

Annual Report 2023

BankMed (Suisse) SA

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CEO MESSAGE

The year 2023 marked a significant turning point for BankMed (Suisse) SA as it took advantage of favorable market conditions, namely the high interest rates environment, to embark on a comprehensive transformation program to upgrade its capabilities and expand its range of products and services to better serve its clients in an ever-changing economic, regulatory, and technological landscape. This transformation has impacted all areas of the Bank's operations and is set to continue in the coming two years.

The initiatives undertaken in 2023 have already shown promising results, with the Bank returning to profitability and achieving results in line with those prior to 2019.

Looking ahead to 2024, the Bank's focus will be on further enhancing its technology capabilities. This will enable it to keep up with the rapidly evolving digital landscape and provide its clients with innovative and efficient solutions. Moreover, and as part of our continued commitment to our Swiss heritage, we will be unveiling a new corporate brand that embodies our Swiss identity. These initiatives are part of the Bank's strategy that aims to expand its market reach and diversify its client base while continuing to adhere to its natural target market being the Mediterranean Basin.

The Bank extends its gratitude and appreciation to its loyal clients for their continued trust and support. It also acknowledges the contributions of its board of directors and staff in making this transformation possible.

Overall, BankMed (Suisse) SA is confident that considering its solid financial situation, the stable, safe, and well-regulated environment in which it operates and its ongoing transformation efforts, it will be well-positioned to continue to meet the current and future needs of its clients.

Yours sincerely,



Antoine Raphaël
CEO

BOARD OF DIRECTORS

IN 2023, THE BOARD OF DIRECTORS WAS COMPOSED AS FOLLOWS:

Michel Accad

Chairman of the Board of Directors

Mr. Michel Accad is the Executive General Manager of Bankmed and serves as an Executive Member on Bankmed's Board of Directors.

Mr. Accad serves also as Chairman – General Manager of MedInvestment Bank and as Executive General Manager of Saudi Lebanese Bank.

Mr. Accad served as the Group Chief Executive Officer of Al-Ahli Bank of Kuwait (ABK) from May 2014 to April 2020. He assumed this position after having successfully led the turnaround of Gulf Bank, another Kuwaiti lender, and contributed to its return to profitability following the 2008 crisis.

Prior to that, from 2006 to 2009, Michel was the Assistant Chief Executive of Arab Bank PLC, based in Amman. Within this capacity, he had direct responsibility over all Banking businesses globally, including Corporate and Investment Banking, Consumer Banking, Private Banking and Wealth Management, Treasury, and Credit.

Before moving to Arab Bank, Mr. Accad spent 27 years with Citigroup, which he joined in 1979. His last post with Citi was Managing Director and CEO for the Middle East and North Africa (MENA) Division, a unit that spanned presence in 10 countries and contributed over \$1 BN to Citi's bottom line.

Mr. Accad holds MBA with Honors from the University of Texas at Austin.

Raya Haffar El Hassan

Member of the Board of Directors

Ms. Raya El Hassan serves as Chairperson of Bankmed S.A.L. as of October 2020 and served as an Independent Member on Bankmed's Board of Directors since December 2011. She is also a Board Member of MedInvestment Bank S.A.L, Saudi Lebanese Bank S.A.L.

From January 2019 until January 2020, Ms. El-Hassan served as the Minister of Interior and Municipalities in Lebanon. Before that, she served as the Chairman-General Manager of Tripoli's Special Economic Zone.

Prior to that, from November 2009 until June 2011, Ms. El-Hassan served as the Minister of Finance in Lebanon. Earlier in her career, Ms. El-Hassan was the Advisor to the Minister of Economy and Trade.

Ms. El Hassan holds a Bachelor's degree in Business Administration from the American University of Beirut, and a Master's Degree in Business Administration from the George Washington University. In 2019, Ms. El-Hassan was awarded an Honorary Doctorate in Humane Letters from the Lebanese American University and an Honorary Doctorate in Business Administration from the Beirut Arab University.

David Bueche*

Member of the Board of Directors

Chairman of the Audit Committee

Mr. Bueche holds a Master in Business Administration from HEC Lausanne and is a Swiss Chartered Professional Accountant. He is an independent member of several Board of Directors and Audit Committees of companies subject to the supervision of FINMA.

He joined Arthur Andersen Geneva in 1986 as part of the « audit financial market » division and was promoted in 1997 to the partnership in the audit division. In 2002, he joined Baker Tilly Spiess (member of Baker Tilly International, the 10th worldwide largest auditing network) as partner and head of the financial market department and worked essentially with a wide variety of Swiss and international clients (internal audit, financial expertise, consulting, tax advice, directorship).

Since 2019, he is Managing Partner of DLB Consilium Sarl, Geneva, a business consulting firm.

Tania Moussallem

Member of the Board of Directors

Member of the Audit Committee

Mrs. Moussallem has a career in Banking and is currently Advisor to EGM and COO, Assistant Executive General Manager at BankMed. She sits in several Boards of Directors and committees.

She has chaired The Financial Alliance for Women from May 2015 to June 2019. In 2015, she has been selected among the most influential women in the Arab Banking Sectors by the Union of Arab Banks and is the recipient of several awards.

Her career started at Société Générale de Banque au Liban where she held several managerial positions in the Corporate and Investment Banking Division.

She then joined BLC Bank in 2008 as Head of Strategic Development and Financial Management Group and later took the responsibility of the Support and Marketing Group in 2014. Mrs. Moussallem was a member of the Board of Directors of USB Bank (Cypriot subsidiary of BLC Bank) and a member of several committees in BLC Bank.

She holds a Master's degree in Finance & Communication from Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC), France and a BA from the American University of Beirut.

