

Fondo Complementare di Previdenza

Annual report 2021



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Management Report 2021

Retrospective of the organizational changes and of the social security system

The 2021 was a year full of challenges and important decisions for the Board members of Fondo Complementare di Previdenza EFG SA (“Fondo”) in collaboration with the Employer EFG Bank SA (“EFG”) and consequently for all the Fondo’s insured persons.

First of all the “**Pensioners Ring Fencing**” project was successfully implemented on 1.1.2021.

With the aim of better guaranteeing future financial commitments towards pensioners of EFG’s pension funds, from 1.1.2021 an “Internal Pension Fund” (“CPR”) was established in the Fondazione di Previdenza EFG SA (“Fondazione”).

All the pensioners present in the Fondazione and in the Fondo as at 31.12.2020 have been transferred into the CPR. The net assets transferred from the Fondo to the Fondazione, with a transfer agreement pursuant to Article 98 of the Federal Law on Merger, Demerger, Transformation and Transfer of Assets (“LFus”), amount to CHF 105.8 mln.

The CPR disposes of separate accounts, assets, balance sheets and coverage ratio within the Fondazione.

With the aim of mitigating the impact of any unfavorable fluctuations in the financial markets in the CPR’s management, the EFG Employer has decided to contribute with an Employer Contribution Reserve of CHF 52 mln paid in January 2021. CPR’s assets and the aforementioned reserve are subject to a separate management mandate from the investments relating to the active insureds of the Fondazione, with tools and strategies suitable for achieving the returns necessary to guarantee future pensions.

In the course of 2021, there are no new pensions beneficiaries in the Fondo: the new pensioners have withdrawn all of their retirement assets in capital form.

The “Steering Committee Pension Funds EFG”, a committee set up in the autumn of 2019 by the Employer with the aim of defining the pension solutions to be adopted for all EFG employees, then continued to work throughout 2021 with the Boards of the EFG pension funds (Fondazione, Fondo and Fondation Collective Trianon “FCT”) to align the forms of financing and pension benefits of all EFG insureds, implementing the “**harmonized basic pension plan**” from 1.1.2022 (details in note 3.3).

With the intention of aligning with market trends and needs, and being able to offer services to insureds in line with what is offered by competitors, from 1.1.2022 **the new 1e pension plan of EFG** was then introduced (from article 1e of Ordinance on occupational pensions for old age, survivors and disability “OPP 2”), implemented with the Fondation Collective Trianon 1e (“FCT 1e”), in which high salary employees have the opportunity to choose their own investment profile for a portion of their pension savings linked to the second pillar (see note 3.3).

The Fondo’s insured persons with at least 55 years of age as of 31.12.2021 could irrevocably decide to insure all gross annual salary of CHF 145’000 or more in the Fondazione from 1.1.2022, up to a maximum of CHF 500’000 (**grandfathering**).

For the vested benefits accumulated in the Fondo up to 31.12.2021, the insured persons were then able to choose whether to transfer the capital on 1.1.2022 totally or partially to the new FCT 1e pension plan (**irrevocable opt-in**) or transfer them to the Fondazione (**irrevocable opt-out**). Note 10 details all the capital transfers which took place on 1.1.2022.

From 1.1.2022 the Fondo has therefore terminated its pension fund activity and will be placed in liquidation during the year.

Coverage ratio and other key figures

The projects carried out, illustrated in the previous paragraph, have a significant influence in the comment on the evolution of the key figures of the Fondo during the year 2021.

Summary of "key figures"	31.12.2021	1.1.2021 ¹	31.12.2020
Coverage ratio	113.1%	106.2%	106.2%
Technical interest rate	1.75%	1.75%	1.75%
Net investment performance in %	+5.91%	-	+3.14%
Fluctuation reserve	CHF 6.0 mln	CHF 2.8 mln	CHF 8.9 mln
Net pension assets	CHF 51.8 mln	CHF 48.1 mln	CHF 153.9 mln
Pension liabilities and actuarial provisions	CHF 45.8 mln	CHF 45.3 mln	CHF 145.0 mln

¹ Fondo's status after the transfer to the Fondazione of the pensions beneficiaries.

The transfer of the Fondo's pensioners to the CPR on 1.1.2021 decreased the Fondo's Net pension assets of CHF 105.8 mln. The subsequent increase in this item of CHF 3.7 mln is mainly attributable to the good performance achieved during the year in asset management, equal to 5.91% overall (details in note 6.6).

In order to realize the cumulative global performance, giving a guarantee of individual allocation of positive values of the Fluctuation reserve on 1.1.2022 to those who have made the **irrevocable opt-in** transfer of their vested benefits in the new FCT 1e plan, the Board resolved on 2.9.2021 to substantially sell all investments and remain liquid in the last quarter of 2021. The Investment regulation and the Active Insured Portfolio mandate were revoked from 1.10.2021. For those who have chosen **the irrevocable opt-out** or **grandfathering** options, a portion of the Fluctuation reserve was collectively transferred on 1.1.2022 to the Fondazione.

Finally, the adhesion of a large number of insureds to the **irrevocable opt-in** option in the FCT 1e plan led to a decrease of CHF 0.610 mln in the Pension liabilities and actuarial provisions, due to the release of provisions for conversion rate and interest not necessary in this type of pension institution, where the investment risk is borne by the individual insured (details in note 5.8).

Conclusion

After decades of operation, the Fondo therefore ceases its pension fund activity.

With the establishment of the new FCT 1e plan, the EFG employer and the Board are proud to offer their employees, for a part of the pension savings, the possibility of personally choosing their investment profile, without being impacted by dynamics of generational solidarity partially present in the Fondazione.

We would like to thank the EFG employer, all the Board members and the Administration for having faced with the most commitment and professionalism this year full of activities and challenges.



Yves Bersier
President of the Board



Michele Casartelli
Foundation Manager

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Balance sheet

ASSETS	NOTES	CHF 31.12.2021	CHF 31.12.2020
Investments		52'018'755	155'436'794
Liquid funds	6.3	48'176'493	2'532'334
Credits towards Helvetia SA	5.1	-	241'896
Credits for withholding tax		163'373	888'355
Bonds	6.3	-	57'074'489
Equities	6.3	-	58'923'639
Real estate funds	6.3	3'678'889	35'776'081
Total assets		52'018'755	155'436'794
LIABILITIES			
Accounts payables		-	441'994
Retirement capital to be paid		-	441'994
Accrued liabilities and deferred income	7.2	219'208	1'090'973
Pension liabilities and actuarial provisions		45'794'170	144'962'175
Active employees' liabilities	5.2	45'487'546	43'397'211
Pensioners' liabilities	5.4	-	87'852'299
Actuarial provisions	5.5	306'624	13'712'665
Fluctuation reserve	6.2	6'005'377	8'941'652
Dotation capital and free funds / underfunding		-	-
Dotation capital		100'000	100'000
<i>Free funds / underfunding</i>			
Balance at the beginning of the period		-100'000	-100'000
Income surplus / (-) Expense surplus of the period		-	-
Balance at the end of the period		-100'000	-100'000
Total liabilities		52'018'755	155'436'794

Operating account

	NOTES	CHF 2021	CHF 2020
Ordinary and other contributions, buy-ins		3'166'167	4'487'084
<i>Employer contributions</i>			
Ordinary contributions		1'837'584	2'324'732
<i>Employee contributions</i>			
Ordinary contributions		846'583	1'106'253
One-time payments and purchase amounts	5.2	482'000	1'056'099
Entry lump sum transfers		1'170'876	120'505
Earnings from vested benefit transfers	5.2	1'170'876	100'505
Buy-ins and reimbursement from divorce	5.2	-	20'000
Income from contributions and entry payments		4'337'043	4'607'589
Regulatory benefits		-121'850	-8'460'745
Retirement pensions		-	-5'280'255
Spouse pensions		-	-505'484
Orphan and children pensions		-	-66'776
Retirement capital	5.2	-121'850	-2'608'230
Termination benefits		-108'415'340	-13'979'921
Departures of vested benefits	5.2	-2'591'068	-13'775'179
Withdrawals for residential property and divorce	5.2	-	-204'742
<i>Transfer of additional funds in case of collective exit</i>			
Collective transfer of Pensioners' liabilities	5.4	-87'852'299	-
Collective transfer of Actuarial provisions	5.5.6	-11'821'998	-
Collective transfer of Fluctuation reserve	6.2	-6'149'975	-
Expenses for benefits and withdrawals		-108'537'190	-22'440'666
Release / (-) creation of Pension liabilities and Actuarial provisions		99'167'981	4'301'225
Variation in Active employees' liabilities	5.2	-1'231'306	13'358'199
Variation in Pensioners' liabilities	5.4	87'852'299	2'853'562
Variation in Actuarial provisions	5.5.6	13'406'041	-10'858'116
Interest on vested benefits paid		-24	-6'569
Interest on retirement savings capital	5.2	-859'029	-1'045'851
Income from insurance benefits		29'147	115'498
Insurance benefits	5.1	-	19'220
Share of insurance surplus		29'147	96'278

Operating account (2nd part)

	NOTES	CHF 2021	CHF 2020
Insurance expenses		-199'705	-269'092
Insurance premium	5.1	-197'412	-263'551
Contribution to Guarantee Fund		-2'293	-5'541
Net income from insurance activities	5.10	-5'202'724	-13'685'446
Net income from investments	6.6	2'949'162	5'099'561
Income from Liquid funds		45'053	-295'708
Income from Bonds		-51'935	2'158'709
Income from Equities		2'848'640	8'517'201
Income from Real estate funds		1'054'182	2'707'349
Income from Derivatives	6.5	-598'138	-7'057'371
Retrocessions received	6.9	-	10'428
Asset management expenses	6.7	-348'640	-941'047
Other income		135	1'575
General administration expenses	7.2	-682'848	-316'462
Actuary activities		-119'018	-29'574
External audit		-27'385	-20'678
Supervisory Authority		-16'371	-6'987
Marketing and advertising		-2'931	-3'537
General administration		-517'143	-255'686
Income / (-) Expense before creating / releasing of Fluctuation reserve	5.1	-2'936'275	-8'900'772
Release / (-) creation of Fluctuation reserve	6.2	2'936'275	8'900'772
Income surplus / (-) Expense surplus of the period		-	-

Notes to the 2021 Financial Statements

1. General information and organization

1.1. Legal form and objective

“Fondo Complementare di Previdenza EFG SA” (hereinafter the Fondo) is a pension fund pursuant to article 80 and seq. of the Swiss Civil Code (hereinafter CC), article 331 of the Code of Obligations (hereinafter CO) and article 48, paragraph 2 of the Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (hereinafter LPP).

