



PKB PRIVATE BANK SA

2022

Annual
Report

65th YEAR OF ACTIVITY

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Governing bodies of PKB SA

Board of Directors	Umberto Trabaldo Togna ^{1) 3)}	Zug (ZG)	Chairman
	Massimo Trabaldo Togna ^{1) 3)}	Milano (I)	Vice-Chairman
	Francesco Bellini Cavalletti ^{1) 4)}	Milano (I)	
	Jean-Blaise Conne ^{2) 4)}	Paudex (VD)	
	Pierre Poncet ^{3) 4)}	Vésenaz (GE)	
	Giovanni Vergani ^{2) 4)}	Ruvigliana (TI)	
	Stefano Veri ^{2) 4)}	Riva San Vitale (TI)	

Secretary	Elena Trabaldo-de Mestral	Paris (FR)
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Internal Audit	Cristiana Beretta	Lead Auditor
	Giacomo Lorenzo Marchetti	Internal Auditor
	Marco Zanetti	Internal Auditor

External Auditor	Deloitte SA
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Executive Board	Luca Venturini	Chief Executive Officer
	Michele Balice	Executive Vice President
	Fabrizio Cerutti	Executive Vice President
	Peter Conrad	Executive Vice President
	Marco Malcontenti	Executive Vice President
	Monica Malnati	Executive Vice President
	Lorenzo Tavola	Executive Vice President

¹⁾ Member of the Executive Committee

²⁾ Member of the Audit & Risk Committee

³⁾ Member of the Remuneration and Appointments Committee

⁴⁾ Independent directors pursuant to FINMA circular 17/01

Management (Situation as of 1st April 2023)

Senior Vice Presidents

Roberto Algisi
Chiara Barrile
Gianluca Bolla
Luca Bravin
Gennaro Caracciolo di Vietri
Giovanni Castellino
Alessandro Cavadini
Giorgio Compagnoni
Oberto della Torre di Lavagna
Flavio Facchin
Massimo Falletta
Simona Frisoli
Anthony Graves
Raffaella Jaquet
Alessandro Lusso
René Meyer
Christian Martinelli
Roberto Pedrotti
Carlo Penati
Pierluigi Petrucci
Antonino Pisciotta
Francesco Promutico
Renzo Ricci
Giovanni Rickenbach
Alfonso Rivolta
Marco Torino
Sandro Treichler
Matteo Zanchi

First Vice Presidents

Andrea Bianchi
Paola Bolliger
Marco Briganti
Cristina Chendi
Pasquale De Paola
Salvatore Dell'Aira
Emilio Fiordaliso
Andrea Gerli
Andrea Giordano
Michael Gisler
Michael Heil
Sascha Kever
Michael Maennlin
Alberto Masciadri
Raimondo Morandi
Nicolas Porter
Manlio Mattia Riberti
Michele Scarmignan
Marcello Tronconi
Manuel Zanetti

Vice Presidents

Laura Airoidi
Adriano Albertazzi
Gianni Baccari
Walter Bari
Giorgio Bianchi
Sofia Campana
Maurizio Cassinelli
Massimiliano Colombo
Emil Cosic Sala
Stefano Dalmagioni
Roberto De Felice
Anna Di Giacomo Alvarez
Daniele Ghirlanda
Margrith Goydke Müller
Luc Haering
Stefano Jermini
Gaetano Laforgia
Monica Liberatore
Giordano Luminati
Matteo Lurati
Daniele Marcheggiani
Stefano Marcotullio
Massimo Mattioli
Antonello Muntoni
Edy Muscionico
Rocco Nirella
Antonella Pelizzari
Paolo Pigato
Carlo Reichlin
Samuele Rudelli
Gianpaolo Tinarelli
Peter Tobler
Alessandro Trabaldo Togna
Sabrina Zito-Salvatore

PKB Geneva

Pascal Dubey
Senior Vice President

PKB Zurich

Roland Eberhard
Senior Vice President

PKB's Value proposition

We are the wealth manager rooted in family values and independence, delivering beautiful solutions that help our clients thrive

PKB revised its brand identity during 2022, with the launch in early 2023 of a new contemporary logo, a revamped website and a distinctive 'look and feel' with a very human connotation. This major project was born from a journey that brought the bank to focus on its core corporate values.

Beauty

Beauty is a quality, an accomplishment and a constant goal. In asset management, beauty is the art of providing simple, inspired solutions to complex challenges, whenever the need arises.

Dedication

Professionalism and passion define our relationships. We do everything we can to protect and nurture what matters most to our customers.

Independence

For generations, the Trbaldo Togna family has ensured the stability of the PKB Group and continues to do so with an entrepreneurial mindset. Our aim is to act in the best interests of our customers, always supported by a sense of responsibility and ownership.

Rooted

As a family business with an entrepreneurial past, we know what it takes to safeguard wealth and identify opportunities that can benefit people and the planet, now and in the future.
in the future.



Thrive!

We all want to thrive.
Our goal is to help our customers, business partners
business partners, employees and the world around us
achieve these goals.

Illustration, Nina Fuga.

Nina Fuga is a multidisciplinary artist and designer born in Venice and living in London. She holds a Master of Arts in Communication Art & Design from the Royal College of Art and has since illustrated for Bompiani, Faber & Faber, Harper Collins, Random House NY, Vogue UK, World of Interiors. In addition to her publishing clients, she has also worked for American Express, Bulgari, Ferrari, Lavazza, Max Mara, Qantas, Stella Artois and Wallpaper. Nina works in a variety of mediums, from drawing to painting large indoor murals. Her images are influenced by the natural world and inspired by her travels and restless search for beauty.

Board of Director's report

Dear Shareholders,

The year 2022 proved to be undoubtedly complex for the world economy and the financial markets. The war in Ukraine disrupted a scenario that, at the beginning of the year, appeared reasonably positive. The world economy seemed destined to continue the vigorous expansion phase that began in 2020. The rise in commodity prices and deteriorating international relations have, however, damaged consumer and business confidence and increased investors' risk aversion. The surge in commodity prices also amplified pre-existing inflationary pressures generated by the post-Covid recovery, which was particularly strong as it was supported by considerable fiscal and monetary stimulus. To counter inflation, the central banks of advanced economies abandoned ultra-expansive monetary policies, ending an unprecedented 15 years of low interest rates. The combination of high inflation and rising rates has worsened the macroeconomic outlook considerably. With the exception of China, which was held back by the zero-Covid policy and the real estate crisis, the world economy still recorded in 2022 above-average growth rates. The year ended, however, with expectations of an imminent recession in developed economies, particularly in the Eurozone and the UK, which were hardest hit by rising energy prices.

This general context penalised both equity and bond markets. In the equity sector (world equity index -20% in US dollars, -15% in Euros), growth shares suffered from the rise in interest rates, whereas financial securities benefited and cyclicals were affected by concerns about the economy. Bond markets in Euro, US Dollars and Swiss Francs recorded a historically large fall (-10% / -20%), which mainly affected long maturities and sovereign issuers. The significant, simultaneous and unusual decline in equities and bonds is the highlight of 2022. The sharp decline in bonds negated the virtues of diversification and exposed conservative investment strategies to losses of comparable magnitude to more risk-oriented equity strategies. On the currency front, the US dollar benefited from the US Federal Reserve's aggressive monetary policy, while the Swiss franc reaffirmed its status as a refuge currency par excellence.

In this difficult context, the Bank confirmed its solidity, significantly increasing both gross profit (or operating result) and net profit, and continued on its path of reducing the cost/income ratio. During the course of the year, the 2023 - 2027 strategy was finalised and communicated, clear KPIs were defined and, last but not least, the rebranding of the Bank was completed, through an exciting process that involved the Bank's various functions and all its staff. The result of this work confirms our historical values, albeit with a more contemporary slant and reflecting our identity as a modern, innovative and client-centered bank. The Bank's strategic positioning will focus on the concept of 'Wealth Solutions. Simply Beautiful', in line with our aspiration to be close to our clients, in all their wealth choices.

During the year, the Bank expanded its business to new asset classes. One of the key initiatives in 2022 was in fact the entry, thanks to a dedicated team, into the sphere of alternative investments, which are characterised by their lower correlation with traditional markets. In addition, a partnership was signed with an institution authorised to offer digital assets services, which, once authorised by the Supervisory Authorities, can be offered as new investment solutions to clients.

The human factor has always represented one of the Bank's core values; in keeping with this philosophy, during the year, the Head of Human Resources was appointed as a member of the Executive Board. In addition, we continued our search for and recruitment of talent with the aim of benefiting our clients with new professionalism.

The Bank's management has continued to achieve the goals set out in the road map defined with the Board of Directors in 2021 on the subject of ESG, coordinating efforts at Group level. This theme will be of fundamental importance in the coming years and must represent a true defining factor, both of our corporate culture and of the services offered to our clients.

As far as the subsidiaries are concerned, Cassa Lombarda continued on its path as per the strategic plan, PKB Panama finally completed its transformation into an Advisory company, following which it was renamed PKB Wealth Management S.A., Alasia SA obtained its FINMA authorisation and PKB Servizi Fiduciari SpA confirmed the good trend of 2021 and ended 2022 with a positive net result.

At the end of 2022, the PKB Group's client assets, net of double counting, amounted to CHF 11.7 billion, while the parent company's equity stood at CHF 420 million, with a capital adequacy ratio among the highest in the Swiss banking industry: a Tier 1 ratio of 28.5% for PKB and 25.9% at Group level.

The rise in interest rates during the year, on the one hand, benefited the interest margin for both PKB and the entire Group and, on the other hand, led to a contraction in the market values of government and corporate bonds held in client portfolios with a consequent reduction in the commission margin.

The parent company PKB closed the financial year with a net profit of CHF 8.6 million, more than the double compared with the CHF 4 million of the previous year. On a consolidated level, the negative impact of the rise in interest rates on the securities portfolio held by the Italian subsidiary Cassa Lombarda, adopting the Swiss accounting principles, was partially charged to the Income statement, with a consequent reduction of the Group's profit for the year to CHF 0.3 million (2021: CHF 2.4 million).

This negative impact will however be gradually recovered over the coming years as the securities in portfolio approach maturity and will be repaid at par value.

The Board of Directors wishes to thank its clients for the trust they have placed in the bank, as well as the Executive Board and the entire staff for their commitment and great spirit of cooperation.

For the Board of Directors

The Chairman
Umberto Trabaldo Togna

Highlights

PKB Group	Amounts in CHF/000	2022	2021
Income statement			
Net revenues		103'670	115'942
Operating expenses		-97'666	-102'002
Gross profit		6'005	13'940
Group profit		285	2'406
Balance sheet			
Balance sheet total		3'056'220	3'434'377
Gross basic shareholders' equity		396'825	403'355
Client assets			
Total client assets (net of double counting)		11'679'623	12'921'659
Capital indicators			
Tier 1 ratio		25.86%	26.93%
Capital adequacy ratio		25.86%	26.93%
Workforce (FTEs)			
Workforce		435.9	448.5
<i>of whom in Switzerland</i>		226.2	231.2
<i>of whom abroad</i>		209.7	217.3
PKB SA			
Amounts in CHF/000			
Income statement			
Net revenues		69'657	64'438
Operating expenses		-56'043	-55'301
Gross profit		13'615	9'137
Net profit of the year		8'568	4'035
Balance sheet			
Balance sheet total		2'129'067	2'324'256
Gross basic shareholders' equity		413'356	412'638
Capital indicators			
Tier 1 ratio		28.48%	28.71%
Capital adequacy ratio		28.48%	28.71%

Consolidated financial statements

Scope of consolidation

PKB Private Bank SA, Lugano	Parent company
PKB Wealth Management SA, Panama	Subsidiary (100%)
Alasia SA, Lugano	Subsidiary (100%)
PKB Servizi Fiduciari SpA, Milan	Subsidiary (100%)
Cassa Lombarda, Milan	Subsidiary (99.57%)

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Comments on the consolidated balance sheet

Balance sheet total At 31.12.2022, assets on the balance sheet totalled CHF 3.056,2 million, versus CHF 2.693,7 million for liabilities; shareholders' equity (excluding the reserve for general banking risks), including the net profit for the year, consequently amounted to CHF 362,5 million. Compared to the previous year, the balance sheet total decreased by CHF 378,2 million or 11,0%.

Assets

Liquid assets	This item includes cash deposits, sight deposits and those held in foreign Issue banks. They decreased by CHF 472,0 million (-57,6 %) from CHF 818,8 million to CHF 346,8 million.
Amounts due from banks	Decreasing by CHF 152,5 million (-50,9 %), amounts due from banks went from CHF 299,9 million to CHF 147,4 million.
Amounts due from clients	Amounts due from clients decreased by 0,3% from CHF 808,7 million to CHF 806,3 million.
Mortgage loans	Mortgage loans decreased by 10,1% from CHF 833,8 million to CHF 749,4 million.
Trading portfolio assets	The book value of trading assets decreased from CHF 60,9 million to CHF 20,1 million (- 67,1 %).
Positive replacement values of derivative financial instruments	Positive replacement values totalled CHF 30,0 million compared to CHF 12,8 million in the previous year (+134,9%), and relate to transactions in derivative financial instruments, opened on our own account (mainly for hedging purposes) or on behalf of clients, and represent active exposure to counterparties.
Financial investments	At 31.12.2022, financial investments totalled CHF 841,0 million compared to CHF 472,3 million in the previous year (+78,1%). Investments in securities totalled CHF 6,7 million (CHF 7,2 million as at 31.12.2021), while investments in fixed-income securities totalled CHF 834,3 million (CHF 465,1 million as at 31.12.2021).
Main non-consolidated participations	This item contains the minority shareholdings accounted at cost method (annex 3.7).
Tangible fixed assets	They decreased from CHF 67,1 million to CHF 63,8 million (- CHF 3,3 million or -4,9%). These include buildings owned by the Group, furniture, fixtures and fittings, any capitalised renovation work, hardware and software.
Intangible assets	Intangible assets amounted to CHF 0,3 million and relate to goodwill for the acquisition of participations/clients.
Other assets	Other assets, which amounted to CHF 31,3 million as at 31 December 2022, decreased against CHF 41,9 million at the end of the previous year. This item consists of deferred income tax credits (CHF 8,7 million), indirect tax credits (CHF 10,9 million), clearing accounts (CHF 0,8 million) and other receivables (CHF 10,8 million).

