BBVA

Private Banking

ANNUAL REPORT 2023

BBVA in Switzerland

Annual Report 2023

BBVA in Switzerland

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Message from the Chairman and the Chief Executive Officer

We accomplish 2023 with the certainty that we have experienced a challenging year in the macroeconomic sphere and also with even greater controversy in the geopolitical environment.

The Debt Crisis that was already extraordinarily intense in 2022, being the most virulent in the last two centuries, has continued along the same path during 2023, which has led to significant corrections in the valuation of portfolios during the year. In the last stretch of the year we began to see a change in trend in the evolution of long-term interest rate curves, which was gradually reflected in the performance of our clients' portfolios. The second half year has been one of inflation control, having at least partially ruled out a price tension occuring in a structural way. We therefore believe that from the second half of the year onwards we will see interest rate corrections again and a relaxing monetary policy by the Central Banks with a scenario that is perhaps more projectable in terms of visualising the trend in the fixed income market.

Switzerland as an International Private Banking Hub has in 2023 once again reaffirmed its global leadership, with a 25% market share. The strength of Switzerland with its triple A credit rating and its solid macroeconomic indicators make it an extraordinary option for those clients who in a complex geopolitical environment want to protect themselves and safeguard their assets from potential contingencies.

In the past financial year, we have continued our strategic path in the Blockchain world, creating a specific unit focused on this space, where the level of specialisation allowed us to increase our dialogue with and thus attract new institutional clients that are joining the industry for these new digital assets; We are convinced that this new space is only the beginning of what is to come in terms of digital AUM and other opportunities that we are well prepared to address; BBVA Switzerland, in addition to having created its new departmental structure, has in 2023 carried out an upgrade of the custody platform, which allows it to be more agile and also to parameterise the operations according to the characteristics of the customers, always with the focus on reliability of custody and in particular on cybersecurity, which is absolutely essential.

We have developed a sustainability policy, which is in line with both our Group and the regulatory compliance established in Switzerland; in these dynamics, our main mission is to offer our clients a value proposition in terms of truly sustainable investments, according to the standards of our Group, and always with an educational mission.

We can affirm that 2023 has fortunately been a year in which we have fully returned to normality after the mere gradual return that occurred during the previous year. This has led us to close the year with 210 work trips by our teams to the different geographies, where our mission is to build lasting relationships and provide value to our clients under our advisory models and investment strategies.

We would like to thank all the professionals who make up BBVA Switzerland for their dedication, professionalism, rigour, motivation and energy, characteristics without which nothing would be possible; our teams in BBVA clearly make the difference, because in this organisation, we firmly believe in people as the main competitive advantage – and with BBVA Switzerland it is even more the case.

Finally, we would like to thank our customers for the trust they place in all of us, without which none of what we do would be possible, and for this reason we consider our customers to be our Bank's most important asset.

We are proud to belong to the BBVA Group and full of commitment to continue giving the best of ourselves to our customers and our shareholders.

Mr. Michael Huber
Chairman of the Board

Mr. Alfonso Gómez
Chief Executive Officer

Corporate Governance

At BBVA in Switzerland, we aim to uphold the highest degree of excellence developing Wealth Management activities, by implementing a solid corporate governance model, based on seeking out return adjusted to principles, strict legal compliance, best practices, and the creation of long-term value for all stakeholders.

The composition of the Board of Directors is a key element of BBVA Group Corporate Governance System. As such, it must help the corporate bodies to adequately perform their management and oversight functions, providing different viewpoints and opinions, fostering debate, analysis and critical review of the proposals submitted for its consideration.

Thus, the Board of Directors of BBVA SA currently consists of a combination of people with wide experience and knowledge of the financial and banking sector, with directors with experience and knowledge of different matters that are of interest to the Bank and Group (such as auditing, digital business and technology, legal and academic fields or multinational businesses), overall achieving adequate balance and diversity in its composition, allowing for a better operation.

Board of Directors

Corporate Governance Structure: Board of Directors (as of December 31st 2023)

Full name	Post on Board of Directors	Type of directorship	Date first appointed	Date last appointed
Dr. Michael Huber (1)	President	Independent Member, Partner with the law firm Wenger & Vieli AG, Zurich	March 15th, 2000	April 28th, 2016
Mr. Roberto Hayer (1)	Vice-President	Independent Member, Partner with the law firm Reber, Zurich	April 28th, 2016	April 27th, 2023
Ms. Alicia Pertusa	Member	BBVA	July 9th, 2020	
Mr. Antonio Bravo	Member	BBVA	April 27th, 2023	
Mr. Humberto García de Alba	Member	BBVA	April 28th, 2016	
Mr. Eduardo de Fuentes	Member	BBVA	April 28th, 2016	April 27th, 2023
Mr. Juan Carlos Muñoz (2)	Secretary	BBVA	November 7th, 2022	

(1) Independent Member of the Board of Directors according to FINMA Circular 2017/1, mn 17.

(2) Non-member.

The Board of Directors currently comprises five members. Two of them are independent members. The Secretary is not a member of the Board of Directors. This corporate body has the structure, size and composition adjusted to corporate needs. The functions and activities of Board Members are ruled by the principles of responsibility, transparency and independence. Board Members shall participate in the deliberations, discussions and debates on matters submitted for their consideration.

Number of Board Meetings:	**4**

Changes in the Composition of the Board

During 2023, there have been some changes in the composition of the Board of Directors. The Board of Directors approved the position of Mr. Roberto Hayer as Vice-President and Mr. Eduardo de Fuentes did not stand for re-election.

Education and Experience of the members of the Board of Directors

The background of the Board Members is very diverse and combines members with experience and knowledge of the Group, its businesses and the financial sector in general, with others having relevant training, skills, knowledge and experience in sectors such as legal, audit, IT and the banking sector in Switzerland and Europe.

Dr. Michael Huber, PhD in Law, University of Zurich. Admitted to the Zurich Bar/Swiss Bar. 38 years of professional experience as Associate and Partner with various law firms in control functions and the day-to-day management of the Bank are performed with excellence.

Ms. Alicia Pertusa, Bachelor's Degree in Law and Business Administration, MBA INSEAD, 21 years of professional experience in Consulting at McKinsey & Company, Business Development and Marketing Director of Financing Products at Deutsche Bank and various positions at BBVA (Head of Digital Transformation in Corporate and Investment Banking-CIB, Head of Strategy, Research & Digital Assets, Independent Businesses), among other positions.

Mr. Roberto Hayer, Master's degree in Law, University of Basel. Admitted to the Basel Bar/Swiss Bar. 26 years of professional experience as Associate and Partner with various law firms in Switzerland and Spain, among other positions.

Mr. Humberto García, MSc Financial Engineering. BSc in Economics. 30 years of professional experience as Director Global Wealth at BBVA Spain and Chief Investment Officer at BBVA Mexico, among other positions.

Mr. Antonio Bravo, Bsc in Industrial Engineering, Msc in Internet Business, 15 years of professional experience in various roles and since 2021 as Global Head of Sustainability Strategy & Development at BBVA Spain.

Mr. Juan Carlos Muñoz, the Secretary of the Board of Directors, Master's degree in Finance, Universidad del Pacífico in Lima. Economics degree, Universidad Ricardo Palma in Lima. 17 years of professional experience within the BBVA Group in Lima and Zurich, of which 15 years at BBVA in Switzerland.

Members of Senior Management

Senior Management shall deal with those matters, which the Board of Directors has delegated in compliance with current legislation, the Company's Bylaws and its Business and Organization Regulations.

Senior Management has created a structure of internal committees, which help to ensure that the oversight and control functions and the day-to-day management of the Bank are performed with excellence. These committees consist of employees with responsibility on relevant areas.

Members of Senior Management (as of December 31st, 2023)

Full name	Post on company organization
Mr. Alfonso Gómez	Chief Executive Officer/General Manager
Ms. Eva Blaya	Finance
Mr. Sergio Pedrosa	Business
Mr. Francisco Javier Arranz	Operations
Ms. Janet Pitan	Talent and Culture
Mr. Juan Carlos Muñoz	Risk Management
Mr. Iñigo Berasaluce	Compliance
Mr. Alberto Villasán	Investment and Markets
Ms. Jessica Estevez	Legal
Mr. Jordi Borja (1)	Internal Audit

(1) Director and reports directly to the Board of Directors; does not belong to the Management Committee.

Education and Experience of the members of Senior Management

Mr. Alfonso Gómez, Leadership degree, IESE University of Navarra, Madrid-Spain. Economics degree specialized in "Public Sector", Universidad Autónoma de Madrid. MIT Media Lab cryptocurrency certificate. 30 years of professional experience within the BBVA Group in Madrid, New York, London and Zurich, of which 10 years at BBVA in Switzerland.

Ms. Eva Blaya, Business economics degree, University of Barcelona, Spain. Leadership degree, IESE University of Navarra, Spain. Awarded the CFA Institute Certificate in ESG Investing. Diploma in Financial Risk, IEF, Spain. MIT Media Lab cryptocurrency certificate. Ms Blaya has 20 years of experience in the financial sector and 15 years within the BBVA Group in Switzerland with previous experience in Ernst & Young as an auditor.

Mr. Sergio Pedrosa, Bachelor's degree in Law, University of Barcelona. European Financial Planner (EFPA). 26 years of professional experience within the BBVA Group, in Madrid, Barcelona and Zurich, of which 22 years at BBVA in Switzerland.

Mr. Francisco Javier Arranz, MBA in Foreign Trade. Faculty of Economics and Business - Elcano (Biscay). Business Administration degree from the Faculty of Economics and Business (Sarriko, Biscay). 27 years of professional experience within the BBVA Group in Bilbao, Madrid, Jersey and Zurich, of which 21 years at BBVA in Switzerland.

Ms. Janet Pitan, Economics and Business Administration degree with Specialization in Finance, Universidad Complutense in Madrid. Certified International Coach. 26 years of professional experience within the BBVA Group in Madrid and Zurich, of which 10 years at BBVA in Switzerland.

Mr. Juan Carlos Muñoz, Master's degree in Finance, Universidad del Pacífico in Lima. Economics degree, Universidad Ricardo Palma in Lima. MIT Media Lab cryptocurrency certificate.17 years of professional experience within the BBVA Group in Lima and Zurich, of which 15 years at BBVA in Switzerland.

Mr. Iñigo Berasaluce, Bachelor's degree in Law, University of Deusto. Certified Anti-Money Laundering Specialist (ACAMS). MIT Media Lab cryptocurrency certificate. 32 years of professional experience within the BBVA Group in Valencia, Bilbao, Madrid, Zurich and Hong Kong, of which 17 years at BBVA in Switzerland.

Mr. Alberto Villasán, Higher Diploma in Aerospace Engineering, Polytechnic University of Madrid. Master's degree in Financial Markets, BBVA Financial School. Chartered Financial Analyst (CFA). MBA Instituto Empresa. 26 years of professional experience within the BBVA Group in Madrid and Zurich, of which 12 years at BBVA in Switzerland.

Ms. Jessica Estevez, Master's degree in Law, University of Zurich. Admitted to the Zurich Bar/Swiss Bar. Ms. Estevez has 14 years of professional experience as a lawyer in different legal protection insurance companies as well as in a law firm in Switzerland. She had worked as Legal Counsel for BBVA Switzerland for 4 years in the past and joined the Bank again in November 2022 as General Counsel.

Mr. Jordi Borja i Cotolí, Law & Finance degree by the C.U. Estudi General in Valencia and Postgraduate Diploma in Financial Auditing and Risk by IEB in Madrid. 20 years of professional experience in audit and assurance services and banking, of which 17 years' experience within the BBVA Group in Madrid (Holding), Chile and Zurich, of which 3 years at BBVA in Switzerland. Rejoined the Bank in January 2023.

Economic Environment

Economic evolution 2023

Economic activity during 2023 has been characterized by a return to normality of the main macroeconomic variables after the imbalances introduced by the COVID economic stimuli.

Perhaps the variable that has adjusted the most has been inflation, with falls from levels of 9.1% to 3.4% in the United States and from levels of 10.6% to 2.9% in the Eurozone. Several factors have contributed to this, such as the consumption of economic stimuli by consumers and rate hikes by the main central banks.

The U.S. economy surprised on the upside during 2023, showing economic growth of 2.5% in real terms versus 1.9% in 2022. This growth is significant given the elevated rate environment following the Fed's hikes from 0% levels during the COVID crisis to 5.5% today. Additionally, economic growth was supported by a stronger than expected labor market.

The strength of the U.S. economy contrasts with that of other geographical areas, such as the Eurozone, whose economic growth will be around 0.5%, with some of its member countries in recessionary territory, such as Germany.

China, on the other hand, grew at a rate of 5.3% in 2023, well above the 3% of 2022, despite the problems in the real estate and financial sector.

Evolution of the financial markets 2023

Fixed income markets, which suffered so much during 2022, have presented a more positive and stable performance in all geographical areas. The latest statements from major central banks point to a pause in monetary policies, which coincides with the evolution of leading economic indicators.

Equity markets have regained some of the ground lost over the past year, led by large cap companies positioning at levels within 10% of the December 2021 highs.

Even commodity markets have shown stable downward behavior in most cases. The price of a barrel of Brent type oil is at levels of 82 USD, which is a 40% drop from the maximum levels and 10% from the references prior to the war in Ukraine.

Gold has shown a different behavior, with a revaluation of around 10% during 2023, closing the year 2% below the historical highs of 2,080 USD per ounce.

