

# Annual Report

## 2015 / 2016

# Foreword from Chairman Patrick Odier



## Dear Reader

“The ability of our financial centre to remain competitive continues to be our overarching goal”. I opened the foreword to last year’s Annual Report with these words, and they continue to apply today. The banking sector is central to Switzerland’s economy, society and well-being, and must therefore remain competitive, efficient and diverse.

## The Matter Initiative and counterproposal

The Swiss Bankers Association (SBA) spoke out against both the initiative for the protection of privacy (Matter Initiative) as well as the counterproposal put forward by the Federal Council. The Matter Initiative would place unnecessary responsibility on the banks for the tax compliance of their clients; the counterproposal would not sufficiently address these shortcomings. For the SBA, privacy is an asset of high importance that is worthy of protection. However, a violation of the constitutional principle of equal taxation is not acceptable. Further to this, the banks reject all proposals that increase the risk of liability for themselves and their employees, or that could lead to new areas of conflict with other countries and would result in additional costs. The banks do not wish to become the extended arm of the tax authorities by assuming responsibility for the tax compliance of their clients. Bank-client confidentiality is sufficiently protected under the current laws. Ultimately, Swiss voters will have to decide what dimensions they want their privacy to have in future.

## Exportability of Swiss financial services and financial products

For many years now, Switzerland has been working on a large-scale legislative project to overhaul its financial market legislation. During the consultation process, the banks and the Association fought to have the draft legislation scaled down, in particular to ensure that the standards for financial services providers and products are not set higher than in other countries. Any type of Swiss Finish would be detrimental to the financial centre. Parliament took account of a number of the demands, while other points continue to overshoot the objective. One thing is clear, however, an even partial rejection of the draft legislation would be highly counterproductive for Switzerland as a business location. Switzerland depends on its domestic financial institutions being able to offer their products and services abroad. The FinSA and FinIA increase

legal certainty and competitiveness, and improve the financial centre's reputation. Not least of all, the FinSA and FinIA are prerequisites for an internationally-oriented asset management business. Without the effective supervision of wealth managers at home, cross-border offerings to institutional and professional clients are practically impossible. And finally, a minimum level of statutory supervisory client protection is a prerequisite for improved market access both within and outside Europe. A large majority of the wealth management industry therefore supports the current draft legislation.

## Mission accomplished – Swiss renminbi hub a reality

Together with other stakeholders, the SBA has been working since 2012 towards the establishment of a renminbi hub. Since 2015, Swiss financial institutions can make direct investments in China and trade directly between the Swiss franc and the Chinese RMB. In a last important step, the China Construction Bank has opened a branch in Zurich, and acts as a clearing bank for RMB in Switzerland. This facilitates and promotes the use of RMB in cross-border transactions between companies and financial institutions. As a result of its positioning as an international RMB hub, the Swiss financial centre now has a further supporting pillar. We made a significant contribution to this development, and as the "architect of the framework conditions", have influenced the future of the financial centre. We are confident that after China Construction Bank, further Chinese banks will soon set up operations in Switzerland. The groundwork has thus been laid. It is now up to the banks and their customers to develop this business segment.

## Digitalisation in the banking sector

The SBA also served as the architect of framework conditions in the Fintech segment. In the years to come, many Fintech companies will establish themselves along the banks' value added chain and provide the banks with digital solutions. So being open to new things will be a must. The banks hold a unique trump card: the trust of their customers. Built up and cultivated over centuries, this constitutes a high entry barrier to the market. Digitalisation in banking is probably one of the greatest challenges for established banks today. The SBA therefore considers this matter a major priority. Our core competence in this area lies in the development of appropriate framework conditions and the promotion of interests both at the political level and in the media. If the value added chain changes in our industry, it will be vital that all stakeholders operate under the same framework conditions. The SBA can try to shape these processes in such a way so that instead of increasing, regulation becomes more intelligent. Close coordination between all stakeholders is required to this end. As the representative of the banks, the SBA is prepared to do its part.

