BBVA
Private Banking

# Annual Report
# 2021

## BBVA in Switzerland

Creating Opportunities

# Annual Report 2021

## BBVA in Switzerland

# Message from the Chairman and the Chief Executive Officer

2021 has been a year in which BBVA in Switzerland has continued with its strategy in the development of unique plans that it considers relevant for the long term and at the same time has managed the traditional business with the difficulty that a long-distance management implies, aggravated by the pandemic situation.

We are ending a year in which we have demonstrated that BBVA in Switzerland has a solid business model, which, even in such unique times as the one we are experiencing, has continued to generate good results. We are convinced that the pandemic is coming to an end and the return to normality will allow us to increase business opportunities once again, through more dialogue and proximity with our customers.

During the year, BBVA in Switzerland increased its share of recurring fee and commission income from 57% to 61%, generating CHF 36.4 millions in net commission income, up 4% YoY. In addition, we improved ROAuMs by 4 bps to 83 bps, which is in the top range amongst our competitors. In terms of new assets acquisition, our business was affected by the inability to carry out normal commercial activity for most of the year and by one-off outflows from clients with very high liquidity positions in currencies where we pass on the official interest rate. The market effect of the revaluation of assets under management contributed positively and AuM reached CHF 4,851 million, maintaining the 2020 levels. After-tax profit for the period was CHF 7.04 million, 29% lower than in 2020, explained mainly by a decrease in net interest income derived from significantly lower Libor interest rates, and increases in personnel and general expenses.

The macroeconomic environment remains unstable. Rising energy prices, supply chain disruptions, the generalized rise in prices due to the reopening of economies and geopolitical conflicts are generating uncertainty in terms of inflation, which may lead to a change of direction in central bank policies in the short term, with the possible arrival of the first interest rate hikes in many years and potential corrections given the overvaluation of certain sectors. In this regard, our investment and advisory mandates are prepared to take advantage of investment opportunities in the short term and increase profitability in a current context of financial repression for investors.

Additionally, during 2021 BBVA in Switzerland has become the first bank of the BBVA Group and one of the first international banks in Switzerland to have a direct investment offer in crypto-assets. In this regard, on June 21, 2021, we launched our crypto-assets trading and custody service, initially with Bitcoin and in November we reinforced it with Ether, the cryptocurrency of the Ethereum network.

We believe that positioning the Bank and our customers in digital assets is part of our purpose, “to make the opportunities of this new era available to all” and blockchain is an exponential technology that can have a major transformative impact on the way we exchange value in our society. With this, the Bank takes an important step in this new space, with the intention of continuing to gradually strengthen the value proposition in crypto-assets. In addition, adding to the BBVA Group’s commitment to sustainability, we have initiated plans to incorporate methodologies and information for clients regarding environmental, social and governance factors into our investment services.

In September 2021, we launched a new line of business for online investors, through a multi-currency account with which new customers can invest in traditional and digital assets, solid investment ideas and a very decisive vision, pivoting it on future trends. With that spirit, New Gen is born, convinced that it will gradually set a new trend in the market, with customers looking for an innovative bank that makes the world of investment simple and with the security of a solid bank such as BBVA in Switzerland.

Our priority during 2021 has been to take care of the most important assets that the Bank has: our teams and also our clients. In this dynamic, we have continued with the execution of our strategic plans in order to capitalize on future results, being an innovative and evolving bank that adapts to the new reality of what will be the financial industry of the future. We are very proud to belong to the BBVA Group and the team that makes up BBVA in Switzerland, where employees of 17 different nationalities work in our Zurich offices.

**Mr. Michael Huber**
Chairman of the Board

**Mr. Alfonso Gómez**
Chief Executive Officer

# Corporate Governance

At BBVA in Switzerland, we aim to uphold the highest degree of excellence developing Wealth Management activities, by implementing a solid corporate governance model, based on seeking out return adjusted to principles, strict legal compliance, best practices, and the creation of long-term value for all stakeholders.

The composition of the Board of Directors is a key element of BBVA Group Corporate Governance System. As such, it must help the corporate bodies to adequately perform their management and oversight functions, providing different viewpoints and opinions, fostering debate, analysis and critical review of the proposals submitted for its consideration.

Thus, the Board of Directors of BBVA SA currently consists of a combination of people with wide experience and knowledge of the financial and banking sector, with directors with experience and knowledge of different matters that are of interest to the Bank and Group (such as auditing, digital business and technology, legal and academic fields or multinational businesses), overall achieving adequate balance and diversity in its composition, allowing for a better operation.

## Board of Directors

**Corporate Governance Structure: Board of Directors** (as of December 31st 2021)

| Full name | Post on Board of Directors | Type of directorship | Date first appointed | Date last appointed |
|---|---|---|---|---|
| **Dr. Michael Huber** (1) | Chairman | Independent Member, Partner with the law firm Wenger & Vieli AG, Zurich | March 15th, 2000 | April 28th, 2016 |
| **Ms. Alicia Pertusa** | Member | BBVA | July 9th, 2020 | |
| **Mr. Roberto Hayer** (1) | Member | Independent Member, Partner with the law firm Reber, Zurich | April 28th, 2016 | |
| **Mr. Humberto García** | Member | BBVA | April 28th, 2016 | |
| **Mr. Eduardo de Fuentes** | Member | BBVA | April 28th, 2016 | |
| **Mr. Martin Menzi** (2) | Secretary | BBVA | December 4th, 2006 | |

(1) Independent Member of the Board of Directors according to FINMA Circular 2017/1, mn 17.
(2) Non-member.

The Board of Directors currently comprises five members.

Two of them are independent members. The Secretary is not a member of the Board of Directors. This corporate body has the structure, size and composition adjusted to corporate needs. The functions and activities of Board Members are ruled by the principles of responsibility, transparency and independence. Board Members shall participate in the deliberations, discussions and debates on matters submitted for their consideration.

**Number of Board Meetings: 4**

### Education and Experience of the members of the Board of Directors

The background of the Board Members is very diverse and combines members with experience and knowledge of the Group, its businesses and the financial sector in general, with others having relevant training, skills, knowledge and experience in sectors such as legal, audit, IT and the banking sector in Switzerland and Europe.

Dr. Michael Huber, PhD in Law, University of Zurich. Admitted to the Zurich Bar/Swiss Bar. 38 years of professional experience as Associate and Partner with various law firms in control functions and the day-to-day management of the Bank are performed with excellence. These committees consist of employees with responsibility on relevant areas.

Ms. Alicia Pertusa, Bachelor's Degree in Law and Business Administration, MBA INSEAD, 21 years of professional experience in Consulting at McKinsey & Company, Business Development and Marketing Director of Financing Products at Deutsche Bank and various positions at BBVA (Head of Digital Transformation in Corporate and Investment Banking-CIB, Head of Strategy, Research & Digital Assets, Independent Businesses), among other positions.

Mr. Roberto Hayer, Master's degree in Law, University of Basel. Admitted to the Basel Bar/Swiss Bar. 26 years of professional experience as Associate and Partner with various law firms in Switzerland and Spain, among other positions.

Mr. Humberto García, MSc Financial Engineering. BSc in Economics. 30 years of professional experience as Director Global Wealth at BBVA Spain and Chief Investment Officer at BBVA Mexico, among other positions.

Mr. Eduardo de Fuentes, MBA P.A.D.E and P.D.G. Graduate in Law. 42 years of professional experience as Executive Chairman of Occidental Hotels, Chairman of the Corporate Social Responsibility Division of Ambar Capital y Expansión and various positions at BBVA (Global Head of BBVA Pensions and Insurance in the Americas), among other positions.

Mr. Martin Menzi, Master's degree in Law, University of Zurich. Admitted to the Zurich Bar/Swiss Bar. 35 years of professional experience as Associate and Partner with various law firms in Switzerland and General Counsel at BBVA Switzerland, among other positions.

## Members of Senior Management

Senior Management shall deal with those matters, which the Board of Directors has delegated in compliance with current legislation, the Company's Bylaws and its Business and Organization Regulations.

Senior Management has created a structure of internal committees, which help to ensure that the oversight and control functions and the day-to-day management of the Bank are performed with excellence. These committees consist of employees with responsibility on relevant areas.

**Members of Senior Management** (as of December 31st, 2021)

| Full name | Position in company organization |
|---|---|
| **Mr. Alfonso Gómez** | Chief Executive Officer/General Manager |
| **Mr. Fernando Álamo** | Finance |
| **Mr. Sergio Pedrosa** | Business |
| **Mr. Francisco Javier Arranz** | Operations |
| **Ms. Janet Pitan** | Talent and Culture |
| **Mr. Juan Carlos Muñoz** | Risk Management |
| **Mr. Martin Menzi** | General Counsel |
| **Mr. Iñigo Berasaluce** | Compliance |
| **Mr. Alberto Villasán** | Investment and Markets |
| **Mr. Javier Rubio** | Client Solutions |
| **Mr. Rafael Párrizas** (1) | Internal Audit |

(1) Director and reports directly to the Board of Directors; does not belong to the Management Committee.

## Education and Experience of the members of Senior Management

Mr. Alfonso Gómez, Leadership degree, IESE University of Navarra, Madrid-Spain. Economics degree specialized in "Public Sector", Universidad Autónoma de Madrid. 28 years of professional experience within the BBVA Group in Madrid, New York, London and Zurich, of which 8 years at BBVA in Switzerland.

Mr. Fernando Álamo, Master's degree in Quantitative Finance, Afi Escuela de Finanzas, Madrid. Higher Diploma in Telecommunications Engineering, Polytechnic University of Madrid. 22 years of professional experience within the BBVA Group in Madrid and Zurich, of which 3 years at BBVA in Switzerland.

Mr. Sergio Pedrosa, Bachelor's degree in Law, University of Barcelona. European Financial Planner (EFPA). 23 years of professional experience within the BBVA Group, in Madrid, Barcelona and Zurich, of which 20 years at BBVA in Switzerland.

Mr. Francisco Javier Arranz, MBA in Foreign Trade. Faculty of Economics and Business - Elcano (Biscay). Business Administration degree from the Faculty of Economics and Business (Sarriko, Biscay). 25 years of professional experience within the BBVA Group in Bilbao, Madrid, Jersey and Zurich, of which 19 years at BBVA in Switzerland.

Ms. Janet Pitan, Economics and Business Administration degree with Specialization in Finance, Universidad Complutense in Madrid. Certified International Coach. 24 years of professional experience within the BBVA Group in Madrid and Zurich, of which 8 years at BBVA in Switzerland.

Mr. Juan Carlos Muñoz, Master's degree in Finance, Universidad del Pacífico in Lima. Economics degree, Universidad Ricardo Palma in Lima. 21 years of professional experience within the BBVA Group in Lima and Zurich, of which 13 years at BBVA in Switzerland.

Mr. Iñigo Berasaluce, Bachelor's degree in Law, University of Deusto. Certified Anti-Money Laundering Specialist (ACAMS). 31 years of professional experience within the BBVA Group in Valencia, Bilbao, Madrid, Zurich and Hong Kong, of which 16 years at BBVA in Switzerland.

Mr. Alberto Villasán, Higher Diploma in Aerospace Engineering, Polytechnic University of Madrid. Master's degree in Financial Markets, BBVA Financial School. Chartered Financial Analyst (CFA). MBA Instituto Empresa. 24 years of professional experience within the BBVA Group in Madrid and Zurich, of which 10 years at BBVA in Switzerland.

Mr. Javier Rubio, Master's degree in Finance, Instituto de Estudios Bursátiles (I.E.B.) in Madrid. Bachelor's degree in Law and Jurisprudence, University Complutense Madrid. 16 years of professional experience within the BBVA Group in New York and Zurich, of which 12 years at BBVA in Switzerland.

Mr. Rafael Párrizas, Economics and Business Administration degree, C.U. San Pablo CEU in Madrid and Hochschule für Bankwirtschaft in Frankfurt am Main. Certified EFFAS Financial & Investment Analyst. 23 years of professional experience in audit and assurance services and banking. Thereof, 12 years' experience within the BBVA Group in Madrid, Panama and Zurich, of which 9 years at BBVA in Switzerland.

# Economic Environment

## Economic evolution 2021

The global economic situation during 2021 was characterized by strong global and synchronized growth, although to a greater extent in the United States than in the rest of the world as a result of being a more flexible market and having applied greater economic stimulus.

In many cases, this economic growth comes from the mere recovery of the activity lost during 2020 as a result of the Coronavirus pandemic, so the figures must be analyzed from that point of view.

The economies and countries most affected by the crisis have not yet recovered pre-pandemic levels of economic activity. This is especially true in those geographies dependent on those sectors most affected by the crisis, as is the case in southern Europe, whose main source of growth is international tourism. While in the geographies most linked to industrial sectors, such as the case of the United States or Germany, the recovery, both economic and employment, has been total.

Another very relevant factor has been the evolution of inflation, surprising on the rise in general. The reasons, all circumstantial, are the low starting level for 2020, the recovery of global activity and high energy costs.

## Evolution of the financial markets 2021

The evolution of the financial markets during 2021 has been characterized by the strength of the equity markets and the weakness of the fixed income markets, with a high dispersion both geographically and by sector.

**MSCI World Equity**

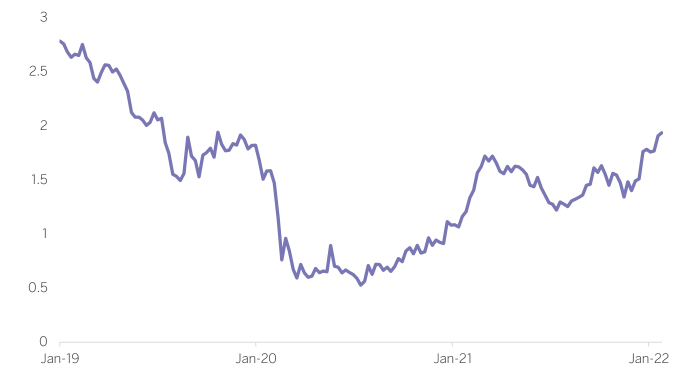

*Source: Bloomberg*

The low levels of rates at a global level, together with high economic growth, have favored the equity markets in a very relevant way. Investors have decided to buy equities given the alternative of rates close to zero and supported by economic and business growth driven by government policies and normalization of the post-pandemic situation.

One of the keys to 2021 has been the high dispersion between geographical areas and sectors. Being the stock markets of the United States the most favored, and those of certain emerging countries the least. The S&P 500 stands out especially, with increases of almost 27%, and Europe, with 21%. On the negative side, China is one of the big losers, with a 24% drop in USD during 2021, as a result of the slowdown in its economy and the problems in its Real Estate sector.

