



bank zweiplus 



Annual Report 2013

Our Results

bank zweiplus 

bank zweiplus - proven expertise, solution-focused services

bank zweiplus Ltd, with its registered office in Zurich, is the leading independent financial product and transaction execution platform as well as competent banking partner for financial service providers in Switzerland. 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.

Thanks to the proven expertise of its team of specialists, coupled with versatile infrastructure, bank zweiplus is positioned to provide its partners with solution-focused services. As a state-of-the-art transaction-oriented bank with distinctive know-how, bank zweiplus is able to flexibly surmount highly complex challenges with extensive services and profound product management. Furthermore, the Bank boasts vast knowledge of its partners' core business - knowledge that extends beyond banking-specific aspects and creates added value.

As of end-2013, bank zweiplus held client assets under management amounting to CHF 4.9 billion and employed a staff of 124 persons (full-time equivalents).

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

Table of contents

Reports 2013

- 4 Foreword
- 5 «Indeed, we will certainly not be relaxing»
- 6 Board of Directors and Executive Committee
- 7 Strong surge in profit
- 8 Three key figures that stand for our performance
- 9 2013 at a glance
- 10 Ten expert opinions on the future of the Swiss financial center
- 12 The strengths that make us bank zweiplus

Annual financial statements

- 14 Balance sheet as of 31 December 2013
- 15 Income statement
- 16 Appropriation of profit
- 17 Cash flow statement
- 18 Information on business activities and personnel
- 19 Accounting and valuation principles
- 24 Information relating to the balance sheet
- 33 Information relating to off-balance-sheet transactions
- 35 Information relating to the income statement
- 37 Report of the statutory auditor on the financial statements

Foreword

The stock markets are taking a rollercoaster ride, hitting ever-new record highs in the wake of years of languishing. However, all the good news in the interim cannot obscure one fact: Clients' trust in banks and financial service providers has not yet been fully restored.

It's a fact that we have to live with for the time being. Rekindling this trust takes time – much time – and can only be achieved through turning in a steady performance.

bank zweiplus underpins its partners, enabling them to turn in such a steady performance. We boast flexibility, cost-efficiency and state-of-the-art technology – and we are fast too. Hence, we are able to anticipate the needs of our partners and react with a modular range of services, which is nothing less than our assertion.

Moreover, bank zweiplus also delivers a steady performance at a fair price. In fact, our highly frequented platform and efficient processes pave the way for us to provide a cost-effective range of services, offering advantages that our partners can pass on to their long since cost-conscious clients.

It's not the external circumstances that prompt us to be an organization constantly thirsting for knowledge, but rather the inner drive. We are able to assimilate quickly and executive swiftly. We aim to discern our partners' distinctive core competencies as well as recognize and fulfill their needs, thereby establishing a connection.

And this connection has been honored. The market values our range of services, propelling bank zweiplus to the leading transaction execution bank in Switzerland.

We intentionally adjusted our focus and enhanced our profile two years ago. We subsequently aligned our strategy in fine-tuning mode last year. These endeavors resulted in a very favorable surge in profit for the financial year 2013. Today, we can quite justifiably state that bank zweiplus is well-positioned to foster further ambitions and systematically continue to pursue the path on which we have embarked.

Thanks to our partners, we are able to foster these ambitions. Their trust provides us with security and impetus. On behalf of the Board of Directors and Executive Board, we would like to thank our partners as well as our employees for their proven expertise and commitment. Indeed, they make our ambitions a reality.



A stylized, handwritten signature in black ink, consisting of a large, sweeping 'T' followed by a smaller 'A' and 'M'.

Thomas A. Müller
Chairman of the Board
of Directors



A stylized, handwritten signature in black ink, featuring a large, cursive 'M' followed by 'Aisslinger'.

Markus Aisslinger
Chief Executive Officer

«Indeed, we will certainly not be relaxing»

bank zweiplus realized a strong surge in profit: Are you satisfied overall? When a bank succeeds in boosting its profit, naturally there are many reasons to be satisfied. However, there is certainly always room for improvement. Of course, I'm very pleased with the success at the financial level, but I don't want to lose track of the points of improvement at the operating level either.

Which points of improvement do you perceive? We could focus more closely on our strategic partners, recognize their needs more quickly and react more promptly. We intentionally set the bar high. Indeed, we will certainly not be relaxing.

What particular performance turned in by bank zweiplus in 2013 are you especially proud of? In the financial years 2011 and 2012, we focused very strongly on achieving growth through new cooperative ventures. In the financial year 2013, we concentrated on existing partner relations, expanding these both in qualitative and quantitative terms. We have aligned our strategy, which brought us organizational composure. We succeeded in boosting earnings and cutting costs. Our employees understood this strategy and provided a significant contribution as well. Moreover, the market noticed that we know exactly where we want to be and how to get there.

In which area would you like to see more momentum for bank zweiplus? Our activities in Germany as well as the cash zweiplus joint venture constitute two strategic courses for achieving organic growth. We have started out well on this path, but must now pick up greater momentum along the way.

The competitive playing field is very intense, with references to an ongoing consolidation in the banking market. Does this pose a threat or present an opportunity for bank zweiplus? Obviously, an opportunity! There are two developments in this consolidation process that are relevant for our Bank: First, there are banks that are up for sale, such as AXA Bank Switzerland two years ago. We aim to continue our vigilance over this terrain. Second, there are also banks looking to exit the Swiss market, but without losing their clients. They're giving up the costly banking license, but maintaining the client advisory services and now need a bank in the background.

bank zweiplus offers the ideal outsourcing services for these banks. The regulatory environment, which is compelling many banks to change their strategy, therefore presents an opportunity for our Bank.