Liabilities

Amounts due to banks	Amounts due to banks decreased from CHF 337,6 million to CHF 124,1 million.
Amounts due in respect of client deposits	Amounts due in respect of client deposits decreased by CHF 159,6 million or 6,5% (CHF 2.461,8 million as at 31.12.2022, CHF 2.302,1 million as at 31.12.2021).
Negative replacement values of derivative financial instruments	Negative replacement values totalled CHF 20,3 million compared to CHF 34,5 million in the previous year (-41,3%) and refer to derivative financial instrument transactions, opened on our own account (mainly for hedging purposes) or on behalf of clients, and represent the liability exposure to counterparties.
Other liabilities	As at 31 December 2022 other liabilities amounted to CHF 41,1 million (+ CHF 16,3 million or +65,8% compared to the previous year). This item contains the compensation account where the net passive revaluation of hedging instruments is recorded (CHF 12,3 million), clearing accounts (CHF 16,4 million), the indirect taxes (CHF 0,5 million), the deferred tax liabilities (CHF 0,01 million) and other payables (CHF 11,9 million).

Comments on the consolidated income statement

Revenues

Gross result from interest operations amounted to CHF 32,8 million, up year-on-year (+39,7%), due in particular to the increase in net income from Group treasury management, which benefited from the favourable trend in interest rates.

Net income from interest operations, including the negative change in value adjustments on loans (- CHF 1,3 million) amounted to CHF 31,4 million, up year-on-year (+34,9%).

Income from commissions and services amounted to CHF 75,1 million, down 9,4% from the previous year. The negative trend in the financial markets caused by the war in Ukraine and the rise in interest rates as a result of inflationary pressure weighed on the result.

The result from trading operations amounted to CHF 6,0 million compared to CHF 7,1 million as at 31 December 2021 (-15,1%).

Other ordinary income showed an expense of CHF 8,9 million compared to income of CHF 2,5 million in the previous year. This item includes a charge of CHF 11,2 million arising from the translation under Swiss Gaap of the results of the subsidiary Cassa Lombarda Spa, which adopts IFRS locally. Specifically, this is the loss arising from the impairment of securities in the available-for-sale financial investment portfolio as a result of the increase in interest rates and the consequent decrease in the market value of securities. At local level the depreciation, in conformity with IFRS accounting rules, is booked in the reserves and therefore without impact on profit and loss. At the consolidated level, adopting the Group's accounting principles, it generates an overall unrealised loss that will however gradually decrease over the next few years, with the consequent recognition of unrealised gains in the consolidated income statement, as the securities in the portfolio at 31.12.2022 approach maturity and are redeemed at their nominal value, provided that no permanent impairment losses due to credit risk occur during the period.

Operating expenses

Operating expenses decreased from the previous year to CHF 97,7 million (- 4,3%). Personnel expenses decreased by 4,5% (- CHF 3,6 million) as did other operating expenses (- CHF 0,8 million).

Value adjustments on participations and depreciation and amortisation of tangible fixed and intangible assets

The total cost amounts to CHF 4,4 million and is mainly composed of depreciation on tangible and intangible assets and decreased by 32,7% (CHF -2,1 million) compared to the previous year.

Changes in provisions and other value adjustments and losses

In the current year, this item shows a negative variance of CHF 2,8 million (previous year negative variance of CHF 3,3 million).

Operating result

The result for the year showed a loss of CHF 1,2 million compared to a profit of CHF 4,1 million in the previous year.

Extraordinary income

Extraordinary income amounted to CHF 0,4 million (CHF 0,3 million as at 31.12.2021) and related to various contingent assets.

Change in reserves for general banking risks

During the year the reserve for general banking risks was released for an amount of CHF 1 million.

Net profit for the year

The net profit for the year amounted to CHF 0,3 million compared to CHF 2,4 million in the previous year. As indicated in the revenues sections, to which reference should be made, the lower result compared to the previous year is mainly due to a different categorisation of the proprietary securities portfolio under IFRS, adopted by the Italian subsidiary, compared to the parent company PKB. This entails a different accounting presentation of unrealised results: in reduction of shareholders' equity under IFRS and in the income statement under Swiss principles.

Consolidated Balance Sheet

Assets	Amounts in CHF	Notes	2022	2021
Liquid assets			346'835'539	818'849'944
Amounts due from banks			147'358'013	299'855'655
Amounts due from clients		3.2	806'272'614	808'671'821
Mortgage loans		3.2	749'399'260	833'778'915
Trading portfolio assets		3.3	20'056'874	60'879'557
Positive replacement values of derivative financial instruments		3.4	30'003'965	12'770'421
Financial investments		3.5	841'040'004	472'293'715
Accrued income and prepaid expenses			16'973'246	15'091'606
Non-consolidated participations		3.6,3.7	2'901'352	2'700'789
Tangible fixed assets		3.8	63'795'751	67'083'918
Intangible assets		3.9	286'970	459'472
Other assets		3.10	31'296'206	41'941'099
Total assets			3'056'219'795	3'434'376'912

The figures in the balance sheet, the profit and loss and the annexes are rounded. The total can therefore differ from the sum of single values.

Liabilities	Amounts in CHF	Notes	2022	2021
Amounts due to banks			124'051'737	337'586'204
Amounts due in respect of customer deposits			2'302'131'036	2'461'760'784
Negative replacement values of derivative financial instruments		3.4	20'266'495	34'539'739
Bond issues and central mortgage institution loans		3.15	120'800'000	120'800'000
Accrued expenses and deferred income			16'931'891	16'349'960
Other liabilities		3.10	41'131'600	24'807'168
Provisions		3.16	26'800'884	28'747'375
Reserves for general banking risks		3.16	41'570'000	42'570'000
Bank's capital		3.17	20'000'000	20'000'000
Statutory capital reserve			67'867'600	67'867'600
<i>of which tax-exempt capital contributions reserve</i>			67'867'600	67'867'600
Voluntary retained earnings reserves			273'952'836	276'511'308
Minority interests in equity capital			431'162	431'030
Group profit			284'552	2'405'743
<i>of which minority interests in group profit</i>			-22'433	7'642
Totale Liabilities			3'056'219'795	3'434'376'912

The figures in the balance sheet, the profit and loss and the annexes are rounded. The total can therefore differ from the sum of single values.

Consolidated off-balance sheet transactions

	Amounts in CHF	Notes	2022	2021
Contingent liabilities		3.2, 3.28	35'682'258	58'019'956
Irrevocable commitments		3.2	14'920'171	19'542'666
Obligation to pay-up shares and make further contributions		3.2	2'793'469	3'495'992

The figures in the balance sheet, the profit and loss and the annexes are rounded. The total can therefore differ from the sum of single values.

Consolidated income statement

	Amounts in CHF	Notes	2022	2021
Result from interest operations				
Interest and discount income			25'911'719	18'964'270
Interest and dividend income from trading portfolios			505'661	662'688
Interest and dividend income from financial investments			7'921'087	4'852'067
Interest expense			-1'569'590	-1'022'781
Sub-total: gross result from interest operations			32'768'876	23'456'243
Changes in value adjustments for default risks and losses from interest operations			-1'334'939	-146'923
Sub-total: net result from interest operations			31'433'937	23'309'320
Result from commission business and services				
Commission income from securities trading and investment activity			73'828'270	83'280'268
Commission income from lending activities			1'019'525	1'008'107
Commission income from other services			7'835'687	7'561'732
Commission expense			-7'549'000	-8'874'220
Sub-total: result from commission business and services			75'134'483	82'975'887
Result from trading activities and fair value option		3.32	6'048'610	7'122'922
Other result from ordinary activities				
Result from the disposal of financial investments			1'452'051	1'566'065
Income from participations			364'647	198'716
Result from real estate			674'575	585'045
Other ordinary income			424'863	313'866
Other ordinary expenses			-11'862'703	-129'482
Sub-total: other results from ordinary activities			-8'946'567	2'534'211
Net revenues			103'670'463	115'942'341
Operating expenses				
Personnel expenses		3.34	-74'727'913	-78'282'254
General and administrative expenses		3.35	-22'937'725	-23'720'137
Sub-total: operating expenses			-97'665'638	-102'002'391
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		3.8	-4'416'063	-6'562'885
Changes to provisions and other value adjustments and losses			-2'772'191	-3'258'586
Operating result			-1'183'429	4'118'479
Extraordinary income		3.36	356'138	334'183
Extraordinary expenses			-	-
Changes in reserves for general banking risks			1'000'000	-
Taxes		3.39	111'843	-2'046'920
Group profit			284'552	2'405'743
<i>of which minority interests in group profit</i>			<i>-22'433</i>	<i>7'642</i>

The figures in the balance sheet, the profit and loss and the annexes are rounded. The total can therefore differ from the sum of single values.

Consolidated cash flow statement

	Amounts in CHF		2022		2021	
	Origin	Use	Origin	Use	Origin	Use
Cash flow from operating activities (internal financing)						
Group profit	285	-	2'406	-		
Changes in reserves for general banking risks	-	1'000	-	-		
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	4'416	-	6'563	-		
Provisions and other value adjustments	4'157	6'104	4'657	8'705		
Change in value adjustments for default risks and losses	-	481	370	2'682		
Non-monetary income from value adjustments to participations valued at equity	-	-	-	-		
Exchange rate fluctuations on fixed assets	-	861	690	-		
Accrued income and prepaid expenses	-	1'882	-	216		
Accrued expenses and deferred income	582	-	-	1'301		
Other items	1'036	-	866	-		
Previous year's dividend	-	6'000	-	6'000		
Balance	10'476	16'327	15'552	18'903		
Cash flow from shareholders' equity transactions						
Bookings recognised in reserves	-	-	-	-		
Balance	-	-	-	-		
Cash flow transactions in respect of participations, tangible fixed assets and intangible assets						
Non-consolidated participations	-	201	1	-		
Real estate	1'172	-	-	138		
Other tangible fixed assets	-	1'325	-	1'862		
Intangible assets	59	-	135	-		
Balance	1'230	1'526	135	2'000		
Cash flow from banking operations						
Medium- and long-term business (>1 year)						
Amounts due to banks	-	223'581	-	12'110		
Amounts due in respect of customer deposits	9'466	-	2'351	-		
Bond issues and central mortgage institution loans	-	-	10'000	-		
Amounts due from clients	22'052	-	19'605	-		
Mortgage loans	-	2'436	-	19'100		
Financial investments	-	387'214	43'537	-		
Short-term business						
Amounts due to banks	10'046	-	84'492	-		
Amounts due in respect of client deposits	-	169'096	-	7'213		
Negative replacement values of derivative financial instruments	-	14'273	-	9'756		
Other liabilities	16'324	-	-	2'332		
Amounts due from banks	152'498	-	-	100'533		
Amounts due from clients	-	19'172	33'543	-		
Mortgage loans	86'816	-	10'556	-		
Trading portfolio assets	40'823	-	8'428	-		
Positive replacement values of derivative financial instruments	-	17'234	3'999	-		
Financial investments	18'468	-	-	44'321		
Other assets	10'645	-	9'679	-		
Balance	367'138	833'005	226'190	195'366		
Total cash flows	378'844	850'858	241'877	216'269		
Change in liquid assets	-	472'014	25'609	-		

Statement of changes to shareholders' equity

Amounts in CHF/000									
	Bank's capital	Capital reserve	Reserves for general banking risks	Currency translation reserves	Voluntary retained earnings reserve and profit/loss carried forward	Own shares (negative item)	Minority interests	Result for the period	TOTAL
Equity at start of current period	20'000	67'868	42'570	2'861	273'650	—	431	2'406	409'786
Other contributions	—	—	—	—	—	—	—	—	—
Currency rate differences	—	—	—	1'036	—	—	—	—	1'036
Dividends and other allocations	—	—	—	—	-6'000	—	—	—	-6'000
Other allocations to/withdrawals from reserves for general banking risks	—	—	-1'000	—	—	—	—	—	-1'000
Other allocations to/withdrawals from other reserves	—	—	—	—	2'406	—	—	-2'406	—
Profit of the period	—	—	—	—	—	—	—	285	285
Equity at the end of current period	20'000	67'868	41'570	3'897	270'056	—	431	285	404'107

Notes to the consolidated annual financial statements

1. Operations and workforce

The PKB Group is present in Switzerland and, through its subsidiaries PKB Wealth Management SA and Cassa Lombarda SpA, in Panama and Italy. The Group's main activity is private banking, where it offers a wide range of services. PKB Group complements its range of services with Corporate Banking and Capital Markets, where it is one of the leading independent decision-makers in the primary Swiss franc bond market.

The workforce, converted to full-time employees, as at 31.12.2022 was 435,9 (2021: 448,5).

The Bank develops all of its core activities internally without resorting to significant outsourcing as defined in FINMA Circular 2018/3. The activities outsourced by the subsidiary Cassa Lombarda S.p.A., Milan comply with local regulations.