Another of the characteristics of the year 2021 has been the behavior of fixed income assets. The rates of all the terms of the curve in USD started from really low levels at the end of 2020, which, together with the economic recovery, has led to increases in them with the consequent drop in bond prices. The Investment Grade Fixed Income index in the United States fell 2%, while the world index fell by around 4%. Therefore, it has been practically impossible to obtain positive returns with this asset in this environment.

**US 10 Year Treasury Yield**




*Source: Bloomberg*

The economic recovery, in turn, has led to significant increases in the price of raw materials. As in the case of oil, which has gone from 51 to 76 USD. The positive tone of the markets has also favored crypto assets, such as Bitcoin, with a revaluation of close to 64%.

## Positioning during 2021

We have maintained a favorable positioning for risk assets throughout 2021, which has allowed us to obtain very positive and competitive returns in almost all portfolios, both managed and recommended.

Specifically, in equities we have been adapting the sector positioning with the aim of taking advantage of the market situation. Starting the year with a bias towards value-type sectors, later rotating towards growth and ending the year with a more neutral position. Always focusing on the United States and the World, avoiding emerging countries as much as possible and underweighting Europe.

In Fixed Income, we have maintained a very low duration throughout the year, taking advantage of the increase in long-term rates in the first quarter to take more speculative positions, and selling them later. This defensive tactical positioning has allowed us to avoid the asset meltdown in all our portfolios.

Lastly, the positive exposure to the USD for European clients has also been very relevant, as they have benefited from its 8% revaluation against the €.

## Outlook 2022

The year 2022 is characterized by a more demanding valuation of assets than in 2021 and the beginning of rate hikes by the Federal Reserve, which could cause some volatility in the financial markets that would imply greater and better opportunities for investors.

The rate hikes by the Federal Reserve could cause falls in the price of bonds, by increasing their yield, and doubts on the part of investors about the valuation of the stock market, given that they could find investment alternatives to long term with very competitive yields, such as investment grade bonds from US companies.

However, our view on equity assets is positive, so we would take advantage of moments of market weakness to buy with a medium-term horizon (6-18 months).

We also think we will see investment opportunities in medium-maturity large US corporate fixed income, as we see rate hikes constrained by current debt levels.

We also see an opportunity to invest in USD debt of Asian High Yield bonds, given the high profitability they currently offer, close to 12% per year, as a result of the problems in the Chinese real estate sector.

Regarding the war in Ukraine, it is difficult to predict its possible influence on the global economy. Typically, wars of these characteristics have a transitory impact on the US economy and its financial markets. Likewise, the effects on inflation are limited and temporary. As a consequence, we have not modified our perspectives and investment strategy in the medium term.

### GDP Growth

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| World Output | -3.1 | 5.9 | 4.9 |
| USA | -3.4 | 6.1 | 5.2 |
| Euro Area | -6.3 | 5.0 | 4.3 |
| Germany | -4.6 | 3.1 | 4.6 |
| Spain | -10.8 | 5.7 | 6.4 |
| United Kingdom | -9.8 | 6.8 | 5.0 |
| China | 2.3 | 8.0 | 5.6 |
| India | -7.3 | 9.5 | 8.5 |
| Russia | -3.1 | 4.7 | 2.9 |
| Mexico | -8.3 | 6.2 | 4.1 |

*Source: IMF, 2022 estimates*

# Management Report

The main objective of the members of the BBVA in Switzerland team is to provide an excellent service, delivered through a client-centric business model.

## Talent & Culture

### Our mission

The world, and more specifically the sector in which BBVA operates, is becoming increasingly global and is in constant transformation. Our strategy at BBVA is based on building a unique value proposition, through a common brand, in line with a global and digital company. To prepare the organization to compete in this environment, it is necessary to have the key talent aligned with this strategy.

We are an organization that places 'The best and most committed team' at the center of our strategic priorities. We are convinced that BBVA is a people business, and we are only as good as our people.

### Professional Development and People Management Model

During 2021 we have enhanced our employee relations model, promoting a closer model that fosters entrepreneurship, empowerment, and accountability, with a culture open to feedback at all levels.

We have continued to work on the professional development model, through the consolidation of an ecosystem in which employees have different elements at their disposal that allow them to get to know themselves better, improve in order to grow and explore new paths.

Our professional development model is mainly based on a 360º evaluation process in which each employee is aware of their performance results, the development of their skills and their potential to continue developing professionally.

### Training

In the context of the changing and competitive environment in which we find ourselves, not only is it necessary to be flexible and adapt to change, it is also essential for the employee to be able to continuously update his or her knowledge ("continuous learning"). Keeping the organization's available talent up to date is one of our main priorities at Talent & Culture.

Our training model places employees at the center of their professional development, giving them the autonomy and tools to design their own training experience. Through our "BBVA Campus" training platform, employees have access to more than 20,000 training resources and links to external training platforms of recognized prestige worldwide. As a new feature, in 2021 we have launched 'The Camp', a new experience to train our teams in areas such as sustainability, data, design, financial health or cybersecurity, among others.

In terms of our internal training strategy, our main focus has been to ensure that our teams gain all the knowledge necessary for business transformation. In keeping with this, the entire staff has received training in Blockchain and cryptocurrencies.

We continue to invest resources to ensure that our professionals are accredited at the highest level. By the end of 2021, 67% of the employees enrolled in CWMA (Certified Wealth Management Advisor) obtained the certification.

### Diversity

At BBVA, we believe that diversity represents a competitive advantage, and we firmly believe that it is one of the key elements to attract and retain the best talent, and to offer the best service to our customers.

In terms of remuneration, we apply a remuneration policy that rewards the level of responsibility, the functions performed and the professional career of each employee, always ensuring equal pay for men and women. As proof of this, in the pay equity analysis conducted to comply with regulatory requirements, we have been recognized as a company that complies with pay equity.

### Commitment and Values

BBVA's values and behaviors are the guidelines or action guidelines that guide us in our day-to-day decision making.

Our values (Customer comes first, We think big and We are one team), are part of the key levers for the transformation of the Bank and the Talent and Culture processes.

We continue to invest effort in improving our employees' experience and increasing their commitment and motivation. Some measures that have been carried out in this line are the implementation of a hybrid work model that helps to improve the balance between personal and professional life, as well as the increase in the number of days of paternity leave.

Our goal is to foster enthusiasm and pride in being part of an exceptional group of talented, motivated people with sound values.

# BBVA in Switzerland overview: business performance and future outlook

## Clients' Assets under Management

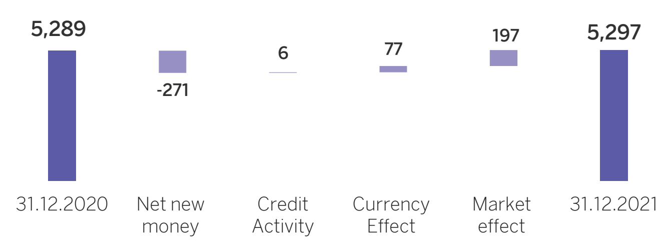
At the end of 2021, BBVA reported an assets under management (AuMs) figure of CHF 4,851 million and in line with 2020, driven by favorable market and foreign-exchange related movements offsetting the negative net new assets (NNA) which closed at CHF-271 million. In a year dominated by the global COVID-19 pandemic, we attracted CHF 812 million, reflecting the good activity in Mexico, Turkey & Peru. The new line of business of New Gen contributed with inflows of CHF 2 million.

AuMs are mainly denominated in USD and EUR, therefore are sensitive to changes in the exchange rates between the Swiss franc and these currencies. In 2021, the variation of the USD and EUR versus the CHF were +3.1% and -4.2%, respectively, driving assets under management to increase by CHF 77 million.

Investor sentiment was positive in 2021, helped by the continued rebound in economic activity and greater optimism regarding further recovery, which was supported by COVID recovery signs. Accommodative monetary policy, along with fiscal stimulus and strong economic data, lead to generally more positive outlook. This positive market effect impacted by CHF 197 million in BBVA AuMs.

Like for many of our peers, 2021 was, once again, a very challenging year. However, one of the key drivers to succeed in these uncertain times was that our clients kept trusting us. They valued our expert guidance, particularly in this ambiguous context. Improving our financial strength has been possible thanks to this fact so we will remain close to them focused on supporting them with tailored advice and solutions.

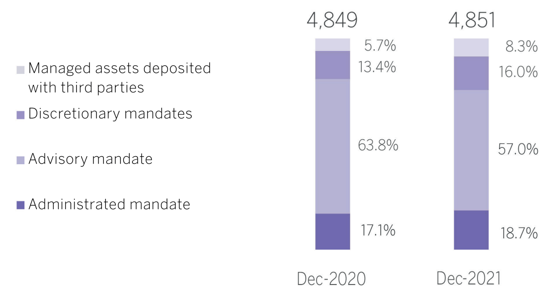
### CALs evolution (CHF million)




### AuMs by investment type (CHF million)

| Assets under management (CHF million) | 4,851 |
|---|---|
| Traditional investments | 4,846 |
| Alternative investments | 5 |

### AuMs by type of mandate (CHF million)



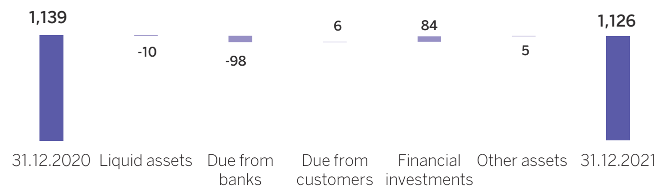

During 2021, the bank has increased the share of AuMs held under discretionary mandates reaching 16.0% vs 13.4% in 2020, reinforcing the view of providing high quality investment management services to our clients, specially in the context of unpredictable markets.

We offer a broad range of lombard lending solutions across all of our private client segments. The net new lending originated showed a slight increase of CHF 6 million while slightly improving our lending penetration. Therefore Client Assets and liabilities stood at CHF 5,297 million.

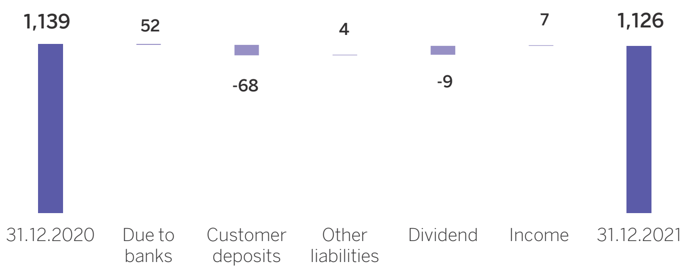
## Balance Sheet and Activity

As of the end of 2021, total assets were CHF 1,126 million, slightly down by 1.14% compared to the end of 2020 driven by a decrease in customer deposits (CHF 68 million). An increase in our financial investments (named ALCO portfolio) book of CHF 84 million led to a decrease in Due from Banks.

### Balance Sheet movements - assets (CHF million)




### Balance Sheet movements - liabilities and equity (CHF million)

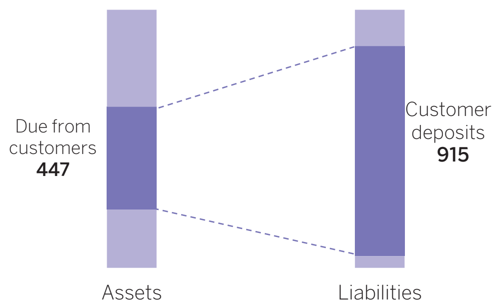


## Liquidity

Our aim is to maintain a healthy liquidity position that enables us to address all liabilities when they fall due, whether under normal or stressed conditions. The implementation and execution of the liquidity and funding strategy is managed by the ALM manager following BBVA Group's liquidity framework guidelines.

In 2021, the Bank held a sound liquidity position throughout the year, to finance its business in a reliable and cost-efficient manner.

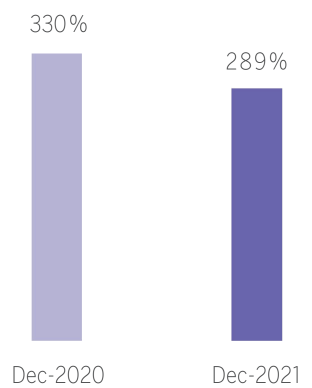
**Customer GAP** (CHF million)




## LCR

LCR remains well above the required minimum of 100% for 2021. Therefore, we showed a strong short-term resilience to face our liquidity risk by ensuring that we have sufficient HQLA to survive a significant stress scenario lasting 30 calendar days.

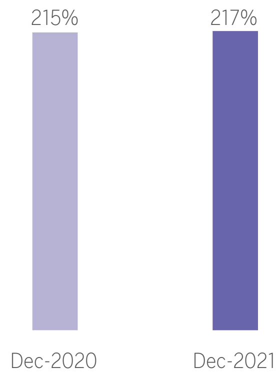
**LCR** (Liquidity coverage ratio)




## NSFR

The NSFR requires to maintain a stable funding profile in relation to the composition of our on and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to our Bank's regular sources of funding erode our liquidity position in a way that would increase the risk of failure.

**NSFR** (Net Stable Funding Ratio)

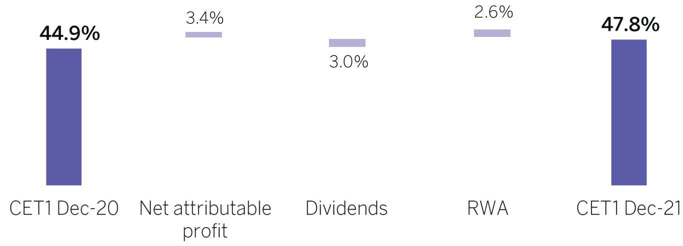



## Solvency

The Bank's solvency position still remains comfortable. Capital strength goes on providing key support for our strategy and competitive position.

In 2021, the BIS CET1 ratio increased by 294 bp to 47.8 % primarily due to a decrease in RWA attributable to credit risk in the Financial Investments (ALCO portfolio).

**CET 1 ratio**

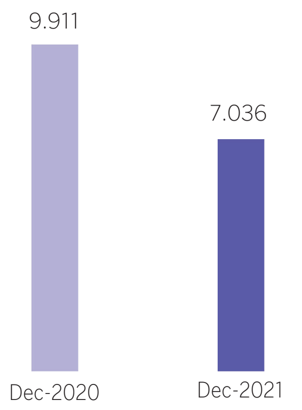



## Results

We proved to have sound results by increasing our core revenues and shifting to a greater percentage of recurrent commissions from 57% to 61%.