So exit-banking is a developing partner segment? Definitely. Our range of services is tailor-made. However, an appropriate strategy must be well-prepared. It's a question of timing: The affected banks must be ready for the change in strategy too.

bank zweiplus has established itself as an ideal bank partner for insurance companies. What further potential do you see in the business as partner with insurers? The insurance distribution channel, with its numerous advisors, provides us with an enormous leverage effect. When trust on the part of clients is restored in the financial services sector in general and the stock markets too, we can then reap benefits from this effect.

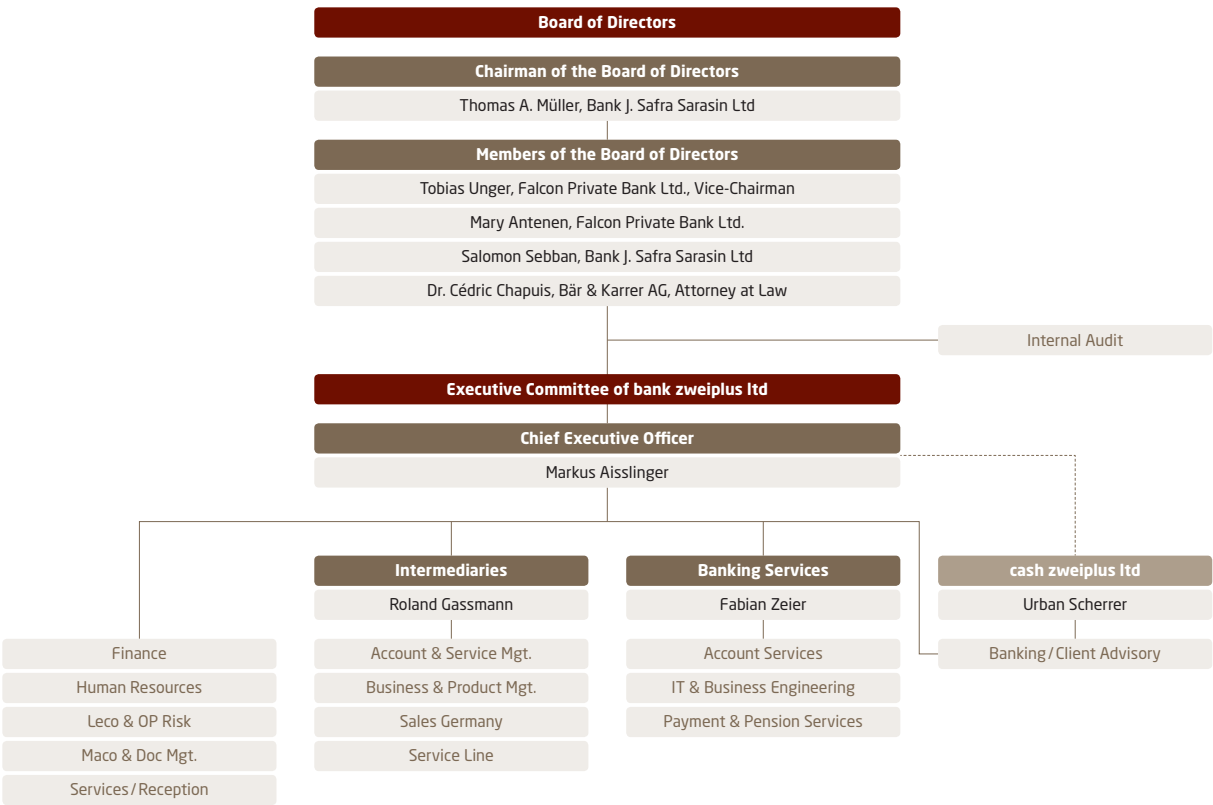
What activities are you undertaking in the areas of independent asset managers and financial service providers? We boast a very attractive offering for asset managers and financial service providers in the client assets under management segment of CHF 10 to 50 million. Our price/performance ratio is second to none.

You have been CEO of bank zweiplus since 2013. What are your medium- and long-term goals with the Bank? My personal goals are derived from our strategy: We aim to persistently foster organic growth. At the same time, however, we strive to keep a close eye on the market, very extensively reviewing and seizing any opportunities. At the cost level, we want to exploit the economies of scale with stepped-up capacity utilization of our platform. Our target is to achieve the lowest possible marginal costs.

What are you especially looking forward to in the financial year 2014? I look forward to continuing to pursue the year 2014 with my staff as successfully as we closed out the past year.

Markus Aisslinger is CEO of bank zweiplus.

Board of Directors and Executive Committee



From left to right: Fabian Zeier, Markus Aisslinger and Roland Gassmann

Strong surge in profit

At this point, we would like to thank our private labeling and business partners for the trust they have placed in us.

Thanks to the favorable course of business, attractive markets and rigorous cost control, bank zweiplus posted net profit of CHF 6.0 million (previous year CHF 1.6 million). Operating income amounted to CHF 51.2 million (unchanged). The gross profit margin edged down slightly year-on-year to 109 basis points (previous year 113 basis points).

Total assets under management amounted to CHF 4.9 billion at year-end 2013 (previous year CHF 4.5 billion). Operating expenses declined to CHF 39.8 million (previous year CHF 46.8 million) thanks to further improving cost efficiency. bank zweiplus employed a workforce of 123.75 (full-time equivalents) as of end-December 2013.

Three key figures that stand for our performance

6

«**CHF 6 million in net profit.** Our strategic preparation activities in the previous years are now bearing fruit. The sharp focus on our existing business partners paves the way for establishing trust as well as security at the operating level. We boast extremely efficient processes and streamlined structures. We reduced the cost-income ratio from 91.6 % in 2012 to 77.7 % at present.»

