

ANNUAL REPORT 2020

QUINTET PRIVATE BANK
(SWITZERLAND) LTD



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1 MANAGEMENT REPORT

Quintet Switzerland, based in the heart of Zurich, is a member of family-owned Quintet Private Bank, which was founded more than 70 years ago and whose 2,000 people serve at 50 cities spanning Europe, managing CHF 92 billion¹ in client assets. A leading, independent pure-play private bank, Quintet Group has centuries of collective heritage, an agile spirit and a single purpose: To be the most trusted fiduciary of family wealth.

Launched in May 2020, amidst a rapidly unfolding global pandemic, Quintet Switzerland opened for business following the successful closing of the acquisition of Zurich-based Bank am Bellevue, the wealth management business of the Bellevue Group. At a time when much of the world was locked down, Switzerland's newest private bank opened new doors of opportunity for people with an entrepreneurial mindset.

Quintet Group: A multi-year transformation

The launch of Quintet Switzerland came less than two months after the unexpected death of our Group CEO, Jürg Zeltner. Jakob Stott – who had already been leading the firm since December 2019 as Wealth Management CEO – was rapidly appointed as Zeltner's successor. Stott continued to implement the strategic plan designed by his predecessor and endorsed by Quintet Group's Board of Directors and shareholders.

The long-term commitment of the Group's shareholder, Precision Capital, is evidenced by the more than CHF 330 million in fresh capital that has been injected since the firm was acquired in 2012, leading to the Group's very strong capital and liquidity position.

Moving forward with determination

At a time when Quintet Group is in the early phase of a multi-year project to transform itself into a healthy, growing and profitable private banking franchise, the 2020 financial results of both the Group and Quintet Switzerland reflect the significant investments being made to sustain this transformation. Those investments span people – across the organization, from front to back, including over 350 new group-wide hires in 2020 alone – products, brand marketing and geographic expansion.

In this context, the Quintet Group has carried out several transactions that have further strengthened its balance sheet as it enters deeper into the investment phase of its transformation. That includes the successful launch of a public issue of over CHF 135 million in additional Tier-1 securities.

During a year of unprecedented challenges, Quintet Group moved forward with determination. Not only did the Group open for business in Switzerland, it also launched a branch in Denmark to support our long-term growth strategy in the Nordic region.

Introducing Quintet Europe

Critically, Quintet Group last year successfully merged its EU-based subsidiaries, forming a single business unit, now called “Quintet Europe”. The introduction of Quintet Europe will reduce organizational complexity and increase operational efficiency, allowing its clients to benefit from shorter lines of communication, more rapid decision-making and faster service. They will also benefit from a one-bank approach, delivered by a single larger bank rather than several smaller subsidiaries.

Quintet Switzerland – as well as Brown Shipley, the Group’s UK affiliate – continues to operate as a subsidiary of Quintet Group and is outside the scope of the Quintet Europe merger.

Quintet Switzerland: agility & stability

Quintet Switzerland is a pillar of the Group’s overall strategy and long-term growth ambitions: We aim to carve a niche in the highly competitive Swiss market by offering the agility that comes with smaller size, a comprehensive advisory approach, state-of-the art asset allocation, truly open architecture, multi-booking capabilities and a robust cross-border offering.

We combine all that with the Group’s resources, reach and stability – as a well-capitalised firm regulated by the European Central Bank. In turn, Quintet Switzerland operates under the supervision of the Swiss Financial Market Supervisory Authority (FINMA).

By working together, as colleagues in one firm, staff based in Switzerland and across Europe extend personalised and holistic advice to our clients. We offer our clients financing, planning and structuring solutions – developed in-house or outsourced to our partners – providing efficient access to liquidity to fund their future, ideas that will make their wealth grow and trusted experts who will guide them.

At Quintet Switzerland, we believe the future belongs to people with an entrepreneurial mindset, no matter what they do or where they come from. As a private bank for people who see the world differently, we partner with our clients to help them invest in the life they want for themselves and their family, sharing insights and introducing opportunities – always putting their well-being first.

Doubling our team

Founded with some 40 staff, half of whom formerly served at Bank am Bellevue, our Swiss team nearly doubled in size by the end of 2020 – despite the impact of the pandemic on recruitment efforts. As one of the country’s youngest wealth managers, we seek to challenge the status quo, building a different kind of private bank from a modest base. We will continue to do so one colleague at a time, one client at a time.

In addition to its very experienced senior leadership team, Quintet Switzerland has now put in place market heads for Latin America, Asia, Switzerland Domestic and the Group Family Investment Office. As we grow, we

will continue to place special emphasis on identifying experienced client advisors who share our commitment to earning the trust of the individuals and families we serve. By doing so, we will expand our base of domestic and international clients, leveraging Switzerland's status as a global wealth management hub and Quintet's own family of leading private banks.

In addition to meeting the needs of Swiss resident clients and building bridges between Switzerland and the UK, we are establishing a booking center in Switzerland to serve high-growth international cross-border markets where wealth is being created. That includes Asia, Latin America and the Middle East. (As the US market is not part of Quintet Switzerland's strategy, the US-licensed entity, BIA Advisors AG, was divested in the summer of 2020.)

Sharing our perspective

In line with our fiduciary responsibilities, we are independent advisors who take an open-architecture approach, measuring our worth by the impact we deliver for our clients.

Our Group Chief Investment Office articulates our view as to how every Quintet client should be invested – always in a proper portfolio context and in line with the individual risk appetite of each client we serve. Structured in multi-country teams, including some 20 investment professionals based in Zurich, the Group Chief Investment Office analyses market and macroeconomic trends, defining a robust asset allocation strategy that frequently challenges conventional wisdom. We communicate our counterpoint perspective to our clients and engage in dialogue with them to ensure that every investment decision is right for them.

In doing so, we embed sustainability as the default in our investment process across the value chain: from capital market assumptions, to the asset-class universe to instrument implementation. We recognise that by taking into account environmental, social and governance factors, our clients can build stronger portfolios and foster beneficial change. There is no trade-off.

Investing in the future

At Quintet Switzerland, our ambitions are significant. Our strategy is clear. Our focus on client experience is absolute. And the long-term support of the Quintet Group and our shareholder is unwavering – demonstrated by the more than CHF 60 million in fresh capital that has been injected in our Swiss firm since the acquisition.

Today, like the Quintet Group, Quintet Switzerland is investing in the future. Our 2020 results reflect that fact.

Our 2020 operating result stood at CHF -28.4 million (2019 (pre-launch): -2.1 million). The main drivers were staff costs that increased to CHF 33.5 million (2019: 8.4 million), and general & administrative expenses that rose to CHF 9.2 million (2019: 3.5 million), reflecting continuous investments. Services that Quintet Switzerland provides to other Group entities are charged out and accounted for under "Other ordinary income."