## The future of regulation

The international competitiveness of Switzerland as a location for companies is decreasing. One reason for this is the ongoing rise in regulation. Senseless, cumbersome and expensive regulations jeopardise value creation as well as jobs in Switzerland. The problem of rising regulatory costs must be tackled if Switzerland wishes to avoid inevitably falling behind in the global competition between locations. This is not about deregulating. It is more important and more expedient to introduce an intelligent regulatory process that ensures that regulation in Switzerland is sustainably good. The SBA has thus developed a "Strategy for good regulatory policy", which

proposes a well-elaborated solution. By means of a control process, which foresees, among other things, an independent inspection authority, we want to shape regulation in an appropriate, commensurate, effective and cost-efficient manner.

## Publication of dormant assets

The new "Guidelines on the treatment of assets without contact and dormant assets held at Swiss banks" came into force at the beginning of 2015. These stipulate that banks must publish their dormant assets at least once per year in cases where the last client contact dates back 60 years or more and the account value per bank and client exceeds CHF 500. The banks and the SBA were highly involved in this large-scale project for the entire year. The website [www.dormantaccounts.ch](http://www.dormantaccounts.ch), where the assets in question are published, went live on 16 December 2015. The banks have since published over 3,500 accounts with assets valued at over CHF 60 million (as at 31.12.2015). By publishing this information, the banks are making a last attempt to re-establish contact with the client before they are required to transfer the assets definitively to the federal government. The new rules give the banks legal certainty in their dealings with dormant assets.

## New orientation of the Swiss Bankers Association

In order to meet all of these challenges, the Board of Directors and the Executive Board, in conjunction with external support, conducted an in-depth analysis of the Bankers Association and determined measures for improvement. During the course of the financial crisis, the resulting tsunami of regulation, and the international pressure on bank-client confidentiality, the Association had to take on an increasing number of responsibilities, as a result of which its influence and profile suffered. With the re-positioning of the Association, we are correcting this. By means of the business-oriented Retail Banking, Capital Markets, Private Banking and Asset Management steering committees, we want to align ourselves even more closely with banking practices. In addition, so-called transversal issues such as the regulatory process, tax transparency, market access, and training and education will be treated as matters of high priority. Decisions regarding strategy or political positions will in future be consistently made at the Board of Directors or Committee of the Board of Directors level. In future, the members of the Board of Directors will therefore be even more involved in the work of the Association. We have also streamlined important processes in a way that enables us to work and make decisions more efficiently.

My last year in office as Chairman of the Swiss Bankers Association is drawing to a close. I am confident that the Association is well-positioned to shape the future together with the banks. I would like to thank Claude-Alain Margelisch, everyone at our offices, and all of the members of our committees and task forces for their tireless efforts in the name of a competitive, efficient and diverse Swiss financial centre.



Patrick Odier, Chairman

# Statutory management report

## General business performance

The Swiss Bankers Association (SBA) is a non-profit organisation financed predominantly through membership fees. Membership fees are determined in line with the budget adopted by the Board of Directors for business activities. Amounting to around CHF 25 m for the year under review, the membership fees remain in a similar range to previous years. As at the end of the business year, the SBA had 306 member institutions with 18,052 members. This corresponds to a reduction of 11 member institutions and 298 members compared to the previous year. The positive operating profit and financial income allowed for an increase in the long-term provisions for general risks arising from business operations and for ensuring continuity of the Association to CHF 25.6 m per 31 December 2015. The SBA employed an average of 63 employees (in full-time equivalents) during the year under review.

## Carrying out of a risk assessment

The risk assessment process was revised and supplemented with a new section that addresses the risks of structural changes arising from repositioning. The Audit Committee approved these amendments at its meeting on 13 May 2016.

## Research and development activities

The SBA did not carry out any significant research or development-related projects during the year under review.

## Extraordinary events

There were no extraordinary events to report for the year under review.

