



Annual Report 2012

Our Results

bank zweiplus - trustworthy, reliable, solutions-focused

bank zweiplus Ltd, with its registered office in Zurich, is the leading financial product and transaction execution platform in Switzerland and therefore a reliable banking partner for financial service providers. The Bank offers a solution-focused and modular range of services precisely oriented to the needs of qualified financial service providers, asset managers and insurance companies. The know-how of bank zweiplus's team of experts guarantees independent and tailor-made financial and transaction settlement solutions of a high standard.

As of end-2012, bank zweiplus held client assets under management amounting to CHF 4.5 billion and employed a staff of 156 persons.

bank zweiplus was founded on 1 July 2008 and is a joint enterprise of Bank Sarasin & Co. Ltd., Basel (57.5 % stake) and Falcon Private Bank Ltd., Zurich (42.5 % stake).

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Foreword

A bank that is determinably well-positioned boasts a distinctive profile, is highly distinguishable and noticeably differentiated from its competitors. In fact, amid a market in which products and services seem to be increasingly interchangeable and standardized, clear positioning coupled with a sharp focus are crucial factors for determining success.

Indeed, bank zweiplus developed and successfully implemented such a distinctive profile in the financial year 2012, through outsourcing the direct clients business and thus persistently focusing on a unique business model and forming strategic partnerships with independent financial service providers, asset managers and insurance companies. Our profile has been well-perceived by the market, quickly achieving strong acceptance. The Bank succeeded in closing the financial year 2012 with a net profit of CHF 1.6 million, thus continuously remaining in positive territory.

There is demand for an independent product and transaction execution platform for qualified financial service providers, asset managers and insurers – and bank zweiplus meets this demand. The Bank is free from conflicting interests and already underpinned by the sustainable basis of trust of its partners. Numerous strategic partnerships, for example, with major Swiss insurance companies such as Zurich, Die Mobiliar, Axa Winterthur and Swiss Life prove that bank zweiplus's range of services is impressive.

Our systematically pursued business model combines successful traditions with a forward-looking niche market approach. Hence, we have increasingly become a learning organization capable of swiftly assimilating and executing. We persistently focus on the needs of our partners, subordinating to the principle of performance – by which we also strive to be measured.

On behalf of the Board of Directors and Executive Committee, we would like to thank our partners. Your trust and satisfaction are the guiding light for all our activities. At this point, we also wish to express considerable appreciation to the bank zweiplus employees for their expertise and significant commitment in this past financial year.

A handwritten signature in black ink, appearing to read 'Jo Strähle'.

Joachim H. Strähle
Chairman of the Board
of Directors

A handwritten signature in black ink, appearing to read 'M. Aisslinger'.

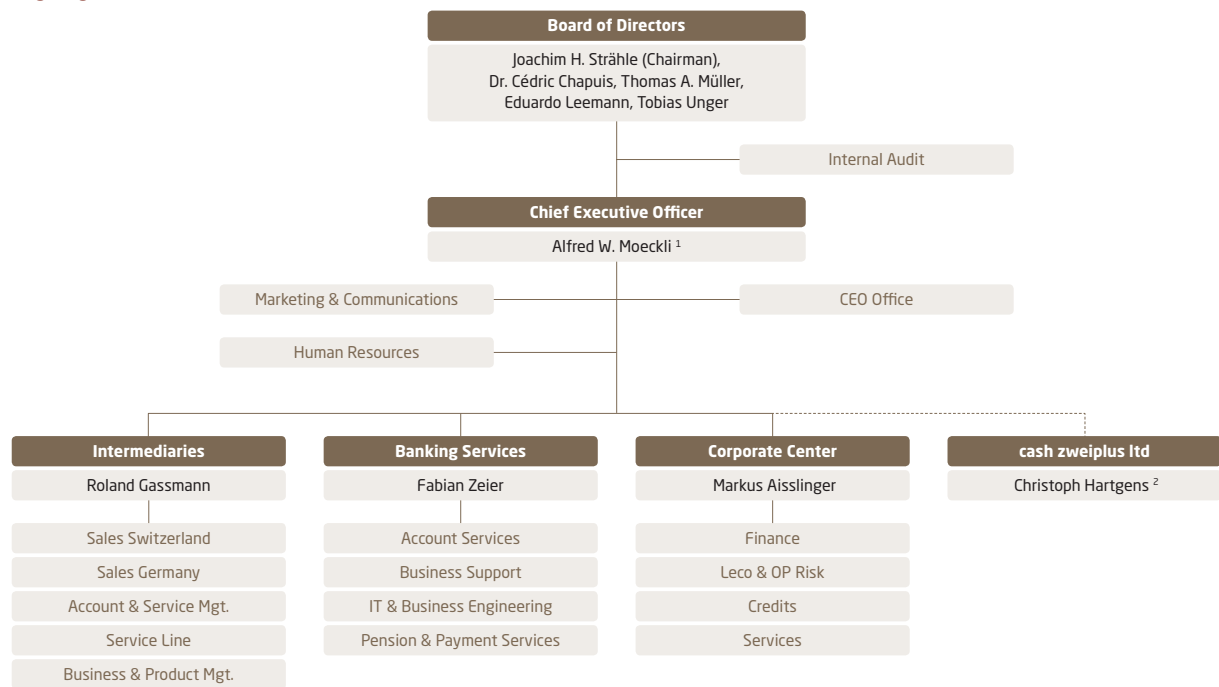
Markus Aisslinger
Chief Executive Officer
ad interim

Board of Directors and Executive Committee

Board of Directors

Chairman of the Board of Directors
Joachim H. Strähle, Bank Sarasin & Co. Ltd., Chief Executive Officer
Members of the Board of Directors
Dr. Cédric Chapuis, Baer & Karrer AG, Attorney at Law, Partner
Thomas A. Müller, Bank Sarasin & Co. Ltd., Chief Financial Officer
Eduardo Leemann, Falcon Private Bank Ltd., Chief Executive Officer
Tobias Unger, Falcon Private Bank Ltd., Chief Operating Officer

Organigram



¹ From 1 March 2013 Markus Aisslinger

² From 1 January 2013 Urban Scherrer

Solid profit in the wake of strategic further development

An increasing number of financial service providers are concentrating on their core business and relegating the custody account management and settlement activities to a competent bank partner. This, in turn, paves the way for these partners to enhance their respective performance capabilities as well as boost efficiency. The prevailing market environment confirmed bank zweiplus's decision and implementation in the financial year 2012 of its strategy focusing on the partnership business with financial service providers, asset managers and insurance companies. Indeed, there is a demand for an experienced, optimal bank partner.

Consequently, bank zweiplus outsourced the direct clients business and, together with Ringier, founded a joint venture company under the already established media brand «cash,» expanding into an information and financial service provider. «cash» is an independent financial service provider and bank zweiplus partner as well.

Within the scope of the executed business strategy, the clear separation of the two business areas Intermediaries and Direct Clients constituted a significant further development. Hence, bank zweiplus Ltd succeeded in generating a solid profit of CHF 1.6 million (previous year: CHF 2.3 million) in FY 2012 as well. The Bank has therefore continued to persistently remain in positive territory in its fourth financial year too. Operating income amounted to CHF 51.1 million (previous year: CHF 57.1 million). The gross profit margin climbed further versus the prior year to 113 basis points (previous year: 110 basis points).