Markus Aisslinger, CEO

52 360

The number of questions from end-clients regarding ongoing transactions and current custody account assets as well as information about e-banking: **52,360 telephone calls** were answered by the always courteous and friendly Service Line staff in 2013. In addition, our highly competent financial advisors responded to countless enquiries relating to their clients' custody account holdings or operating procedures. The service level target of 95 % – i.e. 95 out of 100 calls handled within 20 seconds – was successfully realized. Furthermore, the service level target was even exceeded, with 98 %.»

Roland Gassmann, Head of Intermediaries

560 764

«We execute hundreds of client orders on a daily basis and therefore thousands of transactions and bookings. For example, we processed no less than **560,764 transfers via direct debit system** in 2013, with amounts varying from CHF 50 to EUR 50,000 per transaction. This demonstrates the operating performance of our platform, on the one hand, and represents one of the goals of our partners' clients, on the other: i.e. personal wealth accumulation for the long term. Numerous savings plans have been seamlessly maintained already for more than ten years straight.»

Fabian Zeier, COO and Head of Banking Services

2013 at a glance



April

bank zweiplus continuously remains in positive earnings territory, posting net profit after tax of CHF 1.6 million for the financial year 2012, which was a year of strategic realignment for the Bank. As **the leading transaction execution bank in Switzerland**, bank zweiplus consistently focuses on partnerships with financial service providers, asset managers and insurers that concentrate on their core business, relying on a competent bank partner for the custody account management and settlement.



September

«As a transaction-oriented Bank, we operate at the heart of the intensive regulatory transformation; we boast state-of-the-art infrastructure as well as path-breaking IT know-how and business engineering. We demonstrate with our services that we precisely understand our partners' core business,» declares Markus Aisslinger, CEO of bank zweiplus, in an interview with **business portal Moneycab.com**.



January

Two major transactions are successfully concluded in parallel: Migration of the banking clients of **Zurich Invest AG** and **Skandia Services** to bank zweiplus's banking system is carried out. «The transactions once again substantiate the fact that bank zweiplus is in a position to execute complex migration processes systematically and effectively,» states Fabian Zeier, COO and Head of Banking Services at bank zweiplus. Furthermore, migration of **Mobiliar's** clients is effectively carried out by May of 2013.



May

The Board of Directors of bank zweiplus confirms **Markus Aisslinger** as new Chief Executive Officer (CEO). The selection ensures continuity in the further pursuit of the Bank's initiated strategy. Markus Aisslinger has worked for bank zweiplus since January 2010 as Chief Financial Officer (CFO) and Head of Corporate Center.

«Financial service providers that recognize the sign of the times are increasingly focusing on the end of the value-creation chain: i.e. advisory services and brand pilot projects. These firms purposefully outsource the overall costs and resource-intensive substructures,» writes **Roland Gassmann**, Head of the Intermediaries Division, in his profile plus column – in bank zweiplus's magazine for financial service providers.



October

Far more than 100 Swiss and German financial service providers accept bank zweiplus's invitation to **the fourth annual Investment Forum** in Zurich. With the motto «When politics meets the financial industry – power or powerlessness?» the forum is moderated by Dr. Tobias Straumann, renowned economic historian with expertise in financial history, as well as Martin Landolt, Chairman of the BDP Party and well-established financial market specialist. With the Investment Forum, bank zweiplus has successfully developed a unique platform that clears the way for further intensifying the exchange of views among financial service providers.



Ten expert opinions on the future of the Swiss financial center

With the annual Investment Forum, bank zweiplus has successfully established a unique platform that clears the way for further intensifying the exchange of views among financial service providers. These proven experts are extremely committed to constantly addressing the issues that affect the financial sector. Some past lecturers at the Investment Forum exclusively take a look at the future of the Swiss financial market in the following section.



«The financial sector resembles the traditional manufacturing sector in some aspects, meaning that forced industrialization and automation is forthcoming, but may not necessarily lead to smaller margins.»

Dr. David Bosshart, CEO Gottlieb Duttweiler Institute (GDI)



«Politics today has historically never been so strong and dominant relative to the financial market.»

Dr. Tobias Straumann,
Economic Historian, University of
Basel and University of Zurich



«In the circle of high-net-worth, tax-compliant investors, signs are emerging of a desire for portfolio diversification according to asset class, in addition to the ever more evident search for cross-border diversification of their positions.»

Björn Drescher, CEO and Co-founder of Drescher & Cie GmbH



«Many banks have unfortunately still failed to realize that their hesitant stance toward matters relating to retrocessions continues to further undermine their credibility. It's regrettable that the financial sector cannot recognize just how important a swift resolution to the retrocessions issue is for rekindling trust on the part of customers.»

Reto Lipp, Business Journalist and Moderator,
Swiss Radio and Television



«In the evolution of life, reality is that it's not the largest but rather the most flexible entities that ideally surmount crises. Hence, the dinosaurs perished, and human beings ultimately emerged from the small creatures that once hid among the giants. Wouldn't it be wonderful if history in this context were to repeat itself with regard to the financial markets? However, the state hampers the survival of the fittest through rescue activities and hinders innovation through regulation! Hope lies at best in a sector in which the state cannot so easily intervene. Indeed, the Internet has spawned innovations such as mobile banking in Africa, crowd-funding and the bitcoin.»

Professor Dr. Thorsten Hens, Director of the Institute for Banking and Finance, University of Zurich



«Transparency is important, but not with respect to simply presenting less significant financial figures from the past. Empathetic, trustworthy and impeccably documented advisory services and future-oriented customer support services that are technically state-of-the-art and attuned to the financial markets are playing a more important role.»

