

dreyfus
BANQUIERS
1813

Annual Report 2019

Your wealth, our responsibility.

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Five-year summary

in million CHF	2019	2018	2017	2016	2015
Core capital (Tier 1)	550.8	542.2	525.6	508.3	492.8
Balance sheet total	2 364.7	2 542.7	2 545.6	2 518.4	2 842.8
Net interest income	23.4	21.3	18.7	19.7	23.0
Net income from commission business and services	89.4	91.4	91.9	90.7	93.4
Profit from trading	8.8	9.9	10.0	10.1	11.5
Other ordinary profit	1.7	-1.3	1.4	0.5	-0.4
Net revenues	123.3	121.3	122.0	121.0	127.5
Operating expenses	-90.8	-77.0	-74.4	-75.4	-74.8
Changes to provisions and other value adjustments, and losses	-0.9	-2.0	-0.7	-1.0	-2.7
Operating result	31.6	42.3	46.9	44.6	50.0
Profit	28.9	29.5	27.1	31.0	29.3
Number of staff (the number of full-time positions on annual average)	207	203	199	203	201
Core capital / Balance sheet total (in %)	23.3	21.3	20.6	20.2	17.3
Profit / Core capital (in %)	5.3	5.4	5.2	6.1	5.9
Operating expenses / Net revenues (in %)	73.6	63.5	61.0	62.3	58.7
Profit / staff (in CHF)	139 614	145 321	136 251	152 718	145 889

Board of Directors and Management

As of General Meeting of March 16, 2020

Board of Directors

Andreas Guth, Chairman
Alexis Blum, Deputy Chairman
Pierre Dreyfus, Deputy Chairman

Otto E. Bargezi
Corina Eichenberger-Walther
Dr. Christian Katz
Pierre Poncet
Dr. Rudolf Roth-Olum
Bernard Soguel-dit-Picard
François Voss

Dr. Sebastian Burckhardt,
Secretary of the Board of Directors

Audit and Risk Committee

Dr. Rudolf Roth-Olum, Chairman
Otto E. Bargezi
Pierre Dreyfus
Andreas Guth

Remuneration and Nomination Committee

Andreas Guth, Chairman
Alexis Blum
Pierre Dreyfus
Corina Eichenberger-Walther

Internal Auditor

Stefan Merz, Internal Auditor

External Auditors

KPMG Ltd

Management

Executive Committee

Stefan Knöpfel,
Chief Executive Officer
Dr. Theodor Lang,
Deputy Chief Executive Officer

Dr. Beat Lehmann
Richard Mayr
Dr. Daniel Witschi

Managing Directors

Michael Fringeli
Dieter Minelli

Executive Directors

Andres Angst
Marius Baumann
Thierry Bloch
Jacques Buchs
Markus Dändliker
Stéphane Fiechter
Roger Glaus
Amos Gutermann
Matthias Loetscher
Clarisse Lyssy
Rolf Meister
René Michel
Dominik Schneider
Guido Schneider
Jürg Stalder
Beat Staub
Olivier Wohlhauser
Nicolas Wyss

Directors

Beat Angst
Silvio Bächtiger
François Beck
Stephan Bernet
Philippe Blum
Oliver Born
Fabrice Bourquin

Philippe Burnier
Francescantonio Candio
Marino Cavallo
Didier Chabloz
David Couso
Tobias Crettenand
Van Trung Dam
Hans-Kaspar Denzler
Sven Dreher
Roland Erne
Markus Flückiger
Thomas Frei
Björn Fricker
Hubert Frund
Daniel Gisler
Nicole Gouëllo
Christoph Gudemann
Manuel Guth
Rudolf Gyax
Roland Henz
David Jermann
Urs Kaufmann
Thomas Krüsi
Rebecca Lang
Adrian Lehmann
Manuel Lüthi
Daniel Meier
Dr. Philippe Meyer
Lukas Müller
Lionel Oeuvray
Andrea Piccardo
Rui Ramires
Nico Ramstein
Manuel Roth
Daniel Schärer
Bernard Schultz
Philippe Tardy
Eric Zurbuchen
Philipp Zwicky

Representation Israel

Nir Mendelovitz

Members of the Board of Directors

Andreas Guth (1955), lic. rer. pol., executive Chairman since 19 March 2002. Chairman of the Remuneration and Nomination Committee, member of the Audit and Risk Committee.

Joined the Bank in 1979. 1991–2002 Chief Executive Officer and 1996–2002 Delegate of the Board of Directors.

Education: Studies in Economics at the University of Basel.

Additional activities and mandates: Chairman of the Board of Directors of Dreyfus Söhne & Cie Mandata AG, Basel; member of the Board of Directors of Terrain- und Finanzgesellschaft Basel AG; Committee member of the Association of Swiss Asset and Wealth Management Banks (VAV); member of the SIX Regulatory Board.

Alexis Blum (1953), DEA, executive Deputy Chairman since 19 March 2001. Member of the Remuneration and Nomination Committee.

Joined the Bank in 1983.

Education: Studies in Mathematical Economics and Maîtrise ès lettres from the University of Paris.

Additional activities and mandates: Chairman of the Board of Directors of Terrain- und Finanzgesellschaft Basel AG; member of the Board of Directors of Dege Holding AG, Basel.

Pierre Dreyfus (1949), ingénieur, executive Deputy Chairman since 19 March 2002. Member of the Remuneration and Nomination Committee, member of the Audit and Risk Committee.

Joined the Bank in 1992.

Education: Ecole Spéciale des Travaux Publics, Paris, and MBA INSEAD Fontainebleau.

Otto Bargezi (1941), lic. rer. pol., executive member of the Board of Directors since 25 March 2014. Member of the Audit and Risk Committee.

Joined the Bank in 1964. Member of the Executive Committee from 1991–2002; Chief Executive Officer from 2002–2014 and Delegate of the Board of Directors 1996–2014.

Education: Graduate studies at the Institut Universitaire de Hautes Études Internationales, Geneva.

Additional activities and mandates: Member of the Board of Directors of Dreyfus Söhne & Cie Mandata AG, Basel; member of the Board of Directors of Terrain- und Finanzgesellschaft Basel AG, Basel.

Corina Eichenberger-Walther (1954), lic. iur; Advocate and Mediator.

Joined the Bank as independent member of the Board of Directors on 19 March 2013. Member of the Remuneration and Nomination Committee.

