BANQUE CRAMER

Annual Report

2015

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2015 Annual Report

Banque Cramer Group

Banque Cramer & Cie SA

English translation. In case of discrepancies between the original French version and the English translation, the French version shall prevail.

Welcome to Banque Cramer

Our Clients

Our elite private and professional clients come to us for personalized portfolio management, advisory, and wealth management services.

Private Clients

We offer our services to private clients who are demanding and who value the benefits of banking on a human scale.

Entrepreneurs and Executives

We deliver a range of services catering to the specific needs of entrepreneurs, CEOs, and top-level executives.

External Asset Managers and Family Offices

We assist external asset managers and family offices in managing the wealth of their clients and sponsors.

Institutional Clients

We provide our institutional clients proactive advisory, product selection, portfolio monitoring and many other services.

Our Services

We offer our private and institutional clients a broad range of services for their diverse needs.

Investment Approach

We set our sights on being market-savvy, investing wisely, and exceeding expectations as a trusted advisor and partner.

Portfolio Management

We devote our expertise and know-how to realizing your investment goals through classic and custom portfolio management mandates.

Investment Advisory

We offer investment advisory products that give you direct access to our vast expertise in markets, strategies and products.

Wealth Services

We deliver a full array of wealth planning services and support to protect your financial interests and help grow your family's wealth over the long term.

Financing

We have the expertise and resources needed to offer financing solutions tailored to every situation.

Investment Products

We specialize in selecting from all types of financial products to give you the highest quality products that best suit your needs.

Our Bank

Clients come to us for our reliability, our expertise and our human scale. Our products and services are rooted in our traditions and our values. Our organization is comprised of seasoned professionals who focus on our clients' needs.

Private Banking and Asset Management in Switzerland

Our clients come from diverse backgrounds and pursue a variety of goals. However, they all have high expectations of their advisors in terms of quality and expertise. They also share a desire for banking on a human scale. We always keep this idea in mind when we manage their money, give advice, or offer special wealth management services.

Banque Cramer is a Swiss private bank based in Geneva, with offices in Zurich, Lugano and Lausanne and an affiliate company in Nassau. We have been managing our clients' wealth for over 300 years.

Our specialists offer a full range of banking services. Our open architecture approach reflects our belief that no one can be an expert at everything. In addition to our own offerings, we assess and recommend third-party expertise, products and services when making decisions in our clients' best interests.

Our Values

Our values are simple. We conduct our business based on our ability and desire to keep our promises to our clients.

Human Scale

We are attentive. We are approachable. We care about people, so we understand your needs and goals. That means that we listen and we get to know our clients. We treat you warmly and with respect. We always aim to be open and unassuming. Our flexibility and our pragmatic approach are designed to meet your needs and protect your interests so that we always earn your trust.

Reliability

You can count on us to be your trusted, loyal advisor and to do everything with your best interest in mind. We aim to be exemplary in our work and in our ethics. We stay away from politics. Our solid financial institution follows the spirit and the letter of the laws and regulations that govern our activities. We do not compromise when it comes to our professional standards and ethics. You can rely on our entrepreneurial mindset, our sustainable approach, and our long-term viability.

Know-how

We have the skills and expertise to do our job extremely well and always focus on giving you the best of our abilities. We keep up with a rapidly changing world by updating our skills and technologies so that we continue to meet our clients' needs. As an independent company, we emphasize being open and transparent.

Our promise: Banking on a human scale

We live in a world of remarkable technical innovation. These days, it seems that almost everything is available at the push of a button and that nearly every aspect of our lives is touched by technology. This is certainly true in the banking world. Banking is heavily dependent on technology, and our industry has never before experienced such major technological transformation.

On the whole, the change is positive. Our global financial system gives us access to more markets, more products, and more services than ever. Individuals and small asset managers can easily tap resources that were previously available only to large organizations and at a much lower cost in the last decade or so.

But there are two sides to every coin. Despite all our channels of communication and social networking platforms, today's world can sometimes seem impersonal. The same is true for banking, despite the miracles of modern finance. The technical nature, mathematical precision and impenetrable jargon of our industry today seem worlds away from what we used to understand as "banking."

We are well aware of this. At Banque Cramer, we have tremendous respect for the tools of modern finance, and we are committed to mastering them. But, we have not forgotten that banking is as much an art as it is a science. Its very essence serves very human ends: the creation and protection of wealth, both for individuals and for legal entities, so that we can all prosper and make progress as a society.

We are your trusted advisor, and our promise is simple. We are very good at what we do, and you can always count on us to work hard and in your best interest. And, you can be sure that we will never forget what banking really is: a human enterprise, built on strong relationships and respect.

18.9 **million**
consolidated net profit generated in CHF in 2015.

16.95 % **our consolidated capital ratio** provides a solid foundation for our business activity.

120 **years of experience**
in financial sector management expertise combined among the five members of our Executive Board .

