

FlowBank

Seriously Simple 

Annual report 2022

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Message from the Chairman

Dear All,

2022 was a challenging year with inflation making a stunning comeback and interest rates rising to historic highs. The unpredictable nature of this year's economic cycle placed challenging hurdles for our Bank's development but also opened new opportunities.

Despite an economic environment in which virtually all asset classes have lost value, our Bank has been able to meet its targets by attracting a large number of new customers to the platform and significantly increasing its AUM and revenues. We believe that our growth rate will continue to accelerate at a rapid pace since the marketplace has embraced our vision of an innovative and user-friendly platform and application allowing anyone to invest in any asset class at any time at the lowest cost.

We would like to thank all of our customers for the trust and confidence they have placed in our services and in the performance and reliability of our platform. We commit to them that we will continuously work towards delivering the highest quality products and services, in particular by increasing our offer of digital asset trading at the most competitive rates.

We are also very grateful to our shareholders for their continued support during 2022.

Our thankful thoughts also go to our employees for their hard work and dedication during those challenging times and striving for the continued success and improvement of our platform.

To All, we are looking forward to a great business year 2023.

Thomas STEINMANN

Chairman of the Board of Directors



Message from the CEO

2022 was an important year for FlowBank. During this time, we took decisions concerning our infrastructure and technology that position us for strong growth in 2023 and beyond. We worked on strengthening our trading apps and also introduced MetaTrader 5 to our suite of trading platforms. Our partnership with BX Swiss in July 2022 was a success and garnered a great deal of media attention. This cooperation enabled FlowBank to offer commission free trading on Swiss equities, a significant added value for our clients. We enhanced our website to improve the client experience and reinforce our company values: client-centric, technology-first, data-driven, and education-oriented.

2022 delivered outcomes that evidenced a strengthened marketing strategy and brand awareness for FlowBank. All key metrics of acquisition improved year on year from 2021 – 60% increase in client numbers, 15% increase in client activation to trading activities, which in turn has caused an increase in the AUM per client.

We are very conscious of the hard work that lies ahead and the complications we face in financial markets brought on by high inflation and the global political climate. We will continue to remain steadfast in our mission to build the best products and services for our clients to accompany them on their financial journey.

Moving full speed into 2023, we have prepared an ambitious and achievable roadmap focused on three areas, being the bank that provides the best trading prices across asset classes, serving beginner investors with educational resources to help them be confident and become long-term investors, and providing the tools and technology to best serve experienced traders.

Client-centric: We aim to deliver the best value to our clients and 2023 will focus even more on pricing and strengthen this message with our current clients and prospective ones. Our new CRM planned to be launched in Q3-2023 will be a key component to delivering on this core value and providing a more streamlined approach to the client journey at every touchpoint.

Technology first: We look forward to launching the new FlowBank app and multi-currency debit card for Q4-2023. This platform will be the center of our ecosystem. It will embody the core values of our business in one place and give investors and traders the power and simplicity they need to achieve their financial goals.

Data-driven: We are invested in using data and scientific analysis to maximize the likelihood of solid and profitable business decisions. This will also enable us to be more holistic and aggressive in driving stronger organic growth across the business.

Education-oriented: We will create a dedicated educational website that will serve beginner investors and provide them with a wide range of content from video tutorials, articles, and even personal financial coaching.

We live in a competitive world and the competition is nothing less than fierce. We are up against the largest banks in Switzerland and nonbanks who are players in this industry. So, what does this mean for FlowBank? And why I am excited for each and every day at the office? It's because I know that together we can deliver on our mission and achieve our business priorities to create value for all of our stakeholders, a better value than anyone else. We will continue to build on our relationships with our employees, our clients, and our community. We are invested in the long term for a sustainable and profitable future.

Charles-Henri SABET
CEO



Governance – Board Members

Thomas Steinmann

Chairman of the board of directors

Thomas Steinmann, President of the board of directors of FlowBank, holds a degree in law and a degree in political science from the University of Lausanne (1983). He obtained his lawyer's license in 1990 and became a Doctor of Law in 1991.

In 1990, he joined the Python Study Schifferli Peter & Associés in Geneva (now Etude Python) as a collaborator. The year after, he worked as a collaborator of the Gibson, Dunn & Crutcher Study in New York, before returning to the Python Study, of which he became an associate in 1995, a position he still holds today.

Since 1995, Mr. Steinmann is an Extraordinary Professor teaching International Contracts at the "École des Hautes Études Commerciales" of the University of Lausanne.

Michel Broch

Vice-President of the board of directors

Michel Broch, Vice-President of the board of directors of FlowBank, holds a degree in law from the University of Fribourg (1980) and a lawyer's certificate (1983). He began his career as assistant to Professor Pierre Tercier at the University of Fribourg (1983), before becoming Registrar at the Federal Insurance Court in Lucerne (1984 - 1986).

In 1986, he joined the legal service of the Federal Banking Commission as a scientific assistant. In 1990 he joined Ernst & Young SA in Geneva and became Partner in 1992, then member of the board of directors in 1998, and replacing the Director of Financial Services in 1999. In 2002, he became President of the executive committee of Banque Safdié in Geneva. In 2005, he founded Broch & Associés, in Corminboeuf, with which he is associated. Until 2013, he was a director of MIG Banque, Lausanne. He is currently Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Reyl & Cie, Geneva, Vice-Chairman of the Board of Directors of Reyl & Cie Holding, Geneva, director and Chairman of the Audit Committee of Hyposwiss Private Bank, Geneva, Vice-Chairman of the board of directors of the securities company IMAC Bond in Fribourg, director of Noventa Capital, Geneva, and director of the CSI management and consulting company Finance, Fribourg. Finally, he is a member of the board of directors of SpeciTec, Geneva, a company active in the development, maintenance and distribution of computer programs for banks and businesses.

Pierre Zach

Member of the board of directors

Pierre Zach, member of the board of directors at FlowBank, holds a license in commercial and industrial sciences from the University of Geneva and a diploma as chartered accountant.

He started his career in 1977 with Peat Marwick Mitchell, Geneva, first as Assistant, then Senior and finally Manager with the Audit department. In 1984, he became Deputy Director responsible for the Geneva branch of the Société de Révision Bancaire SRB. In 1987, he joined the Bank of Paris and the Netherlands (Parisbas) as internal auditor responsible for the IT audit. In 1989, he joined KPMG, Geneva, as a partner, active in the field of auditing and advisory activities in the banking and financial sector.

In 2015, having reached retirement age, he retired from the KPMG Partnership and continued his part time activity as Director. He completely withdrew from KPMG in 2017. Currently, Mr. Zach is a member of the board of directors of Banque Dukascopy, Geneva.

Jean-Marie Mognetti

Member of the board of directors

Jean-Marie Mognetti is CEO and co-founder of CoinShares, the European leader in alternative digital asset management. He holds a master's degree in financial engineering from the prestigious Sir John Cass Business School.