Education: Law degree from the University of Basel, followed by bar exams. Mediation diploma specialising in economics, environment and management.

Additional activities: Counsel at Liatowitsch & Partner law firm, Basel.

FDP member of the Swiss National Council from 2007–2019; member of the Security Policy Committee NC and the Control Committee NC; Member of various boards of directors and foundation boards.

Dr. Christian Katz (1967)

Joined the Bank as independent member of the Board of Directors on 18 March 2019.

Education: Studies in Economics at the University of St. Gallen (HSG).

Additional activities and mandates: Owner of Consulting firm Mainstrait AG; Member of various boards of directors, especially in the financial and fintech sector; 2009–2015 CEO of the Swiss Exchange SIX.

Pierre Poncet (1952), MBA.

Joined the Bank as independent member of the Board of Directors on 13 March 2014.

Education: MBA INSEAD Fontainebleau.

Additional activities and mandates: Limited Partner at Bordier & Cie, Geneva; Member of the Geneva Chamber of Commerce and Chairman from 2013–2017; member of the Board of Directors of PKB Bank, Lugano; member of the Board of Directors of Naef Holding SA, Geneva.

Dr. Rudolf Heinrich Roth-Olum (1954), lawyer, joined the Bank on 13 March 2010 as independent member of the Board of Directors. Chairman of the Audit and Risk Committee.

Education: Law degree from the Universities of Basel and Geneva followed by bar exams; Bachelor in Business Management.

Additional activities: Owner of RothBoard-Advisory RBA GmbH; counsel at Kendris Ltd.

Bernard Soguel-dit-Picard (1944), executive member of the Board of Directors since 13 March 2017. Joined the Bank in 1961.

Between 1967 and 1971 worked in a US brokerage firm.

Education: US stock broker licence of the New York Stock Exchange.

François Voss (1930), Docteur en droit, joined the Bank as member of the Board of Directors on 19 March 2002.

Education: Diploma from the Institut d'études politiques de Paris; Diploma from the Institut des hautes études internationales.

Additional activities and mandates: Special advisor to the Lazard Group; Chairman of the Board of Directors of Objectif Patrimoine Croissance, Paris.

Dr. Sebastian Burckhardt (1954), M.C.J., joined the Bank as Secretary of the Board of Directors on 15 March 2005 (non-member).

Additional activities: Lawyer and notary; partner at Vischer AG, Zurich/ Basel.

Members of the Executive Committee

Stefan Knöpfel (1960), Chief Executive Officer since 1 April 2014. Chief Risk Officer.

Joined the Bank as Head of Trading in 2002; member of the Executive Committee since 2004; 2006–2014 Deputy Chief Executive Officer. Previously member of the Executive Committee of BNP Paribas Private Bank (Suisse) SA, Geneva.

Education: Executive BBA from the Graduate School of Business Administration, Zurich.

Additional activities and mandates: Member of the Board of the Association of Basel Banks.

Dr. Theodor Lang (1973), Deputy Chief Executive Officer since 13 March 2017. Chief Compliance Officer.

Joined the Bank in 2012 as Head of Legal & Risk; member of the Executive Committee since 2014. Previously partner, branch manager and Head of Legal & Compliance at Schweizerische Treuhandgesellschaft AG, Basel.

Education: Law degree from the Universities of Basel and Lausanne followed by bar exams.

Dr. Beat Lehmann (1960), member of the Executive Committee since 19 March 2002. Head of IT. Joined the Bank in 1998 as Head of Internal Audit. Previously Head of Finance at Aquametro AG, Therwil.

Education: Studies in Economics at the University of Basel.

Richard Mayr (1964), lic. rer. pol., member of the Executive Committee since 1 January 2010. Head of Services & Administration.

Joined the Bank in 1989. Head of Clients and Investments 1999–2014.

Education: Studies in Economics at the University of Basel.

Dr. Daniel Witschi (1962), member of the Executive Committee since 19 March 2013. Head of Clients & Investments.

Joined the Bank in 2001 and held posts of Chief Economist and CIO.

Previously Head of Global Economic & Financial Market Research at UBS Brinson in Basel, Zurich and Chicago.

Education: Studies in Economics at the University of Basel, CFA Chartered Financial Analyst.

Management report

A view of the world shows – at this time – a somewhat complex picture.

While the stock markets performed far better than expected in 2019, the economy was left largely unstimulated by the lower interest rates in the USA and by continuing negative interest rates in Switzerland, posting only modest growth rates overall. The US dollar and the Euro, the foreign currencies that matter most to us, weakened against the Swiss franc by 1.8% and 3.6%, respectively. Stock market valuations in the US and Switzerland have risen by well over a quarter, while those of the emerging markets have recorded a much more modest growth of just over 15%. This can be explained in part by the uncertainties triggered by trade tensions between the USA and China, which have led to a slowdown in economic growth in China. The 16% increase in the price of gold is one manifestation of this constellation. A certain amount of calm has been restored since then, and an initial partial agreement in the US-China trade dispute was signed in mid-January 2020. By contrast, the conflicts in Syria, Iran and Libya continue to flare up, and the worldwide flow of refugees remains a major concern for all industrialised nations.

Our bank has now been owned by the Dreyfus family for 206 years and five descendants of the founder are now in the sixth and seventh generations working there actively. In 2019 slightly higher net revenues of CHF 123 million was generated, compared with CHF 121 million in the previous year. Net interest income of CHF 23.4 million comprises a large non-recurring dividend payment

and partially offsets a CHF 2 million reduction in commission and service fee income. Due to profits from relatively stable exchange rates, trading declined by CHF 1.1 million to CHF 8.8 million, while realisations and revaluations on financial investment positions written off in the previous year boosted other ordinary profit to CHF 1.7 million.

The negative interest rate environment made it necessary for our pension fund to adjust the technical interest rate to its current level of 1.75%. With this in mind, the Board of Directors unanimously voted mid-year to allocate CHF 15 million to the pension fund, the cost of which is carried in our personnel costs (see pages 29 and 40). Excluding this special effect, the net operating result of CHF 46.6 million would have been within the range seen in 2017 and 2018 and can therefore be classified as stable in multi-year comparison.

We booked a significantly reduced tax in 2019 after corporate tax rates were cut by more than half at the cantonal level. We also dissolved reserves of CHF 2 million for general banking risks. The latter still amount to CHF 16.3 million at the end of 2019, compared with CHF 10 million in the years prior to the US tax programme of 2014/15.

