Annual financial statements 2022
Our results

bank zweiplus

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Balance sheet as of December 31

in CHF 1 000

	Notes	2022	2021
Assets			
Liquid assets		240 427	346 444
Amounts due from banks		140 421	123 123
Amounts due from customers	1/7	28 880	31 286
Mortgage loans	1	9 689	16 305
Trading portfolio assets	2	373	46
Positive replacement values of derivative financial instruments	3	4	8
Financial investments	4	119 930	–
Accrued income and prepaid expenses		5 348	5 368
Tangible fixed assets		209	417
Other assets	5	37	10
Total assets		**545 318**	**523 007**
Total subordinated claims		–	–

Liabilities			
Amounts due to banks		61	204
Liabilities due in respect of customer deposits		461 452	442 286
Negative replacement values of derivative financial instruments	3	7	17
Accrued expenses and deferred income		6 806	7 425
Other liabilities	5	3 897	4 591
Provisions	7	15 051	10 551
Reserves for general banking risks	7	2 400	2 400
Share capital	8	35 000	35 000
Statutory retained earnings reserve		2 700	2 539
Voluntary retained earnings reserves		5 300	5 300
Profit carried forward		12 533	9 593
Profit current year		113	3 101
Total liabilities		**545 318**	**523 007**
Total subordinated liabilities		–	–

Off-balance sheet transactions as of December 31

in CHF 1 000

	Notes	2022	2021
Off-balance sheet transactions			
Contingent liabilities	1	859	906
Irrevocable commitments	1	4 080	4 252

Income statement 1.1.– 31.12.

in CHF 1 000

	Notes	2022	2021
Result from interest operations			
Interest and discount income		886	–376
Interest and dividend income from financial investments		153	–21
Interest expense		277	439
Gross result from interest operations		**1 316**	**42**
Changes in value adjustments for default risks and losses from interest operations		46	–128
Subtotal net result from interest operations	14	**1 362**	**–86**
Result from commission business and services			
Commission income from securities trading and investment activities		25 324	28 616
Commission income from lending activities		1	1
Commission income from other services		8 309	8 608
Commission expense		–1 010	–1 350
Subtotal result from commission business and services		**32 624**	**35 875**
Result from trading activities	13	**4 659**	**8 808**
Other result from ordinary activities			
Result from real estate		23	13
Other ordinary income		107	124
Subtotal other result from ordinary activities		**130**	**137**
Operating expenses			
Personnel expenses	15	–15 792	–15 716
General and administrative expenses	16	–18 003	–18 969
Subtotal operating expenses		**–33 795**	**–34 685**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		**–208**	**–208**
Changes to provisions and other value adjustments and losses		**–4 532**	**–6 509**
Operating result		**240**	**3 332**
Taxes	17	**–127**	**–231**
Profit		**113**	**3 101**

Appropriation of profit

in CHF 1 000

	2022	2021
Profit	113	3 101
+ Profit carried forward	12 533	9 593
Balance sheet profit	**12 645**	**12 694**
Appropriation of profit	**12 645**	**12 694**
– Allocation to statutory retained earnings reserve	–10	–161
– Dividend	–	–
Profit carried forward to new account	**12 635**	**12 533**

Statement of changes in equity

in CHF 1 000

	Share capital	Statutory retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings reserves and profit carried forward	Result of the period	Total
Equity as of 01.01.2022	**35 000**	**2 539**	**2 400**	**14 893**	**3 101**	**57 933**
Allocation to statutory retained earnings reserve	–	161	–	–	-161	–
Net change in profit carried forward	–	–	–	2 940	-2 940	–
Dividends and other distributions	–	–	–	–	–	–
Allocation to reserves for general banking risks	–	–	–	–	–	–
Profit 2022	–	–	–	–	113	113
Equity as of 31.12.2022	**35 000**	**2 700**	**2 400**	**17 833**	**113**	**58 045**

Notes

Name, legal form and domicile

bank zweiplus is a company limited by shares under Swiss law with headquarters in Zurich. As a product and settlement platform, bank zweiplus offers banking services to financial advisors, asset managers and insurance companies in Switzerland and Germany, as well as to direct clients. The bank zweiplus was established on July 1, 2008 and is a wholly owned subsidiary of Bank J. Safra Sarasin Ltd., Basel.
Total number of full-time equivalents employees at the end of 2022 was 93.1 (previous year: 93.9 employees). Many settlement services of the bank zweiplus are outsourced to Bank J. Safra Sarasin Ltd. in Basel.
The core area of business and also the main source of income, with a share of about 84 % of the ordinary income, is the commission business and services. The trading income contributes approximately 12 % and the interest income approximately 4 % to the ordinary income. The main activities of the individual business areas can be characterized as follows.

Lending business

The bank zweiplus currently operates the lending business as a supplement to the commission business and services. The loans are provided to customers either against readily realizable securities collateral or on the basis of a mortgage. In exceptional cases, unsecured loans can be approved after a special investigation of the background and the feasibility. Loans to public bodies and purely commercial business loans are not included in the core business.

Trading

The bank zweiplus focuses its securities and foreign exchange trading almost exclusively on the customer business.

Commission business and services

The commission business and services is bank zweiplus's main activity. It is positioned as a bank for investors with small and medium funds, and offers tailored financial solutions both to its own customers and those of qualified financial service providers.