**Net Attributable Profit closed** at CHF 7.04 million, 2.87 million lower than the previous year mainly driven by an increase in personnel expenses and general expenses which were primarily attributable to the new client capabilities launched in 2021 and higher travel expenses.

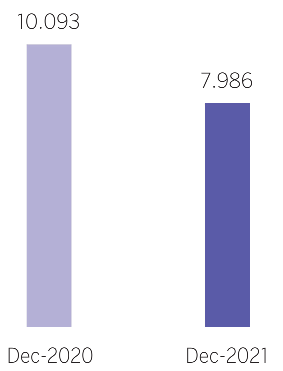
**Net Profit** (CHF million)




## Operating income

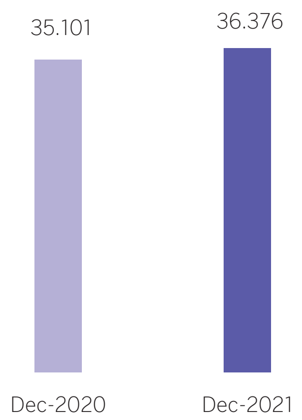
**The net interest income (NII)** amounted to 7.99 million, a YoY decrease of 20.9% which resulted largely from US dollar interest rate headwinds.

**Net Interest Income** (CHF million)

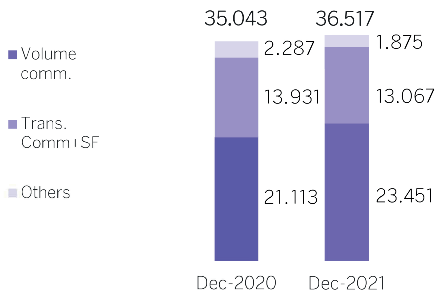



As previously mentioned, 2021 was still a year dominated by the COVID-19 pandemic. However, we managed our total net fees and commissions to perform very well reflecting an increase of +3.63% to CHF 36.38 million. Recurrent fees closed at CHF 23.45 million while transaction-based commissions stood at CHF 13.07 million, 6.61% below in year-on-year terms.

**Net Commission Evolution** (CHF million)




**Volume vs transaction-based Commissions** (CHF millions)




Once again, we enhanced our Return on Assets under Management by 4 bp to 83 bp in view of a more profitable asset mix.

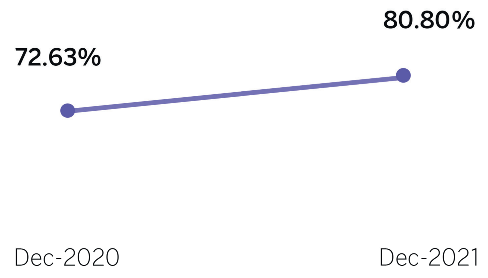
## Total operating expenses (CHF million)

Total combined **Personnel & general expenses** closed at 35.1 million, an increase of 8.4% versus 2020. We follow with our disciplined cost management. However, big steps in expanding our digital offerings have been made and, therefore, impacting our expenses.

**Amortizations** decreased by 9.3% to CHF 1.6 million.

## Cost / income ratio

The cost / income ratio was 80.80%, compared with 72.63% in the previous year, reflecting an increase in operating expenses.



## Key Figures

| **Key Figures** (As of per the year ended) | **31.12.2021** | **31.12.2020** |
|---|---|---|
| Balance Sheet Statistics | | |
| Total assets | 1,125,570,312 | 1,138,915,763 |
| Total credit activity | 447,159,498 | 441,449,780 |
| Deposits from customers | 915,105,667 | 982,740,012 |
| Total shareholders' equity | 130,265,978 | 129,159,145 |
| Core results | | |
| Operating income | 45,404,955 | 46,993,473 |
| Operating expenses | 35,087,276 | 32,367,600 |
| Net profit/(loss) attributable to shareholders | 7,036,195 | 9,910,758 |
| Key Perrformance Indicators | | |
| RoE (%) | 5.22% | 7.58% |
| RoA (%) | 0.62% | 0.88% |
| C/I ratio (%) | 80.80% | 72.63% |
| RoRWA (%) | 2.53% | 3.55% |
| CET 1 ratio (%) | 47.80% | 44.86% |
| Leverage ratio (%) | 11.20% | 11.10% |
| Liquidity coverage ratio (%) | 289.13% | 329.57% |
| Net New Money growth (%) | -5.60% | 4.06% |
| RoCAL* | 0.85% | 0.84% |
| **Number of employees** | **116** | **114** |

* Does not include the interests received from the own portfolio

## Bank Risk Assessment

Regular meetings are held to ensure that the Bank's Board of Directors is constantly informed of the Bank's exposure to the following risks: credit risk, market risk, operational risks, legal risks, compliance, reputational and suitability risks. Risk analysis is carried out systematically and assesses bank specific risk categories according to their potential impact. The Board monitored risk assessment during the 2021 financial year at its quarterly meetings.

## Future Outlook

Despite new Covid variants affecting our commercial activity for most part of the year, the Bank has been able to achieve good results in 2021, proving the business model is well positioned for the future. In terms of revenues, the Bank has been able to increase recurrent commissions in a complex investing environment. Equity markets valuation continued at all time highs while fixed income yields were at all time lows, favoring only higher risk investing profiles. In our view, the unprecedented monetary and fiscal stimulus taken by central banks and governments have created asset price distortions on many financial assets, including real estate markets in many countries. Economic fundamentals were strong in the second half of the year, which also helped to boost equities and client returns.

In terms of innovation and business development, the Bank has introduced a new crypto-assets offering for Private Banking clients during 2021. Live since June 2021, our latest product offers a simple way for customers to trade and store Bitcoin and Ether, as well as any other cryptocurrency in the future from the Bank's mobile apps and e-banking which displays the crypto portfolio fully integrated with the rest of the customers' traditional investments. This service thus represents a novel and innovative offering, as it allows investing and combining traditional and crypto financial assets in the same investment portfolio. In addition, the Bank launched after the summer a new business line aimed at affluent online customers, called "New Gen", where we expect new client growth in the future and we will continue to invest to improve its offering.

For 2022, we believe that we are entering a transitional year, where the main drivers in the market will be the central bank's interest rate policy normalization due the inflation tied to the economic recovery, and the debt repurchase programs reduction after years of stimulus. It is likely to involve different speeds of implementation, with the US moving faster and Europe being more dependent on the recent geopolitical conflict resulting from the war in Ukraine and the potential recession scenarios.

Management remains optimistic about the prospects of our business and the Bank is ready to capture new business opportunities when the normalization post-Covid allows our teams to conduct business as usual. We continue to make progress on our strategic pillars to deliver sustainable growth:

- Invest for growth: expanding the addressable market with a focus on client acquisition and the increase of stable revenues through discretionary mandates, lending and other products.
- Diversify the business mix with innovation, new products and services: we are making good progress to provide clients with a new wealth digital banking experience, incorporating personalized services and new products like crypto-assets or new business models.
- Improve operating efficiency: minimizing operating costs by investing in automation and technology that will drive expense savings across our business activity.

# Financial Statements

BBVA SA is a corporation under Swiss law and is headquartered in Zurich

## Balance Sheet

**Assets** (In CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Liquid assets | 22,969,667 | 33,007,975 |
| Amounts due from banks | 72,808,286 | 144,544,209 |
| Amounts due from securities financing transactions | 159,415,993 | 185,605,644 |
| Amounts due from customers | 447,159,498 | 441,449,780 |
| Mortgage loans | - | - |
| Trading portfolio assets | - | - |
| Positive replacement values of derivative financial instruments | 1,711,057 | 544,429 |
| Other financial instruments at fair value | - | - |
| Financial investments | 404,202,699 | 319,884,733 |
| Accrued income and prepaid expenses | 7,559,767 | 7,121,163 |
| Equity securities | - | - |
| Tangible fixed assets | 4,147,212 | 4,978,948 |
| Intangible assets | - | - |
| Other assets | 5,596,133 | 1,778,882 |
| Capital not paid in | - | - |
| **TOTAL ASSETS** | **1,125,570,312** | **1,138,915,763** |
| **TOTAL SUBORDINATED CLAIMS** | - | - |
| of which subject to mandatory conversion and / or debt waiver | - | - |

## Liabilities and shareholders' equity (In CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Amounts due to banks | 580,442 | 129,279 |
| Liabilities from securities financing transactions | 51,787,500 | - |
| Amounts due in respect of customer deposits | 915,105,667 | 982,740,012 |
| Trading portfolio liabilities | - | - |
| Negative replacement values of derivative financial instruments | 2,149,298 | 2,386,231 |
| Liabilities from other financial instruments at fair value | - | - |
| Medium-term bonds | - | - |
| Bond issues and central mortgage institution loans | - | - |
| Accrued expenses and deferred income | 8,542,990 | 8,779,431 |
| Other liabilities | 7,482,010 | 2,644,748 |
| Provisions | - | 545,927 |
| Reserves for general banking risks | 2,620,232 | 2,620,232 |
| Institution's capital | 72,500,000 | 72,500,000 |
| Statutory capital reserve | - | - |
| Statutory retained earnings reserve | 37,200,000 | 37,200,000 |
| Voluntary retained earnings reserve | 20,565,978 | 19,459,145 |
| Treasury shares (negative item) | - | - |
| Profit carried forward / loss carried forward | - | - |
| Profit / loss (result of the period) | 7,036,195 | 9,910,758 |
| **TOTAL LIABILITIES** | **1,125,570,312** | **1,138,915,763** |
| **TOTAL SUBORDINATED LIABILITIES** | **-** | **-** |
| of which subject to mandatory conversion and / or debt waiver | - | - |

## Off-balance sheet transactions (In CHF)

| | | |
|---|---|---|
| Contingent liabilities | 40,850,589 | 43,686,853 |
| Irrevocable commitments | 2,158,000 | 1,920,000 |
| Obligations to pay up shares and make further contributions | - | - |
| Credit commitments | - | - |

# Income Statement

## Income Statement (In CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Results from interest activities | | |
| Interest and discount income | 4,844,146 | 7,293,300 |
| Interest and dividend income from trading operations | -138 | 158 |
| Interest and dividend income on financial investments | 2,765,089 | 3,054,042 |
| Interest expense | 384,986 | -241,758 |
| **Results from interest activities** | **7,994,083** | **10,105,742** |
| Changes in value adjustments due to default risk as well as losses from interest operations | -8,000 | -13,000 |
| **SUBTOTAL NET RESULT FROM INTEREST OPERATIONS** | **7,986,083** | **10,092,742** |
| Result from commission business and services | | |
| Commission income from securities trading and investment activities | 37,112,536 | 36,515,953 |
| Commission income from lending activities | 640,247 | 372,366 |
| Commission income from other services | 1,082,704 | 1,016,001 |
| Commission expenses | -2,459,474 | -2,803,661 |
| **SUBTOTAL FOR COMMISSION BUSINESS AND SERVICES** | **36,376,013** | **35,100,659** |
| | | |
| **Net result from trading activities and from the fair-value option** | **1,044,006** | **1,678,847** |
| | | |
| Other result from ordinary activities | | |
| Result from the disposal of financial investments | 10,718 | 121,087 |
| Income from equity interests | - | - |
| Result from real estate | - | - |
| Other ordinary income | 458 | 667 |
| Other ordinary expenses | -12,323 | -529 |
| **SUBTOTAL OTHER RESULT FROM ORDINARY ACTIVITIES** | **-1,147** | **121,225** |

## Operating expenses (In CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Personnel expenses | -24,348,085 | -22,450,763 |
| General and administrative expenses | -10,739,191 | -9,916,837 |
| **SUBTOTAL OPERATING EXPENSES** | **-35,087,276** | **-32,367,600** |
| | | |
| Value adjustments on equity interests, depreciation on tangible fixed assets and amortisation of intangible assets | -1,599,757 | -1,765,256 |
| Changes to provisions and other value adjustments, and losses | 298,826 | -76,452 |
| **Operating result** | **9,016,748** | **12,784,165** |
| | | |
| Extraordinary income | - | 494 |
| Extraordinary expenses | -12,353 | -1,201 |
| Changes in reserves for general banking risks | - | - |
| Taxes | -1,968,200 | -2,872,700 |
| **PROFIT / LOSS (RESULT FOR THE PERIOD)** | **7,036,195** | **9,910,758** |

## Proposed appropriation / coverage of losses / other distributions (In CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| **Profit** | **7,036,195** | **9,910,758** |
| +/- profit / loss carried forward | | |
| = Distributable profit | 7,036,195 | 9,910,758 |
| **Appropriation of profit / coverage of losses** | | |
| Appropriation of profit | | |
| Allocation to statutory retained earnings reserve * | - | - |
| Allocation to voluntary retained earnings reserve | 3,518,098 | 1,106,833 |
| Distributions from distributable profit ** | 3,518,097 | 8,803,925 |
| **Other distributions** | | |
| Voluntary retained earnings reserve | 20,565,978 | 19,459,145 |
| Allocation from distributable profit (as per above registration) | 3,518,098 | 1,106,833 |
| New amount carried forward | 24,084,076 | 20,565,978 |

* Since the statutory retained earnings reserve exceeds 50% of the share capital, there will be no further allocation.
** Composition of 2020 dividend distribution CHF 3’848’546 (50% of 2019 income statement) and CHF 4’955’379 (50% of 2020 income statement).
Composition of 2021 dividend distribution CHF 3’518’097 (50% of 2021 income statement).