Our annual contribution to the Isaac Dreyfus-Bernheim Foundation amounted to CHF 1 million (previous year: CHF 1.3 million).

The CHF 28.9 million, net profit after tax was 2% lower than in the previous year, and thus at the level of the years since the signing of the Non-

Prosecution Agreement, which we were able to conclude at the end of 2015 as part of the US tax programme. This was completed effective end-2019, when the successor provisions resulting from this expired.

As far as the balance sheet is concerned, total liabilities have fallen continuously in recent years to the current level of CHF 2,364.7 million, with the main decrease this year amounts due in respect of customer deposits, which were down CHF 149.1 million. This meant however no relief to the negative interest rates that are still applied to our balances with the Swiss National Bank exceeding a certain threshold.

The ratios calculated in the table Five-year summary such as core capital/balance sheet total (in %), profit/core capital (in %) and operating expenses/net revenues (cost-income ratio in %), adjusted for the aforementioned special contribution to our pension fund foundation – are also in line with previous years.

Fortunately, net new money has been flowing in again, albeit at a slow pace. Total managed assets were up sharply from CHF 16.6 billion to CHF 19.7 billion, mainly thanks to the strong positive performance of client portfolios.

Given the focused and stable business model and the low employee turnover rate, the Board of Directors considers the business risks to be limited. The counterparties, most of which are rated as of high quality, are regularly monitored, market

risks are diversified as far as possible, and interest rate risks are limited by steering the duration. The Board of Directors has assessed the main risks. However, the increasingly stringent regulatory environment brings with it considerable expenses and significant operational risks. The penetration test for cyber attacks mentioned in last year's management report was positive, as it did not succeed in penetrating our internal network.

A detailed report on interest rate risk management, including calculations in the event of any change in the yield curve, had to be published for the first time in mid-2019. In view of the complexity of the results, which are not particularly meaningful for our core business, we have decided to publish them only on our website, with reference to our comments in the notes under 3. Risk management.

With a core capital ratio of 35.9%, a leverage ratio (LERA) of 23% and a liquidity coverage ratio (LCR) of 369% in the fourth quarter (see pages 14 to 16), our bank remains one of the best-capitalised and most liquid banks in Switzerland.

Together with the Executive Committee and a staff of 207 full-time equivalents (previous year: 203 full-time equivalents), we continued to support and develop our demanding business in 2019 in a competent and careful manner. This fills us with pride and confidence that we will be able to master the challenges ahead in our pursuit to provide our valued customers with the best possible care and support. For this, we give everyone involved our sincere thanks.

Balance sheet

Assets

in CHF	31.12.2019		31.12.2018	
Liquid assets	761 260 882		800 685 408	
Amounts due from banks	94 224 855		83 952 497	
<i>Value adjustments</i>	-2 100 000	92 124 855	-2 300 000	81 652 497
Amounts due from securities financing transactions	122 315 000		256 942 500	
Amounts due from customers	429 291 228		458 756 749	
<i>Value adjustments</i>	-1 600 000	427 691 228	-1 500 000	457 256 749
Mortgage loans	38 907 900		17 016 500	
Trading portfolio assets	58 178 947		58 005 810	
Positive replacement values of derivative financial instruments	6 485 062		4 164 116	
Financial investments	843 103 979		857 728 491	
<i>Value adjustments</i>	-1 400 000	841 703 979	-1 500 000	856 228 491
Accrued income and prepaid expenses	11 069 674		6 971 538	
Participations	550 000		550 000	
Tangible fixed assets	2 002 000		2 002 000	
Other assets	2 370 206		1 235 221	
Total assets	2 364 659 733		2 542 710 830	
Total subordinated claims	0		0	

Liabilities

in CHF	31.12.2019	31.12.2018
Amounts due to banks	66 953 960	107 247 693
Liabilities from securities financing transactions	0	0
Amounts due in respect of customer deposits	1 689 654 215	1 838 717 532
Trading portfolio liabilities	0	0
Negative replacement values of derivative financial instruments	6 317 848	4 030 046
Accrued expenses and deferred income	2 093 524	2 479 174
Other liabilities	3 086 700	2 803 938
Provisions	26 900 000	26 000 000
Reserves for general banking risks	16 300 000	18 300 000
Bank's capital	30 000 000	30 000 000
Statutory retained earnings reserve	69 400 000	67 680 000
Voluntary retained earnings reserves	423 000 000	413 500 000
Profit carried forward	2 032 434	2 452 310
Profit	28 921 052	29 500 137
Total liabilities	2 364 659 733	2 542 710 830
Total subordinated liabilities	0	0

Off-balance-sheet transactions

in CHF	31.12.2019	31.12.2018
Contingent liabilities	58 820 830	29 024 443
Irrevocable commitments	91 380 300	51 690 405
Obligations to pay up shares and make further contributions	0	0
Credit commitments	0	0

Income statement

in CHF	2019	2018
Result from interest operations		
Interest and discount income	7 925 322	8 860 442
Interest and dividend income from financial investments	15 683 686	12 423 158
Interest expense	-418 335	-88 255
Gross result from interest operations	23 190 673	21 195 345
Changes in value adjustments for default risks and losses from interest operations	200 000	100 000
Subtotal net result from interest operations	23 390 673	21 295 345
Result from commission business and services		
Commission income from securities trading and investment activities	89 228 302	91 164 600
Commission income from other services	1 371 485	1 591 283
Commission expense	-1 155 715	-1 346 539
Subtotal result from commission business and services	89 444 072	91 409 344
Result from trading activities and the fair value option	8 803 206	9 952 518
Other result from ordinary activities		
Result from the disposal of financial investments	1 180 973	347 444
Income from participations	0	0
Other ordinary income	1 148 266	662 990
Other ordinary expenses	-676 791	-2 354 085
Subtotal other result from ordinary activities	1 652 448	-1 343 651
Operating expenses		
Personnel expenses	-78 420 400	-62 517 396
General and administrative expenses	-12 370 500	-14 444 498
Subtotal operating expenses	-90 790 900	-76 961 894
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	0	0
Changes to provisions and other value adjustments, and losses	-900 000	-2 002 298
Operating result	31 599 499	42 349 364