The fact that trust on the part of clients in the financial market has not yet been fully restored had a negative impact on client assets under management. Therefore, our cooperative partners suffered amid this prevailing difficult environment in the lower-to-mid-net-worth clients business. The decline in operating income is attributable to net money outflows that could not be fully compensated even by the performance gains. Total assets under management amounted to CHF 4.5 billion (previous year: CHF 4.8 billion) as of end-2012.

Operating expenses declined to CHF 46.8 million (previous year: CHF 50.6 million) thanks to a further boost in cost efficiency.

The cost-income ratio amounts to 91.6 % (previous year: 88.6 %), and the return on equity (ROE) equals 4.70 % (previous year: 6.88 %).

As of end-December 2012, bank zweiplus employed a workforce of 143.85 persons (full-time equivalents).

Three key values that make us the optimal bank partner

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«The pioneering strategic course we have set, with persistent focus on a **distinctive business model**, has precipitously proven its worth for bank zweiplus. Through concentrating on partnerships, we have become the ideal bank partner for qualified financial service providers, asset managers and insurance companies as an independent product and transaction execution platform. We function as a custodian bank, offering white labeling solutions that pave the way for a proprietary assortment of bank products for clients, extended services with our Service Line and state-of-the-art e-banking features as well as considerable flexibility that ensures swift, market-specific decisions for our partners.»

Markus Aisslinger
CEO a.i.

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«We boast extensive know-how in the core business of our cooperative partners. With this understanding, we create the added value that an outsourcing offer with comprehensive services enables. We are able to develop individual solutions for each partner. We succeeded in executing **three major projects** in 2012: entering into cooperative ventures with Zurich Insurance Company Ltd. as well as Mobiliar, in addition to carrying out the acquisition of Skandia Service AG. The partners can focus on the end of the value-creation chain, further distinguishing their own brand on the market through advisory services and strategic management, while bank zweiplus assumes the overall costs and provides the resource-intensive substructure.»

Roland Gassmann
Head of Intermediaries

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«Thanks to core banking software that is individually tailored to the needs of our partners, we are positioned with our fund platform to develop any possible investment variation for our partners and clients. Hence, bank zweiplus actually functions like a central fund hub. In addition to the individual selection of funds from a total of 2 000, we also manage **more than 100 different defined strategies** for various partners. This translates into numerous pooled orders per day that can affect tens of thousands of clients. The automated rebalancing ensures that the client custody accounts are automatically restructured according to the newly defined strategies, in line with the instructions of the respective asset manager. At the same time, the designated amount of investments are settled in fractions of units, calculated up to six digits to the right of the decimal point.»

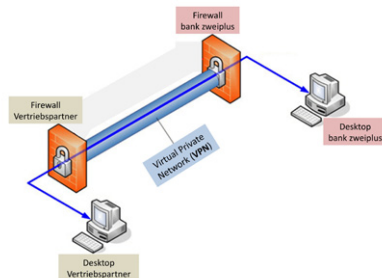
Fabian Zeier
Head of Banking Services

2012 at a glance



banking by bank zweiplus

The Bank successfully completes the migration of **AXA Bank** clients to the bank zweiplus banking system: The overall transaction, from the start of negotiations to the client migration, took 14 weeks – evidence that bank zweiplus is in a position to execute such complex transaction processes in just a short timeframe.



Data security continues to constitute a key factor for bank zweiplus. Consequently, we boast state-of-the-art security standards that are subject to review on an ongoing basis. Our day-to-day e-mail traffic with our major partners is encrypted automatically by VPN technology (Virtual Private Network).



«In the future, financial service providers will be unable to avoid incorporating transparency into performance and prices. They will be compelled to confirm in writing that no additional earnings have been generated, or be required to report retrocessions just as transparently as the expenses for advisory services,» wrote Roland Gassmann, Head of Intermediaries, in his **column in «profi plus,»** the bank zweiplus magazine for Swiss financial service providers – already in anticipation of the subsequent discussions surrounding retrocessions.



bank zweiplus once again realized a profit in its second full financial year, boosting net profit after tax to the CHF 2.341 million mark. **The systematic management of costs and risks** as well as further improvements in efficiency in the area of transaction execution provided a significant contribution to the results.

bank zweiplus continues to develop its business model, distinctly positioning the Bank and focusing its core business activities exclusively on **strategic partnerships** with financial service providers, asset managers and insurance companies. Hence, bank zweiplus is able to even better meet the needs of its clients as a bank partner in the B2B sector with a comprehensive range of services, as well as react to market demands. bank zweiplus is a state-of-the-art transaction execution Bank that is capable of surmounting highly complex operations at any time with a solutions-oriented approach.

The **Zurich Marathon** marked its tenth year in April. bank zweiplus employees participated in the anniversary event by starting two teams, organized as a fellowship of runners including joint training and intensive preparations.



With the **Swiss asset custody account**, bank zweiplus offers investment clients of German financial service providers and asset managers a wealth accumulation vehicle that is exclusively tailored to their personal needs. This paves the way for realizing clearly defined investment objectives flexibly and, at the same time, with a persistently target-oriented approach – and with an initial investment amount starting from EUR 2 500.





With **Investment Depot ++ Securities**, bank zweiplus further expands its product assortment for independent asset managers. The custody account for investment funds and direct investments paves the way for comprehensive asset management with access to all the important stock exchanges worldwide – and at attractive conditions with simple submission of orders via e-banking. The modern online realm is equipped with a special search function enabling users to conduct a simple search according to various criteria (custody account number, name, assets under management, performances, etc.).



Major order for bank zweiplus: **Zurich Insurance Company Ltd.** decides to transfer management of its client custody accounts to bank zweiplus, outsourcing the entire investment fund business including wealth management products to the Bank. bank zweiplus provided an efficient banking solution for this strategic partnership, with which Zurich Insurance can develop proprietary banking products for its clients, enabling the insurance group to now offer accounts, savings deposits or fixed-term deposits as well.

MobiFonds

Insurance group Mobiliar selects bank zweiplus as its new custodian bank. In addition, bank zweiplus will assume custody account management responsibilities for all MobiFonds. At the same time, Mobiliar will further expand its existing services revolving around the MobiFonds investment custody account. bank zweiplus provided a highly developed banking solution, with which Mobiliar can supplement its product assortment in the future with banking products such as accounts, savings deposits or fixed-term deposits.