The Fondo was founded on 16 April 1984 and in 2017 has changed its name from “Fondo Complementare di Previdenza BSI SA” to “Fondo Complementare di Previdenza EFG SA”.

The Fondo’s objective is to provide occupational retirement coverage **above the mandatory amounts** foreseen by the LPP, against the economic consequences of old age, death and disability in favour of the employees of the Founder already insured with the Fondo by 30.6.2017 and all persons employed from 1.7.2017 in Ticino by EFG and by the entities affiliated with the Fondo, insofar as they have entered into an affiliation agreement, as well as the employees of the Fondazione di Previdenza EFG SA (hereinafter the “Fondazione”), their relatives and survivors.

Inclusion of an affiliated entity is made through a special written agreement, subject to the Supervisory Authority.

All employees of EFG already present prior to the acquisition of BSI, as well as all the employees hired from 1.7.2017 by EFG, or by the other Group companies, in the German- and French-speaking parts of Switzerland are insured by the Trianon Collective Pension Fund (“FCT”).

The objective of the Fondo is pursued through the management of an integrative insurance plan, issued according to the *defined contribution plan*, denominated “Piano Complementare” with the following purposes:

- The insurance of the portion of fixed salary not insured by Fondazione;
- The savings on surplus coming from purchases or distribution of free assets.

For more details on the structure of the insurance plans until 31.12.2021, please refer to paragraphs 3.1 and 3.2.

Starting from 1.1.2022 the EFG Pension Funds (Fondazione, FCT and Fondo) have been **harmonised** under the **Swiss EFG Pension Plan**, described in detail in paragraph 3.3.

The new harmonised plan mainly contemplates that employees with an annual gross base salary of up to CHF 145’000 are insured from 2022 in the “Base” harmonised pension plan, with Fondazione or FCT (depending on the origin area).

All employees, with an annual gross base salary equal to or above CHF 145’000, are from 2022 insured till CHF 140’000 in the “Base” pension plan of Fondazione or FCT, and for the excess part with the new EFG 1e Pension Plan offered by the Fondazione Collective Trianon 1e (“FCT 1e”).

The insured in Fondo aged at least 55 at 31.12.2021, can irrevocably opt to insure from 1.1.2022 the annual gross salary equal to or above CHF 145’000 in the Fondazione up to a maximum of CHF 500’000 (**grandfathering**).

For the vested benefits cumulated in Fondo as of 31.12.2021, the insured persons can transfer on 1.1.2022 all or part of the capitals to the new FCT 1e pension plan (**irrevocable opt-in**) or transfer them to the Fondazione (**irrevocable opt-out**).

After the transfers of capitals, the Fondo will cease operations and will be liquidated in 2022.

1.2. LPP and Guarantee Fund registrations

The Fondo offers occupational retirement coverage above the mandatory amounts foreseen by the LPP following the Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (LPP).

The Fondo is not included in the registry of occupational retirement but is subject to the Federal Law on Vesting in Occupational Retirement, Survivors’, and Disability Pension Plans (LFLP).

The Fondo pays contributions to the LPP Guarantee Fund.

The Fondo is located at the offices of the Lugano branch of the Founder EFG, at via Magatti 2, Lugano.

1.3. Information about Statute and Regulations

	In force from	Note
Statute	4.9.2017	Approved by the Foundation Board on 4.9.2017 Approved by the Supervisory Authority on 15.9.2017
Organization regulation	26.7.2017	Approved by the Foundation Board on 26.7.2017
Electoral regulation for the nomination of the delegates meeting and the representatives of the active employees in the Foundation Board	26.7.2017	Approved by the Foundation Board on 26.7.2017
Pension fund regulation for complementary plan for employees and pensioners who were insured with "Fondo Complementare di Previdenza EFG SA" as at 30.6.2017 (Plan 1) ¹	1.1.2021 until 31.12.2021	Approved by the Foundation Board on 27.9.2021
Pension fund regulation for complementary plan (Plan 2) ¹	1.1.2021 until 31.12.2021	Approved by the Foundation Board on 27.9.2021
Regulation on partial and full liquidation and merger	1.1.2018	Approved by the Supervisory Authority on 27.2.2018
Regulation of actuarial provisions ²	31.12.2021	Approved by the Foundation Board on 22.11.2021
Investment regulation ³	1.1.2021 until 30.9.2021	Approved by the Foundation Board on 29.1.2021

¹ Starting from 1.1.2022 these two Fondo's Regulations are replaced by the Pension fund regulation of EFG FCT 1e Pension Committee and by the Pension fund regulation of Fondazione.

² Regulation applicable only for annual closing as of 31.12.2021.

³ Regulation cancelled from 1.10.2021 due to the Foundation Boards decision taken 2.9.2021 to sell all the investments and to remain liquid until 31.12.2021.

All individuals in charge of the management or administration of the Fondo or its assets shall comply with provisions on *loyalty* and *integrity*, as established in the LPP and the decree on Occupational Retirement, Survivors and Disability Pension plans (OPP2) (article 51b LPP, article 48g OPP2), and in the Organization regulation, as well as in the ethical standards relating for the members of the Swiss Association of Pension Funds (ASIP Charter and relevant guidelines). The Foundation Board has taken all required measures to verify compliance of such provisions.

1.4. Governing bodies and signing authorities

1.4.1. Foundation Board

	Role	Mandate duration	Representatives	Signing authorities
Bersier Yves	Chairman	1/2020 - 5/2022	Employer	joint signature of two authorized signatories
Antonini Massimo	Vice-Chairman	7/2018 - 5/2022	Employees	joint signature of two authorized signatories
Rodel Michael	Member	1/2020 - 5/2022	Employer	"joint signature of two authorized signatories (with Chairman, Vice Chairman or Manager)"
Balmelli Roberto	Member / Secretary	1/2019 - 5/2022	Employees	"joint signature of two authorized signatories (with Chairman, Vice Chairman or Manager)"

During the meeting of 2.9.2021, the Board approved the implementation of the FCT 1e plan starting from 1.1.2022. After the transfers of the insured actives and of the reserves, the Fondo will be liquidated.

On 2.9.2021 the Board appointed Massimo Antonini and Roberto Balmelli as provisional representatives of the insureds in the "EFG FCT 1e Pension committee", from 1.1.2022 until the date of the elections. The provisional committee is made up of 8 members (4 employer representatives and 4 employee representatives). The other two representatives of the insureds were chosen among the employees insured in the FCT.

1.4.2. Delegates' Meeting

The Delegates' Meeting operates as an advisory and general control body of the Fondo and following the decisions described in the previous paragraph it will end its activity after the last meeting scheduled on 30.5.2022.

As of 31.12.2021 the Delegates' Meeting was composed only from **Active employees' representatives**:

- Balmelli Roberto, Butti Alessandro, Moser Christian, Palmisano Antonio, Spaggiari Antonella.

As of 1.1.2021 all pensioners of the Fondo as at 31.12.2020 have been transferred in the Internal pensioners fund (CPR) created inside the Fondazione (see notes 2.2, 5.4 and 5.5). During 2021 there are no entries in Fondo of new pensioners. The four delegates of the pension beneficiaries of Fondo at 31.12.2020 are already also delegates of the Fondazione, so they can continue in Fondazione Delegates' Meeting to represent the interest of the transferred pensioners from Fondo to CPR.

1.4.3. Management

Starting from 1.1.2012, an independent administrative department has been created within the Fondazione by the employer in order to carry out administrative management, technical, accounting and business activities of the Fondazione and similar pension funds. Tasks and responsibilities are defined by the Foundation Board. The Foundation Manager can delegate some of his/her tasks to reports or other external consultants. Administrative, technical-accounting, business and financial-accounting management is performed by the Fondazione also with regards to the Fondo.

1.5. Experts, auditors, advisors, Supervisory Authority

		Note
Accredited pension actuary	Towers Watson AG ("TW"), Zurich: Peter Zanella	
Auditor	Ernst & Young SA, Lugano: Erico Bertoli / Michele Balestra	
Supervisory Authority	Vigilanza sulle fondazioni e LPP della Svizzera Orientale, Muralto: Paco Fidanza	
Custodian banks / Asset manager / Portfolio manager	EFG Bank SA, Lugano branch	The bank has delegated from 1.1.2020 the Fondo's Portfolio Manager activities to its subsidiary with 100% participation "EFG Asset Management (Switzerland) SA" (EFGAM), Geneva. EFGAM is a financial services provider authorised by FINMA underlying in Switzerland to the supervision of the federal Authority on the financial markets supervision.
	Client Relationship Manager: Martin Boschung	Head Portfolio Manager: Francesco D'Agostino (deputy: Luca Orelli).
	UBS Switzerland AG, Lugano	For the deposit of the investment in foreign real estate funds ("UBS Funds" see note 6.3).
Investment Controller / Asset & Liability Management studies (ALM)	PPCMetrics SA, Zurich: Alfredo Fusetti	

1.6. Affiliated employers

The amount of affiliated companies has developed as follows:

	EFG Bank AG	Fondazione di previdenza EFG SA	Patrimony 1873 SA	EFG Asset Management (CH) SA	Total 2021	Total 2020
Situation at 1.1.	154	1	9	12	176	209
+ / - Transfers	-	-	-	-	-	-
+ Entries ¹	10	-	1	-	11	11
- Departures ² / Deaths	-9	-	-6	-	-15	-37
- Retirements ³ / Disability	-2	-	-	-	-2	-7
Situatuion at 31.12.⁴	153	1	4	12	170	176

Remarks:

¹ It includes entries and departures within the year.

² It includes resignations at 31.12, as well as entries and departures within the year.

³ Partial retirements and disabilities are not taken into account because the participant is still partly an active employee. The item includes both regular retirements and early retirements, including those starting on 1st January of the following year.

