

Annual Report 2015

AP Anlage & Privatbank AG, Zürich

Annual financial statement for the financial year ended
December 31, 2015 and report of the statutory auditors

Board of Directors



Alexander C. Notter
Chairman



Vladimirs Ivanovs
Vice-Chairman



Juris Jākobsons
Board Member



Urs E. Hottiger
Board Member



Søren Mose
Board Member

Executive Board



Joachim Bodschinna
Managing Director



Valērijs Hudorožkovs
Deputy Managing Director

Management Report

As in the previous year, the global economy showed hardly any recognisable signs of recovery in 2015. Although there were positive indications in Europe towards the end of 2015, these were offset by a slowing down in world trade, sanctions imposed against Russia, falling commodity prices, and the financial crisis in Greece. The central banks attempted to increase bank lending by introducing negative interest on short-term liquidity, thereby providing a stimulus for economic recovery. The Swiss economy was dominated by the drastic revaluation of the Swiss Franc in mid-January. The Swiss central bank removed the cap on the Swiss Franc, unpegging it from the Euro. The economic upswing subsequently came to a virtual standstill. This affected export companies in particular, as their situation was made even more difficult by the stagnating world economy.

The Swiss national bank set the target for the 3-month LIBOR at -0.75%, compared with 0.25% at the end of 2014. In December the European Central Bank (ECB) raised the negative interest on bank assets in their ECB accounts from -0.20% (2014) to -0.30% (compared with -0.20% at the end of 2014). In contrast, in view of the positive economic outlook, the American Federal Reserve (FED) raised the base rate for the first time in 9 years from 0.25% to 0.50%.

The majority of the stock markets ended the year 2015 showing losses. Only the German DAX achieved an increase of 9.56%, closing the year at 10,743.01 points. The SMI lost 1.84%, closing at 8,818.09, and the Dow Jones Index ended the year at 17,425.03 (-2.23%).

As a result of the introduction of the free-float of the Swiss Franc against the Euro in January 2015, the Euro dropped briefly below parity, but during the course of the year it managed to stabilise at CHF 1.10. The US Dollar showed a much weaker performance against the Swiss Franc, and ended the year with an exchange rate of 1:1.

Our bank's business activities focus on private banking. In addition to account management and related services, this also includes stock market transactions with the Eastern-European stocks and bonds, as well as foreign exchange transactions and asset management with a focus on the Baltic states and their neighbouring countries.

Despite the challenging market environment 2015 proved to be another successful year for our bank. The number of customers remained almost unchanged. The annual result of TCHF 525 after tax and amortisation (2014 TCHF 908) exceeded expectations considerably. The interest result was influenced substantially by the introduction of negative interest on the part of the SNB and the ECB. The Board of Directors carried out a risk assessment in 2015. As of December 31st 2015, and as previously, the bank continued to employ 22 staff, excluding part-time employees. In our Board of Directors Dr. Peter Keppeler was replaced by Urs E. Hottiger as of August 1st 2015, and Marc Zahn by Søren Mose as of December 1st 2015. Regrettably, Alexander C. Notter, the Chairman of the Board of Directors, passed away on February 19th 2016.

We are facing a difficult market environment during the 2016 financial year. Despite signs of economic recovery amongst the leading industrial nations, we expect the central banks to continue their interest policies. The decisive factors in the coming year will be cost pressure due to the increase in regulatory requirements, the development of IT systems (introduction of automatic information exchange as of January 1st 2017) together with pressure on margins.

In April 2015 the sale of the 75% stake in the Citadele Bank belonging to the Latvian Privatization Agency to international investors was completed under the supervision of Ripplewood Advisors LLC with authorisation from the regulatory authorities. The European Bank for Reconstruction and Development (EBRD) continued to be the second-largest shareholder, with a 25% holding.