July

August

September

October

November

December

bank zweiplus's core business concentrating on **partnerships** is embraced and well-perceived by the market as an offer with a distinctive focus – and with excellent resonance. bank zweiplus has swiftly developed into an ideal bank partner for financial service providers, asset managers and insurance companies. Various significant cooperative ventures are also on the verge of being concluded.

bank zweiplus acquires **Skandia Service AG** and thus the custody account management of Skandia Choice Plans and its structured products. Hence, the Bank further expands its fund business and systematically continues along the path toward persistent strategic growth. bank zweiplus's efficient and modular-structured range of services – coupled with technical transaction execution know-how – are impressive, making the Bank the ideal custody account manager.

skandia :

More than 100 financial service providers from Switzerland and Germany accepted bank zweiplus's invitation to the third annual **Investment Forum** in Zurich. The theme of the event «Swiss financial center – new overall conditions, new business model, new success story» was very much in line with the prevailing market environment. Speakers Professor Christoph A. Schaltegger and Professor Monika Roth provided sound analyses, pointed assessments and a profound outlook. The subsequent panel discussion featured further lively discourse on various issues and topics moderated by Reto Lipp – with numerous comments from the audience as well.



The new **image film** is released, describing bank zweiplus and its range of services offered in a concise and comprehensible format and providing partners with the opportunity to familiarize their clients with the Bank. The film is available in German and French; it can also be utilized in client presentations.



The factors on which we focus

1. Competence

Our combination of transaction execution bank and client-focused services is unique. As a settlement bank, we are in tune with the prevailing intensive regulatory changes. We therefore boast state-of-the-art infrastructure as well as pioneering IT know-how and business engineering. With our services, we demonstrate that we precisely understand our partners and their core business. For instance, we know exactly how major insurance firms or financial institutions are organized, how the processes function, and what the individual needs look like. In fact, we perceive the entire entity, and not merely the area that affects a bank. Hence, we are the ideal consolidation platform in Switzerland.

2. Trust

Trust forms a bond. We are convinced that sustainable trust in a partnership is based on performance. Hence, we direct our focal point on functionality and solutions, which paves the way for us to face highly complex migration processes, for example, with considerable flexibility. In practice, of course, solutions are individually designed and implemented, requiring an optimal price/performance ratio. We avoid increasing costs through unnecessary information, but rather offer specific results and attractive custody account fees.

3. Client advantages

Our partners are subject to three trends: 1) The long-term horizon must be increasingly defined within the scope of shorter-term parameters. 2) Even traditional core competencies are being outsourced. 3) Transparency in performance and price will continue to grow, the level of comparability will thus increase, and the competitive playing field will become tougher. We aim to offer target-specific solutions to these challenges facing our partners. As an outsourcing partner with a proven track record and background of experience, we have to anticipate the requirements of our partners well ahead of time. Ultimately, we want to play a role in systematically boosting the quality aspect of our partners.

4. Efficiency

The financial market is undergoing a structural transformation. The current interest rate environment with dwindling margins, unstable economic situation in Europe and stepped-up regulatory requirements mean that taking sustainable steps toward boosting efficiency is absolutely essential. We have a high level of cost awareness, continuously prescribing ways of improving efficiency for the benefit of our partners and their clients. Indeed, a successful bank has rendered costs under control and positioned itself as a lean and effective business.

Financial statements

Balance sheet as of 31 December

in CHF 1 000

	Note	2012	2011
Assets			
Cash and equivalents		13 538	9 775
Due from banks	1	734 720	570 225
Due from customers	2	18 237	20 974
Mortgages	2	88 808	71 250
Trading portfolio of securities and precious metals	3.1	945	2 381
Financial investments	3.2	58 745	51 986
Participations	3.3	3 398	0
Tangible fixed assets	5	5 617	6 601
Accrued income and prepaid expenses		10 420	10 460
Other assets	6	4 076	3 761
Total assets		938 504	747 413
Total subordinated claims		3 100	0
Total due from group companies and holders of qualified participations		124 938	96 570
Liabilities			
Due to banks		175 593	105 188
Due to customers in savings and investment form		499 503	393 536
Other amounts due to customers		191 288	177 712
Accrued expenses and deferred income		12 954	13 384
Other liabilities	6	11 568	11 622
Value adjustments and provisions	10	510	500
Share capital	11	35 000	35 000
General legal reserve		1 500	1 280
Other reserves		5 300	5 300
Profit carried forward		3 671	1 550
Profit for the year		1 617	2 341
Total liabilities		938 504	747 413
Total subordinated liabilities		0	0
Total due to group companies and holders of qualified participations		181 474	109 420

Off-balance-sheet transactions as of 31 December

in CHF 1 000

	Note	2012	2011
Contingent liabilities	2/17	239	319
Irrevocable commitments	2/18	5 200	5 921
Derivative financial instruments	19		
- Positive replacement values		2 602	2 095
- Negative replacement values		2 599	2 095
- Contract volumes		57 061	22 723
Fiduciary transactions	20	53 478	68 347

Income statement

in CHF 1 000

Income and expenses from ordinary banking operations

	Note	2012	2011
Net interest income			
Interest and discount income		10 217	9 921
Interest and dividend income from financial investments		597	499
Interest expenses		5 895	5 878
Subtotal net interest income		4 919	4 542
Commissions and services income			
Commission income on lending activities		4	4
Commission income on securities and investment transactions		31 024	37 175
Commission income on other services		8 442	7 936
Commission expenses		2 627	772
Subtotal commissions and services income		36 843	44 343
Trading income	22	7 748	7 972
Other ordinary income			
Real estate income		49	39
Ordinary income from other sources		1 527	202
Subtotal other ordinary income		1 576	241
Operating expenses			
Personnel expenses	23	23 450	23 440
General administrative expenses	24	23 354	27 149
Subtotal operating expenses		46 804	50 589
Gross profit		4 282	6 509

Profit for the year

Gross profit		4 282	6 509
Depreciation and amortization of fixed assets	5	1 729	1 798
Value adjustments, provisions and losses		707	1 394
Interim result		1 846	3 317
Extraordinary income	26	292	0
Extraordinary expenses	27	0	267
Taxes	25	521	709
Profit for the year		1 617	2 341

Appropriation of profit

in CHF 1 000

	2012	2011
Profit for the year	1 617	2 341
Profit carried forward	3 671	1 550
Balance sheet profit	5 288	3 891
Appropriation of profit		
Allocation to general legal reserve	-100	-220
Profit carried forward to new account	5 188	3 671

Cash flow statement

in CHF 1 000

	2012		2011	
	Cash flow source	Cash flow appropriation	Cash flow source	Cash flow appropriation
Cash flow from operating activities (internal financing)				
Profit for the year	1 617		2 341	
Depreciation and amortization of fixed assets	1 729		1 798	
Value adjustments and provisions		282	778	
Accrued income and prepaid expenses	40		2 067	
Accrued expenses and deferred income		430	953	
Balance	3 386	712	7 937	
Cash flow from investing activities				
Investments		3 398		
Superstructures of leased properties	212		359	
Other tangible assets		124		78
Software		233		337
Other intangible assets		600		
Balance	212	4 355	359	415
Cash flow from banking activities				
Medium- and long-term activities (> 1 year)	10 431	34 602	4 133	82 978
Due to customers	8 465			8 161
Due from banks		7 241		
Due from customers	1 966		4 123	
Mortgages		20 590		22 831
Financial investments		6 759		51 986
Trading portfolio of securities and precious metals		12	10	
Short-term activities (< 1 year)	187 026	157 623	116 449	45 947
Due to banks	70 405		40 270	
Due to customers	111 078			38 015
Due from banks		157 254	66 942	
Due from customers	1 063		8 648	
Mortgages	3 032			5 541
Other assets		315		1 523
Other liabilities		54	589	
Trading portfolio of securities and precious metals	1 448			868
Cash and equivalents		3 763	462	
Cash at end of period		3 763	462	
Balance	201 055	201 055	129 340	129 340

