HYPOSWISS
PRIVATE BANK

ANNUAL REPORT 2022

HYPOSWISS
PRIVATE BANK

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CONTENTS

Corporate bodies of Hyposwiss Private Bank Genève SA 4

Letter to Shareholders 6

Activity Report 22

Economic and Financial Outlook 26

Comptes de groupe 60
- *Consolidated balance sheet 62*
- *Consolidated income statement 63*
- *Cash flow statement 65*
- *Statement of changes in equity 66*
- *Notes to the 2022 Consolidated Financial Statements 67*

Report of the Statutory Auditor on the Consolidated Financial Statements 94

Disclosure requirements as prescribed in the FINMA circular 16/1 for the group 98

Financial Statements 102
- *Statutory balance sheet 103*
- *Income statement 104*
- *Appropriation of profit 105*
- *Statement of changes in equity 106*
- *Notes to the 2021 Financial Statements 107*

Report of the Statutory Auditor on the Financial Statements 122

Disclosure requirements as prescribed in the FINMA circular 16/1 for Hyposwiss Private Bank Genève SA 126

Curriculum Vitae 132
- *Members of the Board of Directors 133*
- *Members of the Executive Board 136*

Group companies' addresses 138

CORPORATE

BODIES OF HYPOSWISS PRIVATE BANK GENÈVE SA



BOARD OF DIRECTORS

Solly S. Lawi
Chairman of the Board

Alain Bruno Lévy*
Vice-Chairman of the Board

Michel Broch*
Member, Secretary

Eric Bernheim*
Member

Alexander L. Dembitz*
Member

Robert Dwek**
Member

Philippe Perles*
Member

Nabil Jean Sab*
Member

* Independent according to Circ.FINMA 2017/1

** Until 31.12.2022

MANAGEMENT COMMITTEE

Niels Bom Olesen
Chief Executive Officer - CEO

Albert Lawi
Deputy Chief Executive Officer

Roni Hougui
Chief Operations Officer - COO

Sébastien Joliat
Chief Financial Officer - CFO

James Lawi
Director of Private Banking

Stephan Lawi
Chief Investment Officer - CIO

Sylvie Wehrli
Chief Compliance Officer - CCO

INTERNAL AUDITORS

BDO SA, Geneva

STATUTORY AUDITORS

PricewaterhouseCoopers SA, Geneva



LETTER TO SHAREHOLDERS

Dear Shareholders,

The succession of geopolitical, energy, economic and financial shocks – exacerbated by the war Russia has been waging in Ukraine since 24 February 2022 – has amplified existing weaknesses in the global economy, at a time when the pandemic is still running its course. The global economy is currently facing the biggest set of challenges since the Second World War.

These shocks have triggered a widespread slowdown in economic growth and a severe correction in all global financial markets, against a backdrop of steep interest-rate hikes enacted to curb inflation. In Q1 2023, the shocks prompted a regional banking crisis in the US followed by the forced merger of two multinational lending institutions in Switzerland UBS – Credit-Suisse. However, contagion was avoided thanks to the swift action of central banks.

- The tensions in central Europe – an indirect stand-off between major nuclear powers – could divide the world economy into geopolitical blocs, each with its own technology standards, international payment systems and reserve currencies. Such a split would mark a major upheaval and is the biggest threat facing the rules-based order that has governed international and economic relations for 75 years, as it could potentially undermine the progress made over the course of decades.

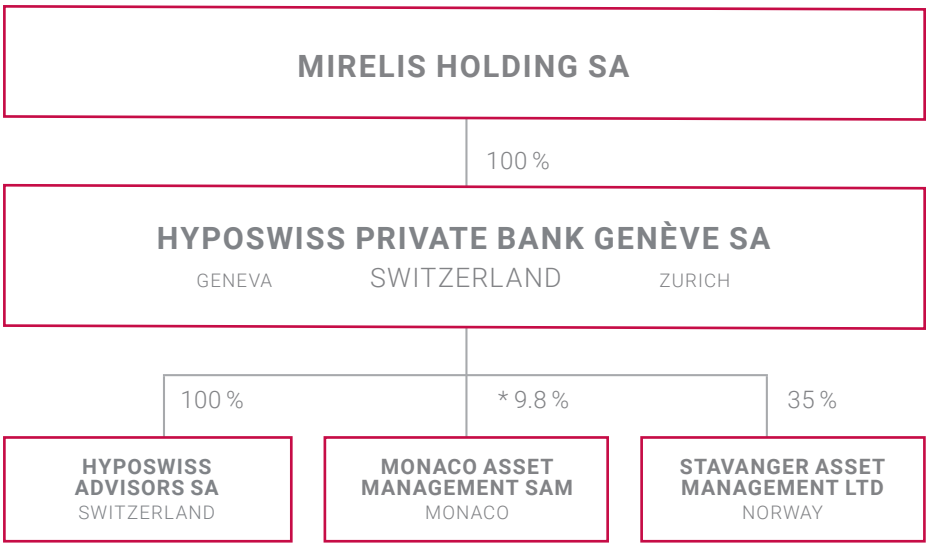
- 2022 will be remembered as a turning point in the balance among geopolitical power, macroeconomic trends and capital markets, throwing light on the dangerous rift that's forming between developed countries on one side and emerging markets and developing countries on the other. As long as the war in Ukraine lasts, it will continue to upend existing political, trade-related and military relations around the globe. This is creating a new world order driven by China's pivotal role and points to the wide gap between democratic and autocratic governments in terms of their fundamental values – and especially the values of freedom and the rule of law.

- In 2020–2021, central banks and governments around the world carried out synchronized liquidity injections of an unprecedented scale in response to the pandemic and oil crisis. These moves were successful in supporting the post-recession global economy, giving rise to a remarkable rebound in GDP growth and pushing the world's main stock-market indices to new highs at the end of the year. Investor confidence remained intact as market participants knew they could count on policymakers' unfailing support in the near term.

- As interest rates broadly came off their historic lows in 2022 and central banks embarked on large-scale monetary-policy normalization, thus unwinding measures introduced in response to the 2008 financial crisis, equity and fixed-income markets alike recorded steep losses. This gave investors the feeling that they had nowhere to hide. The extreme financial-market turmoil impacted all asset classes: stocks, bonds, credit, commodities and real estate.

- There appears to be an ongoing disconnect between the state of the global economy and movements in financial markets. The global economy experienced a recovery in late 2022 and early 2023, although it's still in choppy waters. Inflation has jumped to levels last seen in the 1980s and financial conditions are tighter in a number of countries. These and other factors, including heightened fears of a recession in several economies, are weighing heavily on the prospects for further recovery and financial stability.

GROUP STRUCTURE 2023



**Monaco Asset Management SAM divested in March 2023*

- *We sold our 9.8% stake in Monaco Asset Management SAM (MAM) on 6 March 2023. As part of this transaction, MAM's main shareholders exercised their option to purchase our remaining shares in MAM as allowed for in the shareholders' agreement. The investment in MAM was made in 2000. The divestment resulted in non-recurring income of CHF 3.9 million, recognized on 31 March 2023.*

- *By consolidating our resources and shareholders' equity, we have strengthened our brand identity and competitiveness in the Swiss banking sector. We are maintaining a realistic and cautious vision as we confront the new challenges posed by today's unprecedented – and overlapping – crises. Going forward, our business development efforts will be focused on shoring up our asset management business and enhancing its governance in order to pursue our growth-driven strategy.*

Before we look back at Hyposwiss's achievements in 2022, we will retrace some of the key factors affecting the global financial and economic outlook – factors that are decisive in shaping our investment advisory and asset management policies.

I - ECONOMIC *OVERVIEW*

II - INVESTMENT *POLICY*

III - SWISS *FINANCIAL SECTOR*

IV - HYPOSWISS *FINANCIAL RESULTS*

I - ECONOMIC OVERVIEW

- Global GDP growth should level off at around 3% in 2022 and 2023, down from 6.2% in 2021, according to estimates from the International Monetary Fund (IMF). In 2022, the global economy was affected by large-scale monetary-policy normalization, including broad interest-rate hikes to fend off inflation. This resulted in stagflation, or stagnant GDP growth coupled with high inflation. In 2023, we should see disinflation at a pace that's very gradual yet significant enough to enable central banks to halt their rate hikes before year-end.

- As mentioned earlier, the global economy is currently facing the biggest set of challenges since the Second World War. The pandemic continued to take a heavy toll on public health, society and the economy in 2022, impacting lives and livelihoods around the world. Just as the first signs of recovery were appearing, a second unprecedented shock materialized: Russia's invasion of Ukraine.

- This war is having repercussions well beyond Ukraine's borders. It's disrupting commodity markets and supply chains globally, to an extent that will undermine macro-financial stability and handicap economic growth. This comes on top of an already difficult situation for many countries that are still recovering from the pandemic.

- Millions of Ukrainians have had to flee their country and millions more have been displaced within the country. The economic consequences of these shocks are still being felt. Soaring food and energy prices along with rampant inflation are having a disproportionate impact on more vulnerable groups, and governments are finding it increasingly difficult to provide welfare assistance as their hands are tied by high debt levels and tighter financial conditions globally.

- What's more, there's a growing risk that the world will break up into distinct geopolitical and economic blocs, which could reverse decades of progress in improving people's lives. Climate change is another major crisis the world is facing today. What's needed now is a concerted effort to overcome these hurdles on the path to economic recovery.

- Inflation was already climbing in numerous countries as a result of supply-demand imbalances and stimulus programs introduced during the pandemic. It now looks as though inflation will remain high for some time. In addition, financial conditions have tightened considerably, placing additional pressure on various emerging markets and developing countries due to higher borrowing costs and potential capital outflows.

- Macroeconomic headwinds are also making things difficult for businesses worldwide. Credit spreads have widened substantially in all industries, and higher costs are squeezing profit margins at large companies. We're seeing more and more downwards revisions to earnings-growth forecasts globally as analysts worry about a possible recession. Output in industrialized nations should return to its pre-pandemic trajectory by 2025, but in emerging markets and low-income developing countries, neither output nor employment looks set to pick up in the medium term, which suggests formidable challenges are ahead.

KEY RISKS, *RECORD DEBT AROUND THE WORLD*

- Debt-related vulnerabilities became further entrenched in 2022, giving rise to potential costs and risks for debtors and creditors and posing a threat to global stability and prosperity more broadly.

- The exceptional stimulus programs introduced during the pandemic were successful in stabilizing financial markets and easing liquidity and lending conditions worldwide, which helped to fuel the recovery. But these programs pushed up fiscal deficits, causing public-debt levels to swell much faster than in past recessions, including the Great Recession.

- According to the Institute of International Finance, global debt grew at the fastest year-on-year pace in 2021 since the Second World War. It reached nearly USD 300 trillion in 2021 before contracting to USD 226 trillion in 2022 – or 256% of global GDP. Public debt levels were already high before the pandemic, and now governments must grapple with record amounts of public- and private-sector debt along with escalating inflation.

- Public debt now accounts for 40% of total global debt, the highest level since the mid-1960s. The accumulation of public debt since 2007 owes largely to the two major economic crises that have occurred since 2008: the Great Recession and the pandemic.

- A sharp increase in public debt was needed to safeguard lives, protect jobs and prevent widespread bankruptcies. Without this government intervention, the economic and social consequences of the pandemic would have been catastrophic. But the soaring debt levels are making governments and businesses more vulnerable, especially since financial conditions are increasingly restrictive. High debt levels usually make it hard for governments to support an economic recovery and for businesses to invest for the medium term. It's a tough balancing act.

The IMF estimates that higher interest rates could cost the poorest countries an additional USD 800 billion between now and 2025, further increasing the financial burden on countries already struggling under unprecedented levels of debt.

II - INVESTMENT POLICY

- Stock-market indices in the developed world rallied to fresh highs by the end of 2021. But the situation changed suddenly on 24 February 2022 with the invasion of Ukraine. Since then, both prices and wages have been rising faster than expected in the US, forcing the Federal Reserve to admit inflation was more "persistent" than "transitory" and to announce it would tighten its monetary policy gradually but significantly. Most central banks followed in the Fed's footsteps, in response to the supply-chain disruptions caused by higher commodity prices and lockdown measures in China (linked to the zero-Covid policy).

- Bond yields mirrored this policy turnabout. US 10-year Treasury yields more than doubled, going from 1.51% at end-December 2021 to 4% at end-December 2022. All other financial assets were affected too, with the main stock-market indices plunging by 10% to 32% and the US dollar appreciating sharply against all other currencies.

- During this turbulent period, our investment specialists focused on quality, in both stock and bond markets. Portfolios derived some protection from their commodity holdings – including precious metals and energy. Further protection during this period came from alternative funds, which are useful because their returns tend not to be correlated with those of traditional assets. We therefore prefer to focus on the medium term and remain cautious with a higher-than-normal cash position.

- Our Research & Investment (R&I) team conducts financial analyses on various investment products and draws up an asset allocation policy for our portfolios. Our team uses processes and tools that have been tried and tested throughout different market phases.

- We construct our portfolios using a proprietary risk metrics procedure that assesses risks by assigning a risk rating to each financial asset. We use these quantitative and qualitative metrics to analyze and assess the risk associated with each investment and with the portfolio as a whole. We apply this methodology to our equity, bond and alternative investments, as well as to our clients' managed portfolios. This system allows us to enhance and optimize performance in keeping with each client's risk profile.

- As monetary policies changed during this period, we regularly altered our portfolio allocations, increasing our exposure to high-quality investments and to assets set to be boosted indirectly by economic stimulus measures and new technologies.

FUNDS

- The structure of our portfolios is underpinned by holdings in both traditional and alternative investment funds. We have optimized the list of selected third-party funds we invest in to obtain a better fit with our investment policy. Furthermore, we have put in place a structured process for monitoring passive exchange-traded funds (ETFs).

- In 2022, our Protea Fixed Income Key Solution, Protea Orchard Europe Equity and Protea Fund Avenir funds, which we manage actively, performed in line with or better than their benchmarks, on the heels of their solid outperformance in 2020 and 2021. And despite the steep downturn on the financial markets, the AuM of all our in-house funds remained unchanged from end-2021. Our Leo Atlas Global Fund, a fund of hedge funds, generated a 3.18% return in 2022, and our overall selection of hedge funds proved highly beneficial to our clients. Beyond the hedging instruments we provide, most of the hedge funds on our recommended list were the only investments that generated a positive return in 2022.

- During 2022, the client assets managed by our Asset Management team, as well as assets in our centralized discretionary mandates and third-party investment fund mandates, were unchanged from 2021 levels. Managing these assets is increasingly complex in terms of portfolio construction, monitoring and performance attribution. Growing demand helped offset a decline in AuM caused by the sharp correction in stock and bond markets.

DIGITAL ASSETS

- In February 2022, Hyposwiss received FINMA approval for a new business line: buying, selling and providing custody services for digital assets. These assets – such as Bitcoin and Ether – are now available to investors upon request. This new activity shows that our product line is able to keep pace with financial markets, and we have proven our commitment to providing clients with the broadest possible access to innovative financial instruments.

- 2022 was an outlier year in terms of the correlation between stocks and bonds, as both asset classes experienced severe losses. Digital assets were also highly volatile throughout the year, as some of the riskiest market segments collapsed and several cryptocurrency funds had to be liquidated. Digital assets were impacted quite heavily by the broader downturn in risk assets: Bitcoin dropped 64.30% and Ether plunged 67.48%, although they later recuperated some of those losses. We've decided to stop recommending digital assets in our investment mandates for now, given the high risks and volatility in this alternative, unregulated asset class. So far this decision has proven to be a wise one.

GLOBAL CUSTODY

- Our Global Custody services for financial intermediaries have been evolving in step with the markets, and we recently strengthened this team so that it can work with independent wealth managers (management companies and financial advisors). Through these services, we provide efficient operational support, personalized expertise and high-added-value solutions.

III - SWISS
FINANCIAL SECTOR

Despite the current uncertainty related to the forced merger of UBS and Credit Suisse, Switzerland's banking industry remains a key driver of the country's financial sector and economy. The factors behind the sector's success are still in place. Switzerland is one of the world's foremost financial centers and a global leader in cross-border wealth management. 239 banks operated in the country in 2022. In addition, Switzerland is fertile ground for technological innovation thanks to its advantageous business and regulatory environment.

- The Swiss economy, like the global economy, lost steam in 2022 as inflation rose sharply across the developed world. The slowdown in global GDP growth partly reflects the comparison basis, as many countries' economies recovered in 2021 from the pandemic-induced recession the year before, and partly the economic effects in some countries of ongoing supply-chain disruptions, new waves of Covid infections and restrictions introduced to stem those waves.

- At the same time, higher demand coupled with decreased supply put pressure on prices, and this pressure was exacerbated throughout the year by the war in Ukraine. Rising energy prices caused by the war fueled inflation further, prompting several central banks – including the Swiss National Bank (SNB) – to change course and begin tightening monetary policy.



- The SNB pulled its interest rates out of negative territory in 2022, after Swiss inflation crossed the threshold in February 2022 that the central bank associates with price stability. In December 2021, the SNB let the Swiss franc appreciate slightly in order to counter inflation on imported goods. Then it lifted its policy rate three times in 2022, at its June, September, and December meetings, bringing the interest rate from –0.75% to 1%.

- Banks and other financial market participants are now earning interest on their sight deposits held at the SNB. The central bank is also conducting open-market operations to absorb some of those sight deposits. In 2022, it carried out purchase and sale transactions in the foreign exchange market in order to maintain appropriate monetary conditions. A stronger Swiss franc reduces the price of imports, mitigates inflation and contributes to overall price stability.

- Swiss GDP growth came in at 2.1%, for full-year 2022, slightly above its long-term average but well below the 3.9% growth rate recorded for 2021 – a year in which many segments of the economy experienced a post-pandemic rebound.

- The direct consequences of the war in Ukraine have been kept relatively under control, but the indirect consequences are affecting the Swiss economy through various factors, including a sharp rise in commodity prices. In addition, the prospect of gas and power shortages has added to uncertainty in the country, and manufacturing output is lower as a result of the downturn in other countries. On the other hand, Switzerland's job market continues to improve: employment numbers are up significantly and unemployment fell to 1.9% at year-end.

Switzerland's economic output slowed only gradually in 2022. Yet the resilience seen last year will give way to a more marked deceleration in 2023 under the effects of monetary-policy normalization to rein in inflation and a (limited) banking crisis. The country's policymakers will need to review the fundamentals that have underpinned its success until now. Issues such as the Swiss financial sector, Swiss neutrality, the energy crisis and relations with the EU call for a rethink of Switzerland's economic model and its place in the world going forward.

REGULATORY MATTERS

Further changes were made to Swiss banking regulations in 2022, in the following areas:

- Fintech, which is transforming basic financial services and forcing banks to innovate if they don't want to get left behind. Fintech is also giving consumers broader access to more efficient services.

- Anti-money-laundering standards, where the goal is to improve efforts to fight money-laundering and terrorist financing while adhering to the main recommendations in the Switzerland mutual evaluation report issued by the Financial Action Task Force.

Main developments in 2022

- Full implementation of the Swiss Financial Services Act (FinSA) after the two-year transition period for most requirements ended on 1 January 2022. FinSA, initially adopted on 1 January 2020, was therefore fully applicable as of last year. The Act aims to better regulate financial markets, improve investor protection and provide for greater transparency on financial products distributed in Switzerland or to investors domiciled in Switzerland.

- Amendments adopted by the Swiss Federal Council to the liquidity ordinance for systemically important banks. These amendments come with an 18-month transition period. The liquidity ordinance sets forth both basic requirements, which are subject to strict adjustments and disclosure obligations, and additional requirements, which are bank-specific and can be set by FINMA.

- Swiss Federal Council Report on Sustainable Finance in Switzerland, issued on 16 December 2022. This report spells out 15 new measures to be implemented between 2022 and 2025 in order to anchor the country's financial sector as a world leader in sustainable finance.

IV - HYPOSWISS
FINANCIAL RESULTS

Key figures, consolidated group (CHF)	2022	2021
Net profit (before tax)	0.2 m	6.9 m
Operating revenue	60.3 m	57.3 m
Balance sheet assets	1.1 bn	1.5 bn
Equity	61.7 m	68 m
Assets under management	6.3 bn	6.6 bn
CET1 ratio	27 %	28 %

- Assets under management – including discretionary mandates and investment and advisory services – edged down to CHF 6.3 billion in 2022 (from CHF 6.6 billion in 2021). This includes a sizable CHF 476 million in net new money (NNM), compared to CHF 979 million in 2021. The sharp correction in the financial markets – triggered by uncertainties related to the war in Ukraine, unprecedented levels of inflation, and interest-rate hikes to combat that inflation – reduced assets under management by (a drop in value of CHF 718 million).

- Total assets amounted to CHF 1.1 billion at end-2022, down 27% from CHF 1.5 billion a year earlier. We have a conservative capital structure, with a robust equity base and external funding that comes essentially from client deposits. The loans granted to clients mainly take the form of Lombard loans.

- Consolidated shareholders' equity fell to CHF 61.7 million at end-2022, from CHF 68 million at end-2021. The capital ratio stood at 26.8% – comfortably above the regulatory minimum of 11.2%. Our core business fared well in 2022 and generated CHF 62.3 million in operating revenue, up from CHF 57.3 million in 2021. At the same time, we were able to boost our operating profit through strict cost control.

- Consolidated net profit came in at CHF 0.2 million in 2022 (versus CHF 6.9 million in 2021). This includes the recognition of a CHF 14.5 million provision for legal risks and a CHF 5.2 million release of reserves for general banking risks. The wealth management companies we had a stake in at 31 December 2022 had the following AuM at that date: Monaco Asset Management SAM, CHF 3 billion; Hyposwiss Advisors SA, CHF 405 million; and Stavanger Asset Management Ltd, CHF 60 million.

CONCLUSION

- Hyposwiss Private Bank Genève SA stands for the fundamental values of stability, reliability, growth and longevity, based on solid banking experience that dates back over a century. Year after year, we have forged a strong identity as a private bank in the Geneva and Zurich markets.

- Buoyed by our sound earnings, we have been pursuing an organic and acquisition-based growth strategy since 2015, which has enabled us to lower our costs and enhance our returns. The synergies we created by integrating new client assets and employees have made us more profitable and more competitive amid the challenges arising from a combination of unprecedented crises.

- The provision for legal risks recognized in 2022 relates to an isolated incident of fraud carried out by a portfolio manager and affects neither our Bank's ongoing growth nor the adequacy of our regulatory ratios. We continue to embrace our digital future gradually and in full compliance with Swiss legislation and regulations governing blockchain and distributed ledger technology.

- We are fully dedicated to wealth management, and our workforce is highly qualified and competitive. We take measured risks and make optimal use of various financial instruments – both conventional and alternative – in order to preserve and grow the wealth of our Swiss and international clients.

- Our cautiously optimistic, realistic approach to how we allocate assets within our portfolios is rooted in the international system's ability to absorb successive geopolitical and financial shocks around the world. The repeated crises have toughened up international companies and boosted their productivity. Diversified listed companies have been able to react vigorously to the many changes thrown at them. It is through equity and bond holdings in these companies that we are able to tap into a wide range of opportunities for our managed portfolios, which hold our clients' assets. Our Research & Investment (R&I) team uses investment processes and tools that have been tried and tested throughout different market phases.

- At Hyposwiss, we have the flexibility to adapt to new challenges, look ahead to the future with confidence and make appropriate decisions as professional private bankers. The new world order that's taking shape, influenced by the Chinese model, is challenging liberal globalization (led by the US, the UK, Europe and Japan) and the global market, as a more continental form of globalization is emerging (Eurasia and the BRICS countries – Brazil, Russia, India, China and South Africa).

- 2025 outlook – After shoring up our resources and adopting measures to improve our governance optimization in 2022, we're now more focused than ever on the quality of the services we provide to our international, demanding and dynamic customer base. Our Board of Directors and General Management – which now include the third generation of the Lawi family – along with all our other employees are united in applying innovative, comprehensive and judicious risk management processes.

- We would like to express our gratitude to our partners and staff members for their dedication, unwavering commitment and solidarity. And we would like to give our sincerest thanks to our customers for their trust. We are determined to keep serving them in the personalized manner that sets Hyposwiss Group apart from generation to generation.



Solly S. LAWI
Chairman of the Board of Directors



Niels BOM OLESEN
Chief Executive Officer

ACTIVITY REPORT



HYPOSWISS
ACTIVITY REPORT

CONSOLIDATED KEY RESULTS IN 2022

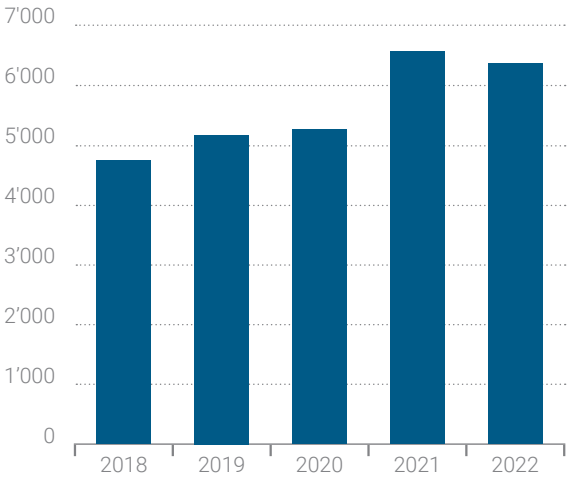
Assets under management: CHF 6.3 bn

Total operating revenues : CHF 60.3 m

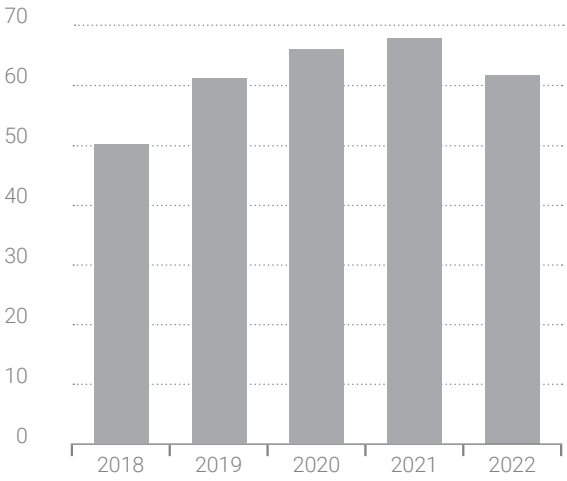
Shareholders' equity : CHF 61.7 m

*** Bénéfice : CHF 161'361**

Client Assets
En bn CHF



Shareholders' equity
En m CHF



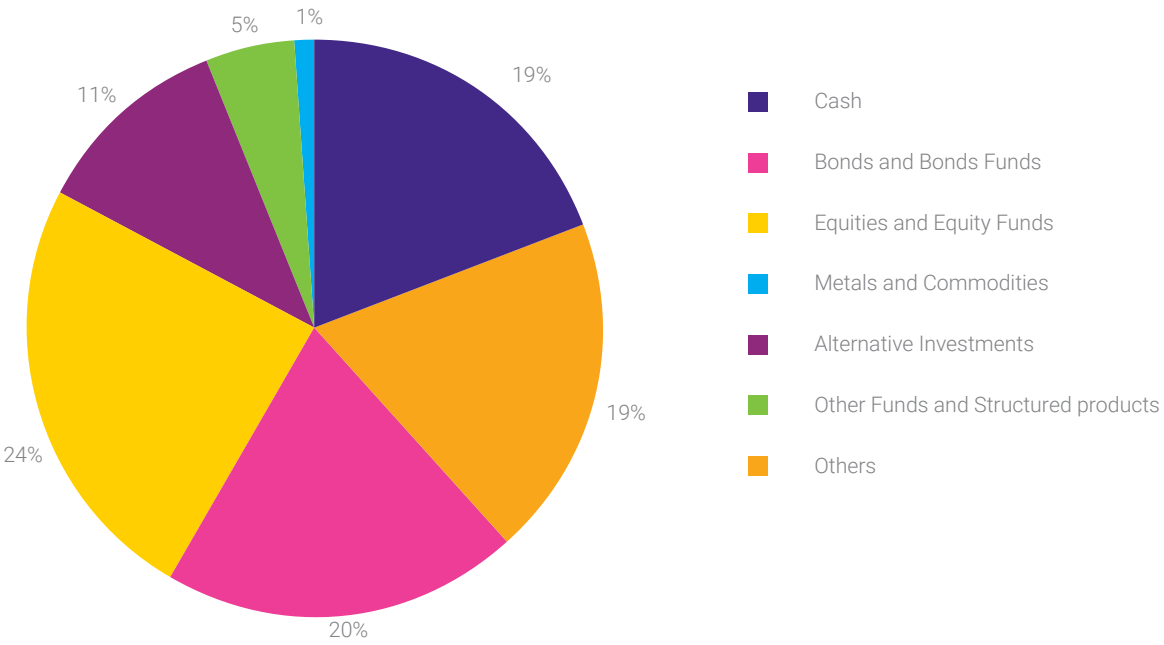
(CHF 1'000)	2018	2019	2020	2021	2022
Net profit	4'331	4'054	6'528	6'890	161
Operating result	5'917	15'737	4'354	5'967	-5'513
Total operating income	45'497	56'898	50'242	57'247	60'300
Total operating expenses	35'487	38'116	41'811	48'311	48'472
Total balance sheet	707'701	823'659	1'205'324	1'524'534	1'112'491
Total assets under management	**4'754'026**	**5'176'573**	**5'267'864**	**6'576'971**	**6'334'764**
Shareholders' equity	50'118	61'180	65'957	67'703	61'684
Number of employees (full-time equivalents)	103	109	121.8	133	140
Cost / income ratio	78%	77%	83%	84%	80%
Tier 1 ratio	30.1%	30.6%	32.0%	28.2%	26.8%

*The net profit takes into account a provision for legal risks of CHF 14.5 million and a dissolution of reserves for general banking risks of CHF 5.2 million.