Outsourcing of business activities

bank zweiplus outsources a significant share of its settlement processes in middle- and back-office operations to Bank J. Safra Sarasin Ltd in Basel, particularly regarding IT infrastructure with the core banking application Avaloq, securities management, payment transactions, finance and accounting as well as risk management. The Bank has also outsourced its mortgage processing to avobis Credit Services AG in Zurich, while the internal post and transport services and scanning of physical documents have been outsourced to SPS Switzerland Ltd. in Zurich. bank zweiplus entered into a cooperation agreement with Ringier Axel Springer Schweiz Ltd, Zurich regarding marketing activities, whereby the agreed services also include the operation of a web-based application tool. These outsourcing activities are specifically regulated through service level agreements in accordance with the provisions of the Swiss Financial Market Supervisory Authority (FINMA). Since all employees of the service providers are also subject to Swiss banking secrecy law they are respectively also contractually bound to secrecy and are subject to the Data Protection Act, confidentiality of the data is of course ensured.

Accounting and valuation principles

General principles

The bookkeeping, accounting and valuation policies are governed by the Code of Obligations, the Banking Act and its provisions as well as its ordinance of accounting of the Swiss Financial Market Supervisory Authority (FINMA-AccO) and the accounting rules for banks, investment firms, financial groups and conglomerates pursuant to circular 20/1 from FINMA (FINMA-Circ.). In compliance with Art. 86 para. 1 FINMA-AccO and Art. 36 Banking Ordinance as well as Art. 6b paras. 2 and 3 Banking Act, bank zweiplus has decided not to include and publish the management report, cash flow statement and certain sections of the notes as it is part of a financial group supervised by FINMA, J. Safra Sarasin Group, which prepares consolidated financial statements and publishes these together with the Group's management report. The present statutory individual financial statements with reliable representation, presents the economic situation of the bank zweiplus so that third parties can form a reliable judgement. The statements may contain hidden reserves.

General valuation principles

The annual financial statement is prepared under the assumption of continued business operations. The balance sheet is prepared using recognized continuing values.
The items reported in the balance sheet are valued individually.
The offsetting of assets and liabilities and of income and expenses will, as in principle, not be performed. The offsetting of financial assets and liabilities are carried out only in the following cases:

- Assets and liabilities are offset if they are from the same transactions with the same counterparty in the same currency, with the same or earlier maturity of the debts and cannot lead to any counterparty risk.
- Withdrawal of value adjustments from the asset concerned.
- Offsetting of positive and negative value adjustments not affecting net income in the reporting period in the compensation account.

Financial instruments

Liquid assets

Liquid assets are recorded at nominal value.

Amounts due from banks and customers and mortgagees

Amounts due from banks and customers, as well as mortgage loans are recorded at nominal value less necessary value adjustments.
Receivables that are at risk and overdue are valued individually and the loss in value is covered by individual value adjustments. Loans are classified as overdue, at the latest, when the contractual payments for principal, commissions and/or interest are totally or partially overdue for more than 90 days. Overdue interest and interest whose payment is at risk are no longer recorded. Loans are recorded as interest-free if the collection of interest is doubtful and a deferral is no longer considered useful. The impairment is measured by the difference between the book value of the receivable which is at risk and the probable recoverable amount, taking into account the counterparty risk and the expected net proceeds from the liquidation of collateral. If it is expected that the recovery process will take longer than one year, a discounting of the estimated realization proceeds will be made to the balance sheet date.
In addition to the individual value adjustments, general value adjustments are formed, where necessary, to cover the existing or anticipated latent risks as of valuation date, according to experience, which are not individually allocable.
Adjustments for receivables which are at risk are dissolved, provided that the outstanding principal, commissions and interest amounts are paid on time in accordance with the contractual agreements and the creditworthiness criteria are again fulfilled.

Liabilities to banks and liabilities due to customers

These items are recorded at nominal value.

Trading portfolio assets

Trading positions are generally assessed and recognized at "Fair value". "Fair value" is generally recorded as the traded or set rates on a recognized exchange or a representative market as of the balance sheet date. If, as an exception, no "Fair value" is available, the valuation and balancing is done according to the lowest value principle.
The resultant realized gains and losses are recorded in the "Result from trading activities".

Positive and negative replacement values of derivative financial instruments

Derivative financial instruments are recorded for trading and hedging purposes.

- Trading transactions

  All derivative financial instruments from trading transactions are recorded at "Fair value" and their positive or negative replacement values are accounted for under the appropriate positions. The "Fair value" is based on market rates, quoted dealer prices, discounted cash flow and option pricing models.

  The realized trading profit and unrealized valuation gains from trading transactions are recorded under the item "Result from trading activities".

- Hedging transactions

  bank zweiplus also employs derivative financial instruments as part of the asset and liability management to hedge against interest rate, currency and default risks. Hedging transactions are valued similarly to hedged underlying transactions. Any profit or loss from hedging transactions is booked to the same account as the profits or losses of the transaction being hedged. Any profit or loss from hedging instruments is booked in the compensation account, provided no value adjustment is recognized for the hedged transaction. The net balance of the compensation account is recorded under "Other assets" or "Other liabilities". The effectiveness of the hedging relationship is checked periodically. Hedging transactions, in which the hedging relationship ceases to be wholly or partially effective, are treated as trading transactions within the scope of the non-effective part.

- Netting

  bank zweiplus offsets positive and negative replacement values against the same counterparty under recognized and legally enforceable netting agreements.