February 2016



Report of the statutory auditor



Report of the Statutory Auditor to the General Meeting of

AP ANLAGE & PRIVATBANK AG, Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of AP Anlage & Privatbank AG, which comprise the balance sheet, income statement, statement of changes in equity and notes for the year ended 31 December 2015.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

KPMG AG

Andreas Herbst
Licensed Audit Expert
Auditor in Charge

Corinne Arnet
Licensed Audit Expert

Zurich, 10 March 2016



Balance Sheet
Income Statement
Statement of changes in equity
Notes

Balance sheet as of December 31, 2015 and 2014

	Swiss Francs	
	31/12/2015	31/12/2014
Assets		
Liquid assets	192,883,662	85,478,679
Amounts due from banks	51,673,844	90,174,858
Amounts due from customers	6,422,210	11,669,405
Trading portfolio assets	103,156,105	117,169,225
Positive replacement values of derivative financial instruments	46	2,165,344
Financial investments	32,993,352	32,454,027
Accrued income and prepaid expenses	1,286,404	1,626,494
Tangible fixed assets	146,282	234,051
Other assets	137,335	188,905
Total assets	388,699,240	341,160,988
Total subordinated claims	–	–
Liabilities	31/12/2015	31/12/2014
Amounts due to banks	176,337,209	3,805
Amounts due in respect of customer deposits	189,771,698	318,784,630
Negative replacement values of derivative Financial instruments	828	67,329
Accrued expenses and deferred income	811,659	948,303
Other liabilities	50,548	41,931
Provisions	0	112,761
Bank's capital	10,000,000	10,000,000
Statutory capital reserve	2,280,000	2,280,000
- of which tax-exempt capital contribution reserve	0	0
Voluntary retained earnings reserves	8,100,000	8,100,000
Profit carried forward/loss carried forward	822,229	-86,586
Profit (result of the period)	525,069	908,815
Total Liabilities	388,699,240	341,160,988
Total subordinated liabilities	–	–
Off-balance-sheet transactions	31/12/2015	31/12/2014
Contingent liabilities	1,722,544	2,298,081
Irrevocable commitments	548,000	462,000
Obligations to pay up shares and make further contributions	–	–
Credit commitments	–	–

Income statement for the financial years ended December 31, 2015 and 2014

	Swiss Francs	
	2015	2014
Result from interest operations		
- Interest and discount income	-358,772	289,414
- Interest and dividend income from trading portfolios	1,248,277	2,130,213
- Interest and dividend income from financial investments	634,767	437,953
- Interest expense	808,202	-335
Gross result from interest operations	2,332,474	2,857,245
Changes in value adjustments for default risks and losses from interest operations	–	–
Subtotal net result from interest operations	2,332,474	2,857,245
Result from commission business and services		
- Commission income from securities trading and investment activities	765,267	641,368
- Commission income from lending activities	7,486	15,481
- Commission income from other services	2,248,878	1,787,494
- Commission expense	-394,840	-378,206
Subtotal result from commission business and services	2,626,791	2,066,137
Result from trading activities and the fair value option	-78,736	31,863
Other result from ordinary activities		
- Result from the disposal of financial investments	–	–
- Other ordinary income	–	–
- Other ordinary expenses	–	–
Subtotal other result from ordinary activities	0	0
Operating expenses		
- Personnel expenses	-2,674,083	-3,055,313
- General and administrative expenses	-1,511,519	-1,428,305
Subtotal operating expenses	-4,185,602	-4,483,618
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-168,116	-159,271
Changes to provisions and other value adjustments, and losses	28,494	-66,925
Operating result	555,305	245,431

Income statement, appropriation of profit and presentation of statement of changes in equity

	Swiss Francs	
	2015	2014
Extraordinary income	–	700,000
Extraordinary expenses	–	–
Taxes	-30,236	-36,616
Profit (result of the period)	525,069	908,815
Appropriation of profit		
Profit (result of the period)	525,069	908,815
Profit carried forward	822,229	-86,586
Distributable profit	1,347,298	822,229
Appropriation of profit		
- Allocation to statutory retained earnings reserve		
- Allocation to voluntary retained earnings reserve		
- Distributions from distributable profit		
New amount carried forward	1,347,298	822,229