## Outlook

The SBA re-positioned itself as per 1 January 2016. The Association's office is now organised along four strategic segments: Retail Banking, Private Banking, Capital Markets and Asset Management. This has resulted in personnel changes. As planned, all measures relating to the reorganisation will be completed in 2016, and are expected to have the desired effect in the 2017 budget.

Basel, 1 September 2016



Claude-Alain Margelisch  
CEO



Nicolas Hug  
Head Operations

# Balance Sheet as of 31 December 2015

<b>Assets</b> CHF	<b>31.12.2015</b>	<b>31.12.2014</b>
Cash and cash equivalents	22,554,352	21,937,428
Trade accounts receivable	253,666	393,073
Other short-term receivables	114,236	30,816
Prepaid expenses/accrued income	32,244	31,215
<b>Total current assets</b>	<b>22,954,498</b>	<b>22,392,532</b>
Financial assets	12,629,354	12,538,097
Property, plant and equipment	3,700,001	3,700,001
<b>Total non-current assets</b>	<b>16,329,355</b>	<b>16,238,098</b>
<b>Total assets</b>	<b>39,283,853</b>	<b>38,630,630</b>

<b>Liabilities</b> CHF	<b>31.12.2015</b>	<b>31.12.2014</b>
Trade payables	723,498	1,093,824
Other short-term liabilities	724,837	721,941
Accrued expenses and deferred income	1,296,508	1,120,922
Short-term provisions	185,000	440,350
<b>Total short-term liabilities</b>	<b>2,929,843</b>	<b>3,377,037</b>
Provisions and similar items foreseen in the law	25,600,000	24,512,500
<b>Total long-term liabilities</b>	<b>25,600,000</b>	<b>24,512,500</b>
<b>Total liabilities</b>	<b>28,529,843</b>	<b>27,889,537</b>
Association capital	6,961,000	6,961,000
Reserves	3,793,010	3,780,093
<b>Total equity capital</b>	<b>10,754,010</b>	<b>10,741,093</b>
<b>Total liabilities</b>	<b>39,283,853</b>	<b>38,630,630</b>

# Income statement and cash flow statement 2015

Income statement CHF	2015	2014
Membership fees	24,960,571	24,666,345
Revenue from sale of goods and services	2,001,029	1,868,868
<b>Total operating income</b>	<b>26,961,600</b>	<b>26,535,213</b>
Goods and services expenses	-10,554,576	-10,675,739
Personnel expenses	-13,184,506	-12,098,833
Other operating expenses	-2,627,136	-2,710,543
<b>Total operating expenses</b>	<b>-26,366,218</b>	<b>-25,485,115</b>
<b>Operating result</b>	<b>595,382</b>	<b>1,050,098</b>
Financial expenses	-107,914	-46,627
Financial income	521,573	387,949
Extraordinary, non-recurring or prior-period expenses	-1,355,000	-1,180,350
Extraordinary, non-recurring or prior period income	514,112	19,144
Direct taxes	-155,236	-188,571
<b>Profit</b>	<b>12,917</b>	<b>41,643</b>

Cash flow statement CHF	2015	2014
Net profit for the period	12,917	41,643
Price changes in financial investments	60,790	-129,885
Change in current assets	56,835	450,858
Change in liabilities	-193,721	-969,048
Change in provisions	832,150	1,163,850
<b>Cash flow from operating activities</b>	<b>768,971</b>	<b>557,418</b>
Investments in non-current assets	-152,047	-130,676
<b>Cash flow from investing activities</b>	<b>-152,047</b>	<b>-130,676</b>
<b>Total cash flow</b>	<b>616,924</b>	<b>426,742</b>
Balance of cash at beginning of period	21,937,428	21,510,686
Balance of cash at end of period	22,554,352	21,937,428
<b>Total cash flow</b>	<b>616,924</b>	<b>426,742</b>

# Notes

## 1. Description of the principles used in the preparation of the financial statement

These financial statements of the Swiss Bankers Association, headquartered in Basel, have been drawn up in accordance with the Swiss law, in particular with the article in the Code of Obligations relating to commercial accounting and financial reporting (Art. 957 to 961).

