-	-	-
31 Dec 20	857	2'406	2'406	520	6'189

## 9.6 Intangible fixed assets

### Intangible fixed assets

in CHF 1'000	31 Dec 20					31 Dec 21	
	Acquisition cost	Accumulated amortisation	Book value	Additions	Disposals	Amortisation	Book value
Licenses	1'792	-	1'792	2'322	-	-4'114	-
<b>Total intangible fixed assets</b>	<b>1'792</b>	<b>-</b>	<b>1'792</b>	<b>2'322</b>	<b>-</b>	<b>-4'114</b>	<b>-</b>

Following the wind-down decision, the tangible fixed assets have been reviewed for impairment and, as a result, have been fully impaired at book value as of 31.12.2021. This extraordinary impact of CHF 3.3 million is recorded under the line item "Extraordinary expenses" in the income statement.

## 9.7 Other assets and liabilities

### Other assets and liabilities

in CHF 1'000	31 Dec 2021		31 Dec 2020	
	Other assets	Other liabilities	Other assets	Other liabilities
Indirect taxes	418	186	1'061	563
Other assets and liabilities	1'466	-	2'587	574
<b>Total other assets and liabilities</b>	<b>1'885</b>	<b>186</b>	<b>3'648</b>	<b>1'138</b>

## 9.8 Assets pledged or ceded or to secure own commitments and assets subject to reservation of ownership

### Assets pledged or ceded to secure own commitments and assets subject to reservation of ownership

in CHF 1'000	31 Dec 2021		31 Dec 2020	
Pledged/ assigned assets	Book values	Effective commitments	Book values	Effective commitments
SIX SIS Ltd and SIX x-clear Ltd Collateral Accounts	4'511	-	13'867	-
Due from banks due to cash deposits for derivative transactions	5'652	-	3'211	-
Assets under reservation of ownership	Book values	Effective commitments	Book values	Effective commitments
Deposit for rent	470	-	470	-

## 9.9 Liabilities relating to own pension schemes

### Liabilities relating to own pension schemes

in CHF 1'000	31 Dec 2021	31 Dec 2020
<b>Pension Fund of Quintet Switzerland</b>		
Due in respect of customer deposits	-	-
<b>Total liabilities relating to own pension schemes</b>	<b>-</b>	<b>-</b>

## 9.10 Economic situation of own pension schemes

### Economic situation of own pension schemes

in CHF 1'000			31 Dec 2021	31 Dec 2020	2021	2020
<b>Employer contribution reserves (ECR)</b>	Nominal value	Waiver of use	Net amount	Net amount	Influence of ECR on personnel expenses	
Pension schemes	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

The Bank does not maintain its own pension funds. The occupational benefit plans are covered by an insurance company. All employees are insured in accordance with the law, the foundation documents and the regulations of the benefit plans.

During the reporting year, there was no employer-paid contribution reserve, such that the expenses shown in the income statement equal the actual expenses for pension and welfare plans for the reporting period. The coverage ratio of the pension plan is at 105% as per 31 December 2021.

Contributions paid to pension schemes and pension expenses included in personnel expenses.

### Contributions paid to pension schemes and pension expenses included in personnel expenses

in CHF 1'000	2021	2020	Change
Contributions paid to pension schemes	6'655	1'816	4'839 > 100%
Pension expenses included in personnel expenses	4'237	2'245	1'992 89%

## 9.11 Capital structure and shareholders

The share capital amounts to CHF 25 million and is split into 250,000 registered shares of CHF 100 par value. The company's share capital is fully paid in. No special rights are conferred by the share capital. Quintet Switzerland has neither issued authorized nor conditional capital.

The "Statutory capital reserve" was increased by CHF 51 million in 2021 and amounts to CHF 76 million as per 31 December 2021. The "Statutory retained earnings reserve" amounts to CHF 12.5 million.

All shares of Quintet Private (Switzerland) Ltd are held by Quintet Private Bank (Europe) S.A., Luxembourg. Precision Capital LLC, Qatar, holds the controlling majority in Quintet Private Bank (Europe) S.A.