⁴ Participants with part-time contracts are considered as units.

In 2021 the number of active employees fell by -6 units in net terms (2020: - 33).

In 2021 there were no new disabled persons and no death of active employees occurred.

2. Active employees and pensioners

2.1. Active employees

Structure by gender	Plan 1*	Plan 2*	31.12.2021	31.12.2020
Men	127	11	138	144
Women	31	1	32	32
Total	158	12	170	176

* See section 3 for more detailed information in relation to the two plans.

The women to men ratio has remained virtually unchanged compared to 2020.

Structure by age range	31.12.2021	31.12.2020
24 - 32 years	-	1
33 - 42 years	18	16
43 - 54 years	92	107
From 55 years	60	52
Total	170	176
Average age	51.6	51.5

Although in the "43-54 years" of age range the highest number of departures was recorded in 2021 (-15), this age range remains the most important in relative terms amounting to 54.12% of the total (2020: 60.79%). The latter figure, together with a slight increase in the average age of active employees, shows a lack of generational turnover in the employers. The trend of the active employees amount in the year is included in note 1.6.

2.2. Pensioners

	Retirement pensions beneficiaries ¹	Disability pensions beneficiaries ²	Spouse pensions beneficiaries	Children pensions beneficiaries ³	Total 2021	Total 2020
Situation at 31.12.2020	130	2	22	13	167	170
+ Entries	-	-	-	-	-	3
+ / - Transfers to CPR Division	-130	-2	-22	-13	-167	-
+ / - Conversions	-	-	-	-	-	-
- Death / Terminations	-	-	-	-	-	-6
Situation at 31.12.2021	-	-	-	-	-	167

Remarks:

¹ It includes early and ordinary retirements.

² At ordinary retirement age, disability benefits are turned into retirements benefits. Partial invalid is considered as a unit. In case of partially active employees, the participant is considered both as active employee and disabled beneficiary.

³ It includes the children of beneficiaries (of retirement and disability benefits) and orphans.

With effect from 1.1.2021 the Fondo (Transferor) transferred to the Fondazione (Recipient) part of its assets and liabilities according to article 98 of the Federal Law on mergers, scission, the transformation and transfer of assets (LFus). The assets and liabilities transferred are related to the 167 pensioners of the Fondo as of 31.12.2020, whose pension rights and claims are transferred to the Recipient with effect from 1.1.2021.

The pensioners' transferred from Fondo, together with the beneficiaries of Fondazione at 31.12.2020, are managed from 1.1.2021 by the new Internal Pensioners Fund (CPR) of the Fondazione.

The CPR takes over all liabilities towards the above-mentioned pensioners, including the expected survivors' benefits based the Pension fund regulation in place at the moment of the death.

In CPR were transferred also the 2 invalids of Fondo without disability pension. Their Retirement savings capital will be converted at ordinary retirement age in a Retirement pension or in a lump sum capital.

Starting from 1.1.2021 in CPR were transferred also the 3 beneficiaries for whom the Fondo was refunded in 2020 of the paid benefits by the insurance company "Helvetia" (see note 5.1).

After the transfer there are no new beneficiaries in Fondo: the 2 new pensioners of 2021 have withdrawn the total of their retirement savings in the form of a lump sum capital.

2.3. Ratio between active employees and pensioners

At 31.12.2021 there are only Active employees in Fondo.

3. Structure of the pension plans

3.1. Explanation of the pension plans

Since the acquisition of BSI in 2017 by EFG, the Fondo has had two “defined contribution” pension plans:

- “Plan 1” for employees already insured by Fondo as of 30.6.2017,
- “Plan 2” for all employees employed in Ticino by EFG and by affiliated employers, from 1.7.2017.

The following table offers an overview of the benefits of the two plans valid from 1.1.2021 to 31.12.2021:

	Pension fund regulation for complementary plan for employees and pensioners who were insured with “Fondo Complementare di Previdenza EFG SA” – Plan 1	Pension fund regulation for complementary plan – Plan 2
RETIREMENT AGE		
Ordinary retirement age	64 years for women and men	64 years for women 65 years for men
Minimum retirement age	60 years for women and men	60 years for women and men
Maximum retirement age	70 years for women and men	70 years for women and men
RETIREMENT BENEFITS		
Type of benefit	Pension or capital (up to 100% of the employees’ liabilities)	Pension or capital (up to 100% of the employees’ liabilities)
Retirement pension	Retirement savings capital multiplied by conversion rate. In 2021 the maximum pension is limited to CHF 100’380 in total between the Fondazione and the Fondo (2020: CHF 99’540).	Retirement savings capital multiplied by conversion rate. In 2021 the maximum pension is limited to CHF 100’380 in total between the Fondazione and the Fondo (2020: CHF 99’540).
Conversion rates in %	Women and men	Women Men
	60 years: 4.51	60 years: 4.51 4.40
	61 years: 4.62	61 years: 4.62 4.51
	62 years: 4.74	62 years: 4.74 4.62
	63 years: 4.87	63 years: 4.87 4.74
	64 years: 5.00	64 years: 5.00 4.87
	65 years: 5.14	65 years: 5.14 5.00
	66 years: 5.30	66 years: 5.30 5.14
	67 years: 5.46	67 years: 5.46 5.30
	68 years: 5.64	68 years: 5.64 5.46
	69 years: 5.83	69 years: 5.83 5.64
	70 years: 6.04	70 years: 6.04 5.83
Children’s retirement benefits	No benefit	No benefit

Pension fund regulation for complementary plan for employees and pensioners who were insured with “Fondo Complementare di Previdenza EFG SA” – Plan 1

Pension fund regulation for complementary plan – Plan 2

SURVIVORS BENEFITS

Spouse / civil partners' pension	Active employee: 49% of the insured salary (see definition in note 3.2) Disabled individual: 70% of the disability pension Pensioner: 50% of the retirement pension	Active employee: 50% of the insured salary (see definition in note 3.2) Disabled individual: 50% of the relevant income for the calculation of the current disability pension Pensioner: 50% of the retirement pension
Orphan's pension	Active employee: 15% of the insured salary Disabled individual: 15% of the relevant income for the calculation of the current disability pension Pensioner: No benefit	Active employee: 10% of the insured salary Disabled individual: 10% of the relevant income for the calculation of the current disability pension Pensioner: No benefit
Lump-sum death benefit	100% of the insured salary + purchases in maximum retirement benefits, as well as capital savings in the supplementary account “Early retirement redemption” + the amount of Retirement savings capital (after deducting the aforementioned purchases and supplementary account) at the time of the active employee's death and net of the cash value of future benefits for survivors	Purchases in maximum retirement benefits, as well as capital savings in the supplementary account “Early retirement redemption” + the amount of Retirement savings capital (after deducting the aforementioned purchases and supplementary account) at the time of the active employee's death and net of the cash value of future benefits for survivors

DISABILITY BENEFITS

Disability pension	70% of the insured salary until ordinary retirement age	60% of the insured salary until ordinary retirement age
Children's disability pension	15% of the insured salary	10% of the insured salary

VESTED BENEFITS

Vested benefits	Vested benefits are defined in compliance with paragraph 8 of the Pension fund regulation	Vested benefits are defined in compliance with paragraph 8 of the Pension fund regulation
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3.2. Financing

The table provides an overview of the main benchmark valued of the two pension plans in 2021. The Fondo shall bear all management costs.

	Plan 1	Plan 2																																																
Insured salary	The insured salary in principle corresponds to 7/6th of the annual basic salary (fixed annual basic salary excluding bonuses) minus the coordination amount that corresponds to 5/3rd of the single maximum AHV pension (2021: CHF 28'680, 2020: CHF 28'440) and minus 4 times the simple maximum AHV pension (2021: CHF 114'720, 2020: CHF 113'760).	The insured salary is equal to the determining annual salary, which is equal to the fixed basic annual salary according to the contractual provisions with the employer until a maximum of CHF 500'000, without variable components , minus the coordination amount.																																																
	The maximum insured salary corresponds to CHF 500'000 minus 34/7th of the simple maximum AHV pension (2021: CHF 139'302, 2020: CHF 138'137), in proportion to the level of the employment.	The coordination amount is equal to 34/7th of the maximum value of the simple AHV pension (2021: CHF 139'302, 2020: CHF 138'137), in proportion to the level of employment.																																																
Total contributions	Standard contribution plan	Standard contribution plan																																																
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Risk contributions	Employee: 2.0%	Employee: 0.833%																																																
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	Plan 1				Plan 2			
Retirement credits	Standard contribution plan				Standard contribution plan			
The Savings contributions of the employee and the employer in percentage of the insured salary which are accrued on an annual basis as Retirement savings capital.	Age	Employee	Employer	Total	Age	Employee	Employer	Total
	18-23	0.0%	0.0%	0.0%	18-19	0.00%	0.00%	0.00%
	24-32	4.0%	14.5%	18.5%	20-34	3.75%	7.50%	11.25%
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	53-64	7.0%	21.5%	28.5%	55-64/65	6.75%	13.50%	20.25%
	Plus contribution plan (+3%)				Plus contribution plan (+2%)			
	Age	Employee	Employer	Total	Age	Employee	Employer	Total
	18-23	0.0%	0.0%	0.0%	18-19	0.00%	0.00%	0.00%
	24-32	7.0%	14.5%	21.5%	20-34	5.75%	7.50%	13.25%
	33-42	8.0%	16.5%	24.5%	35-44	6.75%	9.50%	16.25%
	43-52	9.0%	18.5%	27.5%	45-54	7.75%	11.50%	19.25%
	53-64	10.0%	21.5%	31.5%	55-64/65	8.75%	13.50%	22.25%
	Top contribution plan (+6%)				Top contribution plan (+4%)			
	Age	Employee	Employer	Total	Age	Employee	Employer	Total
	18-23	0.0%	0.0%	0.0%	18-19	0.00%	0.00%	0.00%
	24-32	10.0%	14.5%	24.5%	20-34	7.75%	7.50%	15.25%
	33-42	11.0%	16.5%	27.5%	35-44	8.75%	9.50%	18.25%
	43-52	12.0%	18.5%	30.5%	45-54	9.75%	11.50%	21.25%
	53-64	13.0%	21.5%	34.5%	55-64/65	10.75%	13.50%	24.25%

3.3. Further information about pension plan activities

All employees of EFG already present prior to the acquisition of BSI, as well as all the employees hired from 1.7.2017 by EFG, or by the other Group companies, in the German and French-speaking part of Switzerland, are insured by the Trianon Collective Pension Fund ("FCT").

