



**QNB (Suisse) SA**  
**Annual Report 2022**

For the year ending  
December 31<sup>st</sup>, 2022

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*The excellence of our service, quality of our people and strength of our performance underpin QNB Group's leadership position.*

After a promising start of the year, global conditions took a turn on the back of a sharp economic slowdown in China, the Russo-Ukrainian conflict, high inflation across most jurisdictions and aggressive policy tightening by major central banks. Despite this challenging environment, the oil and gas-exporting countries of the Gulf – where the majority of our clients come from – benefited from windfall revenues driven by elevated commodity prices and activities associated with mega-events, such as the long-awaited FIFA World Cup 2022™ in Qatar.

**Playing a key role in QNB Group's value proposition**

Elevated market risk and persistent inflation kept global investors cautious and more inclined towards safe haven environments. Despite the ongoing geopolitical challenges, we are convinced of Switzerland's role as a global wealth centre. As such, I believe that QNB (Suisse) SA continues to play an important role within QNB Group. It acts as a conduit for investment flows into Switzerland, while also broadening the overall service and value proposition for our high net worth clients.

QNB (Suisse) SA is supported by QNB Group, which is one of the largest banks in the Middle East and Africa and one of the world's top 50 banks in terms of market capitalization. QNB Group benefits from a robust balance sheet, significant capital strength and high-quality assets. We maintain a healthy liquidity buffer in every market in which we operate, in both local and major foreign currencies. Our unwavering effort to add ever more value to our customers is also reflected in our strong brand performance. This year, we achieved a total brand value of USD 7.1 billion, comfortably maintaining the rank of most valuable banking brand in the MEA region.

**Fostering a robust performance and strong governance**

In 2022, QNB (Suisse) SA ended the year with total balance sheet assets of CHF 0.9 billion and with Clients' Assets and Loans totalling CHF 3 billion. Thanks to commendable efforts, QNB (Suisse) SA achieved a net profit of CHF 0.2 million in this challenging year.

Our robust corporate governance framework is aligned with global best-practice standards and relies on the principles of responsibility, accountability, fairness and transparency. As such, QNB (Suisse) SA has independent board members, who oversee adherence to the governance framework and the deployment of proper expertise. In doing so, we promote the values and behaviours that are important in supporting QNB (Suisse) SA's purpose and aspirations.

**Continuing our journey**

Of course, the success of our business today – and tomorrow – lies with our people. At every level, I want to thank all of our employees for their relentless commitment and exemplary service they deliver every day. My gratitude also goes to our customers and stakeholders whose loyalty and trust have been so important on our ongoing journey.

Finally, I would like to conclude by expressing my appreciation to the Executive Management of QNB (Suisse) SA and extend my sincere gratitude to the Board of Directors for their strong support and advice.

**Abdulla Mubarak Al-Khalifa**  
**Chairman of the Board of Directors**  
**QNB (Suisse) SA**

16 February 2023

I am pleased to present the 2022 financial results of QNB (Suisse) SA (the 'Bank').

Impacted by the rise in interest rates, persistent inflation, the conflict in Ukraine and a bearish sentiment, 2022 was the worst year for the investment market since the financial crisis. Global equities were down by around USD 14 trillion, with bond markets, traditionally a safe-harbour asset, also considerably down. This affected Swiss private banks' earnings due to the fall in assets under management (AUMs).

Despite this very challenging and volatile environment, we were able to leverage on the expertise of our team and the strength of links to QNB Group to deliver strong results. Our role as an advisor, leveraging a multi-platform approach, allowed us to identify value and growth opportunities for our clients while optimising their risk-return objectives. Launched last year, the Bank's Investment Advisory services continued to prove attractive to our clients. Such services, both portfolio and transaction-based, are an integral part of the Bank's proposition and extended strategy.

The Bank is a key hub of private banking services for QNB Group, offering our High Net Worth clients an exemplary Swiss private banking experience. We remain dedicated and committed to our value proposition and offering in Switzerland whilst aiming to deliver a truly outstanding service to our clients.

In light of this, I am proud to announce that the Bank has returned to profitability in 2022. The Bank was able to maintain a stable financial position in 2022 with its operating result being a positive CHF 1.7 million in 2022, compared to CHF 0.3 million in 2021. This allowed the Bank to generate a profit after tax of CHF 0.2 million, compared to a loss of CHF 0.5 million in 2021.

Similar to previous years, the Bank remains well capitalised, having CHF 147 million of shareholder's equity in addition to a subordinated loan of CHF 25 million from QNB Group. In addition, we continue to maintain high levels of liquidity. Finally, an amount of CHF 0.7 million has been transferred into Reserves for General Banking Risks in 2022 in order to further strengthen the Bank's financial condition.

The success of the Bank relies on its robust governance framework. This enables us to oversee and ensure that the necessary mechanisms and controls are in place to safeguard our business operations. We continuously upgrade and ameliorate our practices to remain compliant with the growing complexity of the regulatory environment. Our robust governance, compliance and risk management frameworks, as well as strong capitalisation, support the strategy and go-to-market approach for the Bank.

Looking ahead to 2023, we recognise that small- and medium-sized private banks in Switzerland will continue to be challenged by the current market environment and that consolidation looks likely to continue. We remain focused on our priorities, which include the optimisation of our financial performance, enhancement of our offering to clients and improvements to our product platform, whilst ensuring robust risk management within a strong corporate governance framework. We also aim to continue to invest in enhancements to our systems as part of our journey towards improved efficiency through greater automation. I am confident that the relevant enhancements will enable us to ensure long-term profitable growth in the future.

On behalf of the Bank's management, firstly, I take this opportunity to extend our appreciation to our esteemed clients for their continued trust and confidence. Secondly, we wish to thank our excellent team for their tremendous efforts and commitment throughout 2022. Finally, I would like to conclude by expressing my sincere gratitude to the Bank's Chairman and Board members, and to QNB Group, for their continuous support and considerate guidance, which assisted us in manoeuvring safely and successfully throughout 2022.

**Ghadeer Abu Hijleh**  
**Chief Executive Officer**  
**QNB (Suisse) SA**

16 February 2023



**QNB (Suisse) SA**  
**Report of the Statutory Auditor**



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## Report of the Statutory Auditor to the General Meeting of QNB (Suisse) SA, Geneva

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of QNB (Suisse) SA, which comprise the balance sheet, the income statement, the statement of changes in equity and the cash flow statement for the year then ended 31 December 2022 and notes to the financial statements (page 12 to 39), including a summary of significant accounting policies.

In our opinion, the financial statements for the year ended 31 December 2022 comply with Swiss law and the Company's articles of incorporation.

#### Basis for Opinion

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

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

#### Other Information

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

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

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

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





**QNB (Suisse) SA, Geneva**  
Report of the Statutory Auditor to the  
General Meeting on the Financial  
Statements

**Board of Directors' Responsibilities for the Financial Statements**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



**QNB (Suisse) SA, Geneva**  
Report of the Statutory Auditor to the  
General Meeting on the Financial  
Statements

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

### Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of 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 SA

A handwritten signature in blue ink, appearing to read 'O. Gauderon', written over a light blue horizontal line.

Olivier Gauderon  
Licensed Audit Expert  
Auditor in Charge

A handwritten signature in blue ink, appearing to read 'Chouaa Halabi', written over a light blue horizontal line.

Chouaa Halabi  
Licensed Audit Expert

Geneva, 16 February 2023



**QNB (Suisse) SA**  
**Financial Statements**  
**As at and for the year ended**  
**31 December 2022**

## Balance sheet

As at 31 December 2022

<b>Assets</b>	Notes	<b>31.12.2022</b>	<b>31.12.2021</b>
CHF 1'000			
Liquid assets		33,957	46,558
Amounts due from banks		207,146	324,959
Amounts due from customers	3.1	639,059	663,587
Mortgage loans	3.1	26,033	39,370
Financial investments	3.2	11,876	11,985
Accrued income and prepaid expenses		4,034	3,054
Participations	3.18	-	-
Tangible fixed assets	3.3	1,266	1,500
Other assets	3.4	275	259
<b>Total assets</b>		<b>923,646</b>	<b>1,091,272</b>
Total subordinated assets		-	-
<b>Liabilities and shareholder's equity</b>	Notes	<b>31.12.2022</b>	<b>31.12.2021</b>
CHF 1'000			
Amounts due to banks		662,046	704,622
Amounts due to customers		109,104	235,722
Accrued expenses and deferred income		4,246	3,575
Other liabilities	3.4	128	94
Provisions	3.7	32	60
Reserves for general banking risks	3.7	740	-
<b>Total liabilities</b>		<b>776,296</b>	<b>944,073</b>
Share capital	3.8	150,000	150,000
Statutory retained earnings reserve		1,775	1,775
Loss brought forward		(4,576)	(4,089)
Profit / (Loss) for the year		151	(487)
<b>Total shareholder's equity</b>		<b>147,350</b>	<b>147,199</b>
<b>Total liabilities and shareholder's equity</b>		<b>923,646</b>	<b>1,091,272</b>
Total subordinated liabilities		25,083	25,057
<i>of which subject to mandatory conversion and/or debt waiver</i>		25,083	25,057

## Off-balance sheet transactions

As at 31 December 2022

	Notes	31.12.2022	31.12.2021
CHF 1'000			
Contingent liabilities		1,267	1,340
Irrevocable commitments		26,975	26,772
<b>Total off-balance sheet transactions</b>		<b>28,242</b>	<b>28,112</b>

## Income statement

For the year ended 31 December 2022

	Notes	2022	2021
CHF 1'000			
<b>Result from interest operations</b>			
Interest and discount income		19,071	14,416
Interest and dividend income from financial investments		121	66
Interest expense		(6,826)	(2,852)
<b>Gross results of interest operations</b>		<b>12,366</b>	<b>11,630</b>
Changes in value adjustments due to default risk as well as losses from interest operations		-	-
<b>Net results of interest operations</b>	5.1	<b>12,366</b>	<b>11,630</b>
<b>Result from fees and commissions</b>			
Commission income from securities trading and investment activities		4,810	4,950
Commission income from lending activities		642	29
Commission income from other services		256	222
Commission expenses		(36)	(34)
<b>Results from fees and commissions</b>		<b>5,672</b>	<b>5,167</b>
<b>Net result from trading operations and the fair value option</b>	5.2	<b>532</b>	<b>212</b>
<b>Other result from ordinary activities</b>			
Result from real estate		24	68
Other ordinary income		5	8
Other ordinary expenses		(37)	(35)
<b>Other result from ordinary activities</b>		<b>(8)</b>	<b>41</b>
<b>Total operating income</b>		<b>18,562</b>	<b>17,050</b>
<b>Operating expenses</b>			
Personnel expenses	5.3 - 3.6	(8,768)	(8,875)
General and administrative expenses	5.4	(7,671)	(7,289)
<b>Total operating expenses</b>		<b>(16,439)</b>	<b>(16,164)</b>
<b>Value adjustments on equity interests as well as depreciation on fixed assets</b>		<b>(426)</b>	<b>(593)</b>
<b>Changes in provisions and other value adjustments as well as losses</b>		<b>(10)</b>	<b>(2)</b>
<b>Operating result</b>		<b>1,687</b>	<b>291</b>
Changes in reserves for general banking risks		(740)	-
Taxes	5.5	(796)	(778)
<b>Profit / (Loss) for the year</b>		<b>151</b>	<b>(487)</b>

## Appropriation of accumulated loss

As at 31 December 2022

	Notes	2022	2021
CHF 1'000			
<b>Result appropriation</b>			
Profit / (Loss) for the year		151	(487)
Loss brought forward		(4,576)	(4,089)
<b>Net accumulated loss</b>		<b>(4,425)</b>	<b>(4,576)</b>