Financial investments

Financial investments comprise debt securities, equity securities as well as real estate and goods acquired from the lending business and which are intended for sale.

Financial investments, which are valued according to the lowest value principle, an appreciation in value to no more than the historical cost is recorded, provided that they again appreciate above the "Fair value" acquisition value below which they had fallen. The balance of the value adjustments is recorded in the item "Other ordinary expenses" or "Other ordinary income".

- Debt securities intended to be held until maturity

  The valuation is done according to the historical cost principle, with deferral to the agio or disagio on the remaining maturity (accrual method). Here, the agio or disagio is deferred over the duration to maturity under the "assets or respectively the liability accruals or deferrals". Credit risk-related changes in value are recognized immediately under the item "Changes in value adjustments for default risks and losses from interest operations".

  If financial investments which are intended to be held until maturity are sold or repaid prematurely, the unrealized gains and losses, which correspond to the interest component, are deferred over the remaining duration until the maturity of the transaction under "Other assets" or "Other liabilities".

- Debt securities with no intention of holding to maturity

  The valuation is done according to the principle of the lower of cost and market value.

  Value adjustments from the subsequent valuation are done under the item "Other ordinary expenses" or "Other ordinary income". Credit risk related value changes are recorded under the item "Changes in value adjustments for default risks and losses from interest operations".

- Participation securities and real estate and goods taken over from the lending business and which are intended for sale

  The valuation is done using the principle of the lower of cost and market value. For equity securities from real estate and goods taken over from the lending business and which are intended for sale, the lowest value is determined from the historical cost or liquidation value. Value adjustments are recorded in the balance under the item "Other ordinary expenses" or "Other ordinary income".

Accounting and valuation principles

Participations
Participations are individually valued at cost, less any economically necessary value adjustments.
On each balance sheet date, it is assessed whether or not the value of the individual participations is reduced. This assessment is done on the basis of evidence that suggest that some assets might be affected by such material impairments. In the case of such indications, the recoverable amount is determined. The recoverable amount is determined for each asset individually. The recoverable amount is the higher of net selling price and value-in-use. An asset is reduced in its value if its book value exceeds the recoverable value. If there is a material impairment, the book value is reduced to its recoverable value and the material impairment recorded under the item "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".
Realised gains from the disposal of participations are booked under "Extraordinary income", unrealized losses under the item "Extraordinary expenses".

Tangible fixed assets
Investments in new tangible fixed assets are capitalized and according to historical principle rated when they are used for more than one accounting period and exceed the defined limits activation. Investments in existing tangible fixed assets are capitalized if this increases the market or the value-in-use or if the sustainable life is significantly extended. Minor acquisitions and renovation and maintenance costs which are not value-enhancing are, in contrast, recorded directly in General and administrative expenses.
For subsequent valuation, tangible fixed assets are recorded at cost, less accumulated depreciation. Depreciation is linear over the conservatively estimated useful life of the tangible fixed asset. At balance sheet date, the recoverability of the tangible fixed asset is reviewed. If this assessment reveals a modified useful life or impairment of tangible fixed assets, the net book value is depreciated over the remaining useful life or an unscheduled depreciation is performed. Scheduled depreciation and any additional unscheduled depreciation are recorded under the income statement. If the reason for the unscheduled depreciation no longer exists, there is a corresponding appreciation in value. The estimated useful lives of individual tangible fixed asset categories are as follows:

	Duration of the lease agreement or a maximum
Fixed installation in leasehold real estate	5 years
Furnishings	10 years
Other tangible fixed assets	5 years
Informatics and communications equipment (hardware)	3 years
Software	3 years

Realised gains on disposal of tangible fixed assets are booked under "Extraordinary income", realized losses under the item "Extraordinary expenses".

Intangible assets
Acquired intangible assets are recognized if they bring measurable benefits to the bank zweiplus over several years. Internally generated intangible assets are not accounted for. Intangible assets are recognized and measured in accordance with the historical costs principle.
Intangible assets are amortized using the straight line method over a conservatively estimated useful life under the item "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". The estimated useful lives of individual intangible asset categories are as follows:

Licenses and brands	5 years
Acquired customer lists	5 years

It is assessed on each balance sheet date whether or not intangible assets are impaired in value. This assessment is done on the basis of evidence that suggest that some assets might be affected by such a material impairment. If there are such indications, the recoverable value of each asset is determined individually. An asset is impaired in its value if its book value exceeds the recoverable amount. If there is a material impairment, the book value is reduced to its recoverable amount and the value impairment recorded under the item "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".
If the result of the review of the value of an intangible asset shows a modified useful life, the residual book value is depreciated over the adjusted useful life.
Realised gains on disposal of intangible assets are booked under "Extraordinary income", unrealized losses under the item "Extraordinary expenses".

Value adjustments for inherent risks of default on non-impaired receivables and provisions for inherent risks of default of off-balance sheet positions

bank zweiplus applies the Accounting Ordinance of the Swiss Financial Market Supervisory Authority (FINMA-AccO) which requires the formation of value adjustments for inherent risks of default on non-impaired receivables and provisions for inherent risks of default of off-balance sheet positions. Such value adjustments and provisions are designed to provide for not yet incurred losses that implicitly exist in the credit business.

For positions with a published rating (e.g. due from bank, financial investments and money market investments), the value adjustment for inherent default risk is calculated by multiplying the Exposures at Default * Probability of Default * Loss Given Default.

