



Annual Report 2020



AP Anlage & Privatbank AG, Zurich

Annual financial statement for the financial year ending on
December 31, 2020, 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's degree in Law. Mr Hottiger worked at Credit Suisse from 1992 to 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 received an MBA 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 a member of the Board in 2010.



Søren Mose, member of the Board (Independent Member)

Mr Mose is a dual Danish and Swiss citizen. He holds an MBA from Henley Management College and a bachelor's degree in Credit and Commerce from Aarhus Business University. Mr Mose is the former CEO of SAXO Bank Schweiz and former CEO of Jyske Bank Schweiz. Additionally, Mr Mose's other responsibilities include serving as 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.

Dr Juris Jākobsons, member of the Board

Dr Jākobsons holds a Dr. chem. degree (1992) and also a master's (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 was a member of the Board from June 2012 to July 2020.



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

Dr Schrutt studied at the University of Basel. He built a long career at UBS and later at Julius Baer Bank, where he served as a member of the Executive Board and headed the Investment Research & Portfolio Management division. Since 2010, Dr Schrutt has been an independent consultant. Dr Schrutt was elected to the Supervisory Board in July 2016.

Uldis Upenieks, member of the Board

Mr Upenieks holds a Master's of Business Administration from Riga Technical University. He also studied at Riga Graduate School of Law and studied Governance in Banking at INSEAD. He has worked in the financial industry and related areas for over 22 years and has been a certified anti-money laundering specialist (CAMS) since 2007. Currently, he serves as the Chief Compliance Officer of Citadele Group and is a member of the Management Board of Citadele banka. Mr Upenieks was appointed as a member of the Board in 2019.



Executive Board



Rolf Bauer, Chief Executive Officer

Mr Bauer joined AP Anlage & Privatbank as CEO in 2020. He brings along many years of experience in business with very wealthy families, family offices, and companies. He was formerly Head of Family Solutions Switzerland at Credit Suisse and Head of the International Family Office EMEA at Deutsche Bank Switzerland. Mr Bauer studied Economics at the University of Basel and has been a member of the Board of the Institute for Law and Economics (IFF-HSG) at the University of St. Gallen since 2015.

Gian Nay, Chief Operating Officer

Mr Nay joined AP Anlage & Privatbank as COO in 2020. Mr Nay holds a Master's of Economics from the University of St. Gallen (HSG) and is a CFA Charterholder. He is highly skilled in strategy and corporate development, business building, innovation management and bank operations. He is responsible for bank operations including compliance and IT and overall transformation projects.



Joachim Bodschwinna, Chief Risk Officer

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 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 the risk management of the Bank.

Boriss Prudnikovičs, member of the Board

Mr Prudnikovičs graduated from Riga Technical University, Riga, Latvia, and obtained a master's 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 its acquisition by Parex in 2004 and is responsible for treasury and trading as well as asset management.



Management report

After 25 years, 2020 marks a new era for AP Anlage & Privatbank AG in which the Board of Directors is particularly excited to announce new leadership for the Bank. Rolf Bauer has been appointed as Chief Executive Officer together with Gian Nay as Chief Operating Officer, joining Joachim Bodschwinna and Boris Prudnikovičs on the Management Board. Full-time employees number 23. The change in leadership has brought about a new era for the Bank, as the appointed have taken on the challenge to evolve AP Anlage & Privatbank AG from a transaction-focused bank into a leading boutique private bank. The Board of Directors would also like to announce the departure of Board member Dr Juris Jākobsons, who is stepping down to retire. We would like to take this opportunity to thank Dr Jākobsons for being such a dedicated and valuable member. His replacement will be announced in due course.

Despite only assuming leadership in 2020, the new management has managed to begin establishing a solid foundation for growth. One of the main strategic goals is to offer clients a wider and more innovative array of products and services: AP Anlage & Privatbank AG is aiming to achieve significant vertical growth through improved private banking offerings and a new Financial Intermediaries (FIM) desk supported by a highly innovative tech platform. Clients will therefore benefit from a one-stop-shop offering, where they can access a new and improved asset management service among other existing portfolio management products.

In this short timeframe, the Bank has gained momentum to position itself as a front runner in the industry despite the raging pandemic, which brought about organisational and logistical challenges for the new management team – proving that opportunities can be reaped from all crises. Throughout FY 2020, which was heavily impacted by COVID-19, the Bank managed to launch a digital transformation, hire new talent, successfully execute agile change management to guide exiting employees, move the office to state-of-the-art facilities, set up the foundation for scale and profit growth, evolve the legacy of the Bank to a new strategic positioning, develop financial intermediaries services, and improve private banking services. Following the principles of a J-curve effect, such innovations required the management to develop new cost structures in favour of long-term growth incurring a profit after tax and depreciation of CHF –3.519 million for FY 2020. Despite a decrease from 2019, we are convinced that such investments are necessary to enable growth to achieve the strategic goal of being a leading and profitable boutique wealth management provider.

