

SWISS BANKERS



Annual Report

2022

Key Figures

Number of employees at the end of the reporting year
(in full-time equivalents: 91.7)

107



Completed further education

5



Sales partners in Switzerland, Liechtenstein
and Germany

206



Number of sold cards in the reporting year

44,471

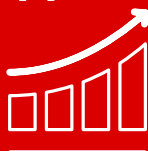
(+13.4% compared to previous year)



Card loading volume

687.6 million

(+7.4% compared to previous year)



Sales volume of foreign currency banknotes

125.6 million

(+64.8% compared to previous year)



Number of transactions 2022

9.2 million

(+5.1% compared to previous year)



Number of transactions abroad

5.7 million

(+10.4% compared to previous year)



Number of customer interactions

245,985



Number of registered cards in the app

373,065

(+2.5% compared to previous year)



Swiss Bankers Prepaid Services Group

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Swiss Bankers Prepaid Services Ltd, Grosshöchstetten

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Dear Clients, Shareholders and Employees, Ladies and Gentlemen

The lifting of the COVID-19 restrictions in March 2022 led to a positive overall development for the Swiss Bankers Group in 2022 compared to the previous year. Due to the return of travel and leisure activities of the Swiss Bankers clientele, the Swiss Bankers Group was able to report an operating profit (EBTDA) of CHF 3.4 million in 2022 – this after a loss of CHF 2.5 million in the previous year. After depreciation and taxes, a profit of CHF 0.4 million was achieved (previous year: loss of CHF –5.2 million).

Prepaid card and banknote sales volume totalled CHF 814.2 million, 13.6 percent or CHF 97.2 million higher than in the previous year. The increase in sales volume can be attributed 50 percent each to the prepaid card business segment and the Money Send business segment. Due to the recovery in the international travel business, the pleasing growth was achieved in particular with the Travel, Value and banknote dispatch products. Due to the positive development, total income increased by 13.3 percent from CHF 32.2 million (2021) to CHF 36.4 million. The expense items, consisting of commission, personnel and general expenses as well as losses, decreased by 4.7 percent from CHF 34.6 million to CHF 33.0 million. The lower expenses are due to two effects: On the one hand, operating expenses were reduced by CHF 1.0 million or 4.7 percent compared to the previous year, and on the other hand, losses were CHF 0.8 million lower. Taking into account depreciation and taxes, the annual profit for 2022 was CHF 0.4 million. Due to the strong influence of COVID-19, the year 2021 closed with an annual loss of CHF 5.2 million.

The positive development due to the return of travel activity is reflected in the number of banknote customers: Compared to the previous year, the number of customers doubled from 64,000 to 133,000 banknote customers. This increase shows that the banknote dispatch service is established in the Swiss market, as it was able to return to its strength of the pre-COVID-19 periods after the two years 2020 and 2021 that were marked by COVID-19.

Compared to the previous year, more than 44,000 new prepaid cards were issued on the market. Compared to the previous year, this corresponds to an increase of 13.4 percent. Despite the positive development in the sale of new cards, the number of Swiss Bankers card customers at the end of 2022 decreased by 4.5 percent from 572,000 to 546,000. This decline is mainly due to the derecognition of expired cards within the scope of a clean-up campaign. The development of the sales volume, especially in the travel segment, is positive for the future: The possibilities to travel were severely limited by COVID-19 – but the fundamental need to get to know other countries and cultures has not changed, and the Swiss Bankers product range in the travel segment serves this demand very well.

The opportunities to travel were severely limited by COVID-19 – but the fundamental need to get to know other countries and cultures has not changed, and the Swiss Bankers product range in the travel segment serves this demand very well.



Bernard Burkhalter (Chairman of the Board of Directors) and Hans-Jörg Widiger (CEO)

At the end of 2021, the Travel product in Swiss francs was launched in direct sales. The currencies Euro and US dollar followed in spring 2022. In 2022, more than 4900 new cards were sold via direct sales. Even though Swiss Bankers' valued distribution partners continue to be by far the most important customer channel, direct sales are becoming an increasingly relevant sales channel for Swiss Bankers.

In spring 2022, same-day top-up of prepaid cards by bank transfer was introduced. This means that customers of Swiss Bankers prepaid cards will be able to use the topped-up amount on the same day to pay at around 70 million Mastercard acceptance points worldwide or for online shopping.

In the 2022 business year, the Diana strategy project, which aims to expand the international business, was the focus of the further development of the existing business. Swiss Bankers comprehensively revised its strategy in 2017 and has since repositioned itself. The prepaid business segment has been extensively digitalised and modernised in recent years (including additional new products, expansion of the app, digital cards, online onboarding, new market presence) and the new business segments Remittance (Send) and Digital Solutions were successfully launched.

FOREWORD

For the next step of the transformation strategy, the successful and sustainable market entry into new growth markets in Europe, high investments in technology, marketing and personnel are required. In 2021, Swiss Bankers developed market entry strategies with business plans for four target markets, with the support of an international advisor, clarified, and substantiated the external interest in the market for their feasibility in summer 2021. On 17 December 2021, the existing shareholders of Swiss Bankers Prepaid Services Ltd signed a share purchase agreement with DDM Mergeco Ltd. Due to regulatory requirements of the Swiss Financial Market Supervisory Authority FINMA, the structure of the transaction had to be adjusted in the reporting year. This subsequently led to Nordiska Kreditmarknadsaktiebolaget (a Swedish bank supervised by the Swedish Financial Market Authority FSA) entering into the agreement between the shareholders of Swiss Bankers Prepaid Services Ltd and DDM Group at the time of regulatory approval and taking over Swiss Bankers Prepaid Services Ltd in 2023. As part of this acquisition, DDM Group will take a minority stake in Bank Nordiska Kreditmarknadsaktiebolaget. By means of a press release as of 7 April 2023, Swiss Bankers was informed without giving any reasons that Bank Nordiska Kreditmarknadsaktiebolaget will not carry out any of the intended transactions. This means that the regulated entity required for the acquisition is missing from the transaction structure. Swiss Bankers has taken note of this. Since the starting position for a sale of Swiss Bankers has not changed – the next step in the transformation strategy continues to be the successful and sustainable market entry into new growth markets – Swiss Bankers must reassess its options for action.


In the course of the transformation, Swiss Bankers' digitalisation strategy will be further advanced and the company will be aligned for a successful growth course. The resulting growth opportunities take into account the challenges posed by the rapid developments in the payment sector. These changes require excellently trained and specialised employees as well as a modern and efficient infrastructure. Due to the associated increase in fixed costs, the aim is to improve profitability through higher sales and income volumes.

On behalf of the Board of Directors and the Executive Board, I would like to thank our clients, distribution partners and shareholders. It is their trust, their loyalty and their pleasure in our products that spur us on and motivate us to special achievements every day. Special thanks also go to the drivers of our innovative strength in the midst of this change: our employees, who work with extraordinary commitment every day to expand Swiss Bankers' leading position as a Swiss prepaid and remittance provider.



Bernard Burkhalter

Chairman of the Board of Directors
Swiss Bankers Prepaid Services Ltd



Internet of Things refers to the network of physical devices, vehicles, home appliances, and other items embedded with sensors, software, and connectivity, allowing them to connect and exchange data over the internet and be controlled or monitored remotely.

Swiss Bankers Products and Services

The company was founded in 1975 as Swiss Bankers Travelers Cheque Center. In 2008, the company changed its legal form to a public limited company under the name Swiss Bankers Prepaid Services Ltd (“Swiss Bankers” for short) and obtained a banking licence in 2011.

In 2012, the subsidiary Swiss Bankers Prepaid Services (Liechtenstein) Ltd was founded, which is responsible for distribution in Liechtenstein and other foreign markets. In 2020, the e-money licence was renewed in accordance with PSD2.

In 2017, the corporate strategy was fundamentally revised and consistently oriented towards the digitalisation of services and products. Since then, Swiss Bankers has consistently pursued this path, which is reflected in the comprehensive new payment offerings, including mobile payment and money transfer to Mastercard cards.

Prepaid cards from Swiss Bankers – flexible and digital

Swiss Bankers cards can be used at around 70 million Mastercard acceptance points worldwide. The cards are available in the classic physical form or as digital cards. The latter can be easily and flexibly stored for contactless payment on a mobile phone, smartwatch or other wearables.

A major advantage of prepaid cards is that they are easy and uncomplicated to issue, as neither a credit check nor the opening of a bank account is required. The cards can be issued, loaded and used immediately.

Foreign currency banknote mailing service

Many Swiss banks use the Swiss Bankers banknote dispatch service for their customers. Orders can be placed in more than 70 currencies via branches, the call centre or integrated in e-banking. Dispatch is simple, fast and direct to the bank’s customers.

Seamless Integration – Digital Solutions

Financial institutions and companies can also obtain Swiss Bankers products and the Swiss Bankers app as a white-labelling solution, as is the case for Credit Suisse, for example.

In addition, various APIs (Application Programming Interfaces) are available to enable seamless integration of a wide variety of use cases. Be it the ordering of cards and banknotes, the instant top-up of cards, the transfer of credit between cards, and similar.



Travel – the prepaid card for travelling

Swiss Bankers Travel is the leading prepaid card in Switzerland and is offered by over 140 distribution partners. These include many Swiss and Liechtenstein banks as well as the SBB.

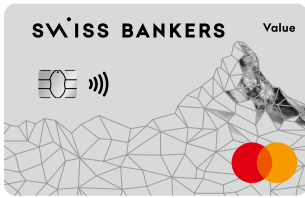
Travel is primarily used by Swiss Bankers clients for travel, whether in e-commerce for travel preparations or for secure payment during the trip. The card is characterised by an attractive pricing model, whereby fees are only charged when the card is actually used.

Travel is offered in Swiss francs, Euros and US dollars. Card loading is easily made by bank transfer or payment by credit card or by PostFinance card, or at the points of sale of our sales partner. In the event of loss or theft, the card will be replaced quickly, worldwide and free of charge.



Life – the prepaid card for every day

Swiss Bankers Life Life is the ideal payment card – for young or old – for everyday use and focuses on an uncomplicated lifestyle. Life can be used at Swiss Bankers or one of the sales outlets quickly and easily. Life has an affordable annual fee and offers free card loading and secure ecommerce purchases.



Value – the prepaid card for businesses

Swiss Bankers Value card is the simple solution for business clients to reimburse expenses and outlays via prepaid cards or to send flexible amounts of money to employees and clients. Frequent applications can be found with travel and congress organisers, but various UN organisations also use the card, for example to compensate congress participants or to pay for project costs abroad.



Prime – the prepaid card for high demands

Worldwide liquidity even for high payment demands – that's what Swiss Bankers Prime offers. The card is tailored to the special needs of private banking clients. Clients from over 200 countries use this exquisite service. Prime is offered by many private banks, and the trend is rising.



Send – innovative global money transfer

The new money transfer service Send allows money to be transferred easily and inexpensively worldwide. Currently, 27 countries are available to receive money, with new corridors being added continuously.

There is now also the option of transferring money directly to a Mastercard card. Foreign payments can thus be processed more easily, quickly and cheaply than, for example, via SWIFT.

In addition to money transfers to Mastercard cards, the Send service also supports transfers to bank accounts and digital wallets (eWallets). In addition, orders for cash withdrawals or collections can be placed at cash-out stations (cash points) in various countries.

The innovative money transfer service Send is available to all Swiss Bankers card customers of Swiss Bankers Prepaid Services AG, Grosshöchstetten. Recently, the service can also be used by people who do not have a Swiss Bankers card via the Swiss Bankers app.



Swiss Bankers App – everything simply from one app

The Swiss Bankers app has been an integral part of the Swiss Bankers product range since 2016. The app is available to all Swiss Bankers customers free of charge for downloading and now forms the core of the diverse prepaid and money transfer services.

The app functionalities are continuously expanded and optimised to meet new requirements. Over the course of time, the app has become the most important communication and interaction channel with Swiss Bankers' clientele.

With the app, Swiss Bankers customers always have their cards with them and can find out about transactions at any time. Essential settings can be made easily, such as blocking or unblocking cards, setting a new PIN code or blocking payments in certain countries and regions.

The app also supports the on-boarding of new customers and their online identification. In addition, the app uses biometric security features and supports the latest security standards such as Mastercard Identity Check.

Corporate Bodies and Organigram

Shareholders

Association of Swiss Cantonal Banks
 Credit Suisse (Switzerland) Ltd
 Entris Banking Ltd
 Raiffeisen Switzerland Cooperative
 PostFinance Ltd

Board of Directors

Bernard Burkhalter, Chairman
 Adrian Töngi, Vice Chairman
 Hans Ulrich Bacher (until 31 August 2022)
 Markus Locher
 Daniel Ritz
 Christoph Meister*
 Peter Held (until AGM 2022 of 29 April 2022)*
 Thierry Kneissler (as of AGM 2022 of 29 April 2022)*

* Independent members pursuant to FINMA-Circular 2017/01

Executive Management

Hans-Jörg Widiger, CEO
 Sascha Breite, CMO (until 30 September 2022)
 Axel Liebe, CMO (as of 1 January 2023)
 Simone Fischer, COO
 Paul Kreis, CIO
 George M. Isliker, CFO/CRO

Auditor

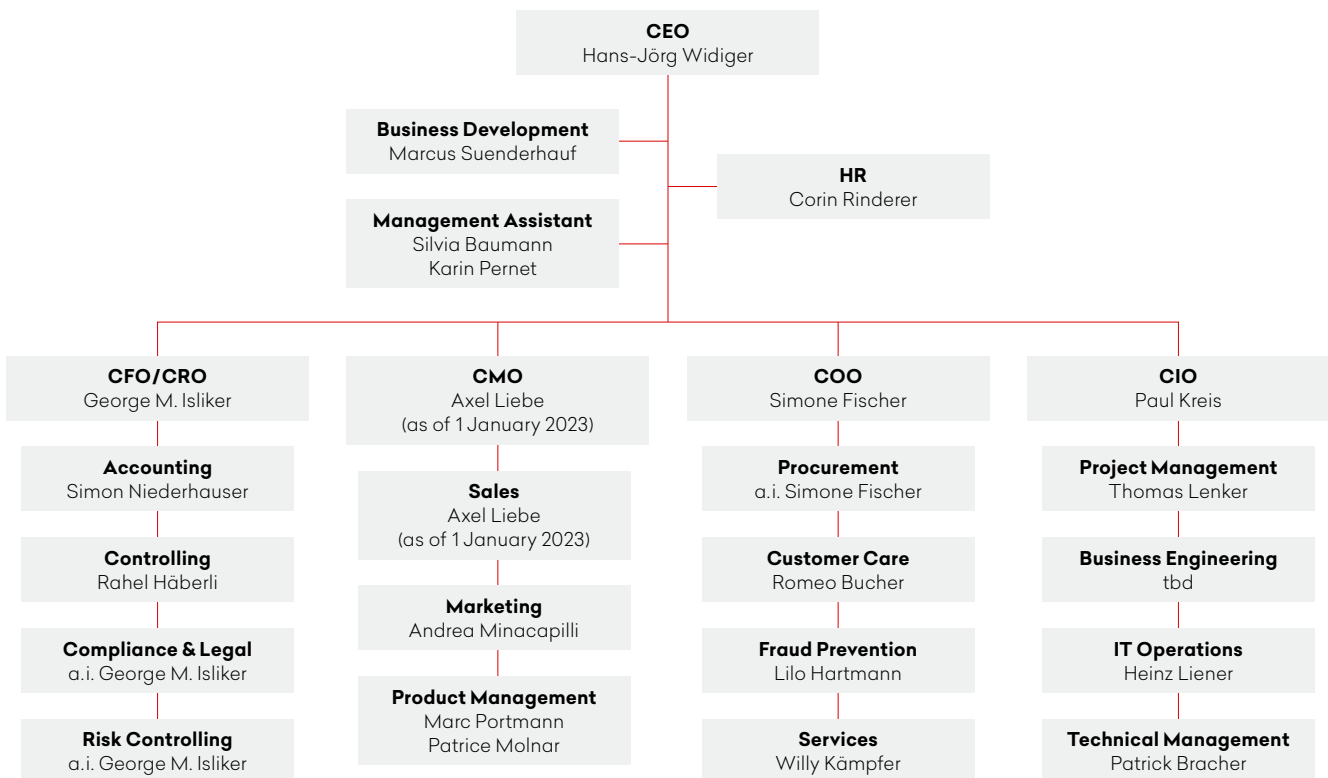
Ernst & Young Ltd
 3001 Berne
 Switzerland

Registered Office

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 Kramgasse 4
 3506 Grosshöchstetten
 Switzerland
 Phone +41 31 710 11 11
 info@swissbankers.ch

In the 2022 financial year, 107 employees were engaged in the development and processing, distribution and servicing of prepaid cards, the service Send and the shipping service of travel payment funds.

The following organisation chart is valid as of 31 December 2022.



Corporate Governance

Swiss Bankers attaches great importance to strong corporate governance and sees it as a central factor for the success of the company. A transparent and comprehensive information policy and the regulation of the relationship between management and control of the Group are essential elements of this corporate governance.

Legal Guidelines and Principles

The principles of Corporate Governance are laid down in the Articles of Association, the Organisational and Business Regulations and in other regulations and specifications. They are substantiated by directives. As a bank under Swiss law, Swiss Bankers is obliged to submit its Articles of Association, the Organisational and Business Regulations and all regulations to the Financial Market Authority for approval.