## 9.12. Amounts due to/ from related parties

### Amounts due to / from related parties

in CHF 1'000	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>On-balance sheet transactions</b>	<b>Amounts due from</b>		<b>Amounts due to</b>	
Holders of qualified participations	51'501	33'002	168'121	60'000
Group companies	-	1'791	-	-
Linked companies	-	-	-	-
Transactions with governing bodies	-	-	-	-
Other related parties	-	-	-	-
<b>Off-balance sheet transactions</b>	<b>Amounts due from</b>		<b>Amounts due to</b>	
Fiduciary placements	-	19'838	-	-

On- and off-balance sheet transactions with related parties are conducted at arm's length.

## 9.13 Maturity structure of financial instruments

### Maturity structure of financial instruments

in CHF 1'000	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 12 months to 5 years	Total
<b>Assets/ financial instruments</b>						
Liquid assets	146'520	-	-	-	-	146'520
Amounts due from banks	39'440	18'217	-	-	-	57'657
Amounts due from customers	-	44'658	22'905	6'615	308	74'485
Mortgage loans	-	-	-	-	16'996	16'996
Trading portfolio assets	0	-	-	-	-	0
Positive replacement values of derivative financial instruments	-	-	664	-	-	664
<b>Total as per 31 Dec 2021</b>	<b>185'960</b>	<b>62'875</b>	<b>23'568</b>	<b>6'615</b>	<b>17'304</b>	<b>296'321</b>
Total as per 31 Dec 2020	93'737	100'180	6'456	515	10'000	210'889
<b>Liabilities/ financial instruments</b>						
Amounts due to banks	107	-	30'317	137'600	-	168'024
Amounts due in respect of customer deposits	68'267	-	-	-	-	68'267
Negative replacement values of derivative financial instruments	-	-	440	-	-	440
<b>Total as per 31 Dec 2021</b>	<b>68'374</b>	<b>-</b>	<b>30'757</b>	<b>137'600</b>	<b>-</b>	<b>236'730</b>
Total as per 31 Dec 2020	104'801	-	60'878	17	-	165'696

## 9.14 Assets and liabilities by domestic and foreign origin

### Assets and liabilities by domestic and foreign origin

in CHF 1'000

31 Dec 2021

31 Dec 2020

<b>Assets</b>	Domestic	Foreign	Domestic	Foreign
Liquid assets	146'520	-	71'595	-
Amounts due from banks	4'236	53'421	4'594	35'159
Amounts due from customers	37'589	36'896	44'351	44'893
Mortgage loans	16'996	-	10'024	-
Trading portfolio assets	-	0	-	40
Positive replacement values of derivative financial instruments	395	269	167	65
Accrued income and prepaid expenses	916	815	679	468
Participations	-	-	-	-
Tangible fixed assets	-	-	2'653	-
Intangible fixed assets	-	-	1'792	-
Other assets	1'023	862	3'648	-
<b>Total assets</b>	<b>207'673</b>	<b>92'263</b>	<b>139'504</b>	<b>80'626</b>
<b>Liabilities</b>				
Amounts due to banks	106	167'917	123	60'000
Amounts due in respect of customer deposits	55'399	12'868	73'386	31'293
Negative replacement values of derivative financial instruments	175	265	842	53
Accrued expenses and deferred income	11'108	204	19'024	66
Other liabilities	186	-	1'138	-
Provisions	35'922	-	-	-
Share capital	25'000	-	25'000	-
Statutory capital reserve	76'000	-	25'000	-
Statutory retained earnings reserve	12'500	-	12'500	-
Profit/ loss carried forward	-28'295	-	-	-
Profit/ loss of the period	-69'419	-	-28'295	-
<b>Total liabilities</b>	<b>118'683</b>	<b>181'254</b>	<b>128'717</b>	<b>91'412</b>

## 9.15 Assets by country/ group of countries

### Assets by country / group of countries

in CHF 1'000	31 Dec 2021		31 Dec 2020	
Assets		in %		in %
Switzerland	208'755	70%	139'504	63%
Europe	71'330	24%	73'818	34%
Other	19'852	7%	6'808	3%
<b>Total</b>	<b>299'937</b>	<b>100%</b>	<b>220'129</b>	<b>100%</b>