# Cash Flow Statement

## Cash Flow Statement (In 000 CHF)

| | Cut-off date 31.12.2021 | | Cut-off date 31.12.2020 | |
|---|---|---|---|---|
| | Cash inflow | Cash outflow | Cash inflow | Cash outflow |
| Cash flow from operating activities (internal financing): | | | | |
| Result of the period | 7,036 | - | 9,911 | - |
| Change in reserves for general banking risks | - | - | - | - |
| Value adjustments on equity securities depreciation and amortisation of tangible fixed assets and intangible assets | 1,600 | - | 1,765 | - |
| Provisions and other value adjustments | - | 546 | - | - |
| Change in value adjustments for default risks and losses | 8 | - | 13 | - |
| Accrued income and prepaid expenses | - | 439 | 3,497 | - |
| Accrued expenses and deferred income | - | 236 | - | 1,699 |
| Other items | 1,020 | - | 244 | - |
| Previous year's dividend | - | 8,804 | - | - |
| **SUBTOTAL** | **9,664** | **10,025** | **15,430** | **1,699** |
| Cash flow from shareholder's equity transactions: | | | | |
| Share capital / participation capital / cantonal banks' endowment capital (Dotationskapital) / etc. | - | - | - | - |
| Recognised in reserves | - | - | - | - |
| Change in own equity securities | - | - | - | - |
| **SUBTOTAL** | **-** | **-** | **-** | **-** |
| Cash flow from transactions in respect of equity securities tangible fixed assets and intangible assets: | | | | |
| Equity securities | - | - | - | - |
| Real estate | - | - | - | - |
| Other tangible fixed assets | - | 768 | - | 932 |
| Intangible assets | - | - | - | - |
| Mortgages on own real estate | - | - | - | - |
| **SUBTOTAL** | **-** | **768** | **-** | **932** |

## Cash Flow Statement (In 000 CHF)

| | Cut-off date 31.12.2021 | | Cut-off date 31.12.2020 | |
|---|---|---|---|---|
| Cash flow from banking operations: | Cash inflow | Cash outflow | Cash inflow | Cash outflow |
| **Medium and long-term business (> 1 year):** | | | | |
| Amounts due to banks | - | - | - | - |
| Amounts due in respect of customer deposits | - | - | - | - |
| Liabilities from other financial instruments at fair value | - | - | - | - |
| Cash bonds | - | - | - | - |
| Bonds | - | - | - | - |
| Central mortgage institution loans | - | - | - | - |
| Loans of central issuing institutions | - | - | - | - |
| Other liabilities | - | - | - | - |
| Amounts due from banks | - | - | - | - |
| Amounts due from customers | - | 20,193 | - | 11,571 |
| Amounts due secured by mortgages | - | - | - | - |
| Other financial instruments at fair value | - | - | - | - |
| Financial investments | - | 34,752 | - | 121,698 |
| Other accounts receivable | - | - | - | - |
| **Short-term business:** | | | | |
| Amounts due to banks | 451 | - | - | 532 |
| Liabilities from securities financing transactions | 51,788 | - | - | - |
| Amounts due in respect of customer deposits | - | 67,634 | 301,944 | - |
| Trading portfolio liabilities | - | - | - | - |
| Negative replacement values of derivative financial instruments | - | 237 | - | 1,364 |
| Liabilities from other financial instruments at fair value | - | - | - | - |
| Amounts due from banks | 71,738 | - | - | 81,616 |
| Amounts due from securities financing transactions | 26,187 | - | - | 146,916 |
| Amounts due from customers | 14,484 | - | - | 17,468 |
| Trading portfolio assets | - | - | - | - |
| Positive replacement values of derivative financial instruments | - | 1,167 | 187 | - |
| Other financial instruments at fair value | - | - | - | - |
| Financial investments | - | 49,573 | 32,032 | - |
| Liquidity: | | | | |
| Cash and cash-equivalents | 10,037 | - | 34,203 | - |
| **Subtotal** | **174,685** | **173,556** | **368,366** | **381,165** |
| **Total** | **184,349** | **184,349** | **383,796** | **383,796** |

# Statement of Changes in Equity

**Presentation of the statement of changes in equity** (In 000 CHF)

| | Institution's capital | Capital reserve | Retained earnings reserve | Reserves for general banking risks | Currency translation reserves * | Voluntary retained earnings reserves and profit/loss carried forward | Treasury shares (negative item) | Minority interests * | Result of the period | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| **Equity at start of current period** | **72,500** | **-** | **37,200** | **2,620** | **-** | **19,459** | **-** | **-** | **9,911** | **141,690** |
| Effect of any restatement ** | - | - | - | - | - | - | - | - | - | - |
| Employee participation schemes / recognition in reserves ** | - | - | - | - | - | - | - | - | - | - |
| Capital increase / decrease | - | - | - | - | - | - | - | - | - | - |
| Other contributions / other capital paid in | - | - | - | - | - | - | - | - | - | - |
| Acquisition of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Disposal of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Effect of subsequent valuation of treasury shares *** | - | - | - | - | - | - | - | - | - | - |
| Profit (loss) on disposal of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Currency translation differences | - | - | - | - | - | - | - | - | - | - |
| Dividends and other distributions | - | - | - | - | - | -3,848 | - | - | -4,956 | -8,804 |
| Other allocations to (transfers from) the reserves for general banking risks | - | - | - | - | - | - | - | - | - | - |
| Other allocations to (transfers from) the other reserves | - | - | - | - | - | 4,955 | - | - | -4,955 | - |
| Profit / loss (result of the period) | - | - | - | - | - | - | - | - | 7,036 | 7,036 |
| **Equity at end of current period** | **72,500** | **-** | **37,200** | **2,620** | **-** | **20,566** | **-** | **-** | **7,036** | **139,922** |

* Only in consolidated financial statements
** Only in true and fair view supplementary single-entity financial statements and consolidated financial statements
*** Only in statutory single-entity financial statements

# Notes to the Annual Financial Statements

## 1. Name of the Bank, legal form and domicile

BBVA SA is a corporation under Swiss law and is headquartered in Zurich. The Bank is a fully-owned direct subsidiary of Banco Bilbao Vizcaya Argentaria S.A., headquartered in Bilbao, Spain.

## 2. Accounting and valuation policies

### 2.1. Basis

The Bank's statutory financial statements are presented in accordance with the requirements of the Swiss Financial Market Supervisory Authority, FINMA, Circular 2020/01 concerning the preparation of financial statements for banks, the Swiss Banking Act and the Swiss Code of Obligations.

#### 2.1.1. Valuation policies

The valuations conform to the basic principles of materiality, prudence, consistency and the continuity of business activity as a going concern.

Items are entered in the balance sheet as assets if due to past events they may be disposed of, a cash inflow is probable and their value can be reliably estimated. If no reliable estimate of the value of an asset can be made, they are considered to be contingent assets and disclosed in the notes.

Liabilities are entered on the balance sheet as borrowed capital if they have been caused by past events, a cash outflow is probable and their value can be reliably estimated. If no reliable estimation can be made, they are considered to be contingent liabilities and disclosed in the notes.

Balance sheet positions are evaluated individually.

The offsetting and netting of assets and liabilities and income and expenses are in principle not performed. The netting of assets and liabilities is only applied in the following cases:

- Offsetting of positive and negative changes in book value with no income effect in the current period in the compensation account.
- Offsetting of deferred tax liabilities and assets in respect of the same tax authority, provided they relate to the same tax subject.

- Netting of positive and negative replacement values of derivative financial instruments including the associated cash holdings deposited as collateral (e.g. margin accounts), provided a bilateral agreement to this effect has been arranged with the counterparty concerned and that the agreement can be shown to be recognised by and enforceable under the legal systems set out below.
- The deduction of value adjustments from the corresponding asset item.

## 2.1.2. Financial Instruments

### Liquid Assets

These items are stated at their nominal value.

### Amounts due from Banks and Amounts due from Customers

These items are stated at their nominal value minus any necessary value adjustments.

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

Claims are tested for the need of impairment on an on-going basis. Loans and advances to customers are regarded as being impaired when the contractually-agreed capital and/or interest payments have been due for more than 90 days and the estimated realisation value of the collateral is insufficient to cover the impairment. Individual value adjustments are recorded for non-performing loans and calculated as the difference between the gross debt amount and the estimated realisation value of the collateral.

Value adjustments for default risks that are no longer economically necessary and are not simultaneously used for other requirements of the same type will in principle be released to income via the income statement item “Changes in value adjustments for default risks and losses from interest operations”.

Non-performing loans are reclassified as fully performing if the outstanding capital and interest payments are received on time in accordance with contractual obligations.

### Amounts due to Banks and Amounts due in respect of Customers’ Deposits

These items are stated at their nominal value.

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

### Trading portfolio assets

Trading portfolio assets are mainly measured and accounted for at fair value. Fair value is regarded as the price available on a price-efficient and liquid market or the price determined by a valuation model. If, in exceptional cases, no fair price is available, the valuation and accounting item will be based on whichever is the lower of cost or market value principle.

Results from trading activities are reported in the income statement item “Result from trading activities and the fair value option”. Interest and dividend income from trading portfolios are recognised in the income statement item “Interest and dividend income from trading portfolios”. No refinancing costs are credited to “Interest and discount income”.

### Positive and Negative Replacement Values of Derivative Financial Instruments

These items comprise the replacement values for all derivative financial instruments. Gains/losses on derivatives contracts are presented under “Result from trading activities and the fair value option”, unless derivatives are used for hedging outside of trading. Gains/losses on derivatives entered into as part of a hedging relationship are recorded in the “Compensation account”.

Positive and negative replacement value against the same counterparty are not netted, as currently no netting-agreements are in place.

### Financial Investments

Financial investments which do not belong to the trading portfolio are valued at whichever is the lower of cost or market value, provided that there is no intention to hold these securities until maturity. The valuation is recognised in the items “Other ordinary expenses” and “Other ordinary income” in the income statement.

Debt securities intended to be held to maturity are valued according to the accrual method. In this case, the premium and discount in the balance sheet item are deferred over the term up to maturity. Interest related realised profits or losses from premature sale or redemption are deferred over the remaining term, i.e. up to the original maturity and recognised in “Other assets” and “Other liabilities” respectively. Changes in value due to creditworthiness will be recognised immediately in the income statement under “Changes in value adjustments for default risks and losses from interest operations”.

Equity securities are valued according to whichever is the lower of cost or market value. Value adjustments will be recorded net under “Other ordinary expenses” or “Other ordinary income”.

Value adjustments in the form of individual or latent risk value adjustments are deducted from the established values.

### Equity securities

This term refers to equity securities owned by the Bank in undertakings, where those securities are held with the intention of a permanent investment, irrespective of the percentage of voting shares held.

Equity securities are valued at acquisition cost less economically necessary value adjustments.

The Bank does not hold any equity security at the end of the year.

### Tangible Fixed Assets

Investments in new fixed assets are capitalised and valued according to the historical cost principle if they are used for more than one accounting period and if they exceed the minimum capitalisation threshold, which amounts to CHF 1'000. Investments in existing fixed assets are capitalised if this results in the market or utility value being increased substantially or if the useful life is increased by a considerable amount.

In subsequent years, fixed assets are accounted for according to the historical cost principle minus accumulated depreciation.

Depreciation recorded is based on the estimated useful life of the investment. The estimated useful lives of individual fixed asset categories are as follows:

| | |
|---|---|
| Reconstruction | 5-15 years |
| Furnishings | 5 years |
| Hardware | 3 years |
| Software* | 3 and 10 years |
| Office machines | 3 years |
| Miscellaneous | 3 years |

*including one-off purchases of software licenses and first instalment investments.

Tangible fixed assets are tested for impairment at each balance sheet date. The review is based on substantial indications that lead to the assumption that impairment exists. In this case, the recoverable amount will be determined. A fixed asset is impaired when its book value exceeds the recoverable amount. Any necessary additional depreciation is recorded in the ordinary depreciation account.

Gains or losses realised from the disposal of tangible fixed assets are recorded under "Extraordinary income" and "Extraordinary expenses" respectively.

### Provisions

Legal and factual obligations are valued on a regular basis. Where a cash outflow is probable and can be reliably estimated, a provision in the corresponding amount will be created. Existing provisions are reassessed on each balance sheet date and are increased, maintained or released accordingly. Provisions are recorded under the following income statement items:

- Provisions for latent taxes under "Taxes".
- Provisions for pension benefit obligations under "Personnel expenses".
- Other provisions under "Changes to provisions and other value adjustments, and losses", with the exception of restructuring provisions that were created via "Personnel expenses".

Provisions that are no longer economically necessary and are not simultaneously used for other requirements of the same type will be realised to income.

### Taxes

Current taxes on the result at the reporting period are calculated in accordance with tax-relevant profit ascertainment provisions and recorded as an expense in the accounting period in which the respective profits arise.

Liabilities from current income taxes and capital taxes are disclosed in the item "Accrued expenses and deferred income". Current income tax and capital tax expenses are reported in the income statement under "Taxes".

### Off-balance sheet transactions

These are stated at nominal value. For foreseeable risks, provisions will be made under liabilities on the balance sheet.

### Pension Fund

The Bank has transferred all of its pension fund commitments to a collective foundation (a joint scheme formed by several employers). This is a legally-independent and fully-reinsured pension scheme.

All of the company's Swiss-domiciled staff, except for expatriates who are insured by the parent company abroad, are members of this pension scheme:

- As of 1 January, upon reaching the age of 17 they are insured against invalidity and death.
- As of 1 January, upon reaching the age of 24 they are also insured for retirement benefits and age-related credits that have matured. The company pays fixed contributions and is not obliged to pay any additional contributions.

The contributions to the pension fund are included under "Personnel expenses". Expatriates, for whom the pension fund is paid abroad by the parent company, are not included.

A potential benefit or liability is disclosed according to the accounting principles of Swiss GAAP FER 16.

### Employee participation schemes

BBVA in Switzerland has implemented remuneration and employee participation schemes in accordance with the BBVA Group policies. The identified staff members receive equity securities of the parent company. The share-based compensation is valued at the fair value of the shares on allocation. The fair value is determined by the parent company and the valuation is recorded under the items "Personnel expenses" and "Accrued expenses and deferred income" over the vesting period. In principle, no subsequent valuations are carried out unless there are changes in the exercise or subscription conditions. Any differences on settlement are accounted under the item "Personnel expenses". The characteristics of the BBVA Group's remuneration plans based on equity instruments are described below.

### System of Variable Remuneration in Shares

BBVA Group has a specific remuneration system applicable to those employees whose professional activities may have a material impact on the risk profile of the Group (hereinafter "Identified Staff"), designed within the framework of applicable regulations to credit institutions and considering best practices and recommendations at the local and international levels in this matter.

In 2021, this remuneration scheme is reflected in the following remuneration policies:

- BBVA Group General Remuneration Policy, approved by the Board of Directors on June 30, 2021, that applies to employees and senior managers at BBVA (excluding BBVA executive directors) and at Group companies with respect to which BBVA exercises control over management. This policy includes the specific rules applicable to the members of the Identified Staff, including Senior Management.
- BBVA Directors' Remuneration Policy, approved by the General Shareholders' Meeting of BBVA held on April 20, 2021, that it's applicable to the members of the Board of Directors of BBVA. The remuneration system for executive directors corresponds, generally, with the applicable system to the Identified Staff, incorporating some particularities of their own, derived from their condition of directors.