In preparing the financial statements, the management is required to provide estimates and assessments that could affect the reported amounts of assets and liabilities, but also the expenses and revenues for the reporting period. The management decides at its own discretion how to apply the legal scope for valuation and reporting practices. Pursuant to the principle of prudence, depreciation, value adjustments and reserves that exceed the economically necessary level can be created in the interests of the Association.

In principle, tangible fixed assets are valued at acquisition cost less depreciation and value adjustments. Depreciation of the Association's office premises, with the exception of the land value, is calculated on a straight-line basis. Where indications of overvaluation are present, the book values are reviewed and value-adjusted if necessary.

## 2. Disclosures, breakdown & explanations of balance sheet & income statement items

CHF	31.12.15	31.12.14
<b>a) Cash and cash equivalents</b>		
Cash deposits	15,645	15,986
Bank deposits	22,538,707	21,921,443
	<b>22,554,352</b>	<b>21,937,429</b>
<b>b) Financial assets</b>		
Securities at market price	12,424,854	12,333,597
Securities at acquisition cost	204,500	204,500
	<b>12,629,354</b>	<b>12,538,097</b>
<b>c) Property, plant and equipment</b>		
Premises / furniture / IT systems	1	1
Office premises in Basel	3,700,000	3,700,000
	<b>3,700,001</b>	<b>3,700,001</b>
<b>d) Provisions (short and long-term)</b>		
for general risks arising from business operations		
and to ensure continuity of the Association	<b>25,785,000</b>	<b>24,952,850</b>



# Notes

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## 3. Explanations of extraordinary, non-recurring or prior-period items included in the income statement

For the year under review, existing provisions were increased by CHF 1,355,000 for general risks arising from business operations as well as to ensure continuity of the Association. These were reported as extraordinary expenses.

The release of reserves that are no longer economically necessary and accrued expenses and deferred income resulted in extraordinary and prior-period income amounting to CHF 514,112.

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## 4. Additional information

### a) Personnel (full-time equivalents)

The average number of employees (full-time equivalents) for the year was over 50 both in the year under review as well as the previous year.

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### b) Assets pledged to secure own commitments

The assets pledged (financial investments) as collateral for own liabilities total CHF 600,000 (as in the previous year).

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### c) Fees paid to the auditors CHF

	<b>2015</b>	<b>2014</b>
For audit-related services	27,335	22,032
For other services	0	0

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## 5. Significant events after the balance sheet date

There were no material events between the balance sheet date and approval of the financial statements by the Board of Directors' Audit Committee on 13 May 2016 that could affect the information contained in the 2015 financial statements or that would have to be disclosed herein.

# Report of the Statutory Auditor on the Financial Statements to the General Assembly

Basel, 13 May 2016

As statutory auditors we have audited the financial statements of the Swiss Bankers Association (SwissBanking), which comprise the balance sheet, income statement, cash flow statement and notes (pages 6–9), for the year ended 31 December 2015.

## Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with Swiss law and the Association's Articles of Incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, includes the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating of the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well evaluating of the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the Association's Articles of Incorporation.

## Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 69b of the Swiss Civil Code in conjunction with Art. 728 of the Swiss Code of Obligations) and that there are no circumstances incompatible with our independence.

In accordance with Art. 69b of the Swiss Civil Code in conjunction with Art. 728a para. 1 item 3 of the Swiss Code of Obligations and Swiss Auditing Standard 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 recommend that the financial statements submitted to you be approved.

