

ANNUAL REPORT 2022

BBVA in Switzerland



Annual Report 2022

BBVA in Switzerland

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Message from the Chairman and the Chief Executive Officer

We ended 2022 with the conviction of having experienced an extraordinarily complex year, not only because of the challenges involved in returning to normality by combining on-site work and the home office format, but also because of the different events that we have encountered during the year, which have undoubtedly made it a year of great challenges, in part due to the major corrections suffered by the markets, where we all know we have faced the biggest falls in debt prices since 1870, but also due to the added complexity resulting from the war in the Ukraine and all the geopolitical factors that this sad conflict has caused in terms of rising prices of productive inputs, with the escalation of energy costs being one of the main macro factors that have had an impact on the economies as a whole.

The new levels of inflation and the rise in interest rates with the aim of cooling or neutralizing the effect on prices, have surely been the two macroeconomic variables that have most occupied the financial industry this past year when it was about interpreting and assessing the situation for the benefit of our clients.

Despite this context, we can say that BBVA Switzerland has once again proven to have an extraordinarily resilient business model, where we have managed to continue growing in inflows, reaching CHF 1'154 million, a record figure for the Unit, improving margins by 9 bp compared to last year, and reaching 92 bp of ROCAL. These achievements led us to reach CHF 7.515 million net income, which implies a 7% growth over the previous year.

2022 has allowed us to return to normality in terms of placing value in our physical approaches in order to explore opportunities with our clients and thus better understand where their needs are. From BBVA Switzerland, we have carried out a total of 147 trips to the different geographies where our clients are located. We understand it is fundamental to foster proximity to our clients to better visualize where the opportunity to create value lies, always combining our digital tools and the interaction through our relationship managers, they being the basis of the success of our institution. Additionally, we continue with our strategy to offer the best investment ideas that pivot on long-term strategic visions where the interaction of the investment, advisory and relationship manager teams is absolutely crucial for the benefit of a differential value proposition.

BBVA Switzerland also continues with its strategy of combining traditional assets with the possibility of having digital assets under an execution only model. This dual service is a novelty in a traditional bank and we consider it to be of great value, as it allows our clients to maintain a single asset allocation, combining both types of assets, as well as to tremendously reduce the counterparty risk where we offer an in-house custody service with different levels of security, something we undoubtedly consider critical at present times.

In line with BBVA Group's goal of creating opportunities for our clients, our aim is to improve client experience by making onboarding as easy as possible, and we have therefore incorporated biometrics for our New Gen clients. Our ambition is to gradually continue our strategy of demystifying the Swiss investment industry by democratizing it with a focus on sustainability. We strongly believe in the open architecture and in the enormous possibilities that this new business line offers to younger client profiles, with decision-making capacity in terms of investment, who want to maintain a multi-currency account and combine these investments with digital assets.

Our priority during 2022 has been to continue preserving our clients' assets, being fully aware of the corrections that markets have suffered, but also visualizing where the opportunities for the future lie, and as such we have transmitted it to be able to capitalize on them.

We would like to thank our teams for the intense work they have carried out during the past 12 months, where their motivation, willingness and professionalism has been absolutely extraordinary, without which none of what we describe in this report would have been possible. We also want to show our gratitude to our clients; we always emphasize it and we will not stop doing it: without their trust, our work would not be possible. Our clients are the most important asset we have in the Bank.

We are proud of belonging to the BBVA Group, with the healthy concern of continuing on the path of growth, creating opportunities for our customers from our headquarters in Zurich.



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 2022)

Full name	Post on Board of Directors	Type of directorship	Date first appointed	Date last appointed
Dr. Michael Huber ⁽¹⁾	Chairman	Independent Member, Partner with the law firm Wenger & Vieli AG, Zurich	March 15 th , 2000	April 28 th , 2016
Ms. Alicia Pertusa	Member	BBVA	July 9 th , 2020	
Mr. Roberto Hayer ⁽¹⁾	Member	Independent Member, Partner with the law firm Reber, Zurich	April 28 th , 2016	
Mr. Humberto García	Member	BBVA	April 28 th , 2016	
Mr. Eduardo de Fuentes	Member	BBVA	April 28 th , 2016	
Mr. Martin Menzi ⁽²⁾	Secretary	BBVA	December 4 th , 2006	

⁽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.

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. These committees consist of employees with responsibility on relevant areas.

Number of Board Meetings:

4

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. Eduardo de Fuentes, MBA P.A.D.E and P.D.G. Graduate in Law. 42 years of professional experience as Executive Chairman of Occidental Hotels, Chairman of the Corporate Social Responsibility Division of Ambar Capital y Expansión and various positions at BBVA (Global Head of BBVA Pensions and Insurance in the Americas), among other positions.

Mr. Martin Menzi, the Secretary of the Board of Directors, Master's degree in Law, University of Zurich. Admitted to the Zurich Bar/Swiss Bar. 35 years of professional experience as Associate and Partner with various law firms in Switzerland and General Counsel at BBVA Switzerland, among other positions. Unfortunately, our memorable Martin Menzi passed away in December 2022.

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, 2022)

Full name	Post on company organization
Mr. Alfonso Gómez	Chief Executive Officer/General Manager
Mr. Fernando Álamo	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. Rafael Párrizas ⁽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. 29 years of professional experience within the BBVA Group in Madrid, New York, London and Zurich, of which 9 years at BBVA in Switzerland.

Mr. Fernando Álamo, Master's degree in Quantitative Finance, Afi Escuela de Finanzas, Madrid. Higher Diploma in Telecommunications Engineering, Polytechnic University of Madrid. 24 years of professional experience within the BBVA Group in Madrid and Zurich, of which 4 years at BBVA in Switzerland.

Mr. Sergio Pedrosa, Bachelor's degree in Law, University of Barcelona. European Financial Planner (EFPA). 25 years of professional experience within the BBVA Group, in Madrid, Barcelona and Zurich, of which 21 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). 26 years of professional experience within the BBVA Group in Bilbao, Madrid, Jersey and Zurich, of which 20 years at BBVA in Switzerland.

Ms. Janet Pitan, Economics and Business Administration degree with Specialization in Finance, Universidad Complutense in Madrid. Certified International Coach. 25 years of professional experience within the BBVA Group in Madrid and Zurich, of which 9 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. 16 years of professional experience within the BBVA Group in Lima and Zurich, of which 14 years at BBVA in Switzerland.

Mr. Iñigo Berasaluce, Bachelor's degree in Law, University of Deusto. Certified Anti-Money Laundering Specialist (ACAMS). 31 years of professional experience within the BBVA Group in Valencia, Bilbao, Madrid, Zurich and Hong Kong, of which 16 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. 25 years of professional experience within the BBVA Group in Madrid and Zurich, of which 11 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 13 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. Rafael Párrizas, Economics and Business Administration degree, C.U. San Pablo CEU in Madrid and Hochschule für Bankwirtschaft in Frankfurt am Main. Certified EFFAS Financial & Investment Analyst. years of professional experience in audit and assurance services and banking. Thereof, 12 years' experience within the BBVA Group in Madrid, Panama and Zurich, of which 9 years at BBVA in Switzerland.

Economic Environment

Economic evolution 2022

The global economic evolution during the year 2022 was characterized by a very significant rise in inflation worldwide, because of the economic stimuli from governments and central banks to counteract the effects of COVID on economic activity.

The US authorities carried out the largest economic stimuli in history during 2020 and 2021, specifically injecting into the economy the equivalent, updated for inflation, of spending on the Second World War, plus the Marshall plan, plus spending from the financial sector of the crisis of the year 2008. Said injection of liquidity, without precedents, caused a wave of very relevant inflation, both in magnitude and speed.