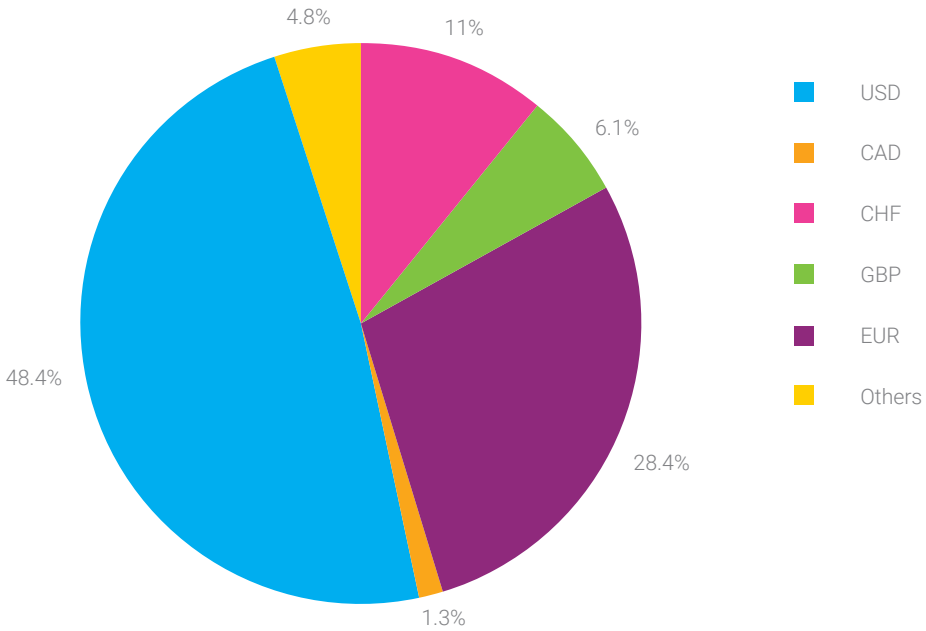
HYPOSWISS GROUP

Total consolidated client's assets at 31 December 2022 : CHF 6.334 billion

Asset allocation as at 31.12.2022



Currency allocation as at 31.12.2022





ECONOMIC AND FINANCIAL OUTLOOK

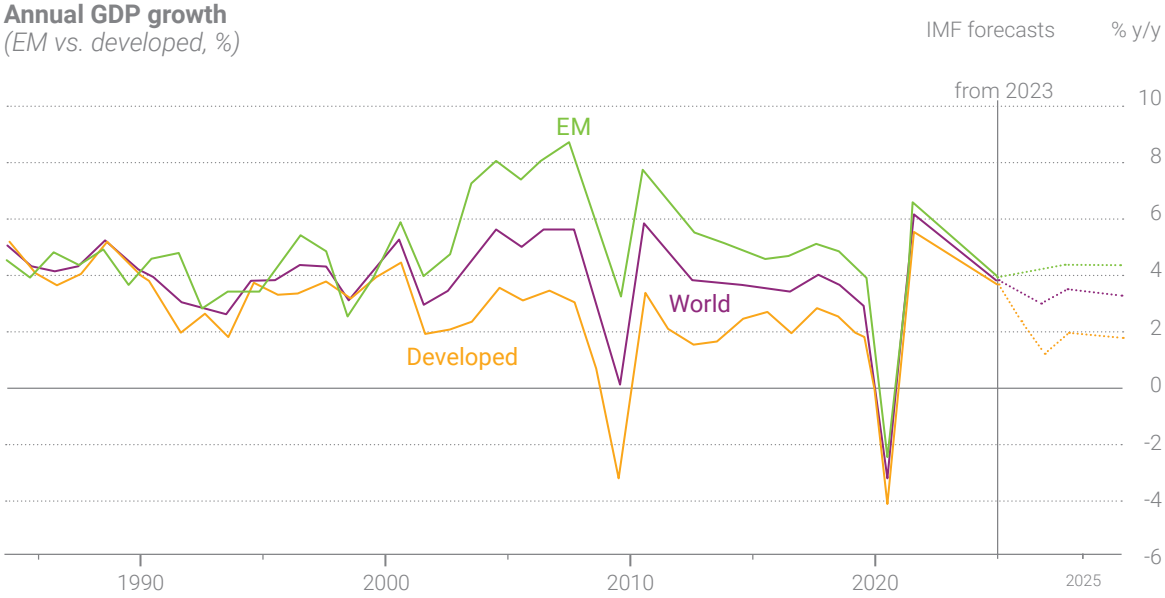
ECONOMIC AND FINANCIAL OUTLOOK

SUMMARY

The global economy weathered a major stagflationary shock in 2022 and should now stabilize, albeit at a lower pace of growth. Disinflation is happening very gradually but should mean that central banks will be able to stop hiking interest rates by the end of Q2 2023. This is particularly important in the wake of the banking crisis early in the year, which is a clear risk to output – it could shave several points off GDP, depending on the ultimate scope of the crisis and how it is managed.

The invasion of Ukraine in February 2022 delivered a significant stagflationary shock to the global economy, weighing on output and driving up inflation. Global GDP growth slowed from 6.2% in 2021 to 3.4% in 2022. Last year, inflation returned to levels last seen in the 1980s, triggering a massive wave of monetary tightening. It started to ease at the end of the year thanks to slowing demand, smoother-running supply chains and lower energy prices.

Annual GDP growth
(EM vs. developed, %)



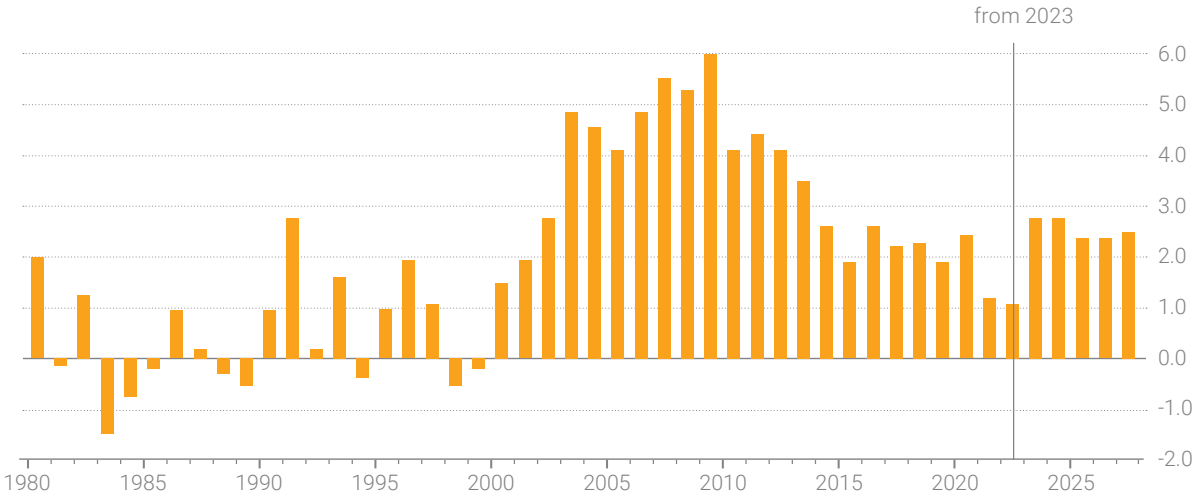
- In 2023, the global economy should expand by around 2.9%, although some downside risk remains. Growth will be buoyed by the expected recovery in China and the solid labor markets. However, the response lag of monetary tightening will continue to be felt throughout the year. More specifically, the reduction in lending and the tighter financial conditions that triggered the current banking crisis could shave several tenths of a percentage point off of global GDP growth, depending on how severe the crisis ends up being and how the authorities manage it.

- Disinflation is under way, but it is taking place very gradually (February inflation readings were lower in both the US and Europe), which is bad news for household purchasing power and will continue to dictate central banks' monetary policy decisions. Inflation should dip close to 3.5% - 4% by the end of 2023, as central banks can be expected to tighten their monetary policies in the near term. The banking crisis and the tighter financial conditions mean that circumstances have changed, putting a tight lid on the potential for further rate hikes (a pause is likely in Q2). Further out, assuming the banking situation and macro environment do not worsen, central banks will probably keep their restrictive policies in place, although they may scale back the pace of quantitative tightening during the year.

- This is a challenging environment for banks in terms of liquidity, as it's weighing on their asset portfolios, reducing their liquid assets, and pushing up short-term funding costs. Investors had nowhere to hide in 2022. As a result of large-scale monetary policy normalization, both equities and fixed income posted sharp losses. Their outlook has improved in 2023, but the upside potential is limited.

- 2022 was an unusual year for financial markets. Equity indexes tumbled (the MSCI World dropped 20% in dollars, its worst full-year performance since 2008) and bond markets tanked (US 10-year yields climbed 237bp, the most since 1961). This parallel decline gave the lie to the negative correlation that was generally observed between these two asset classes over the past 30 years, undercutting the effectiveness of portfolio diversification. At the same time, the euro lost ground against both the dollar and the Swiss franc, while oil prices rose 10%.

GROWTH GAP
(EM vs. developed, %)



- In 2023, sovereign yields should remain firm in the first part of the year (given the persistent inflation and interest-rate hikes) before declining sharply in H2. Long-term yields will come under pressure from the slowdown in nominal GDP growth (exacerbated by fundamentally disinflationary tensions in the banking industry, along with the deflationary effects of the banking crisis). These influences should outweigh the impact of moves by the US Federal Reserve (Fed) and the European Central Bank (ECB) to reduce their balance sheets and by the Bank of Japan's expected change in monetary policy.

- The risk-return profile of equities is not particularly attractive. Until the banking crisis hit in early March, the markets had been riding hopes of a soft landing or even a renewed expansion. These tailwinds have decidedly calmed: GDP growth forecasts are no longer being revised upward, and this is having a dampening effect on nominal GDP growth and, ultimately, EPS growth despite the recent adjustment (particularly in the US). At the same time, valuations may be reasonable in absolute terms but they're less appealing in view of real interest rates. Lastly, the equity risk premium recently rose but remains close to its long-term average.

DEVELOPED AND EMERGING COUNTRIES' GROWTH FORECASTS

The invasion of Ukraine in February 2022 delivered a significant stagflationary shock to the global economy, weighing on output and driving up inflation. Global output nevertheless enjoyed firm momentum as economies reopened, and it got a boost from exceptional fiscal and monetary policies. Global GDP growth ended up declining from 6.2% in 2021 to 3.4% in 2022.

- Consumer spending held up very well in 2022 as the job market flourished, wages rose and governments made significant cash transfers to citizens (in response to the pandemic in 2021 and, particularly in Europe, to soaring energy prices in 2022). And despite plummeting confidence levels, consumers dipped into their savings in order to keep spending. The war in Ukraine played havoc with inflation. Prices were already on the rise in 2021, as a surge in post-lockdown demand in developed countries outstripped supply, and prices for commodities – and energy in particular – were gaining pace. The war further entrenched that dynamic, given Russia and Ukraine's major role in the global supply of energy and grains.

Developed economies

Real GDP growth in %	2018	2019	2020	2021	2022
US	2.9	2.3	-3.4	5.7	2.1
Japan	0.6	-0.2	-4.5	1.7	1.0
UK	1.7	1.7	-9.4	7.5	4.0
Eurozone	1.8	1.6	-6.5	5.2	3.5
Germany	1.1	1.1	-4.9	2.9	1.9
France	1.8	1.8	-8.0	7	2.6
Italy	0.8	0.4	-9.0	6.5	3.8
Spain	2.3	2.1	-10.8	5	5.5
Switzerland	2.9	1.2	-2.5	3.7	2.0

Emerging economies

Real GDP growth in %	2018	2019	2020	2021	2022
China	6.7	6.0	2.4	8.0	3.0
India	7.3	4.5	-6.5	8.1	6.7
Brazil	1.7	1.2	-4.2	4.5	3.0
Mexico	2.2	-0.2	-8.4	5.0	3.1
Russia	2.6	1.8	-2.3	4.5	-2.1
Turkey	3.0	0.9	1.8	11	5.6
Indonesia	5.2	5.0	-2.1	3.7	5.3
South Africa	1.5	0.1	-6.4	4.8	2.1

- In 2022, global inflation returned to levels last seen in the 1980s – peaking at nearly 8% – and this triggered the most extensive wave of monetary tightening (apart from in Japan and China) in 40 years. Financial conditions have tightened, with both real interest rates and the dollar on the rise. Inflation started to ease at the end of the year thanks to slowing demand, smoother-running supply chains and lower energy prices.

- In 2023, global GDP growth should stabilize at around 2.9%, as both consumer and business confidence surveys have brightened. There is some downside risk, which will depend in part on how long the banking crisis lasts. Output should be buoyed by the expected recovery in China and the solid labor market. Still, the banking crisis is an important risk that could gather strength and the longer it drags on (by undermining confidence and leading to tighter financial conditions).

- Disinflation will continue, but only gradually (assuming hiring slows and unemployment levels remain below the non-accelerating inflation rate of unemployment (NAIRU)). Inflation is expected to drop to around 3.5%–4% by the end of 2023, based on expectations that central banks will pause their rate hikes in Q2 and then maintain their restrictive stance. The banking crisis and the tighter financial conditions have made things more complicated in that regard. So far, central banks – led by the Fed, the ECB and the Swiss National Bank (SNB) – have kept turning the screws, but it's unlikely that interest rates will go much higher, and a pause is likely in Q2. Further out, assuming the banking situation and macro environment do not deteriorate, central banks will probably keep their restrictive policies in place, although they may scale back the pace of quantitative tightening during the year.

UNITED STATES

GDP growth in the US should stabilize at around 1.5%, although current circumstances could pull that figure downward. Inflation is expected to end the year at close to 3%. The Fed will continue normalizing its monetary policy, although most of the tightening is behind us.

- US GDP growth slowed from 5.9% in 2021 to 2.1% in 2022. The year got off to a slow start for the economy, with GDP contracting by 1.1% (annualized) in H1, owing in part to the last wave of Omicron infections at the end of 2021 and a considerably less supportive policy mix. Output levels bounced back in Q3 and held firm in Q4, despite the worsening financial conditions and the sharp drop in residential investment.

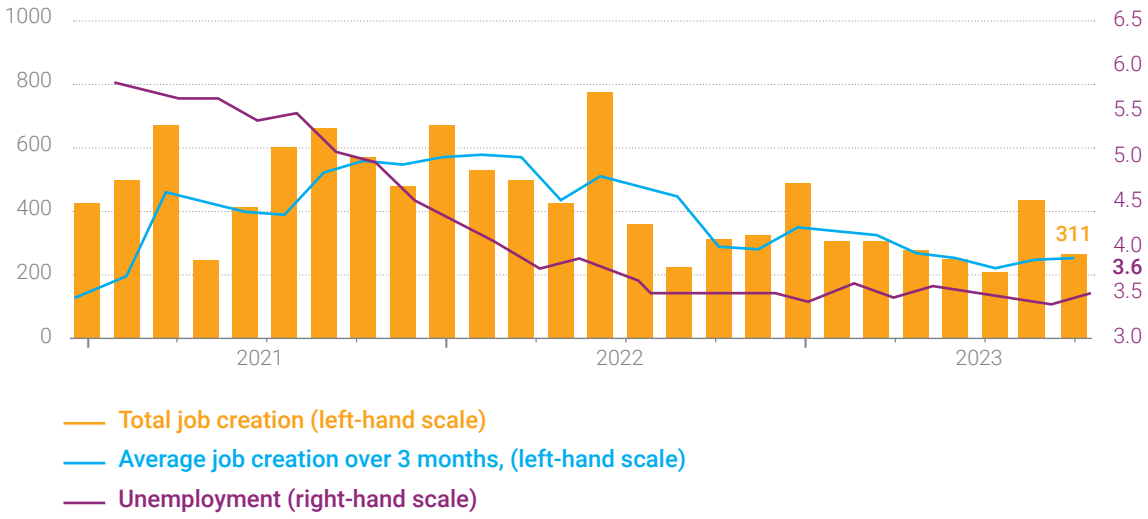
- Consumer spending was solid, buttressing the economy. US consumers may have lost some confidence, but various other factors underpinned demand: first, pent-up savings after the pandemic, which consumers dipped into (pushing the savings rate below its long-term average); second, strong employment income alongside a tight job market (unemployment was only 3.4% in January); lastly, a sharp drop in fuel prices in the summer, leading to an increase in purchasing power (at a time when inflation was already ebbing).

- After exceeding 9% year on year in June, US inflation fell back to 6.5% in December – its lowest level since October 2021. It's worth noting that (i) inflation is lower in the US than in the eurozone, and (ii) the US is farther ahead – around four months – in the inflation cycle. This disinflation meant the Fed could slow the pace of its rate hikes, with its policy rate reaching 4.5% in December.

- In 2023, US GDP growth should stabilize at a relatively low level, assuming the banking crisis does not get worse. On the upside, homebuying should gradually firm up and ongoing disinflation should buoy household purchasing power. On the downside: (i) the job market is slowly cooling; (ii) households are running out of excess savings; (iii) lending conditions are poised to deteriorate significantly; (iv) foreign trade will take a hit from the strong dollar and the global slowdown; and (v) the policy mix will be fairly contractionary in 2023 (with a positive real fed funds rate and negative fiscal stimulus). Disinflation will continue gradually, and the job market is cooling (but remains far from the Fed's objectives). The latest rate hike (+25bp to 5%) will probably be close to the last one, and the terminal fed funds rate shouldn't exceed 5.25%. We don't expect any interest-rate cuts in 2023, although the Fed could slow the process of reducing its balance sheet in order to ease pressure on the banking system.

- Inflation should decline and hold steady at around 3% through the end of this year (the consensus forecast is 2.9%). And GDP growth appears set to slow from 2.1% in 2022 to 1.5% in 2023 (the consensus forecast is 0.8%), with some downside risk given the 0.9% growth carried over from the previous year, and output is expected to be low in H1.

USA unemployment rate (%)
total job creation (in thousands)



EUROZONE

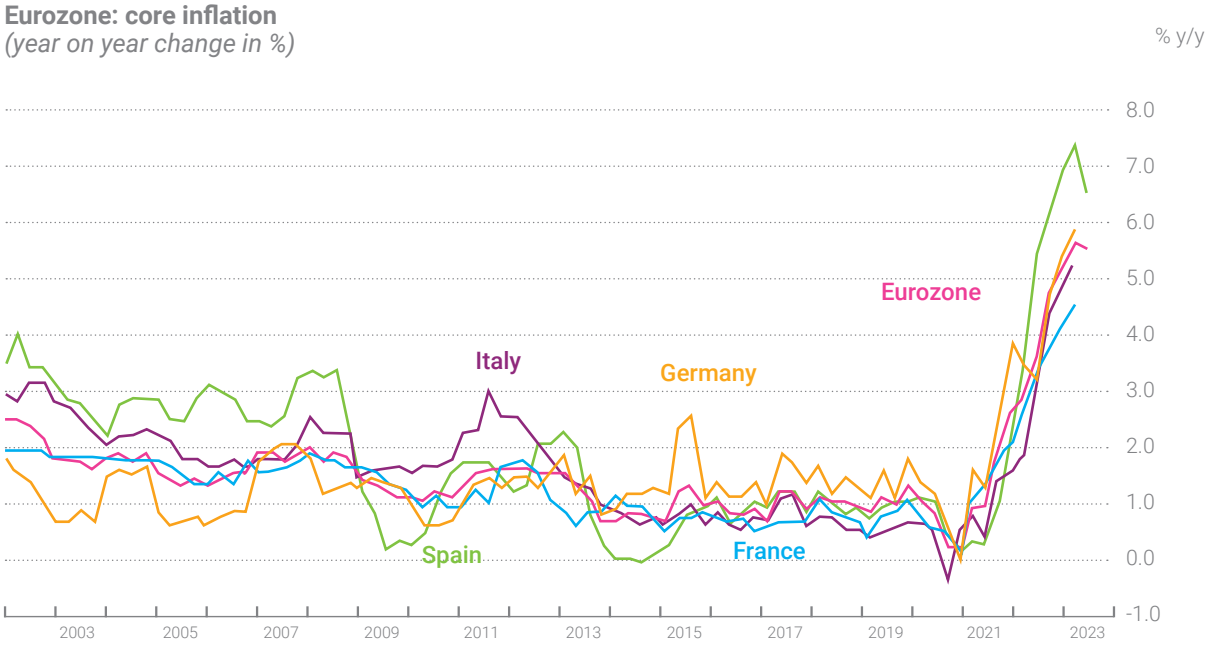
The eurozone economy held up better than expected in the face of the Ukrainian shock in 2022. The recession previously expected to begin in late 2022 or early 2023 should be avoided (barring a monetary policy error made worse by the banking crisis), although growth is likely to slow before the end of the year.

- In 2022, eurozone GDP growth slowed considerably to 3.5% (from 5.3% in 2021). But the slowdown wasn't as severe as analysts had expected at the start of the war in Ukraine, when they pointed to the eurozone's heavy reliance on Russian energy.

- GDP growth was strong in H1 2022 – over 3% annualized on average – thanks to momentum from the reopening of economies in the fall of 2021. Consumer spending was robust, as unemployment hit an all-time low and energy price caps were put in place. In H2, however, consumer confidence and purchasing power both plummeted. That weighed on consumer spending, which in turn acted as a brake on economic growth in Q3 and again in Q4 (when GDP growth was slightly negative). Looking at individual countries, France delivered a positive surprise, while Germany and Italy disappointed.

- Eurozone inflation peaked in October 2022, four months later than in the US. It reached a high of nearly 11% year on year before edging down to 9.2% in December. Year-end inflation figures varied widely across the eurozone (6.7% in France and 12.3% in Italy) and there was no clear indication that core inflation (which excludes food and energy prices) had turned the corner (it stood at 5.2% in December). Still, the ECB followed in the Fed's footsteps by slowing the pace of its rate hikes (the deposit facility rate was 2% in December).

Eurozone: core inflation
(year on year change in %)

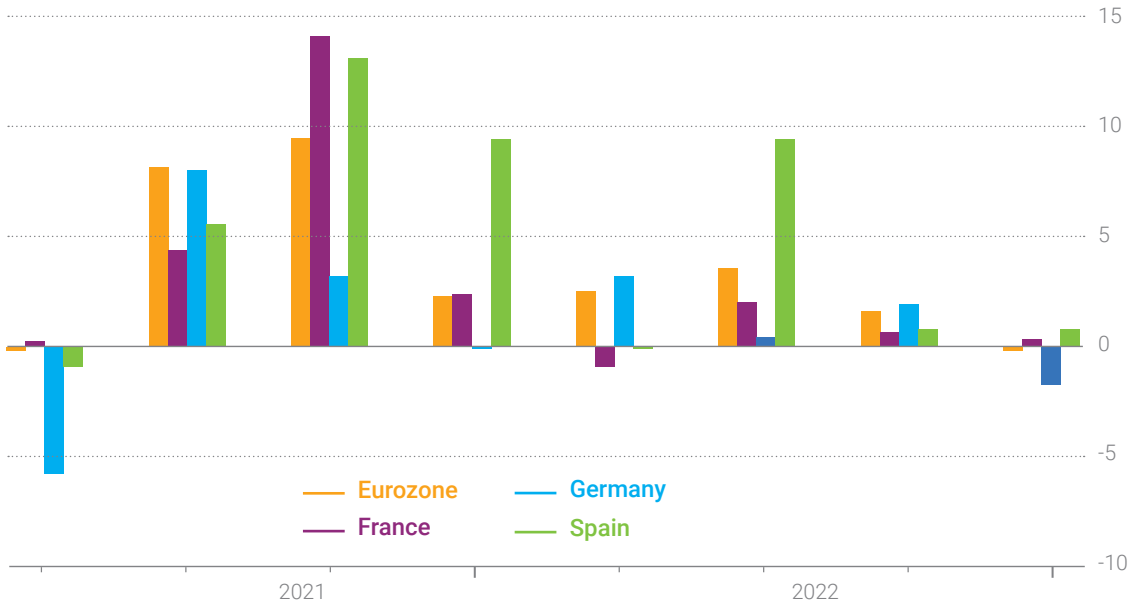


- Eurozone GDP growth should continue to slow in 2023. Leading indicators – including household and business confidence – have improved over the past five months, and Europe stands to gain from China's reopening. But there are still a number of headwinds: the banking crisis has further exacerbated the deterioration in financial conditions; the softness in the property market is not expected to end; and households' real disposable income should only grow slowly (as the job market cools and price caps provide less protection against higher energy bills).

- Inflation will continue to ease, but it won't be until the end of H1 that the job market will probably slow enough to weigh on inflation, wage growth and disposable income. After raising rates by 50bp in March, bringing the deposit facility rate to 3.0%, the ECB may be forced to keep normalizing its monetary policy despite the clear risk that further tightening financial conditions would dent growth in H2. However, the terminal rate shouldn't exceed 3.5%, and the deposit facility rate should remain there for the rest of the year.

- Aggregate eurozone inflation is expected to drop to around 3.2% by the end of 2023 (consensus forecast is 3.3%), while GDP growth should slow to approximately 0.8% (consensus forecast is 0.5%), with some downside risk.

