BANQUE HERITAGE

Annual Report 2021

Statutory and consolidated financial statements

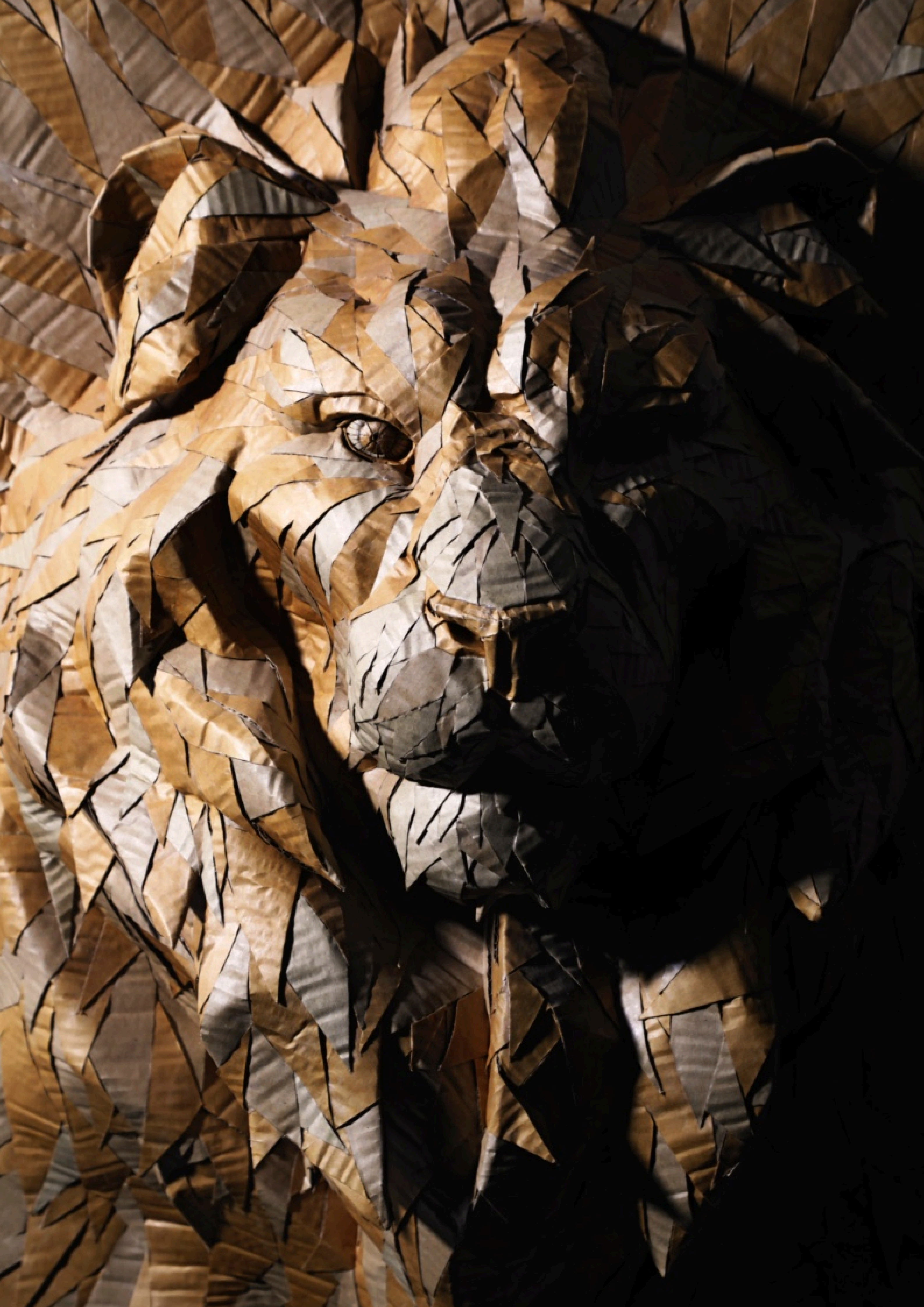


Table of Contents

Our Strategy

As a multi-family-owned bank, we have an opportunity to make a difference for our clients, our employees, and our families. Our promise to our families in helping to achieve their financial goals equally applies to our clients and as such we aim to differentiate our services by delivering a unique client experience that is a) personalized: our products and services are as personal as our clients' and families' needs; b) relevant: what we deliver to our clients and family members is relevant and matters to them; and more importantly c) agile: we aim to service our clients in a simple, seamless and intuitive manner. Having developed a broad experience to attend the needs of our families over the years, we are uniquely positioned to be a partner of choice to families and entrepreneurs.

2021 was a transition year for Banque Heritage as the benefits of our strategic capital reallocation towards our core businesses, aimed at generating structural costs savings to invest for growth, shall start materializing in 2022 onwards. In this context, the 2021 results have been adversely affected by non-recurring costs compared to last year.

Annual Results

Assets under Management

On a consolidated level, our total managed assets have moderately increased by 1.8% to CHF 4.50bln in 2021 from CHF 4.42bln in 2020. While the managed assets of the Swiss operations declined following an exit strategy initiated in 2019 and finalized during the year, these were more than compensated by our Uruguayan subsidiary. The Group had Net New Assets of CHF 37.5mio and an overall positive market performance of CHF 40.2mio.

More importantly, the quality of our asset base continues to improve with an increase of 5.12% of discretionary and advisory mandates which, at the end of 2021, account for 42.2% of our total managed assets (40.2% in 2020).

Last, but not least, on a statutory level, our Return on Assets (RoA) is well above the Swiss industry average with 1.05% (an improvement from 1.01% in 2020), while at the consolidated level, our RoA is 1.21% (1.27% in 2020) due primarily to the business nature of our Uruguayan operation linked to the interest rate environment.

Income statement

At Group level, net result from interest operations remained stable with revenues of CHF 11.2mio. despite the on-going pressure on the interest rates' environment and a decline of our credit book. The result from commission business and services increased by 4.11% to CHF 37.8mio, while result from trading activities decreased by 24.9% because of reduced foreign exchange volumes and hedging strategy. Our overall revenues declined by 2.5% to CHF 54.7mio.

On the operating expenses, personnel costs decreased by 4.4% to CHF 35.5mio as the group has a strict hiring policy. Other general and administrative expenses declined by 2.2% to CHF 18.1mio as the group continues to monitor its cost base. Our operating loss decreased to CHF 0.7mio from CHF 1.2mio in 2020, an improvement of 40%.

On a statutory level, net result from interest operations increased by 28.5% to CHF 2.5mio as 2020 saw the recording of impairments on the credit book. Despite the significant decline of our asset base suffered in 2020, the bank was able to increase the associated level of revenues thanks to an in-depth review of our service offering combined with a repricing exercise, which has increased the result from our commission business and services by 4.2% to CHF 30.4mio. Results from trading activities decreased by 28.4% to CHF 4.2mio due to reduced foreign exchange volumes and the costs of our hedging strategy. Nonetheless, our total revenues of CHF 37.3mio remained at identical levels as those of 2020.

While the bank continued to invest in the development of its staff, personnel costs declined by 1.7% to CHF 24.9mio. General and administrative expenses declined by 1.6% to CHF 13.3mio and include a non-recurring cost component associated with the review of our service offering and repricing exercise amounting to CHF 0.8mio.

Our operating result improved by 33.1% to a loss of CHF 1.7mio, while the bank posted a profit of CHF 0.1mio, an improvement of 51.3% versus prior year.

We are firm believers that both the bank and the group are on a growth development path for the coming years as many measures have been undertaken to ensure sustainable profitability going forward.

Balance sheet

At Group level, our total balance sheet had little evolution with an increase of 2.0% to over CHF 1.1bln. Our total clients' deposits amounted to CHF 960mio, an increase of 0.4% vs 2020, which on the asset side, sits mostly in liquid assets with cash and equivalents for an amount of CHF 258mio, with banks for CHF 298mio and in liquid financial investments for CHF 249mio. Our loan portfolio decreased by CHF 68mio (or 23.0%) to CHF 228mio and our mortgage lending book increased by CHF 21mio to CHF 45mio. Capital adequacy ratios remain sound for the group with a Tier I ratio of 18.23% and a total capital ratio of 19.83%.

On a statutory level, the total balance sheet decreased by 7.9% or CHF 54mio to CHF 623mio as clients' deposits declined by approximately the same amount. True to our capital preservation philosophy, when clients remain in cash, we remain also in cash with our excess liquidity placed in cash and cash equivalents for an amount of CHF 146mio, and we placed with banks for CHF 262mio and financial investments for CHF 65mio. Our credit portfolio declined by 52% to CHF 85mio and our mortgage lending increased by CHF 22mio to CHF 44mio. Similarly, our capital adequacy ratios remain sound with a Tier I ratio of 20.86% (an improvement from 17.72% in 2020) and a total capital ratio of 26.37% (23.01% in 2020).

Our Business

We operate through four business divisions: Private Banking, Asset Management, Corporate & Strategic Advisory and Asset Servicing. Our tailor-made solutions to answer to the needs of our families and clients set us apart from our competitors. We are at our best when we combine our strengths to provide our clients with more comprehensive and better solutions.

1. Private Banking

In 2021, travel and visit restrictions continued to accompany us due to repeatedly increasing numbers of people infected with Covid-19 and hospital admissions. Encouragingly, our clients learned from the 2020 experience that our relationship managers were both available and active in making contact. Whenever necessary, contacts were maintained by phone or video call, and whenever possible, personal visits and trips could be realised. Client events were also possible at times, and the desire for personal interaction was always palpable.

Clients' interest in markets was always undiminished as perennial topics such as inflation, economic growth during the pandemic and new debt of certain countries were constantly evolving. Labour market figures were also a strong indicator of such developments. Our private banking teams for individual clients and for external asset managers could always count on the supply of up-to-date figures and assessments from our asset management team, such that clients felt well taken care of even in the equally challenging second year of the pandemic.

A stronger focus to our core markets strategy was implemented and complimented by the hiring of Michael Welti as Head of Private Banking and Managing Partner in September. His joining brought additional momentum and Private Banking expertise, as Johannes T. Barth is staying close to us as Member of our Board.

On the product side, we were able to analyse and implement some very exciting requests and ideas from clients, be they in venture capital, real estate, cash management or M&A. Our experience as an entrepreneurial and family-run bank always proved its worth in these areas and generated an additional degree of trust in us among these clients.

On the servicing side, we continue to attend to the needs of approximately 60 independent managers who have chosen Banque Heritage as their main partner as they value our agility and speed of execution. We are also accompanying a few of them in their FINMA licensing process which is due to be completed by end of 2022.

2. Asset Management

Market Focus

What began with the introduction of effective Covid-19 vaccines in November 2020, the strong recovery in global financial markets mostly continued throughout 2021 with main equity markets indices showing enormous resilience in the aftermath of the ongoing Covid-19 crisis and rewarding those who dared to take the respective risks.

The impressive global economic rebound continued throughout 2021 with strong GDP growth to impressive corporate earnings catchup. Mainstreet or Wallstreet, 2021 was another year rich with events. For the entertainment part, frenzy stocks like Gamestop, were pushed up by short squeezers from online trading platforms such as Robinhood keeping the appetite for stocks steady as new all-time highs on the main US equity indices were regularly the daily agenda. Looking at the performance of equity indices, it was as if the Covid-crisis never existed in 2021 with the S&P 500 closing 70 times at new all-time highs. The S&P 500 finished the year up 28% outperforming the European Stoxx 600 which was up +24%. Swiss equities also enjoyed a strong year returning +24% to investors through the SMI.

Within the context of strong recovery, safe haven assets lost much appetite by investors. Gold and government bonds had a rough year as yields generally rose throughout the year with important periods of volatility. Energy and Agricultures within commodities enjoyed a strong year as well. Especially the oil prices recovered from USD 50.25 a barrel and ending at USD 76.90 a barrel.

2021 has also brought back a phenomenon not seen in decades: Inflation! Ongoing issues in the supply chains that were further amplified with local shutdowns in key Chinese ports due to new Covid infections made inflation the key scare for the second half of 2021.

US CPI started at 1.4% beginning of 2021 only to end at almost 7%. Obviously, important factors such as base effects had an impact on the rise of inflation but along with the record inflow of liquidities through fiscal and monetary measures coupled with higher input costs, the argument of inflation being only transitory lost traction the closer we headed towards the end of the year. By year-end, the early recovery cycle had transited relatively smoothly into a mid-cycle expansion. Ongoing monetary normalisation steps by the FED were partially priced in by the end of 2021 with three rate hikes for 2022.

Performance

Our client and family-held portfolios enjoyed a very strong year 2021 benefitting from the strong rebound in global equity markets where the investment team kept an important overweight throughout most of 2021. Equity oriented risk profiles outperformed conservative portfolios, while portfolios with longer duration underperformed short term maturities. Small was beautiful when comparing equity sector performances with Energy (small sector in S&P500) returning over 53% in the S&P500, closely followed by Financials and Real Estate. EUR denominated accounts were amongst the top performers benefiting from a stronger USD as well as a stronger CHF.

2022 Outlook

The transition into the mid-cycle expansion has been ongoing since the start of the 3rd quarter 2021. This is typically associated with economic growth coming back from unusually high levels to just above natural output observed before the Covid-19 crisis. The cycle is also typically characterized with ongoing normalisation, on the employment market but also when it comes to monetary conditions. Central banks have injected unprecedented amounts of liquidity to support economies during the sanitary crisis. As such, we expect central banks to proceed with measures to tighten financial conditions which are currently at a very low level. Looking at historic patterns, a tightening FED does not necessarily translate into panic mode on equity markets if growth remains solid and corporate earnings supportive. However, inflationary pressures will dictate the path for 2022 and the length of the mid-cycle expansion we are currently witnessing. CPI's will be a key figure to watch for in 2022.

3. Corporate and Strategic Advisory

The activities related to our Corporate and Strategic Advisory division launched in 2020 to provide advice in mergers and acquisitions in the mid-market segment, which until now has been underserved by larger competitors, have borne its first fruits with the realization of a first mandate in which we assisted one of our clients in identifying a potential target for acquisition in the logistics sector in Africa. Also, our team is actively involved in raising capital for the development of new revolutionary technology in the energy sector.

Lastly, our Corporate and Strategic Advisory team continues to advise our family members in their direct private market investments.

4. Asset Servicing

Following a strategic review of our asset servicing activities, we have decided to expand our offering to include the fund representation for foreign collective investment schemes who require a Swiss representative to distribute their funds. Given that Banque Heritage is already acting as a paying agent for numerous funds, the addition of the fund representation activity is very complimentary. Two professionals from the fund industry joined the ranks to spearhead our developments efforts.

Uruguay

Our Uruguayan bank has seen continuous positive developments in 2021 following the appointment of a new management team back in early 2020. The profile of our Uruguayan operation is very different from the local banks which are large banking groups geared towards retail and consumer credit. While the country has only opened its borders following the pandemic in November of 2021, our bank has been proactive growing both sides of our balance sheet. Client deposits have increased by CHF 33mio in 2021 to deploy selectively on the lending side (+ CHF 18mio) to Small & Medium Enterprises. For the rest, the Bank's liquidity remains extremely high.

In December 2021, Banque Heritage (Uruguay) SA further strengthened its capital base with the issuance of a subordinated loan subscribed by KfW DEG, the German development bank. We are excited to partner with DEG which will allow us to continue expanding our business activities in the region with a commitment towards SMEs and ESG investments.

ESG

Banque Heritage strives to develop a responsible and sustainable approach throughout its operations. The S from Environmental, Social and Governance drew particular attention in 2021. An extensive review was conducted at Banque Heritage SA to ensure that equality, fair remuneration and diversity are better reflected in our business practice.

Meridian Wealth Management

Based in Lausanne, Switzerland, our wealth management company continues to look after and service its selective client base. The operation delivered constant profits throughout the years and is currently undergoing the new FINMA licensing process following the new legal requirements imposed on asset managers.

Staff Matters and Expression of Appreciation

At the Bank's Annual Shareholders' meeting in April, Johannes T. Barth left the operational business to assume a Board member role to assist the Executive Committee in the definition of the Group and Bank's strategy.

At the same time, Christian Wagner, a long-time friend, banker, mentor, and esteemed advisor to the family, did not stand for re-election Board of Directors. We personally thank him for his many years of support and contributions to the developments of the Bank.

In September, Michael Welti joined the Bank and our Executive Committee to spearhead our Private Banking activities as Head of Private Banking and Managing Partner.

For the Group and the Bank, we express our gratitude to the staff for their diligence, engagement, and loyalty in making this possible.

Paul-André Sanglard
Chairman of the Board of Directors

Marcos Esteve
Chief Executive Officer

Information relating to Capital adequacy ratios, Liquidity Coverage Ratio (LCR) and Leverage ratio of the statutory financial statements

KM1: Key metrics

(in 1'000 CHF)		a	b	c	d	e
		31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	46 822				46 930
2	Tier 1	46 822				46 930
3	Total capital	59 192				60 967
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	224 485				264 913
4a	Minimum capital requirement	17 959				21 193
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	20.86 %				17.72 %
6	Tier 1 ratio (%)	20.86 %				17.72 %
7	Total capital ratio (%)	26.37 %				23.01 %
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50 %				2.50 %
9	Countercyclical buffer requirement (%)	0.00 %				0.00 %
11	Total of bank CET1 specific buffer requirements (%)	2.50 %				2.50 %
12	CET1 available after meeting the bank's minimum capital requirements (%)	14.86 %				11.72 %
Target capital ratios according to Annex 8 CAO (in % of RWA)						
12a	Capital buffer according to Annex 8 CAO (%)	3.20 %				2.50 %
12b	National countercyclical buffer (articles 44 et 44a CAO) (%)	0.00 %				0.00 %
12c	CET1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44 a CAO	7.40 %				7.00 %
12d	T1 target ratio (in %) according to Annex 8 CAO plus national countercyclical buffer in accordance with Articles 44 and 44a CAO	9.00 %				8.50 %
12e	Total capital target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accprdance with articles 44 and 44a CAO	11.20 %				10.50 %

(in 1'000 CHF)	a	b	c	d	e
	31.12.21	30.9.21	30.6.21	31.3.21	31.12.20
Basel III leverage ratio					
13 Total exposure (CHF)	637 730				542 410
14 Basel III leverage ratio (%)	7.34 %				8.65 %
Liquidity Coverage Ratio					
15 Total HQLA	144 089	166 038	135 081	141 503	141 204
16 Total net cash outflow	35 079	37 447	36 891	44 463	39 417
17 LCR ratio (%)	410.75 %	443.39 %	366.16 %	318.25 %	358.24 %
Net Stable Funding Ratio (2)					
18 Total available stable funding	468 885				485 260
19 Total required stable funding	250 607				307 459
20 NSFR ratio	187.10 %				157.83 %

OV1: Overview of risk weighted assets

(in 1'000 CHF)		a	b	c
		RWA	RWA	Minimum Capital Requirement
		31.12.2021	31.12.2020	31.12.2021
1	Credit risk	135 933	156 412	10 875
20	Market risk	3 228	23 178	258
24	Operational risk	85 323	85 323	6 826
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	–	–	–
27	**Total (1+20+24+25)**	**224 485**	**264 913**	**17 959**

Capital requirements

The following approaches are adopted by the Bank with regards to the calculation of the capital requirements:

Credit risk

- *External rating agencies (governments, public corporations, banks, corporates):* Moodys and S&P
- *Risk mitigation:* Comprehensive approach
- *Haircut:* Standard supervisory haircuts
- *Model applied for derivatives:* Standardised approach

Market risk

- *Standardised approach for interest rate risk:* Maturity method
- *Standardised approach for options:* Simplified approach

Operational risk

- *Measurement method:* Basis indicator approach

LIQA: Liquidity risk management

Please refer to the "Liquidity" section on page 23 of the introductory notes to the financial statements.

CR1: Credit risk: Credit quality of assets

	(in 1'000 CHF)	a	b	c	d
		31.12.2021			
		Gross carrying values of [1]		[2] Allowances/ impairments	Net values (a + b - c)
		[3] Defaulted exposures	Non-defaulted exposures		
1	Loans (excluding debt securities)	2 457	555 539	12 457	545 539
2	Debt securities	—	41 174	—	41 174
3	Off-balance sheet exposures	—	28 952	—	28 952
4	**Total Reporting Period**	2 457	625 665	12 457	615 665

1 On and off-balance-sheet items with a credit risk exposure as defined in the capital adequacy provisions (with the exception of counterparty credit risks). On balance-sheet items shall include loans and debt securities. Off balance-sheet items must be measured using the following criteria: 1) Guarantees granted: the maximum amount that the bank would have to pay if the guarantee were called (gross amount, i.e. gross of any credit conversion factor (CCF) and prior to appying credit risk mitigation (CRM) techniques; 2) Irrevocable loan commitments must not be included. The gross value shall correspond to the carrying value before taking into account any valuation adjustments but after deducting any write-offs (write-offs are defined as being a direct reduction of the carrying amount made by tha bank if recovering the receivable is no longer possible). Banks must not take into account any credit risk mitigation technique of any type.

2 Total amount of valuation adjustments recorded without taking into account the fact that these cover impaired exposures as well as latent risks and direct write-offs.

3 In the case of SA-BIS, this included and impaired exposures, In the case of IRB, section 452 of the Basel minimum standards (Basel II text) gives the definition for regulatory purposes.

CR3: Credit risk: Credit risk mitigation techniques – overview

(in 1'000 CHF)	a	c	e&g
		31.12.2021	
	[1] Unsecured exposures/ carrying amount	[2] Secured exposures, actual collateralized amount	[3] Exposures secured by financial guarantees
Loans (including debt securities)	487 637	109 076	—
Off balance sheet	11 683	8 122	—
TOTAL	499 319	117 198	—
Of which defaulted	—	—	—

1 carrying amount of exposures (net of value adjustments) that do not benefit from a credit risk mitigation technique.

2 carrying amount of exposures (net of value adjustments) partly of totally secured by collateral, regardless of what portion of the original exposure is secured.

3 carrying amount of exposures (net of value adjustments) partly of totally secured by guarantees or credit derivatives, regardless of what portion of the original exposure is secured.