Additionally, the situation was aggravated by the war in Ukraine because of Russia's attempted invasion in February, which caused additional increases in the price of raw materials, such as oil or natural gas, and a significant increase in global economic uncertainty. Another key factor has been the delay in the supply of manufactured products by certain emerging countries, such as China.

The problems inherent to COVID were solved in Western countries throughout the year 2022 until reaching a situation of almost normality at the end of it. This was not the case in certain Asian countries, which are still suffering from similar problems from the beginning of the pandemic.

Evolution of financial markets 2022

The evolution of the financial markets during 2022 was characterized by very strong volatility and very significant falls, both in variable income and in fixed income.

The increases in rates by central governments as a result of the rise in inflation have caused a violent fall in the valuations of financial assets not seen in the last 100 or 200 years. This effect has been especially relevant in fixed income assets, which, unlike in the past, have not found any "cushion" in the coupon or rate at the end of 2021, and have presented falls of the order of 15% - 25%, even in the most conservative assets.

In the field of equities, the biggest corrections have been seen in the valuations of companies in the technology sector, which together have fallen more than 30%. This situation has been especially serious in technology companies with less visibility in profits, as is the case of those in the innovation niche (ARKK).

US 10 Year Treasury yield



Source: Bloomberg

Another very relevant factor is the evolution of the price of raw materials, which have had a round trip movement. With sharp rises at the beginning of the year, as a result of the war in Ukraine, and with equivalent falls, thanks to greater economic stability and lower inflation. Specifically, the price of Brent rose from USD 85 at pre-war levels to USD 136 in early March, before falling back to previous levels.

With respect to the evolution of currencies, the first nine months were characterized by a strength of the USD with respect to the rest of the currencies of developed countries, and a decline of the same during the last quarter. Relevant is the evolution of the Turkish lira, with a depreciation of 40% against the USD, currently standing at all-time low levels.

Positioning during 2022

Our positioning during 2022 has been characterized by a low exposure to fixed income during the first half of the year, and a purchase of this asset during the second, taking advantage of the sharp rise in rates and the high carry or coupon of fixed income, which will allow us to obtain very interesting returns in the coming years.

Additionally, we have taken advantage of the weakness of Asian high yield bonds to add the asset to the portfolios, given its high carry (above 20% per year in USD) and strong levels of oversold.

With regard to equities, we have maintained a very tactical approach, trying to take advantage of the high volatility of the market, always maintaining a cautious structural position, given the overvaluation of the asset in historical terms.

We have not maintained an extreme positioning in currencies, benefiting from the strength of the USD in the portfolios of our €-based clients.

Outlook 2023

We believe that 2023 will be characterized by a relaxation of inflationary pressures during the first half of the year, which should significantly favor long-duration fixed-income assets, such as those we hold in our portfolios.

During the last semester, we do not rule out a strong economic slowdown, as a consequence of the rises in the reference rates by the central banks and the end of the economic stimuli from the governments. This situation is especially worrying given the debt levels of the economies as a whole, and the increase in rates during 2022.

Consensus GDP estimates

	4Q22*	GDP 22	GDP 23
Global	1.6%	2.9%	2.3%
Developed markets	0.9%	2.4%	0.7%
USA	0.6%	1.7%	0.5%
Eurozone	0.9%	3.0%	0.2%
Japan	1.9%	1.6%	1.4%
Emerging markets	2.7%	3.2%	4.1%
Latam	1.7%	3.2%	1.3%
Mexico	2.0%	2.0%	1.2%
Brazil	2.5%	2.5%	0.9%
Asia excl. Japan	3.9%	3.7%	5.0%
China	4.0%	3.3%	5.0%
India	4.6%	5.7%	6.1%
EMEA	-4.5%	-0.2%	0.8%
Turkey	1.2%	5.0%	3.0%
BRICS	2.5%	2.5%	4.4%

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

Source: Bloomberg 14/10/2022

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.

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

We live in an era of unprecedented disruption fuelled by innovation in multiple fields. At BBVA Suiza, our vision is that we are facing a challenging environment full of opportunities, where our teams are our greatest strength. For this reason, one of BBVA's six strategic priorities is having the best and most committed team.

Professional Development and People Management Model

In 2022, we made further progress in implementing a global leadership model in which all employees are leaders. A model that focuses on entrepreneurship, empowerment and accountability (commitment to results).

We work with an agile mentality, in an environment based on trust and empowerment where there is an opportunity to learn and grow every day, with the support of leaders who are at the service of their teams to achieve excellence.

We promote a culture open to feedback, through genuine and frequent conversations that revolve around the professional development of the workforce, and that allow us to train teams to achieve our goals and drive their full potential and engagement.

One of BBVA's initiatives in 2022 was the implementation of a global professional career model based on merit, with transparent and homogeneous criteria throughout the Group, so that we may identify all Global Talent.

All the employees participating in the annual assessment process received a 360° assessment report with the results of their performance assessment, assessment of the skills required for their role, potential, location on the talent map and the qualitative feedback from the participants in their assessment process.

Training

The BBVA training model places the employee as the protagonist of their own development and gives them the autonomy to decide their learning trajectory, providing them with the means to be able to choose the learning itinerary that will allow them to grow professionally.

Our Campus BBVA platform has more than 20,000 training resources available, including internal courses and links to external training platforms of recognized prestige worldwide.

The robustness and level of implementation of the training model facilitates upskilling and re-skilling, and this enables us to anticipate and give an agile response to the increasingly changing training needs derived from regulatory and business issues.

Training in Blockchain, Sustainability, and Cybersecurity has been our top priority for 2022.

Diversity

Diversity and inclusion are firmly aligned with our purpose and are consistent with the Group's values. We are committed to diversity in our workforce as one of the key elements for attracting and retaining the brightest talent and offering the best service to our customers. We are genuinely diverse where we also have 18 different nationalities. Our differences make us unique, and sharing them as a team makes us better.

Commitment and Values

BBVA's values and behaviors, Customer comes first, we think big and We are one team, guide the actions of all our employees in their day-to-day activities when making decisions and help us materialize the Group's purpose of "bringing the age of opportunity to everyone."

We are close to our teams and we focus on continuous improvement. As in previous years, we launched the Gallup engagement survey. The results were very positive. In 2022, we improved the level of engagement, and we are convinced that together we will continue making progress to make BBVA the best place to work.

BBVA in Switzerland overview: business performance and future outlook

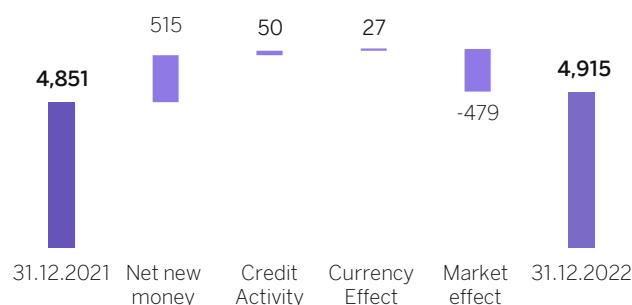
Clients' Assets under Management

We put our clients' needs first. We believe that our ability to serve clients globally with solutions tailored to their needs gives us a strong advantage in today's rapidly changing and highly competitive marketplace. We are progressing towards achieving specific goals for our growth strategy. As a result, Assets under Management (AuMs) closed at 4'915 million reaching a record figure of Net New Assets of 515 million despite the hostile market environment that accompanied us throughout a 2022 of macroeconomic and geopolitical shocks. MSCI Index closed out in 2022 down by 19% and S&P Bond Index decreased by 15%. Clients' assets valuations were down by 10%.