In order to enable such exponential growth, it has been deemed necessary to improve our legacy and thus further strengthen compliance with FINMA. In such favourable conditions, AP Anlage & Privatbank AG is looking to deepen its focus on Switzerland and Germany by targeting new clients with the expertise of high-quality staff. This in turn has enabled us to strengthen internal systems and provide a more agile and efficient service to our clients. We are pleased to continue in this strategic direction with the new management at the helm, further embarking on this exciting and promising journey in FY 2021.

Following a strong bull market, the COVID-19 pandemic has disrupted business models, purchasing power and consumer behaviour. As a result, the pandemic has affected global financial markets in unprecedented ways, spiking one of the sharpest bear markets in history – despite being shockingly brief. The S&P 500 index has showed strong volatility – during the spring lockdown it fell more than 30% in the first quarter of 2020, however later in the year it surged more than 70% since its March low and closed at the end of 2020 at new historic high level of 3,756 points up 16.2%. The biggest beneficiaries from the lockdown were tech companies, such as software producers, communication platforms and internet trading companies – all businesses that boomed during the pandemic. The rapid market recovery was largely aided by the US federal stimulus package of USD 2.2 trillion, as well as augmented liquidity by the Federal Reserve.

Following an all-time high in February, a black swan sell-off – referring to events that are rare and cause severe impact – prompted volatility spiking to levels never seen before. As a result, central banks worldwide cut borrowing rates to near zero in efforts to stabilise the markets. Simultaneously, governments exercised quantitative easing, which led to markets achieving new all-time highs. Despite tumultuous political events, such as the US-China trade war, US election, US impeachment, Middle East tensions, and the last-minute Brexit Deal, the market rallied thanks to the news of rapid synthesis of viable COVID-19 vaccinations.

One of the most surprising phenomena of 2020 was the concept of the real economy vs. the financial markets: Despite dramatic macroeconomic indicators being published, such as historically high unemployment rates, double-digit GDP drop data, and falling economic activity, the market was willing to view the conditions as a one-off rather than a fundamental issue with the economy. All of this supported the idea that economic performance is not tied to market performance. However, this can only occur when investor sentiment offsets such conditions, which assumes that this pandemic will not trigger long-term economic consequences. Changing consumer habits, as changing lifestyle habits as the result of COVID-19, could, however, slow future economic growth in the next decade.

In a review of commodity movements, an asset class that is typically considered as a safe haven for investors during crises rallied: gold prices reached an all-time high of USD 2,000 per troy ounce. Other commodities have experienced record lows due to oversupply and decreased demand. Most notably, oil futures have dropped to negative levels in Q1, a record low since the recording of oil prices in 1983. Currencies, which are tied to economically robust countries, are also considered safe havens. The USD was highly favoured by FX investors; however, it fell again as the stock market rallied. The fall of the USD prompted the EUR to gain momentum, and it experienced a rise, closing the year at 1.2225 EUR/USD or 8.8% higher. The Swiss franc has gained 8.4% against the US dollar to close the year at 0.8854 CHF/USD. In turn, EUR/CHF has finished the year virtually unchanged at 1.0821, down just slightly by 0.3%.

The Board of Directors expresses its gratitude and appreciation for the outstanding work and commitment of the management and all employees of AP Anlage & Privatbank AG.

Report of the statutory auditor





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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 2020.

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 2020 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.