ORA: Operational risk: general information

Operational Risks

Please refer to the "Operational risks" section on page 23 of the introductory notes to the financial statements.

Capital Requirements

Please refer to the previous section OV1, subsection "Capital Requirements".

IRRBA: Interest rate risk: Objectives and guidelines for the management of interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) is a measure of the risk to a bank's capital and to its earnings arising from the movement of interest rates. This risk generally arises from repricing risk, basis risk, yield curve risk and risk arising from options.

Excessive levels of interest rate risks can significantly affect the economic value of equity (EVE) as well as the bank's earnings, defined as the net interest income (NII). It is therefore essential to establish an effective risk management process that effectively measures and contains these risks at established levels.

The Board of Directors overviews the Bank risk management and risk strategy process, and defines the interest rate risk appetite for the Bank on an annual basis. This is essentially performed with the validation of the IRR Global Limit of Banque Heritage (Suisse).

The General Management is responsible for the organization and operation of the management of the IRRBB. The Risk Management function monitors the interest rate risk on a daily basis. Furthermore, the interest rate risk is reviewed by the Asset and Liability Committee (ALM) of the Bank on a regular basis.

A formal measure of the IRRBB as defined by circular FINMA 2019/02 is performed by the Bank on a quarterly basis. Interest rate risk is measured using indicators to measure the changes in economic value of the banking book, indicators to measure changes in earnings as well as gap maturities analysis. The six regulatory scenarios that are to be applied within this measure as defined by Circular Finma 2019/2 are i) Parallel shift up; ii) Parallel shift down; iii) Steepener shock; iv) Flattener shock; v) Rise in short-term interest rates; vi) Fall in short-term interest rates.

The mapping process is established on product-specific payment streams that exist within the balance sheet of the Bank at the date of generation of the formal measures.

Discounted interest rates are based on present interbank interest rates. Intermediary inexistent rates are linearly extrapolated.

Replication keys are integrated in our internal model with a conservative approach with respect to maturities of the underlying balance sheet structure. These replication keys may be modified should the respective balance sheet(s) not reflect the underlying replication key assumptions. Within these replication keys, term deposits are treated as being withdrawn 70% within one month and 30% within one year to reflect potential behavioural early withdrawals.

Table IRRBBA1: Interest rate risk: quantitative information on the exposure's structure and interest rate fixing date

Fixed and flexible tables

	Volume in CHF million			Average interest rate reset period (in years)	
	Total	Of which in CHF	Of which other significant currencies *	Total	Of which in CHF
Defined interest rate reset date					
Amounts due from banks	155.62	–	155.62	0.08	–
Amounts due from customers	76.51	25.59	50.93	0.28	0.27
Fixed rate mortgage	44.03	38.29	5.74	0.47	0.39
Financial investments	41.94	–	41.94	0.85	–
Other receivables	–	–	–	–	–
Amounts due to banks	–	–	–	–	–
Amounts due in respect of client deposits	–	–	–	–	–
Undefined interest rate reset dates					
Amounts due from banks	53.35	3.47	29.45	0.08	0.08
Amounts due from customers	8.59	5.59	2.98	0.22	0.22
Money market mortgage (LIBOR-based mortgages)	0.74	0.74	–	1.04	1.04
Amounts due in respect of client deposits	515.89	87.81	392.86	0.22	0.22
Other payables	3.61	0.52	2.36	0.08	0.08
Total	**900.28**	**162.01**	**681.88**	**–**	**–**

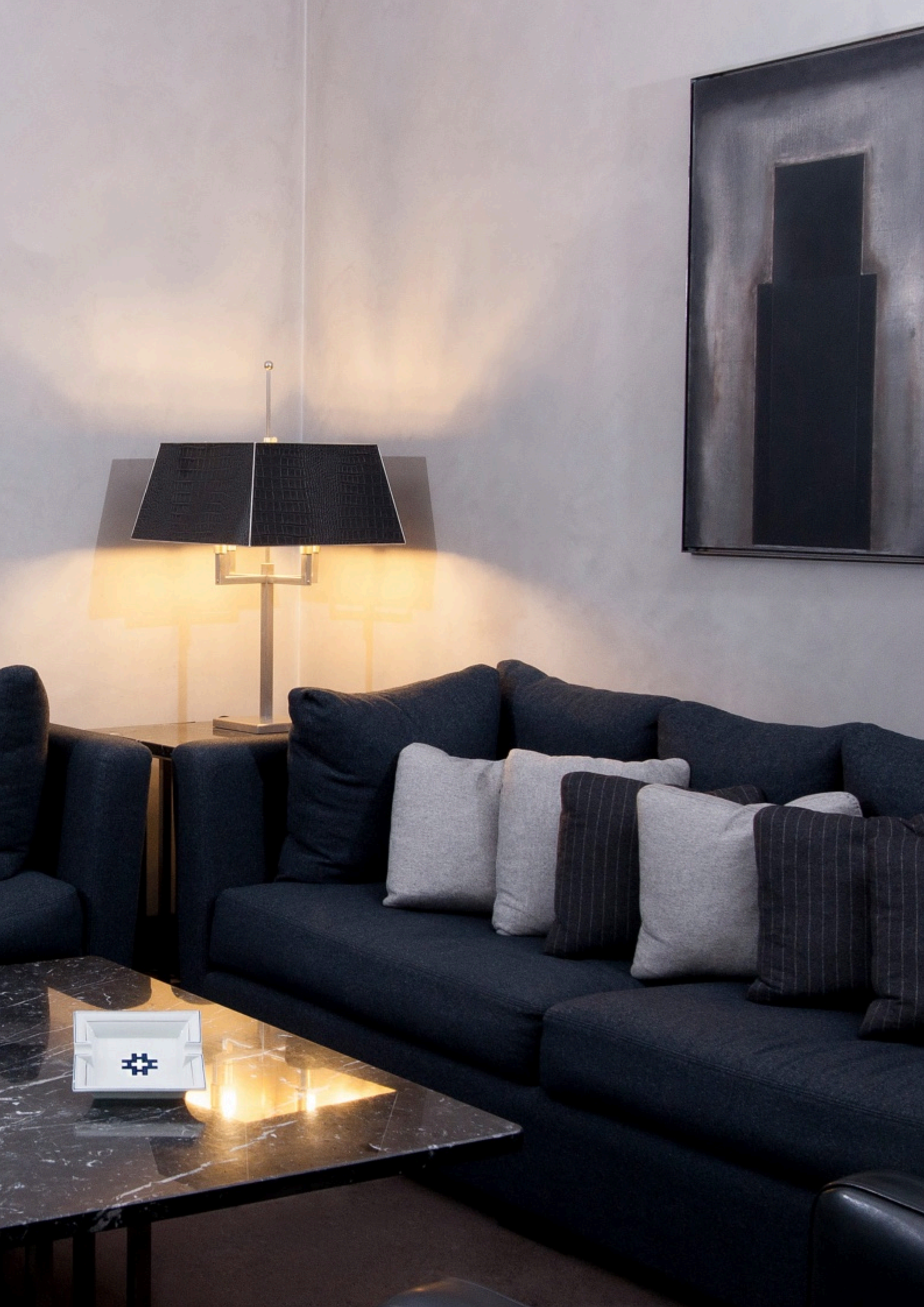
** representing more than 10% of assets or liabilities of total assets*

Table IRRBB1: Interest rate risk: quantitative information on the exposure's net present value and interest rate income

(in 1'000 CHF)	DELTA EVE		DELTA NII	
Period	31.12.2021	30.06.2021	31.12.2021	30.06.2021
Parallel shift up	415	168	(2 321)	(3 502)
Parallel shift down	(413)	(150)	2 282	3 443
Steepener shock 1	(410)	(366)		
Flattener shock 2	507	408		
Rise in short-term interest rates	641	453		
Fall in short-term interest rates	(646)	(449)		
Maximum	(646)	(449)	(2 321)	(3 502)

Period	31.12.2021	30.06.2021
Tier 1 capital	46 822	45 651

For each of the supervisory prescribed interest rate shock scenarios, the bank must report for the current period and for previous period: (1) The change in the economic value of equity based on its IMS, using a run-off balance sheet and an instantaneous shock or based on the result of the standardised framework as set out in Section IV if the bank has chosen to adopt the framework or has been mandated by its supervisor to follow the framework. (2) The change in projected NII over a forward-looking rolling 12-month period compared with the bank's own best estimate 12-month projections, using a constant balance sheet assumption and an instantaneous shock.



Statutory Financial Statements

Report of the statutory auditor to the General Meeting of Banque Heritage SA Geneva

Report on the financial statements

As statutory auditor, we have audited the financial statements of Banque Heritage SA (page 15 to 42), which comprise the balance sheet, income statement, statement of changes in equity and notes, for the year ended 31 December 2021.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the 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 mis-statement 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 articles of incorporation.

Report on other legal requirements

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

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

We further confirm that the proposed appropriation of profit complies with Swiss law and the articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Omar Grossi	Jonathan Derungs
Audit Expert Auditor in charge	Audit expert

Geneva, 27 April 2022

PricewaterhouseCoopers SA
Avenue Giuseppe-Motta 50, case postale, 1211 Geneva 2, Switzerland
Telephone: +41 58 792 91 00, Facsimile: +41 58 792 91 10, www.pwc.ch

CHF '000	2021	2020
ASSETS		
Liquid assets	146 285	143 148
Amounts due from banks	262 423	262 701
Amounts due from customers	84 689	175 395
Mortgage loans	44 492	22 927
Positive replacement values of derivative financial instruments	1 024	1 817
Financial investments	64 707	50 027
Accrued income and prepaid expenses	2 421	3 445
Participations	1 068	1 108
Tangible fixed assets	1 872	2 136
Other assets	14 391	14 376
Total assets	623 372	677 080
Total subordinated claims	–	–
of which subject to mandatory conversion and / or debt waiver	–	–
LIABILITIES		
Amounts due to banks	3 635	2 934
Amounts due in respect of customer deposits	538 923	591 657
Negative replacement values of derivative financial instruments	1 525	1 516
Accrued expenses and deferred income	6 895	6 567
Other liabilities	762	794
Provisions	24 689	26 682
Bank's capital	13 867	13 867
Statutory capital reserve	16 133	16 133
of which tax-exempt capital contribution reserve	*15 876*	*15 876*
Statutory retained earnings reserve	3 700	3 700
Voluntary retained earnings reserves	5 000	5 000
Own shares (negative item)	(4 304)	(4 196)
Profit carried forward	12 426	12 346
Profit of the period	121	80
Total liabilities	623 372	677 080
Total subordinated liabilities	–	–
of which subject to mandatory conversion and / or debt waiver	–	–
OFF-BALANCE SHEET TRANSACTIONS		
Contingent liabilities	14 521	16 884
Irrevocable commitments	3 506	2 947

All amounts have been rounded off, which may result in minor discrepancies.

Statutory Income Statement

CHF '000	2021	2020
Result from interest operations		
Interest and discount income	2 489	2 259
Interest and dividend income from financial investments	167	378
Interest expense	–	–
Gross result from interest operations	**2 656**	**2 637**
Changes in value adjustments for default risks and losses from interest operations	(138)	(678)
Subtotal net result from interest operations	**2 518**	**1 959**
Result from commission business and services		
Commission income from securities trading and investment activities	33 888	33 714
Commission income from lending activities	112	74
Commission income from other services	3 341	2 294
Commission expense	(6 954)	(6 914)
Subtotal result from commission business and services	**30 387**	**29 168**
Result from trading activities and the fair value option	**4 202**	**5 870**
Other result from ordinary activities		
Income from participations	88	114
Other ordinary income	124	281
Other ordinary expenses	–	(43)
Subtotal other result from ordinary activities	**212**	**352**
Operating expenses		
Personnel expenses	(24 923)	(25 355)
General and administrative expenses	(13 295)	(13 508)
Subtotal operating expenses	**(38 218)**	**(38 863)**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(692)	(709)
Changes to provisions and other value adjustments and losses	(94)	(295)
Operating result	**(1 685)**	**(2 518)**
Extraordinary income	2 000	2 881
Taxes	(194)	(283)
Profit of the period	**121**	**80**

All amounts have been rounded off, which may result in minor discrepancies.

Appropriation of profit for the year

CHF '000	2021	2020
Profit of the period	121	80
Profit carried forward	12 426	12 346
Distributable profit	12 547	12 426

Recommendation from the Board of Directors

CHF '000	2021	2020
Allocation to the voluntary retained earnings reserve	–	–
New amount carried forward	12 547	12 426

	Share capital	Capital reserve	Statutory retained earnings reserve	Voluntary retained earnings reserves and profit/loss carried forward	Own shares (negative item)	Result of the period	Total
Equity at 01.01.2021	13 867	16 133	3 700	17 346	(4 196)	80	**46 930**
Appropriation of retained earnings 2020							
- Allocation to the voluntary earnings reserve	–	–	–	–	–	–	**–**
- Dividends	–	–	–	–	–	–	**–**
- Net change in retained earnings brought forward	–	–	–	80	–	(80)	**–**
Acquisition of own shares	–	–	–	–	(108)	–	**(108)**
Disposal of own shares	–	–	–	–	–	–	**–**
Profit of the period	–	–	–	–	–	121	**121**
Equity at end of current period	13 867	16 133	3 700	17 426	(4 304)	121	46 943

All amounts have been rounded off, which may result in minor discrepancies.

Banque Heritage SA is a predominantly family owned bank that operates under Swiss law. Services are rendered by the Bank's head office in Geneva and branches in Zurich, Basel and Sion.

Accounting principles and valuation method

General principles

The accounting and valuation principles are based on the Code of Obligations (CO), the Banking Act and its related Ordinance, the FINMA Accounting Ordinance (OEPC FINMA) as well as the Accounting rules for banks (FINMA circular 20/1). The accompanying single-entity financial statements have been established to present the economic situation of the Bank such that a third party can form a reliable opinion. The financial statements are allowed to include hidden reserves.

In the notes, the individual amounts are rounded to the nearest thousand francs for publication purposes, but the calculations are based on non-rounded figures which may generate small rounding differences.

Change in accounting principles

There were no changes in the accounting and valuation principles compared to the previous year, with the following exceptions.

On 1 January 2020, the new FINMA Accounting Ordinance and the revised FINMA Circular 2020/1 "Accounting - Banks" came into force. These provisions now require the recognition of default risk allowances for non-impaired loans and risk provisions for off-balance sheet transactions, except for possible positions for which a provision has been made due to a probable and reliably estimable cash outflow. The methods for identifying default risks and determining the need for provisions are explained in detail in the notes to the financial statements in Section "Methods used for identifying default risks and determining the need for value adjustments".

General valuation principles

The financial statements are established according to the assumption of the going concern principle.

Assets and liabilities, together with off-balance-sheet business recognised under the same accounting heading, are valued on an individual basis.

Transactions are recorded and valued in accordance with generally accepted principles. As a rule, they will be recognised in the balance sheet as of the settlement date or the date at which the trading and cash-management transactions were closed.

As a principle, no offsetting is undertaken between assets and liabilities or between expenses and income. The exception to this rule relates to the deduction of value adjustments from the corresponding asset item.

Liquid assets
Liquid assets are recognized at their nominal value.

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.

Amounts due in respect of precious metal account deposits are valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Doubtful receivables are valued individually and depreciated by means of individual value adjustments. The depreciation of doubtful receivables is determined by the difference between the book value of the receivable and the anticipated recoverable amount. The anticipated recoverable amount is the liquidation value (estimated realizable value minus the costs of retention and liquidation).

If a receivable is categorized as entirely or partially irrecoverable, the receivable is derecognized by booking it against the corresponding value adjustment.

If recovered amounts from receivables written off in earlier periods cannot be used immediately for other value adjustments of the same type, they are recognized in 'Changes in value adjustments for default risk and losses from interest operations' in the income statement.

Doubtful receivable are reclassified as performing if the outstanding amount of capital and interest are paid again on time according to the contractual agreements and other creditworthiness criteria. Value adjustments are released with an effect on income via the item 'Changes in value adjustments for default risk and losses from interest operations'.

Due from customers are made of lombard credits guaranted by securities, whereas mortgage loans are covered by pledge deeds. Therefore, no value adjustment for non impaired loans is recorded.

As FINMA category 4 Bank, the Bank applies value adjustments and provisions for latent risks on non-impaired loans and other credit exposures. For the methodology on such value adjustments and provisions refer to section Section "Methods used for identifying default risks and determining the need for value adjustments".

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

Amounts due in respect of precious metal account deposits are valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Positive and negative replacement values of derivative financial instruments
Derivative instruments are used for trading purposes. The Bank undertakes derivative transactions for its clients and systematically undertakes the same operation with bank counterparts thus limiting its own exposure.

The valuation of derivative financial instruments for trading purposes is done according to the fair value and the positive or negative replacement value is recorded in the corresponding item. The fair value is based on market prices, dealer's price quotations, discounted cash flows and option pricing models.

The realized result from trading operations and the unrealized result from valuations relating to trading operations are recorded via the item 'Result from trading activities and use of the fair value option'.

Financial investments
With regards to Banque Heritage, financial investments typically include debt instruments and equity securities, physical stocks of precious metals as well as properties and goods acquired in relation to loan transactions and destined for sale.

Precious metals are valued at their market value at the closing date.

For debt instruments and equity securities, if the fair value of financial investments valued using the lower of cost or market principle increases again after declining below the historical cost, the value may be appreciated up to a maximum of the historical cost. The balance of the value adjustments is recorded via the item 'Other ordinary expenses' or 'Other ordinary income'.

Held-to-maturity debt instruments
The valuation is based on the acquisition cost principle with the agio/disagio (premium/discount) accrued/deferred over the residual term to maturity (accrual method). The agio/disagio is accrued/deferred over the residual term to maturity via the item 'Accrued income and prepaid expenses' or 'Accrued expenses and deferred income'. Value adjustments for default risk are recorded immediately under 'Changes in value adjustments for default risk and losses from interest operations'.

If held-to-maturity financial investments are sold or reimbursed early, the realized gains and losses, which correspond to the interest component, are accrued/deferred over the residual term to maturity of the transaction via the item 'Other assets' or 'Other liabilities'.

Equity securities, physical stocks of precious metals
The valuation is based on the lower of cost or market principle. The value adjustments arising from a subsequent valuation are recorded via the item 'Other ordinary expenses' or 'Other ordinary income'.

Participations
Participations are valued at historical costs minus any value adjustments due to business reasons.

Each participation is tested for impairment as of the balance sheet date. This test is based on indicators reflecting a possible impairment of individual assets. If any such indicators exist, the recoverable amount is calculated. The recoverable amount is calculated for each individual asset. The recoverable amount is the higher amount of the net selling price and the value in use. An asset is impaired if its carrying amount exceeds its recoverable amount. If the asset is impaired, the book value is reduced to match the recoverable value and the impairment is charged via the item 'Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets'.

Realized gains from the sale of participations are recorded via the item 'Extraordinary income' and realized losses are recorded via the item 'Extraordinary expense'.

Tangible fixed assets
Investments in tangible fixed assets are capitalised as an asset if they are used for more than one accounting period and exceed the minimal value for recognition of CHF 2'000.

Tangible fixed assets are recognised at acquisition cost minus the scheduled accumulated amortisation over the estimated operating life.

Tangible fixed assets are amortized at a consistent rate (straight-line amortisation) over a prudent estimated operating life via the item 'Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets'. The estimated operating lives of specific categories of tangible fixed assets are as follows:

Asset class	Operating life
Building structural work	minimum between rent-term and 15 years
Building adaptation	minimum between rent-term and 8 years
Other work on the building	minimum between rent-term and 5 years
Equipment/vehicles	5 years
Computer software	5 years
Computer and audio-visual equipment	3 years

Acquisition of works of art are exempt from straight-line amortization and valued at the lower of acquisition cost, insurance value or impaired value.

Each tangible fixed asset is tested for impairment as of the balance sheet date. This test is based on indicators reflecting a possible impairment of individual assets impaired. If any such indicators exist, the recoverable amount is calculated. The recoverable amount is calculated for each individual asset. An asset is impaired if its carrying amount exceeds its recoverable amount.

If the asset is impaired, the book value is reduced to match the recoverable value and the impairment is charged via the item 'Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets'.

If the impairment test shows that the operating life of an intangible asset has changed, the residual carrying amount should be depreciated systematically over the newly estimated useful life.

Realized gains from the sale of tangible fixed assets are recorded via the item 'Extraordinary income' and realized losses are recorded via the item 'Extraordinary expense'.

Intangible assets
The Bank may acquire intangible assets as part of asset transfer agreements or following the acquisition of participations. These assets are reviewed at least annually for impairment.

Provisions
Legal and factual obligations are valued regularly. If an outflow of resources is likely and can be reliably estimated, a corresponding provision must be created.

Existing provisions are reassessed at each balance sheet date. Based on this reassessment, the provisions are increased, left unchanged or released. Positions are recorded as follows via the individual items in the income statement:

- Pension provision: 'Personnel expenses'
- Other provisions: 'Changes to provisions and other value adjustments and losses', except provisions for restructuring

Provisions are released via the income statement if they are no longer needed on business grounds and cannot be used for other similar purposes at the same time.

Taxes
Current income taxes are recurring, usually annual, taxes on profits and capital. Transaction-related taxes are not included in current taxes.

Expense due to income and capital tax is disclosed in the income statement via the item 'Taxes'.

Off-balance-sheet transactions
Off-balance-sheet disclosures are at nominal value. Provisions are created in the liabilities in the balance sheet for foreseeable risks.

Own shares
Purchases of own shares are recorded at the acquisition date at the cost of acquisition and deducted from equity via the item 'Own shares'. No subsequent valuation is performed. The gains or losses realized from the sale of own shares are recorded in the profit and loss via;

- the item 'Result from trading activities and the fair value option' if own shares were held for trading purposes;
- the item 'Other ordinary income' or 'Other ordinary expenses' if own shares were not held for trading purposes.

Pension benefit obligations
The Bank's employees are insured through the Bank's pension fund. The organisation, management and financing of the pension funds comply with the legal requirements, the deeds of foundation and the current pension fund regulations. All of the Bank's pension funds are defined contribution plans.

The Bank bears the costs of the occupational benefit plan for employees and survivors as per the legal requirements. The employer contribution arising from the pension funds are included in 'Personnel expenses' on an accrual basis.