The 1.5% appreciation of the USD vs CHF in 2022 compared to 2021 led our AuMs to increase by 27 million since almost 80% on average of our AuMs are denominated in USD and therefore subject to exchange rate fluctuations.

In 2022 we managed to overcome investors' concerns about rising interest rates, slowing economic growth and persistent high inflation. That's a clear sign that we retain our clients' trust. 2023 is a challenging year ahead for the world on both a human and global scale. Therefore, as the outlook remains problematic and our clients will embrace increasingly complex markets, we look forward to keeping their trust, providing all the support they need by offering the best solutions for them.

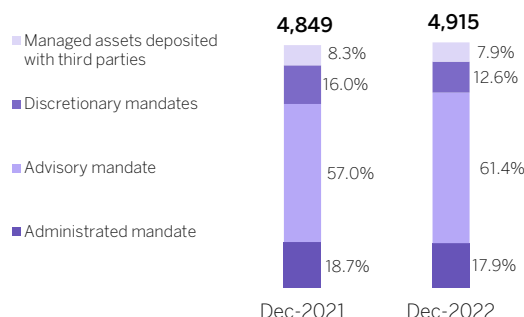
CALs evolution (CHF million)



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)

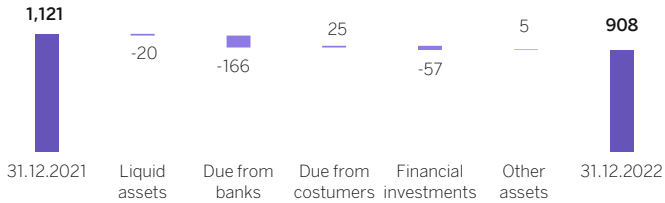


Advisory mandates saw a slight increase in asset allocation up to 61.4% from 57.0%. Inflows were allocated under this mandate.

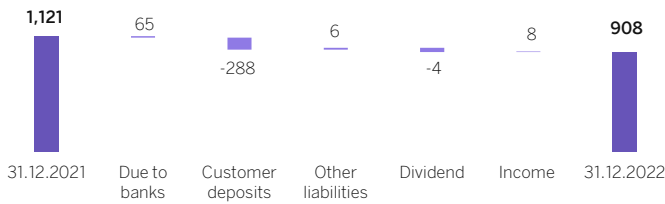
Balance Sheet and Activity

As of the end of 2022, total assets were 908.5 million, down by 213 million compared to the end of 2021, largely driven by a decrease in customer deposits (CHF 288 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)

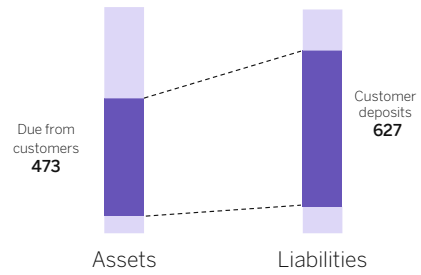


Liquidity

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 2022, the Bank held a sound liquidity position throughout the year, to finance its business in a reliable and cost-efficient manner.

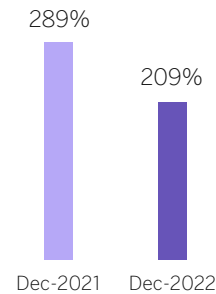
Customer gap (CHF million)



LCR

Our LCR remained well above the required minimum of 100% for 2022. Therefore, we showed a strong resilience to manage the liquidity risk by ensuring that we have sufficient HQLA to survive the stress scenario lasting 30 calendar days (by definition in the LCR). 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)

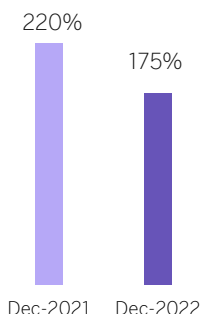


NSFR

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)

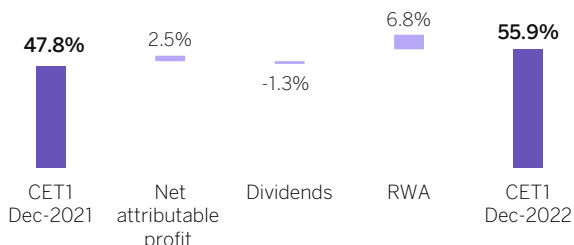


Solvency

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

In 2022, the BIS CET1 ratio increased to 55.9% from 47.8%, primarily due to a decrease in RWA attributable to credit risk in the Financial Investments (ALCO portfolio).

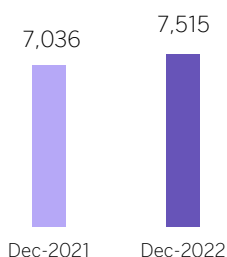
CET 1 ratio



Results

Profit after tax increased by 0.5 million, primarily driven by higher interest rates pushing Net Interest Income upwards.

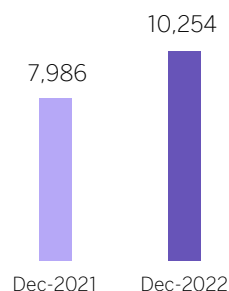
Net Profit (CHF million)



Operating income

The **net interest income (NII)** amounted to 10.2 million, a YoY increase of 28.40%, mostly reflecting a high growth in lending revenues given by the new macroeconomic scenario of high interest rates.

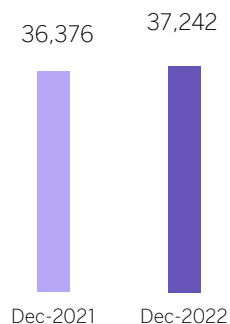
Net Interest Income (CHF million)

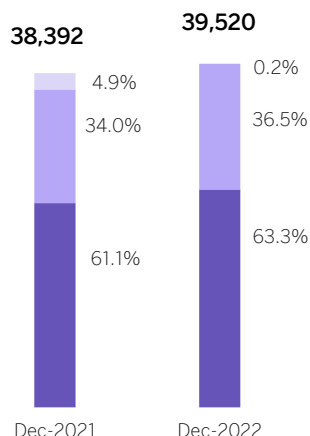


As mentioned above, 2022 turned out to be the most challenging year since 2008. However, we managed our total net fees and commissions to behave excellently, reflecting an increase of +2.38% to CHF 37.24 million.

Recurrent fee income increased by 1.5 million, up to 25.0 million, reflecting higher commissions as a result of custody fees from increased client assets. On the other hand, transaction-based income also increased by 10% or 1.4 million due to higher portfolio rotations, in an attempt to navigate a turbulent 2022 for financial markets and positioning the portfolios for another challenging year in 2023.

Net commission evolution (CHF million)



Volume vs transaction based commissions (CHF million)

We enhanced our Return on Client Assets and Liabilities by 7 bp to 92 bp in a high interest rates scenario.

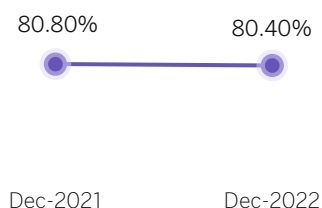
Total operating expenses (CHF million)

Total combined Personnel & general expenses closed at 37.9 million, an increase of 8.1% versus 2021. Despite our big efforts to continue with our disciplined cost management philosophy, adjustments to our cost base were mandatory in order to go forward with our strategic plan oriented to broaden our range of products and continue improving our customer experience.

Amortizations closed slightly lower than 2021. 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 80.40%, compared with 80.80% in the previous year, reflecting a slight improvement as a result of our cost management discipline.