At this stage of the investment phase, the Bank has stabilised assets under management at CHF 1,667 million (2019: 1,621 million²), leading to a result from commission business and services of CHF 4.1 million (2019: 3.8 million). The result from interest operations increased to CHF 2.4 million (2019: 1.0 million), driven mainly by an increased client appetite for lending solutions.

The Board of Directors of Quintet Switzerland – which defines business strategy, ensures an appropriate risk and control environment, mandates the implementation of an effective internal control system and, on a regular basis, performs a risk assessment of the Bank – proposes to the General Assembly to carry forward the loss for the period of CHF -28.3 million into the next fiscal year. With that, the Bank's reported equity capital will decrease to CHF 34.2 million.

In this context, we note that the duty to implement the risk policy lies with the Quintet Switzerland Executive Committee. The independent risk control function monitors the risk profile of the Bank. Further detailed information on the risk assessment and risk management of the Bank is available in the section "Risk assessment" and in the notes.

Building back better

At Quintet Switzerland, as we look ahead to the post-pandemic world, we will seek to contribute to a recovery that delivers lasting, positive change. Even if our firm is young, we must contribute to building back better, focused on earning the trust of our clients. Listening to their needs, providing independent advice and delivering performance.

As the world is slowly healed, we will continue to strive to be the most trusted fiduciary of family wealth. A partnership of people who look ahead with confidence, we will always – without exception – act in the best interest of the individuals and families we have the privilege to serve.

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



Bruno Pfister
Chairman of the Board of Directors



Emmanuel Fievet
Chief Executive Officer

Notes: ¹ Figures for Quintet Group as at 31 December 2020

² Reported: CHF 1,827 million, adjusted for CHF 206 million reclassification

2 CORPORATE GOVERNANCE

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

2.1. Corporate Structure and Shareholders

Quintet Private Bank (Switzerland) Ltd (hereafter also referred to as “the Bank” or “Quintet Switzerland”) is a Swiss company headquartered in Zurich. It is a limited company and, as a Swiss bank, is regulated by the FINMA. The Bank is a wholly-owned subsidiary of Quintet Private Bank (Europe) S.A. (hereafter also referred to as “Quintet Group”), which acquired the former “Bank am Bellevue Ltd.” on 1 May 2020.

Quintet Group was acquired in 2012 by Precision Capital S.A., a Luxembourg-based bank holding company that is supervised by the European Central Bank (ECB) and the Commission de Surveillance du Secteur Financier (CSSF). Registered and headquartered in Luxembourg, Precision Capital S.A. is a private – rather than sovereign – organisation that seeks to capitalise on the attractiveness of the European private banking industry over the long term. A strong and committed shareholder, Precision Capital S.A. seeks to grow Quintet Group both organically and inorganically.

The disclosures below provide details on the Bank’s Board of Directors (BoD), its Board Committees and the Bank’s Executive Committee as of 31 December 2020. Further information on the assessment of risks is disclosed in the “Risk assessment” section.

2.2. Board of Directors

The BoD is the supreme oversight body of the Bank.

2.2.1. Composition of the Board of Directors

The BoD is composed of seven members, of which three are independent directors according to FINMA Circular 2017/1 "Corporate governance – banks". The members of the BoD are elected for a period of one year.

The Board of Directors of Quintet Private Bank (Switzerland) Ltd comprises the following members as of 31 December 2020:

Name	Function
Bruno Pfister*	Chairperson
Giulia Fitzpatrick*	Vice-Chairperson
Michaela Troyanov*	Member
Marco Mazzucchelli	Member
George Nasra	Member
Jakob Thomsen Stott	Member, Group CEO
Nicholas Harvey	Member, Group CFO

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



Bruno Pfister, Chairperson

Bruno Pfister began his business career in 1984 in the Investment Banking division at J.P. Morgan. He then served for almost a decade at McKinsey, where he primarily advised financial services firms before joining LGT where he ultimately became Group CFO. Bruno Pfister then joined Credit Suisse as a Member of its Executive Board of the Swiss Banking division. In 2002, he was appointed Group CFO at Swiss Life, where he was later named Group CEO. In 2014 he joined Rothschild & Co as Executive Chairman of the Wealth Management & Trust Division and as Chairman of their Swiss bank. Since late 2018 he has been focusing his activities on the role of a corporate director and currently serves on the board of directors of a number of financial services and insurance companies. He holds a law degree (licence en droit) from the University of Geneva and an MBA from the UCLA Anderson School of Management. In addition, he was admitted as an attorney to the Bar of the Republic and Canton of Geneva.



Giulia Fitzpatrick, Vice-Chairperson

Giulia Fitzpatrick has a proven track record of leading organisations in complex and fast-changing international environments. She has been primarily active in financial services as well as agricultural commodities at Merrill Lynch, Bunch Limited as well as UBS. She is a subject matter expert in technology, digitalisation and data as well as risk management. She currently serves on the board of directors of a number of other companies, both listed and private. She holds a bachelor's degree in German Literature from the University of California, San Diego, an MBA in Finance from The Wharton School of the University of Pennsylvania and a master's degree in International Relations from the University of Pennsylvania.



Marco Mazzucchelli, Director

Marco Mazzucchelli has been active in the financial industry for over 30 years, covering the roles of Head of European Bond Trading at Morgan Stanley, CFO at Monte dei Paschi di Siena, CEO at Sanpaolo IMI Wealth Management (Insurance and Asset Management), Head of European Investment Banking at Credit Suisse, Deputy CEO and Global Head of Banking at Royal Bank of Scotland GBM and Managing Director at Bank Julius Baer in Zurich. Currently, he is a Non-Executive Director at Quintet Private Bank (Europe) S.A., Non-Executive Director at Quintet Private Bank (Switzerland) Ltd, Chairman at Secofind SIM and General Council Member of the Hellenic Financial Stability Fund. He has served as Independent Director on several boards, including Borsa Italiana, MTS, EuroMTS, Harrods Bank, Lindorff Group, Ospedale San Raffaele and Kairos Investment Management. He was also a Senior Adviser at Bain & Company. In recent years, he was a member of the European Commission High-Level Expert Group on Bank Structural Reform (the "Liikanen Group") and of the European Banking Authority (EBA) Stakeholders Group. He regularly interacts with policymakers and business leaders, contributing to the public debate on political economy, corporate governance, financial regulation and supervision. He graduated in Economics at Università Bocconi.