The three parameters are defined as follows:

- Probability of Default (PD): the default rates by rating and by tenor published in the “Moody’s annual default study”
- Exposure at Default (EAD): the balance positions reported on the balance sheet date
- Loss Given Default (LGD): average bond and loan recoveries from 1983 to 2018 published in the “Moody’s annual default study”

For positions with no published rating (e.g. due from clients, mortgages, guarantees), the value adjustment for inherent default risk is based on the risk classification of the underlying credit exposure.

Each of the 7 Credit Risk Classes (“CRC”) – CRC 1 being standard – has an inherent default risk factor based on the probability of default and loss given default of the net exposure. The higher the risk class, the riskier the underlying credit exposure and the respective inherent default risk factor. The highest CRC is not considered in the inherent risk calculation as it is the CRC nonperforming loans, which already are provisioned. The inherent default risk factors are based on market benchmark comparison and historic default analysis of the lombard and mortgage portfolios. For the lombard loan portfolio, the PD and LGD factors cannot be monitored from market data as for e.g. issuers, so to derive the risk factor a combination of knowledge of our book and market sources (available peer comparison) is used. For the mortgage book published LGD and PD figures since 1990 could also be taken into consideration to derive the final risk figures.

Inherent default risk factors are determined separately for the Lombard and Mortgage categories. Accounts, which are already provisioned specifically are excluded from the inherent default risk calculation.

Value adjustments for inherent default risks are calculated on the book value of the positions and are deducted from the corresponding asset in the balance sheet Value adjustments and provisions for inherent default risks are reassessed quarterly and changes recognised in the income statement as changes in value adjustments for default risks and losses from interest operations.

Value adjustments for inherent default risks can be used for the establishment of individual value adjustments on impaired receivables. Amounts used must be restored within 5 years at the latest. The determined level of value adjustments and provisioning for inherent default risks is fully provided as at balance sheet date (no shortfall).

Provisions

Legal and factual obligations are rated regularly. If a cash outflow can be probably and reasonably estimated, a provision is made.

Existing provisions are reassessed on each balance sheet date. Based on the reassessment they could be increased, maintained or dissolved. Provisions are recorded as follows under the individual items of the income statement:

- Provisions for deferred taxes: Item “Taxes”
- Pension provisions Item “Personnel expenses”
- Other provisions: Item “Changes to provisions and other value adjustments and losses” with the exception of any restructuring provisions

Provisions are dissolved in the income statement, if they are no longer economically necessary and cannot be used simultaneously for other similar needs.

Reserves for general banking risks

Reserves for general banking risks are precautionary reserves formed to hedge against latent risks in the bank’s operating activities.

The recognition and release of such reserves are recognized in item “Changes in reserves for general risks” in the income statement.

Reserves for general banking risks are taxed.

Accounting and valuation principles

Taxes (income and capital taxes)

The annual profit and capital taxes are determined on the profit or loss for the period, in accordance with the local provisions for the estimation of taxes on profits and recorded as an expense in the accounting period in which the related profits are realized. Direct taxes accrued from the current profits and capital are recorded as accruals or deferrals as of the balance sheet date. If the sum of the advance payments made exceed the amount of taxes owed, this excess is shown under accruals or deferrals.

Off-balance sheet transactions

The recording in the off-balance sheet is done at the nominal value. Provisions are made under liabilities in the balance sheet for foreseeable risks.

Pension obligations

Employees of the bank zweiplus are connected to the pension fund "Pensionable J. Safra Sarasin Ltd.". bank zweiplus bears the proportionate costs of benefits according to the pension regulations. Organization, financing and management of the pension plan is governed by the legal regulations, the Deed of Foundation and the applicable pension regulations. bank zweiplus records the employer contributions under personnel expenses.
In accordance with FINMA-Circ. 20/1 "accounting banks", the bank zweiplus has waived the activation of any possible economic benefits from pension funds. An economic obligation is however considered if the conditions for the formation of a provision are met.

Adjustments in accounting and valuation principles

The accounting and valuation principles are the same as in the previous year.

Reporting of transactions

All transactions are recorded according to the settlement date principle. Cash transactions in foreign currencies and securities transactions are reported between the trade and settlement dates as derivative instruments under the balance sheet items "Positive" or "Negative replacement values of derivative financial instruments". Firm commitments to underwrite securities issues and money market deposits are recognised at the settlement date.

Treatment of overdue interest

Overdue interest and related commissions are recognized as non-interest income. These include interest and commissions that are overdue for over 90 days, but have not been paid. In the case of current account limits, interest and commissions are considered overdue if the specified credit limit is exceeded for more than 90 days. From that moment the future accrual of interest and commissions are no longer recorded under the item "Interest and discount income", until no interest is overdue for more than 90 days. Overdue interest is not cancelled retroactively.
Receivables from interest accrued until the end of the 90-day period (due and unpaid interest and accrued interest) are written off under the item "Changes in value adjustments for default risks and losses from interest operations".

Foreign currency conversions

Transactions in foreign currencies are recorded at the current exchange rates. All balance sheet items in foreign currencies are converted to Swiss francs as of balance sheet date. The resulting exchange gains or losses are recorded under the item "Result from trading activities".
The following exchange rates were used for the foreign currency translation:

	31.12.2022	31.12.2021
Euro (EUR)	0,9875	1,0362
US-Dollar (USD)	0,9250	0,9115

Treatment of refinancing of the items under the trading business

Refinancing costs for the trading portfolio assets are not charged to the trading income.

