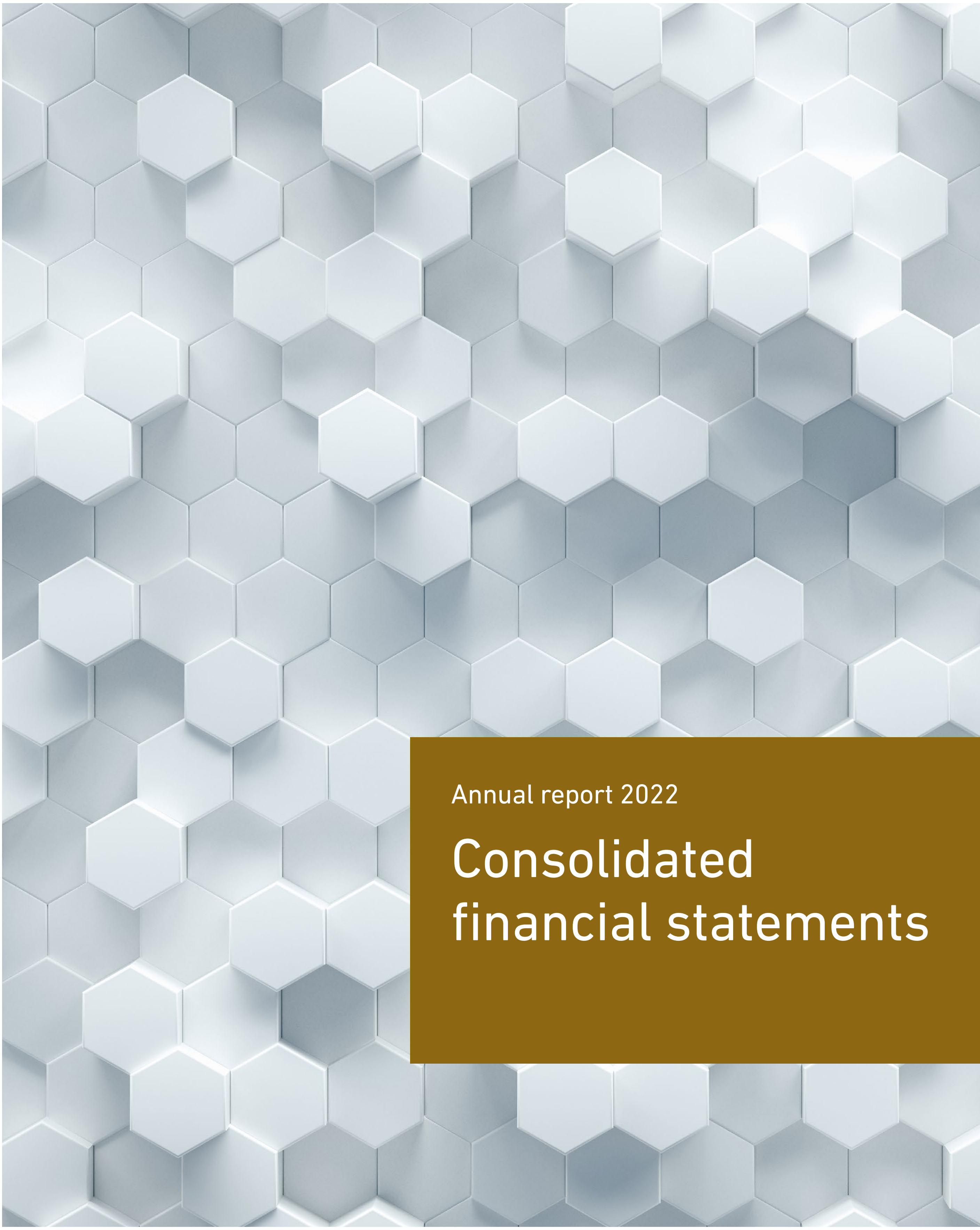
ETH Zurich Annual Report 2022

ETH zürich



Annual report 2022

Consolidated financial statements

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Rounding differences: The figures presented in this document may not add up precisely to the total amounts presented in the tables.
Changes are calculated on unrounded amounts and may differ from a figure that is based on the rounded amounts presented in the tables.
The Annual Report is produced in German and translated into English. Only the German version is binding.

Consolidated statement of financial performance

CHF million	Note	2022	2021
Federal financial contribution		1,213	1,176
Federal contribution to accommodation		117	134
Total federal contribution	4	1,331	1,310
Tuition fees, continuing education	5	36	36
Swiss National Science Foundation (SNSF)		134	135
Swiss Innovation Agency (Innosuisse)		20	18
Special federal funding of applied research		33	36
EU Framework Programmes for Research and Innovation (EU-FPs)		78	81
Industry-oriented research (private sector)		65	61
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)		41	34
Research contributions, mandates and scientific services	6	372	366
thereof transitional measures Confederation	6	3	–
Donations and bequests	7	105	89
Other revenue	8	37	37
Operating revenue		**1,880**	**1,837**
Personnel expenses	9	1,241	1,199
Other operating expenses	10	505	476
Depreciation	18, 20	103	101
Transfer expenses	11	28	27
Operating expenses		**1,877**	**1,803**
Operating result		**3**	**34**
Net finance income/expense	**12**	**–44**	**32**
Share of surplus/deficit of associated entities and joint ventures	**17**	**–33**	**27**
Surplus (+) or deficit (–)		**–73**	**94**

Consolidated balance sheet

CHF million	Note	31.12.2022	31.12.2021
Assets			
Cash and cash equivalents	13	191	821
Current receivables from non-exchange transactions	14	293	315
Current receivables from exchange transactions	14	33	32
Current financial assets and loans	19	895	355
Inventories	15	7	7
Prepaid expenses and accrued income	16	26	36
Total current assets		**1,445**	**1,566**
Property, plant and equipment	18	699	660
Intangible assets	18	4	4
Non-current receivables from non-exchange transactions	14	667	631
Non-current receivables from exchange transactions	14	–	–
Investments in associated entities and joint ventures	17	198	230
Non-current financial assets and loans	19	7	7
Co-financing	20	41	43
Total non-current assets		**1,615**	**1,574**
Total assets		**3,060**	**3,140**
Liabilities and equity			
Current liabilities	21	85	91
Current financial liabilities	22	0	0
Accrued expenses and deferred income	23	107	100
Short-term provisions	24	42	45
Short-term liabilities		234	237
Dedicated third-party funds	26	783	793
Non-current financial liabilities	22	17	19
Net defined benefit liabilities	25	152	286
Long-term provisions	24	27	25
Long-term liabilities		980	1,123
Total liabilities		**1,213**	**1,361**
Valuation reserves		337	202
Reserves from associated entities	17	198	230
Donations, grants, co-financing		747	757
Reserves with internal dedication		395	419
Reserves without dedication		87	114
Accumulated surplus (+)/deficit (–)		83	58
Total equity		**1,847**	**1,780**
Total liabilities and equity		**3,060**	**3,140**

Consolidated statement of changes in equity

CHF million	Valuation reserves	Reserves from associated entities	Donations, grants, co-financing	Teaching and research reserves	Infrastructure and administration reserves	Reserves with internal dedication	Reserves without dedication	Accumulated surplus +)/ deficit (–)	Total equity
				Other equity					
	a	b	c	d			e	f	
2022									
Changes from restatement as of 1.1.[1]	–5	–	–	–	–	–	–	5	0
As of 1.1.2022	**197**	**230**	**757**	**419**	**–**	**419**	**114**	**63**	**1,779**
Surplus (+) or deficit (–)								–73	–73
Revaluation of net defined benefit liabilities	140								140
Total items directly recognised in equity	140								140
Transfers in currrent period	–	–33	–9	–	–	–	–	42	–
Transfer of reserves with internal dedication				–24	–	–24	24		–
Appropriation of reserves							–52	52	–
Currency translations								0	0
Total changes	**140**	**–33**	**–9**	**–24**	**–**	**–24**	**–27**	**20**	**66**
As of 31.12.2022	**337**	**198**	**747**	**395**	**–**	**395**	**87**	**83**	**1,847**
2021									
As of 1.1.2021	**–16**	**202**	**713**	**449**	**–**	**449**	**170**	**–50**	**1,467**
Surplus (+) or deficit (–)								94	94
Revaluation of net defined benefit liabilities	216								216
Revaluation of financial assets	2								2
Total items directly recognised in equity	218								218
Transfers in currrent period	–	28	44	–	–	–	–	–71	0
Transfer of reserves with internal dedication				–30	–	–30	30		–
Appropriation of reserves							–86	86	–
Currency translations								0	0
Total changes	**218**	**28**	**44**	**–30**	**–**	**–30**	**–56**	**108**	**312**
As of 31.12.2021	**202**	**230**	**757**	**419**	**–**	**419**	**114**	**58**	**1,780**

1 Details of the restatement as of 1 January 2022 can be found in note 2 in the section entitled Changes in accounting policies.

a The positive valuation reserves (CHF 337 million as of 31 December 2022) consist predominantly of cumulative net actuarial and investment gains on the net defined benefit liability (not recognised in surplus or deficit). Details can be found in note 25.

b Reserves from associated entities comprise ETH Zurich's share of the equity of the ETH Zurich Foundation and other independent foundations. Changes primarily reflect its share of the associated entities' surplus or deficit in the reporting period (see notes 17 and 32).

c Donations, grants, co-financing decreased to CHF 747 million (previous year: CHF 757 million). The negative net income resulting from asset management mandates was mostly offset, as new donation agreements signed exceeded funds used. Donations, grants, co-financing are mostly subject to contractually specified conditions or have a contractually specified purpose.

d Teaching and research reserves reflect the binding commitments made internally by the Executive Board in order to promote strategic projects. These reserves fell by CHF 24 million to CHF 395 million due mainly to the use of funds on existing projects. The reserves included appointment commitments to newly appointed professors of CHF 111 million as of 31 December 2022 (previous year: CHF 129 million).

e Reserves without dedication reflect funds that originate from self-generated revenues or completed research projects that show a surplus. Reserves without dedication fell by CHF 27 million. This decline is due mainly to the additional funds required in the course of operating activities that could not be covered by the total federal contribution. The change also reflected use on the projects funded from these reserves.

f The accumulated surplus/deficit is the residual of total equity less the reserve items presented separately. It shows the cumulative results at the reporting date and comprises the surplus/deficit carried forward, the surplus/deficit for the period, increases/decreases in donations, grants, co-financing and allocations to/withdrawals from the reserves.

Consolidated cash flow statement

CHF million	Note	2022	2021
Cash flows from operating activities			
Surplus (+) or deficit (–)		**–73**	**94**
Depreciation	18, 20	103	101
Share of surplus/deficit of associated entities and joint ventures		33	–27
Net finance income/expense (non-cash)		30	–30
Increase/decrease in net working capital		31	–20
Increase/decrease in net defined benefit liabilities	25	5	–13
Increase/decrease in provisions (short- and long-term)	24	–1	–5
Increase/decrease in non-current receivables	14	–32	20
Increase/decrease in dedicated third-party funds	26	–10	–22
Reclassification and other (non-cash) income		–21	–34
Cash flows from operating activities		**64**	**65**
Cash flows from investing activities			
Investments			
Purchase of property, plant and equipment	18	–119	–154
Purchase of intangible assets	18	–2	–2
Increase in co-financing	20	–	–
Increase in loans	19	0	0
Increase in current and non-current financial assets	19	–728	–28
Total investments		**–850**	**–184**
Divestments			
Disposal of property, plant and equipment	18	0	0
Disposal of intangible assets	18	–	–
Decrease in co-financing	20	–	–
Decrease in loans	19	0	0
Decrease in current and non-current financial assets	19	156	27
Total divestments		**156**	**27**
Dividends received from associated entities and joint ventures	17	–	–
Cash flows from investing activities		**–693**	**–157**
Cash flows from financing activities			
Increase in short-term and long-term financial liabilities	22	–	0
Decrease in short-term and long-term financial liabilities	22	–1	0
Cash flows from financing activities		**–1**	**0**
Total cash flow		**–631**	**–93**
Cash and cash equivalents at the beginning of the period (1.1.)	**13**	**821**	**914**
Total cash flow		–631	–93
Net effect of currency translation on cash and cash equivalents		0	0
Cash and cash equivalents at the end of the period (31.12.)	**13**	**191**	**821**
Contained in the cash flows from operating activities:			
Dividends received		5	5
Interest received		3	0
Interest paid		–1	–1

Note: Total cash flow and the increase in current financial assets mainly reflected the transfer of CHF 590 million of financial assets placed with the Federal Government from short-term deposits. Moreover, in financial year 2022, CHF 117 million under asset management mandates were reallocated into sustainable investment funds, with the movements presented within cash flows from investing activities as a decrease or increase in current and non-current financial assets.