## Statement of cash flow

For the year ended 31 December 2022

CHF 1'000	2022		2021	
	Cash inflow	Cash outflow	Cash inflow	Cash outflow
<b>Cash flow from operation results (internal financing):</b>				
Profit or loss for the year	151	-	-	487
Value adjustments on depreciations on fixed assets	426	-	593	-
Provisions and other value adjustments	-	28	-	-
Reserves for general banking risks	740	-	-	-
Accrued income and prepaid expenses	-	980	-	136
Accrued expenses and deferred income	671	-	-	823
Other assets	-	16	82	-
Other liabilities	34	-	-	37
<b>Balance</b>	<b>998</b>	<b>-</b>	<b>-</b>	<b>808</b>
<b>Cash flow from transactions in equity interests and fixed assets:</b>				
Fixed assets	-	192	-	191
<b>Balance</b>	<b>-</b>	<b>192</b>	<b>-</b>	<b>191</b>
<b>Cash flow from banking activities medium and long term:</b>				
Amounts due to banks	-	-	9,331	-
Amounts due from customers	24,528	-	8,055	-
Mortgage loans	13,337	-	1,830	-
Financial investments	109	-	-	4,563
<b>Balance</b>	<b>37,974</b>	<b>-</b>	<b>14,653</b>	<b>-</b>
<b>Cash flow from banking activities short term:</b>				
Amounts due to banks	-	42,576	-	-
Liabilities from customer deposits	-	126,618	70,901	-
Amounts due from banks	117,813	-	-	83,635
<b>Balance</b>	<b>-</b>	<b>51,381</b>	<b>-</b>	<b>12,734</b>
Liquid assets at the beginning of the year	-	46,558	-	45,638
<b>Net movement of the liquid assets</b>	<b>-</b>	<b>(12,601)</b>	<b>-</b>	<b>920</b>
Liquid assets at the end of the year	-	33,957	-	46,558



**Statement of changes in equity**  
*For the year ended 31 December 2022*

	Share capital*	Statutory Retained earnings Reserves**	Reserves for general banking risks	Loss brought forward	Profit for the year ended December 31, 2022	Total
CHF 1'000						
Shareholder's equity as at 31 December 2021	150,000	1,775	-	(4,089)	(487)	147,199
Allocation of previous year's result	-	-	-	(487)	487	-
Allocation to reserves for general banking risks	-	-	740	-	-	740
Profit for the year ended December 31, 2022	-	-	-	-	151	151
Shareholder's equity as at 31 December 2022	150,000	1,775	740	(4,576)	151	148,090

**\* Share Capital**

CHF 1'000

Fully paid up capital 150'000

\*\* Statutory retained earnings reserves of KCHF 1,775 is the net assets of QNB Real Estate Switzerland Ltd. absorbed by QNB (Suisse) SA in 2017.

## **1. Comments on business activities and risk management**

### **1.1 General**

QNB (Suisse) SA, formerly QNB Banque Privée (Suisse) SA, (the "Bank"), a Swiss limited liability company, located in Geneva, is a wholly owned Swiss private banking subsidiary of Qatar National Bank (Q.P.S.C.) in Doha, one of the largest banks in the State of Qatar, the Middle East and Africa, in terms of assets.

The entity was incorporated on September 28, 2007 and received its banking license on May 19, 2009.

The Bank is regulated by the Swiss Financial Market Supervisory Authority ("FINMA") and is subject to Swiss banking rules and regulations. The Bank offers a full range of private banking and wealth management services.

### **1.2 Personnel**

As of December 31, 2022, the Bank has 30 full time employees (vs. 28 in 2021).

### **1.3 Major Events**

A new Head of Centralised Operations (Mr. Hakan Ekinci) commenced working at the Bank in February 2022 and was appointed to the Executive Management Committee in May 2022.

A new Head of Risk (Mr. Cyrille Reynard) commenced working at the Bank in June 2022 and was appointed to the Executive Management Committee in September 2022.

### **1.4 Outsourcing**

The Bank outsources the management, development and maintenance of its core banking system (Avaloq) software and its back office operations to Avaloq Sourcing in Switzerland, a Swiss market leader in this field.

Outsourcing services are provided under the terms of a bespoke Service Level Agreement and managed via continuous quality and performance reviews performed by Avaloq Sourcing as well as stringent monitoring by the Bank. The Bank's IT infrastructure is maintained by Swisscom.

### 1.5 Risk Management Principles

Risk management principles are based on the Bank's organization rules and the broader range of policies and procedures in place. Policies are reviewed periodically by management and approved by the Board of Directors.

The Executive Management Committee of the Bank as well as the Board of Directors are regularly updated on the overall risk profile of the Bank. In addition, at a minimum on a yearly basis, the Board of Directors shall set a defined risk appetite for the Bank.

Risk management ensures that all significant risks associated with the Bank's activities are identified, assessed and mitigated in a proper and timely manner.

Specific limits are allocated to different types of risk and adherence to such limits is monitored regularly.

A permanent monitoring of the financial situation and performance, regulatory changes, and overall risk and compliance issues, allows the Executive Management Committee to be regularly informed.

In relation to organizational structure, the Bank has three levels of risk management / risk controlling responsibilities:

1. Overall guidance and supervision performed by the Board of Directors, who are responsible for the risk appetite and the risk management strategy.
2. Overall Management and operational supervision by the Executive Management Committee (implementation of risk management strategies).
3. Risk control, primarily by the Risk department and under the responsibility of the Head of Risk.

Moreover the Executive Management Committee has established bespoke committees (e.g. Risk and Credit Committee, Asset Liability Management Committee , Investment Committee and KYC and AML Committee) to ensure adequate monitoring and risk mitigation.

#### **Credit Risk**

Credit risk is the potential loss resulting from a borrower's failure to repay a loan or meet contractual obligations. Traditionally, it refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection.

The default risk is mitigated by the fact that exposures are in most cases secured by collateral.

All facilities are reviewed according to the approved delegation authority.

### ***Authorization structure***

#### ***Collateral***

For secured lending, the Bank mitigates credit risk by obtaining eligible collateral from clients, in the form of pledged or mortgaged assets. Collateral in most cases would be real-estate, liquid assets or bank guarantees issued by reputable banks.

#### ***Monitoring***

Daily monitoring is performed on facilities and the Bank promptly initiates corrective action.

#### ***Bank exposures***

The Bank has a set of defined limits. Adherence to the limits is monitored on a daily basis.

#### ***Market risk***

Market risk is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial markets in which he or she is involved. The main risk factors relate to interest rates, prices of equity-type securities, exchange rates and prices of precious metals.

#### ***Interest Rate Risk***

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that change in interest rates will adversely affect the value of the financial instruments and the related income. Exposure to interest rate risk is monitored regularly and sensitivity analysis on future cash flows is undertaken.

#### ***Foreign Exchange Risk***

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Bank's functional currency is the Swiss Franc.

Foreign exchange risk is controlled by the use of overnight exposure limits and a daily review of the foreign exchange position in each currency.

#### ***Liquidity Risk***

Liquidity or funding risk is the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities. Regulatory liquidity ratios are adhered to at all times.

QNB considers the prudent management of liquidity as essential in ensuring a sustainable and profitable business and in retaining the confidence of the financial markets.

### **Operational Risk**

Operational risk is the risk of a direct or an indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit and market risks. Operational risk may arise from all of the Bank's operations.

The mitigation of operational risk is achieved with an established framework of policies and procedures and a yearly risk control self-assessment process (RCSA).

Compliance with policies and procedures is also achieved by periodic reviews undertaken by internal and external auditors. The results of these reviews are discussed with the Executive Management and a summary is provided to the Board of Directors.

### **Compliance and Legal Risks**

The Head of Compliance & Internal Control ensures the Bank's adherence to prevailing laws and regulations and the enforcement of best market practices within the private banking industry. He promotes the creation of a sound compliance culture throughout the Bank and the ethical values of QNB Group. He reports his analysis of the Bank's compliance risks and issues to the Audit & Compliance Committee on a quarterly basis, as well as to the Group Chief Compliance Officer on a monthly basis.

The Head of Compliance & Internal Control also has a direct access to the Board of Directors and reports on a day-to-day basis to the Bank's Chief Executive Officer. He also supports the Bank's Executive Management Committee in reviewing new legislation being developed by supervisory authorities, the Government, Parliament or other regulatory bodies.

The Executive Management Committee also ensures that the Bank's internal directives are updated according to new legislation or regulations. External legal counsel is used where necessary for legal questions or assistance.

## 2. Accounting and valuation principles

### 2.1 Accounting and valuation principles

The Bank's financial statements, bookkeeping and accounting are prepared in accordance with the Swiss Code of Obligations, the FINMA Banks accounting ordinance (OEPC-FINMA), as well as the FINMA circular 2020/1 governing the preparation of financial statements.

### 2.2 Recording of transactions

All transactions made up to the date of the balance sheet are accounted for and valued on a daily basis according to recognized principles. The results of these operations are included in the income statement. Transactions performed (including money transactions and spot securities transactions) are included in the balance sheet based on the transaction date.

### 2.3 Foreign currencies

Transactions in foreign currencies occurring during the course of the year are converted at the rate in effect at the time the transaction was recognized. Gains and losses arising from foreign currency transactions are included in the income statement as realized during the course of the year.

Foreign currency assets and liabilities at the balance sheet date are converted into Swiss Franc equivalents using the year-end foreign currency rates disclosed below, the income statement impact of the revaluation is included in results from trading operations.

	<u>31.12.2022</u>	<u>31.12.2021</u>
QAR/CHF	0.2532	0.2515
USD/CHF	0.9217	0.9156
GBP/CHF	1.1104	1.2350
EUR/CHF	0.9835	1.0367

## 2.4 Cash and other liquid assets and amounts due from banks

These items are recorded at nominal value. Provisions for impairments, if any, are directly deducted from the relevant asset in the balance sheet.

## 2.5 Loans and advances to clients

Loans are recognized at nominal value in the balance sheet, less reimbursements and value adjustments for impairment if any. A loan is considered impaired when strong evidence indicates that the debtor is unlikely to meet his obligations, such as recognized financial difficulties or an actual default on contractual payments (past-due balances of more than 90 days on payments of interest or principal, or any fees related to the loan).

The bank regularly performs an assessment of the collectability of outstanding balances. During the assessments, the Bank takes into account collaterals' market value. Impaired loans are valued individually and any loss in value is covered by specific valuation adjustments and provisions. Off balance sheet items such as irrevocable commitments, guarantees and other derivative financial instruments are included in this valuation.

Any interest past-due for more than 90 days is considered non-performing. For such exposure, interest is no longer booked to the profit and loss.

A loan is no longer considered as non-performing if capital and interest in arrears are fully repaid, the servicing of the debt has resumed normally, additional tangible guarantees have been obtained for value in excess of the existing unsecured debt and other solvency criteria have been met. Loan recoveries with provisions or written off in prior periods are recorded in "Changes in value adjustments due to default risk as well as losses from interest operations".

When a loan is considered totally or partially irrecoverable, or should the Bank decide to abandon loan recovery, it is fully written off. Write-offs are charged against previously established provisions and reduce the principal loan amount.

Value depreciation corresponds to the difference between the loan book value and the amount which the Bank can expect to recover, with due consideration for the counterparty risk and the net proceeds from the realization of any collateral held. Valuation adjustments and provisions are directly deducted from corresponding assets.