Professor Dr. Maurice Pederghana,
Lucerne University of Applied Sciences and Arts



«If the Swiss financial center aims to positively look forward to the future, the interests of investors should stand in the foreground. The litmus test is based on the ability to provide services that are competent and free of conflicting interests, which are so good that investors are convinced of their intrinsic value even amid times of difficulty.»

Professor Dr. iur. Monika Roth, Attorney



«International regulatory authorities will continue to exert pressure and more tightly control the enforcement of their requirements.»

**Frank Herring, Attorney
and Partner, Allen & Overy LLP,
Frankfurt**



«Switzerland in the coming years will continue to be compelled to find a healthy middle ground with regard to its financial center strategy, between adapting to the international rules of law and its autonomous fiscal-political image. At the same time, the country's federalist flexibility in terms of tax policy should be maintained as well.»

Professor Dr. Christoph A. Schaltegger,
Professor of Political Economics, University of Lucerne

«In the wake of the relatively insufficiently critical view of the Swiss financial center from the perspective of the politicians for quite some time, politics has perhaps dealt somewhat too harshly with the financial sector in the past couple of years. But perhaps we should not really blame the politicians; they had to face financial center issues that extended way beyond day-to-day politics. And that was not love at first sight. In the interim, however, the financial sector is undergoing a historical upheaval and should take the opportunity to regain its credibility and trust – even on the part of the politicians.»

Martin Landolt, Chairman of the BDP Party, Switzerland



The strengths that make us bank zweiplus

Highly developed range of banking services

bank zweiplus is the performance-oriented bank partner for financial service providers, asset managers and insurance companies that do not hold their own banking license. We develop and implement high-quality, tailor-made financial and transaction execution solutions. Our services are efficiently and modularly structured. Furthermore, we are Switzerland's leading Bank in the realm of technical settlement know-how.

Efficient information technology platform

bank zweiplus is a state-of-the-art transaction execution bank, boasting profound IT know-how and business engineering. We offer core banking software that is specifically tailored to the needs of our partners, and our e-banking environment features contemporary security standards.

Proven migration competence

bank zweiplus is in a position to systematically and consistently execute highly complex, migration processes within an expeditious time frame with a solutions-oriented focus. We direct the focal point at transforming complicated processes into easy-to-maintain, high-quality products. At the same time, we place significant emphasis on continuous support, innovative products and reliable management.

Individual outsourcing offering

bank zweiplus and its motivated staff boast extensive know-how throughout all levels of the core business of its cooperative partners and is capable of developing individual solutions for each and every partner. Indeed, we create added value for our partners with the knowledge possessed by our specialist teams and the experience garnered from numerous success stories.

High level of flexibility

bank zweiplus is distinguished by its leading independent product and transaction execution platform, short decision-making paths and high level of flexibility. Moreover, we guarantee our partners market-specific decisions with swift reaction times. We promptly anticipate our partners' requirements and consistently focus on their needs, paving the way to boost their own performances.

Credible client protection

Within the scope of its partnerships, bank zweiplus offers comprehensive client protection too. Client sovereignty is in the hands of our partners at all times and is in no way infringed upon. As bank partner, we guarantee secure safekeeping and management of the client assets entrusted to us.

Maximum labeling

bank zweiplus clears the way for asset managers, insurers and qualified financial service providers to offer their clientele tailor-made products and services under their own brand, while at the same time outsourcing the entire settlement and administrative activities.

Operational security

bank zweiplus is a continuously and fast-learning organization. Our operational processes are sophisticated and subject to the highest-quality principles. Reliable execution of orders and the utmost prudence in handling client data guarantee our business partners operating security.

Path-breaking transparency

bank zweiplus is fair and transparent in services and prices. We boast a pronounced level of cost consciousness and are committed to realizing constant improvements in efficiency, which in turn benefits our partners and their clients.

Binding stability

bank zweiplus guarantees stability and reliability. As a subsidiary of Bank J. Safra Sarasin Ltd private bank, we offer our partners solidity and quality.

Financial statements

Balance sheet as of 31 December

in CHF 1 000

	Note	2013	2012
Assets			
Cash and equivalents		9 467	13 538
Due from banks	1	758 496	734 720
Due from customers	2	16 963	18 237
Mortgages	2	96 437	88 808
Trading portfolio of securities and precious metals	3.1	673	945
Financial investments	3.2	57 700	58 745
Participations	3.3/4	3 398	3 398
Tangible fixed assets	5	4 427	5 617
Accrued income and prepaid expenses		9 950	10 420
Other assets	6	2 498	4 076
Total assets		960 009	938 504
Total subordinated claims		3 100	3 100
Total due from group companies and holders of qualified participations		162 808	124 938
Liabilities			
Due to banks		169 371	175 593
Due to customers in savings and investment form		468 821	499 503
Other amounts due to customers		245 167	191 288
Accrued expenses and deferred income		12 585	12 954
Other liabilities	6	8 504	11 568
Value adjustments and provisions	9	2 454	510
Share capital	10	35 000	35 000
General legal reserve		1 600	1 500
Other reserves		5 300	5 300
Profit carried forward		5 188	3 671
Profit for the year		6 019	1 617
Total liabilities		960 009	938 504
Total subordinated liabilities		–	–
Total due to group companies and holders of qualified participations		173 728	181 474

