

Annual Report 2016

AP Anlage & Privatbank AG, Zürich

Annual financial statement for the financial year ended
December 31, 2016 and report of the statutory auditors

Board of Directors



Urs E. Hottiger
Chairman



Vladimirs Ivanovs
Vice-Chairman



Juris Jākobsons
Board Member



Søren Mose
Board Member



Leo Th. Schrutt
Board Member

Executive Board



Joachim Bodschwinna
Managing Director



Valērijs Hudorožkovs
Deputy Managing Director



Boriss Prudnikovičs
Board Member

Management Report

2016 was a very successful financial year for our bank. We actually exceeded some of our targets and the number of customers remained practically unchanged. At TCHF 1,800, the year-end result after tax and depreciations was considerably higher than that of the previous year (TCHF 550). Interest income reflected the interest policy of the European central banks and the SNB. As in previous years, the Board of Directors also carried out a risk assessment for 2016. As of 31 December 2016, the bank employed 25 staff, not including part-time workers (22 in 2015).

The economic indicators in Europe showed few signs of recovery in 2016, while the upturn in the US economy became more pronounced. The surprising results of two political decisions abroad had an unsettling effect. Firstly, the UK voted to leave the EU, leading to a significant drop in value of pound sterling. Then in November, contrary to expectations, Donald Trump was elected as the new American president. The US stock markets saw this as a positive signal, reaching record highs.

The central banks adhered firmly to their expansive monetary policy. The Swiss National Bank maintained the target 3-month LIBOR at -0.75%, unchanged from the end of the 2015 financial year. In December, the European Central Bank (ECB) raised negative interest rates for bank assets deposited in ECB accounts from -0.30% (2015) to -0.40% whilst extending the ECB bond purchase programme. Only the American Federal Reserve bank raised the key interest rate in December 2016 by 0.25% to 0.50%, owing to the robust US economy.

Driven by strong liquidity, the German and American stock markets closed favourably. The German share index reached 11,481.06 (+ 6.87%), while the Dow Jones index closed at 19,762 or +13.42% compared with the previous year. This was just below the psychologically significant 20,000 mark. On the other hand, the SMI lost 6.78% and closed 2016 at 8,219.87. One of the reasons for this was the strong Swiss franc, which made exports more expensive.

After the SNB unpegged the Swiss franc in 2015, the exchange rate of the euro against the Swiss franc fell to 1.0715 in Dec 2016 (1.0846 in 2015), with the SNB propping up the market with currency interventions. The US-Dollar closed last year at SFR 1.0255 (0.9916 in 2015).

Our bank's business activities focus on private banking. In addition to account management and related services, this also includes stock market transactions with 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.

Our bank will continue to face challenges in 2017, as earnings will be influenced significantly by the interest rate policy of the ECB and the SNB. In addition and owing to the unstable market conditions, investors will display caution regarding longer term funds. Following investments in the IT division and the implementation of regulatory requirements, costs will continue to increase.

After Alexander Notter, Chairman of the Board of Directors for many years, passed away unexpectedly in February 2016, Urs E. Hottiger took over the position as of 1 March, whilst Dr. Leo T. Schrutt was elected as a new member of the board in summer 2016.

The Board of Directors would like to express their gratitude and appreciation to the management and employees of our bank for their outstanding work and dedication.

March 2017



Report of the statutory auditor



Report of the Statutory Auditor to the General Meeting of Shareholders 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 2016.

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 2016 comply with Swiss law and the company's articles of incorporation.