Information on business activities and personnel

General

bank zweiplus, with its registered office in Zurich, is an independent product and transaction execution platform featuring tailor-made financial solutions for qualified financial services providers, asset managers and insurers. Client assets under management amounted to CHF 4.5 billion as of end-2012. bank zweiplus was founded on 1 July 2008 as a joint enterprise of Bank Sarasin & Co. Ltd. AG, Basel (57.5 % stake) and Falcon Private Bank Ltd., Zurich (42.5 % stake). The Bank's headcount amounted to 143.85 employees as of end-2012, adjusted for part-time staff (previous year: 150.8 employees). bank zweiplus outsources a significant share of its settlement processes to its majority shareholder Bank Sarasin & Co. Ltd., Basel.

The commissions and services business is the core operating activity and at the same time primary source of revenues, accounting for roughly 72 % of ordinary income. The trading business and interest business contribute around 15 % and 10 %, respectively, to ordinary income. The core operating activities of the individual business units are characterized as follows:

Lending business

bank zweiplus currently operates the lending business as a supplement to the commissions and services business. Loans to clients are secured by either marketable securities or on a mortgage basis. In the business with financial services providers, a proportion of the still-outstanding, contractually stipulated set-up fees are not secured by readily realizable assets. Loans to public-sector entities as well as purely commercial corporate loans are not part of the core business activities.

Trading

bank zweiplus focuses its securities and foreign exchange trading almost exclusively on the client business. The Bank does not execute any proprietary trading in its own name.

Commissions and services business

The commissions and services business constitutes bank zweiplus's primary business operations. bank zweiplus is distinguished as a bank for investors in the lower-to-mid-net-worth segment, offering its own clients as well as

those of certified financial services providers customized financial solutions.

Risk management

bank zweiplus's risk policy is documented in writing and subject to review on an annual basis and approval by the Board of Directors. The risk policy forms the basis for bank zweiplus's risk management. Definitive restrictions are established for all relevant types of risks, and compliance therewith is monitored on an ongoing basis. The Board of Directors periodically carries out a thorough risk assessment process and initiates any requisite resulting measures in order to ensure that the risk of a significant misstatement in the financial reporting remains minimal.

Default and country risks

Default risk is defined as the potential loss incurred by the Bank resulting from insolvency on the part of a third party. Loans to clients are preferentially granted within the scope of the securities transactions and asset management business. Securitization is ensured either by marketable securities or on a mortgage basis. bank zweiplus's interbank, trading and derivatives transactions are executed with first-class institutions, particularly with shareholder banks as well as Rabobank Group.

Market risks

Market risk is defined as the risk that the Bank incurs losses due to changes in market variables (e.g. share prices, interest rates and exchange rates). The Bank does not carry out any proprietary trading activities. Risks related to changes in interest rates from balance sheet and off-balance sheet activities are monitored and controlled centrally. At the same time, bank zweiplus strives for a congruent maturity structure in lending and deposit operations. Furthermore, the Bank holds only modest foreign exchange positions in order to meet the needs of clients.

Liquidity risks

Liquidity risk consists of the risk that the Bank is unable to ensure that it can fulfill the obligations it has assumed at all times. Liquidity-related risks are monitored and controlled on the basis of statutory banking regulations.

Operational risks

Operational risks are defined as the threat of losses incurred as a consequence of the inadequacy or failure of internal processes, personnel or systems, or as a result of external events. The definition incorporates any legal risks, including fines imposed by regulatory authorities and settlements. The fundamental process of monitoring operational risks is based on directives, specific training of employees and reporting at the appropriate levels.

Compliance and legal risks

bank zweiplus operates its own legal department, which ensures that the Bank's business activities adhere to the relevant regulatory provisions and due diligence obligations of a financial intermediary. The legal department also ensures that bank zweiplus's guidelines and directives are adapted to, and in compliance with, regulatory developments.

Outsourcing of business activities

bank zweiplus outsources a significant share of its settlement processes in middle- and back-office operations to Bank Sarasin & Co. Ltd., Basel, particularly regarding IT infrastructure with the core banking application Avaloq, securities management, payment transactions, finance and accounting as well as risk management. 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 provider are also subject to Swiss banking secrecy law, confidentiality of the data is of course ensured.

Accounting and valuation principles

General principles

The bookkeeping, accounting and valuation principles followed by bank zweiplus ltd are in accordance with the provisions of the Swiss Code of Obligations, the Swiss Federal Law on Banks and Savings Banks and statutory regulations as well as guidelines of the Swiss Financial Market Supervisory Authority (FINMA Circular 08/2 Accounting – Banks). The annual financial statements comprise the balance sheet, income statement, cash flow statement and notes to the financial statements. The annual financial statements are prepared in conjunction with the «substance over form» principle, according to which the economic approach is granted precedence over the statutory approach.

Recording and accounting for business transactions

Business transactions are generally recorded according to the closing date accounting principle and valued for the determination of income from that point in time.

Certain business transactions executed in 2012 were recognized according to the settlement date accounting principle rather than the closing date accounting principle, meaning that these particular business transactions were recognized as off-balance-sheet items between the relevant closing dates and settlement dates and not posted to the balance sheet until the actual settlement.

Foreign exchange transactions, money market transactions, credit transactions and acquisitions of newly issued securities as well as payments are recognized according to the settlement date accounting principle.

Foreign currencies

Transactions in foreign currencies are booked at the respective daily exchange rates. All balance sheet positions denominated in foreign currencies are converted to Swiss francs at the respective daily exchange rates on the relevant balance sheet date. Any resulting translation gains or losses are reported under trading income. The following exchange rates are used for foreign currency conversions:

	31.12.2012	31.12.2011
Euro (EUR)	1.2068	1.2239
US dollar (USD)	0.9154	0.9351

General valuation principles

The detailed positions reported in a balance sheet item are valued on an individual basis (individual valuation).

Cash and equivalents, due from money market instruments, due from banks, deposits

The accounting principles are applied using nominal values or acquisition value less individual value adjustments for impaired receivables. Unrealized income from money market instruments as well as the balance from issuing costs, premiums and discounts on proprietary loans are accrued over the term in the relevant balance sheet position.

Loans (due from customers and mortgage receivables)

The accounting principles are applied using nominal values. Value adjustments are carried out for identifiable risks, taking into consideration the principle of prudence. Impaired and non-performing loans, including outstanding off-balance-sheet transactions (e.g. firm commitments, guaranties, derivative financial instruments) are valued on an individual basis, with the impairment accounted for by individual value adjustments. Loans are subsequently assessed as non-performing no later than the date on which the contractually stipulated payments for capital, commissions and/or interest are outstanding, in whole or in part, for a period of more than 90 days. Past due interest payments and interest whose receipt is impaired are no longer recognized as such, but instead posted directly to «value adjustments and provisions.» Loans are recognized as non-interest bearing when receipt of the interest is impaired and an accrual is no longer regarded as reasonable.