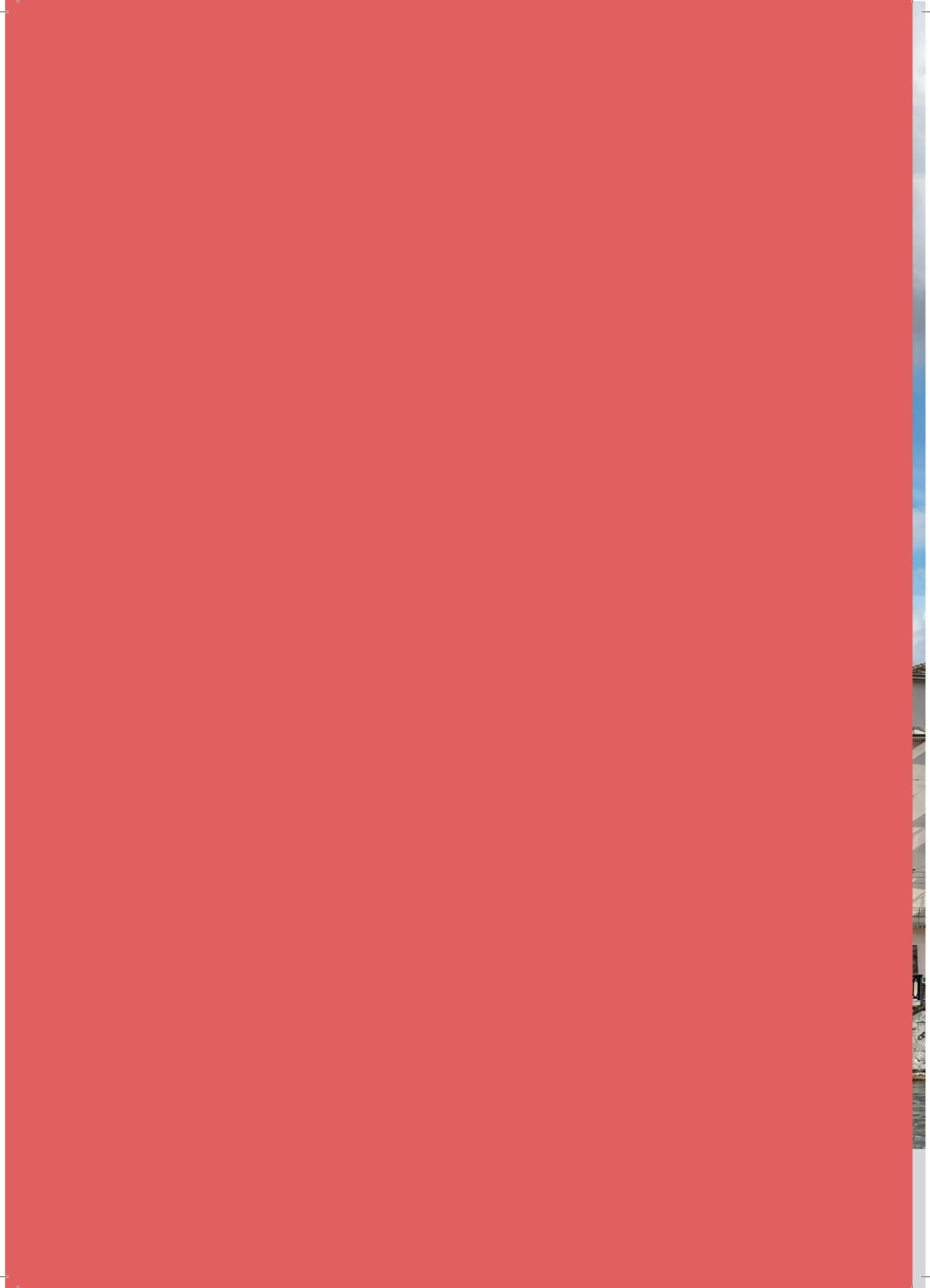
We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