Appropriation of profit

Profit

in CHF	2019	2018
Operational result	31 599 499	42 349 364
Extraordinary income	71 310	4 970 245
Extraordinary expenses	0	0
Changes in reserves for general banking risks	2 000 000	-5 800 000
Taxes	-4 749 757	-12 019 472
Profit	28 921 052	29 500 137

Appropriation of profit

in CHF	2019	2018
Profit	28 921 052	29 500 137
Profit carried forward	2 032 434	2 452 310
Profit carried to the balance sheet	30 953 486	31 952 447
The board of directors proposes to the General Meeting the appropriation of the profit as follows:		
Allocation to statutory retained earnings reserve	-1 690 000	-1 720 000
Allocation to voluntary retained earnings reserves	-9 000 000	-9 500 000
Distributions relating to share capital	-15 600 000	-15 900 000
Other appropriations of profit	-2 742 105	-2 800 013
Profit carried forward	1 921 381	2 032 434

Statement of changes in equity

in 1000 CHF	Bank's capital	Retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings reserves and profit carried forward	Profit	Total
Equity at beginning of reporting year (before appropriation of profit)	30 000	67 680	18 300	415 953	29 500	561 433
Dividends and other appropriations of profit					-18 700	-18 700
Allocations to the reserves for general banking risks			-2 000			-2 000
Allocations to reserves		1 720		9 080	-10 800	0
Profit					28 921	28 921
Equity at the end of reporting year (before appropriation of profit)	30 000	69 400	16 300	425 033	28 921	569 654

Eligible capital and exposure measure

in 1000 CHF	Reporting year	Prior year
Eligible capital	550 761	542 182
Exposure measure	2 434 175	2 577 260
Leverage ratio (Basel III) LERA (in %)	23	21

Liquidity coverage ratio (LCR)

in 1000 CHF	Average of end of month value 1st quarter	Average of end of month value 2nd quarter	Average of end of month value 3rd quarter	Average of end of month value 4th quarter	Average of end of month value 4th quarter Prior year
Stock of high quality liquid assets (HQLA)	998 626	1 066 076	1 030 753	973 295	936 598
Total net cash outflows	241 071	277 175	254 709	263 975	246 374
Liquidity coverage ratio LCR (in %)	414	385	405	369	380

Disclosure of own resources

(partial disclosure)

in 1000 CHF	Reporting year	Prior year
Common Equity Tier 1 capital (CET1)	550 761	542 182
Additional Tier 1 capital (AT1)	0	0
Tier 1 capital (T1)	550 761	542 182
Tier 2 capital (T2)	0	0
Eligible common equity	550 761	542 182
Sum of the risk-weighted positions	1 535 963	1 510 675
Credit risk	Approach applied	
	International approach (SA-BIS)	
	93 088	92 478
thereof price risk concerning		
stocks in the banking book	1 847	1 844
Non-counterparty risks	160	160
Market risk	De-minimis-approach	
	11 382	10 018
thereof on		
interest instruments	0	0
stocks	0	0
foreign currencies and precious metals	11 382	10 018
commodities	0	0
Operational risk	Basic indicator approach	
	18 247	18 198
Required common equity	122 877	120 854
Eligible / required capital (in %)	448	449

in 1000 CHF	Reporting year	Prior year
Regulatory common equity ratios		
CET1-ratio	35.86%	35.89%
T1-ratio	35.86%	35.89%
Ratio in respect to the regulatory common equity	35.86%	35.89%
CET1-Buffer requirements (as per the Basel minimum standards)		
Capital buffer	2.50%	1.88%
Anti-cyclical buffer	0.00%	0.00%
Overall buffer requirements	2.50%	1.88%
CET1 available to meet the buffer requirements	27.86%	27.89%
Common equity target ratio for CET1	7.45%	7.42%
Target (category 4-bank)	7.40%	7.40%
Anti-cyclical common equity buffer	0.05%	0.02%
Common equity target ratio for T1	9.05%	9.02%
Target (category 4-bank)	9.00%	9.00%
Anti-cyclical common equity buffer	0.05%	0.02%
Target for regulatory common equity	11.25%	11.22%
Capital buffer	3.20%	3.20%
Anti-cyclical common equity buffer	0.05%	0.02%
Minimum capital	8.00%	8.00%
Target (category 4-bank)	11.20%	11.20%
Available regulatory common equity	35.86%	35.89%

Other disclosure

(partial disclosure)

Overview of risk-weighted exposures

in CHF	risk-weighted exposures Reporting year	risk-weighted exposures Prior year	minimum capital Reporting year
Credit risk*	1 165 600	1 157 975	93 248
Market risk	142 275	125 225	11 382
Operational risk	228 088	227 475	18 247
Total	1 535 963	1 510 675	122 877

* incl. non-counterparty risks

Credit risk: credit quality of assets

in 1000 CHF	Gross carrying values of		Value adjustments and depreciation	Net values
	defaulted exposures	non-defaulted exposures		
Loans (excluding debt securities)	0	810 845	5 100	805 745
Debt securities	0	691 614	0	691 614
Off-balance-sheet transactions	0	150 201	0	150 201
Total	0	1 652 660	5 100	1 647 560

Credit risk: overview of mitigation techniques

in 1000 CHF	unsecured exposures carrying amount	secured exposures actual collateralized amount	exposures secured with financial guarantees or credit derivatives
Receivables (including debt securities)	922 607	579 852	0
Off-balance-sheet transactions	3 392	146 809	0
Total	925 999	726 661	0
thereof defaulted	0	0	0

Notes to the financial statements

1. Business name, legal form and domicile

Dreyfus Sons & Co. Ltd, Banquiers, was founded in Basel by Isaac Dreyfus-Bernheim in the year 1813. Since then the Bank has been located in Basel and has no branches elsewhere. We have inaugurated five representative offices in the recent past: the first one in Lausanne in 2011, then in Delémont in 2012 and subsequently in Zurich, Lugano and Tel Aviv in 2013. Although the Bank became a company limited by shares in the year 1942, its principal business activities are carried on in the traditional private banking style, that is, the individual and comprehensive management of assets entrusted to it. This includes the administration of family organizations, corporations, foundations and trusts. The Bank's equity is a multiple of the legal requirement and is mainly invested in the money and capital markets.

In order to enable the Bank to advise its clients by closely following financial markets it also trades – within appropriate limits – in securities, foreign

exchange and precious metals as principal and as agent. As a rule, advances are granted only within the scope of assets under administration, i.e. to customers holding qualitatively and quantitatively adequate securities as coverage. The Bank engages only exceptionally in mortgage lending and similar business.