2. Accounting and valuation policies applied to the consolidated annual financial statements

Consolidation policies	The accounting policies used in the preparation of the annual financial statements comply with the Swiss Federal Law on Banks and Savings Banks, and the provisions of the Swiss Financial Markets Supervisory Authority (FINMA) Circular 2020/1 "Accounting Directives - Banks" and the FINMA Accounting Ordinance. The consolidated financial statements provide a true and accurate representation of the Group's situation. Consolidation is by the purchase method.
Fully-consolidated participations	The consolidated financial statements include the annual financial statements of PKB Privatbank AG, Lugano; of PKB Wealth Management SA, Panama; of Cassa Lombarda SpA, Milan; of Alasia SA, Lugano; and of PKB Servizi Fiduciari SpA, Milan.
Accounting and valuation policies	The accounts are presented by registration date. The criteria listed below were adopted
Foreign currencies and funds	Valued at year-end rates Exchange rate differences are recognised in the income statement under "Results from trading activities and fair value option". The exchange rates used for the main currencies were as follows: EUR 0,98800 (2021: 1,03686) USD 0,92492 (2021: 0,91175).
General receivables and commitments	Valued at nominal value, net of value adjustments (defined by the art. 25 and 26 of the FINMA Accounting Ordinance).
Trading portfolio assets	Valued at fair value.
Financial investments	Equities: valued at market value at the end of the year, but not above purchase price. Fixed income securities: the difference between the purchase price and the value is distributed over the years from purchase to maturity.
Not fully consolidated participations	Holding up to 20%: Valued at purchase price, minus necessary amortisation. Holding between 20% and 50% Valuation at NAV. Regardless of the size of the holding, companies that are not material to the correct valuation of Group equity and/or income, are valued at cost minus economically necessary amortisation

Tangible fixed assets

These are booked at cost minus ordinary depreciation. Works of art are not depreciated. All other fixed assets are shown on the balance sheet at the lower of cost and market value. Depreciation is applied on a straight-line basis.

Ordinary depreciation periods and rates are as follows (unchanged from the previous year):

Fixed assets used by the Bank	maximum 50 years*
Renovations	maximum 20 years
Plant	maximum 10 years
Furniture	maximum 10 years
Equipment and vehicles	maximum 5 years
Hardware/Software	maximum 3 years
Intangible assets	maximum 5 years

* Maximum until the value of the land.

Other Group entities use the same depreciation rate.

Reserves for general banking risks

Reserves for general banking risks are taxed at the statutory level on the portion that exceeds the maximum amount accepted for tax purposes (for further details, please refer to the statutory data). At Group level, deferred taxes are accounted for the portion of reserves not taxed at the individual level. The criteria for the use of these reserves at the consolidated level differs from those applied at the statutory level.

Intangible Assets

The intangible assets recorded in the balance sheet refer to the goodwill paid for the acquisition of Cogesp (now merged into Alasia SA) and the acquisition of clients assets after deduction of depreciations.

Solvency risks

In order to cover credit risk, value adjustments are booked in accordance with Art. 25, 26 and 28 of the FINMA Ordinance on Accounts (OPAC-FINMA).

For impaired loans, i.e., when there is a high probability that the borrower is no longer able to meet its repayment obligations, specific value adjustments are recorded and deducted from the respective asset item.

Regarding non-compromised loans, PKB Group, according to the latent loss risk approach, periodically checks for the existence of loss risks not covered by specific value adjustments and, where necessary, books generic value adjustments.

Doubtful interest

Interest and commission over 90 days overdue are not recognised in revenues, but provisions are made for them. The loans in question are considered non-performing.

Result from trading activities and the fair valueoption

This data is shown in the income statement before deduction of refinancing costs.

Contingent liabilities, irrevocable commitments, payment and credit commitments

Off-balance sheet transactions are recorded at nominal value. Any provisions for recognised risks are reported under the item "Provisions".

Derivative financial instruments

These are valued at market value, mark-to-market. The Bank's use of derivative financial instruments on its own behalf mainly concerns hedging transactions and marginally trading within the limits established by internal regulation.

Criteria applied for identifying risks of loss and calculating value adjustments

Credit files are analysed regularly and at least once a year. Where necessary, depending on the risk, analysis is conducted more frequently and promptly, particularly for non-performing loans.

Value adjustments required for any portion of the loan not covered by guarantees are recorded immediately.

Collateral assets for loans	Liquidation value is calculated on the basis of market price or realised value, from which the costs of liquidation and refinancing are deducted.
Deferred tax	They are calculated on the reserves for general banking risk and on the valuation differences for asset and liability entries in the individual financial statements as compared with the consolidated financial statements.
Risk assessment and management	<p>Risk assessment and management form an integral part of the internal control system, as required by FINMA Circular 2017/1 «Corporate governance - banks». The Board of Directors is responsible for the Group's internal control system, for which it sets the guidelines and periodically checks that they are sufficient and operating correctly.</p> <p>The Board of Directors is supported in its duties by an Audit & Risk Committee, which advises and makes proposals. The Executive Board is responsible for the operational management of consolidated supervision, and in turn is supported by the Risk Committee (CORI), responsible for defining the procedures for measuring, managing and controlling risk for the PKB Group. CORI meets at least every quarter, and has an integrated Group risk reporting system. Internal Audit checks and assesses the internal control system, and thereby helps to constantly refine it. In compliance with current legal requirements, the Group has produced its own regulations for the consolidated supervision of the Group and a Risk Appetite Framework Policy. These set out integrated guidelines for risk assessment and management with which all Group companies must comply. The risk assessment and management policy, which is examined every year by the Board of Directors, forms the basis of the PKB Group's risk management process. It is linked to a set of ceilings that cover each identified risk category and are checked constantly, particularly with regards to the risks set out below.</p>

Credit risk

Credit risk is regulated by the Board of Directors through the Credit Policy and the PKB Group Credit Regulation. The Executive Board manages credit risk through the Credit Committee (COCR), which supervises the application of company strategies, and analyses, in terms of quality and quantity, the solvency of counterparties and their respective guarantees.

Credit risk is controlled by limiting risk and exposure at PKB Group level, by limiting concentration of risk in counterparty groups (large exposures and 20 largest exposures) and by country. Delcredere and country risk are subject to special provisions.

Supervisory capital requirements for credit risk are calculated using the international method, with a comprehensive approach to the treatment of guarantees.

Market risk (balance sheet)

The market risk on balance sheet assets is governed by the Risk Appetite Framework Policy with the definition of risk appetite and risk tolerance and by the Asset&Liability Management Policy of the PKB Group approved by the Board of Directors. The Executive Board supervises market risk through the CORI.

The interest rate risk, calculated through the Economic Value of Equity and the Net Interest Income, is based on the standardized interest rate shock scenarios according to Circular FINMA 2019/2 (attachment 2). The interest rate risk for customers loans or mortgages are hedged mainly with Interest Rate Swaps according to Accounting rules and applying the hedge accounting principles. Exchange rate risk is hedged mainly by forward rate agreements and currency options.

Market risk (trading portfolio)

Trading portfolio management is governed by the Risk Appetite Framework Policy with the definition of risk appetite and risk tolerance and through the PKB Group Trading Policy approved by the Board of Directors and by directives approved by the Executive Board. PKB Switzerland is a market maker on the primary CHF bond market, and also operates on the forex, bond and equity markets.

The trading portfolio market risk is controlled using a system of exposure limits, the results of which are reported to the Executive Board.

Supervisory capital requirements for market risk are calculated using the standard method, with a delta-plus approach for options.

Liquidity risk

Liquidity risk is regulated by the Board of Directors through the Risk Appetite Framework Policy with the definition of risk appetite and risk tolerance, through the Asset&Liability Management Policy and the Liquidity Risk Regulation, both valid at PKB Group level. The Executive Board manages liquidity risk through ALCO.

Liquidity risk is supervised in accordance with legal requirements and the results of checks are reported in CORI.

Operational risk

Operational risk, which includes legal and compliance risks, is managed by the Board of Directors through the PKB Group's Operational Policy and the Group Legal&Compliance Policy, as well as implementing regulations, while the Executive Board also issues directives on operational risk management. The strategy and business model adopted expose the Group to the following main types of operational risk defined by FINMA Circular 2008/21 «Operational risks - banks»:

- Internal fraud: losses due to acts carried out with fraudulent intentions, misappropriation of goods, circumvention of laws, regulations or internal provisions with implication of at least a part internal to the company;
 - External fraud: losses due to acts carried out with fraudulent intentions, misappropriation of goods, circumvention of laws or regulations without implication of an internal part of the company;
 - Clients, products and business practices: losses arising from non-intentional or negligent non-fulfillment of obligations towards customers and losses deriving from the type or structure of certain products;
 - Execution, delivery and management of processes: losses deriving from errors in the execution of activities or in the management of processes and losses deriving from relations with commercial partners and suppliers;
 - Business interruptions, system failures and damage to physical assets: losses deriving from business interruptions or problems with technical systems and deriving from damage to physical assets due to natural disasters or other events.
- The assessment of operational risks is supported by an analysis of the critical areas present in the processes and activities carried out by the Group entities, while for the measurement of the current operational risk the Group uses a system of quantitative and qualitative indicators provided by the Risk Appetite Framework Policy and the minimum standards and key controls in the area of operational risk, which include the calculation of capital requirements according to the basic indicator approach, the analysis of operational losses, the analysis of Key Risk Indicators and the inherent and residual risk assessments.

Operational risk management and mitigation is carried out through the following distribution of tasks and responsibilities:

- First line of defence: owner of operational risks generated by business activities and responsible for managing operational risks;
- Second line of defence (Group Risk Management): responsible for consolidated supervision of the Group's operational risk.

Operational risk is monitored primarily through the verification of the qualitative and quantitative indicators defined in the Risk Appetite Framework Policy and through the verification of the minimum standards and key controls in the area of operational risk. Group Risk Management also ensures a quarterly report to the CRO and CORI.

Legal risk

To prevent risks, the PKB Group ensures that its operations, particularly those likely to have an impact on the outside world, are in line with the legal requirements and ethical standards applying to the banking sector, and that operations and contracts involving clients are comprehensible and transparent.

Reputational and compliance risk

Unlike compliance risks, which concern only the breach of laws and regulations, damage to reputation can be caused by such a break or even by behaviour that the public considers inappropriate or unacceptable, even though it is fully compliant with the law and regulations. In order to take into account the wide range of reputational risks, the PKB Group has produced a Charter of Values, designed to support a corporate culture based on impeccable conduct and leading professional standards.

Compliance risks are managed through a whole series of policies and procedures that cover all the Group's areas of business. Given the international nature of our business, internal rules go beyond the Swiss legal and regulatory framework, and address all cross-border activities and issues relevant to the way we serve our clients, in particular in the areas of investment advisory services and trading on foreign financial markets.

Strict compliance with the law, standards and internal regulations is assured through a three-level control programme. The main responsibility for compliance with all these rules lies with the line manager. The first level of control is mainly based on process and workflow checks to ensure compliance with the Group's four-eyes principle, and on an escalation system. Ongoing training for staff at all levels is an integral part of our efforts to mitigate reputational and compliance risks. The second level of control includes independent checks by operating department Compliance, which reports to the Executive Board, with direct reporting to the Chief Risk Officer. Risks are assessed once a year and a specific action plan is produced to ensure compliance risks are addressed promptly and correctly. The third level of control includes audits performed by Internal Audit, which is not an operating department and reports to the Board of Directors. Internal Audit also carries out independent controls.

Group policy on the use of derivative financial instruments

Positions taken in derivatives are, in general, held on behalf of clients.

The PKB Group makes use of interest rate risk hedging transactions for the structural management of the balance sheet, through interest rate swaps and forward rate agreements.

Significant events following the end of the financial year

No events with a significant financial impact occurred after the balance sheet closing.

Changes in accounting principles

No changes within the 2022 financial year.

3. Details of the individual positions in the notes to the annual accounts

3.1 Breakdown of securities financing transactions (assets and liabilities)

No positions at 31.12.2022.

3.2 Presentation of loan collateral and off-balance sheet transactions, as well as impaired loans/receivable

Amounts in CHF/000	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from customers	86'857	697'492	34'386	818'736
Mortgage loans	750'312	-	-	750'312
- Residential property	508'857	-	-	508'857
- Office and business premises	144'511	-	-	144'511
- Commercial and industrial premises	24'367	-	-	24'367
- Other	72'578	-	-	72'578
Total loans (prior netting with value adjustments)				
Current financial year	837'169	697'492	34'386	1'569'048
Previous financial year	895'500	724'291	41'514	1'661'305
Loans (after netting with value adjustments)				
Current financial year	833'474	687'811	34'386	1'555'672
Previous financial year	887'054	713'882	41'514	1'642'451
Off-balance sheet				
Contingent liabilities	3'745	28'875	3'062	35'682
Irrevocable commitments	11'389	112	3'419	14'920
Obligation to pay-up shares and make further contribution	-	-	2'793	2'793
Off-balance sheet total				
Current financial year	15'134	28'986	9'275	53'396
Previous financial year	15'281	47'046	18'732	81'059

Impaired loans	Gross debt		Net debt	
	Gross debt	Estimated realizable value of collateral	Net debt	Individual realizable value
Current financial year	27'478	13'458	14'019	14'019
Previous financial year	35'822	17'052	18'770	18'770

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

	Amounts in CHF/000	2022	2021
ASSETS			
Trading portfolio assets			
Debt securities, money market securities/transactions		20'057	60'879
of which listed		7'447	36'706
Equity securities		-	-
Precious metals and commodities		-	-
Total assets		20'057	60'879
<i>of which securities eligible to repo agreements in compliance with liquidity requirements</i>		-	-

3.4 Presentation of derivative financial instruments (assets and liabilities)

	Amounts in CHF/000	Instruments held for trading			Hedging instruments*		
		Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments		5'121	4'891	207'881	20'062	9'051	279'578
Swap		246	246	19'656	20'062	8'264	265'078
Options (OTC)		4'875	4'645	188'225	-	788	14'500
Foreign exchange / Precious metals		4'818	6'321	509'062	-	-	-
Forward contracts		221	459	37'849	-	-	-
Combined interest rate / currency swaps		4'077	5'342	446'378	-	-	-
Options (OTC)		520	520	24'835	-	-	-
Equity securities/indices		4	4	609	-	-	-
Options (OTC)		4	4	609	-	-	-
Total before netting agreement							
Current financial year		9'942	11'215	717'552	20'062	9'051	279'578
<i>Previous financial year</i>		<i>12'490</i>	<i>18'216</i>	<i>845'538</i>	<i>281</i>	<i>16'324</i>	<i>283'765</i>
Total after netting		Positive replacement values (cumulative)			Negative replacement values (cumulative)		
Current financial year		30'004			20'267		
<i>Previous financial year</i>		<i>12'771</i>			<i>34'540</i>		
Breakdown by counterparty				Central clearing houses	Banks and securities dealers	Other customers	
Positive replacement values (after netting agreements)				5'398	24'292	275	

* Hedging instruments pursuant to art. 19 of the FINMA Accounts Ordinance.