1 **open architecture**
tailored to our clients' needs and goals.

5 **sites**
where we can meet personally with our clients.

2015 Highlights

Consolidation
The remarkable commitment of all the employees involved helped to make the integration of Banque Valartis a success. Banque Cramer is ideally positioned to face the challenges of tomorrow.

Private Banking
Xavier Clavel was appointed Head of Private Banking in 2015. With the recent additions of Pierre Bezençon, Keros Bragagnolo and Christoph Stocker, as well as Pascal H. Widmer and Antonio Zarro, he has given Private Banking new perspective. And we have also added strength to other areas of the Bank by bringing in seasoned specialists.

Conversations at the Château
Our clients and prospects are enthusiastic about our innovative series of "Conversations at the Château" events. Specialists in various fields from inside and outside the Bank share their knowledge with guests and engage in questions and answers.

Timea Bacsinszky
Professional tennis star Timea Bacsinszky, our sponsorship partner, enjoyed an extremely successful year in 2015. We are proud to be able to support her through sponsorship. She is a perfect representative of our Group's values.

Identity
To help us prepare for the future, we asked ourselves some serious questions about our identity: Who are we? What do we offer and what makes us unique? What values should characterize our relationships with clients and partners and the day-to-day interactions within our Group?

Page 5 answers these questions and sheds new light on our self-reflection about our values. At the same time, we began a complete rebranding process. We will launch our new online presence in early May 2016 with an entirely new website.

5.4 billion
in consolidated client wealth in CHF entrusted to our management.

150 qualified employees
give our Group a personal touch.

13 nationalities
work together in our Group and contribute to our respect for our clients' diverse cultures.

300 years
Banque Cramer's roots date back to the 18th century – We are committed to our business tradition.

Board of Directors, Management and Auditors as of 31 December 2015

Board of Directors

Marco J. Netzer	Chairman
Massimo Esposito	Vice-Chairman
Arthur Bolliger	Member
Christian Bühlmann	Member
Christian Mossaz	Member
Sophie Maillard	Member

Executive Committee

Christian Grütter [1]	Chief Executive Officer
Placido Albanese [2]	Member
Alberto Bertini [3]	Member
Xavier Clavel [4]	Member
Matteo Maccio [5,8]	Member

Management - Geneva

Pierre Bezençon	Member of the extended Executive Committee
Michel Arni	Managing Director
Nicholas Davies	Managing Director
Roland Woerndli	Managing Director
Jean-Pierre Bitz	Executive Director
Peter Halter	Executive Director
Isabelle Mach-Gosse	Executive Director
Luc Madelaine	Executive Director
Jacques Micheloud	Executive Director
David Paglia	Executive Director
Eric Vernet	Executive Director
Nicolas Bader	Director
Alexandre Berger	Director
Christophe Clabots	Director
Olivier Micheloud	Director
Bruno Migliarini	Director
Jean-Marc Robyr	Director
Gianvito Schiro	Director

1) Chief Executive Officer
2) Chief Investment Officer
3) Chief Financial and Operations Officer
4) Group Head of Private Banking
5) Chief Risk Officer
6) Head of Lausanne Branch
7) Head of Lugano Branch
8) Head of Zurich Branch

Management - Lausanne

Pascal H. Widmer [6]	Member of the extended Executive Committee
André Follonier	Director
Carole Héritier	Director
Fritz Jost	Director
Christophe Naz	Director

Management - Lugano

Antonio Zarro [7]	Member of the extended Executive Committee
Keros Bragagnolo	Managing Director
Riccardo Ferraresi	Executive Director
Giuseppe Ricciardi	Executive Director
Massimo Bosia	Director
Mario Pasquali	Director
Marco Vetter	Director

Management - Zurich

Christoph Stocker	Member of the extended Executive Committee
Michael Bauer	Member of the extended Executive Committee
Rolf Bürgi	Managing Director
Janna Cardinale	Managing Director
Markus Huber	Managing Director
Jonas Misteli	Managing Director
Markus Fischer	Executive Director
Jean-Jacques Hunziker	Executive Director
Vito Lubreglia	Executive Director
Rolf Meier	Executive Director
Christian Scheer	Executive Director
Lino Battistini	Director
Ulrich Bender	Director
Stefan Heinz	Director
Mauro Manzoni	Director
Alexander Pozenel	Director
Adrian Walter	Director

Audit Committee

Christian Mossaz	Chairman
Massimo Esposito	Member

Internal Auditor

PricewaterhouseCoopers Ltd Geneva

Statutory Auditor

KPMG SA Geneva

Report of the Board of Directors and the Executive Committee for the 2015 financial year

Dear Shareholders,

In 2015, the global economy kept pace with forecasts in many respects. The eurozone showed signs of the expected recovery, as the effects of the sovereign debt crisis faded. The region's unemployment rate continued to decline, falling to 10.5% in December 2015, after reaching a high of over 12% in 2013.