Corporate Governance Rules Swiss Bankers

Swiss Bankers' Corporate Governance Guidelines define and distribute the roles, competencies and responsibilities of the management and supervisory bodies in a clear and balanced manner and ensure appropriate controls. All corporate governance principles and guidelines are binding on the organisation and management of Swiss Bankers. These documents form the framework of Swiss Bankers' corporate governance and include the following elements:

- The Articles of Association explain the corporate purpose and the comprehensive organisational framework of Swiss Bankers.
- The internal Organisation and Business Regulations (OGR) define the responsibilities and competencies within Swiss Bankers.
- The responsibilities and competences defined in the internal organisation and business regulations (OGR) are additionally described and defined in various regulations, where applicable.

Group Structure and Shareholders

Swiss Bankers is a public limited company under Swiss law with its registered office in Grosshöchstetten, Canton of Berne, Switzerland. The Group companies of Swiss Bankers are listed in Note 5 to the consolidated financial statements, together with information on the company, its registered office, purpose, share capital, participation, capital and voting rights. The accounting, valuation and balance sheet are prepared in accordance with Swiss accounting regulations for banks. The financial year ends on 31 December.

The organisational structure of Swiss Bankers is shown on page 10. The shareholder base with corresponding voting rights includes the following companies: Association of Swiss Cantonal Banks, Credit Suisse (Switzerland) Ltd, Entris Banking Ltd, Raiffeisen Switzerland Cooperative and PostFinance Ltd. Information on the share in equity of CHF 10.0 million can be found in Note 10 of the financial statements of Swiss Bankers Prepaid Services Ltd, Grosshöchstetten.

Capital Structure

Swiss Bankers had a share capital of CHF 10.0 million as of 31 December 2022. The entire share capital belongs to the companies mentioned above. All Swiss Bankers shares are entitled to dividends and there are no preferential rights. As of the balance sheet date of the 2022 financial year, there are no outstanding financial instruments that could lead to a dilution of equity.

Annual General Meeting 2022

Board of Directors after the Annual General Meeting of 29 April 2022

Mr. Peter Held, independent representative, resigned from the Board of Directors as of the date of the General Meeting. Mr. Thierry Kneissler was newly elected as independent representative for a term of three years. Mr. Christoph Meister, independent representative, as well as Mr. Adrian Töngi, shareholder representative Raiffeisen Switzerland Cooperative, were both re-elected for a further term of three years.

Board of Directors

Chairman

Bernard Burkhalter

Born 1954

Current position: Management, support and processing of BEKB bank mandates and projects

Education: Commercial apprenticeship in banking, Federal Banking Diploma, Diploma in Business Administration KSZ, Diploma Swiss Banking School, Diploma SKU, Certificate Duke University USA, The Fuqua School of Business Executive Education Advanced Management Program

Committee: Member Nomination and Compensation Committee

Term of office: until the AGM 2023

Vice-Chairman

Adrian Töngi

Born 1963

Current position: Head of Banking Operations and Quality Assurance at Raiffeisen Schweiz Genossenschaft

Education: Dipl. Bankfachmann, Executive Program of the Swiss Finance Institute, Zurich

Committee: Member Nomination and Compensation Committee

Term of office: until the AGM 2025

Member

Hans Ulrich Bacher

Born 1977

Current position: Head of Support / CFO and Member of the Executive Board at Entris Banking Ltd

Education: Doctorat en économie politique at the University of Lausanne (HEC), Master in Economics at the London School of Economics

Committee: Chairman Audit and Risk Committee

Term of office: resigned as of 31 August 2022 (change of employment)

Member

Markus Locher

Born 1978

Current position: Head CSX Digital Banking and Managing Director at Credit Suisse (Switzerland) Ltd

Education: Master of Arts in Economics, lic. oec. publ. at the University of Zurich, Advanced Management Program AMP at Harvard Business School

Committee: Member of the Audit and Risk Committee

Term of office: until the AGM 2023

Member

Daniel Ritz

Born 1980

Current position: Head of Financial Accounting and Member of the Management Board at PostFinance Ltd

Education: Master of Arts in Management from the Universities of Bern and Fribourg, Bachelor of Arts in Business Information Systems from the University of Fribourg

Committee (as of 1 September 2022): Member of the Audit and Risk Committee

Term of office: until the AGM 2024

Independent member

Christoph Meister

Born 1953

Current position: Board mandates with Swiss Bankers CH/FL

Education: Dipl. Businessman, Business economist (HWV Berne), Certified Public Accountant, Former Partner Ernst & Young Ltd

Committee: Chairman Nomination and Remuneration Committee, Member Audit and Risk Committee until 31 August 2022, as of 1 October 2022 Chairman Audit and Risk Committee

Term of office: until the AGM 2025

Independent member

Thierry Kneissler

Born 1971

Current position: Self-employed since 2018 (employed by Kneissler Consulting GmbH, wholly owned by Thierry Kneissler), various board mandates in the SME and start-up environment.

Education: lic. rer. pol at the University of Bern, Executive MBA at the University of St. Gallen; CAS Board of Directors at the University of Bern-Rochester

Term of office: until the AGM 2025

Articles of Association of the Company

Each member of the Board of Directors shall be elected individually. Re-election is permissible. If a member retires before the end of his term of office, a replacement shall be elected at the next General Meeting. If the number of members of the Board of Directors falls below five, an Extraordinary General Meeting shall be held within a reasonable period of time to elect a replacement. The member elected as a replacement shall serve the term of office of his or her predecessor. The Board of Directors shall constitute itself and shall appoint from among its members a Chairman, a Vice-Chairman and may designate a Secretary, who need not be a member of the Board of Directors.

Internal organisation

The Board of Directors is the supreme governing body of Swiss Bankers. It is responsible to the shareholders for the overall management of the company and decides on all matters that are not assigned to the General Meeting of Shareholders by law or by the articles of association.

Other activities and vested interests

The other activities and vested interests of the individual members of the Board of Directors are listed in the brief biographies above.

Main tasks of the Board of Directors

The Board of Directors is responsible for steering and controlling the management of the group. It performs the duties assigned to it by law, the Articles of Association or internal regulations, insofar as these are not assigned to other bodies. In addition to the duties listed in the Articles of Association, the Board of Directors shall in particular perform the following inalienable and non-transferable duties and obligations:

- the definition and periodic review of the medium and long-term corporate goals (strategy) as well as the determination of the resources required to achieve the corporate goals (medium-term planning);
- harmonizing strategy, risks and finances;
- the determination of the organization;
- the determination of the compensation principles of the personnel and remuneration policy;
- the structuring of the accounting system, the financial control as well as the financial planning and the approval of the annual planning;
- the appointment of the members of the committees of the Board of Directors from among its members;
- the appointment and dismissal of the persons entrusted with the management;

- the supervision of the persons entrusted with the management, in particular with regard to compliance with the law, the Articles of Association, the regulations and the directives;
- responsibility for the content of the Annual Report, the preparation of the General Meeting and the execution of its resolutions;
- the handling and acceptance of the reports of the external auditors.

Other exclusive duties of the Board of Directors

- The regular exchange of information on the course of business and special events, in particular on the earnings situation, balance sheet development, liquidity, equity and risk situation;
- the establishment of an effective internal control system (ICS);
- the definition of the risk policy and risk control systems as well as the monitoring of the consolidated risk management (see also Risk Management, page 30 ff. and 46 ff. and Management Report, page 23 ff.);
- the issuance of guidelines or regulations for risk management as well as the regulation of responsibilities and the procedure for the approval of transactions involving risk;
- the decision concerning the acquisition or sale of participations in other companies as well as concerning the foundation or liquidation of subsidiaries;
- the decision concerning the establishment and dissolution of companies, branches and representative offices;
- the setting of group and overall position limits;
- deciding on the admissibility of employees to engage in part-time activities.

Subject to the inalienable and non-transferable duties, parts of the agendas of the Board of Directors may be delegated to a group of members (committees). Meetings of the Board of Directors shall be convened by the Chairman or, in his absence, by the Vice-Chairman, as often as business requires, or at the request of one of its members or the external auditors. The Board of Directors passes its resolutions by an absolute majority of the votes of the members present. In the event of a tie, the Chairman shall have the casting vote. Minutes of the meetings of the Board of Directors shall be kept and signed by the author and the Chairman.

Information and control instruments

The Board of Directors and its committees have various information and control instruments at their disposal for exercising their steering and supervisory duties vis-à-vis the Executive Board. These instruments include the strategy process, the medium-term planning, the annual planning process and as the internal and external reporting as well as the reports of the internal and external auditors.

The members of the Board of Directors regularly receive the corresponding reports, especially the monthly management controlling reports (MIS) as well as the reports on the quarterly, half-yearly and annual financial statements (consolidated financial statements and individual financial statements). These contain quantitative and qualitative information such as budget variances, period comparisons, key management figures as well as risk analyses. These reports are prepared for the operating Group companies as well as for the entire Group.

These reports enable the Board of Directors to obtain a picture of the relevant developments and the risk situation at any time. Those reports that fall within the scope of the committees' responsibilities are discussed by the respective committee and, if necessary, forwarded to the Board of Directors with corresponding proposals for a decision. The current reports are discussed in detail at the meetings of the Board of Directors. The meetings of the Board of Directors are also attended by the members of the Executive Board and other persons as required. The description of how the Board of Directors conducts a risk assessment and the description of the Group's accounting-related internal control system can be found in the Management Report chapter on page 23. For current risks, see also the chapters on Risk Management, pages 30 f. and 46 ff.

In 2022, the Board of Directors of Swiss Bankers held four ordinary meetings, one extraordinary meeting and one strategy meeting. The usual meeting rhythm for the full Board of Directors is quarterly, with meetings generally lasting from 8.30 am to 5 pm. Committee meetings are held on separate dates.

Nomination and Compensation Committee (NCC) and Audit and Risk Committee (PRA)

The two committees were convened in 2018 and each consists of three members of the Board of Directors, each elected by the Board of Directors. The committees are self-constituting and appoint one of their members as chairperson. The committees meet as often as business requires, but usually two (NCC) to three (PRA) times a year – as in 2022.

Tasks

The committees shall perform their duties and exercise their powers as an overall and collective body. The members have no personal powers and thus cannot issue orders. The committees submit proposals to the Board of Directors and can make decisions in individual cases, for example in the NCC.

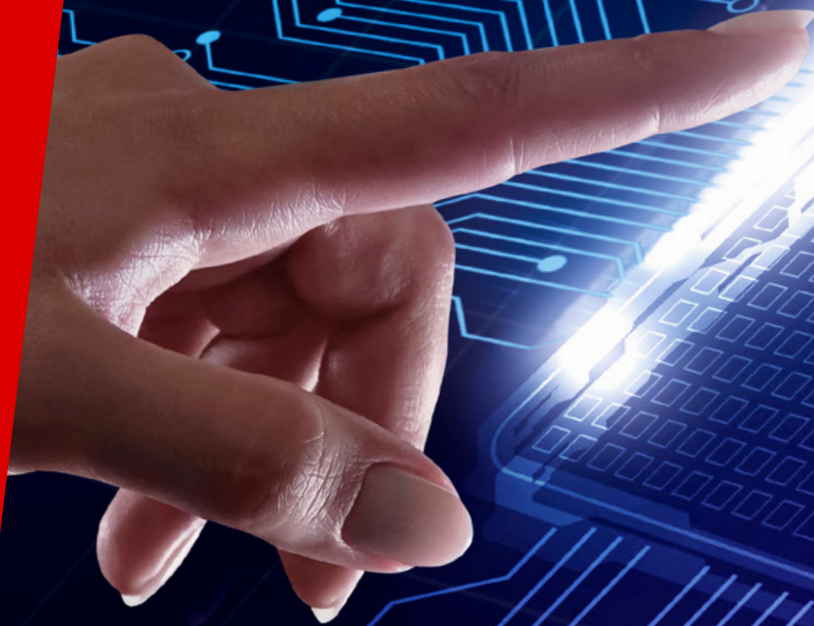
Remuneration of the Board of Directors and the Executive Board

The members of the Board of Directors are entitled to a fixed remuneration, which is (i) determined in accordance with the duties and functional responsibilities of the members of the Board of Directors and (ii) independent of the business result.

The members of the Executive Board are entitled to (a) a fixed compensation, which is (i) calculated according to the duties and functional responsibilities of the person concerned and (ii) independent of the business result, and (b) a variable compensation (bonus). The variable compensation component shall be determined with due regard to the individual performance of the employee of the business unit concerned and the performance of the Company as a whole. The variable compensation shall be paid in cash. The NCC determines the performance targets and the type of compensation. The Board of Directors is informed about the compensation of the members of the Executive Board by means of a compensation report.

The tasks of the committees are explained in detail in the corresponding regulations.

Artificial Intelligence is the development of intelligent machines that can perform tasks that usually require human intelligence, using techniques such as machine learning, deep learning, and natural language processing.



Executive Management



Hans-Jörg Widiger
CEO

Born 1964

Dipl. Kfm./lic. oec.: Studied economics at the University of Duisburg (D); Senior Executive Program, Harvard Business School, Boston; Senior Executive Program, Columbia Business School, New York.

CEO of Swiss Bankers since 2017.

Prior to that, Hans-Jörg Widiger was Managing Director of Gemalto AG, Aarau, from 2009 to 2016 and a member of the Board of Directors of ID pendant AG (Germany) and Trüb Estonia. From 2006 to 2009 he was a member of the Executive Board of Entris Ltd and from 2000 to 2005 a member of the Executive Board of Neue Aargauer Bank. Prior to that, Hans-Jörg Widiger held various positions at Credit Suisse, UBS and PwC from 1993 to 2000. He also serves on various boards of directors and is a member of the Advisory Board IFZ FinTech of the Institute of Financial Services Zug at the Lucerne University of Applied Sciences and Arts.

The disclosure of corporate governance in accordance with FINMA-Circular 2016/01 is also made on the website www.swissbankers.ch in the section "Swiss Bankers – Annual Reports".



Sascha Breite
CMO (until 30 September 2022)

Born 1969

Master of Business Administration (MBA) with focus on International Marketing & Innovation at Henley Business School (University Reading, UK), apprenticeship as information electronics technician at Siemens (Munich, Germany).

As Chief Marketing Officer (CMO), Sascha Breite was responsible for sales, marketing and product management at Swiss Bankers. He was also Managing Director of Swiss Bankers Prepaid Services (Liechtenstein) Ltd. From 2000 to 2017, he was Managing Director of SIX Payment Services (Germany) with additional mandates as Head of Future Payments and Head Portfolio & Positioning at SIX Payment Services (Switzerland). Prior to that, he led the cross-site development of payment systems at Ingenico (Germany) from 1993 to 2000.



Axel Liebe
CMO (as of 1 January 2023)

Born 1968

Master of Business Administration (postgraduate diploma in business management) at the University of St. Gallen (HSG) and further education at INSEAD (Advanced Marketing Strategy Programme, Leading Digital Transformation and Innovation) in Fontainebleau (France) and Singapore, among others.

From 2020 to 2022, Axel Liebe was Head of cashgate and Head Marketing, Digital Channels & Lifecycle Management at Cembra Money Bank. From 2012 to 2019, he was Head Marketing & Business Development and a member of the Executive Board at cashgate AG. Before that, he spent two years at GE Money Bank as eBusiness & Marketing Technology Leader. From 2005 to 2010, he worked at GE Capital as Market & Customer Intelligence Director EMEA, Chief Marketing Officer Switzerland and was a member of the Executive Board Switzerland. In 2004 and 2005, he was employed by Swissquote Bank as Head of Sales and Marketing and as a member of the Executive Board. Previously, he worked for Credit Suisse, Kolb AG and Chupa AG.



Simone Fischer
COO

Born 1979
Master of Science in Graphic Arts Publishing, University of Applied Sciences RIT, Rochester (USA); Multimedia Insinööri, University of Applied Sciences EVTEK, Espoo (FIN); Dipl.-Ing. COMEM+ in Print Media Management, La Haute Ecole d'Ingénierie et de Gestion du Canton de Vaud (HEIG-VD), Lausanne (CH).

Since 2018, Simone Fischer has been responsible for Procurement, Customer Care, Fraud Prevention and Services as Chief Operating Officer at Swiss Bankers. From 2014 to 2018 she was Head of Customer Service at Gemalto AG, Aarau. From 2005 to 2014, she was Product Manager Prinect and CtP at Heidelberg Schweiz AG, Berne, responsible for the sales and market introduction of all software products in the Swiss market. In both functions, Simone Fischer was deputy to the management.



Paul Kreis
CIO

Born 1978
Business IT specialist FH/Executive MBA from the Universities of Berne and Rochester.

Paul Kreis has been Chief Information Officer (CIO) at Swiss Bankers since August 2021 and is responsible for project management, application management, technical management and architecture. Paul Kreis brings over 15 years of payment experience. As CIO and member of the Executive Board at TWINT Ltd, he was responsible for the entire IT. Prior to that, he held various management positions in IT at PostFinance Ltd. He was Head of Development Card Acquiring & E-Payment, as Head Infrastructure & Rollout he was a member of the programme management team of the successful multi-year core banking transformation project and led the agile transformation.



George Marc Isliker
CFO/CRO

Born 1964
Certified Public Accountant (CPA), Trust and Estate Practitioner (TEP), law studies at the University of St. Gallen (HSG).

In 2020, George M. Isliker joined Swiss Bankers as Chief Financial Officer and Chief Risk Officer. From 2011 to 2020, he was CFO/CRO of Valartis Group Ltd, Fribourg, Switzerland (stock listed). From 2004 to 2010, he was Head of Group Finance & Risk at VP Bank Group, Vaduz, Liechtenstein (stock listed). In 2003, he took a sabbatical year. From 1995 to 2002, he was Head of Finance and Head of Credit Department at the private banking group Hottinger & Cie Banquiers, Zurich, Switzerland, and from 1992 to 1995 as an auditor with the auditing firm KPMG, Zurich, Switzerland.