Presentation of the statement of changes in equity 2015

	Bank's capital	Capital reserve	Voluntary retained earnings reserve	Reserves for general banking risks	Profit carried forward	Total
Equity at start of current period	10,000,000	2,280,000	8,100,000	0	822,229	21,202,229
“Profit / loss (result of the period)”	–	–	–	–	525,069	525,069
Equity at end of current period	10,000,000	2,280,000	8,100,000	0	1,347,298	21,727,298

Notes for the financial years ended December 31, 2015 and 2014

1. Notes on business activities and personnel

General

AP Anlage & Privatbank AG is a 100% subsidiary of Citadele Bank, Riga, Latvia. Its business activities focus on private banking, concentrating on private and corporate clients based in the Baltic states, CEE and Switzerland. In September 2011, the bank moved its domicile from Freienbach to Zurich.

Business activities

The bank is engaged in private banking activities and generates profits from the investment of funds. In addition to account management and related services for private and corporate clients, the bank offers securities trading on behalf of clients and asset management services.

Employees

As of the end of the reporting year, the bank employed a staff of 22 (21 in the previous year).

Risk assessment according to Article 663b item 12

The Board of Directors undertakes an annual risk assessment. Additional information on risk management can be found under 2.4.

2. Accounting and valuation principles

2.1 Accounting and valuation principles

General principles

Accounting and valuation principles follow Switzerland’s Code of Obligations, its Banking Act and the related ordinance, as well the Guidelines of the Swiss Financial Market Supervisory Authority (FINMA) governing financial statement reporting.

Foreign currencies

Receivables and liabilities in foreign currencies are valued according to average exchange rates on the reporting date. The following exchange rates were used:

2015:	2014:	
USD	USD	0.9871
EUR	EUR	1.2026
LVL	LVL	N.A.
GBP	GBP	1.5334
CAD	CAD	0.8490
SEK	SEK	12.6306
LTL	LTL	34.8300
UAH	UAH	6.2400
RUR	RUR	1.7400
AUD	AUD	0.8060

Notes for the financial years ended
December 31, 2015 and 2014

Securities and precious metals trading portfolios

Short-term securities held at the bank’s own risk are reported at market value on the reporting date.

Financial investments

Financial investments are valued according to the accrual method.

Fixed assets

According to group guidelines, fixed assets are depreciated over five years with the exception of IT equipment, which is depreciated over three years.

Deferrals

Interest expense and interest income, personnel and operating expenses are deferred. Commission income from securities business is booked at the time the transaction is entered in the income statement.

Valuation adjustments and provisions

Valuation adjustments are made and provisions set aside for all identifiable risks on the basis of the prudence principle.

Taxes

Owed and net income attributable to income tax are provided for under deferred income; excess pre-paid taxes are booked as pre-paid expenses.

Derivative financial instruments

Derivatives are stated at fair (market) value.

Pension plan liabilities

The bank uses a follow-on contract with the collective fund of an insurance company, based on a defined contribution plan. Employer contributions amounted to CHF 100,277 (2013: CHF 104,031) and are reported under personnel expenses. As of 31 December 2015, no liabilities to the collective fund existed. All risks are reinsured with insurance companies. The bank has no employer contribution reserve. There are no liabilities due to the termination of employment contracts or future reductions in contributions from available funds.

Notes for the financial years ended
December 31, 2015 and 2014

2.2 Management of endangered interest

The management of endangered interest is implemented according to the guidelines on accounting standards.

2.3 Treatment of refinancing of trading activity positions

Refinancing expenses for trading activities are charged to interest expense.

2.4 Notes on risk management

The bank is mainly active in the commission business and, as a rule, does not incur significant credit or market risks. The limits for credit and market risks are monitored constantly.

Operational risks are governed by internal regulations and directives on internal organisation. In order to limit legal risks, the bank brings in external lawyers. The bank’s governing body carries out an annual risk assessment and is regularly informed, through a management information system, about asset, financial, liquidity and earnings positions, and associated risks.

2.5 Business policy for the use of derivative instruments

Transactions involving the use of derivative financial instruments are carried out for the account of clients and for hedging.