The "Steering Committee Pension Funds EFG", a committee set up in the autumn of 2019 by the Employer with the aim of defining the pension solutions to be adopted for all EFG employees, continued to work throughout 2021 with the Boards of the EFG pension funds (Fondazione, Fondo and FCT) to align the forms of financing and pension benefits of all EFG insureds.

With the unanimous consent of the Boards of Fondazione, Fondo and FCT, the *harmonized EFG pension plan* will be applied to all EFG employees in Switzerland from 1.1.2022.

The main features of the harmonized pension plan are:

- Employees with a gross annual base salary of up to CHF 145'000 will be insured under the harmonized "Base" pension plan, either by Fondazione (formerly BSI and hired in Ticino since 1.7.2017) or by FCT (formerly EFG or hired in the German- and French-speaking parts of Switzerland since 1.7.2017).
- All employees with a gross annual base salary of CHF 145'000 or more will be insured up to CHF 140'000 in the "Base" plan (Fondazione or FCT) and for the remaining, with a minimum threshold of entry of CHF 5'000 into 1e EFG's new pension plan implemented with the Fondation Collective Trianon 1e ("FCT 1e"). The new FCT 1e plan is managed as an internal autonomous EFG pension fund, governed by representatives of the EFG employer and employees. Fondo's insured persons, with at least 55 years of age as of 31.12.2021, may irrevocably decide to insure all gross annual salary of CHF 145'000 or more in the "Base" plan from 1.1.2022, up to a maximum of CHF 500'000.
- From 1.1.2022 the new FCT 1e pension plan will therefore offer to the insured persons, for a significant part of their retirement savings, greater flexibility, and the ability to personally choose their investment profile.
- The savings contributions of the employer and of the employee, both for the "Base" plan and for the FCT 1e plan, are the same as for Plan 2 of the Fondo in force until 31.12.2021.
- All the employee's gross annual salary, without variable components, is insured in the Pension Funds up to a maximum of CHF 500'000. From 1.1.2022, the coordination amount applied in Plan 1 of the Fondazione and Fondo is no longer deducted.

- Employees have the option of voluntarily increasing their individual savings contributions by + 2% (“Plus plan”) or + 4% (“Top plan”), while in Plan 1 of the Fondo the % were different (+3 % / + 6%).
- Following a joint renegotiation of the insurance contracts for Fondazione, FCT and FCT 1e by the working group, the risk contribution for 2022 for FCT 1e was decreased to 1.634%, of which 0.545% to be borne by the employee (see also note 5.1). The benefits for survivors or invalids in the FCT 1e plan are in line with those applied in plan 2 of the Fondo as at 31.12.2021.
- The ordinary retirement age has been aligned with the AHV model, therefore 64 years for women and 65 for men. Men in Plan 1 of the Fondo as of 31.12.2021 will therefore have to work 1 year longer to reach ordinary retirement.
- The early retirement age was decreased from 60 to 58 years.
- In the FCT 1e plan, the retirement savings correspond to the amount accumulated **in the individual savings account** of each insured person. It includes all the sums transferred and paid, the savings contributions paid by the employee and the employer, net of all withdrawals and administration costs, as well as *the actual net return generated by the chosen investment profile*. Each insured is responsible for choosing his own individual investment strategy among those offered by the EFG FCT 1e plan and detailed in the FCT 1e Investment regulation. In the absence of individual choice of investment strategy, the retirement assets are invested in the default strategy selected by the Committee at the beginning of the relationship (for 2022 “EFGAM Active 25”). The insured can select and change his individual investment strategy once a month, no later than midnight on the last day of the month for the following one.
- On retirement in the FCT 1e plan, retirement savings can only be withdrawn in the form of **retirement capital**, with the option of buying an annuity with an external insurance company.

By 15.11.2021, the entire population of Fondo, with an annual gross salary exceeding CHF 145'000, was therefore called upon to irrevocably decide, with appropriate forms, as follows:

- adherence or not to the FCT 1e plan from 1.1.2022, for employees with at least 55 years of age as at 31.12.2021 (“**grandfathering**” of the insured salary and accumulated assets as at 31.12.2021);
- transfer or not on 1.1.2022 to the FCT 1e plan of the Vested benefits accumulated in Fondo as at 31.12.2021 (“**irrevocable opt-in**” or “**irrevocable opt-out**” of the Cumulated vested benefits).

The entitled were then asked to choose their personal investment strategy for 2022 by 31.12.2021 directly on the FCT 1e company portal.

For the accounting impacts of the transaction, see note 10.

4. Measurement and accounting standards, continuity

4.1. Statement of compliance with Swiss GAAP FER 26

Pursuant to article 47 of OPP2, the Fondo’s accounts are submitted in compliance with the recommendations on the presentations of accounts Swiss GAAP FER 26 (1.1.2014).

4.2. Accounting and valuation policies

4.2.1. Bookkeeping and accounting policies

Valuation and bookkeeping policies are compliant with CO and OPP2 standards.

The Financial Statements close on 31 December.

Financial accounting is managed internally by the Administration of the Fondazione, management of a part of the assets is entrusted to EFG and subcontracted to EFGAM.

4.2.2. Valuation policies

Securities:	end of the period value
Current accounts:	nominal value adjusted to the end of the period exchange rate
Derivatives:	end of the period replacement value
Liabilities:	nominal value

4.3. Changes in accounting, valuation and presentation policies

In line with the approach in Fondazione for the **Asset Investments**, in order to create greater disclosure transparency as required by section 6 paragraph 15 of Swiss GAAP FER 26, it was decided to present in the balance sheet and in the operating account, only the investment categories (Bonds, Shares, Real estate funds ...), detailing the various asset class in note 6. The comparative balances of the balance sheet and the operating account have been updated according to the new philosophy.

No further modification in the accounting principles, valuation policies and presentation of the accounts have been made during 2021.

5. Actuarial risks, risk coverage and coverage ratio

5.1. Type of risk coverage and re-insurance

The Fondo is a semi-independent pension fund. Until 31.12.2021 the risk of *longevity* and the risk connected to the *investment of assets* are fully borne by the Fondo. The risk of *disability and death* before the retirement age are covered by a collective reinsurance agreement with the insurance company "Helvetia", which is in force since 1.1.2009. In 2021 the premium risk rate is equal to 2.53% of the total insured salaries (2020: 2.53%), without charge of premium surcharge but registration of a health reserve on subjects with increased risk. The total amount of premiums paid during the year is shown in the operating account under the item "Insurance premium" and the "Credits toward Helvetia SA" have been closed at 31.12.2021.

With the establishment of the FCT 1e plan, the *risk associated with the investment of assets* is borne by the individual active insured, as well as the *longevity risk* since there is an obligation to withdraw the retirement capital. The risks of *disability and death* before reaching the term age in the FCT 1e plan are covered by a new congruent collective reinsurance agreement with the "Helvetia" insurance, effective from 1.1.2022. In 2022, the risk premium rate to be paid to the reinsurer was 1.179%.

5.2. Development of Active employees' liabilities

At 31.12.2021 the "Active employees' liabilities" are composed as follows:

	Plan 1	Plan 2	CHF /000 31.12.2021	CHF/000 31.12.2020
Vested benefits	43'929	1'426	45'355	43'266
Supplementary account "Early retirement redemption"	133	-	133	131
Total of Active employees' liabilities	44'062	1'426	45'488	43'397
Number of Active employees at 31.12.	158	12	170	176

In addition to the purchase of maximum benefits, at any moment an active employee can offset in full or in part with personal contributions the reduction of the benefits generated by early retirement. Contributions are accrued in the supplementary account "Early retirement redemption".

The interest rates on the “Vested benefits” and on “Early retirement redemption” supplementary account are established at the beginning of each year by the Foundation Board upon consideration of the Fondo’s financial situation. In the meeting of 29.1.2021 the Board set the interest rate for 2021 at 2% for both accounts (2020: 2%).

From 1.1.2022, in the FCT 1e plan, each individual savings account will have a different net remuneration, reflecting the freely chosen investment profile.

The trend of “Active employees’ liabilities” is as follows:

	CHF/000 31.12.2021	CHF/000 31.12.2020
Liabilities at 1.1.	43'397	55'710
Employers and employees savings contributions	2'292	2'931
Earnings from vested benefit transfers	1'171	101
One-time payments and purchase amounts	482	1'056
Buy-ins and reimbursements from divorce	-	20
Withdrawals for residential property and divorce	-	-205
Departures of vested benefits	-2'591	-13'775
Retirement capital	-122	-2'608
Transfers to Pensioners' liabilities	-	-879
Interest on retirement savings capital	859	1'046
Liabilities at 31.12.	45'488	43'397
Number of active employees at 31.12.	170	176

The increase in a year by CHF 2.091 mln in “Active employees’ liabilities” is mainly caused by less exits of actives in 2021 respect in 2020, with the consequent minor payment of the “Departures of vested benefits” or of the “Retirement capital”.

5.3. Total retirement savings capital in accordance with LPP

The insured benefits are above the LPP minimum of law.

5.4. Development of Pensioners' liabilities

	CHF/000 31.12.2021	CHF/000 31.12.2020
Situation of Pensioners' liabilities at 1.1	87'852	90'706
Transfer contract to Fondazione pursuant to art. 98 LFus	-87'852	-
Update due to changes in Pension fund Regulation and population evolution at 31.12	-	-2'854
Update due to changes in technical bases	-	-
Update due to changes in technical interest rate	-	-
Total of Pensioners' Liabilities at 31.12	-	87'852
Numbers of pensioners' at 31.12.	-	167

The item “Transfer contract to Fondazione pursuant to art. 98 LFus” includes the liabilities of pensioners in Fondo at 31.12.2020 whose pension rights and claims were transferred on 1.1.2021 to the internal pension fund (CPR) of the Fondazione. Together with the transferred actuarial provisions, it is included in the operating account under the item “Transfer of additional funds in case of collective exit”.