The Executive Board 2023

In the reporting year, Sascha Breite resigned as Chief Marketing Officer (CMO) from the Executive Board on 30 September 2022. Axel Liebe took over as the new CMO on 1 January 2023. As CMO of Swiss Bankers, he is responsible for the areas of sales, marketing and product management.

Organisation of the leadership

The Executive Board conducts the business of the Company to the extent that this is not reserved for the Board of Directors by law, the Articles of Association or the Organisational Regulations. The CEO heads the Group and the Executive Board, which decides on the development of the business. The Executive Board is responsible in particular for the implementation of the Group's strategy defined by the Board of Directors and for its results. The CEO is thus responsible for the overall management and coordination of the Group as well as for corporate development.

Other activities and vested interests

The other activities and vested interests of the individual members of the Executive Board are listed in the brief biographies above.

Management contracts

Swiss Bankers has not delegated any management tasks to third parties.

Shareholders' participation rights

Restriction and representation of voting rights

Shareholders' participation rights comply with the statutory provisions of the Swiss Code of Obligations. There are no restrictions on voting rights. At the General Meeting of Swiss Bankers, each share entitles the holder to one vote. Shareholders may exercise their voting rights at the General Meeting of Shareholders themselves or be represented by a proxy, another shareholder with voting rights or the independent proxy. Proxies are only valid for one General Meeting at a time.

Statutory quorums

There are no regulations that deviate from Article 704 of the Swiss Code of Obligations. Accordingly, no special statutory quorums have been determined.

Convocation of the General Meeting of Shareholders

There are no provisions in the Articles of Association that deviate from the law regarding the convening of the General Meeting. The General Meeting of Shareholders is convened by the Board of Directors at least 20 days before the date of the meeting, stating the agenda and proposals. An Extraordinary General Meetings may also be convened in writing by one or more shareholders who together represent at least 5 percent of the share capital, stating the agenda items and proposals.

Agenda

The Articles of Association provide that shareholders who together represent shares with a par value of at least CHF 1 million may request that an item be included on the agenda for the Annual General Meeting.

Auditor

Duration of the mandate and term of office of the lead auditor

Ernst & Young Ltd (EY) was first elected as external auditor in 2008. Currently, Mr. Philipp De Boer is the lead auditor, holding this position since his election in 2020. The rotation frequency for this office is seven years (maximum duration) in accordance with the applicable legal provisions.

Auditing fee

EY charged Swiss Bankers CHF 0.40 million in the 2022 financial year for services in connection with the interim audits, the audit of the annual financial statements and the audit of the consolidated financial statements of the Group companies, as well as for the supervisory audit. EY charged Swiss Bankers CHF 0.22 million in the 2021 financial year.

Additional fees

In addition to the previously mentioned audits, EY also provided other services to Swiss Bankers in the areas of legal issues, taxes, projects and IT: CHF 6101 for tax issues and CHF 30,436 for IFRS training.

The Board of Directors must approve new audit subjects and any special audits. There is no fixed catalogue of criteria that are used for the approval of such additional mandates. The board of directors decides on a case-by-case basis whether the granting of the additional mandate calls into question the independence of the audit firm.

Supervisory and control instruments opposite the audit

The Board of Directors as a whole is responsible for supervising the external auditors and the Group auditors. It is responsible for dealing with the reports of the external auditors and is supported in this task by the Audit and Risk Committee.

As a rule, the external auditors report in person and in writing at the September meeting of the Audit and Risk Committee on the planning, dates and budget of the audit activities of the following year and present the head of the mandate and his deputy with brief biographies. At the following March meeting of the full Board of Directors, at which the Board of Directors approves the Annual Report for the past business year, the external auditors present orally and in writing the comprehensive report of the statutory auditors to the Board of Directors for the respective annual financial statements as at 31 December of the previous year for the Swiss Bankers Group and for the individual company Swiss Bankers Prepaid Services Ltd, Grosshöchstetten, and give an oral report on the audit activities carried out. The external auditors also attend meetings of the Board of Directors at the request of the Audit and Risk Committee.

The legal requirements must be fulfilled in the selection of the audit firm and in the assessment of the performance of the audit firm. Further decisive selection and assessment criteria for the Board of Directors are proven expertise in complex financial and valuation issues in accordance with accounting standards as well as in special topics specific to Swiss Bankers. Great attention is also paid to continuity. An in-depth assessment is carried out at medium-term intervals – usually every three to five years. The results are discussed with the audit firm.

Information policy

The reporting includes the publication of annual and semi-annual reports prepared in accordance with the Swiss Banking Ordinance for Banks, as well as the Annual General Meeting in April. In addition to mailing the annual report, it is available online to all interested parties. The annual report is available online as a document in PDF format: www.swissbankers.ch/en/swiss-bankers/annual-reports.

Agenda 2023

Annual Report 2022 – 28 April 2023

Annual General Meeting 2023 – 16 June 2023

Half Year Results 2023 – 25 August 2023

Business Environment and Current Developments

The complete lifting of the COVID-19 restrictions at the beginning of March 2022 led to a positive development in the sales volume across the entire Swiss Bankers product range. In particular, the products that are directly related to travel, such as the Travel product or banknote dispatch, were able to increase in volume compared to the previous year. The positive development at Swiss Bankers goes hand in hand with the development in the market with regard to private consumption in the areas of tourism and leisure.

In terms of the payments industry, as in the previous year, the trend towards more e- and m-commerce (electronic and mobile commerce), digital and contactless payments, instant payments and the displacement of cash continues. This trend is also reflected in the use of Swiss Bankers card products. In addition, there is an increase in both e- and m-commerce payments as well as digital and contactless terminals. Despite this development in the area of prepaid cards, the increase in foreign currency note shipments in 2022 clearly showed that cash has not yet disappeared from the market.

The lifting of the COVID-19 restriction led to increased travel and leisure among Swiss Bankers clients.

Even though Swiss Bankers was able to record a significant plus in 2022 compared to 2021, the company also sees the challenges that will have to be mastered in the future. Current market analyses assume that the high energy prices and the relatively high inflation rate will have a dampening effect on private consumption. A reduction in private consumption, especially for spending on foreign travel, could influence the development of Swiss Bankers' sales volume. In addition, an intensification of the current competitive situation in everyday products may slow down volume growth in the Life product. However, Swiss Bankers is convinced that with today's product range it will be equipped for the future of payments – secure and flexible, real-time and easy to integrate – to meet the challenges.

Swiss Bankers 2022

In 2022, Swiss Bankers was able to realise several further developments in the project portfolio and generate the following added value on the products for Swiss Bankers clients:

- Same-day top-up with bank transfer
- Expansion of product range in direct sales (Travel product in Euros and US dollars)
- Expansion Send (more countries and money-receiving channels)

In addition to the further developments in the project portfolio, Swiss Bankers has prepared for internationalisation with subsequent selective market entry in European countries.

Swiss Bankers 2023

In addition to finalising preparations for internationalisation with subsequent selective market entry in European countries, Swiss Bankers 2023 is focusing primarily on a processor change from MPTS to MPE. A processor processes all transactions on the prepaid cards and supports the entire spectrum of international bank cards. This overall bank project will take up a great deal of time and effort on the part of Swiss Bankers employees in 2023, so that this change will not be noticeable for Swiss Bankers clients. Although this change is imminent, some projects from the project portfolio will be implemented that will offer added value to the Swiss Bankers client:

- Click to Pay
- Fee transparency

Swiss Bankers 2024

Future challenges include the adaptation of the product and service portfolio, the digitalisation of processes and the strengthening of partnerships due to internationalisation at both national and international level:

- Selective market entry in Europe (Italy)
- Digital offerings – expansion and optimisation of digital products and channels
- Partnerships – tailor-made products and service solutions
- Mobile payments – tokenised cards and biometrics to promote mobile payments and third-party wallets
- Digitisation customer service

Robotics is the study and engineering of autonomous or semi-autonomous machines called robots, which can perform complex tasks using computer programming or electronic circuitry.



Innovation and Digital Solutions

One of the cornerstones of Swiss Bankers' corporate strategy is the consistent digitalisation of processes. Internally, this should lead to an increase in efficiency and a reduction in costs. Externally, the aim is to enable partners and customers to use payment products and services more easily, quickly and flexibly.

In order to achieve this, two factors play a decisive role: firstly, Swiss Bankers has adapted and decoupled the existing services for Swiss clients in such a way that they can be used entirely via programming interfaces (API) in the form of web services. This achieves the second success factor in the form of greater flexibility. The services, which can now be used more universally, can be combined to create new solutions that are much better able to meet the needs of partners and customers.

Digital solution using the example of expense management

Paying with a prepaid card is nothing new in and of itself. However, the decisive factor is the service concept in which the payment services are embedded and how these are made accessible to the target customers. The following example shows how expense management for Swiss SMEs can be significantly simplified through the clever combination of the Swiss Bankers prepaid cards and the digital KLARA ERP platform.

To obtain a typical corporate credit card for an employee, companies used to have to open an account at a bank, submit an application to the credit card issuer and ensure sufficient security for the credit line of the corporate cards. The settlement of expenses was then carried out on the basis of the credit card statement with the collected receipts, which in the case of an SME was often carried out by an external accounting department.

Strong together for common customers

In a cooperation between KLARA and Swiss Bankers, a fully digital expense solution for SMEs was created, which, in addition to the on-boarding of corporate clients, also enables the inexpensive and flexible use of expense cards. Companies can order a new expense card for their employees at any time without the hassle of paperwork. If one employee leaves the company, the same card can be transferred to another person.

At the same time, the solution includes fully automatic document recognition, including accounting processing. In addition, the company can flexibly transfer existing card balances between the prepaid cards if necessary.

SMEs thus benefit from lower management costs of expenses, as the costs for external accounting is significantly reduced. In addition, the formerly necessary collateral for the credit lines of the company cards is no longer required. And the efficiency gain, which was previously only reserved for larger companies, is thus also accessible to SMEs in the symbiosis of prepaid company card and digital ERP platform.

Flexible payment components as a success factor

Swiss Bankers sees the newly gained flexibility and automation of payment services as an essential key factor for future business success. More and more companies and organisations are shifting certain value-adding activities much closer to their end customers. Often, these are payment transactions, which take many different forms. By means of flexible, cost-effective payment components, new customer oriented solutions can be created for a wide range of industries.

Swiss Bankers is ready for the future of payment – secure and flexible, in real time and easy to integrate.

Payment services are needed by almost all large companies. Be it insurance companies that want to provide their customers with services in real time, regardless of where the customers are located. Or by shared-economy providers who only want to charge for services that are actually used.

Platform operators or internationally active companies in particular benefit from the flexible Swiss Bankers Payment components. For example, prepaid card accounts can be provided very easily for the international disbursement of funds. No matter where the payment recipient is located, cash can be withdrawn or other services can be paid for via the Mastercard network.

Swiss Bankers is ready for the future of payment – secure and flexible, in real time and easy to integrate.

Management Report

Business Performance and Economic Situation

The lifting of the COVID-19 restrictions at the beginning of March 2022 led to a significant increase in sales volume compared to the previous year. This increase was achieved primarily due to the return of travel and leisure activities among Swiss Bankers' clientele. The positive development at Swiss Bankers goes hand in hand with the development in the market regarding private consumption in the areas of tourism and leisure.

The return of travel activity is particularly noticeable in the Travel product as well as the banknote dispatch. Both products were able to increase their volume significantly compared to the previous year. An additional positive effect of the return of travel activity can be seen in the Value product. Companies such as UN organisations use the Value product as an expense card. Due to the lifting of the COVID-19 restrictions and the opening of the borders, the conferences of the organisations took place locally again, as a result of which the participating persons were paid expenses based on their travel activity on the Value product. In addition, the private banking segment was further expanded with the Prime product.

Thanks to these effects, a sales volume of CHF 814.2 million was achieved across all business units, which is CHF 97.2 million or 13.6 percent higher than in the previous year (2021: CHF 717.1 million). Thanks to this increase in sales volume, commission income rose by 4.9 percent and trading income (both price gains on foreign transactions and price gains on foreign currency notes) by 41.1 percent. As of 31 December 2022, operating income was CHF 36.4 million compared to CHF 32.2 million in the previous year (+13.3 percent). These positive effects resulted in an annual profit of CHF 0.4 million (previous year: annual loss of CHF 5.2 million) in accordance with Swiss accounting regulations for banks.

Overview of the 2022 business year

Half of the increase of almost CHF 100 million in sales volume can be attributed to the card business and half to the banknote distribution in the Money Send business field. In the card business, the 7.4 percent increase in sales volume led to a 5.2 percent increase in the subscription volume. The number of transactions increased at the same rate as the subscription volume – this corresponds to an increase of 5.1 percent compared to the previous year. The increase in transactions can be attributed primarily to the return of travel after the lifting of the COVID-19 restrictions at the beginning of March 2022.

Compared to the previous year, the number of transactions outside of Switzerland increased by 10.4 percent, with the majority of the additional transactions (around 90 percent) taking place outside of Europe. The level of withdrawals in Switzerland was slightly lower than in the previous year (-2.6 percent). Overall, 61.7 percent of transactions took place abroad, slightly more than in the previous year (58.7 percent).

Commission income, which consists of loading commissions, annual fees and subscription fees, increased by 4.9 percent from CHF 21.4 million to CHF 22.5 million compared to the previous year thanks to the increase in both sales volume and transactions (volume and number).

The growth in the trading business, where only foreign exchange gains from the issuance of prepaid cards and the dispatch of banknotes in various currencies are reported, is largely because the exchange rate gains from the sale of foreign currency notes increased by 124.7 percent. This reflects the fact that Swiss Bankers 2022 clients were again able to travel internationally to a greater extent and were dependent on cash in foreign currencies. The increase in the sales volume of banknote shipments was 64.8 percent. With an increase in sales volume of more than CHF 15.0 million each, the two currencies Euro and US dollar contributed significantly to the increase. However, trips were not only made to countries where payment is made in Euros or US dollars. For example, there was also strong demand for British pounds, Canadian dollars or Thai baht, which illustrates the return of international travel. Compared to the previous year, however, demand for Swiss francs fell by 23.4 percent or CHF 5.7 million.

Products

Travel is the leading prepaid card in Switzerland. Swiss Bankers' customers generally use Travel to pay in shops, restaurants and hotels - both locally and in the e- and m-commerce sector (electronic and mobile commerce). In the year under review, Swiss Bankers' distribution partners and the company itself issued around 28,000 new Travel cards through direct sales. In the previous year, around 26,000 new cards were sold. This corresponds to an increase of around 10 percent.

Around 45,000 customers with a volume of CHF 116.7 million loaded Life, the prepaid card for daily use. This corresponds to a decline of around 9.0 percent in terms of customers and a decrease of 3.8 percent in sales volume compared to 2021. The prepaid card for daily use is currently facing strong competition on the market, which explains the decline in 2022. This decline will level off in 2023 and this product will be able to grow again in the following years.

In total, Swiss Bankers recorded around 546,000 cardholders with earnings as of the reporting date (previous year: 572,000). This decrease of 4.5 percent is mainly due to a clean-up action of expired cards of card customers with a closed business relationship. In 2022, active cardholders carried out 9.2 million transactions (previous year: 8.8 million transactions) at ATMs or at over 70 million Mastercard acceptance points. Due to digitalisation and the increased use of mobile phones or wallets to pay for purchases, the volume in this area is also increasing. Around 22,000 Swiss Bankers customers used the mobile payment option in 2022. This corresponds to an increase of almost 20 percent compared to the previous year. Compared to the previous year, the transaction volume rose by 48 percent to CHF 29.3 million and the number of transactions by 43.7 percent to around 0.9 million.

The Swiss Bankers app is the most important communication and interaction channel with Swiss Bankers clients. The Swiss Bankers app had more than 370,000 users in 2022 (2.5 percent more than in the previous year).

Financial Situation

The Swiss Bankers Group's financing situation remains stable. The Group's equity amounted to CHF 34.3 million as of 31 December 2022 (31 December 2021: CHF 49.9 million). This corresponds to an equity ratio, i.e. equity as a percentage of total assets, of 9.0 percent (31 December 2021: 12.4 percent). Equity as at 31 December 2022 thus decreased by around CHF 15.6 million compared to 31 December 2021. The decrease is a consequence of the extraordinary dividend distribution of CHF 16.0 million at the extraordinary general meeting of 16 March 2022, which served to reduce equity in connection with the planned sale of Swiss Bankers.

Net liquidity decreased from CHF 382.2 million at the end of 2021 to CHF 358.3 million at the end of 2022 compared to the same period of the previous year. Trading assets held for short-term liquidity management amounted to CHF 223.8 million at the end of 2022 (31 December 2021: CHF 225.2 million).

The 2022 cash flow statement was strongly influenced by the investment activities of the transformation process. In 2022, CHF 3.5 million was invested in projects for the areas of products, digitalisation and automation.

Employees

Over the years, the employees of Swiss Bankers have made a decisive contribution to the transformation success through their identification with the company and their commitment to Swiss Bankers' goals. They are of great importance for the success of Swiss Bankers and its future competitiveness. The recognition of individual performance is an important factor, and it is a particular concern of the Board of Directors and the Executive Board to acknowledge the performance of employees accordingly.

The Board of Directors and the Executive Board of Swiss Bankers would like to thank the employees for their commitment over the past year and for the continued high level of loyalty and the trust they have placed in Swiss Bankers.

At the end of 2022, the Swiss Bankers Group – consisting of Swiss Bankers Prepaid Services Ltd in Switzerland and Swiss Bankers Prepaid Services (Liechtenstein) Ltd – had 91.7 employees, adjusted for part-time working. In the previous year, it had 87.1 employees as of 31 December 2021 (also adjusted for part-time working).