Real GDP: eurozone, Germany, France, Spain
annualized quarterly change (%)



EMERGING COUNTRIES

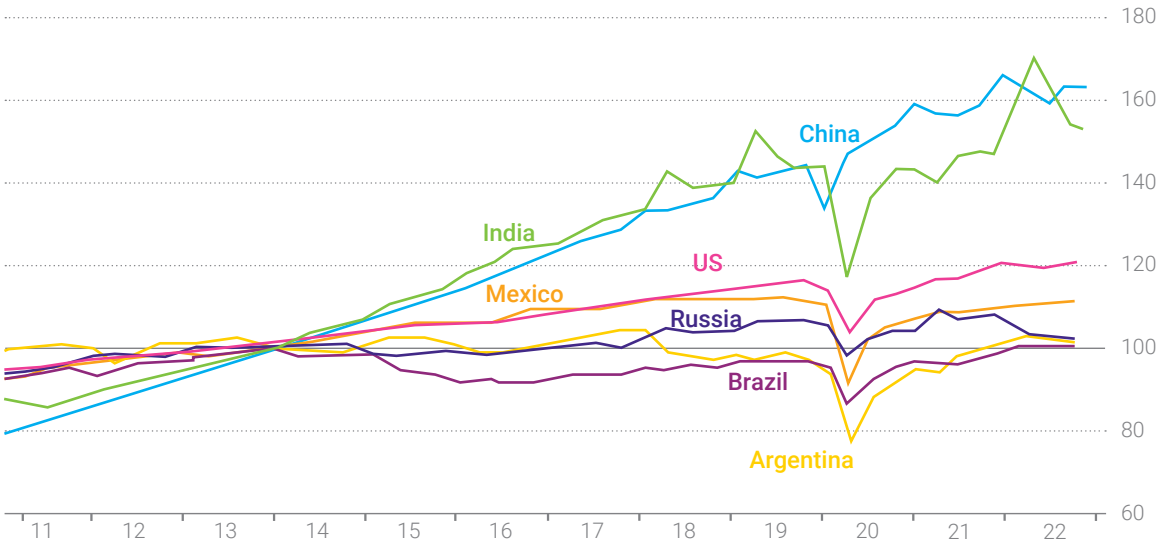
In 2022, emerging markets – apart from China – held their ground in a complex environment. After a mixed start to the year in 2023, the outlook has gradually brightened, thanks in large part to Beijing's decision to scrap its zero-Covid policy.

- This year, China's economy will get a boost from (i) the end of the zero-Covid policy, which will give consumer spending a direct shot in the arm, and (ii) a more buoyant property market now that regulatory constraints have been eased (with Beijing rethinking its "three red lines" policy). Chinese GDP growth could approach 6%. That would have positive knock-on effects around the world, but more particularly in a number of East Asian countries embedded in global supply chains. More broadly, emerging markets stand to gain from: (i) stabilizing commodity prices (which will also reduce inflationary pressure); (ii) an end to the deterioration in the terms of trade; and (iii) the halt in monetary tightening by the Fed, which should hold back real interest rates and the dollar.

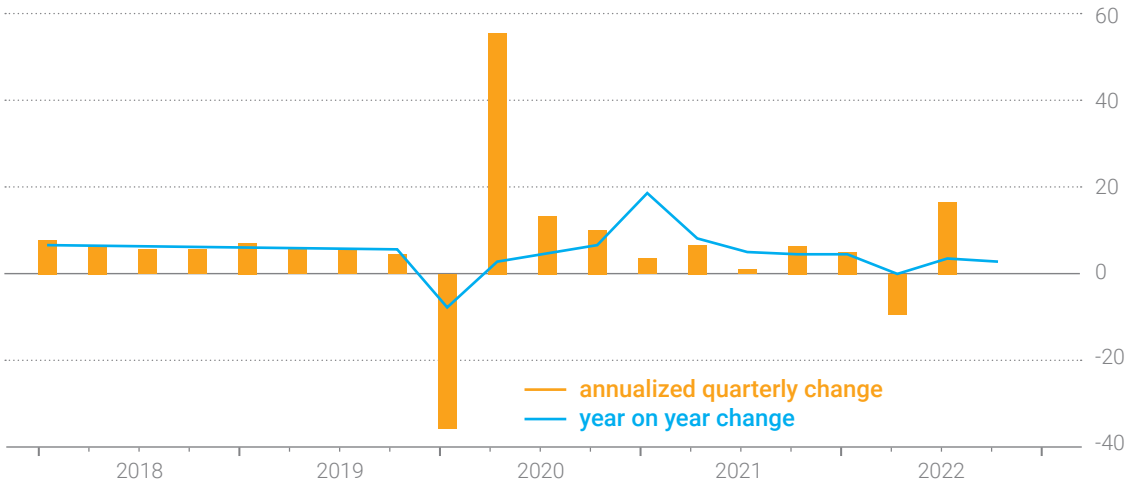
- Tensions in the banking sector in the US and Europe are going to affect banks in emerging markets, but the impact should be limited since new dollar swap lines have been introduced and the sector is dominated by public banks in China.

- These developments will give emerging market central banks some breathing room and let them put a gradual end to their own monetary tightening. In all, GDP growth in emerging markets should gain some momentum starting in Q2, without taking off, however. Average annual GDP growth, including growth carried over from the previous year, is expected to decline from 4% in 2022 to 3.5% in 2023 (with a 6% growth rate in China).

Real GDP: EM vs US
(base of 100 at 1 January 2014)



China: real GDP growth (%)



SWITZERLAND

Switzerland's economy was resilient in 2022 but – between the banking crisis and monetary policy normalization to combat inflation – the country won't be able to avoid a slowdown in 2023.

- In 2022, economic activity gradually slowed in Switzerland. GDP growth was strong in Q1 (+4.3% year on year) thanks to firm consumer spending, but then eased moderately later in the year. While consumer spending lost steam, the job market was robust (unemployment reached 2.2% in 2022, versus an average of 3.1%), as it was in other countries in the region, and this kept household income aloft. Average inflation stood at 2.8% over the year, which is much more reasonable than in the rest of Europe. It peaked at 3.5% (against 10.1% in the eurozone), with core inflation a mere 2% in December (5.2% in the eurozone). There were several factors at play: (i) much of the country's energy comes from hydropower, and energy accounts for a smaller proportion of household spending; (ii) the strong franc kept imported inflation down; and (iii) changes in the prices of regulated goods and services hadn't yet had an effect. The upswing in inflation came after a nearly 20-year deflationary trend: Switzerland had experienced 81 months of negative inflation – meaning 42% of the time – since 2000. After seven years of negative interest rates, and for the first time since 2007, the SNB tightened its monetary policy in 2022 (raising its policy rate by 175bp, to 1%).

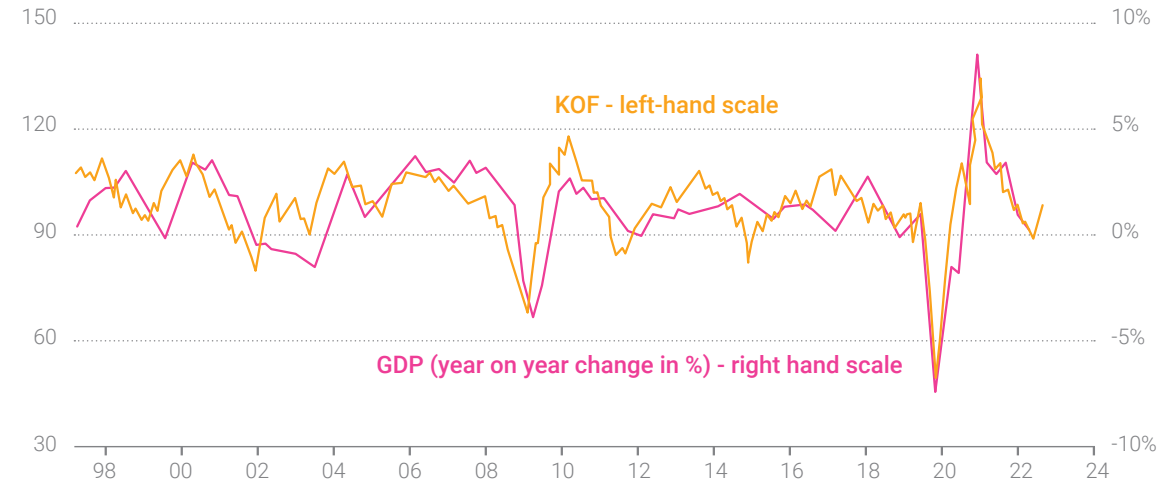
- In 2023, output growth should stabilize at a relatively low level. The Swiss economy posted zero growth in Q4 2022, and the initial survey data are mixed (the services PMI is up, yet consumer confidence is still very low; the KOF indicator is up, but the manufacturing PMI has contracted). We expect growth to accelerate in H2 as the international situation stabilizes, the household savings rate declines, disinflation fuels consumer spending and monetary policy normalization comes to an end.

- There are also some banking oversight concerns following Credit Suisse's collapse and subsequent takeover by UBS. The USD 1.7 trillion in assets held between UBS and Credit Suisse is nearly twice Switzerland's GDP; domestic deposits are the equivalent of around 45% of GDP; and the new entity's market share is close to 30%.

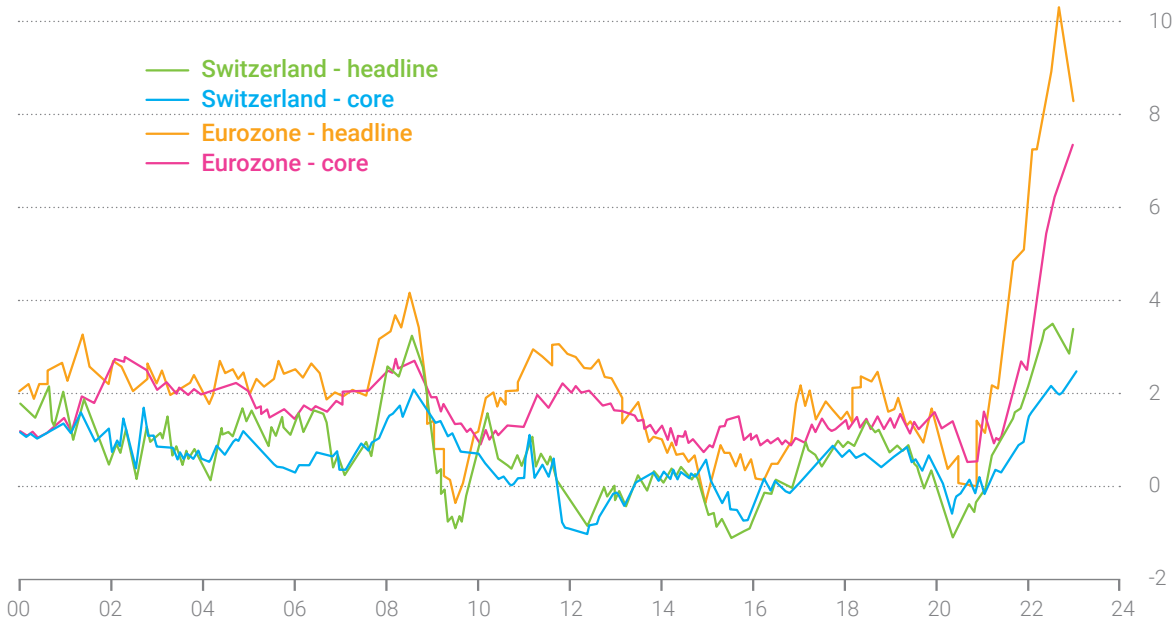
- Inflation headed upward in January and February 2023. It should remain above the SNB's target range in 2023 on average owing to a likely catch-up effect (including a 30% rise in electricity costs for individuals) and despite significant disinflation in H2. Price growth is then expected to slow to 1.3% in 2024. In March 2023, the SNB raised its policy rate by a further 50bp, to 1.50% – its highest level since the end of 2008 (although it's the lowest level among all G20 countries apart from Japan). With inflation on the rise and the banking situation appearing to be in hand, investors are looking for one last 25bp rate hike in Q2, with the first cuts to potentially take place before the end of the year.

- Overall, inflation in Switzerland should end the year above 2% (the consensus forecast for the eurozone is 3.3%). GDP is expected to grow by only 1% in 2023 (the consensus forecast is 0.6%), after clocking in at 2.2% in 2022.

Swiss GDP and leading economic indicator (KOF)



Swiss inflation (CPI) vs. eurozone
(year-on-year change in %)



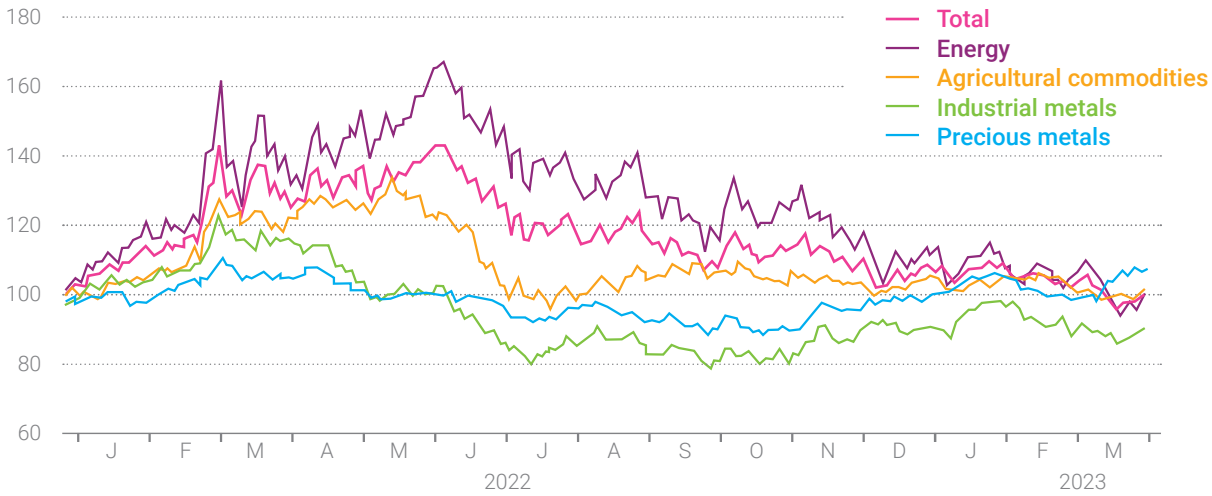
COMMODITIES

I n 2022, commodities unsurprisingly stood apart in the lightly stagflationary environment. In 2023, as- since global growth as a whole slows, they will get support from China's expanding economy.

- In 2022, commodity markets swung widely, mainly as a result of the war in Ukraine. After peaking at a 40% increase (in USD) in early June, the GSCI index ended the year up by only 9%. This should be seen as a solid performance, given (i) the sharp slowdown in global growth, (ii) the dollar's over 5% rise (based on real effective exchange rates), and (iii) the decline in both risk assets (equities) and non-risk assets (government debt). This provides further confirmation that commodities are the asset class of choice in a stagflationary environment.

- Commodity markets moved in two distinct phases last year: (i) a steep, broad-based uptrend following the outbreak of the war in Ukraine, with a peak in the early summer; and then (ii) a gradual downtrend, with energy prices in particular declining. And even though oil and gas prices tumbled (European gas: –85%), energy prices more broadly remained in positive territory throughout the year.

Commodity prices
(S&P GSCI spot index in USD Base of 100 at 1 January 2021)



- Agricultural commodity prices also climbed, gaining 7%, since Russia and Ukraine are major global exporters. Those prices were prevented from rising further by the opening of a secure Black Sea corridor for Ukrainian grain exports.

- Precious metals prices ended the year nearly flat, despite outperforming sharply in Q4 (these prices rose 10%, whereas energy prices fell 10%). This commodity was held in check by higher real interest rates and a stronger dollar.

- The biggest losses (–10% over the year) came from industrial metals, even though they too outperformed late in the year on improved sentiment after China ended its zero-Covid policy and took measures to support its property sector.

- The overall outlook for commodities in 2023 is encouraging: global economic growth is poised to slow, but less than initially feared. Tailwinds for commodity markets include the expanding Chinese economy and the fact that there is much less scope for the dollar to strengthen further. When it comes to energy prices in Europe, although gas and electricity prices should experience less upward pressure than in 2022, they'll still trend higher in 2023, since gas-producing countries cannot boost their exports significantly in the short term. The main uncertainty for agricultural commodities prices is the weather (following the triple La Niña, it's looking increasingly likely that El Niño will develop in late spring). Further out, the temporary nature of the Ukraine-Russia agreement to export Ukrainian food products could give rise to recurring friction.

OIL

After gaining more than 50% in 2021, Brent crude prices rose a further 10% year on year in 2022 (despite peaking at a 60% increase). The 2023 outlook is brighter following a price adjustment early in the year.

- In 2022, the war Ukraine delivered a structural shock to commodities, none more so than oil. The shock was felt both directly (since Russia accounts for over 10% of global production) and indirectly (through sanctions imposed by Western countries).

- In the immediate wake of the invasion, oil prices jumped to close to USD 130 per barrel in early March. As fears of supply shortages eased, they gradually retreated, leveling off at around USD 85 per barrel, thanks to:

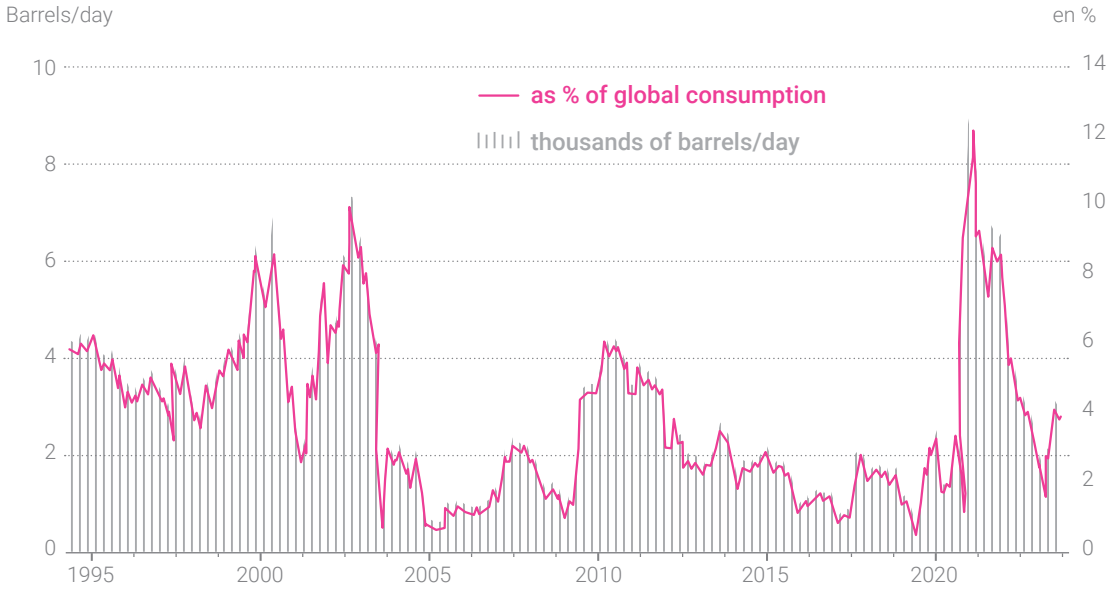
  - The end of China's zero-Covid policy and the upward revision to Chinese GDP growth forecasts

  - The embargo placed by G7 and European Union countries on Russian oil in December, followed by a price cap of USD 60 per barrel.

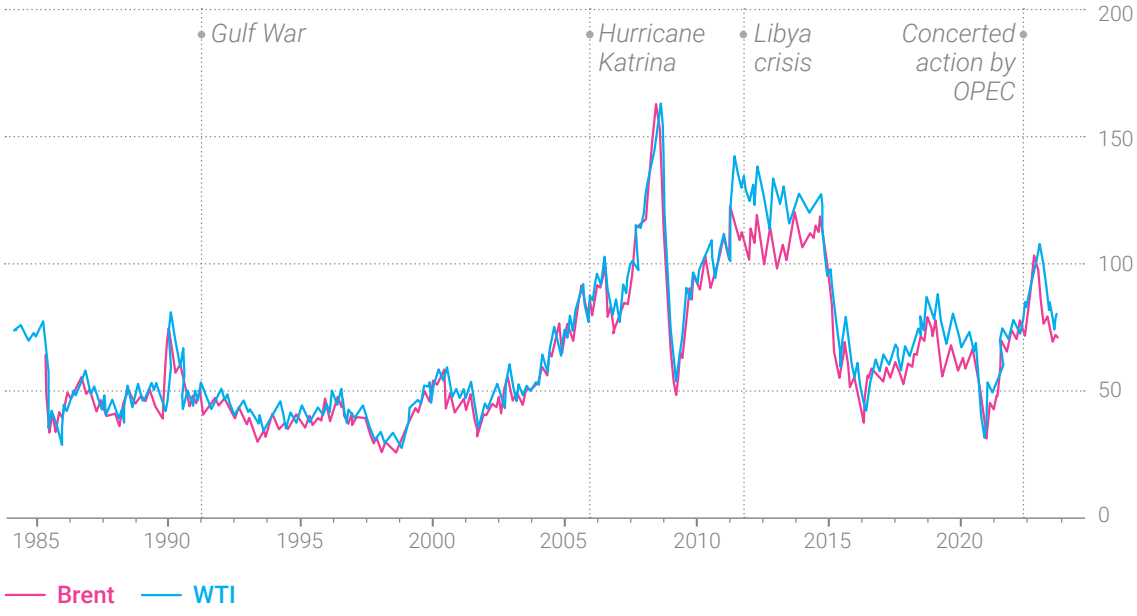
- Oil prices have plummeted so far in 2023. This can be attributed to (i) the limited impact of the sanctions, which were partly offset by Russia's ability to shift its exports to India and China, and (ii) renewed fears of a slowdown in economic activity following the troubles in the banking sector. At this point, oil prices don't appear likely to move downward much more. In terms of demand, China's economy is back on track and global growth is set to stabilize (assuming the banking crisis does not deepen or drag on). The full reopening of China's economy could ramp up global oil demand by 2% in 2023. And with regard to the sanctions, in February G7 and EU countries set a price cap on refined products. The US government is also keen to build back up its strategic reserves after drawing them down last year (a move that could boost oil demand by around 0.3%).

- On the supply side, right after the sanctions were introduced, Russia passed a law banning oil exports to countries that apply the price cap and announced a production cut of half a million barrels per day, amounting to around 0.5% of global output (which in theory could lift Brent crude prices by 5% to 10%). Other OPEC members decided not to boost their own production to compensate, at a time when their surplus capacity was low despite a recent improvement.

OPEC surplus capacity
(thousands of barrels/day and as % of global consumption)



Brent and WTI
dollars/barrel



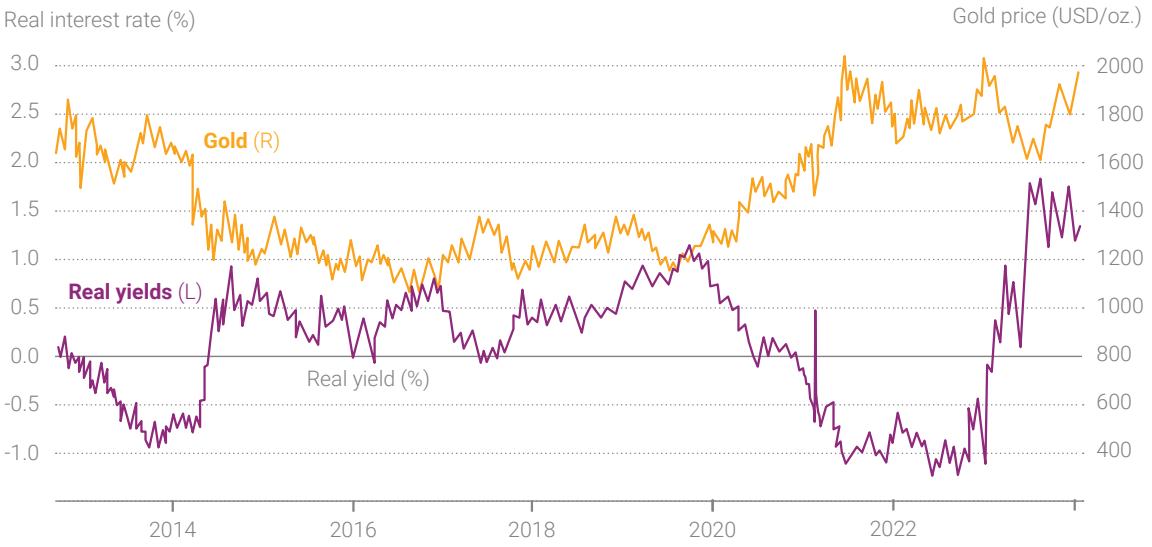
GOLD

Gold prices fared well in 2022, particularly in view of the rise in real US interest rates and in the dollar. Gold prices are up so far in 2023 and the outlook for the rest of the year is upbeat.

- Gold prices ended 2022 largely unchanged (after shedding 3.5% in 2021). That doesn't mean they didn't move, however. Like other commodities, gold rose sharply right after the invasion of Ukraine, as real interest rates fell and risk appetite decreased. Prices then returned to more normal levels, thanks to an upswing in real interest rates (up 250bp between March and November) and in the dollar (up 12% in terms of real effective exchange rates between April and October). These factors then faded as the year came to an end, leading gold prices to climb by nearly 10% in Q4.

- Looking at the fundamentals, it's worth noting that demand for gold expanded by 18% in 2022, to 4,741 tons – an 11-year high. Central banks in particular picked up the pace of their purchases to 1,136 tons, the highest in 50 years. Against this jump in demand, the global supply of gold grew by only 2% in 2022, to 4,755 tons.

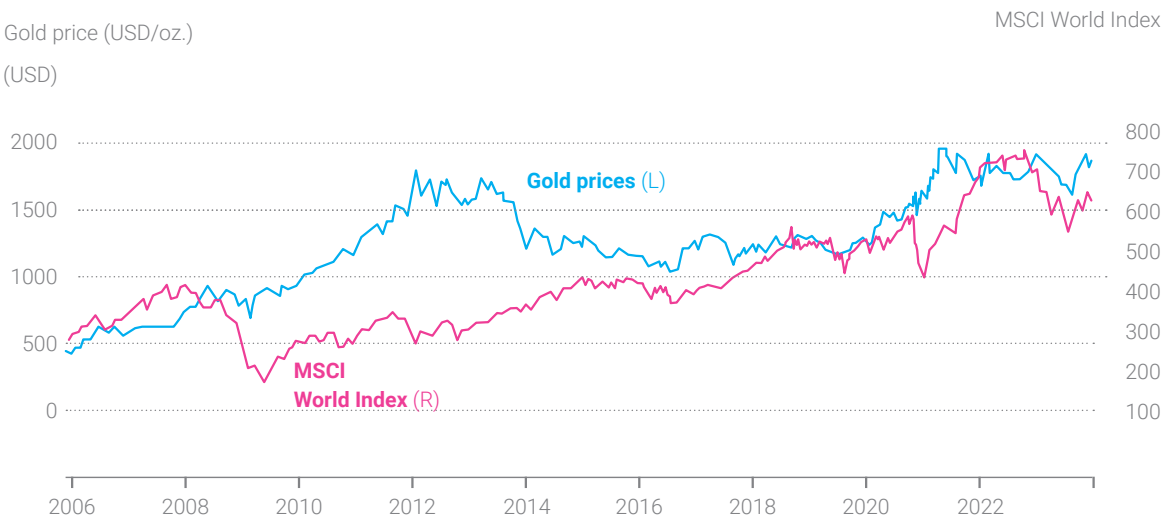
Gold prices and real US interest rates
(USD per ounce; yield as %)



- Gold prices rose in Q1 2023 on the back of (i) economic uncertainty (regarding growth, inflation and the banking crisis) and geopolitical uncertainty (war in Ukraine, US-China tensions), and (ii) the decline in real interest rates and the dollar.

- Gold should continue to trend upward, although the upside potential is now more limited. In the near term, real interest rates seem likely to pick up after their recent softness. Beyond that, real interest rates and the dollar will be held back by the expected end of interest-rate hikes in the US in June and the more modest forecast for nominal GDP growth. What's more, (i) ongoing uncertainty will be a boon for this safe-haven asset, and (ii) investors have increased their exposure to gold recently, although (iii) central bank purchases may be trimmed back, as minable gold reserves have narrowed considerably in the past five years.