Cost/income ratio**Key figures****Key figures (As of per the year ended, CHF)**

	31.12.2022	31.12.2021
Balance Sheet Statistics		
Total assets	908,474,950	1,125,570,312
Total credit activity	472,558,308	447,159,498
Deposits from customers	900,960,398	915,105,667
Total shareholders' equity	133,784,076	130,265,978
Core results		
Operating income	49,160,730	45,404,955
Operating expenses	39,538,385	35,087,276
Net profit/(loss) attributable to shareholders	7,514,600	7,036,195
Key Performance Indicators		
RoE (%)	3.37%	5.22%
RoA (%)	0.75%	0.62%
C/I ratio (%)	80.43%	80.80%
RoRWA (%)	2.57%	2.53%
CET 1 ratio (%)	55.86%	47.80%
Liquidity coverage ratio (%)	209.22%	289.13%
Net New Money growth (%)	10.63%	-5.60%
RoCAL*	0.92%	0.85%

* 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 2022 financial year at its quarterly meetings.

Future Outlook

We end a year in which we have been able to return to normality after the pandemic, although the war between Ukraine and Russia has undoubtedly marked another episode that we could consider as a Black Swan when analyzing the Macroeconomic context; new variables are beginning to act that lead us to have to evaluate in a special way the episodes that we have experienced in the financial markets.

The tensions in the supply chains caused by the pandemic, along with the increase in energy prices due to the liquidity injections in the USA, have precipitated an escalation of prices in the different economies with inflation levels not seen in many years. This situation has caused the largest correction in bond valuations since 1870, which has become a challenge for all banks in addition to the large corrections in the equity markets, where technological companies have suffered dramatically. It is clear that the financial markets during 2022 have put extraordinary pressure on our assets under management, as has been the case throughout the rest of the financial industry.

In terms of innovation, 2022 was a year in which we maintained our direction to keep feeding learning curves into daily operations in both BTC and ETH. We have also noted how important it is to put focus on those protocols where our technological rationale cannot be compromised by unpredictable situations in the market. Somehow, the sad events of FTX ratify us in our strategic vision of moving forward without haste and generating the right dynamics to make the world of traditional finance coexist with digital assets. Training in this sense also takes on great importance, involving much of the team in courses that help us to create internal knowledge and, as a result, allowing us closer proximity to our customers in a correct manner.

We approach 2023 with the same energy and enthusiasm as always. We are convinced that our vision of the Macroeconomic context will allow us to take advantage of extraordinary opportunities that the financial markets will offer, precisely as a result of the progress of interest rate hikes, where we cannot forget the leverage levels of large economies and its implications for the future. We will monitor the evolution of prices and their consequences in macroeconomic measures, especially in the world of debt.

In our Blockchain space, we will continue to lay the foundations to further consolidate an uncontested strategy. We are fully aware that, as a traditional Bank, we are in a previously unexplored area, but we also know that moving forward in the right way will lead us to have a competitive advantage unmatched by other future competitors. Counterparty risk is more important today than ever before and we also clearly perceive the need to properly delimit cybersecurity risks in our custody platform. In that regard, and with the right technology, we will continue moving forward, in addition to expanding our value proposition for the benefit of our clients with new digital functionalities.

We firmly believe in our service culture and also in the need to gradually expand our activity in both the traditional and digital spaces.

Focus on our clients will be our drive during 2023, putting the talent of the entire team at the service of a correct diversification both in asset classes and country risk, always with the premises of maximum efficiency as a Bank.

Financial Statements

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

Balance Sheet

Assets (In CHF)

	31.12.2022	31.12.2021
Liquid assets	3,136,994	22,969,667
Amounts due from banks	66,247,826	72,808,286
Amounts due from securities financing transactions	-	159,415,993
Amounts due from customers	472,558,308	447,159,498
Mortgage loans	-	-
Trading portfolio assets	-	-
Positive replacement values of derivative financial instruments	4,179,930	1,711,057
Other financial instruments at fair value	-	-
Financial investments	346,733,609	404,202,699
Accrued income and prepaid expenses	6,843,672	7,559,767
Equity securities	-	-
Tangible fixed assets	3,324,286	4,147,212
Intangible assets	-	-
Other assets	5,450,325	5,596,133
Capital not paid in	-	-
TOTAL ASSETS	908,474,950	1,125,570,312
TOTAL SUBORDINATED CLAIMS	-	-
of which subject to mandatory conversion and / or debt waiver	-	-

Liabilities (In CHF)

	31.12.2022	31.12.2021
Amounts due to banks	9,299,323	580,442
Liabilities from securities financing transactions	106,983,616	51,787,500
Amounts due in respect of customer deposits	627,032,284	915,105,667
Trading portfolio liabilities	-	-
Negative replacement values of derivative financial instruments	2,917,496	2,149,298
Liabilities from other financial instruments at fair value	-	-
Medium-term bonds	-	-
Bond issues and central mortgage institution loans	-	-
Accrued expenses and deferred income	9,986,596	8,542,990
Other liabilities	8,336,776	7,482,010
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	24,084,076	20,565,978
Treasury shares (negative item)	-	-
Profit carried forward / loss carried forward	-	-
Profit / loss (result of the period)	7,514,551	7,036,195
TOTAL LIABILITIES	908,474,950	1,125,570,312
TOTAL SUBORDINATED LIABILITIES	-	-
of which subject to mandatory conversion and / or debt waiver	-	-

Off-balance sheet transitions (In CHF)

	31.12.2022	31.12.2021
Contingent liabilities	33,518,674	40,850,589
Irrevocable commitments	2,318,000	2,158,000
Obligations to pay up shares and make further contributions	-	-
Credit commitments	-	-

Income Statement

Income Statement (In CHF)

	31.12.2022	31.12.2021
Results from interest activities		
Interest and discount income	8,504,717	4,844,146
Interest and dividend income from trading operations	843	-138
Interest and dividend income on financial investments	3,142,561	2,765,089
Interest expense	-1,407,719	384,986
Results from interest activities	10,240,402	7,994,083
Changes in value adjustments due to default risk as well as losses from interest operations	13,000	-8,000
SUBTOTAL NET RESULT FROM INTEREST OPERATIONS	10,253,402	7,986,083
Result from commission business and services		
Commission income from securities trading and investment activities	38,659,710	37,112,536
Commission income from lending activities	228,489	640,247
Commission income from other services	1,156,098	1,082,704
Commission expenses	-2,802,693	-2,459,474
Subtotal for commission business and services	37,241,604	36,376,013
Net result from trading activities and from the fair-value option	894,845	1,044,006
Other result from ordinary activities		
Result from the disposal of financial investments	830,693	10,718
Income from equity interests	-	-
Result from real estate	-	-
Other ordinary income	10,945	458
Other ordinary expenses	-70,728	-12,323
SUBTOTAL OTHER RESULT FROM ORDINARY ACTIVITIES	770,910	-1,147

Operating expenses (In CHF)

	31.12.2022	31.12.2021
Personnel expenses	-26,004,852	-24,348,085
General and administrative expenses	-11,941,938	-10,739,191
SUBTOTAL OPERATING EXPENSES	-37,946,790	-35,087,276
Value adjustments on equity interests, depreciation on tangible fixed assets and amortisation of intangible assets	-1,591,595	-1,599,757
Changes to provisions and other value adjustments, and losses	-29,825	298,826
Operating result	9,592,551	9,016,748
Extraordinary income	-	-
Extraordinary expenses	-	-12,353
Changes in reserves for general banking risks	-	-
Taxes	-2,078,000	-1,968,200
PROFIT / LOSS (RESULT FOR THE PERIOD)	7,514,551	7,036,195

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

	31.12.2022	31.12.2021
Profit	7,514,551	7,036,195
+/- profit / loss carried forward		
= Distributable profit	7,514,551	7,036,195
Appropriation of profit / coverage of losses		
Appropriation of profit		
Allocation to statutory retained earnings reserve *	-	-
Allocation to voluntary retained earnings reserve	3,757,275	3,518,098
Distributions from distributable profit **	3,757,276	3,518,097
Other distributions		
Voluntary retained earnings reserve	24,084,076	20,565,978
Allocation from distributable profit (as per above registration)	3,757,275	3,518,098
New amount carried forward	27,841,351	24,084,076

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

** Composition of 2021 dividend distribution CHF 3'518'097 (50% of 2021 income statement). Composition of 2022 dividend distribution CHF 3'757'276 (50% of 2022 income statement).