With respect to the currency market, a slight appreciation of the euro and CHF against the USD and a significant strengthening of the Mexican peso characterized the year 2024.

Positioning during 2023

The positioning during 2023 has been characterized by a tactical management of equities and a high exposure to high credit quality fixed income assets.

Throughout the year, we maintained a positive view on equities because of the positive dynamics of equities, despite historically high rises and valuations.

In fixed income, we have taken advantage of rising rates to continue to incorporate high credit quality bonds with long durations into the portfolios, in order to ensure a safe and high carry above inflation over the next few years, while minimizing default risk.

We have continued to participate in the idea of Asian High Yield bonds in USD because of their high carry and high diversification, which we continue to see as an excellent medium to long term investment opportunity in historical terms.

Outlook 2024

During 2024, we expect a lagged effect of monetary policy and a lower contribution from fiscal policy should lead to a low-growth, below-potential environment in most economies.

As for inflation, in both the US and the Eurozone, we expect headline and core inflation to continue their downward path to levels slightly above 2% by the end of 2024. Energy prices would continue to contribute negatively, while food inflation will continue to moderate gradually. The risk would lie in some structural strength in the labor market.

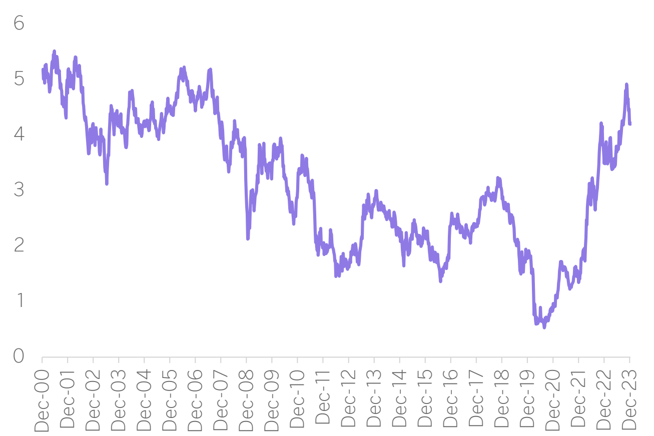
The turning point for markets in 2024 will be evidence that inflation is under control and that central banks can begin interest rate cuts. The backdrop would be right for fixed income to perform well. Interest rates have already risen sharply, and investors will be able to benefit from positive coupon returns and low risk or volatility, especially compared to other assets.

With this sustained reduction in inflation, fixed income is expected to improve its performance in both emerging and more developed countries. The latter offer a high yield and some central banks in this area are already immersed in the cycle of rate cuts. Investment grade credit is also interesting in terms of risk/return.

In conclusion, our central scenario for 2024 is characterized by economic growth below potential. Inflation will continue to decline towards the 2% zone and will allow central banks in developed countries to initiate interest rate cuts. We will therefore find an ideal environment for fixed-income investments, once we leave behind the sharp rise in interest rates that began in 2022.

Stock markets can also have positive returns in 2024, supported by modest earnings growth and in some cases attractive valuations. However, in terms of expected risk-adjusted returns, we prefer fixed income to equities. Finally, given the current uncertainty regarding the economic cycle and the geopolitical situation, it is necessary to consider that positioning may require a dose of flexibility throughout 2024.

US 10 year treasury yield



Source: Bloomberg

A significant economic slowdown could weigh on equity valuations, so we do not rule out moments of high volatility and eventual corrections, which we could take advantage of to take structural positions with a medium and long-term horizon.

Consensus GDP estimates

	4Q23*	GDP 23	GDP 24	GDP 25
Global	**2.3%**	**2.8%**	**2.6%**	**3.0%**
Developed markets	**0.8%**	**1.6%**	**1.1%**	**1.8%**
USA	0.7%	2.3%	1.0%	1.8%
Eurozone	0.1%	0.5%	0.7%	1.5%
Japan	0.8%	1.8%	1.0%	1.0%
Emerging markets	**4.5%**	**3.9%**	**4.0%**	**4.1%**
Latam	1.4%	1.7%	1.6%	2.3%
Mexico	2.8%	3.3%	2.0%	2.2%
Brazil	2.5%	3.0%	1.6%	2.0%
Asia excl. Japan	4.9%	4.6%	4.6%	4.5%
China	5.0%	5.2%	4.5%	4.4%
India	5.8%	7.0%	6.2%	6.3%
EMEA	2.6%	2.1%	2.4%	2.8%
Turkey	3.7%	4.0%	2.7%	3.3%
BRICS	4.7%	4.6%	4.3%	4.2%

*YoY% except for USA and Japan (QoQ% SAAR). Colors show degree of chante in last 3 weeks (since 23.09.2022): Dark/ligth gray Dark/light purple <=-0.2%/0.1%.

Source: Bloomberg 17/11/2023.

Management Report

The main objective of the members of the BBVA in Switzerland team is to provide an excellent service, delivered through a client-centric business model.

Talent & Culture

Our mission

At BBVA in Switzerland, we deeply believe that our success lies in the strength of our team, composed of no more than 250 employees on annual average. Having the best and most committed team is key for us. Being committed is one of the six strategic priorities that drive our Group. At Talent and Culture, we are passionately dedicated to attracting, motivating, training, and retaining the best team. We create an open and flexible environment focused on employee well-being, inclusivity, and diversity, where each person can develop and grow professionally. We firmly believe that our business is people-oriented, and our success is measured by the greatness of our people.

Professional Development and People Management Model

Our talent development and growth model revolves around the employee. It is based on the principles of trust, empowerment, and transparency. Employees are accountable for their own professional development and rely on their manager as the primary support to accompany and guide them along their journey.

In 2023, we launched the "The Good Manager" project, recognizing leaders who not only achieve objectives but also lead by example, build trust, foster growth, and promote the well-being of their teams.

Our approach to professional development is primarily grounded in a comprehensive 360° evaluation process. Through this process, each employee gains a comprehensive understanding of their performance, progress in skills, and potential for further professional growth.

Training

At BBVA, we reaffirm our commitment to training as the engine for continuous growth and constantly updating. We provide employees with a global learning platform with a constantly evolving catalog that incorporates a selection of specific resources for professionals to acquire the knowledge and skills necessary for their development. We highlight the variety of formats that, due to their dynamism and flexibility, adapt to the employee's way of learning: MOOCs (Massive Open Online Courses), podcasts, videos, blogs, communities of practice, portals structured by areas of knowledge or simulators, among others. The strength and extensive implementation of our training model not only allows us to anticipate, but also to respond quickly to changing training needs, especially in regulatory and business areas.

Additionally, over the course of 2023, we have placed significant emphasis on key courses, addressing fundamental topics such as Blockchain, Sustainability, Cybersecurity and Communication techniques.

Diversity and inclusion

Diversity and inclusion are firmly aligned with our purpose and are in line with the Group's values. We promote a diverse workforce that accurately reflects and represents the society in which we operate. This approach helps us to not only attract and retain exceptional talent, but also to better understand and meet the needs of our customers.

Commitment and Values

BBVA values and behaviors (The customer comes first, We think big, and We are one team) serve as the guiding principles for all our employees in their day-to-day decision-making. They are the hallmark of everyone working in the Group, setting us apart and driving us every day; they represent our greatest asset and guide.

We consistently dedicate ongoing efforts to enhance our employees' experience, deepen their commitment, and boost their motivation. We maintain closeness, attentiveness to their opinions and comments, with the aim of learning and evolving according to their needs and expectations.

In this regard, for the seventh consecutive year, we have launched the Employee Engagement Survey, externally provided by Gallup, resulting in an indicator that highlights the high level of commitment among our staff. This underscores our continued progress in fostering a sense of enthusiasm and pride of belonging among all those who are part of our team.

BBVA in Switzerland overview: business performance and future outlook

Clients' Assets under Management

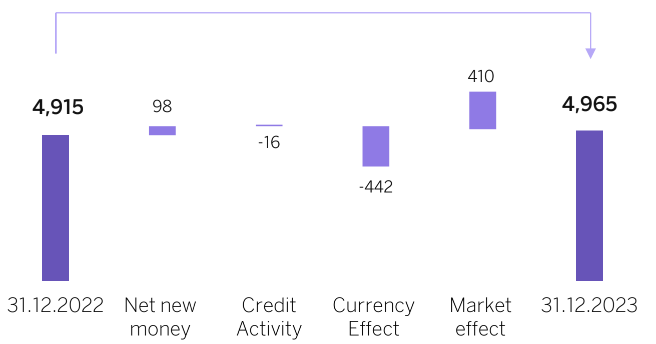
We put our clients' needs first. We believe that our ability to serve clients globally with solutions tailored to their needs give us a strong advantage in today's rapidly changing and highly competitive marketplace. We are progressing towards achieving specific goals for our growth strategy. Our Assets under Management (AuMs) closed at 4965 million thanks to an increase in Net New Assets of 98 million and more importantly, a positive market effect despite macroeconomic and geopolitical shocks.

As we reflect in our figures, BBVA stands resilient in the face of dynamic market conditions and economic shifts. The global financial landscape exhibited a rollercoaster of trends and challenges. The MSCI Index, representing a broad spectrum of equities, saw both peaks and troughs with a performance of 20%. Simultaneously, the Bloomberg US Aggregate Total Return captured the intricate dance of fixed-income securities, offering a 5.5% appreciation. The positive market effect in our AuMs was 410 million.

On the side of currencies, the year was punctuated by noteworthy fluctuations. An 8.6% depreciation of the USD/CHF exchange rate and a 5.1% depreciation of the EUR/CHF during 2023 played a pivotal role with a negative impact of 442M in our AuMs.

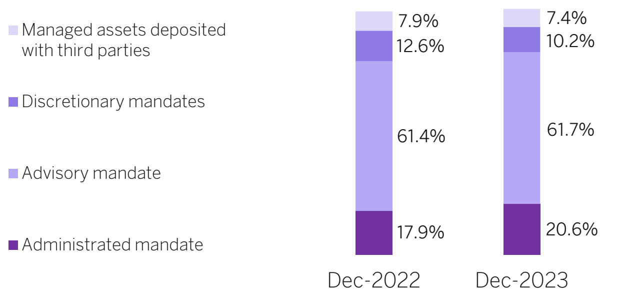
Despite the challenges, we have emerged stronger, guided by our commitment to prudence, adaptability and customer service. The year 2024 brings formidable challenges, with headwinds such as slowing economic growth, persistent inflation, and a nuanced global economic landscape testing the resilience of financial institutions worldwide. Against them, our bank stands firm, leveraging its strategic vision and adaptability to navigate the uncharted waters of these complex macroeconomic dynamics.

CBV evolution (CHF million)



Notes: 1) Assets under Management include all bankable assets that are managed at BBVA in Switzerland for investment purposes and include administrated, advisory and discretionary mandates, as well as other managed assets.
2) Net new money consists of new client acquisitions, client departures, and inflows or outflows attributable to existing clients.

AuMs by type of mandate (CHF million)

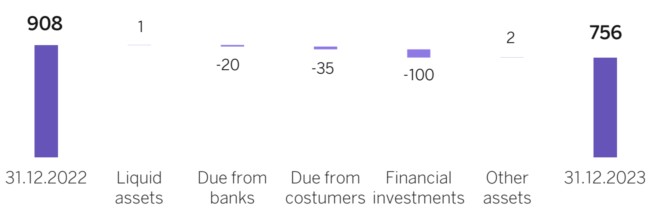


Advisory mandates saw a slight increase in asset allocation up to 61.7% from 61.4%. Inflows were allocated under this mandate.

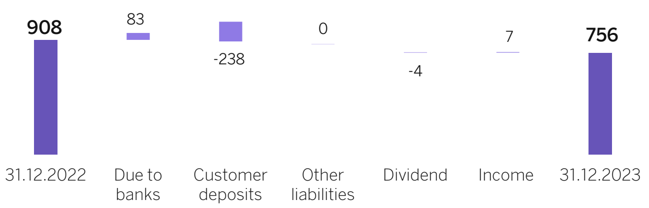
Balance Sheet and Activity

As of the end of 2023, total assets were 756 million, down by 152 million compared to the end of 2022 largely driven by a decrease in customer deposits (CHF 238 million). Our clients look to invest their assets in light of high returns versus current accounts or time deposits.

Balance sheet movements-assets (CHF million)



Balance sheet movements-liabilities and equity (CHF million)



Liquidity

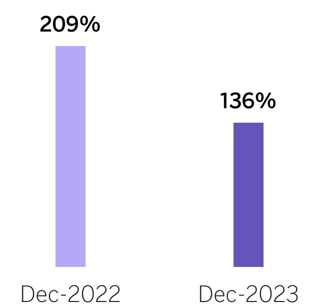
Our aim is to maintain a healthy liquidity position that enables us to address all liabilities when they fall due, whether under normal or stressed conditions. The implementation and execution of the liquidity and funding strategy is managed by the ALM manager following BBVA Group's liquidity framework guidelines.

In 2023, the Bank successfully managed a tighter liquidity position throughout the year given the macro scenario of high interest rates.

LCR

Our LCR remained above the required minimum of 100% for 2023. Even though liquidity was tightening, as above mentioned, we showed a short-term resilience to face our liquidity risk by ensuring that we have sufficient HQLA to survive a significant stress scenario lasting 30 calendar days. The LCR is expressed as a ratio that must equal or exceed 100%. YOY variation is due to a decrease in client's cash in a context of high interest rates and therefore a higher appetite to invest.