Gold prices and the MSCI World Index
(in USD)



FOREX MARKETS

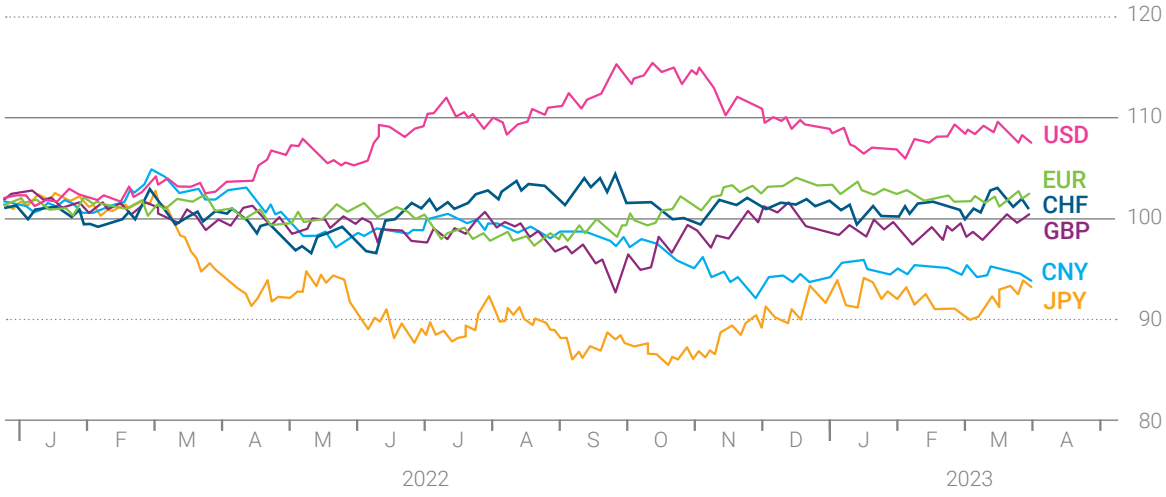
The euro's effective exchange rate rose by 2% in 2022 (after falling 3.5% in 2021) alongside a rising dollar. In 2023, the outlook appears more balanced, as output in the eurozone is likely to pick up sooner than expected.

- In 2022, the euro ended up losing nearly 6% against the dollar over the full year (after shedding 7% in 2021). A powerful, sustained downtrend brought the euro from 1.13 early in the year to 0.97 at the end of September – the first time it had fallen below parity since 2002. It then picked back up, clawing back around two-thirds of its decline to end the year at 1.07 (the average since 1999 is 1.20). This recovery owes to (i) the greater-than-expected resilience of the eurozone economy (with macro surprises that were favorable to Europe), and (ii) a narrowing differential between eurozone and US 2-year interest rates (with the Fed expected to stop hiking rates while the ECB adopts a more hawkish tone).

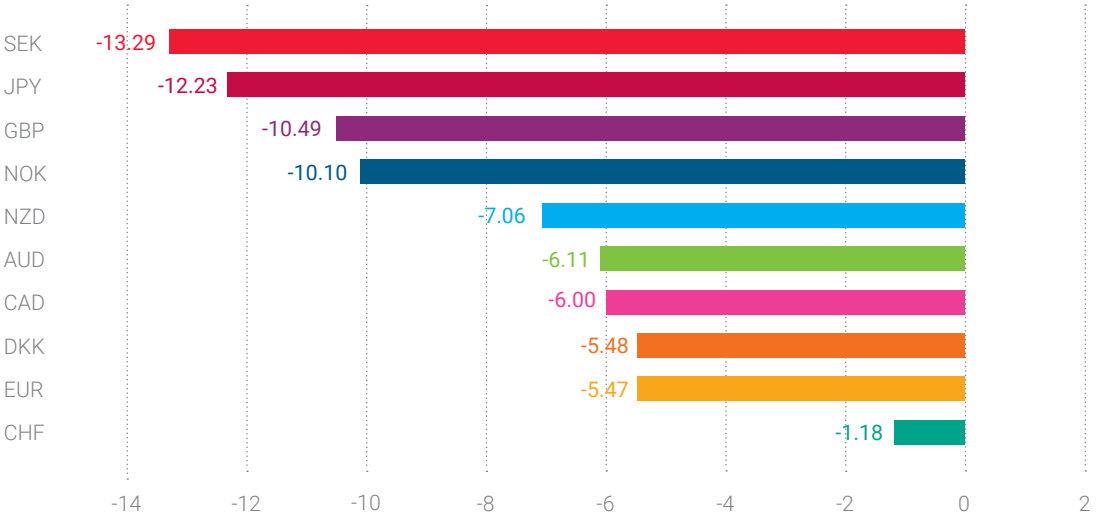
- The euro also lost ground on the Swiss franc, a safe-haven currency that was given a boost by the SNB's first rate increase since 2007. On the other hand, the euro rose 5% against the pound, which was tripped up by the Truss interlude and a steeper slowdown in UK output. In all, the euro's effective exchange rate rose by 2% in 2022.

- The dollar's real effective exchange rate increased by around 6% (after peaking at a nearly 12% increase). Much of this rise was at the expense of the yen (which appreciated 14%) despite a marked decline in Q4 when inflation put down roots and the BoJ expanded its fluctuation range for long-term yields (which suggested an impending change in monetary policy). The dollar also posted a strong 8.5% gain against the Chinese yuan, which was undermined by weak GDP growth and a widening 2-year interest-rate differential, as the People's Bank of China (PBoC) – unlike the Fed – implemented an expansionary monetary policy.

Real exchange rates
(base 100 = 01.01.2022)



Main currencies against USD in 2022 (% change)



- In 2023, the dollar should come under slight downward pressure owing mainly to the yen (as the BoJ is likely to change its monetary policy) and the yuan (as China's economic activity and attractiveness build). The dollar could edge upward against the euro, and the risk of a monetary policy misstep appears to be higher in the eurozone.

- Beyond that, the dollar has pulled back in recent months but remains overvalued according to various metrics: the real effective exchange rate differential and its long-term trend, for example, suggests that the greenback is still overvalued by 8% (while the yen is undervalued by 20%). Over the longer term, US trade fundamentals point to a weakening dollar – the trade deficit in particular stands at 80% of GDP, its highest level ever.

CENTRAL BANKS

Central banks embarked on massive monetary policy tightening in 2022. The bulk of the tightening is probably behind us now, and rate hikes are expected to end in June. But policies will remain contractionary for the time being.

- In 2022, as a result of supply shocks (e.g., the war in Ukraine) and demand shocks (unemployment at rock bottom around the world), inflation rose to heights last seen 40 years ago. This led central banks to tighten their monetary policies to an extraordinary extent: the difference between rate increases and decreases exceeded the levels posted in 2010–11 and 2018–19. At the same time, financial conditions tightened the world over.

- Only the central banks in a few countries bucked the trend: China, which cut its 5-year interest rate (the benchmark for mortgage loans) by 30bp to 4.30%; Japan, which lowered its policy rate until December to fight deflation; Brazil, which put its tightening on hold when inflation dropped significantly; Turkey, which brought down its rates in keeping with Erdogan's interventionist approach; and Russia, which lowered its rates when the ruble recovered. Rate hikes in developed countries were robust in 2022: 425bp to 4.50% in the US (vs. 425bp over two full years from 2004–2006); 375bp to 4% in the UK; and 250bp to 2.00% in the eurozone. Central banks also started to reduce their balance sheets in 2022. The BoE was the first to make that move, followed by the Fed in spring 2022, while the ECB got in on the act in the summer when it ended its net asset purchases. The BoJ took some steps towards reducing its balance sheet, but its efforts to shore up the yen in H2 brought its balance-sheet assets back to their initial level.

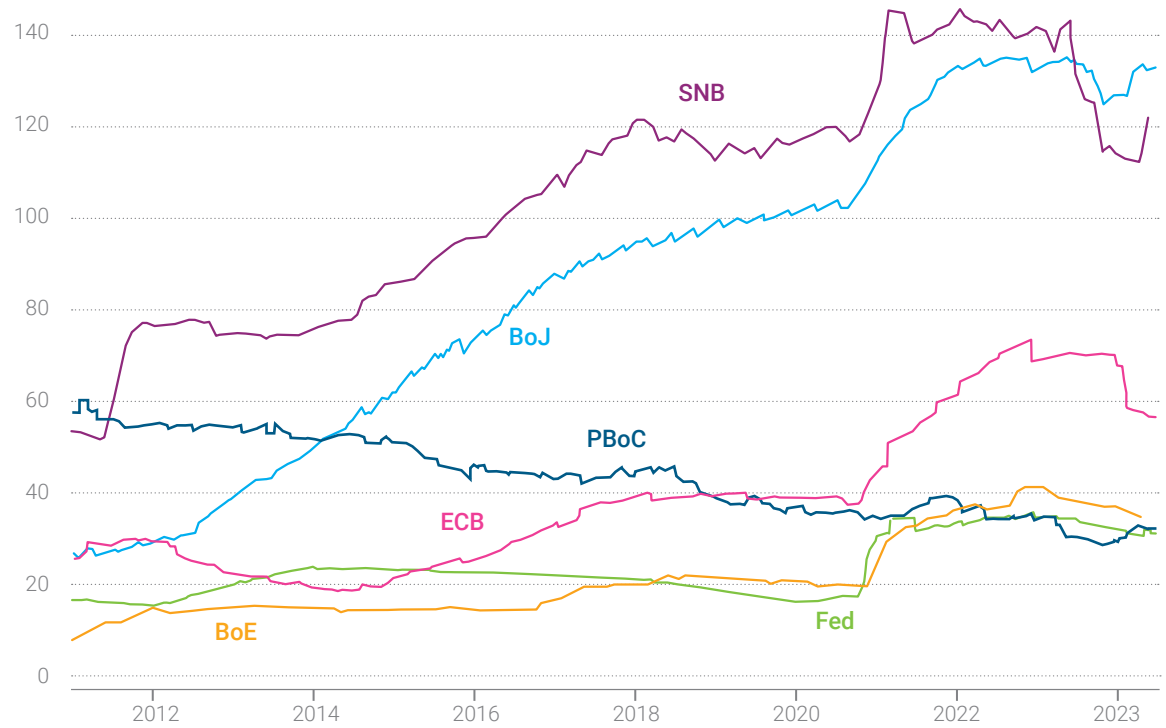
- In the early part of 2023, central banks continued to tighten their monetary policies. The Fed raised its policy rate by 50bp to 5.0%, while the ECB upped the deposit facility rate by 100bp to 3.0%. However, banking sector turmoil has fundamentally changed the situation, giving central banks the added concern of having to ensure financial stability through their monetary policies. Banking crises are systemic and deflationary by nature. Expectations of further increases to policy rates have, as a result, evaporated.

- The bulk of the tightening is behind us, yet hopes for interest-rate cuts in H2 will probably be dashed unless the banking crisis worsens or economic growth slows more than expected. That's because disinflation is taking place very slowly (e.g., core inflation in Europe continues to inch upward) and unevenly around the world. That's due, in part, to the reopening of China's economy and to still-tight job markets – unemployment rates are so low that they're putting upward pressure on inflation in both the US and Europe.

- **In the US**, markets have priced in no further rise in the fed funds rate, which should stay at 5.0% (a terminal rate of 5.60% was expected before the latest bout of financial turmoil). If anything, however, rates could be raised slightly. Looking further out, markets have priced in four 25bp rate cuts before the end of the year. That appears relatively aggressive in view of the current year-end inflation forecast of 3%. However, the Fed could decide to reduce the pace of its asset sales to take the pressure off banks' balance sheets.

- **In the eurozone**, expectations for the terminal policy rate have also declined and now stand at 3.40%. Here too, any changes are more likely to be upward. Unlike the consensus, however, we expect the ECB to begin cutting interest rates by December 2023.

Fed, ECB, BoE, PBoC, SNB and BoJ balance sheets in % of GDP



BOND MARKETS

After rising in 2021, yields continued to trend upwards in 2022. In 2023, they should remain high in H1 before coming down in H2.

- Nominal sovereign yields advanced in 2021 before soaring in 2022. French 10-year yields shot up 292bp (the most since 1991) to 3.12%, their highest level since early 2012. In the US, 10-year Treasury yields jumped by 237bp (the most since 1961) to 3.87%, their highest level since 2010. In real terms, the rise in the French yield was 237bp while for the US yield it was 267bp.

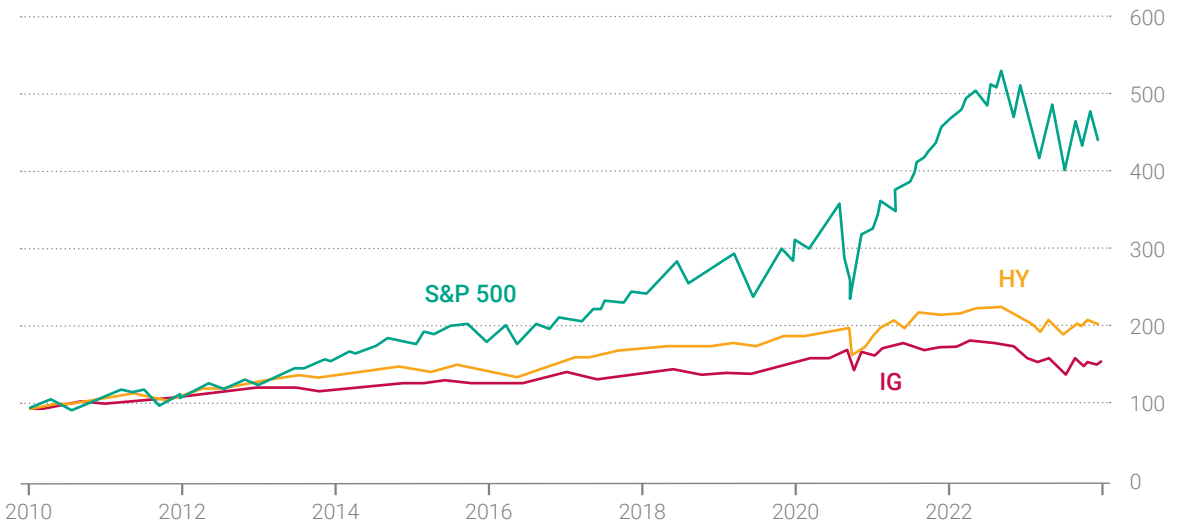
- The upward movement at the short end of the yield curve was even more pronounced, in line with the monetary policy normalization: French 2-year yields climbed 357bp to 2.91%. The uptick in the US was slightly higher (370bp to 4.43%), and this led to the deepest yield curve inversion since the late 1970s. The US 2-year yield had begun its ascent in 2021, when the corresponding French yield was nearly flat, since at that point the Fed was already farther along in the process of monetary normalization.

- Corporate debt fared poorly in 2022 owing to the rise in sovereign yields, slowing economic growth and a lower risk appetite. That said, corporate debt improved at year-end and experienced only a very small increase in default rates. The risk premium in the riskiest (high-yield) segment expanded by 230bp (after remaining virtually unchanged in 2021).

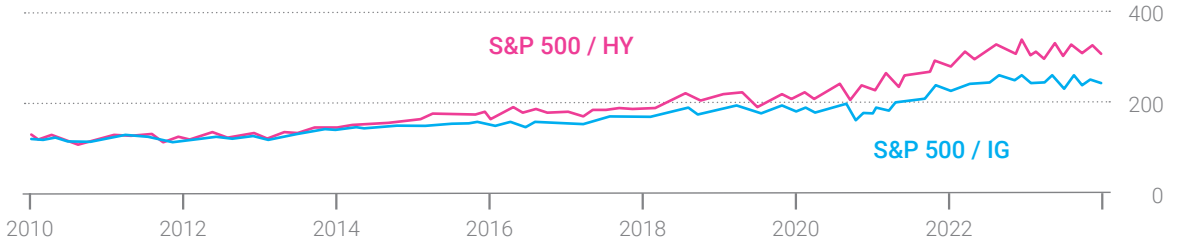
- Regionally, US investment-grade debt held up well relative to its eurozone equivalent. In terms of performance, global bonds shed 16% of their value (Bloomberg Global-Aggregate index in USD), which is unprecedented since the 1990s. However, this good relative showing is less pronounced for the more speculative high-yield segment.

USA

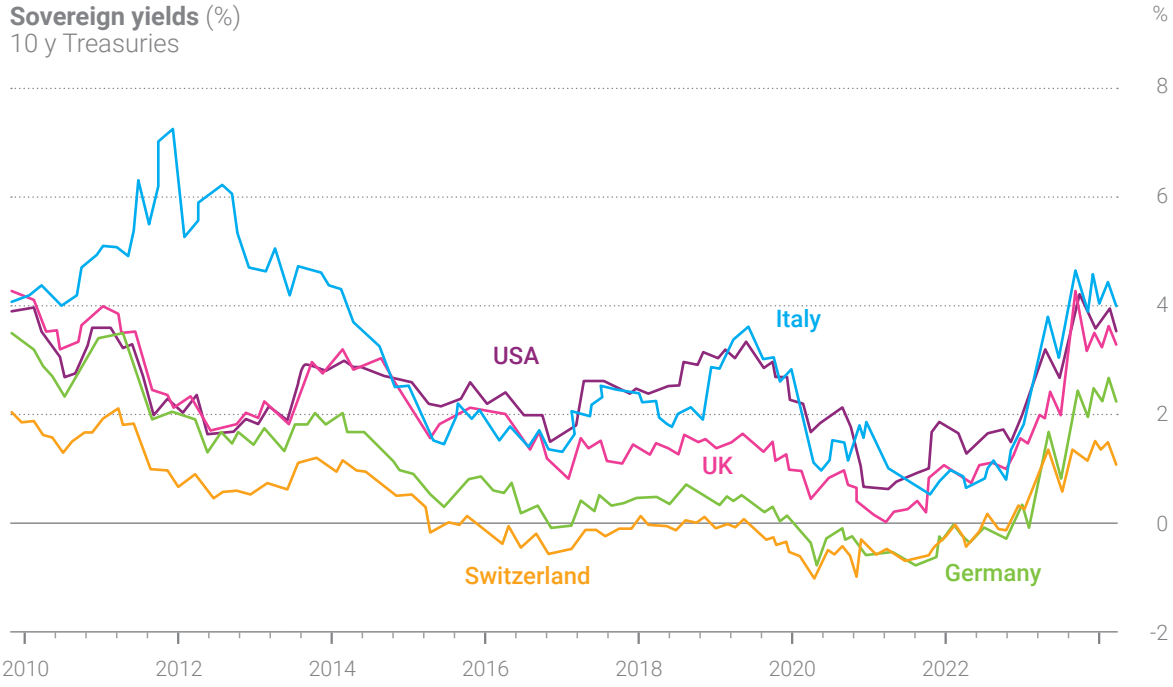
Corporate bond and equity performance *Base of 100 = 01.01.2010*



Relative performance *Base of 100 = 01.01.2010*



- Sovereign yields experienced a choppy start to 2023, as investors feared sharper hikes in policy rates. First, yields were hit by central banks' increasingly hawkish tone in response to high inflation readings and strong economic data. US 10-year yields peaked at 4% in early March, while French 10-years reached 3.2%. The subsequent financial turmoil then pulled them down (to 3.4% and 2.6%, respectively). The short end of the yield curve adjusted even more abruptly: US 2-years declined by 100bp (nearly the same as their French equivalent). Then, as banking sector worries eased and central banks kept up their hawkish tone, yields recovered: US 10-years rose 20bp to 3.6%, while US 2-years climbed 25bp to 4.0%.

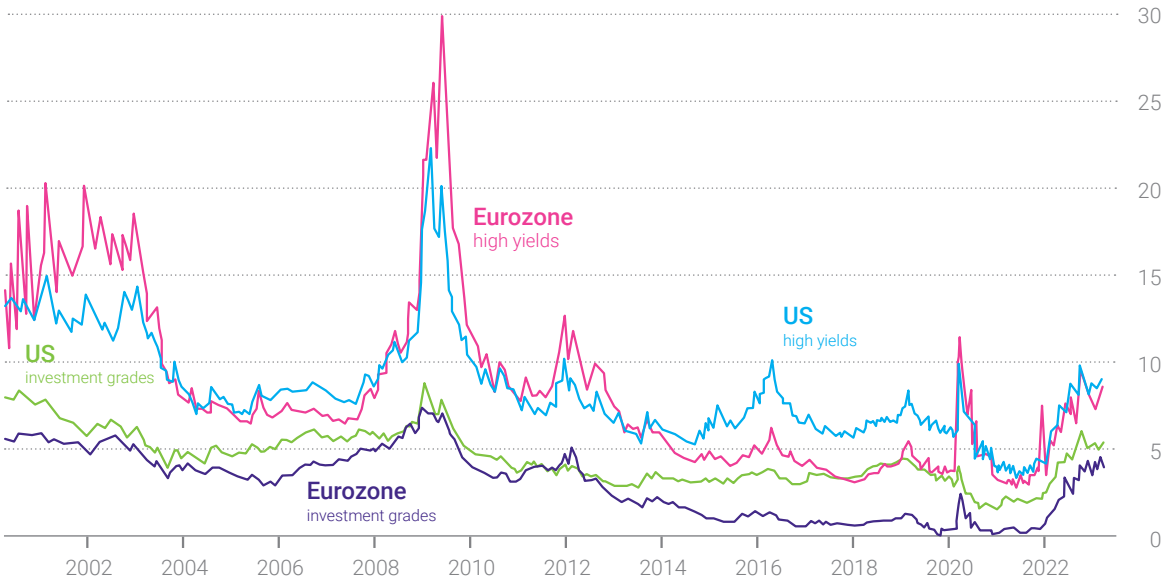


- Central banks' ongoing monetary tightening will maintain upward pressure on sovereign yields in the immediate future. In H2, however, yields are expected to decline: the economic slowdown, disinflationary in nature, will exert downwards pressure on the long-term segment of the curve.

- But we mustn't overlook the differentiated impact of inflation, with the Fed on the verge of ending its current round of tightening, unlike other central banks (i.e., the ECB and BoJ). What's more, China's economic expansion will push up commodity prices and inflation, which will in turn provide long-term yields with some resilience in the face of downward pressure. Further support will come from central banks' balance-sheet reductions (although this impact will be limited) and the BoJ's monetary policy reversal.

- As a result, we think long-term nominal yields will decline between now and the end of the year. The corporate debt market should remain buoyant despite valuations that seem high relative to the low spreads they're currently trading at.

Corporate bond yields (in %)



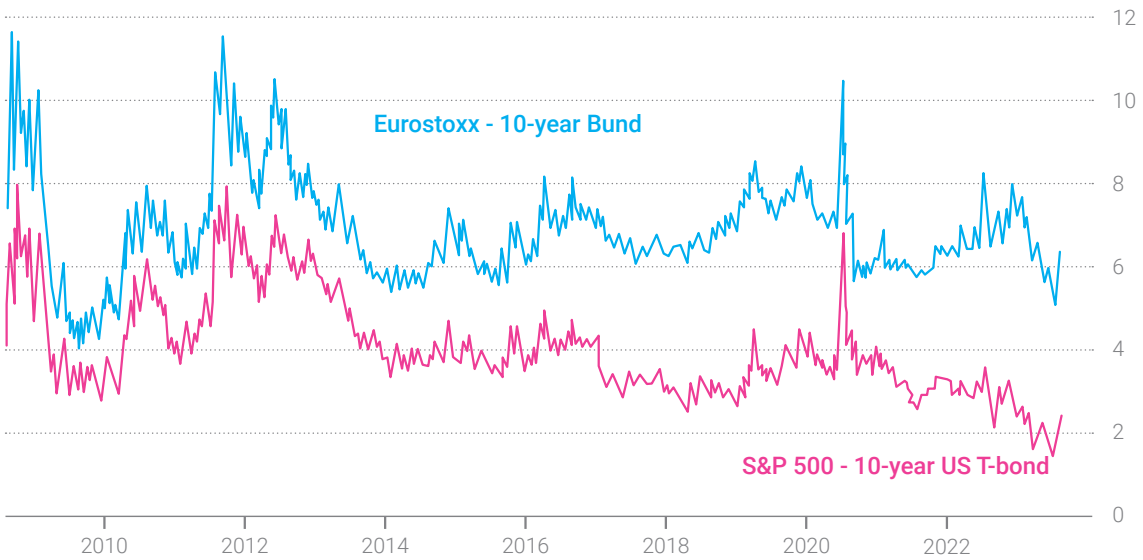
STOCK MARKETS

In 2022, the MSCI World posted its worst full-year performance (in dollar terms) since 2008. The 2023 outlook is modest.

- Global equities reached historic levels in 2021, as measured by the MSCI World (in dollars). In 2022, they plummeted by 20%, which represents their worst full-year showing since the 2008 financial crisis. Valuations suffered from uncertainty about how the war in Ukraine would affect economic activity and how inflation would affect corporate margins, as well as from the steep jump in real interest rates. The decline in equity valuation multiples is the main reason behind the markets' retreat in 2022.

- By region, the Japanese market turned in the best full-year numbers in local-currency terms, with a pullback of only 5%. It was helped by the BoJ's monetary policy divergence with the Fed (and by the yen's sharp drop, which was a boon for Japanese exporters). China lies at the other extreme: the country's economy was hampered by the government's zero-Covid policy and the property sector slump; the MSCI China Index fell by 24% in dollar terms. That marks the second year in a row that the Chinese market was off by more than 20%. In between these extremes, European markets outpaced the US in local-currency terms: the Euro Stoxx lost 12% and the CAC 40 shed 10%, while the S&P 500 tumbled 19%. In reality, most of the eurozone's outperformance boils down to exchange rates. In dollar terms, Europe's edge narrows significantly (–15% vs. –19%).