## 9.16 Assets by credit rating of country/ group of countries

### Assets by credit rating of country / group of countries

in CHF 1'000	31 Dec 2021		31 Dec 2020	
Assets	Net foreign exposure		Net foreign exposure	
		in %		in %
AAA to AA-	91'180	100%	80'617	100%
BBB+ to BBB-	2	0%	8	0%
BB+ and below	-	0%	0	0%
<b>Total</b>	<b>91'182</b>	<b>100%</b>	<b>80'626</b>	<b>100%</b>

## 9.17 Assets and liabilities by most significant currencies

### Assets and liabilities by most significant currencies

in CHF 1'000	CHF	EUR	USD	Other	Total
<b>Assets/ financial instruments</b>					
Liquid assets	146'520	-	-	-	146'520
Amounts due from banks	14'870	14'914	27'696	177	57'657
Amounts due from customers	20'186	25'537	20'879	7'884	74'485
Mortgage loans	16'996	-	-	-	16'996
Trading portfolio assets	-	-	0	-	0
Positive replacement values of derivative financial instruments	664	-	-	-	664
Accrued income and prepaid expenses	1'381	28	320	3	1'731
Tangible fixed assets	-	-	-	-	-
Intangible fixed assets	-	-	-	-	-
Other assets	1'885	-	-	-	1'885
<b>Total assets shown in balance sheet</b>	<b>202'501</b>	<b>40'478</b>	<b>48'894</b>	<b>8'063</b>	<b>299'937</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	51'511	979	6'405	148	59'044
<b>Total assets</b>	<b>254'012</b>	<b>41'458</b>	<b>55'299</b>	<b>8'212</b>	<b>358'980</b>
<b>Liabilities/ financial instruments</b>					
Amounts due to banks	137'600	15'743	14'574	107	168'024
Amounts due in respect of customer deposits	46'013	15'981	3'283	2'990	68'267
Negative replacement values of derivative financial instruments	440	-	-	-	440
Accrued expenses and deferred income	11'285	0	27	-	11'312
Other liabilities	186	-	-	-	186
Provisions	35'922	-	-	-	35'922
Share capital	25'000	-	-	-	25'000
Statutory capital reserve	76'000	-	-	-	76'000
Statutory retained earnings reserve	12'500	-	-	-	12'500
Profit/ loss carried forward	-28'295	-	-	-	-28'295
Profit/ loss of the period	-69'419	-	-	-	-69'419
<b>Total liabilities shown in balance sheet</b>	<b>247'231</b>	<b>31'724</b>	<b>17'884</b>	<b>3'097</b>	<b>299'937</b>
Delivery obligations from spot exchange, forward forex and forex options transactions	6'507	9'769	37'554	4'990	58'820
<b>Total liabilities</b>	<b>253'738</b>	<b>41'493</b>	<b>55'438</b>	<b>8'087</b>	<b>358'756</b>
<b>Net position per currency</b>	<b>273</b>	<b>-35</b>	<b>-139</b>	<b>125</b>	<b>224</b>

## 9.18 Valuation adjustments, provisions and reserves for general banking risks

### Provisions

in CHF 1'000	31 Dec 20						31 Dec 21
	Balance	Use in conformity with designated purpose	Recoveries, overdue interest	Recognition of new provisions charged to income	Reclassifications	Releases of provisions to income	Balance
Other provisions	-	-	-	28'458	7'464	-	35'922
<b>Provisions</b>	-	-	-	<b>28'458</b>	<b>7'464</b>	-	<b>35'922</b>
<b>Value adjustments for default and country risks</b>	-	-	-	<b>180</b>	-	-	<b>180</b>

"Other provisions" contain the wind-down provision following the decision of the Board of Directors of Quintet Switzerland to cease the Company's banking activities and to seek release from the supervision of FINMA. The provision comprises envisaged expenses in connection with winding down the business activities, in particular: costs for staff, premises, information technology and IT infrastructure, archiving, legal fees, consulting and audit fees, as well as settlement of outstanding liabilities. This extraordinary impact on the income statement of CHF 28.5m was recorded in the line item "Extraordinary expenses".

Additionally, CHF 7.5 million of accruals, mainly relating to discretionary bonuses, have been reclassified from the balance sheet line item "Accrued expenses and deferred income" to the line item "Provisions".