Bruno Desgardins*

Member of the Board of Directors

Mr Desgardins has more than 38 years of experience in the Banking industry in Paris and in Geneva. After starting its career as a financial analyst, he took over the responsibility of the Trade Finance for South European countries for Banque de l'Union Européenne.

Then, Bruno joined NSM Bank to head the Institutional Department for foreign clients, before taking over the Research Department. In 1995, Bruno was hired by ABN AMRO to manage its Corporate Finance's M&A activities. In Geneva since 2000, he spent the last 20 years at Banque Eric Sturdza where he was part of its management team.

Nicolas Killen*

Vice-Chairman of the Board of Directors

Member of the Audit Committee

A graduate of the faculty of Law of the University of Geneva and holding a LL.M degree from the Duke University School of Law, Mr. Killen is admitted to the Geneva Bar and the New York Bar in 1990, first joining Skadden Arps Slate Meagher & Flom in New York as an associate and Borel & Barbey in Geneva in 1992. He became a partner of the firm in 1999 and is Managing Partner since 2011.

Antoine Raphael*

Member of the Board of Directors

(until March 15, 2023)

Mr. Raphael has over 35 years of Banking and financial services consulting experience stemming from the various executive positions he held at CIBC, Citigroup, Gulf Bank, Arab Bank Plc., Booz Allen Hamilton, Arab Bank (Switzerland) Ltd. and Strategy& in Canada, Switzerland and in the MENA region. He also sat on the board of several investment funds in Guernsey, the Netherlands and the UK.

Mr. Raphaël holds a Bachelor of Science degree in Management from the University of the State of New York.

**Reference of independent Board member according to FINMA Circular 2017/1*

EXECUTIVE COMMITTEE

THE EXECUTIVE COMMITTEE IS COMPOSED OF 5 MEMBERS, CHAIRED BY MR. ANTOINE RAPHAEL.

Antoine Raphaël

Chief Executive Officer (CEO)

Mr. Raphael has over 35 years of Banking and financial services consulting experience stemming from the various executive positions he held at CIBC, Citigroup, Gulf Bank, Arab Bank Plc., Booz Allen Hamilton, Arab Bank (Switzerland) Ltd. and Strategy& in Canada, Switzerland and in the MENA region. He also sat on the board of several investment funds in Guernsey, the Netherland and the UK.

Mr. Raphaël holds a Bachelor of Science degree in Management from the University of the State of New York.

Laurent Perusset

Chief Investment Officer (CIO)

Mr. Perusset is the Chief Investment Officer of BankMed (Suisse) since May 2020

He is a Swiss national with more than 30 years of Banking experience. He started his career in 1989 as a fixed income trader at the Geneva stock exchange for Darier & Cie. In 1995 he joined Banque Ferrier Lullin as Head of Fixed Income and Member of Treasury Committee of the Bank.

From 2000 to 2010, Mr. Perusset worked at Union Bancaire Privée as Head of Investment Research & Advisory, Member of the Investment Strategy Committee.

In 2010, he was appointed by Barclays Bank (Suisse) SA as Head of Investment & Global Research, looking after the advisory services in Switzerland and the pan-European ex-UK discretionary mandates. He was also the Chairman of Barclays' Pension Fund in Switzerland.

He re-joined Union Bancaire Privée as Global Advisory Head and Member of its Investment Committee then moved to Edmond de Rothschild in Geneva as Head of the Advisory department which included the Research, the Structured Product and the Advisory teams for the International Private Banking division and where he was also member of the Global Investment Committee.

Before joining Bankmed (Suisse) SA as Chief Investment Officer, Mr. Perusset served as Head of Investment Solution for the Singalliance Group.

Mark de Snaijer

Chief Operating Officer (COO)

Mr. de Snaijer was appointed Chief Operating Officer (COO) of BankMed (Suisse) SA in November 2023. In the first half of his career spanning over 30 years, Mr. de Snaijer worked at different sized Banks successively as Credit Analyst, Researcher, Chief of Staff and Head of Business Development. He then moved to Bank CIC (Suisse) as COO and from there to the same position at Arab Bank (Switzerland) Ltd. where he was also member of the Executive Committee of the Bank. An industrial Engineer by training, he also holds a Doctorate degree in Economics from the University of Bern.

Michel Trolliet

Head of Compliance

Mr. Trolliet is the Head of Compliance of BankMed (Switzerland) since April 2017.

Prior to joining BankMed (Switzerland), he was responsible of various operational sectors, with Credit Suisse and CA Indosuez Wealth Management as well as in other private Banks in Geneva.

Mr. Trolliet has more than 30 years of experience in the Banking industry, mainly in operational areas and control.

Patrice Richard

Head of Financial Control

Mr. Richard has been the Head of Financial Control of BankMed (Suisse) for the last 25 years. Prior to joining BankMed (Suisse), Mr. Richard worked at Barclays (Suisse) for a period of 8 years.

CAPITAL ADEQUACY DISCLOSURES

CAPITAL ADEQUACY DISCLOSURES

31.12.2023

(in K CHF)

Composition of eligible capital

Common Equity Tier 1 (CET +1) Capital	69 921
Additional Tier 1 (AT1) Capital	-
Tier 2 Capital	-
Total Eligible capital	69 921

Composition of required capital

Credit risk	8 244
Non counterparty- related risks	229
Credit valuation adjustment	15
Market risk	97
Operational risks	1 202
Total required capital	9 787

Capital ratios

CET 1 Capital ratio	57.15%
Ratio T1	57.15%
Ratio regarding the regulatory capital	57.15%
Regulatory capital target ratios according to FINMA 11/2 (including the countercyclical buffer)	10.50%

Leverage ratio

Tier 1 Capital	69 921
Exposure measure	330 917
Leverage ratio	21%

LIQUIDITY RATIO

	Q1 2023 (average)	Q2 2023 (average)	Q3 2023 (average)	Q4 2023 (average)
Liquidity coverage				
Total high quality liquid assets	72 514	66 255	70 758	65 784
Total net cash flows	13 325	11 891	11 765	12 216
Liquidity coverage ratio	544.20%	557.19%	601.43%	538.51%

STATUTORY AUDITOR'S REPORT

to the general meeting of

BankMed (Suisse) SA, Geneva

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of BankMed (Suisse) SA (the "Bank") - which comprise the balance sheet as at 31 December 2023, the income statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 9 to 28) comply with Swiss law and the Bank's articles of incorporation.