Risk management

bank zweiplus's written risk policy is reviewed annually and approved by the Board of Directors. The risk policy forms the basis for bank zweiplus's risk management. Clear limits are set for all relevant types of risks, compliance with which is constantly monitored. The Board of Directors has made adequate risk assessments periodically and has initiated any resulting measures to ensure that the risk of any significant false statement in financial reporting is classified as small.

Credit risk

Customer loans

Loans to customers are preferably issued under the securities business and asset management. Coverage is either against readily realizable securities collateral or on a mortgage-related basis. In exceptional cases, unsecured loans can be approved after a special investigation of the background and the feasibility. Loans to public bodies and purely commercial business loans are not included in the core business.

Counterparty risk in the interbank business

bank zweiplus's interbank, trading and derivatives business is transacted with first-class addresses, in particular with the shareholding bank.

Risk of changes in interest

The interest rate risks from the balance sheet and off-balance-sheet assets are centrally monitored and controlled. bank zweiplus is aiming for a congruent maturity structure of assets and liabilities of the business. The interest rate risk is monitored based on the maturity of interest-sensitive items per currency (gap analysis).

Other market risks

There are other market risks based on losses for the bank zweiplus due to changes in share prices and exchange rates. bank zweiplus does not engage in proprietary trading. Furthermore, bank zweiplus holds only modest foreign exchange positions, to meet the needs of customers.

Liquidity

The liquidity risk is based on the fact that the fulfilment of commitments made is not guaranteed at any time. Liquidity risks are monitored and controlled in accordance with banking regulatory requirements.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In the event of internal or external incidents, a BCM plan is designed to ensure that critical functions remain operational or are restored as quickly as possible. IT risk refers to a subset of operational risk due to technology-related factors, and information security risk refers to identifying, defending against, or responding to a threat. This includes cyber risk, which specifically addresses risks due to the use of technology. The basic processes for monitoring operational risk are based on internal directives, on training of employees, and the adequate level of reporting, and pursue the goal of ensuring operational resilience.

Corporate governance disclosures

Board of Directors

Daniel Belfer, Chairman
Salomon Sebban, Member
Dr. Cédric Chapuis, Member

The composition of the Board of Directors reflects the shareholder structure as set out in Note 10. The independence requirements according to FINMA Circular 2017/01, according to which at least one third of the Board of Directors must consist of independent members, are fulfilled.

Executive Committee

Markus Aisslinger, Chief Executive Officer
Fabian Zeier, Chief Operation Officer
Marcel Gamper, Head of Direct Clients

Information on the professional background and qualifications of the members of the Board of Directors and the Executive Board is available on the website of bank zweiplus.

Methods used for the identification of credit risk and determining the need for a value adjustment

Mortgage secured loans

The appraisals of owner-occupied residential properties are updated annually using the hedonic models. In so doing, the bank zweiplus uses region-specific house price indices derived from an external provider and validated by the bank zweiplus. bank zweiplus updates the loan to value ratio annually, using these assessments. Additionally, arrears on interest and amortization are analysed. This allows bank zweiplus to identify mortgagees that are associated with high risks. Where necessary, further coverages are required or an appropriate value adjustment is formed on the basis of the lack of coverage.

Loans against securities

The exposure and the value of collateral for loans with securities are monitored daily. If the collateral value of the securities falls below the amount of the loan, a reduction in the credit exposure, or additional securities is required. If the coverage gap increases or if there are exceptional market conditions, the collateral is realised and the loan is closed out.

Loans without coverage

Loans without coverage are usually unsecured account overdrafts of retail customers. If there are higher risks, the credit department carries out a detailed assessment and determines the need for action, together with the customer advisor. If it can be assumed at this stage that there is a risk to the credit exposure, a corresponding value adjustment is recorded.

Procedure for determining value adjustments and provisions

A need for a new value adjustment and provision is identified according to the methods described above. In addition, known risk items, where a risk has been identified earlier, is reassessed on each balance sheet date and a value correction is performed, if necessary. The Risk Committee assesses and approves all the value corrections formed for the risk items. In addition, approval is required from the management and the Board of Directors.

Valuation of the coverage

Mortgage secured loans

For mortgage lending business, a current assessment of the securities is carried out for each loan. The assessment is done depending on the use of the object. For the assessment of residential properties, bank zweiplus' internal estimate of hedonic pricing models is available. These compare real estate transaction data for each real estate, using detailed characteristics.
bank zweiplus uses, at the lowest value resulting from the internal assessment, the purchase price and a possible external estimate, as a basis for the granting of credit.

Loans against securities

For lombard loans and other loans with securities, mainly transferable financial instruments (such as bonds and shares), which are liquid and are actively traded are accepted.
bank zweiplus applies discounts to the market value to cover the existing case of marketable and liquid securities market risk and to determine the collateral value. For life insurance policies or guarantees, the discounts are determined on a product basis or custom-specific.

Company policy concerning the use of derivative financial instruments and hedge accounting

Company policy concerning the use of derivative financial instruments

Derivative financial instruments are used by the bank zweiplus as part of risk management, primarily to hedge interest and currency risks. Hedge transactions are concluded exclusively with external counterparties.