George Nasra, Director

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



Michaela Troyanov, Director

Michaela Troyanov started her career as an attorney with Sherman & Sterling in New York in the area of mergers and acquisitions. She has 25 years of experience in the financial services industry, holding senior executive roles at a number of Swiss financial institutions (Lombard Odier, SIX Swiss Exchange, The Swiss Takeover Panel, the Swiss Listing Board, Bourse de Genève and Kredietbank (Suisse) SA). Since 2012, she serves on several boards as a professional director, including PostFinance Ltd, the Swiss Social Security Funds, and Bank Syz (until 2019). She holds degrees in law from the University of Vienna (Dr. iur.), New York University (LLM) and the University of Geneva (licence en droit).



Jakob Thomsen Stott, Director

Jakob Thomsen Stott serves as Group CEO and a member of the Board of Directors at Quintet Private Bank (Europe) S.A. He previously served as Vice Chairman of UBS Wealth Management, leading the Zurich-headquartered organisation's global wealth management growth agenda while also personally advising select clients. Before this, he served as the Head of UBS Wealth Management, Europe, responsible for a staff of 3,000 in 45 offices spanning the continent. Between 1982 and 2010, he held a series of roles of increasing responsibility at J.P. Morgan, rising to the position of Chief Operating Officer for the EMEA region. Jakob Thomsen Stott holds an MA in International Economics from the University of Copenhagen and an MBA from the Kellogg School of Management in the United States.



Nicholas Harvey, Director

Nicholas Harvey serves as Group CFO and a member of the Authorised Management Committee at Quintet Private Bank (Europe) S.A. since 2018. Most recently Deputy CEO of Precision Capital S.A., he served as Chief Risk Officer and a member of the Management Board at Amlin Europe prior to this. He also advised banks and insurers across Europe for ten years as a consultant with McKinsey. English by birth, but raised in Belgium, he graduated from Université catholique de Louvain in Belgium and holds an MBA from the Kellogg School of Management in the United States.

2.2.2. Internal Organization of the Board of Directors

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

The Board meets at least quarterly. Resolutions are passed by a majority of the votes present. In the event of a tie, the Chairperson has the casting vote. After the acquisition of Bank am Bellevue Ltd. on 1 May 2020, the BoD held five meetings in 2020.

The BoD has instituted three standing committees to assist in each of the following areas of responsibility. The committees make recommendations to the Board which assumes final responsibility.

Board Audit Committee (BAC)

Chairperson	Michaela Troyanov
Members	Giulia Fitzpatrick, Marco Mazzuchelli

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

Board Risk, Legal & Compliance Committee (BRLCC)

Chairperson	Marco Mazzuchelli
Members	Michaela Troyanov, George Nasra

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

Board Nomination & Remuneration Committee (BNRC)

Chairperson	George Nasra
Members	Giulia Fitzpatrick, Bruno Pfister

The **BNRC** dedicates its work to the strategic orientation and definition of the leadership principles, the corporate culture and the organisational structure of the Bank. It is responsible for the succession planning at the highest level, including the selection, appointment and removal of the members of the Board, the Executive Committee

and the key function holders. It elaborates the Bank's guidelines on compensation and benefits and is responsible for performance appraisal at the highest level. It defines pension policy and advises the BoD on policy topics relating to human resources.

2.3. Executive Committee

Under the leadership of the Chief Executive Officer, the Executive Committee is responsible for conducting the operational business and for managing the risks of the Bank, in line with the policies set by the BoD. It meets at least on a monthly basis and consisted of eight members as at 31 December 2020.

The Executive Committee of Quintet Private Bank (Switzerland) Ltd comprises the following members as of 31 December 2020^{1,7}:

Name	Function
Emmanuel Fievet	Chief Executive Officer
Anke Werner ²	Chief Operating Officer
Dirk Dillinger	Chief Financial Officer
Clemens Lansing ³	Head Global Products & Solutions
Stephan Matti ⁴	Head of Financial Intermediaries ⁷
Thomas Siegenthaler ⁵	Chief Risk Officer
Christine Kennedy	Chief Compliance Officer
Eva Selamlar ⁶	Head of Legal ⁷

Notes

1 Above table reflects 31.12.2020 with subsequent changes thereafter outlined in notes 2, 5, 6, 7

2 As per 1.2.2021, Damian Zech has taken on the role as interim-COO

3 Also Group Co-Head of Global Products & Solutions

4 Also Group Head of Asset Servicing & FIM

5 As per 1.2.2021, Oliver Kuetgens has taken on the role as a Chief Risk Officer, subject to regulatory approvals

6 Eva Selamlar ceased as member of the Executive Committee per 31.12.2020

7 As per 4.3.2021, the Board of Directors decided to remove the functions from the Executive Committee



Emmanuel Fievet, Chief Executive Officer

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



Anke Werner, Chief Operating Officer

Anke Werner holds the role of Chief Operating Officer of Quintet Private Bank (Switzerland) Ltd. Prior to this, she held various senior roles within UBS in Switzerland and Asia. She holds a diploma in mathematics from Technische Universität Chemnitz, and the Actuary DAV and SAV from the German and from the Swiss Actuarial Association.



Dirk Dillinger, Chief Financial Officer

Dirk Dillinger assumes the role of Chief Financial Officer of Quintet Private Bank (Switzerland) Ltd. Prior to that, he held various senior leadership roles within UBS in Switzerland, Singapore and Germany. He holds a university diploma in Business Administration from the Baden-Württemberg Cooperative State University (DHBW) Mosbach.



Clemens Lansing, Head of Global Products & Solutions

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



Stephan Matti, Head of Financial Intermediaries

Stephan Matti serves as Head of Financial Intermediaries locally and as Group Head of Asset Servicing & FIM for the Group. Prior to this, he was Head of Global Financial Intermediaries Switzerland at UBS until 2019 and Head of Wealth Management Philippines at UBS Asia between 2006 and 2010. He holds a master's degree from IMD Business School and a Federal Diploma in Business and Economics from HFW Bern.



Thomas Siegenthaler, Chief Risk Officer

Thomas Siegenthaler serves as Chief Risk Officer for Quintet Private Bank (Switzerland) Ltd and as Group Head for Credit Risk. Prior to this he was Chief Operating Officer for UBS Monaco SA between 2015 and 2019 and Chief Risk Officer for UBS Wealth Management Europe between 2012 and 2015. He holds a TRIUM Global Executive MBA and a Swiss Banking Diploma.



Christine Kennedy, Chief Compliance Officer

Christine Kennedy was appointed as Chief Compliance Officer for Quintet Private Bank (Switzerland) Ltd in May 2020. Prior to this, she was Head of Switzerland Offshore & Core Compliance for IWM Compliance at Credit Suisse until 2019, after holding various senior management roles in tax within Group Finance at UBS between 2006 and 2017. She holds Common Law and Civil Law degrees from McGill University (Canada) and a BA of arts from the University of Waterloo (Canada).