The organizational structure of Dreyfus Sons & Co. Ltd, Banquiers, is comparable to the one of a typical private bank. We have an Audit and Risk Committee under the chairmanship of Dr. Rudolf Roth-Olum, who is an independent member of the Board of Directors. Further members are Pierre Dreyfus, Otto E. Bargezi and Andreas Guth. The latter grants the continuity and two members fulfil the independence requirements.

The Bank has outsourced some of its interbank services.

2. Accounting and valuation policies

The principles of accounting, presentation and valuation are governed by the provisions of the Swiss Code of Obligations Governing Corporations, the Federal Law on Banks and Savings Banks, its Ordinances and the guidelines of the Swiss Financial Market Supervisory Authority FINMA. The existing statutory single-entity financial statements present the bank's economic position in such a way that a third party can make a reliable assessment. The most significant principles of valuation are the following:

- Transactions are shown in the balance sheet at their date of completion.
- Assets and liabilities denominated in foreign currencies are converted into Swiss Francs at rates of exchange prevailing at the balance sheet date. Exchange gains and losses arising from the conversion of currencies are booked as Result from trading activities.

- Liquid assets, Amounts due to and due from banks and customers as well as Mortgage loans are presented at nominal value. At the moment there is no need for individual provisions. General value adjustments are being made for the latent risks in the dues from customers and banks. The reckoning thereof is based on the calculated default risk according to a recognised rating agency.
- Repurchase and reverse-repurchase agreement transactions are being booked as Amounts due, respectively liabilities from securities financing transactions.
- Securities and precious metals held in Trading portfolio assets are valued at fair value at the balance sheet date and the resultant profits and losses are included in the heading Result from trading activities including interest and dividends.
- Securities shown as Financial investments are held as long term investments. Debt instruments are shown in the balance sheet at nominal value and are valued according to the accrual method of valuation: premiums, respectively discounts on purchases, on sales prior to maturity or redemptions before maturity are entered in the books as Accrued income and prepaid expenses and apportioned to accounting periods as Interest and dividend income from financial investments. Equity securities are valued at the lower of cost or market. The cost is determined by weighted averages of the purchase prices. Money market papers are shown at market value prevailing at the balance sheet date.
- Majority owned participations are presented at acquisition cost net of any operational write-downs as per individual valuation.
- As a rule, Tangible fixed assets are written off in the year of acquisition. Most of the bank buildings were purchased generations ago and therefore the value shown in the balance sheet is significantly below the fire insurance value. Maintenance and renovation costs are debited to the profit and loss account when incurred. The fixed assets are being regularly reviewed and their valuations are adjusted when needed.
- Taxes owed on income and capital as part of current earnings are booked under Accrued expenses and deferred income.
- Forward positions are valued at prices based on residual time to expiration. Derivative financial instruments held for trading purposes are valued at market prices. Transactions entered into for hedging purposes are valued by the same method as applied to the underlying instruments. Replacement values of derivative financial instruments include positions of both the Bank and of its customers.
- The accounting and valuation principles remain unchanged.

3. Risk management

The identification, management, limitation and control of risks are extensively regulated by the Board of Directors, whereas the implementation of the bank's risk policy and risk control is the responsibility of the Executive Committee. All quantifiable risks are backed by an adequate underlying capital. Measures related to risks with respect to organization, personnel and infrastructure are implemented. A comprehensive management information system (MIS) informs the Board of Directors and the Executive Committee on a daily and monthly basis.

The Bank's liquidity management is based on the regulatory provisions of the supervisory authority. Short-, medium- and long-term liquidity management is integrated into the bank-wide risk management process. The Board of Directors establishes the risk tolerance for liquidity risk and ensures that the Executive Committee implements the specifications on liquidity risk tolerance with suitable control processes. Liquidity holdings are monitored on a daily basis and reported to various departments. Risk tolerance is defined in the form of a liquidity coverage ratio (LCR) and specific early-warning indicators are monitored as accompanying measures. Regular stress tests are carried out that take account of short-term and long-term liquidity shortfalls. An emergency plan is in place and updated on a regular basis to deal with acute liquidity bottlenecks, should they arise. Counterparties are defined by an internal rating system with corresponding limits.

As the Bank only grants loans through its asset management activities, interest rate risk is insignificant. The interest rates on loans are either fixed or regularly adjusted according to Libor. Loans are

funded through client deposits on which interest paid – if any – can be reviewed at any time. Debt securities in financial investments are solely acquired to be held to final maturity. The specified collateral values and limits apply to all loan transactions. Further information on interest rate risk can be found on our website under “Publications – Interest rate risk management”.

For all risks known at balance sheet date, provisions and individual value adjustments are made. Contingent risks are covered by overall adjustments and provisions. The reckoning thereof is made according to internal rules following various methods and objectives. In the position Provisions the market risks are calculated according to the value at risk and operational risks according to the Basic indicator approach of Basel III.

The Bank is guided in its approach to operational risks by the principles outlined in the relevant regulatory provisions. It ensures that responsibilities are clearly defined, that risks are regularly identified, limited and monitored, and that an appropriate IT infrastructure is in place to safeguard the confidentiality of client data. Management of operational risks is the responsibility of managers at all levels of the hierarchy. Periodic procedural audits by internal and external auditors additionally support the proper conduct of business.

The identification, management and limitation of market risks in the trading portfolio are made on a daily basis. In general, only tradable instruments with a high degree of liquidity are used and attention is paid to a balanced diversification. Derivative financial instruments are used for transactions entered into for hedging purpose.

4. Information on the balance sheet

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Breakdown of securities financing transactions (assets and liabilities)

in 1000 CHF	Reporting year	Prior year
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	122 315	256 943
Book value of obligations from cash collateral received in connection with securities lending and repurchase business	0	0
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	0	0
thereof with unrestricted right to resell or pledge	0	0
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with unrestricted right to resell or repledge	122 520	245 863
thereof repledged or resold securities	0	0

Collateral for loans and off-balance-sheet transactions, as well as impaired loans

in 1000 CHF	secured by mortgage	other collateral	unsecured	Total
Loans				
Amounts due from customers		418 629	10 662	429 291
Mortgage loans (residential property)	38 908			38 908
Total loans (before netting with value adjustments)				
Reporting year	38 908	418 629	10 662	468 199
Prior year	17 017	452 510	6 247	475 774
Total loans (after netting with value adjustments)				
Reporting year	38 908	417 029	10 662	466 599
Prior year	17 017	451 010	6 247	474 274
Off-balance-sheet				
Contingent liabilities		58 821		58 821
Irrevocable commitments		87 988	3 392	91 380
Obligations to pay up shares and make further contributions				0
Total off-balance-sheet				
Reporting year		146 809	3 392	150 201
Prior year		73 784	6 930	80 714

There are no impaired loans.

