

# AP Anlage & Privatbank AG, Zürich

Annual financial statement for the financial year ended  
December 31, 2017 and report of the statutory auditors

## Board of Directors



**Urs E. Hottiger, Chairman (Independent Member)**

Mr Hottiger completed his studies at the University of St. Gallen (HSG) with a Master in Law degree. Mr Hottiger has been with Credit Suisse from 1992 until 2015 in several management positions and served in the end as the Global Head of Operational Risk of Private Banking & Wealth Management Products.

Mr Hottiger became a Member of the Supervisory Board in August 2015 and was appointed as Chairman in March 2016.

**Vladimirs Ivanovs, Vice Chairman**

Mr Ivanovs has received an MBA degree from Riga International School of Economics and Business Administration. Mr Ivanovs has more than 20 years of experience in the banking sector and has been with Citadele since 2001. He currently serves as Head of Wealth Management of Citadele and Vice Chairman of the Supervisory Board at CBL Asset Management.

Mr Ivanovs was appointed as Member of the Board in 2010.



**Dr Juris Jākobsons, Member of the Board/Member of the Audit Committee**

Dr Jākobsons holds a Dr. chem. degree (1992) and also a Masters (MBA) degree from Helsinki School of Economics and Business Administration (1998). Dr Jākobsons has had an accomplished career with several foreign-owned commercial banks in Latvia since 1994. He is also a former CEO of Citadele and Vereinsbank Riga (UniCredit Latvia).

Dr Jākobsons has been a Member of the Board since June 2012.

**Dr Leo Th. Schrutt, Member of the Board (Independent Member)**

Dr Schrutt studied at the University of Basle. He built a long career at UBS and later at Julius Baer Bank (1997 – 2007), where he served as Member of the Executive Board and headed the Investment Research & Portfolio Management division. Since 2010 Dr Schrutt is an independent consultant.

Dr Schrutt was elected to the Supervisory Board in July 2016.



**Søren Mose, Member of the Board/Member of the Audit Committee (Independent Member)**

Mr Mose is a dual Danish and Swiss Citizen. He holds a MBA from Henley Management College and a Bachelor in Credit and Commerce from Aarhus Business University. Mr Mose is a former CEO of SAXO Bank Schweiz and former CEO of Jyske Bank Schweiz. Today he is apart from being a board member of AP Anlage & Privatbank AG, Chairman of TWINT AG, Board member and chairman of Risk Committee of SIX AG and a Board Member of Tissot Velodrome Suisse AG.

Mr Mose became a Member of the Board in December 2015.

## Executive Board



**Joachim Bodschwinna, Managing Director**

Mr Bodschwinna graduated from Frankfurt School of Finance & Management. Mr Bodschwinna joined AP Bank in 1995 and became Managing Director in 1999. Prior to joining the AP Bank, he built his career at Hypo Bank in Germany where he focused on Investments and Institutional Asset Management. Today, Mr Bodschwinna is primarily responsible for general administration, compliance, regulatory matters and back office activities.

**Valērijs Hudorožkovs, Deputy Managing Director**

Mr Hudorožkovs graduated from Riga Technical University in 1985 and obtained an MBA in Riga Business School in 2003. Mr Hudorožkovs has been with Citadele Group since 1998 and has worked extensively on the Group's international projects. He has been with AP Bank since the acquisition by Parex in 2004 and is responsible for private banking, customer service and financial planning of the business.



**Boriss Prudnikovičs, Member of the Board**

Mr Prudnikovičs graduated from Riga Technical University, Riga, Latvia and obtained a Master Degree in Economics. Mr Prudnikovičs has been with Citadele Group since 1998, focusing primarily on the back office and securities aspects of the business. He has been with AP Bank since the acquisition by Parex in 2004 and is responsible for Treasury & Trading as well as Asset Management.

# Management Report

In 2017, AP Anlage & Privatbank has again demonstrated outstanding performance and proved the efficiency of its business strategy. The financial result after tax and depreciation exceeded TCHF 1.800, remaining at the level of the achievement for 2016. Despite certain turbulence in the Swiss banking sector, the bank was able to retain its core client base and the number of clients has remained virtually unchanged when compared to the previous year. Costs have been monitored closely, while the revenues well exceeded the set targets. As in previous years, the Board of Directors has carried out a risk assessment for 2017. By December 31st, 2017, the bank had 25 employees, not including part time workers (remaining unchanged from 2016).