Application of hedge accounting

Types of basic and hedging transactions

bank zweiplus uses hedge accounting primarily related to the following business:

Underlying transaction	Means of hedging
Risks of changes in interest rates from interest rate sensitive assets and liabilities in the banking book	Interest rate swaps

Significant events after the balance sheet date

There were no significant events after the balance sheet date that have a significant influence on the asset, financial and earnings position of bank zweiplus as of December 31, 2022.

Information on the balance sheet

in CHF 1 000

Note 1 – Collateral for loans / receivables and off-balance sheet transactions as well as impaired loans / receivables

	Mortgage collateral	Other collateral	Without collateral	Total
Coverage of debts and off-balance sheet transactions				
Loans (before netting with value adjustments)				
Amounts due from customers [1]	–	28 817	102	28 919
Mortgage loans	9 729	–	–	9 729
– Residential real estate	8 964	–	–	8 964
– Office and commercial buildings	765	–	–	765
Total loans as of 31.12.2022 (before netting with value adjustments)	**9 729**	**28 817**	**102**	**38 647**
Total loans as of 31.12.2021 (before netting with value adjustments)	**16 381**	**31 219**	**112**	**47 712**
Total loans as of 31.12.2022 (after netting with value adjustments)	**9 689**	**28 778**	**102**	**38 569**
Total loans as of 31.12.2021 (after netting with value adjustments)	**16 305**	**31 174**	**112**	**47 591**
Off-balance sheet				
Contingent liabilities	–	859	–	859
Irrevocable commitments	–	4 080	–	4 080
Total off-balance sheet as of 31.12.2022	**–**	**4 939**	**–**	**4 939**
Total off-balance sheet as of 31.12.2021	**–**	**5 158**	**–**	**5 158**

	Gross debt amount	Estimated proceeds from liquidation or collaterals	Net debt amount	Individual value adjustments
At risk receivables				
Total at risk receivables as of 31.12.2022	**–**	**–**	**–**	**–**
Total at risk receivables as of 31.12.2021	**–**	**–**	**–**	**–**

[1] Based on the general pledge and offset right stipulated in the General Terms and Conditions of bank zweiplus ltd, available credit balance is credited as coverage for corresponding exposure from customers.

Note 2 – Trading portfolio assets (assets and liabilities)

	31.12.2022	31.12.2021
Assets		
Trading portfolio assets		
Equity securities	37	45
Precious metals and commodities	336	1
Total assets	**373**	**46**
– Of which is determined using a valuation model	–	–
– Of which securities eligible for repo transactions in accordance with liquidity requirements	–	–

Note 3 – Derivative financial instruments (assets and liabilities)

	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments						
Forward agreements	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Foreign exchange / precious metals						
Forward agreements	4	7	1 066	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total before netting agreements						
31.12.2022	4	7	1 066	–	–	–
– Of which determined using a valuation model	4	7	1 066	–	–	–
31.12.2021	8	17	2 838	–	–	–
– Of which determined using a valuation model	8	17	2 838	–	–	–

	Positive replacement values (accumulated)	Negative replacement values (accumulated)
Total after netting agreements		
31.12.2022	4	7
31.12.2021	8	17

	Central clearing houses	Banks and securities dealers	Other customers
Breakdown by counterparties			
Positive replacement values (after netting agreements)	–	–	4

Information on the balance sheet

in CHF 1 000

Note 4 – Financial investments

	Book value		Fair value	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Breakdown of financial investments				
Debt securities	119 930	–	119 928	–
– Of which intended to be held to maturity	119 930	–	119 928	–
Total	**119 930**	**–**	**119 928**	**–**
– Of which securities eligible for repo transactions in accordance with liquidity requirements	119 930	–	119 928	–

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Lower than B-	Without rating
Breakdown of counterparties by rating						
Debt securities						
Book value	119 930	–	–	–	–	–

bank zweiplus uses the Standard & Poor’s agency rating categories.

Note 5 – Other assets and other liabilities

	31.12.2022		31.12.2021	
	Other assets	Other liabilities	Other assets	Other liabilities
Indirect taxes	26	431	–	793
Commission refunds financial services providers	3	–	3	
Billing Account financial services providers	–	3 457	–	3 797
Miscellaneous other assets and other liabilities	8	9	7	1
Total other assets and liabilities	**37**	**3 897**	**10**	**4 591**

Note 6 – Economic situation of own pension funds

	Nominal value at current year end	Waiver of use at current year end	Net amount at current year end	Net amount at previous year end	Influence of ECR on personnel expenses	
					Current year	Previous year
Employer contribution reserves (ECR)						
J. Safra Sarasin Ltd. Pension Fund, partial plan bank zweiplus ltd	–	–	–	–	–	–

	Over-funding / under-funding at end of current year [1]	Economic interest of bank zweiplus		Change in economic interest (economic benefit / obligation) versus previous year	Contri-butions paid for the current period	Pension expenses in personnel expenses	
		Current year	Previous year			Current year	Previous year
Representation of the economic benefit / economic obligation and pension expenses							
J. Safra Sarasin Ltd. Pension Fund, partial plan bank zweiplus ltd	8 697	–	–	–	1 508	1 521	1 505

[1] At the publication date the financial statements of the pension schemes were not available. Therefore the figure is based on the 2021 financial statements of the pension schemes.