LCR (Liquidity Coverage Ratio)

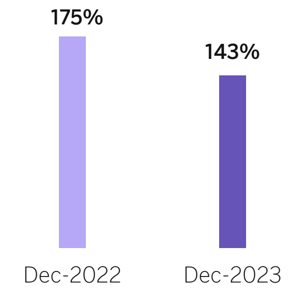


NSFR

The NSFR requires banks to maintain a stable funding profile in relation to their on- and off-balance sheet activities, thus reducing the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that could increase the risk of its failure and potentially lead to broader systemic stress.

The NSFR is also expressed as a ratio that must equal or exceed 100%.

NSFR (Net Stable Funding Ratio)

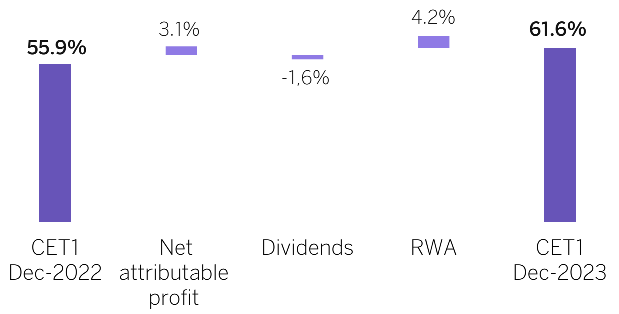


Solvency

The Bank's solvency position still remains comfortable. Capital strength goes on providing key support for our strategy and competitive position.

In 2023, the BIS CET1 ratio increased to 61.6% from 55.9%, primarily due to last year's profit and a decrease in RWA attributable to credit risk in the Financial Investments (ALCO portfolio).

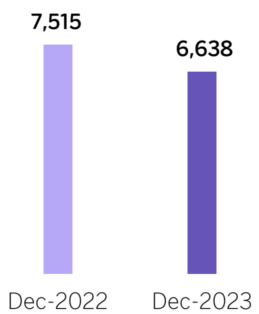
CET 1 ratio



Results

Profit after tax decreased by 0.9 million primarily driven by higher interest rates pushing funding cost upwards.

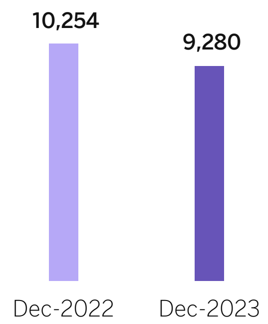
Net Profit (CHF million)



Operating income

The **net interest income (NII)** amounted to 9.3 million, a YoY decrease of 9.50% mostly driven by an increase in due to banks positions and high funding cost given the macroeconomic scenario of high interest rates.

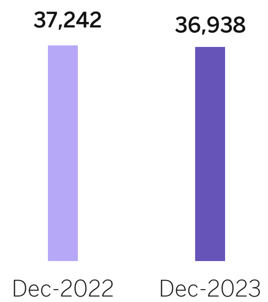
Net Interest Income (CHF million)



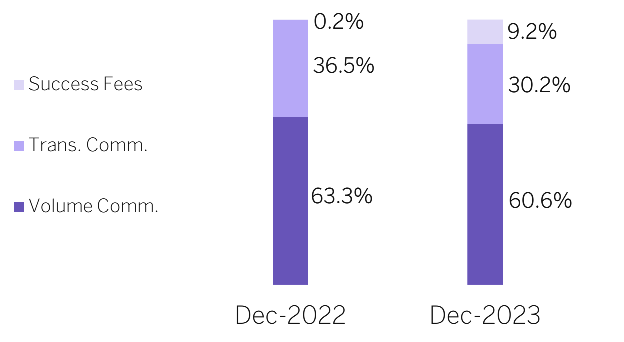
As previously indicated, 2023 presented itself as one of the most challenging years since 2008. Nevertheless, we effectively managed our overall net fees and commissions to sustain levels comparable to the previous year, experiencing a modest decline of -0.82% to CHF 36.9 million.

Recurrent fee income decreased by 1.4 million up to 23.6 million, reflecting lower commissions as a result of a currency impact. Transaction-based income also decreased by 18% or 2.6 million due to lower portfolio rotations due to a lack of investment opportunities given our client's portfolio positioning.

Net commission evolution (CHF million)



Volume vs transaction-based commissions (CHF millions)



We managed to enhance our Return on Client Business Volume by 24 bp to 116 bp despite the challenging macro environment.

Total operating expenses (CHF million)

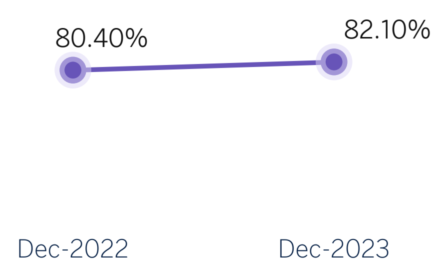
Total combined **Personnel & General expenses** closed at 38.7 million, an increase of 2.1% versus 2022. We executed the necessary adjustments to our operating expenses in order to align with our strategic plan, despite our ongoing solid commitment to disciplined cost management.

Amortizations closed slightly higher than 2022. We have been successfully investing the last years in strategic and operational improvements, repositioning ourselves in the new ecosystem.

Cost / income ratio

The cost / income ratio was 82.1%, compared with 80.40% in the previous year, given a lower gross income arising from funding cost increase.

Cost / income ratio



Key figures

Key figures (As of per the year ended, CHF)

	31.12.2023	31.12.2022
Balance Sheet Statistics		
Total assets	755,994,488	908,474,950
Total credit activity	429,134,314	472,558,308
Deposits from customers	749,356,647	900,960,398
Total shareholders' equity	137,541,351	133,784,076
Core results		
Operating income	49,079,193	49,160,730
Operating expenses	38,685,500	39,538,385
Net profit/(loss) attributable to shareholders	6,637,841	7,514,600
Key Performance Indicators		
RoE (%)	4.7%	3.4%
RoA (%)	0.83%	0.75%
C/I ratio (%)	82.1%	80.4%
RoRWA (%)	2.9%	2.6%
CET 1 ratio (%)	61.6%	55.9%
Liquidity coverage ratio (%)	136%	209%
Net New Money growth (%)	2.00%	10.63%
RoCBV*	1.16%	0.92%

* Does not include the interests received from the own portfolio.

Bank Risk Assessment

Regular meetings are held to ensure that the Bank's Board of Directors is constantly informed of the Bank's exposure to the following risks: credit risk, market risk, operational risks, legal risks, compliance, reputational and Suitability risks. Risk analysis is carried out systematically and assesses bank specific risk categories according to their potential impact. The Board monitored risk assessment during the 2023 financial year at its quarterly meetings.

Future Outlook

We are entering the year 2024, where the already complex geo-economic situation as a consequence of the war between Ukraine and Russia has unfortunately been joined by another war between Palestine and Israel; Both conflicts generate an uncertain context and make us even more cautious when interpreting the macroeconomic context and therefore its implications over the coming months, adding to all this, the elections that will take place in November in the USA and that for obvious reasons will have implications on the geopolitical map and therefore on the world economic outlook due to the implications they will have on the defense of the different conflicts.

We can safely say that inflationary tensions are part of the past and that there are apparently no tensions in the supply chains or in energy prices; In turn, the high leverage of the economies and the evident slowdown of the same, points to a situation where, regardless of the fact that the markets do not discount further increases in the price of money, we can sense a gradual lowering of interest rates from the end of the second quarter with all that this will entail for the valuations of fixed income portfolios and their consequences in the international markets.

During the second half of 2023, we laid the groundwork to start our Blockchain strategy with Institutional clients and we perceive a growing interest in this segment where our value chain brings an extraordinary reduction of counterparty risk, something that is increasingly important in the current context; in parallel, the SEC has given the green light to the possibility of being able to operate ETF's with Bitcoin as underlying and this will boost the adoption curve of Bitcoin as a store of value, increase the liquidity of the underlying and will foreseeably become a catalyst for the reduction of its volatility and therefore in terms of increased operations; in this sense, BBVA in Switzerland will approach the new situation in the same way, with criteria of absolute prudence but also introducing our capabilities in recurring advice in order to capture value for our clients, also creating this type of opportunities.

In short, we continue to firmly believe in the opportunity that BBVA has as a traditional Entity, being able to combine a constructive dialogue between the world of traditional assets with more than 160 years of experience and the world of digital assets where, although we are just starting the journey, we have already been learning for 3 years with more involvement and commitment from the Bank, counting on a custody platform of high standards.

2024 is a year of opportunities, where our focus will be on service and proper diversification for the benefit of our clients as we have always done.

Financial Statements

BBVA SA is a corporation under Swiss law and is headquartered in Zurich.

Balance Sheet

Assets (In CHF)

	31.12.2023	31.12.2022
Liquid assets	4,204,284	3,136,994
Amounts due from banks	46,336,434	66,247,826
Amounts due from securities financing transactions	-	-
Amounts due from customers	437,756,064	472,558,308
Mortgage loans	-	-
Trading portfolio assets	-	-
Positive replacement values of derivative financial instruments	6,879,559	4,179,930
Other financial instruments at fair value	-	-
Financial investments	246,134,382	346,733,609
Accrued income and prepaid expenses	5,902,990	6,843,672
Equity securities	-	-
Tangible fixed assets	2,696,736	3,324,286
Intangible assets	-	-
Other assets	6,084,039	5,450,325
Capital not paid in	-	-
TOTAL ASSETS	**755,994,488**	**908,474,950**
TOTAL SUBORDINATED CLAIMS	**-**	**-**
of which subject to mandatory conversion and / or debt waiver	-	-

Liabilities (In CHF)

	31.12.2023	31.12.2022
Amounts due to banks	99,289,299	9,299,323
Liabilities from securities financing transactions	100,427,788	106,983,616
Amounts due in respect of customer deposits	388,771,226	627,032,284
Trading portfolio liabilities	-	-
Negative replacement values of derivative financial instruments	2,319,368	2,917,496
Liabilities from other financial instruments at fair value	-	-
Medium-term bonds	-	-
Bond issues and central mortgage institution loans	-	-
Accrued expenses and deferred income	10,150,624	9,986,596
Other liabilities	8,236,759	8,336,776
Provisions	-	-
Reserves for general banking risks	2,620,232	2,620,232
Institution's capital	72,500,000	72,500,000
Statutory capital reserve	-	-
Statutory retained earnings reserve	37,200,000	37,200,000
Voluntary retained earnings reserve	27,841,351	24,084,076
Treasury shares (negative item)	-	-
Profit carried forward / loss carried forward	-	-
Profit / loss (result of the period)	6,637,841	7,514,551
TOTAL LIABILITIES	**755,994,488**	**908,474,950**
TOTAL SUBORDINATED LIABILITIES	**-**	**-**
of which subject to mandatory conversion and / or debt waiver	-	-

Off-balance sheet transitions (In CHF)

	31.12.2023	31.12.2022
Contingent liabilities	112,644,678	33,518,674
Irrevocable commitments	2,594,704	2,318,000
Obligations to pay up shares and make further contributions	-	-
Credit commitments	-	-

Income Statement

Income Statement (In CHF)

	31.12.2023	31.12.2022
Results from interest activities		
Interest and discount income	19,637,186	8,504,717
Interest and dividend income from trading operations	83	843
Interest and dividend income on financial investments	1,530,932	3,142,561
Interest expense	11,892,565	1,407,719
Results from interest activities	**9,275,636**	**10,240,402**
Changes in value adjustments due to default risk as well as losses from interest operations	-12,000	-13,000
SUBTOTAL NET RESULT FROM INTEREST OPERATIONS	**9,287,636**	**10,253,402**
Result from commission business and services		
Commission income from securities trading and investment activities	37,921,054	38,659,710
Commission income from lending activities	198,349	228,489
Commission income from other services	1,242,201	1,156,098
Commission expenses	2,423,635	2,802,693
Subtotal for commission business and services	**36,937,969**	**37,241,604**
Net result from trading activities and from the fair-value option	**2,805,694**	**894,845**
Other result from ordinary activities		
Result from the disposal of financial investments	3,516	830,693
Income from equity interests	-	-
Result from real estate	-	-
Other ordinary income	14,911	10,945
Other ordinary expenses	-29,462	70,728
SUBTOTAL OTHER RESULT FROM ORDINARY ACTIVITIES	**47,889**	**770,910**
Operating expenses		
Personnel expenses	26,258,015	26,004,852
General and administrative expenses	12,427,485	11,941,938
SUBTOTAL OPERATING EXPENSES	**38,685,500**	**37,946,790**
Value adjustments on equity interests, depreciation on tangible fixed assets and amortisation of intangible assets	1,614,228	1,591,595
Changes to provisions and other value adjustments, and losses	57,715	29,825
Operating result	**8,721,745**	**9,592,551**
Extraordinary income	53,454	-
Extraordinary expenses	257,375	-
Changes in reserves for general banking risks	-	-
Taxes	1,879,983	2,078,000
PROFIT / LOSS (RESULT FOR THE PERIOD)	**6,637,841**	**7,514,551**

Proposed appropriation / coverage of losses / other distributions (In CHF)

	31.12.2023	31.12.2022
Profit	**6,637,841**	**7,514,551**
+/- profit / loss carried forward		
= Distributable profit	6,637,841	7,514,551
Appropriation of profit / coverage of losses		
Appropriation of profit		
Allocation to statutory retained earnings reserve *	-	-
Allocation to voluntary retained earnings reserve	3,318,920	3,757,275
Distributions from distributable profit **	3,318,921	3,757,276
Other distributions		
Voluntary retained earnings reserve	27,841,351	24,084,076
Allocation from distributable profit (as per above registration)	3,318,920	3,757,275
New amount carried forward	31,160,271	27,841,351

* Since the statutory retained earnings reserve exceeds 50% of the share capital, there will be no further allocation.