Since the Bank's pension scheme is a planned contribution scheme, no additional economic benefit or economic obligation are to be calculated from the pension fund.

Recording of business transactions

All business transactions concluded up to the balance sheet date are recorded as of their settlement date (settlement date accounting) and valued according to the above-mentioned principles.

Treatment of past-due interest
Past-due interest and the corresponding commissions are not included as interest income. Interest income only includes interest and commissions that are over 90 days past due and not yet paid. With regard to current account limits, interest and commissions are treated as past due if the credit limit has been exceeded for over 90 days. From this point in time, no accrued interest and commission is recorded in 'Interest and discount income' until there is no more past-due interest longer than 90 days.

Past-due interest is not cancelled retroactively. The liabilities from the accumulated interest up to the expiry of the 90-day term (due unpaid interest and accumulated accrued interest) are written down via the item 'Changes in value adjustments for default risk and losses from interest operations'.

Treatment of translation of foreign currencies
Transactions in foreign currencies are recorded at the respective daily exchange rate. Assets and liabilities are translated at the exchange rate effective at the close of financial year.

The price gain or loss resulting from the currency translation is recorded via the item 'Result from trading activities and the fair value option'.

For the foreign currency translation, the following exchange rates were used:

	31.12.2021	31.12.2020
USD	0.9148	0.8832
EUR	1.0350	1.0850
GBP	1.2334	1.2016

Risk management

The Bank is subject to various banking-specific risks: credit, market and liquidity risks as well as operational and legal risks. The monitoring, identification, measurement and management of these risks is a priority for the Bank.

The risk capacity is set in such a way that the Bank complies with the statutory capital adequacy requirements, even if under the influence of diverse negative events.

The key elements of risk management are:

- a comprehensive risk policy;
- the use of recognised risk measurement and risk management principles;
- the definition of various risk limits and the corresponding monitoring and reporting measures;
- ensuring timely and comprehensive reporting on all risks;
- the allocation of adequate financial and human resources to the risk management;
- highlighting risk awareness at all management levels.

The Board of Directors is the supreme organ of the risk management organisation. It specifies the risk policy and, as part of this, defines the risk philosophy, risk measurement and risk management. The Board of Directors approves the strategic risk limits based on the risk capacity and it monitors compliance with the limits as well as the implementation of the risk policy. To fulfil its monitoring duties, a comprehensive risk report is submitted to the Board of Directors on a regular basis. The internal reports ensure adequate reporting at all levels.

The executive management is responsible for the execution of the Board of Director's policies. It ensures a suitable risk management organisation is in place as well as the use of an adequate risk monitoring system. It allocates the limits approved by the Board of Directors to the organizational units and delegates the corresponding competences. Adequate reporting at all levels is ensured by the internal reports. The risk control unit is independent of business operations the credit, market, liquidity and operational risks incurred. In addition, the risk control unit coordinates all risk reporting.

Credit risk

Loans to clients
The monitoring of credit risks is performed at two levels:

- Ensuring established processes and tools for an in-depth assessment of credit risk and, hence, for high-quality decision-making relating to loans;
- Risk positions are closely monitored and restricted by limits.

Responsibility for sales and responsibility for decisions regarding loans are separated. Authority regarding credit matters is given to the Credit Risk unit and the Executive Committee.

At a different level of competence the Credit Committee of the Board and the Board of Directors are responsible for approving large credit exposures as well as loans and exposures to members of the governing bodies. The Executive Committee, which is independent of the client advisers and the Credit Risk unit, approves smaller credit exposures as well as reviewing the credit situation on a regular basis.

The credit policy of the Bank forms the basis of credit risk monitoring and control. This is expressed, particularly, in the credit conditions and the monitoring of loans. Significant aspects include knowing the purpose of the loan and the client's integrity along with the transparency, plausibility, capability to pay and the proportionality of the transaction.

Credit exposures to counterparties are restricted by credit limits. The loan-to-value ratios of collateral are based on the usual banking standards. All collateral used for mortgage loans is backed by an up-to-date valuation. Valuations are always dependent on the use of each object. The maximum possible financing amount is determined by the Bank's internal loan-to-value ratios and the ability to pay. Amortisation is fixed depending on the risk.

The credit lines and collateral are reassessed and, if necessary, depreciated according to the Bank's own internal time schedule and the process described in the previous section.

Counterparty risk in interbank business
In the interbank business and trading operations, a limit system is used to manage the counterparty and default risks. In principle, the Bank works only with first-class counterparties. The limit depends significantly on the rating and on the capital adequacy of the counterparty. Risk Control monitors compliance with the limits on a daily basis.

A review of the appropriate classification of the counterparties and, thus, of the set limits is performed, usually on an annual basis. Additionally, Risk Control monitors weekly the developments in counterparties' ratings. In cases of extreme market events, a daily situation report is prepared in order to react immediately to increased risk situations.

Market risks

Currency risks
The Bank's currency management serves to minimise any negative impact on the Bank's earnings due to interest rate changes by balancing assets denominated in foreign currencies with the liabilities in foreign currencies.

Trading operations
Trades in derivative financial instruments are mainly on behalf of clients; trades on own account are small and limited to hedging operations for 'nostro' positions and transactions relating to balance sheet structure management. The Bank does not have any market-making activities. Both standardized and OTC instruments are traded.

Liquidity
The liquidity strategy of the Bank has been developed by the Treasury department and approved by the Board of Directors. The Treasury department ensures that the limits and objectives are complied with. The liquidity and financing limits are approved annually by the executive management and the Board of Directors. In doing so, the current and planned business strategy and the risk appetite are considered.

Liquidity management aims to create a solid liquidity position to allow the Bank to pay its obligations in a timely manner at all times. Further, the financing risk is managed through the optimisation of the balance sheet structure.

Operational risks

Operational risks are defined as the risks of losses due to the inadequacy or failure of internal policies, people and systems or due to external events.

The assessment of operational risks and compliance risks evaluates the direct financial losses and the consequences of the loss of client trust and reputation. The primary objective of operational risk management is to ensure the trust of the clients, shareholders and regulators.

The Board of Directors reviews annually the operational risk policy, which, together with the detailed directives, serves as the basis for risk management. Risk-mitigation measures are implemented in the areas of process management, information security and control systems. This also includes ensuring that operations continue in cases of internal or external events or disasters.

The key controls have been documented in a standardized manner. All of the Bank's departments perform (usually on an annual basis) an assessment of the internal control processes in terms of their operational effectiveness and take any improvement measures necessary. The effectiveness of the Business Continuity Management is tested annually. The results of these review measures are included in a report on the operational risks. This report is discussed by the executive management and the Risk Committee of the Board of Directors. The improvement measures are summarily approved by these bodies.

Methods used for identifying default risks and determining the need for value adjustments

Mortgage-based loans
The Bank updates the loan-to-value ratio on an annual basis. Additionally, late payment of interest and amortisation payments are analysed. From this, the Bank identifies mortgages that involve higher risks. These loans are then reviewed in detail. If necessary, additional coverage is requested or a corresponding value adjustment is created based on the coverage shortfall.

Securities-based loans
The commitments and values of collateral for securities-based loans are monitored daily. If the collateral value of the securities falls below the amount of the credit line, the amount of the loan is reduced or additional securities are requested. In the event of extraordinary market conditions or in cases when the coverage gap becomes too significant, the securities are realized and the credit position is closed out.

Unsecured loans
Unsecured loans are usually unsecured account overdrafts of retail clients.

Process for determining value adjustments and provisions
Any new value adjustments and provisions needed are identified by the process described in previously. Furthermore, the known risk exposures already identified as at risk are reassessed at each balance sheet date and the value adjustments are adjusted, if necessary. The Risk Committee assesses and approves all of the value adjustments created for the risk exposures. Then, approval is given by the executive management and the Board of Directors.

Value adjustments and provisions for non-impaired credit exposures are determined individually or on a portfolio basis according to art. 25 par. 1 let. b FINMA Accounting Ordinance. Value adjustments for latent risks of default correspond to the incurred loss, the calculation take into consideration the probability of default of the counterparty based on the default history. Value adjustments and provisions for latent risks are determined for all credit exposure arising from mortgage loans, due from customers, due from banks. Off-balance sheet exposures comprise contingent liabilities and irrevocable commitments.

Valuation of collateral

Mortgage-based loans
Each mortgage-based loan granted is backed by an up-to-date valuation of the collateral. Valuations are always dependent on the use of each object.

The Bank uses as the basis for granting a loan whichever has the lowest value of the internal valuation, the purchase price and the external estimate.

Securities-based loans
Primarily, transferable financial instruments (like loans and shares) that are liquid and actively traded are used for Lombard loans and other securities-based loans. Transferable structured products, for which there is regular market information and a market maker, are also accepted.

The Bank applies a discount to the market value in order to cover the market risk relating to marketable liquid securities and to calculate the 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 discounts are applied to them than are applied to liquid instruments. For life insurance policies or guarantees, a product-specific or client-specific discount is fixed.

Business policy regarding the use of derivative financial instruments

Derivative financial instruments are used for trading.

Derivative financial instruments are traded exclusively by specially trained traders. The Bank does not have any market-making activities. Standardised and OTC instruments are traded on own account and on behalf of clients, especially interest-, currency- and equity/index-based instruments and, to a limited extent, those based on commodities. There is no trading in credit derivatives.

Material events after the balance sheet date

The prevailing extraordinary market conditions as a result of the Russia and Ukraine conflict are closely monitored and followed by Banque Heritage SA.

The governing bodies of the Bank are kept informed of the situation. Request and reporting to the FINMA are timely performed.

The Bank has determined that these events are non-adjusting subsequent events. Accordingly, there are no impact neither on balance sheet nor on the income statement for the year ended 31 December 2021.

Balance sheet related information

1. Breakdown of securities financing transactions

Not applicable.

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

CHF '000	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from customers	14	79 713	7 419	87 146
Mortgage loans	44 492	–	–	44 492
Residential property	39 492	–	–	39 492
Office and business premises	5 000	–	–	5 000
Total loans (before netting with value adjustments) 2021	44 506	79 713	7 419	131 638
Total loans (before netting with value adjustments) 2020	22 927	170 700	7 100	200 726
Total loans (after netting with value adjustments) 2021	44 506	79 713	4 962	129 181
Total loans (after netting with value adjustments) 2020	22 927	170 700	4 695	198 321
Off-balance-sheet				
Contingent liabilities	–	5 317	9 204	14 521
Irrevocable commitments	–	2 210	1 296	3 506
Total off-balance sheet 2021	–	7 527	10 500	18 027
Total off-balance sheet 2020	–	9 395	10 436	19 831

CHF '000	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Impaired loans/receivables				
2021	2 457	–	2 457	2 457
2020	2 406	–	2 406	2 406

As a result of difficulties encountered by certain debtors, the Bank cautiously considered these as impaired. Consequently, the level of impaired loans has been adapted.

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

Not applicable.

4. Presentation of derivative financial instruments (assets and liabilities)

CHF '000	Trading Instruments: Positive replacement values	Trading Instruments: Negative replacement values	Trading Instruments: Contract volumes	Hedging Instruments: Positive replacement values	Hedging Instruments: Negative replacement values	Hedging Instruments: Contract volumes
Foreign exchange/ precious metals						
Forward contracts	1 023	1 524	223 096	–	–	–
Combined interest rate / currency swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange-traded)	–	–	–	–	–	–
Total	1 023	1 524	223 096	–	–	–
Total before netting agreements 2021	1 023	1 524	223 096	–	–	–
of which, determined using a valuation model	*1 023*	*1 524*	*223 096*	–	–	–
Total before netting agreements 2020	1 817	1 516	225 802	–	–	–
of which, determined using a valuation model	*1 817*	*1 516*	*225 802*	–	–	–

Total after netting agreements

CHF '000	Positive replacement values (cumulative)	Negative replacement values (cumulative)
2021	1 023	1 524
2020	1 817	1 516

Breakdown per counterparty

CHF '000	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	–	455	568

All amounts have been rounded off, which may result in minor discrepancies.

5. Breakdown of financial investments

	Book value		Fair value	
CHF '000	2021	2020	2021	2020
Debt securities	41 174	49 987	41 247	50 081
of which, intended to be held to maturity	*41 174*	*49 987*	*41 247*	*50 081*
of which, not intended to be held to maturity (available for sale)	—	—	—	—
Equity securities	39	40	73	40
of which, qualified participations [1]	—	—	—	—
Precious metals	23 493	—	23 493	—
Total	64 706	50 027	64 814	50 121
of which, securities eligible for repo transactions in accordance with liquidity requirements	—	—	—	—

1. *at least 10% of capital or votes*

Breakdown of counterparties by rating

	Book value	
CHF '000	2021	2020
Debt securities		
1 & 2	12 198	16 284
3	10 330	11 405
4	17 594	21 181
5	1 052	1 117
6	—	—
7	—	—
Unrated	—	—
Total	41 174	49 987

Ratings are presented according to the Finma mapping tables. We use the specific ratings of 2 agencies (Standard & Poor's and Moody's), assigned to the instruments we subscribe to. Ratings are presented according to the Moody's rating scale. When the two ratings are available, Banque Heritage applies Moody's rating.

6. Presentation of participations

CHF '000	2020 Acquisition cost	2020 Accumulated value adjustments and changes in book value (valuation using the equity method)	2020 Book value	2021 Additions	2021 Disposals	2021 Value adjustments	2021 Book value	2021 Market value
Participations								
Sallfort Partners AG in liquidation, CH	40	—	40	—	—	40	—	—
HFT International (Guernsey) Ltd., GG	31	—	31	—	—	—	31	—
Meridian Wealth Management SA, CH	255	—	255	—	—	—	255	—
GP Gestion Privée SA, CH	1 654	872	782	—	—	—	782	—
Strye AG, LI	—	—	—	50	—	50	—	—
Total participations	1 980	872	1 108	50	—	90	1 068	—

Sallfort Partners AG in liquidation, will be liquidated early 2022 on 03.01.2022.

Strye AG, an international trade company, was created in 2021 and entirely depreciated.

7. Disclosure of companies in which the bank holds a permanent direct or indirect significant participation

Company name and domicile	Business activity		Company capital CCY 000	Share of capital in %	Share of votes in %	Held directly	Held indirectly
HFT International (Guernsey) Ltd, Guernsey	Holding	CHF	31	100 %	100 %	100 %	—
Banque Heritage (Uruguay) SA, Montevideo, Uruguay	Bank	UYU	415 080	100 %	100 %	—	100 %
Meridian Wealth Management SA, Lausanne, Switzerland	Wealth Management	CHF	500	51 %	51 %	51 %	—
GP Gestion Privée, Sion, Switzerland	Wealth Management	CHF	250	100 %	100 %	100 %	—
Sallfort Partners AG in liquidation, Zürich, Switzerland	Wealth Management	CHF	100	40 %	40 %	40 %	—
Strye AG, Schaan, Liechtenstein	International Trade	CHF	50	100 %	100 %	100 %	—

All amounts have been rounded off, which may result in minor discrepancies.

8. Presentation of tangible fixed assets

CHF '000	Acquisition cost	Accumulated depreciation	Book value 31.12.2020	Reclassifications	Additions	Disposals	Depreciation	Book value as at 31.12.2021
Other tangible fixed assets	19 646	17 510	2 136	—	337	—	602	1 872
Total tangible fixed assets	19 647	17 510	2 136	—	337	—	602	1 872

Off-balance sheet leasing commitments

	Current year	Previous Year
Operating leases not included in the balance sheet		
due within 12 months	2 250	2 223
due between 12 months and 5 years	8 806	8 879
due beyond 5 years	20 350	22 550
Total operating leases not included in the balance sheet	31 407	33 653

9. Presentation of intangible assets

Not applicable.

10. Breakdown of other assets and other liabilities

	Other assets		Other liabilities	
CHF '000	2021	2020	2021	2020
Taxes	391	267	758	794
Various other assets and liabilities	14 000	14 000	—	—
Insurance claim to be received	—	28	4	—
Total	14 391	14 294	762	794

TCHF 81 corresponding to direct taxes were reclassed from Other Assets to Accrued income and prepaid expenses for 2020.

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

	2021		2020	
CHF '000	Book value	Effective commitments	Book value	Effective commitments
Pledged/assigned assets				
Amounts due from banks	12 207	–	11 321	–
Financial investments	10 976	–	15 006	–
Tangible fixed assets	–	–	–	–
Total pledged/assigned assets	23 183	–	26 327	–
Assets under reservation of ownership	–	–	–	–
Amounts due from banks	–	–	–	–
Financial investments	–	–	–	–
Tangible fixed assets	–	–	–	–
Total assets under reservation of ownership	–	–	–	–

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

CHF '000	2021	2020
Amounts due in respect of customer deposits	670	976
Negative replacement values	1	199
Total	671	1 175

All amounts have been rounded off, which may result in minor discrepancies.

13. Disclosures on the economic situation of own pension schemes

Employer contribution reserves (ECR)

There are no employer contribution reserves with the pension schemes relating to the current year or to the previous year.

Presentation of the economic benefit / obligation and the pension expenses

	Overfunding / underfunding at 31.12.2021 (unaudited)	Economic interest of the bank CHF '000		Contributions paid for 2021 CHF '000	Pension expenses in personnel expenses CHF '000	
	in %	2021	2020		2021	2020
Pension plans with overfunding	13.5 %	–	–	1 870	1 870	2 029

Apart from the temporary staff and staff having reached the retirement age, all the Bank's employees are insured with the Bank's own pension scheme since 2006.

The retirement age is 65 years for men and 64 for women. However, the insured parties have the option of taking an early retirement as from the age of 58 resulting in a reduction in their pension.

The last financial statements of the Bank's pension fund (prepared in accordance with Swiss GAAP RPC 26) reveal the following funding ratio:

113.50% as of 31.12.2021 (unaudited)

108.40% as of 31.12.2020 (audited)

The pension scheme covers at a minimum the mandatory benefits stipulated in the Law on Pension Plans (LPP), with an anticipated funding ratio of 113.5% (unaudited) at 31st December 2021. Therefore, there is no requirement to include additonal pension obligations in the Bank's accounts. The Board of Trustees ensures that the pension scheme maintains a funding ratio of at least 100% and intervenes if this threshold is not met.

14. Presentation of issued structured products

Not applicable.

15. Presentation of bonds outstanding and mandatory convertible bond

Not applicable.

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

CHF '000	31.12.2020	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at 31.12.2021
Provisions for other business risks	10 121	(105)	–	–	–	128	(16)	10 128
Other provisions	16 561	–	–	–	–	–	(2 000)	14 561
Total provisions	26 682	(105)	–	–	–	128	(2 016)	24 689
Reserves for general banking risks	–	–	–	–	–	–	–	–
Value adjustments for default and country risks	2 406	–	–	(87)	–	138	–	2 457
of which, value adjustments for default risks in respect of impaired loans/receivables	*2 406*	–	–	*(87)*	–	*138*	–	*2 457*
of which, value adjustments for latent risks	–	–	–	–	–	–	–	–

17. Presentation of the bank's capital

	2021			2020		
	Total par value CHF '000	Number of shares	Capital eligible for dividend CHF '000	Total par value CHF '000	Number of shares	Capital eligible for dividend CHF '000
Share capital						
Registered shares	13 867	138 667	13 867	13 867	138 667	13 867
of which, paid up	*13 867*	*138 667*	*13 867*	*13 867*	*138 667*	*13 867*
Total bank's capital	13 867	138 667	13 867	13 867	138 667	13 867

No special rights are conferred by the share capital.

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

Banque Heritage SA does not have an employee participation scheme.

All amounts have been rounded off, which may result in minor discrepancies.

19. Disclosure of amounts due from/to related parties

	Amounts due from		Amounts due to	
CHF '000	2021	2020	2021	2020
Holders of qualified participations	—	—	—	—
Group companies	4 283	4 261	3 299	2 627
Linked companies	—	—	—	—
Transactions with members of governing bodies	9 369	9 011	11 863	9 494
Other related parties	—	—	—	—

Members of bank's governing bodies perform regular banking operations at the same conditions that apply to the personnel, with the exception of Directors to whom arm's length conditions apply.

20. Disclosure of holders of significant participations

	2021		2020	
	Nominal CHF '000	% of equity	Nominal CHF '000	% of equity
Holders of significant participations and groups of holders of participations with pooled voting rights exceeding 5%				
with voting rights				
Esteve Family	7 354	53.03 %	7 354	53.03 %
Bunita Holding AG (Barth Family)	2 514	18.13 %	2 514	18.13 %
Apalachas Ltd. (Esteve Family)	1 067	7.69 %	1 067	7.69 %
Ecom Agroindustrial Corp. SA (Esteve Family)	1 012	7.30 %	1 012	7.30 %
IEGT PTE Ltd (Esteve Family)	800	5.77 %	800	5.77 %
Banque Heritage SA, (own shares)	703	5.07 %	686	4.94 %

The bank's capital is composed exclusively of one type of registered share. The total number of shares amount to 138'667, each representing CHF 100.- of share capital and each with one voting right.

21. Disclosure of own shares and composition of equity capital

	Average transaction price CHF	Number of shares
Own registered shares as per 01.01.2021		6 856
+ Additions	636	170
- Disposals	—	—
Own registered shares as per 31.12.2021		7 026

In 2021, the Bank repurchased 170 shares from a minority shareholder.

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

Not applicable.

23. Presentation of the maturity structure of financial instruments

CHF '000	At sight	Cancellable	within 3 months	within 3 to 12 months	within 12 months to 5 years	after 5 years	No maturity	Total
Assets/financial instruments								
Liquid assets	146 285	–	–	–	–	–	–	146 285
Amounts due from banks	106 907	–	155 516	–	–	–	–	262 423
Amounts due from customers	–	8 543	52 036	24 110	–	–	–	84 689
Mortgage loans	–	669	17 365	26 459	–	–	–	44 492
Positive replacement values of derivative financial instruments	1 023	–	–	–	–	–	–	1 023
Financial investments	23 532	–	1 554	18 182	21 438	–	–	64 706
Total 2021	277 748	9 213	226 470	68 750	21 438	–	–	603 619
Total 2020	293 774	99 106	154 909	75 432	32 794	–	–	656 015
Debt capital/ financial instruments								
Amounts due to banks	3 635	–	–	–	–	–	–	3 635
Amounts due in respect of customer deposits	538 923	–	–	–	–	–	–	538 923
Negative replacement values of derivative financial instruments	1 524	–	–	–	–	–	–	1 524
Total 2021	544 083	–	–	–	–	–	–	544 083
Total 2020	596 107	–	–	–	–	–	–	596 107

All amounts have been rounded off, which may result in minor discrepancies.