Basis for opinion

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

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the Audit of the financial statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms part of our auditor's report.

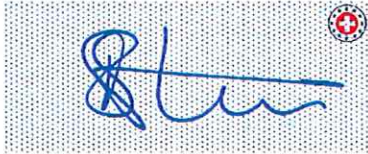
Report on other legal and regulatory requirements

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

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

Geneva, 28 March 2024

BDO Ltd



Isabelle Cartier-Rumo
Licensed Audit Expert



Damien Repond
Licensed Audit Expert
Auditor in charge

BALANCE SHEET

At December 31st, 2023
(with 2022 comparative figures)

<i>in CHF</i>	NOTES	2023	2022
ASSETS			
Liquid assets		54,868,871	50,774,030
Amounts due from Banks		133,356,318	173,310,291
Amounts due from customers	4.2	29,240,970	48,037,770
Mortgage loans	4.2	48,514,417	41,102,064
Positive replacement values of derivative financial instruments	4.4	38,868	645,719
Financial investments	4.5	55,703,401	60,533,849
Accrued income and prepaid expenses		1,523,850	1,566,107
Participations	4.6 & 4.7		1
Tangible fixed assets	4.8	2,858,560	3,343,245
Other assets	4.10	55,072	38,329
Total assets		326,160,328	379,351,404
Total subordinated claims		-	-
Of which subject to mandatory conversion and /or debt waiver		-	-
LIABILITIES			
Amounts due to Banks		4,711,888	8,885,076
Amounts due in respect of customers deposits		243,321,658	296,122,511
Negative replacement values of derivative financial instruments	4.4	76,494	598,640
Accrued expenses and deferred income		2,423,476	1,666,329
Other liabilities	4.10	463,765	245,367
Provisions	4.16	3,150,000	
Reserves for general Banking risks	4.16	2,336,563	3,922,047
Bank's capital	4.17	30,000,000	30,000,000
Statutory retained earnings reserve		3,601,000	3,601,000
Profit carried forward		34,310,435	34,460,499
Profit/(Loss) (result of the period)		1,765,049	(150,065)
Total liabilities		326,160,328	379,351,404
Total subordinated liabilities		-	-
Of which subject to mandatory conversion and /or debt waiver		-	-

OFF-BALANCE SHEET

At December 31st, 2023
(with 2022 comparative figures)

<i>in CHF</i>	NOTES	2023	2022
Contingent liabilities	4.28	2,926,445	3,345,247
Irrevocable commitments		688,768	606,000

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31st, 2023
(with 2022 comparative figures)

<i>in CHF</i>	Notes	2023	2022
Interest & discount income		11,801,459	6,178,475
Interest & dividend income from financial investments		455,571	506,967
Interest expenses		(2,794,455)	(487,053)
Gross result from interest operations		9,462,576	6,198,389
Changes in value adjustments for default risks and losses from interest operations		-	(1,040,000)
Subtotal net result from interests' operations		9,462,576	5,158,389
Commission income from securities trading and investment activities		3,060,365	2,631,517
Commission income from lending activities		83,286	180,060
Commission income from other services		619,911	706,507
Commission expenses		(390,855)	(483,929)
Subtotal result of commissions from business and services		3,372,707	3,034,155
Result from trading activities	4.32	1,069,975	1,192,339
Other ordinary income		1,420,782	776
Other ordinary expenses	4.36	(47,431)	37,131
Subtotal result from ordinary activities		1,373,351	37,907
Personnel expenses	4.34	(6,965,459)	(6,156,659)
General and administrative expenses	4.35	(4,100,789)	(4,098,715)
Subtotal operating expenses		(11,066,248)	(10,255,374)
Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets	4.6 & 4.8	(491,083)	(490,029)
Changes in provisions and other value adjustments, and losses	4.16&4.3 6	(3,241,422)	(29,837)
Operating result		479,855	(1,352,451)
Extraordinary income	4.36	-	-
Extraordinary expenses		(290)	-
Changes in reserves for general Banking risk	4.16 & 4.36	1,585,484	1,502,386
Taxes	4.39	(300,000)	(300,000)
(Loss of the period)		1,765,049	(150,065)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31st, 2023

<i>in CHF</i>	Bank's capital	Statutory retained earnings reserve	Profit carried forward	Reserves for general Banking risks	Profit / (Loss) (Result of the period)	Total
Shareholder's equity at January 1, 2023	30,000,000	3,601,000	34,460,499	3,922,047	(150,065)	71,833,481
Allocation (usage) of the reserves for general Banking risks*				(1,585,484)		(1,585,484)
Allocation to the statutory retained earnings reserve						-
Allocation to the profit carried forward			(150,065)		150,065	-
Profit/(Loss) (result of the period)					1,765,049	1,765,049
Shareholder's equity at December 31, 2023	30,000,000	3,601,000	34,310,435	2,336,563	1,765,049	72,013,047

*Please refer to note 36.