Collateral obtained on loans and advances to clients is valued at its liquidation value. The liquidation value is the net proceeds that can be realized after deducting the holding costs and liquidation charges.

The collateral valuation is processed daily based on available prices for each asset, with a price update frequency depending on the nature of each asset.

## 2.6 Financial investments

Investment securities purchased to meet the Bank's long-term or medium-term requirements are booked as "Financial Investments". The management determines the appropriate classification of its investments, according to its investment objectives, between trading and financial investment assets. Any investment securities held for trading purposes are booked at fair value.

Any Fixed income investment security held for long-term requirements (i.e. where management has both the intent and the ability to hold to maturity) are booked at the amortized cost using the accrual method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition, and ensuring that this difference is spread over the remaining maturity of such security.

Investment Securities held for sale are valued at the lower of acquisition cost and market value. Any impairment in value as well as any subsequent recoveries in value are booked to "Other ordinary expenses" or "Other ordinary income" respectively.

Interest earned while holding investment securities is reported as "Interest and dividend income from financial investments."

## 2.7 Fixed Tangible assets and Intangible assets

Fixed assets are stated in the balance sheet at their cost price.

The depreciation charge for Buildings is calculated by applying a rate of 4% per annum on the reducing balance basis.

All other fixed assets are depreciated using the straight-line method over a period corresponding to the estimated useful economic life of the different types of assets. The estimated useful economic lives are as follows:

Furniture and fixtures	7 years
Leasehold improvements	4 years
IT equipment	3 years
Software	3 years

The carrying amounts are reviewed at each balance sheet date for indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.



An impairment loss is recognized in the income statement to the extent that carrying values exceed the recoverable amounts.

## **2.8 Liabilities to own pension fund institution**

The Bank's employees participate in a 2nd-pillar defined contribution plan provided by Swiss Life. This pension plan is structured as a Collective LPP Foundation and provides the following benefits:

- Risk - death, disability, longevity (defined benefits pension plan)
- Retirement Savings (defined contribution plan)

Swiss Life provides a 100% nominal value guarantee on retirement savings. This ensures that fluctuations in market prices of investments have no negative consequences for the Bank or its employees.

The Bank's contributions are recorded in the income statement as personnel expenses.

## **2.9 Provisions**

For all potential and identifiable risks existing at the balance sheet date, valuation adjustments and provisions are established on a prudent basis. The Executive Management Committee periodically reviews these risks. If valuation adjustments and provisions are considered necessary, they are recorded in the relevant income statement account when the risk is identified.

## **2.10 Derivative instruments**

Subject to prior internal approval, the Bank allows clients to use derivative financial instruments.

Derivative instruments include options, futures and swaps on equities, stock indices, foreign exchange, commodities and interest rates, forward rate agreements and forward contracts on currencies, securities and commodities.

Derivative financial instruments are reported at their fair value. Fair value is determined from the price provided by a liquid and efficient market or from the price established by a valuation model. The gross replacement value of derivative contracts reflects the fair value of all unsettled trades at the year-end. The positive replacement value is included in "Positive replacement values of derivatives", the negative replacement value in "Negative replacement values of derivatives". Realized and unrealized profits and losses are disclosed under "Net result from trading operations".

The Bank had no transactions in derivatives during the reporting period.

### **2.11 Taxes**

Current taxes affecting the earnings and capital of the corresponding period are determined in accordance with the applicable fiscal requirements. Unpaid taxes are recorded as a tax charge of the accounting period during which the related profits were made or the related capital was applicable. They are shown as liabilities in the balance sheet under "Accrued expenses and deferred income".

### **2.12 Contingent liabilities and irrevocable commitments**

These transactions are recorded as off-balance sheet items at their nominal value.

### **2.13 Islamic transactions**

From an accounting perspective, Islamic deposits are treated as client deposits and Islamic financings are treated as loans.

### 3. Information concerning the balance sheet

#### 3.1 Presentation of the collateral for loans and off-balance sheet transactions, as well as doubtful receivables

<b>Loans and advances</b>				
CHF 1'000	Mortgage coverage	Secured by other collateral	Unsecured	Total
Amounts due from customers	26,878	611,377	804	639,059
Mortgage Loans	26,033	-	-	26,033
<i>Residential property</i>	16,780	-	-	16,780
<i>Commercial and industrial premises</i>	9,253	-	-	9,253
<i>Other</i>	-	-	-	-
<b>Total loans</b>				
<b>(before netting with value adjustment)</b>	<b>52,911</b>	<b>611,377</b>	<b>804</b>	<b>665,092</b>
Previous year	67,826	633,948	1,183	702,957
<b>Total loans</b>				
<b>(after netting with value adjustments)</b>	<b>52,911</b>	<b>611,377</b>	<b>804</b>	<b>665,092</b>
Previous year	67,826	633,948	1,183	702,957
<b>Impaired receivable</b>				
	Gross amount	Estimated liquidation proceeds of the collateral	Net amount due	Individual value adjustments
CHF 1'000				
Current Year	-	-	-	-
Previous year	-	-	-	-
<b>Off-balance sheet</b>				
CHF 1'000	Mortgage coverage	Secured by other collateral	Unsecured	Total
Contingent liabilities	-	1,267	-	1,267
Irrevocable commitments	-	26,795	180 *	26,975
<b>Total off-balance</b>	<b>-</b>	<b>28,062</b>	<b>180</b>	<b>28,242</b>
Previous year	-	27,958	154 *	28,112

\* Irrevocable commitment for the Swiss deposit protection scheme as required by FINMA.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3.2 Financial investments

	Book value		Fair value	
	Reporting year	Prior year	Reporting year	Prior year
CHF 1'000				
Debt instruments	11,876	11,985	10,986	12,117
<i>Held-to-maturity</i>	11,876	11,985	10,986	12,117
<b>Total financial investments</b>	<b>11,876</b>	<b>11,985</b>	<b>10,986</b>	<b>12,117</b>
<i>of which securities eligible for SNB repo transactions in accordance with liquidity regulation.</i>	<i>3,005</i>	<i>3,006</i>	<i>2,928</i>	<i>3,218</i>

Rating	AAA TO AA-	A+ TO A-	BBB+ TO BBB-	BB+ TO B	Lower Than B-	w/o Rating
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#### Breakdown of the counterparty according to rating \*

CHF 1'000	
<b>Debt instrument : Book value</b>	<b>11,876</b>

\*S&P is the source of the ratings and Telekurs is the source for the fair value of the securities.

### 3.3 Tangible fixed assets

	Historical costs	Accumulated depreciation	Net book value at 31.12.2021	Additions in 2022	Disposals in 2022	Amortization / Depreciation in 2022	Net book value at 31.12.2022
CHF 1'000							
Real Estate	1,364	(498)	866	-	-	(35)	831
Leasehold improvements	4,392	(4,391)	1	-	-	(1)	-
Furniture and fixtures	1,090	(971)	119	-	-	(52)	67
IT equipment	532	(527)	5	24	-	(6)	23
Software	3,527	(3,018)	509	168	-	(332)	345
<b>Total Tangible fixed assets</b>	<b>10,905</b>	<b>(9,405)</b>	<b>1,500</b>	<b>192</b>	<b>-</b>	<b>(426)</b>	<b>1,266</b>

### 3.4 Other assets and liabilities

Other assets	31.12.2022	31.12.2021
CHF 1'000		
Indirect taxes	145	81
Amortization of premium of Financial Investments (HTM) sold prior to maturity	130	168
Other assets	-	10
<b>Total other assets</b>	<b>275</b>	<b>259</b>

Other liabilities	31.12.2022	31.12.2021
CHF 1'000		
Indirect taxes	127	76
Other liabilities	1	18
<b>Total other liabilities</b>	<b>128</b>	<b>94</b>

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

Pledged / assigned assets	Book values	Effective commitments
CHF 1'000		
Book value of assets pledged or assigned as guarantee	724	720
<b>Total</b>	<b>724</b>	<b>720</b>

*The Bank has pledged KCHF 724, of which KCHF 4 correspond to derivatives collateral accounts with no actual commitment. The remaining KCHF 720 correspond to rental guarantees deposited in a third party bank which are effective commitments.*

### 3.6 Liabilities towards pension fund institutions

QNB (Suisse) SA is affiliated to the Swiss Life LPP-Collective-Foundation, Zurich since November 2009.

The Bank's employees participate in a 2<sup>nd</sup>-pillar provided by Swiss Life. This pension plan is structured as a Collective LPP Foundation and provides the following benefits:

- Risk - death, disability, longevity (defined benefits pension plan)
- Retirement Savings (defined contribution plan)

Current liabilities to pension fund	31.12.2022	31.12.2021
CHF 1'000		
<b>Current liabilities towards pension fund</b>	<b>118</b>	<b>109</b>

### Economic advantage/obligations and Bank's contributions

Occupational pension plans are generally subject to fundamental insurance and investment risk. However, the Swiss Life scheme provides full insurance with the following features:

- All risks are insured - there are no additional payment obligations. Stock markets fluctuations or a poor investment policy have no negative consequences for the Bank.
- No fluctuation reserves are required.

Swiss Life provides a 100% nominal value guarantee on retirement savings. This ensures that fluctuations in market prices of investments have no negative impact related to the pension fund.

	Surplus / deficit as at 31.12.2022	Net advantage / obligation for the Bank 31.12.2022	31.12.2021	Variation in the period	Adjusted contribution in the year ending 2022	Pension fund contribution included in personnel expenses in 2022	2021
CHF 1'000							
<b>*Pension fund without surplus or deficit</b>	-	-	-		939	939	921

\*As at 31 December 2022, the Bank has no employer contribution reserve.

### 3.7 Provisions

	Balance at 31.12.2021	Use according to purpose	Reclassifications	Past due interest, Recoveries	New reserve charge	Balance at 31.12.2022
CHF 1'000						
<b>Value adjustments and provisions for default and other risks:</b>						
- Other provisions for business risk	60	(28)	-	-	-	32
<b>Total</b>	<b>60</b>	<b>(28)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>
Reserves for general banking risks*	-	-	-	-	740	740
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>740</b>	<b>740</b>

\*The new reserve charge of KCHF 740 has not been deducted as an expense when calculating the income tax due for 2022.

### 3.8 Share capital

CHF 1'000	31.12.2022			31.12.2021		
	Share Capital	Units	Dividend bearing capital	Share Capital	Units	Dividend bearing capital
Share Capital	150,000	1,000	150,000	150,000	1,000	150,000
<b>Total company capital</b>	<b>150,000</b>	<b>1,000</b>	<b>150,000</b>	<b>150,000</b>	<b>1,000</b>	<b>150,000</b>

### 3.9 Amounts due to/from related parties

Related companies includes all QNB Group companies other than the parent company itself. Other related parties are those parties able to influence the Bank's financial or operational decisions either directly or indirectly to a significant extent.

Transactions with Qatar National Bank (Q.P.S.C.) were performed at arm's length and followed market terms during the year, except for the guarantees received by the Bank without fees, and lower interest rates.