## 10 INFORMATION ON THE OFF-BALANCE SHEET BUSINESS

### 10.1. Contingent assets and liabilities

#### Contingent assets and liabilities

in CHF 1'000	31 Dec 2021	31 Dec 2020	Change	
Irrevocable commitments				
Amount due to in respect of deposit insurance scheme	118	118	-	0%
<b>Total contingent liabilities</b>	<b>118</b>	<b>118</b>	<b>-</b>	<b>0%</b>

As per balance sheet date, there were no contingent assets.

As per balance sheet date, there were no contingent assets.

### 10.2. Fiduciary transactions

#### Fiduciary transactions

in CHF 1'000	31 Dec 2021	31 Dec 2020	Change	
Fiduciary placements with third parties	-	-	-	-
Fiduciary placements group entities	-	19'838	-19'838	-100%
<b>Total</b>	<b>-</b>	<b>19'838</b>	<b>-19'838</b>	<b>-100%</b>

## 10.3. Assets under management

### Assets under management

in CHF 1'000	31 Dec 2021	31 Dec 2020
Assets in collective investment schemes managed by the Bank	0	24'305
Assets under discretionary asset management agreements	122'716	100'297
Other managed assets	785'256	1'542'292
<b>Total assets under management (incl. double counts)</b>	<b>907'973</b>	<b>1'666'894</b>
of which double counting	-	14'720
<b>Total managed assets (incl. double counting) at beginning of period</b>	<b>1'666'894</b>	<b>1'621'300</b>
+/- net new money inflow or net new money outflow	-882'032	-228'445
+/- price gains/losses, interest, dividends and currency gains/losses	123'110	274'039
+/- other effects	0	-
<b>Total managed assets (incl. double counting) at end of period</b>	<b>907'973</b>	<b>1'666'894</b>

### Assets under management and net new money inflows/outflows

Assets under management are calculated and reported in accordance with the guidelines issued by the FINMA regarding accounting standards for financial institutions. Assets under management comprise all assets managed or held by private, corporate or institutional clients for investment purposes, as well as assets in self-managed collective investment instruments for which investment advisory and/or asset management services are provided. These include all amounts due to clients on savings and deposit accounts, fixed-term and fiduciary deposits, and all valued assets. Assets under management that are deposited with third parties are included to the extent that investment advisory and/or asset management services are provided by the Bank. Assets that are counted in several categories are disclosed as double counting.

Net inflows or outflows of assets under management during the reporting period comprise the acquisition of new clients, the loss of existing clients as well as inflows and outflows of existing clients. If the service provided to a client changes and, as a result, the respective assets under management are reclassified as assets held for custody purposes or vice versa, the change is recorded as a new money outflow or a new money inflow respectively. Changes in the value of securities due to market fluctuations or foreign exchange conversion, interest income and dividends, fee charges and interest payable/paid are not recorded as inflows or outflows of assets.

## 11 INFORMATION ON THE INCOME STATEMENT

### 11.1 Result from trading activities and the fair value option

#### Result from trading activities and the fair value option

in CHF 1'000

	2021	2020	Change
--	------	------	--------

#### Breakdown by business area

Proprietary trading	2	-722	724	< -100%
Other trading operations	370	290	80	28%
<b>Total result from trading activities</b>	<b>372</b>	<b>-432</b>	<b>805</b>	<b>&lt; -100%</b>

#### Breakdown by underlying risk

Interest rate instruments (incl. funds)	-	-	-	-
Equity securities (incl. funds)	2	-722	724	< -100%
Foreign currencies	370	290	80	28%
<b>Total result from trading activities</b>	<b>372</b>	<b>-432</b>	<b>805</b>	<b>&lt; -100%</b>

### 11.2 Refinancing income and income from negative interest

#### Refinancing income and income from negative interest

in CHF 1'000

	2021	2020	Change
--	------	------	--------

Negative interest on credit operations	-735	-464	- 271	59%
Negative interest on deposits	525	569	- 44	-8%

Negative interest on credit operations is disclosed as a reduction in interest and discount income.

Negative interest on deposits is disclosed as a reduction in interest expense.



## 11.3 Other ordinary income

### Other ordinary income

in CHF 1'000	2021	2020	Change	
Income from group transfer pricing	10'967	8'930	+ 2'037	23%
Other ordinary income	4	9	- 5	-54%
<b>Total other ordinary income</b>	<b>10'972</b>	<b>8'940</b>	<b>+ 2'032</b>	<b>23%</b>

As part of the group competency center model, Quintet Switzerland employs staff who are partially or entirely dedicated to fulfill services for other entities within Quintet Group. The resulting staff costs are recharged to the respective entities and disclosed under "Other ordinary income".