2.6 Reporting of transactions

All transactions are recorded on the transaction date and assessed according to the principles laid out above. All completed transactions are included in the income statement. Fixed term balance sheet transactions and forward contracts are recognised at their value date. Securities transactions are reported on the balance sheet as of the settlement date.

Notes for the financial years ended December 31, 2015 and 2014

3. Details on the individual items in the notes to annual financial statement

3.1 Presentation of collateral for loans / receivables and off-balance-sheet transactions, as well as impaired loans / receivables

	Type of collateral			Total 31/12/2015
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from customers	–	6,422,210	–	6,422,210
Total loans	0	6,422,210	0	6,422,210
<i>Previous year</i>	–	11,668,969	436	11,669,405

	Type of collateral			Total 31/12/2015
	Secured by mortgage	Other collateral	Unsecured	
Loans (after netting with value adjustments)				
Amounts due from customers	–	6,422,210	–	6,422,210
Total loans	0	6,422,210	0	6,422,210
<i>Previous year</i>	–	11,668,969	436	11,669,405

	Type of collateral			Total 31/12/2015
	Secured by mortgage	Other collateral	Unsecured	
Off-balance-sheet				
Contingent liabilities	–	1,722,544	–	1,722,544
Irrevocable commitments	–	548,000	–	548,000
Total off-balance-sheet	0	2,270,544	0	2,270,544
<i>Previous year</i>	–	2,760,081	–	2,760,081

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

Assets	31/12/2015	31/12/2014
Trading portfolios		
Debt securities, money market securities / transactions	103,156,105	117,169,225
- of which, listed	103,156,105	117,169,225
Equity securities	–	–
Precious metals and commodities	–	–
Other trading portfolio assets	–	–
Total assets	103,156,105	117,169,225
- of which, securities eligible for repo transactions in accordance with liquidity requirements	28,387,078	30,042,565
No liabilities		

Notes for the financial years ended December 31, 2015 and 2014

3.3 Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments 31/12/2015			Trading instruments 31/12/2014		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Foreign exchange						
Forward contracts	46	828	3,271,443	2,165,344	67,329	66,438,665
Total	46	828	3,271,443	2,165,344	67,329	66,438,665

No netting agreements

Breakdown by counterparty:	Central clearing houses		Banks and securities dealer		Other customers	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Positive replacement values	–	–	46	2,165,344	–	–

3.4 Breakdown of financial investments

Financial investments	Book value		Fair value	
Debt securities	31/12/2015	31/12/2014	31/12/2015	31/12/2014
- of which, intended to be held to maturity	32,993,352	32,454,027	33,186,452	33,203,919
- of which, not intended to be held to maturity (available for sale)	–	–	–	–
Equity securities	–	–	–	–
Precious metals	–	–	–	–
Real estate	–	–	–	–
Total financial investments	32,993,352	32,454,027	33,186,452	33,203,919
- of which, securities eligible for repo transactions in accordance with liquidity requirements	–	–	–	–

Financial investments	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-
Debt securities: book value	1,892,330	16,028,188	13,510,825	1,562,009
Total financial investments	1,892,330	16,028,188	13,510,825	1,562,009
<i>Previous year</i>	<i>1,885,993</i>	<i>10,292,400</i>	<i>18,582,199</i>	<i>1,693,435</i>

The lowest rating of the following rating agencies:

1. S&P
2. Moody's
3. Fitch

Notes for the financial years ended December 31, 2015 and 2014

3.5 Presentation of tangible fixed assets

	2015					
	Acquisition cost	Accumulated depreciation	Book value previous year end	Additions	Depreciation	Book value as at end of current year
Other tangible fixed assets	1,124,049	889,998	234,051	80,347	168,116	146,282
Total tangible fixed assets	1,124,049	889,998	234,051	80,347	168,116	146,282

No Reclassifications and disposals

According to group guidelines, fixed assets are depreciated over five years with the exception of IT equipment, which is depreciated over three years.

