

FlowBank

Seriously Simple 

Annual report 2021

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Message from the Chairman

Dear All,

In 2021 we have successfully materialized our vision to launch an innovative and user-friendly platform and application enabling anyone, at any time, to invest into any class of assets. We continue to believe that the empowerment of consumers over their finances will be a key driving factor over the coming decade and that our platform and app are the perfect tools to respond to such demand.

Customers have been quick to recognize the value added of our solution which offers an efficient, cost saving, intuitive and user-friendly tool to invest, transact and save. Indeed, the number of new client registrations and account openings as well as the AUM and the traded volumes have been steadily progressing in 2021 at impressive growth rates since the launching of our platform and app.

We would like to thank all customers who have been the early believers and adapters to our disruptive offer, and we commit to them that we will continuously work at improving the quality as well as the scope of our services and products, in particular by increasing our offer of digital assets. We believe that our focus must be on the creation of value for our customers by constantly improving our solutions to empower them over their finances while also providing them with educational and investment learning tools.

We are also very grateful to our shareholders who have continued to grant us their trust and support, and we welcome our new shareholders who have joined us during 2021 thereby contributing to strengthen our capital basis and helping us to further develop our strategies.

Last but not least, our thankful thoughts go to our employees for their dedication during the difficult Covid times which have made the launching of our new bank even more challenging.

To All, we are looking forward to a great business year 2022.



Thomas STEINMANN

Chairman of the Board of Directors

Message from the CEO

FlowBank continues to maintain its confident outlook in 2021. We further expanded our presence in Switzerland with our Zurich office opening. We are pushing forward with our mission to provide our clients with better financial services and exceptional value through technology. We intend to capitalize on the strong growth of the online banking industry to increase our market share and profitability.

Our long-term growth objective is to improve the online investing and trading experience by providing a broad range of financial products, enhanced trading tools, and capabilities that meet the needs of today's digital clients and offer a better alternative than incumbent competitors. To realize these goals we are putting a significant number of resources to improve speed, reliability, and security.

In terms of total website visitors, the last two quarters show a growth rate above 30%. We saw strong customer engagement, including a 30% increase per quarter in account openings with a conversion of 25% from lead to KYC passed. In addition, we continued to develop and optimize the functionality of our investing and trading platforms (front and back end), and our client area.

As we move forward into the second quarter of 2022, we are already making strong momentum. In Q1 2022 we are already looking at a significant number of over 1 million total website visitors.

We are working towards bold, yet pragmatic objectives focused on organic growth and building a Swiss bank for the digital world that we believe will drive strong results in 2022.

We continue to focus our resources on the following areas:

Technology and infrastructure: Through our platforms we can deliver a robust online trading experience, providing security, efficiency, and the best trading execution. We intend to continue to implement and integrate additional financial services into our platforms and reimagine the value stream.

Customer-centric approach: By putting the customer at the core of our operating model. We aim to focus on data-driven customer management which will be essential to understanding our customer's preferences, increasing the effectiveness of our digital marketing, and implementing a multi-channel experience. This will enable us to maximize the value of each interaction between us and our clients.

Brokerage services: We continue to attract retail investors and traders to our brokerage services by offering the most competitive pricing in Switzerland, access to global markets, and an all-in-one multi-currency platform.

A complete solution for investors: By frequently adding new investment products. In 2022 we added both funds and crypto CFDs to our platforms. A FlowBank Visa debit card is planned for Q3 2022. We are also committed to helping our clients be more informed through educational resources, webinars, and in-person trading courses.

In 2021, we took a decision to transform our branding to better reflect our business. This transformation came to fruition in April 2022 with the rebranding of FlowBank and a 360-marketing campaign. This update is part of our strategy to refresh the brand and emphasize the bank's core services.

The financial industry is becoming both more complex and even more competitive. To realize our full potential, we need to be able to deliver an outstanding user experience. At FlowBank we are determined to face the challenges ahead and focus on a winning strategy.