## 11.4 Personnel expenses

### Personnel expenses

in CHF 1'000	2021	2020	Change	
Salaries	30'862	27'261	+ 3'601	13%
of which expenses relating to share-based compensation and alternative forms of variable compensation	-	-	-	-
Social security charges	1'608	2'887	- 1'279	-44%
Pension expenses	4'237	2'245	+ 1'992	89%
Other personnel expenses	2'125	1'100	+ 1'025	93%
<b>Total personnel expenses</b>	<b>38'831</b>	<b>33'493</b>	<b>+ 5'338</b>	<b>16%</b>

## 11.5 General and administrative expenses

### General and administrative expenses

in CHF 1'000	2021	2020	Change	
Office space expenses	1'226	869	+ 357	41%
Expenses for information and communication technology	3'213	2'320	+ 892	38%
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	301	207	+ 95	46%
Fees for audit firm (Art. 961a para. 2 CO)	427	460	- 33	-7%
of which fees for financial and regulatory audits	427	460	- 33	-7%
of which fees for other services	-	-	-	-
Other operating expenses	5'645	5'356	+ 290	5%
<b>Total general and administrative expenses</b>	<b>10'813</b>	<b>9'212</b>	<b>+ 1'601</b>	<b>17%</b>

## 11.6 Extraordinary income

### Extraordinary income

in CHF 1'000	2021	2020	Change
Gain on sale of participation	-	389	- 389 -100%
Release of redundant accruals	40	-	+ 40 -
Recharge of taxes to third parties	43	-	+ 43 -
Other extraordinary items	16	-	+ 16 -
<b>Total extraordinary income</b>	<b>99</b>	<b>389</b>	<b>- 290 -75%</b>

In 2020 Quintet Switzerland disposed of its 100% holding in Bellevue Investment Advisers AG. The gain on the sale was disclosed as extraordinary income.

## 11.7 Extraordinary expenses

### Extraordinary expenses

in CHF 1'000	2021	2020	Change
Depreciation of tangible fixed assets	2'975	-	+ 2'975 -
Depreciation of intangible fixed assets	3'262	-	+ 3'262 -
Recognition of wind-down provision	28'458	-	+ 28'458 -
Recognition of expenses from previous periods	157	-	+ 157 -
<b>Total extraordinary expenses</b>	<b>34'852</b>	<b>-</b>	<b>+ 34'852 -</b>

The decision of Quintet Switzerland's Board of Directors to cease the banking activities of the Company and to seek release from the supervision of FINMA led to the recognition of a wind-down provision in the line item "Provisions" on the balance sheet. Furthermore, all tangible and intangible fixed assets have been reviewed for impairment and, as a result, have been fully impaired at book value as of 31.12.2021. These extraordinary impacts have been recorded in the line item "extraordinary expenses" in the income statement.

## 11.8 Current taxes, deferred taxes and tax rate

### Current taxes, deferred taxes and tax rate

in CHF 1'000	2021	2020
Current tax expenses	81	323

Due to Quintet Switzerland generating an operational loss in 2021, the calculated tax rate would be negative and not meaningful. Current tax expenses in 2021 are entirely related to capital taxes.