The Annual Variable Remuneration for the Identified Staff members is subject to specific rules for settlement and payment established in their corresponding remuneration policies, specifically:

- Annual Variable Remuneration for Identified Staff members for each financial year will be subject to ex ante adjustments, so that it shall be reduced at the time of their appraisal in the event of a downturn in the Group's results or other parameters such as the level of achievement of budgeted targets, and it will not accrue or it will accrue in a reduced amount, should a certain level of profits and capital ratio not be achieved in accordance with the provisions of applicable regulations at any given time.
- 60% of the Annual Variable Remuneration will be vested and paid, if conditions are met, as a general rule, in the first four months of the financial year following that to which the Annual Variable Remuneration corresponds (the "Upfront Portion").
- 50% of the Annual Variable Remuneration, including both the Upfront Portion and the Deferred Portion, shall be established in BBVA shares or in instruments linked to BBVA shares.
- The shares or instruments awarded as Annual Variable Remuneration, both from the Upfront Portion and the Deferred Portion, shall be withheld for a one-year period after delivery. This will not apply to those shares or instruments the sale of which would be required to honor the payment of taxes accruing on delivery.
- The Deferred Portion of the Annual Variable Remuneration may be reduced, but never increased, depending on the results of multi-year performance indicators which are aligned with the Group's core risk management and control metrics related to the solvency, liquidity, profitability or value creation.
- The entire Annual Variable Remuneration corresponding to each financial year shall be subject to arrangements for the reduction of variable remuneration ("malus") and arrangements for the recovery of variable remuneration already paid ("clawback") during the whole deferral and withholding period, which will be applicable in the event of the occurrence of any of the circumstances expressly named in the remuneration policies.
- The variable component of the remuneration for a financial year (understood as the sum of all variable components of the remuneration) shall be limited to a maximum amount of 100% of the fixed component of the total remuneration (understood as the sum of all fixed components of the remuneration), unless the General Shareholders' Meeting of BBVA resolves to increase this percentage up to a maximum of 200%.

## 2.2. Disclosure on how the previous years' figures were determined

The Bank adopted FINMA Circular 2020/01 Accounting - Banks effective as of January 1, 2020.

## 2.3. Consistency in Accounting Policies and Valuation Principles

The accounting policies and valuation principles have not changed compared to the previous year.

## 2.4. Recognition of business transactions

As a general rule, transactions are recorded on the transaction day (trade date accounting) except for the following transaction types, for which value date accounting is applied:

- Money Market
- Customer loans and Deposits
- Stock Exchange transactions
- Corporate Actions
- Financial Investments and Trading Security Transactions
- Forex Spot transactions
- Closing of the Forex Forwards

From now on, all transactions will be valued for the purposes of earnings according to the above.

## 2.5. Treatment of past due interest and related commissions

Interest and commissions which have been outstanding for more than 90 days are regarded as overdue. Overdue interest and commissions that are unlikely to be recovered are provisioned immediately. Loans are considered non-interest bearing when the recovery of the interest due is so doubtful that the deferral can no longer be regarded as reasonable.

## 2.6. Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into Swiss francs at the valid exchange rates on the balance sheet date. The main exchange rates at the balance sheet dates were as follows:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| USD 1 | 0.911 | 0.8839 |
| EUR 1 | 1.0358 | 1.0817 |
| GBP 1 | 1.2339 | 1.2083 |
| JPY 100 | 0.7912 | 0.8563 |

## 2.7. Disclosure of the treatment of refinancing trading positions

Refinancing costs from trading positions are not charged to the item "Result on trading activities".

# 3. Risk Management

Risk management is integrated in every process to ensure that risk taking is in line with the risk appetite of the Bank.

The Board of Directors is fully committed to establishing an appropriate risk control environment. To this end, a periodical analysis of the Bank's risks is performed in a systematic and standardized manner. By using a global risk approach, relevant risks are reviewed and if any deficiencies are identified the necessary controls are implemented in order to mitigate these risks.

## 3.1. Risk Appetite

The risk appetite framework is reviewed and approved every year. In the risk appetite there is a clear definition of each type of risk and the limits that are consistent with the Bank's risk profile.

In order to ensure this consistency, two types of limits are distinguished in the risk appetite framework:

- Core limits: to ensure anticipated risk management within the defined tolerance levels for each type of risk.
- Management limits: used to continuously monitor risks and ensure that the core metrics fall within the set target range.

Risk controls have been implemented to ensure compliance with the risk appetite framework. Results are periodically reviewed by the corresponding committees and presented quarterly to the Board of Directors.

## 3.2. Types of Risks

### Non-Financial Risks

#### Operational Risk

Operational Risk is the risk of loss due to human errors, inadequate or deficient processes, failures on systems, inadequate data management, legal risks and external events such as cyberattacks, disasters and poor service provided by suppliers. The Bank's Operational Risk Taxonomy includes the following risk types:

- People
- Internal and external fraud
- Physical Security & Safety
- Transaction Processing
- Technology
- Information & Data Security
- Conduct & Compliance Risk
- Legal
- Third Party
- Financial and Tax
- Data Management

### Operational Risk Control Model

The operational risk management Model at the Bank is structured into the three different levels:

First line of defense: Operational risk management must be integrated into the day-to-day activities, identifying and evaluating operational risk and implementing controls and executing mitigation plans for those risks that have higher than acceptable residual risk levels.

Second line of defense: establishes the mitigation, control and monitoring framework in their area of specialization.

Third line of defense: is performed by Internal Audit which:

- Conducts an independent review of the control model, checking compliance and the effectiveness of the established corporate policies.
- Provides independent information on the control environment to the management bodies.

### Suitability Risk

When managing investments on behalf of third parties, the customer assumes the market and credit risk while the manager or administrator acquires the fiduciary duty of acting in the customer's best interests. A breach of its fiduciary duty could have a negative financial impact and affect its reputation and relations with customers in the long term.

Procedures have therefore been established to clearly identify the risk profile of each customer and manage their assets accordingly.

In addition, in order to ensure that fiduciary risk is managed properly, the Suitability Committee meets on a monthly basis to:

- Ensure proper control of all the risks involved in the Suitability Process.
- Review and analyse the results regarding the control of the asset allocation matrix by profile.
- Ensure the correct implementation and maintenance of necessary control tools.
- Address relevant issues of the Suitability Model.
- Analyse risk factors that require mitigation decisions.

## Definition of customer risk profiles

Defining the customer's risk profile is key to providing customers with the correct advisory and investment decision-making.

When customers open an account, the process includes a questionnaire which awards points and a final score, thereby making it possible to define their level of risk aversion. The questionnaire requires information about three main points:

- Investment objectives.
- Financial situation.
- Knowledge and experience.

### Model Risk

The models used for risk control and management must be used exclusively for the purpose for which it was constructed, by establishing mechanisms that allow users to count on the necessary knowledge in order to use the information being provided by the model in an adequate manner. Before its deployment, Risk Models shall obtain the necessary approvals according to the internal governance and/or regulation.

### Strategic Risk

Strategic risk is the risk that arises from formulation of strategic plan, business plan, and implementation of the plan that is inappropriate and inconsistent with internal factors and external environment that may affect earnings, capital fund or viability of the business. Therefore, the board of directors (the Board) and the management committee must carefully formulate the strategic plan and business plan, support corporate governance, and arrange to have internal infrastructure appropriated for implementation of the plans such as organizational structure, personnel, budget, management information system, monitoring and controlling system in order to accomplish the business goals and efficiently manage problems of the Bank.

In this sense and in compliance with corporate regulations, the Bank periodically submits its strategy to the Board for review and approval.

## Financial Risks

### Credit Risk

Credit Risk is the possibility that a counterparty may not fulfil its contractual obligations concerning a particular operation.

The Bank's credit risk is concentrated in the Lombard credit operations - lending products, credit guarantees, letters of credit - and in its own investment portfolio issuer risk.

In the Lombard credit operations, the risk exposure of the transaction granted is calculated according to potential risk factors with different eligibility and liquidity criteria. Additional haircuts may be taken into account to obtain the final lending value.

The Lombard credit monitoring and recovery processes include daily monitoring of the value of all the risks compared with the value of the collateral, and may require the replacement of the collateral when necessary. An escalation process of three control points has been implemented to keep track of the risk in relation to the available collateral.

In addition, a limits and investment policy for the Bank's own portfolio has been defined. This policy includes credit risk appetite, set as rating limits by issuer and an overall minimum rating for the portfolio.

### Liquidity Risk

Limits and alert structures have been implemented to ensure compliance with the Liquidity and Financing Risk Appetite levels. The limits are reviewed and approved annually based on three essential aspects:

- Self-funding. In order to ensure that self-funding levels are in keeping with the liquidity and financing risk tolerance levels, it is necessary to hold a minimum percentage of stable customer deposits with which finance the net loan book.
- Financing time terms. In order to ensure that the activity's financing risk is correctly diversified, the composition of structural financing must include a maximum limit on the amount of short-term financing.
- Capacity to buffer liquidity shocks. The aim of this limit is to ensure liquidity management that guarantees the entity's survival for over 30 days in the event of a shut-down of the wholesale markets and strong liquidity stress. To this end, limits are set on the 30-day "Basic Capacity" indicator.

**Alerts:** Alerts are preventive liquidity risk indicators. There are two kinds of alerts:

- Alerts set at a level below the corresponding limit, which will usually be 90% of the limit, unless another figure is specifically stated.
- Alerts reflecting other relevant positioning figures. In particular, alerts are set to ensure the diversification of short-term wholesale financing by term (precedence being awarded to a lower dependence on the shorter terms) and to guarantee sufficient slack in the Basic Capacity indicator for terms other than 30 days.

### Liquidity Contingency Plan

The Liquidity Contingency Plan is an essential tool in managing liquidity and financing risk in times of crisis when the Bank's usual management measures are insufficient to guarantee the liquidity profile established in the Risk Appetite statement. The plan contains explicit procedures to enable decision-making, the implementation of contingency measures and effective communication. It also specifies the functions and responsibilities in these situations, as well as the authority responsible for activating the plan.

The plan may be activated in response to any exceptional situation related to developments in the business or on the financial markets that could result in a material risk for the liquidity and financing position.

#### Interest Rate Risk

Structural interest rate risk is defined as the potential alteration that is caused in an entity's net interest income and/or equity value due to a fluctuation in interest rates. A financial entity's exposure to adverse movements in interest rates is a risk inherent to banking activity, but it is also an opportunity for creating economic value.

Interest rate risk must therefore be managed to ensure that it does not become excessive in relation to the entity's capital and that it maintains a reasonable relationship with expected financial income.

Fluctuations in market interest rates affect both financial entities' incomes and economic values. These two effects give rise to separate but complementary analyses of interest rate risk.

Accordingly, the effects are analysed from a dual perspective:

- **Their effect on income (net interest income):** Fluctuations in interest rates affect Banks' income and threaten their financial stability since they influence equity and market confidence.
- **Their effect on economic value:** The economic value of an instrument implies calculating the current value of its future cash flows, discounting them at market interest rates.

The Structural Interest Rate Risk control process includes an operating limit structure aimed at maintaining exposure within levels that are consistent with the risk profile and business strategy defined. This limit structure is stipulated both for economic value and net interest income and is usually set according to sensitivity. Sensitivity is measured on a standard variation of 100 basis points in market rates, selecting the upward or downward movement that causes the highest losses.

#### Market Risk

Market Risk is the possibility that losses will be incurred in portfolio value due to price changes in the financial markets.

This risk can be eliminated by hedging or undoing the operation.

There are four major risk factors affecting market prices: interest rates, FX rates, equity and commodities. Furthermore, for certain positions it is necessary to consider non-linear risk, spread risk, base risk, volatility and correlation risk.

At BBVA in Switzerland, methodologies, limits, controls and escalation processes have been implemented to provide adequate monitoring and therefore prevent any loss caused by this risk.

### 3.3. Compliance and Legal Risks

The Compliance and legal department ensure that business activities are in compliance with valid regulatory rules. These departments are responsible for monitoring the requirements and developments of the supervisory authorities, the legislator or other organizations.

They are also responsible for ensuring that internal directives and regulations are kept up-to-date with regulatory developments.

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

A risk analysis of the Lombard accounts is performed on a daily basis, relating the available collateral with the Overall Risk of the portfolio.

The methodology, based on alerts, has been established to ensure that there is an appropriate margin to react to possible market movements that could affect the overall value of the account. This, combined with the Bank's lending value methodology, ensures that the assumed risk is adequate and can be managed appropriately.

The Bank's own portfolio investment policy contains a set of limits which define credit risk acceptance based on a conservative approach, in order to mitigate the risk of default as far as possible.

## 5. Explanation of the valuation of collateral

The lending value calculation methodology ensures that for each asset that serves as collateral in the Lombard accounts there is a proper identification of the risk assumed.

Risks such as credit, liquidity and market risk are identified and measured according to the established parameters, so that an overall risk penalty can be incorporated for each position. It is important to mention that lending values are reviewed periodically in order to obtain an updated view of market movements.

## 6. Explanation of the Bank's business policy regarding the use of derivative financial instruments, including explanations relating to the use of hedge accounting

Derivative financial instruments could be used for trading, risk management purposes or hedging. For all positions traded on a price-efficient and liquid market, fair value is determined by the market value. In the absence of such a market, fair value is established using valuation models.

Gains and losses (realized or unrealized) on derivatives used for trading purposes are recognized in the income statement under "Result from trading activities and the fair value option".

The Bank uses FX swaps to hedge the FX and interest rate risks arising from certain assets or liabilities positions.

In addition, the Bank hedges the FX risk of cash flows arising from  high probable future recurrent commissions due to the asset management activity. The bank uses exchange rate derivatives, like FX forwards, allowing a fairly straightforward management of the described FX risks.

As part of this hedging strategy involving derivative financial instruments, the Bank documents its risk management strategy and objectives, designates the hedging instrument, hedged item and uses regular effectiveness tests to check the hedging relationship to be effective (economic link between the hedged item and the hedging transaction).

The results from the hedging transactions are recognized in the same income statement item as the corresponding results from the hedged item, and the fair value of the derivative is recognized in the correspondent account in the balance sheet:

- For hedges on FX and interest risk, the net result is reported in the item "Interest and discount income". Changes in the fair value of hedging instruments are recognized in the "Value adjustment to the replacement values of derivative financial instruments".
- For hedges on FX risk of future commission cashflows the result is reported in the item "Result of hedging of commission cash flows". Changes in the fair value of hedging instruments are recognized in the account "Value adjustment to the replacement values of derivative financial instruments".

## 7. Explanation of material events occurring after the balance sheet date

No event occurred after the balance sheet date that might have a significant influence on the financial statements.