NOTES TO FINANCIAL STATEMENTS

1. COMMENTS ON BUSINESS ACTIVITIES AND NUMBER OF EMPLOYEES

Established in Switzerland since 1985, BankMed (Suisse) SA (hereafter “the Bank”) is a public limited company registered in the Swiss Commercial Register. Its registered office is in Geneva, Rue du Mont Blanc 3.

The Bank’s primary business is advisory services for investments and trading of securities for private clients. The Bank is also providing loans to its private clients. The Bank conducts its business solely from its offices in Geneva.

The total number of employees at the end of the year, on a full-time equivalent basis, is 30 employees (2022: 32 employees).

In accordance with the legal requirements of Circ.-FINMA 2018/3 Outsourcing - Banks, the Bank has outsourced its Core Banking System to FNZ (NWA/Apsys), the management and the hosting of its technology infrastructure to eNovinfo Leman SA and its Internal Audit function to Mazars SA. The Bank also relies on third parties for Compliance related systems.

2. ACCOUNTING POLICIES AND VALUATION PRINCIPLES

The Bank’s financial statements are prepared in accordance with the directives of the FINMA, in particular Circ.-FINMA 2020/1 Accounting – Banks and FINMA Accounting Ordinance (OEPC-FINMA).

Notes are numbered according to this circular. Those that are not relevant to BankMed (Suisse) SA (i.e., 4.1, 4.3,4.7, 4.9, 4.12, 4.14, 4.15, 4.18, 4.21, 4.22, 4.29, 4.37,4.38,4.40) have not been incorporated.

Amounts due from customers and mortgage loans

Amounts due from customers and mortgage loans are stated at their nominal value after deduction of individual value adjustments, if any are required. Collaterals are assessed as follows:

- Cash and securities used as collateral for Lombard loans have a pledge value ranging from 50% to 100% of their market value depending on the type of assets.
- Real estate: Market value of the property assessed through a full appraisal made by a local valuator or validation of the purchase price by a local professional.

Value adjustments

For all latent and identifiable risks existing at the balance sheet date, value adjustments and provisions are established on a prudent basis according to art. 24 and 25 OEPC-FINMA. Value adjustments for ‘due from Banks’, ‘due from customers’ and ‘mortgages loans’ are deducted from the corresponding asset. The Bank, as a category 5 institution, has decided not to constitute value adjustments for inherent risks of default or for expected losses as defined in art. 25 OEPC-FINMA and art. 28 OEPC-FINMA.

Replacement values of derivative financial instruments

The positive replacement values are accounted for in the balance sheet on the asset side, and the negative replacement values on the liability side, for all the derivative financial instruments, irrespective of the accounting treatment in the income statement.

Financial investments

Financial investments are accounted for at the lower of cost or market value. Financial investments include real estate by virtue of a credit transaction and intended for resale are valued at the lower of cost or liquidation value. Financial investments include also bonds intended to hold until maturity. These securities are valued at their nominal value, adjusted by the premium or discount on a pro-rata basis to maturity date (accrual method), less necessary value adjustments. The security equities are valued at the lower of cost or market value, and variations are booked in the income statement.

Participation

Participation is stated at acquisition cost, after deduction of impairment if required.

Tangible Fixed assets

Fixed assets are stated at historical cost, deducted from impairment if required, less straight-line depreciation over their estimated lives, as follows:

Nature of the goods	Estimated life
Fittings	8 years
Electronics	3 years
Furniture and equipment	8 years
Hardware	10 years
Software	10 years

Taxes

The reserves for general Banking risks are not taxed. Current taxes, in general income and capital taxes, are determined in accordance with fiscal requirements and recorded as an expense in the relevant period. Accruals of current taxes due are booked on the liabilities side under accrued expenses and deferred income.

Translation of foreign currencies

Assets, liabilities, and off-balance sheet expressed in foreign currencies are translated at year-end exchange rates, except for the participations in companies which are translated at the exchange rate ruling at the acquisition date. The income and expenses arising during the year are converted into Swiss francs at the exchange rate prevailing at the transaction date. Conversion differences are recorded in the income statement of the year.

Forward contracts are estimated at the forward exchange rates of the currencies at year-end. Gains and losses on forward foreign exchange positions are included in the exchange results of the year.

The main exchange rates ruling at the balance sheet date are as follows:

Currency	2023	2022
USD	0.8394	0.9232
EUR	0.92845	0.9880
GBP	1.07075	1.1150

Treatment of doubtful interest income

Interest due and unpaid for more than 90 days is considered as doubtful and a value adjustment is recorded. Interest is no longer recorded when the credit facility is considered unrecoverable.

3. RISK MANAGEMENT

Credit Risks:

Counterparty risk: The Bank's credit limits are authorized annually. The customer credit limits are approved by either the Board of Directors, or The Credit Committee. The Risk department regularly monitors compliance with delegated authority and authorized limits as well as the quality of the credits.

Country Risk: The Bank aims to ensure that its exposure to country risk is appropriately considered in its risk profile prudently managed in a way to minimize losses. Risk resulting from concentration of exposures to geographical regions. Country limits are approved by the Board of Director and annually reviewed.

Market risks

Interest rate risk: The Bank's policy is to hedge its interest-rate risk by refinancing fixed-term advances and loans to customers at similar amounts, terms, and currencies. The exposure is measured and limited in terms of capital sensitivity. The limits are monitored regularly.

Currency, money market and securities risks: Limits are set and monitored daily by management. The Board of Directors has the sole authority to approve investments for own account.

Liquidity risk: Liquidity management aims to generate a solid position, allowing the Bank to meet its payment obligations at all times by diversifying its sources of refinancing. Liquidity and funding limits are approved annually by the Board of Directors, considering the Bank's business strategy and risk appetite.