Cash Flow Statement

Cash Flow Statement (In 000 CHF)

	Cut-off date 31.12.2022		Cut-off date 31.12.2021	
	Cash in-flow	Cash out-flow	Cash in-flow	Cash out-flow
Cash flow from operating activities (internal financing):				
Result of the period	7,515	-	7,036	-
Change in reserves for general banking risks	-	-	-	-
Value adjustments on equity securities depreciation and amortisation of tangible fixed assets and intangible assets	1,592	-	1,600	-
Provisions and other value adjustments	-	-	-	546
Change in value adjustments for default risks and losses	-	13	8	-
Accrued income and prepaid expenses	716	-	-	439
Accrued expenses and deferred income	1,444	-	-	236
Other items	1,000	-	1,020	-
Previous year's dividend	-	3,518	-	8,804
SUBTOTAL	12,267	3,531	9,664	10,025
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	-	769	-	768
Intangible assets	-	-	-	-
Mortgages on own real estate	-	-	-	-
SUBTOTAL	-	769	-	768

Cash Flow Statement (In 000 CHF)

	Cut-off date 31.12.2022		Cut-off date 31.12.2021	
	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	9,013	-	-	20,193
Amounts due secured by mortgages	-	-	-	-
Other financial instruments at fair value	-	-	-	-
Financial investments	-	9,126	-	34,752
Other accounts receivable	-	-	-	-
Short-term business				
Amounts due to banks	8,719	-	451	-
Liabilities from securities financing transactions	55,196	-	51,788	-
Amounts due in respect of customer deposits	-	288,073	-	67,634
Trading portfolio liabilities	-	-	-	-
Negative replacement values of derivative financial instruments	768	-	-	237
Liabilities from other financial instruments at fair value	-	-	-	-
Amounts due from banks	6,560	-	71,738	-
Amounts due from securities financing transactions	159,425	-	26,187	-
Amounts due from customers	-	34,412	14,484	-
Trading portfolio assets	-	-	-	-
Positive replacement values of derivative financial instruments	-	2,469	-	1,167
Other financial instruments at fair value	-	-	-	-
Financial investments	66,600	-	-	49,573
Liquidity				
Cash and cash-equivalents	19,832	-	10,037	-
SUBTOTAL	326,113	334,080	174,685	173,556
TOTAL	338,380	338,380	184,349	184,349

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	-	20,566	-	-	7,036	139,922
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	-	-	-	-	-	-	-	-	-3,518	-3,518
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-	-	-	-	-	-	-
Other allocations to (transfers from) the other reserves	-	-	-	-	-	3,518	-	-	-3,518	-
Profit / loss (result of the period)	-	-	-	-	-	-	-	-	7,515	7,515
Equity at end of current period	72,500	-	37,200	2,620	-	24,084	-	-	7,515	143,919

* 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 a corporation under Swiss law and is headquartered at Selnaustrasse 32/36 in Zurich. 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 single-entity financial statements are reliably 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.

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.

System of Variable Remuneration in Shares

BBVA Group has a specific remuneration system applicable to those employees whose professional activities may have a material impact on the risk profile of the Group (hereinafter "Identified Staff"), 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.

In 2022, this remuneration scheme is reflected in the following remuneration policies:

- BBVA Group General Remuneration Policy, approved by the Board of Directors on June 30, 2021, that applies to employees and senior managers at BBVA (excluding BBVA executive directors) and at Group companies with respect to which BBVA exercises control over management. This policy includes the specific rules applicable to the members of the Identified Staff, including Senior Management.
- BBVA Directors' Remuneration Policy, approved by the General Shareholders' Meeting of BBVA held on April 20, 2021, that it's applicable to the members of the Board of Directors of BBVA. The remuneration system for executive directors corresponds, generally, with the applicable system to the Identified Staff, incorporating some particularities of their own, derived from their condition of directors.

The Annual Variable Remuneration for the Identified Staff members is subject to specific rules for settlement and payment established in their corresponding remuneration policies, specifically:

- Annual Variable Remuneration for Identified Staff members for each financial year will be subject to ex ante adjustments, so that it shall be reduced at the time of their appraisal in the event of a downturn in the Group's results or other parameters such as the level of achievement of budgeted targets, and it will not accrue or it will accrue in a reduced amount, should a certain level of profits and capital ratio not be achieved in accordance with the provisions of applicable regulations at any given time.
- 60% of the Annual Variable Remuneration will be vested and paid, if conditions are met, as a general rule, in the first four months of the financial year following that to which the Annual Variable Remuneration corresponds (the "Upfront Portion").
- 50% of the Annual Variable Remuneration, including both the Upfront Portion and the Deferred Portion, shall be established in BBVA shares or in instruments linked to BBVA shares.

- The shares or instruments awarded as Annual Variable Remuneration, both from the Upfront Portion and the Deferred Portion, shall be withheld for a one-year period after delivery. This will not apply to those shares or instruments the sale of which would be required to honor the payment of taxes accruing on delivery.
- The Deferred Portion of the Annual Variable Remuneration may be reduced, but never increased, depending on the results of multi-year performance indicators which are aligned with the Group's core risk management and control metrics related to the solvency, liquidity, profitability or value creation.
- The entire Annual Variable Remuneration corresponding to each financial year shall be subject to arrangements for the reduction of variable remuneration ("malus") and arrangements for the recovery of variable remuneration already paid ("clawback") during the whole deferral and withholding period, which will be applicable in the event of the occurrence of any of the circumstances expressly named in the remuneration policies.
- The variable component of the remuneration for a financial year (understood as the sum of all variable components of the remuneration) shall be limited to a maximum amount of 100% of the fixed component of the total remuneration (understood as the sum of all fixed components of the remuneration), unless the General Shareholders' Meeting of BBVA resolves to increase this percentage up to a maximum of 200%.

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:

	31.12.2022	31.12.2021
USD 1	0.9247	0.9110
EUR 1	0.9891	1.0358
GBP 1	1.1191	1.2339
JPY 100	0.7052	0.7912

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 and Legal Risks

The Compliance and legal department ensure that business activities are in compliance with valid regulatory rules. These departments are 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.

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)

	31.12.2022	31.12.2021
Book value of the receivables and payables (always before any netting agreements) from cash collateral posted for securities borrowing and lending and (reverse) repos.	106,984	107,637
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.	-	162,984
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.	107,226	53,683

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			Total
	Secured by mortgage	Other collateral	No collateral	
Loans (before offsetting any value adjustments)				
Amounts due from customers	-	468,378	4,180	472,558
Amounts due secured by mortgage:	-	-	-	-
Residential property	-	-	-	-
Office and business premises	-	-	-	-
Commercial and industrial real estate	-	-	-	-
Other	-	-	-	-
TOTAL LOANS (BEFORE OFFSETTING ANY VALUE ADJUSTMENTS)				
2022	-	468,378	4,180	472,558
2021	-	421,719	25,440	447,159
TOTAL LOANS (AFTER NETTING WITH VALUE ADJUSTMENTS)				
2022	-	468,378	4,180	472,558
2021	-	421,719	25,440	447,159
Off-balance-sheet				
Contingent liabilities	-	33,519	-	33,519
Irrevocable commitments	-	-	2,318	2,318
Obligations to pay up shares and make further contributions	-	-	-	-
Credit commitments	-	-	-	-
TOTAL OFF-BALANCE-SHEET				
2022	-	33,519	2,318	35,837
2021	-	40,851	2,158	43,009
	Gross debt	Estimated liquidation value of collateral	Net debt	Individual valuation allowance
Impaired loans / receivables				
2022	-	-	-	-
2021	-	-	-	-

No impaired loans / receivables as at 31.12.2021 and 31.12.2022.