# 8. Balance sheet information

**Table 1: Breakdown of securities financing transactions** (assets and liabilities) (In 000 CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Book value of the receivables and payables (always before any netting agreements) from cash collateral posted for securities borrowing and lending and (reverse) repos. | 107,637 | 185,612 |
| Book value of securities in own portfolio lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as transferred in connection with repo transactions. Collateral or securities where the resale or pledging was agreed upon without restrictions shall be disclosed separately. | 162,984 | 185,174 |
| Fair value of securities serving as collateral posted for securities lending or securities borrowing transactions or securities received in connection with repo transactions with an unrestricted right to resell or repledge them. Securities resold or repledged shall be disclosed separately. | 53,683 | - |

## Table 2: Presentation of the collateral posted for loans and off-balance-sheet transactions, as well as impaired loans/ receivables (In 000 CHF)

| | TYPE OF COLLATERAL | | | |
|---|---|---|---|---|
| | Secured by mortgage | Other collateral | No collateral | Total |
| Loans (before offsetting any value adjustments) | | | | |
| Amounts due from customers | - | 421,719 | 25,440 | 447,159 |
| Amounts due secured by mortgage: | - | - | - | - |
| Residential property | - | - | - | - |
| Office and business premises | - | - | - | - |
| Commercial and industrial real estate | - | - | - | - |
| Other | - | - | - | - |
| **TOTAL LOANS (BEFORE OFFSETTING ANY VALUE ADJUSTMENTS)** | | | | |
| 2021 | - | 421,719 | 25,440 | 447,159 |
| 2020 | - | 433,294 | 8,156 | 441,450 |
| **TOTAL LOANS (AFTER NETTING WITH VALUE ADJUSTMENTS)** | | | | |
| 2021 | - | 421,719 | 25,440 | 447,159 |
| 2020 | - | 433,294 | 8,156 | 441,450 |

| | Secured by mortgage | Other collateral | No collateral | Total |
|---|---|---|---|---|
| Off-balance-sheet | | | | |
| Contingent liabilities | - | 40,851 | - | 40,851 |
| Irrevocable commitments | - | - | 2,158 | 2,158 |
| Obligations to pay up shares and make further contributions | - | - | - | - |
| Credit commitments | - | - | - | - |
| **TOTAL OFF-BALANCE-SHEET** | | | | |
| 2021 | - | 40,851 | 2,158 | 43,009 |
| 2020 | - | 43,687 | 1,920 | 45,607 |

| Impaired loans / receivables | Gross debt | Estimated liquidation value of collateral | Net debt | Individual valuation allowance |
|---|---|---|---|---|
| 2021 | - | - | - | - |
| 2020 | - | - | - | - |

No impaired loans / receivables as at 31.12.2020 and 31.12.2021

## Table 3: Presentation of derivative financial instruments (assets and liabilities) (In 000 CHF)

| | TRADING INSTRUMENTS | | | HEDGING INSTRUMENTS | | |
|---|---|---|---|---|---|---|
| | Replacement values | | Contract volume | Replacement values | | Contract volume |
| | Positive | Negative | | Positive | Negative | |
| Interest-rate instruments | | | | | | |
| Futures contracts (including FRAs) | - | - | - | - | - | - |
| Swaps | - | - | - | - | - | - |
| Futures | - | - | - | - | - | - |
| Options (OTC) | - | - | - | - | - | - |
| Options (exchange-traded) | - | - | - | - | - | - |
| **TOTAL** | **-** | **-** | **-** | **-** | **-** | **-** |
| Foreign currencies / precious metals | | | | | | |
| Futures contracts (including FRAs) | 260 | 702 | 49,222 | 1,451 | 1,447 | 46,729 |
| Combined interest rate / currency swaps | - | - | - | - | - | - |
| Futures | - | - | - | - | - | - |
| Options (OTC) | - | - | - | - | - | - |
| Options (exchange-traded) | - | - | - | - | - | - |
| **TOTAL** | **260** | **702** | **49,222** | **1,451** | **1,447** | **46,729** |
| Equity securities / indices | | | | | | |
| Futures contracts | - | - | - | - | - | - |
| Swaps | - | - | - | - | - | - |
| Futures | - | - | - | - | - | - |
| Options (OTC) | - | - | - | - | - | - |
| Options (exchange-traded) | - | - | 509 | - | - | - |
| **TOTAL** | **-** | **-** | **509** | **-** | **-** | **-** |
| Credit derivatives | | | | | | |
| Credit Default Swaps | - | - | - | - | - | - |
| Total Return Swaps | - | - | - | - | - | - |
| First-to-Default Swaps | - | - | - | - | - | - |
| Other credit derivatives | - | - | - | - | - | - |
| **TOTAL** | **-** | **-** | **-** | **-** | **-** | **-** |
| Other instruments | | | | | | |
| Futures contracts | - | - | - | - | - | - |
| Swaps | - | - | - | - | - | - |
| Futures | - | - | - | - | - | - |
| Options (OTC) | - | - | - | - | - | - |
| Options (exchange-traded) | - | - | - | - | - | - |
| **TOTAL** | **-** | **-** | **-** | **-** | **-** | **-** |

## Table 3: Presentation of derivative financial instruments (assets and liabilities) (In 000 CHF)

| | | | | | | |
|---|---|---|---|---|---|---|
| Total before netting agreements: | | | | | | |
| 31.12.2021 | 260 | 702 | 49,731 | 1,451 | 1,447 | 46,729 |
| of which, determined using a valuation model | - | - | - | - | - | - |
| 31.12.2020 | 440 | 1,115 | 646,208 | 105 | 1,271 | 17,217 |
| of which, determined using a valuation model | - | - | - | - | - | - |

Total after netting agreements:

| | Positive replacement values (cumulative) | Negative replacement values (cumulative) |
|---|---|---|
| 31.12.2021 | 1,711 | 2,149 |
| 31.12.2020 | 545 | 2,386 |

Breakdown by counterparty:

| | Central clearing houses | Banks and securities dealers | Other customers |
|---|---|---|---|
| Positive replacement values (after netting agreements) | - | 1,567 | 144 |

## Table 4: Breakdown of financial investments (In 000 CHF)

| | Book value | | Fair value | |
|---|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 |
| Debt securities | 404,203 | 319,885 | 403,629 | 323,625 |
| of which, intended to be held until maturity | 382,149 | 298,489 | 380,579 | 300,759 |
| of which, destined to be sold | 22,054 | 21,396 | 23,050 | 22,866 |
| Equity securities | - | - | - | - |
| of which, qualified interests | - | - | - | - |
| Precious metals | - | - | - | - |
| Real estate | - | - | - | - |
| Crypto-currencies | - | - | - | - |
| **Total** | **404,203** | **319,885** | **403,629** | **323,625** |
| of which, repo-eligible securities in accordance with liquidity requirements | 342,884 | 251,218 | 342,596 | 254,262 |

**Breakdown of counterparties by rating**

| | AAA to AA- | A+ to A- | BBB+ to BBB- | BB+ to B- | Below B- | Unrated |
|---|---|---|---|---|---|---|
| Debt securities: book values | 352,979 | 44,572 | 6,652 | - | - | - |

The value adjustments for default risks of the financial investments, total amount of CHF 42'000 per end of year 2021, has been deducted from the book value and market value.

## Table 5a: Presentation of tangible fixed assets (In 000 CHF)

| | Acquisition cost | Accumulated depreciation and amortisation | Book value at end of previous year | Reclassifi-cations | Additions | Disposals | Depreciations | Reversals | Book value as at end of current year |
|---|---|---|---|---|---|---|---|---|---|
| Bank buildings | 4,642 | -3,377 | 1,265 | - | 9 | - | -256 | - | 1,018 |
| Other property | - | - | - | - | - | - | - | - | - |
| Proprietary or separately acquired software | 7,822 | -4,121 | 3,701 | - | 746 | - | -1,336 | - | 3,111 |
| Other tangible fixed assets | 21 | -8 | 13 | - | 13 | - | -8 | - | 18 |
| Assets acquired under finance leases: | | | | | | | | | |
| of which, bank buildings | - | - | - | - | - | - | - | - | - |
| of which, other property | - | - | - | - | - | - | - | - | - |
| of which, other tangible fixed assets | - | - | - | - | - | - | - | - | - |
| **Total tangible fixed assets** | **12,485** | **-7,506** | **4,979** | **-** | **768** | **-** | **-1,600** | **-** | **4,147** |

After completion of depreciations, the positions have been offset in the amount of CHF 1'023: Software 1'018 / Other tangible fixed assets 5

### Disclosure of the depreciation method applied and the range used for the expected useful life:

-

## Table 5b: Amount of non-recognised lease commitments break down by due date (In 000 CHF)

| | Total | of which due within 1 year | of which due >1 – <=2 years | of which due >2 – <=3 years | of which due >3 – <=4 years | of which due >4 – <=5 years | of which due after 5 years |
|---|---|---|---|---|---|---|---|
| Amount of non-recognised lease commitments | 7,264 | 1,816 | 1,816 | 1,816 | 1,816 | - | - |

## Table 6: Breakdown of other assets and other liabilities (In 000 CHF)

| | Other assets | | Other liabilities | |
|---|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 |
| Compensation account | 4,187 | 431 | 4,478 | - |
| Amount recognised as assets in respect of employer contribution reserves | - | - | | |
| Amount recognised as assets relating to other assets from pension schemes | - | - | | |
| Coupons | - | - | | |
| Foreign currencies if they are not included in item 1.1 | - | - | | |
| Pure clearing accounts | 1,245 | 1,091 | | |
| Balances arising from internal bank business operations | - | - | | |
| Commodities | - | - | | |
| Indirect taxes | 164 | 257 | | |
| Badwill | | | - | - |
| Funds set up by the bank and possessing no separate legal personality, e.g. pension and charitable funds | | | - | - |
| Pure clearing accounts | | | 2,103 | 1,844 |
| Balances arising from internal bank business operations | | | - | - |
| Matured, but unredeemed coupons and debt instruments | | | - | - |
| Indirect taxes | | | 901 | 801 |
| Leasing instalments recognised as a liability on the balance sheet and payable for assets leased from non-banks | | | - | - |
| Mortgages in favour of third parties secured by real estate owned by the bank, provided a non-bank is the mortgage holder | | | - | - |
| Other payables from goods and services | | | - | - |
| **TOTAL** | **5,596** | **1,779** | **7,482** | **2,645** |

## Table 7: Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership* (In 000 CHF)

| Pledged / assigned assets | Book values | Effective commitments |
|---|---|---|
| Cash deposits - margin accounts | 3,618 | 641 |
| Interest bearing securities rights | 25,929 | 319 |
| | | |
| Assets under reservation of ownership | - | - |

*Excluding securities financing transactions (cf. corresponding separate breakdown of securities financing transactions).

## Table 8: Disclosures on the economic situation of the institution's own employee benefit funds (In 000 CHF)

### a) Employer contribution reserves (ECR)

| ECR | Nominal value at 31.12.2021 | Waiver of use at 31.12.2021 | Net amount at 31.12.2021 | Net amount at 31.12.2020 | Influence of ECR on personnel expenses | |
|---|---|---|---|---|---|---|
| | | | | | 31.12.2021 | 31.12.2020 |
| Employer sponsored funds/ pension schemes | - | - | - | - | - | - |
| Pension schemes | - | - | - | - | - | - |

### b) Presentation of the economic benefit / obligation and the pension expenses

| | Excess funding/ underfunding at 31.12.2021 | Economic interest of the institution/ financial group | | Change in the economic interest compared to the previous year (economic benefit/ obligation) | Contributions paid for the reporting period | Pension plan expenses in personnel expenses | |
|---|---|---|---|---|---|---|---|
| | | 31.12.2021 | 31.12.2020 | | | 31.12.2021 | 31.12.2020 |
| Employer sponsored funds/ pension schemes | - | - | - | - | - | - | - |
| Pension plans without overfunding/underfunding | - | - | - | - | 1,309 | 1,309 | 1,263 |
| Pension plans with overfunding | - | - | - | - | - | - | - |
| Pension plans with underfunding | - | - | - | - | - | - | - |
| Pension schemes without own assets | - | - | - | - | - | - | - |

### Table 9: Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the reporting year (In 000 CHF)

| | Previous year end | Conformity of use with designated purpose | Reclassifi-cations | Foreign currency differences | Past-due interest/ recoveries | New creations debited to the income statement | Releases credited to the income statement | Balance at the reporting year | Delta |
|---|---|---|---|---|---|---|---|---|---|
| Provisions for deferred taxes | - | - | | - | | - | - | - | - |
| Provisions for pension benefit obligations | - | - | | - | | - | - | - | - |
| Provisions for default risks | - | - | - | - | - | - | - | - | - |
| of which, provisions for expected losses | - | - | - | - | - | - | - | - | - |
| of which, provisions for inherent default risks | - | - | - | - | - | - | - | - | - |
| of which, provisions for latent default risks | - | - | - | - | - | - | - | - | - |
| Provisions for other business risks | 546 | - | - | - | - | - | -546 | - | -546 |
| Provisions for restructuring | - | - | | - | - | - | - | - | - |
| Other provisions | - | - | - | - | - | - | - | - | - |
| **TOTAL PROVISIONS** | **546** | **-** | **-** | **-** | **-** | **-** | **-546** | **-** | **-546** |
| Reserves for general banking risks | 2,620 | | - | - | | - | - | 2,620 | - |
| Value adjustments for default and country risks | 43 | - | - | - | - | 27 | -19 | 51 | 8 |
| of which, value adjustments for default risks arising from impaired loans/receivables | - | - | - | - | - | - | - | - | - |
| of which, value adjustments for expected losses | - | - | - | - | - | - | - | - | - |
| of which, value adjustments for inherent default risk | - | - | - | - | - | - | - | - | - |
| of which, value adjustments for latent risks | 43 | - | - | - | - | 27 | -19 | 51 | 8 |

### Table 10: Presentation of the corporate capital (In 000 CHF)

| | 31.12.2021 | | | 31.12.2020 | | |
|---|---|---|---|---|---|---|
| **Bank's capital** | **Total nominal value** | **No. of shares** | **Capital eligible for dividend** | **Total nominal value** | **No. of shares** | **Capital eligible for dividend** |
| Share capital / cooperative capital | 72,500,000 | 72,500 | 72,500,000 | 72,500,000 | 72,500 | 72,500,000 |
| of which, paid up | 72,500,000 | - | - | 72,500,000 | - | - |
| Participation capital | - | - | - | - | - | - |
| of which, paid up | - | - | - | - | - | - |
| **Total bank's capital** | **72,500,000** | **72,500** | **72,500,000** | **72,500,000** | **72,500** | **72,500,000** |
| Authorised capital | - | - | - | - | - | - |
| of which, capital increases completed | - | - | - | - | - | - |
| Conditional capital | - | - | - | - | - | - |
| of which, capital increases completed | - | - | - | - | - | - |
| For cantonal banks: endowment capital | - | - | - | - | - | - |