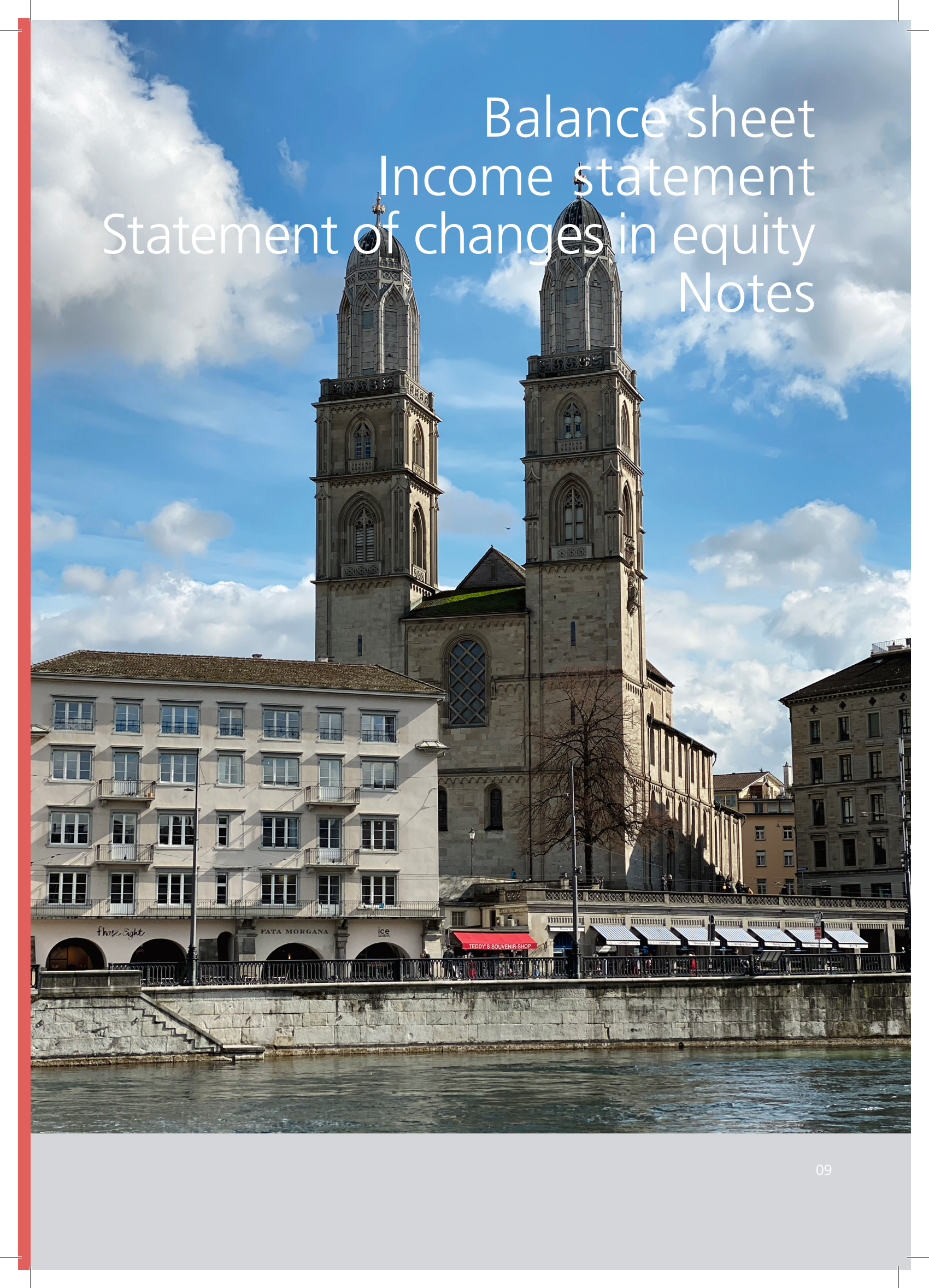
KPMG AG

Ertugrul Tüfekci
Licensed Audit Expert
Auditor in Charge

Sebastian Seubert
Licensed Audit Expert

Zurich, 17 March 2021





Balance sheet Income statement Statement of changes in equity Notes

Balance sheet as of 31 December 2020 and 2019

	Swiss francs	
	31/12/2020	31/12/2019
Assets		
Liquid assets	16,848,898	18,287,143
Amounts due from banks	12,871,897	23,632,795
Amounts due from securities financing transactions	–	–
Amounts due from customers	7,233,411	10,196,382
Trading portfolio assets	122,069,983	167,384,134
Positive replacement values of derivative financial instruments	–	–
Financial investments	47,645,810	69,454,836
Accrued income and prepaid expenses	807,997	1,443,780
Tangible fixed assets	–	13,098
Other assets	360,304	94,789
Total assets	207,838,300	290,506,957
Total subordinated claims	–	–
Liabilities		
	31/12/2020	31/12/2019
Amounts due to banks	98	99
Amounts due in respect of customer deposits	181,031,384	260,504,522
Negative replacement values of derivative financial instruments	–	–
Accrued expenses and deferred income	2,327,560	2,024,479
Other liabilities	34,578	14,549
Provisions	–	–
Bank 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	7,383,308	4,017,125
Profit (result of the period)	–3,518,628	3,366,183
Total liabilities	207,838,300	290,506,957
Total subordinated liabilities	–	–
Off-balance-sheet transactions		
	31/12/2020	31/12/2019
Contingent liabilities	709,274	762,197
Irrevocable commitments	428,000	480,000
Obligations to pay up shares and make further contributions	–	–
Credit commitments	–	–

Income statement for the financial years ending on 31 December 2020 and 2019

	Swiss francs	
	2020	2019
Result from interest operations		
– Interest and discount income	42,999	460,581
– Interest and dividend income from trading portfolios	1,885,427	2,721,099
– Interest and dividend income from financial investments	419,219	801,941
– Interest expense	500,126	467,680
Gross result from interest operations	2,847,771	4,451,301
Changes in value adjustments for default risks and losses from interest operations	–	–
Subtotal net result from interest operations	2,847,771	4,451,301
Result from commission business and services		
– Commission income from securities trading and investment activities	1,267,302	980,242
– Commission income from lending activities	7,000	6,250
– Commission income from other services	2,109,012	3,406,678
– Commission expense	–477,615	–455,257
Subtotal result from commission business and services	2,905,699	3,937,913
Result from trading activities and the fair value option	–604,460	1,938,996
Other results from ordinary activities		
– Result from the disposal of financial investments	–	–
– Other ordinary income	–	–
– Other ordinary expenses	–	–
Subtotal other results from ordinary activities	0	0
Operating expenses		
– Personnel expenses	–4,970,694	–3,757,604
– General and administrative expenses	–3,663,111	–2,232,703
Subtotal operating expenses	–8,633,805	–5,990,307
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	–13,098	–18,497
Changes to provisions and other value adjustments, and losses	–	–
Operating result	–3,497,893	4,319,406