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

	2021		2020	
CHF '000	Domestic	Foreign	Domestic	Foreign
ASSETS				
Liquid assets	146 285	—	143 148	—
Amounts due from banks	153 072	109 351	161 434	101 267
Amounts due from customers	18 028	66 661	14 737	160 657
Mortgage loans	39 492	5 000	22 927	—
Positive replacement values of derivative financial instruments	340	683	1 271	546
Financial investments	23 493	41 213	—	50 027
Accrued income and prepaid expenses	2 115	306	3 165	361
Participations	1 037	31	1 077	31
Tangible fixed assets	1 872	—	2 136	—
Other assets	14 391	—	14 294	—
Total assets	400 126	223 246	364 190	312 890
LIABILITIES				
Amounts due to banks	1 194	2 442	1 099	1 836
Amounts due in respect of customer deposits	92 875	446 048	102 027	489 630
Negative replacement values of derivative financial instruments	1 314	210	634	882
Accrued expenses and deferred income	6 895	—	6 567	—
Other liabilities	762	—	794	—
Provisions	24 689	—	26 682	—
Bank's capital	13 867	—	13 867	—
Statutory capital reserve	16 133	—	16 133	—
Statutory retained earnings reserve	3 700	—	3 700	—
Voluntary retained earnings reserves	5 000	—	5 000	—
Own shares (negative item)	(4 304)	—	(4 196)	—
Profit carried forward	12 426	—	12 346	—
Profit of the period	121	—	80	—
Total liabilities	174 672	448 699	184 732	492 348

All amounts have been rounded off, which may result in minor discrepancies.

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

	2021		2020	
	Absolute CHF '000	Share as %	Absolute CHF '000	Share as %
Europe				
Switzerland	400 126	64.19 %	364 190	53.79 %
Belgium	49 835	7.99 %	51 414	7.59 %
Germany	36 595	5.87 %	29 237	4.32 %
Luxemburg	25 955	4.16 %	24 534	3.62 %
United Kingdom	11 977	1.92 %	12 333	1.82 %
Greece	5 624	0.90 %	8 025	1.19 %
Other European countries	36 111	5.79 %	38 095	5.63 %
North America				
United States	16 605	2.66 %	21 384	3.16 %
Other countries	—	0.00 %	—	0.00 %
Caribbean	12 528	2.01 %	21 561	3.18 %
Other countries	28 015	4.49 %	106 306	15.70 %
Total assets	623 372	100.00 %	677 080	100.00 %

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

	Net foreign exposure at 31.12.2021		Net foreign exposure at 31.12.2020	
	CHF '000	Share in %	CHF '000	Share in %
Rating According to the FINMA Mapping Tables				
1 & 2	189 237	84.77 %	196 255	62.72 %
3	15 850	7.10 %	6 224	1.99 %
4	1 890	0.85 %	7 700	2.46 %
5	4 797	2.15 %	1 233	0.39 %
6	1 411	0.63 %	737	0.24 %
7	2 084	0.93 %	82 485	26.36 %
Unrated	7 976	3.57 %	18 255	5.83 %
Total assets shown in balance sheet	223 246	100.00 %	312 890	100.00 %

The credit rating process is based on the Schweizerische Exportrisikoversicherung, (SERV) country credit ratings as allowed by the circular 2008/19 section 4-4.2 and converted to the FINMA rating standards.

With regards to the completion of this table, the domicile of the customer is retained for the captions "Amounts due from customers" and "Mortgage loans", the domicile of the counterparty is retained for "Amounts due from banks" and the risk domicile is retained for all other captions.

27. Presentation of assets and liabilies broken down by the most significant currencies for the Bank

Currencies in CHF '000 equivalent	CHF	USD	EUR	Others
ASSETS				
Liquid assets	145 563	152	516	55
Amounts due from banks	3 526	183 938	37 305	37 654
Amounts due from customers	31 068	21 165	32 441	15
Mortgage loans	38 800	–	5 693	–
Positive replacement values of derivative financial instruments	1 023	–	–	–
Financial investments	–	13 503	27 710	23 493
Accrued income and prepaid expenses	1 769	173	478	1
Participations	1 068	–	–	–
Tangible fixed assets	1 872	–	–	–
Other assets	14 389	–	–	2
Total assets shown in balance sheet	**239 079**	**218 931**	**104 142**	**61 220**
Delivery entitlements from spot exchange, forward forex and forex options transactions	14 662	68 099	130 066	11 144
Total assets	**253 741**	**287 030**	**234 208**	**72 364**
LIABILITIES				
Amounts due to banks	515	1 826	532	762
Amounts due in respect of customer deposits	87 808	215 555	177 305	58 255
Negative replacement values of derivative financial instruments	1 524	–	–	–
Accrued expenses and deferred income	6 286	80	520	8
Other liabilities	702	60	–	–
Provisions	24 689	–	–	–
Bank's capital	13 867	–	–	–
Statutory capital reserve	16 133	–	–	–
Statutory retained earnings reserve	3 700	–	–	–
Voluntary retained earnings reserves	5 000	–	–	–
Own shares (negative item)	(4 304)	–	–	–
Profit carried forward	12 426	–	–	–
Profit of the period	121	–	–	–
Total liabilities shown in balance sheet	**168 468**	**217 521**	**178 357**	**59 025**
Delivery obligations from spot exchange, forward forex and forex options transactions	86 603	70 499	55 862	11 550
Total liabilities	**255 071**	**288 020**	**234 219**	**70 575**
Net position per currency	(1 330)	(990)	(11)	1 789

Off-balance sheet related information

28. Breakdown of contingent liabilities and contingent assets

CHF '000	2021	2020
Guarantees to secure credits and similar	14 521	16 884
Total contingent liabilities	14 521	16 884
Total contingent assets	–	–

29. Breakdown of credit commitments

Not applicable.

30. Breakdown of fiduciary transactions

CHF '000	Total
Fiduciary investments with third-party companies	75 720
Fiduciary investments with group companies and linked companies	–
Total fiduciary transactions 2021	75 720
Total fiduciary transactions 2020	125 790

31. Breakdown of managed assets and presentation of their development

Breakdown of managed assets

CHF '000	2021	2020
Assets in collective investment schemes managed by the bank	93 558	50 059
Assets under discretionary asset management agreements	989 067	914 754
Other managed accounts	2 467 202	2 735 729
Total managed assets (including double counting)	3 549 827	3 700 543
of which, double counting	*86 287*	*32 300*

Assets under discretionary asset management agreements comprise clients' deposits for which the Bank make the investment decisions.

Other managed assets include those for which the client makes the investment decision, and comprise assets under advisory mandates and execution only. Other managed assets also include assets held for safekeeping by third party banks.

Assets kept by the bank but managed by a third party bank (custody only) are excluded from the table above.

Both assets take into account client deposits as well as market value of securities, precious metal and fiduciary investments placed at third party institutions.

Presentation of the development of managed assets

CHF '000	2021	2020
Total managed assets (including double counting) at beginning	3 700 543	4 561 101
+/– net new money inflow or net new money outflow	(143 348)	(679 936)
+/– price gains / losses, interest, dividends and currency gains / losses	(7 367)	(180 622)
+/– other effects in relation to "M&A" or "asset deal" operations	—	—
Total managed assets (including double counting) at end	3 549 827	3 700 543

The amount of net new money is calculated by determining the inflows and outflows of the managed assets based on transactions at client level. Interest and dividend income relating to the managed assets are not classed as new money inflows. Market and currency fluctuations, charges, commissions and charged interest payments are not included in the net new money.

Income statement related information

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

CHF '000	2021	2020
Breakdown by business area (in accordance with the organisation of the bank)		
Other trading activity	320	422
Trading activity for private clients	4 455	4 333
Own trading activities	(573)	1 115
Trading activity total	**4 202**	**5 870**
Breakdown by underlying risk and based on the use of the fair value option		
Result from trading activities from:		
Interest rate instruments (including funds)	–	(30)
Equity securities (including funds)	–	(5)
Foreign currencies	4 202	5 905
Commodities/precious metals	–	–
Trading result from trading activities	4 202	5 870
of which, from fair value option	–	–
of which, from fair value option on assets	–	–
of which, from fair value option on liabilities	–	–

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

CHF '000	2021	2020
Negative interest related to asset balance sheet operations (decrease of interest and discount income)	581	1 185
Negative interest related to liability balance sheet operations (decrease of interest expense)	11	62

Negative interest income of TCHF 581 (2020: TCHF 1'185) has been presented within the income statement as a decrease of TCHF 581 (2020: TCHF 1'185) within the 'Interest and discount income' caption.

Negative interest related to liability balance sheet operations of TCHF 950 (2020: TCHF 978) has been presented within the income statement as a decrease of TCHF 11 (2020: TCHF 62) within the 'Interest expense' caption and as an increase of TCHF 939 (2020: TCHF 916) within the 'Interest and discount income' caption.

All amounts have been rounded off, which may result in minor discrepancies.

34. Breakdown of personnel expenses

CHF '000	2021	2020
Salaries of directors/officers and staff	20 722	21 035
of which, expenses relating to variable compensation	*2 862*	*2 176*
Social insurance benefits	3 869	3 986
Other personnel expenses	332	335
Total	24 923	25 355

35. Breakdown of general and administrative expenses

CHF '000	2021	2020
Office space expenses	3 602	3 331
Expenses for information and communications technology	5 640	5 743
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	149	195
Fees of audit firm(s) (Art. 961a no. 2 CO)	298	268
of which, for financial and regulatory audits	*276*	*268*
of which, for other services	*22*	*—*
Other operating expenses	3 606	3 972
Total	13 295	13 508

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

	2021		2020	
CHF '000	Extraordinary income	Extraordinary expenses	Extraordinary income	Extraordinary expenses
Profit on sale of participation of Heritage and Partners SA, Switzerland	—	—	250	—
Liquidation surplus on disposal of Heritage and Partners SA, Switzerland	—	—	131	—
Release of hidden reserves	2 000	—	2 500	—
Total extraordinary income and expenses	2 000	—	2 881	—

37. Disclosure of and reasons for revaluations of participations and tangible fixed assets up to acquisition cost at maximum

Not applicable.

38. Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

Not applicable.

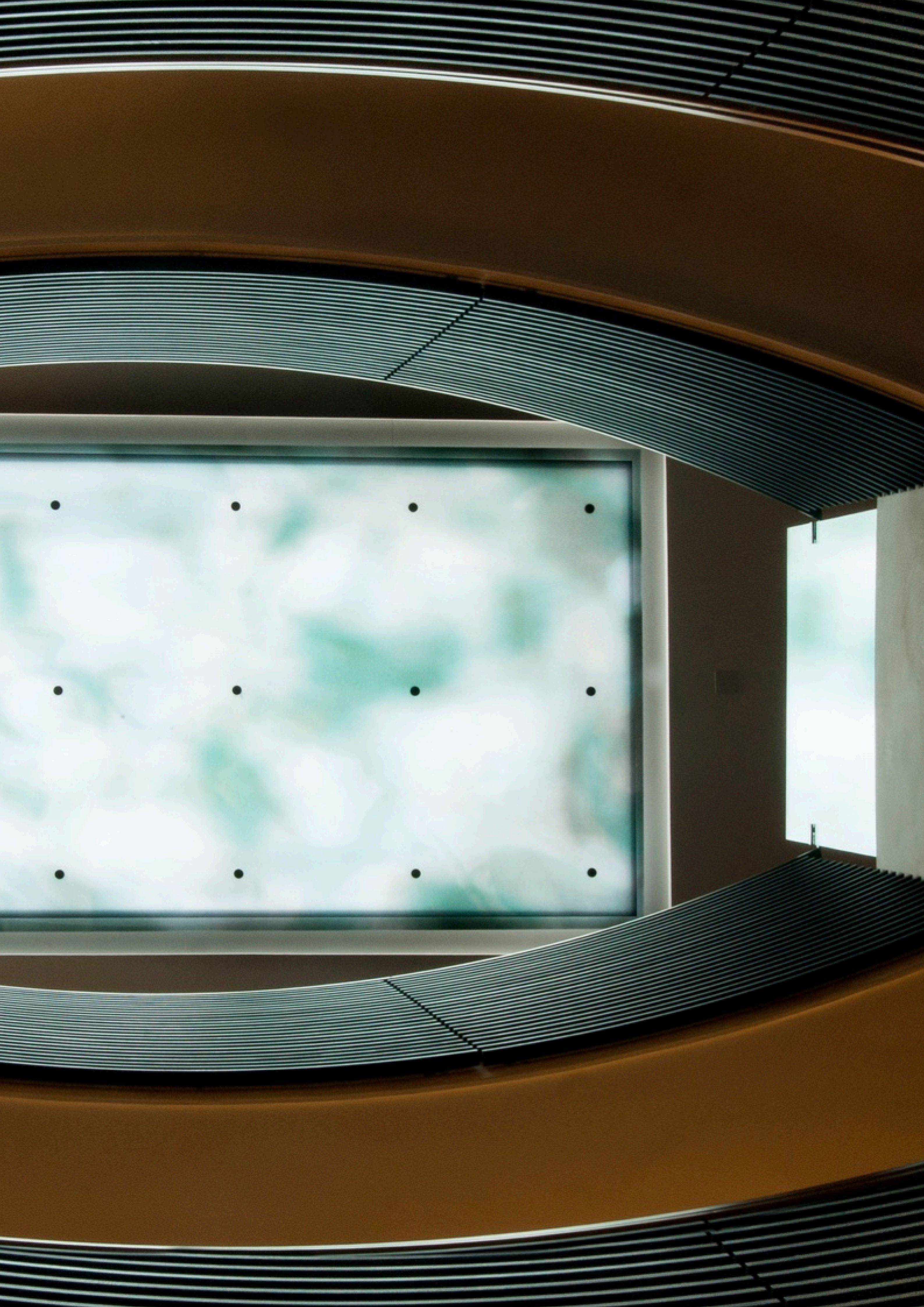
39. Presentation of current taxes, deferred taxes and disclosure of tax rate

CHF '000	2021	2020
Provisions for deferred taxes	–	–
Current tax expenses	194	283
Total taxes	194	283
Operating result	(1 685)	(2 518)
Average tax rate	not applicable	not applicable

40. Disclosures and explanations of the earnings per equity security in the case of listed banks

Not applicable.

All amounts have been rounded off, which may result in minor discrepancies.



Consolidated Financial Statements

Presentation of eligible capital

KM1: Key metrics

(in 1'000 CHF)		a	b	c	d	e
		31.12.2021	30.9.2021	30.6.2021	31.3.2021	31.12.2020
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	83 456				84 362
2	Tier 1	83 456				84 362
3	Total capital	90 774				84 362
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	457 807				444 630
4a	Minimum capital requirement	36 625				35 570
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	18.23 %				18.97 %
6	Tier 1 ratio (%)	18.23 %				18.97 %
7	Total capital ratio (%)	19.83 %				18.97 %
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital convervation buffer requirement (2.5% from 2019) (%)	2.50 %				2.50 %
9	Countercyclical buffer requirement (%)	0.00 %				0.00 %
11	Total of bank CET1 specific buffer requirements (%)	2.50 %				2.50 %
12	CET1 available after meeting the bank's minimum capital requirements (%)	11.83 %				10.97 %
Target capital ratios according to Annex 8 CAO (in % of RWA)						
12a	Capital buffer according to Annex 8 CAO (%)	3.20 %				2.50 %
12b	National countercyclical buffer (articles 44 et 44a CAO) (%)	0.00 %				0.00 %
12c	CET1 target ratio (in %) according to Annex 8 CAO plus national countercyclical buffer in accordance with Articles 44 and 44 a CAO	7.40 %				7.00 %
12d	T1 target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accordance with Articles 44 and 44a CAO	9.00 %				8.50 %
12e	Total capital target ratio (in %) according to Annex 8 CAO plus countercyclical buffer in accprdance with articles 44 and 44a CAO	11.20 %				10.50 %

(in 1'000 CHF)		a	b	c	d	e
		31.12.2021	30.9.2021	30.6.2021	31.3.2021	31.12.2020
Basel III leverage ratio						
13	Total exposure (CHF)	1 129 073				870 004
14	Basel III leverage ratio (%)	7.40 %				9.70 %
Liquidity Coverage Ratio						
15	Total HQLA	314 401	166 038	135 081	141 503	141 204
16	Total net cash outflow	152 714	59 518	65 821	72 350	66 330
17	LCR ratio (%)	205.88 %	278.97 %	205.23 %	195.58 %	212.88 %
Net Stable Funding Ratio (2)						
18	Total available stable funding	792 497				761 385
19	Total required stable funding	526 712				611 171
20	NSFR ratio	150.46 %				124.58 %

OV1: Overview of risk weighted assets

(in 1'000 CHF)		a	b	c
		RWA	RWA	Minimum Capital Requirement
		31.12.2021	31.12.2020	31.12.2021
1	Credit risk	305 031	308 454	24 402
20	Market risk	31 262	14 708	2 501
24	Operational risk	121 514	121 468	9 721
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	–	–	–
27	**Total (1+20+24+25)**	457 807	444 630	36 625

Capital requirements

The following approaches are adopted by the Bank with regards to the calculation of the capital requirements

Credit risk

- *External rating agencies (governments, public corporations, banks, corporates):* Moodys and S&P
- *Risk mitigation:* Comprehensive approach
- *Haircut:* Standard supervisory haircuts
- *Model applied for derivatives:* Standardised approach

Market risk

- *Standardised approach for interest rate risk:* Maturity method
- *Standardised approach for options:* Simplified approach

Operational risk

- *Measurement method:* Basis indicator approach

LIQA: Liquidity risk management

Please refer to "Liquidity" section on page 59 of the introductory notes to the consolidated financial statements.

CR1: Credit risk: Credit quality of assets

	(in 1'000 CHF)	31.12.2021 a	b	c	d
		Gross carrying values of [1]			
		[3] Defaulted exposures	Non-defaulted exposures	[2] Allowances/ impairments	Net values (a + b - c)
1	Loans (excluding debt securities)	8 395	843 503	16 357	835 541
2	Debt securities	—	224 994	—	224 994
3	Off-balance sheet exposures	—	37 314	—	37 314
4	**Total Reporting Period**	8 395	1 105 811	16 357	1 097 848

1 On and off-balance-sheet items with a credit risk exposure as defined in the capital adequacy provisions (with the exception of counterparty credit risks). On balance-sheet items shall include loans and debt securities. Off balance-sheet items must be measured using the following criteria: 1) Guarantees granted: the maximum amount that the bank would have to pay if the guarantee were called (gross amount, i.e. gross of any credit conversion factor (CCF) and prior to appying credit risk mitigation (CRM) techniques; 2) Irrevocable loan commitments must not be included. The gross value shall correspond to the carrying value before taking into account any valuation adjustments but after deducting any write-offs (write-offs are defined as being a direct reduction of the carrying amount made by tha bank if recovering the receivable is no longer possible). Banks must not take into account any credit risk mitigation technique of any type.

2 Total amount of valuation adjustments recorded without taking into account the fact that these cover impaired exposures as well as latent risks and direct write-offs.

3 In the case of SA-BIS, this included and impaired exposures, In the case of IRB, section 452 of the Basel minimum standards (Basel II text) gives the definition for regulatory purposes.

CR3: Credit risk: Credit risk mitigation techniques – overview

(in 1'000 CHF)	31.12.2021 a	c	e&g
	[1] Unsecured exposures /carrying amount	[2] Secured exposures, actual collateralized amount	[3] Exposures secured by financial guarantees
Loans (including debt securities)	911 095	162 995	—
Off balance sheet	21 436	15 877	—
TOTAL	932 531	178 872	—
Of which defaulted	*2 037*	—	—

1 carrying amount of exposures (net of value adjustments) that do not benefit from a credit risk mitigation technique.

2 carrying amount of exposures (net of value adjustments) partly of totally secured by collateral, regardless of what portion of the original exposure is secured.

3 carrying amount of exposures (net of value adjustments) partly of totally secured by guarantees or credit derivatives, regardless of what portion of the original exposure is secured.

ORA: Operational risk: general information

Operational Risks

Please refer to the "Operational risks" section on page 59 of the introductory notes to the financial statements.

Capital Requirements

Please refer to the previous section OV1, subsection "Capital requirements".

IRRBA: Interest rate risk: Objectives and guidelines for the management of interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) is a measure of the risk to the banking group's capital and to its earnings arising from the movement of interest rates. This risk generally arises from repricing risk, basis risk, yield curve risk and risk arising from options.

Excessive levels of interest rate risks can significantly affect the economic value of equity (EVE) as well as the bank's earnings, defined as the net interest income (NII). It is therefore essential to establish an effective risk management process that effectively measures and contains these risks at established levels.

The Board of Directors of the parent company, overviews the Group risk management and risk strategy process, and defines the interest rate risk appetite for the Group on an annual basis. This is essentially performed with the validation of the IRR Global Limit of the Group.

The General Management is responsible for the organization and operation of the management of the IRRBB. The Risk Management function of both banks monitors the interest rate risk of their respective Bank on a daily basis. Furthermore, the interest rate risk is reviewed by the Asset and Liability Committee (ALM) of the parent company on a regular basis.

A formal measure of the IRRBB as defined by circular FINMA 2019/02 is performed by the Bank on a semestrial basis. Interest rate risk is measured using indicators to measure the changes in economic value of the banking book, indicators to measure changes in earnings as well as gap maturities analysis. The six regulatory scenarios that are to be applied within this measure as defined by Circular Finma 2019/2 are i) Parallel shift up; ii) Parallel shift down; iii) Steepener shock; iv) Flattener shock; v) Rise in short-term interest rates; vi) Fall in short-term interest rates.

The mapping process is established on product-specific payment streams that exist within the balance sheet of the Group at the date of generation of the formal measures.