Charles-Henri SABET
CEO

Governance – Board Members

Thomas Steinmann

Chairman of the board of directors

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

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

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

Michel Broch

Vice-President of the board of directors

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

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

Pierre Zach

Member of the board of directors

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

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

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

Governance – Executive Committee



Charles-Henri Sabet
Chief Executive Officer

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

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



Esty Dwek
Chief Investment Officer

Esty Dwek holds the positions of Chief Investment Officer, where she brings an extensive experience in the banking sector.

Before joining FlowBank, she held various roles including Head of Global Strategy at Natixis Investment Managers and Global Strategist at Loomis, Sayles & Company and HSBC Bank.

Esty holds a BA in Political Science from Princeton University



Sergio Verdial
Chief Risk Officer

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

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

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

Consolidated balance sheet

	31.12.2021
Assets	CHF
Liquid assets	35 123 694
Amounts due from banks	28 947 044
Amounts due from customers	16 894 442
Trading portfolio assets	54 403
Positive replacement values of derivative financial instruments	11 858 334
Accrued income and prepaid expenses	2 260 285
Non-consolidated investment in subsidiaries	1
Tangible fixed assets	6 279 593
Intangible fixed assets	265 811
Goodwill	3 430 737
Other assets	678 726
Total assets	105 793 070
Total subordinated receivables	-
- of which subject to mandatory conversion and / or debt waiver	-
Liabilities & equity	CHF
Amounts due to banks	20 604 629
Amounts due in respect of customer deposits	58 235 080
Negative replacement values of derivative financial instruments	9 948 029
Accrued expenses and deferred income	4 588 931
Other liabilities	479 825
Total Liabilities	93 856 494
Capital	58 318 066
Loss carried forward	(9 455 914)
Currency translation reserve	197 337
Consolidated loss of the year	(37 122 913)
Total liabilities & shareholders' equity	105 793 070
Total subordinated liabilities	-
- of which subject to mandatory conversion and / or debt waiver	-
All amounts have been rounded off, which may result in minor discrepancies	

Consolidated off-balance sheet

	31.12.2021
	CHF
Contingent liabilities	-
Irrevocable Commitments	42 000
Commitments relating to calls on shares and other equity securities	-
Confirmed credits	-
Total off-balance sheet transactions	42 000

Consolidated statement of income

	01.01.2021 -31.12.2021 CHF
Result from interest operations	
Interest and discount income	14 655
Interest and dividend income from financial investments	-
Interest expenses	-
Gross result from interest operations	14 655
Changes in value adjustments for default risks and losses from interest operations	(306 279)
Subtotal net result from interest operations	(291 624)
Result from commission business and services	
Commission income from securities trading and investment activities	3 126 594
Commission income from lending operations	-
Commission income from other services	-
Commission expenses	(3 189 986)
Subtotal result from commission business and services	(63 392)
Result from trading activities	14 391 936
Other result from ordinary activities	2
Result from the disposal of financial investments	-
Income from participations	-
Result from real estate	-
Other ordinary income	2
Other ordinary expense	-
Subtotal other result from ordinary activities	2
Operating expenses	
Personnel expenses	(15 568 985)
Other operating expenses	(24 043 640)
Subtotal operating expenses	(39 612 625)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(4 081 290)
Changes to provisions and other value adjustments, and losses	(762 115)
Operating loss	(30 419 108)
Extraordinary income	-
Extraordinary expenses	(6 575 530)
Taxes	(128 275)
Consolidated loss of the year	(37 122 913)