3.6 Breakdown of other assets and other liabilities

	Other assets		Other liabilities	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Compensation account	11,866	65,822	–	–
Indirect taxes	52,947	50,571	50,548	41,931
Others	72,522	72,512	–	–
Total	137,335	188,905	50,548	41,931

3.7 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

	Book value	Effective commitments
	31/12/2015	31/12/2015
Pledged/assigned assets	1,226,986	1,226,986

3.8 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

	2015						
	Previous year end	Use in conformity with designated purpose	Reclassifications	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
Provisions for default risks	–	–	–	–	–	–	–
Provisions for other business risks	–	–	–	–	–	–	–
Other provisions	112,761	107,261	–	–	22,994	28,494	–
Total provisions	112,761	107,261	0	0	22,994	28,494	0

The Bank released the remaining part of the provisions (CHF 28,494) booked for the US Programme in 2013 because the project has been completed.

Notes for the financial years ended December 31, 2015 and 2014

3.9 Presentation of the bank's capital

	31/12/2015			31/12/2014		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend
Bank's capital						
Share capital, paid up	10,000,000	100,000	10,000,000	10,000,000	100,000	10,000,000
Total bank's capital	10,000,000	100,000	10,000,000	10,000,000	100,000	10,000,000

3.10 Disclosure of amounts due from / to related parties

	Amounts due from		Amounts due to		Fiduciary investments	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Holders of qualified participations	13,438,961	19,441,446	176,337,208	52,055	11,281,451	15,407,206
Group companies	–	–	–	–	12,835,711	–
Linked companies	–	–	–	–	–	–
Transactions with members of governing bodies	–	–	105,916	106,287		
Other related parties	–	–	–	–	–	–

Every transaction is in line with the market.

3.11 Disclosure of holders of significant participations

Holders of significant participations and groups of holders of participations with pooled voting rights	31/12/2015		31/12/2014	
	Nominal	% of equity	Nominal	% of equity
With voting rights:				
Direct: Citadele Bank, Riga, Latvia	10,000,000	100.00%	10,000,000	100.00%
Indirect: Latvian Privatisation Agency, Latvia	0	0.00%	7,500,000	75.00% (minus 1 share)
European Bank for Reconstruction & Development, London, UK	2,500,000	25.00%	2,500,000	25.00%
RA Citadele Holdings, LLC	2,241,000	(minus 1 share) 22.41%		(plus 1 share)
Delan S.à.r.l.	996,000	(plus 1 share) 9.96%		
EMS LB LLC	886,000	8.86%		
NNS Luxembourg Investments S.à.r.l.	886,000	8.86%		
Amolino Holdings Inc.	886,000	8.86%		
Shuco LLC	703,000	7.03%		
Other participations, none of them exceeding 5 %	902,000	9.02%		
Without voting rights: none				

Notes for the financial years ended December 31, 2015 and 2014

3.12 Presentation of the maturity structure of financial instruments

	Due						31/12/2015
	At sight	Cancellable	within 3 months	within 3 to 12 months	within 12 months to 5 years	after 5 years	
Assets/financial instruments							
Liquid assets	192,883,662	–	–	–	–	–	192,883,662
Amounts due from banks	51,103,583	–	570,261	–	–	–	51,673,844
Amounts due from customers	–		2,551,830	3,870,380	–	–	6,422,210
Trading portfolio assets	103,156,105	–	–	–	–	–	103,156,105
Positive replacement values of derivative financial instruments	46	–	–	–	–	–	46
Financial investments	–	–	272,153	–	23,188,672	9,532,527	32,993,352
Total assets / financial instruments	347,143,396	0	3,394,244	3,870,380	23,188,672	9,532,527	387,129,219
Previous year	277,872,463	436	19,686,623	9,097,989	19,426,646	13,027,381	339,111,538

Debt capital/ financial instruments							
Amounts due to banks	176,337,209						176,337,209
Amounts due in respect of customer deposits	189,771,698						189,771,698
Negative replacement values of derivative financial instruments	828						828
Total dept capital/ financial instruments	366,109,735	0	0	0	0	0	366,109,735
Previous year	318,855,764						318,855,764