2017 was another positive year for the global economy. As inflation in the US started to pick up and exceeded the 2% level, the Federal Reserve clearly indicated that it will continue to normalize interest rates. The benchmark rate has been increased 3 times during the year 2017, reaching 1.25 -1.50%. In order to push the inflation back toward the goal of 2%, the European Central Bank has continued to maintain its ultra-expansive monetary policy with its bond-purchasing program. The EUR benchmark rate has remained in the negative zone at -0.40%, whilst in Switzerland, the Swiss National Bank kept the benchmark rate at -0.75%. Consequently, this negative rate environment from the Central Banks has significantly affected our bank's interest income flow in the year 2017.

The positive global macroeconomic sentiment and the availability of the cheap liquidity helped the stock markets to boom: the US Dow Jones gained 25.08% to close at 24'719.22 (2016: 19'762.60), S&P 500 was up 19.42% to close at 2673.61 (2016: 2238.83), and NASDAQ Composite rallied up an impressive 28.42% to close at 6903.39 (2016: 5383.12). European indices were lagging behind with Euro Stoxx 50 gaining 6.49% to close at 3503.96 (2016: 3290.52), German DAX added 12.51% to 12'917.64 points (2016: 11'481.06), and Swiss SMI rose 14.14% to close the year 2017 at 9381.87 points (2016: 8.219.87).

For the currency market, 2017 was definitely the year of the Euro: Common European Currency has strengthened against all G10 competitors, in particular gaining 4.03% against GBP to 0.8889 (2016: 0.8544), rising 9.09% against CHF to 1.1704 (2016: 1.0729), and adding an impressive 13.99% against USD to end up at 1.2022 (2016: 1.0547). Such a global currency market developments have been also affecting our bank's and client business activities.

Our bank focuses on traditional private banking services, but in addition to account management and various related commercial services, it also supports foreign exchange transactions, asset management, and investment activities of its clients with specific coverage of the Eastern-European markets.

As the main challenges for 2018, which might affect the global financial markets, we see the rising global political tensions between the US, Europe and Asia. Also the current negative interest environment in Europe and the high valuation of stocks seen as a factors which may affect the profits and reduce net margins. At the same time the implementation of new regulatory requirements will increase the costs for IT infrastructure and compliance.

Following the developments in the legal environment, together with other countries, Switzerland has committed to introducing global standards in the area of tax transparency (i.e., the Automatic Exchange of Information, AEOI, with numerous countries, members of OECD and beyond). Thus, the financial data are being now collected and the first exchange is planned for the Autumn 2018.

The Board of Directors expresses its gratitude and appreciation for the outstanding work and dedication of the management and the employees of our bank.

March 2018



# 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 2017.

*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 2017 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

Ertugrul Tüfekci  
Licensed Audit Expert  
Auditor in Charge

Dirk Noack  
Licensed Audit Expert

Zurich, 8 March 2018

# Balance Sheet Income Statement Statement of changes in equity Notes





## Balance sheet as of December 31, 2017 and 2016

	Swiss Francs	
	31/12/2017	31/12/2016
<b>Assets</b>		
Liquid assets	162,570,486	120,565,546
Amounts due from banks	54,585,797	58,407,671
Amounts due from securities financing transactions	454,724	–
Amounts due from customers	3,032,896	5,940,298
Trading portfolio assets	141,572,332	118,006,555
Positive replacement values of derivative financial instruments	–	26,950
Financial investments	39,681,524	33,787,462
Accrued income and prepaid expenses	1,446,310	1,122,439
Tangible fixed assets	61,062	68,502
Other assets	121,061	127,297
<b>Total assets</b>	<b>403,526,192</b>	<b>338,052,720</b>
Total subordinated claims	–	–
<b>Liabilities</b>	31/12/2017	31/12/2016
Amounts due to banks	120,995,967	58,387,122
Amounts due in respect of customer deposits	258,173,023	255,760,020
Negative replacement values of derivative financial instruments	12,241	40,400
Accrued expenses and deferred income	1,911,190	1,519,191
Other liabilities	17,620	37,926
Provisions	–	–
Bank's capital	10,000,000	10,000,000
Statutory capital reserve	2,480,000	2,360,000
- of which tax-exempt capital contribution reserve	–	–
Voluntary retained earnings reserves	8,100,000	8,100,000
Profit carried forward	28,061	47,298
Profit (result of the period)	1,808,090	1,800,763
<b>Total Liabilities</b>	<b>403,526,192</b>	<b>338,052,720</b>
Total subordinated liabilities	–	–
<b>Off-balance-sheet transactions</b>	31/12/2017	31/12/2016
Contingent liabilities	1,055,047	1,452,629
Irrevocable commitments	486,000	522,000
Obligations to pay up shares and make further contributions	–	–
Credit commitments	–	–