Jean-Marie is a seasoned commodities trading professional, having developed advanced expertise in areas such as quantitative analysis, risk management as well as alpha generation. His know-how extends to running trading programs focused on macro commodities, notably including crypto-currencies. Since 2014, he has been recognized as a leading expert in the digital assets sector.

Before co-founding CoinShares, a major player in the cryptocurrency sector, Jean-Marie held the position of quantitative strategist at Hermes Commodities Fund Managers. His role there was crucial in establishing and implementing trading strategies based on rigorous quantitative approaches.

Governance – Board Members

Olivier Crottaz

Member of the board of directors

Olivier Crottaz, member of the board of directors at Flowbank, is a Certified European Financial Analyst and also holds Swiss Federal Certificates as “Analyste Financier et Gestionnaire de Fortunes diplômé” and “Expert diplômé en Finance et Investissements”.

He started his carrier at UBS in 1993 as portfolio manager and tactical asset allocator. In 1998, he joined Credit Suisse Fides as Senior Financial Advisor and head of department.

In 2007 till end 2022, he managed his owns Independent asset managing company.

Currently, Mr Crottaz is Advisor to the Finance Committee of Platinex inc, a Canadian listed Company.

Commerciales” of the University of Lausanne.

Governance – Executive Committee



Charles-Henri Sabet
Chief Executive Officer

Charles-Henri Sabet is the Founder and Chief Executive Officer of FlowBank. FlowBank is his vision for a new investment experience open to everyone.

In 1999, he founded Synthesis Bank where he was chairman until 2008 when the institution merged with Saxo Bank. Synthesis Bank is considered a pioneer among the new series of online banks on the Swiss market.



Sergio Verdial
Chief Risk Officer

Sergio Verdial is FlowBank’s Chief Risk Officer. In this role, he is responsible for ensuring the bank’s compliance with the regulations as well as monitoring and managing risks with the potential to negatively affect FlowBank.

Having served as Head of Compliance at Banque Pâris Bertrand and SYZ Group and as Senior Compliance Officer at Single Family Office and Banque SYZ, Sergio Verdial has extensive experience in compliance. He started his career at Ernst & Young as Senior Auditor.

Sergio Verdial holds a University Degree in Business Administration as well as a Certificate of Advanced Study in Compliance in Financial Services from the University of Geneva.



Caroline Puder-Lévy
Chief Marketing Officer

Caroline Puder Lévy is a seasoned professional in the marketing and communications field with a wealth of experience in the watchmaking industry. Throughout her 15-year career, she held numerous senior roles, gaining valuable insights into the digitalization process of traditional distribution in this sector.

Caroline has been driving the growth and success of FlowBank, since its inception. As the Chief Marketing Officer, she is responsible for driving the growth of the company through the acquisition of new clients and optimization of the user experience.

Her commitment to excellence and her ability to understand the unique needs of each client has made her a valuable member of the bank’s Executive Committee.

Caroline is poised to continue making a significant impact in the marketing and communications department and taking FlowBank to new heights of success.



Adrien Cohen
Chief Operating Officer

Adrien Cohen has been in the trading industry for more than a decade. Prior to joining FlowBank, he held various Trader and Dealer positions at LCG, ETX Capital, and IG Markets where he managed HNW portfolios.

Balance sheet

	31.12.2022	31.12.2021
Assets	CHF	CHF
Liquid assets	32'783'870	35'123'964
Amounts due from banks	56'695'020	38'723'205'
Amounts due from customers	13'417'111	5'676'770'
Trading portfolio assets	9'376	54'403
Positive replacement values of derivative financial instruments	4'996'783	11'760'041
Financial investments	2'724'551	
Accrued income and prepaid expenses	3'979'125	4'884'604
Participations	9'802'709	11'318'066
Tangible fixed assets	9'148'542	6'018'477
Intangible fixed assets	181'592	265'811
Other assets	1'001'353	-
Total assets	134'740'031	113'825'071
Total subordinated receivables	-	-
- of which subject to mandatory conversion and / or debt waiver	-	-
Liabilities & equity	CHF	CHF
Amounts due to banks	19'194'822	31'530'349
Amounts due in respect of customer deposits	91'670'042	38'821'280
Negative replacement values of derivative financial instruments	3'463'494	9'948'029
Accrued expenses and deferred income	6'915'379	7'164'679
Other liabilities	468'519	479'825
Total Liabilities	121'712'257	87'944'162
Share capital	67'918'066	58'318'066
Loss carried forward	(32'437'869)	(9'455'913)
Loss of the year	(22'452'423)	(22'981'244)
Total Shareholders' equity	13'027'774	25'880'909
Total liabilities & shareholders' equity	134'740'031	113'825'071
Total subordinated liabilities	-	-
- of which subject to mandatory conversion and / or debt waiver	-	-
All amounts have been rounded off, which may result in minor discrepancies		

Off-balance sheet

	31.12.2022	31.12.2021
	CHF	CHF
Contingent liabilities	20'147'386	-
Irrevocable Commitments	188 000	42 000
Commitments relating to calls on shares and other equity securities		-
Confirmed credits		-
Total off-balance sheet transactions	20'335'386	42 000

Statement of income

	31.12.2022	31.12.2021
	CHF	CHF
Result from interest operations		
Interest and discount income	1'351'134	14'655
Interest and dividend income from financial investments	-	-
Interest expenses	(326'659)	-
Gross result from interest operations	1'024'475	14'655
Changes in value adjustments for default risks and losses from interest operations	-	-
Subtotal net result from interest operations	1'024'475	14'655
Result from commission business and services		
Commission income from securities trading and investment activities	5'697'117	3'126'594
Commission income from lending operations	-	-
Commission income from other services	-	-
Commission expenses	(1'531'184)	(3'189'986)
Subtotal result from commission business and services	4'165'934	63'392
Result from trading activities	27'064'547	12'738'084
Other result from ordinary activities		
Result from the disposal of financial investments	-	-
Income from participations	-	-
Result from real estate	-	-
Other ordinary expenses	-	-
Other ordinary income	64'465	2
Subtotal other result from ordinary activities	64'465	2
Operating expenses		
Personnel expenses	(13'362'482)	(13'906'005)
General and administrative expenses	(23'470'266)	(18'155'845)
Subtotal operating expenses	(36'832'748)	(32'061'850)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(3'530'317)	(3'032'691)
Changes to provisions and other value adjustments, and losses	-	-
Operating loss	(8'043'644)	(22'405'192)
Extraordinary income	-	-
Extraordinary expenses	(14'026'863)	(447'777)
Taxes	(381'916)	(128'275)
Loss of the year	(22'452'423)	(22'981'244)

Statement of changes in equity

	Share capital	Statutory capital reserve	Statutory retained earnings reserve	Loss carried forward	Loss of the year	Total
Shareholders' equity as at 31 December 2021	58'318'066	-	-	(9'456'625)	(22'981'244)	25'880'197
Capital increase	9'600'000	-	-	-	-	9'600'000
Allocation to statutory reserve	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Allocation of previous year result to loss carried forward	-	-	-	(22'981'244)	22'981'245	-
Profit/(loss) for the period	-	-	-	-	(22'452'423)	(22'452'423)
Shareholders' equity as at 31 December 2022	67'918'066	-	-	(32'437'869)	(22'452'423)	13'027'774

1. Notes

1. Name, legal status and domicile of the bank

FlowBank SA is a limited company under Swiss law, authorized and regulated by FINMA as a bank and a securities house since 10 July 2020. FlowBank SA (hereafter the Bank) renders online brokerage and online banking services from its head office in Grand-Lancy (Switzerland) and a representative office in Zürich. The Bank owns three participations (see section Financial Statements).