There are no new pension beneficiaries in Fondo in 2021: the 2 new pensioners have withdrawn the entire retirement savings in the form of capital.

5.5. Composition, development and explanation of Actuarial provisions

In order to adequately cover all benefits under regulation and to prevent potential deviations from the actuarial bases, the following actuarial provisions have been implemented.

In all tables in the following paragraphs:

- the item “Update due to changes in technical bases” shows the impact in 2021 of the changes in generational table LPP 2015 to generational table LPP 2020;
- the item “Update due to irrevocable opt-out” shows the dissolutions of the Fondo’s actuarial provisions at 31.12.2021 for active employees who have decided to totally or partially transfer their Vested benefits to FCT 1e plan on 1.1.2022. The Fondo is required to transfer appropriate collective actuarial provisions to the Fondazione on 1.1.2022 only for active employees who have made an **irrevocable opt-out** of their vested benefits or who have chosen the **grandfathering** option.

5.5.1. Conversion rate provision (Active employees’)

For active employees whose assets will be transferred in 2022 to the FCT 1e pension fund, it is not necessary to set up a Provision for the conversion rate for the following year, as on retirement there will be an obligation to withdraw 100% of the accumulated capital.

On the other hand, for active employees whose assets will be transferred to the Fondazione in 2022, a Provision for conversion rate is created in the Fondo's balance sheet, in line with the rules in force at 31.12.2021 for a similar provision in the Fondazione.

In the Fondazione, a Conversion rate provision is made until technical losses are generated in the event of retirement. When changing from an active insured to a retired pensioner, the technical losses are generated by the difference between the pension capital as a pensioner and the pension capital as an active insured. This difference is determined by the misalignment between the pension liabilities calculated with the regulatory conversion rate and those correctly computed on the basis of the actuarial bases used in the balance sheet. Starting from 1.1.2022 the regulatory conversion rates of Fondazione are based on the following technical bases:

- Technical interest rate: 2.25%
- Mortality table: LPP 2020 generational of the year 2022.

Since the regulatory conversion rates are higher than the actuarially neutral ones (technical interest rate: 1.75%; mortality tables: LPP 2020 generational of the year 2022), at 31.12.2021 this provision was adjusted for persons who at the calculation date are over 55 years of age and who have made an **irrevocable opt-out** of their capital or who have chosen the **grandfathering option**. The Conversion rate provision amounts to CHF 0.286 mln and will be transferred on 1.1.2022 to the Fondazione.

	CHF/000 31.12.2021	CHF/000 31.12.2020
Situation at 1.1.	1'023	1'318
Transfer contract to Fondazione pursuant to art. 98 LFus	-	-
Update due to changes in Pension fund Regulation and population evolution at 31.12	145	-295
Update due to changes in technical bases	-366	-
Update due to changes in technical interest rate	-	-
Update due to irrevocable opt-out	-516	-
Total of Conversion rate provision at 31.12	286	1'023

5.5.2. Interest provision (Active employees')

The Fondo will be liquidated in 2022 and the assets and liabilities will be transferred to the new pension funds.

For insured persons whose assets will be transferred to the pension fund FCT 1e, it is not necessary to set up an interest provision for the following year. In the FCT 1e plan, each individual savings account will have a different net remuneration, reflecting the insured person's freely chosen investment profile, with no charge to the pension fund.

On the other hand, for insured persons whose assets will be transferred to the Fondazione, a provision for interest is created in the Fondo's balance sheet, in line with the rules in place at 31.12.2021 for a similar provision in the Fondazione. At the end of 2021 this provision is equal to 0.25% of the "Active employees' liabilities" as at 31.12.2021.

At 31.12.2020 this provision corresponded to the estimated cost of interest for the year 2021 at the interest rate of 2%. It included CHF 827, relating to the passive capital of the 2 invalids who were transferred to the CPR on 1.1.2021 and which is shown in the Fondo's 2021 operating account under the item "Transfer of additional funds in case of collective exit" together with the transferred pensioners' liabilities.

	CHF/000 31.12.2021	CHF/000 31.12.2020
Situation at 1.1.	869	-
Transfer contract to Fondazione pursuant to art. 98 LFus	-1	-
Update due to changes in Pension fund Regulation and population evolution at 31.12	-754	869
Update due to changes in technical bases	-	-
Update due to changes in technical interest rate	-	-
Update due to irrevocable opt-out	-94	-
Total of Interest provision at 31.12	20	869

5.5.3. Longevity risk provision (Pensioners')

The item "Transfer contract to Fondazione pursuant to art. 98 LFus" includes the Longevity risk provision for beneficiaries of Fondo as at 31.12.2020 transferred to CPR in Fondazione on 1.1.2021.

In the Fondo's 2021 Operating account, this item is included, together with the transferred pensioners' liabilities, under the item "Transfer of additional funds in case of collective exit".

Since from 1.1.2021 the generational tables for the year of calculation are used for the computation of mathematical reserves, it is not necessary to establish additional reserves to cover the longevity risk of pensioners. In 2021, however, there are no new pensioners in the Fondo.

	CHF/000 31.12.2021	CHF/000 31.12.2020
Situation at 1.1.	1'489	1'536
Transfer contract to Fondazione pursuant to art. 98 LFus	-1'489	-
Update due to changes in Pension fund Regulation and population evolution at 31.12	-	-47
Update due to changes in technical bases	-	-
Update due to changes in technical interest rate	-	-
Update due to irrevocable opt-out	-	-
Total of Longevity risk provision 31.12	-	1'489

5.5.4. Provision for reduction of technical interest rate for Pensioners

At the end of 2020, a "Provision for reduction of the technical rate for pensioners" was established in order to finance the reduction of the technical interest rate of existing pensioners from 1.75% to 0.75%.

The amount of this provision corresponded to the difference between actuarial reserves and technical provisions

calculated on the basis of the technical interest rate of 1.75% and the target technical interest rate of 0.75% and the impact on longevity generated by a lower technical rate.

The reserve was necessary to allow the transfer of pensioners and their capital from the Fondo to the CPR starting from 1.1.2021, as part of the Ring Fencing project approved by the Supervisory Authority (item “Transfer contract to Fondazione pursuant to art. 98 LFus” in the table below).

In the Fondo's 2021 Operating account, this item is included, together with the transferred pensioners' liabilities and other provisions, under the item “Transfer of additional funds in case of collective exit”.

	CHF/000 31.12.2021	CHF/000 31.12.2020
Situation at 1.1.	10'332	-
Transfer contract to Fondazione pursuant to art. 98 Lfus	-10'332	-
Update due to changes in Pension fund Regulation and population evolution at 31.12	-	10'332
Update due to changes in technical bases	-	-
Update due to changes in technical interest rate	-	-
Update due to irrevocable opt-out	-	-
Total of Provision for reduction of technical interest rate at 31.12	-	10'332

As of 31.12.2021, the “Pensioners' liabilities” are null, so it is not necessary to establish new provisions to finance future reductions in the technical rate of this category of insured persons.

5.5.5. Other Actuarial provisions

The pension actuary can provide for further provisions, as those illustrated in the Regulation of actuarial provisions, which are deemed necessary to suitably finance the pension scheme.

As for 2021, the actuary did not deem necessary to set up any additional actuarial specific provisions (31.12.2020: CHF 0).

5.5.6. Summary of Actuarial provisions

Evolution summary of Actuarial provisions	CHF/000 31.12.2021	CHF/000 31.12.2020
Situation at 1.1.	13'713	2'854
Transfer contract to Fondazione pursuant to art. 98 Lfus	-11'822	-
Update due to changes in Pension fund Regulation and population evolution at 31.12	-609	10'859
Update due to changes in technical bases	-366	-
Update due to changes in technical interest rate	-	-
Update due to irrevocable opt-out	-610	-
Total of Actuarial provisions at 31.12	306	13'713

Composition summary of Actuaril provisions	CHF/000 31.12.2021	CHF/000 31.12.2020
Conversion rate provision	286	1'023
Interest provision	20	869
Longevity risk provision	-	1'489
Provision for reduction of technical interest rate for Pensioners	-	10'332
Total of Actuarial provisions	306	13'713

5.6. Conclusions of the last actuarial report

The assets and liabilities of the Fondo will be transferred on 1.1.2022 to Fondazione or to FCT 1e, based on the irrevocable choices freely expressed by the Fondo's insured persons (note 3.3 for more details).

The Fondo will then be placed in liquidation, with a *special report* prepared in 2022 by the expert Towers Watson AG, following the approval of this annual report.

Failing to assume the *going concern* principle in the Fondo during 2022, it was not considered necessary to prepare the actuarial report of the Fondo as at 31.12.2021.

The latest actuarial report of Fondo was therefore prepared by Towers Watson AG in February 2021 for 31.12.2020.

According to the assessment of the pension expert:

- the pension plan rules with regards to actuarial regulations on pension benefits and their funding were compliant with legal requirements;
- the actuarial provisions covered the promised benefits which were not or not sufficiently covered by contributions or which were subject to fluctuations as well as known or foreseeable obligations;
- the target value of the Fluctuation reserve in 2020 amounted to 19.5% and was sufficient based on the investment strategy and the selected security level;
- the financing of the risk benefits and administrative costs through contributions was sufficient.

The contracts, which govern the transfer to 1.1.2022 of the Active employees' liabilities, the collective Actuarial provisions and the Fluctuation reserve from Fondo to Fondazione or FCT 1e, provide for a certification by the pension expert of the *completeness, existence and accuracy* of the amounts transferred.

5.7. Technical bases and other significant actuarial assumptions

The relevant actuarial bases and the technical rate for the calculation of the mathematical provisions are defined by the Foundation Board on an annual basis upon proposal of the pension actuary.

As of 31.12.2021, the actuarial calculations have been made according to the following assumptions:

- **LPP 2020 generational actuarial bases of the year 2022** (31.12.2020: LPP 2015 generational actuarial bases of the year 2021). The technical bases provide a defined indication on the expected mortality rate, disability rate, marriage likelihood, age of the spouse, number of children and other elements relating to a pension fund's population. Particularly they provide an indication on the average life expectancy of pensioners.
- **Technical rate 1.75%** (31.12.2020: 1.75%). This parameter allows to attach a current value to future pensioners' benefits which can also be seen as the expected long-term return on assets.