3.13 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

Assets	31/12/2015		31/12/2014	
	Domestic	Foreign	Domestic	Foreign
Liquid assets	192,027,006	856,656	85,478,679	–
Amounts due from banks	30,330,283	21,343,561	42,047,226	48,127,632
Amounts due from customers	4,958,000	1,464,210	4,935,500	6,733,905
Trading portfolio assets	14,348,729	88,807,376	19,417,909	97,751,316
Positive replacement values of derivative financial instruments	46	0	2,165,344	0
Financial investments	1,110,413	31,882,939	1,238,317	31,215,710
Accrued income and prepaid expenses	527,032	759,372	464,975	1,161,519
Tangible fixed assets	146,282	–	234,051	–
Other assets	137,335	–	188,905	–
Total assets	243,585,126	145,114,114	156,170,906	184,990,082

Notes for the financial years ended December 31, 2015 and 2014

Liabilities	31/12/2015		31/12/2014	
	Domestic	Foreign	Domestic	Foreign
Amounts due to banks	–	176,337,209	–	3,805
Amounts due in respect of customer deposits	8,840,227	180,931,471	3,962,581	314,822,049
Negative replacement values of derivative financial instruments	828	–	67,329	
Accrued expenses and deferred income	811,659	–	948,303	–
Other liabilities	50,548	–	41,931	–
Provisions	0	–	112,761	–
Bank's capital	10,000,000	–	10,000,000	–
Statutory capital reserve	2,280,000	–	2,280,000	–
Voluntary retained earnings reserves	8,100,000	–	8,100,000	–
Profit carried forward / loss carried forward	822,229	–	-86,586	–
Profit (result of the period)	525,069	–	908,815	–
Total liabilities	31,430,560	357,268,680	26,335,134	314,825,854

3.14 Breakdown of total assets by country or group of countries (domicile principle)

Assets	31/12/2015		31/12/2014	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	103,099,114	26.52%	133,923,082	39.26%
North America	27,844,000	7.16%	34,995,000	10.26%
Caribbean	0	0.00%	2,442,000	0.72%
Latin America	2,540,000	0.65%	1,064,000	0.31%
Africa		0.00%		0.00%
Asia	8,696,000	2.24%	9,869,000	2.89%
Oceania	2,935,000	0.76%	2,697,000	0.79%
Switzerland	243,585,126	62.67%	156,170,906	45.78%
Total assets	388,699,240	100.00%	341,160,988	100.00%

Liabilities	31/12/2015		31/12/2014	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	259,793,680	66.84%	137,277,854	40.24%
North America	4,000	0.00%	7,000	0.00%
Caribbean	49,148,000	12.64%	79,366,000	23.26%
Latin America	7,544,000	1.94%	14,651,000	4.29%
Africa	6,003,000	1.54%	28,506,000	8.36%
Asia	6,621,000	1.70%	11,373,000	3.33%
Oceania	28,155,000	7.24%	43,645,000	12.79%
Switzerland	31,430,560	8.09%	26,335,134	7.72%
Total liabilities	388,699,240	100.00%	341,160,988	100.00%

Notes for the financial years ended December 31, 2015 and 2014

**3.15 Breakdown of total assets by credit rating of country groups
(risk domicile view)**

Bank's own country rating	31/12/2015		31/12/2014	
	Net foreign exposure		Net foreign exposure	
	In CHF	Share as %	In CHF	Share as %
Aaa - Aa3	117,091,114	80.69%	148,654,082	80.36%
A1 - A3	23,572,000	16.24%	25,494,000	13.78%
Baa1 - Baa3	3,247,000	2.24%	10,842,000	5.86%
Ba1 - Ba2	1,204,000	0.83%		0.00%
Ba3		0.00%		0.00%
B1 - B3		0.00%		0.00%
Caa1 - C		0.00%		0.00%
Total	145,114,114	100.00%	184,990,082	100.00%