Eva Selamlar, Head of Legal

Eva Selamlar holds the post of Head of Legal for Quintet Private Bank (Switzerland) Ltd. Prior to this, she was Head of Regulatory Change Investor Protection at UBS until 2020 and an attorney-at-law until 2015. She holds an LLM from Columbia University School of Law and a master's degree from the University of St. Gallen.

2.4. Information and Control Instruments

2.4.1. Reporting

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

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

2.4.2. Internal Control Systems

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

2.4.3. Internal Audit

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

2.5. External Audit

Statutory and regulatory auditor:

Ernst & Young Ltd.
Maagplatz 1
P.O. Box
8010 Zurich
Switzerland

3 RISK ASSESSMENT

Risk assessment

During 2020, Quintet Switzerland was in a build-up phase with still limited business volume, which is why the general risk profile of the Bank can be described as relatively conservative.

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

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

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

In 2020, the main risks arose from lending services, as well as from the general execution and delivery risks linked to its transformation process. Finalisation of the transformation from a domestically focused to an international private bank is planned to occur by the end of 2021.

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

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

To manage its compliance risks, in 2020, the Bank adhered to the Swiss Banking Association's Code of Conduct (CDB 20), performed a comprehensive compliance risk assessment and developed a compliance controls plan to underpin the implementation of a compliance monitoring plan in 2021. The compliance function will also ensure the delivery of a compliance training plan during the course of 2021 based on updated policies that align Quintet Group standards with Swiss laws, regulations and standards. Finally, a complete client file review of the book of business acquired with Bank am Bellevue was commenced in 2020 and will be completed before the end of April 2021.

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

4 BALANCE SHEET

Balance sheet

as of 31 December 2020

in CHF 1'000	Note	31 Dec 2020	31 Dec 2019		Change
Assets					
Liquid assets		71'595	96'282	- 24'687	-26%
Amounts due from banks		39'753	12'092	+ 27'661	> 100%
Amounts due from customers	9.1	89'244	90'555	- 1'311	-1%
Mortgage loans	9.1	10'024	-	+ 10'024	-
Trading portfolio assets	9.2	40	8'313	- 8'273	-100%
Positive replacement values of derivative financial instruments	9.3	232	295	- 63	-21%
Accrued income and prepaid expenses		1'147	965	+ 182	19%
Participations	9.4	-	500	- 500	-100%
Tangible fixed assets	9.5	2'653	-	+ 2'653	-
Intangible fixed assets	9.6	1'792	-	+ 1'792	-
Other assets	9.7	3'648	2'145	+ 1'503	70%
Total assets		220'129	211'147	+ 8'982	4%
Liabilities and equity					
Amounts due to banks		60'123	-	60'123	-
Amounts due in respect of customer deposits		104'678	119'127	-14'449	-12%
Negative replacement values of derivative financial instruments	9.3	895	218	677	> 100%
Accrued expenses and deferred income		19'091	3'602	15'489	> 100%
Other liabilities	9.7	1'138	289	849	> 100%
Share capital	9.11	25'000	25'000	-	-
Statutory capital reserve		25'000	1'333	23'667	> 100%
of which tax-exempt capital contribution reserve		25'000	1'333	23'667	> 100%
Statutory retained earnings reserve		12'500	12'500	-	-
Profit/ loss carried forward		-	-	-	-
Profit/ loss of the period		-28'295	49'078	-77'373	- > 100%
Total liabilities and equity		220'129	211'147	+ 8'982	4%
Off-balance-sheet transactions					
Irrevocable commitments	10.1	118	124	-6	-5%

5 INCOME STATEMENT

Income statement

for the period from 1 January to 31 December 2020

in CHF 1'000	Note	2020	2019	Change	
Result from interest operations					
Interest and discount income	11.2	1'502	827	+ 675	82%
Interest and dividend income from trading portfolios		539	256	+ 283	> 100%
Interest expense	11.2	378	-97	+ 475	- > 100%
Gross result from interest operations		2'420	986	+ 1'434	> 100%
Changes in value adjustments for default risk and losses from interest operations		-	-	-	-
Subtotal net result from interest operations		2'420	986	+ 1'434	> 100%
Result from commission business and services					
Commission income from securities trading and investment activities		4'271	4'268	+ 3	0%
Commission income from other services		88	18	+ 70	> 100%
Commission expense		-291	-483	+ 192	-40%
Subtotal result from commission business and services		4'068	3'803	+ 265	7%
Result from trading activities and the fair value option	11.1	-432	530	- 962	- > 100%
Other result from ordinary activities					
Income from participations		-	4'756	- 4'756	-100%
Other ordinary income	11.3	8'940	16	+ 8'924	> 100%
Other ordinary expenses		-41	-	- 41	-
Subtotal other result from ordinary activities		8'899	4'772	+ 4'127	86%
Operating expenses					
Personnel expenses	11.4	-33'493	-8'385	- 25'108	> 100%
General and administrative expenses	11.5	-9'212	-3'529	- 5'683	> 100%
Subtotal operating expenses		-42'705	-11'914	- 30'791	> 100%
Value adjustments on participations and depreciation and amortisation of tangible fixed assets		-601	-290	- 311	> 100%
Changes to provisions and other value adjustments, and losses		-10	-18	+ 8	-44%
Operating result		-28'361	-2'131	- 26'230	- > 100%
Extraordinary income	11.6	389	57'778	- 57'389	-99%
Extraordinary expenses		-	-	-	-
Taxes	11.7	-323	-6'569	+ 6'246	-95%
Profit/ loss of the period		-28'295	49'078	- 77'373	- > 100%

6 APPROPRIATION OF PROFIT/COVERAGE OF LOSSES/OTHER DISTRIBUTIONS

Appropriation of profit / coverage of losses / other distributions

in CHF 1'000 2020 2019

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

Profit/ loss	-28'295	49'078
+/- profit/ loss carried forward	-	-
Distributable profit/ accumulated loss	-28'295	49'078

Appropriation of profit

Allocation to statutory retained earnings reserve	-	-
Distributions from distributable profit	-	-49'078
Other appropriation of profit	-	-
New amount carried forward	-28'295	-

Coverage of losses

Transfers from statutory retained earnings reserve	-	-
Transfers from tax-exempt capital contribution reserve	-	-
New amount carried forward	-28'295	-

The Board of Directors proposes to the annual General Meeting of shareholders the following cash distribution from tax-exempt capital contribution reserve

Tax-exempt capital contribution reserve at beginning of period	-	1'333
Dividends and other distributions	-	-1'333
Other allocations to (transfers from) other reserves ¹⁾	25'000	-
Transfers from tax-exempt capital contribution reserve	-	-
Tax-exempt capital contribution reserve at end of period	25'000	-

¹⁾ on 31 July 2020, the Bank's shareholder injected CHF 25.0 million into the statutory capital reserve (of which CHF 25.0 million is tax-exempt capital contribution reserve).