5.8. Changes in technical bases and actuarial assumptions

Compared to the previous closure, there are several changes to be commented on with the help of the following table to be read from right to left. In the technical bases, only the technical rate remained constant at 1.75% over the two years.

Date Generational bases Pension plans in force from	CHF/000	CHF/000	CHF/000	CHF/000	CHF/000
	31.12.2021 LPP 2020-G22 opt-in irrevocable	31.12.2021 LPP 2020-G22 1.1.2021	31.12.2021 LPP 2015-G22 1.1.2021	01.01.2021 LPP 2015-G21 1.1.2021	31.12.2020 LPP 2015-G21 1.1.2021
Active employees' liabilities	45'488	45'488	45'488	43'397	43'397
Pensioners' liabilities	-	-	-	-	87'852
Conversion rate provision	286	802	1'168	1'023	1'023
Interest provision	20	114	114	868	869
Longevity risk provision	-	-	-	-	1'489
Provision for reduction of technical interest rate	-	-	-	-	10'332
Total of Pension liabilities and actuarial provisions	45'794	46'404	46'770	45'288	144'962
Variation	-610	-366	-1'482	-99'674	

The negative evolution in 2021 of the total of “Pension liabilities and actuarial provisions” derives mainly from the transfer pursuant to art. 98 LFus of liabilities and provisions relating to the Fondo's pensioners in the CPR of the Fondazione made on 1.1.2021 for CHF 99.674 mln.

The value of the transferred assets amounts to CHF 105.824 mln (item in the operating account “Transfer of additional funds in case of collective exit”) and also includes the transfer of a portion of the Fluctuation reserve for CHF 6.150 mln. As there were no new pensioners in Fondo in 2021, with the same technical bases compared to 2020, as a result of contributions, net buy-ins and interest in Active employees' liabilities, the total Pension liabilities and actuarial provisions increased by CHF 1.482 mln.

Updating of the generational tables from LPP2015 to LPP2020 results in savings in the conversion rate provision of CHF 0.366 mln.

The participation of a large number of Fondo's insured persons in the FCT 1e plan from 1.1.2022 has finally resulted in the release of CHF 0.610 mln, as not necessary actuarial provisions in this type of pension institution.

The actuarial provisions in the Fondo's financial statements as at 31.12.2021 for CHF 0.306 mln will in fact be transferred collectively in 2022 to the Fondazione for the insured persons who have decided not to transfer their capital to the FCT 1e plan.

5.9. Employer contribution reserve (ECR) with waiver of use

At 31.12.2020 and at 31.12.2021 this reserve is equal to zero.

5.10. Coverage ratio in accordance with article 44 OPP2, paragraph 1

	CHF/000 31.12.2021	CHF/000 1.1.2021	CHF/000 31.12.2020
Pension liabilities and actuarial provisions (PL)	45'794	45'288	144'962
Total assets	52'019	48'915	155'437
(-) Accounts payables	-	-442	-442
(-) Accrued liabilities and deferred income	-219	-393	-1'091
(-) Employer contribution reserve	-	-	-
Net pension assets (NPA)	51'800	48'080	153'904
Coverage ratio (NPA/PL)*100	113.1%	106.2%	106.2%

In 2021 the coverage ratio is 113.1%, 6.9 percentage points greater than the value of previous year (2020: 106.2%).

As a result of the transfer of the Fondo's pensioners at 31.12.2020 to the CPR of the Fondazione on 1.1.2021, the numerator and denominator of this ratio decreased by CHF 105.824 mln and CHF 99.674 mln respectively, leaving the Fondo's coverage ratio unchanged at 1.1.2021 to 106.2%.

The subsequent improvement in the Fondo's coverage ratio is mainly due to an increase in Net pension assets of CHF 3.720 mln, compared with Pension liabilities and actuarial provisions substantially stable compared to 1.1.2021.

The 2021 financial year closed with CHF -2.936 mln before the releasing of the Fluctuation reserve. However, it also includes the payment of a portion of the Fluctuation reserve of CHF 6.150 mln to the CPR made on 1.1.2021 included in the item “Transfer of additional funds in case of collective exit”. If we “neutralize” the cash flow of this extraordinary item, the “Net income from insurance activities” would increase from CHF -5.203 mln to CHF +0.947 mln, a positive result that would be added to the “Net income from investments” of CHF 2.949 mln. This results in the growth of the Fondo's Net pension assets at the end of 2021.

The movement of the Fluctuation reserve in 2021 is detailed in note 6.2.

In 2021 the “Net income from investments” gives a return of 5.91% on average investment (see note 6.6, 2020: 3.14%), against a remuneration of Active employees' liabilities in 2021 of 2% (already covered by the Interest provision made on 31.12.2020).

6. Explanatory notes on Investments and Net income from investments

6.1. Organization of investing activity, investment regulation

In compliance with the Organization regulation, the Foundation Board is responsible for the following asset management activities:

- defining the investment policy;
- implementing the investment strategy;
- monitoring and controlling asset management and relevant performances;
- executing all detailed tasks included in the Investment regulation.

The general principles state that the assets of the Fondo are to be managed as follows:

- promised benefits are to be timely paid;
- investment risk capacity is to be complied with, and nominal security of promised benefits is to be guaranteed;
- in the framework of risk capacity, the overall return (current income and value variations) is to be maximized. In so doing, a significant contribution to the real financing of benefits shall be possible in the long term.

As from 1.1.2012, the Board has entrusted PPCMetrics with the activities of an independent **Investment Controller**.

During 2021 the Fondo invested in securities exclusively using collective funds (without any possibility to bindingly exercise the right of vote) and consequently the Pension Fund has never been called upon to exercise its right of vote pursuant to article 22 of OReSA.

The **asset management**, excluding UBS Funds (see note 1.5), is entrusted to EFG, Lugano branch (employer). The bank then **fully delegated** to the subsidiary EFGAM the “Misto Attivo” portfolio management mandate, starting from 1.1.2020.

The Portfolio Managers:

- are in charge of asset management related to the different asset classes according to the precise and specific instructions included in the mandate;
- they complete asset transactions based on the guidelines and directives precisely agreed in writing;
- they provide the Fondo with periodical reports on asset performance. To this end, they draft a report on their activity in the period under reporting and they provide a verbal report (if necessary) to the Foundation Manager and/or directly to the Foundation Board.

With the transfer to the Fondazione of a portion of assets and liabilities on 1.1.2021 relating to all pensioners of the Fondo on 31.12.2020, a revision of the assets' investment strategy was necessary, reflected in the new Investment regulations approved by the Board on 29.1.2021.

In January 2021 the new mandate for the management of the **Active Insured Portfolio** was therefore signed, which cancels and replaces the “Misto Attivo” mandate still in force at 31.12.2020.

The new investment strategy, defined by the Regulation and implemented in the new mandate, **entered into force on 1.4.2021**, after the transition period dedicated to the gradual adjustment of the portfolio from the current situation to 31.12.2020.

As a result of the implementation of the FCT 1e plan at 1.1.2022 and the assets transfers that have been extensively discussed in the previous paragraphs and summarized in note 10, the **Investment regulations were then terminated from 1.10.2021** with the decision of the Board dated 2.9.2021 to sell all investments and remain liquid until 31.12.2021, with the sole exception of UBS Funds which will be transferred to the Fondazione on 1.1.2022.

The new Active Insured Portfolio mandate was therefore also revoked from 1.10.2021.

6.2. Target value and calculation method of the Fluctuation reserve

	CHF/000 31.12.2021	CHF/000 31.12.2020
Situation at 1.1 of Fluctuation reserve	8'942	17'842
Transfer contract to Fondazione pursuant to art. 98 Lfus	-6'150	-
Release (-) / Creation in operating account	3'213	-8'900
Fluctuation reserve at 31.12.	6'005	8'942
Target Fluctuation reserve	n.a.	28'268
Shortfall in Fluctuation reserve	n.a.	19'326

n.a. = not applicable

In order to offset the fluctuations of assets and guarantee the required interest rate on benefits, a Fluctuation reserve has been set up in the liabilities side of the balance sheet. The required size of this reserve is defined according to the so-called financial method illustrated in the Investment regulation.

The Fluctuation reserve is defined by a combination of the historical characteristics of risk (volatility, correlation) with the expected returns (risk free interest rate and risk premium) of the different asset classes; the entire process is based on the investment strategy of the Fondo. Furthermore, the Fluctuation reserve guarantees with a sufficient degree of certainty a minimum interest rate on the pension tied up capital. The size of the Fluctuation reserve is expressed in a percentage of benefits.

In defining the bases for the calculation of the Fluctuation reserve, both the going-concern principle and the money market situation are to be considered.

The functionality of the reserve size is controlled on a yearly basis with the support of PPCMetrics and, if extraordinary events require it, it is modified by the Foundation Board.

On 1.1.2021, CHF 6.150 mln of the Fluctuation reserve was transferred to the CPR of the Fondazione, while in 2021 there was a contribution of CHF 3.213 mln equal to the actual operating surplus for the year 2021 (31.12.2020: deficit CHF -8.900 mln). As a result of the implementation of the FCT 1e plan as of 1.1.2022 and the decision of the Board of 2.9.2021 to sell all investments and remain liquid until 31.12.2021, there is no target value of the Fluctuation reserve as at 31.12.2021 (31.12.2020: 19.5%).

The Fondo's active insured as at 31.12.2021 who decided to transfer the capital totally or partially into the new FCT 1e pension plan (**irrevocable opt-in**), will receive in 2022 an individual allocation of the Fluctuation reserve.

For those who have chosen the **irrevocable opt-out** or **grandfathering** options, a portion of the Fondo's Fluctuation reserve as at 31.12.2021 was collectively transferred to the Fondazione on 1.1.2022.

For more details on the transfers of Assets and Liabilities which took place on 1.1.2022, see note 10.