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

	Swiss francs	
	2020	2019
Extraordinary income	21,402	–
Extraordinary expenses	–	–
Taxes	–42,137	–953,223
Profit (result of the period)	–3,518,628	3,366,183
Appropriation of profit		
Profit (result of the period)	–3,518,628	3,366,183
Profit carried forward	7,383,308	4,017,125
Distributable profit	3,864,680	7,383,308
Appropriation of profit		
– Allocation to statutory retained earnings reserve		
– Allocation to voluntary retained earnings reserve		
– Distributions from distributable profit		
New amount carried forward	3,864,680	7,383,308

Presentation of the statement of changes in equity 2020

	Bank 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	–	7,383,308	27,963,308
Dividends and other distributions						–
Profit/loss (result of the period)	–	–	–	–	–3,518,628	–3,518,628
Equity at end of current period	10,000,000	2,480,000	8,100,000	–	3,864,680	24,444,680

Notes for the financial years ending on 31 December 2020 and 2019

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 23 (24 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 2020, as set out in FINMA Circular 2020/1.

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:

2020		2019	
USD	0.8829	USD	0.9726
EUR	1.0841	EUR	1.0888
GBP	1.1951	GBP	1.2751
CAD	0.6902	CAD	0.7440
SEK	10.7923	SEK	10.4309
RUR	1.1900	RUR	1.5700
AUD	0.6758	AUD	0.6796

Notes for the financial years ending on 31 December 2020 and 2019

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 ending on 31 December 2020 and 2019

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 on behalf 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 ending on 31 December 2020 and 2019

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

3.1 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 / 2020
	Secured by mortgage	Other collateral	Unsecured	
Amounts due from customers	3,000,000	4,233,411	–	7,233,411
Total loans	3,000,000	4,233,411	0	7,233,411
<i>Previous year</i>	–	10,196,382	–	10,196,382

Loans (after netting with value adjustments)	Type of collateral			Total 31 / 12 / 2020
	Secured by mortgage	Other collateral	Unsecured	
Amounts due from customers	3,000,000	4,233,411	–	7,233,411
Total loans	3,000,000	4,233,411	0	7,233,411
<i>Previous year</i>	–	10,196,382	–	10,196,382

Off balance sheet	Type of collateral			Total 31 / 12 / 2020
	Secured by mortgage	Other collateral	Unsecured	
Contingent liabilities	–	709,274	–	709,274
Irrevocable commitments	–	428,000	–	428,000
Total off balance sheet	0	1,137,274	0	1,137,274
<i>Previous year</i>	–	1,242,197	–	1,242,197

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

Assets	31 / 12 / 2020	31 / 12 / 2019
Trading portfolio assets		
Debt securities, money market securities/transactions	122,069,983	167,384,134
– of which listed	122,069,983	167,384,134
Equity securities	–	–
Precious metals and commodities	–	–
Other trading portfolio assets	–	–
Total assets	122,069,983	167,384,134
– of which securities eligible for repo transactions in accordance with liquidity requirements	38,466,721	56,766,440

No liabilities

Notes for the financial years ending on 31 December 2020 and 2019

3.3 Breakdown of financial investments

Financial investments	Book value		Fair value	
Debt securities	31 / 12 / 2020	31 / 12 / 2019	31 / 12 / 2020	31 / 12 / 2019
– of which intended to be held to maturity	47,645,810	69,454,836	49,497,085	71,079,612
– of which not intended to be held to maturity (available for sale)	–	–	–	–
Equity securities	–	–	–	–
Precious metals	–	–	–	–
Real estate	–	–	–	–
Total financial investments	47,645,810	69,454,836	49,497,085	71,079,612
– of which securities eligible for repo transactions in accordance with liquidity requirements	19,824,408	–	20,679,561	–

Financial investments	AAA to AA–	A+ to A–	BBB+ to BBB–	BB+ to B–
Debt securities: book value	27,425,286	14,893,594	5,326,930	–
Total financial investments	27,425,286	14,893,594	5,326,930	0
Previous year	27,022,620	27,062,194	15,370,022	–

The lowest rating of the following rating

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

3.4 Presentation of tangible fixed assets

	Acquisition cost	Accumulated depreciation	Book value at previous year end	Additions	2020 Depreciation	Book value as at end of current year
Other tangible fixed assets	1,261,226	1,248,128	13,098	0	13,098	0
Total tangible fixed assets	1,261,226	1,248,128	13,098	0	13,098	0

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.