At the end of 2022, FlowBank SA employed 113 FTEs (2021: 90).

2. Accounting and valuation principles

2.1. General principles

The financial statements are prepared in accordance with the Swiss Code of Obligations, the Swiss banking Act and its related Ordinance, the FINMA Accounting Ordinance and FINMA circular 2020/1. The financial statements are prepared in accordance with the reliable assessment principle and hidden reserves are allowed. In the notes, certain figures are rounded for publication purpose, but the calculations are based on the nonrounded figures, thus small rounding differences can arise.

General valuation principles

The financial statements are prepared on the assumption of a going-concern. The accounting is therefore based on going-concern values.

Assets comprise the asset items of which the Bank may dispose by reason of past events, from which it anticipates a flow of economic benefits and whose value can be estimated with a sufficient degree of reliability. Items are entered in the balance sheet as liabilities if they have arisen due to past events if a cash outflow is probable and their value can be reliably estimated. If a reliable estimate is not possible, then it is a contingent liability, which is commented on in the notes.

The disclosed balance sheet items are valued individually.

In principle, neither assets and liabilities nor expenses and income are offset. Accounts receivable and account payable are offset in the following cases:

- deduction of value adjustments from the corresponding asset item;
- offsetting of price gains and losses from trading activities.

Liquid assets

Liquid assets are recognized at their nominal value.

Amounts due from banks and amounts due from customers

Amounts due from banks and amounts due from customers are recognized at their nominal value minus 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, i.e. obligations entered with clients for which the debtor is unlikely to meet its future obligations, are valued individually and depreciated by means of individual value adjustments.

The anticipated recoverable amount is the liquidation value (estimated net realisable value minus the costs of retention and liquidation). In doing so, the entire liability of the client or the economic entity has to be checked for any counterparty risk. The individual valuation adjustments are deducted from the corresponding asset item in the balance sheet.

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

Amounts due to banks and amounts due in respect of customer deposits are 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.

Trading portfolio assets

The trading portfolio assets and liabilities relating to trading operations are valued and recognised at fair value in principle. Fair value

is the price based on a price-efficient and liquid market or the price calculated using a valuation model. If a fair value cannot be determined, the valuation and recognition is based on the lower of cost or market value principle. The price gain or loss resulting from the valuation, and interest and dividend income from trading operations, are recorded via the item "Result from trading operations and use of the fair value option".

Positive and negative replacement values of derivative financial instruments

Derivative Financial instruments are used for trading and for economic hedging purposes

Trading purposes

The valuation of derivative financial instruments for trading purposes is done according to the fair value and the positive or negative replacement values are recorded in the corresponding item. The fair value is based on market prices.

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".

Economic Hedging purposes

The Bank also uses derivative financial instruments as part of its assets and liabilities management (ALM) to hedge against market risks. Hedging operations are valued and disclosed as trading operations. Derivatives are used for economic hedging purposes and the Bank does not apply hedge accounting.

Operations on behalf of clients

Replacement values resulting from operations on behalf of clients are in principle recognized on the balance sheet, if the contract can result in a loss risk for the Bank:

- Over-the-counter contracts (OTC): the replacement values of commission income are recognized on the balance sheet
- Exchange-traded contracts: replacement values are not recognized on the balance sheet unless as a matter of exception the variation margin is not fully covered by the initial margin actually required.

Participations

These are valued at historical cost less any permanent impairment.

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 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 "Value adjustments on participations and amortisation of tangible assets and intangible assets".

Realised gains from the sale of participations are recorded via "Extraordinary income" and realised losses are recorded via the item "Extraordinary expense".

Tangible fixed assets

Investments in tangible fixed assets are capitalized. Tangible fixed assets are recognized at acquisition cost minus the scheduled accumulated depreciation over the estimated operating life.

Tangible fixed assets are depreciated at a consistent rate over an estimated operating life via the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets". The estimated operating lives of the different categories of tangible fixed assets and the depreciation methods are as follows:

- Furniture & fittings 5 years, on a linear basis
- IT Software & Hardware 5 years, on a linear basis
- Website and IT applications developments 5 years, on a linear basis
- Vehicles 4 years, on a linear basis

In case an indication arises that the value of a tangible fixed asset is impaired, an additional amortization is recorded in the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets".

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 amount and the impairment is charged via the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets".

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 fixed assets

Acquired intangible assets are recognised in the balance sheet if they yield measurable benefit for the Bank over several years. Intangible fixed assets are recognized at acquisition cost minus the scheduled accumulated depreciation over the estimated operating life.

Intangible fixed assets are depreciated at a consistent rate over an estimated operating life via the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets". The estimated operating lives of the different categories of intangible fixed assets and the depreciation methods are as follows:

- Licenses 5 years, on a linear basis
- Other intangible assets 5 years, on a linear basis

In case an indication arises that the value of an intangible fixed asset is impaired, an additional amortization is recorded in the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets".

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 amount and the impairment is charged via the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets".

Provisions

Legal or de facto obligations are evaluated at regular intervals. A provision is set up if an outflow of funds appears likely and can be reliably estimated.

Existing provisions are re-evaluated on each balance sheet date. They are increased, maintained or released on the basis of the new assessment.

Provisions that are no longer economically necessary and that are not reused immediately for other purposes of similar nature are released in the Income statement.

Taxes

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

Liabilities from current tax are disclosed via the item "Accrued liabilities and deferred income". Expense due to current tax is disclosed in the statement of income 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.

Pension benefit obligations

FlowBank SA's employees are insured through a collective pension scheme. The Bank bears the costs of the occupational benefit plan for employees and survivors as per the legal requirements. The employer contributions arising from the pension scheme are included in "Personnel expenses" on an accrual basis.

Employee benefit obligations mean all commitments resulting from the pension fund to which the Bank's employees are insured. There is an economic benefit if the Bank has the ability to reduce its future employer's contributions. On the contrary, there is a liability if, owing to a shortfall in the pension fund, the Bank wants or has to participate in the financing of the pension fund.