Cash Flow Statement

Cash Flow Statement (In 000 CHF)

	31.12.2023		31.12.2022	
	Cash in-flow	Cash out-flow	Cash in-flow	Cash out-flow
Cash flow from operating activities (internal financing):				
Result of the period	6,638	-	7,515	-
Change in reserves for general banking risks	-	-	-	-
Value adjustments on equity securities depreciation and amortisation of tangible fixed assets and intangible assets"	1,614	-	1,592	-
Provisions and other value adjustments	-	-	-	-
Change in value adjustments for default risks and losses	-	12	-	13
Accrued income and prepaid expenses	941	-	716	-
Accrued expenses and deferred income	164	-	1,444	-
Other items	-	733	1,000	-
Previous year's dividend	-	3,757	-	3,518
SUBTOTAL	**9,357**	**4,502**	**12,267**	**3,531**
Cash flow from shareholder's equity transactions:				
Share capital / participation capital / cantonal banks' endowment capital (Dotationskapital) / etc.	-	-	-	-
Recognised in reserves	-	-	-	-
Change in own equity securities		-	-	-
SUBTOTAL	**-**	**-**	**-**	**-**
Cash flow from transactions in respect of equity securities tangible fixed assets and intangible assets:				
Equity securities	-	-	-	-
Real estate	-	-	-	-
Other tangible fixed assets	-	987	-	769
Intangible assets	-	-	-	-
Mortgages on own real estate	-	-	-	-
SUBTOTAL	**-**	**987**	**-**	**769**

Cash Flow Statement (In 000 CHF)

	31.12.2023		31.12.2022	
	Cash in-flow	Cash out-flow	Cash in-flow	Cash out-flow
Cash flow from banking operations:				
Medium and long-term business (> 1 year):				
Amounts due to banks	-	-	-	-
Amounts due in respect of customer deposits	-	-	-	-
Liabilities from other financial instruments at fair value	-	-	-	-
Cash bonds	-	-	-	-
Bonds	-	-	-	-
Central mortgage institution loans	-	-	-	-
Loans of central issuing institutions	-	-	-	-
Other liabilities	-	-	-	-
Amounts due from banks	-	-	-	-
Amounts due from customers	30,678	-	9,013	-
Amounts due secured by mortgages	-	-	-	-
Other financial instruments at fair value	-	-	-	-
Financial investments	125,332	-	-	9,126
Other accounts receivable	-	-	-	-
Short-term business:				
Amounts due to banks	89,990	-	8,719	-
Liabilities from securities financing transactions	-	6,556	55,196	-
Amounts due in respect of customer deposits	-	238,262	-	288,073
Trading portfolio liabilities	-	-	-	-
Negative replacement values of derivative financial instruments	-	598	768	-
Liabilities from other financial instruments at fair value	-	-	-	-
Amounts due from banks	19,912	-	6,560	-
Amounts due from securities financing transactions	-	-	159,425	-
Amounts due from customers	4,124	-	-	34,412
Trading portfolio assets	-	-	-	-
Positive replacement values of derivative financial instruments	-	2,700	-	2,469
Other financial instruments at fair value	-	-	-	-
Financial investments	-	24,721	66,600	-
Liquidity:				
Cash and cash-equivalents	-	1,067	19,832	-
SUBTOTAL	**270,036**	**273,904**	**326,113**	**334,080**
TOTAL	**279,393**	**279,393**	**338,380**	**338,380**

Statement of Changes in Equity

Presentation of the statement of changes in equity (In 000 CHF)

	Institution's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Currency translation reserves*	Voluntary retained earnings reserves and profit/loss carried forward	Treasury shares (negative item)	Minority interests*	Result of the period	Total
Equity at start of current period	**72,500**	**-**	**37,200**	**2,620**	**-**	**24,084**	**-**	**-**	**7,515**	**143,919**
Effect of any restatement **	-	-	-	-	-	-	-	-	-	-
Employee participation schemes /recognition in reserves **	-	-	-	-	-	-	-	-	-	-
Capital increase / decrease	-	-	-	-	-	-	-	-	-	-
Other contributions / other capital paid in	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	-	-	-	-	-	-	-	-	-
Effect of subsequent valuation of treasury shares ***	-	-	-	-	-	-	-	-	-	-
Profit (loss) on disposal of treasury shares	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-
Dividends and other distributions	-	-	-	-	-	-	-	-	-3,758	-3,758
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-	-	-	-	-	-	-
Other allocations to (transfers from) the other reserves	-	-	-	-	-	3,757	-	-	-3,757	-
Profit / loss (result of the period)	-	-	-	-	-	-	-	-	6,638	6,638
Equity at end of current period	**72,500**	**-**	**37,200**	**2,620**	**-**	**27,841**	**-**	**-**	**6,638**	**146,799**

* Only in consolidated financial statements.
** Only in true and fair view supplementary single-entity financial statements and consolidated financial statements.
*** Only in statutory single-entity financial statements.

Notes to the Annual Financial Statements

1. Name of the Bank, legal form and domicile

BBVA SA is an authorized bank under the supervision of FINMA and a corporation established under Swiss law. Its legal domicile is at Selnaustrasse 32/36 in Zurich, Switzerland. The Bank is a fully-owned direct subsidiary of Banco Bilbao Vizcaya Argentaria S.A., headquartered in Bilbao, Spain.

2. Accounting and valuation policies

2.1. Basis

The Bank's statutory financial statements are presented in accordance with the requirements of the Swiss Financial Market Supervisory Authority, FINMA, Circular 2020/01 concerning the preparation of financial statements for banks, the Swiss Banking Act and the Swiss Code of Obligations.

2.1.1. Valuation policies

The valuations conform to the basic principles of materiality, prudence, consistency and the continuity of business activity as a going concern.

Items are entered in the balance sheet as assets if due to past events they may be disposed of, a cash inflow is probable and their value can be reliably estimated. If no reliable estimate of the value of an asset can be made, they are considered to be contingent assets and disclosed in the notes.

Liabilities are entered on the balance sheet as borrowed capital if they have been caused by past events, a cash outflow is probable and their value can be reliably estimated. If no reliable estimation can be made, they are considered to be contingent liabilities and disclosed in the notes.

Balance sheet positions are evaluated individually.

The offsetting and netting of assets and liabilities, and income and expenses, are in principle not performed. The netting of assets and liabilities is only applied in the following cases:

- Offsetting of positive and negative changes in book value with no income effect in the current period in the compensation account.
- Offsetting of deferred tax liabilities and assets in respect of the same tax authority, provided they relate to the same tax subject.
- Netting of positive and negative replacement values of derivative financial instruments including the associated cash holdings deposited as collateral (e.g. margin accounts), provided a bilateral agreement to this effect has been arranged with the counterparty concerned and that the agreement can be shown to be recognised by and enforceable under the legal systems set out below.
- The deduction of value adjustments from the corresponding asset item.

2.1.2. Financial Instruments

Liquid Assets

These items are stated at their nominal value.

In accordance with the new changes introduced as of January 1, 2023 by Esisuisse, BBVA SA opted for the model of a collateral account with SNB to secure in favor of Esisuisse 50% of the payment obligation in case of bankruptcy of the bank. This is reflected in this balance sheet item as of October 2023.

Amounts due from Banks and Amounts due from Customers

These items are stated at their nominal value minus any necessary value adjustments.

Amounts due in respect of precious metal account deposits are measured at fair value if they are traded on a price-efficient, liquid market.

Claims are tested for the need of impairment on an on-going basis. Loans and advances to customers are regarded as being impaired when the contractually-agreed capital and/or interest payments have been due for more than 90 days and the estimated realization value of the collateral is insufficient to cover the impairment. Individual value adjustments are recorded for non-performing loans and calculated as the difference between the gross debt amount and the estimated realization value of the collateral.

Value adjustments for default risks that are no longer economically necessary and are not simultaneously used for other requirements of the same type will in principle be released to income via the income statement item "Changes in value adjustments for default risks and losses from interest operations".

Non-performing loans are reclassified as fully performing if the outstanding capital and interest payments are received on time in accordance with contractual obligations.

Amounts due to Banks and Amounts due in respect of Customers' Deposits

These items are stated at their nominal value.

Amounts due in respect of precious metal account deposits are measured at fair value if they are traded on a price-efficient, liquid market.

Trading portfolio assets

Trading portfolio assets are mainly measured and accounted for at fair value. Fair value is regarded as the price available on a price-efficient and liquid market or the price determined by a valuation model. If, in exceptional cases, no fair price is available, the valuation and accounting item will be based on whichever is the lower of cost or market value principle.

Results from trading activities are reported in the income statement item "Result from trading activities and the fair value option". Interest and dividend income from trading portfolios are recognised in the income statement item "Interest and dividend income from trading portfolios". No refinancing costs are credited to "Interest and discount income".

Positive and Negative Replacement Values of Derivative Financial Instruments

These items comprise the replacement values for all derivative financial instruments. Gains/losses on derivatives contracts are presented under "Result from trading activities and the fair value option", unless derivatives are used for hedging outside of trading. Gains/losses on derivatives entered into as part of a hedging relationship are recorded in the "Compensation account".

Positive and negative replacement value against the same counterparty are not netted, as currently no netting-agreements are in place.

Financial Investments

Financial investments which do not belong to the trading portfolio are valued at whichever is the lower of cost or market value, provided that there is no intention to hold these securities until maturity. The valuation is recognised in the items "Other ordinary expenses" and "Other ordinary income" in the income statement.

Debt securities intended to be held to maturity are valued according to the accrual method. In this case, the premium and discount in the balance sheet item are deferred over the term up to maturity. Interest related realized profits or losses from premature sale or redemption are deferred over the remaining term, i.e. up to the original maturity and recognised in "Other assets" and "Other liabilities" respectively. Changes in value due to creditworthiness will be recognised immediately in the income statement under "Changes in value adjustments for default risks and losses from interest operations".

Equity securities are valued according to whichever is the lower of cost or market value. Value adjustments will be recorded net under "Other ordinary expenses" or "Other ordinary income".

Value adjustments in the form of individual or latent risk value adjustments are deducted from the established values.

Equity securities

This term refers to equity securities owned by the Bank in undertakings, where those securities are held with the intention of a permanent investment, irrespective of the percentage of voting shares held.

Equity securities are valued at acquisition cost less economically necessary value adjustments.

The Bank does not hold any equity security at the end of the year.

Tangible Fixed Assets

Investments in new fixed assets are capitalized and valued according to the historical cost principle if they are used for more than one accounting period and if they exceed the minimum capitalisation threshold, which amounts to CHF 1'000. Investments in existing fixed assets are capitalized if this results in the market or utility value being increased substantially or if the useful life is increased by a considerable amount.

In subsequent years, fixed assets are accounted for according to the historical cost principle minus accumulated depreciation.

Depreciation recorded is based on the estimated useful life of the investment. The estimated useful lives of individual fixed asset categories are as follows:

Reconstruction	5-15 years
Furnishings	5 years
Hardware	3 years
Software*	3 and 10 years
Office machines	3 years
Miscellaneous	3 years

*including one-off purchases of software licenses and first instalment investments.

Tangible fixed assets are tested for impairment at each balance sheet date. The review is based on substantial indications that lead to the assumption that impairment exists. In this case, the recoverable amount will be determined. A fixed asset is impaired when its book value exceeds the recoverable amount. Any necessary additional depreciation is recorded in the ordinary depreciation account.

Gains or losses realized from the disposal of tangible fixed assets are recorded under "Extraordinary income" and "Extraordinary expenses" respectively.

Provisions

Legal and factual obligations are valued on a regular basis. Where a cash outflow is probable and can be reliably estimated, a provision in the corresponding amount will be created. Existing provisions are reassessed on each balance sheet date and are increased, maintained or released accordingly. Provisions are recorded under the following income statement items:

- Provisions for latent taxes under “Taxes”.
- Provisions for pension benefit obligations under "Personnel expenses".

- Other provisions under "Changes to provisions and other value adjustments, and losses", with the exception of restructuring provisions that were created via "Personnel expenses".

Provisions that are no longer economically necessary and are not simultaneously used for other requirements of the same type will be realized to income.

Taxes

Current taxes on the result at the reporting period are calculated in accordance with tax-relevant profit ascertainment provisions and recorded as an expense in the accounting period in which the respective profits arise.

Liabilities from current income taxes and capital taxes are disclosed in the item "Accrued expenses and deferred income". Current income tax and capital tax expenses are reported in the income statement under "Taxes".

Off-balance sheet transactions

These are stated at nominal value. For foreseeable risks, provisions will be made under liabilities on the balance sheet.

Pension Fund

The Bank has transferred all of its pension fund commitments to a collective foundation (a joint scheme formed by several employers). This is a legally-independent and fully-reinsured pension scheme.

All of the company's Swiss-domiciled staff, except for expatriates who are insured by the parent company abroad, are members of this pension scheme:

- As of 1 January, upon reaching the age of 17 they are insured against invalidity and death.
- As of 1 January, upon reaching the age of 24 they are also insured for retirement benefits and age-related credits that have matured. The company pays fixed contributions and is not obliged to pay any additional contributions.