The impairment is calculated according to the difference between the book value of the non-performing loan and the estimated recoverable amount, taking into account third-party risk and the estimated net proceeds from the liquidation of collateral. If the liquidation process is expected to extend for a period of more than one year, the estimated proceeds from liquidation are then subject to discounting as of the balance sheet date.

In addition to individual value adjustments, lump-sum value adjustments are to be booked, as required, in order to account for any existing or pending deferred risks based on historical data as of the valuation date that cannot be identifiable individually.

Value adjustments for non-performing loans are subsequently reversed insofar as the outstanding payments for capital, commission and interest have been effected again according to deadline and in conjunction with the contractually stipulated agreements, and the creditworthiness criteria have been fulfilled once again.

Trading portfolio of securities and precious metals

Securities and precious metals held in the trading portfolio are basically assessed and recognized at fair value. The prices traded or set on a major accredited stock exchange or representative market at the balance sheet date are generally used to determine fair value. In the case that no reliable fair value is available, valuation and accounting for securities and precious metals held in the trading portfolio are carried out according to the lower of cost or market value principle.

The price gains or losses resulting from the valuation as well as realized gains and losses are booked as trading income.

Financial investments

Fixed-income debt securities as well as convertible and option bonds are divided into two categories at the time of acquisition and valued as follows:

- *Without intent of holding to final maturity:* The valuation is carried out according to the lower of cost or market value principle. Value adjustments are booked on the starting balance through the other ordinary expense account or other ordinary income account. A revaluation is carried out at a maximum amount corresponding to the acquisition cost if the market value that decreased below the acquisition value subsequently increases again.
- *With intent of holding to final maturity:* The valuation is carried out according to the acquisition value principle, with the accrual method applied to any premium or discount over the term to maturity. At the same time, the premium or discount is accrued over the term to final maturity in the balance sheet position. Realized gains or losses resulting from advance divestiture or redemption are accrued over the residual term to maturity: i.e. up until the original final term to maturity.

Equity securities are valued according to the lower of cost or market value principle. A revaluation is carried out at a maximum amount corresponding to the acquisition cost if the market value that decreased below the acquisition value subsequently increases again.

Properties acquired through the credit business and designated for divestiture are also valued according to the lower of cost or market value principle, with the value determined as the lower of acquisition value or liquidation value.

Participations

Participations are recognized on the balance sheet at acquisition value less any operating-specific depreciation, which is regarded as requisite when the intrinsic value of the investment falls below the acquisition value.

Tangible assets

Investments in new tangible assets are recognized on the balance sheet and valued according to the acquisition value principle, if they are utilized during a period of more than one accounting year and exceed the defined recognition limits. Investments in existing tangible assets are recognized on the balance sheet if the market value or beneficial value increases on a sustainable basis, or if the useful life is extended significantly. However, modest acquisitions as well as renovation and maintenance costs that do not generate added value are recorded directly as general administrative expenses.

In the subsequent valuations, the tangible assets are recognized at acquisition cost less cumulated depreciation. The linear depreciation method is applied over the conservatively estimated useful life of the tangible asset. The intrinsic value of tangible assets is subject to review at each balance sheet date. If the review results in any change in useful life or impairment on tangible assets, the residual book value is then systematically amortized over the remaining useful life according to the ordinary method, or an extraordinary depreciation charge is booked. Ordinary or any additional extraordinary depreciation charges are booked through the income statement. A corresponding revaluation is carried out if the justification of the extraordinary depreciation charge is no longer in effect. The following table shows the estimated useful life for individual tangible asset categories:

	Term of lease or maximum
Fixed assets in leased properties	10 years
Furniture	5 years
Other tangible assets	5 years
Information technology and communications equipment (hardware)	3 years

Accounting and valuation principles

Realized gains or losses from the divestiture of tangible assets are booked through extraordinary income or expense.

Intangible assets

Goodwill

In the case of the acquisition of a company where the acquisition costs exceed the net assets acquired, the remaining sum is recognized on the balance sheet as goodwill, which is generally amortized according to the linear method over a five-year period. The intrinsic value of goodwill is subject to review on an annual basis. If the review of the intrinsic value results in any change in useful life or impairment, the residual book value is then systematically amortized over the remaining useful life according to the ordinary method, or an extraordinary depreciation charge is booked.

Other intangible assets

(software, licenses, acquired client lists)

Acquired intangible assets are recognized on the balance sheet insofar as they provide the Bank with a quantifiable benefit over several years. Self-developed intangible assets are not recognized on the balance sheet. In addition, intangible assets are accounted for at acquisition cost and amortized on a linear basis over their useful life, as follows:

Software	3 years
Licenses and brands	5 years
Acquired client lists	5 years

An annual review is conducted in order to determine if there are any indications of impairment on other intangible assets. If the review results in any change in useful life or impairment on other intangible assets, the residual book value is then amortized, or an extraordinary depreciation charge is booked.

Pension liabilities

bank zweiplus's employees are covered under the «Pension Fund of Bank Sarasin & Co. Ltd.» bank zweiplus bears the pro rata costs of the occupational pension plan according to the relevant pension regulations. Organiza-

tion, financing and management of the pension plan are carried out in accordance with the statutory provisions, foundation charter and valid applicable pension regulations. bank zweiplus records the employee pension contributions as personnel expense.

In accordance with FINMA Circular 08/2 Accounting – Banks, bank zweiplus declines to recognize any useful financial benefit from the pension plans. However, a financial obligation is taken into account if the conditions for setting aside a provision are given.

Value adjustments and provisions

Individual value adjustments and provisions are booked for any identifiable risks according to the principle of prudence. Value adjustments and provisions that are no longer in effect are reversed and posted to the income statement under extraordinary income.

Taxes (income and capital gains taxes)

Annual income taxes are determined based on the results of the reporting period in accordance with the local tax provisions for calculating profits and recorded as expense in the relevant accounting period in which the corresponding income is realized. The direct taxes due from current income and capital gains as of the balance sheet date are booked as accrued expenses and deferred income. Insofar as the sum of the advance payments effected exceeds the amount of taxes due, the surplus is reported under accrued income and prepaid expenses.

Contingent liabilities, irrevocable commitments and payment obligations

Reporting of contingent liabilities, irrevocable commitments and payment obligations is carried out at nominal value on an off-balance-sheet basis. Provisions are set aside for identifiable risks.

Derivative financial instruments

Trading transactions

Positive or negative replacement values from derivative financial instruments are assessed at fair value and posted under other assets or other liabilities. Fair value is based on market prices. In cases where no market prices are available, fair value is derived by means of discounted

cash flow models or options price models. Positive and negative replacement values basically are not accounted for. Traded options and warrants purchased for clients on commission basis are neither recognized on the balance sheet nor reported in the notes to the financial statements. Realized and unrealized gains from trading transactions are booked as trading income.