#### Holders of qualified participations

Balance sheet	31.12.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
CHF 1'000				
Amounts due from banks	125,328	-	170,140	-
Amounts due to banks*	-	662,046	-	704,622
Amounts due to customers	-	-	-	-
Accrued income and prepaid expenses	587	-	48	-
Accrued expenses and deferred income	-	969	-	368
<b>Off-Balance sheet</b>				
Fiduciary deposits	1,546,142	-	1,199,046	-
Guarantees	621,234	-	642,490	-

\*Including KCHF 25'000 subordinated loan

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Related companies

Balance sheet	31.12.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
CHF 1'000				
Amounts due from banks	-	-	-	-
Amounts due from customers	68	-	101	-
Amounts due to banks	-	-	-	-
Accrued expenses and deferred income	-	-	-	-
<b>Off-Balance sheet</b>				
Fiduciary deposits	20,970	-	11,166	-

### Member of governing bodies

Balance sheet	31.12.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
CHF 1'000				
Amounts due from banks	-	-	-	-
Amounts due from customers	11,089	-	14,394	-
Amounts due to banks	-	-	-	-
Amounts due to customers	-	1,504	-	2,257
<b>Off-Balance sheet</b>				
Fiduciary deposits	-	2,284	-	2,325
Guarantees	-	100	-	100

### 3.10 Declaration of holders of Shareholding exceeding 5% of all voting rights

Significant shareholders and groups of shareholder with pooled voting rights	31.12.2022		31.12.2021	
CHF 1'000				
Qatar National Bank (Q.P.S.C.)	150,000	100%	150,000	100%

Qatar National Bank (Q.P.S.C.) is 50% owned by Qatar Holding LLC, Doha, which is fully owned by the sovereign wealth fund of the State of Qatar, the Qatar Investment Authority (QIA), with the remaining 50% publicly traded on the Qatar Stock Exchange. QIA is 100% owned by the State of Qatar.



### 3.11 Presentation of maturity structure of financial instruments

<b>Financial assets</b>	At sight	Callable	Up to 3 months	3 to 12 months	12 months to 5 years	More than 5 years	Immobilized	Total
CHF 1'000								
Liquid assets	33,957	-	-	-	-	-	-	33,957
Amounts due from banks	39,497	51,432	58,217	58,000	-	-	-	207,146
Amounts due from customers	68	26	10,116	152,679	434,663	41,507	-	639,059
Mortgage loans	-	-	266	2,306	9,559	13,902	-	26,033
Financial investments	-	-	-	-	8,794	3,082	-	11,876
<b>Subtotal assets</b>	<b>73,522</b>	<b>51,458</b>	<b>68,599</b>	<b>212,985</b>	<b>453,016</b>	<b>58,491</b>	-	<b>918,071</b>
Prior year	300,618	19	28,820	389,408	293,637	73,958	-	1,086,459
<b>Financial liabilities</b>								
CHF 1'000								
Amount due to banks	2,733	-	6,367	153,531	423,010	76,405	-	662,046
Amounts due to customers	109,104	-	-	-	-	-	-	109,104
<b>Subtotal liabilities</b>	<b>111,837</b>	-	<b>6,367</b>	<b>153,531</b>	<b>423,010</b>	<b>76,405</b>	-	<b>771,150</b>
Prior year	238,162	-	11,437	320,529	281,572	88,644	-	940,344

### 3.12 Domestic versus foreign assets and liabilities

Assets	31.12.2022		31.12.2021	
	Domestic	Foreign	Domestic	Foreign
CHF 1'000				
Liquid assets	33,957	-	46,558	-
Amounts due from banks	69,902	137,244	90,588	234,371
Amounts due from customers	317,958	321,101	317,999	345,588
Mortgage Loans	1,824	24,209	1,857	37,513
Financial investments	3,005	8,871	3,006	8,979
Accrued income and prepaid expenses	2,903	1,131	2,287	767
Participations	-	-	-	-
Tangible fixed assets	1,266	-	1,500	-
Other assets	275	-	259	-
<b>Total assets</b>	<b>431,090</b>	<b>492,556</b>	<b>464,054</b>	<b>627,218</b>

Liabilities	31.12.2022		31.12.2021	
	Domestic	Foreign	Domestic	Foreign
CHF 1'000				
Amounts due to banks	-	662,046	-	704,622
Amounts due to customers	15,439	93,665	32,618	203,104
Accrued expenses and deferred income	2,479	1,767	2,271	1,304
Other liabilities	128	-	94	-
Provisions	32	-	60	-
Reserves for general banking risks	740	-	-	-
Bank's capital	150,000	-	150,000	-
Statutory retained earning reserve	1,775	-	1,775	-
Loss brought forward	(4,576)	-	(4,089)	-
Profit / (Loss) for the year	151	-	(487)	-
<b>Total liabilities</b>	<b>166,168</b>	<b>757,478</b>	<b>182,242</b>	<b>909,030</b>

### 3.13 Assets by countries / group of countries

	31.12.2022		31.12.2021	
	Absolute	Percentage	Absolute	Percentage
CHF 1'000				
Switzerland	431,090	47%	464,054	43%
Europe <i>excl. Switzerland</i>	178,079	19%	206,918	19%
Caribbean	5	0%	616	0%
Africa	4	0%	1	0%
Qatar	297,760	32%	350,199	32%
Other countries	16,708	2%	69,484	6%
<b>Total Assets</b>	<b>923,646</b>	<b>100%</b>	<b>1,091,272</b>	<b>100%</b>

### 3.14 Breakdown of total assets excluding Switzerland based on the credit rating of the country (Risk domicile principle)

Ratings*	31.12.2022		31.12.2021	
	Absolute	Percentage	Absolute	Percentage
CHF 1'000				
AAA to AA-	492,365	100.0%	625,448	99.7%
A+ to A-	3	0.0%	-	0.0%
BBB+ to BBB-	1	0.0%	4	0.0%
B+ to B-	6	0.0%	1	0.0%
D	149	0.0%	156	0.0%
Unrated	32	0.0%	1,609	0.3%
<b>Total Assets</b>	<b>492,556</b>	<b>100%</b>	<b>627,218</b>	<b>100%</b>

\*Source S&P

### 3.15 Balance sheet by currencies

Assets	CHF	USD	EUR	GBP	QAR	Other	TOTAL
CHF 1'000							
Liquid assets	33,564	25	339	27	-	2	33,957
Amounts due from banks	124,658	45,788	19,028	16,172	28	1,472	207,146
Amounts due from customers	416,790	216,762	4,849	590	25	43	639,059
Mortgage loans	1,824	581	3,173	20,455	-	-	26,033
Financial investments	3,005	8,871	-	-	-	-	11,876
Participations	-	-	-	-	-	-	-
Accrued income and prepaid expenses	3,028	653	32	115	205	1	4,034
Tangible fixed assets	1,266	-	-	-	-	-	1,266
Other assets	275	-	-	-	-	-	275
<b>Total assets</b>	<b>584,410</b>	<b>272,680</b>	<b>27,421</b>	<b>37,359</b>	<b>258</b>	<b>1,518</b>	<b>923,646</b>
Prior year	598,213	364,398	76,144	51,879	329	309	1,091,272
<b>Liabilities and Shareholders equity</b>							
CHF 1'000							
Amounts due to banks	415,609	218,311	7,099	21,026	-	1	662,046
Amounts due to customers	19,784	52,620	19,391	15,871	-	1,438	109,104
Accrued expenses and deferred income	2,931	342	806	77	90	-	4,246
Other liabilities	128	-	-	-	-	-	128
Provisions	32	-	-	-	-	-	32
Reserves for general banking risk	740	-	-	-	-	-	740
Bank's capital	150,000	-	-	-	-	-	150,000
Statutory retained earnings reserve	1,775	-	-	-	-	-	1,775
Losses brought forward	(4,576)	-	-	-	-	-	(4,576)
Profit / (Loss) for the year	151	-	-	-	-	-	151
<b>Total liabilities and Shareholders equity</b>	<b>586,574</b>	<b>271,273</b>	<b>27,296</b>	<b>36,974</b>	<b>90</b>	<b>1,439</b>	<b>923,646</b>
Prior year	600,757	362,796	75,920	51,411	136	252	1,091,272
<b>Net position per currency</b>	<b>(2,164)</b>	<b>1,407</b>	<b>125</b>	<b>385</b>	<b>168</b>	<b>79</b>	<b>-</b>
Prior year	(2,544)	1,602	224	468	193	57	-

### 3.16 Breakdown of contingent assets and liabilities

	<b>31.12.2022</b>	<b>31.12.2021</b>
CHF 1'000		
Taxes on loss carried-forward	68	-
<b>Total contingent assets</b>	<b>68</b>	<b>-</b>

	<b>31.12.2022</b>	<b>31.12.2021</b>
CHF 1'000		
Guarantees to secure credits and similar	1,267	1,340
<i>of which: Credit cards</i>	<i>675</i>	<i>749</i>
<i>Credit line guarantee</i>	<i>-</i>	<i>-</i>
<i>Other gurantee</i>	<i>592</i>	<i>591</i>
<b>Total contingent liabilities</b>	<b>1,267</b>	<b>1,340</b>

*\*For comparative purposes a reclass of CHFK 100 has been made from line "Credit line guarantee" to line "Credit cards" in the 2021 figures.*

### 3.17 Breakdown of irrevocable commitments

	<b>31.12.2022</b>	<b>31.12.2021</b>
CHF 1'000		
Irrevocable commitments (credit line)	26,795	26,618
Deposit guarantee scheme (art. 37h LB)	180	154
<b>Total Irrevocable commitments</b>	<b>26,975</b>	<b>26,772</b>

### 3.18 Presentation of participations

	Acquisition cost	Cumulative value adjustments	Book value 31.12.2021	Reclassifications	Additions	Disposals	Impairment	Book value 31.12.2022
CHF								
Other participations*	1	-	1	-	-	-	-	1
without market value	1	-	1	-	-	-	-	1
<b>Total</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

*\*As at 31.12.2022, the Bank holds a participation of 1 EUR in the capital of QNB PROPERTY FRANCE a real-estate company located in Paris.*

## 4. Information on off-balance sheet transaction

### 4.1 Breakdown of fiduciary transactions

	31.12.2022	31.12.2021
CHF 1'000		
<b>Fiduciary Investments with group companies and affiliated companies</b>	<b>1,567,112</b>	<b>1,210,212</b>
Of which:		
Fiduciary transactions with Qatar National Bank (Q.P.S.C.), Qatar	1,546,142	1,199,046
Fiduciary transactions with QNB Finansbank	20,970	11,166
<b>Total fiduciary transactions</b>	<b>1,567,112</b>	<b>1,210,212</b>

### 4.2 Assets under management

	31.12.2022	31.12.2021
CHF 1'000		
<b>Fiduciary Investments with group companies and affiliated companies</b>	<b>1,567,112</b>	<b>1,210,212</b>
Of which:		
Fiduciary transactions with Qatar National Bank (Q.P.S.C.), Qatar	1,546,142	1,199,046
Fiduciary transactions with QNB Finansbank	20,970	11,166
<b>Total fiduciary transactions</b>	<b>1,567,112</b>	<b>1,210,212</b>
<b>Breakdown of assets under management and under administration</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
CHF 1'000		
Assets in own administrated collective investment schemes	101,930	107,543
Assets with discretionary management agreements	-	-
Other assets under management*	1,753,412	1,560,179
<b>Total assets under management (including double count)</b>	<b>1,855,342</b>	<b>1,667,722</b>
+/- Net new money inflows or outflows	128,550	(47,776)
+/- Changes in prices and exchange rates, in addition to interest and dividends	59,070	(44,502)
<b>Net variance of assets under management</b>	<b>187,620</b>	<b>(92,277)</b>

\*Other assets under management ('AUM') as stated above do not include client current account balances where the relevant client does not also hold investment securities or fiduciary deposits in the portfolios (31.12.2022: KCHF 61,554 and 31.12.2021: KCHF 150,459) or portfolios where the Bank is providing custody only services to the relevant clients (31.12.2022: KCHF 487'984 and 31.12.2021: KCHF 601'164 ) Furthermore, AUM does not include loans to clients.