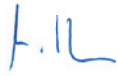
Report on Other Legal Requirements

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


Pascal Gähweiler
Licensed Audit Expert

Zurich, 9 March 2017

Balance Sheet Income Statement Statement of changes in equity Notes



Balance sheet as of December 31, 2016 and 2015

	Swiss Francs	
	31/12/2016	31/12/2015
Assets		
Liquid assets	120,565,546	192,883,662
Amounts due from banks	58,407,671	51,673,844
Amounts due from customers	5,940,298	6,422,210
Trading portfolio assets	118,006,555	103,156,105
Positive replacement values of derivative financial instruments	26,950	46
Financial investments	33,787,462	32,993,352
Accrued income and prepaid expenses	1,122,439	1,286,404
Tangible fixed assets	68,502	146,282
Other assets	127,297	137,335
Total assets	338,052,720	388,699,240
Total subordinated claims	–	–
Liabilities	31/12/2016	31/12/2015
Amounts due to banks	58,387,122	176,337,209
Amounts due in respect of customer deposits	255,760,020	189,771,698
Negative replacement values of derivative financial instruments	40,400	828
Accrued expenses and deferred income	1,519,191	811,659
Other liabilities	37,926	50,548
Provisions	0	0
Bank's capital	10,000,000	10,000,000
Statutory capital reserve	2,360,000	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	47,298	822,229
Profit (result of the period)	1,800,763	525,069
Total Liabilities	338,052,720	388,699,240
Total subordinated liabilities	–	–
Off-balance-sheet transactions	31/12/2016	31/12/2015
Contingent liabilities	1,452,629	1,722,544
Irrevocable commitments	522,000	548,000
Obligations to pay up shares and make further contributions	–	–
Credit commitments	–	–

Income statement for the financial years ended December 31, 2016 and 2015

	Swiss Francs	
	2016	2015
Result from interest operations		
- Interest and discount income	-1,075,747	-358,772
- Interest and dividend income from trading portfolios	1,252,888	1,248,277
- Interest and dividend income from financial investments	736,559	634,767
- Interest expense	1,410,816	808,202
Gross result from interest operations	2,324,516	2,332,474
Changes in value adjustments for default risks and losses from interest operations	–	–
Subtotal net result from interest operations	2,324,516	2,332,474
Result from commission business and services		
- Commission income from securities trading and investment activities	1,018,662	765,267
- Commission income from lending activities	28,828	7,486
- Commission income from other services	3,125,700	2,248,878
- Commission expense	-597,799	-394,840
Subtotal result from commission business and services	3,575,391	2,626,791
Result from trading activities and the fair value option	1,432,906	-78,736
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	-3,207,859	-2,674,083
- General and administrative expenses	-1,798,656	-1,511,519
Subtotal operating expenses	-5,006,515	-4,185,602
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-89,010	-168,116
Changes to provisions and other value adjustments, and losses	0	28,494
Operating result	2,237,288	555,305

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

	Swiss Francs	
	2016	2015
Extraordinary income	–	–
Extraordinary expenses	-9,287	–
Taxes	-427,238	-30,236
Profit (result of the period)	1,800,763	525,069
Appropriation of profit		
Profit (result of the period)	1,800,763	525,069
Profit carried forward	47,298	822,229
Distributable profit	1,848,061	1,347,298
Appropriation of profit		
- Allocation to statutory retained earnings reserve		
- Allocation to voluntary retained earnings reserve		
- Distributions from distributable profit		
New amount carried forward	1,848,061	1,347,298

Presentation of the statement of changes in equity 2016

	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	1,347,298	21,727,298
Dividends and other distributions		80,000			-1,300,000	-1,220,000
“Profit / loss (result of the period)”	–	–	–	–	1,800,763	1,800,763
Equity at end of current period	10,000,000	2,360,000	8,100,000	0	1,848,061	22,308,061

Notes for the financial years ended December 31, 2016 and 2015

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.

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 25 (22 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.

Changes to accounting principles and valuation method

The new accounting requirements applicable for banks, securities dealers, financial groups and conglomerates have become applicable for financial years starting on or after 1 January 2015, as set out in FINMA Circular 2015/1. The bank results for 2015 have been presented based on these new requirements.

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:

2016:		2015:	
USD	1.0255	USD	0.9916
EUR	1.0715	EUR	1.0846
GBP	1.2566	GBP	1.4699
CAD	0.7586	CAD	0.7154
SEK	11.1892	SEK	11.8850
UAH	3.7600	UAH	4.1400
RUR	1.7000	RUR	1.3600
AUD	0.7393	AUD	0.7234

Notes for the financial years ended
December 31, 2016 and 2015

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.