## Income statement for the financial years ended December 31, 2017 and 2016

	Swiss Francs	
	2017	2016
<b>Result from interest operations</b>		
- Interest and discount income	-379,264	-1,075,747
- Interest and dividend income from trading portfolios	1,755,207	1,252,888
- Interest and dividend income from financial investments	759,690	736,559
- Interest expense	618,045	1,410,816
<b>Gross result from interest operations</b>	<b>2,753,678</b>	<b>2,324,516</b>
Changes in value adjustments for default risks and losses from interest operations	-	-
<b>Subtotal net result from interest operations</b>	<b>2,753,678</b>	<b>2,324,516</b>
<b>Result from commission business and services</b>		
- Commission income from securities trading and investment activities	866,128	1,018,662
- Commission income from lending activities	67,883	28,828
- Commission income from other services	3,139,970	3,125,700
- Commission expense	-499,339	-597,799
<b>Subtotal result from commission business and services</b>	<b>3,574,642</b>	<b>3,575,391</b>
<b>Result from trading activities and the fair value option</b>	<b>1,203,324</b>	<b>1,432,906</b>
<b>Other result from ordinary activities</b>		
- Result from the disposal of financial investments	-	-
- Other ordinary income	-	-
- Other ordinary expenses	-	-
<b>Subtotal other result from ordinary activities</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>		
- Personnel expenses	-3,335,025	-3,207,859
- General and administrative expenses	-1,801,594	-1,798,656
<b>Subtotal operating expenses</b>	<b>-5,136,619</b>	<b>-5,006,515</b>
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-53,040	-89,010
Changes to provisions and other value adjustments, and losses	-	-
<b>Operating result</b>	<b>2,341,985</b>	<b>2,237,288</b>

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

	Swiss Francs	
	2017	2016
Extraordinary income	–	–
Extraordinary expenses	–	-9,287
Taxes	-533,895	-427,238
<b>Profit (result of the period)</b>	<b>1,808,090</b>	<b>1,800,763</b>
<b>Appropriation of profit</b>		
Profit (result of the period)	1,808,090	1,800,763
Profit carried forward	28,061	47,298
<b>Distributable profit</b>	<b>1,836,151</b>	<b>1,848,061</b>
<b>Appropriation of profit</b>		
- Allocation to statutory retained earnings reserve		
- Allocation to voluntary retained earnings reserve		
- Distributions from distributable profit		
<b>New amount carried forward</b>	<b>1,836,151</b>	<b>1,848,061</b>

### Presentation of the statement of changes in equity 2017

	Bank's capital	Capital reserve	Voluntary retained earnings reserve	Reserves for general banking risks	Profit carried forward	Total
<b>Equity at start of current period</b>	10,000,000	2,360,000	8,100,000	–	1,848,061	22,308,061
Dividends and other distributions		120,000			-1,820,000	-1,700,000
Profit / loss (result of the period)	–	–	–	–	1,808,090	1,808,090
<b>Equity at end of current period</b>	<b>10,000,000</b>	<b>2,480,000</b>	<b>8,100,000</b>	<b>0</b>	<b>1,836,151</b>	<b>22,416,151</b>

# Notes for the financial years ended December 31, 2017 and 2016

## 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 (25 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:

2017:		2016:	
USD	0.9779	USD	1.0255
EUR	1.1691	EUR	1.0715
GBP	1.3170	GBP	1.2566
CAD	0.7787	CAD	0.7586
SEK	11.8673	SEK	11.1892
UAH	3.4800	UAH	3.7600
RUR	1.7000	RUR	1.7000
AUD	0.7628	AUD	0.7393