6.3. Presentation of investments by category, compliance with OPP2 and Investment regulation limits

Until 30.9.2021 all the category limits pursuant to OPP2 (Art. 55) as well as the fluctuation margins at the level of global assets defined by the Investment regulations in force since 1.4.2021 were respected.

As a result of the Board's decision of 2.9.2022, as at 31.12.2021 the Fondo's Assets consisted of:

- Operative cash: CHF 3.071 mln (5.9% of the Total Assets),
- Cash under mandate: CHF 45.106 mln (86.7% of the Total Assets, violation of 5% OPP2 limit, see collateral in note 6.8),
- UBS Funds, in item "Real estate funds": CHF 3.679 mln (7.1% of the Total Assets, compliant with 10% OPP2 limit),
- Credits for withholding tax: CHF 0.163 mln (0.3% of the Total Assets).

The decision to remain liquid in the last quarter of 2021 was due to the need to realize the widely positive cumulative performance up to 30.9.2021, giving the guarantee of individual allocation of positive Fluctuation reserve values to those who had made an **irrevocable opt-in** of transfer of their vested benefit to the new FCT 1e institution.

On 1.1.2022 it was also necessary to transfer the cash to the FCT 1e pension fund, so that it could proceed to invest the liquidity according to the individual investment choices of each insured person.

The UBS Funds with a rising NAV in 2021, together with CHF 5.766 mln of cash, were transferred on 1.1.2022 pursuant to Art. 98 LFus to the Fondazione (see note 10).

6.4. Compliance with EFG asset management mandate limits

The Active Insured Portfolio mandate was revoked from 1.10.2021 (see also note 6.1). The cash under mandate at 31.12.2021 reflects the abovementioned decision of the Board and is covered by a collateral (details in note 6.8). Until 30.9.2021 all the fluctuation margins of the mandate were respected.

6.5. Open financial derivatives instruments

At 31.12.2021 in Fondo there are no open financial derivatives instruments.

The two "short futures" contracts open as at 31.12.2020 (with a negative replacement value of CHF -1.002 mln), decided by the Board in order to protect the portfolio from heavy losses in the equity sector given the particular climate of uncertainty generated by the Coronavirus pandemic, were gradually reduced and definitively closed during the month of april 2021, with a negative impact on the 2021 operating account of CHF -0.598 mln (without considering commissions).

6.6. Comments on Net income from investments

The "Net income from investments" at 31.12.2021 amount to CHF 2.949 mln (2020: CHF 5.1 mln).

The result obtained remains in widely positive territory (+ 5.91%), despite the absence of invested capital for the last quarter of 2021 and the negative impact deriving from the two futures mentioned in note 6.5 with a loss of CHF -0.598 mln.

	CHF/000
Net pension asset at 31.12.2021	51'800
Net pension asset at 1.1.2021 ¹	48'080
Average investment	49'940
Income from Liquid funds	45
Income from Bonds	-52
Income from Equities	2'849
Income from Real estate funds	1'054
Income from Derivatives	-598
Asset management expenses	-349
Total of Net income from investments in 2021	2'949
Income in % of average investment at 31.12.2021	5.91%
Income in % of average investment at 31.12.2020	3.14%

¹ Following the transfer of the Fondo's pensioners to the CPR of the Fondazione on 1.1.2021, the Fondo's Net pension asset (see definition in note 5.10) is decreased of CHF 105.824 mln respect to 31.12.2020.

As in the previous year, the good performances recorded by the Equities and Real Estate Funds categories are confirmed. The last item includes the result of the UBS Funds equal to CHF 0.398 mln, with an average annual performance of 9.75% (2020: -0.49%).

The cumulative net average performance of the Active Insured Portfolio mandate as at 30.9.2021 was 5.88%.

6.7. Comments on Asset management expenses

In compliance with articles 65, paragraph 3 LPP and 48a, paragraph 1 OPP2, and pursuant to the Swiss GAAP FER 26, "Asset management expenses" include:

- the expenses pertaining to the period and **directly debited** to the Fondo for completed services and transactions. They include: commission fees for asset management until 30.9.2021 (such as *flat fees* for management commissions, custodian fees and security trading costs); charge of commissions for custodian fees paid by EFG; third party broker commission fees, settlement expenses and tax on single transactions (or "*Transaction and tax cost – TTC*"); "*Product and Volume fees*" until 30.9.2021 in compliance with the "Institutional Fund Access (IFA) – Investment agreement" related to Credit Suisse platform; expenses invoiced from the Investment Controller (or "*Supplementary Cost – SC*");
- **indirect expenses** offset with revenues or assets in the collective investment schemes and calculated according to the "*Total Expense Ratio – TER*". The relevant asset classes' amounts in the "Net income from investments" have increased accordingly.

6.7.1. Total of all recognized cost indicators of collective investment schemes as per operating account

As of 31.12.2021, the total value of collective investment's expense ratios calculated with the TER ratio amounts to CHF 0.192 mln (31.12.2020: CHF 0.528 mln).

6.7.2. Total of Asset management expenses reported in the operating account in % of transparent investments

	CHF/000 31.12.2021	CHF/000 31.12.2020
Direct costs	157	413
Indirect costs (calculated based on the cost ratio TER)	192	528
Total of asset management expenses	349	941
Total of transparent investments ¹	51'800	152'776
Asset management expenses as a % of transparent investments	0.67%	0.62%

¹ The transparent investments correspond to the Net pension asset at 31.12.2021, mainly composed of liquidity (see note 6.3). At 31.12.2020 the transparent investments included the investments in EFGAM mandate and in UBS Funds.

Since the decision of the Board to sell all the investments was carried out gradually during the month of September, in order to be fully liquid from 30.9.2021, the TER 2021 costs were calculated on the average value of the investments as at 31.8.2021, using TER indices no older than 18 months available at that date.

The data for 2021 and 2020 are therefore not perfectly comparable.

6.7.3. Cost transparency ratio

The new Active Insured Portfolio mandate was revoked from 1.10.2021 (see note 6.1).

Until then, all financial investments were made in transparent securities, which periodically publish the TER indices.

The Cost transparency ratio as at 31.12.2020 was 100%.

6.7.4. List of investments for which asset management expenses are unknown (article 48a, paragraph 3 OPP2)

Pursuant to art. 48a, paragraph 3 OPP2, on 31.12.2021 there are no investment without details about asset management expenses (31.12.2020: CHF 0).

6.8. Explanation of investments and other receivables with the employers

Investment with the employer	CHF/000 31.12.2020	in %	OPP2 Limits	Article
Operative cash in EFG SA	3'071	5.9%		UFAS journal n. 84/486
Cash under mandate in EFG SA ¹	45'106	86.7%	5%	57 par. 2
Total investments with the employer	48'177			
Total assets (art 49 OPP2)	52'019	100%		

¹ See note 6.3

In case of a bank's pension fund (see UFAS journal N°84/486), operative cash should not be calculated as "Investment with the employer" (see 5% limit; article 57 OPP 2) and it shall not affect the Portfolio Manager's activity and performance.

Between the Fondo and EFG there is collateral contract, which commits the employer to guarantee the cash of the Fondo deposited on the asset management current accounts by setting up a collateral deposit. As of 31.12.2021, the collateral deposited amounts to CHF 47.761 mln with a 105.9% hedging of the invested capital with the employer, against a minimum value of 105%.

6.9. Retrocessions

In the past the Fondo received retrocessions only from EFG.
From 1.7.2020, all investment funds are “retro-free”.

7. Comments on other balance sheet and operating account positions

7.1. Prepayments and accrued income

As of 31.12.2021 and 31.12.2020 there are no “prepayments and accrued income”.

7.2. Accrued liabilities and deferred income

	CHF/000 31.12.2021	CHF/000 31.12.2020
Deferred income from revenues pertaining to future periods	-	5
Replacement value of open derivatives	-	1'002
Invoices to be received and other accrued liabilities	219	84
Accrued liabilities and deferred income	219	1'091

The decrease in the item “Accrued liabilities and deferred income” in 2021 is mainly due to the closing of the Derivatives open at 31.12.2020 (see note 6.5).

The growth of “Invoices to be received and other accrued liabilities” is due to the provision of the costs to be incurred in 2022 to proceed with the liquidation of the Fondo. The substantial doubling in the year of “General administration expenses”, equal to CHF 682'848 in 2021, is due to the extensive involvement of internal and external personnel for the implementation of the FCT 1e plan.

8. Requirements of the Supervisory Authority

By decision of 19.11.2021, the Supervisory Authority *acknowledged* the 2020 annual report.

On 18.6.2021, the Supervisory Authority confirmed the *formal assessment* of the following documents:

- “Pension fund regulation”, plans 1 and 2, approved by the Foundation Board on 23.11.2020, with validity from 1.1.2021;
- “Regulation of actuarial provisions”, approved by the Foundation Board on 29.1.2021, with validity from 31.12.2020;
- “Investment regulation”, approved by the Foundation Board on 29.1.2021, with validity from 1.1.2021.

The following documents were also sent to the Supervisory Authority, for which no *formal assessment* confirmation has yet been received:

- on 2.12.2021 the new “Regulation of actuarial provisions”, approved by the Foundation Board on 22.11.2021, with validity at 31.12.2021;
- on 17.12.2021 the new “Pension fund regulation”, plans 1 and 2, approved by the Foundation Board on 27.09.2021, with validity until 31.12.2021;
- on 16.12.2021 the transfer contract at 1.1.2022 pursuant to art. 98 LFus between the Fondo and the Fondazione;
- on 16.12.2021 the transfer contract at 1.1.2022 pursuant to CO between the Fondo and the FCT 1e.

9. Further information regarding the financial situation

During 2021 the Foundation Board has informed more than once active employees and pensioners about the situation of the Fondazione and the Fondo (hereinafter the “Fondazioni EFG”).