Trading portfolio (assets and liabilities)

in 1000 CHF	Reporting year	Prior year
Assets		
Debt securities	0	0
thereof listed	0	0
Equity securities	10	20
Precious metals	58 169	57 986
Total assets	58 179	58 006
thereof securities eligible for repo transactions	0	0
Liabilities		
Debt securities	0	0
thereof listed	0	0
Equity securities	0	0
Precious metals	0	0
Total liabilities	0	0

Derivative financial instruments (assets and liabilities)

in 1000 CHF	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments						
Forward contracts incl. FRAs						
Swaps						
Futures						
Options (OTC)						
Options (exchange-traded)						
Foreign exchange / precious metals						
Forward contracts	6 471	6 304	819 256			
Futures						48 495
Options (OTC)	14	14	3 690			
Options (exchange-traded)						
Equity securities / indices						
Forward contracts						
Futures						
Options (OTC)						
Options (exchange-traded)						
Other						
Forward contracts						
Futures						
Options (OTC)						
Options (exchange-traded)						
Total						
Reporting year	6 485	6 318	871 441			
Prior year	4 164	4 030	874 986			

The replacement values are without consideration of the netting contracts.

Breakdown by counterparty

Positive replacement values

in 1000 CHF	Central clearing houses	Banks and securities dealers	Other customers	Total
Reporting year	0	6 119	366	6 485
Prior year	0	2 756	1 408	4 164

Financial investments

in 1000 CHF	Book value Reporting year	Book value Prior year	Fair value Reporting year	Fair value Prior year
Debt securities	691 614	692 351	715 683	705 661
thereof intended to be held to maturity	691 614	692 351	715 683	705 661
thereof not intended to be held to maturity	0	0	0	0
Equity securities	22 977	22 915	30 644	26 568
Precious metals	2 406	1 394	2 914	1 519
Money market papers	124 707	139 568	124 707	139 568
Real estate	0	0	0	0
Total	841 704	856 228	873 948	873 316
thereof securities eligible for repo transactions	382 740	398 348		

Breakdown of counterparties by rating (FINMA concordance table)

in 1000 CHF	1 & 2	3	4	5 & 6	unrated	Total
Book values of debt securities						
Reporting year	399 740	103 900	87 344	10 000	90 630	691 614
Prior year	418 198	105 452	80 506	10 000	78 195	692 351

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Participations

in 1000 CHF	Acquisition cost	Accumulated value adjustments	Book value at the end of prior year	Reporting year			Book value at the end of reporting year
				Additions	Disposals	Value adjustments	
Other participations							
with market value	0		0				0
without market value	550		550				550
Total participations	550		550				550

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Companies in which the bank holds a permanent direct or indirect significant participation

Company name and domicile	Business activity	Company capital (in 1000 CHF)	Share of capital (in %)	Share of votes (in %)	Held directly (in %)
Terrain- & Finanzgesellschaft Basel AG Basel	Financial institution	300	100	100	100
Dreyfus Söhne & Cie Mandata AG Basel	Financial institution	250	100	100	100

The participations are not significant for the assets and profit of the Bank, and therefore have not been consolidated.

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Tangible fixed assets

in 1000 CHF	Acquisition cost	Accumulated depreciations	Book value at the end of prior year	Reporting year			Book value at the end of reporting year
				Additions	Disposals	Depreciations	
Bank buildings			2 000				2 000
Other real estate			2				2
Other tangible fixed assets			0				0
Total tangible fixed assets			2 002				2 002

Most of the bank buildings were purchased generations ago.

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Intangible assets

Nil

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Other assets and other liabilities

in 1000 CHF	Other assets Reporting year	Other assets Prior year	Other liabilities Reporting year	Other liabilities Prior year
Compensation account	0	0	1	0
Other assets and liabilities	2 370	1 235	3 086	2 804
Total other assets and other liabilities	2 370	1 235	3 087	2 804

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

in 1000 CHF	Book values Reporting year	Book values Prior year	Effective commitments Reporting year	Effective commitments Prior year
Pledged / assigned assets				
Amounts due from banks	2 977	9 399	129	2 563
Financial investments	274 519	275 675	7 837	20 180
Total	277 496	285 074	7 966	22 743

Liabilities relating to own pension schemes

A legally separate pension fund as well as an employer-financed foundation has been established for the employees. The employer contributions are charged to personnel expenses. On the balance sheet date, the commitments to the pension funds totalled CHF 16.0 million (prior year CHF 24.5 million). There are no further obligations or claims regarding the transfer of economic benefits.

The financial statements of the pension fund are recorded in accordance with Swiss GAAP FER 26 and show a coverage ratio of 101.9% (prior year 108.2%). As per the not yet audited statement 2019 the pension fund shows a coverage ratio of 107.7%. The employer-financed foundation has no statutory commitments.

Economic situation of own pension schemes

Employer contribution reserves

in 1000 CHF	Nominal value Reporting year *	Nominal value Prior year
Employer-financed foundation	353	353
Welfare Fund	0	0
Total	353	353

* basis of the financial statement 2018 employer-financed foundation and Welfare Fund

The Bank renounces to use the employer contribution reserves.
This has neither consequences on the balance sheet nor on the profit and loss account.