Discounted interest rates are based on present interbank interest rates. Intermediary inexistent rates are linearly extrapolated.

Replication keys are integrated in our internal model with a conservative approach with respect to maturities of the underlying balance sheet structure. These replication keys may be modified should the respective balance sheet(s) not reflect the underlying replication key assumptions. Within these replication keys, term deposits are treated as being withdrawn 70% within one month and 30% within one year to reflect potential behavioural early withdrawals.

Table IRRBBA1: Interest rate risk: quantitative information on the exposure's structure and interest rate fixing date

Fixed and flexible tables

	Volume in CHF million			Average interest rate reset period (in years)	
	Total	Of which in CHF	Of which other significant currencies *	Total	Of which in CHF
Defined interest rate reset date					
Amounts due from banks	173.51	—	173.50	0.10	—
Amounts due from customers	223.67	25.59	162.03	0.78	0.27
Money market mortgage (LIBOR-based)	5.97	—	5.97	—	—
Fixed rate mortgage	44.51	38.29	5.97	0.51	0.39
Financial investments	228.82	—	158.40	0.59	—
Other receivables	—	—	—	—	—
Amounts due to banks	38.66	—	13.81	2.26	—
Undefined interest rate reset dates					
Amounts due from banks	70.08	3.81	44.27	0.08	0.08
Amounts due from customers	13.30	1.31	8.40	0.22	0.22
Money market mortgage (LIBOR-based mortgages)	0.74	0.74	—	1.04	1.04
Other receivables	—	—	—	—	—
Amounts due in respect of client deposits	858.25	89.52	703.39	0.22	0.22
Other payables	1.40	0.00	1.40	0.08	0.08
Total	**1 738.73**	**159.27**	**1 305.07**	**—**	**—**

** representing more than 10% of assets or liabilities of total assets*

Table IRRBB1: Interest rate risk: quantitative information on the exposure's net present value and interest rate income

(in 1'000 CHF)		DELTA EVE		DELTA NII
Period	31.12.2021	30.06.2021	31.12.2021	30.06.2021
Parallel shift up	(1 872)	(1 864)	(4 646)	(4 462)
Parallel shift down	2 081	2 593	4 552	4 365
Steepener shock 1	(349)	(1 033)		
Flattener shock 2	(35)	760		
Rise in short-term interest rates	(656)	(77)		
Fall in short-term interest rates	718	102		
Maximum	(1 872)	(1 864)	(4 646)	(4 462)
Period		31.12.2021		30.06.2021
Tier 1 capital		83 032		84 362

For each of the supervisory prescribed interest rate shock scenarios, the bank must report for the current period and for previous period: (1) The change in the economic value of equity based on its IMS, using a run-off balance sheet and an instantaneous shock or based on the result of the standardised framework as set out in Section IV if the bank has chosen to adopt the framework or has been mandated by its supervisor to follow the framework. (2) The change in projected NII over a forward-looking rolling 12-month period compared with the bank's own best estimate 12-month projections, using a constant balance sheet assumption and an instantaneous shock.

to the General Meeting of Banque Heritage SA, Geneva

Report on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Banque Heritage SA (page 51 to 78), which comprise the consolidated balance sheet, consolidated income statement, cash flow statement, statement of changes in equity and notes, for the year ended 31 December 2021.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with accounting rules for banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting rules for banks and comply with Swiss law.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers SA

Omar Grossi	Jonathan Derungs
Audit expert Auditor in charge	Audit expert

Geneva, 27 April 2022

PricewaterhouseCoopers SA
Avenue Giuseppe-Motta 50, case postale, 1211 Geneva 2, Switzerland Telephone: +41 58 792 91 00, Facsimile: +41 58 792 91 10, www.pwc.ch

CHF '000	2021	2020
ASSETS		
Liquid assets	257 572	244 389
Amounts due from banks	297 836	315 441
Amounts due from customers	228 091	296 071
Mortgage loans	44 884	23 393
Positive replacement values of derivative financial instruments	1 187	1 822
Financial investments	249 280	174 187
Accrued income and prepaid expenses	5 665	7 045
Non-consolidated participations	–	113
Tangible fixed assets	6 673	6 723
Other assets	14 391	14 294
Total assets	**1 105 579**	**1 083 479**
Total subordinated claims	–	–
of which subject to mandatory conversion and / or debt waiver	–	–
LIABILITIES		
Amounts due to banks	34 099	14 146
Amounts due in respect of customer deposits	959 657	956 277
Negative replacement values of derivative financial instruments	1 524	1 520
Accrued expenses and deferred income	13 293	13 329
Other liabilities	782	807
Provisions	12 759	13 039
Share capital	13 867	13 867
Capital reserve	23 624	23 624
Retained earnings reserve	54 974	54 989
Currency translation reserve	(3 275)	(4 249)
Own shares (negative item)	(4 304)	(4 196)
Minority interests in equity	278	271
Consolidated (loss)/profit	(1 699)	56
of which minority interests in consolidated (loss)/profit	*84*	*69*
Total liabilities	**1 105 579**	**1 083 479**
Total subordinated liabilities	–	–
of which subject to mandatory conversion and / or debt waiver	–	–
OFF-BALANCE SHEET TRANSACTIONS		
Contingent liabilities	30 907	33 646
Irrevocable commitments	4 629	6 200

All amounts have been rounded off, which may result in minor discrepancies.

CHF '000	2021	2020
Result from interest operations		
Interest and discount income	10 041	9 794
Interest and dividend income from financial investments	4 560	4 784
Interest expense	(3 438)	(2 431)
Gross result from interest operations	**11 163**	**12 147**
Changes in value adjustments for default risks and losses from interest operations	(138)	(1 090)
Subtotal net result from interest operations	**11 025**	**11 057**
Result from commission business and services		
Commission income from securities trading and investment activities	38 920	38 042
Commission income from lending activities	443	718
Commission income from other services	6 060	5 130
Commission expense	(7 599)	(7 562)
Subtotal result from commission business and services	**37 823**	**36 329**
Result from trading activities and the fair value option	**5 579**	**7 424**
Other result from ordinary activities		
Result from the disposal of financial investments	468	1 031
Income from participations	–	38
of which, recognised using the equity method	*–*	*38*
of which, from other non-consolidated participations	*–*	*–*
Other ordinary income	162	302
Other ordinary expenses	(404)	(131)
Subtotal other result from ordinary activities	**226**	**1 239**
Operating expenses		
Personnel expenses	(35 467)	(37 111)
General and administrative expenses	(18 110)	(18 514)
Subtotal operating expenses	**(53 577)**	**(55 626)**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(1 317)	(1 417)
Changes to provisions and other value adjustments and losses	(482)	(207)
Operating result	**(723)**	**(1 201)**
Extraordinary income	18	381
Extraordinary expenses	(95)	–
Taxes	(899)	876
Consolidated (loss)/profit	**(1 699)**	**56**
of which, minority interests in consolidated profit	*84*	*69*

All amounts have been rounded off, which may result in minor discrepancies.

CHF '000	2021 Cash in-flow	2021 Cash out-flow	2020 Cash in-flow	2020 Cash out-flow
Cash flow from operating activities (internal financing)				
Consolidated loss	–	1 699	56	–
Change in reserves for general banking risks	–	–	–	–
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	1 317	–	1 417	–
Provisions and other value adjustments	159	439	295	2 526
Change in value adjustments for default risks and losses	561	113	1 520	1 344
Accrued income and prepaid expenses	1 380	–	–	2 420
Accrued expenses and deferred income	–	35	–	808
Other assets	–	96	–	105
Other liabilities	–	25	–	11
Previous year's dividend	–	60	–	81
Subtotal	3 418	2 468	3 288	7 295
Cash flow from shareholder's equity transactions				
Profit reserves	–	15	7	–
Currency translation adjustment	974	–	–	2 564
Change in own equity securities	–	108	–	1 158
Minority interests in equity	7	–	8	–
Subtotal	981	123	15	3 722
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Non-consolidated participations	113	–	–	38
Real estate	–	125	230	–
Other tangible fixed assets	–	1 143	–	964
Subtotal	113	1 267	230	1 002
Cash flow from banking operations				
Medium and long-term business (> 1 year)				
Amounts due to banks	7 505	–	–	36
Amounts due in respect of customer deposits	–	151	214	–
Amounts due from banks	15	–	4	–
Amounts due from customers	–	11 745	–	13 361
Mortgage loans	80	–	–	97
Financial investments	6 372	–	–	28 875
Short-term business				
Amounts due to banks	12 449	–	8 512	–
Amounts due in respect of customer deposits	3 531	–	91 136	–
Negative replacement values of derivative financial instruments	5	–	–	1 787
Amounts due from banks	17 591	–	–	142 969
Amounts due from customers	79 277	–	–	21 565
Mortgage loans	–	21 570	–	14 752
Positive replacement values of derivative financial instruments	635	–	–	338
Financial investments	–	81 465	–	19 984
Liquidity				
Liquid assets	–	13 184	152 383	–
Total	131 974	131 974	255 783	255 783

All amounts have been rounded off, which may result in minor discrepancies.

	Share capital	Capital reserve	Retained earnings reserve	Currency translation reserves	Own shares (negative item)	Minority interests	Result	Total
Equity at start of current year	13 867	23 624	54 989	(4 249)	(4 196)	271	56	**84 363**
Appropriation of retained earnings 2020								
Allocated to the retained earnings reserve	—	—	49	—	—	7	(56)	**—**
Dividends	—	—	[1] (60)	—	—	—	—	**(60)**
Acquisition of own shares	—	—	—	—	(108)	—	—	**(108)**
Disposal of own shares	—	—	—	—	—	—	—	**—**
Currency translation differences	—	—	—	974	—	—	—	**974**
Other allocations (transfers from) the other reserves	—	—	(5)	—	—	—	—	**(5)**
Consolidated profit	—	—	—	—	—	—	(1 699)	**(1 699)**
Equity at end of current period	13 867	23 624	54 974	(3 275)	(4 304)	278	(1 699)	83 465

[1] *TCHF 60 of dividends from Meridian Wealth Management SA were paid to the minority shareholders.*

Banque Heritage Group (the 'Group') is composed of a bank with its headquarters in Geneva, three branches in Zurich, Basel and Sion as well as banking and non-banking subsidiaries established in Switzerland, Uruguay and Guernsey.

Accounting principles and valuation method

General principles

The accounting and valuation principles are based on the Code of Obligations (CO), the Banking Act and its related Ordinance, the FINMA Accounting Ordinance (OEPC FINMA) as well as the Accounting rules for banks (FINMA circular 20/1). The accompanying Group financial statements have been established to present the economic situation of the Group such that a third party can form a true and fair view.

In the notes, the individual amounts are rounded to the nearest thousand francs for publication purposes, but the calculations are based on non-rounded figures which may generate small rounding differences.

Change in accounting principles

There were no changes in the accounting and valuation principles compared to the previous year, with the following exceptions.

On 1 January 2020, the new FINMA Accounting Ordinance and the revised FINMA Circular 2020/1 "Accounting - Banks" came into force. These provisions now require the recognition of default risk allowances for non-impaired loans and risk provisions for off-balance sheet transactions, except for possible positions for which a provision has been made due to a probable and reliably estimable cash outflow. The methods for identifying default risks and determining the need for provisions are explained in detail in the notes to the financial statements in Section "Methods used for identifying default risks and determining the need for value adjustments".

Scope of Consolidation

The consolidated accounts comprise the financial statements of Banque Heritage SA and those companies in which the latter has a controlling interest either directly or indirectly. Such an interest is established when the participation confers over 50% of the voting rights associated with a company's share capital. The part of shareholders' equity and net profit (loss) attributable to minority interests is stated separately in the balance sheet and in the income statement.

Method of Consolidation
The following companies were fully consolidated:

Entity	Share of capital (in %) 2021	2020
Banque Heritage SA, Geneva	(parent company)	(parent company)
HFT International (Guernsey) Limited, Guernsey	100%	100%
Banque Heritage (Uruguay) SA, Montevideo	100%	100%
Meridian Wealth Management SA, Lausanne, Switzerland	51%	51%
GP Gestion Privée SA, Sion, Switzerland	100%	100%
Strye AG, Schaan, Liechenstein	100%	0%

The following company was integrated in the consolidated financial statement using the equity method:

Entity	Share of capital (in %) 2021	2020
Sallfort Partners AG in liquidation, Zürich, Switzerland	40%	40%

General valuation principles

The financial statements are established according to the assumption of the going concern principle.

Assets and liabilities, together with off-balance-sheet business recognised under the same accounting heading, are valued on an individual basis.

Transactions are recorded and valued in accordance with generally accepted principles. As a rule, they will be recognised in the balance sheet as of the settlement date or the date on which the trading and cash-management transactions were closed.

As a principle, no offsetting is undertaken between assets and liabilities or between expenses and income. The exception to this rule relates to the deduction of value adjustments from the corresponding asset item.

Liquid assets
Liquid assets are recognized at their nominal value.

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.

Amounts due in respect of precious metal account deposits are values at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Doubtful receivables are valued individually and depreciated by means of individual value adjustments. The depreciation of doubtful receivables is determined by the difference between the book value of the receivable and the anticipated recoverable amount. The anticipated recoverable amount is the liquidation value (estimated realizable value minus the costs of retention and liquidation).

If a receivable is categorized as entirely or partially irrecoverable, the receivable is derecognized by booking it against the corresponding value adjustment.

If recovered amounts from receivables written off in earlier periods cannot be used immediately for other value adjustments of the same type, they are recognized in 'Changes in value adjustments for default risks and losses from interest operations' in the income statement.

Doubtful receivables are reclassified as performing if the outstanding amount of capital and interest are paid again on time according to the contractual agreements and other creditworthiness criteria. Value adjustments are released with an effect on income via the item 'Changes in value adjustments for default risk and losses from interest operations'.

Due from customers are made of lombard credits guaranted by securities, whereas mortgage loans are covered by pledge deeds. Therefore, no value adjustment for non impaired loans is recorded.

As FINMA category 4 Bank, the Bank applies value adjustments and provisions for latent risks on non-impaired loans and other credit exposures. For the methodology on such value adjustments and provisions refer to section Section "Methods used for identifying default risks and determining the need for value adjustments".

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

Amounts due in respect of precious metal account deposits are valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Positive and negative replacement values of derivative financial instruments
Derivative instruments are used for trading purposes. The Bank undertakes derivative transactions for its clients and systematically undertakes the same operation with bank counterparts thus limiting its own exposure.

The valuation of derivative financial instruments for trading purposes is done according to the fair value and the positive or negative replacement value is recorded in the corresponding item. The fair value is based on market prices, dealer's price quotations, discounted cash flows and option pricing models.

The realized result from trading operations and the unrealized result from valuations relating to trading operations are recorded via the item 'Result from trading activities and the fair value option'.

Financial investments
Financial investments include debt instruments, equity securities, physical stocks of precious metals as well as properties and goods acquired in relation to loan transactions and destined for sale.

Precious metals are valued at their market value at the closing date.

For debt instruments and equity securities, if the fair value of financial investments valued using the lower of cost or market principle increases again after declining below the historical cost, the value may be appreciated up to a maximum of the historical cost. The balance of the value adjustments is recorded via the item 'Other ordinary expenses' or 'Other ordinary income'.

Held-to-maturity debt instruments
The valuation is based on the acquisition cost principle with the agio/disagio (premium/discount) accrued/deferred over the residual term to maturity (accrual method). The agio/disagio is accrued/deferred over the residual term to maturity via the item 'Accrued income and prepaid expenses' or 'Accrued expenses and deferred income'. Value adjustments for default risk are recorded immediately under 'Changes in value adjustments for default risk and losses from interest operations'.

If held-to-maturity financial investments are sold or reimbursed early, the realized gains and losses, which correspond to the interest component, are accrued/deferred over the residual term to maturity of the transaction via the item 'Other assets' or 'Other liabilities'.

Available for sale
The valuation is based on the lower of cost or market value principle. The value adjustments arising from a subsequent valuation are recorded for each balance via the item 'Other ordinary expenses' or 'Other ordinary income'. Value adjustments for default risk are made immediately via the items 'Changes in value adjustments for default risk and losses from interest operations'.

Equity securities, physical stocks of precious metals
The valuation is based on the lower of cost or market value principle. The value adjustments arising from a subsequent valuation are recorded via the item 'Other ordinary expenses' or 'Other ordinary income'.

Tangible fixed assets
Investments in tangible fixed assets are capitalised as an asset if they are used for more than one accounting period and exceed the minimal value for recognition of CHF 2'000.

Tangible fixed assets are recognised at acquisition cost minus the scheduled accumulated amortisation over the estimated operating life.

Tangible fixed assets are amortized at a consistent rate (straight-line amortisation) over a prudent estimated operating life via the item 'Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets'. The estimated operating lives of specific categories of tangible fixed assets are as follows:

Asset class	Operating life
Buildings used by the Group	66 years
Building structural work	minimum between rent-term and 15 years
Building adaptation	minimum between rent-term and 8 years
Other work on the building	minimum between rent-term and 5 years
Equipment/vehicles	5 years
Computer software	5 years
Computer and audiovisual equipment	3 years

Acquisition of works of art are exempt from straight-line amortization and valued at the lower of acquisition cost, insurance value or impaired value.

Each tangible fixed asset is tested for impairment as of the balance sheet date. This test is based on indicators reflecting a possible impairment of individual assets impaired. If any such indicators exist, the recoverable amount is calculated. The recoverable amount is calculated for each individual asset. An asset is impaired if its carrying amount exceeds its recoverable amount.

If the asset is impaired, the book value is reduced to match the recoverable value and the impairment is charged via the item 'Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets'.

If the impairment test shows that the operating life of an intangible asset has changed, the residual carrying amount should be depreciated systematically over the newly estimated useful life.

Realized gains from the sale of tangible fixed assets are recorded via the item 'Extraordinary income' and realized losses are recorded via the item 'Extraordinary expenses'.

Intangible assets
Acquired intangible assets are recognized in the balance sheet if they yield measurable benefits for the company for several years. The estimated operating lives of existing intangible fixed assets are as follows:

Intangible asset category	Operating life
Goodwill	max. 3 years

Each intangible asset is tested for impairment as of the balance sheet date. If such is the case, the book value is reduced to match the recoverable value and the impairment is charged via the item 'Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets'.

Provisions
Legal and factual obligations are valued regularly. If an outflow of resources is likely and can be reliably estimated, a corresponding provision must be created.

Existing provisions are reassessed at each balance sheet date. Based on this reassessment, the provisions are increased, left unchanged or released. Positions are recorded as follows via the individual items in the income statement:

- Provision for deferred taxes: 'Taxes'
- Pension provision: 'Personnel expenses'
- Other provisions: 'Changes to provisions and other value adjustments, losses', except provisions for restructuring

Provisions are released via the income statement if they are no longer needed on business grounds and cannot be used for other similar purposes at the same time.

Taxes

Current taxes
Current income taxes are recurring, usually annual, taxes on profits and capital. Transaction-related taxes are not included in current taxes. Expense due to income and capital tax is disclosed in the income statement via the item 'Taxes'.

Deferred taxes
Deferred taxes, arising from temporary timing differences between the value for tax purposes and the financial accounting value of assets and liabilities are recorded as deferred taxes under 'Provisions'.

Off-balance-sheet transactions
Off-balance-sheet disclosures are at nominal value. Provisions are created in the liabilities in the balance sheet for foreseeable risks.

Own equity securities
Purchases of own shares are recorded at the acquisition date at the cost of acquisition and deducted from equity via the item 'Own shares'. No subsequent valuation is performed. The gains or losses realized from the sale of own shares are recorded in the item 'Capital reserve' of the balance sheet.

Pension benefit obligations
The pension obligations and the assets used to cover them are segregated in the parent company's own pension scheme, which is legally autonomous. The organization, management and financing of the pension plan comply with legal requirements, the pension scheme's by-laws, and the prevailing pension regulations.

The economic liabilities to the pension scheme are posted under the parent company's 'Provisions'. The employer contributions are stated as personnel expenses.

Concerning Banque Heritage (Uruguay) SA, employees are insured with a state foundation in Uruguay which covers retirement benefits. Though the level of coverage of this foundation is underfunded, given the defined contribution plan characteristic, it does not generate pension commitments in the books of Banque Heritage (Uruguay) SA. Concerning other Group entities, contributions are based on the principle of distribution. Therefore, there are no commitments towards pension foundations.

Recording of business transactions
All business transactions concluded up to the balance sheet date are recorded as of their settlement date (settlement date accounting) and valued according to the above-mentioned principles.

Treatment of past-due interest
Past-due interest and the corresponding commissions are not included as interest income. These are defined as interest and commissions that are over 90 days past due and not yet paid. With regard to current account limits, interest and commissions are treated as past due if the credit limit has been exceeded for over 90 days. From this point in time, no accrued interest and commission is recorded in 'Interest and discount income' until there is no more past-due interest longer than 90 days.

Past-due interest is not cancelled retroactively. The liabilities from the accumulated interest up to the expiry of the 90-day term (due unpaid interest and accumulated accrued interest) are written down via the item 'Changes in value adjustments for default risk and losses from interest operations'.

Treatment of translation of foreign currencies
Transactions in foreign currencies are recorded at the respective daily exchange rate. Assets and liabilities of Group companies are translated at the exchange rate effective at the close of the financial year.

The profit and loss of entities with non-Swiss functional currencies are converted to Swiss francs in the consolidated financial statement using the average rate. Exchange differences resulting from conversion into Swiss francs of individual financial statements are recognized in equity in the item ‘Currency translation reserve’.

For the currency translation, the following exchange rates were used:

	2021		2020	
	Closing rate	Average rate	Closing rate	Average rate
USD	0.9148	0.91416	0.8832	0.93305
EUR	1.0350	not applicable	1.0850	not applicable
GBP	1.2334	not applicable	1.2016	not applicable

Risk management

The Group is subject to various banking-specific risks: credit, market and liquidity risks as well as operational and legal risks. The monitoring, identification, measurement and management of these risks is a priority for the Group.

The risk capacity is set in such a way that the Group complies with the statutory capital adequacy requirements, even if under the influence of diverse negative events.