Double counts, as referred to above, arise where amounts are included in more than one category. For example, collective investment schemes, which are managed by the Bank may also include investments by the Bank's own clients. In such cases, the relevant assets would be included in both Assets in own administered collective investment schemes and Other assets under management above.

Net inflows / outflows from customers are made up of assets acquired from new or existing clients and withdrawals of assets of existing clients or customers who discontinued their relationship with the Bank. Their value is determined on the day of transfer (cash and/or transferable securities). Net inflows / outflows from customers are calculated excluding market movements, changes in market prices, dividends and interest.

## 5. Information concerning the income statement

### 5.1 Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

Negative interest on the lending business is recognised as a reduction in interest income and negative interest on borrowing as a reduction in interest costs. The Bank does not deduct financing costs from trading positions.

### 5.2 Breakdown of trading income

	2022	2021 *
CHF 1'000		
Foreign exchange income from client transactions	425	165
Foreign exchange impact of the revaluation of the balance sheet	107	47
<b>Total net trading income</b>	<b>532</b>	<b>212</b>

\*For comparative purposes, the total amount for 2021 has been split on the same basis as 2022.

### 5.3 Breakdown of personnel expenses

	2022	2021
CHF 1'000		
Salaries	6,685	6,713
Governing bodies fees	182	182
Social costs	1,520	1,586
Other personnel expenses	381	394
<b>Total personnel expenses</b>	<b>8,768</b>	<b>8,875</b>

### 5.4 Breakdown of general and administrative expenses

	2022	2021
CHF 1'000		
IT, equipment and installations expensed	3,613	3,435
Professional fees*	786	1,029
<i>*Of which external audit fees</i>	256	284
Occupancy	1,769	1,654
Other operating expenses	1,503	1,171
<b>Total operating expenses</b>	<b>7,671</b>	<b>7,289</b>

### 5.5 Breakdown of taxes

	<b>2022</b>	<b>2021</b>
CHF 1'000		
Capital tax	668	669
Income tax	47	-
Other local tax	81	109
<b>Total Taxes</b>	<b>796</b>	<b>778</b>
Tax rate based on pre-tax result	84%	n/a



**QNB (Suisse) SA**

**Corporate Governance**



## **Group Structure and Shareholders**

### **Description of the issuers' operational Group structure**

QNB (Suisse) SA, formerly QNB Banque Privée (Suisse) SA, (the "Bank"), a Swiss limited liability company, based in Geneva, is a wholly owned private banking subsidiary of Qatar National Bank (Q.P.S.C.), Doha, one of the largest banks in the Middle East and Africa (MEA).

The Bank was incorporated on September 28, 2007 and received its banking license on May 19, 2009.

The Bank is supervised by the Swiss Financial Market Supervisory Authority ("FINMA") and subject to Swiss banking rules and regulations. The Bank offers a full range of private banking and wealth management services.

### **Significant shareholders**

See note 3.10 to the financial statements, within the 2022 Annual Report.

### **Capital Structure**

Please refer to the following sections within the 2022 Annual Report:

- Statement of changes in equity
- Note 3.8 to the financial statements

### **Board of Directors**

As at December 31, 2022, the Board of Directors had six members, three of whom were independent members, in line with prevailing Swiss laws and regulations governing corporate governance for financial institutions.

The other three, non-independent, board members hold senior management positions in Qatar National Bank (Q.P.S.C.), Doha:

- Abdulla Mubarak Al-Khalifa, Group Chief Executive Officer, Qatar National Bank (Q.P.S.C.)
- Adel Khashabi, General Manager Group Asset & Wealth Management, Qatar National Bank (Q.P.S.C.)
- Khaled Farouk Salhab, Assistant General Manager, Domestic Corporate Banking, Qatar National Bank (Q.P.S.C.)

**Board of Directors**

Abdulla Mubarak Al-Khalifa	Chairman
Paul-André Sanglard	Vice-Chairman
Henri Danguy des Déserts	Member
Markus Dörig	Member
Adel Khashabi	Member
Khaled Farouk Salhab	Member

Line Al-Acha Secretary

**Audit and Compliance Committee**

Paul-André Sanglard	Chairman
Henri Danguy des Déserts	Member
Khaled Farouk Salhab	Member

Sid Ali Zemouli Secretary

**Remuneration Committee**

Paul-André Sanglard	Chairman
Henri Danguy des Déserts	Member
Adel Khashabi	Member
Ghadeer Abu Hijleh	Guest

Line Al-Acha Secretary

**Executive Management Committee**

Ghadeer Abu Hijleh	Chief Executive Officer, President
David Ryan	Head of Finance, Member
Hakan Ekinci	Head of Centralized Operations, Member
Zakaria Siblini	Head of Private Banking, Member
Cyrille Reynard	Head of Risk, Member
Line Al-Acha	Secretary

**External Auditors**

KPMG SA - Geneva

## **Members of the Board of Directors**

### **Abdulla Mubarak Al-Khalifa**

#### **Chairman of the Board of Directors**

**Nationality:** Qatari

**Key qualifications:** Bachelor's Degree in Business Administration Eastern Washington University  
Over 26 years of comprehensive and widespread banking sector experience, having worked with Qatar National Bank (Q.P.S.C.) from 1996 to date.

He has an extensive experience in all aspects of banking services with Companies and institutional clients, Relationship Management, Banking Transactions and Operations.

#### **Professional Experience:**

Since 2018	Group Chief Executive Officer, Qatar National Bank (Q.P.S.C.), Doha, Qatar
2013 – 2018	Executive General Manager – Chief Business Officer, Qatar National Bank (Q.P.S.C.), Doha, Qatar
2007 – 2013	General Manager, Corporate Banking, Qatar National Bank (Q.P.S.C.), Doha, Qatar
2005 – 2006	Assistant General Manager, Corporate & Institutional Banking, Qatar National Bank (Q.P.S.C.), Doha, Qatar
2002 – 2005	Relationship Manager, Corporate, Qatar National Bank (Q.P.S.C.), Doha, Qatar
1996 – 2002	Officer/Sr. Officer, Trading & Customer Services, Qatar National Bank (Q.P.S.C.), Doha, Qatar

## Paul-André Sanglard

**Vice-Chairman of the Board of Directors**

**Chairman of the Audit and Compliance Committee**

**Chairman of the Remuneration committee**

**Nationality:** Swiss

**Key qualifications:** PhD, Doctorate degree in Economics at Geneva University

**Professional Experience:**

Current	Vice Chairman, QNB (Suisse) SA, Geneva Chairman, Bondpartners SA Chairman, Banque Heritage Chairman, de Pury Pictet Turrettini Board member, Unigestion SA (Bouygues Group) Board member, Alcyon SA (Private Equity Company) Board Member, Baader Helvea SA
2016 – 2021	Board Member, Millennium Banque Privée BCP Suisse
2014 – 2021	Board Member, then Vice Chairman, Société Générale Private Banking Suisse
2008 – 2021	Board member of Edmond de Rothschild Asset Management Switzerland SA
2002 – 2021	Board member, then Vice Chairman, Banque Cantonale Vaudoise
2001 – 2021	Board member, TSM Compagnie d'Assurances
2000 – 2012	Board Member, then Chairman, British American Tobacco Switzerland
1998 – 2016	Chairman, Ophthalmologic Network Organization
1995 – 2016	Chairman, Banque Cantonale du Jura
1982 – 1995	Lecturer in public finance, University of Geneva
1994 – 2021	President, then Chairman, Groupe Vaudoise Assurances
1984 – 1989	Member of the executive board, World Economic Forum
1979 – 1984	Head of Treasury, Canton of Jura

## Henri Danguy des Déserts

**Member of the Board of Directors**

**Member of the Audit and Compliance Committee**

**Member of the Remuneration Committee**

**Nationality:** French

**Key qualifications:** Institut Supérieur de Commerce in Paris

**Professional Experience:**

Current	Board Member, QNB (Suisse) SA, Geneva Chairman, Amadeus Capital (Asset Management Company) Geneva Chairman, SterwenBam SA (Asset Management Company) Geneva Chairman, 21st Capital SA (Asset Management Company) Paris, FR
2007 – 2018	Board member, SG Private Banking (Suisse) SA
2005 – 2010	In charge of an important Family Office in Geneva
2000 – 2004	Member of General Management of HSBC, Geneva, Switzerland
1994 – 2004	Group Deputy General Manager CCF, Paris, France
1986 – 1994	General Manager Crédit Commercial de France (Suisse) SA, Geneva, Switzerland
1981 – 1986	Manager International Branch CCF, Paris
1978 – 1981	Manager Trade Finance, Banque International pour l’Afrique Occidentale, Paris
1975 – 1978	Trader then Deputy Manager finance Europe, BUNGE N.V, Antwerp, Belgium
1972 – 1975	Trader, BUNGE, Paris

## Markus Dörig

### Member of the Board of Directors

**Nationality:** Swiss

**Key qualifications:** Thesis passed and graduated magna cum laude Doctor Luris, Law School of Zurich University and Admitted to the bar in 1987.

### Professional Experience:

Current	Board Member, QNB (Suisse) SA (Banking), Geneva Chairman, Euler Hermes Services Schweiz AG (Insurance) Board Member, Mindpearl AG (Call Center Services) Board Member, Walde Immobilien AG (Real Estate) Chairman, Dorfgarage Zumikon AG (Cars) Chairman, Josef Wagner Stiftung (Foundation Charity) Chairman, Suse Software Solutions Schweiz AG (Industrial Software) Chairman, Tamarix Ltd. (Private client of QNB; disclosed) Board Member, FutureWorld Foundation (Foundation) Board Member, Sirad SA (Medical Devices) Vice-Chairman, Dr. Björn Johansson Associates AG (Executive Search)
1996 – Present	Founding partner and member of Badertscher Attorneys at Law, a Zurich law firm
1993 – 1996	Partner with Umbricht & Badertscher, a Zurich law firm
1989 – 1993	Associate with a Zurich law firm
1988 – 1989	Associate with Gardner Carton & Douglas, Chicago
1985 – 1987	Associate with a Zurich law firm
1984 – 1985	Clerk at District Court
1982 – 1984	Lecturer Business School of Zurich

## Adel Khashabi

**Member of the Board of Directors**

**Member of the Remuneration Committee**

**Nationality:** Qatari

**Key qualifications:** Bachelor degree in Business Administration, University of Arizona

**Professional Experience:**

Since 2009	GM Group Asset & Wealth Management, Qatar National Bank (Q.P.S.C.), Doha, Qatar
2008 – 2009	AGM Private Banking & Wealth Management, Qatar National Bank (Q.P.S.C.), Doha, Qatar
2007 – 2008	Head of Private Banking, Ansbacher & Co Ltd, Doha, Qatar
2006 – 2007	Senior Assistant GM & Deputy Chief, Commercial Bank, Doha, Qatar
2004 – 2006	Head of HSBC Amanah Middle East, Doha, Qatar
2003 – 2004	Head of Personal Banking HSBC, Doha, Qatar
2001 – 2003	Business Development Manager & Deputy Personal Banking Manager, HSBC, Doha, Qatar
1996 – 2001	Manager HSBC, Doha, Qatar



## **Khaled Farouk Salhab**

**Member of the Board of Directors**

**Member of the Audit Committee**

**Nationality:** Lebanese

**Key qualifications:** Bachelor of Science (Business Administration – emphasis in Banking & Finance)  
Lebanese American University 1991

