

Annual Report 2018

AP Anlage & Privatbank AG, Zürich

Annual financial statement for the financial year ended
December 31, 2018 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

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 (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

The Board of Directors of AP Anlage & Privatbank AG is pleased to report that in 2018 the bank has demonstrated excellent performance, having considerably improved the achievements of 2017. Our financial results after tax and depreciation exceeded CHF 2,18 Mio. (2017: CHF 1,8 Mio.). Despite continued volatility both within the Swiss banking sector and the bank's principal geographical markets, our core client base continued to show trust in the bank, with client numbers remaining virtually unchanged compared to 2017. We achieved our 2018 performance by exceeding our targets for various revenue streams and through attentive cost monitoring. As in previous years, the Board of Directors conducted a risk assessment in 2018. As of 31st December 2018, the bank had 24 full-time employees, compared to 25 in 2017.

Our bank's business activities focus on traditional private banking. In addition to account management and various related services, this includes coverage of Eastern-European stocks and bonds, as well as foreign exchange transactions and asset management, with a focus on the Baltic States, their neighbouring countries, and broader global markets.

Developing effective investment strategies, particularly within global markets, continues to generate significant revenues. In this respect, 2018 can be characterised as a highly volatile year for financial markets, as nearly all asset classes experienced extreme highs and lows. In particular, geopolitical and economic events across the globe created an atmosphere of uncertainty, keeping investors on alert.

The year began on an optimistic note, as US stock markets continued their decade-long expansion into uncharted territories. By the end of Quarter III, major indices reached record highs. However, the escalation of trade wars between the US and China, and the continuation (or normalisation) of rising interest rates ignited a substantial, widespread market correction in the final quarter. By the end of 2018, S&P 500 had lost 6.24%, closing at 2,506 pts, Nasdaq Composite shed 3.88%, closing at 6,635 points, and Dow Jones IA fell 5.63%, closing at 23,327 pts.

The same spectacular correction was registered within energy prices – after reaching more than three-year high levels (above \$75 per barrel), both the WTI and Brent oil prices reversed sharply in the third quarter, with prices falling to \$45 per barrel.

Among several notable factors keeping investors on alert in 2018, there was continued political instability in Italy, leaving yields of 10Y BTPS close to 3.5%. From an emerging markets perspective, Turkey made headlines, as political upheaval combined with poor economic conditions, forcing investors to relinquish Turkish assets. The Turkish Lira became the second worst-performing emerging market currency of the year – falling more than 27% against the US Dollar – while the yield of 1Y Government bonds in US dollars (USD) spiked above 9%. The total damage was far more widespread. The crisis hit emerging economies across the globe – affecting several countries in South America such as Brazil and Argentina, but also South Africa, Gulf countries and some Asian economies.

In the US, the Federal Reserve increased the benchmark rate at a steady rate - four times by a ¼ percent, bringing its benchmark rate band to 2.25-2.50% by the end of 2018. Meanwhile, the European Central Bank maintained its euro (EUR) benchmark rate in the negative zone at -0.40%, and in Switzerland, the Swiss National Bank kept the benchmark rate at -0.75%.

On the currency market, the USD dominated. Among the G10 currencies, only the Japanese Yen managed to strengthen against the USD in 2018. While the Swiss franc (CHF) lost nearly 1% to close at 0.9828 USD/CHF, the EUR fell 4.5% to close at 1.1452 EUR/USD, and the Australian Dollar (AUD) devaluated by nearly 10% to close at 0.7043 AUD/USD. European currency also weakened against the Swiss franc – by 3.8% in 2018, closing at 1.1255 EUR/CHF.

We anticipate that the market environment will continue to demonstrate complexity in 2019. Despite signs of economic recovery in leading industrial nations, the negative interest rate policy of the European and Swiss central banks is predicted to continue in 2019 and beyond. Due to upcoming regulatory changes (Anti-Money Laundering Ordinance - CBD 20 -, FIDLEG and the Data Protection Act), pressure on cost and margins will continue, IT systems will require further upgrades and investments in risk monitoring and compliance is likely to increase.

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

March 2019

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 2018.