Consolidated statement of changes in equity

	Capital	Reserves for general banking risks	Loss carried forward	Currency translation reserve	Consolidated loss of the year	Total
Shareholders' equity as at 01 January 2021	58 318 066	-	(9 455 914)	-	-	48 862 152
Allocation of previous year result	-	-	-	-	-	-
Other allocations to (transfer from) the reserves for general banking risks	-	-	-	-	-	-
Allocation to retained earnings reserve	-	-	-	-	-	-
Currency translation differences	-	-	-	197 337	-	197 337
Profit/(loss) for the period	-	-	-	-	(37 122 913)	(37 122 913)
Shareholders' equity as at 31 December 2021	58 318 066	-	(9 455 914)	197 337	(37 122 913)	11 936 576

1. Notes

1. Name, legal status and domicile of the bank

FlowBank (hereinafter the “Group”) is headed by Flowbank SA (hereinafter the “Bank”), a limited company under Swiss law, authorized and regulated by FINMA as a bank and a securities house since 10 July 2020 and Headquartered in Grand-Lancy. The Bank fully owns three subsidiaries offering two of them similar online brokerage services as the Bank, namely London Capital Group Limited, LCG Capital Markets Limited et London Capital Group (Cyprus) Ltd. These three subsidiaries are included in the consolidated financial statements of the Group. The Group presented for the first year in 2021 the consolidated figures, hence no comparative with 2020 is disclosed.

At the end of 2021, the Group employed 97 FTEs.

2. Accounting and valuation principles

2.1. General principles

The Group’s financial statements are prepared in accordance with the Swiss Code of Obligations, the Swiss banking Act and its related Ordinance, the FINMA Accounting Ordinance and FINMA circular 20/1. The consolidated financial statements have been compiled to present a true and fair view of the Group’s assets, financial position and results.

This report should be read in conjunction with the disclosure at 31 December 2021 made in accordance with the Circular 2016/01. In the notes, certain figures are rounded for publication purpose, but the calculations are based on the nonrounded figures, thus small rounding differences can arise.

General valuation principles

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

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

The disclosed balance sheet items are valued individually.

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

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

Liquid assets

Liquid assets are recognized at their nominal value.

Amounts due from banks and amounts due from customers

Amounts due from banks and amounts due from customers are recognized at their nominal value less any necessary value adjustments. Amounts due in respect of precious metal account deposits are valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Doubtful receivables, i.e., obligations entered with clients for which the debtor is unlikely to meet its future obligations, are valued individually and depreciated by means of individual value adjustments.

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

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

Amounts due to banks and amounts due in respect of customer deposits are recognized at their nominal value. Amounts due in respect of precious metal account deposits are valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Trading portfolio assets

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

Positive and negative replacement values of derivative financial instruments

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

Trading purposes

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

The realized result from trading operations and the unrealized result from valuations relating to trading operations are recorded via the item "Result from trading activities".

Economic Hedging purposes

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

Operations on behalf of clients

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

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

Tangible fixed assets

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

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

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

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

The recoverable amount is the higher amount of the net selling price and the value in use. An asset is impaired if its carrying amount exceeds its recoverable amount. If the asset is impaired, the book value is reduced to match the recoverable amount and the impairment is charged via the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets".

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

Intangible fixed assets

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

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

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

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

The recoverable amount is the higher amount of the net selling price and the value in use. An asset is impaired if its carrying amount exceeds its recoverable amount. If the asset is impaired, the book value is reduced to match the recoverable amount and the impairment is charged via the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets".

Goodwill represents the excess of cost acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The Goodwill is amortized over a period of maximum 5 years.

Provisions

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

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

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

Taxes

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

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

Off-balance-sheet transactions

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

Pension benefit obligations

The Group's employees: the pension obligations and the assets used to cover them are segregated in the parent company's own pension scheme, which is legally autonomous. The organization, management and financing of the pension plan comply with legal requirements, the pension scheme's by-laws, and the prevailing pension regulations. The Group bears the costs of the occupational benefit plan for employees and survivors as per the legal requirements. The employer contributions arising from the pension scheme are included in "Personnel expenses" on an accrual basis.

Employee benefit obligations mean all commitments resulting from the pension fund to which the Bank's employees are insured.