Bank's own country rating: Moody's

3.16 Presentation of assets and liabilities broken down by the most significant currencies for the bank

Assets	Currencies						31/12/2015
	CHF	EUR	USD	GBP	Metal ounces	Others	Total
Liquid assets	192,027,006	856,656	–	–	–	–	192,883,662
Amounts due from banks	6,654,147	14,860,188	20,801,157	424,174	4,415,245	4,518,933	51,673,844
Amounts due from customers	–	1,464,210	4,958,000	–	–	–	6,422,210
Trading portfolio assets	12,701,128	37,686,751	51,808,272	959,954	–	–	103,156,105
Positive replacement values of derivative FI	46	–	–	–	–	–	46
Financial investments	–	11,930,122	21,063,230	–	–	–	32,993,352
Accrued income and prepaid expenses	461,222	386,234	437,204	1,691	–	53	1,286,404
Tangible fixed assets	146,282	–	–	–	–	–	146,282
Other assets	137,335	–	–	–	–	–	137,335
Total assets shown in balance sheet	212,127,166	67,184,161	99,067,863	1,385,819	4,415,245	4,518,986	388,699,240
Delivery entitlements from forward forex	–	3,271,443	–	–	–	–	3,271,443
Total assets	212,127,166	70,455,604	99,067,863	1,385,819	4,415,245	4,518,986	391,970,683

Notes for the financial years ended December 31, 2015 and 2014

Liabilities	Currencies						31/12/2015
	CHF	EUR	USD	GBP	Metal ounces	Others	Total
Amounts due to banks	176,337,208	–	–	–	–	–	176,337,208
Amounts due in respect of customer deposits	10,329,754	70,396,029	98,775,905	1,366,022	4,415,245	4,488,743	189,771,698
Negative replacement values of derivative FI	828	–	–	–	–	–	828
Accrued expenses and deferred income	811,659	–	–	–	–	–	811,659
Other liabilities	50,548	–	–	–	–	–	50,548
Provisions	0	–	–	–	–	–	0
Bank's capital	10,000,000	–	–	–	–	–	10,000,000
Statutory capital reserve	2,280,000	–	–	–	–	–	2,280,000
Voluntary retained earnings reserve	8,100,000	–	–	–	–	–	8,100,000
Profit carried forward	822,229	–	–	–	–	–	822,229
Profit (result of the period)	525,069	–	–	–	–	–	525,069
Total liabilities shown in balance sheet	209,257,296	70,396,029	98,775,905	1,366,022	4,415,245	4,488,743	388,699,240
Delivery obligations from forward forex	3,253,823	–	–	–	–	17,620	3,271,443
Total liabilities	212,511,119	70,396,029	98,775,905	1,366,022	4,415,245	4,506,363	391,970,683
Net position per currency	-383,953	59,575	291,958	19,797	0	12,623	0

3.17 Breakdown of contingent liabilities and contingent assets

Contingent liabilities	31/12/2015	31/12/2014
Other contingent liabilities	1,722,544	2,298,081
Total contingent liabilities	1,722,544	2,298,081

3.18 Breakdown of fiduciary transactions

Fiduciary transactions	31/12/2015	31/12/2014
Fiduciary investments with third-party companies	146,654,299	9,388,000
Fiduciary investments with group companies and linked companies	24,117,162	15,407,206
Fiduciary loans	7,442,757	10,967,732
Total fiduciary transactions	178,214,218	35,762,938

Notes for the financial years ended December 31, 2015 and 2014

3.19 Breakdown of the result from trading activities and the fair value option

Result from trading activities from:	2015	2014
Interest rate instruments (including funds)	-884,950	-689,526
Foreign currencies	806,214	721,389
Commodities / precious metals	–	–
Total result from trading activities	-78,736	31,863
- of which, from fair value option on assets		
- of which, from fair value option on liabilities		

3.20 Disclosure of material refinancing income in the item interest and discount income as well as material negative interest

Debit interest	2015	2014
Debit interest from banks	45,383	140,315
Negative debit interest from banks	-590,424	–
Debit interests from clients	186,269	149,099
Negative debit interest from clients	–	–
Total interest receivable	-358,772	289,414

The most of the negative debit interest from banks is from the account with the Swiss National bank.