Notes to the consolidated financial statements

1 Business activity

ETH Zurich is one of the leading international universities for technology and the natural sciences. It is well known for its excellent education, ground-breaking fundamental research and for implementing its results directly into practice.

Founded in 1855, ETH Zurich today has 25,000 students from over 120 countries, including 4,560 doctoral students. It offers researchers an inspiring working environment and its students a comprehensive education. Twenty-two Nobel laureates have studied, taught, conducted research or are currently conducting research at ETH Zurich, underlining the excellent reputation of the university.

2 Basis of accounting

These financial statements are consolidated financial statements covering the reporting period from 1 January 2022 to 31 December 2022. The reporting date is 31 December 2022. The reporting is prepared in Swiss francs (CHF). All figures are shown in millions of Swiss francs (CHF million) unless indicated otherwise.

Legal basis

The legal basis of ETH Zurich's accounting is formed of the version of the following (including directives and regulations) in effect in the reporting period:

- Federal Act on the Federal Institutes of Technology of 4 October 1991 (FIT Act; SR 414.110)
- Ordinance on the Domain of the Swiss Federal Institutes of Technology of 19 November 2003 (Ordinance on the ETH Domain; SR 414.110.3)
- Ordinance on the Finance and Accounting of the ETH Domain of 5 December 2014 (OFA; SR 414.123)
- Accounting Manual for the ETH Domain (Version 7.0)

Accounting standards

The annual consolidated financial statements of ETH Zurich have been prepared in accordance with the International Public Sector Accounting Standards (IPSASs). The underlying accounting provisions are set out in the Accounting Manual for the ETH Domain (Art. 34 Directives, Ordinance on the Finance and Accounting of the ETH Domain, SR 414.123).

IPSASs issued but not yet applied

The following IPSASs were issued or amended before the reporting date. They become effective at a later date and have not been early adopted in these annual consolidated financial statements. The effective date is given in brackets.

Various	Improvements to IPSAS, 2021 (1 January 2023)
IPSAS 42	Social Benefits (1 January 2023)
IPSAS 43	Leases (1 January 2025)
IPSAS 44	Non-current Assets Held for Sale and Discontinued Operations (1 January 2025)

The effects on the annual consolidated financial statements are being systematically analysed. Except in the case of IPSAS 43 (Leases), no material effects on the annual consolidated financial statements are currently expected. IPSAS 43 replaces the previous lease accounting standard, IPSAS 13. For lessees, IPSAS 43 introduces a consistent approach to lease accounting under which an asset for the right to use the underlying leased item and a liability for the payment obligation entered into are required to be recognised in the balance sheet for all leases. Use is made of the recognition exemptions for leases of low-value assets and short-term leases. In contrast to the expenses from operating leases previously reported, depreciation charges for right-of-use assets and interest expense from unwinding of the discount on lease liabilities will be recognised in future. The ETH Domain is currently systematically analysing the anticipated effects of IPSAS 43 on the annual consolidated financial statements.

There are no further amendments or interpretations that are not yet required to be applied and that would have a material effect on ETH Zurich's financial accounting and reporting.

Changes in accounting policies (restatement)

With effect from 1 January 2022, ETH Zurich adopted IPSAS 41, Financial Instruments, applying the exemption from retrospective application for classification, measurement and impairment. ETH Zurich also applied consequential amendments to IPSAS 30, Financial Instruments: Disclosures for the 2022 reporting period. However, these were not applied to the comparative information.

IPSAS 41 establishes requirements for the recognition and measurement of financial instruments. This Standard replaces IPSAS 29, Financial Instruments: Recognition and Measurement. Financial instruments are now classified on the basis of the management model for and the contractual cash flow characteristics of those financial instruments.

Classification and measurement of financial assets and financial liabilities

The following table summarises the changes in the classification and measurement of financial instruments as of 1 January 2022:

Restatement under IPSAS 41, Financial Instruments

CHF million	Loans and receivables	At fair value through surplus or deficit	Available for sale	Financial liabilities measured at amortised cost	**Total carrying amount**	Restatement IPSAS 41	Amortised cost	Fair value through surplus or deficit	Financial liabilities measured at amortised cost	**Total carrying amount**
		31.12.2021						**1.1.2022**		
Cash and cash equivalents	821				821	–	821			821
Receivables from non-exchange transactions	946				946	–1	945			945
Receivables from exchange transactions	32				32	0	32			32
Financial assets and loans	1	354	7		362	0	2	361		362
Prepaid expenses and accrued income	15				15	–	15			15
Financial liabilities [1]	136	–		136	136	–		–	136	136

1 Current liabilities, leasing liabilities, financial liabilities, accrued expenses and deferred income.

ETH Zurich reclassified equity instruments of CHF 7 million out of the available for sale category and into equity instruments at fair value through surplus or deficit. As a result of this reclassification, the cumulative valuation gains/losses of CHF 5 million recognised in equity were reclassified out of the valuation reserves and into accumulated surplus/deficit. The classification and measurement of the financial liabilities remained unchanged.

The effects of the first-time adoption of IPSAS 41 on the carrying amounts of the financial assets as of 1 January 2022 resulted solely from the application of the new impairment model.

Impairment of financial assets

IPSAS 41 replaces the incurred loss model under IPSAS 29 with an expected credit loss (ECL) model. The new impairment model is required to be applied to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through net assets/equity. Under IPSAS 41, credit losses are recognised earlier than under IPSAS 29 – please see the relevant sections in note 3 Accounting policies. This change affects the loss allowance for receivables in particular.

In accordance with IPSAS 41, the simplified approach was applied for receivables. This provides for lifetime expected credit losses to be reflected from the date of recognition of the receivables using a provision matrix.

ETH Zurich determined that additional impairment losses of CHF 0.3 million were required as a result of applying the impairment provisions of IPSAS 41 as of 1 January 2022. These consisted solely of impairment losses on receivables (in particular receivables not yet due). For reasons of materiality, impairment losses on receivables are not presented separately in the consolidated statement of financial performance, but within other operating expenses, similar to the method of presentation under IPSAS 29.

3 Accounting policies

The accounting policies are derived from the basis of accounting. The annual consolidated financial statements present a true and fair view of ETH Zurich's financial position, financial performance and cash flows.

The consolidated financial statements are based on historical cost. Exceptions to this rule are described in the following presentation of the accounting principles.

The annual consolidated financial statements of ETH Zurich are included in the consolidated financial statements of the ETH Domain.

Consolidation

The annual consolidated financial statements of ETH Zurich comprise the financial statements of ETH Zurich and of all entities which ETH Zurich controls directly or indirectly. The carrying amounts of investments in associated entities are also included in the consolidated financial statements.

Control means that, through its involvement with the entity, ETH Zurich has the power to direct the relevant activities of the entity and thus the ability to affect the nature and amount of benefits. At the same time, the controlling entity is exposed, or has rights, to variable benefits. ETH Zurich normally has the ability to control if it directly or indirectly holds more than 50 percent of the voting rights or potential voting rights of the entity. These entities are consolidated.

Entities are consolidated on the basis of the single-entity financial statements of ETH Zurich and the controlled entities. Receivables, liabilities, revenue and expenses from transactions between the consolidated entities as well as ownership interests and unrealised intra-economic entity surpluses are eliminated on consolidation. All financial statements are prepared in accordance with uniform policies and normally as at the same reporting date. Due to time constraints, it is sometimes necessary to use prior-year financial statements for controlled entities rather than the financial statements as at 31 December of the reporting period. The prior-year financial statements used make up an insignificant portion of the consolidated financial statements of ETH Zurich and are adjusted for significant transactions between the prior-year reporting date and 31 December of the reporting period.

Investments in entities newly acquired in the course of the reporting period are included in the annual consolidated financial statements if they meet the consolidation criteria and exceed the thresholds defined in the Ordinance on the Finance and Accounting of the ETH Domain two years in succession. Entities which are sold are included up until the date on which control is lost, which is usually the date of disposal.

Associated entities are entities where ETH Zurich has significant influence, but not control. ETH Zurich normally has significant influence over an associated entity if it holds a 20 to 50 percent share of the voting rights. These investments are not consolidated, but are instead accounted for using the equity method and recognised in "Investments in associated entities and joint ventures". Under the equity method, the carrying amount of an investment is its cost, which is subsequently adjusted to reflect any changes in the associated entity's net assets (in proportion to ETH Zurich's share in the associated entity).

An overview of the controlled and associated entities can be found in note 32.

Currency translation

Transactions in a currency other than the functional currency are translated using the exchange rate at the transaction date.

At the reporting date, monetary items in foreign currencies are translated at the closing rate, and non-monetary items are translated using the exchange rate at the transaction date. The resulting currency translation differences are recognised as finance income or finance expense.

Assets and liabilities of controlled entities with a different functional currency are translated at the closing rate, and the statement of financial performance and cash flow statement at the average rate. Translation differences arising on the translation of net assets and statements of financial performance are recognised in equity.

The table below shows the principal currencies and their exchange rates.

	Closing rate as of		Average rate	
	31.12.2022	**31.12.2021**	**2022**	**2021**
Currency				
1 EUR	0.9874	1.0359	1.0048	1.0810
1 USD	0.9250	0.9107	0.9550	0.9143
1 SGD	0.6898	0.6764	0.6923	0.6803

Revenue recognition

Each inflow of funds is assessed to determine whether it is an exchange transaction (IPSAS 9) or a non-exchange transaction (IPSAS 23).

In the case of an exchange transaction (IPSAS 9), the revenue is generally recognised when the goods are delivered or the services rendered. For project agreements, the performance obligation not yet performed is allocated to liabilities. The revenue is billed and reported by reference to the stage of completion of the project, based on the costs incurred in the reporting period.

In the case of a non-exchange transaction (IPSAS 23), a distinction is made between whether or not there is a performance or repayment obligation. If there is such an obligation, the corresponding amount is recognised as a liability at inception of the agreement and released to surplus or deficit according to the stage of completion based on the resources consumed. If there is neither an exchange nor a performance or repayment obligation in accordance with IPSAS 23, revenue is recognised in surplus or deficit in full in the reporting period and net assets/equity is increased accordingly. This is usually the case with donations.

Revenue is structured as follows:

Total federal contribution

The contributions granted by the Federal Government to the ETH Domain are allocated to the two Federal Institutes of Technology and the four research institutions for the purpose of fulfilling the strategic objectives set by the ETH Board. The federal financial contribution granted to ETH Zurich (global budget) comprises the expenditure credit to cover basic teaching and research equipment (financial contribution in the narrower sense) and the investment credit covering its share of building investments for the Federal Government-owned property used by ETH Zurich. The investment credit is stated in the federal financial statements (Federal Office for Buildings and Logistics), while the total federal contribution in ETH Zurich's financial statements contains the federal financial contribution (in the narrower sense) and the federal contribution to accommodation. Both types of revenue are classified as non-exchange transactions (IPSAS 23). Federal contributions are recognised in the year in which they are paid.

The contribution to accommodation is equal to the accommodation expense, which is equal in amount to an imputed rent for the buildings owned by the Federal Government and used by ETH Zurich. Accommodation expense is reported within other operating expenses.

Tuition fees, continuing education
Revenue from tuition fees, contributions towards continuing and further education costs, and administration fees is classified as an exchange transaction (IPSAS 9). As a rule, revenue is accounted for on an accrual basis when the goods are delivered or the services rendered.

Research contributions, mandates and scientific services
Project-related contributions are given to ETH Zurich by various donors with the aim of promoting teaching and research. Project financing primarily relates to multi-year projects. Depending on the nature of the contributions, they are classified as either an exchange or a non-exchange transaction.

Donations and bequests
Revenue from donations and bequests is classified as a non-exchange transaction (IPSAS 23). Such grants where there is no conditional repayment risk are usually recognised as revenue in full when the agreement is signed.

Donations also include goods and services in-kind, which are distinguished as follows:

- Goods in-kind are recognised as assets in accordance with the applicable provisions when the agreement is signed.