The Swiss economy suffered —although not as much as feared— because of the sizable appreciation of the Swiss franc, which followed the Swiss National Bank's decision in January to remove the 1.20 peg to the euro. Sales volumes and profit margins of Swiss exporters contracted, but consumer spending held firm in response to the lower cost of imports and the collapse of energy prices.

In the United States and in most other industrialized countries, the economy continued to expand. 2015 marked the seventh year of recovery following the 2008 financial crisis.

However, the emerging market economies slowed in 2015. Commodities-producing countries generally underperformed, with a number of these economies, including Brazil and Russia, retreating into recession.

China's transition to a more stable economy progressed, but its growth was slower. The Chinese share of global production of goods and services rose from 5% to 15% in the last ten years. Today, China is one of the main drivers of global economic growth, but it also increasingly represents a risk factor due to the slowdown in its economy.

Since the great recession of 2008, the global economy has grown at a slower pace. This was still the case in 2015. The main factors behind this listless activity are unfavorable demographics and lackluster growth in productivity. The aging population is a concern not only for the industrialized countries, but for a number of emerging economies as well, particularly most countries in Eastern Europe as well as China.

There are multiple causes of the very slow growth in current productivity. First and foremost, for now no wide-ranging growth drivers are on the horizon comparable to the adoption of the internet and mobile communication in the 1990s or the boom in commodities in the 2000's. Although there are undoubtedly several positive trends in terms of innovation, particularly in the healthcare and technology sectors (mobile internet, internet of things), these do not seem to have a noticeable impact on global economic activity.

Equities in the developed markets posted the strongest performance in 2015. The eurozone's markets generated very positive returns in the first half of the year, when the economic recovery expanded and after Greek tensions eased. In the second half of the year, especially in August and December, the stock markets lost ground. The emerging equity markets underperformed, given their weakening economies and their substantial exposure to commodities.

In 2015, investors in Swiss francs and US dollars contended with a storm of changes hanging over their investments in equities denominated in foreign currencies and in their domestic equity markets. By contrast, investors in euros profited from a favorable trend as a result of the depreciation of the euro against key currencies.

The key government bond markets generated slightly positive yields, while a number of higher-return segments, such as high-yield corporate bonds, posted negative results. This was largely due to lower-rated borrowers in the oil and mining sectors, affected by strong financial pressures linked to the collapse of commodities prices.

Commodities were by far the weakest performing asset class in 2015. Oil prices continued to suffer from the attitude in Saudi Arabia in 2014, where producers chose to preserve the country's substantial market share rather than maintain prices as in the past.

Many currencies fluctuated sharply in 2015. The Swiss franc appreciated by more than 20% against the euro in January, but lost close to half of that gain during the year. The US dollar posted a similar increase in value, since it appreciated by 10% on average against all major trading partners. Conversely, the currencies of a good number of commodities-producing countries sank, with the near-50% collapse of the Brazilian real as one of the most notable developments.

In this challenging environment, Banque Cramer & Cie SA managed to pursue the Bank's growth strategy in 2015, while bolstering our infrastructure and adding to our portfolio of services. This success was possible only due to the continued support of the Bank's shareholders. In particular, after acquiring and integrating two banks in less than one year, management paid particular attention in 2015 to optimizing and consolidating the resources and departments acquired. We also strengthened the teams and enhanced the quality of the products and services we offer to our clients.

Banque Cramer & Cie SA, now with four sites in Switzerland, in Geneva, Lausanne, Lugano and Zurich, capitalized on this increased visibility and on our corporate culture to add a large number of particularly qualified new employees in 2015. The Bank also launched a number of initiatives to win new clients, on the one hand, and to develop products and services, on the other hand. The average staff level rose to 111 full-time in 2015.

Against this backdrop, the activities operated by Unicorn Capital SICAV in Luxembourg were also reworked and the business strategy expanded.

In Nassau, our Private Investment Bank Limited (PIBL) subsidiary also bolstered its structure and revised its strategy, which will lead in the future to a major diversification of its business activities and a review of its business markets.

At the Group level, all structural and qualitative objectives were met during the year. In particular, the Bank improved the architecture of our cross-border activities and reviewed our priorities in terms of business market development.

The Bank and our subsidiary in Nassau have kept our clients constantly informed with regard to developments, international tax transparency, and more particularly the automatic exchange of information.

In addition, in October 2015, Banque Cramer & Cie SA obtained the LPS (Libera prestazione di servizi) license from the Bank of Italy and initiated the necessary steps to open a representative office in Moscow.

The Board of Directors and the Executive Committee conducted risk assessments on a regular basis (quarterly for the Board of Directors and monthly for the Executive Committee).

We achieved our 2015 qualitative and financial objectives, as detailed below, which attests to the robustness and quality of the Group's strategy as well as the forecasts provided in last year's Annual Report.