The Bank assesses whether there is an economic benefit or economic obligation arising from pension scheme as of the balance sheet date. The assessment is based on the contracts and financial statements of the pension funds (established under Swiss GAAP FER 26 in Switzerland).

The identified economic benefit (including the employer contribution reserves without a waiver of use) is recorded in "Other assets". If an economic obligation is identified for an individual pension fund, it is recorded in "Provisions". The difference with the corresponding value of the prior period is recorded in the statement of income in "Personnel expenses".

2.2. Recording of business transactions

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

2.3. Foreign currencies Translation

Transactions in foreign currencies are converted at the exchange rates of the transaction date. Assets and liabilities carried in foreign currencies are converted at the exchange rates of the balance sheet date. Resulting conversion gains and losses are recorded via the item "Result from trading activities".

	2022	Closing rate	Average rate
	EUR	0.9898	0.9954
	GPB	1.1178	1.2340
	USD	0.9247	0.9122

	2021	Closing rate	Average rate
	EUR	1.0371	1.0361
	GPB	1.2340	1.2575
	USD	0.9122	0.9143

3. Risk Management

As the Bank mainly offers fully automated (Straight-Through-Processing) brokerage services via innovative IT solutions, FlowBank SA is mostly subject to operational, market, and legal risks.

The identification, measurement, monitoring, management of risks and maintenance of the Bank's stability, is a priority for the Bank. The key elements of risk management are the following:

- a comprehensive risk policy and internal regulation defining among others the risk appetite and risk limits which are commensurate with the Bank's risk capacity;
- the permanent monitoring of risk limits and compliance with regulatory capital, risk diversification and liquidity requirements applicable to Swiss banks;
- a risk control function in charge of monitoring the Bank's risk profile and risk management capabilities;
- proper segregation of duties;
- wide application of the four-eyes principle and IT-based controls in business operations;
- three lines of defense: risk management by business units, risk control and compliance functions and internal audit;
- a comprehensive internal reporting on relevant risks.

The Board of Directors is the supreme governing body of the risk management organization. It has established an analysis of the main risks the Bank is exposed to. Based on its risk analysis, the Board of Directors has adopted a Risk Policy aiming at limiting and managing the main risks affecting the Bank. The Risk Management Concept defines the risk appetite, the main risk limits and features of the risk measurement and risk management. The Board of Directors monitors compliance with the limits as well as the implementation of the risk policy based on a comprehensive quarterly reporting on risks.

The executive management is responsible for the execution of the Board of Directors' policies. It ensures a suitable risk management organization is in place as well as the use of an adequate risk monitoring system. It monitors the use of limits and ensures that an adequate internal reporting is in place. The risk control function and the compliance function are independent of business operations. They monitor all risks as the second line of defense and establish most of the quarterly reporting about risks to the executive management and the Board of Directors.

Operational risks

Operational risks are defined as the risk of losses due to inadequacy or failure of internal procedures, people and systems or due to external events. This definition includes risks related to client data confidentiality and legal risks, including fines by supervisory authorities and settlements. As a bank offering highly automated services accessible through the Internet, FlowBank SA much relies on IT systems and Internet connections to operate. Automation brings high efficiency, eliminates human errors but at the same time means dependency on the availability and integrity of IT systems and Internet connections that the Bank protects through advanced security solutions and permanent monitoring of the system components.

The operational risks are measured by calculating the probability and extent of possible financial damages due to negative events such as an error in client order execution or the breach of a regulation (compliance risk). The Bank has documented operational risks and key controls aiming at mitigating such risks (e.g. four eyes principle, reconciliations, automated controls, internal regulation, etc.) in a systematic manner via an internal regulation which is approved annually by the Board of Directors and based on the FINMA circular 2008/21. The operational risk management framework also includes a Business Continuity Management documentation, which rules the maintenance or the resumption of business operations in case of occurrence of critical situations such as a natural disaster affecting the Bank. The effectiveness of the Business Continuity Management is tested annually.

The Bank establishes risk indicators, mainly based on operational incidents and losses which allow the risk control function to report on operational risks in a systematic and objective way to the executive management and the Board of Directors. The management of operational risks is one of the priorities of the Bank since it has a direct effect on its stability and attractiveness as a trusty service provider.

Market risks – trading operations

The management of market risks deriving from trading operations is a priority risk management activity and a cornerstone of the Bank's financial stability. In particular, the volatility on the forex market may trigger significant impact on the Bank's statement of income due to the Bank's currency risk exposure via the item "Result from trading activities". For various reasons including for benefiting from bid and ask spreads, the Bank permanently keeps a certain portion of market exposure deriving from client order execution.

The Bank applies prudent market risk limits and sophisticated monitoring of market risk exposure via automated hedging logics and 24h human and automated surveillance. The Bank automatically measures its market risk exposure on a permanent and real time basis. The IT system caps such market risk exposure under the limits decided by the executive management and the Board of Directors. Those limits have been set sufficiently carefully to ensure that Swiss banking capital adequacy requirements are complied with at all times. If deemed necessary, the Bank's advanced technology allows it to fully exclude exposure deriving from trading on all or specific instruments, for instance in anticipation of exceptional market events such as the abandon of a currency peg by a Central Bank.

Market risks – other currency risks

The Bank has a limit applicable to currency risk exposure deriving from currency discrepancies between assets and liabilities. This limit is monitored daily by the Treasurer who maintains sufficient currency congruence between assets and liabilities through the assets and liabilities management (ALM).

Market risks – interest rate risks

Credit or other interest generating activities is not the core activity of the Bank. The Bank's remaining exposure to interest rate risks mostly derives from cash positions and FX swaps at short term. The Finance department calculates and reports on interest rate risks on a quarterly basis.

Legal risk

Management ensures that the Bank complies with current regulations and the due diligence obligations of financial intermediaries. It also ensures that internal directives are adapted to changes in laws and regulations. The Compliance, Legal and Risk officers oversee the Bank's compliance with current regulatory requirements as well as the due diligence duties. In case of needs, the Bank receives the help of external legal advisers.

Other risks

Credit risk

In the frame of the Bank's core trading activities, a credit risk exists if clients are not able to honor payment obligations collected during their trading at the Bank (settlement of trading losses and payment of fees). The trading platforms automatically monitor the credit risk related to clients by way of margin call and margin cut functionalities which shall ensure that the Bank remains covered by sufficient collateral at any time. In some marginal circumstances, the margin call and margin cut functionalities of the Bank may not suffice to fully prevent certain client accounts to become negative.

Counterparty risk in interbank business

The Bank deposits its liquidity and trades (mainly to hedge client transactions) with more than 20 different banks and other institutional trading counterparties external to its ECN marketplace such as brokers and other marketplaces. Counterparty and default risks relating to banks and other trading counterparties are mitigated by the fixation of exposure limits within the competences set by the Board of Directors. The respect of the risk limits is controlled daily and limits are adapted as often as deemed necessary.