- Donated rights to use assets in the sense of an operating lease are recognised as revenue and expense. Donated rights to use assets in the sense of a finance lease are measured at their fair value at inception of the agreement, if this is known, and depreciated over their useful life. If a performance obligation exists, it is stated as a liability and revenue is recognised annually according to the services received. If there is no performance obligation, revenue is recognised upon recognition of the asset as a whole.

- Services in-kind received are not recognised, but are instead disclosed and commented upon in the notes if they are material.

Rights of use and services in-kind in connection with research agreements are not recognised due to the large number and the difficulty in recording, separating and measuring them. A general description of the research activity is merely provided in the notes to the consolidated financial statements.

Other revenue
Among other items, other revenue includes other service revenue and real estate revenue. This revenue is classified as an exchange transaction (IPSAS 9). As a rule, revenue is accounted for on an accrual basis when the goods are delivered or the services rendered.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, demand and term deposits with financial institutions and funds invested with the Federal Government with an initial or remaining term of up to 90 days at the acquisition date. Cash and cash equivalents are measured at their nominal amount.

Receivables

Receivables from exchange (from goods and services) and non-exchange transactions are presented separately in the balance sheet.

In the case of receivables from non-exchange transactions (IPSAS 23), such as on SNSF and EU projects and from other donors, it is probable that there will be an inflow of funds in relation to the total contractual project volume. Therefore, the total amount of the project is usually recognised as a receivable at inception of the agreement if the fair value can be measured reliably. If the recognition criteria cannot be met, information is disclosed under contingent assets.

Non-current receivables of over CHF 10 million are stated at amortised cost using the effective interest method. Current receivables are stated at cost.

Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Appropriate value adjustments are recognised for slow-moving inventories.

Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation. They are depreciated over their estimated useful life using the straight-line method. The estimated useful lives are as follows:

Asset category	Useful life
Immovable assets	
Property	unrestricted
Leasehold improvements ≤ CHF 1 million	10 years
Leasehold improvements > CHF 1 million	according to components
Buildings and structures	according to components [1]
Movable assets	
Machinery, equipment, tools, devices	5 years
Passenger vehicles, delivery vehicles, trucks, aircraft, ships, etc.	5 years
Furnishings	5 years
IT and communication	**3 years**

1 Useful life depends on the type of building, its purpose and the fabric of the building (20–100 years). Assets under construction are not depreciated.

Capitalised leasehold improvements and installations in leased premises are depreciated over the estimated useful life or over the term of the lease if shorter.

In the event of additions to property, plant and equipment, it is checked whether components with a value that is significant in relation to the total value need to be recognised and depreciated separately because they have a different useful life (components approach).

Investments that have future economic benefits or service potential over several years and can be measured reliably are recognised as assets and depreciated over the estimated useful life.

The residual value of property, plant and equipment that is scrapped or sold is derecognised at the time of the asset's physical disposal. The gains or losses resulting from the derecognition of an item of property, plant and equipment are recognised as operating revenue or operating expenses.

Movable cultural items and works of art are not recognised as assets. An inventory of these items is kept.

Intangible assets
Intangible assets are recognised at cost. Standard software is amortised over three years using the straight-line method. Other intangible assets with an amortisation period required to be determined individually are amortised over their estimated useful life using the straight-line method.

Impairment of non-financial assets (property, plant and equipment and intangible assets)
Property, plant and equipment and intangible assets are reviewed annually for indications of impairment. If specific indications are identified, an impairment test is performed. If the carrying amount permanently exceeds the value in use or net realisable value, an impairment is recognised in surplus or deficit in the amount of the difference.

Financial assets

Policy applicable up until 31 December 2021

Value adjustments are recognised on receivables on the basis of experience and a case-by-case assessment. Impairments of loans and fixed deposits are recognised on the basis of a case-by-case assessment.

Policy applicable as of 1 January 2022

ETH Zurich recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost. ETH Zurich measures loss allowances for receivables at an amount equal to the lifetime expected credit losses (simplified approach).

For the following financial instruments, the loss allowance is measured at an amount equal to the 12-month expected credit loss (three-stage approach):

- loans that are low credit risk at the reporting date and

- bank deposits on which the credit risk has not increased significantly since initial recognition.

Loss allowances for receivables that result from exchange transactions and for receivables that result from non-exchange transactions are always measured at an amount equal to the lifetime expected credit loss (simplified approach) using a provision matrix. The probability of default is based on historical experience, if possible supplemented with current observable data and an assumption as to future developments. No loss allowance is posted for the portion for which a performance obligation is still recognised in accordance with IPSAS 23.

When determining whether the credit risk on a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, ETH Zurich considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses based on ETH Zurich's past experience and sound assessments, including forward-looking information where possible. Among other things, ETH Zurich assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Presentation of the loss allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Use of loss allowances

The gross carrying amount of a financial asset is derecognised if ETH Zurich has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. For this, ETH Zurich carries out an assessment at individual asset level with respect to the timing of the loss allowance's use and the amount to be used. This is generally based on the expectation that the financial asset can be collected. If ETH Zurich expects no significant recovery, the amount is used and the asset derecognised.

Leases

Leases of property where ETH Zurich substantially assumes all the risks and rewards incidental to ownership are treated as finance leases. At inception of the lease, the assets and liabilities under a finance lease are recognised at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Each lease payment is apportioned between the reduction of the outstanding liability and the finance charge. The reduction is deducted from the recognised lease liability. A leased asset is depreciated over its useful life or, if it is not reasonably certain that ownership will transfer at the end of the lease term, over the shorter contract term.

Other leases where ETH Zurich is the lessee are recognised as operating leases. They are not carried in the balance sheet, but instead recognised as an expense in the statement of financial performance on an accrual basis.

Financial assets and loans

Policy applicable up until 31 December 2021

Financial assets are recognised at fair value if they are acquired with the intention of generating a profit from short-term fluctuations in price or if they are designated as financial assets at fair value (e.g. investments held without significant influence). Changes in value are recognised in surplus or deficit.

Other non-current financial assets that are held for an indefinite period and may be sold at any time for liquidity reasons or in response to changes in market conditions are classified as available for sale and stated at fair value or at cost if the fair value cannot be determined reliably. Unrealised gains and losses are recognised in equity and only transferred to surplus or deficit when the financial asset is sold or an impairment occurs. For instance, investments where there is neither control nor significant influence are recognised as available for sale.

Originated loans and fixed deposits are stated either at amortised cost (nominal value of less than CHF 10 million and current loans and fixed deposits of over CHF 10 million) or at amortised cost using the effective interest method (non-current loans and fixed deposits of over CHF 10 million). The effective interest method allocates the difference between the acquisition cost and the repayment amount (premium/discount) over the term of the asset using the net present value method. Impairment losses are recognised based on a case-by-case assessment.

Derivative financial instruments are used primarily for hedging or as a strategic position. Without exception, they are measured at fair value. Changes in value are usually recognised in surplus or deficit.

Policy applicable as of 1 January 2022
At initial recognition, a financial asset is classified and measured as follows:

At amortised cost:
These are debt instruments held in order to collect contractual cash flows that are solely payments of principal and interest. They primarily include loans and fixed deposits.

Originated loans and fixed deposits are stated either at amortised cost (nominal value of less than CHF 10 million and current loans and fixed deposits of over CHF 10 million) or at amortised cost using the effective interest method (non-current loans and fixed deposits of over CHF 10 million).

Amortised cost is reduced by impairment losses. Interest income, exchange gains and losses, and impairment losses are recognised in surplus or deficit. A gain or loss on derecognition is recognised in surplus or deficit.

At fair value through surplus or deficit:
Financial assets held for trading and derivative financial instruments are accounted for at fair value through surplus or deficit. Fluctuations in value and dividends are recognised in surplus or deficit.

Investment property
Investment property is only reported separately if it is material. Otherwise, it is recognised in the balance sheet as property, plant and equipment and disclosed accordingly.

Co-financing
Co-financing is third-party funding acquired by ETH Zurich that is used to finance construction projects in property owned by the Federal Government. Co-financing is measured based on the valuation of the underlying property, which the Federal Government recognises at cost less accumulated depreciation. A property's ongoing depreciation reduces the value of the co-financing to the same degree as the underlying property.

Co-financing is reported at the same amounts on both the assets and the equity and liabilities side (equity) of the balance sheet.

Current liabilities
Current liabilities are usually recognised on receipt of the invoice. This item also includes current accounts with third parties (including social insurance institutions). Current liabilities are measured at their nominal amount.

Financial liabilities
Financial liabilities include monetary liabilities arising from financing activities, as well as negative replacement values from derivative financial instruments. Monetary liabilities are usually interest bearing. Liabilities that are due for repayment within 12 months of the reporting date are current. They are generally measured at amortised cost. Derivative financial instruments are measured at their fair value.

Provisions

Provisions are recognised when a past event gives rise to a present obligation, an outflow of resources is probable and the amount can be estimated reliably.

Defined benefit plans

The net defined benefit liabilities presented in the balance sheet are measured in accordance with the methods under IPSAS 39. They correspond to the present value of the defined benefit obligations (DBO) less the fair value of the plan assets. The description of the pension scheme and the beneficiaries at ETH Zurich can be found in note 25.

The defined benefit obligations and service cost are determined annually by external experts using the projected unit credit (PUC) method. The calculation is made based on information about the beneficiaries (salary, vested benefits, etc.) and using both demographic variables (retirement rates, disability rates, mortality rates, etc.) and financial variables (salary or pension trends, returns, etc.). The amounts calculated are discounted to the valuation date by applying a discount rate. Changes in estimates of economic conditions can significantly affect defined benefit obligations.

The defined benefit obligations were measured based on the current membership base of the ETH Domain's pension scheme as of 31 October 2022, using actuarial assumptions as of 31 December 2022 (e.g. BVG 2020 actuarial tables) and the plan provisions of the ETH Domain pension scheme. The results were then adjusted using estimated pro rata cash flows as of 31 December 2022. The fair value of the plan assets was used, including estimated performance as of 31 December 2022.

Risk sharing is included in the measurement of the defined benefit obligation by way of a two-step assessment and requires additional assumptions to be made. Like the other financial and demographic assumptions, these are assumptions made from the employer perspective. The first step is to examine whether a current or future structural deficit can be substantiated. If so, any measures affecting the benefits paid by the plan (reducing the conversion rate and accompanying measures such as investing retirement savings, or adjusting contributions) are factored into the calculations. If there is still a structural deficit, the second step is to apportion it between the employer and employees. In doing so, it is assumed that the employer share of the deficit is limited to 64 percent as per the current sliding scale of savings contributions under the terms of the scheme. The employee share is allocated at a flat rate between an earned portion and a portion still to be earned, based on past and expected future years of service. The portion already earned reduces the present value of the employer's defined benefit obligation, while the portion still to be earned reduces the employer's future service cost.

Since the introduction of risk sharing, effects of plan amendments that relate to assumptions about risk sharing have no longer been recognised in the statement of financial performance, but directly in equity as a component of the remeasurement of the liability.

Any net defined benefit asset is recognised at the lower of the surplus (after deduction of an employee share of 50 percent) and the present value of economic benefits in the form of refunds or reductions in future contributions ("asset ceiling"). Current service cost, past service cost resulting from plan amendments, gains and losses on settlement, administrative costs and interest on the net defined benefit liabilities are presented in the statement of financial performance within personnel expenses.

Plan amendments and plan settlements are recognised immediately in surplus or deficit in the period in which they occur provided they result in vested benefits.

Actuarial and investment gains and losses on defined benefit plans are recognised directly in equity in the reporting period in which they occur.

Dedicated third-party funds

Liabilities from dedicated projects that arise from non-exchange transactions (IPSAS 23) are presented in the balance sheet as dedicated third-party funds. They are allocated solely to non-current liabilities because the projects usually last for several years and the current portion of the liability cannot be determined in most cases due to the nature of the projects.

They are measured based on the outstanding performance obligations at the reporting date, which are calculated from the total contractual project volume less services performed up to the reporting date.

Equity

Net assets/equity is the residual interest in the assets of an entity after deducting all its liabilities. Equity is structured as follows:

Valuation reserves (recognition in equity)

- Revaluation reserves for available-for-sale financial assets recognised at fair value: Fair value changes are recognised in equity until the financial assets are sold. Following the introduction of IPSAS 41 on 1 January 2022, this item is reclassified to accumulated surplus/deficit. Please see the explanatory notes on this in note 2 Basis of accounting.

- Revaluation reserves for net defined benefit liabilities: Actuarial and investment gains and losses on defined benefit obligations or plan assets are recognised in equity.