Our good profitability further reinforced the Group's financial strength. In accordance with the commitment of our governing bodies and shareholders, Banque Cramer & Cie SA will continue to pursue our growth strategy in the future, both externally and organically, taking into consideration merger and acquisition opportunities and growth plans for our business markets.

2015 results

2015 was a difficult year, both in the stock markets and in the currency markets. The introduction of negative interest rates weighing on liquid assets was an additional challenge for the banking sector.

Regulations and new tax rules required many structures, individuals and systems to adapt, which heavily impinged on bank profitability .

Despite these increasing difficulties, the full effects of the consolidations of Banque de Dépôts et de Gestion SA and Valartis Bank AG at the end of 2013 and in 2014, respectively, had a positive impact in 2015. The Group generated total income of CHF 59.8 million and net operating income of CHF 5.6 million. Extraordinary items, in particular associated with the sale of a portion of our real estate assets, further improved the results of both the Bank and the Group. Accordingly, the net profit of Banque Cramer & Cie amounted to CHF 13.6 million and the Group's net profit totaled CHF 18.9 million.

The general strategy remains centered on increasing assets under management (AuM), particularly by developing the Bank's target markets through a client base offering tax transparency, the potential acquisition of other entities, the inflow of new management teams, and thorough risk and cost management.

Changes with regard to members of governing bodies

We enhanced our Board of Directors on 30 June 2015 with the election of Sophie Maillard, an attorney, who worked for many years at FINMA. Ms. Maillard contributes in-depth knowledge of the banking world, finance, and aspects related to compliance. She is also a member of the Board Committee.

In order to further segregate board functions, Marco J. Netzer, Chairman of the Board of Directors and of the Board Committee is no longer a member of the Audit Committee. He was replaced by Massimo Esposito, who is no longer a member of the Board Committee.

We enhanced our Executive Committee on 1 June 2015 with the addition of Xavier Clavel, who assumed the duties of Group Head of Private Banking, previously performed on an interim basis by the CEO, Christian Grütter. In addition, Christoph Stocker joined the Group as Head of Private Banking of the Zurich branch and serves as Member of the extended Executive Committee.

Banque Cramer & Cie SA owes our credibility, reputation, and growth not only to the discipline devoted to managing our business and risk profile, but above all to the trust that our clients place in us year after year, the support of our shareholder and the hard work of all our employees.

The Board of Directors and the Executive Committee would like to take this opportunity to thank them all for their enduring loyalty.

Geneva, April 28, 2016

On behalf of the Board of Directors and the Executive Committee,

Marco J. Netzer
Chairman

Christian Grütter
CEO

BANQUE CRAMER GROUP

Financial Statements

Consolidated Balance Sheet
(in CHF)

Assets	Note	31.12.2015	31.12.2014
Liquid assets		596,932,840	513,924,727
Amounts due from banks		248,423,936	386,291,859
Amounts due from customers	3.1	921,998,370	612,830,202
Mortgage loans	3.1	183,832,319	172,195,852
Trading portfolio assets	3.2	65,006,844	6,019,256
Positive replacement values of derivative financial instruments	3.3	26,366,173	11,579,028
Financial investments	3.4	105,130,984	28,123,354
Accrued income and prepaid expenses		7,742,534	4,502,259
Non-consolidated participations	3.5, 3.6	-	200,000
Tangible fixed assets	3.7	19,479,281	37,368,176
Other assets	3.8	7,415,602	7,052,057
Total assets		**2,182,328,883**	**1,780,086,770**
Total subordinated claims		6,286	97,419

Liabilities	Note	31.12.2015	31.12.2014
Amounts due to banks		14,082,951	10,170,612
Amounts due in respect of customer deposits		2,017,772,062	1,673,651,556
Negative replacement values of derivative financial instruments	3.3	45,188,848	8,520,193
Cash bonds		805,000	1,410,000
Accrued expenses and deferred income		15,718,959	13,181,692
Other liabilities	3.8	6,441,312	10,069,889
Provisions	3.11	2,727,505	4,111,930
Reserves for general banking risks	3.11	1,500,000	-
Bank’s capital		50,000,000	50,000,000
Capital reserve		11,771,884	11,771,884
Retained earnings reserve		-1,995,046	3,254,203
Currency translation reserve		-542,172	-824,965
Consolidated profit/loss		18,857,580	-5,230,224
Total liabilities		**2,182,328,883**	**1,780,086,770**

Off-balance-sheet transactions	Note	31.12.2015	31.12.2014
Contingent liabilities	3.1, 4.1	16,409,462	23,773,014
Irrevocable commitments	3.1	16,086,123	28,408,403

Consolidated Income Statement
(in CHF)