Carrying Out a Risk Assessment

The Board of Directors monitors the risk management system and deals with all relevant risks on a quarterly basis as part of periodic reporting. Current risks are identified and assessed on an ongoing basis. See also explanations on Risk Management, pages 30 f. and 46 ff.

Each year, the Board of Directors conducts a structured analysis of the main risks to which the Group is exposed due to its business model. These include credit, market, liquidity, operational, strategic and business and reputational risks. The Board of Directors takes into account risk-minimising measures, internal controls and findings from changes in political, economic, socio-cultural, legal, environmental or technological conditions. Based on this, the Board of Directors sets overall targets and risk limits, compliance with which is monitored on an ongoing basis.

On this basis, strategic and organisational decisions are made to optimise Swiss Bankers' risk positions. An essential component of this is the design and further development of the internal control system, which is intended to address identified risks through suitable and stringent control measures and minimise their probability of occurrence.

The appropriate establishment of risk management and control processes that ensure the identification, assessment, management, monitoring and reporting of material risks and the associated risk concentrations aims to ensure that all risks are appropriately addressed. A key objective here is to create transparency about risks at an early stage and to reduce potential losses. The Board of Directors assesses the structures and measures for managing and monitoring material risks as appropriate.

Description of the accounting-related internal control system

Swiss Bankers' internal control system encompasses all principles, procedures and measures designed to ensure the effectiveness, efficiency and propriety of the accounting process and compliance with the relevant legal requirements. It is based on the international COSO model and comprises the components control environment, risk assessment process, accounting-related information systems, control activities and monitoring of the internal control system (ICS). COSO (Committee of Sponsoring Organisations of the Treadway Commission) is a voluntary private sector organisation in the United States of America that seeks to improve the quality of financial reporting through ethical behaviour, effective internal controls and good corporate governance.

There have been no significant changes since the balance sheet date that would require an adjustment to the internal control system.

Fraud prevention

Cyber and fraud risks are among Swiss Bankers' most significant operational risks. The strong and increasing dependence on information and communication technologies and their interconnectedness can lead to pronounced vulnerabilities. In recent years, Swiss Bankers has continuously developed and sharpened its monitoring and prevention of fraudulent transactions with various measures. In the year under review, Swiss Bankers continued to invest substantially in this area, both in terms of personnel and technology, in order to manage such risks.

Board of Directors

The Board of Directors of Swiss Bankers held four ordinary meetings, one extraordinary meeting and one strategy meeting last year. The Audit and Risk Committee of the Board of Directors met four times in 2022 and the Nomination and Compensation Committee of the Board of Directors met three times.

Executive Management

In the reporting year, Sascha Breite stepped down from the Executive Board as CMO on 30 September 2022. Axel Liebe succeeded him as the new CMO on 1 January 2023.

Business Development

Sales volume

Sales volume grew by 13.6 percent due to the lifting of COVID-19 restrictions. A sales volume of CHF 814.2 million was achieved across all business fields, which is CHF 97.2 million higher than in the previous year 2021: CHF 717.1 million).

The sales volume of the card business increased by 7.4 percent from CHF 640.2 million to CHF 687.6 million. Both Retail Banking and Private Banking contributed to this growth. Around 70 percent of the growth of CHF 47.4 million can be attributed to Retail Banking.

The sales volume of banknote shipments increased by 64.8 percent to CHF 125.6 million last year. The sales volume of shipments in the area of cross-border business, introduced in 2019, almost doubled in the same period compared to the previous year and amounted to CHF 1.0 million.

Income statement

The interest income is influenced on the one hand by the change in balances on prepaid cards not yet drawn in Swiss francs, Euros or US dollars, which is referred to collectively as float, and on the other hand by the amount of new interest on investments that become available. In addition to the float of the prepaid cards, Swiss Bankers shows a float in connection with the travellers cheques in Swiss francs sold from previous years. The float of both prepaid cards and travellers cheques, which is invested in bonds, medium-term notes, call and fixed deposits as well as current accounts in the respective currencies, decreased by 1.8 percent from CHF 342.5 million (2021) to CHF 336.4 million in 2022. Net interest income amounted to CHF 2.1 million (previous year: CHF 2.2 million) with a low risk profile and a further reduction of the average maturity to 3.4 years (previous year: average maturity of 3.8 years). The average interest rate of the portfolio as of 31 December 2022 increased from 0.67 percent to 0.76 percent, which is mainly due to the higher yields for investments in Euros and US dollars.

Commission income was 4.9 percent higher than in the previous year, rising from CHF 21.4 million to CHF 22.5 million. Compared to the sales volume, commission income did not develop in step with the sales volume, although many of Swiss Bankers' products were able to increase their sales volume compared to the previous year. This discrepancy is mainly due to the current competitive situation in the area of everyday products on the market. The range of everyday payment products on the market is very large, which Swiss Bankers feels in its Life product – the prepaid card for every day – especially in the commission income item. Swiss Bankers is convinced that the Life product offers customers benefit and that the current negative trend will weaken over time (2023) and return to growth in subsequent years.

The increase in commission expenses compared to the previous year goes hand in hand with the increase in sales and procurement volumes, as both the loading volume and the transactions (number and volume) are drivers of commission expenses. Compared to 2021, commission expenses increased by CHF 0.2 million or 2.8 percent from CHF 10.6 million to CHF 10.8 million.

Income from trading includes foreign exchange income from the issuance of prepaid cards and from the dispatch of banknotes in various currencies, i.e. from exchange rate gains on card transactions abroad and from the trading of banknotes. Net trading income amounted to CHF 11.6 million in 2022, 41.1 percent higher than in the previous year (2021: CHF 8.2 million). Two-thirds of the increase in net trading income is attributable to the strong demand for foreign currency notes due to the return of travel and leisure activities. Compared to the previous year, the trading income from banknote shipments increased from CHF 1.8 million to CHF 4.0 million. One third of the increase can be attributed to the issuance of prepaid cards.

2022, Swiss Bankers Prepaid Services Ltd could not escape the prevailing shortage of skilled workers in the Swiss labour market. The current shortage of personnel on the labour market is leading to delays in hiring for excellently trained and specialised employees. For this reason, personnel expenses fell by 7.3 percent from CHF 13.9 million in the previous year to CHF 12.9 million.

Although special effects influenced general expenses in the previous year (marketing campaign in connection with fraud prevention), general expenses were only marginally reduced in the current business year. In 2022, general expenses amounted to CHF 9.0 million (previous year: CHF 9.1 million). Due to the current difficult situation on the Swiss labour market, Swiss Bankers had to compensate for the lack of permanent employees in personnel expenses with external service providers in order to be able to process the upcoming activities and projects. External employees in the areas of call agents (Customer Value Centre), test managers and risk officers were called in on a temporary basis. Accordingly, general expenses could not be reduced to CHF 7.7 million in 2022 as planned.

Losses from fraudulent acts, on the other hand, were reduced from CHF 1.1 million to CHF 0.3 million in the reporting year. This decrease corresponds to a decline of 76.8 percent. The positive development can be fully attributed to the improvements in fraud prevention. In recent months, the service has been greatly expanded, so that Swiss Bankers clients have access to competent specialists every day (including weekends and public holidays) from 8.00 a.m. to 10.00 p.m. The fraud prevention measures as a whole have been improved. Fraud prevention as a whole is designed for 24/7, i.e. 24 hours a day, 7 days a week, throughout the year.

The EBTDA (Earnings before Taxes, Depreciation and Amortisation; operating result) was around CHF 5.9 million higher than the negative result of CHF 2.5 million in the previous year and amounted to an operating profit of CHF 3.4 million for 2022.

Depreciation totalled CHF 3.0 million, CHF 0.6 million lower than in the previous year (2021: CHF 3.6 million). The decrease of 15.8 percent is due to the lower investment volume from 2021. In 2021, the investment volume was around CHF 2.0 million – in the previous year's 2020 (CHF 3.1 million) and 2019 (CHF 4.5 million) it was significantly higher, which led to a higher depreciation requirement in these years.

Compared to the previous year, the Group shows a consolidated profit after taxes of CHF 0.4 million. In the previous year, Swiss Bankers reported a consolidated loss after taxes of CHF 5.2 million.

Temporary differences between the trading and tax results can lead to deferred tax liabilities or deferred tax assets having to be recognised at Group level. This includes deferred tax assets in connection with the future offsetting of the realised loss.

Balance sheet

The balance sheet total of CHF 380.7 million reported as at 31 December 2022 was 5.2 percent or CHF 21.0 million lower than in the previous year (31 December 2021: CHF 401.7 million). The CHF 21.0 million lower balance sheet total is primarily attributable to the extraordinary dividend payment of CHF 16.0 million on 16 March 2022. The payment of the extraordinary dividend served to reduce equity in connection with the pending sale of Swiss Bankers. For an overview, please refer to the Consolidated Statement of Changes in Equity on page 41.

Liabilities decreased by CHF 5.3 million or 1.5 percent from CHF 351.7 million as at 31 December 2021 to CHF 346.4 million as at 31 December 2022, mainly due to a decrease in liabilities from customer deposits.

Appropriation of profits

Due to the business development in 2022, the Board of Directors proposes to the Annual General Meeting on 16 June 2023 that no dividend be paid for the 2022 business year.

Extraordinary Events

Special events after the balance sheet date

On 17 December 2021, the existing shareholders of Swiss Bankers Prepaid Services Ltd signed a share purchase agreement with DDM Mergeco Ltd. Due to regulatory requirements of the Swiss Financial Market Supervisory Authority FINMA, the structure of the transaction had to be adjusted in the reporting year. This subsequently led to Nordiska Kreditmarknadsaktiebolaget (a Swedish bank supervised by the Swedish Financial Market Authority FSA) entering into the agreement between the shareholders of Swiss Bankers Prepaid Services Ltd and DDM Group at the time of regulatory approval and taking over Swiss Bankers Prepaid Services Ltd in 2023. As part of this acquisition, DDM Group will take a minority stake in Bank Nordiska Kreditmarknadsaktiebolaget.

GROUP

By means of a press release as of 7 April 2023, Swiss Bankers was informed without giving any reasons that the Swedish bank Nordiska Kreditmarknadsaktiebolaget will not carry out any of the intended transactions. This means that the regulated entity required for the takeover is missing from the transaction structure and the takeover cannot be completed.

Swiss Bankers has taken note of this and is currently reviewing its options for action. This event has no impact on the net assets, financial position and results of operations of the Swiss Bankers Group as of the balance sheet date.

Segment reporting

Swiss Bankers has only one segment and reports only one business component of the Group. See also the notes to the Group Financial Statements on page 42.

Outlook

Expected development of the Swiss Bankers Group

In 2022, Swiss Bankers benefited from the lifting of COVID-19 restrictions and the return of travel and leisure among Swiss Bankers clients. This positive development led to an increase in volume of 13.6 percent in 2022. Due to the fact that there was already significantly more travel in 2022 than in 2021, Swiss Bankers expects less strong growth in 2023. In addition, the market shows strong competition in the area of everyday products. These two aspects were taken into account when assessing the expected developments of the Swiss Bankers Group. Therefore, Swiss Bankers expects sales volume to increase in 2023, but only by a single-digit percentage (2022: growth increase of 13.6 percent). However, Swiss Bankers is convinced that its attractive and diverse range of products and services will address the needs of Swiss Bankers' clientele well. The innovative mix of physically and digitally available products will continue to facilitate the everyday life and travel activities of Swiss Bankers' clientele in the future.

Taking into account the strategic guidelines, Swiss Bankers will focus its activities in 2023 on preparing for international expansion as well as expanding its product offering. This concerns both the organisation and the infrastructure. An important aspect of the expansion is the goal of increasing the Group's operating cash flow. In addition, the ongoing projects from 2022 will be completed in 2023 and new projects for market development and automation will be launched. For more information, see also the chapter Strategy and Risk-bearing Capacity, page 30.



The **metaverse** is a hypothetical shared virtual space that is more immersive and interconnected than the current internet, where people can interact with each other and digital objects in real-time using virtual and augmented reality technologies.

Strategy and Risk-bearing Capacity

Swiss Bankers Prepaid Services Ltd together with Swiss Bankers Prepaid Services (Liechtenstein) Ltd form the Swiss Bankers Group. In addition to offices in Grosshöchstetten (near Berne) and Vaduz, Liechtenstein, Swiss Bankers also has offices in Zurich.

Strategic thrust

Today, Swiss Bankers' business activities include prepaid and money-sending solutions in Switzerland, in Liechtenstein and Germany for national and international clients and to provide innovative digital payment solutions for international markets.

Focused growth

One of the key challenges in the composition of a client product portfolio is to resolve the trade-off between optimising the expected return (capital appreciation including interest from the float less costs) within a certain period of time on the one hand and limiting the cost and loss risk on the other. Typically, the structure and composition of the products show a certain constancy over time, which implies a countercyclical behaviour and thus entails both opportunities and risks. Pro-cyclical behaviour would lead to strong annual changes in the necessary investments, which would entail increased transaction costs.

Measures to increase earnings and control costs

The biggest challenge is the necessary volume growth. Anyone who operates a payment business today must have excellently trained and specialised employees and modern and efficient infrastructures. This causes increasingly higher fixed costs and regular investments, regardless of whether a make-or-buy-strategy is pursued. Profitability can only be achieved through higher volumes. In addition, the pressure on margins and growth is increased by aggressive competitors. The role of a niche player in the consumer payment sector is thus increasingly under pressure.

Both units of the Group have already initiated or re-launched programmes to increase revenues or reduce costs in order to achieve the targeted increase in efficiency and profitability in a timely manner. In particular, management is working to increase short-term flexibility despite increasing challenges and complexity in determining additional investments to make the business model more scalable, especially in the area of commission and operating expenses, and generally continue to keep costs under control. Consistent risk management and compliance with risk-bearing capacity criteria remain key principles of the Group. The Swiss Bankers Group's internal control system (ICS) is continuously adapted and helps to manage operational risks efficiently.

Anyone who operates a payment business today must have excellently trained and specialised employees and modern and efficient infrastructures.

Increase in commission income

An important component to increase the overall return is to build new partnerships. Cooperation not only opens up the possibility of countering rising costs, but also of jointly developing and implementing investment projects. The Swiss Bankers Group is, therefore, in constant exchange with partners in order to share existing resources and optimise their use.

Risk situation of the Swiss Bankers Group

Risk management for risks on the asset side is based on the professional principles of value-oriented corporate management, which include the targeted assumption of risks and their professional control. Taking into account the basic principle of risk-bearing capacity, the profit-oriented assumption of risk is the focus of risk management.

Organisation of risk management

The Swiss Bankers Group has a central risk management organisation.

As the highest supervisory body, the Board of Directors is responsible for all risks of the Group and defines the corresponding risk policy. It is responsible for setting the annual risk budget, the limit structure and the maximum risk tolerance (quantitative and qualitative) in relation to the Group's risk-bearing capacity. Executive Management is responsible for the implementation of the risk management and control principles and ensures permanent compliance with the prescribed limits. For detailed information on risk monitoring and risk assessment, see the chapter Management Report starting on page 23.

The Swiss Bankers Group's business activities are currently exposed to the following main risks:

- Operational risks
- Market risk (price risk, interest rate risk and foreign currency risk)
- Liquidity risk

Cyber and fraud risks are among Swiss Bankers' most significant operational risks. In the year under review, the Swiss Bankers Group continued to invest significantly in this area, both in terms of personnel and technology.

Part of risk management also involves complying with FINMA's regulatory requirements. One of FINMA's requirements is the qualitative and quantitative disclosure of the basic regulatory ratios. For this reason, the most important regulatory key figures of the Swiss Bankers Group and Swiss Bankers Prepaid Services AG in accordance with FINMA Circular 2016/01 "Disclosure Banks" can be found on the following pages.

Regulatory Key Figures

Disclosure Regulatory Key Figures Swiss Bankers Group

Basic Regulatory Indicators (KM1)

The numbering corresponds to the requirements of FINMA-Circular 2016/01 "Disclosure Banks".

(in CHF thousand)

	31.12.2022	31.12.2021
ELIGIBLE OWN FUNDS		
1 Hard core capital (CET1)	33,935	49,935
2 Core capital (T1)	33,935	49,935
3 Total capital	33,935	49,935

RISK-WEIGHTED POSITIONS (RWA)

4 RWA	202,696	220,228
4a Minimum own funds	16,216	17,618

RISK-BASED CAPITAL RATIOS (IN % OF RWA)

5 CET1 ratio	16.74	22.67
6 Core capital ratio	16.74	22.67
7 Total capital ratio	16.74	22.67

CET1 BUFFER REQUIREMENTS (IN % OF RWA)

8 Own funds buffer according to Basel minimum standards	2.50	2.50
9 Countercyclical buffer (Art. 44a ERV) according to Basel minimum standards	-	-
11 Total buffer requirements according to Basel minimum standards in CET1 quality	2.50	2.50
12 Available CET1 to cover buffer requirements according to Basel minimum standards (after deduction of CET1 to cover minimum requirements and, if applicable, to cover TLAC requirements)	8.74	14.67

CAPITAL RATIOS ACCORDING TO ANNEX 8 ERV (IN % OF RWA)

12a Capital buffer according to Annex 8 ERV	2.50	2.50
12b Countercyclical buffer (Art. 44 and 44a ERV)	-	-
12c CET1 target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV	7.00	7.00
12d T1 target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV	8.50	8.50
12e Total capital target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV	10.50	10.50

BASEL III LEVERAGE RATIO

13 Total commitment	382,422	403,560
14 Basel III Leverage Ratio (core capital in % of total exposure)	8.87	12.37

(in CHF thousand)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	
LIQUIDITY COVERAGE RATIO (LCR)						
15	Numerator of the LCR: Total high-quality liquid assets	102,529	102,459	94,347	90,540	108,224
16	Denominator of LCR: Total net cash outflow	35,162	42,334	44,418	41,492	50,110
17	Liquidity ratio, LCR (in %)	291.59	242.03	212.41	218.21	215.97

(in CHF thousand)

		31.12.2022	31.12.2021
NET STABLE FUNDING RATIO			
18	Available stable refinancing		358,793
19	Stable refinancing required	337,239	235,224
20	Funding ratio NSFR (in %)	209,966	152.53

(in CHF thousand)

	RWA 31.12.2022	RWA 31.12.2021	Minimum own funds 31.12.2022	
OVERVIEW OF RISK-WEIGHTED POSITIONS (OV1)*				
1	Credit risk	141,312	155,275	11,305
20	Market risk	1,015	575	81
24	Operational risk	44,550	48,838	3,564
25	Amounts below the threshold for deductions (positions to be risk-weighted at 250%)	5,663	5,850	453
27	Total	192,540	210,538	15,403

* According to FINMA-Circular 2016/01 "Disclosure Banks", non-counterparty related risks are not to be included in table OV1 for partial disclosure. Therefore, the sum of the minimum own funds is lower than in table KM1.