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 2018 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, 21 March 2019

Balance Sheet

Income Statement

Statement of changes in equity

Notes



Balance sheet as of December 31, 2018 and 2017

	Swiss Francs	
	31/12/2018	31/12/2017
Assets		
Liquid assets	34,511,832	162,570,486
Amounts due from banks	43,642,320	54,585,797
Amounts due from securities financing transactions	–	454,724
Amounts due from customers	2,708,153	3,032,896
Trading portfolio assets	156,368,374	141,572,332
Positive replacement values of derivative financial instruments	–	–
Financial investments	63,334,904	39,681,524
Accrued income and prepaid expenses	1,343,335	1,446,310
Tangible fixed assets	31,595	61,062
Other assets	94,934	121,061
Total assets	302,035,447	403,526,192
Total subordinated claims	–	–
Liabilities	31/12/2018	31/12/2017
Amounts due to banks	21,996,757	120,995,967
Amounts due in respect of customer deposits	253,614,885	258,173,023
Negative replacement values of derivative financial instruments	–	12,241
Accrued expenses and deferred income	1,814,061	1,911,190
Other liabilities	12,619	17,620
Provisions	–	–
Bank's capital	10,000,000	10,000,000
Statutory capital reserve	2,480,000	2,480,000
- of which tax-exempt capital contribution reserve	–	–
Voluntary retained earnings reserves	8,100,000	8,100,000
Profit carried forward	1,836,151	28,061
Profit (result of the period)	2,180,974	1,808,090
Total Liabilities	302,035,447	403,526,192
Total subordinated liabilities	–	–
Off-balance-sheet transactions	31/12/2018	31/12/2017
Contingent liabilities	1,013,750	1,055,047
Irrevocable commitments	482,000	486,000
Obligations to pay up shares and make further contributions	–	–
Credit commitments	–	–

Income statement for the financial years ended December 31, 2018 and 2017

	Swiss Francs	
	2018	2017
Result from interest operations		
- Interest and discount income	301'541	-379'264
- Interest and dividend income from trading portfolios	2'256'942	1'755'207
- Interest and dividend income from financial investments	900'408	759'690
- Interest expense	558'071	618'045
Gross result from interest operations	4'016'962	2'753'678
Changes in value adjustments for default risks and losses from interest operations	–	–
Subtotal net result from interest operations	4'016'962	2'753'678
Result from commission business and services		
- Commission income from securities trading and investment activities	868'258	866'128
- Commission income from lending activities	3'500	67'883
- Commission income from other services	3'667'036	3'139'970
- Commission expense	-468'579	-499'339
Subtotal result from commission business and services	4'070'215	3'574'642
Result from trading activities and the fair value option	246'529	1'203'324
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	-3'358'800	-3'335'025
- General and administrative expenses	-2'127'173	-1'801'594
Subtotal operating expenses	-5'485'973	-5'136'619
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-29'467	-53'040
Changes to provisions and other value adjustments, and losses	-9'924	-
Operating result	2'808'342	2'341'985

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

	Swiss Francs	
	2018	2017
Extraordinary income	-	-
Extraordinary expenses	-	-
Taxes	-627'368	-533'895
Profit (result of the period)	2'180'974	1'808'090
Appropriation of profit		
Profit (result of the period)	2'180'974	1'808'090
Profit carried forward	1'836'151	28'061
Distributable profit	4'017'125	1'836'151
Appropriation of profit		
- Allocation to statutory retained earnings reserve		
- Allocation to voluntary retained earnings reserve		
- Distributions from distributable profit		
New amount carried forward	4'017'125	1'836'151

Presentation of the statement of changes in equity 2018

	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	2'480'000	8'100'000	-	1'836'151	22'416'151
Dividends and other distributions						-
Profit / loss (result of the period)	-	-	-	-	2'180'974	2'180'974
Equity at end of current period	10,000,000	2,480,000	8,100,000	-	4'017'125	24'597'125

Notes for the financial years ended December 31, 2018 and 2017

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 24 (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.

Accounting principles and valuation method

The accounting requirements applicable for banks, securities dealers, financial groups and conglomerates are applicable for financial years starting on 1 January 2015, as set out in FINMA Circular 2015/1.