## Table 11a: Disclosure of amounts due from / to related parties on balance sheet (In 000 CHF)

| | Amounts due from | | Amounts due to | |
|---|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 |
| Holders of qualified participations | 47,948 | 75,308 | 5,773 | 2,298 |
| Group companies | - | - | - | - |
| Linked companies | 2,965 | 2,482 | - | - |
| Transactions with members of governing bodies | 573 | 165 | 5,582 | 4,664 |
| Other related parties | - | - | 106 | 789 |

## Table 11b: Disclosure of contingent liabilities and contingent assets from / to related parties (In 000 CHF)

| | Amounts due from | | Amounts due to | |
|---|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 |
| Holders of qualified participations | 1,629 | 2,516 | - | - |
| Group companies | - | - | - | - |
| Linked companies | - | - | - | - |
| Transactions with members of governing bodies | - | - | 449 | - |
| Other related parties | - | - | - | - |

| | | |
|---|---|---|
| Explanations regarding off-balance-sheet transactions: | Forward contracts | 68,013 |
| Explanations regarding conditions: | Balance-sheet and off-balance-sheet transactions were conducted at terms in line with the market | |

## Table 12: Disclosure of significant holders (In 000 CHF)

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| Shareholders and groups of equity holders with pooled voting rights | Nominal value | % of equity | Nominal value | % of equity |
| with voting rights | 72,500,000 | 100.00% | 72,500,000 | 100.00% |
| of which, more than 5% of the voting rights: | 72,500,000 | 100.00% | 72,500,000 | 100.00% |
| Banco Bilbao Vizcaya Argentaria S,A, | 72,500,000 | 100.00% | 72,500,000 | 100.00% |
| without voting rights | - | 0% | - | 0% |

## Table 13: Disclosure of treasury shares and composition of equity capital (In 000 CHF)

### Own equity securities held (A4 - 164/165)

| | Number | Booking value | Average transaction price |
|---|---|---|---|
| Balance at beginning of the reporting period | - | - | |
| Purchases | - | - | - |
| Sales | - | - | - |
| - of which in connection with share based compensation plans | - | - | - |
| Balance at end of the reporting period | - | - | |

### Participation certificates (A4 - 164/165)

| | Number | Booking value | Average transaction price |
|---|---|---|---|
| Balance at beginning of the reporting period | - | - | |
| Purchases | - | - | - |
| Sales | - | - | - |
| - of which in connection with share based compensation plans | - | - | - |
| Balance at end of the reporting period | - | - | |

### Contingent liabilities associated with sold or purchased treasury shares (A4 - 166)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Contingent liabilities | - | - |

### Institution's equity instruments that are held by subsidiaries, joint ventures, affiliated companies and foundations related to the institution (A4 - 167)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Share equity | - | - |
| Participation certificate | - | - |

### Treasury shares reserved for specific purposes and of equity instruments of the institution held by persons related to the institution (A4 - 168)

a Shares

| Reason for reservation | Number of shares at the beginning of 2021 | Change | Number of shares at the end of 2021 |
|---|---|---|---|
| | - | - | - |
| Total shares reserved | - | | - |

b Participation certificates

| Reason for reservation | Numbe of shares at the beginning of 2021 | Change | Number of shares at the end of 2021 |
|---|---|---|---|
| | - | - | - |
| **TOTAL PARTICIPATION CERTIFICATES** | **-** | | **-** |

## Table 13: Disclosure of treasury shares and composition of equity capital (In 000 CHF)

### Details to the individual categories of the institution's capital (A4 - 169)

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| | Number of shares | Nominal value | Number of shares | Nominal value |
| Share capital / Dotation capital | 72,500 | 72,500,000 | 72,500 | 72,500,000 |
| - of which paid in | | 72,500,000 | | 72,500,000 |
| - of which connected to specific risks and restrictions | | | | |
| Issuance of participation capital | | | | |
| - of which paid in | | | | |
| - of which connected to specific risks and restrictions | | | | |
| Total | | 72,500,000 | | 72,500,000 |

### Reserves not distributable (A4 - 169/ Part 2)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Amount not distributable from statutory capital reserve | - | - |
| Amount not distributable from statutory retained earnings reserve | 36,250,000 | 36,250,000 |
| Amount not distributable from voluntary retained earnings reserve | - | - |
| **TOTAL RESERVES NOT DISTRIBUTABLE** | **36.250.000** | **36.250.000** |

### Disclosure of transactions with shareholders (in their capacity as participants in transactions) (A4 - 170)

### Description and amount of transactions with shareholders that were not settled in cash or that were offset against other transactions (A4 - 171)

| Description | Value of transaction current period |
|---|---|
| | - |

### Justifications and valuation basis of transactions with shareholders which were not recognised at fair value (A4 - 172)

| Description | Value of transaction current period |
|---|---|
| | - |

### Description of transactions with shareholders that were not conducted at arm's length, including the difference between the fair value and the contractually agreed price of the transaction that was recognised in the capital reserves. This requirement shall only apply to the true and fair view supplementary single-entity financial statements and the consolidated financial statements (A4 - 173)

| Description | Contractually agreed price | Fair value amount | Difference in capital reserves |
|---|---|---|---|
| | - | - | - |

## Table 14: Presentation of the maturity structure of financial instruments (In 000 CHF)

| | | | Due | | | | | |
|---|---|---|---|---|---|---|---|---|
| | At sight | Callable | within 3 months | within 3 to 12 months | within 12 months to 5 years | after 5 years | No maturity | Total |
| Assets / financial instruments | | | | | | | | |
| Liquid assets | 22,970 | | | | | | | 22,970 |
| Amounts due from banks | 72,808 | - | - | - | - | - | | 72,808 |
| Receivables from securities financing transactions | - | - | 159,416 | - | - | - | | 159,416 |
| Amounts due from customers | 314,910 | - | 12,573 | 19,561 | 87,361 | 12,754 | | 447,159 |
| Mortgage receivables | - | - | - | - | - | - | - | - |
| Trading transactions | - | | | | | | | - |
| Positive replacement values of derivative financial instruments | 1,711 | | | | | | | 1,711 |
| Other financial instruments valued at fair value | - | | | | | | | - |
| Financial investments | - | - | 13,668 | 102,725 | 287,810 | - | - | 404,203 |
| **TOTAL 2021** | **412,399** | **-** | **185,657** | **122,286** | **375,171** | **12,754** | **-** | **1,108,267** |
| **TOTAL 2020** | **141,966** | **294,263** | **260,568** | **95,253** | **324,148** | **8,839** | **-** | **1,125,037** |
| Liabilities / financial instruments | | | | | | | | |
| Amounts due to banks | 580 | - | - | - | - | - | | 580 |
| Payables from securities financing transactions | - | - | 20,715 | 31,073 | - | - | | 51,788 |
| Amounts due in respect of customer deposits | 915,106 | - | - | - | - | - | | 915,106 |
| Payables from trading transactions | - | | | | | | | - |
| Negative replacement values of derivative financial instruments | 2,149 | | | | | | | 2,149 |
| Payables from other financial instruments valued at fair value | - | | | | | | | - |
| Medium-term notes | | | - | - | - | - | | - |
| Bonds and Central mortgage institution loans | | | - | - | - | - | | - |
| **TOTAL 2021** | **917,835** | **-** | **20,715** | **31,073** | **-** | **-** | **-** | **969,623** |
| **TOTAL 2020** | **985,255** | **-** | **-** | **-** | **-** | **-** | **-** | **985,255** |

**Table 15: Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle** (In 000 CHF)

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| | **Domestic** | **Foreign** | **Domestic** | **Foreign** |
| Assets | | | | |
| Liquid assets | 22,970 | - | 33,008 | - |
| Amounts due from banks | 239 | 72,569 | 22,408 | 122,136 |
| Amounts due from securities financing transactions | 159,416 | - | 185,606 | - |
| Amounts due from customers | 15,497 | 431,662 | 11,397 | 430,053 |
| Mortgage loans | - | - | - | - |
| Trading portfolio assets | - | - | - | - |
| Positive replacement values of derivative financial instruments | 4 | 1,707 | 23 | 522 |
| Other financial instruments at fair value | - | - | - | - |
| Financial investments | 20,217 | 383,986 | 20,285 | 299,600 |
| Accrued income and prepaid expenses | 5,037 | 2,523 | 4,600 | 2,520 |
| Equity securities | - | - | - | - |
| Tangible fixed assets | 4,147 | - | 4,979 | - |
| Intangible assets | - | - | - | - |
| Other assets | 4,149 | 1,447 | 1,779 | - |
| Capital not paid in | - | - | - | - |
| **TOTAL ASSETS** | **231,676** | **893,894** | **284,085** | **854,831** |
| Liabilities | | | | |
| Amounts due to banks | - | 580 | - | 129 |
| Liabilities from securities financing transactions | 51,788 | - | - | - |
| Amounts due in respect of customer deposits | 30,536 | 884,570 | 28,381 | 954,359 |
| Trading portfolio liabilities | - | - | - | - |
| Negative replacement values of derivative financial instruments | 20 | 2,129 | 1 | 2,386 |
| Liabilities from other financial instruments at fair value | - | - | - | - |
| Medium-term bonds | - | - | - | - |
| Bond issues and central mortgage institution loans | - | - | - | - |
| Accrued expenses and deferred income | 8,543 | - | 8,779 | - |
| Other liabilities | 3,252 | 4,230 | 2,645 | - |
| Provisions | - | - | 546 | - |
| Reserves for general banking risks | 2,620 | - | 2,620 | - |
| Institution's capital | 72,500 | - | 72,500 | - |
| Statutory capital reserve | - | - | - | - |
| Statutory retained earnings reserve | 37,200 | - | 37,200 | - |
| Voluntary retained earnings reserves | 20,566 | - | 19,459 | - |
| Treasury shares (negative item) | - | - | - | - |
| Profit carried forward / loss carried forward | - | - | - | - |
| Profit / loss (result of the period) | 7,036 | - | 9,911 | - |
| **TOTAL LIABILITIES** | **234,061** | **891,509** | **182,042** | **956,874** |

## Table 16: Breakdown of total assets by country or group of countries (domicile principle) (In 000 CHF)

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| | Absolute | Share as % | Absolute | Share as % |
| Europe | | | | |
| Switzerland | 231,676 | 20.58% | 285,013 | 25.02% |
| Spain | 105,075 | 9.34% | 124,499 | 10.93% |
| France | 73,459 | 6.53% | 61,038 | 5.36% |
| Sweden | 51,195 | 4.55% | 76,966 | 6.76% |
| Luxembourg | 50,464 | 4.48% | 46,211 | 4.06% |
| Turkey | 49,232 | 4.37% | 37,432 | 3.29% |
| Finland | 48,428 | 4.30% | 24,362 | 2.14% |
| Netherlands | 36,364 | 3.23% | 22,150 | 1.94% |
| United Kingdom | 32,911 | 2.92% | 9,778 | 0.86% |
| Belgium | 17,545 | 1.56% | 8,004 | 0.70% |
| Germany | 15,273 | 1.36% | 70 | 0.01% |
| Other European | 13,272 | 1.18% | 5,861 | 0.51% |
| **TOTAL EUROPE** | **724,894** | **64.40%** | **701,384** | **61.58%** |
| North America | | | | |
| United States | 41,139 | 3.65% | 31,442 | 2.76% |
| Mexico | 80,659 | 7.17% | 127,571 | 11.20% |
| Canada | 493 | 0.04% | 231 | 0.02% |
| **TOTAL NORTH AMERICA** | **122,291** | **10.86%** | **159,244** | **13.98%** |
| South and Central America (incl. Caribbean zone) | | | | |
| South America | 100,592 | 8.94% | 94,495 | 8.30% |
| Central America | - | 0.00% | - | 0.00% |
| Caribbean Zone | 118,725 | 10.55% | 113,420 | 9.96% |
| **TOTAL SOUTH AND CENTRAL AMERICA (INCL. CARIBBEAN ZONE)** | **219,317** | **19.49%** | **207,915** | **18.26%** |
| **TOTAL OTHER COUNTRIES** | **59,067** | **5.25%** | **70,373** | **6.18%** |
| **TOTAL ASSET** | **1,125,569** | **100.00%** | **1,138,916** | **100.00%** |

## Table 17: Breakdown of total assets by credit rating of country groups (risk domicile view) (In 000 CHF)

| | Foreign exposures / 31.12.2021 | | Foreign exposures / 31.12.2020 | |
|---|---|---|---|---|
| Bank's own country rating | in CHF | Share as % | in CHF | Share as % |
| 1 | 859,266 | 94.18% | 765,007 | 92.18% |
| 2 | - | 0.00% | - | 0.00% |
| 3 | 22 | 0.00% | 1,766 | 0.21% |
| 4 | 37,568 | 4.12% | 43,367 | 5.22% |
| 5 | 1,920 | 0.21% | 4,725 | 0.57% |
| 6 | 3,287 | 0.36% | 9,712 | 1.17% |
| 7 | 10,326 | 1.13% | 2,691 | 0.32% |
| Unrated | 1 | 0.00% | 2,746 | 0.33% |
| **TOTAL** | **912,390** | **100.00%** | **830,014** | **100.00%** |

Explanations of the ratings system used:

The rating system used corresponds to the ratings provided by the SERV (Schweizerische Exportversicherung) on the basis of the OECD's-Rating/OECD country risk category (CCa), which comprises categories Cca 0 to Cca 7 and the category "High Income":

- CCa 0 to Cca 7 categories, where as Cca 0 corresponds to the lowest and Cca 7 to the highest risk level.

- "High income" category, considering high-income OECD countries and high-income euro zone countries.

The ratings are updated on a regular basis through our software/provider for regulatory reporting.