3.5 Breakdown of financial investments

	Amounts in CHF/000	Book value		Fair value	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Debt securities		834'310	465'112	787'382	468'116
Of which intended to be held to maturity		724'974	366'715	677'857	369'670
Of which not intended to be held to maturity		109'336	98'397	109'336	98'446
Equity securities		6'730	7'182	9'652	11'336
Of which qualified participations		1'249	1'310	2'862	2'871
Precious metals		-	-	-	-
Real estate		-	-	-	-
Total		841'040	472'294	797'033	479'452
<i>Of which securities eligible for pensions under liquidity rules</i>		<i>534'535</i>	<i>270'399</i>	<i>507'090</i>	<i>271'871</i>

Breakdown of counterparties by rating

	From AAA up to AA-	From A+ up to A-	From BBB+ up to BBB-	From BB+ up to B-	Less than B-	No rating
Debt securities: Book values	355'166	90'038	285'903	74'634	4'789	23'780

Data source: Standard & Poor's

3.6 Presentation of participations

	Amounts in CHF/000			2022						
	Acquisition cost	Accumulated value adjustments and/or changes in book value (valuation using the equity method)	Book value at 31.12.2021	Transfers	Investments	Disposals	Value adjustments	Changes in book value in the case of participations valued using the equity method	Book Value at 31.12.2022	Market value
Other participations										
Not listed	2'701	-	2'701	-	201	-1	-	-	2'901	n/a*
Total participations	2'701	-	2'701	-	201	-1	-	-	2'901	n/a*

*Market value not available. The valuation according to the lowest value principle shall be carried out on the basis of the balance sheet value of own funds.

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

	Amounts in CHF/000					
	Business activity	Currency	Bank's capital	Share of capital	Share of votes	Held directly
Fully consolidated participations						
PKB Wealth Management SA, Panama (Previously PKB Banca Privada SA, Panama)	Bank	USD	10'000	100.00%	100.00%	10'000
Cassa Lombarda S.p.A., Milano	Bank	EUR	18'000	99.57%	99.57%	17'922
Alasia SA, Lugano	Asset management	CHF	250	100.00%	100.00%	250
PKB Servizi Fiduciari S.p.A, Milano	Fiduciary	EUR	240	100.00%	100.00%	240
Unconsolidated participations						
Six Group AG, Zurigo	Market infrastructure	CHF	19'522	0.01%	0.01%	3
Viseca Holding SA, Zurigo	Holding company	CHF	25'000	0.28%	0.28%	69
Pfandbriefbank, Zurigo	Bank	CHF	1'100'000	0.14%	0.14%	1'567
Fenera & Partners SGR S.p.A., Milano	Asset management	EUR	1'000	2.18%	2.18%	22
PKB Global Investments GP S.a.r.l, Lussemburgo	Holding company	EUR	12	100.00%	100.00%	12
Lombarda & Associati Srl, Milano	Financial advisory	EUR	150	35.00%	35.00%	53
Nexi Payments S.p.A., Miano	Financial Services	EUR	118'583	0.001%	0.001%	1
Bancomat S.p.A., Roma	Financial Services	EUR	19'996	0.02%	0.02%	4
S.W.I.F.T.	Financial Services	EUR	437'559	0.003%	0.003%	12

3.8 Presentation of tangible fixed assets

	Amounts in CHF/000			2022						
	Acquisition cost	Accumulated depreciation	Book value at 31.12.2021	Changes to the scope of consolidation	Transfers	Investments	Disposals	Depreciation	Appreciation	Book value at 31.12.2022
Bank premises	101'053	-58'095	42'958	-	-	338	-714	-2'144	-	40'438
Other properties	10'283	-3'505	6'778	-	-	6	-	-6	-	6'778
Proprietary or separately acquired software	10'409	-9'083	1'326	-	-	595	-	-860	-	1'061
Other tangible fixed assets	68'541	-52'520	16'021	-	-	877	-87	-1'292	-	15'519
Total tangible fixed assets	190'286	-123'203	67'083	-	-	1'816	-801	-4'302	-	63'796

3.9 Presentation of intangible assets

	Amounts in CHF/000			2022						
	Acquisition cost	Accumulated amortisation	Book value at 31.12.2021	Changes to the scope of consolidation	Transfers	Investments	Disposals	Amortisation	Appreciation	Book value at 31.12.2022
Goodwill	92'720	-92'261	459	-	-	-	-59	-113	-	287
Total intangible assets	92'720	-92'261	459	-	-	-	-59	-113	-	287

3.10 Breakdown of other assets and other liabilities

	Amounts in CHF	2022		2021	
		Other assets	Other liabilities	Other assets	Other liabilities
Compensation account		-	12'323	15'467	-
Deferred income taxes recognised as assets		8'702	7	5'763	10
Clearing / transitory accounts		845	16'397	1'437	10'200
Indirect taxes		10'927	516	10'074	976
Other receivables and liabilities		10'822	11'888	9'201	13'622
Total		31'296	41'132	41'941	24'807

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

	Amounts in CHF/000	
	Book values	Effective commitments
Assets pledged / assigned		
Margin accounts	1'757	1'757
Bonds given as collateral to banks	103'259	85'253
Mortgages used to guarantee loans from central mortgage bond institutions	214'419	120'800

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

	Amounts in CHF	2022	2021
Total		15'760	20'868

The Bank's employees are registered with an autonomous and independent pension fund in accordance with the law on occupational pensions in Switzerland (LPP). Regulations require the use of defined contributions schemes. Pension liabilities are calculated each year by an actuary. The Bank accounts for its contributions to the employees' occupational pension scheme as expenses for the financial year concerned.

The other group entities have no commitments to their own pension funds.

3.13 Disclosure on the economic situation of own pension schemes

Employer contribution reserves (ECR)	Amounts in CHF/000					
	Nominal value at 31.12.2022	Waiver at 31.12.2022	Net amount at 31.12.2022	Net amount at 31.12.2021	Impact of ECR on personnel expenses	
					2022	2021
LPP pension fund for employees of PKB Private Bank SA	1'300	-	1'300	1'300	-	-
Total	1'300	-	1'300	1'300	-	-

Presentation of the economic benefit/obligation and the pension expenses	Amounts in CHF/000						
	Over-funding/underfunding at 31.12.2022	Economic share of the bank and/or the financial group		Change in economic share in reporting year	Contributions paid for the reporting period	Pension charges within personnel expenses	
		2022	2021			2022	2021
With overfunding	6'735	-	-	-	5'111	4'070	4'303
Total	6'735	-	-	-	5'111	4'070	4'303

PKB Private Bank SA's employees:

For each pension plan, the Bank must determine whether reserve levels and the particular circumstances of the pension fund give rise to a surplus or a shortfall. The assessment is based on the financial position at 31 December 2021 and the change in the financial position over 2022. Based on the estimates received from the pension fund, the reserve levels in accordance with art. 44 OPP2 (Ordinanza sulla previdenza professionale – Occupational Pension Order) were 103.8% (2021: 116.1%).

Employees of other companies of the Group, in Switzerland:

The other companies of the Group do not have their own pension institution, their employees are insured with third parties on the basis of the legal provisions of their respective countries. As of 31.12.2022, there was no social security obligation.

Employees of other companies of the Group, abroad:

The employees of foreign companies that are part of the Group (FTE 210) have pension cover in their respective countries, in accordance with local laws.

3.14 Presentation of issued structured products

The Bank did not issue any structured products over the year.

3.15 Presentation of bonds outstanding issues and mandatory convertible bonds

There were no outstanding bond issues at 31.12.2022.

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

	Imports in CHF/000							Balance at 31.12.2022
	Balance at 31.12.2021	Use in conformity with designated purpose	Transfers	Currency rate differences	Past due interest, recoveries	New provisions charged to the income statement	Releases to the income statement	
Provisions for deferred taxes	10'323	-	-	-	-	-	-540	9'783
Provisions for pension benefit obligations	1'903	-53	-	-369	-	151	-	1'630
Other provisions	16'522	-4'623	-	-105	-	4'481	-887	15'388
Total provisions	28'748	-4'676	-	-475	-	4'632	-1'427	26'801
Reserves for general banking risks	42'570	-	-	-	-	-	-1'000	41'570
Value adjustment for default and country risks	18'855	-5'160	-	-742	-34	1'799	-543	14'176
of which, value adjustments for default risks in respect of impaired loans / receivables	18'770	-5'160	-	-724	-22	898	-543	13'219
of which value adjustments for latent risks	85	-	-	-4	-12	87	-	156
of which value adjustments for financial investments	-	-	-	-14	-	814	-	800

The item «Other provisions» includes CHF 8,7 million (2021: CHF 10,0 million) allocated to personnel funds, CHF 5,9 million (2021: CHF 6,0 million) for legal/tax risks and CHF 0,8 million (2021: CHF 0,5 million) to hedge country risk.

Contingent liabilities whose outcome can be estimated were allocated on the basis of the best available estimate.

During the year, the reserve for general banking risks was dissolved for CHF 1 million.

The new provisions and releases to the income statement after the partial or full absorption of the value adjustment / provision are presented individually if necessary. The events and circumstances of these are disclosed.

Value adjustments for risks of loss from non-compromised loans refer exclusively to non-performing loans.

3.17 Presentation of bank's capital

Amounts in CHF/000	2022			2021		
	Total nominal value	Number of ordinary shares	Capital eligible for dividend	Total nominal value	Number of ordinary shares	Capital eligible for dividend
Share capital (full paid)	20'000	20'000	20'000	20'000	20'000	20'000
Total share capital	20'000	20'000	20'000	20'000	20'000	20'000

At 31.12.2022 there were no voluntary restrictions on the distributable nature of reserves.

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

The Bank had no employee participation schemes at 31.12.2022. None of them were granted participation rights or options on these rights during the period considered.

3.19 Disclosure of amounts due from/to related parties

Amounts in CHF/000	Amounts due from		Amounts due to	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Holders of qualified participations	2'495	3'491	22'976	25'133
Group companies	-	-	0	-
Affiliates	-	-	1'313	911
Transactions with members of governing bodies	1'043	1'557	6'257	6'701
Other related parties	6'577	7'530	17'103	22'702

Loans to members of governing bodies are granted under the same conditions applied to Bank employees. Transactions with affiliates are conducted under arm's length conditions, and relate to securities transactions, payment traffic and treasury transactions.

3.20 Disclosure of holders of significant participations

Amounts in CHF/000	Direct/indirect	31.12.2022		31.12.2021	
		Nominal	%	Nominal	%
Auriga Holding SA, Switzerland (previously Auriga SA, Lussemburgo)	Direct	20'000	100.00	20'000	100.00
Antipodes SA, Lussemburgo	Indirect	5'994	29.97	5'994	29.97
Plénitude SA, Lussemburgo	Indirect	5'994	29.97	5'994	29.97
Mnemosyne Investments SL, Spain	Indirect	3'704	18.52	3'704	18.52
Aquilifer SRL, Italy	Indirect	2'668	13.34	2'668	13.34
Massimo Trabaldo Togna, Italy	Indirect	3'304	17.98	3'304	17.98
Umberto Trabaldo Togna, Switzerland	Indirect	3'304	17.98	3'304	17.98
Flaminia Trabaldo Togna, Italy	Indirect	2'629	11.72	2'629	11.72
Marina Trabaldo Togna, Italy	Indirect	2'629	11.72	2'629	11.72
Stefano Trabaldo Togna, Spain	Indirect	2'563	12.82	2'538	12.69
Elisabetta Trabaldo Togna, Italy	Indirect	1'141	5.70	1'166	5.83
Roberto Botto Poala, Italy	Indirect	-	7.67	-	7.67

The above data refer to shares with full voting rights and do not consider any voting rights limited to decisions on the distribution of the result (usufruct).

There is no conditional capital, and there are no significant shareholders without voting rights.

3.21 Disclosure of own shares and composition of equity capital

At 31.12.2022 neither the Group nor its subsidiaries held any treasury shares.

3.22 Disclosures in accordance with the Ordinance of the 20th November 2013 against Excessive Remuneration in Listed Public Stock Exchange Companies and Article 663c paragraph 3 CO for banks whose equity securities are listed

The Group's societies are not listed in the stock exchange. Not applicable.