	Note	2015	2014
Result from interest operations			
Interest and discount income	5.2	10,410,699	7,664,246
Interest and dividend income from trading portfolios		639,520	83,438
Interest and dividend income from financial investments		749,735	108,986
Interest expense	5.2	-2,136,942	-2,344,876
Gross result from interest operations		**9,663,012**	**5,511,794**
Changes in value adjustments for default risks and losses from interest operations	3.11	-3,867,636	-793,741
Subtotal net result from interest operations		**5,795,376**	**4,718,053**
Result from commission business and services			
Commission income from securities trading and investment activities		44,875,088	33,640,755
Commission income from lending activities		324,363	446,639
Commission income from other services		5,847,461	2,342,066
Commission expense		-13,052,856	-6,486,547
Subtotal result from commission business and services		**37,994,056**	**29,942,913**
Result from trading activities and the fair value option	5.1	**17,970,134**	**5,827,909**
Other result from ordinary activities			
Result from the disposal of financial investments		-	243,018
Result from real estate		417,784	467,062
Other ordinary income		-	50,250
Other ordinary expenses		-2,400,831	-1,522,747
Subtotal other result from ordinary activities		**-1,983,047**	**-762,417**
Operating expenses			
Personnel expenses	5.3	-31,651,747	-21,355,640
General and administrative expenses	5.4	-19,020,996	-15,800,187
Subtotal operating expenses		**-50,672,743**	**-37,155,827**
Value adjustments on participations, depreciation and amortization of tangible fixed assets and intangible assets	3.5, 3.7	-2,384,232	-2,763,646
Changes to provisions and other value adjustments, and losses	3.11, 5.5	-1,082,917	-4,271,559
Operating result		**5,636,627**	**-4,464,574**
Extraordinary income	5.5	15,203,755	112,697
Extraordinary expenses	5.5	-103,577	-380,835
Changes in reserves for general banking risks	5.5	-1,500,000	-
Taxes	5.7	-379,225	-497,512
Consolidated profit/loss		**18,857,580**	**-5,230,224**

Consolidated Cash Flow Statement
(in CHF thousands)

	2015		2014	
	Cash inflows	Cash outflows	Cash inflows	Cash outflows
Cash flow from operating activities (internal financing)				
Consolidated profit/loss	18,858	-	-	5,230
Changes in reserves for general banking risks	1,500	-	-	-
Value adjustments on participations, depreciation and amortization of tangible fixed assets and intangible assets	2,384	-	2,764	-
Currency translation differences on tangible fixed assets	-	2	-	75
Value adjustments on financial investments	-	-	17	-
Profit on sale of tangible fixed assets	-	14,511	-	-
Provisions and other value adjustments	-	1,384	-	5,506
Changes in value adjustments for default risks and losses	3,868	-	794	-
Accrued assets	-	3,604	804	-
Accrued liabilities	-	1,092	-	3,485
Total	**26,610**	**20,593**	**4,379**	**14,296**
Net cash flow from operating activities	**6,017**	**-**	**-**	**9,917**
Cash flow from shareholder's equity transactions				
Bank's capital	-	-	25,000	-
Currency translation reserve	283	-	1,190	-
Recognized in reserves	-	19	-	-
Total	**283**	**19**	**26,190**	**-**
Net cash flow from shareholder's equity transactions	**264**	**-**	**26,190**	**-**
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	-	-	2	-
Real estate	31,228	-	-	16
Other tangible fixed assets	-	1,010	-	1,372
Total	**31,228**	**1,010**	**2**	**1,388**
Net cash flow from transactions in respect of participations, tangible fixed assets and intangible assets	**30,218**	**-**	**-**	**1,386**
Cash flow from banking operations				
Amounts due in respect of customer deposits	135,157	-	5,182	-
Cash bonds	-	130	-	775
Amounts due from customers	-	139,583	-	9,870
Mortgage loans	-	5,269	-	17,635
Financial investments	-	68,485	-	-
Medium and long-term business (> 1 year)	**135,157**	**213,467**	**5,182**	**28,280**

Consolidated Cash Flow Statement (continued)
(in CHF thousands)

	2015		2014	
	Cash inflows	Cash outflows	Cash inflows	Cash outflows
Amounts due to banks	3,912	-	-	58,429
Amounts due in respect of customer deposits	208,963	-	59,313	-
Cash bonds	-	475	-	159
Negative replacement values of derivative financial instruments	36,669	-	570	-
Amounts due from securities financing transactions	-	-	0	-
Amounts due from banks	137,834	-	136,615	-
Amounts due from customers	-	173,444	-	51,797
Mortgage loans	-	6,342	39,304	-
Trading portfolio assets	-	58,988	-	1,455
Positive replacement values of derivative financial instruments	-	14,787	-	9,639
Financial investments	-	8,523	10,136	-
Short-term business	**387,378**	**262,559**	**245,938**	**121,479**
Total	**522,535**	**476,026**	**251,120**	**149,759**
Net cash flow from banking operations	**46,509**	**-**	**101,361**	**-**
Net cash flow related to the former VBAG merger	**-**	**-**	**290,841**	**-**
Liquid assets	**-**	**83,008**	**-**	**407,089**
Total	**580,656**	**580,656**	**572,532**	**572,532**