The contributions to the pension fund are included under "Personnel expenses". Expatriates, for whom the pension fund is paid abroad by the parent company, are not included.

A potential benefit or liability is disclosed according to the accounting principles of Swiss GAAP FER 16.

Employee participation schemes

BBVA in Switzerland has implemented remuneration and employee participation schemes in accordance with the BBVA Group policies. The identified staff members receive equity securities of the parent company. The shared-based compensation is valued at the fair value of the shares on allocation. The fair value is determined by the parent company and the valuation is recorded under the items "Personnel expenses" and "Accrued expenses and deferred income" over the vesting period. In principle, no subsequent valuations are carried out unless there are changes in the exercise or subscription conditions. Any differences on settlement are accounted for under the item "Personnel expenses". The characteristics of the BBVA Group's remuneration plans based on equity instruments are described below.

Variable remuneration in shares

BBVA has a specific remuneration scheme applicable to those employees whose professional activities have a material impact on the risk profile of BBVA and/or its Group (hereinafter "Identified Staff") involving the delivery of BBVA shares or instruments linked to BBVA shares, designed within the framework of applicable regulations to credit institutions and considering best practices and recommendations at the local and international levels in this matter.

Thus, according to the applicable remuneration policies, the variable remuneration for the Identified Staff members is subject, principally, to the following rules:

- The Annual Variable Remuneration for Identified Staff members for each financial year will not accrue or will be reduced upon accrual, if certain profit and capital ratio levels are not achieved.
- A maximum of 40% of the Annual Variable Remuneration for those members of the Identified Staff who receive particularly high amounts of variable remuneration and members of BBVA's Senior Management and 60% for the rest of the Identified Staff (the "Upfront Portion" of the Annual Variable Remuneration) shall vest and be paid, provided the relevant conditions for payment are met, as a general rule, in the first quarter of the following financial year to which the Annual Variable Remuneration corresponds.
- The remaining amount, and at least 60% of the Annual Variable Remuneration for those members of the Identified Staff who receive particularly high amounts of variable remuneration and members of BBVA's Senior Management, and 40% for the rest of the Identified Staff, will be deferred over a period of 4 years (the "Deferred Portion" of the Annual Variable Remuneration). However, for members of BBVA's Senior Management the deferral period shall be

5 years. In both cases, the Deferred Portion will be paid, provided the relevant conditions are met, once each of the years of deferral has elapsed. In no event will this Deferred Portion be paid faster than in a proportionate way.

- Both the Upfront Portion and the Deferred Portion of the Annual Variable Remuneration of each member of the Identified Staff will be paid 50% in cash and 50% in BBVA shares or in instruments linked to BBVA shares. For members of BBVA's Senior Management, the Deferred Portion will be paid 40% in cash and 60% in BBVA shares and/or in instruments linked to BBVA shares.
- Shares or instruments received as Annual Variable Remuneration shall be withheld for one year running from the date of delivery. The foregoing shall not apply to those shares that are sold, where appropriate, in order to meet the payment of tax obligations accruing on the delivery of the shares and/or instruments.
- The Deferred Portion of the Annual Variable Remuneration may undergo certain ex post risk adjustments, meaning that it will not vest, or may be reduced, if certain capital and liquidity thresholds are not met.
- Up to 100% of the Annual Variable Remuneration of each member of the Identified Staff corresponding to each financial year, both in cash and in shares or instruments, will be subject to arrangements for the reduction of variable remuneration (malus) and arrangements for the recovery of variable remuneration already paid (clawback), which will remain in effect during the applicable deferral and retention period, and will be applicable in the event of the occurrence of any of the circumstances expressly named in the remuneration policies.

2.2. Disclosure on how the previous years' figures were determined

The Bank adopted FINMA Circular 2020/01 Accounting - Banks effective as of January 1, 2020. The previous years' figures have been determined according to the FINMA Circular 2020/01 Accounting - Banks.

2.3. Consistency in Accounting Policies and Valuation Principles

The accounting policies and valuation principles have not changed compared to the previous year.

2.4. Recognition of business transactions

As a general rule, transactions are recorded on the transaction day (trade date accounting) except for the following transaction types, for which value date accounting is applied:

- Money Market
- Customer loans and Deposits
- Stock Exchange transactions
- Corporate Actions
- Financial Investments and Trading Security Transactions
- Forex Spot transactions
- Closing of the Forex Forwards

From now on, all transactions will be valued for the purposes of earnings according to the above.

2.5. Treatment of past due interest and related commissions

Interest and commissions which have been outstanding for more than 90 days are regarded as overdue. Overdue interest and commissions that are unlikely to be recovered are provisioned immediately. Loans are considered non-interest bearing when the recovery of the interest due is so doubtful that the deferral can no longer be regarded as reasonable.

2.6. Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into Swiss francs at the valid exchange rates on the balance sheet date. The main exchange rates at the balance sheet dates were as follows:

	31.12.2023	31.12.2022
USD 1	0.8415	0.9247
EUR 1	0.9289	0.9891
GBP 1	1.0713	1.1191
JPY 100	0.5967	0.7052

2.7. Disclosure of the treatment of refinancing trading positions

Refinancing costs from trading positions are not charged to the item "Result on trading activities".

3. Risk Management

Risk management is integrated into every process to ensure that risk taking is in line with the risk appetite of the Bank.

The Board of Directors is fully committed to establishing an appropriate risk control environment. To this end, a periodical analysis of the Bank's risks is performed in a systematic and standardized manner. By using a global risk approach, relevant risks are reviewed and if any deficiencies are identified the necessary controls are implemented in order to mitigate these risks.

3.1. Risk Appetite

The risk appetite framework is reviewed and approved every year. In the risk appetite there is a clear definition of each type of risk and the limits that are consistent with the Bank's risk profile.

In order to ensure this consistency, two types of limits are distinguished in the risk appetite framework:

- Core limits: to ensure anticipated risk management within the defined tolerance levels for each type of risk.
- Management limits: used to continuously monitor risks and ensure that the core metrics fall within the set target range.

Risk controls have been implemented to ensure compliance with the risk appetite framework. Results are periodically reviewed by the corresponding committees and presented quarterly to the Board of Directors.

3.2. Types of Risks

Non-Financial Risks

Operational Risk

Operational Risk is the risk of loss due to human errors, inadequate or deficient processes, failures on systems, inadequate data management, legal risks and external events such as cyberattacks, disasters and poor service provided by suppliers. The Bank's Operational Risk Taxonomy includes the following risk types:

- People
- Internal and external fraud
- Physical Security & Safety
- Transaction Processing
- Technology
- Information & Data Security
- Conduct & Compliance Risk
- Legal
- Third Party
- Financial and Tax
- Data Management
- Financial Crime

Operational Risk Control Model

The Operational Risk Management Model at the Bank is structured into the three different levels:

First line of defense: Operational Risk Management must be integrated into the day-to-day activities, identifying and evaluating operational risk and implementing controls and executing mitigation plans for those risks that have higher than acceptable residual risk levels.

Second line of defense: establishes the mitigation, control and monitoring framework in their area of specialization.

Third line of defense: is performed by Internal Audit which:

- Conducts an independent review of the control model, checking compliance and the effectiveness of the established corporate policies.
- Provides independent information on the control environment to the management bodies.

Suitability Risk

When managing investments on behalf of third parties, the customer assumes the market and credit risk while the manager or administrator acquires the fiduciary duty of acting in the customer's best interests. A breach of its fiduciary duty could have a negative financial impact and affect its reputation and relations with customers in the long term.

Procedures have therefore been established to clearly identify the risk profile of each customer and manage their assets accordingly.

In addition, in order to ensure that fiduciary risk is managed properly, the Suitability Committee meets on a monthly basis to:

- Ensure proper control of all the risks involved in the Suitability Process.
- Review and analyze the results regarding the control of the asset allocation matrix by profile.

- Ensure the correct implementation and maintenance of necessary control tools.
- Address relevant issues of the Suitability Model.
- Analyze risk factors that require mitigation decisions.

Additionally, defining the customer's risk profile is key to providing customers with the correct advisory and investment decision-making. When customers open an account, the process includes a questionnaire which awards points and a final score, thereby making it possible to define their level of risk aversion. The questionnaire requires information about three main points:

- Investment objectives.
- Financial situation.
- Knowledge and experience.

Cross-Border

The Bank has a clear and specific structure that ensures the compliance with regulations in the provision of financial services to clients residing in a different country. These financial services can be provided onshore (In the client's country of residence) or offshore (Outside the client's country of residence). Continuously monitoring and control of cross-border activities, ensures that all the processes involved are in accordance with Swiss regulation and coherent with Bank policies.

Model Risk

The models used for risk control and management must be used exclusively for the purpose for which they were constructed, by establishing mechanisms that allow users to count on the necessary knowledge in order to use the information being provided by the model in an adequate manner. Before any model is deployed, the necessary approvals must be obtained according to the internal governance and/or regulation.

Strategic Risk

Strategic risk is the risk that arises from the formulation of a strategic plan, business plan, and implementation of the plan that is inappropriate and inconsistent with internal factors and external environment that may affect earnings, capital fund or viability of the business. Therefore, the Board of Directors (the Board) and the Management Committee must carefully formulate the strategic plan and business plan, support corporate governance, and arrange to have internal infrastructure appropriate for the implementation of the plans such as an organizational structure, personnel, budget, management information system, monitoring and controlling system in order to accomplish the business goals and efficiently manage the problems of the Bank.

In this sense and in compliance with corporate regulations, the Bank periodically submits its strategy to the Board for review and approval.

Reputational Risk

Reputational risk is the potential loss in earnings as a result of events that may negatively affect the perception that different clients, counterparties, have of the Bank. Reputational risk management is therefore aimed at guaranteeing that the Bank's activity is carried out in accordance with the principles of legality, integrity and transparency and to ensure that the Bank does not engage in activities or practices that could cause permanent or very significant damage to its reputation.

On an annual basis, an analysis and an impact assessment is carried out in order to identify the strength of the risk factors related to reputational risk, as a result, when necessary, action plans are proposed.

Financial Risks

Credit Risk

Credit Risk is the possibility that a counterparty may not fulfill its contractual obligations concerning a particular operation. The Bank's credit risk is concentrated in the Lombard credit operations - lending products, bank guarantees and standby letters of credit - and in its own investment portfolio issuer risk.

In the Lombard credit operations, the risk exposure of the transaction granted is calculated according to potential risk factors with different eligibility and liquidity criteria. Additional haircuts may be taken into account to obtain the final lending value.

The Lombard credit monitoring and recovery processes include daily monitoring of the value of all the risks compared with the value of the collateral, and may require the replacement of the collateral when necessary. An escalation process of three control points has been implemented to keep track of the risk in relation to the available collateral.

In addition, a limits and investment policy for the Bank's own portfolio has been defined. This policy includes credit risk appetite, set as rating limits by issuer and an overall minimum rating for the portfolio.

Liquidity Risk

Limits and alert structures have been implemented to ensure compliance with the Liquidity and Financing Risk Appetite levels. The limits are reviewed and approved annually based on three essential aspects:

- **Self-funding.** In order to ensure that self-funding levels are in keeping with the liquidity and financing risk tolerance levels, it is necessary to hold a minimum percentage of stable customer deposits with which to finance the net loan book.
- **Financing time terms.** In order to ensure that the activity's financing risk is correctly diversified, the composition of structural financing must include a maximum limit on the amount of short-term financing.
- **Capacity to buffer liquidity shocks.** The aim of this limit is to ensure liquidity management that guarantees the entity's survival for over 30 days in the event of a shut-down of the wholesale markets and strong liquidity stress. To this end, limits are set on the 30-day "Basic Capacity" indicator.

In addition to the limits, the Early Warning Indicators (EWI) are defined. The purpose of these metrics is to ensure that the early management of the risk by sub-category complies with those limits and, in general, the Risk Appetite Framework.

The Liquidity Contingency Plan is an essential tool in managing liquidity and financing risk in times of crisis when the Bank's usual management measures are insufficient to guarantee the liquidity profile established in the Risk Appetite statement. The plan contains explicit procedures to enable decision-making, the implementation of contingency measures and effective communication. It also specifies the functions and responsibilities in these situations, as well as the authority responsible for activating the plan.

The plan may be activated in response to any exceptional situation related to developments in the business or on the financial markets that could result in a material risk for the liquidity and financing position.

Interest Rate Risk

Structural interest rate risk is defined as the potential alteration that is caused in an entity's net interest income and/or equity value due to a fluctuation in interest rates. A financial entity's exposure to adverse movements in interest rates is a risk inherent to banking activity, but it is also an opportunity for creating economic value.

Interest rate risk must therefore be managed to ensure that it does not become excessive in relation to the entity's capital and that it maintains a reasonable relationship with expected financial income.

Fluctuations in market interest rates affect both financial entities' incomes and economic values. These two effects give rise to separate but complementary analyses of interest rate risk.

Accordingly, the effects are analyzed from a dual perspective:

- **Their effect on income (net interest income):** Fluctuations in interest rates affect Banks' income and threaten their financial stability since they influence equity and market confidence.
- **Their effect on economic value:** The economic value of an instrument implies calculating the current value of its future cash flows, discounting them at market interest rates.