3.23 Presentation of maturity structure of financial instruments

Amounts in CHF/000								
	Maturity							Balance at 31.12.2022
	At Sight	Cancellable	Within 3 months	3-12 months	1-5 years	over 5 years	No maturity	
Current assets/ Financial instruments								
Liquid assets	346'836	-	-	-	-	-	-	346'836
Amounts due from banks	144'961	-	1'298	1'099	-	-	-	147'358
Amounts due from clients	418'901	6'598	74'487	143'198	80'604	82'485	-	806'273
Mortgage loans	507	321'238	5'737	23'130	185'066	213'721	-	749'399
Trading portfolio assets	20'057	-	-	-	-	-	-	20'057
Positive replacement values of derivative financial instruments	30'004	-	-	-	-	-	-	30'004
Financial investments	3'707	-	4'134	80'472	659'932	92'795	-	841'040
Total at 31.12.2022	964'972	327'836	85'656	247'899	925'602	389'002	-	2'940'966
<i>Total at 31.12.2021</i>	<i>1'533'988</i>	<i>465'269</i>	<i>120'764</i>	<i>240'074</i>	<i>529'633</i>	<i>417'372</i>	<i>-</i>	<i>3'307'100</i>
Debt capital/ financial instruments								
Amounts due to banks	45'198	-	11'081	67'773	-	-	-	124'052
Amounts due in respect of client deposits	2'202'641	-	60'869	11'856	26'766	-	-	2'302'131
Negative replacement values of derivative financial instruments	20'266	-	-	-	-	-	-	20'266
Mortgages from issues of mortgage bonds and loans	-	-	-	5'000	63'800	52'000	-	120'800
Total at 31.12.2022	2'268'105	-	71'950	84'629	90'566	52'000	-	2'567'249
<i>Total at 31.12.2021</i>	<i>2'515'193</i>	<i>-</i>	<i>77'814</i>	<i>10'000</i>	<i>277'680</i>	<i>74'000</i>	<i>-</i>	<i>2'954'687</i>

3.24 Presentation of assets and liabilities, by domestic and foreign origin in accordance with the domicile principle

Amounts in CHF/000	2022		2021	
	Switzerland	Abroad	Switzerland	Abroad
Assets				
Liquid assets	345'141	1'695	566'804	252'046
Amounts due from banks	54'024	93'334	185'187	114'669
Amounts due from clients	160'942	645'331	174'111	634'561
Mortgage loans	656'400	92'999	684'146	149'633
Trading portfolio assets	-	20'057	-	60'880
Positive replacement values of derivative financial instruments	7'687	22'317	6'849	5'922
Financial investments	123'469	717'571	75'057	397'237
Accrued expenses and deferred income	14'388	2'585	13'468	1'624
Non-consolidated participations	2'853	49	2'652	49
Tangible fixed assets	44'652	19'144	46'286	20'798
Intangible assets	210	77	354	106
Other assets	1'878	29'418	17'898	24'043
Total assets	1'411'643	1'644'577	1'772'810	1'661'567
Liabilities				
Amounts due to banks	32'616	91'436	87'644	249'942
Amounts due in respect of client deposits	481'083	1'821'048	441'726	2'020'035
Negative replacement values of derivative financial instruments	4'812	15'455	10'799	23'741
Mortgages from issuers of mortgage bonds and loans	120'800	-	120'800	-
Accrued expenses and deferred income	13'701	3'231	12'668	3'682
Other liabilities	19'994	21'138	8'179	16'628
Provisions	22'031	4'770	23'184	5'564
Reserves for general banking risks	41'570	-	42'570	-
Bank's capital	20'000	-	20'000	-
Statutory capital reserve	67'868	-	15'084	52'783
Earnings reserve	289'558	-15'605	287'723	-11'211
Minority interests in equity capital	-	431	431	-
Group profit	5'985	-5'700	643	1'763
Total liabilities	1'120'016	1'936'204	1'071'450	2'362'927

3.25 Breakdown of total assets by country or group of countries

Amounts in CHF/000	2022		2021	
		%		%
Assets				
Italy	863'169	28.24	1'110'258	32.33
Other OECD countries	711'676	23.29	474'692	13.82
Other countries in the Americas (non-OECD countries)	40'278	1.32	39'995	1.16
Other countries	29'453	0.96	36'621	1.07
Total receivables abroad	1'644'577	53.81	1'661'567	48.38
Switzerland	1'411'643	46.19	1'772'810	51.62
Total assets	3'056'220	100.00	3'434'377	100.00

3.26 Breakdown of total assets by credit rating of country groups (risk domicile)

Bank's country rating	Moody's	Net foreign exposure 31.12.2022		Net foreign exposure 31.12.2021	
		in CHF /000	%	in CHF /000	%
1-2	Aaa – AA3	1'511'332	97.90%	1'543'181	98.26%
3	A1 – A3	915	0.06%	1'930	0.12%
4	Baa1 – Baa3	6'836	0.44%	10'737	0.68%
5	Ba1 – Ba3	17'156	1.11%	7'375	0.47%
6	B1 – B3	596	0.04%	1'834	0.12%
7	Caa1 – C	2'222	0.14%	2'692	0.17%
0	No rating	4'695	0.30%	2'729	0.17%
Total assets		1'543'752	100.00%	1'570'478	100.00

The Bank measures country risk using Swiss Export Risk Insurance (SERV) ratings. These are compared with Moody's ratings in the table above total assets.

3.27 Presentation of assets and liabilities broken down by the most significant currencies for the Bank

	Currencies (equivalent in CHF /'000)				
	CHF	EUR	USD	Other	Total
Assets					
Liquid assets	344'017	2'548	214	56	346'836
Amounts due from banks	6'760	48'974	72'630	18'994	147'358
Amounts due from clients	165'662	588'231	36'645	15'734	806'273
Mortgage loans	656'400	92'999	-	-	749'399
Trading portfolio assets	-	4'115	15'393	549	20'057
Positive replacement values of derivative financial instruments	29'965	-	39	-	30'004
Financial investments	150'718	608'732	81'590	-	841'040
Accrued expenses and deferred income	12'518	3'511	861	83	16'973
Non-consolidated participations	2'837	64	-	-	2'901
Tangible fixed assets	44'091	16'932	2'772	-	63'796
Intangible assets	210	77	-	-	287
Other assets	1'064	29'302	931	-	31'296
Total assets	1'414'242	1'395'487	211'075	35'416	3'056'220
Delivery entitlements from spot exchange, forward forex and forex option transactions	16'967	265'342	177'558	48'509	508'376
Total assets at 31.12.2022	1'431'208	1'660'829	388'633	83'925	3'564'596
Liabilities					
Amounts due to banks	12'644	99'033	11'902	473	124'052
Amounts due in respect of client deposits	399'237	1'508'827	323'213	70'853	2'302'131
Negative replacement values of derivative financial instruments	20'241	-	10	16	20'266
Mortgages from issuers of mortgage bonds and loans	120'800	-	-	-	120'800
Accrued expenses and deferred income	13'220	3'424	274	14	16'932
Other liabilities	14'624	20'079	6'379	50	41'132
Provisions	21'446	5'165	190	-	26'801
Reserves for general banking risks	41'570	-	-	-	41'570
Bank's capital	20'000	-	-	-	20'000
Statutory capital reserve	67'868	-	-	-	67'868
Earnings reserve	273'953	-	-	-	273'953
Minority interests in equity capital	431	-	-	-	431
Group profit	285	-	-	-	285
Total liabilities	1'006'318	1'636'528	341'969	71'405	3'056'220
Delivery commitments from spot exchange, forward forex and forex option transactions	404'404	43'245	44'974	15'753	508'376
Total liabilities at 31.12.2022	1'410'722	1'679'773	386'943	87'158	3'564'596
Net position per currency	20'486	-18'944	1'690	-3'233	0

3.28 Breakdown and explanation of contingent liabilities and liabilities

Amounts in CHF/000	2022	2021
Guarantees to secure credits and similar	27'605	42'760
Irrevocable commitments resulting from documentary letters of credit	-	4'680
Other contingent liabilities	8'078	10'580
Total contingent liabilities	35'682	58'020

3.29 Breakdown of credit commitments

There were no credit commitments at 31.12.2022.

3.30 Breakdown of fiduciary transactions

Amounts in CHF/000	2022	2021
Fiduciary investments with other banks	356'895	121'499
Total fiduciary transactions	356'895	121'499

3.31 Breakdown of managed assets and presentation of their development

Amounts in CHF/000	2022	2021
a) Breakdown managed assets		
Type of asset		
Assets held in self-managed collective investment schemes	736'917	872'497
Asset under discretionary asset management agreements	3'507'481	4'119'400
Other managed assets	7'339'281	7'832'338
Sub-total: managed assets (incl. double counting)	11'583'679	12'824'234
<i>of which double counting</i>	<i>808'466</i>	<i>867'160</i>
Commercial clients – Custody only	904'410	964'584
Sub-total: other client assets	904'410	964'584
Total client assets (incl. double counting)	12'488'089	13'788'819

Amounts in CHF/000	2022	2021
b) Presentation of the development of managed assets		
Total managed assets (incl. double counting) at start of period	12'824'234	12'296'294
+/- Net new money inflow or net new money outflow	355'065	430'259
+/- Change in market prices, interest, dividends and exchange rates	-1'595'620	103'064
+/- Other effects*	-	-5'383
Total managed assets (incl. double counting) at end of period	11'583'679	12'824'234

*At 31.12.2022, the item «Other effects» corresponds to the outflow of HPS BASIC FUNDS from the managed funds perimeter. Other managed assets include all client assets (private, commercial and institutional) held for investment on which the Bank receives commission and/or fees in addition to custody fees and other account-keeping expenses.

All other assets held in custody by the Bank that do not meet the above criteria are considered «custody only».

The division complies with the requirements of FINMA Circular 2020/1.

Assets under management are client assets managed in accordance with the profile chosen by the client. Receivables due from clients are not deducted from total managed assets.

Net contributions/withdrawals include actual inflows and outflows of client funds and assets but do not include the performance of securities or currencies, interest, charges, commission or dividends.

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

a) Breakdown by business area (based on the organisation of the bank and/or the financial group)	Amounts in CHF/000	2022	2021
Trading with mixed transactions		6'029	7'119
Group companies subject to FINMA money laundering supervision		20	4
Total result from trading activities		6'049	7'123

b) Breakdown by underlying risk and application of the fair value option	Amounts in CHF/000	2022	2021
Result from trading activities from:			
- Interest rate instruments		1'282	2'452
- Equity securities (incl. funds)		6	-131
- Currencies		4'679	4'772
- Commodities / precious metals		83	29
Total result from trading activities		6'049	7'123

3.33 Disclosure of material refinancing income in the item «interest and discount income» as well as material negative interest

«Income from interest and discounts» includes negative interest of CHF 1,7 million (CHF 2,7 million in the previously year).

3.34 Breakdown of personnel expenses

	2022	2021
Remuneration (attendance fees, fixed compensation to members of the Bank's governing bodies, salaries and allowances)	56'244	59'107
Benefits	12'453	13'861
Other personnel expenses	6'031	5'314
Total personnel expenses	74'728	78'283

3.35 Breakdown of general and administrative expenses

	2022	2021
Building occupancy expenses	2'737	2'854
IT and telecommunications technology expenses	6'300	7'093
Expenses for vehicles, equipment, furniture and other fixtures, and operating leases	478	493
Audit fees (art. 961a no. 2 CO)	697	666
- of which for statutory and regulatory audits	652	611
- of which other services	45	55
Sundry operating expenses	12'726	12'613
Total other operating expenses	22'938	23'720

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

The extraordinary results of CHF 0,4 million (CHF 0,3 million on the previous year) are due to contingent assets.

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

No revaluation reported at group level during the financial year 2022 as for the previous year.

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

Amounts in CHF/000	2022		2021	
	Switzerland	Abroad	Switzerland	Abroad
Net result from interest operations	20'327	11'107	13'124	10'185
Result from commission business and services	44'689	30'445	47'301	35'675
Result from trading activities	5'720	328	5'506	1'617
Other result from ordinary activities	2'354	-11'300	1'952	582
Income for the period	73'090	30'581	67'883	48'059
Personnel expenses	-48'174	-26'553	-48'060	-30'222
Material expenses	-11'482	-11'456	-11'059	-12'661
Operating expenses	-59'656	-38'009	-59'119	-42'883
Operating profit	13'434	-7'429	8'764	5'176

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

Amounts in CHF/000	2022		2021	
	Average rate*		Average rate*	
Current tax expense		2'536		3'581
Deferred tax expense		-2'647		-1'534
Total tax	9.45%	-112	21.17%	872

* Average rate applied to operating profit.

3.40 Disclosure and explanations on the earnings per equity security in the case of listed banks

The Bank's shares are not listed.

This report has been translated from Italian.

In case of inconsistencies, the Italian version of our annual report shall prevail over the translated version

Report of the Statutory Auditor

To the General Meeting of
PKB PRIVATE BANK SA, Lugano

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PKB PRIVATE BANK SA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 12 - 36 of the Annual Report) for the year ended 31 December 2022 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss accounting principles applicable for banks and comply with Swiss law.

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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, and stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

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

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

Deloitte SA



Alexandre Buga
Licensed Audit Expert
Auditor in Charge



Pietro Di Fluri
Licensed Audit Expert

Lugano, 16 March 2023
AB/PDF/dbo

Parent company financial statement

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Comments on the balance sheet

Balance sheet total At 31.12.2022, the balance sheet assets totalled CHF 2.129,1 million compared to CHF 1.756,6 million for the liabilities; shareholders' equity (excluding the reserve for general banking risks), including the profit for the year, consequently amounted to CHF 372,5 million. The balance sheet total decreased by CHF 195,2 million or 8,4% from the previous year.