## Notes for the financial years ended December 31, 2017 and 2016

### **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, 2017 and 2016

### **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, 2017 and 2016

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

#### 3.1 Breakdown of securities financing transactions (assets and liabilities)

	31/12/2017	31/12/2016
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	454,724	–
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	–	–

\* Before netting agreements

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

Loans (before netting with value adjustments)	Type of collateral			Total 31/12/2017
	Secured by mortgage	Other collateral	Unsecured	
Amounts due from customers	–	3,032,896	–	3,032,896
<b>Total loans</b>	<b>0</b>	<b>3,032,896</b>	<b>0</b>	<b>3,032,896</b>
<i>Previous year</i>	–	5,940,298	–	5,940,298

Loans (after netting with value adjustments)	Type of collateral			Total 31/12/2017
	Secured by mortgage	Other collateral	Unsecured	
Amounts due from customers	–	3,032,896	–	3,032,896
<b>Total loans</b>	<b>0</b>	<b>3,032,896</b>	<b>0</b>	<b>3,032,896</b>
<i>Previous year</i>	–	5,940,298	–	5,940,298

Off-balance-sheet	Type of collateral			Total 31/12/2017
	Secured by mortgage	Other collateral	Unsecured	
Contingent liabilities	–	1,055,047	–	1,055,047
Irrevocable commitments	–	486,000	–	486,000
<b>Total off-balance-sheet</b>	<b>0</b>	<b>1,541,047</b>	<b>0</b>	<b>1,541,047</b>
<i>Previous year</i>	–	1,974,629	–	1,974,629

## Notes for the financial years ended December 31, 2017 and 2016

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

Assets	31/12/2017	31/12/2016
<b>Trading portfolio assets</b>		
Debt securities, money market securities / transactions	141,572,332	118,006,555
- of which, listed	141,572,332	118,006,555
Equity securities	-	-
Precious metals and commodities	-	-
Other trading portfolio assets	-	-
<b>Total assets</b>	<b>141,572,332</b>	<b>118,006,555</b>
- of which, securities eligible for repo transactions in accordance with liquidity requirements	38,737,621	35,832,824

No liabilities

**3.4 Presentation of derivative financial instruments (assets and liabilities)**

	Trading instruments 31/12/2017			Trading instruments 31/12/2016		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
<b>Foreign exchange</b>						
Forward contracts	-	12,241	20,960,442	26,950	40,400	47,767,950
<b>Total</b>	<b>0</b>	<b>12,241</b>	<b>20,960,442</b>	<b>26,950</b>	<b>40,400</b>	<b>47,767,950</b>

No netting agreements

**Breakdown by counterparty:**

	Central clearing houses		Banks and securities dealer		Other customers	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<b>Positive replacement values</b>	-	-	-	26,950	-	-

**3.5 Breakdown of financial investments**

Financial investments	Book value		Fair value	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<b>Debt securities</b>				
- of which, intended to be held to maturity	39,681,524	33,787,462	40,307,239	34,534,525
- of which, not intended to be held to maturity (available for sale)	-	-	-	-
Equity securities	-	-	-	-
Precious metals	-	-	-	-
Real estate	-	-	-	-
<b>Total financial investments</b>	<b>39,681,524</b>	<b>33,787,462</b>	<b>40,307,239</b>	<b>34,534,525</b>
- of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-	-	-

## Notes for the financial years ended December 31, 2017 and 2016

Financial investments	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-
Debt securities: book value	1,861,354	17,802,129	19,901,564	116,477
<b>Total financial investments</b>	<b>1,861,354</b>	<b>17,802,129</b>	<b>19,901,564</b>	<b>116,477</b>
<i>Previous year</i>	<i>1,954,490</i>	<i>18,214,361</i>	<i>11,976,441</i>	<i>1,642,170</i>

The lowest rating of the following rating agencies:

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

### 3.6 Presentation of tangible fixed assets

	2017					
	Acquisition cost	Accumulated depreciation	Book value previous year end	Additions	Depreciation	Book value as at end of current year
Other tangible fixed assets	1,215,626	1,147,124	68,502	45,600	53,040	61,062
<b>Total tangible fixed assets</b>	<b>1,215,626</b>	<b>1,147,124</b>	<b>68,502</b>	<b>45,600</b>	<b>53,040</b>	<b>61,062</b>