The Structural Interest Rate Risk control process includes an operating limit structure aimed at maintaining exposure within levels that are consistent with the risk profile and business strategy defined. This limit structure is stipulated both for economic value and net interest income and is usually set according to sensitivity. For internal management purposes, the reference sensitivity is calculated by applying a +/-100 bps shock differently to the rates curve in each currency. In addition to the individual sensitivities per currency, the aggregated economic value sensitivity of the portfolio is calculated, in order to obtain a figure for the total sensitivity of the portfolio in response to parallel and sudden shifts in multiple curves (currencies) of market interest rates. The magnitude of the shocks applied to each curve depends on its volatility and the correlation between multiple aggregated curves.

Market Risk

Market Risk is the possibility that losses will be incurred in portfolio value due to price changes in the financial markets. This risk can be eliminated by hedging or undoing the operation.

There are four major risk factors affecting market prices: interest rates, FX rates, equity and commodities. Furthermore, for certain positions it is necessary to consider non-linear risk, spread risk, base risk, volatility and correlation risk.

At BBVA in Switzerland, methodologies, limits, controls and escalation processes have been implemented to provide adequate monitoring and therefore prevent any loss caused by this risk.

3.3. Compliance Risks

The Compliance department ensures that business activities are in compliance with valid regulatory rules. This department is responsible for monitoring the requirements and developments of the supervisory authorities, the legislator or other organizations.

The Compliance unit articulates its business around the development and implementation of policies and procedures, the dissemination and training in matters of compliance and the identification, assessment and mitigation of potential compliance risks, understood as those that affect the following issues:

- Conduct on the markets.
- Dealing with conflicts of interest.
- Prevention of money laundering and terrorist financing.
- Personal data protection.

They are also responsible for ensuring that internal directives and regulations are kept up-to-date with regulatory developments.

3.4. Legal Risks

Due to a rapidly developing regulatory environment and as a result of the Bank's business activity, which includes the rendering of cross-border services to international clients, the Bank is exposed to important local and international regulatory risks. The non-compliance with the applicable regulation can lead to administrative sanctions from regulators, supervisors or other authorities and/or result in penal or civil actions against the Bank. In severe cases, this can lead to the payment of significant sanctions and penalties, the prohibition of certain activities and the partial or total revocation of the Bank's authorization. All these risks can have a negative impact on the Bank's reputation, results and operations.

The Legal Department provides legal assistance and support to all units of BBVA in Switzerland in order to ensure compliance with applicable local and international law. It is responsible to follow-up any regulatory changes and developments and implement new regulation, which is of relevance for the Bank's business activity. Moreover, the Legal Department defends BBVA's interest's vis-à-vis third parties and authorities in any civil, penal or administrative claims and proceedings arising from disputes or regulatory proceedings.

4. Explanation of the Bank's business policy regarding the use of derivative financial instruments, including explanations relating to the use of hedge accounting

Derivative financial instruments could be used for trading, risk management purposes or hedging. For all positions traded on a price-efficient and liquid market, fair value is determined by the market value. In the absence of such a market, fair value is established using valuation models.

Gains and losses (realized or unrealized) on derivatives used for trading purposes are recognized in the income statement under "Result from trading activities and the fair value option".

The Bank uses FX swaps to hedge the FX and interest rate risks arising from certain assets or liabilities positions.

In addition, the Bank hedges the FX risk of cash flows arising from high probable future recurrent commissions due to the asset management activity. The bank uses exchange rate derivatives, like FX forwards, allowing a fairly straightforward management of the described FX risks.

As part of this hedging strategy involving derivative financial instruments, the Bank documents its risk management strategy and objectives, designates the hedging instrument, hedged item and uses regular effectiveness tests to check the hedging relationship to be effective (economic link between the hedged item and the hedging transaction).

The results from the hedging transactions are recognized in the same income statement item as the corresponding results from the hedged item, and the fair value of the derivative is recognized in the correspondent account in the balance sheet:

- For hedges on FX and interest risk, the net result is reported in the item "Interest and discount income". Changes in the fair value of hedging instruments are recognized in the "Value adjustment to the replacement values of derivative financial instruments".
- For hedges on FX risk of future commission cashflows the result is reported in the item "Result of hedging of commission cash flows". Changes in the fair value of hedging instruments are recognized in the account "Value adjustment to the replacement values of derivative financial instruments".

5. Explanation of material events occurring after the balance sheet date

No event occurred after the balance sheet date that might have a significant influence on the financial statements.

6. Balance Sheet Information

Table 1: Breakdown of securities financing transactions (assets and liabilities) (In 000 CHF)

	31.12.2023	31.12.2022
Book value of the receivables and payables (always before any netting agreements) from cash collateral posted for securities borrowing and lending and (reverse) repos.	100,428	106,984
Book value of securities in own portfolio lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as transferred in connection with repo transactions. Collateral or securities where the resale or pledging was agreed upon without restrictions shall be disclosed separately.	-	-
Fair value of securities serving as collateral posted for securities lending or securities borrowing transactions or securities received in connection with repo transactions with an unrestricted right to resell or repledge them. Securities resold or repledged shall be disclosed separately.	101,525	107,226

Table 2: Presentation of the collateral posted for loans and off-balance-sheet transactions, as well as impaired loans / receivables (In 000 CHF)

	TYPE OF COLLATERAL			
	Secured by mortgage	Other collateral	No collateral	Total
Loans (before offsetting any value adjustments)				
Amounts due from customers	-	423,825	13,931	437,756
Amounts due secured by mortgage:	-	-	-	-
Residential property	-	-	-	-
Office and business premises	-	-	-	-
Commercial and industrial real estate	-	-	-	-
Other	-	-	-	-
TOTAL LOANS (BEFORE OFFSETTING ANY VALUE ADJUSTMENTS)				
2023	-	423,825	13,931	437,756
2022	-	468,378	4,180	472,558
TOTAL LOANS (AFTER NETTING WITH VALUE ADJUSTMENTS)				
2023	-	423,825	13,931	437,756
2022	-	468,378	4,180	472,558
Off-balance-sheet				
Contingent liabilities	-	112,645	-	112,645
Irrevocable commitments	-	-	2,595	2,595
Obligations to pay up shares and make further contributions	-	-	-	-
Credit commitments	-	-	-	-
TOTAL OFF-BALANCE-SHEET				
2023	-	112,645	2,595	115,240
2022	-	33,519	2,318	35,837

	Gross debt	Estimated liquidation value of collateral	Net debt	Individual valuation allowance
Impaired loans / receivables				
2023	-	-	-	-
2022	-	-	-	-

No impaired loans / receivables as at 31.12.2022 and 31.12.2023.

Table 3: Presentation of derivative financial instruments (assets and liabilities) (In 000 CHF)

	TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
	Replacement values		Contract volume	Replacement values		Contract volume
	Positive	Negative		Positive	Negative	
Interest-rate instruments						
Futures contracts (including FRAs)	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currencies / precious metals						
Futures contracts (including FRAs)	2,638	1,969	289,438	4,242	350	26,250
Combined interest rate / currency swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	-	-	-	-
TOTAL	**2,638**	**1,969**	**289,438**	**4,242**	**350**	**26,250**
Equity securities / indices						
Futures contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	7,982	-	-	-
TOTAL	**-**	**-**	**7,982**	**-**	**-**	**-**
Credit derivatives						
Credit Default Swaps	-	-	-	-	-	-
Total Return Swaps	-	-	-	-	-	-
First-to-Default Swaps	-	-	-	-	-	-
Other credit derivatives	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**
Other instruments						
Futures contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**
Total before netting agreements:						
31.12.2023	2,638	1,969	297,420	4,242	350	26,250
of which, determined using a valuation model	-	-	-	-	-	-
31.12.2022	1,051	1,324	139,165	3,129	1,593	32,570
of which, determined using a valuation model	-	-	-	-	-	-

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after netting agreements:		
31.12.2023	6,880	2,319
31.12.2022	4,180	2,917

	Central clearing houses	Banks and securities dealers	Other customers
Breakdown by counterparty:			
Positive replacement values (after netting agreements)	-	5,119	1,761

Table 4: Breakdown of financial investments (In 000 CHF)

	BOOK VALUE		FAIR VALUE	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Debt securities	246,134	346,734	234,980	324,814
of which, intended to be held until maturity	245,349	345,904	234,195	323,984
of which, destined to be sold	785	830	785	830
Equity securities	-	-	-	-
of which, qualified interests	-	-	-	-
Precious metals	-	-	-	-
Real estate	-	-	-	-
Crypto-currencies	-	-	-	-
TOTAL	**246,134**	**346,734**	**234,980**	**324,814**
of which, repo-eligible securities in accordance with liquidity requirements	219,977	304,674	209,905	285,546

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Breakdown of counterparties by rating						
Debt securities: book values	230,019	16,115	-	-	-	-

The value adjustments for default risks of the financial investments, total amount of CHF 26'000 per end of year 2023, has been deducted from the book value and market value.

Table 5a: Presentation of tangible fixed assets (In 000 CHF)

	Acquisition cost	Accumulated depreciation and amortisation	Book value at end of 2022	Reclassifications	Additions	Disposals	Depreciation	Reversals	Book value as at end of 2023
Bank buildings	4,653	-3,891	762	-	-	-	-257	-	505
Other property	-	-	-	-	-	-	-	-	-
Proprietary or separately acquired software	7,745	-5,212	2,533	-	920	-	-1,333	-	2,120
Other tangible fixed assets	54	-25	29	-	67	-	-24	-	72
Assets acquired under finance leases:									
of which, bank buildings	-	-	-	-	-	-	-	-	-
of which, other property	-	-	-	-	-	-	-	-	-
of which, other tangible fixed assets	-	-	-	-	-	-	-	-	-
TOTAL TANGIBLE FIXED ASSETS	**12,452**	**-9,128**	**3,324**	**-**	**987**	**-**	**-1,614**	**-**	**2,697**

After completion of depreciations, the positions have been offset in the amount of 1'614 (in 000 CHF): Bank buildings 257, Hardware 24 and Software 1'333.

Disclosure of the depreciation method applied and the range used for the expected useful life:

Table 5b: Amount of non-recognised lease commitments break down by due date (In 000 CHF)

	Total	of which due within 1 year	of which due >1 – <=2 years	of which due >2 – <=3 years	of which due >3 – <=4 years	of which due >4 – <=5 years	of which due after 5 years
Amount of non-recognised lease commitments	3,632	1,816	1,816	-	-	-	-

Table 6: Breakdown of other assets and other liabilities (In 000 CHF)

	Other assets		Other liabilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Compensation account	4,486	4,143	4,786	5,029
Amount recognised as assets in respect of employer contribution reserves	-	-		
Amount recognised as assets relating to other assets from pension schemes	-	-		
Coupons	-	-		
Foreign currencies if they are not included in item 1.1	-	-		
Pure clearing accounts	1,483	1,130		
Balances arising from internal bank business operations	-	-		
Commodities	-	-		
Indirect taxes	115	177		
Badwill			-	-
Funds set up by the bank and possessing no separate legal personality, e.g. pension and charitable funds			-	-
Pure clearing accounts			2,085	2,722
Balances arising from internal bank business operations			-	-
Matured, but unredeemed coupons and debt instruments			-	-
Indirect taxes			1,366	586
Leasing instalments recognised as a liability on the balance sheet and payable for assets leased from non-banks			-	-
Mortgages in favour of third parties secured by real estate owned by the bank, provided a non-bank is the mortgage holder			-	-
Other payables from goods and services			-	-
TOTAL	**6,084**	**5,450**	**8,237**	**8,337**

Table 7: Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership* (In 000 CHF)

Pledged / assigned assets	Book values	Effective commitments
Cash deposits - margin accounts	1,490	389
Interest bearing securities rights	122,957	554
Assets under reservation of ownership	-	-

* Excluding securities financing transactions (cf. corresponding separate breakdown of securities financing transactions).