Reserves from associated entities

This item comprises reserves from the inclusion of the share of the equity of associated entities that is accounted for using the equity method. These dedicated reserves cannot be accessed directly.

Donations, grants, co-financing

This item includes unused third-party funds from donations, bequests and other grants that have conditions attached, but are not required to be classified as liabilities. The funds are solely funds from non-exchange transactions (IPSAS 23). The net income generated from the management of third-party funds and the reserves for fluctuations in the value of the securities portfolio (risk capital) are also allocated to this category. Further information on co-financing can be found in the section entitled Co-financing.

Reserves with internal dedication

- Teaching and research reserves: This item indicates that various internal commitments exist and appropriate reserves have been recognised to cover them. The reserves comprise reserves for teaching and research projects and include "appointment commitments", i. e. funds granted to newly elected professors under contractual arrangements for the purpose of setting up their professorship.

- Infrastructure and administration reserves: These include reserves for delayed construction projects and for dedicated saving for specific infrastructure projects (> CHF 10 million) and administrative projects.

Reserves without dedication

Unused funds for which there are no contractual or internal provisions in accordance with IPSASs are presented as reserves without dedication. They are not restricted in terms of time or purpose.

Reserves must have been generated. They are recognised and reversed within equity.

Accumulated surplus/deficit

The item "Accumulated surplus/deficit" shows the cumulative results at the reporting date. It comprises the surplus/deficit carried forward, the surplus/deficit for the period, increases/decreases (transfers in the reporting period) in donations, grants, co-financing, reserves from associated entities and allocations to/withdrawals from the reserves (appropriation of surplus/deficit).

The surplus/deficit carried forward changes annually as part of the appropriation of surplus/deficit. The surplus/deficit for the period includes the portion of the result not yet distributed. If currency translation differences arise on foreign consolidated entities on consolidation, they are recognised in equity, without affecting surplus or deficit.

Contingent liabilities and contingent assets

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of an uncertain future event not wholly within the control of the entity or a present obligation that arises from past events, but is not recognised because of its low probability of occurrence (less than 50 percent) or because the obligation cannot be measured reliably, as a result of which the criteria for recognising a provision are not met.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of an uncertain future event not wholly within the control of the entity.

Financial commitments

Financial commitments are presented in the notes if they are based on events prior to the reporting date, they will definitely lead to obligations to third parties after the reporting date and their amount can be measured reliably.

Cash flow statement

The cash flow statement shows the cash flows from operating activities, investing activities and financing activities. It is presented using the indirect method, i. e. cash flows from operating activities are based on the surplus or deficit for the period, adjusted for the effects of transactions of a non-cash nature. "Total cash flow" represents the change in the balance sheet item "Cash and cash equivalents" including the effect of changes in foreign exchange rates on consolidation of foreign equity investments.

Estimation uncertainty and management judgements

Estimation uncertainty in the application of accounting policies

Preparation of the annual consolidated financial statements depends on estimates and assumptions involved in applying the accounting policies, where management may exercise a certain degree of judgement. This applies to the following items in particular:

- Useful life and impairment of property, plant and equipment: The useful life of property, plant and equipment is defined and periodically reviewed bearing in mind the current technical environment and past experience. A change in the estimate may affect the future amount of the depreciation charges and the carrying amount. Estimates that could lead to a reduction in the carrying amount (impairment) are likewise made in the course of the regular impairment test.

- Provisions, contingent assets and contingent liabilities: These involve a high degree of estimation with regard to the probability and extent of the cash inflow or outflow and therefore may lead to a higher or lower cash flow depending on the actual outcome of a past event.

- Defined benefit plans: The net defined benefit liability or asset is calculated based on long-term actuarial assumptions for the defined benefit obligations and for the expected returns on plan assets. The determination of the discount rate and the future rates of salary and pension increase is a key element of the actuarial valuation, as are demographic trends (future mortality, disability, probable employee turnover) and assumptions about risk sharing between the employer and employees. These assumptions may differ from actual future developments.

- Recognition of donations: ETH Zurich regularly receives donations in the form of assets. Under IPSASs, donations must be recognised initially at fair value. The determination of that fair value requires management to make estimates.

- Discount rates: Uniform discount rates have been defined within the ETH Domain for use in discounting non-current receivables, liabilities and provisions. They are based on a risk-free rate and a premium for credit risk. Due to the current interest rate situation, however, these rates are subject to a certain degree of uncertainty.

- Loss allowance for expected credit losses: In measuring the loss allowance on the basis of the expected credit losses on receivables that result from non-exchange transactions and receivables that result from exchange transactions, the key assumptions used to determine the probabilities of default are subject to estimation uncertainty.

Management judgements in the application of accounting policies

There were no particular or exceptional management judgements in the application of accounting policies that had a material effect on the annual consolidated financial statements in the reporting period or in the previous year.

4 Total federal contribution

The total federal contribution amounted to CHF 1,331 million in the reporting period (previous year: CHF 1,310 million). It comprises the federal financial contribution (in the narrower sense) or expenditure credit, which is used to cover basic teaching and research equipment, and the federal contribution to accommodation to cover rent charged by the Federal Government for the use of the buildings it owns. The latter is offset to an equal degree by the accommodation expense for the use of property owned by the Federal Government (see note 10).

The financial contribution rose by CHF 37 million, or 3 percent, to CHF 1,213 million in 2022. The contribution to accommodation, which comprises the depreciation charges on buildings and the return on asset value, dropped by CHF 17 million to CHF 117 million.

5 Tuition fees, continuing education

This item of revenue primarily includes the tuition fees paid by students and doctoral candidates, various additional registration fees and fees for continuing education programmes.

Revenue from tuition fees and continuing education held steady year on year (CHF 36 million). This reflected a slight increase in tuition fees due to a higher number of students, offset by a slight decline in contributions towards the cost of continuing and further education courses.

6 Research contributions, mandates and scientific services

CHF million	2022	of which revenues (IPSAS 23)	of which revenues (IPSAS 9)	2021	Change absolute
Swiss National Science Foundation (SNSF)	134	134	–	135	–1
Swiss Innovation Agency (Innosuisse)	20	20	–	18	2
Special federal funding of applied research	33	17	16	36	–3
EU Framework Programmes for Research and Innovation (EU-FPs)	78	78	–	81	–3
Industry-oriented research (private sector)	65	19	46	61	5
Other project-oriented third-party funding (incl. cantons, municipalities, international organisations)	41	24	17	34	7
Total research contributions, mandates and scientific services	**372**	**292**	**79**	**366**	**6**

Regular research funding and transitional measures of the Confederation

CHF million	2022	thereof regular research funding	thereof transitional measures Confederation
Swiss National Science Foundation (SNSF)	134	134	1
Swiss Innovation Agency (Innosuisse)	20	20	–
EU Framework Programmes for Research and Innovation (EU-FPs)	78	75	3
Total regular research funding/transitional measures Confederation		**229**	**3**

Revenue from research contributions, mandates and scientific services rose slightly (CHF +6 million). The biggest increase was in revenue from other project-oriented third-party funding (CHF +7 million, of which CHF +2 million was attributable to controlled entities). A rise was also recorded in revenue from industry-oriented research (CHF +5 million) and revenue from Innosuisse (CHF +2 million). These changes primarily reflected the stage of completion of ongoing projects.

The increases in revenue mentioned above were partly offset by the decline in revenue from EU Framework Programmes for Research and Innovation (CHF –3 million), revenue from federal research mandates (CHF –3 million) and revenue from the SNSF (CHF –1 million). This reduction was attributable to the fact that projects did not progress as far as in the previous year.

Revenue from research contributions, mandates and scientific services included CHF 3 million from transitional measures put in place by the Federal Government as a result of Switzerland not being an associated country in the Horizon Europe EU Framework Programme for Research and Innovation.

Information on receivables from non-exchange transactions and dedicated third-party funds related to projects financed through the third-party funding category in question can be found in notes 14 and 26.

7 Donations and bequests

Revenue from donations and bequests amounted to CHF 105 million (CHF +17 million). It resulted mostly from donation agreements signed in 2022. Such agreements are usually recognised in surplus or deficit in full in the year of signing and are mostly subject to certain conditions. Also included in this item were goods and services in-kind outside research collaborations in the amount of CHF 3 million, mostly in the form of rights of use.

8 Other revenue

CHF million	**2022**	**2021**	**Change absolute**
Licences and patents	3	2	1
Sales	4	7	–2
Refunds	1	1	0
Other services	8	9	–1
Real estate revenue	8	9	0
Return subject to levy according to the Ordinance on the Finance and Accounting of the ETH Domain	4	1	3
Profit from disposals (property, plant and equipment)	0	0	0
Other miscellaneous revenue	7	8	–1
Total other revenue	**37**	**37**	**0**

Overall, other revenue held steady year on year. Among other things, a rise was recorded in the return subject to levy according to the Ordinance on the Finance and Accounting of the ETH Domain (CHF +3 million) due to the reclassification of revenue from energy sales. The reclassification was made upon the first-time remittance of 90 percent of the revenue from energy sales to the Federal Government. Up until the previous year, revenue from energy sales was presented within sales, which were correspondingly lower in the reporting period (CHF –2 million).

9 Personnel expenses

CHF million	2022	2021	Change absolute
Professors	137	136	1
Scientific personnel	513	501	12
Technical and administrative personnel, apprentices, trainees	383	377	5
IC, Suva and other refunds	–5	–5	0
Total salaries and wages	**1,028**	**1,009**	**18**
Social insurances OASI/DI/IC/MB	67	65	1
Net pension costs	125	108	17
Accident and sickness insurance Suva (BU/NBU/KTG)	3	4	0
Employer's contribution to Family Compensation Fund (FAK/Fam ZG)	12	11	0
Total social insurance schemes and pension expenses	**207**	**189**	**18**
Other employer contributions	0	0	0
Temporary personnel	1	0	1
Change in provisions for untaken leave and overtime	–2	–4	2
Change in provisions for contributions to long-service awards	1	–1	2
Other personnel expenses	6	5	1
Total personnel expenses	**1,241**	**1,199**	**42**

Salaries and wages increased by CHF 18 million, or 2 percent, year on year. This was related to the rise in average full-time equivalents by 167 FTEs to 10,584 FTEs (+2 percent). Details on the changes in personnel can be found in the Human Resources section.

Net pension costs represent the net defined benefit liability accrued and allocated on a straight-line basis over the years of service. These increased by CHF 17 million due mainly to higher current service cost and higher past service cost. Further details on the net pension costs can be found in note 25.

The change in provisions for untaken leave and overtime (CHF –2 million) was mainly the result of the reduction in leave and overtime balances. Details on provisions can be found in note 24.

10 Other operating expenses

CHF million	2022	2021	Change absolute
Expenses for goods and materials	70	70	0
Premises costs	186	185	1
Energy costs	37	33	5
IT expenses	53	55	–2
Expenses for consultations, appraisals and guest lecturers	49	44	5
Library expenses	21	21	0
Other operating costs	89	69	20
Total other operating expenses	**505**	**476**	**30**

Other operating expenses rose by CHF 20 million year on year. This was primarily the result of higher out-of-pocket expenses, including for items such as flights, accommodation, seminars and conferences, and an increase in expenditure on other services provided by third parties. The previous year was impacted by the negative effects of the COVID-19 pandemic.

Energy costs rose (CHF +5 million) due primarily to the higher prices on the energy markets resulting in higher expenses for fuel and electricity.

Expenses for consultations, appraisals and guest lecturers increased (CHF +5 million) primarily as a result of a rise in expenses for the organisation and delivery of seminars and in fees and expenses for guest speakers.

The slight increase in premises costs (CHF +1 million) is due in particular to a rise in expenses for the maintenance, repair and upkeep of properties, as the amount of construction costs recognised as assets decreased year on year, resulting in a smaller reduction in expenses. In addition, new premises were rented, pushing up lease expenses. Conversely, lower accommodation expense for the use of property owned by the Federal Government reduced premises costs (see note 4).

11 Transfer expenses

CHF million	**2022**	**2021**	**Change absolute**
Scholarships and grants to students and doctoral students	15	15	1
Contributions to research projects	7	5	1
Other transfer expenses	6	7	–1
Total transfer expenses	**28**	**27**	**1**

12 Net finance income/expense

CHF million	**2022**	**2021**	**Change absolute**
Finance income			
Interest income	8	3	5
Income from investments	5	6	0
Changes in fair value of financial assets	2	30	–29
Foreign currency gains	6	6	0
Other finance income	0	0	0
Total finance income	**21**	**45**	**–24**
Finance expense			
Interest expense	1	1	0
Other financing costs for provision of capital	–	–	–
Changes in fair value of financial assets	53	4	49
Foreign currency losses	10	6	3
Impairments	0	0	0
Other finance expense	1	1	0
Total finance expense	**64**	**12**	**52**
Total net finance income/expense	**–44**	**32**	**–76**

Net finance expense was the result of the negative performance of the asset management mandates (see also note 19), which is reflected in “Changes in fair value of financial assets” on both the income and the expense side.