Economic benefit / obligation and the pension expenses

in 1000 CHF	Surplus / Deficit Reporting year *	Economic part of the Bank		Contributions Reporting year	Welfare expenses on personnel expenses	
		Reporting year	Prior year		Reporting year	Prior year
Employer-financed foundation	17 084	0	0	0	0	0
Welfare Fund with coverage ratio	10	0	0	0	19 217	4 139
Total	17 094	0	0	0	19 217	4 139

* basis of the financial statement 2018 employer-financed foundation and Welfare Fund

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Issued structured products

Nil

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Bonds outstanding and mandatory convertible bonds

Nil

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Value adjustments, provisions and reserves for general banking risks

in 1000 CHF	Previous year end	Use in conformity with designated purpose	Reclassifications (transfers)	Recoveries, past due interests, currency differences	New creations charged to income	Released to income	Balance at current year end
Provisions for other business risks	16 500				400		16 900
Other provisions	9 500				500		10 000
Total provisions	26 000	0	0	0	900	0	26 900
Reserves for general banking risks (taxed)	18 300					-2 000	16 300
Value adjustments for default and country risks	5 300					-200	5 100

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Bank's capital

	Total nominal value in 1000 CHF Reporting year	Number of shares Reporting year	Capital eligible for dividend in 1000 CHF Reporting year	Total nominal value in 1000 CHF Prior year	Number of shares Prior year	Capital eligible for dividend in 1000 CHF Prior year
Total share capital	30 000	30 000	30 000	30 000	30 000	30 000

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Participations and options on equity securities held by all executives and directors and by employees

Nil

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Amounts due from or to related parties

in 1000 CHF	Amounts due from Reporting year	Amounts due from Prior year	Amounts due to Reporting year	Amounts due to Prior year
Holders of qualified participations	7	9	146 094	149 209
Group companies	0	0	510	577
Members of governing bodies	701	20 000	13 288	18 780

There are no significant off-balance-sheet transactions.

Customary bank transactions are effected to personnel conditions.

Significant shareholders

The shares are in family ownership (descendants of the company's founder).

The following shareholders dispose of participations with more than 5% of the votes.

	Nominal value in 1000 CHF Reporting year	Percentage of equity Reporting year	Nominal value in 1000 CHF Prior year	Percentage of equity Prior year
Dege Holding Ltd, Basel	21 428	71.4	21 428	71.4
Catherine Dreyfus Soguel, Basel	4 286	14.3	4 286	14.3
Pierre Dreyfus, Basel	4 286	14.3	4 286	14.3
Total	30 000	100.0	30 000	100.0

Through the Dege Holding Ltd, Basel, the following members of the Dreyfus family as a group have a stake in the Bank: Dr. Katia Guth-Dreyfus, Basel; Andreas Guth, Basel; Nadia Guth Biasini, Basel; Tania Blum-Dreyfus, Gstaad; Alexis Blum, Basel; Dr. Cyrille Blum, Denges; Nathalie Moshnyager-Blum, Unterägeri.

Own shares

Nil

Compensations

Nil

Maturity structure of financial instruments

in 1000 CHF	at sight	at call	due within 3 months	due 3 to 12 months	due 12 months to 5 years	due after 5 years	Total
Assets / financial instruments							
Liquid assets	761 261						761 261
Amounts due from banks	64 975	17 308	9 842				92 125
Amounts due from securities financing transactions			122 315				122 315
Amounts due from customers		168 381	161 503	39 828	43 011	14 968	427 691
Mortgage loans		7 431		350	19 935	11 192	38 908
Trading portfolio assets	58 179						58 179
Positive replacement values of derivatives financial instruments	6 471		12	2			6 485
Financial investments	25 383		82 526	113 181	301 694	318 920	841 704
Total							
Reporting year	916 269	193 120	376 198	153 361	364 640	345 080	2 348 668
Prior year	947 390	182 086	512 678	169 080	368 473	352 245	2 531 952
Debt capital / financial instruments							
Amounts due to banks	65 784	1 170					66 954
Liabilities from securities financing transactions							0
Amounts due in respect of customer deposits	1 494 697	192 087	2 435	435			1 689 654
Negative replacement values of derivative financial instruments	6 304		12	2			6 318
Total							
Reporting year	1 566 785	193 257	2 447	437			1 762 926
Prior year	1 730 601	216 493	29	2 873			1 949 996

Assets and liabilities by domestic and foreign origin (domicile principle)

Assets

in 1000 CHF	Reporting year		Prior year	
	Domestic	Foreign	Domestic	Foreign
Liquid assets	747 101	14 160	794 192	6 493
Amounts due from banks	10 065	82 060	23 745	57 908
Amounts due from securities financing transactions	122 315		228 751	28 193
Amounts due from customers	307 425	120 266	353 142	104 115
Mortgage loans	38 908		17 017	
Trading portfolio assets	58 160	19	57 978	27
Positive replacement values of derivative financial instruments	5 456	1 029	1 944	2 220
Financial investments	393 491	448 213	390 543	465 686
Accrued income and prepaid expenses	10 229	841	5 910	1 060
Participations	550		550	
Tangible fixed assets	2 002		2 002	
Other assets	2 370		1 235	
Total assets	1 698 072	666 588	1 877 009	665 702

Liabilities

in 1000 CHF	Reporting year		Prior year	
	Domestic	Foreign	Domestic	Foreign
Amounts due to banks	5 328	61 626	984	106 264
Liabilities from securities financing transactions				
Amounts due in respect of customer deposits	1 003 447	686 207	1 065 730	772 988
Negative replacement values of derivative financial instruments	3 416	2 902	2 870	1 160
Accrued expenses and deferred income	2 094		2 478	1
Other liabilities	3 087		2 804	
Provisions	26 900		26 000	
Reserves for general banking risks	16 300		18 300	
Bank's capital	30 000		30 000	
Statutory retained earnings reserve	69 400		67 680	
Voluntary retained earnings reserves	423 000		413 500	
Profit carried forward	2 032		2 452	
Profit	28 921		29 500	
Total liabilities	1 613 925	750 735	1 662 298	880 413

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Assets by country or group of countries (domicile principle)

in 1000 CHF	Reporting year		Prior year	
	Absolute	Share as %	Absolute	Share as %
Switzerland	1 698 072	71.8	1 877 009	73.8
Members of B.I.S.	565 995	23.9	542 960	21.4
Other foreign countries	100 593	4.3	122 742	4.8
Total assets	2 364 660	100.0	2 542 711	100.0

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Assets by credit rating of country groups (risk domicile view)

Net foreign exposure

FINMA concordance table	Reporting year		Prior year	
	in 1000 CHF	Share as %	in 1000 CHF	Share as %
1 & 2	607 509	90.7	638 750	91.6
3	13 824	2.0	11 262	1.6
4	37 387	5.6	37 404	5.4
5 & 6	554	0.1	537	0.1
unrated	10 813	1.6	8 916	1.3
Total	670 087	100.0	696 869	100.0