Table 8: Disclosures on the economic situation of the institution's own employee benefit funds (In 000 CHF)

a) Employer contribution reserves (ECR)

ECR	Nominal value at 31.12.2023	Waiver of use at 31.12.2023	Net amount at 31.12.2023	Net amount at 31.12.2022	Influence of ECR on personnel expenses	
					31.12.2023	31.12.2022
Employer sponsored funds / pension schemes	-	-	-	-	-	-
Pension schemes	-	-	-	-	-	-

Must be recognised as an asset in true and fair view single-entity financial statements and consolidated financial statements.

b) Presentation of the economic benefit / obligation and the pension expenses

	Excess funding / underfunding at 31.12.2023	Economic interest of the institution / financial group		Change in the economic interest compared to the previous year (economic benefit / obligation)	Contributions paid for the reporting period	Pension plan expenses in personnel expenses	
		31.12.2023	31.12.2022			31.12.2023	31.12.2022
Employer sponsored funds/ pension schemes	-	-	-	-	-	-	-
Pension plans without overfunding/underfunding	-	-	-	-	1,564	1,564	1,475
Pension plans with overfunding	-	-	-	-	-	-	-
Pension plans with underfunding	-	-	-	-	-	-	-
Pension schemes without own assets	-	-	-	-	-	-	-

Table 9: Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the reporting year (In 000 CHF)

	Previous year end	Conformity of use with designated purpose	Reclassifications	Foreign currency differences	Past-due interest/ recoveries	New creations debited to the income statement	Releases credited to the income statement	Balance at the reporting year	Delta
Provisions for deferred taxes	-	-		-		-	-	-	-
Provisions for pension benefit obligations	-	-		-		-	-	-	-
Provisions for default risks	-	-	-	-	-	-	-	-	-
of which, provisions for expected losses	-	-	-	-	-	-	-	-	-
of which, provisions for inherent default risks	-	-	-	-	-	-	-	-	-
of which, provisions for latent default risks	-	-	-	-	-	-	-	-	-
Provisions for other business risks	-	-	-	-	-	-	-	-	-
Provisions for restructuring	-	-		-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-
TOTAL PROVISIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserves for general banking risks	2,620		-	-		-	-	2,620	-
Value adjustments for default and country risks	38	-	-	-	-	9	21	26	-12
of which, value adjustments for default risks arising from impaired loans/receivables	-	-	-	-	-	-	-	-	-
of which, value adjustments for expected losses	-	-	-	-	-	-	-	-	-
of which, value adjustments for inherent default risk	-	-	-	-	-	-	-	-	-
of which, value adjustments for latent risks	38	-	-	-	-	9	21	26	-12

Table 10: Presentation of the corporate capital (In CHF)

	31.12.2023			31.12.2022		
Bank's capital	**Total nominal value**	**No. of shares**	**Capital eligible for dividend**	**Total nominal value**	**No. of shares**	**Capital eligible for dividend**
Share capital / cooperative capital	72,500,000	72,500	72,500,000	72,500,000	72,500	72,500,000
of which, paid up	72,500,000	-	-	72,500,000	-	-
Participation capital	-	-	-	-	-	-
of which, paid up	-	-	-	-	-	-
TOTAL BANK'S CAPITAL	**72,500,000**	**72,500**	**72,500,000**	**72,500,000**	**72,500**	**72,500,000**
Authorised capital	-	-	-	-	-	-
of which, capital increases completed	-	-	-	-	-	-
Conditional capital	-	-	-	-	-	-
of which, capital increases completed	-	-	-	-	-	-
For cantonal banks: endowment capital	-	-	-	-	-	-

Table 11a: Disclosure of amounts due from / to related parties on balance sheet (In 000 CHF)

	Amounts due from		Amounts due to	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Holders of qualified participations	24.090	13.753	134.433	95.349
Group companies	-	-	-	-
Linked companies	1.801	1.360	-	-
Transactions with members of governing bodies	1.058	1.375	595	2.411
Other related parties	-	-	99	107

Table 11b: Disclosure of contingent liabilities and contingent assets from / to related parties (In 000 CHF)

	Amounts due from		Amounts due to	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Holders of qualified participations	82.879	-	-	-
Group companies	-	-	-	-
Linked companies	1.616	-	-	-
Transactions with members of governing bodies	-	-	490	303
Other related parties	-	-	-	-

Explanations regarding off-balance-sheet transactions:	Forward contracts	78,686
Explanations regarding conditions:	Balance-sheet and off-balance-sheet transactions were conducted at terms in line with the market	

Table 12: Disclosure of significant holders (In CHF)

	31.12.2023		31.12.2022	
Shareholders and groups of equity holders with pooled voting rights	Nominal value	% of equity	Nominal value	% of equity
with voting rights	72,500,000	100.00%	72,500,000	100.00%
of which, more than 5% of the voting rights:	72,500,000	100.00%	72,500,000	100.00%
Banco Bilbao Vizcaya Argentaria S.A.	72,500,000	100.00%	72,500,000	100.00%
without voting rights	-	0%	-	0%

Table 13: Disclosure of treasury shares and composition of equity capital (In CHF)

	Number	Booking value	Average transaction price
Own equity securities held (A4 - 164/165)			
Balance at beginning of the reporting period	-	-	-
Purchases	-	-	-
Sales	-	-	-
- of which in connection with share based compensation plans	-	-	-
Balance at end of the reporting period	-	-	
Participation certificates (A4 - 164/165)			
Balance at beginning of the reporting period	-	-	-
Purchases	-	-	-
Sales	-	-	-
- of which in connection with share based compensation plans	-	-	-
Balance at end of the reporting period	-	-	

	31.12.2023	31.12.2022
Contingent liabilities associated with sold or pruchased treasury shares (A4 - 166)		
Contingent liabilities	-	-

	31.12.2023	31.12.2022
Institution's equity instruments that are held by subsidiaries, joint ventures, affiliated companies and foundations related to the institution (A4 - 167)		
Share equity	-	-
Participation certificate	-	-

Reason for reservation	Number of shares at the beginning of 2023	Change	Number of shares at the end of 2023
Treasury shares reserved for specific purposes and of equity instruments of the institution held by persons related to the institution (A4 - 168)			
a) Shares			
TOTAL SHARES RESERVED	**-**	**-**	**-**
b) Participation certificates			
TOTAL PARTICIPATION CERTIFICATES	**-**	**-**	**-**

	31.12.2023		31.12.2022	
	Number of shares	Nominal value	Number of shares	Nominal value
Details to the individual categories of the institution capital (A4 - 169)				
Share capital / Dotation capital	72,500	72,500,000	72,500	72,500,000
- of which paid in	-	72,500,000	-	72,500,000
- of which connected to specific risks and restrictions	-	-	-	-
Issuance of participation capital	-	-	-	-
- of which paid in	-	-	-	-
- of which connected to specific risks and restrictions	-	-	-	-
TOTAL	**-**	**72,500,000**	**-**	**72,500,000**

	31.12.2023	31.12.2022
Reserves not distributable (A4 - 169/ Part 2)		
Amount not distributable from statutory capital reserve	-	-
Amount not distributable from statutory retained earnings reserve	36,250,000	36,250,000
Amount not distributable from voluntary retained earnings reserve	-	-
TOTAL RESERVES NOT DISTRIBUTABLE	**36,250,000**	**36,250,000**

Disclosure of transactions with shareholders (in their capacity as participants in transactions) (A4 - 170)

	Value of transaction current period
Description and amount of transactions with shareholders that were not settled in cash or that were offset against other transactions (A4 - 171)	

	Value of transaction current period
Justifications and valuation basis of transactions with shareholders which were not recognised at fair value (A4 - 172)	

	Contractually agreed price	Fair value amount	Difference in capital reserves
Description of transactions with shareholders that were not conducted at arm's length, including the difference between the fair value and the contractually agreed price of the transaction that was recognised in the capital reserves. This requirement shall only apply to the true and fair view supplementary single-entity financial statements and the consolidated financial statements (A4 - 173)			

Table 14: Presentation of the maturity structure of financial instruments (In 000 CHF)

			DUE					
	At sight	Cancellable	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	No maturity	Total
Assets / financial instruments								
Liquid assets	4,204	-	-	-	-	-	-	4,204
Amounts due from banks	46,336	-	-	-	-	-	-	46,336
Receivables from securities financing transactions	-	-	-	-	-	-	-	-
Amounts due from customers	284	315,458	5,294	56,296	55,375	5,049	-	437,756
Mortgage receivables	-	-	-	-	-	-	-	-
Trading transactions	-	-	-	-	-	-	-	-
Positive replacement values of derivative financial instruments	-	-	619	2,019	4,242	-	-	6,880
Other financial instruments valued at fair value	-	-	-	-	-	-	-	-
Financial investments	-	-	20,227	54,286	171,621	-	-	246,134
TOTAL 2023	**50,824**	**315,458**	**26,140**	**112,601**	**231,238**	**5,049**	**-**	**741,310**
TOTAL 2022	**51,425**	**328,625**	**58,127**	**66,638**	**375,096**	**12,946**	**-**	**892,857**
Liabilities / financial instruments								
Amounts due to banks	6,404	-	-	92,885	-	-	-	99,289
Payables from securities financing transactions	-	-	85,593	14,835	-	-	-	100,428
Amounts due in respect of customer deposits	332,528	-	38,092	18,151	-	-	-	388,771
Payables from trading transactions	-	-	-	-	-	-	-	-
Negative replacement values of derivative financial instruments	-	-	127	1,960	232	-	-	2,319
Payables from other financial instruments valued at fair value	-	-	-	-	-	-	-	-
Medium-term notes	-	-	-	-	-	-	-	-
Bonds and Central mortgage institution loans	-	-	-	-	-	-	-	-
TOTAL 2023	**338,932**	**-**	**123,812**	**127,831**	**232**	**-**	**-**	**590,807**
TOTAL 2022	**590,341**	**-**	**119,557**	**36,334**	**-**	**-**	**-**	**746,232**

Table 15: Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle (In 000 CHF)

	31.12.2023		31.12.2022	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	4,204	-	3,137	-
Amounts due from banks	900	45,436	23,590	42,658
Amounts due from securities financing transactions	-	-	-	-
Amounts due from customers	30,932	406,824	23,613	448,945
Mortgage loans	-	-	-	-
Trading portfolio assets	-	-	-	-
Positive replacement values of derivative financial instruments	125	6,755	114	4,066
Other financial instruments at fair value	-	-	-	-
Financial investments	20,080	226,054	20,148	326,586
Accrued income and prepaid expenses	3,457	2,446	3,442	3,402
Equity securities	-	-	-	-
Tangible fixed assets	2,697	-	3,324	-
Intangible assets	-	-	-	-
Other assets	5,734	350	3,857	1,593
Capital not paid in	-	-	-	-
TOTAL ASSETS	**68,129**	**687,865**	**81,225**	**827,250**
Liabilities				
Amounts due to banks	983	98,306	7,839	1,460
Liabilities from securities financing transactions	24,150	76,278	19,138	87,846
Amounts due in respect of customer deposits	31,667	357,104	37,276	589,756
Trading portfolio liabilities	-	-	-	-
Negative replacement values of derivative financial instruments	98	2,221	14	2,903
Liabilities from other financial instruments at fair value	-	-	-	-
Medium-term bonds	-	-	-	-
Bond issues and central mortgage institution loans	-	-	-	-
Accrued expenses and deferred income	8,240	1,911	9,232	755
Other liabilities	3,609	4,628	4,207	4,130
Provisions	-	-	-	-
Reserves for general banking risks	2,620	-	2,620	-
Institution's capital	72,500	-	72,500	-
Statutory capital reserve	37,200	-	-	-
Statutory retained earnings reserve	-	-	37,200	-
Voluntary retained earnings reserves	27,841	-	24,084	-
Treasury shares (negative item)	-	-	-	-
Profit carried forward / loss carried forward	-	-	-	-
Profit / loss (result of the period)	6,638	-	7,515	-
TOTAL LIABILITIES	**215,546**	**540,448**	**221,625**	**686,850**

Table 16: Breakdown of total assets by country or group of countries (domicile principle) (In 000 CHF)

	31.12.2023		31.12.2022	
	Absolute	Share as %	Absolute	Share as %
Europe				
Spain	89,721	11.87%	76,019	8.37%
Switzerland	68,129	9.01%	81,225	8.94%
France	60,670	8.03%	74,361	8.19%
Luxembourg	37,865	5.01%	36,297	4.00%
Turkey	35,271	4.67%	34,761	3.83%
Belgium	24,061	3.18%	24,157	2.66%
Italy	23,856	3.16%	27,150	2.99%
Norway	20,546	2.72%	26,955	2.97%
United Kingdom	20,432	2.70%	24,833	2.73%
Germany	20,348	2.69%	21,900	2.41%
Netherlands	18,294	2.42%	19,993	2.20%
Finland	17,678	2.34%	22,675	2.50%
Other European	3,117	0.40%	47,113	5.17%
Total Europe	**439,987**	**58.20%**	**517,439**	**56.96%**
North America				
United States	16,165	2.14%	48,113	5.30%
Mexico	65,721	8.69%	88,090	9.70%
Canada	302	0.04%	457	0.04%
TOTAL NORTH AMERICA	**82,188**	**10.87%**	**136,660**	**15.04%**
South and Central America (incl. Caribbean zone)				
South America	179,718	23.77%	97,689	10.75%
Central America	4	0.00%	60	0.01%
Caribbean Zone	27,868	3.69%	120,263	13.24%
TOTAL SOUTH AND CENTRAL AMERICA (INCL. CARIBBEAN ZONE)	**207,590**	**27.46%**	**218,012**	**24.00%**
TOTAL OTHER COUNTRIES	**26,229**	**3.47%**	**36,364**	**4.00%**
TOTAL ASSET	**755,994**	**100.00%**	**908,475**	**100.00%**

Table 17: Breakdown of total assets by credit rating of country groups (risk domicile view) (In 000 CHF)

	Foreign exposure / 31.12.2023		Foreign exposure / 31.12.2022	
Bank's own country rating	in CHF	Share as %	in CHF	Share as %
1	637,183	95.71%	738,366	95.19%
2	-	0.00%	-	0.00%
3	12	0.00%	14	0.00%
4	9,710	1.46%	22,681	2.92%
5	7,798	1.17%	1,003	0.13%
6	1,498	0.23%	8,605	1.11%
7	9,490	1.43%	5,026	0.65%
Unrated	33	0.00%	33	0.00%
Total	**665,725**	**100.00%**	**775,728**	**100.00%**

Explanations of the ratings system used:
The rating system used corresponds to the ratings provided by the SERV (Schweizerische Exportversicherung) on the basis of the OECD's-Rating/OECD country risk category (CCa), which comprises categories Cca 0 to Cca 7 and the category "High Income":
- CCa 0 to Cca 7 categories, where as Cca 0 corresponds to the lowest and Cca 7 to the highest risk level.
- High income" category, considering high-income OECD countries and high-income euro zone countries.
The ratings are updated on a regular basis through our software/provider for regulatory reporting.