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:

2018:		2017:	
USD	0.9845	USD	0.9779
EUR	1.1280	EUR	1.1691
GBP	1.2467	GBP	1.3170
CAD	0.7231	CAD	0.7787
SEK	10.9438	SEK	11.8673
UAH	3.5800	UAH	3.4800
RUR	1.4200	RUR	1.7000
AUD	0.6942	AUD	0.7628

Notes for the financial years ended
December 31, 2018 and 2017

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, 2018 and 2017

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, 2018 and 2017

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

3.1 Breakdown of securities financing transactions (assets and liabilities)

	31/12/2018	31/12/2017
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 31/12/2018
	Secured by mortgage	Other collateral	Unsecured	
Amounts due from customers	-	2'708'153	-	2'708'153
Total loans	0	2'708'153	0	2'708'153
<i>Previous year</i>	-	3'032'896	-	3'032'896

Loans (after netting with value adjustments)	Type of collateral			Total 31/12/2018
	Secured by mortgage	Other collateral	Unsecured	
Amounts due from customers	-	2'708'153	-	2'708'153
Total loans	0	2'708'153	0	2'708'153
<i>Previous year</i>	-	3'032'896	-	3'032'896

Off-balance-sheet	Type of collateral			Total 31/12/2018
	Secured by mortgage	Other collateral	Unsecured	
Contingent liabilities	-	1'013'750	-	1'013'750
Irrevocable commitments	-	482'000	-	482'000
Total off-balance-sheet	0	1'495'750	0	1'495'750
<i>Previous year</i>	-	1'541'047	-	1'541'047

Notes for the financial years ended December 31, 2018 and 2017

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

Assets	31/12/2018	31/12/2017
Trading portfolio assets		
Debt securities, money market securities / transactions	156'368'374	141'572'332
- of which, listed	156'368'374	141'572'332
Equity securities	-	-
Precious metals and commodities	-	-
Other trading portfolio assets	-	-
Total assets	156'368'374	141'572'332
- of which, securities eligible for repo transactions in accordance with liquidity requirements	35'796'902	38'737'621

No liabilities

3.4 Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments 31/12/2018			Trading instruments 31/12/2017		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Foreign exchange						
Forward contracts	-	-	-	-	12'241	20'960'442
Total	0	0	0	0	12'241	20'960'442

No netting agreements

Breakdown by counterparty:	Central clearing houses		Banks and securities dealer		Other customers	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Positive replacement values	-	-	-	-	-	-

3.5 Breakdown of financial investments

Financial investments	Book value		Fair value	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Debt securities				
- of which, intended to be held to maturity	63'334'904	39'681'524	63'450'536	40'307'239
- of which, not intended to be held to maturity (available for sale)	-	-	-	-
Equity securities	-	-	-	-
Precious metals	-	-	-	-
Real estate	-	-	-	-
Total financial investments	63'334'904	39'681'524	63'450'536	40'307'239
- of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-	-	-

Notes for the financial years ended December 31, 2018 and 2017

Financial investments	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-
Debt securities: book value	20'228'775	21'676'826	21'429'303	–
Total financial investments	20'228'775	21'676'826	21'429'303	0
<i>Previous year</i>	<i>1'861'354</i>	<i>17'802'129</i>	<i>19'901'564</i>	<i>116'477</i>

The lowest rating of the following rating agencies:

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

3.6 Presentation of tangible fixed assets

2018						
	Acquisition cost	Accumulated depreciation	Book value previous year end	Additions	Depreciation	Book value as at end of current year
Other tangible fixed assets	1'261'226	1'200'164	61'062	0	29'467	31'595
Total tangible fixed assets	1'261'226	1'200'164	61'062	0	29'467	31'595

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	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Compensation account	–	–	–	–
Indirect taxes	16'032	46'163	12'619	17'620
Others	78'902	74'898	–	–
Total	94'934	121'061	12'619	17'620

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

	Book value	Effective commitments
	31/12/2018	31/12/2018
Pledged/assigned assets	2'360'800	2'360'800

Notes for the financial years ended December 31, 2018 and 2017

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

	2018						
	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

3.10 Presentation of the bank's capital

	31/12/2018			31/12/2017		
	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

3.11 Disclosure of amounts due from / to related parties

	Amounts due from		Amounts due to		Fiduciary investments	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Holders of qualified participations	2'079'073	4'553'636	21'996'757	120'974'912	31'892'990	33'180'965
Group companies	–	–	–	–	–	22'972'833
Linked companies	–	–	–	–	–	–
Transactions with members of governing bodies	–	–	105'303	105'354	–	–
Other related parties	–	–	–	–	–	–

Every transaction is in line with the market.