For all employees of the bank zweiplus, who have completed their 17th year of life, there is a pension plan according to a defined contribution plan, which is incorporated in the Pension Fund of J. Safra Sarasin Ltd., Basel. The Pension Fund of J. Safra Sarasin Ltd., Basel prepares its annual financial statement in accordance with Swiss GAAP FER 26. The determination of the economic impact is made on the basis of the financial situation of the pension fund. The coverage of the pension scheme was not yet available at the time of publication of the bank's annual financial statement. According to current estimate, the pension plan's funding ratio amount was approximately 104 % as of December 31, 2022.

Information on the balance sheet

in CHF 1 000

Note 7 – Value adjustments, provisions and reserves for general banking risks

	01.01.2022	Use in conformity with designated purpose	Changes of the purpose (Reclassifications	Past due interest, recoveries	New creations charged	Releases to income	Balance at 31.12.2022
Provisions for deferred taxes	–						–
Provisions for pension obligations	–						–
Provisions for inherent default risks	1						1
Provisions for other business risks	–						–
Provisions for restructuring	–						–
Other provisions	10 550	-7	–	–	4 507	–	15 050
Total provisions	**10 551**	**-7**	**–**	**–**	**4 507**	**–**	**15 051**
Reserves for general banking risks	**2 400**	**–**	**–**	**–**	**–**	**–**	**2 400**
Value adjustments for default and country risks	**128**	**–**	**–**	**–**	**–**	**-45**	**83**
– Of this a value adjustment for default risks from impaired loans / receivables	–						–
– Of this value adjustments for inherent default risks	128					-45	83

Other provisions mainly consist of provisions for litigation in connection with the ordinary course of business and were increased in the reporting year by TCHF 4 507.
Reserves for general banking risks are taxed.

Note 8 – Share capital

	31.12.2022 Nominal value	31.12.2022 Quantity	31.12.2022 Dividend-bearing capital	31.12.2021 Nominal value	31.12.2021 Quantity	31.12.2021 Dividend-bearing capital
Share capital						
Equity	35 000	3 500 000	35 000	35 000	3 500 000	35 000
– Of this paid up	35 000	3 500 000	35 000	35 000	3 500 000	35 000
Total share capital	**35 000**	**3 500 000**	**35 000**	**35 000**	**3 500 000**	**35 000**

Basic regulatory metrics in accordance with FINMA-Circ. 16/1 (table KM1):

		31.12.2022	31.12.2021
Available capital			
1	Common Equity Tier 1 (CET1)	58 045	57 933
2	Tier 1	58 045	57 933
3	Total capital	58 129	58 062
Total risk-weighted assets (RWA)			
4	RWA	149 531	115 963
Minimum capital requirements		**11 962**	**9 277**
Risk-based capital ratios as a percentage of RWA			
5	Common Equity Tier 1 ratio	38.82 %	49.96 %
6	Tier 1 ratio	38.82 %	49.96 %
7	Total capital ratio	38.87 %	50.07 %
Additional CET1 buffer requirements as a percentage of RWA			
8	Capital conservation buffer requirement (2.5 % from 2019) (%)	2.50 %	2.50 %
9	Countercyclical buffer requirement (%)	0.00 %	0.00 %
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.00 %	0.00 %
11	Total of bank CET1 specific buffer requirements (%)	2.50 %	2.50 %
12	CET1 available after meeting the bank's minimum capital requirements	30.87 %	42.07 %
Additional CET1 buffer requirements as a percentage of RWA			
12a	Capital conservation buffer	2.50 %	2.50 %
12b	Countercyclical buffer	0.05 %	0.00 %
12c	Capital target ratios for CET1 plus the countercyclical buffer (in % of the risk-weighted positions)	7.05 %	7.00 %
12d	Capital target ratios for T1 plus the countercyclical buffer (in % of the risk-weighted positions)	8.55 %	8.50 %
12e	Regulatory capital target ratios for T1 plus the countercyclical buffer (in % of the risk-weighted positions)	10.55 %	10.50 %
Basel III leverage ratio			
13	Total Basel III leverage ratio exposure measure	550 891	529 467
14	Basel III leverage ratio	10.54 %	10.94 %
Liquidity Coverage Ratio			
15	Total HQLA	351 054	342 031
16	Total net cash outflow	34 730	32 266
17	LCR ratio	1010.82 %	1060.04 %
Net Stable Funding Ratio			
18	Total available stable funding	483 705	464 414
19	Total required stable funding	69 126	41 736
20	NSFR ratio	699.75 %	1112.74 %

For the detailed disclosure pursuant to FINMA Circular 16/1, please refer to the annual report and Basel III pillar 3 disclosures of J. Safra Sarasin Holding Ltd.

Information on the balance sheet

in CHF 1 000

Note 9 – Related parties

	Amounts due from		Amounts due to	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Qualified participants	139 537	119 813	60	204
Group companies	–	–	–	–
Related companies	–	–	–	–
Transactions with members of governing bodies	–	–	–	–
Other related parties	–	–	–	–
Total	**139 537**	**119 813**	**60**	**204**

There are no significant off-balance sheet transactions with related parties. The balance sheet and off-balance sheet transactions with related persons are carried out at market conditions.

Note 10 – Holders of significant participations and groups of holders of participations with pooled voting rights

	31.12.2022		31.12.2021	
	Nominal	Share in %	Nominal	Share in %
With voting rights				
Bank J. Safra Sarasin Ltd., Basel	35 000	100.0	20 125	57.5
Aabar Trading S.à.r.l, Luxembourg			14 875	42.5

In February 2022 Bank J. Safra Sarasin Ltd. acquired the remaining shares in bank zweiplus (42.5 %).