7 STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity

in CHF 1'000	Share capital	Statutory capital reserve	Statutory retained earnings reserve	Profit/ loss carried forward	Profit/ loss of the period	Total
Equity at beginning of period	25'000	1'333	12'500	-	49'078	87'911
Dividends and other distributions	-	-1'333	-	-	-49'078	-50'411
Other allocations to (transfers from) other reserves	-	25'000	-	-	-	25'000
Profit/ loss of the period	-	-	-	-	-28'295	-28'295
Equity at end of period	25'000	25'000	12'500	-	-28'295	34'205

8 NOTES

General

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

With closing dated 30 April 2020, KBL European Private Bankers S.A., now operating as "Quintet Private Bank (Europe) S.A." acquired 100% of the shares in Bank am Bellevue AG, Küsnacht from SIX-listed Bellevue Group AG. Subsequently, Bank am Bellevue AG changed the name of the company to "Quintet Private Bank (Switzerland) Ltd".

Fee and commission business

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

Banking activities

Quintet Switzerland's main balance sheet activities are the lending business for clients and interbank operations. Loans to clients are primarily granted as lombard loans in the context of its holistic wealth management services¹.

Trading activities

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

Staff

	2020	2019		Change
Headcount	80.0	21.0	59.0	281%
Avg. Headcount	50.5	20.0	30.5	153%
Full-time equivalents ("FTE")	78.5	20.4	58.1	285%
Avg. FTE	49.5	19.6	29.9	152%

Accounting and valuation principles

General principles

Accounting and valuation principles are based on the provisions of the Code of Obligations and Swiss Banking Law provisions, the accounting rules for banks, securities firms, financial groups and conglomerates according to the Accounting Ordinance (RelV-FINMA) and FINMA Circular 2020/1. Statutory financial statements are prepared in compliance with the provision of Article 25(1)(a) of the Swiss Banking Ordinance ("Reliable assessment statutory single-entity financial statements").

¹ The mortgage loan disclosed in the balance sheet was granted on an exceptional basis.

In the notes, individual figures are rounded for publication, but the calculations are based on precise figures, meaning that small differences can arise. Items without balance have been omitted.

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

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

The financial statements are prepared on a going concern basis. Consequently, accounting is based on going concern values. The Bank's shareholder completed a capital increase in the amount of CHF 25 million in July 2020 to strengthen the Bank's capital basis.

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

Changes in accounting and valuation principles

The transition from the existing accounting rules for banks to the new accounting rules was completed during 2020. These consist of the FINMA Accounting Ordinance (ReIV-FINMA) and FINMA circular 2020/1. The changes had no material impact on the financial statements of Quintet Switzerland.

Recognition of transactions

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

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

Treatment of overdue interest

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

Valuation principles

Liquid assets

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

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

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

Trading portfolio assets

Trading portfolio assets are valued and stated in the balance sheet at their fair value. Fair value is considered to be the price quoted in an efficient and liquid market or the value resulting from a calculation using an appropriate valuation model. Trading portfolio assets for which, as an exception, no fair value is available are recorded in the balance sheet according to the principle of lower of cost or market. Any gains or losses resulting from the valuation are recorded under "Results from trading activities and the fair value option".

Positive and negative replacement values of derivative financial instruments

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

Tangible fixed assets and intangible assets

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

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

Leasehold improvements: 5 years

Fixtures, fittings and installations: 5 years

Software and licenses: 3 years

Computers: 3 years

Other: 3 years

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

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

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

Provisions

Loss risks in connection with off-balance sheet transactions as well as other identifiable and foreseeable risks as of the balance sheet date are accounted for by means of appropriate, operationally necessary provisions. Creation and dissolution take place via the item "Changes to provisions and other value adjustments and losses".

Foreign currencies

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

The conversion rates for main currencies are listed below:

	Balance sheet rates 31 Dec 2020	Balance sheet rates 31 Dec 2019
Exchange rate to CHF		
USD	0.88375	0.96845
EUR	1.08155	1.08705
GBP	1.20860	1.28260

Taxes

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

Off-balance sheet transactions

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

Pension benefit obligations

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

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

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

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

Valuation of collateral for lombard loans and mortgages

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

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

In 2020, the bank granted a mortgage loan to an existing client on an exceptional basis. The property pledged as collateral was valued upon inception of the mortgage loan by an external valuation expert. Revaluation will be performed upon credit reviews or if the Bank receives an indication that the value of the collateralised property is impaired. The haircut applied to determine the collateral value depend on the market value of the collateral and amounted to 30%.

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

Derivative financial instruments are used for trading and are traded exclusively by specially trained traders. The Bank phased out its market making activities in December 2020. Standardised and OTC instruments are traded on behalf of clients, especially interest-, currency and equity/index-based instruments and, to a limited extent, derivatives based on commodities. There is no trading in credit derivatives.

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

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

Material events after the balance sheet date

No significant events affecting the assets, liabilities, financial position and the results of operations of the Bank occurred between the balance sheet date and the date on which the statutory financial statements were prepared.

In March 2021 the Bank's shareholder completed a capital increase in the amount of CHF 36 million, thereby further strengthening the Bank's capital base and supporting the growth strategy.

Risk management

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

Bank am Bellevue was taken over by Quintet Group in May 2020. From day one following the acquisition, Quintet Switzerland could rely on a fully fledged and operational risk monitoring framework covering the existing business and being fully compliant with FINMA Circular 2017/01 on the governance of banks. The framework is based on a risk assessment as well as a risk strategy performed by the BoD and reviewed on a regular basis, and was fully applicable to the Bank during the entire year of 2020.

The same is true for the internal controls framework and the management information system. The internal controls framework is designed to minimise risks within day-to-day business activities. The management information

system aims at giving relevant decision-making bodies regular and granular information on the financial stability of the Bank, its profitability, liquidity and risk situation.

In order to prepare for the growth ambitions in Switzerland, the planned geographical business expansion targeting Asian, Latin American and UK clients as well as the development of the Global Family Office Business, a new risk framework including a revised risk appetite statement was validated at the end of 2020. It will progressively be implemented during 2021.

Operational risk

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

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

For the management of operational risks, Quintet Switzerland has taken over the operational risk framework from Bank am Bellevue. The framework was established based on regular operational risks assessments covering front-to-back processes and process responsables. All measures undertaken by the Bank to manage operational risks are part of the Bank-wide internal controls system.

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

Compliance risk

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

The geographical scope of business pursued by Bank am Bellevue was limited to Switzerland and select European markets. Its client base largely comprised ultra-high-net-worth and high-net-worth Swiss retail clients, including some politically exposed persons who received banking and brokerage services from the Bank. A small number also received investment management services. The Bank's compliance risk, therefore, was limited.