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)	1,051	1,324	138,286	3,129	1,593	32,570
Combined interest rate / currency swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	-	-	-	-
TOTAL	1,051	1,324	138,286	3,129	1,593	32,570
Equity securities / indices						
Futures contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	879	-	-	-
TOTAL	-	-	879	-	-	-
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						
31.12.2022	1,051	1,324	139,165	3,129	1,593	32,570
of which, determined using a valuation model	-	-	-	-	-	-
31.12.2021	260	702	49,731	1,451	1,447	46,729
of which, determined using a valuation model	-	-	-	-	-	-
			Positive replacement values (cumulative)	Negative replacement values (cumulative)		
Total after netting agreements						
31.12.2022			4,180			2,917
31.12.2021			1,711			2,149
			Central clearing houses	Banks and securities dealers	Other customers	
Breakdown by counterparty						
Positive replacement values (after netting agreements)			-	3,221	959	

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

	BOOK VALUE		FAIR VALUE	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Debt securities	346,734	404,203	324,814	403,629
of which, intended to be held until maturity	345,904	382,149	323,984	380,579
of which, destined to be sold	830	22,054	830	23,050
Equity securities	-	-	-	-
of which, qualified interests	-	-	-	-
Precious metals	-	-	-	-
Real estate	-	-	-	-
Crypto-currencies	-	-	-	-
TOTAL	346,734	404,203	324,814	403,629
of which, repo-eligible securities in accordance with liquidity requirements	304,674	342,884	285,546	342,596

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Breakdown of counterparties by rating S&P						
Debt securities: book values	314,743	25,453	6,538	-	-	-

The value adjustments for default risks of the financial investments, total amount of CHF 37'000 per end of year 2022, 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 2021	Reclassifications	Additions	Disposals	Depreciation	Reversals	Book value as at end of 2022
Bank buildings	4,651	-3,633	1,018	-	2	-	-258	-	762
Other property	-	-	-	-	-	-	-	-	-
Proprietary or separately acquired software	7,550	-4,439	3,111	-	742	-	-1,320	-	2,533
Other tangible fixed assets	29	-11	18	-	25	-	-14	-	29
Assets acquired under finance leases:									
of which, bank buildings	-	-	-	-	-	-	-	-	-
of which, other property	-	-	-	-	-	-	-	-	-
of which, other tangible fixed assets	-	-	-	-	-	-	-	-	-
TOTAL TANGIBLE FIXED ASSETS	12,230	-8,083	4,147	-	769	-	-1,592	-	3,324

After completion of depreciations, the positions have been offset in the amount of CHF 547: Software 547.

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	5,448	1,816	1,816	1,816	-	-	-

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

	Other assets		Other liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Compensation account	4,143	4,187	5,029	4,478
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	1,130	1,245	-	-
Balances arising from internal bank business operations	-	-	-	-
Commodities	-	-	-	-
Indirect taxes	177	164	-	-
Badwill	-	-	-	-
Funds set up by the bank and possessing no separate legal personality, e.g. pension and charitable funds	-	-	-	-
Pure clearing accounts	-	-	2,722	2,103
Balances arising from internal bank business operations	-	-	-	-
Matured, but unredeemed coupons and debt instruments	-	-	-	-
Indirect taxes	-	-	586	901
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	5,450	5,596	8,337	7,482

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	1,622	158
Interest bearing securities rights	15,510	176
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 31.12.2022	Waiver of use at 31.12.2022	Net amount at 31.12.2022	Net amount at 31.12.2021	Influence of ECR on personnel expenses	
					31.12.2022	31.12.2021
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 31.12.2022	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	
		31.12.2022	31.12.2021			31.12.2022	31.12.2021
Employer sponsored funds / pension schemes	-	-	-	-	-	-	-
Pension plans without overfunding / underfunding	-	-	-	-	1,475	1,475	1,309
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	51	-	-	-	-	6	-19	38	-13
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	51	-	-	-	-	6	-19	38	-13

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

	31.12.2022			31.12.2021		
	Total nominal value	No. of shares	Capital eligible for dividend	Total nominal value	No. of shares	Capital eligible for dividend
Bank's capital						
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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Holders of qualified participations	13,753	47,948	95,349	5,773
Group companies	-	-	-	-
Linked companies	1,360	2,965	-	-
Transactions with members of governing bodies	1,375	573	2,411	5,582
Other related parties	-	-	107	106

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

	Amounts due from		Amounts due to	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Holders of qualified participations	-	1,629	-	-
Group companies	-	-	-	-
Linked companies	-	-	-	-
Transactions with members of governing bodies	-	-	303	449
Other related parties	-	-	-	-

Explanations regarding off-balance-sheet transactions	Forward contracts	89,271
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Explanations regarding conditions:	Balance-sheet and off-balance-sheet transactions were conducted at terms in line with the market the market
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Table 12: Disclosure of significant holders (In CHF)

	31.12.2022		31.12.2021	
	Nominal value	% of equity	Nominal value	% of equity
Shareholders and groups of equity holders with pooled voting rights				
with voting rights	72,500,000	100.00%	72,500,000	100.00%
of which, more than 5% of the voting rights:				
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	-	-	-	
			31.12.2022	31.12.2021
Contingent liabilities associated with sold or purchased treasury shares (A4 - 166)				
Contingent liabilities			-	-
			31.12.2022	31.12.2021
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			-	-
			31.12.2022	31.12.2021
Reason for reservation	Number of shares at the beginning of 2020	Change	Number of shares at the end of 2020	
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	-	-	-	
	31.12.2022		31.12.2021	
	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

	Total 31.12.2022	Total 31.12.2021
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							Total
	At sight	Cancellable	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	No maturity	
Assets / financial instruments								
Liquid assets	3,137	-	-	-	-	-	-	3,137
Amounts due from banks	43,132	-	23,116	-	-	-	-	66,248
Receivables from securities financing transactions	-	-	-	-	-	-	-	-
Amounts due from customers	976	328,625	10,903	40,952	78,156	12,946	-	472,558
Mortgage receivables	-	-	-	-	-	-	-	-
Trading transactions	-	-	-	-	-	-	-	-
Positive replacement values of derivative financial instruments	4,180	-	-	-	-	-	-	4,180
Other financial instruments valued at fair value	-	-	-	-	-	-	-	-
Financial investments	-	-	24,108	25,686	296,940	-	-	346,734
TOTAL 2022	51,425	328,625	58,127	66,638	375,096	12,946	-	892,857
TOTAL 2021	97,880	314,519	185,657	122,286	375,171	12,754	-	1,108,267
Liabilities / financial instruments								
Amounts due to banks	9,299	-	-	-	-	-	-	9,299
Payables from securities financing transactions	-	-	82,942	24,042	-	-	-	106,984
Amounts due in respect of customer deposits	578,125	-	36,615	12,292	-	-	-	627,032
Payables from trading transactions	-	-	-	-	-	-	-	-
Negative replacement values of derivative financial instruments	2,917	-	-	-	-	-	-	2,917
Payables from other financial instruments valued at fair value	-	-	-	-	-	-	-	-
Medium-term notes	-	-	-	-	-	-	-	-
Bonds and Central mortgage institution loans	-	-	-	-	-	-	-	-
TOTAL 2022	590,341	-	119,557	36,334	-	-	-	746,232
TOTAL 2021	917,835	-	20,715	31,073	-	-	-	969,623