Note 11 – Breakdown of total assets by credit rating of country groups

		31.12.2022		31.12.2021	
		Amount	Share in %	Amount	Share in %
Rating Standard & Poor's	**Bank's own country rating**				
AAA to AA-	1 – first class	6 372	96.3	8 945	99.1
A+ to A-	2 – good	68	1.0	45	0.5
BBB+ to BBB-	3 – medium	37	0.6	14	0.2
BB+ to B-	4 – speculative	6	0.1	5	0.1
Lower than B-	5 – risk	16	0.2	13	0.1
Without rating		120	1.8	5	0.1
Total assets		**6 619**	**100.0**	**9 027**	**100.0**

The disclosure of assets by credit rating of the country groups according to the risk of the underlying item or the domicile of the debtor. For secured exposures, the risk domicile is determined taking the collateral into consideration.

Information on off-balance sheet

in millions of CHF

Note 12 – Assets under management

	31.12.2022	31.12.2021
Type of assets under management		
Assets in self-managed collective investment instruments	–	–
Assets with management mandate	1 732	1 836
Other assets under management	4 801	5 312
Total assets under management (incl. double counting)	**6 532**	**7 148**
– Of which double counting	–	–

	31.12.2022	31.12.2021
Statement of the development in assets under management		
Total assets under management (incl. double counting) at the beginning	7 148	6 054
+/- Net inflows / outflows	588	664
+/- Price development, interest, dividends and currency development	-1 204	430
+/- Other effects	–	–
Total assets under management (incl. double counting) at the end	**6 532**	**7 148**

The calculation and reporting of customer assets are carried out according to the Swiss Financial Market Supervisory Authority concerning accounting principles. Customer assets include all customer assets managed or held for investment purposes. Included in customer assets are all amounts due to customers in savings and investment accounts, fixed-term and fiduciary deposits, and all valued assets.

The net new money inflow/outflow consists of new customer acquisitions, asset inflow or outflow from existing customers. Not included in the net inflow/outflow are securities and currency-related market changes, interest and dividend payments and paid fees.

Information on the income statement

in CHF 1 000

Note 13 – Result from trading activities

	2022	2021
Breakdown by business line		
Direct customer business	2 748	5 919
Sales business	1 904	2 851
Banking services	7	38
Total result from trading activities	**4 659**	**8 808**

	2022	2021
Breakdown by underlying risks and based on the application of the Fair value option		
Trading revenues from:		
Equity securities (incl. funds)	-11	10
Currency	4 657	8 787
Commodities/precious metals	12	11
Total result from trading activities	**4 659**	**8 808**

Note 14 – Income from refinancing of trading items and from negative interest

Refinancing income in the interest and discount income
No refinancing costs for the trading portfolio assets are credited to the interest and discount income.

	2022	2021
Negative interest		
Negative interest rates on the lending transactions (reduction of interest and discount income)	745	1 232
Negative interest rates on borrowing transactions (reduction of interest expense)	294	518

Note 15 – Personnel expenses

	2022	2021
Salaries	12 316	12 208
– Of which in connection with share-based compensation and alternative forms of variable compensation	–	–
Social benefits	2 413	2 394
Other personnel expenses	1 063	1 114
Total personnel expenses	**15 792**	**15 716**

Note 16 – General and administrative expenses

	2022	2021
Premises expenses	615	606
Expenses for information and communication technology	2 173	2 618
Expenses for vehicles, machinery, furniture and other equipment and operational leasing	12	15
Audit firm fees	210	221
– Of which for accounting and regulatory audit	210	212
– Of which for other services	–	9
Other business expenses	14 993	15 509
Total general and administrative expenses	**18 003**	**18 969**

Included in the item “Other operating expenses” are the costs for outsourced services (outsourcing) of TCHF 13 548 (previous year: TCHF 13 952).

Note 17 – Taxes

	2022	2021
Expenses for current income taxes	28	135
Expenses for current capital taxes	99	96
Total tax expenses	**127**	**231**
Weighted average tax rate on the basis of the operating results	52.97 %	29.41 %

Report of the Statutory Auditor

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To the General Meeting of
bank zweiplus ltd, Zurich

Opinion

We have audited the financial statements of bank zweiplus ltd ("the Company"), which comprise the balance sheet as at December 31, 2022, the income statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting and valuation principles.

In our opinion, the enclosed financial statements (pages 4 to 29) comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

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

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

Board of Directors' Responsibilities for the Financial Statements

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

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

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

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

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

Deloitte AG

Sandro Schönenberger Licensed Audit Expert Auditor in Charge	Marco Rupf Licensed Audit Expert

Zurich, March 31, 2023

Imprint

Issuer bank zweiplus ltd, P.O. Box, Buckhauserstrasse 22, CH-8048 Zurich, www.bankzweiplus.ch **Concept & content** bank zweiplus ltd, Marketing & Communications **Design** metaphor, Zurich **Publication** This annual financial statements appears in German and English as a PDF file and online on www.bankzweiplus.ch/geschaeftsbericht.
In the present annual financial statement of bank zweiplus the masculine form has been used for the benefit of readability of gender-specific terms. This always refers, of course, to all genders.

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