Notes for the financial years ended December 31, 2018 and 2017

3.12 Disclosure of holders of significant participations

Holders of significant participations and groups of holders of participations with pooled voting rights	31/12/2018		31/12/2017	
	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

	Due						31/12/2018
	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	34'511'832	–	–	–	–	–	34'511'832
Amounts due from banks	29'115'277	–	14'527'043	–	–	–	43'642'320
Amounts due from securities financing transactions	–	–	–	–	–	–	0
Amounts due from customers	–	–	–	2'708'153	–	–	2'708'153
Trading portfolio assets	156'368'374	–	–	–	–	–	156'368'374
Positive replacement values of derivative financial instruments	–	–	–	–	–	–	0
Financial investments	–	–	4'407'839	6'334'624	25'064'726	27'527'715	63'334'904
Total assets / financial instruments	219'995'483	0	18'934'882	9'042'777	25'064'726	27'527'715	300'565'583
Previous year	346'504'865	–	15'499'128	3'548'027	27'981'640	8'364'099	401'897'759

Notes for the financial years ended December 31, 2018 and 2017

Debt capital/ financial instruments							
Amounts due to banks	21'996'757	–	–	–	–	–	21'996'757
Amounts due in respect of customer deposits	253'614'885	–	–	–	–	–	253'614'885
Negative replacement values of derivative financial instruments	–	–	–	–	–	–	0
Total debt capital/ financial instruments	275'611'642	0	0	0	0	0	275'611'642
Previous year	379'181'231	–	–	–	–	–	379'181'231

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

Assets	31/12/2018		31/12/2017	
	Domestic	Foreign	Domestic	Foreign
Liquid assets	33'637'230	874'602	162'360'880	209'606
Amounts due from banks	39'966'362	3'675'958	49'267'816	5'317'981
Amounts due from securities financing transactions	–	–	–	454'724
Amounts due from customers	–	2'708'153	–	3'032'896
Trading portfolio assets	5'862'819	150'505'555	11'750'724	129'821'608
Positive replacement values of derivative financial instruments	–	–	–	–
Financial investments	8'778'840	54'556'064	1'680'610	38'000'914
Accrued income and prepaid expenses	250'774	1'092'561	510'513	935'797
Tangible fixed assets	31'595	–	61'062	–
Other assets	91'374	3'560	121'061	–
Total assets	88'618'994	213'416'453	225'752'666	177'773'526

Liabilities	31/12/2018		31/12/2017	
	Domestic	Foreign	Domestic	Foreign
Amounts due to banks	–	21'996'757	33'296	120'962'671
Amounts due in respect of customer deposits	10'392'117	243'222'768	14'073'989	244'099'034
Negative replacement values of derivative financial instruments	–	–	12'241	–
Accrued expenses and deferred income	1'814'061	–	1'911'190	–
Other liabilities	12'619	–	17'620	–
Provisions	–	–	–	–
Bank's capital	10'000'000	–	10'000'000	–
Statutory capital reserve	2'480'000	–	2'480'000	–
Voluntary retained earnings reserves	8'100'000	–	8'100'000	–
Profit carried forward	1'836'151	–	28'061	–
Profit (result of the period)	2'180'974	–	1'808'090	–
Total liabilities	36'815'922	265'219'525	38'464'487	365'061'705

Notes for the financial years ended December 31, 2018 and 2017

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

Assets	31/12/2018		31/12/2017	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	138'291'453	45.79%	120'960'526	29.98%
North America	61'343'000	20.31%	44'925'000	11.13%
Caribbean	–	0.00%	–	0.00%
Latin America	1'540'000	0.51%	1'543'000	0.38%
Africa	–	0.00%	1'322'000	0.33%
Asia	7'215'000	2.39%	5'956'000	1.48%
Oceania	5'027'000	1.66%	3'067'000	0.76%
Switzerland	88'618'994	29.34%	225'752'666	55.94%
Total assets	302'035'447	100.00%	403'526'192	100.00%

Liabilities	31/12/2018		31/12/2017	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	175'452'525	58.09%	283'348'705	70.22%
North America	5'076'000	1.68%	1'721'000	0.43%
Caribbean	46'332'000	15.34%	40'589'000	10.06%
Latin America	6'955'000	2.30%	4'199'000	1.04%
Africa	2'859'000	0.95%	2'372'000	0.59%
Asia	20'660'000	6.84%	23'468'000	5.82%
Oceania	7'885'000	2.61%	9'364'000	2.32%
Switzerland	36'815'922	12.19%	38'464'487	9.53%
Total liabilities	302'035'447	100.00%	403'526'192	100.00%