Notes for the financial years ended
December 31, 2016 and 2015

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, 2016 and 2015

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 31/12/2016
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from customers	–	5,940,298	–	5,940,298
Total loans	0	5,940,298	0	5,940,298
<i>Previous year</i>	–	6,422,210	–	6,422,210

	Type of collateral			Total 31/12/2016
	Secured by mortgage	Other collateral	Unsecured	
Loans (after netting with value adjustments)				
Amounts due from customers	–	5,940,298	–	5,940,298
Total loans	0	5,940,298	0	5,940,298
<i>Previous year</i>	–	6,422,210	–	6,422,210

	Type of collateral			Total 31/12/2016
	Secured by mortgage	Other collateral	Unsecured	
Off-balance-sheet				
Contingent liabilities	–	1,452,629	–	1,452,629
Irrevocable commitments	–	522,000	–	522,000
Total off-balance-sheet	0	1,974,629	0	1,974,629
<i>Previous year</i>	–	2,270,544	–	2,270,544

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

Assets	31/12/2016	31/12/2015
Trading portfolio assets		
Debt securities, money market securities / transactions	118,006,555	103,156,105
- of which, listed	118,006,555	103,156,105
Equity securities	–	–
Precious metals and commodities	–	–
Other trading portfolio assets	–	–
Total assets	118,006,555	103,156,105
- of which, securities eligible for repo transactions in accordance with liquidity requirements	35,832,824	28,387,078
No liabilities		

Notes for the financial years ended December 31, 2016 and 2015

3.3 Presentation of derivative financial instruments (assets and liabilities)

Foreign exchange	Trading instruments 31/12/2016			Trading instruments 31/12/2015		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Forward contracts	26,950	40,400	47,767,950	46	828	3,271,443
Total	26,950	40,400	47,767,950	46	828	3,271,443

No netting agreements

Breakdown by counterparty:	Central clearing houses		Banks and securities dealer		Other customers	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Positive replacement values	–	–	26,950	46	–	–

3.4 Breakdown of financial investments

Financial investments	Book value		Fair value	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Debt securities				
- of which, intended to be held to maturity	33,787,462	32,993,352	34,534,525	33,186,452
- of which, not intended to be held to maturity (available for sale)	–	–	–	–
Equity securities	–	–	–	–
Precious metals	–	–	–	–
Real estate	–	–	–	–
Total financial investments	33,787,462	32,993,352	34,534,525	33,186,452
- 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	1,954,490	18,214,361	11,976,441	1,642,170
Total financial investments	1,954,490	18,214,361	11,976,441	1,642,170
<i>Previous year</i>	<i>1,892,330</i>	<i>16,028,188</i>	<i>13,510,825</i>	<i>1,562,009</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, 2016 and 2015

3.5 Presentation of tangible fixed assets

	2016					Book value as at end of current year
	Acquisition cost	Accumulated depreciation	Book value previous year end	Additions	Depreciation	
Other tangible fixed assets	1,204,396	1,058,114	146,282	11,230	89,010	68,502
Total tangible fixed assets	1,204,396	1,058,114	146,282	11,230	89,010	68,502

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Compensation account	0	11,866	–	–
Indirect taxes	54,759	52,947	37,926	50,548
Others	72,538	72,522	–	–
Total	127,297	137,335	37,926	50,548

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

	Book value	Effective commitments
	31/12/2016	31/12/2016
Pledged/assigned assets	2,252,014	2,252,014

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

	2016						
	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	–	–	–	–	–	–	–
Total provisions	0	0	0	0	0	0	0

Notes for the financial years ended December 31, 2016 and 2015

3.9 Presentation of the bank's capital

	31/12/2016			31/12/2015		
	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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Holders of qualified participations	18,703,685	13,438,961	58,421,093	176,337,208	93,725,613	11,281,451
Group companies	–	–	–	–	22,132,085	12,835,711
Linked companies	–	–	–	–	–	–
Transactions with members of governing bodies	–	–	105,608	105,916	–	–
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	31/12/2016		31/12/2015	
	Nominal	% of equity	Nominal	% of equity
With voting rights:	Nominal	% of equity	Nominal	% of equity
Direct: Citadele Bank, Riga, Latvia	10,000,000	100.00%	10,000,000	100.00%
Indirect:				
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)	2,241,000	(minus 1 share) 22.41% (plus 1 share)
Delan S.à.r.l.	996,000	9.96%	996,000	9.96%
EMS LB LLC	886,000	8.86%	886,000	8.86%
NNS Luxembourg Investments S.à.r.l.	886,000	8.86%	886,000	8.86%
Amolino Holdings Inc.	886,000	8.86%	886,000	8.86%
Shuco LLC	703,000	7.03%	703,000	7.03%
Other participations, none of them exceeding 5 %	902,000	9.02%	902,000	9.02%
Without voting rights: none				