Consolidated Statement of Changes in Equity
(in CHF thousands)

	Bank's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Currency translation reserve	Consolidated profit/loss	Total
Equity at 1 January 2015	50,000	11,772	3,254	-	-825	-5,230	58,971
Transfer to retained earnings reserve	-	-	-5,230	-	-	5,230	-
Effect of any restatement	-	-	-19	-	-	-	-19
Currency translation differences	-	-	-	-	283	-	283
Allocated to reserves for general banking risks	-	-	-	1,500	-	-	1,500
Consolidated profit 2015	-	-	-	-	-	18,858	18,858
Equity at 31 December 2015	**50,000**	**11,772**	**-1,995**	**1,500**	**-542**	**18,858**	**79,593**

Notes to the Consolidated Financial Statements

1 Business Name, Legal Form and Domicile

Banque Cramer & Cie SA (parent company) is a company limited by shares organized under Swiss law. In addition to its headquarters in Geneva, the Bank operates branches in Lausanne, Lugano and Zurich. The Bank has two subsidiaries, Cramer Wealth Management SA, based in Geneva (in liquidation), and Private Investment Bank Limited, based in Nassau, Bahamas.

Business Activity and Staff Level

The Group engages in the following activities in the course of its business:

- Receipt of funds in current accounts
- Asset management
- Execution of transactions in certificated and uncertificated financial instruments, derivatives, and precious metals, together with stock exchange transactions, either on a proprietary basis or on behalf of third parties
- Granting of Lombard and mortgage loans, fixed term or sight loans and advances
- Spot or forward exchange transactions
- Execution of fiduciary transactions
- Asset management and custody
- Structured Finance activities

The Group may also acquire, administer, and control participations in any companies operating in the same business sector and acquire real estate in Switzerland or abroad. In 2012, the Group outsourced its back office activities and some activities related to IT infrastructure maintenance, as defined in FINMA Circular 2008/7.

As of 31 December 2015, the Group had 150 employees, for a full-time equivalent of 135 employees (year-end 2014: 140 and 128). During the 2015 financial year, the Group took over a portfolio of clients from another banking institution.

2 Other Information Required by FINMA Circular 2015/01

2.1 Accounting and valuation principles

2.1.1 General principles

The accounting and valuation principles comply with the Swiss Code of Obligations, the Swiss Federal Act on Banks and Savings Banks, the Ordinance on Banks and Savings Banks, and the accounting provisions for banks, securities dealers, and financial groups and conglomerates as defined by FINMA Circular 2015/01 of the Swiss Financial Market Supervisory Authority (ARB-FINMA). The consolidated financial statements are prepared in accordance with the principle of providing a true and fair view and in such a way that a third party can make a reliable assessment of the Group's economic position. The consolidated financial statements may not contain hidden reserves. The figures in the notes are rounded for publication purposes.

Consolidation method

The companies in which the parent company directly or indirectly holds a majority of the voting rights, has the power to appoint or remove the majority of the members of the Board of Directors or management, or exercises control in any other way are consolidated using the full consolidation method. Consolidation of capital is performed using the purchase method.

The Group's internal trades, as well as intragroup profits, are eliminated from the consolidated financial statements.

Significant participations held for sale in the next 12 months are not consolidated. They are recognized at their acquisition cost, after deducting economically necessary value adjustments.

Scope of consolidation

The scope of consolidation includes the following participations:

- Private Investment Bank Limited (PIBL), Nassau
- Cramer Wealth Management SA, in liquidation, Geneva

Cramer Wealth Management SA was placed in liquidation during the 2015 financial year.

General valuation principles

The financial statements have been prepared on the assumption that the Group will continue as a going concern. Balance sheet entries are made on a going-concern basis.

The asset side of the balance sheet includes assets that the Group may have available due to past events, from which it expects to receive economic benefits, and the value of which can be reliably estimated. If no reliable estimate of the value of an asset can be made, it is considered to be a contingent asset requiring explanation in the notes.

Borrowed capital resulting from past events, from which a cash outflow is probable, and the value of which can be reliably estimated are entered as liabilities on the balance sheet. If no reliable estimate of the value of a liability can be made, it is considered to be a contingent liability requiring explanation in the notes.

The items presented on the balance sheet are valued individually. The financial statements do not apply the transitional provision that defers the implementation of the individual valuation of participations, tangible fixed assets and intangible assets to no later than 1 January 2020.

Offsetting and netting of assets and liabilities and of income and expenses is in principle prohibited. The offsetting of receivables and payables is limited to the netting of value adjustments from the corresponding asset items.