An die Generalversammlung der Einzelmitglieder der  
**Schweizerischen Bankiervereinigung (Swiss Banking), Basel**

Basel, 13. Mai 2016

## **Bericht der Revisionsstelle zur Jahresrechnung**

Als Revisionsstelle haben wir die Jahresrechnung der Schweizerischen Bankiervereinigung (SwissBanking), bestehend aus Bilanz, Erfolgsrechnung, Geldflussrechnung und Anhang (Seite 6 bis 9), für das am 31. Dezember 2015 abgeschlossene Geschäftsjahr geprüft.

### **Verantwortung des Vorstandes**

Der Vorstand ist für die Aufstellung der Jahresrechnung in Übereinstimmung mit den gesetzlichen Vorschriften und den Statuten verantwortlich. Diese Verantwortung beinhaltet die Ausgestaltung, Implementierung und Aufrechterhaltung eines internen Kontrollsystems mit Bezug auf die Aufstellung einer Jahresrechnung, die frei von wesentlichen falschen Angaben als Folge von Verstössen oder Irrtümern ist. Darüber hinaus ist der Vorstand für die Auswahl und die Anwendung sachgemässer Rechnungslegungsmethoden sowie die Vornahme angemessener Schätzungen verantwortlich.

### **Verantwortung der Revisionsstelle**

Unsere Verantwortung ist es, aufgrund unserer Prüfung ein Prüfungsurteil über die Jahresrechnung abzugeben. Wir haben unsere Prüfung in Übereinstimmung mit dem schweizerischen Gesetz und den Schweizer Prüfungsstandards vorgenommen. Nach diesen Standards haben wir die Prüfung so zu planen und durchzuführen, dass wir hinreichende Sicherheit gewinnen, ob die Jahresrechnung frei von wesentlichen falschen Angaben ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen für die in der Jahresrechnung enthaltenen Wertansätze und sonstigen Angaben. Die Auswahl der Prüfungshandlungen liegt im pflichtgemässen Ermessen des Prüfers. Dies schliesst eine Beurteilung der Risiken wesentlicher falscher Angaben in der Jahresrechnung als Folge von Verstössen oder Irrtümern ein. Bei der Beurteilung dieser Risiken berücksichtigt der Prüfer das interne Kontrollsystem, soweit es für die Aufstellung der Jahresrechnung von Bedeutung ist, um die den Umständen entsprechenden Prüfungshandlungen festzulegen, nicht aber um ein Prüfungsurteil über die Wirksamkeit des internen Kontrollsystems abzugeben. Die Prüfung umfasst zudem die Beurteilung der Angemessenheit der angewandten Rechnungslegungsmethoden, der Plausibilität der vorgenommenen Schätzungen sowie eine Würdigung der Gesamtdarstellung der Jahresrechnung. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise eine ausreichende und angemessene Grundlage für unser Prüfungsurteil bilden.

### **Prüfungsurteil**

Nach unserer Beurteilung entspricht die Jahresrechnung für das am 31. Dezember 2015 abgeschlossene Geschäftsjahr dem schweizerischen Gesetz und den Statuten.

## **Berichterstattung aufgrund weiterer gesetzlicher Vorschriften**

Wir bestätigen, dass wir die gesetzlichen Anforderungen an die Zulassung gemäss Revisionsaufsichtsgesetz (RAG) und die Unabhängigkeit (Art. 69b ZGB in Verbindung mit Art. 728 OR) erfüllen und keine mit unserer Unabhängigkeit nicht vereinbaren Sachverhalte vorliegen.

In Übereinstimmung mit Art. 69b ZGB in Verbindung mit Art. 728a Abs. 1 Ziff. 3 OR und dem Schweizer Prüfungsstandard 890 bestätigen wir, dass ein gemäss den Vorgaben des Vorstandes ausgestaltetes internes Kontrollsystem für die Aufstellung der Jahresrechnung existiert.

Wir empfehlen, die vorliegende Jahresrechnung zu genehmigen.

Ernst & Young AG



Stefan Lutz  
Zugelassener Revisionsexperte  
(Leitender Revisor)



Prof. Dr. Andreas Blumer  
Zugelassener Revisionsexperte

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