Hedging transactions

Hedging transactions are valued similarly to the hedged underlying transaction. Income from the hedge is posted to the same income position as the corresponding income from the hedging transaction. Unrealized profits and losses from such transactions are accounted for in the settlement account. Realized income from the advance termination of hedging transactions is accrued over the term of the hedged underlying transaction. The Bank documents the hedge accounting, objectives and strategies of the relevant hedging transactions upon conclusion of the derivative hedging activities. Effectiveness of the hedge accounting is subject to periodic review. Hedging activities for which hedge accounting is no longer fully or partially effective are treated within the scope of ineffective trading transactions.

Changes in accounting and valuation principles

The method of recording and recognizing certain business transactions changed in 2012 (see the note «Recording and accounting for business transactions»). The previous year's figures were not revised.

Information relating to the balance sheet

in CHF 1 000

Note 1 - Due from banks

	31.12.2012	31.12.2011
Due from banks, sight deposits	643 843	550 225
- of which due from Rabobank Group ¹	615 000	475 000
Due from banks, time deposits	90 877	20 000
Total due from banks	734 720	570 225

¹ These receivables are fully secured.

Note 2 - Overview of collateral for loans and off-balance-sheet transactions

	Secured by mortgage	Other collateral	Unsecured	Total
Loans				
Due from customers ¹	0	14 546	3 691	18 237
- of which subordinated loans to group companies	0	0	3 100	0
Mortgages	88 808	0	0	88 808
- Residential properties	88 043	0	0	88 043
- Office and commercial properties	765	0	0	765
Total loans 31.12.2012	88 808	14 546	3 691	107 045
Total loans 31.12.2011	71 250	16 858	4 116	92 224
Off-balance-sheet transactions				
Contingent liabilities	0	239	0	239
Irrevocable commitments	0	5 200	0	5 200
Total off-balance-sheet transactions as of 31.12.2012	0	5 439	0	5 439
Total off-balance-sheet transactions as of 31.12.2011	0	6 240	0	6 240

	Gross debt amount	Estimated proceeds from liquidation of collateral	Net debt amount	Estimated proceeds from liquidation of collateral
Total non-performing loans as of 31.12.2012	0	0	0	0
Total non-performing loans as of 31.12.2011	0	0	0	0

¹ Based on the general pledge and settlement rights stipulated in the bank zweiplus ltd General Terms and Conditions, available account balances may be taken into account as security for relevant client investments.

Note 3 - Trading portfolio of securities and precious metals, financial investments and participations

Note 3.1 - Trading portfolio of securities and precious metals

	31.12.2012	31.12.2011
Equity securities and fund units		
- Stock exchange-listed	56	38
- Non-stock exchange-listed	15	0
Total	71	38
Precious metals	874	2 343
Total trading portfolio of securities and precious metals	945	2 381
- of which repo-related securities according to liquidity provisions	0	0

Note 3.2 - Financial investments

	31.12.2012	31.12.2011
Debt securities	58 745	51 986
- Stock exchange-listed	58 745	51 986
- Non-stock exchange-listed	0	0
Total financial investments	58 745	51 986
- of which repo-related securities according to liquidity provisions	58 745	51 986

Note 3.3 - Participations

	31.12.2012	31.12.2011
With market value	0	0
Without market value	3 398	0
Total participations	3 398	0

Note 4 - Disclosure of significant participations

Company name, domicile	Business activity	Share capital	31.12.2012 Quota	31.12.2011 Quota
Recognized as participations on the balance sheet				
cash zweiplus ltd, Zurich ¹	Operation of electronic platform as well as website with journalistically compiled information relating primarily to financial and investment topics	1 000 000	50 %	0 %
Skandia Service ltd, Zurich ²	Marketing, intermediation and distribution of financial and investment products of any kind	100 000	100 %	0 %

¹ cash zweiplus ltd Zurich commenced its operating activities on 16 April 2012.

² Skandia Service ltd was acquired from Skandia Leben ltd as of 1 November 2012.

Note 5 - Statement of fixed assets

	Cost value	Accumulated depreciation to date	Book value 01.01.2012	2012				Book value 31.12.2012
				Additions	Disposals	Depreciation		
Tangible fixed assets								
Superstructures of leased properties	6 020	-2 080	3 940	88	-300	-586		3 142
Other tangible assets	2 613	-1 113	1 500	124		-298		1 326
Software	1 490	-930	560	233		-324		469
Other intangible assets	2 005	-1 404	601	600		-521		680
Total tangible fixed assets	12 128	-5 527	6 601	1 045	-300	-1 729		5 617

	2012	2011
Fire insurance values		
Superstructures of leased properties and other tangible assets are also covered within the scope of a group insurance policy of Bank Sarasin & Co. Ltd. and reported in the Sarasin Group Annual Report.		
Liabilities: Future leasing payments from operational leasing		
Liabilities: Future leasing payments from operational leasing	244	352

Information relating to the balance sheet

in CHF 1 000

Note 6 - Other assets and other liabilities

	31.12.2012		31.12.2011	
	Other assets	Other liabilities	Other assets	Other liabilities
Replacement values from derivative financial instruments	10	2 599		2 095
Settlement accounts	2 592		2 095	
Value-added tax and other tax receivables and tax liabilities	75	2 238	75	1 670
Retained commissions for financial services providers		594		1 122
Amounts due from reverse provisioning from financial services providers, net	1 251		1 341	
Clearing accounts for financial services providers		5 056		5 827
Other items	148	1 081	250	908
Total other assets and other liabilities	4 076	11 568	3 761	11 622

Note 7 - Receivables from and liabilities to associated companies and loans to corporate bodies

	31.12.2012	31.12.2011
Receivables from associated companies	0	477 029
Liabilities to associated companies	0	0
Receivables from loans to corporate bodies	0	0

For loans to corporate bodies, identical processes were applied as with other loans regarding settlement and supervision. Collateral is provided in line with the Bank's usual loan-to-value ratio. In terms of interest rates, employee conditions apply.

Transactions with related parties result from transactions between bank zweiplus and its shareholder banks in the areas of securities settlement, credit business and outsourcing services. The transactions are executed applying the same conditions as for third parties.

Note 8 - Lending transactions and repurchase agreements with securities

	31.12.2012	31.12.2011
Book value of receivables from cash collateral in securities borrowing and reverse repurchase transactions	0	0
Book value of liabilities from cash collateral in securities lending and repurchase transactions	0	0
Book value of securities held by the Bank loaned in securities lending or provided as collateral in securities borrowing as well as those transferred in repurchase transactions	58 745	51 986
<i>- Of which entitled to the right of subsequent divestiture or pledge without restrictions</i>	<i>58 745</i>	<i>51 986</i>
Fair value of securities provided as collateral in securities lending or borrowed in securities borrowing, or received through reverse repurchase transactions, which are entitled to the right of subsequent divestiture or subsequent pledge without restrictions	0	0
<i>- Fair value of resold or pledged securities</i>	<i>0</i>	<i>0</i>

Note 9 - Information relating to the Bank's pension plans

	Overfunding / underfunding	Economic share of Bank	Effective changes	Accrued expenses/defer- red income	Pension expenses
Economic benefit / obligation					
Bank Sarasin & Co. Ltd. pension fund, bank zweiplus Ltd sub-fund	0	0	0	303	2 984
Total economic benefit / obligation as of 31.12.2012	0	0	0	303	2 984
Total economic benefit / obligation as of 31.12.2011	0	0	0	468	2 164

All employees of bank zweiplus Ltd that have reached the age of 17 are covered by a pension scheme according to the defined contribution plan, which is incorporated into the Bank Sarasin & Co. Ltd., Basel, pension plan. The Bank Sarasin & Co. Ltd., Basel, pension fund prepares its annual financial statements in accordance with the standards of

Swiss GAAP FER 26. Determination of the economic effects is carried out on the basis of the pension plan's financial situation. The pension plan's funding ratio was not yet available at the time of publication of bank zweiplus's Annual Report. According to the current estimate, the funding ratio should amount to roughly 104%.