Assets

Liquid assets	This item includes cash deposits and amounts due to the SNB. The total of CHF 345,1 million, a decrease of 39,1% from CHF 566,8 million in the previous year, covers the legal requirements for primary liquidity.
Amounts due from banks	Decreasing by CHF 175,3 million (-60.2%), amounts due from banks fell from CHF 291,2 million to CHF 115,9 million. These were mainly funds deposited with major banks in OECD countries..
Amounts due from clients	Amounts due from clients decreased by 6,9%, from CHF 471,5 million to CHF 438,7 million.
Mortgage loans	Mortgage loans decreased by 4,1% from CHF 684,1 million to CHF 656,4 million.
Trading portfolio assets	At 31.12.2021 the Bank did not have any open positions within the trading portfolio
Positive replacement values of derivative financial instruments	Positive replacement values amounted to CHF 30,0 million compared to CHF 12,8 million in the previous year (+134,9%) and refer to transactions in derivative financial instruments taken out on the Bank's own account (mainly for hedging purposes) or on behalf of clients, and represent counterparty risk.
Financial investments	At 31.12.2022, financial investments amounted to CHF 361,3 million compared to CHF 112,1 million in the previous year (+222,2%). Investments in funds amounted to CHF 4,4 million (CHF 4,7 million as at 31.12.2021) and fixed-income securities to CHF 355,6 million (CHF 106,1 million as at 31.12.2021). Investments in equities amounted to CHF 1,2 million (CHF 1,3 million as at 31.12.2021).
Main participations	The Bank holds the entire share capital of PKB Wealth Management SA, Panama (formerly PKB Banca Privada, Panama) and Alasia SA, 99,57% of Cassa Lombarda Spa, Milan and directly 70% of PKB Servizi Fiduciari Spa. During the year under review, the Bank set up PKB Global Investments GP S.a.r.l, Luxembourg, in which it holds the entire share capital. This item also includes minority shareholdings in Viseca Holding SA, Zurich (0,28%), Six Group AG, Zurich (0,015%), Pfandbriefbank AG, Zurich (0.14%), Fenera & Partners SGR SpA, Turin (2,18%).
Tangible fixed assets	These decreased from CHF 25,3 million to CHF 24,7 million (- CHF 0,6 million or 2,3%). These include buildings owned by the Bank, furniture, fixtures and fittings, any capitalised renovation work, hardware and software.
Intangible assets	Intangible assets in the balance sheet amounted to CHF 0,1 million (CHF 0,2 million in the previous year) and relate to goodwill for clients acquisitions.
Other assets	"Other assets" decreased to CHF 1,8 million as at 31/12/2022 compared to CHF 6,9 million at the end of the previous year. This includes clearing accounts (CHF 0,8 million) and indirect taxes (CHF 0,6 million).

Liabilities

Amounts due to banks	Amount due to banks decreased from CHF 111,7 million to CHF 54,0 million (-51,6%).
Amounts due in respect of client deposits	These decreased by CHF 160,0 million or -10,0% (CHF 1.446,3 million as at 31.12.2022, CHF 1.606,3 million as at 31.12.2021).
Negative replacement values of derivative financial instruments	Negative replacement values totalled CHF 20,2 million compared to CHF 34,5 million in the previous year (-41,1%) and relate to transactions in derivative financial instruments, taken out on the Bank's own account (mainly for hedging purposes) or on behalf of clients, and represent a liability in respect of counterparties.
Bond issues and central mortgage institutions loans	This item includes the refinancing of mortgages with Pfandbriefbank AG, Zurich, which amounted to CHF 120,8 million at the end of the year; unchanged from the previous year.
Other liabilities	At 31.12.2022 other liabilities amounted to CHF 42,5 million, up from CHF 8,2 million in the previous year. This item consists of the compensation account where the net passive revaluation of hedging instruments is recorded (CHF 28,5 million), clearing accounts (CHF 6,8 million), interest components from hedging transactions (CHF 5,0 million), the securities sold before maturity (CHF 0,4 million) and liabilities resulting from indirect taxes (CHF 0,5 million).
Shareholders' equity	The shareholders' equity shown in the balance sheet amounted to CHF 363,9 million (reserves for general banking risks and net profit for the year excluded), down from CHF 365,9 million in the previous year. The decrease is explained in the appropriate table on the appropriation of profit.

Comments on the income statement

Revenues

Looking at the various aggregates of the income statement, it can be noted that gross income from interest transactions amounted to CHF 20,7 million, up 57,5% from the previous year (CHF 13,1 million). Gross income from interest and discounts net of interest expenses increased by 55,6%, mainly due to the increase in net income from treasury operations, which benefited from the favourable trend in interest rates. Interest and dividend income from financial investments also contributed positively, with an increase of 85,4%, due in particular to an increase in the volume of securities in the portfolio.

After deduction of value adjustments for loss and loss risks from interest transactions (-CHF 0,4 million), net income from interest transactions totalled CHF 20,3 million, up 54,9 % year-on-year (CHF 13,1 million).

Income from commission and service fee activities decreased (-5,9%), which was impacted by the negative development of the financial markets caused by the war in Ukraine and the increase in interest rates as a result of inflationary pressure; commission income from securities trading and investment transactions (-8,7%) and income from lending operations (-11,0%) as well as the slight increase in commission expenses (+0,4%) contributed negatively to the result; however, commissions on other services increased (+31%).

Net trading income amounted to CHF 5,7 million, up slightly from CHF 5,5 million in the previous year (+3,6%): trading in foreign exchange and precious metals made a positive contribution (+8,5%), while trading in interest rate-based instruments fell by 21,8% year-on-year.

Other ordinary income amounted to CHF 2,4 million, up from CHF 2,0 million in the previous year: income from participations (+CHF 1,0 million) and income from real estate (+CHF 0,1 million) made a positive contribution, while the results from disposals of financial assets decreased from the previous year (-CHF 0,3 million), as did write-downs on financial investments accounted for according to the lowest value principle (-CHF 0,5 million).

Total revenues breaks down as follows:

29,2% Net result from interest operations;

59,3% Income from commission and service fee activities;

8,2% Net trading income

3,4% Other ordinary income.

Operating expenses

Operating expenses increased by 1,3% compared to the previous year.

Personnel costs amounted to CHF 45,0 million compared to CHF 44,8 million in 2021 (+0,6%).

Other operating expenses increased by 4,6% to CHF 11,0 million (CHF 10,5 million in 2021).

Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets

Depreciation and amortisation expenses amounted to CHF 1,7 million, down 20,7% from the previous year (-CHF 0,4 million).

Changes in provisions and other value adjustments and losses

The net change shows a cost of CHF -1,8 million, up 45,7% from the previous year (+CHF 0,6 million).

Operating result

The operating result amounted to CHF 10,1 million, an increase of 75,1% compared to the previous year (CHF 5,8 million).

Extraordinary income

Extraordinary income amounted to CHF 0,3 million and are related to revaluation of participations (CHF 0,2 million) and to contingent assets (CHF 0,1 million).

Changes in reserves for general banking risks

The reserve for general banking risks was released for an amount of CHF 1 million during the year.

Profit for the year

Net profit for the year amounted to CHF 8,6 million; the comparison with the previous year's profit of CHF 4 million shows an increase of 112,3%.

Balance sheet

Assets	Amounts in CHF	Notes	2022	2021
Liquid assets			345'123'932	566'786'721
Amounts due from banks			115'905'315	291'203'261
Amounts due from clients		3.2	438'748'915	471'502'728
Mortgage loans		3.2	656'399'905	684'145'886
Trading portfolio assets			-	-
Positive replacement values of derivative financial instruments		3.4	29'965'180	12'754'164
Financial investments		3.5	361'271'345	112'120'279
Accrued expenses and deferred income			13'597'908	12'391'801
Participations			141'361'795	140'945'658
Tangible fixed assets			24'713'119	25'301'509
Intangible assets			138'000	236'000
Other assets		3.6	1'841'605	6'867'840
Total assets			2'129'067'021	2'324'255'844

The figures in the balance sheet, profit and loss account and tables shall be rounded up. Therefore, the totals may not be the sum of the individual values.

Liabilities	Amounts in CHF	Notes	2022	2021
Amounts due to banks			54'019'975	111'719'363
Amounts due in respect of customer deposits			1'446'287'287	1'606'321'882
Negative replacement values of derivative financial instruments		3.4	20'240'560	34'529'596
Bond issues and central mortgage institution loans			120'800'000	120'800'000
Accrued expenses and deferred income			13'178'146	11'628'411
Other liabilities		3.6	42'541'479	8'217'808
Provisions		3.11	11'793'381	12'400'609
Reserves for general banking risks		3.11	47'700'000	48'700'000
Bank's capital		3.12	20'000'000	20'000'000
Statutory capital reserve			67'867'600	67'867'600
Of which tax-exempt capital contributions reserve			67'867'600	67'867'600
Statutory retained earnings reserve			41'000'000	41'000'000
Voluntary retained earnings reserve			219'000'000	219'000'000
Profit carried forward			16'070'575	18'035'225
Net profit for the year			8'568'018	4'035'350
Total Liabilities			2'129'067'021	2'324'255'844

The figures in the balance sheet, profit and loss account and tables shall be rounded up. Therefore, the totals may not be the sum of the individual values.

Off-balance sheet transactions

	Amounts in CHF	Notes	2022	2021
Contingent liabilities		3.1	25'595'531	45'669'861
Irrevocable commitments		3.1	10'855'627	15'664'052
Obligation to pay-up shares and make further contribution		3.1	2'793'469	3'495'992

The figures in the balance sheet, profit and loss account and tables shall be rounded up. Therefore, the totals may not be the sum of the individual values.

Income statement

	Importi in CHF	Note	2022	2021
Result from interest operations				
Interest and discount income			17'308'350	10'909'431
Interest and dividend income from trading portfolios			42'488	285'176
Interest and dividend income from financial investments			4'028'551	2'173'393
Interest expenses			-672'995	-219'978
Sub-total: gross result from interest operations			20'706'394	13'148'021
Changes in value adjustments for default risks and losses from interest operations			-379'509	-23'763
Sub-total: net result from interest operations			20'326'885	13'124'259
Result from commission business and services				
Commission income from securities trading and investment activity			41'306'548	45'221'888
Commission income from lending activities			368'507	413'877
Commission income from other services			5'907'758	4'508'763
Commission expense			-6'306'532	-6'283'414
Sub-total: result from commission business and services			41'276'280	43'861'114
Result from trading activities and fair value option		3.21	5'700'530	5'501'529
Other result from ordinary activities				
Result from the disposal of financial investments			43'277	294'855
Income from participations			1'899'067	856'704
Result from real estate			674'575	585'045
Other ordinary income			-	214'829
Other ordinary expenses			-263'150	-
Sub-total: other results from ordinary activities			2'353'768	1'951'433
Net revenues			69'657'464	64'438'334
Operating expenses				
Personnel expenses		3.23	-45'040'628	-44'780'949
General and administrative expenses		3.24	-11'002'069	-10'519'586
Sub-total: operating expenses			-56'042'697	-55'300'535
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets			-1'672'686	-2'110'129
Changes to provisions and other value adjustments and losses			-1'789'769	-1'228'517
Operating result			10'152'312	5'799'154
Extraordinary income			314'504	325'935
Extraordinary expenses			-	-
Changes in reserves for general banking risks			1'000'000	-
Taxes			-2'898'799	-2'089'738
Net profit for the year			8'568'018	4'035'350

The figures in the balance sheet, profit and loss account and tables shall be rounded up. Therefore, the totals may not be the sum of the individual values.

Appropriation of profits

Recommendation of the Board of Directors	Amounts in CHF	2022	2021
Net profit for the year		8'568'018	4'035'350
Profit carried forward		16'070'575	18'035'225
Distributable profit		24'638'593	22'070'575
Appropriation of profits			
- Allocation to statutory retained earnings reserve		-	-
- Allocation to voluntary retained earnings reserve		-	-
- Distribution of distributable profit		6'850'000	6'000'000
New amount carried forward		17'788'593	16'070'575

Statement of changes to shareholders' equity

	Amounts in CHF/000									
	Bank's capital	Capital reserves	Reserves earnings	Reserves for general banking risks	Currency translation reserves for general banking risks	Voluntary retained earnings reserve and profit/loss carried forward	Own shares (negative item)	Minority interests	Result for the period interests	TOTAL
Equity at start of current period	20'000	67'868	41'000	48'700	-	237'035	-	-	4'035	418'638
Currency rate differences	-	-	-	-	-	-6'000	-	-	-	-6'000
Dividends and other allocations	-	-	-	-1'000	-	-	-	-	-	-1'000
Other allocations to/withdrawals from other reserves	-	-	-	-	-	4'035	-	-	-4'035	-
Profit of the period	-	-	-	-	-	-	-	-	8'568	8'568
Equity at the end of current period	20'000	67'868	41'000	47'700	-	235'070	-	-	8'568	420'206

Notes to the annual financial statements

1. Operations and workforce

PKB Private Bank SA is present in Lugano (registered office), Geneva and Zurich. It operates as a universal bank. The Bank's main activity is private banking, where it offers a wide range of services. The Bank complements its range of services with Corporate Banking and Capital Markets, where it is one of the leading independent decision-makers in the primary Swiss franc bond market.

The workforce converted to full-time employees as at 31.12.2022 is 213,0 (2021: 219,0). The bank develops all its core activities internally without recourse to significant outsourcing services within the meaning of FINMA Circular 2018/3 Outsourcing.

2. Accounting and valuation policies applied to the annual financial statements

Accounting and valuation policies The accounting policies used in the preparation of the annual financial statements comply with the Swiss Federal Law on Banks and Savings Banks, and the provisions of the Swiss Financial Markets Supervisory Authority (FINMA) Circular 2020/1 "Accounting Directives - Banks" and the FINMA Accounting Ordinance.

The Bank prepares the statutory single-entity financial statements according to the principle of reliable representation. The accounts are presented by registration date. The criteria listed below were adopted.