Bank am Bellevue owned an US SEC registered investment advisor which was sold in 2020 following a decision of the bank to strictly limit its exposure to the US market. The sale reduced Quintet Switzerland's risk vis-à-vis the US market accordingly.

The changes to the Bank's strategy will increase its compliance risk as a result of greater exposure to clients from markets with higher inherent anti-money laundering (AML) risks. Furthering the pursuit of its strategy through an offshore private banking business model will increase its exposure to cross-border risks. Conversely, the Bank's continued focus on professional investors should mitigate its risks from investor protection breaches under applicable Swiss or foreign laws.

To manage its compliance risks, in 2020, the Bank adhered to the Swiss Banking Association's Code of Conduct (CDB 20), performed a comprehensive compliance risk assessment and developed a compliance controls plan to underpin the implementation of a compliance monitoring plan in 2021.

The compliance function will also ensure the delivery of a compliance training plan during the course of 2021, based on updated policies that align Quintet Group standards and Swiss laws, regulations and standards. Finally, a complete client file review of the book of business acquired with Bank am Bellevue was commenced in 2020 and shall be completed before the end of April 2021.

Credit risk and counterparty risk

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

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

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

Own book investments in bonds are currently not planned.

Market risk

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

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

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

Liquidity risk

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

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

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

9 INFORMATION ON THE BALANCE SHEET

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

in CHF 1'000	Secured by mortgage ¹⁾	Other collateral	Unsecured ²⁾	Total
Loans (before netting with value adjustments)				
Amounts due from customers	-	61'146	28'098	89'244
Mortgage loans	10'024	-	-	10'024
Total loans (before netting with value adjustments) 2020	10'024	61'146	28'098	99'268
Total loans (before netting with value adjustments) 2019	-	61'768	28'787	90'555
Total loans (after netting with value adjustments) 2020				
	10'024	61'146	28'098	99'268
Total loans (after netting with value adjustments) 2019	-	61'768	28'787	90'555
Off-balance sheet amounts				
Irrevocable commitments	-	-	118	118
Off-balance sheet amounts 2020	-	-	118	118
Off-balance sheet amounts 2019	-	-	124	124

¹⁾ Mortgage loans are entirely secured by residential property.

²⁾ CHF 17.1m of unsecured exposures in 2020 are due from SIX and UBS which represent collateral accounts posted by the Bank.

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

in CHF 1'000	31 Dec 2020	31 Dec 2019	Change
Trading portfolio assets			
Equities incl. Funds	40	4'409	-4'369
Debt securities, money market securities/ transactions	-	3'904	-3'904
of which listed	-	3'904	-3'904
Total trading portfolio assets	40	8'313	-8'273

9.3. Derivative financial instruments

in CHF 1'000	Trading instruments			Hedging instruments		
	Positive replacement value	Negative replacement value	Contract volume	Positive replacement value	Negative replacement value	Contract volume
Foreign exchange						
Forward contracts	-	-	-	12	11	2'108
Currency swaps	-	-	-	142	806	60'535
Equity securities/ indices						
Options (OTC)	-	-	-	78	78	4'422
Total before netting agreements 2020	-	-	-	232	895	67'065
Total before netting agreements 2019	117	111	13'307	178	107	64'738

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total before netting agreements 2020	232	895
Total before netting agreements 2019	295	218

Breakdown by counterparty	Central clearing houses	Banks and securities dealers	Other clients
Positive replacement values after netting agreements	-	84	148

9.4. Participations

in CHF 1'000	31 December 2019				31 December 2020		
	Acquisition cost	Acc. value adjustments	Book value	Additions	Disposals	Value adjustments	Book value
Participations without market value	500	-	500	-	-500	-	-
Total participations	500	-	500	-	-500	-	-

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

9.5. Tangible fixed assets

	31 Dec 2019						31 Dec 2020
	Acquisition cost	Acc. depreciation	Book value	Additions	Disposals	Depreciation	Book value
Tenant improvements	-	-	-	2'291	-	-142	2'150
Other tangible fixed assets	513	-513	-	963	-	-459	503
Total fixed assets	513	-513	-	3'254	-	-601	2'653

Operating lease contract maturities	3 to 12 months	12 months up to 3 years	3 years to 5 years	Over 5 years	Total
	31 Dec 20	857	2'406	2'406	520
of which may be terminated within one year	-	-	-	-	-
31 Dec 19	-	-	-	-	-

9.6. Intangible fixed assets

	31 Dec 19						31 Dec 20
	Acquisition cost	Accumulated amortisation	Book value	Additions	Disposals	Amortisation	Book value
Licenses	-	-	-	1'792	-	-	1'792
Total intangible fixed assets	-	-	-	1'792	-	-	1'792

9.7. Other assets and liabilities

	31 Dec 2020		31 Dec 2019	
	Other assets	Other liabilities	Other assets	Other liabilities
Indirect taxes	1'061	563	2'142	263
Other assets and liabilities	2'587	574	3	26
Total other assets and liabilities	3'648	1'138	2'145	289

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

in CHF 1'000		31 Dec 2020		31 Dec 2019	
Pledged/ assigned assets	Book values	Effective commitments	Book values	Effective commitments	
	SIX SIS Ltd and SIX x-clear Ltd Collateral Accounts	13'867	-	8'323	-
Due from banks due to cash deposits for derivative transactions	3'211	-	740	-	
Assets under reservation of ownership		Book values	Effective commitments	Book values	Effective commitments
Deposit for rent	470	-	836	-	

9.9. Liabilities relating to own pension schemes

in CHF 1'000		31 Dec 2020		31 Dec 2019	
Pension Fund of Bellevue Group AG					
Due in respect of customer deposits		-			8'748
Total liabilities relating to own pension schemes		-			8'748

9.10. Economic situation of own pension schemes

in CHF 1'000		31 Dec 2020		31 Dec 2019		2020		2019	
Employer contribution reserves (ECR)	Nominal value	Waiver of use	Net amount	Net amount		Influence of ECR on personnel expenses			
Pension schemes	-	-	-	775	-	-	-	-	-
Total	-	-	-	775	-	-	-	-	-

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

During the reporting year, there was no employer-paid contribution reserve, such that the expenses shown in the income statement equal the actual expenses for pension and welfare plans for the reporting period. The coverage ratio of the pension plan is at 104.5% as per 31 December 2020.

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

in CHF 1'000	2020	2019		Change
Contributions paid to pension schemes	1'816	630	1'186	> 100%
Pension expenses included in personnel expenses	2'245	562	1'683	> 100%

9.11. Capital structure and shareholders

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

The "Statutory capital reserve" was increased by CHF 25 million in 2020 and amounts to CHF 25 million as per 31 December 2020. The "Statutory retained earnings reserve" amounts to CHF 12.5 million.