Financial instruments

Liquid assets
Liquid assets are recognized at their nominal value.

Securities financing transactions
Securities financing transactions include repurchase and reverse repurchase transactions, securities lending and securities borrowing.

Amounts due from banks, amounts due from customers and mortgage loans
Amounts due from banks, amounts due from customers and mortgage loans are recognized at their nominal value less any necessary value adjustments.

Impaired loans and receivables, which result when it is unlikely that the debtor will be able to fulfill its future obligations, are valued individually, and the impairment is covered by individual value adjustments. The impairment corresponds to the difference between the book value of the loan or receivable and the likely recoverable amount.

The likely recoverable amount of the collateral is the liquidation value (estimated disposal value, after deducting holding costs and liquidation costs). In these cases, the Group always reviews the total obligations of the client or the economic entity as to the counterparty risk that it might represent.

The Group does not use an internal rating system for its loans and receivables. The Credit Department monitors risk positions and determines the necessary value adjustments for impaired loans and receivables and those identified as non-performing.

Impaired loans and receivables are carried on the balance sheet at their nominal value when the principal and interest due are once again paid according to contractual provisions and the criteria for creditworthiness.

Individual value adjustments and value adjustments for latent default risks are offset with the corresponding assets.

Value adjustments that are released to income have an impact on the income statement under the item “Changes in value adjustments for default risks and losses from interest operations.”

Amounts due to banks and amounts due in respect of customer deposits
These items are recognized at their nominal value. Amounts due in respect of precious metal account deposits are valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Positive and negative replacement values of derivative financial instruments
Derivative financial instruments are used for trading and hedging purposes.

Trading portfolio assets
All derivative financial instruments from trading portfolio assets are valued at fair value and their positive and negative replacement values are reported in the corresponding balance sheet items. Fair value is based on market prices, information from brokers, and valuation models (discounted cash flow, option).

The result from trading activities and the unrealized valuation result from trading activities are recorded in the item “Result from trading activities and the fair value option.”

Hedging transactions
The Group uses derivative financial instruments to hedge interest rate risk in managing its balance sheet. Hedging transactions are valued using the same method as the hedged item.

The valuation result of hedging instruments is reported in the compensation account unless a change in book value has been recorded in the hedged item. The net balance of the compensation account is presented either in the item “Other assets” or in “Other liabilities.”

The Group documents hedging relationships and the goals and strategies of hedging transactions when entering into these transactions. The Group periodically measures the effectiveness of hedging relationships. If a portion or the entirety of the relationship is ineffective, the ineffective portion of the transaction is treated as equivalent to a trading transaction.

Other financial instruments at fair value and liabilities from financial instruments at fair value
As part of its Structured Finance activities, the Group may issue structured products. Self-issued structured products are recognized in the item “Liabilities from other financial instruments at fair value.”

Financial investments
Financial investments comprise debt securities, equity securities, physical precious metal holdings and any real estate and commodities that have been acquired as a result of credit activities and are intended for resale.

For financial investments valued at the lower of cost or market value, an upwards revaluation to the historical or acquisition cost at maximum is recognized where the fair value falls below the acquisition cost and then recovers.

The balance of the changes in book value is recognized under the items “Other ordinary expenses” or ”Other ordinary income,” as appropriate.

Debt securities intended to be held to maturity

Debt securities intended to be held to maturity are valued and recorded at acquisition cost and the premium/discount (interest component) is accrued over the term (accrual method).

Default-risk-related changes in book value are recognized immediately by means of a charge to the item “Changes in value adjustments for default risks and losses from interest operations.”

If financial investments intended to be held until maturity are sold or repaid prior to maturity, the profits and losses realized that correspond to the interest component are accrued over the remaining term to maturity in the items “Other assets” or “Other liabilities.”

Debt securities not intended to be held to maturity (available for sale)

These are valued at the lower of cost or market value. Changes in book value resulting from subsequent valuations are generally recognized in the items “Other ordinary expenses” or “Other ordinary income,” as appropriate.

Default-risk-related changes in book value are recognized in the item “Changes in value adjustments for default risks and losses from interest operations.”

Equity securities, own physical precious metal holdings, real estate properties and commodities that have been acquired as a result of credit activities and are intended for resale

These are valued at the lower of cost or market value. In the case of real estate properties acquired via credit activities and intended for resale, the lower of cost or market value is deemed to be the lower of the acquisition value or the liquidation value. Own physical precious metal holdings included under financial investments that serve to secure obligations arising from precious metal accounts are to be valued at fair value. Changes in book value are generally recognized in the items “Other ordinary expenses” or “Other ordinary income,” as appropriate.

Non-consolidated participations

Equity securities issued by companies that the Group holds with the intention of a permanent investment regardless of the percentage of voting shares held are considered to be participations.

Participations are valued individually, at their acquisition cost, after deducting economically necessary value adjustments. On each balance sheet date, the Group tests whether the value of participations has been impaired. This test is based on indications reflecting a possible impairment of individual assets.