Operational Risk - Risk to earnings and/or capital resulting from inadequate or failed internal processes, people, and systems or from external events. Operational risk comprises Fraud Risk, Business Continuity Risk, Information Security Risk (including Data Privacy, Data Loss Protection and Cybersecurity Risk), IT Service & Availability Risk (including Payments Processing Risk), Data Quality & Reliability Risk, Vendor & Suppliers Sourcing Risk, Talent Retention, and unauthorized Trading Risks

The Board of Directors annually reviews the operational risk Management policy. The business continuity plan also helps to ensure operational safety in the event of both Internal and external disaster.

Reputational risk: The Compliance Officer monitors compliance with the regulations in force. In particular, he ensures that when entering into a business relationship, the duties of diligence are respected.

Legal risks: Management conducts an analysis of the legal risks to which the Bank is exposed. If a potential risk materializes, a severity review is conducted by the Bank. Depending on risk assessment, the case is presented to the Bank's lawyers for advice. After analysis of all factors, the need for provision is discussed and a decision is taken accordingly.

4. NOTES

Methods used for the identification of default risks and for determining the need for value adjustments:

Identification of risk of default and value adjustment requirements Non-performing loans are identified through lists of exceptions (limits breaches, collateral value, unpaid interest). Knowledge of the customers' activity also allows to assess the risk on an individual basis. Provisions are recorded for the impaired portion.

Lombards loans and other loans covered by securities: Loans and the value of pledged securities are verified daily. If the collateral value of the collateral is less than the amount of the credit, the Bank requires either partial repayment or additional collateral. If the coverage gap grows or if there are exceptional market conditions, the Bank realizes the collateral.

Unsecured loans : Unsecured loans are generally trade credits or account overruns granted to customers. For trade loans, the Bank requests information on the company's business market annually or at shorter intervals. It requests audited financial statements and, where appropriate, interim closes. This information shall be reviewed with a view to identifying any increase in risk. If this phase shows that the credit is compromised, the Bank constitutes a value adjustment.

Procedure for determining value adjustments and provision: New requirements for value adjustments and provisions shall consist of cover for the risks identified which are the result of an individual examination of the loan and pledges. Risk positions shall be revalued at each closing date and value adjustments adjusted accordingly if necessary.

Value adjustments for latent default risks are value adjustments for losses incurred which cannot yet be attributed to a separate borrower. Latent default risks arise from risks present on balance sheet day in an apparently sound credit portfolio, which will only become apparent at a later date. Their estimate is based in principle on values derived from experience.

No provision was made in 2023. Historical data shows that the Bank's average impaired credit loss rate is close to 0%.

Valuation of credit collateral : For Lombard loans and other loans covered by securities, only easily negotiable collateral (bonds, shares) is accepted. To hedge market risk, the Bank applies reductions on the market price of securities accepted as collateral.

For Mortgages loan and loan secured mortgage, the value of the real estate cover handed over to the Bank is established on the basis of external valuations, to which a specific advance rate is applied."

Off-balance-sheet transactions are treated in the same way, whether they are firm commitments or conditional guarantees."

Business policy when implementing derivative financial instruments, hedge accounting

Derivative financial instruments are used for trading purposes. The Bank does not apply hedge accounting. It is principally limited to forward foreign exchange transactions intended to partially hedge the foreign exchange risk on foreign currency positions on the balance sheet.

All of the Bank's derivative financial instruments are measured at fair value. Positive and negative replacement values of transactions on behalf of customers and for own account (hedging) are shown in the balance sheet under the headings "Positive replacement values of derivative financial instruments" and "Negative replacement values of derivative financial instruments". Fair value derives either from the price resulting from an efficient and liquid market or from the price offered by market makers. Results from derivatives are presented under "Result from trading activities". "

Subsequent event

There were no other subsequent events after the reporting date that require adjustment to or disclosure in the financial statements."

Note 4.2: Presentation of the collateral for loans and off-balance sheet transactions, as well as impaired loans / receivables

<i>in CHF</i>	TYPE OF COLLATERAL			Total
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from customers		9,417,827	23,570,840	32,988,667
Mortgage loans (residential property)	48,661,353			48,661,353
Total loans (before netting with value adjustments)				
Current year	48,661,353	9,417,827	23,570,840	81,650,020
Previous year	41,102,064	21,147,370	30,778,061	93,027,495
Total loans (after netting with value adjustments)				
Current year	48,514,417	9,417,827	19,823,143	77,755,387
Previous year	41,102,064	21,147,370	26,890,400	89,139,834
Off-balance-sheet				
Contingent liabilities		2,848,145	78,300	2,926,445
Irrevocable commitments		688,768		688,768
Total off-balance-sheet				
Current year		3,536,913	78,300	3,615,213
Previous year		3,874,527	76,720	3,951,247
Impaired Loans / receivables				
	Gross amount	Estimated liquidation value of collateral	Net amount	Individual value adjustments
Current year	13,772,043	9,303,967	4,468,075	3,894,634
Previous year	6,165,794	2,532,522	3,633,272	3,887,662

Note 4.4: Presentation of derivative financial instruments (assets and liabilities)

<i>in CHF</i>	Positive replacement values	Negative replacement values	Contract volumes
Trading instruments			
Interest rate instruments			
Forward agreements	37,147	74,773	16,744,928
Combined interest rate currency swaps			
Options (OTC)	1,721	1,721	535,314
Total trading instruments before netting agreements at 31.12.2023	38,868	76,494	17,280,242
of which, determined using a valuation model	-	-	-
Total trading instruments after netting agreements at 31.12.2023	38,868	76,494	17,280,242
Previous year	645,719	598,640	51,485,779
Breakdown by counterparty	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after nettings agreements) on 31.12.2023	-	36,597	2,271

Note 4.5: Breakdown of financial investments

<i>in CHF</i>	Book value		Fair value	
	2023	2022	2023	2022
Debt instruments:				
Of which intended to be held to maturity	53,604,901	60,533,848	52,435,373	57,063,212
Of which intended to be held for resale	-	-	-	-
Equity securities	2,098,500	-	2,106,246	-
Precious metals	-	-	-	-
Buildings	-	-	-	-
Cryptocurrencies	-	-	-	-
Total	55,703,401	60,533,848	54,541,619	57,063,212
of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-	-	-

Breakdown of counterparties by rating*

Book values	2	3	4-	5-	6-	Unrated
Debt instruments	17,231,225	24,343,377	14,128,799	-	-	-

*The rating used have been changed from SP to the credit rating from SERV. Figures of 2022 have been adjusted with the SERV rating.