Approaches used to determine the minimum own funds:

- Credit risks: BIS standardised approach
- Market risks: BIS standard approach
- Operational risks: Basic indicator approach

There have been no significant changes compared to the figures of the previous period.

Liquidity Risk Management (LIQA):

The management of liquidity risks is explained in the Annual Report 2022 at the following point: Notes on risk management, section Liquidity and refinancing risks, page 46.

Operational risks – general disclosures (ORA):

Operational risks are explained in the Annual Report 2022 at the following point: Notes on risk management, section Operational risks, page 47. The basic indicator approach is used to calculate the required own funds for operational risks.

GROUP

(in CHF thousand)

		Gross carrying amounts of defaulted positions	Gross book values of non-defaulted positions	Value adjustments/ depreciation	Net values
CREDIT RISK: CREDIT QUALITY OF ASSETS (CR1)					
1	Receivables (excluding debt instruments)	-	100,765	55	100,710
2	Debt instruments	-	223,820	-	223,820
3	Off-balance sheet items	-	3,392	-	3,392
4	Total	-	327,977	55	327,922

(in CHF thousand)

		Unsecured positions/ book values	Collateralised loans positions, effective collateralised amount	Items secured by financial guarantees or credit derivatives, effective collateralised amount
CREDIT RISK: OVERALL VIEW OF RISK MITIGATION TECHNIQUES (CR3)				
	Receivables (incl. debt instruments)	324,530	-	-
	Off-balance sheet transactions	3,392	-	-
	Total	327,922	-	-
	<i>thereof defaulted</i>	-	-	-

Objectives and Guidelines for Interest Rate Risk Management of the Banking Book (IRRBB) – see tables below:

The Swiss Bankers Group does not pay interest on liabilities (card balances in Swiss francs, Euros and US dollars and unredeemed travellers cheques in CHF) and, therefore, has no interest rate risks. Deposits and parts of own funds are held in current accounts for the short and medium term, and excess liquidity is invested in fixed-term deposits, medium-term notes and liquid bonds (valued according to the accrual method) with high debtor quality. Changes in interest rates, therefore, have an impact on the Swiss Bankers Group's net interest income. In the run-up to the acquisition of financial assets, the Swiss Bankers Group's Investment Committee makes assumptions about client behaviour and derives from this how much capital can be invested in which term in order to ensure solvency at all times. The Swiss Bankers Group, therefore, replicates its liabilities in line with its investment strategy. As a result, the Swiss Bankers Group has similar maturities on the assets and liabilities side with regard to fixed interest rates.

The measurement and reporting of interest rate risks is carried out on a quarterly basis within the framework of the regulatory requirements.

(in CHF thousand)

	Volume		Average interest rate reset period (in years)		Maximum interest reset period* (in years)		
	Total	thereof CHF	other major currencies**	Total	thereof CHF	Total	thereof CHF

**INTEREST RATE RISKS: QUANTITATIVE
INFORMATION ON THE POSITION
STRUCTURE AND INTEREST
REDEFINITION (IRRBA1)**

Specified interest rate reset date

Receivables from banks	62,396	59,500	2,896	2.84	2.95	-	-
Receivables from customers	5,000	5,000	-	4.40	4.40	-	-
Financial assets	223,820	96,108	127,713	3.37	3.56	-	-

Indefinite interest rate reset date

Receivables from banks	30,087	13,124	16,963	0.09	0.09	-	-
Receivables from customers	972	918	53	0.05	0.05	-	-
Other receivables	35,836	35,106	730	-	-	-	-
Other commitments	602	602	-	0.09	0.09	-	-
Liabilities from customer deposits, callable but not transferable (savings deposits)	337,004	187,100	149,904	3.05	3.05	-	-
Total	695,844	397,458	298,386	2.85	2.80	8	8

* For positions with modelled (non-deterministic) determination of the interest rate reset date

** Currencies that account for more than 10 percent of the assets or liabilities of the balance sheet total

(in CHF thousand)

	Change in present value 31.12.2021	Change in the capitalised earnings value 31.12.2021	Change in present value 31.12.2020	Change in the capitalised earnings value 31.12.2020
INTEREST RATE RISKS: QUANTITATIVE INFORMATION ON PRESENT VALUE AND INTEREST INCOME (IRBB1)				
Parallel shift upwards	354	232	-1,696	314
Parallel shift downwards	-637	-228	1,754	-181
Steeper shock*	1,505	0	128	0
Flattener shock**	-1,430	0	-416	0
Increase in short-term interest rates	-1,085	0	-907	0
Fall in short-term interest rates	1,124	0	929	0
Maximum	-1,430	-228	-1,696	-181
Core capital (Tier 1)		33,935		49,935

* Fall in short-term interest rates combined with rise in long-term interest rates

** Rise in short-term interest rates combined with fall in long-term interest rates

Disclosure Regulatory Key Figures Swiss Bankers Prepaid Services Ltd

Basic Regulatory Indicators (KM1)

The numbering corresponds to the requirements of FINMA-Circular 2016/01 "Disclosure Banks".

(in CHF thousand)

	31.12.2022	31.12.2021
ELIGIBLE OWN FUNDS		
1 Hard core capital (CET1)	24,924	40,924
2 Core capital (T1)	24,924	40,924
3 Total capital	27,348	43,348

RISK-WEIGHTED POSITIONS (RWA)

4 RWA	203,417	218,799
4a Minimum own funds	16,273	17,504

RISK-BASED CAPITAL RATIOS (IN % OF RWA)

5 CET1 ratio	12.25	18.70
6 Core capital ratio	12.25	18.70
7 Total capital ratio	13.44	19.81

CET1 BUFFER REQUIREMENTS (IN % OF RWA)

8 Own funds buffer according to Basel minimum standards	2.50	2.50
9 Countercyclical buffer (Art. 44a ERV) according to Basel minimum standards	-	-
11 Total buffer requirements according to Basel minimum standards in CET1 quality	2.50	2.50
12 Available CET1 to cover buffer requirements according to Basel minimum standards (after deduction of CET1 to cover minimum requirements and, if applicable, to cover TLAC requirements)	5.44	11.81

CAPITAL RATIOS ACCORDING TO ANNEX 8 ERV (IN % OF RWA)

12a Capital buffer according to Annex 8 ERV	2.50	2.50
12b Countercyclical buffer (Art. 44 and 44a ERV)	-	-
12c CET1 target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV	7.00	7.00
12d T1 target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV	8.50	8.50
12e Total capital target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV	10.50	10.50

BASEL III LEVERAGE RATIO

13 Total commitment	378,614	399,843
14 Basel III Leverage Ratio (core capital in % of total exposure)	6.58	10.24

(in CHF thousand)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	
LIQUIDITY COVERAGE RATIO (LCR)						
15	Numerator of the LCR: Total high-quality liquid assets	102,529	102,459	94,347	90,540	110,294
16	Denominator of LCR: Total net cash outflow	35,466	42,698	44,623	41,823	50,782
17	Liquidity ratio, LCR (in %)	289.09	239.96	211.43	216.48	217.19

(in CHF thousand)

	31.12.2022	31.12.2021	
NET STABLE FUNDING RATIO			
18	Available stable refinancing	321,413	343,474
19	Stable refinancing required	206,944	229,436
20	Funding ratio NSFR (in %)	155.31	149.70

Consolidated Income Statement

(in CHF thousand)

	Note	2022	2021
NET INTEREST INCOME			
Interest and discount income		283	295
Interest and dividend income from financial investments		1,791	1,928
Interest expense		-1	-
Gross interest income		2,073	2,223
Changes in value adjustments due to default risks as well as losses from the interest business		-	-
Net interest income		2,073	2,223
NET COMMISSION AND SERVICES INCOME			
Commission income		22,469	21,428
Commission expenses		-10,850	-10,557
Net commission and services income		11,619	10,871
NET INCOME FROM TRADING			
	17	11,589	8,215
OTHER ORDINARY NET INCOME			
Real estate income		78	78
Other ordinary income		239	244
Other ordinary expenses		-11	-29
Other ordinary net income		306	293
OPERATING INCOME			
		25,587	21,602
OPERATING EXPENSES			
Personnel expenses	8, 18	-12,860	-13,878
General and administrative expenses	19	-9,011	-9,073
Operating expenses		-21,871	-22,951
GROSS PROFIT/(GROSS LOSS)			
		3,716	-1,349
Depreciation of property, plant and equipment		-3,014	-3,579
Changes in provisions and other allowances and losses		-287	-1,124
BUSINESS RESULT			
		415	-6,052
Taxes	20	-49	834
Consolidated net profit/(net loss)		366	-5,218

Consolidated Statement of Financial Position

(in CHF thousand)

	Note	31.12.2022	31.12.2021
ASSETS			
Cash and cash equivalents	11	33,802	43,749
Receivables from banks	10, 11	94,708	107,731
Receivables from customers	1, 11	6,002	5,560
Financial assets	3, 4, 11	223,820	225,170
Accrued income and prepaid expenses	11	1,876	6,030
Property, plant and equipment	6	10,166	9,690
Other assets	7	10,352	3,747
Total assets	13, 14, 16	380,726	401,677
LIABILITIES AND EQUITY			
Due to banks	10, 12	602	1,413
Due to customer deposits	12	337,004	343,176
Accrued expenses and deferred income		3,284	4,283
Other liabilities	7	5,336	2,671
Provisions	9	200	200
Share capital		10,000	10,000
Capital reserve		9,116	9,116
Retained earnings		14,818	36,036
Consolidated net profit/(net loss)		366	-5,218
Total liabilities and equity	13, 16	380,726	401,677
OFF-BALANCE SHEET ITEMS			
Irrevocable commitments		3,392	3,764

Consolidated Cash Flow Statement

(in CHF thousand)

	2022	2021
CASH FLOW STATEMENT		
Consolidated net profit/(net loss)	366	-5,217
Depreciation of property, plant and equipment	3,014	3,579
Accrued income and prepaid expenses	3,997	-3,065
Accrued expenses and deferred income	-999	2,000
Cash flow from operating result	6,012	2,514
Extraordinary dividend payment	-16,000	-28,000
Cash flow from equity transactions	-16,000	-28,000
Real estate	0	0
Acquired software	-3,343	-1,929
Other property, plant and equipment	-147	-44
Cash flow from transactions in property, plant and equipment	-3,490	-1,973
Medium and long-term business (> 1 year)		
Receivables from banks	15,069	8,671
Receivables from customers	0	0
Financial assets	-3,044	18,315
Short-term business		
Due to banks	-811	812
Due to customer deposits	-6,171	-20,515
Other liabilities	2,663	1,163
Receivables from banks	-2,046	-11,653
Receivables from customers	-285	-85
Financial assets	4,395	3,646
Other assets	-6,605	1,130
Cash flow from banking business	3,165	1,484
CASH AND CASH EQUIVALENTS		
Decrease in cash and cash equivalents	-9,947	-31,192
Position at 1 January	43,749	74,941
Position at 31 December	33,802	43,749

Consolidated Statement of Changes in Equity

(in CHF thousand)

	Share capital	Capital reserve	Retained earnings	Consoli- dated result	Total
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY					
Equity at the beginning of the reporting year	10,000	9,116	36,036	- 5,218	49,934
Dividends and other distributions			- 16,000		- 16,000
Other allocations from reserves			- 5,218	5,218	0
Consolidated net profit/(net loss)				366	366
Equity at the end of the reporting year	10,000	9,116	14,818	366	34,300

Notes to the Consolidated Financial Statements

Accounting and Valuation Principles

Company name, legal form and registered office

Swiss Bankers Prepaid Services Ltd (Swiss Bankers), a public limited company with its registered office in Grosshöchstetten, Switzerland, together with Swiss Bankers Prepaid Services (Liechtenstein) Ltd (Swiss Bankers FL), a public limited company and an e-money institution with its registered office in Vaduz, Liechtenstein, form the Swiss Bankers Group. Swiss Bankers holds a banking licence and is supervised by the Swiss Financial Market Supervisory Authority FINMA. Furthermore, the Swiss Bankers Group is subject to consolidated supervision by FINMA. The e-money institution in Liechtenstein is subject to the Financial Market Authority Liechtenstein FMA.

Business activity

The business activities of the Swiss Bankers Group include the issuing and reloading of prepaid cards in Swiss francs, Euros and US dollars in Switzerland, Liechtenstein and southern Germany, as well as the distribution service for travel payment means for clients of Swiss banks as well as the money transfer service Send.

As at 31 December 2022, the Swiss Bankers Group's headcount, full-time equivalents, amounted to 91.7 positions (previous year: 87.1 positions, full-time equivalents).

Preparation of financial statements

The accounting, reporting and valuation principles are based on the Swiss Code of Obligations, the Banking Act and its Ordinance, the FINMA Accounting Ordinance, the FINMA Guidelines and the provisions of the Articles of Association. These consolidated financial statements have been prepared in accordance with the principle of a true and fair view and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Swiss Bankers Group.

General valuation principles

The detailed items shown in a balance sheet item are valued individually (individual valuation).

Scope of consolidation

The consolidated financial statements include the financial statements of Swiss Bankers and those of the directly held, wholly owned subsidiary Swiss Bankers FL. The presentation of the consolidated financial statements are prepared in accordance with the economic approach.

Consolidation method

Swiss Bankers FL is included in the consolidated financial statements according to the full consolidation method. Group internal transactions and intercompany profits are eliminated in the preparation of the consolidated financial statements.

Consolidation period

The consolidation period corresponds to the respective calendar year, which is identical to the financial year of the group companies.

Recognition and accounting

All transactions are recorded in the Group's books on the trade date and are valued from that date in accordance with the established principles.

Conversion of foreign currencies

Receivables, liabilities and foreign currency holdings are valued at the year-end exchange rate. Resulting exchange rate gains and losses are recognised in the income statement under income from trading operations. All transactions are valued at the respective daily exchange rate.

The following exchange rates were used for currency translation as at the balance sheet date:


	2022	2021
EUR	0.9862	1.0344
USD	0.9232	0.9144

Cash and cash equivalents, due from banks, due to banks and receivables from customers

The balance sheet is drawn up at nominal value. Impaired receivables are accounted for with individual value adjustments.

Receivables from customers

The receivables from customers are outstanding debits from prepaid card charges and a fixed-term deposit of several years with a non-bank. Outstanding debit balances from prepaid card charges are short-term in nature and are usually settled within two days. All receivables from customers are reported at nominal values. Impaired receivables are accounted for with individual value adjustments.

A close-up, low-angle shot of a woman wearing a VR headset. She is looking upwards and to the right. The scene is lit with vibrant blue and purple light, creating a futuristic atmosphere. The background is a solid, bright red color. The woman has long, light-colored hair and is wearing a dark top. The VR headset is white and black, with a strap visible on the side.

Virtual reality is a computer-generated simulation of a three-dimensional environment that can be interacted with and experienced through sensory stimuli, typically visual and auditory.

Receivables are considered to be impaired in particular if it appears unlikely that the debtor will be able to meet his or her future obligations. The impairment is measured as the difference between the carrying amount of the receivable and the expected recoverable amount, taking into account the counterparty risk and the net proceeds from the realisation of any collateral.

Financial assets

Bonds and cash deposits are reported in this item. The acquired debt instruments are generally held to maturity and valued according to the accrual method. This means that any premium or discount paid on acquisition is accrued over the remaining term to maturity and derecognised. As a rule, cash liabilities are valued at nominal value. Identifiable default risks are taken into account with individual value adjustments. Foreign currency items are valued at the exchange rate on the balance sheet date. Both the creation and the release of operationally necessary value adjustments for default and country risks are recognised in the income statement under the item "Other operating income" or "Changes in value adjustments due to default risk and losses from interest business".

If debt instruments are sold before maturity or repaid early, realised gains and losses corresponding to the interest component are not recognised immediately but are deferred over the remaining term to maturity of the transaction. For financial assets valued at the lower of cost or market, the valuation is at fair value, but a write-up is recognised up to a maximum of the acquisition cost. The balance of the value adjustments is recorded under "Other ordinary expenses" or "Other ordinary income".

Accrued income and prepaid expenses

Accrued income and prepaid expenses serve to ensure the correct determination of assets and liabilities on the balance sheet date as well as the accrual of expenses and income in the income statement. They are valued at nominal value. Accruals for current taxes are reported under accrued expenses and deferred income.