Table 18: Presentation of assets and liabilities broken down by the most significant currencies for the bank (In 000 CHF)

	CHF	EUR	USD	Others	Total
Assets					
Liquid assets	3,939	182	62	21	4,204
Amounts due from banks	472	22,894	19,702	3,268	46,336
Amounts due from securities financing transactions	-	-	-	-	-
Amounts due from customers	97,092	126,520	211,038	3,106	437,756
Mortgage loans	-	-	-	-	-
Trading portfolio assets	-	-	-	-	-
Positive replacement values of derivative financial instruments	6,880	-	-	-	6,880
Other financial instruments at fair value	-	-	-	-	-
Financial investments	30,078	29,797	186,259	-	246,134
Accrued income and prepaid expenses	3,441	455	1,814	193	5,903
Equity securities	-	-	-	-	-
Tangible fixed assets	2,697	-	-	-	2,697
Intangible assets	-	-	-	-	-
Other assets	5,813	164	107	-	6,084
Capital not paid in	-	-	-	-	-
TOTAL ASSETS SHOWN IN BALANCE SHEET	**150,412**	**180,012**	**418,982**	**6,588**	**755,994**
Delivery claims from spot exchange, forex forwards and forex options transactions (options shall be considered delta-weighted)	**45,955**	**160,270**	**101,272**	**8,191**	**315,688**
TOTAL ASSETS	**196,367**	**340,282**	**520,254**	**14,779**	**1,071,682**
Liabilities					
Amounts due to banks	607	93,304	5,242	136	99,289
Liabilities from securities financing transactions	-	45,658	54,770	-	100,428
Amounts due in respect of customer deposits	21,189	80,127	275,959	11,496	388,771
Trading portfolio liabilities	-	-	-	-	-
Negative replacement values of derivative financial instruments	2,319	-	-	-	2,319
Liabilities from other financial instruments at fair value	-	-	-	-	-
Medium-term bonds	-	-	-	-	-
Bond issues and central mortgage institution loans	-	-	-	-	-
Accrued expenses and deferred income	8,041	1,052	1,058	-	10,151
Other liabilities	8,204	23	10	-	8,237
Provisions	-	-	-	-	-
Reserves for general banking risks	2,620	-	-	-	2,620
Institution's capital	72,500	-	-	-	72,500
Statutory capital reserve	37,200	-	-	-	37,200
Statutory retained earnings reserve	-	-	-	-	-
Voluntary retained earnings reserve	27,841	-	-	-	27,841
Treasury shares (negative item)	-	-	-	-	-
Profit carried forward / loss carried forward	-	-	-	-	-
Profit / loss (result of the period)	6,638	-	-	-	6,638
TOTAL LIABILITIES SHOWN IN THE BALANCE SHEET	**187,159**	**220,164**	**337,039**	**11,632**	**755,994**
Delivery obligations from spot exchange, forex forwards and forex options transactions (options shall be delta-weighted)	**5,441**	**120,522**	**183,157**	**2,966**	**312,086**
TOTAL LIABILITIES	**192,600**	**340,686**	**520,196**	**14,598**	**1,068,080**
NET POSITION PER CURRENCY	**3,767**	**-404**	**58**	**181**	**3,602**

7. Information on off-balance sheet transactions

Table 19: Breakdown and explanation of contingent assets and liabilities (In 000 CHF)

	31.12.2023	31.12.2022
Guarantees to secure loans and similar	29,765	33,519
Performance-related guarantees and similar	82,880	-
Irrevocable commitments arising from documentary letters of credit	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	**112,645**	**33,519**
Contingent assets from tax losses carried forward	-	-
Other contingent assets	98,778	14,132
TOTAL CONTINGENT ASSETS	**98,778**	**14,132**

Table 20: Breakdown of fiduciary transactions (In 000 CHF)

	31.12.2023	31.12.2022
Fiduciary investments with third-party companies	83,568	96,968
Fiduciary investments with group companies and affiliated companies	296,112	216,550
Fiduciary loans	-	-
Fiduciary transactions arising from securities lending and borrowing, which the institution conducts in its own name for the account of customers	-	-
Fiduciary crypto currencies held for customer's accounts in the crypto currencies which are recoverable in the event of the intitution's bankruptcy	-	-
Other fiduciary transactions	-	-
TOTAL FIDUCIARY TRANSACTIONS	**379,680**	**313,518**

Table 21: Breakdown of asset under management and presentation of their development (In 000 CHF)

	31.12.2023	31.12.2022
a) Managed assets		
Assets in collective investment schemes managed by the bank	602,362	689,262
Assets managed under an asset management agreement	508,781	618,895
Other managed assets	4,089,509	3,906,269
TOTAL MANAGED ASSETS	**5,200,652**	**5,214,426**
of which: double-counted	235,727	299,636
b) Development of managed assets		
TOTAL MANAGED ASSETS (INCLUDING DOUBLE-COUNTING) AT END OF PREVIOUS YEAR	**5,214,426**	**5,212,726**
New money inflow of managed assets	846,715	1,153,964
Money outflow of managed assets	748,235	638,478
Price gains / losses, interest, dividends and currency gains / losses	-112,254	-513,786
Other effects	-	-
of which: M&A or Asset-Deal-Transactions	-	-
TOTAL MANAGED ASSETS (INCLUDING DOUBLE-COUNTING) AT END OF REPORTING PERIOD	**5,200,652**	**5,214,426**

8. Information on the income statement

Table 22: Breakdown of the result from trading activities and the fair value option (In 000 CHF) (31.12.2023)

	In CHF
a) Breakdown by business area (according to the institution's organisation)	
Administrated/advisory portfolio management services	1,757
Discretionary portofolio management services	888
Assets and Liabilities Management/trading	161
TOTAL	**2,806**
b) Breakdown by underlying risk and based on the use of the fair value option	
Interest rate instruments (including funds)	-
Equity securities (including funds)	-4
Foreign currencies	2,810
Commodities / precious metals	-
TOTAL RESULT FROM TRADING ACTIVITIES	**2,806**
of which, from fair value option	-
of which, from fair value option on assets	-
of which, from fair value option on liabilities	-

Table 23: Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest (In 000 CHF)

	31.12.2023	31.12.2022
Disclosure of material refinancing income in the item 'Interest and discount income'	-	-
Negative interest	-	124

Table 24: Structure of personnel expenses (In 000 CHF)

	31.12.2023	31.12.2022
Salaries (meeting attendance fees and retainers to institutional authorities, salaries and benefits)	21,690	21,454
of which, expenses related to share-based remunerations and other variable salary components	192	228
Social security benefits	3,400	3,366
Value adjustments for economic benefits or obligations arising from pension funds	-	-
Other personnel expenses	1,168	1,185
TOTAL PERSONNEL EXPENSES	**26,258**	**26,005**

Table 25: Breakdown of general and administrative expenses (In 000 CHF)

	31.12.2023	31.12.2022
Office space expenses	1,744	1,952
Expenses for information technology and telecommunications	6,322	5,756
Expenses for motor vehicles, machinery, furniture and other equipment, as well as operating lease expenses	18	20
Audit fee(s) (Article 961a(2) CO)	336	368
of which, for financial and regulatory audits	336	368
of which, for other services	-	-
Other operating expenses	4,007	3,846
of which, for any cantonal guarantee	-	-
TOTAL OF GENERAL AND ADMINISTRATIVE EXPENSES	**12,427**	**11,942**

Table 26: Explanations regarding material losses, extraordinary income and expenses, as well as material release of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required (In 000 CHF)

Losses: Operating losses amounting to 58 TCHF, due to claims from operational nature
Extraordinary income: 53 TCHF, distribution of final dividend in the bankruptcy proceedings of a debtor, where Banco Exterior participated as creditor since 1992
Extraordinary expenses: 257 TCHF, penalty Swiss Stam Duty 2018

Table 27: Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment (In 000 CHF)

	Switzerland	Foreign
Result from interest operations		
Interest and discount income	19,637	-
Interest and dividend income from trading portfolios	-	-
Interest and dividend income from financial investments	1,531	-
Interest expense	-11,892	-
Gross result from interest operations	**9,276**	**-**
Changes in value adjustments for default risks and losses from interest operations	12	-
Subtotal net result from interest operations	**9,288**	**-**
Result from commission business and services		
Commission income from securities trading and investment activities	37,921	-
Commission income from lending activities	198	-
Commission income from other services	1,242	-
Commission expense	-2,423	-
Subtotal result from commission business and services	**36,938**	**-**
Result from trading activities and the fair value option	**2,806**	**-**
Other result from ordinary activities	**48**	**-**
TOTAL OF OPERATING REVENUES	**49,080**	**-**
Operating expenses		
Personnel expenses	-26,258	-
General and administrative expenses	-12,428	-
Subtotal of operating expenses	**-38,686**	**-**
Value adjustments on equity interests and depreciation and amortisation of tangible fixed assets and intangible assets	-1,614	-
Changes to provisions and other value adjustments, and losses	-58	-
Operating result	**8,722**	**-**

Table 28: Presentation of current taxes, deferred taxes, and disclosure of tax rate (In 000 CHF)

	31.12.2023	31.12.2022
Expenses for current taxes	1,880	2,078
Expenses for deferred taxes	-	-
TOTAL OF TAXES	**1,880**	**2,078**
Average tax rate weighted	22%	22%

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To the General Meeting of
BBVA SA, Zurich

Basel, 23 April 2024

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of BBVA (Suiza) SA (the Company), which comprise the balance sheet, off-balance sheet, statement of income, statement of cash flows, statement of change in equity, and notes to the financial statements for the year then ended 31 December 2023.

In our opinion, the enclosed financial statements (p. 17-19, p. 21-27 and p. 32-47) comply with Swiss law and the Company's articles of incorporation.

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

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

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

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

Ernst & Young Ltd

Francesco de Gara	Maria Vittoria Pansoni
Licensed audit expert (Auditor in charge)	ACCA

KM1 - FINMA Circular 2016/1 (in 000 CHF)

		31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022
	Eligible capital (CHF)					
1	Common Equity Tier 1 (CET1)	140,162				136,404
2	Tier 1 capital (T1)	140,162				136,404
3	Total capital	140,188				136,442
	Risk-weighted assets (RWA) (CHF)					
4	RWA	227,720				244,262
4a	Minimum capital (CHF)	18,218				19,541
	Risk-based capital ratios (in % of RWA)					
5	Common Equity Tier 1 ratio (%)	61.5500%				55.8435%
6	Tier 1 capital ratio (%)	61.5500%				55.8435%
7	Total capital ratio (%)	61.5614%				55.8591%
	CET1 buffer capital requirement (in % of RWA)					
8	Capital buffer in accordance with Basel Minimum Standards (as of 2019: 2.5%) (%)	2.50%				2.50%
9	Countercyclical buffer (Art 44a CAO) in accordance with the Basel Minimum Standards (%)	0.00%				0.00%
11	Overall buffer requirements in accordance with the Basel Minimum Standards in CET1 quality (%)	2.50%				2.50%
12	Available CET1 to cover buffer requirements in accordance with Basel Minimum Standards (after deducting CET1 from the cover of the minimum requirements and possibly to cover the TLAC requirements)	53.5614%				47.86%
	Target capital ratios according to Annex 8 CAO (in % of RWA)					
12a	Capital buffer according to Annex 8 CAO (%)	2.50%				3.20%
12b	Countercyclical buffer (Articles 44 and 44a CAO) (%)	0.00%				0.00%
12c	CET1 target ratio (in %) according to Annex 8 CAO plus the countercyclical buffer in accordance with Articles 44 and 44a CAO	7.00%				7.40%
12d	T1 target ratio (in %) according to Annex 8 CAO plus the countercyclical buffer in accordance with Articles 44 and 44a CAO	8.50%				9.00%
12e	Total capital target ratio (in %) as per Annex 8 CAO plus the countercyclical buffer in accordance with Articles 44 and 44a CAO	10.50%				11.20%
	Basel III leverage ratio					
13	Total exposure (CHF)	803,431				955,914
14	Basel III leverage ratio (Tier 1 capital in % of the total exposure)	17.4454%				14.2695%
	Liquidity Coverage Ratio (LCR)					
15	LCR numerator: Total high quality liquid assets (HQLA) (CHF)	140,879	156,920	250,449	158,580	201,713
16	LCR denominator: Total of net cash outflow (CHF)	80,242	77,789	94,322	96,647	115,497
17	LCR (in %)	175.57%	201.72%	265.52%	164.08%	174.65%
	Net stable funding ratio (NSFR)					
18	Available stable refinancing (in CHF)	466,967				649,351
19	Required stable refinancing (in CHF)	326,778				370,911
20	Net stable funding ration (NSFR) (in %)	143.00%				175.07%

Minimum capital normally corresponds to 8% of RWA. Should an institution be subject to higher requirements, for instance because of minimum capital requirements of at least CHF 10m for banks in accordance to Articles 15 and 16 BO, these requirements supersede this rule. In this case, the institution shall make a footnote that it is diclosing the amount of CHF 10m instead of the minimum capital required of 8% of RWA because of the absolute minimum requirements in accordance with Articles 15 and 6 BO. However, the capital ratio shall be calculated as a ratio of the capital considered in comparison to the risk-weighted exposures (and not based on the absolute minimum requirements of CHF 10m).

The following applies to the disclosure of the LCR: For details on how to calculate the quarterly LCR, see comments on the content of Table LIQ1 in Annex 2.

For big banks subject to quarterly publication in accordance with margin no. 14.6, the following applies: for bank subsidiaries abroad, it is possible to use the values calculated according to the local provisions. Certain data can be omitted if no local provisions exist (e.g. on the leverage ratio). For the target ratios in lines 12a-12c, only the generic provisions must be indicated, i.e. without institution-specific add-ons under Pillar 2.

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