#### 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.

### 3.7 Breakdown of other assets and other liabilities

	Other assets		Other liabilities	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Compensation account	-	-	-	-
Indirect taxes	46,163	54,759	17,620	37,926
Others	74,898	72,538	-	-
<b>Total</b>	<b>121,061</b>	<b>127,297</b>	<b>17,620</b>	<b>37,926</b>

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

	Book value	Effective commitments
	31/12/2017	31/12/2017
<b>Pledged/assigned assets</b>	<b>2,339,855</b>	<b>2,339,855</b>

## Notes for the financial years ended December 31, 2017 and 2016

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

	2017						
	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	-	-	-	-	-	-	-
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**3.10 Presentation of the bank's capital**

	31/12/2017			31/12/2016		
	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
<b>Total bank's capital</b>	<b>10,000,000</b>	<b>100,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>100,000</b>	<b>10,000,000</b>

**3.11 Disclosure of amounts due from / to related parties**

	Amounts due from		Amounts due to		Fiduciary investments	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Holders of qualified participations	4,553,636	18,703,685	120,974,912	58,421,093	33,180,965	93,725,613
Group companies	-	-	-	-	22,972,833	22,132,085
Linked companies	-	-	-	-	-	-
Transactions with members of governing bodies	-	-	105,354	105,608	-	-
Other related parties	-	-	-	-	-	-

Every transaction is in line with the market.

## Notes for the financial years ended December 31, 2017 and 2016

## 3.12 Disclosure of holders of significant participations

Holders of significant participations and groups of holders of participations with pooled voting rights	31/12/2017		31/12/2016	
	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:				
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				

## 3.13 Presentation of the maturity structure of financial instruments

	At sight	Cancellable	Due				Total
			within 3 months	within 3 to 12 months	within 12 months to 5 years	after 5 years	
<b>Assets/financial instruments</b>							
Liquid assets	162,570,486	-	-	-	-	-	162,570,486
Amounts due from banks	42,362,047	-	12,223,750	-	-	-	54,585,797
Amounts due from securities financing transactions	-	-	-	454,724	-	-	454,724
Amounts due from customers	-	-	1,320,165	1,712,731	-	-	3,032,896
Trading portfolio assets	141,572,332	-	-	-	-	-	141,572,332
Positive replacement values of derivative financial instruments	-	-	-	-	-	-	0
Financial investments	-	-	1,955,213	1,380,572	27,981,640	8,364,099	39,681,524
<b>Total assets / financial instruments</b>	<b>346,504,865</b>	<b>0</b>	<b>15,499,128</b>	<b>3,548,027</b>	<b>27,981,640</b>	<b>8,364,099</b>	<b>401,897,759</b>
<i>Previous year</i>	<i>293,186,703</i>	<i>-</i>	<i>6,991,467</i>	<i>5,723,433</i>	<i>25,258,721</i>	<i>5,574,158</i>	<i>336,734,482</i>

## Notes for the financial years ended December 31, 2017 and 2016

**Debt capital/  
financial instruments**

Amounts due to banks	120,995,967	-	-	-	-	-	120,995,967
Amounts due in respect of customer deposits	258,173,023	-	-	-	-	-	258,173,023
Negative replacement values of derivative financial instruments	12,241	-	-	-	-	-	12,241
<b>Total debt capital/ financial instruments</b>	<b>379,181,231</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>379,181,231</b>
<i>Previous year</i>	<i>314,187,542</i>	-	-	-	-	-	<i>314,187,542</i>

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

<b>Assets</b>	31/12/2017		31/12/2016	
	Domestic	Foreign	Domestic	Foreign
Liquid assets	162,360,880	209,606	119,932,577	632,969
Amounts due from banks	49,267,816	5,317,981	33,259,333	25,148,338
Amounts due from securities financing transactions	-	454,724	-	-
Amounts due from customers	-	3,032,896	4,255,825	1,684,473
Trading portfolio assets	11,750,724	129,821,608	14,787,821	103,218,734
Positive replacement values of derivative financial instruments	-	-	26,950	-
Financial investments	1,680,610	38,000,914	1,090,573	32,696,889
Accrued income and prepaid expenses	510,513	935,797	330,138	792,301
Tangible fixed assets	61,062	-	68,502	-
Other assets	121,061	-	127,297	-
<b>Total assets</b>	<b>225,752,666</b>	<b>177,773,526</b>	<b>173,879,016</b>	<b>164,173,704</b>