Property, plant and equipment

Investments in new tangible fixed assets exceeding a certain minimum amount are capitalised and valued according to the historical cost principle.

Subsequent to initial recognition, property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is charged on a scheduled basis over the estimated useful life on a straight-line basis from the acquisition value.

- Real estate (without land): max. 50 years
- Facilities: 8 years
- Furniture: 8 years
- IT hardware, office machines: 5 years
- Software, licences: 3 years

If there are indications of impairment, the value is reviewed. If the impairment test reveals a change in the useful life or a reduction in value, the residual book value is written down on a scheduled basis over the remaining useful life or an unscheduled write-down is made. Depreciation is only carried out on the properties in the case of recognisable losses in value.

Realised gains from the disposal of property, plant and equipment are recognised under "Extraordinary income", realised losses under "Extraordinary expenses".

Taxes

Current taxes are recurring taxes, usually annually, on profits and capital. One-off or transaction-related taxes are not included in current taxes. Current tax on the profit for the period is determined in accordance with local tax regulations and is recognised as an expense in the period in which the related profits arise. Direct taxes due on current profits are recognised as accruals.

On untaxed reserves, deferred taxes are calculated on the basis of the effective tax burden ratio of the corresponding company and reported under provisions. The provision for deferred taxes is recognised in profit or loss. On taxed reserves or loss carry-forwards, deferred tax assets are calculated on the basis of the effective tax burden rate of the corresponding company in the case of temporary differences and reported under the item "Other assets". The deferred tax assets are recognised in profit or loss.

Pension fund liabilities

The pension obligations as well as the assets serving as cover are outsourced to the legally independent foundation Pension Fund of BEKBI/CBE. All employees of Swiss Bankers and their surviving dependants are affiliated to this foundation within the framework of the legal and regulatory provisions.

The employer contributions owed are recognised as personnel expenses in the income statement. The Swiss Bankers Group does not intend to use any economic benefit arising from excess cover to reduce employer contributions. For this reason, any future economic benefit is not capitalised. However, any economic obligation arising from a shortfall in cover is recognised under liabilities.

Provisions

Provisions are made for all risks identifiable on the balance sheet date that are based on a past event and represent a probable obligation, based on the estimated future outflow of funds.

Reserves for general banking risks

The reserves for general banking risks include the reserves segregated in a separate account and counted as own funds. If the reserves for general banking risks are created or released, this is done through the item "Changes in reserves for general banking risks" in the income statement.

Contingent liabilities, irrevocable commitments, deposit and additional funding obligations

The off-balance sheet is shown at nominal value. Provisions are made in the liabilities of the balance sheet for identifiable risks.

Retained earnings

The retained earnings include the own funds generated by the Swiss Bankers Group itself.

Client funds

Swiss Bankers does not break down and present assets under management as it does not manage client assets but only accepts assets from clients in the context of prepaid card loads, which are fully disclosed under "Liabilities from client deposits".

Changes compared to the previous year

There were no changes in the accounting and valuation principles compared to the previous year.

Events after the balance sheet date

On 17 December 2021, the existing shareholders of Swiss Bankers Prepaid Services Ltd signed a share purchase agreement with DDM Mergesco Ltd. Due to regulatory requirements of the Swiss Financial Market Supervisory Authority FINMA, the structure of the transaction had to be adjusted in the reporting year. This subsequently led to Nordiska Kreditmarknadsaktiebolaget (a Swedish bank supervised by the Swedish Financial Market Authority FSA) entering into the agreement between the shareholders of Swiss Bankers Prepaid Services Ltd and DDM Group at the time of regulatory approval and taking over Swiss Bankers Prepaid Services Ltd in 2023. As part of this acquisition, DDM Group will take a minority stake in Bank Nordiska Kreditmarknadsaktiebolaget.

By means of a press release as of 7 April 2023, Swiss Bankers was informed without giving any reasons that the Swedish bank Nordiska Kreditmarknadsaktiebolaget will not carry out any of the intended transactions. This means that the regulated entity required for the takeover is missing from the transaction structure and the takeover cannot be completed.

Swiss Bankers has taken note of this and is currently reviewing its options for action. This event has no impact on the net assets, financial position and results of operations of the Swiss Bankers Group as of the balance sheet date.

Explanations on Risk Management

The Swiss Bankers Group pursues a sustainable and prudent risk policy. It pays attention to a balanced relationship between risk and return and actively manages the following risks:

- Quantifiable risks
 - Default risks (counterparty risks)
 - Country risks
 - Market risks
 - Liquidity and refinancing risks
- Non-quantifiable risks
 - Operational risks
 - Legal and reputational risks

The Board of Directors has laid down the risk policy in the risk framework concept. This is reviewed at least once a year by the Board of Directors and the Executive Board for its appropriateness and forms the basis for risk management. Limits have been defined for the individual risks in regulations and directives, and compliance with these limits is monitored on an ongoing basis.

The Risk Controlling department carries out risk control, which is independent of the operational business. Risk Controlling regularly informs the Executive Board about compliance with the prescribed limits, its findings during the control activities and any measures to be taken. The Executive Board informs the Board of Directors at least semi-annually about the current overall risk situation and the development of risks. At least once a year, Risk Control reports to the Board of Directors on the risk situation of the Swiss Bankers Group and on its activities.

Default risks

Default risks are limited by means of risk distribution and quality requirements. For the approval of exposures with default risks, there is a risk-oriented competence system. Limits, market value developments and rating requirements are subject to ongoing monitoring. In the event of recognisable losses in value on individual assets due to creditworthiness, the Executive Board decides on individual value adjustments. The expected recoveries from the individual assets are taken into account when measuring the individual value adjustments. In the event of rating downgrades below the minimum regulatory requirement of the Board of Directors, the respective positions are closely monitored, assessed by the Executive Board and sold if necessary.

Country risks

Country risks represent the risk of loss arising from country-specific events. Maximum percentage rates for foreign exposures are set to mitigate the risk. Country risks are actively and dynamically managed and are mainly concentrated in Western Europe.

Market risks (interest rate risks)

The Swiss Bankers Group does not pay interest on deposits (card balances). Changes in interest rates are only reflected in net interest income when financial investments are reinvested.

Other market risks

Foreign currency risks result from obligations from the business with prepaid cards in euros and US dollars as well as from the note holdings in foreign currencies at the dispatch service. Foreign currency risks are minimised by concluding transactions in matching currencies.

Liquidity and refinancing risks

The Board of Directors in the form of the investment regulations defined the management of the liquidity and refinancing risk. In addition to defining the management of risks, the investment regulations also set the guidelines for liquidity management.

In daily monitoring, the Head of Risk Controlling ensures the operational and tactical management of the short-term liquidity positions in Swiss francs, Euros and US dollars. The Investment Committee, which consists of members of the Executive Board of Swiss Bankers Prepaid Services AG and the CEO of Swiss Bankers Prepaid Services (Liechtenstein) AG, is responsible for managing the medium and long-term liquidity positions. The Investment Committee decides on the placement of financial investments on the basis of current developments in client deposit liabilities and in accordance with the requirements of the Investment Regulations with regard to liquidity risk tolerance. The CFO/CRO monitors and controls the liquidity risk tolerance and ensures the corresponding reporting to the Board of Directors and the Executive Board.

The regulatory key figure Liquidity Coverage Ratio (LCR) is used to report monthly to the Executive Board and quarterly to the Audit and Risk Committee and the Board of Directors on the development of the company's current liquidity.

Operational risks

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. They are limited by means of internal regulations and directives on organisation and control. These guidelines are primarily based on the quantitative and qualitative requirements of Circular 2008/21 “Operational Risks – Banks” issued by the Swiss Financial Market Supervisory Authority FINMA. Internal Audit regularly reviews internal control and reports directly to the Board of Directors on its work.

Compliance and legal risks

The Compliance function, which is performed by the Compliance & Legal department, which is independent of the operational business, ensures that business activities comply with the applicable legal and regulatory requirements. The Compliance function monitors and analyses relevant legal developments and supports the Executive Board in implementing appropriate internal systems and processes to ensure compliance. It ensures that internal regulations as well as processes are adapted to and complied with regulatory developments.

Compliance regularly informs the Executive Board about relevant facts and developments. For its part, the Executive Board informs the Board of Directors about significant compliance risks. Once a year, Compliance prepares an updated compliance risk profile, an activity plan derived from it and an activity report and submits these documents to the Executive Board and the Board of Directors.

Notes to the Consolidated Statement of Financial Position

(in CHF thousand)

	Mortgage coverage	Other coverage	Without coverage	Total
1. OVERVIEW OF COVERAGES				
Loans				
Receivables from customers	0	0	6,002	6,002
Total loans reporting year (before offsetting against value adjustments)	0	0	6,002	6,002
Total loans previous year (before offsetting against value adjustments)	0	0	5,560	5,560
Total loans reporting year (after offsetting against value adjustments)	0	0	6,002	6,002
Total loans previous year (after offsetting against value adjustments)	0	0	5,560	5,560
Off-balance sheet				
Irrevocable commitments	0	0	3,392	3,392
Total off-balance sheet reporting year	0	0	3,392	3,392
Total off-balance sheet previous year	0	0	3,764	3,764


There are no loans other than receivables from customers.

(in CHF thousand)

	Gross debt amount	Estimated realisation proceeds of the collateral	Net debt amount	Individual value adjustments
2. IMPAIRED RECEIVABLES				
Reporting year	0	0	0	0
Previous year	0	0	0	0

(in CHF thousand)

	Book value 2022	Market value 2022	Book value 2021	Market value 2021
3. FINANCIAL ASSETS				
Debt instruments	223,820	209,558	225,170	228,091
<i>with the intention to hold until maturity</i>	223,820	209,558	225,170	228,091
<i>of which securities eligible for repo transactions in accordance with liquidity regulations</i>	83,492	78,616	59,681	61,017
Total financial assets	223,820	209,558	225,170	228,091

A close-up, profile view of a person's head and neck, looking upwards and to the left. The person is wearing a complex brain-computer interface (BCI) system. Numerous wires and sensors are attached to the scalp, with some glowing with a blue light. The person's eyes are also glowing with a blue light. The background is a solid, vibrant red color.

An **avatar** is a graphical representation of a user or a user's alter ego or character, often in the form of a digital image, icon, or 3D model, that is used to represent the user in virtual environments, such as online games, social media, or virtual reality simulations.

GROUP

(in CHF thousand)

	Highest credit rating	Safe investment	Average rating	Speculative investment	Highly speculative investment	Default of payment/default	Without rating	Total
4. FINANCIAL ASSETS BY RATING								
Debt instruments at carrying amounts reporting year	110,766	57,005	35,991	0	0	0	20,058	223,820
Debt instruments at carrying amounts previous year	93,335	70,742	41,025	0	0	0	20,068	225,170

The Swiss Bankers Group uses the ratings of recognised rating agencies in accordance with FINMA's concordance table according to a bank-internal system.

	Seat	Business activity	Capital (in CHF thousand)	Share in capital (in %)	Share of votes (in %)	Direct ownership	Indirect ownership
5. GROUP COMPANIES							
Fully consolidated companies							
Swiss Bankers Prepaid Services Ltd*	Grosshöchstetten	Bank	10,000				
Swiss Bankers Prepaid Services (Liechtenstein) Ltd	Vaduz	E-Money Institute	450	100	100	x	

* Swiss Bankers Prepaid Services Ltd is the parent company, which is why the capital ratio is not stated.

The Liechtenstein subsidiary has no market value.

(in CHF thousand)

	Acquisition value	Depreciation to date	Carrying amount 31.12.2021	Investments	Restructuring/divestments	Depreciation	Carrying amount 31.12.2022
6. FIXED ASSETS SCHEDULE							
Property, plant and equipment							
Real estate							
Bank building	7,780	-4,209	3,571	0	0	-121	3,450
Other properties	1,896	-41	1,855	0	0	0	1,855
Acquired software	18,513	-15,143	3,370	3,343	0	-2,603	4,110
Other equipment	3,841	-2,947	894	147	0	-290	751
Total property, plant and equipment	32,031	-22,340	9,690	3,490	0	-3,014	10,166

(in CHF thousand)

	Other assets 2022	Other liabilities 2022	Other assets 2021	Other liabilities 2021
7. OTHER ASSETS AND OTHER LIABILITIES				
Prepaid card inventory	640	0	588	0
Settlement accounts	6,706	2,262	152	287
Indirect taxes	165	150	165	177
Deferred income tax assets	2,265	0	2,340	0
Other assets and liabilities	576	2,924	503	2,207
Total other assets and other liabilities	10,352	5,336	3,747	2,671

(in CHF thousand)

	Over-/ underfunding 31.12.2022	Economic share of the Bank 31.12.2022	Economic share of the Bank 31.12.2021	Changes compared to the previous year in the economic share	Paid contri- butions for the reporting year	Pension fund expenditure in personnel expenses 2022	Pension fund expenditure in personnel expenses 2021
8. ECONOMIC BENEFIT/ECONOMIC OBLIGATION AND PENSION FUND EXPENDITURE							
Pension plans with overfunding					1,063	1,063	1,075
Total					1,063	1,063	1,075

As at 31 December 2021, the funding ratio of the pension fund was 121.5 percent (auditor's report dated 1 April 2022).

At the end of the reporting year, a coverage ratio of 113.0 percent is expected.

(in CHF thousand)

	Position 31.12.2021	Purpose uses	Transfers	Creation at the expense of income	Dis- solutions in favour of income	Position 31.12.2022
9. VALUE ADJUSTMENTS AND PROVISIONS AS WELL AS RESERVES FOR GENERAL BANKING RISKS RISKS AND THEIR CHANGES DURING THE COURSE OF THE REPORTING YEAR						
Provisions for deferred taxes	0					0
Provisions for employee benefit obligations	0					0
Other provisions	200					200
Total provisions	200					200
Reserves for general banking risks	0					0
Value adjustments for default risks and country risks	70			20	35	55
<i>of which value adjustments for latent risks</i>	<i>70</i>			<i>20</i>	<i>35</i>	<i>55</i>

GROUP

(in CHF thousand)

	Receivables 2022	Liabilities 2022	Receivables 2021	Liabilities 2021
10. DISCLOSURES OF RECEIVABLES FROM AND LIABILITIES TO RELATED PARTIES				
Qualified related parties	90,310	596	106,756	1,018
Transactions with members of the executive bodies	0	0	0	0

The shareholders of Swiss Bankers are deemed to be qualified related parties. The Swiss Bankers Group conducts transactions with these shareholders at arm's length.

(in CHF thousand)

	At sight	Terminable	Due within 3 months	Due after 3 to 12 months	Due after 1 to 5 years	Due after 5 years	Immo- bilised	Total
11. MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS								
Cash and cash equivalents	33,802	-	-	-	-	-	-	33,802
Receivables from banks	32,269	-	3,045	2,895	43,500	13,000	-	94,708
Receivables from customers	1,002	-	-	-	5,000	-	-	6,002
Financial assets	-	-	7,889	15,627	157,866	42,438	-	223,820
Total reporting year	67,073	-	10,934	18,522	206,366	55,438	-	358,333
Total previous year	71,924	-	13,562	22,894	181,155	92,675	-	382,210

12. MATURITY STRUCTURE OF FINANCIAL LIABILITIES

Due to banks	602	-	-	-	-	-	-	602
Due to customer deposits	337,004	-	-	-	-	-	-	337,004
Total reporting year	337,606	-	-	-	-	-	-	337,606
Total previous year	344,589	-	-	-	-	-	-	344,589

As the clients of the Swiss Bankers Group can withdraw their prepaid card balances and cash in their travellers cheques at any time, these liabilities are due at sight. The management of the assets side is based on empirical values and lies primarily in the medium-term maturity band.

(in CHF thousand)

	Domestic 2022	Abroad 2022	Total 2022	Domestic 2021	Abroad 2021	Total 2021
13. BALANCE SHEET BY DOMESTIC AND FOREIGN COUNTRIES						
Assets						
Cash and cash equivalents	33,802	-	33,802	43,749	-	43,749
Receivables from banks	83,671	11,037	94,708	97,341	10,390	107,731
Receivables from customers	5,994	8	6,002	5,552	8	5,560
Financial assets	75,801	148,019	223,820	77,860	147,310	225,170
Accrued income and prepaid expenses	1,084	792	1,876	4,789	1,241	6,030
Property, plant and equipment	10,166	-	10,166	9,690	-	9,690
Other assets	3,646	6,706	10,352	3,492	255	3,747
Total assets	214,164	166,562	380,726	242,473	159,204	401,677
Liabilities						
Due to banks	596	6	602	1,408	5	1,413
Due to customer deposits	241,840	95,164	337,004	251,176	92,000	343,176
Accrued expenses and deferred income	3,230	54	3,284	4,243	40	4,283
Other liabilities	3,061	2,274	5,335	2,373	298	2,671
Provisions	200	-	200	200	-	200
Share capital	10,000	-	10,000	10,000	-	10,000
Capital reserve	9,116	-	9,116	9,116	-	9,116
Retained earnings	14,819	-	14,819	36,036	-	36,036
Consolidated loss	366	-	366	-5,218	-	-5,218
Total liabilities	283,228	97,498	380,726	309,334	92,343	401,677

GROUP

	Position 2022 (in CHF thousand)	Share 2022 (in %)	Position 2021 (in CHF thousand)	Share 2021 (in %)
14. TOTAL ASSETS BROKEN DOWN BY COUNTRY OR GROUP OF COUNTRIES				
Switzerland	214,164	56.3	242,473	60.4
Europe	146,158	38.3	135,416	33.6
<i>thereof Germany</i>	25,787	6.8	5,583	1.4
<i>thereof Luxembourg</i>	8,299	2.2	8,608	2.1
<i>thereof Netherlands</i>	18,480	4.9	23,953	5.9
<i>thereof Norway</i>	6,569	1.7	4,172	1.0
<i>thereof France</i>	20,278	5.3	21,902	5.5
<i>thereof Finland</i>	1,996	0.5	2,106	0.5
<i>thereof Great Britain</i>	19,396	5.1	23,156	5.8
<i>thereof Sweden</i>	8,417	2.2	5,154	1.3
<i>thereof Belgium</i>	10,336	2.7	10,925	2.7
<i>thereof Liechtenstein</i>	10,085	2.6	10,376	2.6
<i>of which Rest of Europe</i>	16,515	4.3	19,481	4.8
Australia/New Zealand	5,011	1.3	7,084	1.8
United States	6,730	1.8	653	0.2
Other*	8,663	2.3	16,051	4.0
Total assets	380,726	100.0	401,677	100.0

* Including supranational bodies

	Net foreign exposure end of reporting year		Net foreign exposure end of previous year	
	(in CHF thousand)	Share (in %)	(in CHF thousand)	Share (in %)
15. BREAKDOWN OF THE FOREIGN TOTAL BY CREDIT RATING OF THE COUNTRY GROUPS (RISK DOMICILE)				
Highest credit rating	157,446	94.5	147,184	92.4
Safe rated investment	9,108	5.5	10,158	6.4
Average rated investment	0	0.0	0	0.0
Speculative investment	0	0.0	0	0.0
Highly speculative investment	0	0.0	0	0.0
Default/non-payment	0	0.0	0	0.0
Without rating*	8	0.0	1,862	1.2
Total	166,562	100.0	159,204	100.0

* The foreign exposures in the "unrated" category are exclusively bonds issued by supranational entities.