There is an economic benefit if the Group has the ability to reduce its future employer's contributions. On the contrary, there is a liability if, owing to a shortfall in the pension fund, the Bank wants or has to participate in the financing of the pension fund.

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

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

2.2. Recording of business transactions

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

2.3. Foreign currencies Translation

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

Income and expenses in foreign currencies are translated in the income statement using average rates.

3. Risk Management

The Group mainly offering fully automated (Straight-Through-Processing) brokerage services via innovative IT solutions, The Group is mostly subject to operational, market, and legal risks.

The identification, measurement, monitoring, management of risks and maintenance of the Bank's stability, is a priority for the Bank.

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

The key elements of risk management are the following:

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

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

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

Operational risks

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

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

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

Market risks – trading operations

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

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

Market risks – other currency risks

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

Market risks – interest rate risks

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

Legal risk

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

Other risks

Credit risk

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

Counterparty risk in interbank business

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

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

If deemed necessary, risk limits and credit risk exposures are adjusted or suppressed by the executive management and the risk control function. The Treasurer monitors compliance with the limits daily.

Liquidity

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

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

4.1. Amounts due from customers

Amounts due from customers are composed by credit backed by cash and securities deposit and therefore no value adjustments for non-impaired loans are considered. The Group considers that a risk of default exists on unsecured receivables if a payment of interests or a reimbursement of the principal is not honored in due date or if the debtor disputes such payment obligations or indicates that he/she will not be able to honor them. In such cases, the Bank enquires about the debtor's intentions and financial situation and evaluates the chances of recovering the receivable. A value adjustment is recorded for the portion of receivable whose recovery is considered uncertain.

4.2. Amounts due from banks

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

4.3. Process for determining value adjustments and provisions

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

5. Valuation of collateral

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

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

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

7. Significant subsequent event after the balance sheet date

The Board of Directors of the Bank closely monitors the evolution of the financial situation and periodically updates the planning of future results, of the relative development of equity capital and of liquidity. The Board of Directors has determined that the Group long-term viability is not at risk, despite the loss for the financial year 2021. It has also implemented various measures in 2021 and early 2022 to strengthen equity. The General Assembly of the Bank approved a capital increase of CHF 5.8 million on 22 March 2022. In this context, it received detailed information from the Board of Directors and approved its action.

In the context of recent international sanctions against Russia and Belarus, the exposure of the Bank's exposure is low. None of our clients are persons included in the sanctions.

2. Information on the Consolidated Balance Sheet

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

		Other collateral	Unsecured	Total
Loans (before netting with value adjustments)		CHF	CHF	CHF
Amounts due from customers		4 774 954	12 425 767	17 200 721
Total loans (before netting with value adjustments)	31.12.2021	4 774 954	12 425 767	17 200 721
Value adjustment on Amounts due to customers		-	(306 279)	(306 279)
Total loans (after netting with value adjustments)	31.12.2021	4 774 954	12 119 488	16 894 442

		Other collateral	Unsecured	Total
Off-balance sheet		CHF	CHF	CHF
Contingent liabilities		-	-	-
Irrevocable commitments		-	42 000	42 000
Obligation to pay up shares and make further contributions		-	-	-
Credit commitments		-	-	-
Total off-balance sheet as of	31.12.2021	-	42 000	42 000

					Type of collateral			
		Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments			
		CHF	CHF	CHF	CHF			
Total impaired loans / receivables	31.12.2021	306 279	-	306'279	306'279			