## 12 BASIC REGULATORY RATIOS ACCORDING TO REGULATORY DISCLOSURE REQUIREMENTS

### Basic regulatory ratios according to regulatory disclosure requirements<sup>1)</sup>

in CHF 1'000	KM1	2021	2020
<b>Available capital</b>			
Common Equity Tier 1 (CET1)	1	15'786	33'735
Tier 1 (T1)	2	15'786	33'735
Total capital	3	15'786	33'735
<b>Risk-weighted assets (RWA)</b>			
Total risk-weighted assets (RWA)	4	42'147	83'202
<b>Minimum capital requirements</b>	<b>4a</b>	<b>10'000</b>	<b>10'000</b>
<b>Risk-based capital ratios as percentage of RWA</b>			
Common equity tier 1 (CET 1) ratio	5	37.5%	40.5%
Tier 1 ratio	6	37.5%	40.5%
Total capital ratio	7	37.5%	40.5%
<b>Additional CET1 buffer requirements as percentage of RWA</b>			
Capital conservation buffer requirement	8	2.5%	2.5%
Countercyclical buffer requirement	9	n/a	n/a
Bank G-SIB and/ or D-SIB additional requirements	10	n/a	n/a
Total of bank CET1 specific buffer requirements	11	2.5%	2.5%
CET1 available after meeting the Bank's minimum capital requirements	12	29.5%	32.5%
<b>Capital ratios according to appendix 8</b>			
Capital conservation buffer according to CAO, Annex 8	12a	2.5%	2.5%
Countercyclical capital buffer according to CAO, art. 44 and art. 44a	12b	n/a	n/a
CET1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and art. 44a	12c	7.0%	7.0%
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and art. 44a	12d	8.5%	8.5%
Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and art. 44a	12e	10.5%	10.5%
<b>Basel III leverage ratio</b>			
Total Basel III leverage ratio exposure measure	13	311'725	154'249
Basel III leverage ratio	14	5.1%	21.9%

<sup>1)</sup> unaudited

As Quintet Private Bank (Europe) S.A. publishes respective information comparable to the requirements as per FINMA circ. 2016-1 "Capital adequacy and liquidity disclosure requirements", Quintet Private Bank (Switzerland) Ltd is exempt from detailed disclosure requirements as per margin 12 and 13 of FINMA circ. 2016-1.

**Basic regulatory ratios according to regulatory disclosure requirements<sup>1)</sup>**

average in CHF 1'000	KM1	4th quarter 2021	3rd quarter 2021	2nd quarter 2021	1st quarter 2021
Liquidity coverage ratio (LCR)					
LCR numerator: Total high quality liquid assets	15	129'577	249'898	207'541	82'419
LCR denominator: Total net outflows of funds	16	18'969	79'409	64'041	25'560
Short-term liquidity ratio, LCR (in %)	17	683.1%	314.7%	324.1%	322.5%
		4th quarter 2020	3rd quarter 2020	2nd quarter 2020	1st quarter 2020
LCR numerator: Total high quality liquid assets		92'468	126'842	137'295	112'182
LCR denominator: Total net outflows of funds		43'419	29'555	41'778	59'072
Short-term liquidity ratio, LCR (in %)		213.0%	429.2%	328.6%	189.9%

<sup>1)</sup> unaudited

**Basic regulatory ratios according to regulatory disclosure requirements<sup>1)</sup>**

in CHF 1'000		KM1	2021	2020
<b>Net Stable Funding Ratio (NSFR)</b>				
Total available stable funding	18		183'479	n/a
Total required stable funding	19		121'526	n/a
NSFR ratio (in %)	20		151.0%	n/a

<sup>1)</sup> unaudited

To the General Meeting of

**Quintet Private (Switzerland) Ltd, Zurich**

(formerly: Quintet Private Bank (Switzerland) Ltd, Zurich)

Zurich, 21 March 2022

## **Report of the statutory auditor on the financial statements**

As statutory auditor, we have audited the financial statements of Quintet Private (Switzerland) Ltd (formerly: Quintet Private Bank (Switzerland) Ltd), which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 15 to 45), prepared for the year ended 31 December 2021 on the basis of liquidation values.

### **Board of Directors' responsibility**

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

### **Auditor's responsibility**

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

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

### **Opinion**

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

### **Emphasis of matter**

We draw attention to the sections “General” and “Accounting and valuation principles” in the notes on pages 19 to 26 to the financial statements, which set out the intention to discontinue the activities as a bank, which are subject to authorisation, and to apply for a release from FINMA supervision. The financial statements as of 31 December 2021 were therefore prepared on the basis of liquidation values. Our opinion is not qualified in respect of this matter.

### **Report on other legal requirements**

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

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

We recommend that the financial statements submitted to you be approved.

Furthermore, we draw attention to the fact that half of the share capital and legal reserves is no longer covered (article 725 paragraph 1 CO).

Ernst & Young Ltd



Stefan Pfyffer von  
Altishofen (Qualified  
Signature)

Licensed audit expert  
(Auditor in charge)



Urs Braun  
(Qualified  
Signature)

Licensed audit expert



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