### **Professional Experience:**

- |             |  |
|-------------|--|
| Since 2012  | Assistant General Manager, Domestic Corporate Banking, Qatar National Bank (Q.P.S.C.), Doha, Qatar   |
| 2009 – 2012 | Chief Executive Officer, BLOMINVEST SA (Banque Du Liban et D’Outre-Mer)  |
| 2006 – 2009 | Head of Project & Structured Finance, Arab National Bank, Saudi Arabia   |
| 1994 – 2006 | Twelve years tenure from a Relationship Manager to his last post as a Division Head/Team Leader in the Corporate bank – Central Region, Arab National Bank |
| 1992 – 1994 | Credit Officer, Bank of Lebanon & Kuwait, Head Office  |

## **Members of the General Management**

### **Ghadeer Abu Hijleh**

**Chief Executive Officer**

**Guest of the Remuneration Committee**

**Nationality:** Canadian and Jordanian

**Key qualifications:** 2007 MBA with Distinction, University of Wollongong (Dubai Campus)  
1993 Bachelor of Accounting & Business Administration, University of Jordan

#### **Professional Experience:**

Since 2018	Chief Executive Officer, QNB (Suisse) SA, Geneva
2015 – 2018	Head of Private Banking, QNB (Suisse) SA, Geneva
2014 – 2015	First Vice President, Head of North Africa, Private Banking, BSI SA, Geneva
2013 – 2014	Market Area Head of North Africa, NBAD Private Bank (Suisse) SA, Geneva
2007 – 2013	Senior Vice President, Head of Private Banking (Abu Dhabi & Al-Ain), National Bank of Abu Dhabi, UAE
2003 – 2007	Relationship Manager, Abu Dhabi Commercial Bank, Abu Dhabi, UAE
2002 – 2003	Operations Officer, First Gulf Bank, Abu Dhabi, UAE
2002 – 2002	Customer Service Officer, ABN AMRO Bank, Abu Dhabi, UAE
1993 – 2000	Assistant Head of Section, Jordan Gulf Bank, Amman, Jordan

## David Ryan

### Head of Finance

**Nationality:** Irish

**Key qualifications:** Chartered Accountant (FCA)  
Diploma in International Financial Reporting Standards  
Diploma in Corporate Finance

### Professional Experience:

Since 2019 Head of Finance, QNB (Suisse) SA, Geneva

2018 – 2019 Finance Project Manager, EFG Bank AG, Geneva

2014 – 2017 General Manager & Chief Financial Officer, Faisal Private Bureau, Geneva

2008 – 2014 Chief Financial Officer, Faisal Private Bank, Geneva

2006 – 2008 Chief Financial Officer, Merrill Lynch Bank (Suisse) SA, Geneva

2005 – 2006 Head of Finance, Merrill Lynch Bank (Suisse) SA, Geneva

2001 – 2005 Associate Director, Internal Audit, HSBC Private Banking Holdings (Suisse) SA, Geneva

1998 – 2001 Accountant, United Nations Compensation Commission, Geneva

1996 – 1998 Chartered Accountant, Audiconsult SA, Geneva

1991 – 1995 Trainee Chartered Accountant, Deloitte, Ireland

## Zakaria Sibli

### Head of Private Banking

**Nationality:** Swiss and Lebanese

**Key qualifications:** MBA, HEC Paris (2004)

Masters in Money and Banking, American University of Beirut, Lebanon (2001)

Elected Member of the University Student Committee (1998)

BA in Economics, American University of Beirut (1998), Lebanon,

Dean's Honor List (1998), Elected Member of the University Student Committee (1996)

### Professional Experience:

Since 2020	Head of Private Banking, QNB (Suisse) SA, Geneva
2013 – 2019	Senior Relationship Manager (Levant & Arabian Gulf Market), CA Indosuez (Switzerland) S.A, Member of Senior Management, Geneva
2005 – 2013	Senior Relationship Manager Credit Suisse AG, Zurich, Vice-President, Deputy Head Levant, Switzerland
2004 - 2004	Executive Training Program for Private Banking, HSBC, London UK (3 months)
2000 – 2002	Trader & Financial Advisor International & Local Markets, BLOMINVEST Bank, Lebanon (Licensed trader on the Beirut Stock Exchange)
1998 – 2000	Commercial Banking, BLOM Bank, Management Training Program, Lebanon

## Hakan Ekinci

### Head of Centralised Operations

**Nationality:** Swiss and Turkish

**Key qualifications:** Executive MBA, University of Geneva (2012) Best in Class and Best Project Awards  
BA Degree in Management, Bogazici University, Istanbul, Turkey (1996), Graduated with Honors  
Certified Internal Auditor (CIA) & Certified in Risk Management Assurance (2013)  
Certified Coach in Self-Leadership, University of Geneva (2014)  
Fellow Chartered Certified Accountant (FCCA) (2008)  
Chartered Certified Accountants (ACCA), (2003)  
Certified Public Accountant (CPA, Turkey), (2002)

### Professional Experience:

Since 2022	Head of Centralised Operations, QNB (Suisse) SA, Geneva
2019 – 2022	Head of Global Operations, S.P. Hinduja Banque Privée SA, Geneva
2018 – 2019	Group CFO, Banque Reyl, Banking project for LCG Group, & CRO for Mont Pelerin SA Geneva
2013 – 2018	Chief Risk Officer & Chief Finance Officer, IG Bank SA, Geneva
2012 – 2013	Head of Finance and Risk, NBAD Private Bank (Suisse) SA, Geneva
2011 – 2012	Senior Risk & Financial Consultant in Budget, Finance & Strategy & Risk Department, World Intellectual Property Organization & Universal Postal Union, Geneva & Bern
2008 – 2011	Financial Coordinator-Head of Risk & Regulatory Team in Finance, Deutsche Bank (Suisse) SA, Geneva
2007 – 2008	Senior Risk Officer, HSBC Private Bank (Suisse) SA, Geneva
2005 – 2007	Senior Accountant, Deputy Head of Regulatory Reporting Team in Finance Department, Merrill Lynch Bank (Suisse) SA, Geneva
2000 – 2005	Financial Controller, Deputy Head of Financial Controlling Department, Finansbank (Suisse) SA, Geneva
1999 – 2000	Finance Director (Member of the Management Team), FIBA IFSC PLC, Dublin, Ireland
1996 – 1999	Senior Auditor, Ernst & Young AS, Istanbul, Turkey

## Cyrille Reynard

### Head of Risk

**Nationality:** Swiss

**Key qualifications:** Executive MBA, UNIGE, Geneva (2012)  
DAS in Business Management, Geneva (2011)  
License économie et management, Savoie University, France (2011)  
DAS in Risk Management, UNIGE, Geneva (2009)  
Federal Diploma of Higher Education Banking Economics (2008)

### Professional Experience:

Since 2022	Head of Risk, QNB (Suisse) SA, Geneva
2018 – 2022	Managing Director, Head of Risk & Head of Credit, Banque Cramer & Cie SA, Geneva
2014 – 2018	VP Risk Manager, Head of Operational Risks, Edmond de Rothschild (Suisse) SA, Geneva
2010 – 2013	VP – Risk & Insurance Manager, Edmond de Rothschild (Suisse) SA, Geneva
2006 – 2009	Assistant VP – Market & Credit Risk Manager, Edmond de Rothschild (Suisse) SA, Geneva
1999 – 2006	Risk Manager, Edmond de Rothschild (Suisse) SA, Geneva
1998 – 1999	Account Manager, UBS (Suisse) SA, Zurich
1995 – 1998	Trading and Sale, UBS (Suisse) SA, Zug

## Sid Ali Zemouli\*

**Head of Compliance and Internal Control**

**Secretary of the Audit and Compliance Committee**

**Nationality:** Swiss

**Key qualifications:** Master's Degree in Law (LL.M EU Law, Lausanne University -Switzerland)  
International Diploma in Compliance (ICA -Manchester University)  
Bachelor's Degree in Law (Algiers University – Algeria)

### **Professional Experience:**

Since 2020	Head of Compliance & Internal Control, QNB (Suisse) SA, Geneva
2014 – 2020	Head of Compliance, BCP Millennium, Geneva
2012 – 2013	Head of Compliance, EFG Bank, Geneva
2011 – 2012	Head of AML, Société Générale Private Banking, Geneva
2008 – 2010	Group MLRO & Deputy Head of Group Compliance, ABC (Bahrain)
2005 – 2008	Global Compliance Officer, ABN Amro, (Switzerland – Belgium)
2001 – 2005	Head of Legal & Compliance, Diamond Bank, Geneva
1998 – 2001	Lawyer, Dar Al Maal Al Islami (DMI), Geneva
1994 – 1998	Lecturer (Tax Law), HEC Lausanne (Lausanne University)

**\*Not a member of the Executive Management Committee**

## **Corporate Governance Framework**

### **Board of Directors**

Subject to the provisions of the law, the powers of the Board of Directors are defined in the Articles of Incorporation. The Board of Directors vested with the necessary authority, is responsible for senior management, supervision and control, subject to the prerogatives of the General Assembly. It delegates operational management to the Executive Management Committee in accordance with the Organizational Rules of the Bank.

#### *The Board and its functions*

The roles, responsibilities and functioning of the Board are defined and governed by the Organizational Rules, namely the:

- Constitution of the Board and its deliberations
- Notification and conduct of meetings – resolutions
- Powers and duties
- Re-election
- Chairman of the Board’s role and responsibilities

#### *Board Committees*

The Board of Directors can create in its midst bespoke committees, whose powers are specified in the “Organizational Rules” of the Bank.

The Board has established the following committees:

#### ***Audit and Compliance Committee***

The Board of Directors established an Audit and Compliance Committee consisting of at least three members with a majority of independent members and chaired by an independent board member. The Chairman of the Board of the Directors cannot participate in this committee. The roles and responsibilities of this committee are further detailed in the Organizational Rules and in its Terms of Reference.

The Audit and Compliance Committee aims to:

- Monitor and assess the integrity of the financial statements’ closing
- Monitor and evaluate the robustness and adequacy of the internal control framework and risk management
- Review internal audit reports and ensure that the CEO takes adequate remedial actions based on the findings of the Internal Auditor
- Issue to the Board of Directors a quarterly report featuring a summary of its activities, decisions and recommendations as part of the internal control framework



### ***Remuneration Committee***

The Board of Directors established a Remuneration Committee composed of at least three members and chaired by one of the members, who shall be independent. The majority of the members of the Remuneration Committee must be independent. The Chairman of the Board of Directors cannot participate in this committee. The roles and responsibilities of this committee are detailed in the Organizational Rules and in its Terms of Reference.

The remuneration committee aims primarily to:

- Participate in the determination of the remuneration of the CEO and members of the Executive Management and submit proposals for the annual remuneration of the other employees of the Bank in conjunction with the Bank's Human Resources
- Establish formal and transparent processes to develop a remuneration policy for the Bank as a whole and ensure that planned or actual remuneration is in line with the interests of stakeholders as well as the culture and strategy of the Bank
- Present the remuneration policy to the Board of Directors

### **Executive Management Committee (EMC)**

The roles, responsibilities and functioning of Executive Management Committee are defined and governed by the Bank's Organizational Rules.

The Executive Management Committee is responsible for the day-to-day management of the Bank's business. It is made up of at least three persons, including the Chief Executive Officer ("CEO"), who are appointed by the Board of Directors. It supports the Board of Directors in developing the long-term strategy of the Bank, while at the same time monitoring its quarterly performance.

On a periodic basis, the committee reviews and assesses changes in local and international corporate governance practices and makes recommendation improvements to the Board. The committee also reviews group-wide policies and provides initial approval prior to final approval by the Board.