Credit interest	2015	2014
Credit interest from banks	-1,526	-335
Negative credit interest from banks	562,791	–
Credit interests from clients	-29	–
Negative credit interest from clients	246,966	–
Total credit interest	808,202	-335

The negative credit interest from banks results from a group company

3.21 Breakdown of personnel expenses

Personnel expenses	2015	2014
Salaries	2,379,042	2,679,236
Social insurance benefits	282,151	334,402
Other personnel expenses	12,890	41,675
Total	2,674,083	3,055,313

Notes for the financial years ended December 31, 2015 and 2014

3.22 Breakdown of personnel expenses

General and administrative expenses	2015	2014
Office space expenses	297,218	300,812
Expenses for information and communications technology	578,791	480,760
Fees of audit firms		
- of which, for financial and regulatory audits	112,050	122,784
- of which, for other services*	26,890	8,372
Other operating expenses	496,570	515,577
Total	1,511,519	1,428,305

* invoiced by one third company

3.23 Extraordinary income and expenses

Extraordinary income	2015	2014
Reversal of previously accrued provisions	–	700,000
Total extraordinary income	0	700,000

3.24 Presentation of current taxes, deferred taxes and disclosure of tax rate

Tax expense	2015	2014
Income tax	–	–
Tax on assets	30,236	36,616
Total tax expense	30,236	36,616

The bank offsets the profits 2015 and 2014 against loss of previous years which leads to no income tax.

3.25 Pension plan

The bank uses a follow-on contract with the collective fund of an insurance company, based on a defined contribution plan. According to the insurance company, the cover ratio of 100% is always guaranteed. Employer contributions amounted to CHF 106,908 (2014: CHF 100,277) and are reported under personnel expenses. As of 31 December 2015, no liabilities to the collective fund existed. All risks are reinsured with insurance companies. The bank has no employer contribution reserve. There are no liabilities due to the termination of employment contracts or future reductions in contributions from available funds.

Notes for the financial years ended December 31, 2015 and 2014

4. Regulatory Disclosures

4.1 Statement of eligible capital

	31/12/2015	31/12/2014
Common Equity Tier 1 (CET1)	21,727,298	21,202,229
Other elements deducted from core capital	0	-524,000
Additional Tier 1 Capital	0	0
Tier 2 Capital (T2)	0	0
Total eligible capital	21,727,298	20,678,229

4.2 Statement of required equity capital

		31/12/2015	31/12/2014
	Approach used		
Credit risk	SA-CH	4,072,000	5,440,000
- of which price risk for equity interest in the banking book		0	0
Non-counterparty related risks	SA-CH	73,000	117,000
Market risk	Standard	2,732,000	3,153,000
- of which interest rate instruments		2,601,000	2,983,000
- of which equity securities		0	0
- of which foreign exchange		39,000	99,000
- of which commodities		92,000	71,000
Operational risk	Key indicators	670,000	653,000
Total minimum required equity		7,547,000	9,363,000

4.3 Equity ratios

in percentage	31/12/2015	31/12/2014
CET1	23.0%	17.7%
T1 ratio	23.0%	17.7%
Total equity ratio	23.0%	17.7%
FINMA defined minimum CET1 ratio	16.0%	11.1%
FINMA defined minimum T1 ratio	14.5%	9.6%
FINMA defined minimum total equity ratio	12.5%	7.6%

4.4 Leverage Ratio

	31/12/2015
Tier 1 capital (in CHF 1000)	21,727
Leverage ratio exposure (in CHF 1000)	390,699
Leverage Ratio	5.6%

4.5 Liquidity Coverage ratios

	Q4 2015	Q3 2015	Q2 2015	Q1 2015
LCR-Ratio	103.3%	99.7%	103.7%	99.4%
Total stock of high quality liquid assets (in CHF 1000)	179,104	136,318	140,570	112,132
Net cash outflows (in CHF 1000)	173,426	136,729	135,529	112,776



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