Off-balance-sheet transactions as of 31 December

in CHF 1 000

	Note	2013	2012
Contingent liabilities	2/16	157	239
Irrevocable commitments	2/17	6 054	5 200
Derivative financial instruments	18		
- Positive replacement values	6	1 499	2 602
- Negative replacement values	6	1 497	2 599
- Contract volumes		54 651	57 061
Fiduciary transactions	19	270	53 478

Income statement

in CHF 1 000

Income and expenses from ordinary banking operations

	Note	2013	2012
Net interest income			
Interest and discount income		8 563	10 217
Interest and dividend income from financial investments		833	597
Interest expenses		4 045	5 895
Subtotal net interest income		5 351	4 919
Commissions and services income			
Commission income on lending activities		2	4
Commission income on securities and investment transactions		31 043	31 024
Commission income on other services		9 635	8 442
Commission expenses		4 296	2 627
Subtotal commissions and services income		36 384	36 843
Trading income	21	8 594	7 748
Other ordinary income			
Real estate income		53	49
Ordinary income from other sources		808	1 527
Subtotal other ordinary income		861	1 576
Operating expenses			
Personnel expenses	22	19 829	23 450
General administrative expenses	23	19 966	23 354
Subtotal operating expenses		39 795	46 804
Gross profit		11 395	4 282

Profit for the year

Gross profit		11 395	4 282
Depreciation and amortization of fixed assets	5	1 655	1 729
Value adjustments, provisions and losses		2 024	707
Interim result		7 716	1 846
Extraordinary income	25	23	292
Taxes	24	1 720	521
Profit for the year		6 019	1 617

Appropriation of profit

in CHF 1 000

	2013	2012
Profit for the year	6 019	1 617
Profit carried forward	5 188	3 671
Balance sheet profit	11 207	5 288
Appropriation of profit		
Allocation to general legal reserve	-600	-100
Dividend	-4 000	—
Profit carried forward to new account	6 607	5 188

Cash flow statement

in CHF 1 000

	2013		2012	
	Cash flow source	Cash flow appropriation	Cash flow source	Cash flow appropriation
Cash flow from operating activities (internal financing)				
Profit for the year	6 019	–	1 617	–
Depreciation and amortization of fixed assets	1 655	–	1 729	–
Value adjustments and provisions	1 944	–	–	282
Accrued income and prepaid expenses	470	–	40	–
Accrued expenses and deferred income	–	369	–	430
Balance	10 088	369	3 386	712
Cash flow from investing activities				
Investments	–	–	–	3 398
Superstructures of leased properties	–	–	212	–
Other tangible assets	–	–	–	124
Software	–	465	–	233
Other intangible assets	–	–	–	600
Balance	–	465	212	4 355
Cash flow from banking activities				
Medium- and long-term activities (> 1 year)	8 477	5 984	10 431	34 602
Due to customers	–	3 627	8 465	–
Due from banks	7 241	–	–	7 241
Due from customers	191	–	1 966	–
Mortgages	–	2 357	–	20 590
Financial investments	1 045	–	–	6 759
Trading portfolio of securities and precious metals	–	–	–	12
Short-term activities (< 1 year)	29 757	45 575	187 026	157 623
Due to banks	–	6 222	70 405	–
Due to customers	26 824	–	111 078	–
Due from banks	–	31 017	–	157 254
Due from customers	1 083	–	1 063	–
Mortgages	–	5 272	3 032	–
Other assets	1 578	–	–	315
Other liabilities	–	3 064	–	54
Trading portfolio of securities and precious metals	272	–	1 448	–
Cash and equivalents	4 071	–	–	3 763
Cash at end of period	4 071	–	–	3 763
Balance	52 393	52 393	201 055	201 055

Information on business activities and personnel

General

bank zweiplus, with its registered office in Zurich, is an independent product and transaction execution platform with tailor-made financial solutions for qualified financial service providers, asset managers and life insurance companies. As of end-2013, bank zweiplus held client assets under management amounting to CHF 4.9 billion. bank zweiplus was founded on 1 July 2008 and is a joint enterprise of Bank J. Safra Sarasin Ltd, Basel (57.5 % stake) and Falcon Private Bank Ltd., Zurich (42.5 % stake). The Bank's headcount amounted to 123.75 employees as of end-2013, adjusted for part-time staff (previous year: 143.85 employees). Many of bank zweiplus's transaction execution processes are outsourced to the majority shareholder Bank J. Safra Sarasin Ltd.

The commissions and services business is the core operating activity and, at the same time, primary source of revenues, accounting for roughly 71 % of ordinary income. The trading business and interest business contribute around 17 % 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 is bank zweiplus's core operating activity. 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 service providers customized financial solutions.

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, 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 recorded according to the closing date principle and valued for the determination of income from that point in time.

On the other hand, 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. This means 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 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:

	31.12.2013	31.12.2012
Euro (EUR)	1,2255	1,2068
US dollar (USD)	0,8894	0,9154

General valuation principles

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

Cash and equivalents, receivables from money market instruments, receivables 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 (receivables 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 rest 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.

Accounting and valuation principles

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

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 assets	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. Organization, 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.

Accounting and valuation principles

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.

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. Loans to clients are secured by either 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 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.

The Bank applies the highest standards with regard to controlling money laundering activities and conforming with tax laws when providing services to its clients. Many countries tightened their respective compliance regulations in these areas in 2013 as well as already in previous years. The Bank accordingly addressed these developments in order to control reputation risk and also set aside appropriate provisions in this context.

Changes in accounting and valuation principles

None.