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

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

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

		Trading instruments		
		Positive replacement values	Negative replacement values	Contract volume
		CHF	CHF	CHF
CFDs		11 591 120	9 822 202	355 803 028
-Interest rate instruments		-	13	3 082
-Indices		2 302 671	183 679	64 878 886
-Equities		7 891 203	8 992 840	188 749 564
-Credit		-	-	-
-Forward contracts		976 466	601 466	96 803 144
-Commodities		69 331	41 279	3 070 851
-Cryptocurrencies		195 319	2 081	2 083 920
-Options (exchange-traded)		156 130	844	213 581
Foreign exchange / precious metals		168 921	125 827	25 817 201
-Swaps		168 921	125 827	25 817 201
Total before netting agreements	31.12.2021	11 760 041	9 948 029	381 620 229
- of which, determined using a valuation model		1 145 387	727 293	122 620 345
Total after netting agreements	31.12.2021	11 760 041	9 948 029	381 620 229

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

Positive replacement values after impact of netting contacts	-	11 147 917	612 124	11 760 041
Total at 31 December 2021				

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

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

Since June 30 2021, London Capital Group (Cyprus) Limited, Limassol no longer acts as a broker.

2.5. Presentation of Tangible Assets

	31.12.2020			31.12.2021		
	Acquisition cost	Accumulated depreciation	Book value	Additions	Depreciation	Book value
CHF						
Proprietary or separately acquired software	1 369 089	(94 611)	1 274 478	3 297 399	(407 995)	4 164 782
Other tangible Fixed assets	4 168 204	(2 422 552)	1 745 652	857 054	(487 895)	2 114 811
Total tangible fixed assets	5 537 293	(2 517 163)	3 020 130	4 154 453	(894 990)	6 279 593

The Bank's offices are rented for an annual cost of CHF 1 081 266 in 2021.

The maturity of the lease agreements is comprised between 01 January 2023 and 30 September 2026.

Future lease commitments amount to CHF 4 271 362.

Off-balance sheet leasing commitments (CHF)	2022	2023	2024	2025	2026
Future leasing instalments arising from operating leases	1 341 722	1 002 134	971 493	817 585	138 428
Due within 12 months	-	-	-	-	-
Due between 12 months and 5 years	1 341 722	1 002 134	971 493	817 585	138 428
Due beyond 5 years	-	-	-	-	-

2.6. Presentation of Intangible Assets and Goodwill

	31.12.2020			31.12.2021		
	Acquisition cost	Accumulated depreciation	Book value	Additions	Depreciation	Book value
CHF						
Licences	356 037	(65 926)	290 111	-	(71 207)	218 904
Other intangible assets	65 057	(5 138)	59 919	-	(13 012)	46 907
Goodwill	-	-	-	4 288 422	(857 685)	3 430 737
Total intangible fixed assets	421 094	(71 064)	350 030	4 288 422	(941 904)	3 696 548

2.7. Breakdown of other assets and other liabilities

	Other assets	Other liabilities
	31.12.2021 CHF	31.12.2021 CHF
Indirect taxes	-	152 331
Other	678 726	327 494
Total	678 726	479 825

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

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

2.9. Presentation of the economic benefit / obligation and the pension expenses

31.12.2021				
	Over/underfunding CHF	Economic interest of the bank CHF	Contributions paid during the financial year CHF	Pension expenses including personnel expenses CHF
Pension plans	10.4%	-	1 835 044	1 182 256
Other pension plans	-	-	-	-
Total	10.4%	-	1 835 044	1 182 256

The Bank does not maintain its own pension funds. The occupational benefit plans are covered by an independent pension fund. The employees are affiliated to a pension fund which covers the economic consequences of retirement, death and disability by providing benefits which are, at minimum, in line with the legally established minimum amounts.

During the reporting year, there was no employer-paid contribution reserve, such that the expenses shown in the income statement equal the actual expenses for pension and welfare plans for the reporting period. The coverage ratio of the pension plan is at 110.4% as per 31 December 2021.