In principle, the Bank works only with first-class counterparties. Before entering a business relationship with a counterparty in interbank business, the Bank performs an assessment of the counterparty risk and sets a risk exposure limit accordingly. The limit depends significantly on the rating, if any, and on the capital adequacy of the counterparty which are reassessed on an annual basis or more frequently if deemed necessary. The Bank is attentive to financial news and public information circulating about its counterparties. In case of negative information concerning the stability of a counterparty, its creditworthiness is verified by the Bank. If deemed necessary, risk limits and credit risk exposures are adjusted or removed by the executive management and the risk control function. The Treasurer monitors compliance with the limits daily.

Liquidity

Due to the nature of its business activities, the Bank has abundant liquidities and no long-term monetary commitment. The Bank is exclusively financed by its own capital, client deposits and therefore does not need to raise funds on the money market. As a result, the liquidity risk of the Bank is low and requires limited monitoring. They identify reserves of liquidity, liquidity risk indicators and steps necessary to maintain sufficient liquidity, including in case of liquidity stress situation. The Treasurer ensures that the limits are complied with. The liquidity situation and concentration risks are monitored by the risk control function and reported quarterly to the executive management and to the Board of Directors.

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

4.1. Amounts due from customers

Amounts due from customers are composed by credit backed by cash and securities deposit and therefore non value adjustments for non-impaired loans are considered. The Bank considers that a risk of default exists on unsecured receivables if a payment of interests or a reimbursement of the principal is not honored in due date or if the debtor disputes such payment obligations or indicates that he/she will not be able to honor them. In such cases, the Bank enquires about the debtor's intentions and financial situation and evaluates the chances of recovering the receivable. A value adjustment is recorded for the portion of receivable whose recovery is considered uncertain.

4.2. Amounts due from banks

In principle, the Bank only takes credit risk exposure towards counterparties having sound creditworthiness. The Bank considers that a counterparty is defaulting in case the latter refuses to honor a payment order in due time or is declared bankrupted or placed under special administration due to insolvency/going-concern issues. In such cases, the counterparty's situation is evaluated by the Bank. A value adjustment is recorded for the portion of receivable whose recovery is considered uncertain.

4.3. Process for determining value adjustments and provisions

Value adjustments and provisions are reassessed at each balance sheet date. Changes in value adjustments and provisions are approved by the executive management unless they simply result from a use of provision in conformity with its purpose or the recovery of an impaired receivable.

5. Valuation of collateral

Collateral provided by clients are made of cash and securities deposited with FlowBank SA. Collateral are valued at market price at all time.

6. Business policy regarding the use of derivative financial instruments and hedge accounting

FlowBank SA's core business is the trading of OTC financial instruments with clients, including CFD. The Bank does not trade credit derivatives. The Bank also uses derivative financial instruments for risk management purposes, mainly to hedge against market risks. Hedging operations are executed by the Bank with external institutional counterparties. The Bank does not use hedge accounting.

7. Significant subsequent event after the balance sheet date

The latest annual balance sheet shows that half of the share capital and legal reserves are no longer covered and that the bank therefore falls within the scope of Article 725a of the Swiss Code of Obligations (capital loss situation).

The Board of Directors of the Bank closely monitors the evolution of the financial situation and periodically updates the planning of future results, of the relative development of equity capital and of liquidity. The Board of Directors has determined that the bank's long-term viability is not at risk, despite the loss for the financial year 2022. It has also implemented various measures early 2023 to strengthen equity. The General Assembly approved a capital increase of CHF 6,1 million on 10 february 2023 and CHF 25 million on 30 April 2023. In this context, it received detailed information from the Board of Directors and approved its action.

2. Information on the Balance Sheet

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

		Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)		CHF	CHF	CHF	CHF
Amounts due from customers		-	7'655'948	5'761'163	13'417'111
Total loans (before netting with value adjustments)	31.12.2022	-	7'655'948	5'761'163	13'417'111
	31.12.2021	-	3'748'407	1'928'363	5'676'770
Total loans (after netting with value adjustments)	31.12.2022	-	7'655'948	5'761'163	13'417'111
	31.12.2021	-	3'748'407	1'928'363	5'676'770

		Secured by mortgage	Other collateral	Unsecured	Total
Off-balance sheet		CHF	CHF	CHF	CHF
Contingent liabilities		-	-	20'147'386	20'147'386
Irrevocable commitments		-	-	188'000	188'000
Obligation to pay up shares and make further contributions		-	-	-	-
Credit commitments		-	-	-	-
Total off-balance-sheet as of	31.12.2022	-	-	20'335'386	20'335'386
	31.12.2021	-	-	42'000	42'000

		Secured by mortgage	Other collateral	Unsecured	Total
Total impaired loans / receivables		CHF	CHF	CHF	CHF
Total impaired loans / receivables	31.12.2022	-	-	-	-
	31.12.2021	-	-	-	-

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

	31.12.2022	31.12.2021
Assets	CHF	CHF
Trading portfolio assets		
Debt and money market securities / transactions	-	-
- of which, listed	-	-
Equity securities	9'376	54'403
Commodities and precious metals	-	-
Total trading portfolio assets	9'376	54'403
Other financial instruments at fair value		
Debt securities	-	-
Structured products	-	-
Other	-	-
Total other financial instruments at fair value	-	-
Total	9'376	54'403
- of which, determined using a valuation model	-	-
- of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-
	31.12.2022	31.12.2021
Liabilities	CHF	CHF
Trading portfolio liabilities		
Debt and money market securities / transactions	-	-
- of which, listed	-	-
Equity securities	-	-
Other trading portfolio liabilities	-	-
Total trading portfolio liabilities	-	-
Other financial liabilities at fair value		
Debt securities	-	-
Structured products	-	-
Other	-	-
Total other financial liabilities at fair value	-	-
Total	-	-
- of which, determined using a valuation model	-	-

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

		Trading instruments		
		Positive replacement values	Negative replacement values	Contract volume
		CHF	CHF	CHF
CFDs		4'872'440	3'375'134	195'536'786
Interest rate instruments		-	-	-
Indices		131'053	33'369	13'814'987
Equities		4'550'489	3'275'172	158'918'286
Credit		-	-	-
Forward contracts		175'489	40'090	19'813'599
Commodities		15'409	26'503	2'989'915
Cryptocurrencies		-	-	-
Options (exchange-traded)		-	-	-
Foreign exchange / precious metals		124'343	88'360	33'260'214
Swaps		124'343	88'360	33'260'214
Total before netting agreements	31/12/2022	4'996'783	3'463'494	228'797'000
- of which, determined using a valuation model		299'832	128'450	53'073'813
Total after netting agreements	31/12/2022	4'996'783	3'463'494	228'797'000
	31/12/2021	11'760'041	9'948'029	381'620'229

	Central clearing houses	Banks and securities firms	Other customers	Total
Breakdown by counterparty	CHF	CHF	CHF	CHF

Positive replacement values after impact of netting contacts Total at 31 December 2022	-	388'847	4'607'936	4'996'783
Positive replacement values after impact of netting contacts Total at 31 December 2021	-	11'147'917	612'124	11'760'041

2.4. Breakdown of other assets and other liabilities

	Other assets		Other liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	CHF	CHF	CHF	CHF
Indirect taxes	78'874	-	468'519	152'331
Provision for invoices	-	-	-	327'494
Suspense account	922'479	-	-	-
Total other assets and other liabilities	1'001'353	-	468'519	479'825

The suspense account is mainly related to open transactions which were not settled at the end of the year.