Interest income resulted mostly from unwinding of the discount on material receivables, which amounted to CHF 5 million (previous year: CHF 3 million). In the reporting period, this item also included interest income of CHF 3 million (previous year: zero) from financial assets placed with the Federal Government, as the Federal Government started to pay interest on such assets again in the course of 2022.

Interest expense primarily contained the interest on the finance lease. Further information on the finance lease can be found in note 22.

13 Cash and cash equivalents

CHF million	31.12.2022	31.12.2021	Change absolute
Cash	1	1	0
Swiss Post	23	15	9
Bank	26	41	–15
Short-term deposits (<90 days)	141	765	–624
Total cash and cash equivalents	**191**	**821**	**–631**

The change in cash and cash equivalents is closely related to ETH Zurich's investing and financing activities (see "Consolidated cash flow statement"). A significant portion of "Cash and cash equivalents" comprises deposits with the Federal Government that were presented as short-term deposits with an initial or remaining term of up to 90 days at the acquisition date.

There are no restrictions on the use of cash and cash equivalents.

Cash and cash equivalents declined year on year (CHF –631 million) due primarily to the decrease in short-term deposits (CHF –624 million). This was mainly the result of the transfer of CHF 590 million of financial assets placed with the Federal Government from short-term deposits to current financial assets for the purposes of optimising the potential to earn interest. The balance also declined as a result of an increased requirement for liquidity in operations (CHF –36 million). Further information on financial assets can be found in note 19.

14 Receivables

CHF million	31.12.2022	31.12.2021	Change absolute
Receivables from project contracts and donations	950	936	15
Other receivables	11	10	1
Loss allowance	–1	–	–1
Total receivables from non-exchange transactions	**960**	**946**	**14**
of which current	293	315	–22
of which non-current	667	631	36
Trade accounts receivable	33	21	12
Other receivables	1	12	–11
Loss allowance	0	–1	1
Total receivables from exchange transactions	**33**	**32**	**1**
of which current	33	32	1
of which non-current	–	–	–

Receivables from non-exchange transactions reflect the total amount of contractual payments for mainly project-oriented research contributions which have not yet been transferred to ETH Zurich. Grants that have been promised but not yet transferred under donation agreements are also recognised as receivables from non-exchange transactions.

Receivables from non-exchange transactions rose (CHF +14 million) due primarily to receivables from new donation agreements and from SNSF projects. Conversely, receivables from EU projects in particular declined as a result of Switzerland not being an associated country in the Horizon Europe EU Framework Programme for Research and Innovation. Receivables from industry-oriented research and other third-party funding were also lower than in the previous year.

The increase in trade accounts receivable was mainly the result of higher receivables from Federal Government agencies and from ETH Domain institutions.

Other receivables from exchange transactions declined due especially to the settlement of a relatively large invoice from the previous year.

15 Inventories

Inventories of CHF 7 million (previous year: CHF 7 million) comprise purchased inventories (there are no self-produced inventories).

16 Prepaid expenses and accrued income

CHF million	**31.12.2022**	**31.12.2021**	**Change absolute**
Interest	0	0	0
Prepaid expenses	17	21	–4
Other prepaid expenses and accrued income	9	15	–6
Total prepaid expenses and accrued income	**26**	**36**	**–10**

This item consists mainly of the library's media purchases, advance rental payments and advance payments for hardware and software maintenance agreements as well as accrued project income that is billed and reported by reference to the stage of completion of the project.

17 Investments in associated entities and joint ventures

Details on material associated entities can be found in the section below. Further information on all associated entities is provided in note 32. ETH Zurich did not have any joint ventures in the reporting period.

Material associated entities and individually immaterial associated entities

Summarised financial information for each material associated entity and for the individually immaterial entities in aggregate is set out below. For the purposes of equity method accounting, the financial statements and the amounts reported there were adjusted, with some simplifications, to conform to the accounting of ETH Zurich.

CHF million	ETH Zurich Foundation	Student Housing Foundation	Albert Lück Foundation	Individually immaterial associated entities [3]
31.12.2022				
Reporting date used	**31.12.2022**	**31.12.2021**	**31.12.2021**	**31.12.2021**
Current assets	288	5	1	10
Non-current assets	344	121	37	5
Short-term liabilities [1]	48	2	2	0
Long-term liabilities [1]	446	53	23	3
Revenue [2]	–7	13	5	0
Tax expense	–	–	–	–
Pre-tax gain or loss attributable to discontinued operations	–	–	–	–
Surplus (+) or deficit (–)	–34	3	–1	1
Dividends received from the associated entity	–	–	–	–
31.12.2021				
Reporting date used	**31.12.2021**	**31.12.2020**	**31.12.2020**	**31.12.2020**
Current assets	339	3	4	9
Non-current assets	302	121	37	5
Short-term liabilities [1]	51	1	4	0
Long-term liabilities [1]	419	56	23	3
Revenue	10	13	5	0
Tax expense	–	–	–	–
Pre-tax gain or loss attributable to discontinued operations	–	–	–	–
Surplus (+) or deficit (–)	25	5	0	0
Dividends received from the associated entity	–	–	–	–

1 The short-term and long-term liabilities of the ETH Zurich Foundation comprise capital in the form of dedicated funds and liabilities arising from grants in the amount of CHF 48 million (short-term; previous year: CHF 51 million) and CHF 446 million (long-term; previous year: CHF 419 million). These are already included in ETH Zurich's consolidated equity, where they make up a significant portion of "Donations, grants, co-financing".

2 The revenue of the ETH Zurich Foundation included the reclassification of a prior-period transaction into capital in the form of dedicated funds (CHF 10 million), which reduced revenue.

3 Individually immaterial associated entities include: Foundation for Archives of Contemporary History and Foundation for Contemporary Jewish History.

The "Investments in associated entities and joint ventures" and "Reserves from associated entities" items presented in the consolidated balance sheet declined from CHF 230 million to CHF 198 million. The change primarily reflected the share of deficit of associated entities in the amount of CHF –33 million in the reporting period (previous year: share of surplus of CHF 27 million), most notably as a result of the net finance expense of the ETH Zurich Foundation.

Unrecognised share of losses of associated entities

There was no unrecognised share of losses of associated entities, either for the reporting period or cumulatively.

18 Property, plant and equipment and intangible assets

CHF million	Machinery, equipment, furnishings, vehicles	Information and communication	Advance payments, movable assets under construction	**Total movable assets**	Property, buildings [1]	Assets under construction	**Total immovable assets**	**Total property, plant and equipment**	**Total intangible assets [2]**
2022									
Purchase value									
As of 1.1.2022	**933**	**236**	**36**	**1,205**	**405**	**188**	**594**	**1,799**	**12**
Additions	44	25	9	79	7	53	60	139	2
Reclassifications	9	3	–12	0	27	–27	–	0	0
Disposals	–14	–7	0	–21	–2	–	–2	–23	0
As of 31.12.2022	**972**	**256**	**34**	**1,262**	**438**	**214**	**652**	**1,915**	**13**
Accumulated depreciation									
As of 1.1.2022	**781**	**204**	**–**	**985**	**154**	**–**	**154**	**1,139**	**8**
Depreciation	50	16	–	66	33	–	33	99	2
Impairments	–	–	–	–	–	–	–	–	–
Reversed impairments	–	–	–	–	–	–	–	–	–
Reclassifications	0	–	–	0	–	–	–	0	0
Disposals value adjustments	–14	–7	–	–21	–1	–	–1	–22	0
As of 31.12.2022	**818**	**212**	**–**	**1,030**	**186**	**–**	**186**	**1,216**	**9**
Balance sheet value as of 31.12.2022	**154**	**44**	**34**	**232**	**252**	**214**	**466**	**699**	**4**
thereof leased assets					13		13	13	
2021									
Purchase value									
As of 1.1.2021	**944**	**255**	**9**	**1,208**	**322**	**178**	**500**	**1,708**	**13**
Additions	43	12	32	87	28	75	103	190	2
Reclassifications	5	–	–5	0	64	–64	–	0	0
Disposals	–59	–30	–	–90	–10	–	–10	–99	–3
As of 31.12.2021	**933**	**236**	**36**	**1,205**	**405**	**188**	**594**	**1,799**	**12**
Accumulated depreciation									
As of 1.1.2021	**791**	**215**	**–**	**1,005**	**130**	**–**	**130**	**1,136**	**9**
Depreciation	49	19	–	69	29	–	29	98	2
Impairments	–	–	–	–	–	–	–	–	–
Reversed impairments	–	–	–	–	–	–	–	–	–
Reclassifications	0	–	–	0	–	–	–	0	0
Disposals value adjustments	–59	–30	–	–89	–5	–	–5	–94	–3
As of 31.12.2021	**781**	**204**	**–**	**985**	**154**	**–**	**154**	**1,139**	**8**
Balance sheet value as of 31.12.2021	**152**	**32**	**36**	**220**	**251**	**188**	**439**	**660**	**4**
thereof leased assets					13		13	13	

1 The Rübel Geobotanical Research Institution Foundation, an entity controlled by ETH Zurich, holds an investment property. It is not disclosed separately on materiality grounds.
2 Intangible assets comprise software and intangible assets in the implementation phase.

Movable items of property, plant and equipment consist mainly of technical/scientific equipment, and information and communications technology (ICT) equipment.

ETH Zurich's immovable property, plant and equipment consists of five properties (CHF 15 million), one property under a finance lease (CHF 13 million) and leasehold improvements (CHF 222 million excluding assets under construction of CHF 214 million). Leasehold improvements are user-specific structural adjustments to buildings taken by ETH Zurich. As in the previous year, a large volume of leasehold improvements and assets under construction (additions) were capitalised, due mainly to the fact that construction activity remained at a high level.

The majority of the properties used by ETH Zurich are owned by the Federal Government and are reported in the balance sheet of the Federal Government rather than that of ETH Zurich.

19 Financial assets and loans

CHF million	31.12.2022	31.12.2021	Change absolute
Securities, fixed deposits and investment funds	301	352	–51
Positive replacement values	1	–	1
Other financial assets	592	2	590
Loans	1	1	0
Total current financial assets and loans	**895**	**355**	**541**
Securities, fixed deposits and investment funds	–	–	–
Other financial assets	6	7	–1
Loans	1	1	0
Total non-current financial assets and loans	**7**	**7**	**–1**

Current financial assets are obtained by investing funds collected from third parties that will not be used immediately. Based on the applicable treasury agreement and the investment guidelines stipulated by the ETH Board, these funds are placed in the market or with the Federal Government. The third-party funds placed in the market are managed by Swiss banks under asset management mandates.

The rise in other current financial assets mainly reflects the transfer of CHF 590 million of financial assets placed with the Federal Government from short-term deposits to current financial assets for the purposes of optimising the potential to earn interest. Further information on short-term deposits can be found in note 13.

The decline in securities, fixed deposits and investment funds (CHF –51 million) is due in particular to the negative net income from asset management mandates (CHF –44 million).

Other non-current financial assets include investments held by ETH Zurich in spin-offs where it has an interest of less than 20 percent.

Loan funding granted to students and doctoral candidates on preferential terms amounted to CHF 0.7 million (of which CHF 0.6 million comprised current loans). Loans to students and doctoral candidates are repayable within 12 months (current) or in instalments over a period of six years from the individual completing their studies (non-current). In addition, there was a loan to the Swiss Library Service Platform on arm's length terms.

20 Co-financing

CHF million	2022	2021	Change absolute
Purchase value			
As of 1.1.	**62**	**62**	**–**
Additions	–	–	–
Disposals	–	–	–
As of 31.12.	**62**	**62**	**–**
Accumulated depreciation			
As of 1.1.	**19**	**17**	**2**
Depreciation	2	2	0
Disposals	–	–	–
As of 31.12.	**21**	**19**	**2**
Balance sheet value as of 31.12.	**41**	**43**	**–2**

21 Current liabilities

CHF million	31.12.2022	31.12.2021	Change absolute
Trade payables	14	28	–14
Liabilities to social insurance institutions	16	20	–4
Other current liabilities	55	43	11
Total current liabilities	**85**	**91**	**–6**

The decline in current liabilities is attributable to a decrease in trade payables (CHF –14 million), which reflect the variability of accounts payable turnover. The reduction is largely offset by a rise in other current liabilities (CHF +11 million), which consist mainly of a withholding tax liability to the cantonal tax office.