**Table 18: Presentation of assets and liabilities broken down by the most significant currencies for the bank** (In 000 CHF)

| | CHF | EUR | USD | Others | Total |
|---|---|---|---|---|---|
| Assets | | | | | |
| Liquid assets | 22,671 | 209 | 73 | 17 | 22,970 |
| Amounts due from banks | 317 | 33,087 | 23,247 | 16,157 | 72,808 |
| Amounts due from securities financing transactions | - | - | 159,416 | - | 159,416 |
| Amounts due from customers | 55,620 | 187,780 | 184,198 | 19,561 | 447,159 |
| Mortgage loans | - | - | - | - | - |
| Trading portfolio assets | - | - | - | - | - |
| Positive replacement values of derivative financial instruments | 1,711 | - | - | - | 1,711 |
| Other financial instruments at fair value | - | - | - | - | - |
| Financial investments | 40,249 | 40,128 | 323,826 | - | 404,203 |
| Accrued income and prepaid expenses | 4,860 | 797 | 1,699 | 204 | 7,560 |
| Equity securities | - | - | - | - | - |
| Tangible fixed assets | 4,147 | - | - | - | 4,147 |
| Intangible assets | - | - | - | - | - |
| Other assets | 5,592 | - | 4 | - | 5,596 |
| Capital not paid in | - | - | - | - | - |
| **TOTAL ASSETS SHOWN IN BALANCE SHEET** | **135,167** | **262,001** | **692,463** | **35,939** | **1,125,570** |
| **Delivery claims from spot exchange, forex forwards and forex options transactions (options shall be considered delta-weighted)** | **49,675** | **8,794** | **25,545** | **11,937** | **95,951** |
| **TOTAL ASSETS** | **184,842** | **270,795** | **718,008** | **47,876** | **1,221,521** |
| Liabilities | | | | | |
| Amounts due to banks | - | - | 580 | - | 580 |
| Liabilities from securities financing transactions | - | 51,788 | - | - | 51,788 |
| Amounts due in respect of customer deposits | 12,945 | 186,770 | 696,011 | 19,380 | 915,106 |
| Trading portfolio liabilities | - | - | - | - | - |
| Negative replacement values of derivative financial instruments | 2,149 | - | - | - | 2,149 |
| Liabilities from other financial instruments at fair value | - | - | - | - | - |
| Medium-term bonds | - | - | - | - | - |
| Bond issues and central mortgage institution loans | - | - | - | - | - |
| Accrued expenses and deferred income | 8,543 | - | - | - | 8,543 |
| Other liabilities | 7,093 | 73 | 316 | - | 7,482 |
| Provisions | - | - | - | - | - |
| Reserves for general banking risks | 2,620 | - | - | - | 2,620 |
| Institution's capital | 72,500 | - | - | - | 72,500 |
| Statutory capital reserve | - | - | - | - | - |
| Statutory retained earnings reserve | 37,200 | - | - | - | 37,200 |
| Voluntary retained earnings reserve | 20,566 | - | - | - | 20,566 |
| Treasury shares (negative item) | - | - | - | - | - |
| Profit carried forward / loss carried forward | - | - | - | - | - |
| Profit / loss (result of the period) | 7,036 | - | - | - | 7,036 |
| **TOTAL LIABILITIES SHOWN IN THE BALANCE SHEET** | **170,652** | **238,631** | **696,907** | **19,380** | **1,125,570** |
| **Delivery obligations from spot exchange, forex forwards and forex options transactions (options shall be delta-weighted)** | **11,598** | **33,328** | **24,334** | **28,210** | **97,470** |
| **TOTAL LIABILITIES** | **182,250** | **271,959** | **721,241** | **47,590** | **1,223,040** |
| **NET POSITION PER CURRENCY** | **2,592** | **-1,164** | **-3,233** | **286** | **-1,519** |

# 9. Information on off-balance sheet transactions

### Table 19: Breakdown and explanation of contingent assets and liabilities (In 000 CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Guarantees to secure loans and similar | 40,851 | 42,766 |
| Performance-related guarantees and similar | - | - |
| Irrevocable commitments arising from documentary letters of credit | - | - |
| Other contingent liabilities | - | 921 |
| **TOTAL CONTINGENT LIABILITIES** | **40,851** | **43,687** |
| Contingent assets from tax losses carried forward | - | - |
| Other contingent assets | 14,641 | 14,858 |
| **TOTAL CONTINGENT ASSETS** | **14,641** | **14,858** |

### Table 20: Breakdown of fiduciary transactions (In 000 CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Fiduciary investments with third-party companies | 69,203 | 170,572 |
| Fiduciary investments with group companies and affiliated companies | 85,297 | 94,683 |
| Fiduciary loans | - | - |
| Fiduciary transactions arising from securities lending and borrowing, which the institution conducts in its own name for the account of customers | - | - |
| Fiduciary crypto currencies held for customer's accounts in the crypto currencies which are recoverable in the event of the intitution's bankruptcy | - | - |
| Other fiduciary transactions | - | - |
| **TOTAL FIDUCIARY TRANSACTIONS** | **154,500** | **265,255** |

### Table 21: Managed assets (In 000 CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| a) Breakdown of managed assets | | |
| Type of managed assets: | | |
| Assets in collective investment schemes managed by the bank | 765,009 | 644,104 |
| Assets under discretionary asset management agreements | 775,215 | 651,568 |
| Other managed assets | 3,672,501 | 3,923,054 |
| **TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING)** | **5,212,725** | **5,218,726** |
| of which, double counting | 361,578 | 369,815 |
| b) Presentation of the development of managed assets | | |
| **TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING) AT BEGINNING** | **5,218,726** | **5,399,882** |
| +/- net new money inflow or net new money outflow | -271,464 | 205,420 |
| +/- price gains / losses, interest, dividends and currency gains / losses | 265,463 | -386,576 |
| +/- other effects* | 0 | 0 |
| **TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING) AT END** | **5,212,725** | **5,218,726** |

*Net new money consists of acquisition of new customers lost as well as the effect of the inflow and outflow of money from existing customers.
Changes in the valuation of assets, interest and dividend payments as well as commissions paid do not form part of net new money.

# 10. Information on the income statement

## Table 22: Breakdown of the result from trading activities and the fair value option (In 000 CHF)

| | In CHF |
|---|---|
| a) Breakdown by business area (according to the institution's organisation) | |
| Administrated/advisory portfolio management services | 1,399 |
| Discretionary portofolio management services | 201 |
| Assets and Liabilities Management/trading | -556 |
| **TOTAL** | **1,044** |
| b) Breakdown by underlying risk and based on the use of the fair value option | |
| Interest rate instruments (including funds) | -3 |
| Equity securities (including funds) | -3 |
| Foreign currencies | 1,050 |
| Commodities / precious metals | - |
| **TOTAL RESULT FROM TRADING ACTIVITIES** | **1,044** |
| of which, from fair value option | - |
| of which, from fair value option on assets | - |
| of which, from fair value option on liabilities | - |

## Table 23: Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest (In 000 CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Disclosure of material refinancing income in the item 'Interest and discount income' | - | - |
| Negative interest | 262 | 709 |

## Table 24: Structure of personnel expenses (In 000 CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Salaries (meeting attendance fees and retainers to institutional authorities, salaries and benefits) | 20,079 | 18,371 |
| of which, expenses related to share-based remunerations and other variable salary components | 231 | 323 |
| Social security benefits | 3,114 | 2,947 |
| Value adjustments for economic benefits or obligations arising from pension funds | - | - |
| Other personnel expenses | 1,155 | 1,133 |
| **Total personnel expenses** | **24,348** | **22,451** |

**Table 25: Breakdown of general and administrative expenses** (In 000 CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Office space expenses | 1,953 | 1,950 |
| Expenses for information technology and telecommunications | 5,461 | 4,919 |
| Expenses for motor vehicles, machinery, furniture and other equipment, as well as operating lease expenses | 17 | 17 |
| Audit fee(s) (Article 961a(2) CO) | 333 | 321 |
| of which, for financial and regulatory audits | 333 | 321 |
| of which, for other services | - | - |
| Other operating expenses | 2,975 | 2,710 |
| of which, for any cantonal guarantee | - | - |
| **Total of general and administrative expenses** | **10,739** | **9,917** |

**Table 26: Explanations regarding material losses, extraordinary income and expenses, as well as material release of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required** (In 000 CHF)

| |
|---|
| Losses: Operating losses amounting to 247 TCHF, due to claims from operational nature (clients and counterparties). |
| Extraordinary income: No extraordinary income has been recognized. |
| Extraordinary expenses: The total amount of 12 TCHF corresponds to penalties due to late settlement of repurchase operations. |

**Table 27: Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment** (In 000 CHF)

| | Switzerland | Foreign |
|---|---|---|
| Result from interest operations | | |
| Interest and discount income | 4,844 | - |
| Interest and dividend income from trading portfolios | - | - |
| Interest and dividend income from financial investments | 2,765 | - |
| Interest expense | 385 | - |
| **Gross result from interest operations** | **7,994** | **-** |
| Changes in value adjustments for default risks and losses from interest operations | -8 | - |
| **Subtotal net result from interest operations** | **7,986** | **-** |
| Result from commission business and services | | - |
| Commission income from securities trading and investment activities | 37,113 | - |
| Commission income from lending activities | 640 | - |
| Commission income from other services | 1,082 | - |
| Commission expense | -2,459 | - |
| **Subtotal result from commission business and services** | **36,376** | **-** |
| **Result from trading activities and the fair value option** | **1,044** | **-** |
| **Other result from ordinary activities** | **-1** | **-** |
| **TOTAL OF OPERATING REVENUES** | **45,405** | **-** |
| Operating expenses | | - |
| Personnel expenses | -24,348 | - |
| General and administrative expenses | -10,739 | - |
| **Subtotal of operating expenses** | **-35,087** | **-** |
| Value adjustments on equity interests and depreciation and amortisation of tangible fixed assets and intangible assets | -1,599 | - |
| Changes to provisions and other value adjustments, and losses | 298 | - |
| **Operating result** | **9,017** | **-** |

**Table 28: Presentation of current taxes, deferred taxes, and disclosure of tax rate** (In 000 CHF)

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Expenses for current taxes | 1,968 | 2,873 |
| Expenses for deferred taxes | - | - |
| **TOTAL OF TAXES** | **1,968** | **2,873** |
| Average tax rate weighted | 22.00% | 23.00% |

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Report of the Statutory Auditor to the General Meeting of Shareholders of

**BBVA SA, Zurich**

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## Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of BBVA SA, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 14 to 46) for the year ended 31 December 2021.

### Board of Directors' Responsibility

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

### Auditor's Responsibility

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

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

### Opinion

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

**Report on Other Legal Requirements**

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

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

We further 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.

KPMG AG

Corina Wipfler
Licensed Audit Expert
Auditor in Charge

Dario Blau
Licensed Audit Expert

Zurich, 28 April 2022

## KM1 - FINMA Circular 16/1 (In 000 CHF)

| | 31.12.2021 | 30.9.2021 | 30.6.2021 | 31.3.2021 | 31.12.2020 |
|---|---|---|---|---|---|
| Eligible capital (CHF) | | | | | |
| Common Equity Tier 1 (CET1) | 132,886 | | | | 131,779 |
| Tier 1 capital (T1) | 132,886 | | | | 131,779 |
| Total capital | 132,937 | | | | 131,822 |
| Risk-weighted assets (RWA) (CHF) | | | | | |
| RWA | 278,003 | | | | 293,740 |
| Minimum capital (CHF) | 22,240 | | | | 23,499 |
| Risk-based capital ratios (in % of RWA) | | | | | |
| Common Equity Tier 1 ratio (%) | 47.8003% | | | | 44.8626% |
| Tier 1 capital ratio (%) | 47.8003% | | | | 44.8626% |
| Total capital ratio (%) | 47.8186% | | | | 44.8772% |
| CET1 buffer capital requirement (in % of RWA) | | | | | |
| Capital buffer in accordance with Basel Minimum Standards (as of 2019: 2.5%) (%) | 2.50% | | | | 2.5% |
| Countercyclical buffer (Art 44a CAO) in accordance with the Basel Minimum Standards (%) | 0.00% | | | | 0% |
| Overall buffer requirements in accordance with the Basel Minimum Standards in CET1 quality (%) | 2.50% | | | | 2.5% |
| Available CET1 to cover buffer requirements in accordance with Basel Minimum Standards (after deducting CET1 from the cover of the minimum requirements and possibly to cover the TLAC requirements) (%) | 39.82% | | | | 36.88% |
| Target capital ratios according to Annex 8 CAO (in % of RWA) | | | | | |
| Capital buffer according to Annex 8 CAO (%) | 3.20% | | | | 2.5% |
| Countercyclical buffer (Articles 44 and 44a CAO) (%) | 0.00% | | | | 0% |
| CET1 target ratio (in %) according to Annex 8 CAO plus the countercyclical buffer in accordance with Articles 44 and 44a CAO | 7.40% | | | | 7% |
| T1 target ratio (in %) according to Annex 8 CAO plus the countercyclical buffer in accordance with Articles 44 and 44a CAO | 9.00% | | | | 8.5% |
| Total capital target ratio (in %) as per Annex 8 CAO plus the countercyclical buffer in accordance with Articles 44 and 44a CAO | 11.20% | | | | 10.5% |
| Basel III leverage ratio | | | | | |
| Total exposure (CHF) | 1,185,328 | | | | 1,184,503 |
| Basel III leverage ratio (Tier 1 capital in % of the total exposure) | 11.2109% | | | | 11.1253% |
| Liquidity Coverage Ratio (LCR) | | | | | |
| LCR numerator: Total high quality liquid assets (HQLA) (CHF) | 489,824 | 564,316 | 453,761 | 464,962 | 429,133 |
| LCR denominator: Total of net cash outflow (CHF) | 174,935 | 163,903 | 148,337 | 167,578 | 145,225 |
| LCR (in %) | 280.00% | 344.30% | 305.90% | 277.46% | 295.49% |
| Net stable funding ratio (NSFR) | | | | | |
| Available stable refinancing (in CHF) | 879,919 | | | | 899,810 |
| Required stable refinancing (in CHF) | 406,253 | | | | 417,788 |
| Net stable funding ration (NSFR) (in %) | 216.59% | | | | 215.37% |

Minimum capital normally corresponds to 8% of RWA. Should an institution be subject to higher requirements, for instance because of minimum capital requirements of at least CHF 10m for banks in accordance to Articles 15 and 16 BO, these requirements supersede this rule. In this case, the institution shall make a footnote that it is diclosing the amount of CHF 10m instead of the minimum capital required of 8% of RWA because of the absolute minimum requirements in accordance with Articles 15 and 6 BO. However, the capital ratio shall be calculated as a ratio of the capital considered in comparison to the risk-weighted exposures (and not based on the absolute minimum requirements of CHF 10m).

The following applies to the disclosure of the LCR: For details on how to calculate the quarterly LCR, see comments on the content of Table LIQ1 in Annex 2.

For big banks subject to quarterly publication in accordance with margin no. 14.6, the following applies: for bank subsidiaries abroad, it is possible to use the values calculated according to the local provisions. Certain data can be omitted if no local provisions exist (e.g. on the leverage ratio). For the target ratios in lines 12a-12c, only the generic provisions must be indicated, i.e. without institution-specific add-ons under Pillar 2.

Creating Opportunities