Notes for the financial years ending on 31 December 2020 and 2019

3.5 Breakdown of other assets and other liabilities

	Other assets		Other liabilities	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Compensation account	102,909	–	–	–
Indirect taxes	25,357	19,638	34,578	14,549
Others	232,038	75,151	–	–
Total	360,304	94,789	34,578	14,549

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

	Book value	Effective commitments
	31/12/2020	31/12/2020
Pledged/assigned assets	2,159,173	2,159,173

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

	2020						Balance at current year end
	Previous year end	Use in conformity with designated purpose	Reclassifications	Past due interest, recoveries	New creations charged to income	Releases to income	
Provisions for default risks	–	–	–	–	–	–	–
Provisions for other business risks	–	–	–	–	–	–	–
Other provisions	–	–	–	–	–	–	–
Total provisions	0	0	0	0	0	0	0

3.8 Presentation of the Bank's capital

	31/12/2020			31/12/2019		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend
Bank capital						
Share capital, paid up	10,000,000	100,000	10,000,000	10,000,000	100,000	10,000,000
Total Bank capital	10,000,000	100,000	10,000,000	10,000,000	100,000	10,000,000

Notes for the financial years ending on 31 December 2020 and 2019

3.9 Disclosure of amounts due from/to related parties

	Amounts due from		Amounts due to		Fiduciary investments	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Holders of qualified participations	3,910,212	4,120,560	98	99	18,457,025	36,625,288
Group companies	–	–	–	–	–	–
Linked companies	–	–	–	–	–	–
Transactions with members of governing bodies	–	–	104,914	107,541	–	–
Other related parties	–	–	–	–	–	–

Every transaction is in line with the market.

3.10 Disclosure of holders of significant participations

Holders of significant participations and groups of holders of participations with pooled voting rights	31 / 12 / 2020		31 / 12 / 2019	
	Nominal	% of equity	Nominal	% of equity
With voting rights:				
Direct: Citadele Bank, Riga, Latvia	10,000,000	100%	10,000,000	100%
Indirect:				
European Bank for Reconstruction & Development, London, UK	2,500,000	25% (minus 1 share)	2,500,000	25% (minus 1 share)
RA Citadele Holdings, LLC	2,241,000	22.41% (plus 1 share)	2,241,000	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 ending on 31 December 2020 and 2019

3.11 Presentation of the maturity structure of financial instruments

			Due				31 / 12 / 2020	
	At sight	Can- cellable	within 3 months	within 3 to 12 months	within 12 months to 5 years	after 5 years	Total	
Assets/financial instruments								
Liquid assets	16,848,898	–	–	–	–	–	–	16,848,898
Amounts due from banks	10,862,837	–	2,009,060	–	–	–	–	12,871,897
Amounts due from securities financing transactions	–	–	–	–	–	–	–	0
Amounts due from customers	–	–	1,680,355	5,553,056	–	–	–	7,233,411
Trading portfolio assets	122,069,983	–	–	–	–	–	–	122,069,983
Positive replacement values of derivative financial instruments	–	–	–	–	–	–	–	0
Financial investments	–	–	1,084,100	837,329	26,224,136	19,500,245	–	47,645,810
Total assets/financial instruments	149,781,718	0	4,773,515	6,390,385	26,224,136	19,500,245	–	206,669,999
<i>Previous year</i>	<i>208,299,467</i>	<i>–</i>	<i>11,523,288</i>	<i>4,315,671</i>	<i>30,757,857</i>	<i>34,059,007</i>	<i>–</i>	<i>288,955,290</i>
Debt capital/financial instruments								
Amounts due to banks	98	–	–	–	–	–	–	98
Amounts due in respect of customer deposits	181,031,384	–	–	–	–	–	–	181,031,384
Negative replacement values of derivative financial instruments	–	–	–	–	–	–	–	0
Total debt capital/financial instruments	181,031,482	0	0	0	0	0	0	181,031,482
<i>Previous year</i>	<i>260,504,621</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>260,504,621</i>

Notes for the financial years ending on 31 December 2020 and 2019

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

Assets	31/12/2020		31/12/2019	
	Domestic	Foreign	Domestic	Foreign
Liquid assets	16,848,898	–	17,864,367	422,776
Amounts due from banks	7,221,082	5,650,815	10,525,725	13,107,070
Amounts due from securities financing transactions	–	–	–	–
Amounts due from customers	4,680,355	2,553,056	5,057,520	5,138,862
Trading portfolio assets	4,203,042	117,866,941	3,762,361	163,621,773
Positive replacement values of derivative financial instruments	–	–	–	–
Financial investments	5,672,150	41,973,660	8,200,359	61,254,477
Accrued income and prepaid expenses	118,009	689,988	207,779	1,236,001
Tangible fixed assets	0	–	13,098	–
Other assets	360,304	–	90,562	4,227
Total assets	39,103,840	168,734,460	45,721,771	244,785,186