Foreign funds and currencies Valued at year-end rates. Exchange rate differences are recognised in the income statement under "Results from trading activities and fair value option". The exchange rates used for the main currencies were as follows: EUR 0,98800 (2021: 1,03686) USD 0,92492 (2021: 0,91175).

General receivables and commitments Valued at nominal value, net of value adjustments (defined by the art. 25 and 26 of the FINMA Accounting Ordinance).

Trading portfolio assets Valued at market value.

Financial investments Equities: valued at market value at the end of the year, but not above purchase price. Fixed income securities: the difference between the purchase price and the redemption value is distributed over the years from purchase to maturity

Participations Valued at purchase price, minus economically necessary amortization.

Tangible fixed assets These are booked at cost minus ordinary and extraordinary depreciation. Depreciation is applied on a straight-line basis. Works of art valued at less than CHF 30,000.00 are fully depreciated in the year of purchase, while those valued at over CHF 30,000.00 are depreciated at a rate of 10% for up to 50% of the purchase cost. All other fixed assets are shown on the balance sheet at the lower of cost and market value.

Ordinary depreciation periods are as follows:

Properties used by the Bank	maximum 50 years
Renovations	maximum 3 years
Plant	maximum 3 years
Furniture	maximum 3 years
Equipment and vehicles	maximum 3 years
Hardware/Software	maximum 3 years
Intangible assets	maximum 5 years

* Maximum until the value of the land

General banking risks reserves Reserves for general banking risks are taxed on the portion that exceeds the maximum amount accepted for tax purposes (for further detail, please refer to annex 3.9).

Solvency risks Where necessary, specific value adjustments are booked and then deducted from their respective item under assets. In order to cover credit risk, value adjustments are booked

	<p>in accordance with Art. 25, 26 and 28 of the FINMA Ordinance on Accounts (OPAC-FINMA). For impaired loans, i.e., when there is a high probability that the borrower is no longer able to meet its repayment obligations, specific value adjustments are recorded and deducted from the respective asset item. Regarding non-compromised loans, PKB Privatbank AG, according to the latent loss risk approach, periodically checks for the existence of loss risks not covered by specific value adjustments and, where necessary, books generic value adjustments</p>
Doubtful interest	<p>Interest and commission over 90 days overdue are not recognised in revenues, but provisions are made for them. The loans in question are considered non-performing.</p>
Result from trading activities and the fair value option	<p>This is recognised in the income statement before deduction of refinancing costs.</p>
Contingent liabilities and irrevocable commitments payment and credit commitment	<p>Off-balance sheet transactions are recorded at nominal value. Any provisions for recognised risks are reported under the item "Provisions".</p>
Derivative financial instruments	<p>These are valued at market value, mark-to-market. The Bank's use of derivative financial instruments on its own behalf mainly concerns hedging transactions and marginally trading within the limits established by internal regulation.</p>
Criteria applied for identifying risks of losses and calculating value adjustments	<p>Credit files are reviewed regularly according to the renewal cycles established by internal rules, which in turn depend on the riskiness of the collateral provided. Credits without collateral are reviewed once a year. If the risk so requires, the analysis is conducted more frequently and in a timely manner, particularly for non-performing loans. When value adjustments are identified for the portion not covered by any collateral, these are recognised immediately. For non-performing loans only, guarantees are valued at continuation values, and for impaired loans at liquidation values.</p>
Collateral assets for loans	<p>Liquidation value is calculated on the basis of market price or realised value, from which the costs of liquidation and refinancing are deducted.</p>
Risk assessment and management	<p>Risk assessment and management form an integral part of the internal control system, as required by FINMA Circular 2017/1 «Corporate governance - banks». The Board of Directors is responsible for the Bank's internal control system, for which it sets the guidelines and periodically checks that they are sufficient and operating correctly. The Board of Directors is supported in its duties by an Audit & Risk Committee, which advises and makes proposals. The Executive Board is responsible for operational management, and in turn is supported by the Risk Committee (CORI), responsible for defining the procedures for measuring, managing and controlling risk for the PKB Group. The CORI meets at least every quarter, and has an integrated Group risk reporting system. Internal Audit checks and assesses the internal control system, and thereby helps to constantly refine it.</p> <p>In compliance with current legal requirements, the Bank has produced its own regulations for the consolidated supervision of the Group and a Risk Appetite Framework Policy. These set out integrated guidelines for risk assessment and management with which all Group companies must comply. The risk assessment and management policy, which is examined every year by the Board of Directors, forms the basis of the Bank's risk management process. It is linked to a set of ceilings that cover each identified risk category and are checked constantly, particularly with regards to the risks set out below.</p>

Credit risk

Credit risk is regulated by the Board of Directors through the Credit Policy and the PKB Group Credit Regulation. The Executive Board manages credit risk through the Credit Committee (COCR), which supervises the application of company strategies, and analyses, in terms of quality and quantity, the solvency of counterparties and their respective guarantees.

Credit risk is controlled by limiting risk and exposure at PKB Group level, by limiting concentration of risk in counterparty groups (large exposures and 20 largest exposures) and by country. Delcredere and country risk are subject to special provisions.

Supervisory capital requirements for credit risk are calculated using the international method, with a comprehensive approach to the treatment of guarantees.

Market risk (balance sheet)

The market risk on balance sheet assets is governed by the Risk Appetite Framework Policy with the definition of risk appetite and risk tolerance and by the Asset&Liability

Management Policy of the PKB Group approved by the Board of Directors. The Executive Board supervises market risk through the Asset&Liability Committee (ALCO).

The interest rate risk, calculated through the Economic Value of Equity and the Net Interest Income, is based on the standardized interest rate shock scenarios according to Circular FINMA 2019/2 (attachment 2). The interest rate risk for customers loans or mortgages are hedged mainly with Interest Rate Swaps according to Accounting rules and applying the hedge accounting principles. Exchange rate risk is hedged mainly by forward rate agreements and currency options.

Market risk (trading portfolio)

Trading portfolio management is governed by the Risk Appetite Framework Policy with the definition of risk appetite and risk tolerance and through the PKB Group Trading Policy approved by the Board of Directors and by directives approved by the Executive Board. The Bank is a Market Maker on the primary CHF bond market, and also operates on the forex, bond and equity markets.

The trading portfolio market risk is controlled using a system of exposure limits, the results of which are reported to the Executive Board.

Supervisory capital requirements for market risk are calculated using the standard method, with a delta-plus approach for options.

Liquidity risk

Liquidity risk is regulated by the Board of Directors through the Risk Appetite Framework Policy with the definition of risk appetite and risk tolerance, through the Asset&Liability Management Policy and the Liquidity Risk Regulation, both valid at PKB Group level. The Executive Board supervises and manages liquidity risk through ALCO.

Liquidity risk is supervised in accordance with legal requirements and the results of checks are reported in ALCO.

Operational risk

Operational risk, which includes legal and compliance risks, is managed by the Board of Directors through the PKB Group's Operational Policy and the Group Legal&Compliance Policy, as well as implementing regulations, while the Executive Board also issues directives on operational risk management.

The strategy and business model adopted expose the Group to the following main types of operational risk defined by FINMA Circular 2008/21 «Operational risks - banks»:

- Internal fraud: losses due to acts carried out with fraudulent intentions, misappropriation of goods, circumvention of laws, regulations or internal provisions with implication of at least a part internal to the company;
- External fraud: losses due to acts carried out with fraudulent intentions, misappropriation of goods, circumvention of laws or regulations without implication of an internal part of the company;
- Clients, products and business practices: losses arising from non-intentional or negligent non-fulfillment of obligations towards customers and losses deriving from the type or structure of certain products;
- Execution, delivery and management of processes: losses deriving from errors in the execution of activities or in the management of processes and losses deriving from relations with commercial partners and suppliers;
- Business interruptions, system failures and damage to physical assets: losses deriving from business interruptions or problems with technical systems and deriving from damage to physical assets due to natural disasters or other events.

The assessment of operational risks is supported by an analysis of the critical areas present in the processes and activities carried out by the Group entities, while for the measurement of the current operational risk the Group uses a system of quantitative and qualitative indicators provided by the Risk Appetite Framework Policy and the minimum standards and key controls in the area of operational risk, which include the calculation of capital requirements according to the basic indicator approach, the analysis of operational losses, the analysis of Key Risk Indicators and the inherent and residual risk assessments.

Operational risk management and mitigation is carried out through the following distribution of tasks and responsibilities:

- First line of defence: owner of operational risks generated by business activities and responsible for managing operational risks;
- Second line of defence (Group Risk Management): responsible for consolidated supervision of the Group's operational risk.

Operational risk is monitored primarily through the verification of the qualitative and quantitative indicators defined in the Risk Appetite Framework Policy and through the

verification of the minimum standards and key controls in the area of operational risk. Group Risk Management also ensures a quarterly report to the CRO and CORI.

Legal risk

To prevent risks, the Bank ensures that its operations, particularly those likely to have an impact on the outside world, are in line with the legal requirements and ethical standards applying to the banking sector, and that operations and contracts involving clients are comprehensible and transparent.

Reputational and compliance risk

Unlike compliance risks, which concern only the breach of laws and regulations, damage to reputation can be caused by such a break or even by behaviour that the public considers inappropriate or unacceptable, even though it is fully compliant with the law and regulations. In order to take into account, the wide range of reputational risks, Banca PKB has produced a Charter of Values, designed to support a corporate culture based on impeccable conduct and leading professional standards.

Compliance risks are managed through a whole series of policies and procedures that cover all the Bank's areas of business. Given the international nature of our business, internal rules go beyond the Swiss legal and regulatory framework, and address all cross-border activities and issues relevant to the way we serve our clients, in particular in the areas of investment advisory services and trading on foreign financial markets.

Strict compliance with the law, standards and internal regulations is assured through a three-level control programme. The main responsibility for compliance with all these rules lies with the line manager. The first level of control is mainly based on process and workflow checks to ensure compliance with the Group's four-eyes principle, and on an escalation system. Ongoing training for staff at all levels is an integral part of our efforts to mitigate reputational and compliance risks. The second level of control includes independent checks by operating department Compliance, which reports to the Executive Board, with direct reporting to the Chief Risk Officer. Risks are assessed once a year and a specific action plan is produced to ensure compliance risks are addressed promptly and correctly. The third level of control includes audits performed by Internal Audit, which is not an operating department and reports to the Board of Directors. Internal Audit also carries out independent controls.

Bank policy on the use of derivative financial instruments	Positions taken in derivatives are, in general, held on behalf of clients. The Bank makes use of interest rate risk hedging transactions for the structural management of the balance sheet, through interest rate swaps and forward rate agreements.
Significant events following the end of the financial year	No events with a significant financial impact occurred after the balance sheet closing date.
Changes in accounting principles	No changes within the 2022 financial year.

3. Details on individual positions in the notes to the financial statements

3.1 Breakdown of securities' financial operations (assets and liabilities)

No outstanding position at 31.12.2022.

3.2 Presentation of loan collateral and off-balance sheet transactions, as well as impaired loans/receivable

Amounts in CHF/000	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from customers	55'400	379'180	12'005	446'586
Mortgage loans	657'250	-	-	657'250
- Residential property	457'003	-	-	457'003
- Office and business premises	103'877	-	-	103'877
- Commercial and industrial premises	24'367	-	-	24'367
- Other	72'003	-	-	72'003
Total loans (prior netting with value adjustments)				
Current financial year	712'650	379'180	12'005	1'103'836
<i>Previous financial year</i>	741'874	401'458	20'894	1'164'226
Loans (after netting with value adjustments)				
Current financial year	711'800	371'343	12'005	1'095'149
<i>Previous financial year</i>	741'024	393'731	20'894	1'155'649
Off-balance sheet				
Contingent liabilities	3'686	21'420	489	25'596
Irrevocable commitments	7'326	112	3'418	10'856
Obligation to pay-up shares and make further contribution	-	-	2'793	2'793
Off-balance sheet total				
Current financial year	11'012	21'532	6'701	39'245
<i>Previous financial year</i>	11'343	37'308	16'179	64'830

Impaired loans	Gross debt		Net debt	
	Gross debt	Estimated realizable value of collateral	Net debt	Gross debt
Current financial year	15'557	6'957	8'601	8'601
<i>Previous financial year</i>	15'636	7'071	8'565	8'565

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

No outstanding position at 31.12.2022.

3.4 Presentation of derivative financial instruments

Amounts in CHF/000	Instruments held for trading			Hedging instruments *		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments	5'121	4'890	207'881	20'062	9'051	279'578
Swap	246	246	19'656	20'062	8'264	265'078
Options (OTC)	4'875	4'645	188'225	-	788	14'500
Foreign exchange / Precious metals	4'779	6'295	508'996	-	-	-
Forward contracts	221	459	37'849	-	-	-
Combined interest rate/currency swaps	4'038	5'317	446'313	-	-	-
Options (OTC)	520	520	24'835	-	-	-
Equity securities/indices	4	4	609	-	-	-
Options (OTC)	4	4	609	-	-	-

Total before netting agreement

Current financial year	9'903	11'189	717'487	20'062	9'051	279'578
Previous financial year	12'473	18'206	845'511	281	16'324	283'765
Total after netting	Positive replacement values (cumulative)			Negative replacement values (cumulative)		
Current financial year	29'965			20'241		
Previous financial year	12'754			34'530		

Breakdown by counterparty

	Central clearing houses	Bank and securities dealers	Other costumers
Positive replacement values (after netting agreements)	5'398	24'292	275

* Hedging instruments in accordance with Article 19 of the FINMA Accounts Ordinance.