The key elements of risk management are:

- a comprehensive risk policy;
- the use of recognised risk measurement and risk management principles;
- the definition of various risk limits and the corresponding monitoring and reporting measures;
- ensuring timely and comprehensive reporting on all risks;
- the allocation of adequate financial and human resources to the risk management; and
- highlighting risk awareness at all management levels.

The Board of Directors of the parent company is the supreme organ of the risk management organisation. It specifies the risk policy and, as part of this, defines the risk philosophy, risk measurement and risk management. The Board of Directors of the parent company approves the strategic risk limits based on the risk capacity and it monitors compliance with the limits as well as the implementation of the risk policy. To fulfil its monitoring duties, a comprehensive risk report is submitted to the Board of Directors of the parent company on a regular basis. The internal reports ensure adequate reporting at all levels.

The executive management of the parent company is responsible for the execution of the Board of Director's policies of the parent company. It ensures a suitable risk management organisation is in place as well as the use of an adequate risk monitoring system. It allocates the limits approved by the Board of Directors of the parent company to the organizational units and delegates the corresponding competences. Adequate reporting at all levels is ensured by the internal reports. The risk control unit of the parent company is independent of business operations the credit, market, liquidity and operational risks incurred. In addition, the risk control unit coordinates all risk reporting.

Credit risk

Loans to clients
The monitoring of credit risks is performed at two levels:

- Ensuring established processes and tools for an in-depth assessment of credit risk and, hence, for high-quality decision-making relating to loans;
- Risk positions are closely monitored by qualified experts and restricted by limits;

Responsibility for sales and responsibility for decisions regarding loans are separated. Authority regarding credit matters is given to the Credit Office and the Credit Committee.

At a different level of competence the Credit Committee of the Board and the Board of Directors are responsible for approving large credit exposures as well as loans and exposures to members of the governing bodies. The Executive Committee, which is independent of the client advisers and the Credit Risk unit, approves smaller credit exposures as well as reviewing the credit situation on a regular basis.

The credit policy of the Group forms the basis of credit risk monitoring and control. This is expressed, particularly, in the credit conditions and the monitoring of loans. Significant aspects include knowing the purpose of the loan and the client's integrity along with the transparency, plausibility, ability to pay and the proportionality of the transaction.

Credit exposures to counterparties are restricted by credit limits. The loan-to-value ratios of collateral are based on the usual banking standards. All collateral used for mortgage loans is backed by an up-to-date valuation. Valuations are always dependent on the use of each object. The maximum possible financing amount is determined by the Group's internal loan-to-value ratios and the ability to pay. Amortisation is fixed depending on the risk.

The credit lines and collateral are reassessed and, if necessary, depreciated according to the Group's own internal time schedule and the process described in the previous section.

Counterparty risk in interbank business
In the interbank business and trading operations, a limit system is used to manage the counterparty and default risks. In principle, the Group works only with first-class counterparties. The limit depends significantly on the rating and on the capital adequacy of the counterparty. Risk Control monitors compliance with the limits on a daily basis.

A review of the appropriate classification of the counterparties and, thus, of the set limits is performed, usually on an annual basis. Additionally, Risk Control monitors weekly the developments in counterparties' ratings. In cases of extreme market events, a daily situation report is prepared in order to react immediately to increased risk situations.

Market risks

Currency risks
The Group's currency management serves to minimise any negative impact on the Group's earnings due to interest rate changes by balancing assets denominated in foreign currencies with the liabilities in foreign currencies.

Trading operations
Trades in derivative financial instruments are mainly on behalf of clients; trades on own account are small and limited to hedging operations for 'nostro' positions and transactions relating to balance sheet structure management. The Group does not have any market-making activities. Both standardized and OTC instruments are traded.

Liquidity
The liquidity strategy of the Group has been developed by the Treasury department and approved by the Board of Directors of the parent company. The Treasury department ensures that the limits and objectives are complied with. The liquidity and financing limits are approved annually by the executive management and the Board of Directors of the parent company. In doing so, the current and planned business strategy and the risk appetite are considered.

Liquidity management aims to create a solid liquidity position to allow the Group to pay its obligations in a timely manner at all times. Further, the financing risk is managed through the optimisation of the balance sheet structure.

Operational risks

Operational risks are defined as the risks of losses due to the inadequacy or failure of internal policies, people and systems or due to external events.

The assessment of operational risks and compliance risks evaluates the direct financial losses and the consequences of the loss of client trust and reputation. The primary objective of operational risk management is to ensure the trust of the clients, shareholders and regulators.

The Board of Directors of the parent company reviews annually the operational risk policy, which, together with the detailed directives, serves as the basis for risk management. Risk-mitigation measures are implemented in the areas of process management, information security and control systems. This also includes ensuring that operations continue in cases of internal or external events or disasters.

The key controls have been documented in a standardized manner. All of the Group's departments perform (usually on an annual basis) an assessment of the internal control processes in terms of their operational effectiveness and take any improvement measures necessary. The effectiveness of the Business Continuity Management is tested annually. The results of these review measures are included in a report on the operational risks. This report is discussed by the executive management and the Risk Committee of the Board of Directors of the parent company. The improvement measures are summarily approved by these bodies.

Methods used for identifying default risks and determining the need for value adjustments

Mortgage-based loans
The Group updates the loan-to-value ratio on an annual basis. Additionally, late payment of interest and amortisation payments are analysed. From this, the Group identifies mortgages that involve higher risks. These loans are then reviewed in detail. If necessary, additional coverage is requested or a corresponding value adjustment is created based on the coverage shortfall.

Securities-based loans
The commitments and values of collateral for securities-based loans are monitored daily. If the collateral value of the securities falls below the amount of the credit line, the amount of the loan is reduced or additional securities are requested. In the event of extraordinary market conditions or in cases when the coverage gap becomes too significant, the securities are realized and the credit position is closed out.

Unsecured loans
Unsecured loans are usually commercial working-capital loans or unsecured account overdrafts of retail clients.

Process for determining value adjustments and provisions
Any new value adjustments and provisions needed are identified by the process described in previously. Furthermore, the known risk exposures already identified as at risk are reassessed at each balance sheet date and the value adjustments are adjusted, if necessary. The Risk Committee assesses and approves all of the value adjustments created for the risk exposures. Then, approval is given by the executive management and the Board of Directors.

Value adjustments and provisions for non-impaired credit exposures are determined individually or on a portfolio basis according to art. 25 par. 1 let. b FINMA Accounting Ordinance. Value adjustments for latent risks of default correspond to the incurred loss, the calculation take into consideration the probability of default of the counterparty based on the default history. Value adjustments and provisions for latent risks are determined for all credit exposure arising from mortgage loans, due from customers, due from banks. Off-balance sheet exposures comprise contingent liabilities and irrevocable commitments.

Valuation of collateral

Mortgage-based loans
Each mortgage-based loan granted is backed by an up-to-date valuation of the collateral. Valuations are always dependent on the use of each object.

The Group uses, as the basis for granting a loan, the lowest value between the internal valuation, the purchase price and eventually the external estimate.

Securities-based loans
Primarily, transferable financial instruments (like loans and shares) that are liquid and actively traded are used for Lombard loans and other securities-based loans. Transferable structured products, for which there is regular market information and a market maker, are also accepted.

The Group applies a discount to the market value in order to cover the market risk relating to marketable liquid securities and to calculate the 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 discounts are applied to them than are applied to liquid instruments. For life insurance policies or guarantees, a product-specific or client-specific discount is fixed.

Business policy regarding the use of derivative financial instruments

Derivative financial instruments are used for trading. Derivative financial instruments are traded exclusively by specially trained traders. The Group does not have any market-making activities. Standardised and OTC instruments are traded on own account and on behalf of clients, especially interest, currency and equity/index-based instruments and, to a limited extent, those based on commodities. There is no trading in credit derivatives.

Material events after the balance sheet date

The prevailing extraordinary market conditions as a result of the Russia and Ukraine conflict are closely monitored and followed by Banque Heritage SA.

The governing bodies of the Bank are kept informed of the situation. Request and reporting to the FINMA are timely performed.

The Bank has determined that these events are non-adjusting subsequent events. Accordingly, there are no impact neither on balance sheet nor on the income statement for the year ended 31 December 2021.

Balance sheet related information

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

CHF '000	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from customers	27 555	103 626	103 268	234 448
Mortgage loans	44 884	—	—	44 884
Residential property	39 884	—	—	39 884
Office and business premises	5 000	—	—	5 000
Total loans (before netting with value adjustments) 2021	72 439	103 626	103 268	279 332
Total loans (before netting with value adjustments) 2020	49 489	198 823	77 097	325 409
Total loans (after netting with value adjustments) 2021	71 811	103 626	97 538	272 975
Total loans (after netting with value adjustments) 2020	48 865	198 823	71 776	319 465
Off-balance-sheet				
Contingent liabilities	323	9 805	20 780	30 907
Irrevocable commitments	—	2 667	1 962	4 629
Total off-balance sheet 2021	323	12 472	22 741	35 536
Total off-balance sheet 2020	574	12 994	26 279	39 846

CHF '000	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Impaired loans/receivables				
2021	8 395	1 730	6 664	6 357
2020	8 357	1 749	6 608	5 944

As a result of difficulties encountered by certain debtors, the Group cautiously considered these as impaired. Consequently, the level of impaired loans has been adapted.

2. Presentation of derivative financial instruments (assets and liabilities)

CHF '000	Trading Instruments: Positive replacement values	Trading Instruments: Negative replacement values	Trading Instruments: Contract volumes	Hedging Instruments: Positive replacement values	Hedging Instruments: Negative replacement values	Hedging Instruments: Contract volumes
Foreign exchange/ precious metals						
Forward contracts	1 187	1 524	229 107	–	–	–
Combined interest rate / currency swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange-traded)	–	–	–	–	–	–
Total	1 187	1 524	229 107	–	–	–
Total before netting agreements 2021	1 187	1 524	229 107	–	–	–
of which, determined using a valuation model	*1 187*	*1 524*	*229 107*	–	–	–
Total before netting agreements 2020	1 822	1 520	229 284	–	–	–
of which, determined using a valuation model	*1 822*	*1 520*	*229 284*	–	–	–

Total after netting agreements

CHF '000	Positive replacement values (cumulative)	Negative replacement values (cumulative)
2021	1 187	1 524
2020	1 822	1 520

Breakdown per counterparty

CHF '000	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	–	455	732

All amounts have been rounded off, which may result in minor discrepancies.

3. Breakdown of financial investments

CHF '000	Book value 2021	Book value 2020	Fair value 2021	Fair value 2020
Debt securities	224 994	173 050	225 071	173 144
of which, intended to be held to maturity	*50 325*	*49 987*	*50 391*	*50 081*
of which, not intended to be held to maturity (available for sale)	*174 669*	*123 063*	*174 679*	*123 063*
Equity securities	39	44	73	44
*of which, qualified participations **	—	—	—	—
Precious metals	23 465	—	23 493	—
Real Estate	782	1 093	782	1 093
Total	249 280	174 187	249 419	174 280
of which, securities eligible for repo transactions in accordance with liquidity requirements	—	—	—	—

* at least 10% of capital or votes

Breakdown of counterparties by rating

CHF '000	Book value 2021	Book value 2020
Debt securities		
1 & 2	114 196	46 091
3	22 613	41 419
4	86 468	84 424
5	1 052	1 117
6	—	—
7	—	—
Unrated	665	—
Total	224 994	173 050

Ratings are presented according to the Finma mapping tables.

The Group uses the specific ratings of Moody's, Fitch and Standard and Poor's to evaluate the creditworthiness of it's financial instruments. In case of diverging ratings (Moody's, Fitch, Standard & Poor's), the second worst rating is applied.

4. Disclosure of companies in which the bank holds a permanent direct or indirect significant participation

Company name and domicile	Business activity	Company capital		Share of capital	Share of votes	Held directly	Held indirectly
		CCY '000		(in %)	(in %)		
HFT International (Guernsey) Ltd, Guernsey	Holding	CHF	31	100 %	100 %	100 %	0 %
Banque Heritage (Uruguay) SA, Montevideo, Uruguay	Bank	UYU	415 080	100 %	100 %	0 %	100 %
Meridian Wealth Management SA, Lausanne, Switzerland	Wealth management	CHF	500	51 %	51 %	51 %	0 %
GP Gestion Privée SA, Sion, Switzerland	Wealth management	CHF	250	100 %	100 %	100 %	0 %
Sallfort Partners AG in liquidation, Zürich, Switzerland	Wealth management	CHF	100	40 %	40 %	40 %	0 %
Strye AG, Schaan, Liechtenstein	International Trade	CHF	50	100 %	100 %	100 %	0 %

Strye AG, an international trade company, was created in 2021 and entirely depreciated. Sallfort Partners AG in liquidation, will be liquidated in 2022.

5. Presentation of tangible fixed assets

CHF '000	Acquisition cost	Accumulated depreciation	Book value 31.12.2020	Reclassifications	Additions	Disposals	Depreciation	Book value as at 31.12.2021
Tangible fixed assets								
Real estate used by the Group	6 410	3 221	3 190	–	217	92	151	3 163
Other tangible fixed assets	34 515	30 981	3 533	–	1 143	–	1 166	3 510
Total tangible fixed assets	**40 925**	**34 202**	**6 723**	**–**	**1 360**	**92**	**1 317**	**6 673**

Off-balance sheet leasing commitments

	Current year	Previous Year
Operating leases not included in the balance sheet		
due within 12 months	2 250	2 223
due between 12 months and 5 years	8 806	8 879
due beyond 5 years	20 350	22 550
Total operating leases not included in the balance sheet	**31 407**	**33 653**

6. Presentation of intangible assets

Not applicable.

All amounts have been rounded off, which may result in minor discrepancies.

7. Breakdown of other assets and other liabilities

	Other assets		Other liabilities	
CHF '000	2021	2020	2021	2020
Taxes	391	266	771	807
Various other assets and liabilities	—	28	11	—
Insurance claim to be received	14 000	14 000	—	—
Total other assets and liabilities	**14 391**	**14 295**	**782**	**807**

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

	2021		2020	
CHF '000	Book value	Effective commitments	Book value	Effective commitments
Pledged/assigned assets				
Liquid assets	746	746	58 178	39 696
Amounts due from banks	62 270	46 167	11 335	15
Financial investments	11 022	46	15 006	—
Tangible fixed assets	—	—	—	—
Total pledged/assigned assets	**74 038**	**46 959**	**84 519**	**39 711**
Assets under reservation of ownership				
Amounts due from banks	—	—	—	—
Financial investments	—	—	—	—
Tangible fixed assets	—	—	—	—
Total assets under reservation of ownership	**—**	**—**	**—**	**—**

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

CHF '000	2021	2020
Amounts due in respect of customer deposits	670	976
Negative replacement values	1	199
Total liabilities relating to own pension schemes	**671**	**1 175**

All amounts have been rounded off, which may result in minor discrepancies.

10. Disclosures on the economic situation of own pension schemes

Employer contribution reserves (ECR)

There are no employer contribution reserves with the pension schemes relating to the current year or to the previous year.

Presentation of the economic benefit / obligation and the pension expenses

	Overfunding at end of current year (unaudited)	Economic interest of the financial group CHF '000		Contributions paid for in current period CHF '000	Pension expenses in personnel expenses CHF '000	
	in %	2021	2020		2021	2020
Pension plans with overfunding						
Pension plan of Banque Heritage SA	13.5 %	–	–	1 870	1 870	2 029
Pension plan of Banque Heritage (Uruguay) SA	-11.0 %	–	–	1 870	1 870	1 465
Pension plan of GP Gestion Privée SA	–	–	–	–	–	–
Pension plan of Meridian Wealth Management SA	–	–	–	54	48	48

Apart from the temporary staff and staff having reached the retirement age, all of the employees at Banque Heritage are insured with the Bank's own pension scheme since 2006.

The retirement age is 65 years for men and 64 for women. However, the insured parties have the option of taking an early retirement as from the age of 58 resulting in a reduction in their pension.

The last audited financial statements of the Bank's pension fund (prepared in accordance with Swiss GAAP RPC 26) reveal the following funding ratio:

113.50% as of 31.12.2021 (unaudited)
108.40% as of 31.12.2020 (audited)

The pension scheme covers at a minimum the mandatory benefits stipulated in the Law on Pension Plans (LPP), with an anticipated funding ratio of 113.50% (unaudited) at 31st December 2021. Therefore, there is no requirement to include additonal pension obligations in the Bank's accounts. The Board of Trustees ensures that the pension scheme maintains a funding ratio of at least 100% and intervenes if this threshold is not met. Banque Heritage SA paid TCHF 1'870 of pension contributions in 2021.

All the employees of Banque Heritage (Uruguay) SA are covered by the Intergenerational Solidarity Retirement Plan which is managed by the "Caja de Jubilaciones y Pensiones Bancarias", a state related entity. The retirement age is 60 years with a minimum of 30 years of activity. The retirement obligations paid by Banque Heritage (Uruguay) SA amounting to TCHF 1'870 in 2021, in accordance with a defined contribution plan that does not generate any obligations. The funding ratio of this retirement scheme amounted to 91.4% as of 31.12.2020. The last available unaudited coverage ratio amounted to 89.0% as per 30th November 2021.

The retirement scheme of Meridian Wealth Management SA is a Swiss defined contribution pension scheme that does not generate any obligations for the employer. The fund is managed by a Swiss insurance company (Axa Wintherthur AG) which reinsures the risk against underperformance. Meridian Wealth Management paid TCHF 54 of pension contributions in 2021.

Following the acquisition of GP Gestion Privé SA in 2016, the prior pension scheme was transferred to the pension scheme of Banque Heritage SA in 2017. As a result, this entity records nil expenses with regards to pension contributions in 2021.

11. Presentation of issued structured products

Not applicable for the current year or the previous year.

12. Presentation of bonds outstanding and mandatory convertible bond

Not applicable for the current year or the previous year.

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

CHF '000	Previous year end	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income statement	Releases to income statement	Balance at year end
Provisions for deferred taxes	2 910	—	—	13	—	31	(332)	2 621
Provisions for other business risks	10 129	(105)	—	1	—	128	(16)	10 138
Total provisions	**13 039**	**(105)**	**—**	**14**	**—**	**159**	**(348)**	**12 759**
Reserves for general banking risks	—	—	—	—	—	—	—	—
Value adjustments for default and country risks	5 944	—	(153)	40	—	561	(35)	6 357
of which, value adjustments for default risks in respect of impaired loans/receivables	*5 944*	—	*(153)*	*40*	—	*561*	*(35)*	*6 357*
of which, value adjustments for latent risks	—	—	—	—	—	—	—	—

14. Disclosure of amounts due from/to related parties

	Amounts due from		Amounts due to	
CHF '000	2021	2020	2021	2020
Holders of qualified participations	—	—	—	—
Linked companies	—	—	—	—
Transactions with members of governing bodies	9 429	9 024	11 982	9 613
Other related parties	—	—	—	—

Members of Group governing bodies perform regular banking operations at the same conditions that apply to the personnel, with the exception of Directors to whom arm's length conditions apply.

15. Disclosure of own shares and composition of equity capital

	Average transaction price CHF	Number of shares
Own shares registered as per 01.01.2021		6 856
+ Additions	636	170
–Disposals	—	—
Own registered shares as per 31.12.2021		7 026

In 2021, the Bank repurchased 170 shares from a retired employee.

16. Presentation of the maturity structure of financial instruments

CHF '000	At sight	Cancellable	Due: within 3 months	Due: within 3 to 12 months	Due: within 12 months to 5 years	Due: after 5 years	Due: No maturity	Total
Assets/financial instruments								
Liquid assets	257 572	—	—	—	—	—	—	257 572
Amounts due from banks	124 477	—	167 914	5 445	—	—	—	297 836
Amounts due from customers	8 968	4 261	133 582	48 442	27 128	5 710	—	228 091
Mortgage loans	—	669	17 365	26 463	200	187	—	44 884
Positive replacement values of derivative financial instruments	1 187	—	—	—	—	—	—	1 187
Financial investments	23 973	—	142 065	43 829	35 981	3 431	—	249 280
Total Current year	**416 178**	**4 930**	**460 926**	**124 179**	**63 309**	**9 329**	**—**	**1 078 850**
Total Previous year	433 953	94 845	292 876	165 822	62 628	5 180	—	1 055 304
Debt capital/ financial instruments								
Amounts due to banks	1 401	—	25 148	—	232	7 318	—	34 099
Amounts due in respect of customer deposits	880 223	—	65 425	13 946	62	—	—	959 657
Negative replacement values of derivative financial instruments	1 524	—	—	—	—	—	—	1 524
Total Current year	**883 149**	**—**	**90 574**	**13 946**	**294**	**7 318**	**—**	**995 281**
Total Previous year	865 680	—	97 301	8 703	259	—	—	971 942

All amounts have been rounded off, which may result in minor discrepancies.

17. Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

	2021		2020	
CHF '000	Domestic	Foreign	Domestic	Foreign
ASSETS				
Liquid assets	146 359	111 213	143 223	101 166
Amounts due from banks	167 366	130 470	169 960	145 481
Amounts due from customers	18 028	210 064	14 737	281 334
Mortgage loans	39 492	5 391	22 927	467
Positive replacement values of derivative financial instruments	340	847	1 271	551
Financial investments	23 465	225 814	—	174 187
Accrued income and prepaid expenses	2 480	3 185	3 475	3 571
Non-consolidated particpations	—	—	113	—
Tangible fixed assets	1 873	4 800	2 139	4 584
Other assets	14 391	—	14 294	—
Total assets	413 795	691 784	372 139	711 340
LIABILITIES				
Amounts due to banks	1 193	32 906	1 099	13 047
Amounts due in respect of customer deposits	93 112	866 545	103 983	852 294
Negative replacement values of derivative financial instruments	1 314	210	634	885
Accrued expenses and deferred income	7 652	5 641	6 917	6 412
Other liabilities	775	7	807	—
Provisions	12 319	440	12 644	394
Share capital	13 867	—	13 867	—
Capital reserve	23 624	—	23 624	—
Retained earnings reserve	54 974	—	54 989	—
Currency translation reserve	(3 275)	—	(4 249)	—
Own shares (negative item)	(4 304)	—	(4 196)	—
Minority interests in equity	278	—	271	—
Consolidated profit / (loss)	(1 699)	—	56	—
Total liabilities	199 831	905 749	210 447	873 033

All amounts have been rounded off, which may result in minor discrepancies.