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

	31.12.2022		31.12.2021	
	Book value	Effective commitments	Book value	Effective commitments
Pledged/assigned assets	CHF	CHF	CHF	CHF
Amounts due from banks	440'792	440'792	12'387'376	3'536'320
Total assets pledged or assigned as collateral for own liabilities	440'792	440'792	12'387'376	3'536'320
Assets under reservation of ownership	-	-	-	-

2.6. Disclosure of financial investments

	31.12.2022		31.12.2022	
	Book value	Fair value	Book value	Fair value
	CHF	CHF	CHF	CHF
Debt instruments	-	-	-	-
- of which intended to be held to maturity	2'724'551	2'947'194	-	-
- of which available for sale	-	-	-	-
Equity securities	-	-	-	-
- of which significant holdings (minimum of 10% of capital or voting rights)	-	-	-	-
Precious metals	-	-	-	-
Real Estate	-	-	-	-
Cryptocurrencies	-	-	-	-
Financial investments	2'724'551	2'947'194	-	-

-of which, securities eligible for repo transactions in accordance with liquidity requirements

Rating for debt instruments according to Standard & Poors

Counterparty breakdown by rating

Book value of debt securities	31.12.2022	31.12.2021
	CHF	CHF
AAA to AA-	2'724'551	-
A+ to A-	-	-
BBB+ to BBB-	-	-
BB+ to B-	-	-
Below B-	-	-
Not rated	-	-
Total	2'724'551	-

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

Company name and domicile	Business activity	Currency	Company Capital	% of share capital held	% of voting rights	Held directly/ indirectly
London Capital Group (Cyprus) Limited, Limassol, Cyprus	Brokerage	EUR	999 000	100	100	Directly
London Capital Group Limited, London, UK	Brokerage	GBP	24 903 777	100	100	Directly
LCG Capital Markets Limited, Nassau, Bahamas	Brokerage	USD	5 000	100	100	Directly

2.8. Presentation of tangible assets

	31.12.2021				31.12.2022			
	CHF				CHF			
	Acquisition cost	Accumulated depreciation	Book Value	Additions	Disposals	Depreciation	Reversals	Book value
Proprietary or separately acquired software	2'941'005	(506'289)	2'434'717	3'835'214	-	(1'486'215)	-	4'783'716
Other tangible fixed assets	4'128'905	(545'145)	3'583'761	1'414'292	(188'700)	(456'320)	11'794	4'364'826
Total tangible assets	7'069'911	(1'051'433)	6'018'477	5'249'506	(188'700)	(1'942'535)	11'794	9'148'542

The Bank's offices are rented for an annual cost of CHF 866'207 in 2022.

2.9. Presentation of intangible assets

	31.12.2021				31.12.2022			
	CHF				CHF			
	Acquisition cost	Accumulated depreciation	Book Value	Additions	Depreciation	Book value		
Licenses	356'037	(137'133)	218'904	-	(71'207)	147'697		
Other intangible fixed assets	65'057	(18'151)	46'906	-	(13'011)	33'895		
Total intangible assets	421'095	(155'284)	265'811	-	(84'219)	181'592		

2.10. Presentation of the maturity structure of financial instruments

31.12.2022	At sight	Cancellable	Due					Total
			within 3 months	within 3 and 12 months	within 12 months and 5 years	after 5 years	no maturity	

Assets / financial instruments

Liquid assets	32'783'870	-	-	-	-	-	-	32'783'870
Amounts due from banks	56'695'020	-	-	-	-	-	-	56'695'020
Amounts due from customers	13'417'111	-	-	-	-	-	-	13'417'111
Trading portfolio assets	9'376	-	-	-	-	-	-	9'376
Positive replacement values of derivative financial instruments	4'996'783	-	-	-	-	-	-	4'996'783
Financial investments	-	-	-	2'724'551	-	-	-	2'724'551
Total	107'902'160	-	-	2'724'551	-	-	-	107'902'160

Liabilities / financial instruments

Amounts due to banks	19'194'822	-	-	-	-	-	-	19'194'822
Amounts due in respect of customer deposits	91'670'042	-	-	-	-	-	-	91'670'042
Negative replacement values of derivative financial instruments	3'463'494	-	-	-	-	-	-	3'463'494
Total	114'328'359	-	-	-	-	-	-	114'328'359

2.11. Disclosure on the economic situation of own pension schemes employer contribution reserves (ECR)

A collective pension fund plan exists for the employees (Tellco). This fund is a defined obligation. There is no employer contribution reserve and there is no identifiable economic benefit to be capitalised in the balance sheet (2022: nil). The pension fund audited accounts as of 31 December 2022 present a coverage ratio of 101.7%. Based on the last audited financial statements of Tellco as at 31 December 2021, the coverage ratio was 111.2%.

	31.12.2022	31.12.2021
Liabilities relating to own pension scheme	CHF	CHF

Customer deposits	-	-
Other liabilities	-	-
Total	-	-

Over- /underfunding	Economic interests of the bank			Contributions paid during the financial year	Pension expenses included personnel expenses	
	31.12.2022	31.12.2021	Change		31.12.2022	31.12.2021
CHF	CHF	CHF	CHF	CHF	CHF	CHF

Pension plans	32'826'000	-	-	-	1'315'789	1'288'359	1'182'256
Other pension plans	-	-	-	-	-	-	-
Total	32'826'000	-	-	-	1'315'789	1'288'359	1'182'256

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

	Balance at 31.12.2022	Use in conformity with designated purpose	Reclassifica- -tions	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at 31.12.2022
Provisions for default risk	-	-	-	-	-	-	-	-
- of which, value adjustments for default risks in respect of impaired loans / receivables	-	-	-	-	-	-	-	-
- of which, value adjustments for inherent risks	-	-	-	-	-	-	-	-
- of which, value adjustments for latent risks	-	-	-	-	-	-	-	-
Provisions for other business risks	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-
Total provisions	-	-	-	-	-	-	-	-
Reserves for general banking risks	-	-	-	-	-	-	-	-
Value adjustments for default and country risks	-	-	-	-	-	-	-	-
- of which, value adjustments for default risks in respect of impaired loans / receivables	-	-	-	-	-	-	-	-
- of which, value adjustments for inherent risks	-	-	-	-	-	-	-	-
- of which, value adjustments for latent risks	-	-	-	-	-	-	-	-