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

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

	Balance at 31.12.2020	Use in conformity with designated purpose	Reclassifi- cations	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at 31.12.2021
Provisions for default risk	-	-	-	-	-	-	-	-
- of which, value adjustments for default risks in respect of impaired loans / receivables	-	-	-	-	-	-	-	-
- of which, value adjustments for inherent risks	-	-	-	-	-	-	-	-
- of which, value adjustments for latent risks	-	-	-	-	-	-	-	-
Provisions for other business risks	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-
Total provisions	-	-	-	-	-	-	-	-
Reserves for general banking risks	-	-	-	-	-	-	-	-
Value adjustments for default and country risks	-	-	-	-	-	(306 279)	-	(306 279)
- of which, value adjustments for default risks in respect of impaired loans / receivables	-	-	-	-	-	(306 279)	-	(306 279)

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

	31.12.2021	
	Nominal	Percentage of equity
Direct participation		
with voting rights	CHF	%
FlowB Holding Switzerland SA (previously LCG Switzerland Holding SA)	58 318 066	100
Indirect participation with voting rights	CHF	%
NFT Group SPV Limited Abu Dhabi (*)	19 379 093	33
CBH - Compagnie Bancaire Helvétique SA	11 826 904	20
SLCG International DMCC (*)	9 558 331	16
Coinshares Intl Ltd	5 260 290	9
Reyl & Cie Holding SA	4 822 904	8

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

2.12. Presentation of the maturity structure of financial instruments

		31.12.2021							
		At sight	Cancellable	within 3 months	within 3 and 12 months	within 12 months and 5 years	after 5 years	no maturity	Total
Assets / financial instruments									
Liquid assets		35 123 694	-	-	-	-	-	-	35 123 694
Amounts due from banks		26 947 044	2 000 000	-	-	-	-	-	28 947 044
Amounts due from customers		16 894 442	-	-	-	-	-	-	16 894 442
Trading portfolio assets		54 403	-	-	-	-	-	-	54 403
Positive replacement values of derivative financial instruments		11 858 334	-	-	-	-	-	-	11 858 334
Total	31.12.2021	90 877 917	2 000 000	-	-	-	-	-	92 877 917
Liabilities / financial instruments									
Amounts due to banks		20 604 629	-	-	-	-	-	-	20 604 629
Amounts due in respect of customer deposits		58 235 080	-	-	-	-	-	-	58 235 080
Negative replacement values of derivative financial instruments		9 948 029	-	-	-	-	-	-	9 948 029
Total	31.12.2021	88 787 738	-	-	-	-	-	-	88 787 738

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

	31.12.2021		
	Domestic	Foreign	Total
Assets			
Liquid assets	35 123 694	-	35 123 694
Amounts due from banks	4 730 283	26 416 617	28 947 044
Amounts due from customers	3 222 872	13 671 570	16 894 442
Trading portfolio assets	6 363	48 040	54 403
Positive replacement values of derivative financial instruments	2 927 019	8 931 315	11 858 334
Accrued income and prepaid expenses	2 260 285	-	2 260 285
Non-consolidated investment in subsidiaries	-	-	-
Tangible fixed assets	6 018 477	261 116	6 279 593
Intangible assets	265 811	-	265 811
Other assets	-	678 727	678 727
Goodwill	-	3 430 737	3 430 737
Total assets	54 554 804	51 238 266	105 793 070
Liabilities			
Amounts due to banks	7 237	20 597 392	20 604 629
Amounts due in respect of customer deposits	27 869 389	30 365 693	58 235 080
Negative replacement values of derivative financial instruments	5 524 539	4 423 490	9 948 029
Accrued expenses and deferred income	663 363	3 924 968	4 588 331
Other liabilities	479 825	-	479 825
Total Liabilities	34 544 351	59 312 143	93 856 494
Bank's Capital	58 318 066	-	58 318 066
Retained earnings reserve	(9 455 914)	-	(9 455 914)
Currency translation reserve	-	197 337	197 337
Consolidated result of the year	(22 981 244)	(14 141 669)	(37 122 913)
Total Shareholders' equity	11 739 239	197 337	11 936 576
TOTAL LIABILITIES	46 283 590	59 509 480	105 793 070