Information relating to the balance sheet

in CHF 1 000

Note 1 - Due from banks

	31.12.2013	31.12.2012
Due from banks, sight deposits	682 249	643 843
- of which due from Rabobank Group ¹	595 000	615 000
Due from banks, time deposits	76 247	90 877
Total due from banks	758 496	734 720

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	–	13 824	3 139	16 963
- of which subordinated loans to group companies	–	–	3 100	3 100
Mortgages	96 437	–	–	96 437
- Residential properties	93 172	–	–	93 172
- Office and commercial properties	3 265	–	–	3 265
Total loans 31.12.2013	96 437	13 824	3 139	113 400
Total loans 31.12.2012	88 808	14 546	3 691	107 045
Off-balance-sheet transactions				
Contingent liabilities	–	157	–	157
Irrevocable commitments	–	5 554	500	6 054
Total off-balance-sheet transactions as of 31.12.2013	–	5 711	500	6 211
Total off-balance-sheet transactions as of 31.12.2012	–	5 439	–	5 439

	Gross debt amount	Estimated proceeds from liquidation of collateral	Net debt amount	Individual value adjustment
Total non-performing loans as of 31.12.2013 ²	–	–	–	–
Total non-performing loans as of 31.12.2012 ²	–	–	–	–

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.

² Since only the client or lending activity is taken into account, reverse provisioning with intermediaries is factored out.

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

Note 3.1 - Trading portfolio of securities and precious metals

	31.12.2013	31.12.2012
Equity securities and fund units		
- Stock exchange-listed	63	56
- Non-stock exchange-listed	25	15
Total	88	71
Precious metals	585	874
Total trading portfolio of securities and precious metals	673	945
- of which repo-related securities according to liquidity provisions	–	–

Note 3.2 - Financial investments

	Book value		Fair value	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Debt securities (intention to hold until end of term)	57 700	58 745	57 816	59 188
- Stock exchange-listed	57 700	58 745	57 816	59 188
- Non-stock exchange-listed	—	—	—	—
Total financial investments	57 700	58 745	57 816	59 188
- of which repo-related securities according to liquidity provisions	48 528	58 745	48 674	59 188

Note 3.3 - Participations

	31.12.2013	31.12.2012
With market value	—	—
Without market value	3 398	3 398
Total participations	3 398	3 398

Note 4 - Disclosure of significant participations

Company name, domicile	Business activity	Share capital	31.12.2013 Quota ³	31.12.2012 Quota ³
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 %	50 %
Antillia Services AG, Zurich ²	Providing and intermediating financial services	100 000	100 %	100 %

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

² Antillia Services AG was acquired by Skandia Leben AG as of 1 November 2012.

³ voting as well as capital rights.

Note 5 - Statement of fixed assets

	Cost value	Accumulated depreciation to date	2013				Book value 31.12.2013
			Book value 01.01.2013	Investments	Divestments	Depreciation	
Tangible fixed assets							
Superstructures of leased properties	5 808	-2 666	3 142	—	—	-561	2 582
Other tangible assets	2 737	-1 411	1 326	—	—	-295	1 030
Software	1 723	-1 254	469	465	—	-478	456
Other intangible assets	2 605	-1 925	680	—	—	-320	360
Total tangible fixed assets	12 873	-7 256	5 617	465	—	-1 655	4 427

	2013	2012
Fire insurance values		
Superstructures of leased properties and other tangible assets are also covered within the scope of a group insurance policy of J. Safra Sarasin Holding Ltd. and reported in the J. Safra Sarasin Holding Ltd. Group Annual Report.		
Liabilities: Future leasing payments from operational leasing		
Liabilities: Future leasing payments from operational leasing	201	244

Information relating to the balance sheet

in CHF 1 000

Note 6 - Other assets and other liabilities

	31.12.2013		31.12.2012	
	Other assets	Other liabilities	Other assets	Other liabilities
Replacement values from derivative financial instruments	5	1 497	10	2 599
Settlement accounts	1 494	–	2 592	–
Value-added tax and other tax receivables and tax liabilities	153	2 150	75	2 238
Retained commissions for financial service providers	–	311	–	594
Amounts due from reverse provisioning from financial service providers, net	54	–	1 251	–
Clearing accounts for financial service providers	–	4 051	–	5 056
Other items	792	495	148	1 081
Total other assets and other liabilities	2 498	8 504	4 076	11 568

Note 7 - Information on collateral for the Bank's liabilities, pledged or assigned assets and assets subject to reservation of title

Lending transactions and repurchase agreements with securities

	31.12.2013	31.12.2012
Book value of receivables from cash collateral in securities borrowing and reverse repurchase transactions	–	–
Book value of liabilities from cash collateral in securities lending and repurchase transactions	–	–
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	40 643	58 745
<i>- Of which entitled to the right of subsequent divestiture or pledge without restrictions</i>	<i>40 643</i>	<i>58 745</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	–	–
<i>- Fair value of resold or pledged securities</i>	<i>–</i>	<i>–</i>

Note 8 - Information relating to the Bank's pension plans

	Overfunding/ underfunding	Economic share of Bank	Effective changes	Accrued expenses / deferred income	Pension expenses
Economic benefit / obligation					
Bank Sarasin & Co. Ltd. pension fund, bank zweiplus ltd sub-fund	–	–	–	178	1 734
Total economic benefit / obligation as of 31.12.2013	–	–	–	178	1 734
Total economic benefit / obligation as of 31.12.2012	–	–	–	303	2 984

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 107%.