Note 4.6: Presentation of participation

Investment in company <i>In CHF</i>	Acquisition cost	Value adjustment previous year	Book value previous year end	Value adjustment	Book value as at end of current year
Other participation without market value	5,015,000	(4,378,874)	1	-	-

During 2023, the Bank sold its participation in SaudiMed investments for CHF 582'585 (included in the Other ordinary income).

There are no permanent indirect participations.

Note 4.8: Presentation of tangible fixed assets

<i>in CHF</i>	Acquisition cost	Accumulated depreciation	Book value 2022	Additions	Disposals	Accumulated depreciation	Book value 2023
Software	3,184,171	(717,091)	2,467,081			(318,148)	2,148,933
Licenses (*)	950,000	(213,750)	736,250			(95,000)	641,250
Other tangible fixed assets	724,056	(584,142)	139,914	6,398		(77,935)	68,377
Total	4,858,227	(1,514,983)	3,343,245	6,398		(491,083)	2,858,560

The straight-line method of depreciation is followed, and no margin used for the useful life is applied.

Note 4.10: Breakdown of other assets and other liabilities

<i>in CHF</i>	Other assets		Other liabilities	
	2023	2022	2023	2022
Income taxes recognized as assets	13,817	8,846	353,110	148,672
Clearing account	41,255	29,483	54,608	62,279
Other payables		-	56,047	34,416
Total	55,072	38,329	463,765	245,367

Note 4.11: Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

The Bank has a guarantee for the rent of the premises for CHF 103'000 at end of 2023 (unchanged from 2022).

Note 4.13: Disclosures on the economic situation of pension schemes

All employees of the Bank adhere to a collective pension scheme with Swiss Life. The plan is classified as defined contribution under Swiss law.

The pension plan of the Bank is reinsured with Swiss Life to guarantee cover of its assets. The pension plan therefore is 100 % covered (2022: 100%).

Economic benefit (obligation) and pension benefit expenses		
<i>In CHF</i>	2023	2022
Pension schemes without own assets		
Economic benefits (obligations)	-	-
Change in economic interest (economic benefit/obligation) versus previous year	-	-
Contributions paid for the period (including result from employer contribution reserves)	645,836	576,602

Of which extraordinary contributions in the case of temporary measures to remove deficits

None

None

Pension benefit expenses with their most important parameters – as part of the personnel expenses

645,836

576,602

Note 4.16: Presentation of value adjustments and provisions, reserves for general Banking risk and changes during the current year

<i>in CHF</i>	Previous year end	Use in conformity with designated purpose	Reclassifications	Exchange rate differences	Doubtful interest, recoveries	New creations charged to income*	Releases to income statement	Balance, end of year
Other provisions	-	-	-	-	-	3,150,000	-	3,150,000
Total provisions	-	-	-	-	-	3,150,000	-	3,150,000
Reserves for general Banking risks (**)	3,922,047	-	-	-	-	-	(1,585,484)	2,336,563
Value adjustments for default and country risks	3,887,662	-	-	(339,310)	346,282	-	-	3,894,633
<i>of which, value adjustments for default risks arising from impaired loans / receivables</i>	3,887,662	-	-	(339,310)	346,282	-	-	3,894,633
<i>of which value adjustments for default risks and losses from interest operations</i>	-	-	-	-	-	-	-	-

(**) Releases detailed in the note 36

Note 4.17: Presentation of the Bank's capital

<i>in CHF</i>	Total nominal value	Number of shares	Dividend-bearing capital
Share capital	30,000,000	30,000	30,000,000

The Bank's capital is unchanged compared to previous year.

Note 4.19: Disclosure of amounts due from / to related parties

<i>in CHF</i>	Amounts due from		Amount due to	
	2023	2022	2023	2022
Holders of qualified participations	-	913	5,306,563	11,122,943
Group companies	-	-	-	-
Linked companies	-	-	1,182,737	3,921,302
Transactions with members of governing bodies	-	-	232,054	317,444
Other related parties	-	-	-	-

We confirm that transactions were concluded at arm's length with the Group.

Other material off-balance-sheet transactions

<i>in CHF</i>	Fiduciary transactions	
	2023	2022
Holders of qualified participations	110,317,295	125,381,246

Linked companies	5,653,242	20,256,065
Transactions with members of governing bodies	-	-

Services provided to affiliated companies (deposits and fiduciary) are provided at terms generally prevalent in the market.