### ***Committees stemming from the Executive Management Committee***

In view of the specific nature of its activities, the EMC establishes dedicated committees to delegate certain powers to them. For each committee, the Chief Executive Officer establishes the required quorum and appoints its members and Chairman.

In each committee, decisions are taken by a majority of votes and the Chief Executive Officer, or his / her deputy in his/her absence, has a casting vote, with the exception of the KYC & AML Committee where the vote must be unanimous and the Risk and Credit committee and ALCO committee where decisions must be taken by the absolute majority of present members (minimum 3 for the Risk and Credit committee; minimum 4 for the ALCO committee). Each committee organizes itself and draws up minutes, which are made available to the Executive Management Committee.

#### ***Investment Committee***

This decision-making Committee determines, within the general policy defined by the competent bodies and adopted by the Board of Directors, the Bank's investment policy in its asset management activity and ensures its application. The prerogatives and functioning of this committee are detailed in its Terms of Reference.

#### ***ALCO Committee ("Asset Liability Management Committee")***

This Decision Committee is responsible for defining and monitoring the Bank's asset / liability management rules. This Committee also reviews the Bank's treasury activities and ensures that its prudential ratios are strictly adhered to. The prerogatives and functioning of the ALCO are detailed in its Terms of Reference.

#### ***Risk and Credit Committee***

This Decision Committee implements the Bank's Risk Management Framework as defined in FINMA Circular 2017/01. This Committee is in particular responsible for reviewing the credit operations within its remit, within the framework of the Credit Policy defined by the Board of Directors of the Bank.

The main prerogatives of the Risk and Credit Committee are:

- The discussion of the Bank's framework concept for risk management
- Monitoring the implementation of risk strategies, ensuring in particular that they are in line with the defined risk tolerance and risk limits defined in the institution-wide risk management framework
- Review progress made in the identification of Operational, Credit and Market risks
- Detailed examination of all credit activities
- Verification of the Bank's maintenance of appropriate risk management with effective processes that meet the institution's risk situation

#### ***KYC & AML Committee***

This decision-making committee is responsible for approving and ratifying business relationships. It also advises the Executive Management Committee on contacts with Politically Exposed Persons (PEPs). The KYC & AML Committee may also decide on transactions that carry increased risks and the related clarifications. The prerogatives and the functioning of this committee are detailed in its Terms of Reference.

### **Risk Management**

The Board approves the Risk Management Policies proposed by Executive Management, which are aimed in particular at detecting, limiting and controlling credit and market risks, risks associated with the execution of transactions, liquidity matters, reputational issues and operational as well as legal risks.

Risk Management is exercised at several levels including the BOD, the EMC and the Bank's committees, namely the Risk and Credit Committee.

The Risk Management Policies provide further details of risks, mitigation measures and controls exercised by the Bank. Routine assessments by the Bank's dedicated risk management team facilitate taking proactive, precautionary measures that minimize risk exposure.

The Board is updated on a quarterly basis on the major risks of the Bank.

### **Conflicts of Interest Management**

QNB (Suisse) SA applies leading corporate governance standards which entail high levels of business integrity and transparency to ensure independence of Board members' judgment and avoiding any kind of personal or organizational conflict of interest with a view to serve the best interest of the Bank, its clients and shareholders as well as the other stakeholders and taking into consideration relevant Swiss laws (such as FINMA Circular 2017/1 "Corporate governance - banks") and QNB Group practices as applicable. Accordingly QNB (Suisse) SA maintains a conflict of interest policy approved by its Board.

### **Whistleblowing**

QNB (Suisse) SA is committed to the highest standards of openness, probity and accountability. In line with that commitment, QNB (Suisse) SA maintains a robust Whistleblowing Policy and related-channels thereby encouraging employees to report wrongdoings or violations they are aware of or have suspicions or concerns about, to a responsible and designated internal authority. The objective is to build a safe culture where employees feel that they can speak up when something is not right. The aim is to minimize the Bank's as well as the Group's exposure to reputational or financial damage, which may occur when employees circumvent internal mechanisms.

### **Anti-bribery & corruption actions and activities**

In addition to the Anti-Bribery & Corruption Assessment Program, QNB (Suisse) SA has established well-designed policies and governing rules for gift and hospitality acceptance. All gifts & hospitalities above certain monetary value thresholds are subject to declaration and approval by relevant level of senior management. Compliance and Internal Control assesses all gift & hospitality declarations on case-by-case basis by considering potential conflict of interest risks and maintains the register along with the relevant evidences for approval or rejection.

### **Internal Control System**

The BOD assumes full responsibility for the internal control system and devises special policies, guidelines, controls, determination of responsibility limits, monitoring of performance of operations, applying of privileges and authorizations to complete daily operations and verifying the segregation of duties and executions in addition to enhancing dual control on all banking operations.

The BOD prerogatives are clearly delineated in the Organizational Rules of the Bank.

### ***Internal Audit***

The Board of Directors establishes an Internal Audit function, which is subordinated, and reports, to the Audit and Compliance committee, as per article 87 of FINMA's circular 17/01, "Corporate governance - Banks". Internal Audit also reports, on request, to the Board of Directors.

Internal Audit assists the Bank with ways to improve how it conducts its business, in addition to its role in verifying adherence to policies and procedures. It focuses on the effectiveness of the work systems, internal control and identification of weaknesses.

Reports and recommendations for minimizing risks are raised directly to the Audit and Compliance Committee to assist in improving risk management tools and corporate governance procedures.

### ***Compliance***

Monitors and evaluates all the policies and procedures related to the Bank. Compliance is an independent function responsible namely for:

- Increasing employees' awareness about compliance, answering queries regarding legal obligations and existing policies and procedures. Numerous workshops and training are provided to increase awareness about the principles of compliance, combating of money laundering and terrorist financing, knowledge regarding customers and their transactions (KYC, FATCA, CRS and KYCT) and whistle blowing policy
- Enhancing transparency and the adoption of the whistle blowing policy that encourages employees to report wrongful actions without fear of retribution
- Ensuring and safeguarding the bank from any involvement in any suspicious activity in money laundering or terrorist financing
- Implementing a number of strict and effective monitoring systems through the daily and monthly monitoring of all the financial transactions and accounts of the customers

### ***Internal Control***

The Internal Control department is responsible for ensuring that all key internal controls are appropriate for the risk and scope of the business and that these are carried-out in accordance with the appropriate policy and/or process.

### ***External Audit***

The Annual General Meeting appoints and terminates the mandate of the external auditors based on the recommendations issued by the Board of Directors.

For 2022:

KMPG - Geneva



**QNB (Suisse) SA**

**Basel III Pillar 3 disclosures**

**Disclosures as at 31 December 2022**

**as per circular 2016-1 “Disclosure - Banks”**

## **1. Introduction**

QNB (Suisse) SA (‘the Bank’) is regulated by the Swiss Financial Market Supervisory Authority (FINMA), which requires banks to comply with the Basel III Pillar 3 disclosures framework. This report was prepared, based on the FINMA circular 2016/1 ‘Disclosure – Banks’, as at 31 December 2022.

The objective of the report is to provide information with regard to risk management to the Bank’s stakeholders and the public.

## **2. Capital adequacy and liquidity**

The Bank’s objectives when managing capital and liquidity are to comply with the requirements set by regulators and to safeguard its ability to continue as a going concern. The Bank reports regulatory capital according to the Swiss Capital Adequacy Ordinance, thereby complying with the FINMA requirements.

As at 31 December 2022, the total capital ratio was 38.1%, well above FINMA’s target of 10.5% for category 5 banks and the specific requirement of 12.5% applicable to the Bank.

The leverage ratio was 15.8%. This ratio is also significantly above the regulatory requirement of 3%.

The Bank’s liquidity coverage ratio (LCR) was 711.4% at 31 December 2022, significantly above the minimum regulatory requirement of 100%.

## BASEL III PILAR 3 DISCLOSURES AS PER CIRCULAR 2016/1 "DISCLOSURE - BANKS"

### 3. KM1: Key Metrics

In CHF 1'000

	31.12.2022	31.12.2021
<b>Available capital</b>		
1 Common Equity Tier 1 (CET1)	148,090	147,199
2 Tier 1 (T1)	148,090	147,199
3 Total capital	173,090	172,199
<b>Risk-weighted assets</b>		
4 Total Risk-weighted assets (RWA)	454,074	497,253
4a Minimum capital requirement	36,326	39,780
<b>Risk-based capital ratios as percentage of RWA</b>		
5 CET1 ratio (%)	32.6%	29.6%
6 Tier 1 ratio (%)	32.6%	29.6%
7 Total capital ratio (%)	38.1%	34.6%
<b>Additional CET1 buffer requirements as per percentage of RWA</b>		
8 Capital conservation buffer requirement (%)	2.5%	2.5%
9 Countercyclical buffer requirement (%)	0.0%	0.0%
11 Total of bank CET1 specific buffer requirements (%) (row 8 + row 9)	2.5%	2.5%
12 CET1 available after meeting the bank's minimum capital requirements (%)	28.1%	25.1%
12a Conservation buffer according to CAO annex 8 (%)	2.5%	2.5%
12b Countercyclical buffer requirement (%) (art. 44 and 44a CAO)	0.0%	0.0%
12c CET1 target ratio (%) as per Annex 8 of the CAO plus the countercyclical capital buffer	7.0%	7.0%
12d T1 target ratio (%) as per Annex 8 of the CAO plus the countercyclical capital buffer	8.5%	8.5%
12e Total capital target ratio (%) as per Annex 8 of the CAO plus the counter-cyclical capital buffer	10.5%	10.5%
Additional Tier 1 capital requirement according to Circular 11/2 in case of a specific FINMA decree*	2.0%	2.0%
<b>Basel III leverage ratio</b>		
13 Total Basel III leverage ratio exposure	938,347	1,109,823
14 Basel III leverage ratio	15.8%	13.3%

\*This is an additional requirement from FINMA based on the Bank's business model and risk profile.

3. KM1: Key Metrics (Continued)

	31.12.2022	31.12.2021
<b>Liquidity Coverage Ratio</b>		
<b>Q4 (31 December)</b>		
15 Total high-quality liquid assets (HQLA)	44,338	57,926
16 Total net cash outflow	6,232	13,184
17 LCR ratio (%)	711.4%	439.4%
<b>Q3 (30 September)</b>		
15 Total high-quality liquid assets (HQLA)	44,373	63,138
16 Total net cash outflow	8,113	14,954
17 LCR ratio (%)	546.9%	422.2%
<b>Q2 (30 June)</b>		
15 Total high-quality liquid assets (HQLA)	59,386	49,796
16 Total net cash outflow	11,216	11,533
17 LCR ratio (%)	529.5%	431.8%
<b>Q1 (31 March)</b>		
15 Total high-quality liquid assets (HQLA)	60,829	57,982
16 Total net cash outflow	12,277	14,571
17 LCR ratio (%)	495.5%	397.9%

	31.12.2022	31.12.2021
<b>Net Stable Funding Ratio</b>		
18 Available stable funding (ASF)	810,526	716,346
19 Required stable funding (RSF)	563,616	579,930
20 NSFR ratio (%)	143.2%	122.8%



#### 4. OV1: Risk weighted assets

The below table summarizes the composition of the risk weighted assets, and the minimum requirement based on capital requirements for FINMA category 5 banks.