Note 9 - Value adjustments and provisions

	2013						
	Balance at 01.01.2013	Designated use	Change in designated use (recoveries)	Recoveries, impaired interest currency translation differences	New formation debited to income statement	Releases / reversals credited to income statement	Balance at 31.12.2013
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	9 350	-9 198	–	–	–	-22	130
Value adjustments and provisions for other business risks ²	510	–	-510	–	1 944	–	1 944
Other provisions ³	–	–	510	–	–	–	510
Total value adjustments and provisions	9 860	-9 198	–	–	1 944	-22	2 584
Less value adjustments accounted for directly with assets	9 350	–	–	–	–	–	130
Total value adjustments and provisions according to balance sheet	510	–	–	–	–	–	2 454

¹ Default risks comprise risks related to provisions for bad and doubtful receivables from financial service 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 primarily consist of provisions for legal risks.

³ Other provisions comprise mainly provisions relating to legal disputes from ordinary business activities for which men, value adjustments are booked depending on the probability of default at 50% or 100%.

Information relating to the balance sheet

in CHF 1 000

Note 10 – Capital stock and shareholders with shareholdings of more than 5 % of all voting rights

	31.12.2013			31.12.2012		
	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

	31.12.2013		31.12.2012	
	Nominal	Share in %	Nominal	Share in %
Major stakeholders with voting rights				
Bank J. Safra Sarasin Ltd, Basel	20 125	57,50	20 125	57,50
Falcon Private Bank Ltd., Zurich	14 875	42,50	14 875	42,50

Note 11 – Statement of changes in shareholders' equity

Paid-in share capital	35 000
General legal reserve	1 600
Other reserves	5 300
Reserves for general banking risks	–
Balance sheet profit	5 188
Total shareholders' equity on 01.01.2013	47 088
Profit for the year 2013	6 019
Total shareholders' equity on 31.12.2013 (before appropriation of profit)	53 107
of which	
Paid-in share capital	35 000
General legal reserve	1 600
Other reserves	5 300
Reserves for general banking risks	–
Balance sheet profit	11 207

With regard to the disclosure of capital requirements in accordance with FINMA Circular 08/22 Rz3, reference is made to the information contained in the consolidated financial statements of J. Safra Sarasin Holding Ltd.

Note 12 - 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 31.12.2013
Current assets							
Cash and equivalents	9 467	–	–	–	–	–	9 467
Due from banks	682 249	–	76 247	–	–	–	758 496
Due from customers	6 753	–	7 461	2 749	–	–	16 963
Mortgages	–	4 042	12 623	3 435	24 647	51 690	96 437
Trading portfolio of securities and precious metals	673	–	–	–	–	–	673
Financial investments	–	–	8 014	17 160	32 526	–	57 700
Total current assets as of 31.12.2013	669 142	4 042	104 345	23 344	57 173	51 690	939 736
Total current assets as of 31.12.2012	666 996	–	92 857	38 298	67 906	48 936	914 993
Borrowed capital							
Due to banks	20 971	–	148 400	–	–	–	169 371
Due to customers in savings and investment form	223 043	245 778	–	–	–	–	468 821
Other amounts due to customers	214 908	–	3 941	3 892	22 426	–	245 167
Total borrowed capital as of 31.12.2013	458 922	245 778	152 341	3 892	22 426	–	883 359
Total borrowed capital as of 31.12.2012	409 882	265 144	157 021	8 284	26 053	–	866 384

Information relating to the balance sheet

in CHF 1 000

Note 13 - Breakdown of balance sheet by domestic and foreign operations

	31.12.2013		31.12.2012	
	Domestic	Foreign	Domestic	Foreign
Assets				
Cash and equivalents	9 467	–	13 538	–
Due from banks	162 680	595 816	118 689	616 031
Due from customers	11 512	5 451	12 922	5 315
Mortgages	94 309	2 128	86 674	2 134
Trading portfolio of securities and precious metals	599	74	876	69
Financial investments	6 187	51 513	6 306	52 439
Participations	3 398	–	3 398	–
Tangible fixed assets	4 427	–	5 617	–
Accrued income and prepaid expenses	9 948	2	10 415	5
Other assets	2 454	44	2 920	1 156
Total assets	304 981	655 028	261 355	677 149
Liabilities				
Due to banks	169 279	92	175 593	–
Due to customers in savings and investment form	454 130	14 691	483 457	16 046
Other amounts due to customers	156 368	88 799	137 151	54 137
Accrued expenses and deferred income	12 584	1	12 953	1
Other liabilities	5 725	2 779	7 300	4 268
Value adjustments and provisions	2 454	–	510	–
Share capital	35 000	–	35 000	–
General legal reserve	1 600	–	1 500	–
Other reserves	5 300	–	5 300	–
Profit carried forward	5 188	–	3 671	–
Profit for the year	6 019	–	1 617	–
Total liabilities	853 647	106 362	864 052	74 452

Note 14 - Breakdown of assets by country and region

	31.12.2013		31.12.2012	
	Absolute	Share in %	Absolute	Share in %
Europe				
- Netherlands	602 203	62,7	622 223	66,3
- Switzerland	304 981	31,8	261 355	27,8
- Germany	6 436	0,7	9 174	1,0
- Ireland	6 165	0,6	3	0,0
- France	5 631	0,6	13 410	1,4
- Great Britain	2 178	0,2	6 081	0,6
- Luxembourg	—	—	3 650	0,4
Rest of Europe	1 819	0,2	5 899	0,6
Total Europe	929 413	96,8	921 795	98,2
Outside Europe				
- USA	24 443	2,5	11 206	1,2
Other countries outside Europe	6 153	0,7	5 503	0,6
Total outside Europe	30 596	3,2	16 709	1,8
Total assets	960 009	100,0	938 504	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 15 - Breakdown of assets and liabilities by the Bank's most significant currencies