Note 10 - Value adjustments and provisions

	Balance at 01.01.2012	Designated use	Change in designated use (recoveries)	2012 Recoveries, impaired interest currency translation differences	New formation debited to income statement	Releases / reversals credited to income statement	Balance at 31.12.2012
Value adjustments and provisions for default risks and other risks							
Value adjustments and provisions for default risks (provision for impaired receivables and country risks) ¹	9 642					-292	9 350
Value adjustments and provisions for other business risks ²	500	-50			60		510
Other provisions	0						0
Total value adjustments and provisions	10 142	-50	0	0	60	-292	9 860
Less value adjustments accounted for directly with assets	9 642						9 350
Total value adjustments and provisions according to balance sheet	500						510

¹ Default risks comprise risks related to provisions for bad and doubtful receivables from financial services providers for which value adjustments are booked depending on the probability of default at 15%, 50% or 100%.

² Value adjustments and provisions for other business risks comprise primarily provisions for legal disputes from ordinary business activities.

The Swiss Federal Court ruled in an individual case on 30 October 2012 that portfolio managers are obliged to pass on retrocessions, which are remitted to them through exercising an asset management mandate, to their customers insofar as no valid waiver exists. bank zweiplus has analyzed the possible effects of this ruling on the basis of its existing range of products and services and contractual

conditions. Based on this analysis and the information available at the present time, bank zweiplus currently does not anticipate any future money outflows, especially since the relevant circumstances at the bank zweiplus deviate significantly from the particular case subject to the aforementioned court ruling.

Information relating to the balance sheet

in CHF 1 000

Note 11 - Capital stock and shareholders with shareholdings of more than 5 % of all voting rights

	31.12.2012			31.12.2011		
	Nominal value	No. of units	Dividend-bearing capital	Nominal value	No. of units	Dividend-bearing capital
Capital stock						
Share capital	35 000	3 500 000	35 000	35 000	3 500 000	35 000
Total capital stock	35 000	3 500 000	35 000	35 000	3 500 000	35 000

	31.12.2012		31.12.2011	
	Nominal	Share in %	Nominal	Share in %
Major stakeholders with voting rights				
Bank Sarasin & Co. Ltd., Basel	20 125	57.50	20 125	57.50
Falcon Private Bank Ltd., Zurich	14 875	42.50	14 875	42.50

Note 12 - Statement of changes in shareholders' equity

Paid-in share capital	35 000
General legal reserve	1 500
Other reserves	5 300
Reserves for general banking risks	0
Balance sheet profit	3 671
Total shareholders' equity on 01.01.2012	45 471
Profit for the year	1 617
Total shareholders' equity on 31.12.2012 (before appropriation of profit)	47 088
of which	
Paid-in share capital	35 000
General legal reserve	1 500
Other reserves	5 300
Reserves for general banking risks	0
Balance sheet profit	5 288

With regard to the disclosure of capital requirements in accordance with FINMA Circular 08/22, reference is made to the information contained in the consolidated financial statements of Bank Sarasin & Co. Ltd.

Note 13 - Maturity structure of current assets and borrowed capital

	At sight	Callable	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	Total 31.12.2012
Current assets							
Cash and equivalents	13 538	0	0	0	0	0	13 538
Due from banks	643 843	0	71 818	11 818	7 241	0	734 720
Due from customers	7 332	0	6 844	3 870	191	0	18 237
Mortgages	1 338	0	12 090	1 400	25 044	48 936	88 808
Trading portfolio of securities and precious metals	945	0	0	0	0	0	945
Financial investments	0	0	2 105	21 210	35 430	0	58 745
Total current assets as of 31.12.2012	666 996	0	92 857	38 298	67 906	48 936	914 993
Total current assets as of 31.12.2011	571 746	0	42 808	16 639	59 632	35 766	726 591
Borrowed capital							
Due to banks	29 193	0	146 400	0	0	0	175 593
Due to customers in savings and investment form	234 359	265 144	0	0	0	0	499 503
Other amounts due to customers	146 330	0	10 621	8 284	26 053	0	191 288
Total borrowed capital as of 31.12.2012	409 882	265 144	157 021	8 284	26 053	0	866 384
Total borrowed capital as of 31.12.2011	255 514	256 689	122 841	23 804	15 453	2 135	676 436

Information relating to the balance sheet

in CHF 1 000

Note 14 - Breakdown of balance sheet by domestic and foreign operations

	31.12.2012		31.12.2011	
	Domestic	Foreign	Domestic	Foreign
Assets				
Cash and equivalents	13 538	0	9 775	0
Due from banks	118 689	616 031	93 762	476 463
Due from customers	12 922	5 315	10 554	10 420
Mortgages	86 674	2 134	69 080	2 170
Trading portfolio of securities and precious metals	876	69	2 339	42
Financial investments	6 306	52 439	6 425	45 561
Participations	3 398	0	0	0
Tangible fixed assets	5 617	0	6 601	0
Accrued income and prepaid expenses	10 415	5	10 456	4
Other assets	2 920	1 156	2 448	1 313
Total assets	261 355	677 149	211 440	535 973
Liabilities				
Due to banks	175 593	0	105 188	0
Due to customers in savings and investment form	483 457	16 046	383 718	9 818
Other amounts due to customers	137 151	54 137	121 388	56 324
Accrued expenses and deferred income	12 953	1	13 382	2
Other liabilities	7 300	4 268	7 011	4 611
Value adjustments and provisions	510	0	500	0
Share capital	35 000	0	35 000	0
General legal reserve	1 500	0	1 280	0
Other reserves	5 300	0	5 300	0
Profit carried forward	3 671	0	1 550	0
Profit for the year	1 617	0	2 341	0
Total liabilities	864 052	74 452	676 658	70 755

Note 15 - Breakdown of assets by country and region

	31.12.2012		31.12.2011	
	Absolute	Share in %	Absolute	Share in %
Europe				
- Netherlands	622 223	66.3	477 615	63.9
- Switzerland	261 355	27.9	211 440	28.3
- France	13 410	1.4	16 973	2.3
- Germany	9 174	1.0	14 562	1.9
- Great Britain	6 081	0.6	6 614	0.9
- Ireland	3	0.0	2	0.0
- Luxembourg	3 650	0.4	0	0.0
Rest of Europe	5 899	0.6	7 230	1.0
Total Europe	921 795	98.2	734 436	98.3
Outside Europe				
- USA	11 206	1.2	6 062	0.8
- Singapore	1	0.0	1	0.0
- South America	82	0.0	87	0.0
Other countries outside Europe	5 420	0.6	6 827	0.9
Total outside Europe	16 709	1.8	12 977	1.7
Total assets	938 504	100.0	747 413	100.0

The breakdown is determined according to the principle of third-party domicile.