<b>Liabilities</b>	31/12/2017		31/12/2016	
	Domestic	Foreign	Domestic	Foreign
Amounts due to banks	33,296	120,962,671	6,429	58,380,693
Amounts due in respect of customer deposits	14,073,989	244,099,034	8,229,199	247,530,821
Negative replacement values of derivative financial instruments	12,241	-	40,400	-
Accrued expenses and deferred income	1,911,190	-	1,519,191	-
Other liabilities	17,620	-	37,926	-
Provisions	-	-	-	-
Bank's capital	10,000,000	-	10,000,000	-
Statutory capital reserve	2,480,000	-	2,360,000	-
Voluntary retained earnings reserves	8,100,000	-	8,100,000	-
Profit carried forward	28,061	-	47,298	-
Profit (result of the period)	1,808,090	-	1,800,763	-
<b>Total liabilities</b>	<b>38,464,487</b>	<b>365,061,705</b>	<b>32,141,206</b>	<b>305,911,514</b>

## Notes for the financial years ended December 31, 2017 and 2016

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

Assets	31/12/2017		31/12/2016	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	120,960,526	29.98%	115,759,704	34.24%
North America	44,925,000	11.13%	30,429,000	9.00%
Caribbean		0.00%	541,000	0.16%
Latin America	1,543,000	0.38%	2,788,000	0.82%
Africa	1,322,000	0.33%		0.00%
Asia	5,956,000	1.48%	11,661,000	3.45%
Oceania	3,067,000	0.76%	2,995,000	0.89%
Switzerland	225,752,666	55.94%	173,879,016	51.44%
<b>Total assets</b>	<b>403,526,192</b>	<b>100.00%</b>	<b>338,052,720</b>	<b>100.00%</b>

Liabilities	31/12/2017		31/12/2016	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	283,348,705	70.22%	166,329,514	49.20%
North America	1,721,000	0.43%	2,000	0.00%
Caribbean	40,589,000	10.06%	89,941,000	26.61%
Latin America	4,199,000	1.04%	5,347,000	1.58%
Africa	2,372,000	0.59%	18,239,000	5.40%
Asia	23,468,000	5.82%	12,366,000	3.66%
Oceania	9,364,000	2.32%	13,687,000	4.05%
Switzerland	38,464,487	9.53%	32,141,206	9.51%
<b>Total liabilities</b>	<b>403,526,192</b>	<b>100.00%</b>	<b>338,052,720</b>	<b>100.00%</b>

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

Bank's own country rating	31/12/2017		31/12/2016	
	In CHF	Share as %	In CHF	Share as %
Aaa - Aa3	158,906,526	89.39%	128,413,704	78.22%
A1 - A3	14,941,000	8.40%	32,738,000	19.94%
Baa1 - Baa3	2,223,000	1.25%	3,022,000	1.84%
Ba1 - Ba2	381,000	0.21%		0.00%
Ba3	1,322,000	0.74%		0.00%
B1 - B3		0.00%		0.00%
Caa1 - C		0.00%		0.00%
<b>Total</b>	<b>177,773,526</b>	<b>100.00%</b>	<b>164,173,704</b>	<b>100.00%</b>