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

Assets	31.12.2021	
	Absolute	%
Switzerland	54 554 804	51.57%
Rest of Europe	33 645 534	31.80%
North America	370 831	0.35%
Central America	28 566	0.03%
South America	1 256 590	1.19%
Middle East	8 750 363	8.27%
Africa	6 173 315	5.84%
Asia	934 432	0.88%
Australia / Oceania	78 635	0.07%
Total assets	105 793 070	100%

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

S&P	31.12.2021	
	Absolute	%
AAA	75 346 291	71.22%
AA+ to AA-	23 182 021	21.91%
A+ to A-	832 265	0.79%
BBB+ to BBB-	39 368	0.04%
BB+ to B-	509 636	0.48%
CC+ to CCC-	38 519	0.04%
Not Classified	5 844 970	5.52%
Total	105 793 070	100%

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

2.16. Presentation of assets and liabilities broken down by the group's most significant currencies

Assets	CHF	USD	EUR	GBP	Others	Total
Liquid assets	35 123 694			-	-	35 123 694
Amounts due from banks	-	15 014 661	5 018 531	8 119 022	794 830	28 947 044
Amounts due from customers	119 246	4 911 789	771 368	10 770 409	321 629	16 894 442
Trading portfolio assets	4 319	32 907	17 177	-	-	54 403
Positive replacement values of derivative financial instruments	175 348	3 695 284	3 322 113	4 651 550	14 038	11 858 334
Accrued income and prepaid expenses	-	671 795	1 580 265	-	8 225	2 260 285
Participations	1				-	1-
Tangible fixed assets	4 342 516	26 521	1 675 962	234 594	-	6 279 593
Intangible assets	265 811				-	265 811
Goodwill	3 430 737					3 430 737
Other assets	160 751	517 975				678 726
Total assets	43 622 423	24 870 933	12 385 416	23 775 574	1 138 723	105 793 070
Delivery entitlements arising from spot exchange and swap transactions	-	-	-	-	-	-
Total at 31 December 2021	43 622 423	24 870 933	12 385 416	23 775 574	1 138 723	105 793 070
Liabilities						
Amounts due to banks	-	8 130 272	8 173 246	3 949 082	352 029	20 604 629
Amounts due in respect of customers' deposits	19 496 583	24 075 897	12 212 526	1 943 159	506 915	58 235 080
Negative replacement values of derivative financial instruments	360 489	5 575 673	1 772 893	2 225 952	13 022	9 948 029
Accrued expenses and deferred income	1 118 102	-	1 376 962	2 090 880	2 986	4 588 930
Other liabilities	424 537	-	48 526	6 761	-	479 825
Bank's capital	58 318 066	-	-	-	-	58 318 066
Retained earnings reserve	(9 455 914)	-	-	-	-	(9 455 914)
Currency translation reserve	197 337	-	-	-	-	197 337
Consolidated result of the year	(37 122 913)	-	-	-	-	(37 122 913)
Total liabilities	42 452 714	30 046 124	23 584 153	10 215 836	874 952	105 793 070
Delivery obligations arising from spot exchange and swap transactions	-	-	-	-	-	-
Total at 31 December 2021	33 336 287	37 781 843	23 584 153	10 215 836	874 952	105 793 070
Net position by currency at 31.12.2021	(10 286 135)	12 910 909	11 198 737	(13 559 739)	(263 771)	-

3. Information on the Consolidated Income Statement

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

3.1.1. Breakdown by business area

Breakdown by business area	2021 CHF
Leveraged margin trading	14 391 936
Of which trading for own account	143 911
Of which trading for client's account	14 248 025
Total results from trading operations	14 391 936

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

3.1.2. Breakdown by underlying risk

Breakdown by underlying risk	2021 CHF
CFDs	13 101 487
Foreign currency	1 290 449
Total results from trading operations	14 391 936