22 Financial liabilities

Current and non-current financial liabilities

Non-current financial liabilities amounted to CHF 17 million (previous year: CHF 19 million) and consisted primarily of liabilities under the finance lease (CHF 15 million). The slight reduction here was principally the result of a reclassification into current financial liabilities and was a non-cash change.

As at the previous year-end, current financial liabilities under the finance lease were small in amount at the end of 2022. The change here due to repayments was a cash change.

Finance lease disclosures

CHF million	Future minimum leasing payments 2022	Future financial expenses 2022	Present value of future minimum leasing payments 2022
Due dates			
Due within 1 year	1	1	0
Due within 1 to 5 years	6	4	1
Due after more than 5 years	25	11	14
Total as of 31.12.	**31**	**16**	**15**

	2022
Leasing expenses	
Lease payments expensed in period	–
Additional details	
Future revenue from sublease (from non-cancellable contracts)	–

The only finance lease is for a property on the Hönggerberg campus.

23 Accrued expenses and deferred income

CHF million	31.12.2022	31.12.2021	Change absolute
Interest	–	–	–
Deferred income	75	74	1
Other accrued expenses and deferred income	31	26	5
Total accrued expenses and deferred income	**107**	**100**	**6**

This item consists mainly of deferred income from exchange transactions and accrued expenses for central procurement, operations and construction projects.

24 Provisions

CHF million	Provisions for untaken leave and overtime	Other long-term employee benefits (IPSAS 39)	Other provisions	**Total provisions**
2022				
As of 1.1.2022	**44**	**25**	**1**	**71**
Additions to provisions	–	4	–	4
Reversal	–2	–	–	–2
Use of provisions	–	–3	–	–3
Reclassifications	–	–	–	–
Increase in present value	–	–	–	–
As of 31.12.2022	**42**	**26**	**1**	**69**
of which short-term	42		–	42
of which long-term		26	1	27
2021				
As of 1.1.2021	**48**	**27**	**1**	**76**
Additions to provisions	–	3	–	3
Reversal	–4	–	–	–4
Use of provisions	–	–4	–	–4
Reclassifications	–	–	–	–
Increase in present value	–	–	–	–
As of 31.12.2021	**44**	**25**	**1**	**71**
of which short-term	44		1	45
of which long-term		25		25

Provisions for untaken leave and overtime (CHF 42 million) declined year on year due primarily to a reduction in leave and overtime balances. Provisions for other long-term employee benefits in accordance with IPSAS 39 (CHF 26 million) contained loyalty bonuses and increased slightly as a result of actuarial losses attributable to a change in financial assumptions.

25 Defined benefit plans

Most ETH Zurich employees and pensioners are insured under the pension scheme the ETH Domain maintains at the collective institution Swiss Federal Pension Fund PUBLICA (PUBLICA). There are no other pension schemes at the controlled entities, which is why the further statements in the text refer to the pension scheme the ETH Domain maintains at PUBLICA.

Legal framework and responsibilities

Legal requirements
Swiss pension plans must be run through a legally separate, trustee-administered pension institution. The law prescribes minimum benefits.

Organisation of the pension scheme
PUBLICA is an independent, state-run institution under public law.

The Board of Directors (Kassenkommission) is PUBLICA's most senior governing body. In addition to management, it is also responsible for the oversight and supervision of PUBLICA's Executive Board. The Board of Directors has 16 members, eight representing the insured members and eight representing the employers from among all the affiliated pension plans. This means that PUBLICA's most senior governing body is made up of an equal number of employer and employee representatives.

Each pension scheme has its own governing body made up of equal numbers of representatives. Among other things, it is involved in concluding the affiliation contract and decides on the appropriation of any surpluses. Each governing body is made up of nine employer representatives and nine employee representatives from the entities.

Insurance plan
In accordance with IPSAS 39, insurance plans are classified as defined benefit plans.

The pension plan is defined in the terms of the ETH Domain pension scheme applicable to employees and professors. Those terms form part of the affiliation contract with PUBLICA. The pension plan provides benefits in excess of the minimum benefits required by law in the event of disability, death, old age and departure; i. e. it is what is known as an "enveloping" plan (obligatory and extraordinary benefits).

The employer and employee savings contributions are set as a percentage of the insured salary. A risk premium is charged for death and disability insurance. The administrative costs are paid by the employer.

The old-age pension is calculated from the credit balance in the retirement fund at the retirement date multiplied by the conversion rate specified in the terms. Employees have the option of drawing the retirement benefits as a lump sum. There are pension plans for different groups of insured persons. In addition, employees have the option of making additional savings contributions.

The risk benefits are determined depending on the projected savings capital, which attracts interest, and on the conversion rate.

Investment of assets
Investments are made by PUBLICA for all pension schemes (with the same investment profile) collectively.

As PUBLICA's most senior governing body, the Board of Directors bears overall responsibility for asset management. It is responsible for issuing and amending the investment policy and determines the investment strategy. The Investment Committee advises the Board of Directors on investment-related issues and oversees compliance with the investment policy and strategy.

Responsibility for implementing the investment strategy rests with PUBLICA's Asset Management. Asset Management also makes tactical decisions to deviate temporarily from the investment strategy weightings in order to generate added value compared to the existing strategy. Where individual asset classes are built up or reduced over a number of years, a pro rata strategy is calculated so as to enable transactions to be spread over time.

Risks for the employer
The governing body of the ETH Domain's pension scheme made up of equal numbers of representatives can change the funding system (contributions and future benefits) at any time. The governing body may collect restructuring contributions from the employer while the scheme is underfunded within the meaning of pension law (Article 44 Occupational Pension Ordinance [BVV 2]) and if other measures are without success. If these are used to fund benefits in excess of the statutory minimum, the employer must indicate their agreement with this.

Risk sharing was retained unchanged in accordance with the accounting policies. Due to the discount rate as of 31 December 2022, there was no reduction in the present value of the defined benefit obligations as a result of applying extended risk sharing.

The definitive funding ratio in accordance with the Occupational Pension Ordinance (BVV 2) was not yet available at the time the annual consolidated financial statements were authorised for issue. The provisional regulatory funding ratio for the ETH Domain's pension scheme at PUBLICA, in accordance with the BVV 2, was 97.2 percent at the end of the year (2021: 109.3 percent, definitive). The provisional economic funding ratio for the ETH Domain's pension scheme at PUBLICA was 96.5 percent at the end of the year (2021: 96.5 percent, definitive).

Special events

There were no plan amendments, plan curtailments or plan settlements at the ETH Domain's pension scheme at PUBLICA that would have been required to be reflected.

In the previous year, it was decided to reduce the employer's share in funding the bridging pension in accordance with the revised provisions contained in the Personnel Ordinance for the ETH Domain. This change was included in the IPSAS 39 measurement as negative past service cost.

Net defined benefit liabilities

CHF million	**31.12.2022**	**31.12.2021**	**Change absolute**
Present value of defined benefit obligations	3,668	4,188	–520
Less fair value of plan assets	–3,516	–3,902	386
Recognised net defined benefit liabilities (+) / assets (–)	**152**	**286**	**–134**

The CHF 134 million decrease in the net defined benefit liability was the result of a reduction in the present value of the defined benefit obligations and a relatively smaller reduction in the fair value of the plan assets. The increase in the discount rate (31 December 2022: 2.2 percent; 31 December 2021: 0.4 percent) and experience-based parameters reduced the net defined benefit liability by CHF 688 million and CHF 38 million, respectively. Offsetting this to some extent, assumptions about rates of salary increase and the projected interest rate on retirement savings increased the net defined benefit liability by CHF 203 million. The plan assets declined by CHF 386 million due especially to the negative return on investments.

Net pension costs

CHF million	**2022**	**2021**	**Change absolute**
Current service cost (employer)	120	108	12
Past service cost	3	–3	6
Gains (–)/losses (+) from plan settlements	–	–	–
Interest expense from defined benefit obligations	17	8	8
Interest income from plan assets	–16	–7	–8
Administrative costs (excl. asset management costs)	2	2	0
Other	–	–	–
Total net pension costs incl. interest expense recognised in statement of financial performance	**125**	**108**	**17**

ETH Zurich's net pension costs amounted to CHF 125 million for the reporting period (CHF +17 million). The rise is due mainly to higher current service cost (CHF +12 million) and higher past service cost (CHF +6 million), with the increase in current service cost attributable to the lower risk sharing deduction (smaller shortfall in funding due to the positive return in 2021) and the anticipated positive rate of salary increase. Past service cost included purchases into the pension plan for professors (CHF 3 million). In the previous year, the employer's share in funding the bridging pension was reduced, resulting in a negative cost. Employer contributions of CHF 118 million and employee contributions of CHF 66 million are expected for the coming financial year.

Revaluation recognised in equity

CHF million	31.12.2022	31.12.2021	Change absolute
Actuarial gains (–)/losses (+)	–523	–67	–456
from change in financial assumptions	–485	–73	–412
from change in demographic assumptions	–	–118	118
from experience adjustments	–38	124	–163
Return on plan assets (excl. interest income), (gains (–)/losses [+])	384	–149	533
Other	–	–	–
Revaluation recognised in equity	**–140**	**–216**	**76**
Cumulative amount of revaluation recognised in equity (gain (–)/loss [+])	**–337**	**–197**	**–140**

A revaluation gain of CHF 140 million was recognised in equity in the reporting period (2021: CHF 216 million). This resulted in a cumulative gain of CHF 337 million as of 31 December 2022 (2021: CHF 197 million).

The actuarial gains attributable to the change in financial assumptions were mainly the result of the increase in the discount rate (CHF 688 million). They were diminished by the higher return on retirement savings and the higher expected rate of salary increase (actuarial loss of CHF 203 million). In addition, experience gains increased the revaluation gains recognised in equity by CHF 54 million.

The loss on plan assets recognised in equity is due to the loss on investments of 9.7 percent compared with the expected return on plan assets (which equates to a discount rate of 0.4 percent).

Change in the present value of defined benefit obligations

CHF million	2022	2021	Change absolute
Present value of defined benefit obligations as of 1.1.	**4,188**	**4,249**	**–60**
Current service cost (employer)	120	108	12
Interest expense from defined benefit obligations	17	8	8
Employee contributions	68	66	2
Benefits paid in (+) and paid out (–)	–205	–173	–31
Past service cost	3	–3	6
Gains (–)/losses (+) from plan settlements	–	–	–
Actuarial gains (–)/losses (+)	–523	–67	–456
Other	–	–	–
Present value of defined benefit obligations as of 31.12.	**3,668**	**4,188**	**–520**

The weighted average duration of the defined benefit obligations was 11.8 years as of 31 December 2022 (previous year: 13.3 years).

Change in the fair value of plan assets

CHF million	2022	2021	Change absolute
Fair value of plan assets as of 1.1.	**3,902**	**3,734**	**168**
Interest income from plan assets	16	7	8
Employer contributions	120	121	0
Employee contributions	68	66	2
Benefits paid in (+) and paid out (–)	–205	–173	–31
Gains (+)/losses (–) from plan settlements	–	–	–
Administrative costs (excl. asset management costs)	–2	–2	0
Return on plan assets (excl. interest income), (gains [+]/losses [–])	–384	149	–533
Other	–	–	–
Fair value of plan assets as of 31.12.	**3,516**	**3,902**	**–386**

Reconciliation of net defined benefit liabilities

CHF million	2022	2021	Change absolute
Net defined benefit liabilities as of 1.1.	**286**	**515**	**–229**
Net pension costs incl. interest expense recognised in statement of financial performance	125	108	17
Revaluation recognised in equity	–140	–216	76
Employer contributions	–120	–121	0
Obligations paid directly by the entity	–	–	–
Other	–	–	–
Net defined benefit liabilities as of 31.12.	**152**	**286**	**–134**

Major categories of plan assets

	31.12.2022	Listed	Not listed	**31.12.2021**	Listed	Not listed
Liquidity	6	6	–	3	3	–
Bonds (in CHF) Confederation	6	6	–	5	5	–
Bonds (in CHF) excl. Confederation	8	8	–	9	9	–
Government bonds (in foreign currencies)	19	19	–	23	23	–
Corporate bonds (in foreign currencies)	8	8	–	9	9	–
Mortgages	3	3	–	2	2	–
Shares	26	26	–	28	28	–
Real estate	16	8	8	12	6	6
Commodities	2	2	–	2	2	–
Other	6	–	6	7	–	7
Total plan assets	**100**	**86**	**14**	**100**	**87**	**13**

PUBLICA bears the actuarial and investment risks itself. The investment strategy is defined in such a way that benefits under the policy can be provided at maturity.