Notes for the financial years ended December 31, 2016 and 2015

3.12 Presentation of the maturity structure of financial instruments

	Due						31/12/2016
	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	120,565,546	–	–	–	–	–	120,565,546
Amounts due from banks	54,587,652	–	3,820,019	–	–	–	58,407,671
Amounts due from customers	–		3,171,448	2,768,850	–	–	5,940,298
Trading portfolio assets	118,006,555	–	–	–	–	–	118,006,555
Positive replacement values of derivative financial instruments	26,950	–	–	–	–	–	26,950
Financial investments	–	–	0	2,954,583	25,258,721	5,574,158	33,787,462
Total assets / financial instruments	293,186,703	0	6,991,467	5,723,433	25,258,721	5,574,158	336,734,482
<i>Previous year</i>	<i>347,143,396</i>	<i>0</i>	<i>3,394,244</i>	<i>3,870,380</i>	<i>23,188,672</i>	<i>9,532,527</i>	<i>387,129,219</i>

Debt capital/financial instruments							
Amounts due to banks	58,387,122	–	–	–	–	–	58,387,122
Amounts due in respect of customer deposits	255,760,020	–	–	–	–	–	255,760,020
Negative replacement values of derivative financial instruments	40,400	–	–	–	–	–	40,400
Total dept capital/financial instruments	314,187,542	0	0	0	0	0	314,187,542
<i>Previous year</i>	<i>366,109,735</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>366,109,735</i>

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

Assets	31/12/2016		31/12/2015	
	Domestic	Foreign	Domestic	Foreign
Liquid assets	119,932,577	632,969	192,027,006	856,656
Amounts due from banks	33,259,333	25,148,338	30,330,283	21,343,561
Amounts due from customers	4,255,825	1,684,473	4,958,000	1,464,210
Trading portfolio assets	14,787,821	103,218,734	14,348,729	88,807,376
Positive replacement values of derivative financial instruments	26,950	0	46	0
Financial investments	1,090,573	32,696,889	1,110,413	31,882,939
Accrued income and prepaid expenses	330,138	792,301	527,032	759,372
Tangible fixed assets	68,502	–	146,282	–
Other assets	127,297	–	137,335	–
Total assets	173,879,016	164,173,704	243,585,126	145,114,114

Notes for the financial years ended December 31, 2016 and 2015

Liabilities	31/12/2016		31/12/2015	
	Domestic	Foreign	Domestic	Foreign
Amounts due to banks	6,429	58,380,693	–	176,337,209
Amounts due in respect of customer deposits	8,229,199	247,530,821	8,840,227	180,931,471
Negative replacement values of derivative financial instruments	40,400	–	828	–
Accrued expenses and deferred income	1,519,191	–	811,659	–
Other liabilities	37,926	–	50,548	–
Provisions	0	–	0	–
Bank's capital	10,000,000	–	10,000,000	–
Statutory capital reserve	2,360,000	–	2,280,000	–
Voluntary retained earnings reserves	8,100,000	–	8,100,000	–
Profit carried forward	47,298	–	822,229	–
Profit (result of the period)	1,800,763	–	525,069	–
Total liabilities	32,141,206	305,911,514	31,430,560	357,268,680

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

Assets	31/12/2016		31/12/2015	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	115,759,704	34.24%	103,099,114	26.52%
North America	30,429,000	9.00%	27,844,000	7.16%
Caribbean	541,000	0.16%	0	0.00%
Latin America	2,788,000	0.82%	2,540,000	0.65%
Africa		0.00%		0.00%
Asia	11,661,000	3.45%	8,696,000	2.24%
Oceania	2,995,000	0.89%	2,935,000	0.76%
Switzerland	173,879,016	51.44%	243,585,126	62.67%
Total assets	338,052,720	100.00%	388,699,240	100.00%

Liabilities	31/12/2016		31/12/2015	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	166,329,514	49.20%	259,793,680	66.84%
North America	2,000	0.00%	4,000	0.00%
Caribbean	89,941,000	26.61%	49,148,000	12.64%
Latin America	5,347,000	1.58%	7,544,000	1.94%
Africa	18,239,000	5.40%	6,003,000	1.54%
Asia	12,366,000	3.66%	6,621,000	1.70%
Oceania	13,687,000	4.05%	28,155,000	7.24%
Switzerland	32,141,206	9.51%	31,430,560	8.09%
Total liabilities	338,052,720	100.00%	388,699,240	100.00%