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

	31.12.2022		31.12.2021	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	3,137	-	22,970	-
Amounts due from banks	23,590	42,658	239	72,569
Amounts due from securities financing transactions	-	-	159,416	-
Amounts due from customers	23,613	448,945	15,497	431,662
Mortgage loans	-	-	-	-
Trading portfolio assets	-	-	-	-
Positive replacement values of derivative financial instruments	114	4,066	4	1,707
Other financial instruments at fair value	-	-	-	-
Financial investments	20,148	326,586	20,217	383,986
Accrued income and prepaid expenses	3,442	3,402	5,037	2,523
Equity securities	-	-	-	-
Tangible fixed assets	3,324	-	4,147	-
Intangible assets	-	-	-	-
Other assets	3,857	1,593	4,149	1,447
Capital not paid in	-	-	-	-
TOTAL ASSETS	81,225	827,250	231,676	893,894
Liabilities				
Amounts due to banks	7,839	1,460	-	580
Liabilities from securities financing transactions	19,138	87,846	51,788	-
Amounts due in respect of customer deposits	37,276	589,756	30,536	884,570
Trading portfolio liabilities	-	-	-	-
Negative replacement values of derivative financial instruments	14	2,903	20	2,129
Liabilities from other financial instruments at fair value	-	-	-	-
Medium-term bonds	-	-	-	-
Bond issues and central mortgage institution loans	-	-	-	-
Accrued expenses and deferred income	9,232	755	8,543	-
Other liabilities	4,207	4,130	3,252	4,230
Provisions	-	-	-	-
Reserves for general banking risks	2,620	-	2,620	-
Institution's capital	72,500	-	72,500	-
Statutory capital reserve	-	-	-	-
Statutory retained earnings reserve	37,200	-	37,200	-
Voluntary retained earnings reserves	24,084	-	20,566	-
Treasury shares (negative item)	-	-	-	-
Profit carried forward / loss carried forward	-	-	-	-
Profit / loss (result of the period)	7,515	-	7,036	-
TOTAL LIABILITIES	221,625	686,850	234,061	891,509

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

	31.12.2022		31.12.2021	
	Absolute	Share as %	Absolute	Share as %
Europe				
Switzerland	81,225	8.94%	231,676	20.58%
Spain	76,019	8.37%	105,075	9.34%
France	74,361	8.19%	73,459	6.53%
Sweden	39,020	4.30%	51,195	4.55%
Luxembourg	36,297	4.00%	50,464	4.48%
Turkey	34,761	3.83%	49,232	4.37%
Italy	27,150	2.99%	1	0.00%
Norway	26,955	2.97%	9,211	0.82%
United Kingdom	24,833	2.73%	32,911	2.92%
Belgium	24,157	2.66%	17,545	1.56%
Finland	22,675	2.50%	48,428	4.30%
Germany	21,900	2.41%	15,273	1.36%
Netherlands	19,993	2.20%	36,364	3.23%
Other European	8,093	0.87%	13,272	0.36%
TOTAL EUROPE	517,439	56.96%	734,106	64.40%
North America				
United States	48,113	5.30%	41,139	3.65%
Mexico	88,090	9.70%	80,659	7.17%
Canada	457	0.04%	493	0.04%
TOTAL NORTH AMERICA	136,660	15.04%	122,291	10.86%
South and Central America (incl. Caribbean zone)				
South America	97,689	10.75%	100,592	8.94%
Central America	60	0.01%	-	0.00%
Caribbean Zone	120,263	13.24%	118,725	10.55%
TOTAL SOUTH AND CENTRAL AMERICA (INCL. CARIBBEAN ZONE)	218,012	24.00%	219,317	19.49%
TOTAL OTHER COUNTRIES	36,364	4.00%	59,067	5.25%
TOTAL ASSET	908,475	100.00%	1,134,781	100.00%

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

Bank's own country rating	Foreign exposure / 31.12.2022		Foreign exposure / 31.12.2021	
	in CHF	Share as %	in CHF	Share as %
1	738,366	95.19%	859,266	94.18%
2	-	0.00%	-	0.00%
3	14	0.00%	22	0.00%
4	22,681	2.92%	37,568	4.12%
5	1,003	0.13%	1,920	0.21%
6	8,605	1.11%	3,287	0.36%
7	5,026	0.65%	10,326	1.13%
Unrated	33	0.00%	1	0.00%
TOTAL	775,728	100.00%	912,390	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	2,915	116	91	15	3,137
Amounts due from banks	174	4,235	53,887	7,952	66,248
Amounts due from securities financing transactions	-	-	-	-	-
Amounts due from customers	93,099	135,880	229,610	13,969	472,558
Mortgage loans	-	-	-	-	-
Trading portfolio assets	-	-	-	-	-
Positive replacement values of derivative financial instruments	4,180	-	-	-	4,180
Other financial instruments at fair value	-	-	-	-	-
Financial investments	40,164	37,558	269,012	-	346,734
Accrued income and prepaid expenses	3,431	660	2,130	623	6,844
Equity securities	-	-	-	-	-
Tangible fixed assets	3,324	-	-	-	3,324
Intangible assets	-	-	-	-	-
Other assets	5,448	-	2	-	5,450
Capital not paid in	-	-	-	-	-
TOTAL ASSETS SHOWN IN BALANCE SHEET	152,735	178,449	554,732	22,559	908,475
Delivery claims from spot exchange, forex forwards and forex options transactions (options shall be considered delta-weighted)	42,645	54,635	65,657	7,919	170,856
TOTAL ASSETS	195,380	233,084	620,389	30,478	1,079,331
Liabilities					
Amounts due to banks	382	907	8,010	-	9,299
Liabilities from securities financing transactions	-	9,891	97,093	-	106,984
Amounts due in respect of customer deposits	20,488	145,031	447,389	14,124	627,032
Trading portfolio liabilities	-	-	-	-	-
Negative replacement values of derivative financial instruments	2,917	-	-	-	2,917
Liabilities from other financial instruments at fair value	-	-	-	-	-
Medium-term bonds	-	-	-	-	-
Bond issues and central mortgage institution loans	-	-	-	-	-
Accrued expenses and deferred income	9,169	11	807	-	9,987
Other liabilities	8,135	149	-	53	8,337
Provisions	-	-	-	-	-
Reserves for general banking risks	2,620	-	-	-	2,620
Institution's capital	72,500	-	-	-	72,500
Statutory capital reserve	-	-	-	-	-
Statutory retained earnings reserve	37,200	-	-	-	37,200
Voluntary retained earnings reserve	24,084	-	-	-	24,084
Treasury shares (negative item)	-	-	-	-	-
Profit carried forward / loss carried forward	-	-	-	-	-
Profit / loss (result of the period)	7,515	-	-	-	7,515
TOTAL LIABILITIES SHOWN IN THE BALANCE SHEET	185,010	155,989	553,299	14,177	908,475
Delivery obligations from spot exchange, forex forwards and forex options transactions (options shall be delta-weighted)	10,899	77,998	66,431	15,980	171,308
TOTAL LIABILITIES	195,909	233,987	619,730	30,157	1,079,783
NET POSITION PER CURRENCY	-529	-903	659	321	-452