Bank's own country rating: Moody's

## Notes for the financial years ended December 31, 2017 and 2016

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

Assets	Currencies						31/12/2017
	CHF	EUR	USD	GBP	Metal ounces	Others	Total
Liquid assets	162,360,880	209,606	–	–	–	–	162,570,486
Amounts due from banks	7,455,366	9,861,029	33,015,711	582,461	1,788,880	1,882,350	54,585,797
Amounts due from securities financing transactions	–	–	454,724	–	–	–	454,724
Amounts due from customers	–	1,712,732	1,320,164	–	–	–	3,032,896
Trading portfolio assets	4,507,098	62,099,324	73,321,207	1,644,703	–	–	141,572,332
Positive replacement values of derivative FI	–	–	–	–	–	–	0
Financial investments	352,100	11,802,402	27,527,022	–	–	–	39,681,524
Accrued income and prepaid expenses	417,287	467,243	559,723	2,057	–	–	1,446,310
Tangible fixed assets	61,062	–	–	–	–	–	61,062
Other assets	121,061	–	–	–	–	–	121,061
<b>Total assets shown in balance sheet</b>	<b>175,274,854</b>	<b>86,152,336</b>	<b>136,198,551</b>	<b>2,229,221</b>	<b>1,788,880</b>	<b>1,882,350</b>	<b>403,526,192</b>
<b>Delivery entitlements from forward forex</b>	<b>–</b>	<b>4,676,400</b>	<b>15,646,400</b>	<b>–</b>	<b>–</b>	<b>629,000</b>	<b>20,951,800</b>
<b>Total assets</b>	<b>175,274,854</b>	<b>90,828,736</b>	<b>151,844,951</b>	<b>2,229,221</b>	<b>1,788,880</b>	<b>2,511,350</b>	<b>424,477,992</b>
<b>Liabilities</b>	<b>CHF</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>Metal ounces</b>	<b>Others</b>	<b>Total</b>
Amounts due to banks	120,962,671	33,296	–	–	–	–	120,995,967
Amounts due in respect of customer deposits	8,858,967	90,912,607	151,869,304	2,230,280	1,788,880	2,512,985	258,173,023
Negative replacement values of derivative FI	12,241	–	–	–	–	–	12,241
Accrued expenses and deferred income	1,911,190	–	–	–	–	–	1,911,190
Other liabilities	17,620	–	–	–	–	–	17,620
Provisions	–	–	–	–	–	–	0
Bank's capital	10,000,000	–	–	–	–	–	10,000,000
Statutory capital reserve	2,480,000	–	–	–	–	–	2,480,000
Voluntary retained earnings reserve	8,100,000	–	–	–	–	–	8,100,000
Profit carried forward	28,061	–	–	–	–	–	28,061
Profit (result of the period)	1,808,090	–	–	–	–	–	1,808,090
<b>Total liabilities shown in balance sheet</b>	<b>154,178,840</b>	<b>90,945,903</b>	<b>151,869,304</b>	<b>2,230,280</b>	<b>1,788,880</b>	<b>2,512,985</b>	<b>403,526,192</b>
<b>Delivery obligations from forward forex</b>	<b>20,960,442</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,960,442</b>
<b>Total liabilities</b>	<b>175,139,282</b>	<b>90,945,903</b>	<b>151,869,304</b>	<b>2,230,280</b>	<b>1,788,880</b>	<b>2,512,985</b>	<b>424,486,634</b>
<b>Net position per currency</b>	<b>135,572</b>	<b>-117,167</b>	<b>-24,353</b>	<b>-1,059</b>	<b>0</b>	<b>-1,635</b>	<b>-8,642</b>

## Notes for the financial years ended December 31, 2017 and 2016

**3.18 Breakdown of contingent liabilities and contingent assets**

Contingent liabilities	31/12/2017	31/12/2016
Other contingent liabilities	1,055,047	1,452,629
<b>Total contingent liabilities</b>	<b>1,055,047</b>	<b>1,452,629</b>

**3.19 Breakdown of fiduciary transactions**

Fiduciary transactions	31/12/2017	31/12/2016
Fiduciary investments with third-party companies	28,035,760	23,993,089
Fiduciary investments with group companies and linked companies	56,153,798	115,857,698
Fiduciary loans	11,590,703	8,266,268
<b>Total fiduciary transactions</b>	<b>95,780,261</b>	<b>148,117,055</b>

**3.20 Breakdown of the result from trading activities and the fair value option**

Result from trading activities from:	2017	2016
Interest rate instruments (including funds)	-611,199	-24,147
Foreign currencies	1,814,523	1,457,053
Commodities / precious metals	-	-
<b>Total result from trading activities</b>	<b>1,203,324</b>	<b>1,432,906</b>
- of which, from fair value option on assets	-	-
- of which, from fair value option on liabilities	-	-

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

Debit interest	2017	2016
Debit interest from banks	169,212	43,782
Negative debit interest from banks	-599,118	-1,263,010
Debit interests from clients	50,642	143,481
Negative debit interest from clients	-	-
<b>Total interest receivable</b>	<b>-379,264</b>	<b>-1,075,747</b>

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

Credit interest	2017	2016
Credit interest from banks	-2,739	-623
Negative credit interest from banks	159,007	1,056,016
Credit interests from clients	-	-
Negative credit interest from clients	461,777	355,423
<b>Total credit interest</b>	<b>618,045</b>	<b>1,410,816</b>