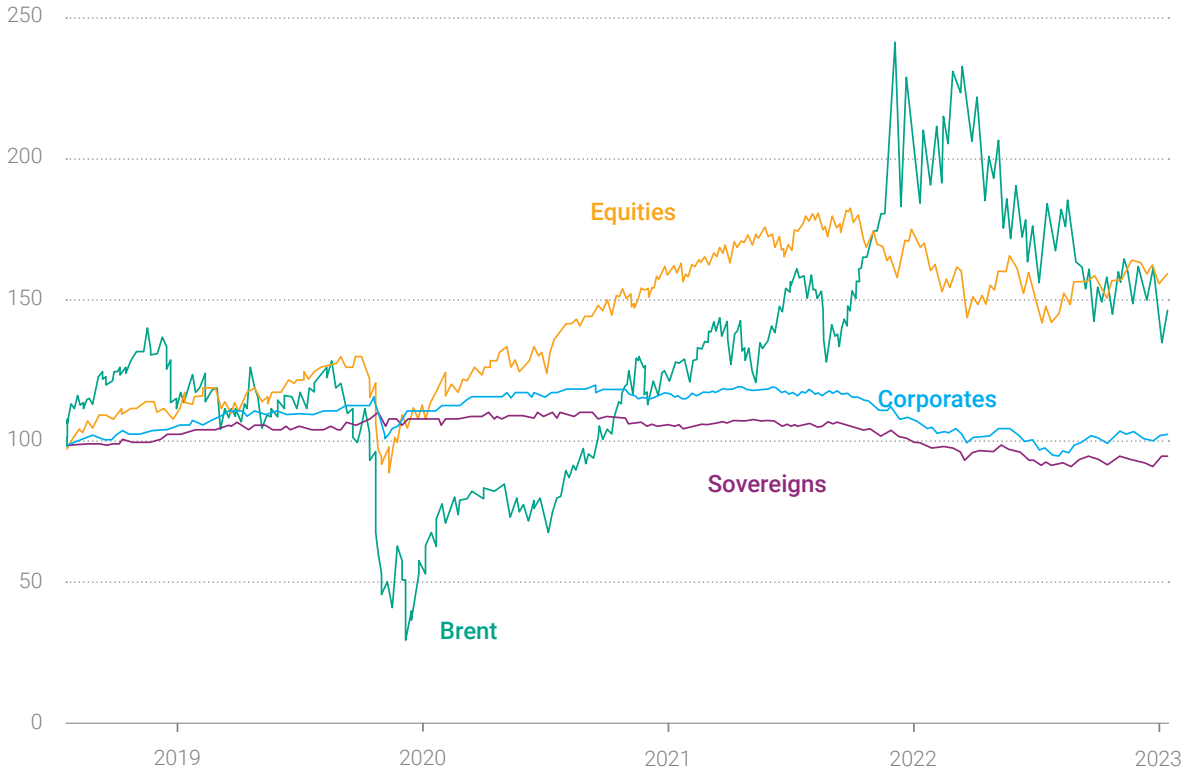
US/Eurozone risk premium
(earnings yield – bond yield, in %)



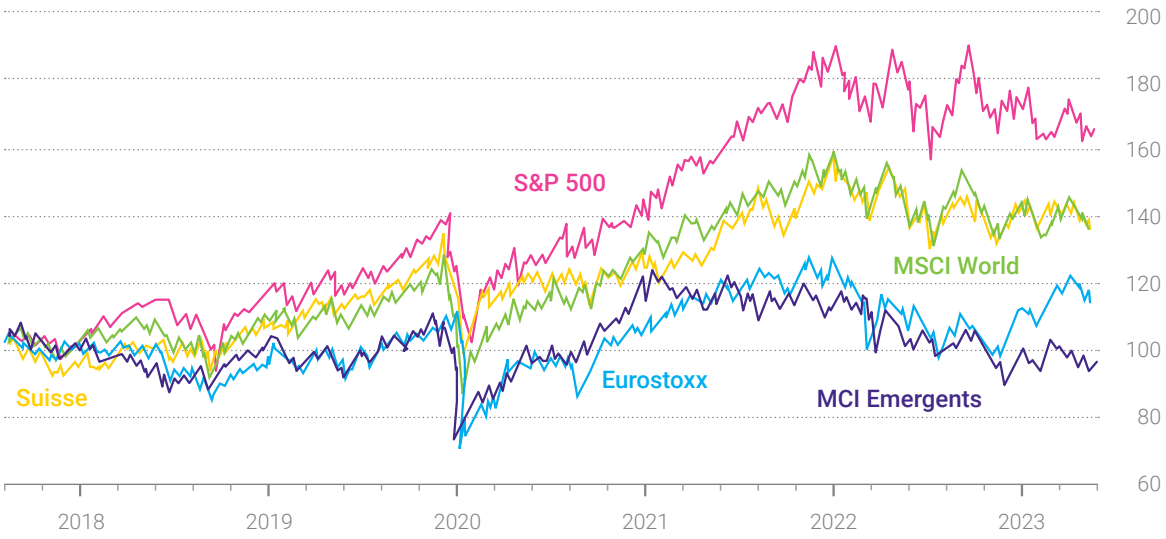
- The decline in EPS estimates around the world was held in check by resilient nominal growth (high volumes and high inflation) together with significant operating leverage. Ultimately, these estimates were generally not revised for US companies yet were increased in Europe. For 2023, revisions were particularly extensive in emerging markets (down 20%) and, to a lesser degree, in the US (down 10%). Revisions in Europe were smaller.

- The forward 12-month P/E ratio contracted in the US (from 22 to 17) and in Europe (from 16 to 12). The derating was less pronounced in emerging markets (from 12.5 to 11.5). P/E ratios were 10% above their 40-year average in the US, 10% below it in Europe and 12% below it in emerging markets.

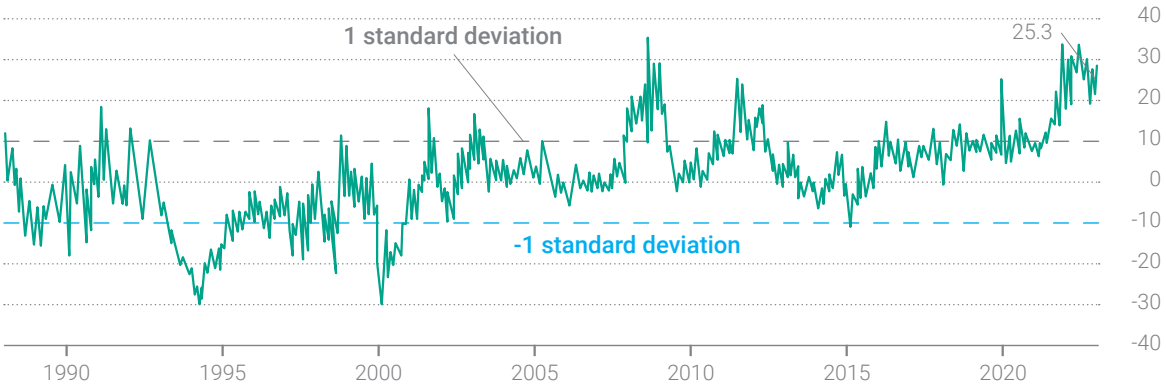
World – major asset classes
(in local currency, index, 100 = 01.01.2019)



S&P 500, Eurostoxx, MSCI World and EM
(Base 100 = 01.01.2018)



P/E ratios: USA vs. eurozone
Standard deviation since 1987 – (12-month forecasts)



- Equity risk premiums (earnings yield – bond yield) fell back in both the US and the eurozone in 2022 as yields rose. They still sit above their 40-year average in Europe but have fallen below this average in the US.

- Stocks have made significant gains so far in 2023, with valuations up and the risk premium down. At the end of 2022, investors expected stagflation to persist but are now looking for a soft landing. Turmoil in the banking sector has cut sharply into recent gains, however.

- Overall, the risk-return profile of equities is not particularly appealing, as equity market drivers are losing momentum. Beyond the potentially huge impact a large-scale banking crisis would have, future EPS revisions will most likely be downwards, despite the adjustment triggered by slowing nominal GDP growth and lower margins. In the eurozone, the stronger euro and expectations of lower GDP growth should lead to a clear pullback in expectations, which are still positive. At the same time, while valuations are reasonable in absolute terms, they're less attractive when adjusted for real interest rates. Lastly, equity risk premiums shrank both in the US and the eurozone and are back at the low end of the long-term range, in what is clearly an appeal for caution. We recommend waiting for better macro visibility, and for central banks to show more flexibility, before becoming more bullish.

	2022	30.04.2023
	Perf. YTD (in local currencies)	
World Equity		
MSCI World	-19.18%	8.19%
North America		
Dow Jones	-8.58%	2.05%
S&P 500	-19.24%	7.71%
Western Europe		
EURO STOXX 50	-10.43%	14.88%
SMI Zürich	-15.68%	5.89%
DAX Frankfurt	-11.41%	13.48%
FTSE 100 London	1.74%	5.10%
CAC 40 Paris	-8.10%	15.60%
Eastern Europe		
RTS Moscow	-40.41%	5.55%
Asia and Pacific		
ASX Sydney	-2.39%	4.53%
NIKKEI 225 - Tokyo	-9.37%	10.58%
KOSPI Seoul	-24.89%	11.86%
Latin America		
MERVAL Buenos Aires	138.76%	46.87%
BOVESPA Sao Paulo	4.69%	-6.21%

Sources:

(1) World Bank, G20, Swiss National Bank (SNB), Swiss Bankers Association (SBA), International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), Ernst & Young SA, Deloitte SA

(2) Economic and financial outlook, in collaboration with Les Cahiers Verts de l'Economie/SOCOFI.



CONSOLIDATED FINANCIAL STATEMENTS

HYPOSWISS
GROUP KEY FIGURES

(CHF 1'000)	*2022*	*2021*
Net profit	161	6'890
Operating result	-5'513	4'357
Total operating income [1]	60'300	57'247
Total operating expenses	48'472	48'311
Total balance sheet	1'112'491	1'524'534
Total assets under management	6'334'764	6'576'971
Shareholders' equity	61'684	67'703
Number of employees (full-time equivalents)	140	133
Cost / income ratio	80%	84%
Ratio CET1	26.8%	28.2%

[1] *Includes: net result from interest operations, result from commission business and services, result from trading activities and the fair value option and other result from ordinary activities.*

CONSOLIDATED *BALANCE SHEET*

ASSETS	31.12.2022 CHF	31.12.2021 CHF
Liquid assets	88'833'688	718'110'535
Amounts due from banks	163'942'343	139'180'200
Amounts due from customers	433'794'981	439'927'175
Mortgage loans	13'974'414	30'174'420
Trading portfolio assets	319'644	386'658
Positive replacement values of derivative financial instruments	16'757'686	12'439'609
Financial investments	381'210'966	168'595'049
Accrued income and prepaid expenses	6'939'305	6'671'710
Non-consolidated participations	299'772	396'834
Tangible fixed assets	2'348'762	2'738'586
Intangible assets	3'402'460	5'069'645
Other assets	667'131	843'718
Total assets	**1'112'491'152**	**1'524'534'139**
LIABILITIES		
Amounts due to banks	18'739'626	7'625'025
Amounts due in respect of customer deposits	992'116'645	1'414'268'648
Negative replacement values of derivative financial instruments	16'183'184	20'698'425
Accrued expenses and deferred income	8'291'595	11'992'062
Other liabilities	764'359	1'161'343
Provisions	14'711'849	1'085'992
Reserves for general banking risks	-	5'200'000
Share capital	27'500'000	27'500'000
Capital reserve	1'685'610	1'685'610
Retained earnings reserve	31'858'882	26'618'384
Currency translation reserve	478'041	(191'848)
Consolidated profit	161'361	6'890'498
Total liabilities	**1'112'491'152**	**1'524'534'139**
OFF-BALANCE-SHEET TRANSACTIONS		
Contingent liabilities	19'617'247	20'089'484
Irrevocable commitments	5'124'486	4'060'088

CONSOLIDATED INCOME
INCOME STATEMENT 2022

	2022 CHF	2021 CHF
RESULT FROM INTEREST OPERATIONS		
Interest and discount income	8'735'489	2'623'728
Interest and dividend income from trading portfolios	561	8'934
Interest and dividend income from financial investments	4'038'218	726'467
Interest expense	541'499	1'209'455
Gross result from interest income	**13'315'767**	**4'568'584**
Changes in value adjustments for default risks and losses from interest operations	(465'663)	-
Subtotal net result from interest operations	**12'850'104**	**4'568'584**
RESULT FROM COMMISSION BUSINESS AND SERVICES		
Commission income from securities trading and investment activities	42'527'498	44'103'298
Commission income from lending activities	300'216	274'308
Commission income from other services	1'568'428	1'703'939
Commission expense	(6'458'603)	(6'835'662)
Subtotal result from commission business and services	**37'937'539**	**39'245'883**
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION	**11'484'412**	**14'080'278**
OTHER RESULT FROM ORDINARY ACTIVITIES		
Result from the disposal of financial investments	(289'632)	(416'864)
Income from participations	(39'401)	65'625
- of which, participations recognised using the equity method	*(39'401)*	*65'625*
- of which, from other non-consolidated participations		
Other ordinary income	-	-
Other ordinary expenses	(1'643'372)	(296'457)
Subtotal other result from ordinary activities	**(1'972'405)**	**(647'696)**

CONSOLIDATED INCOME STATEMENT 2022

	2022 CHF	2021 CHF
OPERATING EXPENSES		
Personnel expenses	(36'347'500)	(35'472'600)
General and administrative expenses	(12'124'354)	(12'838'042)
Subtotal operating expenses	**(48'471'854)**	**(48'310'642)**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(2'581'969)	(2'558'554)
Changes to provisions and other value adjustments, and losses	(14'758'686)	(2'020'479)
Operating result	**(5'512'859)**	**4'357'374**
Extraordinary income	-	13'564
Extraordinary expenses	-	(85'868)
Changes in reserves for general banking risks	5'200'000	3'500'000
Taxes	474'220	(894'572)
Profit (result of the period)	**161'361**	**6'890'498**

CASH FLOW STATEMENT

	31.12.2022		31.12.2021	
	Cash in-flow CHF	Cash out-flow CHF	Cash in-flow CHF	Cash out-flow CHF
Cash flow from operating activities (internal financing)				
Result of the period	161'361	-	6'890'498	-
Changes in reserves for general banking risks	-	5'200'000	-	3'500'000
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	2'581'969	-	2'558'554	-
Provisions and other value adjustments	14'534'337	908'480	71'000	906'107
Accrued income and prepaid expenses (other assets included)	-	91'008	-	1'828'668
Accrued expenses and deferred income (other liabilities included)	-	4'099'054	2'271'806	-
Previous year's dividend	-	1'650'000	-	1'650'000
Subtotal	**17'277'667**	**11'948'542**	**11'791'858**	**7'884'775**
Cash flow from shareholder's equity transactions	-	-	-	-
Share capital / participation capital / dotation capital, etc.	669'889	-	5'362	-
Change in own equity securities	-	-	-	-
Subtotal	**669'889**	-	**5'362**	**-**
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	97'062	-	-	70'914
Other tangible fixed assets	-	523'357	49'393	788'299
Intangible assets	-	-	-	5'076'436
Subtotal	**97'062**	**523'357**	**49'393**	**5'935'649**
Cash flow from banking operations Medium and long-term business (> 1 year)				
Financial investments	-	212'615'917	159'223'054	-
Short-term business				
Amounts due to banks	11'114'601	-	-	2'363'859
Amounts du in respect of customer deposits	-	422'152'003	314'153'853	-
Negative replacement values of derivative financial instruments	-	4'515'241	4'241'270	-
Amounts due from banks	-	24'762'143	-	6'372'052
Amounts due from customers	6'132'194	-	-	43'752'842
Mortgage loans	16'200'006	-	-	11'047'791
Trading portfolio assets	67'014	-	66'388	-
Positive replacement values of derivative financial instruments		4'318'077	1'332'464	-
Subtotal	**33'513'815**	**668'363'381**	**479'017'029**	**63'536'544**
Liquid assets	**629'276'847**	**-**	**-**	**413'501'312**
Total	**680'835'280**	**680'835'280**	**490'858'280**	**490'858'280**

STATEMENT OF CHANGES IN EQUITY

(CHF 1'000)	Share capital	Capital reserve	Retained earnings reserve	Currency reserve	Reserves for general banking risks	Result of the period	Total
Equity at start of current period	**27'500**	**1'686**	**26'618**	**(192)**	**5'200**	**6'890**	**67'703**
Distribution of earnings 2019							
- Allocation to retained earnings reserve	-	-	5'240	-	-	(5'240)	-
- Foreign exchange differences	-	-	-	670	-	(1'650)	670 (1'650)
- Dividends and other distributions						-	(5'200)
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-	(5'200)	161	161
Profit (result of the period)	-	-	-	-	-		
Equity at end of current period	**27'500**	**1'686**	**31'859**	**478**	**-**	**161**	**61'684**

NOTES TO THE CONSOLIDATES 2022 FINANCIAL STATEMENTS

1 - NOTES ON THE COMPANY NAME, LEGAL FORM AND HEAD OFFICE OF THE GROUP

Hyposwiss Private Bank Genève SA is the parent company of the Hyposwiss Group (hereinafter "The Group"). Hyposwiss has two subsidiaries, Hyposwiss Advisors SA, Geneva and Fimanor Financial Management AG, Zurich, and a representative office in Tel Aviv, Israel and holds minority interests in Monaco Asset Management SAM, Monaco and Stavanger Asset Management Ltd, Stavanger, Norway.

On 11 January 2022, the Bank came to an agreement with United Mizrahi Overseas Holding Company B.V., Amsterdam, to acquire all of the shares in United Mizrahi Bank (Switzerland) Ltd. The subsidiary Hyposwiss Advisors SA, Geneva, manages the wealth of US clients and is registered with the Securities and Exchange Commission (SEC). The minority stake relates to an asset-management firm based in Norway.

The group's business scope includes asset management, securities trading and related services.

Number of employees

At the end of 2022, the Group had 150 employees (139.8 full-time equivalents), compared to 140 employees (132.6 full-time equivalents) at the end of 2021.

2 - CONSOLIDATION, VALUATION AND ACCOUNTING PRINCIPLES

Basic principles

These financial statements represent the Group's consolidated accounts and give a true and fair view of the Group's assets, financial position and results. They were prepared in accordance with the Swiss Code of Obligations, the Swiss Banking Act and its implementing ordinance, the FINMA Accounting Ordinance and FINMA Circular 2021/2 "Accounting – banks."

General valuation principles

Assets and liabilities, as well as off-balance sheet items mentioned under a single heading, are evaluated individually.

CONSOLIDATION PRINCIPLES

Scope and method of consolidation

The scope of consolidation includes the parent company and entities in which the Group holds more than 50% of the voting rights, as well as minority participation in which the Group has a significant influence. A list of fully integrated, equity and non-consolidated participations appears in Annex 4.6.

The Group companies are consolidated according to the full consolidation method. The subsidiaries are consolidated as of the date of effective transfer of control.

Minority participations between 20% and 50% interests are consolidated in accordance with the equity method.

December 31 is the closing date uniformly determined by all companies concerned with consolidation.

Transaction accounting
All transactions are booked as of the transaction date and are valued as of that date towards the calculation of results. All transactions concluded but not yet executed are entered in the balance sheet as of the date they are concluded.

Foreign currency conversion and precious metals
Accounts in foreign currencies from consolidated companies are converted to CHF using the exchange rate in effect on the date of the closing of the accounts, except for the capital, which is converted at the historical rate. Revenues and charges are converted at average monthly exchange rates.

The main exchange rates used to convert foreign currencies and precious metals at closing date are as follows:

	31.12.2022	31.12.2021
USD	0.9232	0.9139
EUR	0.9882	1.0343
GBP	1.1154	1.2335
Once Or en CHF	1'682.09	1'648.81

The average interest rates on the balance-sheet date were:

	31.12.2022	31.12.2021
EUR	1.0017	1.0785
NOK	0.0991	0.1061

Liquid assets, amounts due from banks and from customers, amounts due to banks and due in respect of customers deposits
These elements are recorded in the balance sheet at their nominal value. The value adjustments for doubtful loans are recorded as deductions of the amount due from customers.

Trading portfolio assets
Securities and precious metals destined for trading are evaluated and recorded on the balance sheet at fair value. Profits and losses arising from the trading portfolios are recorded in the income statement under "Result from trading activities and fair value option".

Income from trading portfolio interest and dividends is presented as income in the balance sheet.

Financial derivative instruments
Trading portfolio assets
All financial derivative instruments are valued at fair value. Positive or negative replacement values are reported on the balance sheet. The fair value results either from the price in an efficient and liquid market, or from the price offered by the market makers. Realized or unrealized results from transactions with financial derivative instruments for trading purposes or on behalf of clients are recorded as "Results from trading activities and the fair value option".

Hedging instruments
The Group can use financial derivative instruments to reduce the risk of exchange rate fluctuations in its management of assets and liabilities. Such hedging transactions are valued by applying the same principles as are used with underlying hedging transactions. The results of hedging transactions are carried under the same account as the one that carries results for the hedged transaction

Client-driven transactions
Replacement values for client-driven transactions are, as a general rule, recorded on the balance sheet if there is a potential risk for the Group during the remaining term

of the contract. Over-the-counter derivatives: Replacement values of transactions for which the Bank serves as the commission agent are recorded on the balance sheet. Exchange-traded derivative contracts: Replacement values are not recognized on the balance sheet unless the margin is insufficient. If there is no daily margin call or if the initial margin required does not cover the daily loss (variation margin), only the unhedged part is recorded on the balance sheet.

Financial investments

Debt instruments that are to be kept until maturity are listed in the balance sheet at amortized cost. Gains and losses due to a sale or an early redemption are accounted for proportionally and taking into account the original maturity date in the categories "Other Assets" and "Other Liabilities". Changes in value related to default risk are registered immediately in the category "Changes in value adjustments for default risks and losses from interest operations".

Debt instruments not marked for keeping until maturity are valued using the lowest value. The changes in value are recorded under "Other ordinary expenses" or "Other ordinary income". A subsequent increase in the value of the security can be recorded up to the acquisition cost. This value adjustment is also recorded under "Other ordinary expenses" or "Other ordinary income". Precious metals are valued at the applicable market price prevailing at the balance sheet date. Equity securities are valued on the principle of the 45 lowest value. Value adjustments are carried under "Other ordinary expenses" or "Other ordinary income".

Non-consolidated participations

These participations are valued individually at cost, less the economic necessary value adjustment.

Tangible fixed assets

Investments in tangible fixed assets are capitalized as an asset if they are used for more than one accounting period and are recognised at acquisition cost. Existing fixed assets are recorded in the balance sheet at cost, less any accumulated depreciation. They are depreciated linearly over the period of their estimated operating life. The value is reviewed annually. If this review reveals a change in an asset's estimated operating life or a reduction in its value, the Group depreciates the residual book value accordingly or books impairment. Depreciation and impairments are charged to the position "Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets" in the income statement. The estimated operating life for the various categories of fixed assets is as follows:

- **IT equipment:** maximum 3 years
- **Other fixed assets:** maximum 5 years
- **Renovation costs:** for the duration of the lease, but maximum 8 years

Gains or losses realized from the sale of tangible fixed assets are recorded under "Extraordinary income", or "Extraordinary expenses".

Intangible assets

If the total cost of an acquisition is higher than the net assets purchased, the difference is considered as goodwill. Goodwill is amortised linearly over a period of 5 years.

Accrued income and prepaid expenses

Assets and liabilities that result from interest, other profits and charges and other criteria in a specific time frame are presented in the accrued income and expenses section of the balance sheet.

Taxes
Taxes are calculated on the Group entities' income and capital; a deferred tax is calculated on the reserves. Taxes due on profits are carried as liabilities under "Accrued expenses and deferred income". Deferred taxes resulting from temporary differences between the fiscal values and book values of assets and liabilities are recorded as deferred taxes under "Provisions" in the balance sheet.

Provisions
For all potential and identifiable risks existing at the balance sheet date, specific provisions are constituted according to the principle of prudence. Individual valuation adjustments are booked directly to the corresponding position on the asset side. The provisions made to cover risks are entered on the balance sheet under "Provisions".

Notes on non-performing loans
Loans for which interest payments are more than 90 days overdue are classified as non-performing. The Group does not carry non-performing and/or doubtful loans separately in the income statement, booking them instead directly to the position "Changes in value adjustments for default risks and losses from interest operations".

Reserves for general banking risks
To cover risks related to banking activities that are not covered by specific provisions, the Group allocates some "Reserves for general banking risks". These reserves are part of shareholders' equity and are subject to a deferred tax.

Pension schemes
The terms "Pension schemes" include all plans, institutions and systems which give social benefits in case of retirement, death or disability of the Group's employees.

An annual analysis is conducted to determine if there is in each pension schemes an economic benefit (surplus) or an economic obligation (deficit) other than the contributions paid and any related adjustments. In Switzerland, this analysis is carried out based on the financial statements of the pension schemes established in accordance with Swiss GAAP RPC 26. Obligations are carried in the balance sheet under "Provisions" while the economic benefits are recorded in "Other assets". The change in value of the benefits/obligations compared to the previous year is recorded as "Personnel expenses" in the income statement.

Contingent liabilities, irrevocable commitments, liabilities to pay in full and to make additional payments
These elements are presented in the off-balance sheet transactions at their nominal value. For foreseeable risks, the Group constitutes provisions that are carried as liabilities.

Changes to the accounting principles
All changes to the accounting principles during the year under review are described below. On 1 January 2022, the new FINMA Accounting Ordinance and the fully revised FINMA Circular 2021/2 "Accounting – Banks" came into force. Under these new accounting rules, value adjustments must be created for default risks on non-impaired loans, and provisions for default risks must be set aside for off-balance-sheet transactions, except where a provision has already been created because an outflow of cash is likely and can be reliably estimated. The Bank applies the transitional provisions set out in Article 98.1 of the FINMA Accounting Ordinance, which stipulate that: "The legal provisions applicable to the creation of value adjustments for default risks pursuant to Article 25 and provisions for default risks

for off-balance-sheet transactions pursuant to Article 28.6 shall become applicable at the latest for annual financial statements beginning on 1 January 2022 or later in the course of 2022".

Material events and events taking place after the balance-sheet date

There were no material events or events taking place after the balance-sheet date that could have an impact on the financial statements at 31 December 2021.

3 - RISK MANAGEMENT

The parent company has a risk management policy that incorporated all the regulatory obligations and specifies their implementation in the companies of the Group. The Board of Directors of Hyposwiss Private Bank Genève SA conducts the annual assessment of the Group's exposure to risks and attempts to limit their impact.

The risk management policy regarding credit risk and market risk is reviewed annually by the Management of the parent company. Each category of risk is assigned a precise limit, and the compliance with these limits is constantly monitored.

A Management Information System (MIS) allows members of management to be regularly informed on the Group's assets and liabilities, financial situation, cash flows and results, as well as related risks.

Default Risk

The credit policy encompasses the management of downside risks of all commitments with counterparties, should they be unable to reimburse.

Credit risk relating to customers

This credit activity is limited to advances to customers fully secured by easy marketable assets. Values are reassessed and securities are monitored daily.

Credit risk to banking counterparties

The Group selects correspondents and counterparties with solid financial bases.

Country-related risks

The Group abstains from cultivating active relations with counterparties in countries with high risks, as determined by accredited credit agencies. Countries with deficient credit ratings are excluded from the Group's field of activities. Country risks are assessed periodically and appropriate provisions are made for each case in accordance with predefined criteria.

Interest rate risk

The Group is not significantly exposed to interest rate risk. As customer deposits do not bear interest, the Group is mainly exposed to investment shortfalls.

Market risks

Market risk results from a potential loss due to fluctuations in foreign exchange rates, interest rates and market values of trading positions and other balance sheet positions. Trading positions are subject to limits and are assessed on a daily basis. The Group holds currency positions to meet clients' demands.

Liquidity risk

The liquidity risk is defined as the risk for the Group of being unable to meet its payment obligations at any given moment. Each entity controls a comfortable level of liquidity related to regulatory requirements. The aim of liquidity-risk management is to ensure that the Group can continue to meet its commitments at all times, particularly if an event were to occur within the Group or the broader market that would have a significant adverse effect on the Group's capacity to obtain funding.

The Group manages the liquidity risks to which it is exposed in keeping with qualitative and quantitative requirements (i.e. it has adopted principles for managing and monitoring liquidity risk and liquidity ratios).

The Group is required to have enough high-quality liquid assets to meet its liquidity needs over a 30-day period. The resulting liquidity ratio is monitored regularly and calculated automatically by the dedicated system.

The minimum liquidity coverage ratio required by FINMA was 100%. To ensure it has sufficient liquidity, the Group also applies an additional buffer of 20%.

At least once per year, the Group conducts a stress test to identify and quantify the impact that the least plausible extreme scenarios would have on cash inflows and outflows and on the Group's liquidity position.

The Bank and the Group ensure strict compliance with current legal liquidity ratio requirements.

Operational risks

Operational risks are defined as "Risks of direct or indirect loss resulting from an inadequacy or a failure related to procedures, human factors, systems or external events". Procedures and internal directives on the organization and controls allow the Group to limit those risks.

Compliance and legal risks

The Compliance Officer monitors the Group's compliance with the applicable laws and regulations and with the due diligence obligations imposed on financial intermediaries. The Compliance Officer monitors ongoing legislative developments of the relevant supervisory authorities as well as government, parliament and other organizations. The Compliance Officer also ensures that internal directives are adapted to comply with any new laws and regulations.