There is no known pension plan property used by the employer.

Principal actuarial assumptions used as at the reporting date

In %	2022	2021	Change absolute
Discount rate as of 1.1.	0.40	0.20	0.20
Discount rate as of 31.12.	2.19	0.40	1.79
Expected salary development	2.39	0.60	1.79
Expected pension development	0.00	0.00	0.00
Interest on retirement savings	2.19	0.40	1.79
Share of employee contribution to funding gap	36.00	36.00	0.00
Life expectancy at age 65 – women (no. of years)	24.48	24.37	0.11
Life expectancy at age 65 – men (no. of years)	22.70	22.57	0.13

The discount rate is linked to the yield on high-quality fixed-rate corporate bonds and the expected cash flows of the ETH Domain's pension scheme at PUBLICA in accordance with existing prior-year data. The expected future rate of salary increase is based on reference economic variables. The rate of pension increase is the rate of pension increase expected for the average remaining term based on the financial position of the pension plan. The employee share of any shortfall in funding is based on the current sliding scale of savings contributions under the terms of the scheme. The generation tables in BVG 2020 are applied for assumptions about life expectancy.

Sensitivity analysis (effect on present value of defined benefit obligations)

	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
CHF million	2022	2022	2021	2021
Discount rate (change +/– 0.25 %)	–103	96	–100	106
Expected salary development (change +/– 0.25 %)	11	–11	11	–11
Expected pension development (change +/– 0.25 %)	72	n. a.	81	n. a.
Interest on retirement savings (change +/– 0.25 %)	25	–24	21	–21
Share of employee contribution to funding gap (change +/– 10 %)	–	–	–15	15
Life expectancy (change +/– 1 year)	98	–114	116	–117

The sensitivity analysis determined the change in the defined benefit obligations in the event of a change in actuarial assumptions. In each case, only one of the assumptions was adjusted, while the other inputs remained unchanged.

The discount rate, the assumptions about salary trends and the return on retirement savings, and the employee share of the shortfall in funding were increased or reduced by fixed percentage points. The assumptions about pension trends were increased, not reduced, for the reporting period, as it is not possible to curtail pension benefits. As there was no longer a shortfall in funding in the reporting period, a change in the employer share would have had no impact on the 2022 financial statements. The sensitivity to life expectancy was calculated by reducing or increasing life expectancy by a flat rate, as a result of which the life expectancy of most age categories was increased or reduced by about one year.

26 Dedicated third-party funds

CHF million	31.12.2022	31.12.2021	Change absolute	thereof transitional measures Confederation
Swiss National Science Foundation (SNSF)	369	341	28	33
Swiss Innovation Agency (Innosuisse)	37	33	4	1
EU Framework Programmes for Research and Innovation (FP)	192	212	–20	59
Special federal funding of applied research	30	35	–5	
Industry-oriented research (private sector)	25	33	–8	
Other project-oriented third-party funding	35	39	–4	–
Donations and bequests	96	100	–4	
Total dedicated third-party funds	**783**	**793**	**–10**	**92**

The decline in dedicated third-party funds was attributable primarily to EU projects (CHF –20 million). A decrease was also recorded in industry-oriented research (CHF –8 million), federal research contributions (CHF –5 million), other project-oriented third-party funding (CHF –4 million) and donations and bequests (CHF –4 million). The decrease related mainly to the stage of completion of ongoing projects and the smaller number of new projects.

The main item on an upward trajectory, on the other hand, was SNSF projects (CHF +28 million). Research contributions from Innosuisse also rose (CHF +4 million). This rise related mostly to new projects where the stage of completion had not yet reached the amount of funding received.

Dedicated third-party funds included CHF 92 million from transitional measures put in place by the Federal Government as a result of Switzerland not being an associated country in the Horizon Europe EU Framework Programme for Research and Innovation. These helped to cushion the decline in the EU Framework Programmes for Research and Innovation category in particular.

27 Financial risk management and additional information about financial instruments

Classes and categories of financial instruments, by carrying amount and fair value

CHF million	**Total fair value**	**Total carrying amount**	Amortised cost	Fair value through surplus or deficit	Financial liabilities measured at amortised cost
31.12.2022					
Cash and cash equivalents	191	191	191		
Receivables from non-exchange transactions	960	960	960		
Receivables from exchange transactions	33	33	33		
Financial assets and loans	902	902	594	308	
Prepaid expenses and accrued income	9	9	9		
Financial liabilities [1]	133	133		0	133

1 Current liabilities, leasing liabilities, financial liabilities, accrued expenses and deferred income (see the table in the section Liquidity risk).

The prior-year amounts can be found in the restatement table (note 2, section entitled Changes in accounting policies).

General

Financial risk management is embedded in ETH Zurich's general risk management, in respect of which annual reports are made to the ETH Board (see the Governance section).

Financial risk management primarily addresses credit and default risk, liquidity risk and market risk (interest rate, foreign currency and other price risk).

The focus of risk management remains on credit risk. There are guidelines governing the investment of financial resources in order to reduce credit and market risk. The counterparties to a large proportion of the receivables and claims arising from financial assets are of high credit standing and solvency. Risk concentrations only exist in respect of those counterparties, which is why credit risk is regarded as low.

Furthermore, there are receivables and financial assets in foreign currencies which are hedged according to prevailing circumstances.

Compliance with the guidelines and their effectiveness are ensured by the internal control system (ICS) (see the Governance section).

Credit and default risk

Credit risk is the risk that a financial loss will be incurred if a counterparty to a financial instrument fails to discharge its contractual obligations. The maximum exposure to credit risk corresponds to the carrying amounts in the balance sheet. The actual risk is low due to the fact that the counterparties to a large proportion of the financial assets are the Federal Government and other public-sector institutions.

Maximum exposure to credit risk, breakdown by counterparty

CHF million	**Total**	Federal Govern-ment	European Commission FP [1]	SNSF, Innosuisse, OASI social service, Suva	SNB and banks with government guarantee	PostFinance and other banks	Other coun-terparties (for example cantons, foundations) [1]	Other coun-terparties (for example private companies) [2]
31.12.2022								
Cash and cash equivalents	**191**	141	–	–	10	39	–	–
Receivables from non-exchange transactions	**960**	35	139	289	–	–	460	38
Receivables from exchange transactions	**33**	15	0	0	0	–	0	18
Financial assets and loans	**902**	593	–	–	–	13	–	296
Prepaid expenses and accrued income	**9**	–	–	–	–	0	–	9
Total	**2,095**	**785**	**139**	**289**	**10**	**52**	**460**	**360**
Total prior period [2]	**2,176**	**813**	**156**	**263**	**20**	**51**	**872**	**–**

1 Receivables from European universities arising from EU Framework Programmes for Research and Innovation are shown in the European Commission column, as are the remaining receivables from the transitional measures for Horizon 2020 and Horizon Europe (direct funding from the State Secretariat for Education, Research and Innovation [SERI]). The transitional measures for inaccessible parts of the Horizon Europe programme are shown in the column of the relevant funder (SNSF, Innosuisse, Other counterparties).

2 In the previous year: no breakdown of Other counterparties.

Estimation of expected credit losses as of 31 December 2022

Cash and cash equivalents

ETH Zurich deposits cash and cash equivalents in the accounts set up for this purpose at PostFinance, cantonal banks and other banks, and with the Federal Finance Administration. All counterparties have an investment grade rating from a recognised rating agency. ETH Zurich therefore assumes that there has not been a significant increase in credit risk since initial recognition and determines the expected credit losses on the basis of the 12 month expected credit loss due to the short-term nature of the financial instruments. At the date of initial application of IPSAS 41, Financial Instruments (1 January 2022), the calculated loss allowance was below the threshold of CHF 1 million defined by the ETH Domain for recognition. The loss allowance required did not change materially during the course of the reporting period.

Receivables from non-exchange transactions and receivables from exchange transactions

ETH Zurich uses a provision matrix to measure expected credit losses on receivables from non-exchange transactions and receivables from exchange transactions.

Maturity analysis of receivables

CHF million	**Total receivables**	**Not due**	**Due until 90 days**	**Due more than 90 days, less than 180 days**	**Due more than 180 days, less than 360 days**	**Due more than 360 days**
31.12.2022						
Gross amount	**994**	**973**	**9**	**7**	**2**	**3**
Receivables from non-exchange transactions	961	945	5	6	2	3
Loss allowance	–1	–	–	–	–1	–
Receivables from exchange transactions	33	29	4	0	0	0
Loss allowance	0	–	–	–	0	–

Prior-year disclosure:

CHF million	**Total receivables**	**Not past due**	**Past due up to 90 days**	**Past due 91 to 180 days**	**Past due more than 180 days**
31.12.2021					
Gross amount	**979**	**939**	**18**	**5**	**17**
Receivables from non-exchange transactions	946	915	11	4	16
Receivables from exchange transactions	33	24	7	1	1
Loss allowance	**–1**	**–**	**–**	**–**	**–1**
of which individually impaired	–	–	–	–	–

Change in loss allowances

CHF million	Value adjustments of receivables from non-exchange transactions	Value adjustments of receivables from exchange transactions
2022		
As of 1.1.2022	–	–1
Changes from restatement as of 1.1.	–1	0
As of 1.1.2022	**–1**	**–1**
Use of value adjustments	–	0
Net revaluation of value adjustments	0	0
As of 31.12.	**–1**	**0**

In the previous year, value adjustments on doubtful trade accounts receivable under IPSAS 29 amounted to CHF 1 million as of 31 December 2021 and related to receivables from exchange transactions.

Financial assets and loans

As of 31 December 2022, the balance sheet item Financial assets and loans contained CHF 1 million of financial assets comprising loans to students, doctoral candidates and spin-offs with mainly short terms to maturity and measured at amortised cost. This item also included CHF 592 million of financial assets placed with the Federal Government. Based on historical data and also bearing in mind future developments, ETH Zurich considers the counterparties to be low credit risk and therefore assumes that there has not been a significant increase in credit risk since initial recognition. As a result, the ETH Domain determines the expected credit losses on the basis of the 12 month expected credit loss. At the date of initial application of IPSAS 41, Financial Instruments (1 January 2022), the calculated loss allowance was below the threshold of CHF 0.1 million defined by the ETH Domain for recognition. The loss allowance required did not change materially during the course of the reporting period.

As of 31 December 2021, there were no material loans past due. No material loss allowances were recognised for loans.

Liquidity risk

Liquidity risk is the risk that ETH Zurich may not be able to meet its financial obligations in accordance with contractual terms and conditions by delivering cash or other financial assets. ETH Zurich has processes and principles in place which guarantee that adequate liquidity is available to settle current and future obligations. These include systematic liquidity planning, monitoring and optimisation as well as maintaining an adequate reserve of liquidity and tradable securities.

The following table shows the contractual maturities of the financial liabilities:

CHF million	Total carrying amount	Total contract value	Up to 1 year	1–5 years	More than 5 years
31.12.2022					
Non-derivative financial liabilities					
Current liabilities	85	85	85	–	–
Leasing liabilities	15	31	1	6	25
Financial liabilities	2	2	0	–	2
Accrued expenses and deferred income	31	31	31	–	–
Derivative financial liabilities	**0**	**0**	**0**	**–**	**–**
Total	**133**	**149**	**117**	**6**	**27**
Total prior period	**136**	**153**	**119**	**8**	**27**

Financial liabilities arise, most notably, from current operating liabilities. Under normal circumstances, expenses and investments are financed with self-generated funds. In some cases, investments are financed through lease agreements.

All financial liabilities are covered by liquidity and by short-term deposits with the Federal Government. Liquidity risk is low.

Market risk

Market risk is the risk that the revenue of the ETH Domain or the value of the financial instruments held will be affected by changes in market prices such as exchange rates, interest rates or share prices.

Interest rate and price risk

Interest rate risk is not hedged. A one percentage point increase or decrease in the interest rate would increase or reduce surplus or deficit by around CHF 8 million. The bonds under the asset management mandates are also taken into account in analysing interest rate risk.