Note 4.20: Disclosure of holders of significant participations

Holders of significant participations and groups of holder of participation with pooled voting rights	2023		2022		
	Nominal	%	Nominal	%	
With voting rights					
BANKMED SAL, Beirut	Direct	30,000	100%	30,000	100%
Without voting rights					
GroupMed (Holding) SAL, Beirut	Indirect	30,000	100%	30,000	100%
<i>GroupMed (Holding) SAL, Beirut:</i>					
Saadeddine Rafic Hariri, Beirut, Lebanon	Indirect	5,172	17.24%	5,172	17.24%
Teaminvest Holding SAL, Beirut, Lebanon	Indirect	7,500	25%	7,500	25%
Nazek Audi Hariri, Lebanon, Beirut	Indirect	4,656	15.52%	4,656	15.52%
OLT Holding SAL, Beirut, Lebanon	Indirect	12,672	42.24%	12,672	42.24%
<i>Via OLT Holding SAL, Beirut, Lebanon:</i>					
Ala Alkhawaja, Lebanon, Beirut (99.99%)	Indirect	12,672	42.24%	12,672	42.24%
<i>Via Teaminvest Holding SAL, Beirut, Lebanon:</i>					
Saadeddine Rafic Hariri, Beirut, Lebanon (99.99%)	Indirect	7,500	25%	7,500	25%

Note 4.23: Presentation of the maturity structure of financial instruments

<i>in CHF</i>	At sight	Redeemable	Within 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Total
Current assets								
Liquid assets	54,868,871							54,868,871
Amounts due from Banks	27,986,068		105,370,250					133,356,318
Amounts due from customers	19,678,444	881,130	2,190,384	6,491,012				29,240,970
Mortgage loans			3,253,600	5,404,280	35,619,493	4,237,044		48,514,417
Positive replacement values of derivative financial instruments	38,868							38,868
Financial investments	2,098,500			15,908,381	37,696,520			55,703,401
Total Current year	104,670,749	881,130	110,814,234	21,312,661	79,807,025	4,237,044		321,722,845
Previous year	115,604,155	1,781,531	151,899,269	23,483,813	72,978,044	8,656,910	-	374,403,722
Debt Capital / financial instruments								
Amounts due to Banks	988,088		3,713,800					4,711,888
Amounts due in respect of customer deposits	174,088,742	2,518,200	66,714,716					243,321,658
Negative replacement values of derivative financial instruments	76,494							76,494
Total Current year	175,163,324	2,518,200	70,428,516					248,110,040
Previous year	224,979,827	923,200	79,703,200	-	-	-	-	305,606,227

Note 4.24: Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

<i>in CHF</i>	2023		2022	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	54,868,871		50,774,030	-
Amounts due from Banks	69,640,361	63,715,958	97,006,001	76,304,290
Amounts due from customers	1,334,850	27,906,120	234,911	47,802,859
Mortgage loans	13,874,769	34,639,648	7,547,160	33,554,904
Positive replacement values of derivative financial instruments	36,597	2,271	-	645,719
Financial investments	4,597,724	51,105,677	2,498,976	58,034,873
Accrued income and prepaid expenses	1,123,949	399,901	640,255	925,851
Participations			-	1
Tangible fixed assets	2,858,560		3,343,245	-
Other assets	55,072		38,329	-
Total Assets	148,390,753	177,769,575	162,082,907	217,268,497

<i>in CHF</i>	2023		2022	
	Domestic	Foreign	Domestic	Foreign
Liabilities				
Amounts due to Banks	21,455	4,690,443	2,913	8,882,163
Amounts due in respect of customer deposits	7,827,288	235,494,370	8,767,531	287,354,980
Negative replacement values of derivative financial instruments	74,774	1,720	214,733	383,907
Accrued expenses and deferred income	2,423,476		1,666,329	
Other liabilities	463,765		245,367	
Provisions	3,150,000			
Reserves for general Banking risks	2,336,563		3,922,047	
Bank's capital	30,000,000		30,000,000	
Statutory retained earnings reserve	3,601,000		3,601,000	
Profit carried forward	34,310,435		34,460,499	
Profit (result of the period)	1,765,049		(150,065)	
Total Liabilities	85,973,795	240,186,533	82,730,354	296,621,050

Note 4.25: Breakdown of total assets by country or group of countries (domicile principle)

Assets In CHF	2023	%	2022	%
Europe	235,736,083	72%	242,345,129	64%
<i>of which Switzerland</i>	148,390,752	46%	164,975,000	43%
North America	15,851,857	5%	13,243,382	3%
Middle East	57,672,141	18%	85,079,283	22%
<i>of which Lebanon</i>	12,244,082	3%	23,549,309	6%
Africa	931,639	0%	2,764,169	1%
Other countries	15,968,608	5%	35,919,441	10%
Total assets	326,160,328	100%	379,351,404	100%

Note 4.26: Breakdown of total assets by credit rating of country groups (risk domicile view)

In CHF	2023	%	2022	%
1	127,206,650	65 %	117,843,250	51%
2-				
3	9,511,175	5 %	29,888,520	13 %
4	29,543,062	15 %	33,759,450	15 %
5	79,790	0 %	146,120	0 %
6	8,400,296	4 %	10,235,248	4 %
7	12,701,848	7 %	22,321,440	10 %
Unrated	8,559,519	4 %	16,853,626	7%
Total	196,002,340		231,047,654	100%

The rating used have been changed from S&P to the credit rating from SERV. Figures of 2022 have been adjusted with the SERV rating

Note 4.27: Presentation of assets and liabilities broken down by the most significant currencies for the Bank