Notes regarding the methods applied for the identification of default risk and for the determination of the needs in value adjustment

When a client's or a group's liability exceeds the authorised limit, when an account shows a debit balance without having a liability limit, or when the collateral value falls below the established limit, the credit department informs the relationship manager to take corrective measures under supervision from the Credit Committee. Should the debtor be unlikely to meet his obligations, the loan becomes impaired. A specific value adjustment will be booked on a case-by-case basis upon decision by competent bodies, after a proper valuation of any collateral securities.

Notes regarding the evaluation of credit securities, particularly of important criteria applicable to the market value and collateral values.

Loans are granted essentially on a secured basis in the form of lombard loans with readily marketable securities as collateral. Credit limits depend on the nature, the solvability and the negotiability of the security.

BUSINESS POLICY WHEN USING FINANCIAL DERIVATIVE INSTRUMENTS

The major part of trading derivative instruments results from fixed-term currency exchange transactions performed at the clients' request. The Group may use financial derivative instruments for the purposes of its assets and liabilities management in order to reduce its exposure to interest rate and currency exchange risks. These transactions are recorded in accordance with the detailed principles of derivative instruments as described in the section "Consolidation valuation and accounting principles".

4 - BALANCE SHEET RELATED INFORMATION

4.1 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables (CHF 1'000)

	Type of collateral			
	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Mortgage loans	-	432'772	2'744	435'516
- Residential property	13'974	-	-	13'974
- Commercial property	*13'974*	-	-	*13'974*
Total loans (before netting with value adjustments)				
31.12.2022	**13'974**	**432'772**	**2'744**	**449'490**
31.12.2021	**30'174**	**439'740**	**2'432**	**472'046**
Total loans (after netting with value adjustments)				
31.12.2022	**13'974**	**432'772**	**1'023**	**447'769**
31.12.2021	**30'174**	**439'740**	**487**	**470'402**
Off-balance-sheet				
Contingent liabilities	-	17'299	2'318	19'617
Irrevocable commitments	-	3'126	1'998	5'124
Total off-balance-sheet				
31.12.2022	**-**	**20'426**	**4'316**	**24'742**
31.12.2021	**-**	**21'533**	**2'617**	**24'150**
Impaired loans / receivables	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
31.12.2022	**1'721**	**-**	**1'721**	**1'721**
31.12.2021	**1'645**	**-**	**1'645**	**1'645**

4.2 Breakdown of trading portfolios and other financial instruments at fair value (Assets and liabilities) (CHF 1'000)

	31.12.2022	31.12.2021
Assets		
Trading portfolio assets		
Debt securities, money market securities / transactions	320	387
- of which, listed	*320*	*387*
Equity securities	-	-
Precious metals and commodities	-	-
Other trading portfolio assets	-	-
Other financial instruments at fair value		
Debt securities	-	-
Structured products	-	-
Other	-	-
Total assets	**320**	**387**

4.3 Presentation of derivative financial instruments (Assets and liabilities) (CHF 1'000)

	Trading instruments			Hedging Instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Foreign exchange/precious metals						
Forward contracts	13'546	12'972	969'536	-	-	-
Options (OTC)	3'212	3'212	118'372	-	-	-
Total before netting agreements						
31.12.2022	16'758	16'183	1'087'908	-	-	-
- of which, determined using a valuation model	*16'758*	*16'183*	*1'087'908*	-	-	-
31.12.2021	12'440	20'698	1'454'638	-	-	-
- of which, determined using a valuation model	*12'440*	*20'698*	*1'454'638*	-	-	-

The Group does not practice netting.

Breakdown by counterparties (CHF 1'000)

	Central clearing houses	Banks and securities firms	Other customers
Positive replacement values (after netting agreements)	-	14'712	2'046

4.4 Breakdown of financial investments (CHF 1'000)

	Book value		Fair value	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Debt securities	**305'100**	**97'898**	**307'509**	**97'905**
- of which, intended to be held to maturity	*264'909*	*46'597*	*265'827*	*46'605*
- of which, not intended to be held to maturity (available for sale)	*40'191*	*51'301*	*41'682*	*51'301*
Equity securities	**1'247**	**1'832**	**1'738**	**2'309**
Precious metals	**74'864**	**68'865**	**74'864**	**68'865**
Real estate	-	**-**	-	**-**
Total	**381'211**	**168'595**	**384'111**	**169'079**
- of which, securities eligible for repo transactions in accordance with liquidity requirements	*6'502*	*6'799*	*6'502*	*6'799*

** at least 10 % of capital votes*

4.4.1 Breakdown of counterparties by rating S&P (CHF 1'000)

	31.12.2022	31.12.2021
	Debt securities Book value	Debt securities Book value
From AAA to AA -	305'100	97'759
From A + to A -	-	-
From BBB + to BBB -	-	-
From BB + to B -	-	-
Lower than B -	-	-
Without rating	-	139

4.5 Presentation of participations (CHF 1'000)

	2022									
	Acquisition cost	Accumulated value adjustments and changes in book value (valuation using the equity method)	Book value previous year end	Reclassifications	Additions	Disposals	Value adjustments	Changes in book value in the case of participations valued using the equity method/depreciation reversals	Book value as at end of current year	Market value
Participations valued using the equity method										
with market value	-	-	-	-	-	-	-	-	-	-
without market value	12	227	239	-	-	-	-	(97)	142	-
Other participations										
with market value	-	-	-	-	-	-	-	-	-	-
without market value	158	-	158	-	-	-	-	-	158	-
Total participations	**170**	**227**	**397**	**-**	**-**	**-**	**-**	**(97)**	**300**	**-**

4.6 Disclosure of companies in which the bank holds a permanent direct or indirect significant participation (CHF 1'000)

Company name and domicile	Business activity	Currency	Company capital (in 1,000s)	Share of capital (in %)	Share of votes (in %)	Held directly (in %)	Held directly (in %)
Full consolidation							
Hyposwiss Advisors, Geneva	Asset management	CHF	1'000	100%	100%	100%	-
Fimanor Financial Management AG, Zurich	Asset management	CHF	50	100%	100%	100%	-
Mise en équivalence							
Stavanger Asset Management Ltd Stavanger, Norway	Asset management	NOK	3'900	35%	35%	35%	-

The non-consolidated participation are related to the holdings of minimal shares of capital in Monaco Asset Management S.A.M., Monaco, as well as in Society for Worldwide Interbanks Financial Telecommunication (SWIFT), Belgium.

4.7 Presentation of tangible fixed assets (CHF 1'000)

	2022								
	Acquisition cost	Accumulated depreciation	Book value Previous year	Reclassifications	Additions	Disposals	Depreciation	Reversals	Book value at the end of current year
Proprietary or separately acquired software	4'508	(4'255)	253	-	107	-	(127)	-	233
Other tangible assets	15'594	(13'109)	2'485	-	416	-	(787)	-	2'115
Tangible assets acquired under finance leases:	-	-	-	-	-	-	-	-	-
Total tangible fixed assets	**20'102**	**(17'363)**	**2'739**	**-**	**523**	**-**	**(915)**	**-**	**2'349**

Operating leases (CHF 1'000)

	31.12.2022	31.12.2021
Off-balance-sheet leasing commitments		
Maturing within 12 months	1'767	2'339
Maturing in 12 months to 5 years	5'458	5'789
Maturing in more than 5 years	207	1'395
Total off-balance-sheet leasing commitments	**7'431**	**9'523**
- of which can be canceled within 12 months	-	-

The leasing commitments presented in the table relate to the rents for the premises used by Hyposwiss Private Bank Genève SA and Hyposwiss Advisors SA.

4.8 Presentation of intangible assets (CHF 1'000)

	2022							
	Cost value	Accumulated amortisation	Book value Previous year	Influence of a change in the scope of consolidation	Additions	Disposals	Amortisation	Book value at end of current year
Goodwill	18'213	(13'144)	5'070	-	-	-	(1'667)	3'402
Total intangible assets	**18'213**	**(13'144)**	**5'070**	**-**	**-**	**-**	**(1'667)**	**3'402**

4.9 Breakdown of other assets and other liabilities (CHF 1'000)

	Other assets		Other liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Indirect taxes	387	311	769	746
Employees' insurance contracts	-	384	-	384
Other assets and other liabilities	280	149	(5)	31
Total	**667**	**844**	**764**	**1'161**

4.10 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership (CHF 1'000)

	31.12.2022		31.12.2021	
	Book values	Effective commitments	Book values	Effective commitments
Pledged / assigned assets				
Amounts due from banks	-	9'696	3'210	-
Financial investments	86'734	5'238	70'347	8'175
Amount due form costumers	10'000	-	4'570	-
Total pledged / assigned assets	**107'145**	**14'934**	**78'126**	**8'175**
Assets under reservation of ownership	-	-	-	-

4.11 Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the bank held by own pension schemes

The Group has no liabilities relating to own pension schemes.
Pension schemes do not hold any equity instruments of the Bank.

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4.12 Disclosure on the economic situation of own pension schemes

a. Employer contribution reserves (ECR)

Employer had no contribution reserve at December 31, 2022 (idem in 2021)

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

There are two pension plans within the Group, following the merger with United Mizrahi Bank (Switzerland) Ltd. The Group has not yet transferred to the Patrimonia Foundation the provident fund of United Mizrahi Bank (Switzerland) Ltd.

The Group determines whether the level of coverage and the particular situation of the pension fund can lead to an economic advantage or commitment. The assessment is based on the annual accounts of the pension fund and the information provided by it on the financial situation in 2022.

The Bank's Board of Directors considers that any surplus will be used for the benefit of policyholders. There is no economic benefit to the employer.

	Overfunding/underfunding at 31.12.2022	Economic interest of the bank/financial group		Change in economic interes (economic benefit/obliga-tion) versus previous year	Contributions paid for the current year	Pension expenses in personnel expenses	
		31.12.2022	31.12.2021			31.12.2022	31.12.2021
					CHF	CHF	CHF
Pension plan (Patrimonia)	2.6%	-	-	-	2'351'468	2'351'468	2'289'216
Collective pension foundation (La Bâloise)	-	-	-	-	186'493	186'493	213'348

4.13 Presentation of issued structured products

The Group does not issue any structured products.

4.14 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year (CHF 1'000)

	Previous year end	Use in conformity with designated purpose	Currency differences	Past due interest, recoveries	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
Provision for deferred taxes	727	-	-	-	-	-	(727)	-
Provisions for other business risks	14	-	-	-	-	-	-	14
Other provisions	345	(101)	-	-	-	14'534	(80)	14'698
Total provisions	**1'086**	**(101)**	**-**	**-**	**-**	**14'534**	**(807)**	**14'712**
Reserves for general banking risks	**5'200**	**-**	**-**	**-**	**-**	**-**	**(5'200)**	**-**
Value adjustments for default and country risks								
- of which, value adjustments for default risks in respect of impaired loans / receivables	1'645	(466)	-	(2)	79	466	-	1'721
- Value adjustments for risk of default of non-compromised receivables	-	-	-	-	-	-	-	-
Total of value adjustements for default and country risks	**1'645**	**(466)**	**-**	**(2)**	**79**	**466**	**-**	**1'721**

4.15 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures on any employee participation schemes (CHF 1'000)

Nil

4.16 Disclosure of amounts due from/to related parties (CHF 1'000)

	Amounts due from		Amounts due to	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Holders of qualified participations	11'611	10'337	6'082	15'717
Group companies	289	811	2'183	6'369

Guarantees totaling CHF 94'346 (CHF 84'928 in 2021) were issued by the Group for the account of related companies, holders of qualified participations and governing bodies.

An undrawn credit limit of CHF 100'000 (CHF 91'390 in 2021). No contingent liability were granted to qualified participants.

Conditions applied to operations with related parties are in line with market conditions.

4.17 Presentation of the maturity structure of financial instruments (CHF 1'000)

			Due					
	At sight	Cancellable	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	No maturity	Total
Assets / financial instruments								
Liquid assets	88'834	-	-	-	-	-	-	88'834
Amounts due from banks	163'942	-	-	-	-	-	-	163'942
Amounts due from customers	137'412	-	228'959	67'424	-	-	-	433'795
Mortgage loans	-	-	13'974	-	-	-	-	13'974
Trading portfolio assets	320	-	-	-	-	-	-	320
Positive replacement values of derivative financial instruments	16'758	-	-	-	-	-	-	16'758
Financial investments	77'476	-	116'870	178'492	6'502	1'871	-	381'211
Total 31.12.2022	**484'741**	**-**	**359'803**	**245'916**	**6'502**	**1'871**	**-**	**1'098'834**
Total 31.12.2021	**1'039'793**	**-**	**345'159**	**114'699**	**6'799**	**2'364**	**-**	**1'508'814**
Debt capital / financial instruments								
Amounts due to banks	18'740	-	-	-	-	-	-	18'740
Amounts due in respect of customer deposits	992'117	-	-	-	-	-	-	992'117
Negative replacement values of derivative financial instruments	16'183	-	-	-	-	-	-	16'183
Total 31.12.2022	**1'027'039**	**-**	**-**	**-**	**-**	**-**	**-**	**1'027'039**
Total 31.12.2021	**1'442'592**	**-**	**-**	**-**	**-**	**-**	**-**	**1'442'592**

4.18 Presentation of assets and liabilities by domestic and foreign domicile (CHF 1'000)

	31.12.2022		31.12.2021	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	88'834	-	718'111	-
Amounts due from banks	87'908	76'034	91'799	47'381
Amounts due from customers	74'738	359'057	65'121	374'806
Mortgage loans	7'558	6'416	18'303	11'871
Trading portfolio assets	10	310	-	380
Positive replacement value of derivative financial instruments	15'298	1'460	9'724	2'716
Financial investments	85'565	295'646	79'726	88'869
Accrued income and prepaid expenses	5'436	1'503	5'890	782
Non-consolidated participations	-	300	-	397
Tangible fixed assets	2'349	-	2'739	-
Intangible assets	3'402	-	5'070	-
Other assets	667	-	844	-
Total assets	**371'765**	**740'726**	**997'333**	**527'201**
Liabilities				
Amounts due to banks	1'676	17'064	39	7'586
Amounts due in respect of customer deposits	120'700	871'417	184'280	1'229'989
Negative replacement values of derivative financial instruments	6'587	9'596	18'414	2'284
Accrued expenses and deferred income	8'291	-	11'954	38
Other liabilities	764	-	1'161	-
Provisions	14'712	-	1'086	-
Reserve for general banking risks	-	-	5'200	-
Share capital	27'500	-	27'500	-
Capital reserve	1'686	-	1'686	-
Retained earnings reserve	31'859	-	26'618	-
Currency translation reserve	478	-	(192)	-
Consolidated profit	369	(208)	6'824	66
Total liabilities	**214'622**	**897'868**	**284'571**	**1'239'963**

4.19 Breakdown of total assets by country or group of countries (domicile principle) (CHF 1'000)

	31.12.2022		31.12.2021	
Assets	Absolute	Share as %	Absolute	Share as %
Switzerland	371'765	33.42%	997'333	65.42%
Europe	233'841	21.02%	126'084	8.27%
Central America	19'730	1.77%	116'361	7.63%
North America	240'428	21.61%	106'391	6.98%
Asia	51'976	4.67%	89'755	5.89%
Others	194'751	17.51%	88'607	5.81%
Total assets	**1'112'491**	**100.00%**	**1'524'530**	**100.00%**

4.20 Breakdown of total assets by credit rating of country groups (risk domicile view) (CHF 1'000)

Rating as per FINMA correspondence tables	Net foreign exposure 31.12.2022		Net foreign exposure 31.12.2021	
	CHF	Share as %	CHF	Share as %
1 & 2	467'456	63.12%	209'865	39.82%
3	3'530	0.49%	26'676	5.07%
4	66'447	8.98%	52'487	9.97%
5	86'085	11.63%	113'194	21.48%
6	7'637	1.04%	6'208	1.19%
7	8'270	1.13%	26'072	4.96%
Without rating	101'299	13.69%	92'700	17.59%
Total	**740'726**	**100.00%**	**527'201**	**100.00%**

The Bank uses ratings provided by FINMA in its correspondence tables for the calculation of regulatory requirements. The rating given by the rating agency "Standard & Poor's" has been adopted.

The table above is presented by considering the customer's domicile for the categories "Amounts due from customers" and "Mortgage loans" while the domicile of the counterparty of the issuer is used for the categories "Amounts due from Banks" and "Financial invetments" and the domicile of the risk is used for all other asset items.

4.21 Presentation of assets and liabilities broken down by the most significant currencies for the Group (CHF 1'000)

Assets	CHF	USD	EUR	OTHERS
Liquid assets	88'081	178	375	200
Amounts due from banks	11'946	49'369	75'380	27'247
Amounts due from customers	62'215	172'561	142'311	56'708
Mortgage loans	9'811	523	3'415	225
Trading portfolio assets	-	320	-	-
Positive replacement values of derivative financial instruments	16'758	-	-	-
Financial investments	10'701	215'714	68'973	85'823
Accrued income and prepaid expenses	5'313	542	493	592
Non-consolidated participations	-	-	157	143
Tangible fixed assets	2'349	-	-	-
Intangible assets	3'402	-	-	-
Other assets	667	-	-	-
Total assets shown in balance sheet	**211'242**	**439'207**	**291'104**	**170'938**
Delivery entitlements from spot exchange, forward forex and forex options transactions	**284'581**	**452'212**	**111'431**	**121'312**
Total assets	**495'823**	**891'419**	**402'535**	**292'250**
Liabilities				
Engagements envers les banques	1'716	12'615	625	3'784
Amounts due to banks	76'306	451'539	304'539	159'733
Amounts due in respect of customer deposits	-	-	-	-
Trading portfolio liabilities				
Negative replacement values of derivative financial instruments	16'183 8'284	- 7	- -	- -
Accrued expenses and deferred income	764	-	-	-
Other liabilities	14'712	-	-	-
Provisions	27'500	-	-	-
Share capital	1'686	-	-	-
Capital reserve	31'859	-	-	-
Retained earnings reserve	478	-	-	-
Currency translation reserve	161	-	-	-
Consolidated profit	**179'649**	**464'161**	**305'164**	**163'516**
Total liabilities shown in balance sheet				
Delivery obligations from spot exchange, forward forex and forex options transactions	**319'117**	**427'426**	**96'257**	**129'021**
Total liabilities	**498'766**	**891'587**	**401'421**	**292'537**
Net position per currency	**(2'943)**	**(168)**	**1'114**	**(287)**

5 - OFF-BALANCE SHEET RELATED INFORMATION

5.1 Breakdown and explanation of contingent liabilities (CHF 1'000)

	31.12.2022	31.12.2021
Other contingent liabilities	19'617	929
Performance guarantees and similar	5'124	19'161
Total of contingent liabilities	**24'742**	**20'089**

5.2 Breakdown of credit commitments (CHF 1'000)

Nil

5.3 Breakdown of fiduciary transactions (CHF 1'000)

	31.12.2022	31.12.2021
Fiduciary investments with third-party companies	960'053	388'551
Total fiduciary transactions	**960'053**	**388'551**

5.4 Répartition des avoirs administrés et présentation de leur évolution (CHF 1'000)

	31.12.2022	31.12.2021
Breakdown of managed assets		
Assets under discretionary asset management agreements	2'059'752	2'158'979
Other managed assets	4'275'012	4'417'992
Total managed assets (including double counting)	**6'334'764**	**6'576'971**
Of which, double counting	-	-

Calculation of managed assets include all client's investments deposited with the Group as well as those deposited with third-party banks and managed by the Group. Clients assets held by the Group acting only as custodian bank are excluded from this calculation. Assets managed by entities in which the Group holds minority interests are not included in the total assets managed by the Group.

Assets under discretionary asset management agreements include clients' assets for which investment decisions are made by the Group. Other managed assets are those for which investment decisions are made by the client.

5.5 Presentation of the development of managed assets (CHF 1'000)

	31.12.2022	31.12.2021
Total managed assets (including double counting) at beginning	**6'576'971**	**5'267'864**
+/- net new money inflow or net new money outflow	476'116	978'776[1]
+/- price gains / losses, interest, dividends and currency gains / losses	(718'323)	330'331
Total managed assets (including double counting) at end	**6'334'764**	**6'576'971**

The Group assesses the net inflow of new money based on deposits and withdrawals of customers' assets. Interest and dividend income relating to the managed assets is not considered as new money inflow. Market and currency fluctuations, charges, commissions and charged interest payments are not included in the net new money.

[1] Net new money from the integration of the client assets of Hapoalim Bank (Switzerland) Ltd stood at CHF 414.7 million in 2021.

6 - INCOME STATEMENT RELATED INFORMATION

6.1 Breakdown of the result from trading activities and the fair value option (CHF 1'000)

	2022	2021
Breakdown by business aera		
Trading activity for the Group's own account	2	197
Own-account treasury transactions	2'362	4'606
Trading activity for customers' account	9'121	9'278
Total result from trading activities	**11'485**	**14'080**

6.2 Breakdown by underlying risk and based on the use of the fair value option (CHF 1'000)

	2022	2021
Result from trading activities from:		
- Interest rate instruments (including funds)	2'362	4'606
- Equity securities (including funds)	2	197
- Foreign currencies	9'121	9'278
Total result from trading activities	**11'485**	**14'080**
- of which, from fair value option	*2*	*197*
- of which, from fair value option on assets	2	*197*

6.3 Result due to refinancing of trading positions and negative instruments (CHF 1'000)

	2022	2021
Negative interest		
Negative interest relating to assets transactions (reduction in interest and discount income)	2'817	4'864
Negative interest relating to liability transactions (reduction in interest expenses)	1'107	1'252

6.4 Breakdown of personnel expenses (CHF 1'000)

	2022	2021
Salaries	30'404	29'774
- of which, expenses relating to variable compensation	*4'320*	*5'024*
Social insurance benefits	5'377	5'164
Other personnel expenses	567	534
Total	**36'348**	**35'473**

6.5 Breakdown of general and administrative expenses (CHF 1'000)

	2022	2021
Office space expenses	3'043	2'928
Expenses for information and communication technology	1'222	1'301
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	204	337
Fees of audit firm(s)	460	491
- of which, for financial and regulatory audits	*340*	*330*
- of which, for other services	*120*	*161*
Marketing and public relations	262	295
Travelling expenses	699	480
Direct and indirect taxes	665	709
Other operating expenses	5'569	6'298
Total	**12'124**	**12'838**

6.6 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required (CHF 1'000)

	2022	2021
Extraordinary income	-	14
Extraordinary expenses	-	86
Changes in reserves for general banking risks	5'200	3'500
Changes to provisions and other value adjustments, and losses	(14'759)	(2'020)

The "Changes to provisions and other value adjustments, and losses" mainly concerns the settlement of past litigation. The Group used its insurance policy to cover the financial losses.

6.7 Presentation of current taxes, deferred taxes, and disclosures of tax rate (CHF 1'000)

	2022	2021
Provisions' release for deferred taxes	-	727
Expenses for current taxes	(474)	895
Total taxes	**(474)**	**1'622**
Weighted average tax rate, based on the operating result	n/a	20.53%

The tax variation is positive between 2021 and 2022 and this results in a positive tax on 2022. This is linked to the tax ruling concerning the loss carried forward from UMBZ following its takeover. The Bank is thus able to recover in 2022 the tax burden of 2021.



REPORT

OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FIANCINAL STATEMENTS

Rapport de l'organe de révision

l'Assemblée générale de Hyposwiss Private Bank Genève SA
Genève

Rapport sur l'audit des comptes consolidés

Opinion d'audit

Nous avons effectué l'audit des comptes consolidés de Genève SA et ses filiales (le groupe), comprenant le bilan consolidé au 31 décembre 2022, le compte de résultat consolidé, le tableau des flux de trésorerie et l'état des capitaux propres pour l'exercice clos à cette date ainsi que l'annexe aux comptes consolidés, y compris un résumé des principales méthodes comptables (p. 64 à p. 96).

Selon notre appréciation, les comptes consolidés ci-joints sont conformes à la loi suisse et aux principes de consolidation et d'évaluation décrits dans l'annexe.

Fondement de l'opinion d'audit

Nous avons effectué notre audit conformément à la loi suisse et aux Normes suisses d'audit des états financiers (NA-CH). Les responsabilités qui nous incombent en vertu de ces dispositions et de ces normes sont plus amplement décrites dans la section « Responsabilités de l'organe de révision relatives à l'audit des comptes consolidés » de notre rapport. Nous sommes indépendants du groupe, conformément aux dispositions légales suisses et aux exigences de la profession, et avons satisfait aux autres obligations éthiques professionnelles qui nous incombent dans le respect de ces exigences.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion d'audit.

Autres informations

La responsabilité des autres informations incombe au Conseil d'administration. Les autres informations comprennent toutes les informations présentées dans le rapport de gestion, à l'exception des comptes annuels, des comptes consolidés et de nos rapports correspondants.

Notre opinion d'audit sur les comptes consolidés ne s'étend pas aux autres informations et nous n'exprimons aucune forme d'assurance que ce soit sur ces informations.

Dans le cadre de notre audit des comptes consolidés, notre responsabilité consiste à lire les autres informations et, ce faisant, à apprécier si elles présentent des incohérences significatives par rapport aux comptes consolidés ou aux connaissances que nous avons acquises au cours de notre audit ou si elles semblent, par ailleurs, comporter des anomalies significatives.

Si, sur la base des travaux que nous avons effectués, nous arrivons à la conclusion que les autres informations présentent une anomalie significative, nous sommes tenus de le déclarer. Nous n'avons aucune remarque à formuler à cet égard.

Responsabilités du Conseil d'administration relatives aux comptes consolidés

Le Conseil d'administration est responsable de l'établissement des comptes consolidés conformément aux dispositions légales. Il est en outre responsable des contrôles internes qu'il juge nécessaires pour permettre l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes consolidés, le Conseil d'administration est responsable d'évaluer la capacité du groupe à poursuivre son exploitation. Il a en outre la responsabilité de présenter, le cas échéant, les éléments en rapport avec la capacité du groupe à poursuivre ses activités et d'établir les comptes consolidés sur la base de la continuité de l'exploitation, sauf si le Conseil d'administration a l'intention de liquider le groupe ou de cesser l'activité, ou s'il n'existe aucune autre solution alternative réaliste.

Responsabilités de l'organe de révision relatives à l'audit des comptes consolidés

Notre objectif est d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, et de délivrer un rapport contenant notre opinion d'audit. L'assurance raisonnable correspond à un niveau élevé d'assurance, mais ne garantit toutefois pas qu'un audit réalisé conformément à la loi suisse et aux NA-CH permettra de toujours détecter une anomalie significative qui pourrait exister. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, individuellement ou collectivement, elles puissent influencer les décisions économiques que les utilisateurs des comptes consolidés prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément à la loi suisse et aux NA-CH, nous exerçons notre jugement professionnel tout au long de l'audit et faisons preuve d'esprit critique. En outre :

- Nous identifions et évaluons les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion d'audit. Le risque de non-détection d'une anomalie significative provenant de fraudes est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, des omissions volontaires, de fausses déclarations ou le contournement de contrôles internes.
- Nous acquérons une compréhension du système de contrôle interne pertinent pour l'audit afin de concevoir des procédures d'audit appropriées aux circonstances, mais non dans le but d'exprimer une opinion sur l'efficacité du système de contrôle interne du groupe.
- Nous évaluons le caractère approprié des méthodes comptables appliquées et le caractère raisonnable des estimations comptables ainsi que des informations y afférentes.
- Nous tirons une conclusion quant au caractère approprié de l'utilisation par le Conseil d'administration du principe comptable de continuité d'exploitation appliqué et, sur la base des éléments probants recueillis, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité du groupe à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention dans notre rapport sur les informations à ce sujet fournies dans les comptes consolidés ou, si ces informations ne sont pas adéquates, d'exprimer une opinion d'audit modifiée. Nous établissons nos conclusions sur la base des éléments probants recueillis jusqu'à la date de notre rapport. Des situations ou événements futurs peuvent cependant amener le groupe à cesser son exploitation.
- Nous recueillons des éléments probants suffisants et appropriés sur les informations financières des entités et sur les activités au sein du groupe, afin d'exprimer une opinion d'audit sur les comptes consolidés. Nous sommes responsables de la direction, de la supervision et de la réalisation de l'audit des comptes consolidés. Nous assumons l'entière responsabilité de l'opinion d'audit.