Specifically:

- On 5.1.2021 the pension certificates for the fiscal year 2020 were sent to all pension recipients.
- With a communication dated 13.1.2021, all active insureds and pensioners were informed about an important change regarding the new organizational structure of the Fondazioni EFG and the consequent creation of the internal CPR in the Fondazione.
- With communication dated 29.1.2021, all active insureds and pensioners were informed about the publication on the internal and public company portal, of the new Pension fund regulations valid from 1.1.2021. Transparency was given on the coverage ratio and performance for the year 2020 and the decisions of the Foundation Board were communicated regarding the interest rates for the year 2021 and the rate used for the projections of the remuneration of vested benefits in the pension certificates. Active insureds were also informed that the publication of the 2021 certificates will take place during the month of may.
- With communication dated 7.5.2021, all active employees were informed of the publication within the Fusion application of their pension certificate valid for the year 2021 and the related reading guide.
- On 20.5.2021 detailed information on the annual report 2020 was released and made available to all active employees and pensioners respectively by posting on the company's web portal and public website.
- On 25.5.2021 all active employees, pensioners and those who left in the two-year period 2019-2020 were informed about the partial liquidation procedure of the Fondazione as at 31 December 2020.
- On 16.9.2021 Giorgio Pradelli (CEO EFG International) and Ioanna Archimandriti (Head of HR EFG International) informed all EFG active employees that from 1.1.2022 the EFG pension funds (Fondazione, Fondo and FCT) will be harmonized in the EFG pension plan.
- On 17.9.2021, all EFG active employees were informed of the main features of the harmonized EFG pension plan in force since 1.1.2022 (for details see note 3.3).
- On 21.9.2021, all active EFG employees with salaries exceeding CHF 145'000 were informed of the characteristics of the new FCT 1e pension plan in force since 1.1.2022, as well as the options available for the management of the vested benefit present in the Fondo at 31.12.2021.
- During the “Townhalls” of 4, 5, 6 and 21 October 2021, for the employees of Ticino, Geneva and Zurich respectively, information sessions were organized on the harmonization process of the EFG pension funds and on the implementation of the EFG 1e plan. The information material projected, as well as a list of frequently asked questions and answers, were then published on the company portal to encourage the greatest possible distribution of information.
- On 15.10.2021 the “comparison certificates” as at 31.12.2021 were published for all active employees between the pension situation in the current plan compared to the harmonized plan, with the various options possible for individuals with salaries exceeding CHF 145'000. The formalities required of employees by 15.11.2021 were also detailed (see also note 10).
- During the “Townhalls” of 29.10.2021 and 5.11.2021, detailed information sessions were organized on the operating methods of the FCT 1e plan, in favor of employees with salaries exceeding CHF 145'000, in order to consciously guide their choices on the profile with which to invest their pension assets from 1.1.2022 in the FCT 1e fund.
- On 17.11.2021 the six subjects of the Fondo (all under the age of 55), who did not provide the required choices by 15.11.2021, were informed by registered letter about the automatic transfer of their vested benefits from the Fondo to FCT plan 1e from 1.1.2022.
- On 29.11.2021 the current members of the Fondazione’s Delegates’ Meeting, given the exceptional events that occurred in 2021, were informed of the extension of their mandate until 31.12.2022.
- On 10.1.2022 all Fondo’s employees were informed of the publication, within the Fusion application, of their exit certificate as of 1.1.2022 concerning the transfer of their vested benefit to the chosen pension fund.

9.1. Underfunding / measures taken (article 44 OPP2, paragraph 2)

In 2021 there are no recapitalization measures since not necessary.

9.2. Waiver of use by the employer of the ECR

At 31.12.2021 this reserve is equal to 0.

9.3. Partial liquidations

The "Regulation on partial and full liquidation and merger" establishes that the conditions for a partial liquidation are fulfilled:

- a) In case of staff reductions, if the number of **involuntary departures** of insured persons and their vested benefits are **at least 10%**. If the staff reduction takes place for the same reason during a period between one and two years, the conditions are also fulfilled;
- b) In case of **abandonment of entire sectors** by the employer or in case of **outsourcing** of entire sectors to other companies not affiliated to the Fondo due to involuntary departures. In both cases the number of the insured persons and of their vested benefits must be at **least 5%**;
- c) If an **affiliation agreement is terminated**. In this case, the number of insured persons must be **at least 5%** of all active employees and pensioners (if the latter are affected by the termination of the affiliation agreement) and at least 5% of the vested benefits (including the Pensioners' liabilities if the pensioners are affected by the termination of the affiliation agreement). At the time of termination, the affiliation agreement between the leaving company and the Fondo must have been in force for at least two years.

In the two-year period 2020-2021, the number of active insured members has continued to decrease. However, the extent of the reduction due to involuntary exits does not meet the requirements of a partial liquidation under condition a) of the regulation.

In the same period, no sectors of the employer were abandoned (condition b) and no affiliation agreement were terminated (condition c).

9.4. Separate accounts

Not applicable.

9.5. Pledge of assets

Not applicable.

9.6. Joint liabilities and guarantees

Not applicable.

9.7. Pending legal proceedings

In 2021 no legal proceedings were brought against the Fondo.

9.8. Special business and asset transactions

Except the constitution as of 1.1.2021 of the Internal Pension Fund for pensioners (CPR) in the Fondazione and the transfer contract pursuant to Article 98 of the LFus (from the Fondo to the CPR of all assets and liabilities inherent to the pensioners as of 31.12.2020), which has been extensively discussed in the current annual report, no other operations or particular transactions were completed in 2021.

The impacts, already on the closure of the Fondo as at 31.12.2021, of the implementation in 2022 of the FCT 1e plan have been explained in note 5.5 as regards the methods for determining the Actuarial provisions, in note 6.2 for the allocation of the Fluctuation reserve and in note 6 regarding the investment strategy.

For more details on the Assets and Liabilities transfers which took place on 1.1.2022, see note 10.

10. Events after the balance sheet date

As a result of the implementation of the FCT 1e plan, the situation of the Fondo at 1.1.2022 is summarized in the following table.

	CHF Fondo 31.12.2021	CHF Transfer to Fondazione 1.1.2022	CHF Transfer to FCT 1e 1.1.2022	CHF Fondo to be liquidated 1.1.2022
ASSETS				
Investments	52'018'755	9'444'517	42'355'030	219'208
Liquid funds	48'176'493	5'765'628	42'355'030	55'835
Credits for withholding tax	163'373	-	-	163'373
Real estate funds	3'678'889	3'678'889	-	-
Total assets	52'018'755	9'444'517	42'355'030	219'208
LIABILITIES				
Accrued liabilities and deferred income	219'208	-	-	219'208
Pension liabilities and actuarial provisions	45'794'170	8'446'491	37'347'679	-
Active employees' liabilities	45'487'546	8'139'867	37'347'679	-
Actuarial provisions	306'624	306'624	-	-
Fluctuation reserve	6'005'377	998'026	5'007'351	-
Dotation capital and free funds / underfunding	-	-	-	-
Dotation capital	100'000	-	-	100'000
<i>Free funds / underfunding</i>				
Balance at the beginning of the period	-100'000	-	-	-100'000
Income surplus / (-) Expense surplus of the period	-	-	-	-
Balance at the end of the period	-100'000	-	-	-100'000
Total liabilities	52'018'755	9'444'517	42'355'030	219'208

On 1.1.2022, the Fondo (Transferor) has transferred to the Fondazione (Receiver) a portion of assets and liabilities pursuant to Article 98 of the LFus. The assets and liabilities transferred refer to the active employees of the Fondo as at 31.12.2021 who have chosen the **irrevocable opt-out** or **grandfathering options** (see note 3.3), whose rights and claims are transferred to the Receiver with effect from 1.1.2022.

The net assets transferred amounting to CHF 9.445 mln are valued at market value as at 31.12.2021, in accordance with Swiss GAAP RPC 26, approved by the auditors of the Transferor and the Receiver. The actuarial liabilities transferred are valued at 31.12.2021 by the Expert of the Transferor and the Receiver. The total value of the excess assets transferred amounts to CHF 1.

With validity from 1.1.2022, a transfer agreement pursuant to the CO was then signed between the Fondo and the FCT 1e pension fund, concerning the vested benefits of the Fondo's active employees as at 31.12.2021 who decided to transfer their own assets in the new FCT 1e pension plan (**irrevocable opt-in**), together with an individual allocation of the Fluctuation reserve. The total value of the transferred assets and liabilities amounts to CHF 42.355 mln.

The FCT 1e pension fund is committed to credit the vested benefits accrued on the date of the transfer, plus the distribution of Fluctuation reserve, in favor of the transferred active insured, according to the report of the Accredited pension actuary of the transfer. Starting from 1.1.2022, the net performance will be attributed to the insured's retirement assets in accordance with the applicable regulations and the individual investment strategy chosen (through the FCT 1e IT platform).

In the Fondo in 2022 remain the following:

- credit recovery activities of withholding tax accrued in 2021 for CHF 163'373,
- signing of a transfer contract with FCT 1e foundation,
- signing of a transfer contract pursuant to Article 98 of the LFus with Fondazione,
- the completion of the liquidation activities of the institution now devoid of operational activity, as it has neither active nor passive beneficiaries,
- the payment of the professionals involved in the liquidation process.

11. Report of the statutory auditor on the Financial Statements 2021



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To the Foundation Board of

Fondo Complementare di Previdenza EFG SA, Lugano

Lugano, 9 May 2022

Report of the statutory auditor on the financial statements

As statutory auditor we have audited the financial statements of Fondo Complementare di Previdenza EFG SA, which comprise the balance sheet, operating account and notes (pages 5 to 36), for the year ended 31 December 2021

Foundation Board's responsibility

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

Responsibility of the expert in occupational benefits

In addition to the auditor the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with article 52e paragraph 1 of the Occupational Pensions Act (OPA) and article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and with the foundation's deed of formation and the regulations.

Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (article 52b OPA) and independence (article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by article 52c paragraph 1 OPA and article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organization, management and investments are applied.

We have assessed whether

- ▶ organization and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation
- ▶ funds are invested in accordance with legal and regulatory requirements
- ▶ measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfill their duties of loyalty and disclosure of interests
- ▶ the available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions
- ▶ the legally required information and reports have been given to the supervisory authority
- ▶ the pension fund's interests are safeguarded in disclosed transactions with related entities

We confirm that the applicable legal and statutory requirements have been met.

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

Ernst & Young Ltd



Erico Bertoli
Licensed audit expert



Michele Balestra
Licensed audit expert
(Auditor in charge)

Enclosure

- ▶ Financial statements (balance sheet, operating account and notes)

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