<i>in CHF</i>	CHF	EUR	USD	GBP	JPY	Others	TOTAL
Assets							
Liquid assets	54,768,912	24,660	59,179	16,120			54,868,871
Amounts due from Banks	2,344,251	20,384,760	107,231,017	59,169	23,080	3,314,041	133,356,318
Amounts due from customers	488,089	3,527,237	23,162,004	405,576	1,657,768	295	29,240,970
Mortgage loans	14,614,769	15,806,836	5,511,500	12,581,312			48,514,417
Positive replacement values of derivative financial instruments	38,868						38,868
Financial investments	10,005,379	13,961,995	31,736,027				55,703,401
Accrued income and prepaid expenses	489,132	226,165	795,490	12,873	66	124	1,523,850
Participations							
Tangible fixed assets	2,858,560						2,858,560
Other assets	176,257	4,638	(83,521)	(17,701)	(7,366)	(17,234)	55,072
Total assets	85,784,218	53,936,291	168,411,696	13,057,349	1,673,548	3,297,226	326,160,328

in CHF	CHF	EUR	USD	GBP	JPY	Others	TOTAL
Liabilities							
Amounts due to Banks	381,376	4,236,925	28,426	19,078	4,747	41,336	4,711,888
Amounts due to customers	7,538,005	49,647,161	180,121,530	2,759,072		3,255,890	243,321,658
Negative replacement values of derivative financial instruments	76,494						76,494
Accrued expenses and deferred income	2,212,696	52,852	158,198				2,423,476
Other liabilities	464,143	(378)					463,765
Provisions	3,150,000						3,150,000
Reserves for general Banking risks	2,336,563						2,336,563
Bank's capital	30,000,000						30,000,000
Statutory retained earnings reserve	3,601,000						3,601,000
Profit carried forward	34,310,435						34,310,435
Profit (result of the period)	1,765,049						1,765,049
Total liabilities shown in the balance sheet	85,835,761	53,936,290	180,308,154	2,778,150	4,747	3,297,226	326,160,328
Delivery obligations from spot exchange, forward forex and forex options transactions	993,000	165,547	2,666,581	11,721,500	1,668,800	102,239	17,317,867
Total Liabilities	85,835,761	53,936,290	180,308,154	2,778,150	4,747	3,297,226	326,160,328
Net position per currency	(51,243)		13,916				(37,627)

Note 4.28: Breakdown and explanation of contingent assets and liabilities

<i>in CHF</i>	2023	2022
Contingent assets	-	-
Contingent liabilities	2,926,445	3,345,247

The Bank received guarantees issued by the Parent Bank as collateral. They are recorded under contingent assets.

Note 4.30: Breakdown of fiduciary transactions

<i>in CHF</i>	2023	2022
Fiduciary investments with third-party companies	151,209,942	176,276,263
Fiduciary investments with group companies and linked companies	110,317,295	125,381,246
Total fiduciary transactions	261,527,237	301,657,509

Note 4.31: Breakdown of managed assets and presentation of their development

<i>in CHF</i>	2023	2022
a) Type of managed assets		
Assets under discretionary asset management agreements	19,844,218	11,384,559
Other managed assets	682,600,192	776,812,537
Total managed assets (including double counting)	702,444,410	788,197,096
of which, double counting	-	-
b) Presentation of the development of assets under management		
Total managed assets at beginning of the year	787,197,096	897,217,288
+/- net new money inflow or net new money outflow	(38,445,591)	(67,819,002)
+/- price gains / losses, interest, dividends and currency gains / losses	(46,307,095)	(41,201,190)
Total managed assets (including double counting) at end of the year	702,444,410	788,197,096

Other managed assets include client relationships for which the Bank performs safekeeping activities, revenue collection and carries out transactions based on client instructions.

Net new money inflow or net new money outflow do not include interests, commissions and fees charged to clients and represent the difference between inflows and outflows of clients' assets (cash and securities).

Note 4.32: Breakdown of the result from trading activities and the fair value option

<i>in CHF</i>	2023	2022
Foreign currencies and Bank notes	1,069,975	1,192,339
Total	1,069,975	1,192,339

Note 4.33: Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

The negative impact paid on the interest margin for BankMed (Suisse) SA was CHF 0 for 2023 (CHF 574,277 for 2022). And on the liabilities side, the amounts supported by clients were CHF 0 for 2023 (CHF 212,369 for 2022).

Note 4.34: Breakdown of personnel expenses

<i>in CHF</i>	2023	2022
Salaries	5,582,287	4,809,602
Social insurance benefits	1,259,727	1,252,827
Other personnel expenses	123,445	94,230
Total	6,965,459	6,156,659

Note 4.35: Breakdown of general and administrative expenses

<i>in CHF</i>	2023	2022
Office space expenses	687,521	684,280
Expenses for information and communications technology	2,347,890	2,347,080
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	71,278	66,195
Fees of audit firm*	348,096	275,362
Other operating expenses	646,004	725,798
Total	4,100,789	4,098,715

* Of which, for financial and regulatory audits CHF 213,408 (2022 : CHF 269,142) and for other services CHF2,693 (2022 : CHF6,220).

Note 4.36: Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general Banking risks, and value adjustments and provisions no longer required.

<i>in CHF</i>	2023	2022
Change in provisions and losses :		
Operational losses	(13,422)	(29,837)
Provision IRS	(78,000)	
Restructuring provisions	(3,150,000)	-
Total	(3,241,422)	(29,837)
Extraordinary expenses		
Correction of non-operational errors from previous year	(290)	-
Variation of the reserves for general Banking risks:		
Release of the reserve for general Banking risks	1,585,484	1,502,386

Note 4.39: Presentation of current taxes and disclosure of tax rate

<i>in CHF</i>	2023	2022
Expenses for current taxes	300,000	300,000
Total	300,000	300,000
<i>Average effective tax rate on income</i>	<i>0%</i>	<i>0%</i>
<i>Average effective tax rate on capital</i>	<i>0.4%</i>	<i>0.4%</i>

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

<i>in CHF</i>	2023	2022
Result for the year	1,765,049	(150,065)
Loss carried forward	34,310,435	34,460,499
Total	36,075,484	34,310,435
Less: Allocation to statutory retained earnings reserves	(88,300)	-
Net amount carried forward	35,987,184	34,310,435