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

Bank's own country rating	31/12/2018		31/12/2017	
	Net foreign exposure		Net foreign exposure	
	In CHF	Share as %	In CHF	Share as %
Aaa - Aa3	200'468'453	93.93%	158'906'526	89.39%
A1 - A3	10'357'000	4.85%	14'941'000	8.40%
Baa1 - Baa3	2'223'000	1.04%	2'223'000	1.25%
Ba1 - Ba2	368'000	0.17%	381'000	0.21%
Ba3	–	0.00%	1'322'000	0.74%
B1 - B3	–	0.00%	–	0.00%
Caa1 - C	–	0.00%	–	0.00%
Total	213'416'453	100.00%	177'773'526	100.00%

Bank's own country rating: Moody's

Notes for the financial years ended December 31, 2018 and 2017

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

Assets	Currencies						31/12/2018
	CHF	EUR	USD	GBP	Metal ounces	Others	Total
Liquid assets	33'637'229	874'603	–	–	–	–	34'511'832
Amounts due from banks	8'243'458	15'380'594	16'419'234	183'759	2'158'982	1'256'293	43'642'320
Amounts due from securities financing transactions	–	–	–	–	–	–	0
Amounts due from customers	–	2'250'360	457'793	–	–	–	2'708'153
Trading portfolio assets	–	78'086'621	75'851'903	2'429'850	–	–	156'368'374
Positive replacement values of derivative FI	–	–	–	–	–	–	0
Financial investments	13'389'526	26'167'730	23'777'648	–	–	–	63'334'904
Accrued income and prepaid expenses	181'402	477'211	680'822	3'790	–	110	1'343'335
Tangible fixed assets	31'595	–	–	–	–	–	31'595
Other assets	94'934	–	–	–	–	–	94'934
Total assets shown in balance sheet	55'578'144	123'237'119	117'187'400	2'617'399	2'158'982	1'256'403	302'035'447
Delivery entitlements from forward forex	–	–	–	–	–	–	0
Total assets	55'578'144	123'237'119	117'187'400	2'617'399	2'158'982	1'256'403	302'035'447

Liabilities	CHF	EUR	USD	GBP	Metal ounces	Others	Total
Amounts due to banks	21'996'757	–	–	–	–	–	21'996'757
Amounts due in respect of customer deposits	7'287'098	123'597'987	116'682'066	2'622'682	2'158'982	1'266'070	253'614'885
Negative replacement values of derivative FI	–	–	–	–	–	–	0
Accrued expenses and deferred income	1'814'061	–	–	–	–	–	1'814'061
Other liabilities	12'619	–	–	–	–	–	12'619
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	1'836'151	–	–	–	–	–	1'836'151
Profit (result of the period)	2'180'974	–	–	–	–	–	2'180'974
Total liabilities shown in balance sheet	55'707'660	123'597'987	116'682'066	2'622'682	2'158'982	1'266'070	302'035'447
Delivery obligations from forward forex	–	–	–	–	–	–	0
Total liabilities	55'707'660	123'597'987	116'682'066	2'622'682	2'158'982	1'266'070	302'035'447
Net position per currency	-129'516	-360'868	505'334	-5'283	0	-9'667	0

Notes for the financial years ended December 31, 2018 and 2017

3.18 Breakdown of contingent liabilities and contingent assets

Contingent liabilities	31/12/2018	31/12/2017
Other contingent liabilities	1'013'750	1'055'047
Total contingent liabilities	1'013'750	1'055'047

3.19 Breakdown of fiduciary transactions

Fiduciary transactions	31/12/2018	31/12/2017
Fiduciary investments with third-party companies	101'835'928	28'035'760
Fiduciary investments with group companies and linked companies	31'892'990	56'153'798
Fiduciary loans	15'409'998	11'590'703
Total fiduciary transactions	149'138'916	95'780'261

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

Result from trading activities from:	2018	2017
Interest rate instruments (including funds)	-797'695	-611'199
Foreign currencies	1'044'224	1'814'523
Commodities / precious metals	–	–
Total result from trading activities	246'529	1'203'324
- 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	2018	2017
Debit interest from banks	460'576	169'212
Negative debit interest from banks	-210'925	-599'118
Debit interests from clients	51'890	50'642
Negative debit interest from clients	–	–
Total interest receivable	301'541	-379'264