	CHF	EUR	USD	Other	Total 31.12.2013
Assets					
Cash and equivalents	8 584	832	36	15	9 467
Due from banks	657 699	79 233	16 075	5 489	758 496
Due from customers	13 194	3 310	314	145	16 963
Mortgages	96 437	–	–	–	96 437
Trading portfolio of securities and precious metals	48	42	–	583	673
Financial investments	51 538	6 162	–	–	57 700
Participations	3 398	–	–	–	3 398
Tangible fixed assets	4 427	–	–	–	4 427
Accrued income and prepaid expenses	9 679	265	6	–	9 950
Other assets	1 690	808	–	–	2 498
Total assets	846 694	90 652	16 431	6 232	960 009
Liabilities					
Due to banks	169 272	92	–	7	169 371
Due to customers in savings and investment form	461 404	7 417	–	–	468 821
Other amounts due to customers	147 956	76 671	14 544	5 996	245 167
Accrued expenses and deferred income	12 585	–	–	–	12 585
Other liabilities	5 645	2 843	–	16	8 504
Value adjustments and provisions	2 454	–	–	–	2 454
Share capital	35 000	–	–	–	35 000
General legal reserve	1 600	–	–	–	1 600
Other reserves	5 300	–	–	–	5 300
Profit carried forward	5 188	–	–	–	5 188
Profit for the year	6 019	–	–	–	6 019
Total liabilities	852 423	87 023	14 544	6 019	960 009
Net position per currency	-5 729	3 629	1 887	213	–

Information relating to off-balance-sheet transactions

in CHF 1 000

Note 16 - Breakdown of contingent liabilities

	31.12.2013	31.12.2012
Credit guarantees	132	214
Other contingent liabilities	25	25
Total contingent liabilities	157	239

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

Note 17 - Breakdown of irrevocable commitments

	31.12.2013	31.12.2012
Payment obligations to depositor protection schemes	5 064	4 200
Payment obligations to clients	490	–
Payment obligations to group companies	500	1 000
Total irrevocable commitments	6 054	5 200

Note 18 - 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	–	–	–	–	–	–
Swaps	–	–	–	1 494	1 494	52 723
Futures	–	–	–	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total interest rate instruments as of 31.12.2013	–	–	–	1 494	1 494	52 723
Total interest rate instruments as of 31.12.2012	–	–	–	2 592	2 592	52 723
Foreign exchange / precious metals						
Forward contracts	5	3	1 928	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	–	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total foreign exchange / precious metals as of 31.12.2013	5	3	1 928	–	–	–
Total foreign exchange / precious metals as of 31.12.2012	10	7	4 338	–	–	–
Total before taking into account netting contracts						
Reporting year	5	3	1 928	1 494	1 494	52 723
Previous year	10	7	4 338	2 592	2 592	52 723
Total after taking into account netting contracts						
Reporting year	5	3	–	1 494	1 494	–
Previous year	10	7	–	2 592	2 592	–

Information relating to off-balance-sheet transactions

in CHF 1 000

Note 19 - Fiduciary transactions

	31.12.2013	31.12.2012
Fiduciary deposits at third-party banks	270	53 478
Total fiduciary transactions	270	53 478

Note 20 - Client assets under management

In CHF million	31.12.2013	31.12.2012
Assets with management mandate	1 363	1 192
Other client assets under management	3 575	3 292
Total client assets under management	4 938	4 484
of which double counting	—	—
Net new money inflows / outflows	169	-636

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 21 - Trading income

	2013	2012
Securities	6	—
Foreign exchange and precious metals	8 588	7 748
Total trading income	8 594	7 748

Note 22 - Personnel expenses

	2013	2012
Salaries	15 795	18 000
Social benefits	2 787	4 077
Other personnel expenses	1 247	1 373
Total personnel expenses	19 829	23 450

Note 23 - General administrative expenses

	2013	2012
Office space expenses	1 468	1 520
Expenses for EDP, machinery, furniture, automobiles and other equipment and fixtures	460	897
Advertising costs	572	1 255
Consulting and services	15 524	17 967
Other administrative expenses	1 942	1 715
Total administrative expenses	19 966	23 354

The consulting and services position includes costs for outsourcing services of TCHF 14 633 (previous year: TCHF 16 339).

Note 24 - Taxes

	2013	2012
Expenses for current income tax and capital tax	1 720	521
Total income tax expense	1 720	521

Information relating to the income statement

in CHF 1 000

Note 25 - Extraordinary income

	2013	2012
Dissolution of value adjustments and provisions for default risks	22	292
Other operating and prior reporting period income	1	—
Total extraordinary income	23	292

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 13 to 36), for the financial year ended 31 December 2013. The previous year's financial statements were audited by another statutory auditor, which expressed an unqualified opinion thereof in its report of 27 February 2013.

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.

Audit opinion

In our opinion, the financial statements for the financial year ended 31 December 2013 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 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 these financial statements be approved.

Deloitte AG

Erich Schärli

Licensed audit expert (Auditor in charge)

Pascal Ghezzi

Licensed audit expert

Zurich, 11 March 2014



Imprint

Publisher bank zweiplus ltd, P.O. Box, Bändliweg 20, CH-8048 Zurich, www.bankzweiplus.ch **Design** metaphor, Zurich, CH-8003 Zurich **Concept & contents** bank zweiplus ltd, Communication | Bruseghini Public Relations, Zurich **Photos** Urs Pichler, Adliswil | Theodor Stalder, Zurich **Production** integrated communication solutions, CH-5246 Scherz | Erni Druck and Media AG, CH-8722 Kaltbrunn **Frequency of publication** This Annual Report is published (500 hardcopies) in German and available in English as PDF file as well as online at www.bankzweiplus.ch/geschaeftsbericht.
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.