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

	2021 CHF
Negative interest on deposits (reduction in interest and discount income)	-103 707

3.3. Breakdown of personal expenses

Breakdown of personnel expenses	2021 CHF
Salaries	12 596 999
Social insurance benefits	2 542 084
Other personnel expenses	429 902
Total personnel expenses	15 568 985

3.4. Breakdown of general and administrative expenses

Breakdown of general and administrative expenses	2021 CHF
Office space expenses	2 935 586
Expenses for information and communications technology	6 324 194
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	4 610 946
Travel expenses	131 860
Legal and consulting	2 909 683
Expenses relating to financial information	2 349 414
Fees of audit firm	581 537
-of which, for financial and regulatory audits	543 537
-of which, for other services	38 000
Other operating expenses	4 200 420
Total general and administrative expenses	24 043 640

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

Explanations regarding extraordinary income	2021 CHF
Non-recurring income	-
Total extraordinary income	-
Losses realized from the sale of tangible fixed assets	-
Non-recurring operational expenses	6 575 530
Total extraordinary expenses	6 575 530

The extraordinary expenses are mostly made of a write-off for USD 6.7m of the debt from LCG Bahamas towards LCG Cayman.

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

	2021		
	Domestic	Foreign	Total
	CHF	CHF	CHF
Result from interest operations			
Interest and discount income	14 655	-	14 655
Interest and dividend income from financial investments	-	-	-
Interest expense	-	-	-
Gross result from interest operations	14 655	-	14 655
Changes in value adjustments for default risks and losses from interest operations	-	(306 279)	(306 279)
Subtotal net result from interest operations	14 655	(306 279)	(291 624)
Result from commission business and services			
Commission income from securities and investment transactions	3 126 594	-	3 126 594
Commission income from lending operations	-	-	-
Commission income from other services	-	-	-
Commission expense	(3 189 986)	-	(3 189 986)
Subtotal result from commission business and services	(63 392)	-	(63 392)
Result from trading activities	12 738 084	1 653 852	14 391 936
Other results from ordinary activities			
Result from the disposal of financial investments	-	-	-
Income from participations	-	-	-
Result from real estate	-	-	-
Other ordinary income	2	-	2
Other ordinary expense	-	-	-
Subtotal other results from ordinary activities	2	-	2
Operating expenses			
Personnel expenses	(13 906 005)	(1 662 980)	(15 568 985)
General and administrative expenses	(18 155 845)	(5 887 795)	(24 043 640)
Subtotal operating expenses	(32 061 850)	(7 550 775)	(39 612 625)

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

	2021		
	Domestic	Foreign	Total
	CHF	CHF	CHF
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(3 032 691)	(1 048 599)	(4 081 290)
Changes to provisions and other value adjustments, and losses	-	(762 115)	(762 115)
Operating result	(22 405 192)	(8 013 916)	(30 419 108)
Extraordinary income	-	-	-
Extraordinary expenses	(447 777)	(6 127 753)	(6 575 530)
Taxes	(128 275)	-	(128 275)
Result of the year	(22 981 244)	(14 141 669)	(37 122 913)

Report of the statutory auditor

to the General Meeting of FlowBank SA, Grand-Lancy

Report on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of FlowBank SA, which comprise the balance sheet, income statement, statement of changes in equity and notes, for the year ended 31 December 2021.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting rules for banks and comply with Swiss law.

Report on other legal requirements

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

During our audit, performed in accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system which has been designed, in accordance with the instructions of the Board of Directors, for the preparation of consolidated financial statements is adequately documented, but has not been fully implemented, during the full year, in all material respects for process (liquidity assets, amount due to and from banks, accrued income and prepaid expenses, accrued expenses and deferred income) that is material to the entity.

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In our opinion, except for the matter described in the preceding paragraph, an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers SA

Omar Grossi
Audit expert
Auditor in charge

Grégory Cachin
Audit expert

Geneva, 11 May 2022

Enclosure:

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

FlowBank

Seriously Simple 

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