Nous communiquons au Conseil d'administration ou à sa commission compétente, notamment l'étendue des travaux d'audit et le calendrier de réalisation prévus ainsi que nos constatations d'audit importantes, y compris toute déficience majeure dans le système de contrôle interne relevée au cours de notre audit.

Rapport sur d'autres obligations légales et réglementaires

Conformément à l'art. 728a, al. 1, ch. 3, CO et à la NAS-CH 890, nous attestons qu'il existe un système de contrôle interne relatif à l'établissement des comptes consolidés, défini selon les prescriptions du Conseil d'administration.

Nous recommandons d'approuver les comptes consolidés qui vous sont soumis.

PricewaterhouseCoopers SA





Omar Grossi

Expert-réviseur agréé
Réviseur responsable

Alan Quéguiner

Genève, le 28 avril 2023

Annexe :

- Comptes consolidés (bilan consolidé, compte de résultat consolidé, tableau des flux de trésorerie, état des capitaux propres et annexe)

7 - DISCLOSURE REQUIREMENTS AS PRESCRIBED IN THE FINMA CIRCULAR 2016/1 FOR THE GROUP (CHF 1'000) - UNAUDITED

7.1 KM1 "Key prudential metrics"

		a	e
		31.12.2022	31.12.2021
	Available capital		
1	Common Equity Tier 1 (CET1)	57'982	60'586
2	Tier 1 capital (T1)	57'982	60'586
3	Total capital	57'982	60'586
	Risk-weighted assets (RWA)		
4	RWA	216'210	214'839
4a	Minimum capital requirements	17'297	17'187
	Risk-based capital ratios as a percentage of RWA		
5	Common Equity Tier 1 ratio	26.8%	28.2%
6	Tier 1 ratio	26.8%	28.2%
7	Total capital ratio	26.8%	28.2%
	Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement as per the Basel minimal standards (2.5% from 2019)	2.5%	2.5%
9	Countercyclical buffer requirement (art. 44a ERV) as per the Basel minimal standards	0.00%	0.00%
10	Bank G-SIB and/ or D-SIB additional requirements	0.00%	0.00%
12	CET1 available after netting the bank's minimum capital requirements as per the minimal standards	18.8%	20.2%
	Ratios-cibles de fonds propres selon l'annexe 8 de l'OFR (en % des RWA)		
12a	Volant de fonds propres selon l'annexe 8 OFR (%)	3.2%	3.2%
12b	Volants anticycliques (art. 44 et 44a OFR) (%)	0.0%	0.0%
12c	Ratio-cible en CET1 (en %) selon l'annexe 8 de l'OFR majoré par les volants anticycliques selon les art. 44 et 44a OFR	7.4%	7.4%
12d	Ratio-cible en T1 (en %) selon l'annexe 8 de l'OFR majoré par les volants anticycliques selon les art. 44 et 44a OFR	9.0%	9.0%
12e	Ratio-cible global de fonds propres (en %) selon l'annexe 8 de l'OFR majoré par les volants anticycliques selon les art. 44 et 44a OFR	11.2%	11.2%
	Ratio de levier Bâle III		
13	Engagement global (CHF)	1'140'018	1'559'163
14	Ratio de levier Bâle III (fonds propres de base en % de l'engagement global)	5.1%	3.9%

	Liquidity coverage ratio LCR	31.12.22	30.09.22	30.06.22	31.03.22	31.12.21
15	LCR Numerator: sum of High quality liquid assets (CHF)	347'542	530'532	781'862	769'767	708'108
16	LCR Denominator: sum of net cash outflows (CHF)	163'057	244'662	303'211	273'456	236'127
17	Liquidity coverage ratio (LCR) (in %)	213.1%	216.8%	257.9%	281.5%	299.9%

This document does not present the NSFR ratio because only the Bank is required to calculate it.

7.2 OV1 "Overview of risk-weighted assets"

			31.12.2022	31.12.2021	31.12.2022
			a	b	c
		Approach	RWA	RWA	Minimum capital requirements
1		**SA-BIS**	5'929	6'709	474
20	Credit Risk	**Standard approach**	1'991	1'192	159
24	Market risk	**Basic indicator approach**	9'499	9'286	760
25	Operational risk Basic indication		-	-	
	Amounts below the thresholds for deduction (subject to 250% risk weight)				
27	**Total (1 + 20 + 24 + 25)**		**17'419**	**17'187**	**1'394**

7.3 LIQA "Management of liquidity risks"

Informations related to the operational risks are described in the notes to the consolidated financial statements of the Hyposwiss Group. For more details, please refer to the notes 3 in the consolidated financial satements.

7.4 CR1 "Credit quality of assets"

		a	b	c	d
		Gross book values of		Value adjustments / impairments	Net values (a + b - c)
		Defaulted exposures	Non-defaulted impairments exposures		
1	Loans (excluding debt securities)	1'721	1'029'535	1'721	1'029'535
2	Debt securities	-	305'100	-	305'100
3	Off-balance-sheet exposures	-	31'229	-	31'229
4	**Total**	**1'721**	**1'365'864**	**1'721**	**1'365'864**

Informations related to the default risk and the definition of the impaired loans are described in the notes to the consolidated financial statements of Hyposwiss Group. For more details, please refer to the notes in the consolidated financial satements.

7.5 CR3 "Overview of mitigation techniques"

	a	c	e&g
	Exposures unsecured / book values	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees or by credit derivatives, of which: secured amount
Loans (including debt securities)	1'721	1'334'635	-
Off-balance-sheet exposures	-	31'229	-
Total	**1'721**	**1'365'864**	**-**
Of which defaulted exposures	-		-

7.6 ORA "Operational risks: general guidance"

Informations related to the operational risks are described in the notes to the consolidated financial statements of Hyposwiss Group. For more details, please refer to the notes in the consolidated financial satements.

The Group calculates its minimum regulatory capital requirements for operational risks based on the basic indicator approach.

FINANCIAL STATEMENTS



SATUTORY *BALANCE SHEET*

	31.12.2022 CHF	31.12.2021 CHF
ASSETS		
Liquid assets	88'833'543	718'110'380
Amounts due from banks	161'480'026	137'093'400
Amounts due from customers	433'794'981	440'227'175
Mortgage loans	13'974'414	30'174'420
Trading portfolio assets	319'644	386'658
Positive replacement values of derivative financial instruments	16'757'686	12'439'610
Financial investments	381'210'966	168'595'049
Accrued income and prepaid expenses	6'246'294	6'195'439
Participations	3'281'957	3'282'025
Tangible fixed assets	2'317'135	2'737'285
Intangible assets	3'402'460	4'983'308
Other assets	667'131	843'718
Total assets	**1'112'286'237**	**1'525'068'467**
Total subordinated claims	-	300'000
- of which subject to mandatory conversion and / or debt waiver	-	-
LIABILITIES		
Amounts due to banks	18'739'626	7'625'024
Amounts due in respect of customer deposits	992'225'947	1'415'325'016
Negative replacement values of derivative financial instruments	16'183'184	20'698'426
Accrued expenses and deferred income	7'944'141	11'767'723
Other liabilities	698'815	1'110'617
Provisions	14'711'849	257'512
Reserves for general banking risks	-	5'200'000
Bank's capital	27'500'000	27'500'000
Statutory capital reserve	1'685'610	1'685'610
- of which tax-exempt capital contribution reserve	*1'685'610*	*1'685'610*
Statutory retained earnings reserves	6'984'952	6'957'452
Profit carried forward	25'263'587	20'647'621
Profit (result of the period)	348'526	6'293'466
Total liabilities	**1'112'286'237**	**1'525'068'467**
Total subordinated liabilities	-	-
- of which subject to mandatory conversion and / or debt waiver	-	-
OFF-BALANCE-SHEET TRANSACTIONS		
Contingent liabilities	19'617'247	20'089'484
Irrevocable commitments	5'124'486	4'060'088

INCOME *STATEMENT*

	2022 CHF	2021 CHF
RESULT FROM INTEREST OPERATIONS		
Interest and discount income	8'741'696	2'629'814
Interest and dividend income from trading portfolios	562	8'934
Interest and dividend income from financial investments	4'038'218	726'467
Interest expense	535'939	1'197'512
Gross result from interest income	**13'316'415**	**4'562'727**
Changes in value adjustments for default risks and losses from interest operations	(465'663)	-
Subtotal net result from interest operations	**12'850'752**	**4'562'727**
RESULT FROM COMMISSION BUSINESS AND SERVICES		
Commission income from securities trading and investment activities	40'439'978	42'342'140
Commission income from lending activities	300'216	274'308
Commission income from other services	1'627'776	1'727'030
Commission expense	(6'397'379)	(6'799'864)
Subtotal result from commission business and services	**35'970'591**	**37'543'614**
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION	**11'470'762**	**14'081'375**
OTHER RESULT FROM ORDINARY ACTIVITIES		
Result from the disposal of financial investments	(289'632)	(416'864)
Income from participations	-	-
Other ordinary income	-	-
Other ordinary expenses	(1'643'372)	-
Subtotal other result from ordinary activities	**(1'933'004)**	**(713'321)**

INCOME *STATEMENT*

	2022 CHF	2021 CHF
OPERATING EXPENSES		
Personnel expenses	(34'884'797)	(34'300'432)
General and administrative expenses	(11'679'789)	(12'577'200)
Subtotal operating expenses	**(46'564'586**	**(46'877'632)**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(2'487'652)	(2'384'980)
Changes to provisions and other value adjustments, and losses	(14'751'042)	(1'999'479)
Operating result	**(5'444'179)**	**4'212'304**
Extraordinary income	-	13'464
Extraordinary expenses	-	(85'868)
Changes in reserves for general banking risks	5'200'000	3'500'000
Taxes	592'705	(1'346'434)
Profit (result of the period)	**348'526**	**6'293'466**

APPROPRIATION *OF PROFIT*

	31.12.2022 CHF	31.12.2021 CHF
Profit	348'526	6'293'466
Profit carried forward	25'263'587	20'647'621
Distributable profit	25'612'114	26'941'087
APPROPRIATION OF PROFIT		
- Allocation to statutory retained earnings reserve	27'500	27'500
- Allocation to voluntary retained earnings reserves	-	-
- Dividend	1'650'000	1'650'000
- New amount carried forward	23'934'614	25'263'587
Total as above	**25'612'414**	**26'941'087**

STATEMENT
OF CHANGES IN EQUITY

(CHF 1'000)	Bank's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings reserves and profit carried forward	Profit for the period	Total
Equity at start of reporting period	27'500	1'686	6'957	5'200	20'648	6'293	68'284
Appropriation of 2011 profit							
- Change in profit carried forward			28			(28)	-
- Dividends and other distributions						(1'650)	(1'650)
- Other allocations to	-	-	-	-	4'616	(4'616)	-
(transfers from) the reserves for general banking risks	-	-	-	(5'200)	-	-	(5'200)
- Profit for the period	-	-	-	-	-	349	349
Equity at end of reporting period	**27'500**	**1'686**	**6'985**	**-**	**25'264**	**349**	**61'783**

NOTES TO THE 2022 FIANCIAL STATEMENTS

1 - COMMENTS ON BUSINESS ACTIVITY AND INDICATION OF NUMBER OF EMPLOYEES

1.1 Indication of the legal name, legal form and registered office of the Bank

Hyposwiss Private Bank Genève SA (hereinafter "the Bank") is a Swiss bank established in Geneva specialising in asset management for private clients.

The Bank has two subsidiaries in Switzerland, a representative office in Tel-Aviv, Israel, and a stake in an asset-management firm in Norway.

As of 31 December 2022, 134.8 people were employed by the Bank (full-time equivalents).

1.2 Gestion des risques

The policy and risk management principles of Hyposwiss Private Bank Genève SA are described in the consolidated financial statements of the Group Hyposwiss. For more details, please refer to the notes in the consolidated financial statements.

2 - ACCOUNTING AND VALUATION PRINCIPLES

The financial statements of Hyposwiss Private Bank Genève SA have been drawn up in accordance with the provisions of the Swiss Federal Law on Banks and Saving Banks, its relevant implementing ordinance and guidelines on the accounting principles to be applied in the banking sector as stipulated by the Swiss Financial Market Supervisory Authority FINMA (Circular 2015/1).

The statutory financial statements have been drawn up in such a manner that third parties are able to form a reliable opinion. The annual accounts may contain hidden reserves.

Numbers in the appendix have been rounded for publication purposes.

The valuation and accounting principles of the Group Hyposwiss apply to annual accounts of the Bank except for the following positions:

Participations: Participations are recorded in the balance sheet at their acquisition cost, less any required write-down of their value. The Bank regularly performs impairment tests on the value of its participations.

Income tax: Current taxes on income and the affecting capital for the corresponding period are calculated in accordance with the applicable tax regulations. Direct taxes outstanding at the end of the year are shown as liabilities in the balance sheet under "Accrued expenses and deferred income".

Reserves for general banking risks: Reserves for general banking risks are established preventively to cover the risks of the overall activities of the Bank. These reserves are considered part of the shareholders' equity under the Capital Adequacy Ordinance (CAO). They are constituted and dissolved under the rubric "Changes in reserves for general banking risks".

Changes to the accounting principles

The accounting and valuation principles were not modified relative to the previous financial year, except with regard to the items described in this section in the consolidated accounts.

Material events and events taking place after the balance-sheet date

The Bank sold its stake "Monaco Asset Management S.A.M." on 6 March 2023.

3 - DETAILS ON THE INDIVIDUAL ITEMS IN THE NOTES TO ANNUAL FINANCIAL STATEMENTS

3.1 Presentation of collateral for loans / receivables and off-balance sheet transactions, as well as impaired loans / receivables (CHF 1'000)

	Type of collateral			
	Secured by mortgage	Other collateral	Unsecured	Total
LOANS (before netting with value adjustments)				
Amounts due from customers	-	432'772	2'744	435'516
Mortgage loans	13'974	-	-	13'974
- Residential property	*13'974*	-	-	*13'974*
TOTAL LOANS (before netting with value adjustments)				
31.12.2022	**13'974**	**432'772**	**2'744**	**449'490**
31.12.2021	**30'174**	**439'440**	**2'432**	**472'046**
TOTAL LOANS (after netting with value adjustments)				
31.12.2022	**13'974**	**432'772**	**1'023**	**447'769**
31.12.2021	**30'174**	**439'440**	**787**	**470'402**
OFF-BALANCE-SHEET				
Contingent liabilities	-	17'299	2'318	19'617
Irrevocable commitments	-	3'126	1'998	5'124
TOTAL OFF-BALANCE-SHEET				
31.12.2022	-	**20'426**	**4'316**	**24'742**
31.12.2021	-	**21'533**	**2'617**	**24'150**

	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
IMPAIRED LOANS / RECEIVABLES				
31.12.2022	**1'721**	**-**	**1'721**	**1'721**
31.12.2021	**1'645**	**-**	**1 645**	**1 645**

3.2 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities) (CHF 1'000)

	31.12.2022	31.12.2021
ASSETS		
Trading portfolio assets		
Debt securities, money market securities / transactions	320	387
- of which, lised	*320*	*387*
Equity securities	-	-
Precious metals and commodities	-	-
Other trading portfolio assets	-	-
Other financial instruments at fair value		
Debt securities	-	-
Structured products	-	-
Other	-	-
Total assets	**320**	**387**

3.3 Presentation of derivative financial instruments (assets and liabilities) (CHF 1'000)

	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
FOREIGN EXCHANGE / PRECIOUS METAL						
Forward contracts	13'546	12'972	969'536	-	-	-
Options (OTC)	3'212	3'212	118'372	-	-	-
Total before netting agreements						
31.12.2022	16'758	16'183	1'087'908	-	-	-
- of which, determined using a valuation model	*16'758*	*16'183*	*1'087'908*	-	-	-
31.12.2021	12'440	20'698	1'454'638	-	-	-
- of which, determined using a valuation model	*12'440*	*20'698*	*1'454'638*	-	-	-

The Bank does not practice netting.

Breakdown by counterparties (CHF 1'000)

	Central clearing houses	Banks and securities firms	Other customers
Positive replacement values (after netting agreements)	-	14'712	2'045

3.4 Breakdown of financial investments (CHF 1'000)

	Book value		Fair value	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Debt securities	**305'100**	**97'898**	**307'509**	**97'905**
- of which, intended to be held to maturity	*264'909*	*46'597*	*265'827*	*46'605*
- of which, not intended to be held to maturity (available for sale)	*40'191*	*51'301*	*41'682*	*51'301*
Equity securities	**1'247**	**1'832**	**1'738**	**2'309**
Precious metals	**74'864**	**68'865**	**74'864**	**68'865**
Real estate	-	-	-	-
Total	**381'211**	**168'595**	**384'111**	**169'079**
- of which, securities eligible for repo transactions in accordance with liquidity requirements	*6'502*	*6'799*	*6'502*	*6'799*

** at least 10% of voting rights*

3.4.1 Breakdown of counterparties by S&P rating (CHF 1'000)

	31.12.2022	31.12.2021
	Debt securities Book value	Debt securities Book value
From AAA to AA-	305'100	97'759
From A + to A -	-	-
From BBB + to BBB -	-	-
From BB + to B -	-	-
Lower than B -	-	-
Without notation	-	139

3.5 Breakdown of other assets and other liabilities (CHF 1'000)

	Other assets		Other liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Indirect taxes	387	311	704	740
Settlement amounts	-	384	-	384
Employees' insurance contracts	280	149	(5)	(13)
Total	**667**	**844**	**699**	**1'111**

3.6 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership (CHF 1'000)

	31.12.2022		31.12.2021	
	Book values	Effective commitments	Book values	Effective commitments
Pledged / assigned assets				
Amounts due from banks	-	9'696	3'210	-
Financial investments	86'734	5'238	70'347	8'175
Tangible fixed assets	10'000	-	4'570	-
	-	-	-	-
Total pledged / assigned assets	**96'734**	**14'934**	**78'126**	**8'175**
Assets under reservation of ownership	-	-	-	-

3.7 Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the Bank held by own pension schemes

The Bank has no liabilities relating to own pension schemes. Pension schemes do not hold any equity instruments of the Bank.

3.8 Disclosure of the economic situation of own pension schemes

a. Employer's contribution reserves (ECR)

Employer had no contribution reserve as at December 31, 2022 (idem in 2021).

b. Presentation of the economic benefit/economic obligation and pension's liabilities

There are two pension plans within Hyposwiss Private Bank Genève SA, following the merger with United Mizrahi Bank (Switzerland) Ltd. The Bank has not yet transferred to the Foundation Patrimonia the pension plan of United Mizrahi Bank (Switzerland) Ltd.

Pension plans protect the employees of the Bank against the economic consequences of retirement, disability and death.

The bank shall determine whether the level of coverage and the particular circumstances of the pension fund can lead to an economic advantage or commitment. The assessment is based on the annual accounts of the pension fund and the information provided by it as the financial situation in 2022.

The Bank's Board of Directors considers that any surplus pursuant will be used for the benefit of policyholders. There is no economic benefit to the employer.

	Excédent / Insuffisance de la couverture au 31.12.2021	Part économique du groupe financier		Modification de la part économique	Cotisations payées pour l'année de référence	Charges de prévoyance dans les charges de personnel	
		31.12.2022	31.12.2021			31.12.2022	31.12.2021
					CHF	CHF	CHF
Plan de prévoyance (Fondation Patrimonia)	2.6%	-	-	-	2'239'918	2'239'918	2'187'344
Fondation collective de prévoyance (La Bâloise)	-	-	-	-	186'493	186'493	213'348

3.9 Presentation of issued structured products

The Bank does not issue any structured products.

3.10 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year (CHF 1'000)

	Previous year end	Use in conformity whith designated purpose	Currency differences	Past due interest, recoveries	New creations charged to income	Nouvelles constitutions à la charge du compte de résultat	Releases to income	Balance at current year end
Provisions for other business risks	14	-	-	-	-	-	-	14
Other provisions	244	-	-	-	-	14 534	(80)	14 698
Total provisions	**258**	**-**	**-**	**-**	**-**	**14 534**	**(80)**	**14 712**
Reserves for general banking risks	**5'200**	**-**	**-**	**-**	**-**	**-**	**(5'200)**	**-**
Value adjustments for default and country risks								
- Value adjustments for default risks in respect of impaired loans / receivables	1'645	(466)		(2)	79	466		1'721
- Value adjustments for default risks on non-impaired loans	-	-	-	-	-	-	-	-
Total value adjustments for default and country risks	**1'645**	**(466)**	-	**(2)**	**79**	**466**	-	**1'721**

Reserves for general banking risks are not taxable.

3.11 Presentation of the bank's capital (CHF 1'000)

	31.12.2022			31.12.2021		
	Total nominal valuevalue	No. of shares	Dividend-bearing capital	Total nominal value	No. of shares	Dividend-bearing capital
Bank' share capital	25'000	250'000	25'000	25'000	250'000	25'000
- of which, paid up	*25'000*	*250'000*	*25'000*	*25'000*	*250'000*	*25'000*
Participation capital	2'500	25'000	2'500	2'500	25'000	2'500
- of which, paid up	*2'500*	*25'000*	*2'500*	*2'500*	*25'000*	*2'500*
Total bank' share capital	**27'500**	**275'000**	**27'500**	**27'500**	**275'000**	**27'500**

The Articles of Incorporation do not place any restrictions on the use of voluntary retained earnings. However, they can only be distributed if regulatory capital requirements continue to be met.

Non-distributable reserves (CHF 1'000)

	31.12.2022	31.12.2021
Non-distributable capital reserves	1'686	1'686
Non-distributable retained earnings	6'985	6'957
Total non-distributable reserves	**8'671**	**8'643**

3.12 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures on any employee participation schemes (CHF 1'000)

Nil

3.13 Disclosure of amounts due from / to related parties (CHF 1'000)

	Amounts due from		Amounts due to	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Holders of qualified participations	11'611	10'337	6'082	15'717
Group companies	-	302	109	1'058
Linked companies	-	-	-	-
Transactions with members of governing bodies	289	811	2'183	6'369

Guarantees totaling CHF 94'346 (CHF 84'928 in 2021) were issued by the Bank for the account of affiliated entities, significant shareholders and governing bodies.

An undrawn credit limit of CHF 100'000 (CHF 91'390 in 2021). No conditional commitments have been granted to qualified participants (CHF 792,945 in 2021).

Conditions applied to operations with related parties are in line with market conditions.

3.14 Disclosure of holders of significant participations

	31.12.2022		31.12.2021	
Holders of significant participations and group of holders of participations with pooled voting rights	Nominal	% of equity	Nominal	% of equity
With voting rights:				
Mirelis Holding SA	25'000	90.91	25'000	90.91
Without voting rights:				
Mirelis Holding SA	2'500	9.09	2'500	9.09
	27'500	**100.00**	**27'500**	**100.00**

At 31 December 2022, the shareholders of Mirelis Holding SA were as follows:

Lawi Family	
Solly S. Lawi	11.66
Solly A. Lawi	11.66
Albert Lawi	4.86
SFM Holding SA, Genève	44.68
	72.86
Kadoorie Family	
Maple Investment Ltd, Bermuda	**24.28**
Dwek Family	
Ilann Dwek	1.93
Robert Dwek	0.93
	2.86
Total	**100.00**

3.15 Breakdown of total assets by credit rating of country group (risk domicile view) (CHF 1'000)

	Net foreign exposure at 31.12.2022		Net foreign exposure at 31.12.2021	
Breakdown as per FINMA correspondence tables	En milliers de CHF	Part en %	En milliers de CHF	Part en %
1 & 2	467'456	63.12%	209'865	39.82%
3	3'530	0.48%	26'676	5.06%
4	66'447	8.97%	52'487	9.96%
5	86'085	11.62%	113'194	21.47%
6	7'637	1.03%	6'208	1.18%
7	8'270	1.12%	26'072	4.95%
Without notation	101'299	13.67%	92'700	17.57%
Total	**740'726**	**100.00%**	**527'201**	**100.00%**

The Bank uses ratings provided by FINMA in its correspondence tables for the calculation of regulatory capital requirements. The rating given by the rating agency "Standard & Poor's" has been adopted.

The table above is presented by considering the customer's domicile for the categories "Amounts due from customers" and "Mortgage loans" while the domicile of the counterparty of the domicile of the issuer for the categories "Amounts due from banks" and "Financial investments" and the domicile of the risk is used for all other items.

4 - BREAKDOWN OF OFF-BALANCE SHEET ITEMS

4.1 Breakdown of fiduciary transactions (CHF 1'000)

	31.12.2022	31.12.2021
Fiduciary investments with third-party companies	960'053	388'551
Total of fiduciary transactions	**960'053**	**388'551**

4.2 Breakdown of managed assets and presentation of their development (CHF 1'000)

Breakdown of managed assets	31.12.2022	31.12.2021
Assets under discretionary asset management agreements	1'653'494	1'820'620
Other managed assets	4'275'013	4'417'992
Total managed assets (including double counting)	**5'928'507**	**6'238'612**

Calculation of managed assets include all client's investments deposited with the Bank as well as those deposited with third-party banks and managed by the Bank. Clients' assets held by the Bank acting only as custodian bank are excluded from this calculation.

Assets under discretionary asset management agreements include clients' assets for which investment decisions are made by the Bank. Other management assets are those for which investment decisions are made by the client.

Presentation of the development of managed assets (CHF 1'000)	31.12.2022	31.12.2021
Total managed assets (including double counting) at beginning	**6'238'612**	**4'966'042**
+/- Net new money inflow / Net new money outflow	385'041	976'276[1]
+/- Price gains / losses, interest, dividends and currency	(695'146)	296'294
Total managed assets (including double counting) at end	**5'928'507**	**6'238'612**

The Bank determines the amount of new money based upon deposits and withdrawals by the clients. Interest and dividend income generated by assets under management are not considered to be new money inflow. The net inflow of new money does not include market fluctuations and exchange rates, or fees, commissions and debited interest.

1. Net new money from the merger of United Mizrahi Bank (Switzerland) Ltd stood at CHF 414'701 (CHF 1'000) in 2021.

5 - INCOME STATEMENT RELATED INFORMATION

5.1 Breakdown of the result from trading activities and the fair value option (CHF 1'000)

	2022	2021
Breakdown by business area		
Traging activity for the bank's own account	(12)	197
Own-account treasury transactions	2'362	4'607
Trading activity for customers' account	9'121	9'278
Total result from trading activities	**11'471**	**14'081**

5.2 Breakdown by underlying risk and based on the use of the faire value option (CHF 1'000)

	2022	2021
Result from trading activities from:		
- Interest rate instruments (including funds)	2'362	4'607
- Equity securities (including funds)	(12)	197
- Foreign currencies	9'121	9'278
- Commodities / precious metals	-	-
Total result from trading activities	**11'471**	**14'081**
- of which, from fair value option	*(12)*	*197*
- of which, from fair value option on assets	*(12)*	*197*
- of which, from fair value option on liabilities	-	-

5.3 Net result due to refinancing of trading positions and negative interest (CHF 1'000)

	2022	2021
Negative interest		
Negative interest relating to asset transactions (reduction of interest income and discounts)	2'817	4'864
Negative interest relating to liability transactions (reduction in interest expenses)	1'107	1'252

5.4 Breakdown of personnel expenses (CHF 1'000)

	2022	2021
Salaries	29'200	28'687
- of which, expenses relating to alternative forms of variable compensation	*4'087*	*4'922*
Social insurance benefits	5'154	5'080
Other personnel expenses	530	533
Total	**34'885**	**34'299**

5.5 Breakdown of general and administrative expenses (CHF 1'000)

	2022	2021
Office space expenses	2'930	2'887
Expenses for information and communication technology	1'218	1'301
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	204	337
Fees for audit firm(s)	554	481
- of which, for financial and regulatory audits	*315*	*320*
- of which, for other services	*120*	*161*
Marketing and public relations expenses	262	295
Travelling expenses	667	477
Direct and indirect taxes	665	709
Other operating expenses	5'298	6'091
Total	**11'680**	**12'577**

5.6 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required (CHF 1'000)

	2022	2021
Extraordinary income	-	13
Extraordinary expenses	-	86
Changes in reserves for general banking risks	5'200	3'500
Changes to provisions and other value adjustments, and losses	(14'751)	(1'999)

The "Changes to provisions and other value adjustments, and losses" mainly concerns the settlement of past litigation.