Liabilities	31/12/2020		31/12/2019	
	Domestic	Foreign	Domestic	Foreign
Amounts due to banks	–	98	–	99
Amounts due in respect of customer deposits	13,767,668	167,263,716	5,875,678	254,628,844
Negative replacement values of derivative financial instruments	–	–	–	–
Accrued expenses and deferred income	2,327,560	–	2,024,479	–
Other liabilities	34,578	–	14,549	–
Provisions	–	–	–	–
Bank 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	7,383,308	–	4,017,125	–
Profit (result of the period)	–3,518,628	–	3,366,183	–
Total assets	40,574,486	167,263,814	35,878,014	254,628,943

Notes for the financial years ending on 31 December 2020 and 2019

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

Assets	31/12/2020		31/12/2019	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	128,417,460	61.79%	179,012,186	61.62%
North America	36,178,000	17.41%	51,766,000	17.82%
Caribbean	–	0.00%	–	0.00%
Latin America	–	0.00%	1,507,000	0.52%
Africa	–	0.00%	–	0.00%
Asia	–	0.00%	5,085,000	1.75%
Oceania	4,139,000	1.99%	7,415,000	2.55%
Switzerland	39,103,840	18.81%	45,721,771	15.74%
Total assets	207,838,300	100.00%	290,506,957	100.00%

Liabilities	31/12/2020		31/12/2019	
	Absolute	Share as %	Absolute	Share as %
Europe without Switzerland	103,589,814	49.84%	149,881,943	51.59%
North America	7,748,000	3.73%	7,875,000	2.71%
Caribbean	25,525,000	12.28%	47,515,000	16.36%
Latin America	5,023,000	2.42%	19,506,000	6.71%
Africa	836,000	0.40%	1,202,000	0.41%
Asia	22,275,000	10.72%	25,631,000	8.82%
Oceania	2,267,000	1.09%	3,018,000	1.04%
Switzerland	40,574,486	19.52%	35,878,014	12.35%
Total liabilities	207,838,300	100.00%	290,506,957	100.00%

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

Bank's own country rating	31/12/2020		31/12/2019	
	Net foreign exposure		Net foreign exposure	
	In CHF	Share as %	In CHF	Share as %
Aaa–Aa3	153,087,460	90.73%	223,127,186	91.15%
A1–A3	13,079,000	7.75%	16,999,000	6.94%
Baa1–Baa3	2,568,000	1.52%	4,659,000	1.90%
Ba1–Ba2	–	0.00%	–	0.00%
Ba3	–	0.00%	–	0.00%
B1–B3	–	0.00%	–	0.00%
Caa1–C	–	0.00%	–	0.00%
Total	168,734,460	100.00%	244,785,186	100.00%

Bank's own country rating: Moody's

Notes for the financial years ending on 31 December 2020 and 2019

3.15 Presentation of assets and liabilities broken down by the most significant currencies for the Bank

	Currencies						31 / 12 / 2020
Assets	CHF	EUR	USD	GBP	Metal ounces	Other	Total
Liquid assets	16,848,898	–	–	–	–	–	16,848,898
Amounts due from banks	1,043,902	4,439,416	5,012,896	240,108	1,526,254	609,321	12,871,897
Amounts due from securities financing transactions	–	–	–	–	–	–	0
Amounts due from customers	3,000,000	4,233,411	–	–	–	–	7,233,411
Trading portfolio assets	1,922,063	59,688,466	57,427,476	2,752,201	–	279,777	122,069,983
Positive replacement values of derivative FI	–	–	–	–	–	–	0
Financial investments	9,686,517	33,392,329	4,566,964	–	–	–	47,645,810
Accrued income and prepaid expenses	120,339	386,414	298,202	1,845	–	1,197	807,997
Tangible fixed assets	0	–	–	–	–	–	0
Other assets	360,304	–	–	–	–	–	360,304
Total assets shown in balance sheet	32,982,023	102,140,036	67,305,538	2,994,154	1,526,254	890,295	207,838,300
Delivery entitlements from forward forex	–	–	–	–	–	–	0
Total assets	32,982,023	102,140,036	67,305,538	2,994,154	1,526,254	890,295	207,838,300
Liabilities	CHF	EUR	USD	GBP	Metal ounces	Other	Total
Amounts due to banks	98	–	–	–	–	–	98
Amounts due in respect of customer deposits	6,356,782	102,083,041	67,201,552	2,974,438	1,526,254	889,317	181,031,384
Negative replacement values of derivative FI	–	–	–	–	–	–	0
Accrued expenses and deferred income	2,327,560	–	–	–	–	–	2,327,560
Other liabilities	34,578	–	–	–	–	–	34,578
Provisions	–	–	–	–	–	–	0
Bank 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	7,383,308	–	–	–	–	–	7,383,308
Profit (result of the period)	–3,518,628	–	–	–	–	–	–3,518,628
Total liabilities shown in balance sheet	33,163,698	102,083,041	67,201,552	2,974,438	1,526,254	889,317	207,838,300
Delivery obligations from forward forex	–	–	–	–	–	–	0
Total liabilities forward forex	33,163,698	102,083,041	67,201,552	2,974,438	1,526,254	889,317	207,838,300
Net position per currency	–181,675	56,995	103,986	19,716	0	978	0