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

9.12. Amounts due to/from related parties

in CHF 1'000	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
On-balance sheet transactions				
		Amounts due from		Amounts due to
Holders of qualified participations	33'002	5'175	60'000	9'348
Group companies	1'791	-	-	504
Linked companies	-	-	-	3'014
Transactions with governing bodies	-	3'646	-	287
Other related parties	-	-	-	-
Off-balance sheet transactions				
		Amounts due from		Amounts due to
Fiduciary placements	19'838	-	-	-

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

9.13. Maturity structure of financial instruments

in CHF 1'000	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 12 months to 5 years	Total
Assets/ financial instruments						
Liquid assets	71'595	-	-	-	-	71'595
Amounts due from banks	22'078	17'675	-	-	-	39'753
Amounts due from customers	-	82'505	6'239	500	-	89'244
Mortgage loans	24	-	-	-	10'000	10'024
Trading portfolio assets	40	-	-	-	-	40
Positive replacement values of derivative financial instruments	-	-	217	15	-	232
Total as per 31 Dec 2020	93'737	100'180	6'456	515	10'000	210'889
Total as per 31 Dec 2019	139'572	66'835	295	-	835	207'537
Liabilities/ financial instruments						
Amounts due to banks	123	-	60'000	-	-	60'123
Amounts due in respect of customer deposits	104'678	-	-	-	-	104'678
Negative replacement values of derivative financial instruments	-	-	878	17	-	895
Total as per 31 Dec 2020	104'801	-	60'878	17	-	165'696
Total as per 31 Dec 2019	119'127	-	218	-	-	119'345

9.14. Assets and liabilities by domestic and foreign origin

in CHF 1'000	31 December 2020		31 December 2019	
Assets	Domestic	Foreign	Domestic	Foreign
Liquid assets	71'595	-	96'282	-
Amounts due from banks	4'594	35'159	7'332	4'760
Amounts due from customers	44'351	44'893	58'295	32'260
Mortgage loans	10'024	-	-	-
Trading portfolio assets	-	40	2'046	6'267
Positive replacement values of derivative financial instruments	167	65	228	67
Accrued income and prepaid expenses	679	468	903	62
Participations	-	-	500	-
Tangible fixed assets	2'653	-	-	-
Intangible fixed assets	1'792	-	-	-
Other assets	3'648	-	2'145	-
Total assets	139'504	80'626	167'731	43'416
Liabilities				
Amounts due to banks	123	60'000	-	-
Amounts due in respect of customer deposits	73'386	31'293	98'927	20'200
Negative replacement values of derivative financial instruments	842	53	172	46
Accrued expenses and deferred income	19'024	66	3'533	69
Other liabilities	1'138	-	289	-
Share capital	25'000	-	25'000	-
Statutory capital reserve	25'000	-	1'333	-
Statutory retained earnings reserve	12'500	-	12'500	-
Profit/ loss carried forward	-	-	-	-
Profit/ loss of the period	-28'295	-	49'078	-
Total liabilities	128'717	91'412	190'832	20'315

9.15. Assets by country/group of countries

in CHF 1'000	31 December 2020		31 December 2019	
Assets		in %		in %
Switzerland	139'504	63%	167'731	79%
Europe	73'818	34%	43'362	21%
Other	6'808	3%	54	0%
Total	220'129	100%	211'147	100%

9.16. Assets by credit rating of country/group of country

in CHF 1'000	31 Dec 2020		31 Dec 2019	
	Net foreign exposure		Net foreign exposure	
Assets		in %		in %
AAA to AA-	80'617	100%	43'400	100%
BBB+ to BBB-	8	0%	16	0%
BB+ and below	0	0%	-	0%
Total	80'626	100%	43'416	100%

9.17. Assets and liabilities by most significant currencies

in CHF 1'000	CHF	EUR	USD	Other	Total
Assets/ financial instruments					
Liquid assets	71'595	-	-	-	71'595
Amounts due from banks	6'953	5'703	22'437	4'660	39'753
Amounts due from customers	36'758	19'779	7'823	24'884	89'244
Mortgage loans	10'024	-	-	-	10'024
Trading portfolio assets	40	-	-	-	40
Positive replacement values of derivative financial instruments	232	-	-	-	232
Accrued income and prepaid expenses	1'078	1	68	-	1'147
Tangible fixed assets	2'653	-	-	-	2'653
Intangible fixed assets	1'792	-	-	-	1'792
Other assets	3'648	-	-	-	3'648
Total assets shown in balance sheet	134'774	25'483	30'328	29'544	220'129
Delivery entitlements from spot exchange, forward forex and forex options transactions	51'297	366	5'812	4'935	62'410
Total assets	186'071	25'849	36'139	34'479	282'539
Liabilities/ financial instruments					
Amounts due to banks	60'123	-	-	-	60'123
Amounts due in respect of customer deposits	71'287	5'718	22'214	5'458	104'678
Negative replacement values of derivative financial instruments	895	-	-	-	895
Accrued expenses and deferred income	19'091	-	-	-	19'091
Other liabilities	1'086	-	30	22	1'138
Share capital	25'000	-	-	-	25'000
Statutory capital reserve	25'000	-	-	-	25'000
Statutory retained earnings reserve	12'500	-	-	-	12'500
Profit/ loss carried forward	-	-	-	-	-
Profit/ loss of the period	-28'295	-	-	-	-28'295
Total liabilities shown in balance sheet	186'686	5'718	22'244	5'480	220'129
Delivery obligations from spot exchange, forward forex and forex options transactions	610	20'075	13'723	28'654	63'063
Total liabilities	187'297	25'794	35'968	34'134	283'192
Net position per currency	-1'225	56	172	345	-653

10 INFORMATION ON THE OFF-BALANCE SHEET BUSINESS

10.1. Contingent assets and liabilities

in CHF 1'000	31 Dec 2020	31 Dec 2019	Change	
Irrevocable commitments				
Amount due to in respect of deposit insurance scheme	118	124	-6	-5%
Total contingent liabilities	118	124	-6	-5%

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

10.2. Fiduciary transactions

in CHF 1'000	31 Dec 2020	31 Dec 2019	Change	
Fiduciary placements with third parties	-	22'952	-22'952	-100%
Fiduciary placements group entities	19'838	-	19'838	-
Total	19'838	22'952	-3'114	-14%

10.3. Assets under management

as of 31 December 2020

in CHF 1'000	31 Dec 2020	31 Dec 2019
Assets in collective investment schemes managed by the Bank	24'305	15'500
Assets under discretionary asset management agreements	100'297	255'000
Other managed assets	1'542'292	1'556'300
Total assets under management (incl. double counts)	1'666'894	1'826'800
of which double counting	14'720	15'500
Total managed assets (incl. double counting) at beginning of period	1'621'300	1'834'900
Reclassification ¹⁾	-	-205'500
Total managed assets (incl. double counting) at beginning of period after reclassification	1'621'300	1'629'400
+/- net new money inflow or net new money outflow	-228'445	-305'000
+/- price gains/losses, interest, dividends and currency gains/losses	274'039	296'900
Total managed assets (incl. double counting) at end of period	1'666'894	1'621'300

¹⁾ Reclassification of Assets under Management to align with Quintet Group policy.