3.5 Breakdown of financial investments

Amounts in CHF/000	Book value		Fair value	
	2022	2021	2022	2021
Debt securities	355'609	106'059	336'550	106'809
of which intended to be held to maturity	355'609	106'059	336'550	106'809
of which not intended to be held to maturity	-	-	-	-
Equity securities	5'663	6'062	9'935	10'216
of which qualified participations	1'249	1'310	2'862	2'871
Total	361'271	112'120	346'485	117'025
<i>of which securities eligible for pensions under liquidity rules</i>	<i>108'264</i>	<i>13'196</i>	<i>103'680</i>	<i>13'258</i>

Breakdown of counterparties by rating

	From AAA up to AA-	From A+ up to A-	From BBB+ up to BBB-	From BB up to B-	Less than B-	No rating
Debt securities: Book values	174'215	43'766	97'127	12'362		28'137

* Data source: Standard&Poor's

3.6 Breakdown of other assets and other liabilities

	Amounts in CHF		2022		2021	
	Other assets	Other liabilities	Other assets	Other liabilities	Other assets	Other liabilities
Compensation account	–	28'505	4'408	–	–	–
Indirect taxes	600	516	615	957	–	–
Pure clearing accounts	845	6'776	1'437	579	–	–
Other assets and liabilities	397	1'402	408	635	–	–
Interests components from hedging instruments	–	4'959	–	5'494	–	–
Interests components from financial investments sold before maturity	–	382	–	553	–	–
Total	1'842	42'541	6'868	8'218		

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

	Amounts in CHF/000	
	Book values	Effective commitments
Assets pledged / assigned		
Margin accounts	1'757	1'757
Bonds used as collateral to banks	12'199	12'199
Mortgages used to guarantee loans from central mortgage bond institutions	214'419	120'800

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

	Amounts in CHF	2022	2021
Total		15'760	20'868

The Bank's employees are registered with an autonomous and independent pension fund in accordance with the law on occupational pensions in Switzerland (LPP). Regulations require the use of defined contributions schemes. Pension liabilities are calculated each year by an actuary. The Bank accounts for its contributions to the employees' occupational pension scheme as expenses for the financial year concerned.

3.9 Disclosure on the economic situation of own pension schemes

Employer contribution reserves (ECR)	Amounts in CHF/000					
	Nominal value at 31.12.2022	Waiver at 31.12.2022	Net amount at 31.12.2022	Net amount at 31.12.2021	Impact of ECR on personnel expenses	
					2022	2021
LPP pension fund for employees of PKB Private Bank SA	1'300	–	1'300	1'300	–	–
Total	1'300	–	1'300	1'300	–	–

Presentation of the economic benefit/ obligation and the pension expenses	Amounts in CHF/000							
	Overfunding/underfunding at 31.12.2022	Economic share of the bank and/or the financial group		Change in economic share in reporting year	Contributions paid for the reporting period	Pension charges within personnel expenses		
		2022	2021			2022	2021	
Pension fund								
With overfunding	6'735	–	–	–	5'111	4'070	4'303	
Totale	6'735	–	–	–	5'111	4'070	4'303	

For each pension plan, the Bank must determine whether reserve levels and the particular circumstances of the pension fund give rise to a surplus or a shortfall. The assessment is based on the financial position at 31 December 2021 and the change in the financial position over 2022. Based on the estimates received from the pension fund, the reserve levels in accordance with art. 44 OPP2 (Ordinanza sulla previdenza professionale – Occupational Pension Order) were 103,8% (2021: 116,1%).

3.10 Presentation of issued structured products

No issuance of structured products during 2022.

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

	Imports in CHF/000							
	Balance at 31.12.2021	Use in conformity with designated purpose	Transfers	Currency rate differences	Past due interest, recoveries	New provisions charged to the income statement	Releases to the income statement	Balance at 31.12.2022
Other provisions	12'401	-3'103	-	-	-	2'917	-421	11'794
Total provisions	12'401	-3'103	-	-	-	2'917	-421	11'794
Reserves for general banking risks	48'700	-	-	-	-	-	-1'000	47'700
Value adjustment for default and country risks	8'577	-	-	-257	-34	479	-78	8'687
Of which value adjustments for default risks in respect of impaired loans/receivables	8'565	-	-	-256	-22	392	-78	8'601
Of which value adjustments for latent risks	12	-	-	-1	-12	87	-	86

The item "Other provisions" includes CHF 6,1 million (2021: CHF 6,6 million) allocated to the retention plan and other personal costs, CHF 5,4 million (2021: CHF 5,4 million) for legal/fiscal risks and CHF 0,3 million (2021: CHF 0,4 million) to hedge country risk. Contingent liabilities, whose outcome can be estimated, were allocated on the basis of the best available estimate.

The new provisions and releases to the Income statement after the partial or full absorption of the value adjustment/provision are presented individually if necessary. The events and circumstances of these are disclosed.

The reserve for general banking risks is allowed for tax purpose in the maximum amount of CHF 40,1 million and is currently taxed for an amount of CHF 2,9 million. The remaining untaxed reserve (CHF 4,7 million) will be built up linearly over the next three financial years in accordance with the agreement made with the cantonal tax office.

3.12 Presentation of bank's capital

Amounts in CHF/000	2022			2021		
	Total nominal value	Number of ordinary shares	Capital eligible for dividend	Total nominal value	Number of ordinary shares	Capital eligible for dividend
Share capital (full paid)	20'000	20'000	20'000	20'000	20'000	20'000
Total share capital	20'000	20'000	20'000	20'000	20'000	20'000

At 31.12.2022 there were no voluntary limitations on the distribution of reserves.

3.13 Number and value of participation rights or options granted to members of management and administrative bodies and employees, as well as information on any employee participation plans

As of 31.12.2022 and as at 31.12.2021, there were no participation plans for the Bank's employees or for members of the board of directors. None of them were granted participation rights or options on these rights during the period considered.

3.14 Disclosure of amounts due from/to related parties' commitments and assets under reservation of ownership due from/to related parties

	Amounts in CHF/000		Amounts due from		Amounts due to	
			Current year	Previous year	Current year	Previous year
Holders of qualified participations			2'495	3'491	22'944	25'098
Group companies			3'949	4'416	10'022	24'899
Affiliates			-	-	1'313	911
Transactions with members of governing bodies			1'043	1'557	5'234	4'987
Other related parties			-	-	6'099	11'783

Loans to members of governing bodies are granted under the same conditions applied to Bank employees.

Transactions with affiliates are conducted under arm's length conditions, and relate to securities transactions, payment traffic and treasury transactions.

3.15 Disclosure of own shares and composition of equity capital

At 31.12.2022 as at 31.12.2021, the group and its subsidiaries do not hold their own shares in the capital.

3.16 Disclosure in accordance with the Ordinance of the 20th November 2013 against Excessive Remuneration in Listed Public Stock Exchange Companies and Article 663c paragraph 3 CO for banks whose equity securities are listed

PKB Private Bank SA is not listed on the stock exchange.

3.17 Disclosure of holders of significant participations

	Amounts in CHF/000	31.12.2022		31.12.2021	
		Nominal	%	Nominal	%
Auriga Holding SA, Svizzera (previously Auriga SA, Luxemburg)	Direct	20'000	100.00	20'000	100.00
Antipodes SA, Luxemburg	Indirect	5'994	29.97	5'994	29.97
Plénitude SA, Luxemburg	Indirect	5'994	29.97	5'994	29.97
Mnemosyne Investments SL, Spain	Indirect	3'704	18.52	3'704	18.52
Aquilifer SRL, Italy	Indirect	2'668	13.34	2'668	13.34
Massimo Trabaldo Togna, Italy	Indirect	3'304	17.98	3'304	17.98
Umberto Trabaldo Togna, Switzerland	Indirect	3'304	17.98	3'304	17.98
Flaminia Trabaldo Togna, Italy	Indirect	2'629	11.72	2'629	11.72
Marina Trabaldo Togna, Italy	Indirect	2'629	11.72	2'629	11.72
Stefano Trabaldo Togna, Spain	Indirect	2'563	12.82	2'538	12.69
Elisabetta Trabaldo Togna, Italy	Indirect	1'141	5.70	1'166	5.83
Roberto Botto Poala, Italy	Indirect	-	7.67	-	7.67

The above data refer to shares with full voting rights and do not consider any voting rights limited to the decision on the distribution of the result (usufruct).

There is no conditional capital, and there are no significant shareholders without voting rights.

3.18 Breakdown of total assets by credit rating of country groups (risk domicile)

Bank's country rating	Moody's	Net foreign exposure at 31.12.2022		Net foreign exposure at 31.12.2021	
		in CHF /000	%	in CHF /000	%
1-2	Aaa – AA3	618'629	96.0%	478'430	96.2%
3	A1 – A3	26	0.0%	967	0.2%
4	Baa1 – Baa3	990	0.2%	2'496	0.5%
5	Ba1 – Ba3	19'417	3.0%	10'434	2.1%
6	B1 – B3	112	0.0%	778	0.2%
7	Caa1 – C	650	0.1%	1'700	0.3%
0	No rating	4'695	0.7%	2'537	0.5%
Total assets		644'518	100%	497'343	100.00

The Bank measures country risk using Swiss Export Risk Insurance (SERV) ratings. These are compared with Moody's ratings in the table above

3.19 Breakdown of fiduciary transactions

	Amounts in CHF/000	2022	2021
Fiduciary investments with other banks		356'895	121'499
Fiduciary investments with Group banks and affiliated banks		-	-
Fiduciary loans		-	-
Total fiduciary transactions		356'895	121'499

3.20 Breakdown of managed assets and presentation of their development

a) Breakdown managed assets	Amounts in CHF/000	2022	2021
Type of asset			
Assets held in self-managed collective investment schemes		560'543	657'851
Asset under discretionary asset management agreements		2'025'625	2'371'695
Other managed assets		4'177'510	4'229'165
Sub-total managed assets (incl. double counting)		6'763'678	7'258'711
<i>Of which double counting</i>		<i>484'101</i>	<i>560'342</i>
Commercial clients – Custody only		149'860	192'539
Sub-total: other client assets		149'860	192'539
Total client assets (incl. double counting)		6'913'538	7'451'250

b) Presentation of the development of managed assets	Amounts in CHF/000	2022	2021
Total managed assets (incl. double counting) at start of period		7'258'711	6'820'075
+ / - Net new money inflow or net new money outflow		262'145	238'911
+ / - Change in market prices, interest, dividends and exchange rates		-757'179	205'108
+ / - Other effects*		-	-5'383
Total managed assets (incl. double counting) at end of period		6'763'678	7'258'711

*At 31.12.2021, the item «Other effects» corresponds to the outflow of HPS BASIC FUND from the managed funds perimeter. Other managed assets include all client assets (private, commercial and institutional) held for investment on which the Bank receives commission and/or fees in addition to custody fees and other account-keeping expenses.

All other assets held in custody by the Bank that do not meet the above criteria are considered «custody only».

The breakdown is compliant with the Circular FINMA 2020/1

Assets under management are client assets managed in accordance with the profile chosen by the client. Receivables due from clients are not deducted from total managed assets.

Net contributions/withdrawals include actual inflows and outflows of client funds and assets but do not include the performance of securities or currencies, interest, charges, commission or dividends.

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

a) Breakdown by business area (Based on the organisation of the bank and/or the financial group)	Amounts in CHF/000	2022	2021
Trading with mixed transactions		5'701	5'502

b) Breakdown by underlying risk and application of the fair value option	Amounts in CHF/000	2022	2021
Result from trading activities from:			
- Interest rate instruments		683	888
- Equity securities (incl. funds)		11	-
- Currencies		4'923	4'585
- Commodities / precious metals		83	29
Total result from trading activities		5'701	5'502

3.22 Disclosure of material refinancing income in the item interest and discount income as well as material negative interest

The item "interest income and discounts" includes CHF 1,7 million (CHF 2,7 million in the previous year) of negative interest on demand deposits.

3.23 Breakdown of personnel expenses

Amounts in CHF/000	2022	2021
	Remuneration (attendance fees, fixed compensation to members of the Bank's governing bodies, salaries and allowances)	35'946
Benefits	7'533	7'915
Other personnel expenses	1'562	1'596
Total personnel expenses	45'041	44'781

3.24 Breakdown of general and administrative expenses

	2022	2021
	Building occupancy expenses	1'672
IT and telecommunications technology expenses	2'354	2'551
Expenses for vehicles, equipment, furniture and other fixtures, and operating leases	116	127
Audit fees (art. 961a no. 2 CO)	371	384
- of which for accounting and supervisory audits	371	384
- of which other services	-	-
Sundry operating expenses	6'489	5'782
Total other operating expenses	11'002	10'520

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

Extraordinary income amounted to CHF 0,3 million (2021: CHF 0.3 million), of which CHF 0,2 million (2021: CHF 0.1 million) was related to the sustained recovery in value of equity investments and the remainder to various contingent assets. During the year, the reserve for general banking risks amounting to CHF 1 million was dissolved.

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

During the year, the Bank revalued its shareholding in PKB Servizi Fiduciari S.p.A. following the sustained recovery in value attested by an external valuation. At 31.12.2022 the book value of the investment is lower than the cost value.

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

Amounts in CHF/000	2022		2021	
	Aliquota		Aliquota	
Current tax expense *	21.3%	2'899	22.9%	2'090
Extraordinary elements		-		-
Total tax		2'899		2'090

* Average weighted rate applied to operating profit.

This report has been translated from Italian.
In case of inconsistencies, the Italian version of our annual report shall prevail over the translated version

Report of the Statutory Auditor

To the General Meeting of
PKB PRIVATE BANK SA, Lugano

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements (pages 44 to 59 of the Annual Report) for the year ended 31 December 2022 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.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, and stand-alone financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

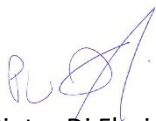
In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA



Alexandre Buga
Licensed Audit Expert
Auditor in Charge



Pietro Di Fluri
Licensed Audit Expert

Lugano, 16 March 2023
AB/PDF/dbo

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