Notes for the financial years ending on 31 December 2020 and 2019

3.16 Breakdown of contingent liabilities and contingent assets

Contingent liabilities	31 / 12 / 2020	31 / 12 / 2019
Other contingent liabilities	709,274	762,197
Total contingent liabilities	709,274	762,197

3.17 Breakdown of fiduciary transactions

Fiduciary transactions	31 / 12 / 2020	31 / 12 / 2019
Fiduciary investments with third-party companies	25,349,285	60,880,441
Fiduciary investments with Group companies and linked companies	18,457,025	36,625,288
Fiduciary loans	–	379,314
Total fiduciary transactions	43,806,310	97,885,043

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

Result from trading activities from:	2020	2019
Interest rate instruments (including funds)	–1,420,108	801,627
Foreign currencies	815,648	1,137,369
Commodities / precious metals	–	–
Total result from trading activities	– 604,460	1,938,996

- of which from fair value option on assets
- of which from fair value option on liabilities

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

Debit interest	2020	2019
Debit interest from banks	59,857	461,226
Negative debit interest from banks	–111,511	–74,667
Debit interests from clients	94,653	74,022
Negative debit interest from clients	–	–
Total interest receivable	42,999	460,581

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

Credit interest	2020	2019
Credit interest from banks	–341	–726
Negative credit interest from banks	–	3,424
Credit interests from clients	–	–
Negative credit interest from clients	500,467	464,982
Total credit interest	500,126	467,680

The negative credit interest from banks results from a Group company.

Notes for the financial years ending on 31 December 2020 and 2019

3.20 Breakdown of personnel expenses

Personnel expenses	2020	2019
Salaries	4,244,735	3,210,036
Social insurance benefits	554,902	417,224
Other personnel expenses	171,057	130,344
Total	4,970,694	3,757,604

3.21 Breakdown of general and administrative expenses

General and administrative expenses	2020	2019
Office space expenses	606,810	283,288
Expenses for information and communications technology	1,406,379	971,097
Fees of audit firms		
– of which for financial and regulatory audits	167,700	188,785
– of which for other services*	332,394	267,080
Other operating expenses	1,149,828	522,453
Total	3,663,111	2,232,703

* Invoiced by two-third companies.

3.22 Extraordinary income and expenses

Extraordinary income	2020	2019
Success in a legal case of the previous year	21,402	–
Total extraordinary income	21,402	0

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

Tax expense	2020	2019
Income tax	–	905,200
Tax on assets	42,137	48,023
Total tax expense	42,137	953,223

3.24 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 2020.

3.25 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 2020. Employer contributions amounted to CHF 222,371 (2019: CHF 164,164) 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 as of 13 November 2018.

Notes for the financial years ending on 31 December 2020 and 2019

4. Key metrics for disclosure

		2020	2019			
Available capital (CHF)						
1	Common Equity Tier 1 (CET1)	24,444,680	27,963,308			
2	Tier 1	24,444,680	27,963,308			
3	Total capital	24,444,680	27,963,308			
Risk-weighted assets (CHF)						
4	Total risk-weighted assets (RWA)	100,258,018	141,042,386			
4a	Minimum capital requirements (CHF)	8,020,641	11,283,391			
Risk-based capital ratios (as a percentage % of RWA)						
5	CET1 ratio (%)	24.4%	19.8%			
6	T1 ratio (%)	24.4%	19.8%			
7	Total capital ratio (%)	24.4%	19.8%			
Additional CET1 requirements (buffers) as a percentage of RWA						
8	Capital conservation buffer requirements according to Basel minimum requirements (%)	2.500%	2.500%			
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 (%)	2.500%	2.500%			
12	CET1 available after meeting the Bank's minimum capital requirements (%)	16.4%	11.8%			
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)	208,761,574	291,509,153			
14	Basel III leverage ratio	11.7%	9.6%			
Short-term liquidity coverage ratio (LCR)		2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
15	LCR numerator: total high quality liquid assets (HQLA) (CHF 1000)	99,312	115,808	128,811	117,026	119,174
16	LCR denominator: total of net cash outflow (CHF 1000)	50,165	56,038	60,817	62,324	73,832
17	Short-term liquidity coverage ratio (LCR) (%)	198.0%	206.7%	211.8%	187.8%	161.4%

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



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