2.13. Presentation of Bank's Capital

Total par value	Number of shares	Capital eligible for dividend	Total par value	Number of shares	Capital eligible for dividend
CHF	CHF	CHF	CHF	CHF	CHF

Share capital	67'918'066	67'918'066	67'918'066	58'318'066	58'318'066	58'318'066
Registered shares	67'918'066	67'918'066	67'918'066	58'318'066	58'318'066	58'318'066
<i>of which, paid up</i>	<i>67'918'066</i>	<i>67'918'066</i>	<i>67'918'066</i>	<i>58'318'066</i>	<i>58'318'066</i>	<i>58'318'066</i>
Total Bank's capital	67'918'066	67'918'066	67'918'066	58'318'066	58'318'066	58'318'066

On 30 March 2022, the Bank increased its share capital by issuing CHF 5'800'000 new shares with a nominal value of CHF 1. On 28 October 2022, the Bank increased its share capital by issuing CHF 3'800'000 new shares with a nominal value of CHF 1. Those two share capital increase brought the share capital at the end of 2022 to 67'918'066 shares (2021: 58'318'066) with a nominal value of CHF 1.

2.14. Disclosure of amounts due from / to related parties

	31.12.2022		31.12.2021	
	Amounts due from	Amounts due to	Amounts due from	Amounts due to
	CHF	CHF	CHF	CHF
Holders of qualified participations	2'026'816		1'983'071	544'538
Group companies	43'748'311	17'972'823	20'652'799	19'332'588
Linked companies	20'562	-	-	-
Governing bodies			-	92'798
Total of transactions with related parties	45'795'689	17'972'823	22'635'870	19'969'924

2.15. Disclosure of holders of significant participations and groups of holders of participations with pooled voting right

	31.12.2022		31.12.2021	
	Nominal	Percentage of equity	Nominal	Percentage of equity
Direct participations with voting rights	CHF	%	CHF	%
FlowB Holding Switzerland S.A.	67'918'066	100%	58'318'066	100%

	31.12.2022		31.12.2021	
	Nominal	Percentage of equity	Nominal	Percentage of equity
Indirect participations with voting rights	CHF	%	CHF	%
NFT Group SPV Limited Abu Dhabi (*)	24'776'510	36%	19'379'093	33%
CBH - Compagnie Bancaire Helvétique SA	-	0%	11'826'904	20%
SLCG International DMCC (*)	10'167'334	15%	9'558'331	16%
Coinshares Intl Ltd	20'986'682	31%	5'260'290	9%
Reyl & Cie Holding SA	5'501'363	8%	4'822'904	8%

(*) these companies are in majority owned indirectly by Charles-Henri Sabet for 51.42% of percentage of voting rights.

2.16. Breakdown of all assets by country or group of countries (domicile principle)

Assets	31.12.2022	
	Absolute	%
Switzerland	59'580'877	44%
Rest of Europe	36'124'949	27%
North America	5'140'350	4%
Central America	20'383'277	15%
South America	4'841	0%
Middle East	3'331'566	2%
Africa	9'403	0%
Asia	8'098'479	6%
Australia / Oceania	2'046'496	2%
Total assets	134'720'239	100%

2.17. Breakdown of all assets according by credit rating of country groups (risk domicile view)

S&P	31.12.2022		31.12.2021	
	Absolute	%	Absolute	%
AAA	14'995'530	18%	3'323'710	9%
AA+ to AA-	42'023'523	50%	16'672'642	47%
A+ to A-	4'297'825	5%	955'511	3%
BBB+ to BBB-	1'755'329	2%	499'702	1%
BB+ to B-	20'442'070	24%	7'979'897	23%
CCC	-	0%	6'310	0%
Not classified	472'626	1%	5'977'851	17%
Total	83'986'903	100%	35'415'623	100%

The Company is using long-term rating from Standard and Poor's.

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

	Domestic	Foreign	Total
	CHF	CHF	CHF
Liquid assets	32'783'870	-	32'783'870
Amounts due from banks	2'378'725	54'316'294	56'695'020
Amounts due from customers	1'711'749	11'705'362	13'417'111
Trading portfolio assets	9'376	-	9'376
Positive replacement values of derivative financial instruments	-	4'996'783	4'996'783
Financial investments	2'724'551	-	2'724'551
Accrued income and prepaid expenses	705'993	3'273'132	3'979'125
Non-consolidated investment in subsidiaries	9'802'709	-	9'802'709
Tangible fixed assets	181'592	-	181'592
Intangible fixed assets	9'148'542	-	9'148'542
Other assets	173'625	827'728	1'001'353
Goodwill	-	-	-
Total assets	59'620'732	75'119'300	134'740'031
Amounts due to banks	394'855	18'799'967	19'194'822
Amounts due in respect of customer deposits	4'000'000	87'670'042	91'670'042
Negative replacement values of derivative financial instruments	-	3'463'494	3'463'494
Accrued expenses and deferred income	4'593'946	2'321'433	6'915'379
Other liabilities	468'519	-	468'519
Total Liabilities	9'457'320	112'254'937	121'712'257
Bank's Capital	67'918'066	-	67'918'066
Retained earnings reserve	(32'437'869)	-	(32'437'869)
Currency translation reserve	-	-	-
Consolidated result of the year	(51'888'528)	29'436'106	(22'452'423)
Total Shareholders' equity	(16'408'331)	29'436'106	13'027'774
Total liabilities	(6'951'011)	141'691'042	134'740'031