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

	2021		2020	
	Absolute CHF '000	Share as %	Absolute CHF '000	Share as %
Europe				
Switzerland	413 778	37.43 %	372 053	34.34 %
Belgium	53 460	4.84 %	26 727	2.47 %
Germany	39 221	3.55 %	53 745	4.96 %
Luxemburg	25 956	2.35 %	29 237	2.70 %
United Kingdom	11 987	1.08 %	22 131	2.04 %
Spain	8 837	0.80 %	8 410	0.78 %
Greece	5 624	0.51 %	8 025	0.74 %
Other European countries	28 247	2.55 %	30 787	2.84 %
Latam				
Uruguay	335 916	30.38 %	292 849	27.03 %
Other Latam countries	4 154	0.38 %	14 100	1.30 %
North America				
United States	137 655	12.45 %	79 747	7.36 %
Other North American countries	–	0.00 %	1 265	0.12 %
Caribbean	13 368	1.21 %	22 395	2.07 %
Other countries	27 379	2.48 %	122 009	11.26 %
Total assets	1 105 579	100.00 %	1 083 479	100.00 %

All amounts have been rounded off, which may result in minor discrepancies.

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

	Net foreign exposure at 31.12.2021		Net foreign exposure at 31.12.2020	
	CHF '000	Share in %	CHF '000	Share in %
Rating According to the FINMA Mapping Tables				
1 & 2	319 669	46.21 %	277 957	39.07 %
3	17 050	2.46 %	—	0.00 %
4	337 805	48.83 %	23 430	3.29 %
5	4 805	0.69 %	296 986	41.75 %
6	1 428	0.21 %	6 991	0.98 %
7	2 234	0.32 %	86 977	12.23 %
Unrated	8 810	1.27 %	19 086	2.68 %
Total assets shown in balance sheet	691 802	100.00 %	711 426	100.00 %

The credit rating process is based on the Schweizerische Exportrisikoversicherung (SERV) country credit ratings as allowed by the circular 2008/19 section 4-4.2 and converted to the FINMA rating standards.

With regards to the completion of this table, the domicile of the customer is retained for the captions "Amounts due from customers" and "Mortgage loans", the domicile of the counterparty is retained for "Amounts due from banks" and the risk domicile is retained for all other captions.

20. Presentation of assets and liabilies broken down by the most significant currencies for the Bank

Currencies in CHF '000 equivalent	CHF	USD	EUR	Others
ASSETS				
Liquid assets	146 340	93 496	8 647	9 089
Amounts due from banks	4 703	211 664	42 225	39 243
Amounts due from customers	26 785	131 272	33 377	36 656
Mortgage loans	38 800	193	5 693	199
Positive replacement values of derivative financial instruments	1 023	164	—	—
Financial investments	—	129 042	27 710	92 527
Accrued income and prepaid expenses	2 099	1 575	481	1 510
Non-consolidated participations	—	—	—	—
Tangible fixed assets	1 873	4 800	—	—
Other assets	14 389	—	—	2
Total assets shown in balance sheet	**236 013**	**572 207**	**118 133**	**179 226**
Delivery entitlements from spot exchange, forward forex and forex options transactions	14 802	74 589	130 231	11 759
Total assets	**250 814**	**646 796**	**248 365**	**190 985**
LIABILITIES				
Amounts due to banks	—	9 367	7	24 725
Amounts due in respect of customer deposits	88 550	539 814	191 374	139 919
Negative replacement values of derivative financial instruments	1 524	—	—	—
Accrued expenses and deferred income	7 044	3 079	520	2 650
Other liabilities	715	67	—	—
Provisions	12 319	440	—	—
Share capital	13 867	—	—	—
Capital reserves	23 624	—	—	—
Retained earnings reserve	54 974	—	—	—
Currency translation reserve	(3 275)	—	—	—
Own shares (negative item)	(4 304)	—	—	—
Minority interests in equity	278	—	—	—
Consolidated profit	(1 699)	—	—	—
Total liabilities shown in balance sheet	**193 617**	**552 766**	**191 901**	**167 294**
Delivery obligations from spot exchange, forward forex and forex options transactions	86 603	71 379	56 399	17 542
Total liabilities	**280 220**	**624 145**	**248 301**	**184 836**
Net position per currency	**(29 406)**	**22 651**	**64**	**6 149**

All amounts have been rounded off, which may result in minor discrepancies.

Off-balance sheet related information

21. Breakdown of contingent liabilities and contingent assets

CHF '000	2021	2020
Guarantees to secure credits and similar	21 874	25 314
Performance guarantees and similar	–	–
Irrevocable commitments arising from documentary letters of credit	–	–
Other contingent liabilities	9 033	8 332
Total contingent liabilities	30 907	33 646
Contingent assets arising from tax losses carried forward	–	–
Other contingent assets	–	–
Total contingent assets	–	–

22. Breakdown of fiduciary transactions

CHF '000	Total
Fiduciary investments with third-party companies	78 053
Fiduciary investments with group companies and linked companies	–
Total fiduciary transactions 2021	78 053
Total fiduciary transactions 2020	128 042

23. Breakdown of managed assets and presentation of their development

Breakdown of managed assets

CHF '000	2021	2020
Assets in collective investment schemes managed by the bank	93 559	50 059
Assets under discretionary asset management agreements	1 119 240	973 677
Other managed accounts	3 285 714	3 397 094
Total managed assets (including double counting)	4 498 513	4 420 830
of which, double counting	*176 661*	*32 300*

Assets under discretionary asset management agreements comprise clients' deposits for which the Group make the investment decisions.

Other managed assets include those for which the client makes the investment decision, and comprise assets under advisory mandates and execution only. Other managed assets also include assets held for safekeeping by third party banks.

Assets kept by the Group but managed by a third party bank (custody only) are excluded from the table above.

Both assets take into account client deposits as well as market value of securities, precious metal and fiduciary investments placed at third party institutions.

Presentation of the development of managed assets

CHF '000	2021	2020
Total managed assets (including double counting) at beginning	4 420 830	5 252 606
+/– net new money inflow or net new money outflow	37 480	(601 354)
+/– price gains / losses, interest, dividends and currency gains / losses	40 203	(230 422)
+/- other effects in relation to "M&A" or "asset deal" operations	–	–
Total managed assets (including double counting) at end	4 498 513	4 420 830

The amount of net new money is calculated by determining the inflows and outflows of the managed assets based on transactions at client level. Interest and dividend income relating to the managed assets are not considered as new money inflows. Market and currency fluctuations, charges, commissions and charged interest payments are not included in the net new money.

Income statement related information

24. Breakdown of the result from trading activities and the fair value option

CHF '000	2021	2020
Breakdown by business area (in accordance with the organisation of the group)		
Front	866	799
Trading activity / client intermediation	4 687	4 514
Corporate	26	2 111
Trading activity total	5 579	7 424
Breakdown by underlying risk and based on the use of the fair value option		
Result from trading activities from:		
Interest rate instruments (including funds)	–	(30)
Equity securities (including funds)	–	(5)
Foreign currencies	5 579	7 459
Commodities/precious metals	–	–
Trading result from trading activities	5 579	7 424
of which, from fair value option	–	–
of which, from fair value option on assets	–	–
of which, from fair value option on liabilities	–	–

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

CHF '000	2021	2020
Negative interest related to asset balance sheet operations (decrease of interest and discount income)	581	1 185
Negative interest related to liability balance sheet operations (decrease of interest expense)	11	62

Negative interest expense of TCHF 581 (2020: TCHF 1'185) has been presented within the income statement as a decrease of TCHF 581 (2020: TCHF 1'185) within the 'Interest and discount income' caption.

Negative interest related to liability balance sheet operations of TCHF 950 (2020: TCHF 978) has been presented within the income statement as a decrease of TCHF 11 (2020: TCHF 62) within the 'Interest expense' caption and as an increase of TCHF 939 (2020: TCHF 916) within the 'Interest and discount income' caption.

26. Breakdown of personnel expenses

CHF '000	2021	2020
Salaries of directors/officers and staff	27 190	28 957
of which, expenses relating to variable compensation	*3 182*	*2 999*
Social insurance benefits	7 859	7 727
Other personnel expenses	417	427
Total	35 467	37 112

All amounts have been rounded off, which may result in minor discrepancies.

27. Breakdown of general and administrative expenses

CHF '000	2021	2020
Office space expenses	4 511	4 098
Expenses for information and communications technology	6 780	6 957
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	236	286
Fees of audit firm(s) (Art. 961a no. 2 CO)	468	422
of which, for financial and regulatory audits	*446*	*422*
of which, for other services	*22*	*—*
Other operating expenses	6 115	6 751
Total	18 110	18 514

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

	2021		2020	
CHF '000	Extraordinary income	Extraordinary expenses	Extraordinary income	Extraordinary expenses
Profit on the sale of other tangible fixed assets, Banque Heritage (Uruguay) SA	18	—	—	—
Loss realized with closure of branch in Montevideo, Banque Heritage Uruguay SA	—	95	—	—
Profit on sale of participation of Heritage and Partners SA, Switzerland	—	—	250	—
Liquidation surplus on disposal of Heritage and Partners SA, Switzerland	—	—	131	—
Total extraordinary income and expenses	18	95	381	—

29. Disclosure of and reasons for revaluations of participations and tangible fixed assets up to acquisition cost at maximum

Not applicable.

All amounts have been rounded off, which may result in minor discrepancies.

30. Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

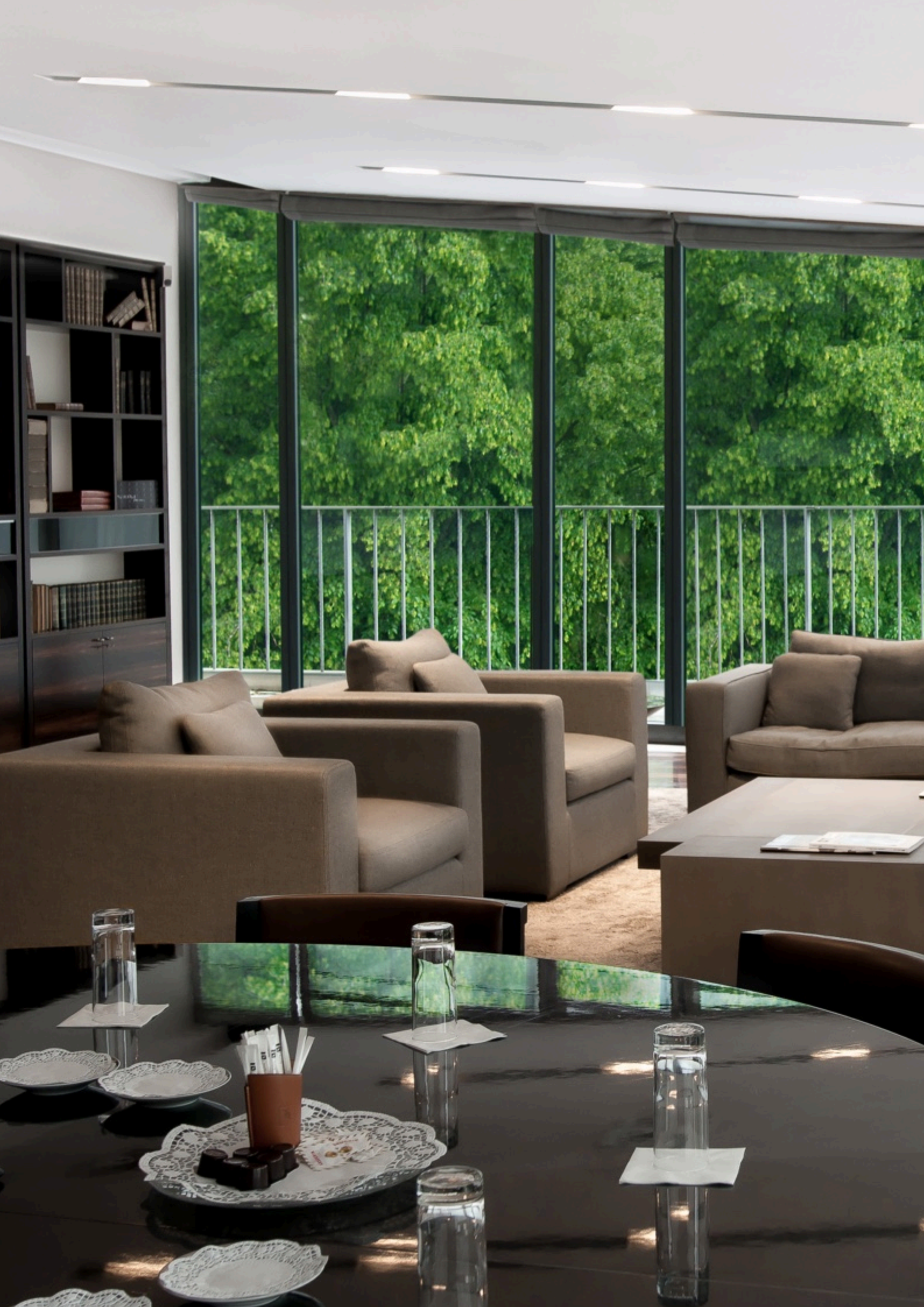
	2021		2020	
CHF '000	Swiss	Foreign	Swiss	Foreign
Interest & discount income	2 485	7 556	2 255	7 539
Interest & dividend income from financial investments	167	4 393	378	4 406
Interest expense	(1)	(3 437)	—	(2 430)
Gross interest income	2 651	8 512	2 633	9 515
Changes in value adjustments for default risks and losses from interest operations	(138)	—	(766)	(324)
Subtotal net result from interest operations	2 513	8 512	1 867	9 190
Commission income from securities trading and investment activities	35 143	3 776	34 872	3 170
Commission income from lending activities	112	331	74	644
Commission income from other services	3 236	2 824	2 183	2 947
Commission expenses	(6 975)	(624)	(6 926)	(635)
Subtotal result from commission business and services	31 516	6 307	30 203	6 126
Result from trading activities and the fair value option	4 203	1 376	5 865	1 559
Result from the disposal of financial investments	—	468	—	1 031
Participations recognised using the equity method	—	—	38	—
of which, recognised using the equity method	—	—	38	—
of which,from other non-consolidated participations	—	—	—	—
Other ordinary income	124	38	281	21
Other ordinary expenses	—	(404)	(43)	(89)
Subtotal other result from ordinary activities	124	102	276	963
Personnel expenses	(25 979)	(9 488)	(26 346)	(10 766)
General and administrative expenses	(13 447)	(4 663)	(13 615)	(4 900)
Subtotal operating expenses	(39 426)	(14 150)	(39 960)	(15 665)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(603)	(714)	(711)	(706)
Changes to provisions and other value adjustments, losses	(94)	(388)	(207)	—
Operating result	(1 768)	1 044	(2 667)	1 467
Extraordinary income	—	18	381	—
Extraordinary expenses	—	(95)	—	—
Taxes	116	(1 015)	1 776	(901)
Consolidated profit/(loss)	(1 652)	(48)	(510)	566

All amounts have been rounded off, which may result in minor discrepancies.

31. Presentation of current taxes, deferred taxes and disclosure of tax rate

CHF '000	2021	2020
Provisions for deferred taxes	301	(1 915)
Current tax expenses	(1 201)	1 039
Total taxes	(899)	(876)
Operating result	(723)	(1 201)
Average tax rate	not applicable	not applicable

All amounts have been rounded off, which may result in minor discrepancies.



Corporate Governance

Key elements of our corporate governance are: a clearly defined, well-balanced distribution of powers between the Board of Directors and the Executive Committee, the protection and promotion of shareholders' interests, and a transparent communication policy.

Capital Structure

Capital
The share capital of Banque Heritage SA amounted to CHF 13'866'700 as of 31 December 2021 and is divided into 138'667 fully paid in registered shares with a par value of CHF 100.–.

Changes in capital
There were no changes in the capital structure of Banque Heritage SA during the course of 2021.

Significant shareholders
Please refer to the notes to the audited financial statements.

Board of Directors

Members of the Board of Directors as of 31st of December 2021
Banque Heritage's Board of Directors is structured in order to ensure a high degree of diversity by age, education/qualifications, professional background, present activity, sector expertise, and special skills (classification).

Name	Function	Nationality	Committee	Initial election	Term expires
Paul-André Sanglard[1]	Chairman	CH	CC (Chair)	2017	2022
Carlos Esteve	Deputy-Chairman	CH	CC	2017	2022
Johannes T. Barth	Member	CH	CIC	2021	2022
Alain Nicod[1]	Member	CH	CIC (Chair) / CC	1986	2022
Ramon Esteve	Member	CH	RAC	2006	2022
Torsten Koster[1]	Member	CH	RAC (Chair) / CIC	2016	2022
Sven Hoffmann	Member	CH	RAC	2019	2022

1 Independent Board Members within the meaning of FINMA Circular 2017/1

All members of the Board of Director are non-executive.

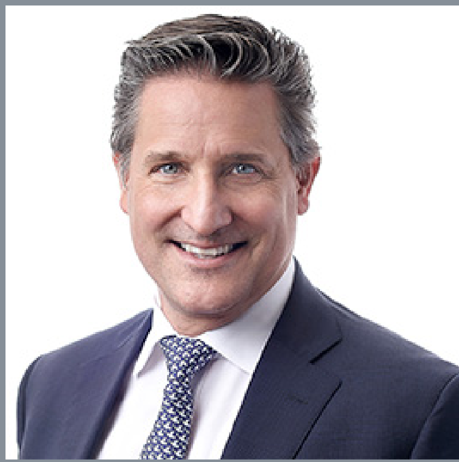
Professional background and other activities and functions

Paul-André Sanglard, Chairman

Professional background
Paul-André Sanglard is an independent Economist in the banking and insurance sectors since 1989. He began his career in political economics at the University of Geneva. After obtaining a doctorate in political economy at the University of Geneva, he began his career by joining the Swiss Federal Office of External Economic Affairs as an economist before becoming a research fellow at Stanford University and the Massachusetts Institute of Technology in 1978. A year later, he became Head of the Canton of Jura's financial services unit and has also served as a member of the World Economic Forum Executive Committee during 5 years. He was also in charge of public finance classes at the University of Geneva from 1982 to 1995.

Mandates
Mr. Sanglard is a Board Member of various companies in the banking and insurance sectors. Among others, he has been chairman of Vaudoise Assurances and of Banque Cantonale du Jura, and vice chairman of Banque Cantonale Vaudoise and Société Générale private banking Switzerland. He is currently chairman of Bondpartners and de Pury Pictet Turrettini, and Vice Chairman of QNB Switzerland.

Education
Mr. Sanglard holds a PhD in Economics with a specialization in Political Economy from the University of Geneva.



Carlos Esteve, Deputy Chairman

Professional background
Although Carlos Esteve developed the initial idea for Banque Heritage as an undergraduate, he worked for ten years – first with Arthur Andersen in audit and consulting, then with Morgan Grenfell in private banking – before he gave shape to his vision in 1986. Since establishing the Family Office, Mr. Esteve has guided its growth into becoming the Bank it is today.

Mandates
Mr. Esteve is a Member of the Board of various companies and trusteeships outside of Switzerland.

Education
Mr. Esteve holds a Master's Degree in Business Administration from the University of Lausanne, HEC.

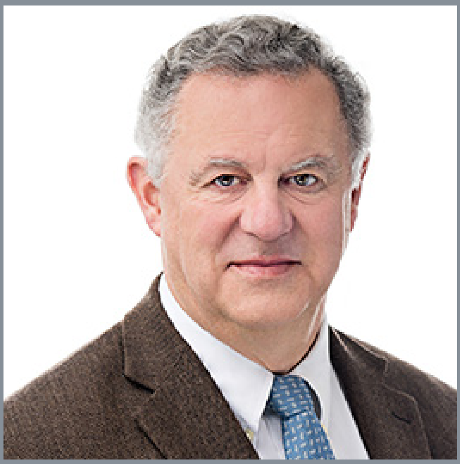
Johannes T. Barth, Board Member

Professional background
Johannes T. Barth was the main shareholder and CEO of Sallfort Privatbank AG until the merger with Banque Heritage in June 2019. He started his professional career 1995 as an employee at John I. Hass, Washington DC and Joh. Barth & Sohn GmbH & Co. KG in Nuremberg, as an Assistant to the Executive Board and Sales Support for all Hop Products worldwide.

As a Partner of Sallfort Privatbank AG, he became in 2001 Chairman of the Board of Directors of AG Joh. Barth & Sohn Switzerland and in the following years also member of the Board of Sallfort Partners AG, Sallfort Trinova. In 2002 he was named Chief Executive Officer of Sallfort Privatbank AG (Sallfort AG at the time). After being Deputy CEO of Banque Heritage in June 2019 and in 2020 also Head of Private Banking, he became a member of the board of Banque Heritage in 2021. He has worked in various positions in international trade and private banking in Germany and abroad for many years.

Mandates
Mr. Barth is a Member of the Board of Bunita Holding AG and is a Member of the Board of FC Basel 1883 AG and Experfina AG. He also is the President of FDP.Die Liberalen Basel-Stadt.

Education
Mr. Barth graduated from Lyceum Alpinum Zuoz, majoring in economics. He holds a Master's Degree of Law from the Law Faculty of the University of Basel.



Ramon Esteve III, Board Member

Professional background
Ramon Esteve is a business leader with more than 30 years of experience in the agricultural commodity sector. He has held various Senior Management positions throughout his career within the ECOM group and continues being involved in several aspects of the business.

Mandates
Mr. Esteve is a member of the Board of ECOM AgroIndustrial, he is also President of the Swiss-Latin American Chamber of Commerce as well as President of the Executive Board of the Swiss Trading and Shipping Association.

Education
Mr. Esteve holds a License in Law from the University of Lausanne.

Alain Nicod, Board Member

Professional background
Alain Nicod is an independent consultant in the field of banking, information technology and consumer goods since 1989. Since 2002 he is a Managing Partner of VI Partners, a leading venture capital organization active in Switzerland. VI Partners advises a fund whose shareholders are blue chip companies. Mr. Nicod is also one of the founders of leshop.ch where he acted as CEO during several years. He started his career at Arthur Andersen and McKinsey & Co.