Notes for the financial years ended December 31, 2016 and 2015

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

Bank's own country rating	31/12/2016		31/12/2015	
	Net foreign exposure		Net foreign exposure	
	In CHF	Share as %	In CHF	Share as %
Aaa - Aa3	128,413,704	78.22%	117,091,114	80.69%
A1 - A3	32,738,000	19.94%	23,572,000	16.24%
Baa1 - Baa3	3,022,000	1.84%	3,247,000	2.24%
Ba1 - Ba2		0.00%	1,204,000	0.83%
Ba3		0.00%		0.00%
B1 - B3		0.00%		0.00%
Caa1 - C		0.00%		0.00%
Total	164,173,704	100.00%	145,114,114	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						31/12/2016
	CHF	EUR	USD	GBP	Metal ounces	Others	Total
Liquid assets	119,932,077	632,969	500	–	–	–	120,565,546
Amounts due from banks	8,035,890	19,814,829	22,313,897	1,104,187	2,268,782	4,870,086	58,407,671
Amounts due from customers	–	658,973	5,281,325	–	–	–	5,940,298
Trading portfolio assets	14,596,796	41,713,193	59,868,829	1,827,737	–	–	118,006,555
Positive replacement values of derivative FI	26,950	–	–	–	–	–	26,950
Financial investments	–	11,429,593	22,357,869	–	–	–	33,787,462
Accrued income and prepaid expenses	229,081	385,641	503,873	3,703	–	141	1,122,439
Tangible fixed assets	68,502	–	–	–	–	–	68,502
Other assets	127,297	–	–	–	–	–	127,297
Total assets shown in balance sheet	143,016,593	74,635,198	110,326,293	2,935,627	2,268,782	4,870,227	338,052,720
Delivery entitlements from forward forex	–	37,502,500	10,255,000	–	–	10,450	47,767,950
Total assets	143,016,593	112,137,698	120,581,293	2,935,627	2,268,782	4,880,677	385,820,670

Notes for the financial years ended December 31, 2016 and 2015

Liabilities	Currencies						31/12/2016
	CHF	EUR	USD	GBP	Metal ounces	Others	Total
Amounts due to banks	58,380,693	6,429	–	–	–	–	58,387,122
Amounts due in respect of customer deposits	13,479,201	111,894,646	120,321,646	2,932,887	2,268,782	4,862,858	255,760,020
Negative replacement values of derivative FI	40,400	–	–	–	–	–	40,400
Accrued expenses and deferred income	1,519,191	–	–	–	–	–	1,519,191
Other liabilities	37,926	–	–	–	–	–	37,926
Provisions	0	–	–	–	–	–	0
Bank's capital	10,000,000	–	–	–	–	–	10,000,000
Statutory capital reserve	2,360,000	–	–	–	–	–	2,360,000
Voluntary retained earnings reserve	8,100,000	–	–	–	–	–	8,100,000
Profit carried forward	47,298	–	–	–	–	–	47,298
Profit (result of the period)	1,800,763	–	–	–	–	–	1,800,763
Total liabilities shown in balance sheet	95,765,472	111,901,075	120,321,646	2,932,887	2,268,782	4,862,858	338,052,720
Delivery obligations from forward forex	47,767,950	–	–	–	–	–	47,767,950
Total liabilities	143,533,422	111,901,075	120,321,646	2,932,887	2,268,782	4,862,858	385,820,670
Net position per currency	-516,829	236,623	259,647	2,740	0	17,819	0

3.17 Breakdown of contingent liabilities and contingent assets

Contingent liabilities	31/12/2016	31/12/2015
Other contingent liabilities	1,452,629	1,722,544
Total contingent liabilities	1,452,629	1,722,544

3.18 Breakdown of fiduciary transactions

Fiduciary transactions	31/12/2016	31/12/2015
Fiduciary investments with third-party companies	23,993,089	146,654,299
Fiduciary investments with group companies and linked companies	115,857,698	24,117,162
Fiduciary loans	8,266,268	7,442,757
Total fiduciary transactions	148,117,055	178,214,218

Notes for the financial years ended December 31, 2016 and 2015

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

Result from trading activities from:	2016	2015
Interest rate instruments (including funds)	-24,147	-884,950
Foreign currencies	1,457,053	806,214
Commodities / precious metals	–	–
Total result from trading activities	1,432,906	-78,736
- 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	2016	2015
Debit interest from banks	43,782	45,383
Negative debit interest from banks	-1,263,010	-590,424
Debit interests from clients	143,481	186,269
Negative debit interest from clients	–	–
Total interest receivable	-1,075,747	-358,772