9. Information on off-balance sheet transactions

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

	31.12.2022	31.12.2021
Guarantees to secure loans and similar	33,519	40,851
Performance-related guarantees and similar	-	-
Irrevocable commitments arising from documentary letters of credit	-	-
Other contingent liabilities	-	-
TOTAL CONTINGENT LIABILITIES	33,519	40,851
Contingent assets from tax losses carried forward	-	-
Other contingent assets	14,132	14,641
TOTAL CONTINGENT ASSETS	14,132	14,641

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

	31.12.2022	31.12.2021
Fiduciary investments with third-party companies	96,968	69,203
Fiduciary investments with group companies and affiliated companies	216,550	85,297
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 institution's bankruptcy	-	-
Other fiduciary transactions	-	-
TOTAL FIDUCIARY TRANSACTIONS	313,518	154,500

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

	31.12.2022	31.12.2021
a) Managed assets		
Assets in collective investment schemes managed by the bank	689,262	765,009
Assets managed under an asset management agreement	618,895	775,215
Other managed assets	3,906,269	3,672,501
TOTAL MANAGED ASSETS	5,214,426	5,212,725
of which: double-counted	299,636	361,578
b) Development of managed assets		
TOTAL MANAGED ASSETS (INCLUDING DOUBLE-COUNTING) AT END OF PREVIOUS YEAR	5,212,726	5,218,726
New money inflow of managed assets	1,153,964	812,109
Money outflow of managed assets	-638,478	-1,083,573
Price gains / losses, interest, dividends and currency gains / losses	-513,786	265,464
Other effects	-	-
of which: M&A or Asset-Deal-Transactions	-	-
TOTAL MANAGED ASSETS (INCLUDING DOUBLE-COUNTING) AT END OF REPORTING PERIOD	5,214,426	5,212,726

10. Information on the income statement

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

	In CHF
a) Breakdown by business area (according to the institution's organisation)	
Administrated/advisory portfolio management services	1,790
Discretionary portofolio management services	502
Assets and Liabilities Management/trading	-1,397
TOTAL	895
b) Breakdown by underlying risk and based on the use of the fair value option	
Interest rate instruments (including funds)	-12
Equity securities (including funds)	-1,044
Foreign currencies	1,951
Commodities / precious metals	-
TOTAL RESULT FROM TRADING ACTIVITIES	895
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)

	31.12.2022	31.12.2021
Disclosure of material refinancing income in the item 'Interest and discount income'	-	-
Negative interest	124	262

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

	31.12.2022	31.12.2021
Salaries (meeting attendance fees and retainers to institutional authorities, salaries and benefits)	21,454	20,079
of which, expenses related to share-based remunerations and other variable salary components	228	231
Social security benefits	3,366	3,114
Value adjustments for economic benefits or obligations arising from pension funds	-	-
Other personnel expenses	1,185	1,155
TOTAL PERSONNEL EXPENSES	26,005	24,348

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

	31.12.2022	31.12.2021
Office space expenses	1,952	1,953
Expenses for information technology and telecommunications	5,756	5,461
Expenses for motor vehicles, machinery, furniture and other equipment, as well as operating lease expenses	20	17
Audit fee(s) (Article 961a(2) CO)	368	333
of which, for financial and regulatory audits	368	333
of which, for other services	-	-
Other operating expenses	3,846	2,975
of which, for any cantonal guarantee	-	-
TOTAL OF GENERAL AND ADMINISTRATIVE EXPENSES	11,942	10,739

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 1'065 TCHF, 30 TCHF due to claims from operational nature (clients and counterparties) and 1'035 TCHF due to an operational failure.

Extraordinary income: No extraordinary income has been recognized.

Extraordinary expenses: No extraordinary expenses has been recognized.

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	8,505	-
Interest and dividend income from trading portfolios	-	-
Interest and dividend income from financial investments	3,142	-
Interest expense	-1,407	-
Gross result from interest operations	10,240	-
Changes in value adjustments for default risks and losses from interest operations	13	-
Subtotal net result from interest operations	10,253	-
Result from commission business and services		
Commission income from securities trading and investment activities	38,660	-
Commission income from lending activities	228	-
Commission income from other services	1,156	-
Commission expense	-2,802	-
Subtotal result from commission business and services	37,242	-
Result from trading activities and the fair value option	895	-
Other result from ordinary activities	771	-
TOTAL OF OPERATING REVENUES	49,161	-
Operating expenses		
Personnel expenses	-26,005	-
General and administrative expenses	-11,942	-
Subtotal of operating expenses	-37,947	-
Value adjustments on equity interests and depreciation and amortisation of tangible fixed assets and intangible assets	-1,591	-
Changes to provisions and other value adjustments, and losses	-30	-
Operating result	9,593	-

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

	31.12.2022	31.12.2021
Expenses for current taxes	2,078	1,968
Expenses for deferred taxes	-	-
TOTAL OF TAXES	2,078	1,968
Average tax rate weighted	22%	22%



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To the General Meeting of
BBVA SA, Zurich

Basel, 27 April 2023

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, income statement, cash flow statement, statement of changes in equity, and notes to the financial statements as at 31 December 2022 and for the year then ended.

In our opinion, the enclosed financial statements (p.17-27 and p.31-48) 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.



Other information

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

Licensed audit expert
(Auditor in charge)

Manager

Enclosures

- ▶ Financial statements (balance sheet, off-balance sheet, statement of changes in equity, the income statement, and notes to the financial statements)

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

		31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
Eligible capital (CHF)						
1	Common Equity Tier 1 (CET1)	136,404	-	-	-	132,886
2	Tier 1 capital (T1)	136,404	-	-	-	132,886
3	Total capital	136,442	-	-	-	132,937
Risk-weighted assets (RWA) (CHF)						
4	RWA	244,262	-	-	-	278,003
4a	Minimum required capital (CHF)	19,541	-	-	-	22,240
Risk-based capital ratios (in % of RWA)						
5	Common Equity Tier 1 ratio (%)	55.8435%	-	-	-	47.8003%
6	Tier 1 capital ratio (%)	55.8435%	-	-	-	47.8003%
7	Total capital ratio (%)	55.8591%	-	-	-	47.8186%
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)	47.86%	-	-	-	39.82%
Target capital ratios according to Annex 8 CAO (in % of RWA)						
12a	Capital buffer according to Annex 8 CAO (%)	3.20%	-	-	-	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 counter-cyclical buffer in accordance with Articles 44 and 44a CAO	7.40%	-	-	-	7.40%
12d	T1 target ratio (in %) according to Annex 8 CAO plus the counter cyclical buffer in accordance with Articles 44 and 44a CAO	9.00%	-	-	-	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	11.20%	-	-	-	11.20%
Basel III leverage ratio						
13	Total exposure (CHF)	955,914	-	-	-	1,185,328
14	Basel III leverage ratio (Tier 1 capital in % of the total exposure)	14.2695%	-	-	-	11.2109%
Liquidity Coverage Ratio (LCR)						
15	LCR numerator: Total high quality liquid assets (HQLA) (CHF)	201,713	261,999	345,792	414,086	489,824
16	LCR denominator: Total of net cash outflow (CHF)	115,497	140,043	152,113	156,420	174,935
17	LCR (in %)	174.65%	187.08%	227.33%	264.73%	280.00%
Net stable funding ratio (NSFR)						
18	Available stable refinancing (in CHF)	649,351	-	-	-	879,919
19	Required stable refinancing (in CHF)	370,911	-	-	-	406,253
20	Net stable funding ratio (NSFR) (in %)	175.07%	-	-	-	216.59%

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 disclosing 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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