Mandates
Mr. Nicod is a member of the Board of VI backed companies. He is also member of the Board of Swiss Risk & Care SA, Qualibroker SA and Châteauform SaS. He also acts as Board Member on a pro-bono basis for various foundations.

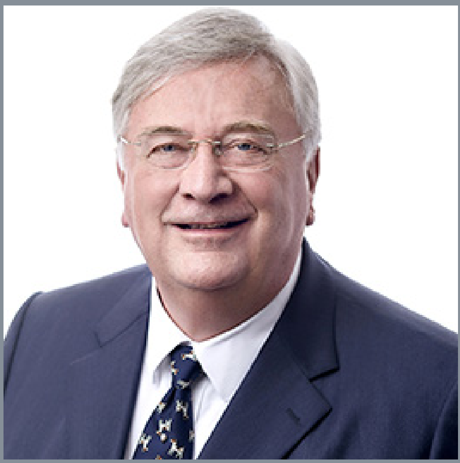
Education
Mr. Nicod holds a Master's Degree in Business Administration from INSEAD as well as a Master's Degree in Economics from the University of Lausanne, HEC.

Torsten Koster, Board Member

Professional background
Torsten Koster is an Independent Advisor since 2016 and Partner at Baussan Concept. Previously, he had a long-standing and varied career within the Nestlé Group where he acted, notably, as Group CFO (Skin Health SA, Nespresso SA) as well as CFO and Member of the Management Board for Nestlé Russia & Eurasia, based in Moscow. He also was a member of the Board of Sodastream International from 2016 until 2018.

Mandates
Mr. Koster is a Member of the Board of Natra in Spain and Fidelity Emerging Markets Ltd (FEML.LN) Guernsey.

Education
Mr. Koster has completed a Program for Executive Development at IMD and holds a Master's Degree in Business Administration from the University of Lausanne, HEC.



Sven Hoffmann, Board Member

Professional background
Sven Hoffmann founded his own law firm in 1992. Previously and subsequent to his admission to the bar, he joined F. Hoffmann-La Roche & Co. Ltd. where he occupied various functions in Basel, Buenos Aires and Lima before being named Regional Manager of the Pharmaceutical Division in China, South-East Asia and Hong-Kong.

Mandates
Mr. Hoffmann was Chairman of the Board of Sallfort Privatbank prior to its merger with Banque Heritage. He is also a Board Member of various companies in Switzerland, mainly in the Real Estate, Biotech and Pharmaceutical sectors. Besides his professional commitments he is very active in various charities.

Education
Mr. Hoffmann studied Law at the Universities of Basel and Geneva and is a member of the Swiss Bar Association.

Elections and term of office
The General Meeting of the Shareholders has the competence to elect and remove the members of the Board of Directors. All members of the Board of Directors are elected individually by the General Meeting for a one-year term of office which runs until completion of the next Annual General Meeting. Members of the Board of Directors whose term of office has expired are immediately eligible for re-election.

The Board of Directors appoints a Chairman and a Vice-Chairman from amongst its own members. The Board of Directors meets as often as necessary and on notice by the Chairman or by the person designated by him. In addition, the Board must be convened as soon as a Board member requests the Chairman to call a meeting. All Committees provide a detailed report to the full Board at each meeting. For the year under review, meetings were held in January, February, March, April, June, September, and December.

Internal Organisational structure
The powers and responsibilities of each Committee are established in the applicable Committee Charter which is approved by the board.

Compensation Committee (CC)
The Compensation Committee consists of the Chairman of the Board of Directors and a minimum of two other members who are appointed by the Board of Directors amongst its members. The Compensation Committee determines the system and principles for remuneration of the Board of Directors and Executive Committee and submits them to the Board for approval. It oversees and discusses the remuneration principles for Banque Heritage SA and the Group.

Risk and Audit Committee (RAC)
The Risk and Audit Committee consists of a Chairperson, who is an independent member of the Board and a minimum of two other members of the Board, excluding any former member of the Executive Committee. The majority of the members shall be independent. At least one member has to have recent and relevant financial expertise, the others must be familiar with the issues of accounting and audit. In discharging its responsibilities, it has unrestricted access to the Company's management, books, and records. The Risk and Audit Committee supports the Board of Directors in its supervision of financial controls through a direct link to PricewaterhouseCoopers (external auditors) and the Internal Audit function (outsourced to KPMG).

The Risk and Audit Committee's main duties include the following:

- To review and challenge, where necessary, the actions and judgements of management in relation to the Company's year-end financial accounts;
- To make recommendations to the Board of Directors regarding the nomination of external auditors to be appointed by the shareholders;
- To discuss the audit procedures, including the proposed scope and the results of the internal and external audit;
- To keep itself regularly informed on important findings of the audits and of their progress;
- To oversee the quality of the internal and external auditing;
- To present the conclusions on the approval of the Financial Statements to the Board of Directors;
- To review certain reports regarding internal control, compliance, and the Group's annual risk assessment.

The Risk and Audit Committee regularly reports to the Board on its findings and proposes appropriate actions. The responsibility for approving the annual Financial Statements remains with the Board of Directors.

Investment Committee (CIC)

The Investment Committee consists of three members of the Board, who are appointed by the Board of Directors amongst its members, taking into consideration their experience and knowledge in finance. The purpose of the Strategy Committee is to assist the Board in its assessment of the investment process and to make proposals for improvement.

Definition of areas of responsibility
The Board of Directors is the ultimate governing body of the Company. It is responsible for the long-term strategy and the ultimate supervision of the Group. The Board attends to all matters which are not reserved for the Annual General Meeting or another governance body of the Company by law, the Articles of Association or the internal Organizational Regulations. The delegation of powers between the Board of Directors and the Executive Board is set out in the Organizational Regulations of Banque Heritage SA.

The Board of Directors has the following main duties:

a) The ultimate direction of the Company, in particular the conduct, management and supervision of the business of the Company, and the provisions of necessary directions;

b) The definition of the general policy and strategic directions of the Company, as well as the corporate culture;

c) The determination of the Company's organization;

d) The determination of accounting and financial control principles, as well as the principles of financial planning;

e) The appointment and removal of the Chairman, Vice-Chairman, the Committee members and their Chairmen and members of the Executive Committee.

f) The ultimate supervision of the CEO and the members of the Executive Committee, in particular with respect to their compliance with the law, the Articles of Association, the Internal Organizational Regulations and instructions given from time to time by the Board;

g) The preparation of the Annual Report as well as the General Meetings and execution of their resolutions;

h) The notification of the court in the event of over indebtedness;

i) The discussion and approval of:

- The Group's long-term strategy and annual investment budget;
- Major financial operations;
- Any significant policy issue dealing with the Company's or the Group's general structure or with financial and commercial policy;
- Corporate Governance Principles of the Company,
- The review of and decision on any report submitted to the Board; and
- The Group's annual risk assessment.

Internal Audit

The Internal Audit assists the Board of Directors in exercising its statutory supervisory and control duties within Banque Heritage SA and its subsidiaries and performs the audit functions assigned to it. The duties and rights of the Internal Audit are detailed in a separate Audit Charter. It has an unlimited right of inspection within all Group companies; all business documents are available for it to inspect at any time. The Internal Audit reports to the Risk and Audit Committee.

Executive Committee

The Board of Directors delegates to the CEO, with the authorization to sub delegate, the power to manage the Company's and the Group's businesses, subject to law, the Articles of Association and the Internal Organizational Regulations.

The CEO chairs the Executive Committee and delegates to its members individually the powers necessary for carrying out their responsibilities within the limits fixed in the Internal Organizational Regulations, Policies and Directives.

Members of the Executive Committee as of 31st of December 2021

Name	Function	Nationality
Marcos Esteve	Chief Executive Officer (CEO)	CH
Michael Welti	Head of Private Banking	CH
Jean-Christophe Rochat	Chief Investment Officer	CH
André Thill	Chief Operating Officer	LUX

The Executive Committee meets as often as business dictates. The Executive Committee is responsible for all Group matters that do not expressly fall within the remit of the Board of Directors of the company according to legislation, the Articles of Association or the Organizational Regulations.

Professional background and other activities and functions

Marcos Esteve
Chief Executive Officer

Professional background
Marcos Esteve joined the Bank in 2006 and has held a number of key senior management positions before being named Chief Executive Officer in July, 2017.

From January 2014 to July 2017, Mr. Esteve was Global Head of Private Banking. His prior assignments included Chief Financial Officer and Chief Operating Officer of the Bank, positions which afforded him an in-depth and thorough understanding of the intricacies of banking operations, the inherent regulatory framework, and the Bank's client service offering. Before joining Banque Heritage, he was Chief Financial Officer at a leading firm in the global fashion industry where he was responsible for the financial management of the group and where he also sat on the Board of Directors. During this time, he was appointed a member of the Board of Directors and of the Executive, Audit, and IT committees at Banque Heritage.

Mr. Esteve started his professional career in the corporate internal audit division of Nestlé's Swiss headquarters.

Education
Mr. Esteve graduated from HEC Lausanne with a Licence in Economics, majoring in Business Administration and obtained a Master's degree in Business Information Systems also at HEC Lausanne.

Michael Welti
Head of Private Banking

Professional background
Michael Welti joins Banque Heritage as Managing Partner and Head of Private Banking in September 2021.

Previously, Mr. Welti developed the Zurich business for Wealth Management and Corporate Finance for Bank Reyl & Cie. over a period of 7 years and acted as Deputy Head Global Wealth Management. Before, he was a member of the Executive Committee for UBP Zurich (after takeover of ABN Amro in Switzerland) as Head of Private Banking after he had been responsible for Private Banking EURASIA with ABN Amro, covering the markets from Europe to Asia.

He started his career in Banking with UBS in the late 80's as Relationship Manager for International Clients and later joined West LB. In 2020 he was awarded as "Private Banker of the year" by IFC London.

Education
Mr. Welti is a Certified Wealth Management Advisor CWMA and holds a Bachelor's degree in Business Administration from SIB Zurich, he passed the Advanced Executive Program and Executive Program by Swiss Finance Institute and did targeted studies in Sustainable Investing and Current Trends in Sustainable Investing at University Zurich.

Jean-Christophe Rochat
Chief Investment Officer

Professional background
Jean-Christophe Rochat has more than 15 years of experience in asset management. He began his career at Lombard Odier in 2004 where he held several analyst positions in the Asset Management department. In 2009, he joined Banque Heritage where he developed the manager and fund selection process. In 2012, he launched the multi-asset advisory platform and managed the business until early 2019, when he was appointed Chief Investment Officer of the group and Head of the Asset Management department.

Education
Mr. Rochat holds a Master's Degree in Finance from the University Lyon 3 (France). He is a Certified International Investment Analyst (CIIA) and a Certified Wealth Management Advisor (CWMA).

André Thill
Chief Operating Officer

Professional background
André Thill joined Sallfort AG in 1997. He was responsible for the operative business and risk management of Sallfort Privatbank AG as Chief Operating Officer until the merger with Banque Heritage in June 2019. For more than 30 years he has been working in the banking business, where he has gained valuable experience at renowned addresses in Luxembourg and abroad in various senior functions in Private Banking and Portfolio Management.

Education
Mr. Thill visited the Institut Supérieur de Technologie in Luxembourg.

Statutory Auditor/Group Auditor

The consolidated financial statements and the financial statements of Banque Heritage and some of its subsidiaries are audited by PricewaterhouseCoopers (PwC). The external auditor of Banque Heritage is elected for a term of office of a one year period at the General Meeting of Shareholders. PwC was initially elected as auditor when Banque Heritage was established as a bank in 2003. The role of statutory auditor is performed by Mr. Omar Grossi since 2016.

The Risk and Audit Committee reviews annually the appropriateness of retaining PwC as the auditor of the Group and of Banque Heritage SA, prior to proposing to the Board of Directors and to the Annual General Meeting the election of PwC as auditors. The Risk and Audit Committee assesses the effectiveness of the work of the auditors in accordance with Swiss law, based on their understanding of the Group's business, control, accounting and reporting issues, together with the way in which matters significant at Group level or in the statutory accounts are identified and resolved.

Audit fees are ultimately approved by the Risk and Audit Committee.

Risk Management Policy

The main objectives of our risk management policy are serving our customers to the best of our ability and contributing to the growth development of our businesses, guaranteeing the Bank's longevity by implementing an efficient system for risk analysis, measurement and monitoring, making risk control a differentiating element and a competitive factor. Implementing a high-performance and efficient risk management structure is a critical undertaking for Banque Heritage, in all businesses and markets in which it operates, as is maintaining a balance between strong awareness of risks and promoting innovation. The Bank's risk management, supervised at the highest level, is compliant with the regulations in force.

Risk appetite

Risk appetite is defined at the aggregate level and reflects the types of risk that the Group and the Bank are willing to accept or intend to avoid. The Board of Directors is responsible for determining the risk principles proposed by the Executive Committee. The Risk and Finance Departments, together with Compliance, define the Group's and the Bank's risk appetite and provide monitoring and second-level control of its implementation. The Internal Audit periodically reviews the effectiveness of the risk appetite Framework. The Bank's risk appetite is formalized in a document that determines the general guidelines, policies, targets, limits and thresholds governing the risk appetite of Banque Heritage. This document is reviewed annually.

Risk control

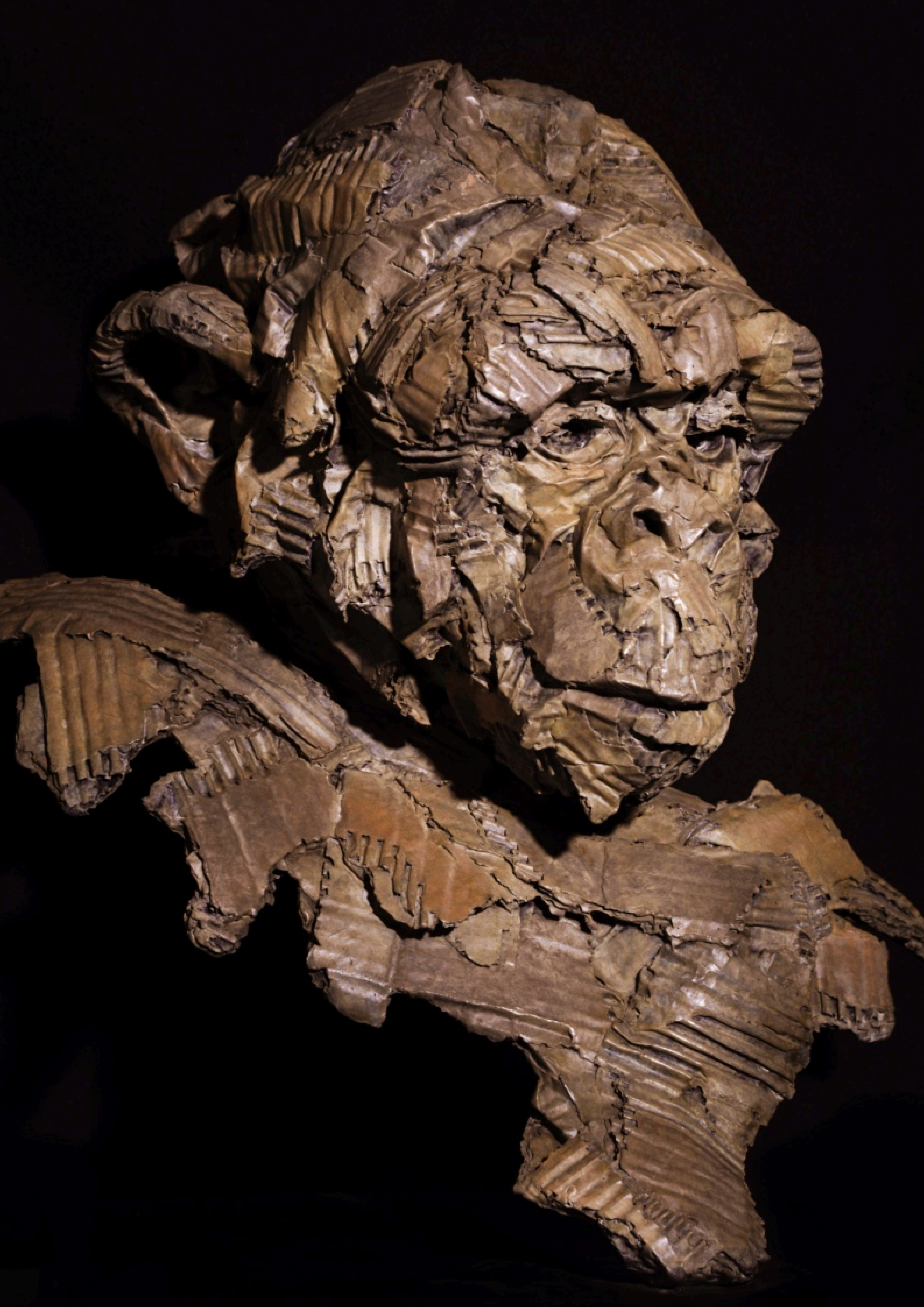
The Board of Directors sub-delegates to the Risk and Audit the responsibility for examining the consistency of the internal risk monitoring framework, as well as compliance with this framework and with the applicable laws and regulations. The Risk and Audit Committee also ensures that the internal control systems operate effectively.

Internal control

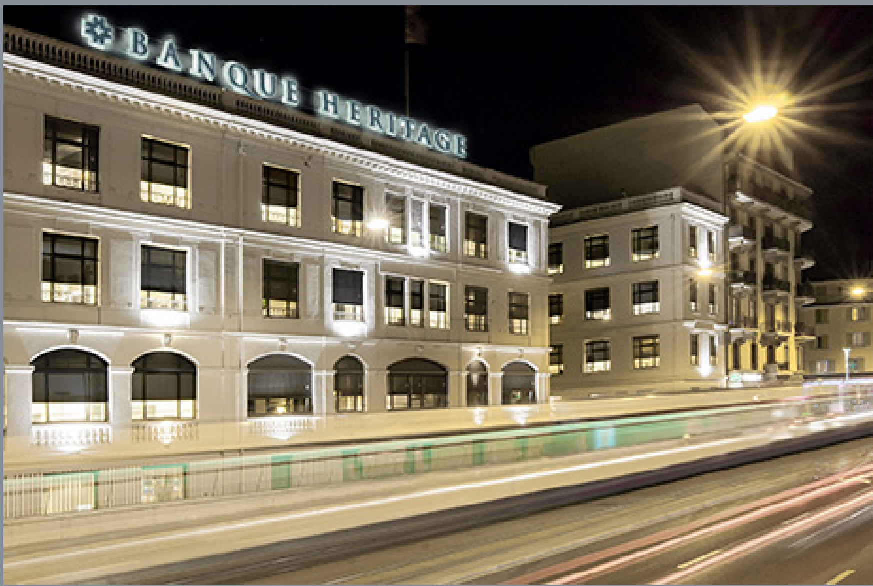
Internal control is part of a strict regulatory framework applicable to all banking institutions. Banque Heritage's internal control system is organized along the "three lines of defense". The first line of defense comprises all employees and operational management of the Group and the Bank, both within the business lines and in corporate divisions (in the case of the latter, with regards to their own operations). Operational management is responsible for its own risk exposures and is required to maintain effective processes and systems to manage its risks, including robust and comprehensive internal controls and documented procedures. Operational management has appropriate supervisory controls and review processes in pale designed to identify control weaknesses and inadequate processes.

The second line of defense, the control functions, are independent from the business and are exercised by the compliance, finance and risk functions. These functions are tasked with continuously verifying that controls and management of risks affecting operations are ensured, under the responsibility of operational management, through the effective application of established standards, defined procedures, methods and controls as instructed.

The third line of defense is provided by the Internal Audit which carries out audit reviews that are strictly independent from the business lines and from the permanent control functions.



Headquarters



Geneva

Banque Heritage SA

61, route de Chêne
P.O. Box 6600
CH-1211 Geneva 6 Switzerland

Tel. +41 58 220 00 00
Fax +41 58 220 00 01

www.heritage.ch

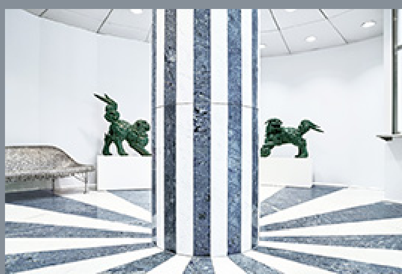
Branches

Zurich

Banque Heritage SA

Bellerivestrasse 241
P.O. Box
CH-8034 Zurich Switzerland

Tel. +41 58 220 08 00
Fax +41 58 220 08 01

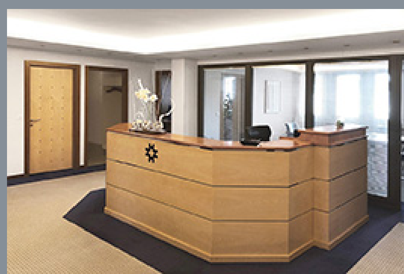


Basel

Banque Heritage SA

Dufourstrasse 25
P.O. Box 426
CH-4010 Basel Switzerland

Tel. +41 58 220 06 00
Fax +41 58 220 06 01



Sion

Banque Heritage SA

Avenue de la Gare, 34
CH-1950 Sion Switzerland

Tel. +41 58 220 07 00
Fax +41 58 220 07 01

Subsidiaries

Guernsey

HFT International (Guernsey) Ltd.

Hambro House, St Julian's Avenue
St Peter Port
Guernsey GY1 3AE

Tel. +44 1481 726 014
Fax +44 1481 715 893

Montevideo

Banque Heritage (Uruguay) SA

Rincón 530
UY-11000 Montevideo
Uruguay

Tel. +598 2 916 01 77
Fax +598 2 916 52 56
www.heritage.com.uy

Fully-owned Participations

GP Gestion Privee SA

Avenue de la Gare, 34
CH-1950 Sion

Majority Owned Participation

Meridian Wealth Management

Rue de Midi 6
CH-1003 Lausanne

Tel. +41 21 566 55 95
Fax +41 21 566 55 99
www.meridian-wm.com