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

Credit interest	2016	2015
Credit interest from banks	-623	-1,526
Negative credit interest from banks	1,056,016	562,791
Credit interests from clients	0	-29
Negative credit interest from clients	355,423	246,966
Total credit interest	1,410,816	808,202

The negative credit interest from banks results from a group company

3.21 Breakdown of personnel expenses

Personnel expenses	2016	2015
Salaries	2,815,598	2,379,042
Social insurance benefits	371,082	282,151
Other personnel expenses	21,179	12,890
Total	3,207,859	2,674,083

Notes for the financial years ended December 31, 2016 and 2015

3.22 Breakdown of general and administrative expenses

General and administrative expenses	2016	2015
Office space expenses	301,755	297,218
Expenses for information and communications technology	715,850	578,791
Fees of audit firms		
- of which, for financial and regulatory audits	154,980	112,050
- of which, for other services*	141,482	26,890
Other operating expenses	484,589	496,570
Total	1,798,656	1,511,519

* invoiced by one third company

3.23 Extraordinary income and expenses

Extraordinary expenses	2016	2015
A legal case of the previous year	-9,287	–
Total extraordinary expenses	-9,287	0

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

Tax expense	2016	2015
Income tax	388,981	–
Tax on assets	38,257	30,236
Total tax expense	427,238	30,236

The bank offsets the profits 2015 and partly 2016 against loss of previous years which leads to no income tax for 2015 and to a reduced income tax for 2016

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 the insurance company the cover ratio of 100 % is always guaranteed. Employer contributions amounted to CHF 134,206 (2015: CHF 106,908) and are reported under personnel expenses. As of 31 December 2016, 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, 2016 and 2015

4. Minimum Disclosures *

	2016	2015
1 Minimum capital required based on risk-oriented requirements (CHF)	8,725,330	7,546,802
2 Eligible equity (CHF)	22,308,061	21,727,298
3 Of which Common Equity Tier 1 (CET 1) in CHF	22,308,061	21,727,298
4 Of which Tier 1 capital (T1) in CHF	22,308,061	21,727,298
5 Risk-weighted exposures (RWA)	109,066,625	94,343,456
6 CET 1 ratio (Common Equity Tier 1 in % of RWA)	20.5%	23.0%
7 Tier 1 capital ratio (Tier 1 capital in % of RWA)	20.5%	23.0%
8 Total capital ratio (in % of RWA)	20.5%	23.0%
9 Counter-cyclical capital buffer (in % of RWA)	0.0%	0.0%
10 CET 1 target ratio (in %) according to Annex 8 CAO plus counter-cyclical capital buffer	7.0%	7.0%
11 T1 target ratio (in %) according to Annex 8 CAO plus counter-cyclical capital buffer	8.5%	8.5%
12 Total capital ratio (in %) according to Annex 8 CAO plus counter-cyclical capital buffer	10.5%	10.5%
13 Basel III leverage ratio (Tier 1 capital in % of the total exposure)	6.6%	5.6%
14 Total exposure (CHF)	340,140,733	390,698,884
15 Short-term liquidity coverage ratio (LCR) (in %) in Q4	125.6%	102.2%
16 LCR numerator: Total high quality liquid assets (HQLA) (TCHF)	202,137	175,973
17 LCR denominator: Total of net cash outflow (TCHF)	160,903	172,225
18 Short-term liquidity coverage ratio (LCR) (in %) in Q3	108.5%	100.6%
19 LCR numerator: Total high quality liquid assets (HQLA) (TCHF)	351,706	139,929
20 LCR denominator: Total of net cash outflow (TCHF)	324,217	139,053
21 Short-term liquidity coverage ratio (LCR) (in %) in Q2	106.0%	105.1%
22 LCR numerator: Total high quality liquid assets (HQLA) (TCHF)	272,473	128,786
23 LCR denominator: Total of net cash outflow (TCHF)	257,134	122,488
24 Short-term liquidity coverage ratio (LCR) (in %) in Q1	103.1%	116.0%
25 LCR numerator: Total high quality liquid assets (HQLA) (TCHF)	171,835	116,814
26 LCR denominator: Total of net cash outflow (TCHF)	166,679	100,741

* According to Swiss Financial Market Supervisory Authority (FINMA) Circular 2016/1 we refer to the disclosures at parent company level (cblgroup.com) for additional key figures.



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