The negative credit interest from banks results from a group company

## Notes for the financial years ended December 31, 2017 and 2016

**3.22 Breakdown of personnel expenses**

Personnel expenses	2017	2016
Salaries	2,942,464	2,815,598
Social insurance benefits	378,918	371,082
Other personnel expenses	13,643	21,179
<b>Total</b>	<b>3,335,025</b>	<b>3,207,859</b>

**3.23 Breakdown of general and administrative expenses**

General and administrative expenses	2017	2016
Office space expenses	289,367	301,755
Expenses for information and communications technology	653,027	715,850
Fees of audit firms		
- of which, for financial and regulatory audits	184,896	154,980
- of which, for other services*	157,881	141,482
Other operating expenses	516,423	484,589
<b>Total</b>	<b>1,801,594</b>	<b>1,798,656</b>

\* invoiced by two third companies

**3.24 Extraordinary income and expenses**

Extraordinary expenses	2017	2016
A legal case of the previous year	-	-9,287
<b>Total extraordinary expenses</b>	<b>0</b>	<b>-9,287</b>

**3.25 Presentation of current taxes, deferred taxes and disclosure of tax rate**

Tax expense	2017	2016
Income tax	495,455	388,981
Tax on assets	38,440	38,257
<b>Total tax expense</b>	<b>533,895</b>	<b>427,238</b>

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

**3.26 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 147,873 (2016: CHF 134,206) and are reported under personnel expenses. As of 31 December 2017, 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, 2017 and 2016

**4. Minimum Disclosures \***

	2017	2016
1 Minimum capital required based on risk-oriented requirements (CHF)	8,882,868	8,725,330
2 Eligible equity (CHF)	22,416,150	22,308,061
3 Of which Common Equity Tier 1 (CET 1) in CHF	22,416,150	22,308,061
4 Of which Tier 1 capital (T1) in CHF	22,416,150	22,308,061
5 Risk-weighted exposures (RWA)	111,035,850	109,066,625
6 CET 1 ratio (Common Equity Tier 1 in % of RWA)	20.2%	20.5%
7 Tier 1 capital ratio (Tier 1 capital in % of RWA)	20.2%	20.5%
8 Total capital ratio (in % of RWA)	20.2%	20.5%
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)	5.5%	6.6%
14 Total exposure (CHF)	404,824,239	340,140,733
15 Short-term liquidity coverage ratio (LCR) (in %) in Q4	186.0%	125.6%
16 LCR numerator: Total high quality liquid assets (HQLA) (TCHF)	147,486	202,137
17 LCR denominator: Total of net cash outflow (TCHF)	79,304	160,903
18 Short-term liquidity coverage ratio (LCR) (in %) in Q3	294.0%	108.5%
19 LCR numerator: Total high quality liquid assets (HQLA) (TCHF)	140,091	351,706
20 LCR denominator: Total of net cash outflow (TCHF)	47,653	324,217
21 Short-term liquidity coverage ratio (LCR) (in %) in Q2	293.1%	106.0%
22 LCR numerator: Total high quality liquid assets (HQLA) (TCHF)	138,557	272,473
23 LCR denominator: Total of net cash outflow (TCHF)	47,279	257,134
24 Short-term liquidity coverage ratio (LCR) (in %) in Q1	225.3%	103.1%
25 LCR numerator: Total high quality liquid assets (HQLA) (TCHF)	155,886	171,835
26 LCR denominator: Total of net cash outflow (TCHF)	69,189	166,679

\* 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.



## Offices

### Headquarters

Limmatquai 4, 8001 Zurich, Switzerland  
Tel.: +41 44 787 6200 / Fax: +41 44 787 6233  
SWIFT: ANPRCH22  
E-mail: info@apbank.ch

### Representative office, Latvia

Republikas square 2a, 1010 Riga, Latvia  
Tel.: +371 6 701 0608, +371 6 701 0848 / Fax: +371 6 701 0248  
E-mail: baltics@apbank.ch

### Representative office, Ukraine

Gorkogo street 172, 03150 Kyiv, Ukraine  
Tel.: +380 44 56 91088 / Fax: +380 44 56 91085  
E-mail: ukraine@apbank.ch