In CHF 1'000

	RWA	RWA	Minimum capital requirement
	31.12.2022	31.12.2021	31.12.2022
1 Credit risk (Excluding counterparty credit risk - CCR)	418,986	460,977	33,519
Of which credit risk - counterparty risk	417,720	459,477	33,418
Of which credit risk - Non-counterparty risk	1,266	1,500	101
20 Market risk	1,354	2,465	108
24 Operational risk	33,733	33,811	2,699
<b>25 Total (1 + 20 + 24)</b>	<b>454,073</b>	<b>497,253</b>	<b>36,326</b>

#### 5. LIQA: liquidity risk management

Liquidity risk is defined as the Bank’s ability to meet its obligations as they fall due at any time. The Bank considers a sound management of its liquidity as essential for the success of the business.

The Bank manages liquidity risk by making sure that ample liquid assets are available to meet commitments to customers at all times. The overall liquidity management strategy is set by the Board of Directors, which sets the Bank’s overall risk appetite. The Risk department, and the Treasury team under the supervision and control of the Bank’s Assets and Liabilities Management Committee (‘ALCO’) manage the day-to-day control of the Bank’s liquidity risk.

From an Asset and Liability Management (ALM) point of view, most of the Bank’s assets are match funded.

The liquidity management process includes:

- Day-to-day monitoring of cash flows to ensure that regulatory and internal limits are not breached;
- management of available liquidity (Cash, Central bank deposits, and the Bank’s nostro accounts);
- maintaining a portfolio of highly marketable securities that can be quickly converted into cash (HQLA portfolio); and
- monitoring balance sheet liquidity ratios to ensure compliance with internal and regulatory requirements.

## 6. CR1: Credit risk - credit quality of assets

In CHF 1'000	31.12.2022			
	a	b	c	d
	Gross carrying values of		Value adjustments/impairments	Net values (a + b - c)
Defaulted exposures	Non-defaulted exposures			
1 Loans (excluding debt securities)*	-	907,949	-	907,949
2 Debt securities**	-	11,939	-	11,939
3 Off-balance-sheet exposures	-	28,242	-	28,242
<b>4 TOTAL</b>	-	<b>948,130</b>	-	<b>948,130</b>

\*The Loans balance includes: balances held at central banks, amounts due from banks, amounts due from customers, mortgage loans, and accrued interest on all of the aforementioned.

\*\*The debt securities balance includes accrued interest.

## 7. CR3: Credit risk mitigation techniques – overview

In CHF 1'000	31.12.2022			
	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees
1 Loans (excluding debt securities)*	241,308	666,641	666,641	607,837
2 Debt securities**	11,939	-	-	-
<b>3 TOTAL</b>	<b>253,247</b>	<b>666,641</b>	<b>666,641</b>	<b>607,837</b>
4 of which defaulted	-	-	-	-

\*The Loans balance includes: balances held at central banks, amounts due from banks, amounts due from customers, mortgage loans, and accrued interest on all of the aforementioned.

\*\*The debt securities balance includes accrued interest.

## 8. CR5: Standardized approach – exposures by asset classes and risk weight

Exposure class/risk weight	31.12.2022									Total credit exposures amount (post-CCF and post-CRM)
	0%	10%	20%	35%	50%	75%	100%	150%	Other	
1 Central governments and central banks	42,005				41					42,046
2 Banks and securities firms			130,198		697,205					827,403
3 Non-central government public sector entities and multilateral development banks			3,194		1					3,195
4 Corporates							23,394			23,394
5 Retail			20,705		2,281	9,480				32,466
6 Equity										
7 Other exposures	885						586			1,471
<b>8 TOTAL</b>	<b>42,890</b>		<b>133,392</b>	<b>20,705</b>	<b>697,247</b>	<b>2,281</b>	<b>33,461</b>			<b>929,976</b>
9 Of which, covered by mortgages				20,705		233	32,741			53,678

## 9. CRB: Credit risk - additional disclosure related to the credit quality of assets

### a. Past due exposures

A loan exposure is considered past due if there is any outstanding unpaid principal, interest, fees, or commissions on the day following the relevant contractual payment date. Any exposure that is past due for more than 90 days is classified as a Non Performing Loan ('NPL'). Unauthorized overdrafts are treated in the same manner.

The Bank's Risk and Credit Department have procedures in place to monitor those exposures on a daily basis. As at 31.12.2022, the total amount of past due exposures was CHF 19K, mostly due to loan instalments and fees pending for less than 30 days.

### b. Impaired exposure

Impairment losses are recorded when there are objective indications that a loan carrying value is higher than its recoverable value.

Indications of an impaired loan / receivable include:

- Considerable financial difficulties on the part of the debtor;
- actual breach of contract (e.g. default on or delay in interest or principal payments);
- high probability of default or the implementation of a restructuring process by the debtor;
- a significant decline in the value of loan collateral.

### **c. Restructured facilities**

According to the Bank’s policy, a restructured credit facility is any facility that has its terms changed before maturity because of a genuine business reason, e.g., to facilitate extra business capacity, because of change in a contract that the obligor has with a customer or due to the strategic relationship the Bank has with the customer. On that basis, there were no restructured credit facilities during 2022.

## **10. ORA: Operational risk – Overview**

Operational risk is the occurrence of a direct or an indirect loss arising from a wide variety of events linked to a failure of the Bank’s processes, personnel, technology and infrastructure, and from external factors other than credit, liquidity or market risks. Operational risk is inherent to the Bank’s activities and therefore needs to be managed properly to avoid significant financial and reputational damage.

In addition, the mitigation of operational risk is achieved with an established framework of policies and procedures, which are regularly reviewed and updated.

Periodic reviews undertaken by internal and external auditors ensure compliance with regulation and internal procedures and policies. The results of these reviews are discussed with the Executive Management and a summary is provided to the Board of Directors.

Regarding the calculation of the capital requirement to cover operational risk, the Bank applies the Basic Indicator Approach. The amount of capital to be held to cover the risk is calculated by applying 15% to the average annual positive gross income over the last three years. Figures for any year in which annual gross income is negative or zero are excluded from both the numerator and denominator when calculating the average. Gross income is defined as net interest income and net non-interest income from the Bank’s operating activities.

**11. IRRBB: Risk management objective and policies:**

IRRBB refers to the risk to the Bank’s capital and earnings arising from movements in interest rates (reference rates) that affect the banking book positions. When interest rates change, the present value and timing of future cash flows are also modified. Therefore, it also affects the Economic Value of the Bank.

Changes in interest rates also affect earnings by altering interest rate-sensitive income and expenses, which affect net interest income (NII). Consequently, an excessive IRRBB exposure can be a significant threat to the Bank’s current capital base and/or future earnings if not managed appropriately.

Reference rates are defined as rate indices, and any combination thereof (including spreads between two reference rates), whose values result from financial market activities e.g. USD Libor, SARON, OIS (Overnight Index Swaps) etc.

**a. Description of the Bank's strategies to manage and mitigate IRRBB:**

The Risk Management department monitors compliance with approved Group limits. The ALCO monitors and reviews the management of the Bank’s balance sheet. It proposes revisions to limits when it is deemed necessary in order to ensure that the overall risk appetite and risk limits are in line.

**b. Periodicity in the calculation of the Bank's IRRBB:**

The Bank monitors IRRBB exposure on a monthly basis against approved limits. In addition, on a quarterly basis, the Bank applies a stress test using a set of scenarios (the six standardized interest rate shock scenarios recommended by FINMA). All of the results are sent to the Swiss National Bank on a quarterly basis using a standard report.

**c. Measurement approach of the interest rate risk:**

The interest rate risk is measured taking into account the interest rates movements’ impact on the Bank's Economic Value (EV) according to the following criteria:

- EV sensitivity of the equity;
- sensitivity of the NII (Net Interest Income);
- for the Bank’s equity, the sensitivity of the EV is assessed based on the Market Value Delta approach (FINMA parallel up) with a shift of 200BPS along the yield curve in CHF.

**d. Description of the stress scenario the Bank applies to assess the interest rate shocks on the EV and NII:**

The Bank applies the following standardized stress scenarios recommended by FINMA (Circular 2019/2, annex 2). The objective is to calculate the impact on the present value of equity, broken down by major currencies. The six standardized interest rate shock scenario are:

- i. Parallel upward shock;
- ii. Parallel downward shock;
- iii. Steepener shock (short-term interest rates fall and long-term interest rates rise);
- iv. Flattener shock (short-term interest rates rise and long-term interest rates fall);
- v. Upward shock of short-term interest rates; and
- vi. Downward shock of short-term interest rates.

**e. General description of how the Bank covers the IRRBB as well as the relative complete treatment:**

The Bank applies the principles defined by FINMA in the circular 2019/2 - Interest rate risk - Banks. The assumptions and parameters are described in section f.

**f. General description of the key assumptions and key parameters of the modelling used to calculate EVE and NII in IRRBB1 and taking into account the positions and currencies according to IRRBBA1:**

To assess the interest rate movement impact on the Economic Value ( $\Delta$ EVE), the Bank uses the contractual repricing dates of the cash flows. Each value is assigned to a standardized time bucket prescribed by FINMA in the circular 2019/2- Interest rate risks – Banks, Annex 2.

When the repricing date is unknown, for instance for NMDs (Non Maturing Deposits), the Bank applies a specific approach (assumption-based) resulting in a replication pattern that allocates the notional cash flows across the time buckets defined by regulation.

The rate used to discount the contractual cash flows is based on the sovereign yield curve of the corresponding currency. Cash flows are assumed to be reinvested until the end of the year at a continuously compounded implied forward rate. The approach assumes the same characteristics for the position (tenor, amount) in the baseline scenario and for the FINMA shocks applied in the 6 pre-defined scenarios.

To assess the interest rate movement impact on the NII ( $\Delta$ NII), the Bank uses the average repricing maturity and renewal assumptions by type of product composing the banking book. The revenues and expenses sensitivity is set based on the current interest rates and a projection of the corresponding forward rates described in section c.

## 12. IRRBBA1: Quantitative information on IRRBB

			31.12.2022			
			Volume (in CHF 1'000)		Average repricing maturity (in years)	
			Total	Of which CHF	Total	Of which CHF
<b>Determined repricing date</b>	Receivables	Receivables from banks	116,217	107,000	0.36	0.39
		Receivables from clients	638,966	416,790	0.11	0.01
		Money-market mortgages	14,488	-	0.07	-
		Fixed-rate mortgages	11,545	1,824	6.51	8.35
		Financial investments	11,876	3,005	4.23	4.77
		Other receivables				
		Receivables from interest derivatives				
	Liabilities	Liabilities to banks	659,313	415,609	0.20	0.04
		Liabilities from client deposits				
		Medium-term notes				
Bonds and mortgage-backed bonds						
Other liabilities						
	Liabilities from interest derivatives					
<b>Undetermined repricing date</b>	Receivables	Receivables from banks	90,928	17,658	0.08	0.08
		Receivables from clients	94	0	0.22	0.22
		Variable mortgage claims				
		Other receivables				
	Liabilities	Sight liabilities in personal and current accounts	109,104	19,784	0.22	0.22
		Liabilities to banks	2,733	-	0.08	-

### 13. IRRBB1: Quantitative information

In CHF 1'000

	$\Delta$ EVE 31.12.2022	$\Delta$ NII 31.12.2022	$\Delta$ EVE 31.12.2021	$\Delta$ NII 31.12.2021
Parallel upward shift	(1,277)	1,672	(1,540)	1,782
Parallel downward shift	1,472	(1,644)	1,930	(1,748)
Steeper shock	(404)	-	(953)	-
Flattener shock	161	-	659	-
Upward short-term interest rate shock	(338)	-	(32)	-
Downward short-term interest rate shock	344	-	37	-
Maximum	(1,277)	(1,644)	(1,540)	(1,748)
<b>Period</b>	<b>31.12.2022</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2021</b>
Tier 1 capital (T1)	148,090	148,090	147,199	147,199