The Swiss Bankers Group uses the ratings of recognised rating agencies in accordance with FINMA's concordance table according to a bank-internal system.

(in CHF thousand)

	CHF	EUR	USD	Other	Total
16. BALANCE SHEET BY CURRENCY					
Assets					
Cash and cash equivalents	33,288	306	208	–	33,802
Receivables from banks	74,850	11,245	8,613	–	94,708
Receivables from customers	6,075	54	–127	–	6,002
Financial assets	96,108	89,453	38,259	–	223,820
Accrued income and prepaid expenses	1,147	424	305	–	1,876
Property, plant and equipment	10,166	–	–	–	10,166
Other assets	7,121	1,975	924	332	10,352
Total assets reporting year	228,755	103,457	48,182	332	380,726
Total assets previous year	251,184	103,687	46,621	185	401,677
Liabilities					
Due to banks	602	–	–	–	602
Due to customer deposits	187,100	102,362	47,542	–	337,004
Accrued expenses and deferred income	3,199	72	13	–	3,284
Other liabilities	4,369	716	250	–	5,335
Provisions	200	–	–	–	200
Share capital	10,000	–	–	–	10,000
Capital reserve	9,116	–	–	–	9,116
Retained earnings	14,819	–	–	–	14,819
Consolidated net profit/(net loss)	366	–	–	–	366
Total liabilities reporting year	229,771	103,150	47,805	0	380,726
Total liabilities previous year	251,756	103,518	46,403	0	401,677
Net positions per currency reporting year	–1,016	309	377	330	0
Net positions per currency previous year	–572	169	218	185	0

Notes to the Consolidated Income Statement

(in CHF thousand)

	2022	2021
17. NET INCOME FROM TRADING		
Foreign exchange net income	11,589	8,215
<i>of which currency result on banknotes</i>	4,047	1,804
<i>of which foreign exchange earnings on card products</i>	7,542	6,411
Total net income from trading	11,589	8,215

(in CHF thousand)

	2022	2021
18. PERSONNEL EXPENSES		
Salaries	10,475	11,290
Social benefits	2,079	2,306
Other personnel expenses	306	282
Total personnel expenses	12,860	13,878

(in CHF thousand)

	2022	2021
19. GENERAL AND ADMINISTRATIVE EXPENSES		
Rent	460	506
Expenditure for information and communication technology	1,636	1,407
Expenses for vehicles, machinery, furniture and other equipment	103	109
Material costs	847	1,011
Marketing costs	1,882	2,750
Postage and telephone costs	737	655
Consultancy expenses	2,271	1,983
Fees of the audit firm	425	224
<i>of which for audit and supervisory review</i>	397	224
<i>thereof for other services</i>	28	0
Other operating expenses	649	428
Total material expenses	9,011	9,073

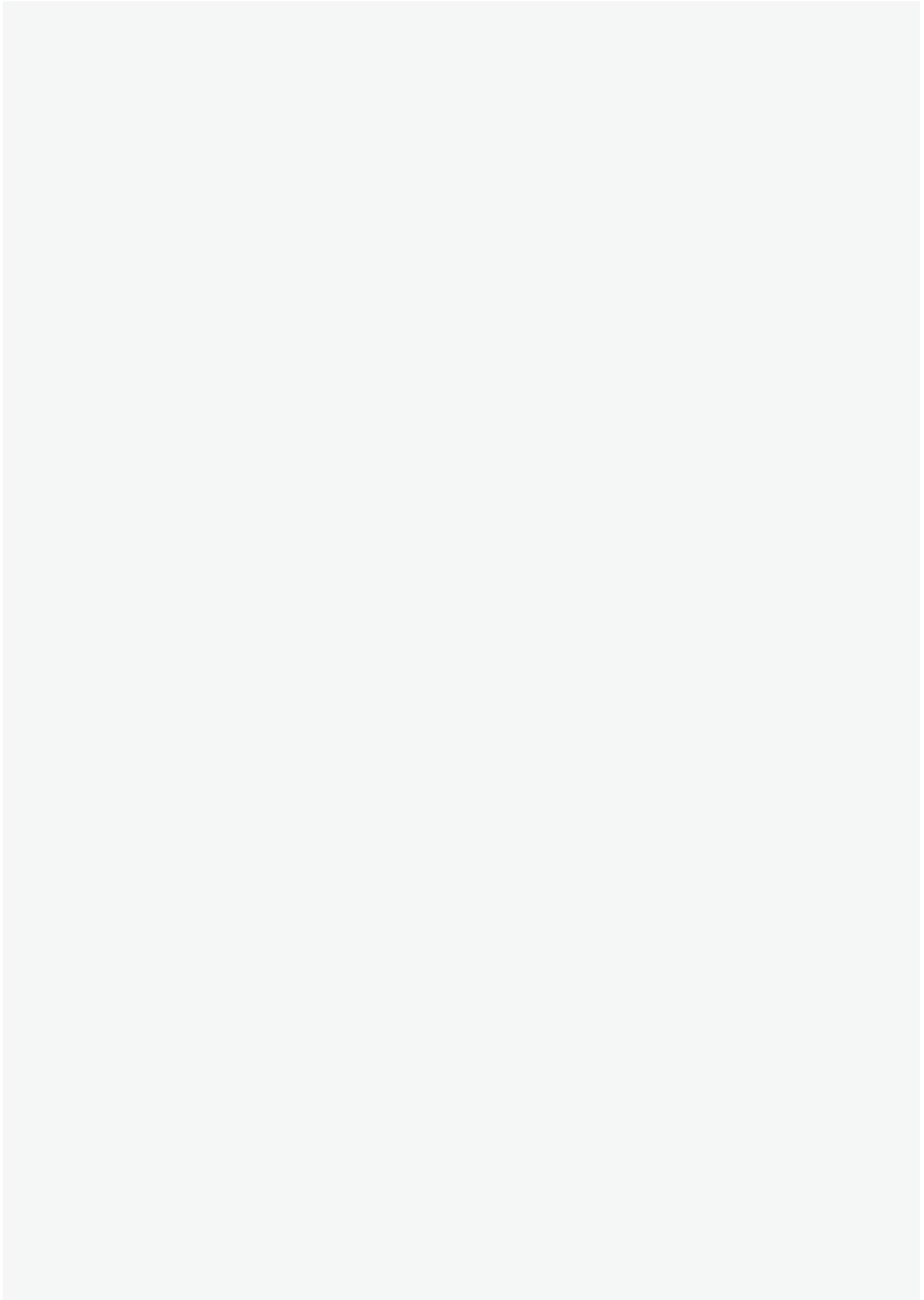
(in CHF thousand)

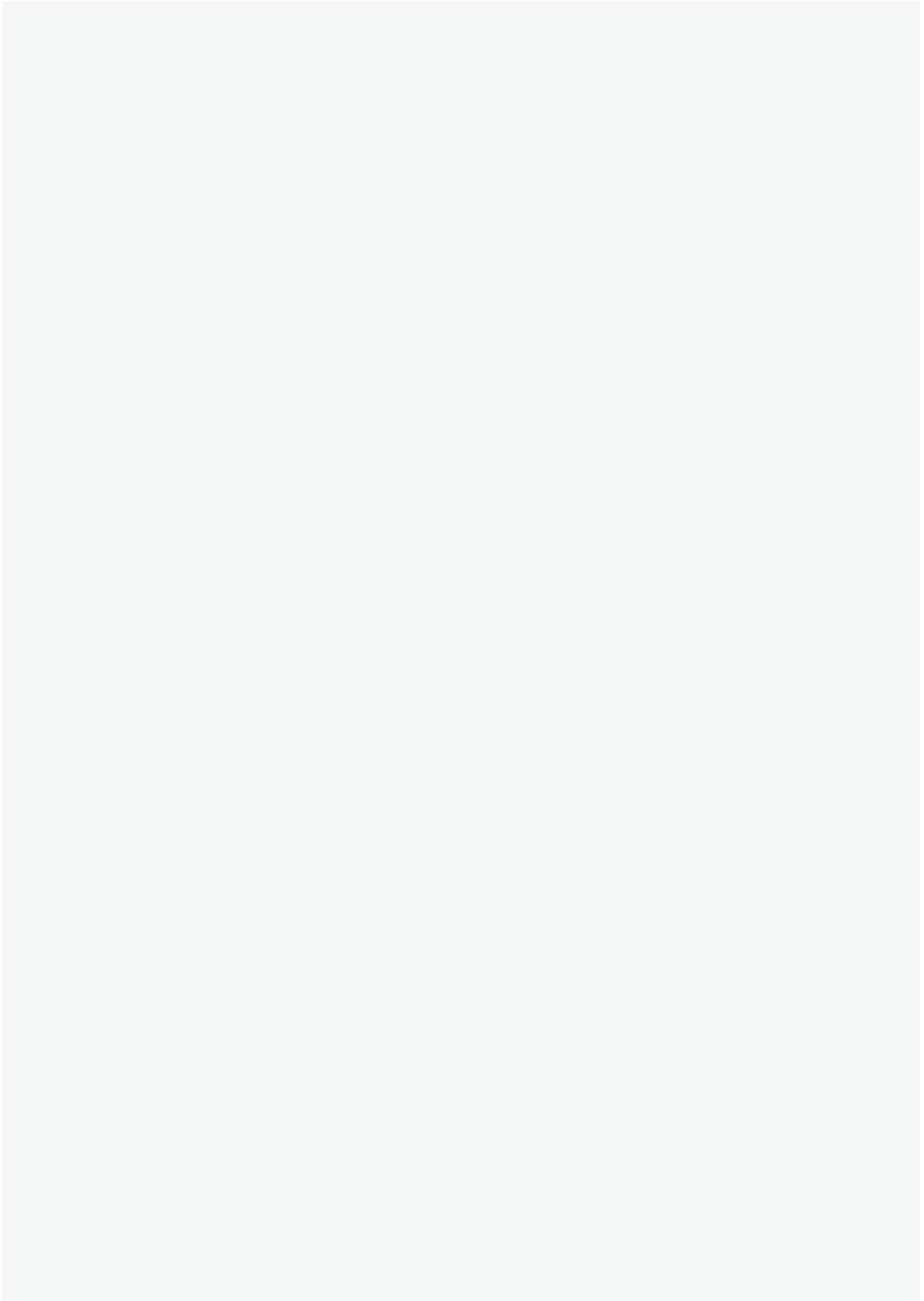
	2022	2021
20. TAXES		
Current taxes	-26	56
Deferred taxes	75	-890
Total taxes	49	-834

The tax rate for the reporting year is 20.30 percent (previous year: 20.75 percent).

The audit reports for the Swiss Bankers Group and for the parent company (Swiss Bankers Prepaid Services AG) can be found in the german annual report on page 57.

The german annual report can be found here:
www.swissbankers.ch/de/swiss-bankers/geschaeftsberichte





Swiss Bankers
Prepaid Services Ltd,
Grosshöchstetten

Income Statement

(in CHF thousand)

	Note	2022	2021
NET INTEREST INCOME			
Interest and discount income		266	288
Interest and dividend income from financial investments		1,791	1,928
Interest expense		-1	0
Gross interest income		2,056	2,216
Net interest income		2,056	2,216
COMMISSION AND SERVICES NET INCOME			
Commission income		22,243	21,240
Commission expenses		-10,813	-10,472
Commission and services net income		11,430	10,768
NET INCOME FROM TRADING	12	11,373	8,007
OTHER ORDINARY NET INCOME			
Real estate income		78	78
Other ordinary income		386	391
Other ordinary expenses		-11	-29
Other ordinary net income		453	440
OPERATING INCOME		25,312	21,431
OPERATING EXPENSES			
Personnel expenses	6, 13	-12,836	-13,853
General and administrative expenses	14	-8,881	-8,890
Operating expenses		-21,717	-22,743
GROSS PROFIT/(GROSS LOSS)		3,595	-1,312
Depreciation of property, plant and equipment		-3,014	-3,579
Changes in provisions and other allowances and losses		-236	-1,089
OPERATING RESULT		345	-5,980
Taxes	15	28	-54
Net profit/(Net loss)		373	-6,034

Statement of Financial Position

(in CHF thousand)

	Note	31.12.2022	31.12.2021
ASSETS			
Cash and cash equivalents		33,803	43,749
Receivables from banks	9	83,238	97,171
Receivables from customers	1, 9	7,706	6,388
Financial assets	3, 4, 9	223,820	225,170
Accrued income and prepaid expenses		1,852	6,020
Participations		450	450
Property, plant and equipment		10,166	9,690
Other assets	5	7,818	1,283
Total assets		368,853	389,921
LIABILITIES AND EQUITY			
Due to banks		596	1,407
Due to customer deposits		330,030	336,330
Accrued expenses and deferred income		3,229	4,206
Other liabilities	5	4,953	2,306
Provisions	7	4,298	4,298
Share capital	8, 10	10,000	10,000
Statutory capital reserve		9,116	9,116
<i>thereof reserve from tax-exempt capital contributions</i>		9,116	9,116
Retained earnings		6,680	28,680
Loss carried forward		-422	-388
Net profit/(Net loss)		373	-6,034
Total liabilities and equity		368,853	389,921
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	1	8,065	8,040
Irrevocable commitments	1	3,392	3,764

Statement of Changes in Equity

(in CHF thousand)

	Share capital	Statutory capital reserve	Retained earnings	Profit/Loss	Total
STATEMENT OF CHANGES IN EQUITY					
Equity at the beginning of the reporting year	10,000	9,116	28,292	-6,034	41,374
Dividends and other distributions			-16,000		-16,000
Other allocations of the other reserves			-6,034	6,034	0
Net profit				373	373
Equity at the end of the reporting year	10,000	9,116	6,258	373	25,747

Proposal of the Board of Directors to the General Meeting of Shareholders

(in CHF)

	31.12.2022
COMPOSITION OF EQUITY	
Share capital	10,000,000.00
Capital reserve	9,115,712.19
Retained earnings	6,680,000.00
Accumulated loss	- 48,724.23
<i>thereof loss carried forward</i>	- 422,206.29
<i>thereof net profit</i>	373,482.06
Total equity	25,746,987.96
APPROPRIATION OF ACCUMULATED LOSS	
Loss carried forward 2021	- 422,206.29
Net profit 2022	373,482.06
Loss carried forward to new account	- 48,724.23

Notes to the Financial Statements

Notes on Business Activities

Company name, legal form and registered office

Swiss Bankers Prepaid Services Ltd (Swiss Bankers), a public limited company with its registered office in Grosshöchstetten, is the parent company of the Swiss Bankers Group. It holds a banking licence and is supervised by the Swiss Financial Market Supervisory Authority FINMA.

Business activity

The parent company's business activities include the issuing and reloading of prepaid cards in Swiss francs, Euros and US dollars, the dispatch service for travel payment means for the clientele of Swiss banks, and the Send money transfer service. As of 31 December 2022, Swiss Bankers' headcount, was 90.9 people (full-time equivalents, FTE). In the previous year, there were 86.3 employees (full-time equivalents, FTE).

Further information on business activities can be found in the consolidated financial statements.

Accounting and valuation principles

The accounting, reporting and valuation principles are based on the Swiss Code of Obligations, the Banking Act and its ordinance, the FINMA Accounting Ordinance, the FINMA guidelines and the provisions of the Articles of Association.

The financial statements of the parent company are reliably presented. In principle, the Group's accounting and valuation principles are applied. In contrast to the consolidated financial statements, the individual financial statements may contain hidden reserves. Hidden reserves can arise from depreciation on property, plant and equipment that exceeds what is necessary for business purposes. Furthermore, provisions may contain hidden reserves. At the parent company level, deferred tax assets are not calculated and recognised for temporary differences on taxed reserves; instead, they are recognised as contingent assets.

Participations

This balance sheet item includes the parent company's 100 percent interest in Swiss Bankers Prepaid Services (Liechtenstein) Ltd. The participation is valued at acquisition cost less any necessary depreciation.

Changes compared to the previous year

There were no changes in the accounting and valuation principles compared to the previous year.