5.7 Presentation of current taxes, deferred taxes, and disclosure of tax rate (CHF 1'000)

	2022	2021
Current taxes	(593)	1'346
Total taxes	**(593)**	**1'346**
Weighed average tax rate based on operational result	n/a	17.62%

The tax variation is positive between 2021 and 2022 and this results in a positive tax on 2022. This is linked to the tax ruling concerning the loss carried forward from UMBZ following its takeover. The Bank is thus able to recover in 2022 the tax burden of 2021.



REPORT

OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

Rapport de l'organe de révision

l'Assemblée générale de Hyposwiss Private Bank Genève SA

Genève

Rapport sur l'audit des comptes annuels

Opinion d'audit

Nous avons effectué l'audit des comptes annuels de Genève (la société), comprenant le bilan au 31 décembre 2022, le compte de résultat, l'état des capitaux propres et l'annexe pour l'exercice arrêté au 31 décembre 2022 (p. 107 à p. 125).

Selon notre appréciation, les comptes annuels ci-joints sont conformes à la loi suisse et aux statuts.

Fondement de l'opinion d'audit

Nous avons effectué notre audit conformément à la loi suisse et aux Normes suisses d'audit des états financiers (NA-CH). Les responsabilités qui nous incombent en vertu de ces dispositions et de ces normes sont plus amplement décrites dans la section « Responsabilités de l'organe de révision relatives à l'audit des comptes annuels » de notre rapport. Nous sommes indépendants de la société, conformément aux dispositions légales suisses et aux exigences de la profession, et avons satisfait aux autres obligations éthiques professionnelles qui nous incombent dans le respect de ces exigences.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion d'audit.

Autres informations

La responsabilité des autres informations incombe au Conseil d'administration. Les autres informations comprennent toutes les informations présentées dans le rapport de gestion, à l'exception des comptes annuels, des comptes consolidés et de nos rapports correspondants.

Notre opinion d'audit sur les comptes annuels ne s'étend pas aux autres informations et nous n'exprimons aucune forme d'assurance que ce soit sur ces informations.

Dans le cadre de notre audit des comptes annuels, notre responsabilité consiste à lire les autres informations et, ce faisant, à apprécier si elles présentent des incohérences significatives par rapport aux comptes annuels ou aux connaissances que nous avons acquises au cours de notre audit ou si elles semblent, par ailleurs, comporter des anomalies significatives.

Si, sur la base des travaux que nous avons effectués, nous arrivons à la conclusion que les autres informations présentent une anomalie significative, nous sommes tenus de le déclarer. Nous n'avons aucune remarque à formuler à cet égard.

Responsabilités du Conseil d'administration relatives aux comptes annuels

Le Conseil d'administration est responsable de l'établissement des comptes annuels conformément aux dispositions légales et aux statuts. Il est en outre responsable des contrôles internes qu'il juge nécessaires pour permettre l'établissement de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes annuels, le Conseil d'administration est responsable d'évaluer la capacité de la société à poursuivre son exploitation. Il a en outre la responsabilité de présenter, le cas échéant, les éléments en rap-

port avec la capacité de la société à poursuivre ses activités et d'établir les comptes annuels sur la base de la continuité de l'exploitation, sauf si le Conseil d'administration a l'intention de liquider la société ou de cesser l'activité, ou s'il n'existe aucune autre solution alternative réaliste.

Responsabilités de l'organe de révision relatives à l'audit des comptes annuels

Notre objectif est d'obtenir l'assurance raisonnable que les comptes annuels pris dans leur ensemble ne comportent pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, et de délivrer un rapport contenant notre opinion d'audit. L'assurance raisonnable correspond à un niveau élevé d'assurance, mais ne garantit toutefois pas qu'un audit réalisé conformément à la loi suisse et aux NA-CH permettra de toujours détecter une anomalie significative qui pourrait exister. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, individuellement ou collectivement, elles puissent influencer les décisions économiques que les utilisateurs des comptes annuels prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément à la loi suisse et aux NA-CH, nous exerçons notre jugement professionnel tout au long de l'audit et faisons preuve d'esprit critique. En outre :

- Nous identifions et évaluons les risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion d'audit. Le risque de non-détection d'une anomalie significative provenant de fraudes est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, des omissions volontaires, de fausses déclarations ou le contournement de contrôles internes.
- Nous acquérons une compréhension du système de contrôle interne pertinent pour l'audit afin de concevoir des procédures d'audit appropriées aux circonstances, mais non dans le but d'exprimer une opinion sur l'efficacité du système de contrôle interne de la société.
- Nous évaluons le caractère approprié des méthodes comptables appliquées et le caractère raisonnable des estimations comptables ainsi que des informations y afférentes.
- Nous tirons une conclusion quant au caractère approprié de l'utilisation par le Conseil d'administration du principe comptable de continuité d'exploitation appliqué et, sur la base des éléments probants recueillis, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité de la société à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention dans notre rapport sur les informations à ce sujet fournies dans les comptes annuels ou, si ces informations ne sont pas adéquates, d'exprimer une opinion d'audit modifiée. Nous établissons nos conclusions sur la base des éléments probants recueillis jusqu'à la date de notre rapport. Des situations ou événements futurs peuvent cependant amener la société à cesser son exploitation.

Nous communiquons au Conseil d'administration ou à sa commission compétente, notamment l'étendue des travaux d'audit et le calendrier de réalisation prévus ainsi que nos constatations d'audit importantes, y compris toute déficience majeure dans le système de contrôle interne relevée au cours de notre audit.

Rapport sur d'autres obligations légales et réglementaires

Conformément à l'art. 728a, al. 1, ch. 3, CO et à la NAS-CH 890, nous attestons qu'il existe un système de contrôle interne relatif à l'établissement des comptes annuels, défini selon les prescriptions du Conseil d'administration.

En outre, nous attestons que la proposition relative à l'emploi du bénéfice au bilan est conforme à la loi suisse et aux statuts, et recommandons d'approuver les comptes annuels qui vous sont soumis.

PricewaterhouseCoopers SA





Omar Grossi

Expert-réviseur agréé
Réviseur responsable

Alan Quéguiner

Genève, le 28 avril 2023

Annexes :

- Comptes annuels (bilan, compte de résultat, état des capitaux propres et annexe)
- Proposition relative à l'emploi du bénéfice au bilan

6 - DISCLOSURE REQUIREMENTS AS PRESCRIBED IN THE FINMA CIRCULAR 2016/1 FOR HYPOSWISS PRIVATE BANK GENÈVE SA (CHF 1'000) - UNAUDITED

6.1 KM1 "Key prudential metrics"

		a	e
		31.12.2022	31.12.2021
	Available capital		
1	Common Equity Tier 1 (CET1)	55'098	58'069
2	Tier 1 capital (T1)	55'098	58'069
3	Total capital	55'098	58'069
	Risk-weighted assets (RWA)		
4	RWA	211'669	210'921
4a	Minimum capital requirements	16'933	16'874
	Risk-based capital ratios as a percentage of RWA		
5	Common Equity Tier 1 ratio	26.0%	27.5%
6	Tier 1 ratio	26.0%	27.5%
7	Total capital ratio	26.0%	27.5%
	Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement as per the Basel minimal standards (2.5% from 2019)	2.5%	2.5%
9		0.00%	0.00%
10	Countercyclical buffer requirement (art. 44a ERV) as per the Basel minimal standards	0.00%	0.00%
12	Bank G-SIB and/ or D-SIB additional requirements	18.0%	19.5%
	CET1 available after metting the bank's minimum capital requirements as per the minimal standards		
12a	**Target capital ratios according to appendix 8 CAO (% of RWA)**	3.2%	3.2%
12b	Capital buffer according to appendix 8 CAO	0.0%	0.0%
12c	Countercyclical capital buffer (art. 44 and 44a CAO)	7.4%	7.4%
12d	CET1 target ratio according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO	9.0%	9.0%
12e	T1 target ratio according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO	11.2%	11.2%
	Total capital target ratio according to appendix 8 CAO in addition to countercyclical capital buffer according to art. 44 and 44a CAO		
	Basel III leverage ratio		
13	Total exposure (CHF)	1'136'831	1'556'599
14	Basel III leverage ratio (Tier 1 capital in percentage of total exposure)	4.8%	3.7%

	Liquidity coverage ratio LCR	31.12.22	30.09.22	30.06.22	31.03.22	31.12.21
15	LCR Numerator: sum of High quality liquid assets (CHF)	347'542	530'532	781'862	769'767	708'108
16	LCR Denominator: sum of net cash outflows (CHF)	163'057	244'662	303'211	273'456	236'127
17	Liquidity coverage ratio (LCR) (in %)	213.1%	216.8%	257.9%	281.5%	299.9%

	Funding ratio (NSFR)	31.12.22
18	Available stable refinancing (in CHF)	1'112'670
19	Required stable refinancing (in CHF)	325'460
20	Funding ratio, NSFR (in %)	224%

6.2 OV1 "Overview of risk-weighted assets"

			31.12.2022	31.12.2021	31.12.2022
			a	b	c
		Approach	RWA	RWA	Minimum capital requirements
1	Credit Risk	**SA-BIS**	5'731	6'661	458
20	Market risk	**Standard approach**	1'989	1'178	159
24	Operational risk	**Basic indicator approach**	9'213	9'035	737
25	Amounts below the thresholds for deduction (subject to 250% risk weight)		-	-	
27	**Total (1 + 20 + 24 + 25)**		**16'933**	**16'874**	**1'355**

6.3 LIQA "Management of liquidity risks"

Management of liquidity risks principles are described in the consolidated financial statements of the Hyposwiss Group. For more details, please refer to the explanatory notes in Appendix 3 to the consolidated financial statements.

6.4 CR1 "Credit quality of assets"

		a	b	c	d
		Gross book values of		Value adjustments / impairments	Net values
		Defaulted exposures	Non-defaulted impairments exposures		
1	Loans (excluding debt securities)	1'721	723'000	1'721	723'000
2	Debt securities	-	305'100	-	305'100
3	Off-balance sheet exposures	-	31'229	-	31'229
4	**Total**	**1'721**	**1'059'329**	**1'721**	**1'059'329**

Informations related to the default risk and the definition of the impaired loans are described in the consolidated financial statements of the Hyposwiss Group. For more details, please refer to the notes in the consolidated financial satements.

6.5 CR3 "Overview of mitigation techniques"

	a	c	e&g
	Exposures unsecured / book values	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees or by credit derivatives, of which: secured amount
Loans (including debt securities)	1'721	1'028'100	-
Off-balance-sheet exposures	-	31'229	-
Total	**1'721**	**1'059'329**	**-**
Of which defaulted exposures			

6.6 ORA "Operational risks: general guidance"

Informations related to the operational risks are described in the consolidated financial statements of the Hyposwiss Group. For more details, please refer to the notes in the consolidated financial satements.

The bank calculates its minimum regulatory capital requirements for operational risks based on the basic indicator approach.

EXIGENCES DE PUBLICATION SELON LA CIRCULAIRE FINMA 2016/1

Table IRRBBA "Interest-rate risk in the banking book (IRRBB): risk management objectives and policies"

The information provided below relates to Hyposwiss Private Bank Genève SA. Only the Bank is required to calculate its exposure to interest-rate risk, as other Group companies do not have any material exposure to this type of risk.

Interest-rate risk in the banking book (IRRBB) refers to the current or prospective risk to the Bank's equity and net interest income arising from adverse movements in interest rates.

As part of its risk-taking strategy, the Bank sets IRRBB exposure limits based on its eligible capital and recurring income. These limits are approved by the Board of Directors.

The Bank uses the following modeling and parametric assumptions for its regulatory calculations:

- A statistical approach is used for the replication models and for cash flows involving balance-sheet items in categories II to IV.
- Cash flows are discounted using the Libor, and intermediate interest rates are calculated using linear interpolation.
- Changes in net interest income are computed based on a constant balance sheet, whereby the total balance sheet size and shape are maintained by assuming like-for-like replacement of assets and liabilities as they run off.

Exposure limits are expressed as:

- Exposure limits relating to the sensitivity of the economic value of equity (economic value)
- Exposure limits relating to the sensitivity of net interest income over a rolling year (earnings)

Each quarter, the Risk Control Unit ensures compliance with the limits and submits a report to the Audit and Risk Committee.

The Bank uses the standardized interest-rate shock scenarios set out in margin No. 24 of FINMA Circular 2019/2 "Interest-rate risk – banks" to calculate the economic value of equity, with each major currency calculated separately.

Overall, the Bank is not significantly exposed to interest-rate risk. It is mainly sensitive to a potential loss on investments, as client deposits are not remunerated. To mitigate risks, the majority of the Bank's assets are placed in short-term investments, and fixed-rate assets and liabilities are matched.

DISCLOSURE REQUIREMENTS UNDER FINMA CIRCULAR 2016/1

Table IRRBB1 "Quantitative information on IRRBB"

		a	b	c	d	e	f	g
		Volume in CHF millions			Average repricing maturity (in years)		Longest repricing maturity (in years) assigned to non-maturity deposits	
		Total	Of which CHF	Of which other currencies	Total	Of which CHF	Total	Of which CHF
Positions with a set repricing maturity	Amounts due from banks	-	-	-	-	-	-	-
	Amounts due from customers	5'205	988	4'217	0.22	0.22	0.22	0.22
	Money-market mortgage loans	-	-	-	-	-	-	-
	Fixed-rate mortgage loans	55	31	24	0.12	0.13	0.12	0.13
	Financial investments	143	-	143	0.49	3.43	0.49	3.43
	Other assets	-	-	-	-	-	-	-
	Receivables on interest-rate derivatives	-	-	-	-	-	-	-
	Amounts due to banks	-	-	-	-	-	-	-
	Amounts due in respect of customer deposits	-	-	-	-	-	-	-
	Medium-term notes	-	-	-	-	-	-	-
	Bonds and mortgage-backed bonds	-	-	-	-	-	-	-
	Other liabilities	-	-	-	-	-	-	-
	Liabilities on interest-rate derivatives	-	-	-	-	-	-	-
Positions with no set repricing maturity	Amounts due from banks	26	3	23	0.08	0.08	0.08	0.08
	Amounts due from customers	-29	2	-31	0.22	0.22	0.22	0.22
	Variable-rate mortgage loans	-	-	-	-	-	-	-
	Other sight receivables	-	-	-	-	-	-	-
	Customer sight deposits	42	-23	65	0.22	0.22	0.22	0.22
	Other sight liabilities							
	Amounts due in respect of cancellable but non-transferable customer deposits	-	-	-	0.08	0.08	0.08	0.08
		-	-	-	-	-	-	-
	Total	**5'442**	**1'001**	**4'441**	**0.23**	**0.22**	**0.58**	**0.24**

1 Column C "of which other currencies" comprises other major currencies that account for more than 10% of balance-sheet assets or liabilities.

DISCLOSURE REQUIREMENTS UNDER FINMA CIRCULAR 2016/1 (CHF 1'000)

Table IRRBB1 "Quantitative information on the economic value of equity and net interest income"

	31.12.2022	31.12.2021	31.12.2022	31.12.2021
CHF 1'000	Δ EVE (equity)		Δ NII (net interest income)	
Parallel up	(931)	2'283	(970)	(10'960)
Parallel down	984	(2'223)	940	10'751
Steepener[1]	406	(2'185)	-	-
Flattener[2]	(606)	2'633	-	-
Short rate up	(941)	3'194	-	-
Short rate down	950	(3'235)	-	-
Maximum	950	(3'235)	940	10'751
	31.12.2022		31.12.2021	
Tier 1 capital	**55'098**	**-**	**58'069**	**-**

The standardized interest-rate shock scenarios set out in FINMA Circular 2019/2 "Interest-rate risk – banks" showed that the Bank had relatively low exposure to interest-rate risk at 31 December 2022.

[1] Short-term rates fall and long-term rates rise
[2] Short-term rates rise and long-term rates fall



CURRICULUM VITAE

MEMBERS OF THE BOARD OF DIRECTORS

SOLLY S. LAWI

Chairman of the Board

M. Solly S. Lawi holds a Bachelor of Commerce (BCom) from McGill University and a law degree (L.LL) from the University of Montreal. He was admitted to the Quebec bar and started his career as a lawyer at Spector, Spiegel, Kravets & Associates in Montreal. In 1975, he joined Société Bancaire Barclays (Suisse) SA in Geneva as Senior Vice President before being appointed manager and member of the Management Committee. In 1986, following the ownership change of the bank to Société Bancaire Julius Baer SA, Mr. Lawi became Chief Executive Officer (CEO), Chairman of the Management Committee and then Vice Chairman of the Board of Directors. In 1997, he co-founded Mirelis InvesTrust SA (which became Mirelis Holding SA in 2015), a Geneva-based wealth management company, where he serves as a partner and Chairman of the Board of Directors. Since 2014, following the acquisition of Hyposwiss Private Bank Genève SA by Mirelis InvesTrust SA, Mr. Lawi continues his active role as Chairman of the Board of Directors.

*ALAIN BRUNO LEVY**

Vice Chairman of the Board

Alain Bruno Lévy holds a doctorate in law from the University of Fribourg and is a member of the Geneva bar. He served as an adjunct professor at the University of Fribourg Faculty of Science for many years. He is a partner at Junod, Muhlstein, Lévy & Puder, where he specializes in commercial law, banking law, intellectual property and arbitration. Mr. Lévy previously served as Head of the Legal Department at the Swiss Federal Banking Commission (now FINMA) and President of the Swiss Bar Association. He currently sits on the boards of directors of numerous Swiss banks and other financial companies.

*MICHEL BROCH**

Member and Secretary of the Board

Michel Broch holds a law degree from the University of Fribourg and was admitted to the bar of Fribourg Canton in 1983. He began his career with the Swiss Federal Insurance Court in Lucerne before moving to the Legal Department at the Swiss Federal Banking Commission (now FINMA). He joined Ernst & Young in 1990 as a banking and financial advisor and eventually became a Partner and Board Member. In 2002 he became Chairman of the Executive Committee of Banque Safdié, and in 2005 he created his own consulting firm specializing in services for banks and other financial companies.

*ERIC BERNHEIM**

Member

Eric Bernheim earned a degree in electrical and electronic engineering from the Swiss Federal Institute of Technology in Zurich (EPFZ) and an MBA from INSEAD and began his career with General Motors and Alcatel. In 1987, he joined McKinsey & Company in Zurich and Geneva, where he was elected Senior Partner. His duties there involved advising Swiss and global companies in the pharmaceutical, chemical, energy, consumer goods, retail, manufacturing and insurance sectors. He also set up and managed the company's offices in Geneva and North Africa and has led several sector-specific and operational practices around the world. In 2014, he left McKinsey and was named Director Emeritus. He served as interim CEO of Assura Group in 2016 before becoming Vice Chairman of its Board; he also sits on the Board of Directors of Oryx Energies SA and Skillreal Ltd, an Israeli start-up that develops artificial intelligence applications. He is also a member of the Executive Committee of the Hebrew University of Jerusalem.

*ALEXANDER L. DEMBITZ**

Member

Alexander L. Dembitz holds a degree in Management Sciences, University of Manchester, UK and an MBA with distinction from INSEAD. After an immersion in software engineering, he joined Midland Bank, serving in London, Paris and Düsseldorf. Mr. Dembitz founded the IDOM Group in 1988, a firm specialized in IT systems for banks. Benefiting from the dissolution of the Soviet Union, IDOM played a major role in transferring Central European banks. IDOM became the largest technology and banking consulting firm in Central Europe and was acquired by Deloitte & Touche in 1993. Mr. Dembitz became a partner, then CEO and finally Chairman of the Board of Directors, Deloitte & Touche Central Europe. In February 2008, Alexander Dembitz became the main shareholder and Chairman of SOFGEN, a banking/IT consulting firm based in Geneva. Tech Mahindra International, quoted on India's Mumbai stock exchange, acquired SOFGEN in January 2015. Mr. Dembitz continues as Chairman, SOFGEN Holdings Limited. He has 40 years of experience in banking, investment management and consulting.

*ROBERT DWEK***

Member

Robert Dwek holds an MBA from New York University and began his career at Salomon Brothers Inc., New York where he was Vice-President in the International Department. In 1983, he joined S.G. Warburg Soditic SA in Geneva as Senior Vice-President of the Capital Markets Division. In 1987, he moved to the Executive Committee of Soditic Asset Management SA, which became Atlas Capital Group after merging with Atlas Research & Consultancy in 2000 and the acquisition of Deltec Bank & Trust in 2002. Mr. Dwek was a member of the Executive Committee of Atlas Capital Group. Following the merger of Atlas Capital SA with Mirelis InvesTrust SA in 2013 and the acquisition of Hyposwiss Private Bank SA in 2014, he became a member of the Hyposwiss Executive Board and Chief Investment Officer.

*PHILIPPE PERLES**

Member

Philippe Perles holds a degree in commercial and industrial sciences from the University of Geneva and began his career in managerial roles with several banks. As founder and President of Novéo Conseil SA, which has offices in Geneva, London and Paris, he has been involved in specific projects for the executive boards of various international banking groups over the past 18 years. Mr. Perles is an independent director at several banks and other financial companies and is a member of the Association Romande des Intermédiaires Financiers (ARIF), a self-regulatory organization under the Swiss Anti-Money Laundering Act (AMLA).

*NABIL JEAN SAB**

Member

Nabil Jean Sab holds a degree in economic and social sciences from the University of Geneva and began his career as a senior auditor at ATAG Ernst & Young SA. In 1993, he managed branch offices for ATAG Asset Management Ltd and AAM Banque Privée Ltd. In 2010, he founded Compagnie Privée de Conseils et d'Investissements SA, a wealth management company, where he is the majority shareholder and CEO.

** Independent members*

*** Until 31.12.2022*

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT AND RISK COMMITTEE

Chairman: *Michel Broch*
Vice Chairman: *Alain Bruno Lévy*
Secretary: *Philippe Perles*

COMPENSATION COMMITTEE

Chairman: *Eric Bernheim*
Vice Chairman: *Alain Bruno Lévy*
Secretary: *Solly S. Lawi*

MEMBERS OF THE EXECUTIVE BOARD

NIELS BOM OLESEN

Chief Executive Officer - CEO

Niels Bom Olesen holds a Bachelor's in economics from the University of Kent, Canterbury, a banking diploma from the Danish Bankers Association, and a degree from the International Executive Program at INSEAD, France. Early in his career, Mr. Olesen worked at Crocker National Bank in Berkeley and California First Bank in San Francisco, before moving back to Denmark to work for Unibank A/S in Copenhagen. In 1991, he moved to Switzerland, where he created and managed Unibank's Swiss office, Unibank A/S (Switzerland) SA. In 1993, he joined Credit Suisse AG's Wealth Management division where he headed up teams in Geneva and Zurich. He came to Hyposwiss Private Bank Genève SA in 2012 as Head of Private Banking and was appointed CEO in 2014.

ALBERT LAWI

Deputy Chief Executive Officer

Albert Lawi holds a Bachelor's in commerce from McGill University and an MBA from the University of Toronto. He began his career in property investment in Canada. Then in 1981, he joined Société Financière Mirelis SA in Geneva and served as Deputy CEO until he co-founded wealth-management company Mirelis InvesTrust SA (now Mirelis Holding SA) with other members of the Lawi family in 1997. Mirelis acquired Hyposwiss in 2014, and Albert Lawi became Deputy CEO and Head of Private Banking in 2017.

RONI HOUGUI

Chief Operations Officer - COO

Roni Hougui holds a Bachelor in mathematics and computer science from Ben-Gurion University, Israel, an MBA from Tel Aviv University and an Executive MBA in International Wealth Management from Carnegie Mellon University, Pittsburgh (USA) and the University of Geneva. He ran the IT development and consulting firm Vertical Software, which specializes in the banking and watchmaking sectors and has offices in the USA and Switzerland. In 1999, he joined Mirelis InvesTrust SA, where he developed the IT infrastructure while also working as a wealth manager and Head of Trading. He became a member of the Hyposwiss Executive Board and Chief Operating Officer in 2014 in charge of Information Technology and Operations.

SÉBASTIEN JOLIAT

Chief Financial Officer - CFO

After obtaining a Bachelor's in business administration (with a concentration in finance) from the University of Geneva, Sébastien Joliat joined Ernst & Young SA (Geneva) as a bank auditor in 1997. In 2003, he went on to work for Banque Safdié SA, Geneva, as CFO for both the parent company and its domestic and international subsidiaries and offices. In 2011, Mr. Joliat joined Mirelis InvesTrust SA as CFO, a position he still holds following the acquisition of Hyposwiss Private Bank Genève SA. He became a member of the Hyposwiss Executive Board and held the position of Chief Financial Officer.

JAMES LAWI

Head of Private Banking

James Lawi holds a Bachelor's degree in International Relations and Political Science from the University of Geneva. He started his career in 2012 as a financial analyst with various financial and banking institutions, both on the asset management and the wealth management side, first in London, then in Geneva. He joined Hyposwiss Private Bank Geneva SA as wealth manager in 2014 and successively assumed the role of management team manager and then director of business development for the bank. James Lawi acts as an advisor for certain subsidiaries of the Group on the Boards of Directors. In 2022, Mr. James Lawi joins the General Management and is appointed Head of Private Banking at Hyposwiss.

STEPHAN LAWI

Chief Investment Officer - CIO

Graduate in Physcis from Ecole Polytechique Fédérale de Lausanne - EPFL and in Applied Mathematics from Ecole Polytechnique (Paris), Stephan Lawi also holds a doctorate in Mathematics from the University of Toronto Following a postdoctoral research assignment in Probability Theory at the CNRS in Paris, he left academia to work as a "Quant" for various investment banks, first in London for KBC Financial Products, then in Hong Kong to join the wealth management compay Mirelis InvesTrust SA in Geneva Sa in 2017 then head of the Resarch and Investment (R&I) department in 2019. In 2021, Stephan Lawi was appointed Director and member of the General Management whilw holding the position of Chief Investment Officer to continue supervising the R&I department.

SYLVIE WEHRLI

Chief Compliance Officer - CCO

Sylvie Wehrli holds a degree in Business Administration from the Adult education institute "ifage", a certificate in compliance management from the faculty of law in Geneva and a diploma of Specialist Tax Compliance. She began her career as a Compliance Officer in a local law firm and continued this activity with financial and banking institutions. In 2008, she joined Banque Saxo (Switzerland) SA, where she was responsible in Compliance for Geneva and Zurich branches. In 2010, she supported the implementation and development of Qatar National Bank in Geneva, QNB (Switzerland) Ltd as a member of the General Management and responsible for Compliance and Internal Control. In 2014, for Skandinaviska Enskilda Banken (Luxembourg) SA Geneva, she held the position of head of compliance until the closure of the branch. In 2016, Sylvie Wehrli joined Hyposwiss Private Bank Genève SA as head of the Compliance department and was appointed member of the general management in 2021.

GROUP
COMPANIES' ADDRESSES



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“In private banking, it’s time for common sense to be more common.”

HYPOSWISS
PRIVATE BANK

Expect the expected