Assets under management and net new money inflows/outflows

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

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

11 INFORMATION ON THE INCOME STATEMENT

11.1. Result from trading activities and the fair value option

in CHF 1'000	2020	2019	Change	
Breakdown by business area				
Proprietary trading	-722	276	-998	- > 100%
Other trading operations	290	254	36	14%
Total result from trading activities	-432	530	-962	- > 100%
Breakdown by underlying risk				
Interest rate instruments (incl. funds)	-	126	-126	-100%
Equity securities (incl. funds)	-722	150	-872	- > 100%
Foreign currencies	290	254	36	14%
Total result from trading activities	-432	530	-962	- > 100%

11.2. Refinancing income and income from negative interest

in CHF 1'000	2020	2019	Change	
Negative interest on credit operations	-464	-456	- 8	2%
Negative interest on deposits	569	50	+ 519	> 100%

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

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

11.3. Other ordinary income

in CHF 1'000	2020	2019	Change	
Income from group transfer pricing	8'930	-	+ 8'930	-
Other ordinary income	9	16	- 7	-44%
Total other ordinary income	8'940	16	+ 8'924	> 100%

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

11.4. Personnel expenses

in CHF 1'000	2020	2019		Change
Salaries	27'261	7'359	+ 19'902	> 100%
of which expenses relating to share-based compensation and alternative forms of variable compensation	-	1'546	- 1'546	-100%
Social security charges	2'887	362	+ 2'525	> 100%
Pension expenses	2'245	562	+ 1'683	> 100%
Other personnel expenses	1'100	102	+ 998	> 100%
Total personnel expenses	33'493	8'385	+ 25'108	> 100%

11.5. General and administrative expenses

in CHF 1'000	2020	2019		Change
Office space expenses	869	780	+ 89	11%
Expenses for information and communication technology	2'320	1'639	+ 681	42%
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	207	64	+ 143	> 100%
Fees for audit firm (Art. 961a para. 2 CO)	460	121	+ 339	> 100%
of which fees for financial and regulatory audits	460	121	+ 339	> 100%
of which fees for other services	-	-	-	-
Other operating expenses	5'356	925	+ 4'431	> 100%
Total general and administrative expenses	9'212	3'529	+ 5'683	> 100%

11.6. Extraordinary income

in CHF 1'000	2020	2019		Change
Gain on sale of interest in SIX Swiss Exchange	-	57'778	- 57'778	-100%
Gain on sale of participation	389	-	+ 389	-
Total extraordinary income	389	57'778	- 57'389	-99%

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

11.7. Current taxes, deferred taxes and tax rate

in CHF 1'000	2020	2019
Current tax expenses	323	-6'569

Due to Quintet Switzerland generating an operational loss in 2020, the calculated tax rate would be negative and not meaningful. Current tax expenses in 2020 are entirely related to capital taxes.

The effective tax rate based on operating income and including extraordinary income in 2019 was 11.8%. In 2019 tax losses carried forward in the amount of CHF 16.5m were off-set against the taxable profit.

12 BASIC REGULATORY RATIOS ACCORDING TO REGULATORY DISCLOSURE REQUIREMENTS

Basic regulatory ratios according to regulatory disclosure requirements¹⁾

in CHF 1'000	KM1	2020	2019
Available capital			
Common Equity Tier 1 (CET1)	1	33'735	37'500
Tier 1 (T1)	2	33'735	37'500
Total capital	3	33'735	37'500
Risk-weighted assets (RWA)			
Total risk-weighted assets (RWA)	4	83'202	106'518
Minimum capital requirements			
	4a	10'000	8'521
Risk-based capital ratios as percentage of RWA			
Common equity tier 1 (CET 1) ratio	5	40.5%	35.2%
Tier 1 ratio	6	40.5%	35.2%
Total capital ratio	7	40.5%	35.2%
Additional CET1 buffer requirements as percentage of RWA			
Capital conservation buffer requirement	8	2.5%	2.5%
Countercyclical buffer requirement	9	n/a	n/a
Bank G-SIB and/ or D-SIB additional requirements	10	n/a	n/a
Total of bank CET1 specific buffer requirements	11	2.5%	2.5%
CET1 available after meeting the Bank's minimum capital requirements	12	32.5%	27.2%
Capital ratios according to appendix 8			
Capital conservation buffer according to CAO, Annex 8	12a	2.5%	2.5%
Countercyclical capital buffer according to CAO, art. 44 and art. 44a	12b	n/a	n/a
CET1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and art. 44a	12c	7.0%	7.0%
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and art. 44a	12d	8.5%	8.5%
Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and art. 44a	12e	10.5%	10.5%
Basel III leverage ratio			
Total Basel III leverage ratio exposure measure	13	154'249	211'209
Basel III leverage ratio	14	21.9%	17.8%

¹⁾ unaudited

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

Basic regulatory ratios according to regulatory disclosure requirements¹⁾

average in CHF 1'000	KM1	4th quarter 2020	3rd quarter 2020	2nd quarter 2020	1st quarter 2020
Liquidity coverage ratio (LCR)					
LCR numerator: Total high quality liquid assets	15	92'468	126'842	137'295	112'182
LCR denominator: Total net outflows of funds	16	43'419	29'555	41'778	59'072
Short-term liquidity ratio, LCR (in %)	17	213.0%	429.2%	328.6%	189.9%
		4th quarter 2019	3rd quarter 2019	2nd quarter 2019	1st quarter 2019
LCR numerator: Total high quality liquid assets		100'994	125'113	88'546	125'661
LCR denominator: Total net outflows of funds		19'837	22'512	40'606	71'213
Short-term liquidity ratio, LCR (in %)		509.1%	555.8%	218.1%	176.5%

¹⁾ unaudited

13 REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS



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To the General Meeting of
Quintet Private Bank (Switzerland) Ltd, Zurich

Zurich, 1 April 2021

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Quintet Private Bank (Switzerland) Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 17 to 40), for the year ended 31 December 2020.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's 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 independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

Ernst & Young Ltd



Stefan Pfyffer von
Altishofen (Qualified
Signature)
Stefan Pfyffer
Licensed audit expert
(Auditor in charge)



Urs Braun
(Qualified
Signature)
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