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

Credit interest	2018	2017
Credit interest from banks	-2'534	-2'739
Negative credit interest from banks	113'814	159'007
Credit interests from clients	–	–
Negative credit interest from clients	446'791	461'777
Total credit interest	558'071	618'045

The negative credit interest from banks results from a group company

Notes for the financial years ended December 31, 2018 and 2017

3.22 Breakdown of personnel expenses

Personnel expenses	2018	2017
Salaries	2'949'876	2'942'464
Social insurance benefits	405'098	378'918
Other personnel expenses	3'826	13'643
Total	3'358'800	3'335'025

3.23 Breakdown of general and administrative expenses

General and administrative expenses	2018	2017
Office space expenses	290'350	289'367
Expenses for information and communications technology	914'278	653'027
Fees of audit firms		
- of which, for financial and regulatory audits	238'786	184'896
- of which, for other services*	195'146	157'881
Other operating expenses	488'613	516'423
Total	2'127'173	1'801'594

* invoiced by two third companies

3.24 Extraordinary income and expenses

Extraordinary expenses	2018	2017
A legal case of the previous year	–	–
Total extraordinary expenses	0	0

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

Tax expense	2018	2017
Income tax	585'123	495'455
Tax on assets	42'245	38'440
Total tax expense	627'368	533'895

3.26 Disclosure of liabilities relating to own pension schemes, and number and nature of equity instruments of the bank held by own pension schemes

There are no liabilities to the own pension fund and no equity instruments of the bank held by the bank’s staff pension scheme as of 31 December 2018.

3.27 Disclosures on the economic situation of own pension schemes

The bank uses a follow-on contract with the collective fund of Axa Leben AG, based on a defined contribution plan.

According the Axa Leben AG, the cover ratio of 100 % is guaranteed as of 31 December 2018. Employer contributions amounted to CHF 157’897 (2017: CHF 147’873) and are reported under personnel expenses. 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.

From 1 January 2019, the mentioned pension fund will no longer offer a full insurance, but will switch to a semi-autonomous solution. All employees have been informed since 13 November 2018.

Notes for the financial years ended December 31, 2018 and 2017

4. Key metrics for disclosure

	2018	2017			
Available capital (CHF)					
1 Common Equity Tier 1 (CET1)	24'597'125	22'416'150			
2 Tier 1	24'597'125	22'416'150			
3 Total capital	24'597'125	22'416'150			
Risk-weighted assets (CHF)					
4 Total risk-weighted assets (RWA)	141'211'107	111'035'850			
4a Minimum capital requirements (CHF)	11'296'889	8'882'868			
Risk-based capital ratios (as a percentage % of RWA)					
5 CET1 ratio (%)	17.4%	20.2%			
6 T1 ratio (%)	17.4%	20.2%			
7 Total capital ratio (%)	17.4%	20.2%			
Additional CET1 requirements (buffers) as a percentage of RWA					
8 Capital conservation buffer requirements according to Basel minimum requirements (%)	1.875%	1.250%			
9 Countercyclical buffer requirements according to Basel minimum requirements (%)	0.0%	0.0%			
10 Bank G-SIB and/or D-SIB additional requirements	0.0%	0.0%			
11 Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	1.875%	1.250%			
12 CET1 available after meeting the bank's minimum capital requirements (%)	9.4%	12.2%			
Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (CAO) (% of RWA)					
12a Capital conservation buffer according to CAO, Annex 8 (%)	2.5%	2.5%			
12b Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.0%	0.0%			
12c CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.0%	7.0%			
12d T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	8.5%	8.5%			
12e Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	10.5%	10.5%			
Basel III Leverage Ratio					
13 Basel III leverage ratio exposure measure (CHF)	303'289'547	404'824'239			
14 Basel III Leverage Ratio	8.1%	5.5%			
Short-term liquidity coverage ratio (LCR)					
15 LCR numerator: Total high quality liquid assets (HQLA) (CHF 1000)	91'825	84'399	79'307	113'550	147'486
16 LCR denominator: Total of net cash outflow (CHF 1000)	66'681	62'450	55'858	87'288	79'304
17 Short-term liquidity coverage ratio (LCR) (%)	137.7%	135.1%	142.0%	130.1%	186.0%

* 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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