Events after the balance sheet date

On 17 December 2021, the existing shareholders of Swiss Bankers Prepaid Services Ltd signed a share purchase agreement with DDM Mergesco Ltd. Due to regulatory requirements of the Swiss Financial Market Supervisory Authority FINMA, the structure of the transaction had to be adjusted in the reporting year. This subsequently led to Nordiska Kreditmarknadsaktiebolaget (a Swedish bank supervised by the Swedish Financial Market Authority FSA) entering into the agreement between the shareholders of Swiss Bankers Prepaid Services Ltd and DDM Group at the time of regulatory approval and taking over Swiss Bankers Prepaid Services Ltd in 2023. As part of this acquisition, DDM Group will take a minority stake in Bank Nordiska Kreditmarknadsaktiebolaget.

By means of a press release as of 7 April 2023, Swiss Bankers was informed without giving any reasons that the Swedish bank Nordiska Kreditmarknadsaktiebolaget will not carry out any of the intended transactions. This means that the regulated entity required for the takeover is missing from the transaction structure and the takeover cannot be completed.

Swiss Bankers has taken note of this and is currently reviewing its options for action. This event has no impact on the net assets, financial position and results of operations of the Swiss Bankers Group as of the balance sheet date.

Risk assessment and management

The defined risks and compliance with them are reviewed on an on-going basis. For further information on Swiss Bankers' risk assessment and risk management, please refer to the notes to the consolidated financial statements.

Contingent liabilities, irrevocable commitments, deposit and additional funding obligations

The off-balance sheet is shown at nominal value. Provisions are made in the liabilities of the balance sheet for identifiable risks.

Notes to the Statement of Financial Position

(in CHF thousand)

	Mortgage coverage	Other coverage	Without coverage	Total
1. OVERVIEW OF COVERAGES				
Loans				
Receivables from customers	0	0	7,706	7,706
Total loans reporting year (before offsetting against value adjustments)	0	0	7,706	7,706
Total loans previous year (before offsetting against value adjustments)	0	0	6,388	6,388
Total loans reporting year (after offsetting against value adjustments)	0	0	7,706	7,706
Total loans previous year (after offsetting against value adjustments)	0	0	6,388	6,388
Off-balance sheet				
Guarantees	0	0	8,065	8,065
Irrevocable commitments	0	0	3,392	3,392
Total off-balance sheet reporting year	0	0	11,457	11,457
Total off-balance sheet previous year	0	0	11,804	11,804

There are no loans other than receivables from customers.

The guarantees result from a guarantee agreement between the parent company Swiss Bankers and Swiss Bankers FL. The amount of the guarantee is based on the respective amount of the card balances of the subsidiary's clients plus a reserve amount.

(in CHF thousand)

	Gross debt amount	Estimated realisation proceeds of the collateral	Net debt amount	Individual value adjustments
2. IMPAIRED RECEIVABLES				
Reporting year	0	0	0	0
Previous year	0	0	0	0

(in CHF thousand)

	Book value 2022	Market value 2022	Book value 2021	Market value 2021
3. FINANCIAL ASSETS				
Debt instruments	223,820	209,558	225,170	228,091
<i>with the intention to hold until maturity</i>	223,820	209,558	225,170	228,091
<i>of which securities eligible for repo transactions in accordance with liquidity regulations</i>	83,492	78,616	59,681	61,017
Total financial assets	223,820	209,558	225,170	228,091

SWISS BANKERS PREPAID SERVICES LTD, GROSSHÖCHSTETTEN

(in CHF thousand)

	Highest credit rating	Safe investment	Average rating	Speculative investment	Highly speculative investment	Default of payment/ default	Without rating	Total
4. FINANCIAL ASSETS BY RATING								
Debt instruments at carrying amounts reporting year	110,766	57,005	35,991	0	0	0	20,058	223,820
Debt instruments at carrying amounts previous year	93,335	70,742	41,025	0	0	0	20,068	225,170

Swiss Bankers uses the ratings of recognised rating agencies in accordance with FINMA's concordance table according to a bank-internal system.

(in CHF thousand)

	Other assets 2022	Other liabilities 2022	Other assets 2021	Other liabilities 2021
5. OTHER ASSETS AND OTHER LIABILITIES				
Prepaid card inventory	636	-	582	-
Settlement accounts	6,446	2,243	34	287
Indirect taxes	164	138	165	166
Other assets and liabilities	572	2,572	502	1,853
Total other assets and other liabilities	7,818	4,953	1,283	2,306

(in CHF thousand)

	Over-/ underfunding 31.12.2022	Economic share of the Bank 31.12.2022	Economic share of the Bank 31.12.2021	Change compared to the previous year in the economic share	Paid contri- butions for the reporting year	Pension fund expenditure in personnel expenses 2022	Pension fund expenditure in personnel expenses 2021
6. ECONOMIC BENEFIT/ECONOMIC OBLIGATION AND PENSION FUND EXPENDITURE							
Pension plans with overfunding					1,048	1,048	1,060
Total					1,048	1,048	1,060

As at 31 December 2021, the funding ratio of the pension fund was 121.5 percent (auditor's report dated 1 April 2022).

At the end of the reporting year, a coverage ratio of 113.0 percent is expected.

(in CHF thousand)

	Position 31.12.2021	Purpose uses	Transfers	Creation at the expense of income	Reversals in favour of income statement	Position 31.12.2022
7. VALUE ADJUSTMENTS AND PROVISIONS AS WELL AS RESERVES FOR GENERAL BANKING RISKS AND THEIR CHANGES DURING THE REPORTING YEAR						
Provisions for employee benefit obligations	0					0
Other provisions	4,298					4,298
Total provisions	4,298					4,298
Value adjustments for default risks and country risks	70			20	35	55
<i>of which value adjustments for latent risks</i>	<i>70</i>			<i>20</i>	<i>35</i>	<i>55</i>

(in CHF thousand)

	Total nominal value 2022	Number of shares 2022	Dividend entitled capital 2022	Total nominal value 2021	Number of shares 2021	Dividend entitled capital 2021
8. SHARE CAPITAL						
Share capital (fully paid up)	10,000	10,000	10,000	10,000	10,000	10,000
Total share capital	10,000	10,000	10,000	10,000	10,000	10,000

Swiss Bankers has neither authorised nor conditional capital. The legal reserves, not exceeding 50 percent of the nominal share capital, may only be used to cover losses or for measures that are suitable to bring the company through in times of poor business performance, to counteract unemployment or to mitigate its consequences. Thus CHF 5.0 million are not distributable.

(in CHF thousand)

	Receivables 2022	Liabilities 2022	Receivables 2021	Liabilities 2021
9. DISCLOSURES OF RECEIVABLES FROM AND LIABILITIES TO RELATED PARTIES				
Qualified related parties	89,928	596	106,495	977
Group companies	1,704	597	829	163
Transactions with members of the executive bodies	-	-	-	-

The main counterparties are the shareholders of Swiss Bankers (qualified related parties) and Swiss Bankers Liechtenstein (Group company). Swiss Bankers conducts standard transactions with these parties at arm's-length conditions.

	Nominal 2022 (in CHF thousand)	Share 2022 (in %)	Nominal 2021 (in CHF thousand)	Share 2021 (in %)
10. DISCLOSURES ON SHAREHOLDERS				
with voting rights:				
Association of Swiss Cantonal Banks	3,300	33.0	3,300	33.0
Credit Suisse (Switzerland) Ltd	2,500	25.0	2,500	25.0
Entris Banking Ltd	1,650	16.5	1,650	16.5
Raiffeisen Switzerland Cooperative	1,650	16.5	1,650	16.5
PostFinance Ltd	900	9.0	900	9.0
Total	10,000	100.0	10,000	100.0

	Net foreign exposure end of reporting year		Net foreign exposure end of previous year	
	(in CHF thousand)	Share (in %)	(in CHF thousand)	Share (in %)
11. BREAKDOWN OF THE TOTAL OF FOREIGN ASSETS BY CREDIT RATING BY COUNTRY GROUPS (RISK DOMICILE)				
Highest credit rating	148,286	94.2	137,939	92.0
Safe investment	9,108	5.8	10,158	6.8
Speculative investment	0	0.0	0	0.0
Highly speculative investment	0	0.0	0	0.0
Default/non-payment	0	0.0	0	0.0
Without rating*	8	0.0	1,862	1.2
Total	157,402	100.0	149,959	100.0

* The foreign exposures in the "unrated" category are exclusively bonds issued by supranational entities.

Swiss Bankers uses the ratings of recognised rating agencies in accordance with FINMA's concordance table according to a bank-internal system.

Notes to the Income Statement

(in CHF thousand)

	2022	2021
12. NET INCOME FROM TRADING		
Foreign exchange net income	11,373	8,007
<i>of which currency result on banknotes</i>	4,042	1,803
<i>of which foreign exchange earnings on card products</i>	7,331	6,204
Total net income from trading	11,373	8,007

(in CHF thousand)

	2022	2021
13. PERSONNEL EXPENSES		
Salaries	10,454	11,267
Social benefits	2,076	2,303
Other personnel expenses	306	283
Total personnel expenses	12,836	13,853

(in CHF thousand)

	2022	2021
14. GENERAL AND ADMINISTRATIVE EXPENSES		
Rent	434	479
Expenditure for information and communication technology	1,636	1,407
Expenses for vehicles, machinery, furniture and other equipment	102	108
Material costs	839	983
Marketing costs	1,880	2,747
Postage and telephone costs	736	654
Consultancy expenses	2,261	1,939
Fees of the audit firm	376	169
<i>of which for audit and supervisory review</i>	348	169
<i>thereof for other services</i>	28	0
Other operating expenses	817	404
Total material expenses	8,881	8,890

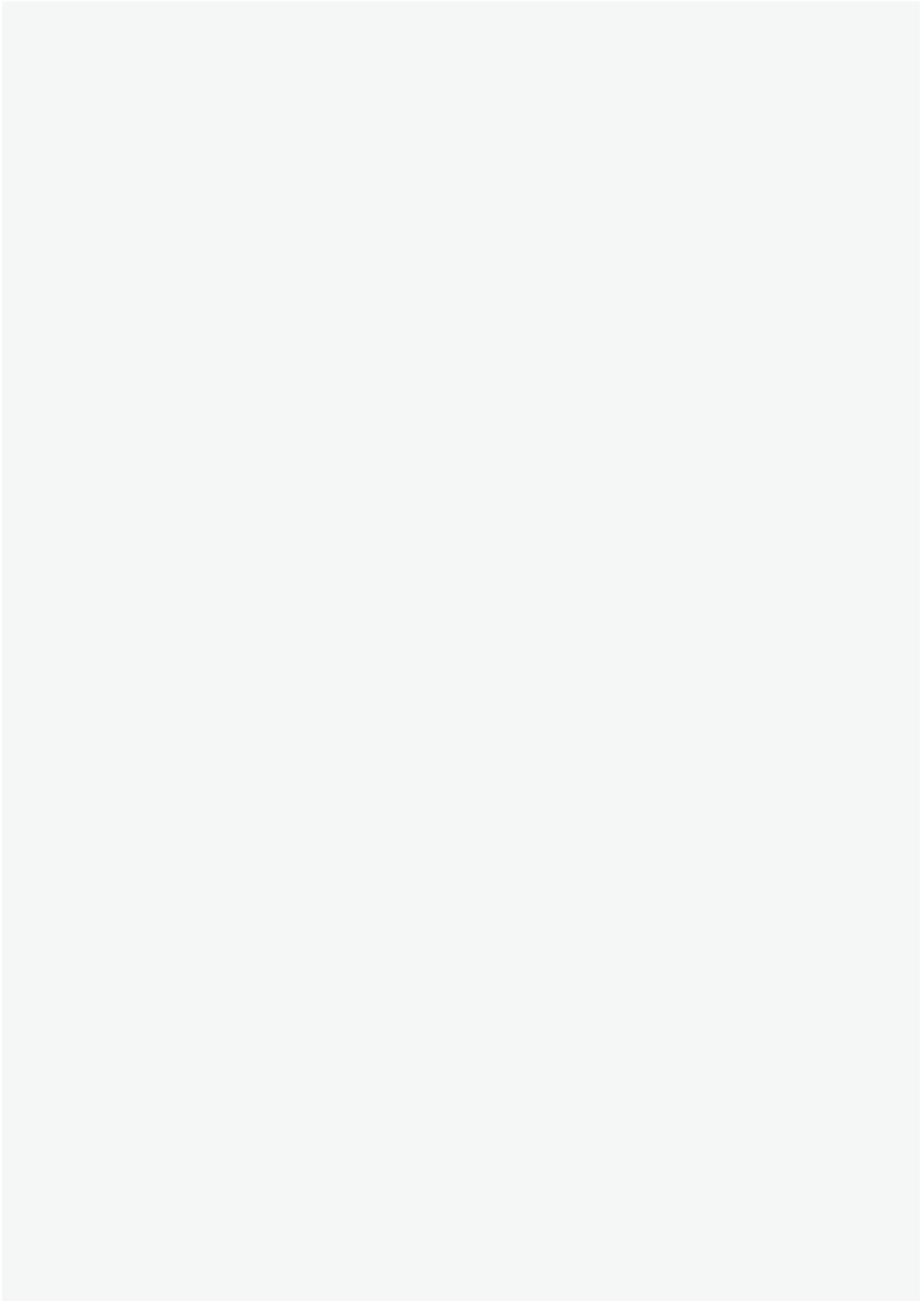
(in CHF thousand)

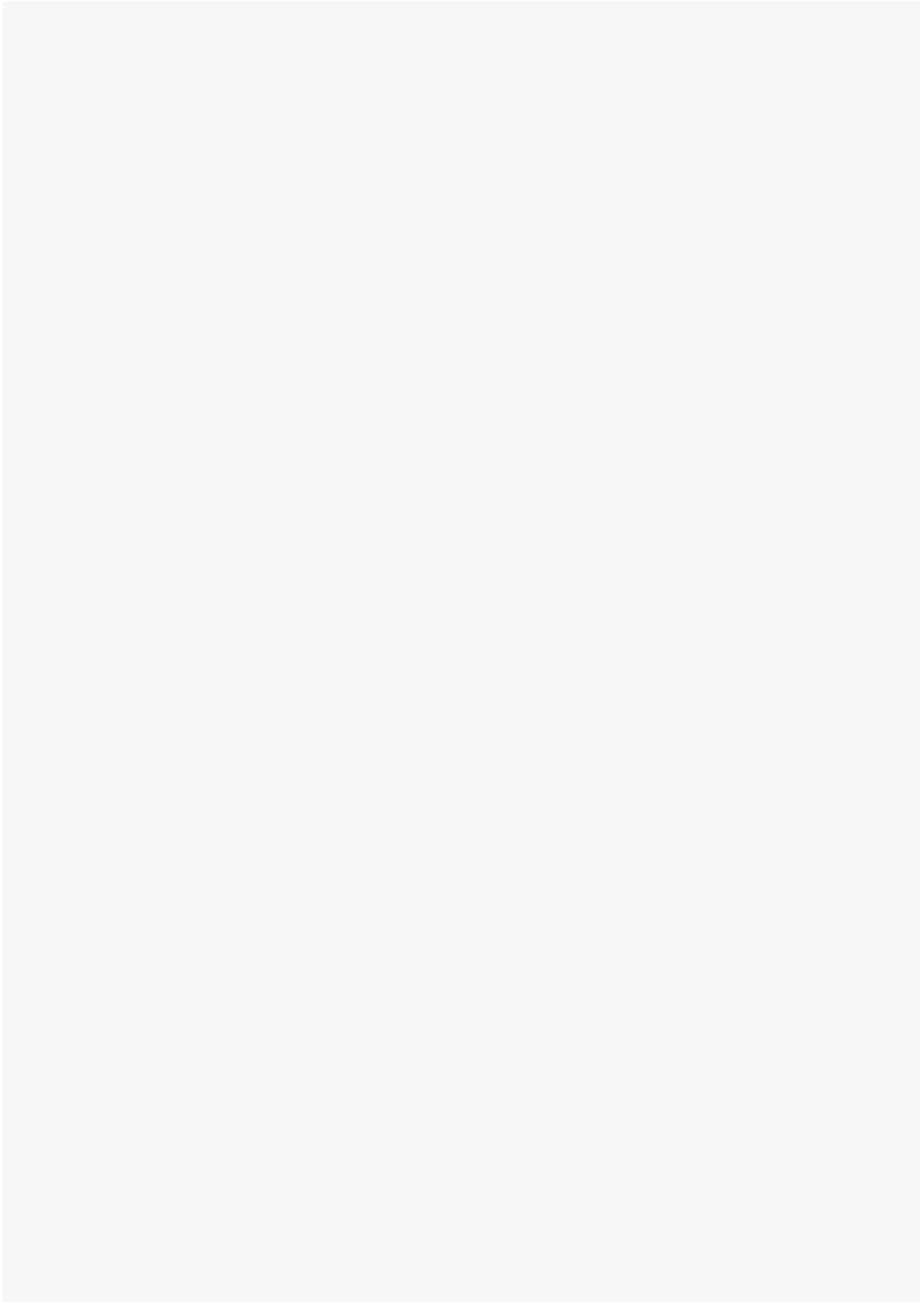
	2022	2021
15. TAXES		
Current taxes	-28	54
Total taxes	-28	54

The tax rate for the reporting year is 20.30 percent (previous year: 20.75 percent).

The audit reports for the Swiss Bankers Group and for the parent company (Swiss Bankers Prepaid Services AG) can be found in the german annual report on page 72.

The german annual report can be found here:
www.swissbankers.ch/de/swiss-bankers/geschaeftsberichte





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