2.19. Presentation of assets and liabilities broken by the most significant currencies for the bank

	CHF	USD	EUR	GBP	Others	Total
Assets						
Liquid assets	32'783'870	-	-	-	-	32'783'870
Amounts due from banks	21'676'088	16'020'795	9'909'196	7'810'659	1'278'281	56'695'020
Amounts due from customers	6'273'714	5'385'087	275'811	1'120'174	362'325	13'417'111
Trading business	8'142	1'195	1	38	0	9'376
Positive replacement values of derivatives	-	1'563'321	501'844	2'883'496	48'122	4'996'783
Financial investments	-	2'724'551	-	-	-	2'724'551
Accrued income and prepaid expenses	-	111'232	54'709	3'804'790	8'394	3'979'125
Equity interests	9'802'709	-	-	-	-	9'802'709
Tangible fixed assets	7'051'655	-	-	2'096'887	-	9'148'542
Intangible assets	181'592	-	-	-	-	181'592
Goodwill	-	-	-	-	-	-
Other assets	-	1'001'353	-	-	-	1'001'353
Total assets	77'777'770	26'807'534	10'741'561	17'716'045	1'697'122	134'740'032
Delivery entitlements arising from spot exchange and swap transactions	-	-	-	-	-	-
Total at 31 December 2021	77'777'770	26'807'534	10'741'561	17'716'045	1'697'122	134'740'032
Liabilities						
Amounts due to banks	3'449'708	5'181'707	7'560'175	2'759'147	244'085	19'194'822
Amounts due in respect of customer deposits	44'718'145	17'763'051	2'913'513	25'837'468	437'865	91'670'042
Trading portfolio liabilities	-	-	-	-	-	-
Negative replacement values of derivative financial instruments	46'585	1'641'800	769'289	786'730	219'091	3'463'494
Other financial liabilities at fair value	-	-	-	-	-	-
Accrued expenses and deferred income	3'095'648	758'434	1'248'949	1'809'110	3'238	6'915'379
Other liabilities	(296'128)	305'245	46'508	412'648	246	468'519
Provisions	-	-	-	-	-	-
Share Capital	67'918'066	-	-	-	-	67'918'066
Statutory capital reserve	-	-	-	-	-	-
Statutory retained earnings reserve	-	-	-	-	-	-
Profit/loss carried forward	(32'437'869)	-	-	-	-	(32'437'869)
Profit of the year	(46'466'048)	10'395'360	9'046'815	4'368'852	202'598	(22'452'423)
Total liabilities	40'028'106	36'045'598	21'585'249	35'973'954	1'107'124	134'740'031
Delivery obligations arising from spot exchange and swap transactions	-	-	-	-	-	-
Total at 31 December 2022	40'028'106	36'045'598	21'585'249	35'973'954	1'107'124	134'740'031
Net position by currency at 31.12.2022	(19'465'538)	(5'425'664)	5'493'456	19'872'864	(475'118)	(0)

3. Information on the Off-Balance Sheet

3.1. Breakdown of contingent assets and contingent liabilities

	31.12.2022	31.12.2021
Contingent assets	CHF	CHF

Guarantees to secure credits and similar	-	-
Performance guarantees and similar	-	-
Other contingent assets	-	-
Total contingent assets	-	-

	31.12.2022	31.12.2021
Contingent liabilities	CHF	CHF

Guarantees to secure credits and similar	20'147'386-	-
Performance guarantees and similar	-	-
Other contingent liabilities	-	-
Total contingent liabilities	20'147'386-	-

3.2. Breakdown of fiduciary transactions

	31.12.2022	31.12.2021
Fiduciary transactions	CHF	CHF

Fiduciary deposits with third-parties companies	-	-
Fiduciary deposits with related companies	-	-
Fiduciary loans	-	-
Cryptocurrencies held for customers	-	-
Other fiduciary operations	-	-
Total fiduciary transactions	-	-

4. Information on the Income Statement

4.1. Breakdown of the result from trading activities

4.1.1. Breakdown by business area

	31.12.2022	31.12.2021
	CHF	CHF
Leveraged margin trading	27'064'547	12'738'084
<i>of which trading for own account</i>	60'063	143'911
<i>of which trading for client's account</i>	27'004'484	12'959'290
Total results from trading operations	27'064'547	12'738'084

4.1.2. Breakdown by underlying risk

	31.12.2022	31.12.2021
	CHF	CHF
Fixed Income Instruments	69'703	30'649
Equity securities / Indices	23'844'002	5'297'700
Foreign currency	5'756'752	756'333
Commodities / precious metals	611'143	3'487'597
Other	(3'217'053)	3'165'806
Total results from trading operations	27'064'547	12'738'084

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

	31.12.2022	31.12.2021
	CHF	CHF
Negative interest on deposits (reduction in interest and discount income)	39'987	103'707

4.3. Breakdown of personal expenses

	31.12.2022	31.12.2021
	CHF	CHF
Salaries	10'278'834	11'228'846
<i>of which, expenses relating to share-based compensation and alternative forms of variable compensation</i>	-	-
Social insurance benefits	2'582'492	2'447'765
Other personnel expenses	501'155	229'394
Total personnel expenses	13'362'482	13'906'005

4.4. Breakdown of general and administrative expenses

	31.12.2022	31.12.2021
	CHF	CHF
Office space expenses	1'407'312	2'569'580
Expenses for information technology and communications technology	9'170'079	4'279'991
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	4'844'988	4'221'611
Travel expenses	139'825	122'796
Legal and consulting	3'735'979	2'235'524
Expenses relating to financial information	2'354'617	2'220'017
Fees of audit firm(s)	471'483	498'000
<i>- of which, for financial and regulatory audits</i>	471'483	460'000
<i>- of which, for other services</i>	-	38'000
Other operating expenses	1'345'983	2'008'326
Total general and administrative expenses	23'470'266	18'155'845

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

	31.12.2022	31.12.2021
	CHF	CHF

Current year tax expense	381'916	128'881
Total tax expenses	381'916	128'881

Tax consists of tax on capital.

The calculation of an average tax rate based on a negative operating result is not relevant for 2022 and 2021.

4.6. 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

	31.12.2022	31.12.2021
	CHF	CHF
Extraordinary income	-	-
Total extraordinary income	-	-
Non recurring operational expenses	14'026'863	447'777
Total extraordinary expenses	14'026'863	447'777

The extraordinary expenses of CHF 14 millions is due to a prudent impairment of an unallocated assets.

Report of the statutory auditor

to the General Meeting of FlowBank SA, Grand-Lancy

Report on the audit of the financial statements

Opinion

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

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Board of Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on other legal and regulatory requirements

During our audit, performed in accordance with art. 728a para. 1 item 3 CO and PS-CH 890, we noted that an internal control system which has been designed, in accordance with the instructions of the Board of Directors, for the preparation of financial statements is not supported in all material areas by written documentation.

In our opinion the internal control system does not comply with Swiss law and, accordingly, we are not able to confirm the existence of an internal control system which has been designed for the preparation of the financial statements.

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

We draw your attention to the fact that half of the share capital and legal reserves are no longer covered (art. 725a para. 1 CO). In note 7 to the financial statements the Board of Directors discloses its measures taken.

Additionally, we point out that contrary to the requirements of art. 32 para. 1 Banking Ordinance and of art. 12 of the articles of association, an annual report was not prepared within four months after the end of the financial year and submitted to the general meeting of shareholders for approval and accessible to the public. Furthermore, the annual general meeting of shareholders for the financial year 2022 did not convene within four months after the end of the financial year, which is contrary to the requirements of art. 12 of the articles of association.

PricewaterhouseCoopers SA

Omar Grossi
Audit expert
Auditor in charge

Mattia Marelli

Geneva, 15 June 2023

Enclosure:

- Financial statements (balance sheet, statement of income, statement of changes in equity and notes)

FlowBank

Seriously Simple 

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