Assets and liabilities by currencies

Assets

in 1000 CHF	CHF	USD	EUR	Other currencies	Total
Liquid assets	741 245	1 819	17 458	739	761 261
Amounts due from banks	12 032	20 005	22 621	37 467	92 125
Amounts due from securities financing transactions		99 653	16 290	6 372	122 315
Amounts due from customers	218 327	54 085	147 144	8 135	427 691
Mortgage loans	38 908				38 908
Trading portfolio assets			10	58 169	58 179
Positive replacement values of derivative financial instruments	5 816	216	91	362	6 485
Financial investments	585 174	125 833	101 002	29 695	841 704
Accrued income and prepaid expenses	10 753	189	128		11 070
Participations	550				550
Tangible fixed assets	2 002				2 002
Other assets	2 370				2 370
Total assets shown in the balance sheet					
Reporting year	1 617 177	301 800	304 744	140 939	2 364 660
Prior year	1 653 570	343 761	417 177	128 203	2 542 711
Delivery entitlements from forward forex and forex options transactions					
Reporting year	352 479	348 457	102 384	64 432	867 752
Prior year	353 811	321 183	130 225	67 493	872 712
Total assets					
Reporting year	1 969 656	650 257	407 128	205 371	3 232 412
Prior year	2 007 381	664 944	547 402	195 696	3 415 423

Cross rates

	Reporting year	Prior year
USD/CHF	0.9675	0.9850
EUR/CHF	1.0860	1.1265

Liabilities

in 1000 CHF	CHF	USD	EUR	Other currencies	Total
Amounts due to banks	22 199	31 165	6 626	6 964	66 954
Liabilities from securities financing transactions					0
Amounts due in respect of customer deposits	1 000 145	315 385	293 213	80 911	1 689 654
Negative replacement values of derivative financial instruments	5 808	92	79	339	6 318
Accrued expenses and deferred income	2 089		5		2 094
Other liabilities	3 087				3 087
Provisions	26 900				26 900
Reserves for general banking risks	16 300				16 300
Bank's capital	30 000				30 000
Statutory retained earnings reserve	69 400				69 400
Voluntary retained earnings reserves	423 000				423 000
Profit carried forward	2 032				2 032
Profit	28 921				28 921
Total liabilities shown in the balance sheet					
Reporting year	1 629 881	346 642	299 923	88 214	2 364 660
Prior year	1 662 982	381 974	414 022	83 733	2 542 711
Delivery obligations from forward forex and forex options transactions					
Reporting year	352 380	299 940	102 356	64 413	819 089
Prior year	353 723	279 479	130 202	67 469	830 873
Total liabilities					
Reporting year	1 982 261	646 582	402 279	152 627	3 183 749
Prior year	2 016 705	661 453	544 224	151 202	3 373 584
Net position per currency					
Reporting year	-12 605	3 675	4 849	52 744	
Prior year	-9 324	3 491	3 178	44 494	

5. Information on the off-balance-sheet transactions

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Contingent assets and liabilities

in 1000 CHF	Reporting year	Prior year
Guarantees to secure credits and similar	5 146	5 333
Other contingent liabilities	53 675	23 691
Total contingent liabilities	58 821	29 024

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Credit commitments

Nil

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Fiduciary transactions

in 1000 CHF	Reporting year	Prior year
Fiduciary investments with third banks	404 764	239 236
Total fiduciary transactions	404 764	239 236

Managed assets

in 1000 CHF	Reporting year	Prior year
Assets under discretionary asset management agreements	6 043 357	5 174 166
Other managed assets	13 617 155	11 431 346
Total managed assets ¹	19 660 512	16 605 512

- ¹ cash balances, fiduciary investments and value of total assets
The assets only held for custody purposes are not taken into account.

Development of managed assets

in 1000 CHF	Reporting year	Prior year
Total managed assets at beginning	16 605 512	18 434 644
+/- Net new money inflow or net new money outflow ²	5 700	-328 100
+/- Price development, interests, dividends and currency development ³	3 049 300	-1 501 032
Total managed assets at end	19 660 512	16 605 512

- ² in- and outflows of cash and securities
³ with comprehension of the charges

6. Information on the income statement

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Result from trading activities and the fair value option

in 1000 CHF	Reporting year	Prior year
Result from trading activities from:		
Interest rate instruments	-1	-8
Equity securities	224	146
Foreign currencies	7 216	8 693
Precious metals and coins	1 364	1 122
Total result from trading activities	8 803	9 953

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Negative interests

in 1000 CHF	Reporting year	Prior year
Negative interests on lending business (reduction of the interest and discount income)	2 291	1 545
Negative interests on deposit business (reduction of the interest expense)	1 197	1 038

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Personnel expenses

in 1000 CHF	Reporting year	Prior year
Salaries	54 568	53 788
Social insurance benefits	8 196	7 985
Changes in book value for economic benefits and obligations arising from pension schemes	15 000	0
Other personnel expenses	656	744
Total personnel expenses	78 420	62 517

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General and administrative expenses

in 1000 CHF	Reporting year	Prior year
Office space expenses	1 700	1 465
Expenses for information an communication technology	5 538	7 312
Expenses for vehicles, equipment, furniture and other fixtures	67	77
Fees of audit firms	507	581
thereof for financial and regulatory audits	499	481
thereof for other services	8	100
Other operating expenses	4 559	5 009
Total general and administrative expenses	12 371	14 444

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

Nil

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Revaluations of participations and tangible fixed assets up to acquisition cost at maximum

Nil

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Operation result broken down according to domestic and foreign origin

The Bank has no foreign branch.

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Taxes

	Reporting year	Prior year
Expenses for current taxes on capital and income (in 1000 CHF)	4 750	12 019
Average tax rate weighted on the basis of the operating result	15.0%	28.4%

There are no loss carried forwards that would have an impact on income taxes.

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Earnings per equity security

Nil

Report of the Statutory Auditors to the General Meeting of Dreyfus Sons & Co Ltd, Banquiers, Basel

Report of the Statutory Auditors

As statutory auditor, we have audited the financial statements of Dreyfus Sons & Co Ltd, Banquiers, Basel, which comprise the balance sheet, income statement, statement of changes in equity and notes for the year ended December 31, 2019.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2019, comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

KPMG Ltd

Erich Schärli
Licensed Audit Expert
Auditor in Charge

Adrian Walder
Licensed Audit Expert

Zurich, February 18, 2020

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