The other trading positions (excluding bonds) consist primarily of investment funds comprising both Swiss and international issuers. A 10 percent decrease in price would have a negative impact on surplus or deficit of CHF 28 million.

All trading positions exposed to price risk are held under asset management mandates with Swiss banks. There is a model in place for selecting the optimal portfolio for the investment strategy of the asset management mandates. The value-at-risk approach is used to determine risk tolerance. The investment strategy and the amount of assets invested must be chosen such that there is sufficient risk capital available, or sufficient risk capital can be built up, to cover the value at risk calculated.

Foreign currency risk

Most foreign currency receivables and liabilities are in euros and US dollars; they are hedged using derivative financial instruments according to prevailing circumstances. Most foreign currency risks in asset management mandates are hedged. Net of hedges, a fluctuation in the exchange rate of the currencies of +/–10 percent would impact on the statement of financial performance as follows:

CHF million	**Total**	CHF	EUR	USD	Other
31.12.2022					
Net currency balance	**1,815**	**1,778**	**9**	**3**	**25**
Sensitivity affecting financial performance +/–10 %			1	0	2
Closing rate			0.9874	0.9250	
31.12.2021					
Net currency balance	**1,856**	**1,809**	**10**	**7**	**30**
Sensitivity affecting financial performance +/–10 %			1	1	3
Closing rate			1.0359	0.9107	

The net currency balance for the EUR and USD categories related primarily to liquid funds and current liabilities. The net currency balance for other currencies was CHF 25 million and related primarily to asset management mandates.

Capital management

Managed capital is defined as equity excluding valuation reserves. ETH Zurich seeks to create a solid equity base. This base will enable it to ensure that the strategic objectives are implemented. Legal regulations prohibit ETH Zurich from raising funds on the capital market.

The entities controlled by ETH Zurich may raise funds on the capital market.

Estimation of fair value

Because of their short-term maturity, the carrying amount of cash and cash equivalents and the carrying amounts of current loans, fixed deposits, receivables and current liabilities are a reasonable approximation of fair value.

The fair value of non-current receivables from non-exchange transactions and non-current loans is calculated based on the payments falling due in the future, which are discounted at market interest rates.

The fair value of available-for-sale financial assets is based on actual values, provided they can be determined reliably, or reflects their cost.

The fair value of fixed-rate financial liabilities which are not traded publicly is estimated on the basis of payments falling due in the future, which are discounted at market interest rates.

The fair value of publicly traded fixed-rate financial assets and liabilities is based on quoted prices at the reporting date.

The fair value of finance lease liabilities is calculated on the basis of payments falling due in the future, which are discounted at market interest rates.

Fair value hierarchy

Financial instruments measured at fair value are required to be disclosed within a three-level valuation hierarchy:

- Level 1: quoted prices in an active market for identical assets or liabilities;
- Level 2: valuation techniques where all significant inputs are based on observable market data;
- Level 3: valuation techniques where significant inputs are not based on observable market data.

CHF million	**Carrying amount/fair value**	Level 1	Level 2	Level 3
31.12.2022				
Financial assets	308	301	1	6
Financial liabilities	0	–	0	–
31.12.2021				
Financial assets	361	352	2	7
Financial liabilities	–	–	–	–

Net surplus or deficit by category

CHF million	**Amortised cost**	**Fair value through surplus or deficit**	**Financial liabilities**
2022			
Interest income (+)/interest expense (–)	8	0	–1
Income from investments		5	
Change in fair value		–51	
Currency translation differences, net	–6	2	–
Impairments	0		
Reversal of impairment	–		
Total net surplus or deficit by category	**2**	**–44**	**–1**

Fair value changes (CHF –51 million) had the biggest impact on net surplus or deficit (see note 12).

Prior-year disclosure:

CHF million	Loans and receivables	At fair value through surplus or deficit	Available for sale	Financial liabilities
2021				
Total net surplus or deficit by category	**0**	**34**	**3**	**–1**

28 Contingent liabilities and contingent assets

Contingent liabilities

At the end of 2022, there was a contingent liability of less than CHF 1 million which cannot be measured reliably and relates to a claim in a property rented by ETH Zurich.

At the end of 2021, there was a contingent liability of CHF 1 million related to expenses incurred by contracting parties which may have to be reimbursed to those parties.

Contingent assets

As in the previous year, there were no quantifiable contingent assets at the end of 2022.

Aside from that, ETH Zurich receives research funds and grants from third parties where, although they meet the significant characteristics of an asset, ETH Zurich's share of the future cash inflow could not be quantified reliably in the reporting period. These comprise the donation from the Wyss Zurich Foundation founded by Hansjörg Wyss for the Wyss Zurich Translational Center and the remaining inheritance from Dr Branco Weiss for the Society in Science programme (The Branco Weiss Fellowship) to support young researchers. The amount relating to the latter inheritance is in the low double-digit millions.

29 Financial commitments

CHF million	31.12.2022	31.12.2021	Change absolute
Financial commitments up to 1 year	78	8	70
Financial commitments from 1 to 5 years	4	74	–69
Financial commitments > 5 years	–	–	–
No due date/indefinite	–	–	–
Total financial commitments	**82**	**81**	**1**

At the end of 2022, there were financial commitments amounting to CHF 82 million. These related mainly to the acquisition of technical/scientific equipment, primarily for a purchase planned for the CSCS (supercomputer), and to the ETH library for access to digital publications.

30 Operating leases

CHF million	2022	2021	Change absolute
Due dates			
Due within 1 year	31	32	–1
Due within 1 to 5 years	88	85	3
Due after more than 5 years	81	88	–7
Future minimum payments for non-cancellable operating lease as of 31.12.	**200**	**205**	**–6**
Leasing payments of current period	**34**	**35**	**–1**
Additional details			
Return from subleasing	1	2	–1
Future revenue from sublease (from non-cancellable contracts)	1	1	0

Operating leases relate mainly to rental agreements and to a lesser extent to IT licences.

31 Remuneration of key management personnel

The key management personnel of ETH Zurich are the seven members of the Executive Board. The remuneration is disclosed in the Governance section.

32 Relationships with controlled and associated entities

Controlled entities

The entities listed below were consolidated.

	Legal form	Nature of collaboration / business activity	Domicile	Currency	Jurisdiction	Proportion of voting rights and participating share (in %)[2]		Reporting date used
						31.12.2022		
ETH Singapore SEC Ltd.	Ltd.	Strengthening the global position of Switzerland and Singapore in the field of environmental sustainability and engaging in appropriate research collaborations.	Singapore	SGD	Singapore	100	100	31.03.2022
Rübel Geobotanical Research Institute Foundation[1]	Foundation	Promoting geobotanical science (plant sociology, plant ecology, plant distribution, vegetation history).	Zurich	CHF	Switzerland	57	100	31.12.2021

1 The remaining 43 percent of the voting rights in the foundation are held by people determined by the founder. However, ETH Zurich has a 100 percent equity interest in the foundation.
2 As in the previous year.

Summarised financial information on the two controlled entities is set out in the table below:

CHF million	31.12.2022	of which ETH Singapore SEC Ltd.	of which Rübel Geobotanical Research Institute Foundation	31.12.2021
Current assets	18	14	3	22
Non-current assets	4	2	2	3
Short-term liabilities	2	2	0	2
Long-term liabilities	16	14	2	20
Revenue	11	10	0	9
Surplus (+) or deficit (–)	0	0	0	0

Associated entities

All the associated entities listed were accounted for using the equity method.

	Legal form	**Nature of collaboration/business activity**	**Domicile**	**Currency**	**Jurisdiction**	**Proportion of voting rights and participating share (in %)** [2]	
						31.12.2022	
Material associated entities							
ETH Zurich Foundation [1]	Foundation	Promoting teaching and research at the Swiss Federal Institute of Technology Zurich	Zurich	CHF	Switzerland	15	100
Student Housing Foundation	Foundation	Providing and operating low-cost housing for students in Zurich	Zurich	CHF	Switzerland	25	50
Albert Lück Foundation	Foundation	Promoting teaching, research and study in the field of building and construction at ETH Zurich, initially in the current Department of Civil, Environmental and Geomatic Engineering and in its successor unit	Zurich	CHF	Switzerland	17	100
Individually immaterial associated entities							
Foundation for Archives of Contemporary History	Foundation	Promoting, safeguarding the long-term existence of and extending ETH Zurich's Archives of Contemporary History as a documentation and research centre for general and Swiss contemporary history	Zurich	CHF	Switzerland	43	100
Foundation for Contemporary Jewish History	Foundation	Setting up and promoting a documentation centre for contemporary Jewish history within ETH Zurich's Archives of Contemporary History	Zurich	CHF	Switzerland	25	100

1 Even though ETH Zurich has less than 20 percent of the voting rights in the ETH Zurich Foundation, it can still exercise significant influence over the Foundation and is also the sole beneficiary. It is therefore required to be classified as an associated entity.
2 As in the previous year.

Restrictions

At the controlled and associated entities listed above, ETH Zurich does not have any rights of access to the assets. Therefore, it cannot initiate a transfer of liquid funds or otherwise access the entities' funds.

Entities below the thresholds defined in the OFA

The Ordinance on the Finance and Accounting of the ETH Domain (OFA) contains more detailed guidance on consolidation. It also defines thresholds for inclusion in the annual consolidated financial statements. In accordance with Appendix 2 to this Ordinance, entities that meet the criteria for consolidation or equity method accounting, but fall below those thresholds must be disclosed as follows and are not included in the annual consolidated financial statements of ETH Zurich:

	31.12.2022	31.12.2021
Controlled entities		
Quantity	5	5
Total assets (CHF million)	14	13
Associated entities		
Quantity	4	5
Total assets (CHF million)	13	13

33 Events after the reporting date

ETH Zurich's financial statements were authorised for issue by ETH Zurich's President and Vice President for Finance and Controlling on 27 February 2023. No significant events occurred prior to that date that would require disclosure in or an adjustment to ETH Zurich's financial statements for the period ended 31 December 2022.

EIDGENÖSSISCHE FINANZKONTROLLE
CONTRÔLE FÉDÉRAL DES FINANCES
CONTROLLO FEDERALE DELLE FINANZE
SWISS FEDERAL AUDIT OFFICE

Reg. Nr. 934.22479.003

Report of the statutory auditor

to the President of the Swiss Federal Institute of Technology, Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Swiss Federal Institute of Technology of Zurich (ETH Zurich), which comprise the consolidated statement of financial performance 2022, the consolidated balance sheet as of 31 December 2022, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the ETH Zurich as of 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) and legal requirements and the Accounting Manual for the ETH Domain.

Basis for Opinion

We conducted our audit in accordance with Swiss Law, International Standards on Auditing (ISAs), Swiss Standards on Auditing (SA-CH) and article 35a^{ter} of the Federal Act on the Federal Institutes of Technology (SR 414.110). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent based on the Federal Audit Office Act (SR 614.0) and the requirements of the 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 Executive Board of the ETH Zurich is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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. In this context, please refer to the section Report on other legal and regulatory requirements at the end of this report.

Responsibilities of the Executive Board of the ETH Zurich for the consolidated financial statements

The Executive Board of the ETH Zurich is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and the legal requirements (Ordinance on the ETH Domain, SR 414.110.3; Ordinance on the Finance and Accounting of the ETH Domain, SR 414.123; Accounting Manual for the ETH Domain), and for such internal control as the Executive Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Executive Board of the ETH Zurich is responsible for assessing the ETH Zurich's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, ISAs 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA's and SA-CH we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 ETH Zurich's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Executive Board of the ETH Zurich's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETH Zurich's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the notes to the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ETH Zurich to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the ETH Zurich to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Executive Board of the ETH Zurich and the Audit Committee of the ETH Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the ETH Board.

In accordance with Art. 21 par. 2 of the Ordinance on the Finance and Accounting of the ETH Domain, we confirm that no contradictions exist between the personnel reporting in the annual report (management report) and the consolidated financial statements. Likewise, we confirm that no contradictions exist between the financial figures in the annual report (management report) and the consolidated financial statements.

Furthermore, in accordance with Art. 21 par. 2 of the Ordinance on the Finance and Accounting of the ETH Domain, we confirm that risk management has been appropriately conducted according to the instructions of the ETH Board.

We recommend that the consolidated financial statements submitted to you be approved.

Berne, 27 February 2023 SWISS FEDERAL AUDIT OFFICE

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