Information relating to the balance sheet

in CHF 1 000

Note 16 - Breakdown of assets and liabilities by the Bank's most significant currencies

	CHF	EUR	USD	Other	Total 31.12.2012
Assets					
Cash and equivalents	12 749	686	21	82	13 538
Due from banks	675 113	38 966	12 818	7 823	734 720
Due from customers	13 262	4 501	291	183	18 237
Mortgages	88 808	0	0	0	88 808
Trading portfolio of securities and precious metals	42	29	0	874	945
Financial investments	58 745	0	0	0	58 745
Participations	3 398	0	0	0	3 398
Tangible fixed assets	5 617	0	0	0	5 617
Accrued income and prepaid expenses	10 132	273	15	0	10 420
Other assets	3 390	686	0	0	4 076
Total assets	871 256	45 141	13 145	8 962	938 504
Liabilities					
Due to banks	175 485	0	0	108	175 593
Due to customers in savings and investment form	493 701	5 802	0	0	499 503
Other amounts due to customers	136 078	33 429	13 320	8 461	191 288
Accrued expenses and deferred income	12 954	0	0	0	12 954
Other liabilities	7 239	4 329	0	0	11 568
Value adjustments and provisions	510	0	0	0	510
Share capital	35 000	0	0	0	35 000
General legal reserve	1 500	0	0	0	1 500
Other reserves	5 300	0	0	0	5 300
Profit carried forward	3 671	0	0	0	3 671
Profit for the year	1 617	0	0	0	1 617
Total liabilities	873 055	43 560	13 320	8 569	938 504
Net position per currency	-1 799	1 581	-175	393	0

Information relating to off-balance-sheet transactions

in CHF 1 000

Note 17 - Breakdown of contingent liabilities

	31.12.2012	31.12.2011
Credit guarantees	214	294
Other contingent liabilities	25	25
Total contingent liabilities	239	319

bank zweiplus ltd is affiliated with the value-added tax (VAT) group of Bank Sarasin & Co. Ltd., Basel, and as such is jointly and severally liable for the group's VAT obligations to the relevant tax authorities.

Note 18 - Breakdown of irrevocable commitments

	31.12.2012	31.12.2011
Payment obligations to depositor protection schemes	4 200	5 921
Payment obligations to group companies	1 000	0
Total irrevocable commitments	5 200	5 921

Note 19 - Breakdown of open derivative financial instruments

	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	0	0	0	0	0	0
Swaps	0	0	0	2 592	2 592	52 723
Futures	0	0	0	0	0	0
Options (OTC)	0	0	0	0	0	0
Options (exchange traded)	0	0	0	0	0	0
Total interest rate instruments as of 31.12.2012	0	0	0	2 592	2 592	52 723
Total interest rate instruments as of 31.12.2011	0	0	0	2 095	2 095	22 723
Foreign exchange / precious metals						
Forward contracts	10	7	4 338	0	0	0
Swaps	0	0	0	0	0	0
Futures	0	0	0	0	0	0
Options (OTC)	0	0	0	0	0	0
Options (exchange traded)	0	0	0	0	0	0
Total foreign exchange / pre-cious metals as of 31.12.2012	10	7	4 338	0	0	0
Total foreign exchange / pre-cious metals as of 31.12.2011	0	0	0	0	0	0
Total before taking into account netting contracts						
Reporting year	10	7	4 338	2 592	2 592	52 723
Previous year	0	0	0	2 095	2 095	22 723
Total after taking into account netting contracts						
Reporting year	10	7		2 592	2 592	
Previous year	0	0		2 095	2 095	

Note 20 - Fiduciary transactions

	31.12.2012	31.12.2011
Fiduciary deposits at third-party banks	53 478	0
Fiduciary deposits at associated companies	0	68 347
Total fiduciary transactions	53 478	68 347

Note 21 - Client assets under management

in CHF million	31.12.2012	31.12.2011
Assets with management mandate	1 192	1 425
Other client assets under management	3 292	3 388
Total client assets under management	4 484	4 813
of which double counting	0	0
Net new money inflows / outflows	-636	-420

The calculation and statement of client assets under management is determined according to the guidelines of the Financial Market Supervisory Authority (FINMA) governing accounting standards. Client assets under management comprise any customer assets managed or held for investment purposes, basically including all liabilities to customers in savings and investment form, fixed-term deposits and trust funds as well as any assets of value.

Net new money inflows/outflows comprise the acquisition of new clients, loss of existing clients and inflows or outflows of assets of existing clients. Net new money inflows/outflows do not include securities- and currencies-based market fluctuations, interest and dividend payments, as well as paid fees.

Information relating to the income statement

in CHF 1 000

Note 22 - Trading income

	2012	2011
Securities	0	17
Foreign exchange and precious metals	7 748	7 955
Total trading income	7 748	7 972

Note 23 - Personnel expenses

	2012	2011
Salaries	18 000	18 340
Social benefits	4 077	3 423
Other personnel expenses	1 373	1 677
Total personnel expenses	23 450	23 440

Note 24 - General administrative expenses

	2012	2011
Office space expenses	1 520	1 769
Expenses for EDP, machinery, furniture, automobiles and other equipment and fixtures	897	1 306
Advertising costs	1 255	2 253
Consulting and services	17 967	20 099
Other administrative expenses	1 715	1 722
Total administrative expenses	23 354	27 149

The consulting and services position includes costs for outsourcing services of TCHF 16 339 (previous year: TCHF 17 684).

Note 25 - Taxes

	2012	2011
Expenses for current income tax and capital tax	521	709
Total income tax expense	521	709

Note 26 - Extraordinary income

	2012	2011
Reversal of value adjustments and provisions for default risks	292	0
Total extraordinary income	292	0

Note 27 - Extraordinary expenses

	2012	2011
Realized loss from divestiture of tangible assets	0	267
Total extraordinary expenses	0	267

Report of the statutory auditor on the financial statements

Report of the statutory auditor to the Annual General Meeting of bank zweiplus Ltd, Zurich

As statutory auditor, we have audited the financial statements of bank zweiplus Ltd, which comprise the balance sheet, income statement, cash flow statement and notes (pages 12 to 34), for the year ended 31 December 2012.

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 31 December 2012 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.

Furthermore, we confirm that the proposed appropriation of profit complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Bruno Patusi
Licensed audit expert (Auditor in charge)

Roman Sandmeier
Licensed audit expert

Zurich, 27 February 2013



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This bank zweiplus Annual Report refers to gender-specific terms using the masculine form for the benefit of improved readability, but of course always infers both genders.