Where such indications are present, the Group determines the recoverable amount of each asset. The recoverable amount is deemed to be the higher of the net market value and the value-in-use. An asset is impaired if its book value exceeds its recoverable amount. If there is impairment, the book value is reduced to the recoverable amount and the impairment is charged to “Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets.”

Gains realized from the disposal of participations are recorded in the item “Extraordinary income,” and losses realized are recorded in “Extraordinary expenses.”

Tangible fixed assets

Tangible fixed assets are carried on the balance sheet at their acquisition cost, after deducting accumulated scheduled depreciation over the estimated useful life.

Tangible fixed assets are depreciated on a straight-line basis in the item “Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets” based on the conservatively estimated useful life of the asset.

The estimated useful life of tangible fixed assets are as follows:

- Bank real estate	100 years
- Bank real estate in Nassau	10 years
- Real estate renovation work	10 years
- Vehicles	8 years
- Acquired computer programs	7 years
- Office equipment and furniture	5 years
- Server hardware	5 years
- Other computer programs	3 years
- Other hardware	3 years
- Telephone equipment	3 years
- Leasehold improvements	Depending on term of lease

On each balance sheet date, the Group tests whether the value of each tangible fixed asset has been impaired. This test is based on indications reflecting a possible impairment of individual assets. Where such indications are present, the Group determines the recoverable amount of each asset. An asset is impaired if its book value exceeds its recoverable amount.

If there is impairment, the book value is reduced to the recoverable amount and the impairment is charged to “Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets.”

If, during impairment testing of a tangible fixed asset, a change in the asset's useful life is established, the remaining book value is subjected to scheduled depreciation over the useful life newly determined by the Group.

Gains realized from the disposal of tangible fixed assets are recorded in the item "Extraordinary income," and losses realized are recorded in "Extraordinary expenses."

Intangible assets
Intangible assets acquired are recognized as assets if they will yield a measurable benefit for the Group over more than one year. Intangible assets generated by the Group are not recognized as assets. They are carried on the balance sheet and valued at their acquisition cost.

Gains realized from the disposal of intangible assets are recorded in the item "Extraordinary income," and losses realized are recorded in "Extraordinary expenses."

Provisions
Legal or factual obligations are valued on a regular basis. Where a cash outflow is probable and can be reliably estimated, a provision in the corresponding amount is created. Existing provisions are reassessed on each balance sheet date. Based on this assessment, they are increased, remain unchanged or are released.

Provisions that are no longer economically necessary and are not simultaneously used for other requirements of the same type are released to income.

Releases to income of provisions that are no longer economically necessary are reported as follows:

- Tax provisions via the item "Taxes"
- Provisions for pension benefit obligations via the item "Personnel expenses"
- Other provisions via the item "Changes to provisions and other value adjustments, and losses," with the exception of restructuring provisions that were created via the item "Personnel expenses".

Reserves for general banking risks
Reserves for general banking risks are reserves that are established as a precaution to cover the Group's business risks.

Reserves for general banking risks are created and released under the income statement item "Changes in reserves for general banking risks." Reserves for general banking risks are, in principle, taxed.

Taxes
Current taxes are recurring taxes affecting income and capital, generally annually. Transaction taxes are not included.

Liabilities from current income taxes and capital taxes are disclosed in the item "Accrued expenses and deferred income." Current income taxes and capital tax expenses are reported in the income statement in the item "Taxes." The Group systematically determines valuation differences between book values and values relevant for tax law purposes and takes into account deferred tax income (expense) on such amounts.

If necessary, the Group establishes provisions for deferred taxes under the "Taxes" item.

Pension benefit obligations
The accounting treatment of pension benefit obligations is based on the Swiss GAAP standard FER 16. Pension benefit obligations include all obligations from pension schemes that provide benefits for retirement, death or disability.

The Group is liable for all regulatory pension contributions. Reserves are established to finance the cost inherent in the increase in life expectancy.

Off-balance-sheet transactions
Off-balance-sheet transactions are presented at nominal value. Provisions are established on the liabilities side of the balance sheet for unforeseeable risks.

2.1.2 Changes to accounting and valuation principles
No changes were made to accounting and valuation principles compared to the prior year other than those arising from the adoption of "Accounting rules for banks" ("ARB-FINMA" Accounting – FINMA Circular 2015/01). The Group restated the 2014 financial statements to comply with FINMA Circular 2015/01. Such restatements had no impact on the Group's equity or profit for the 2014 financial year. These restatements were mere reclassifications.

2.1.3 Recording of business transactions
Transactions are recorded on the balance sheet on the day they are entered into. Results from all transactions entered into are included in the income statement on the date they are transacted.

2.1.4 Treatment of past-due interest
Past-due interest is not retroactively canceled. Receivables arising from interest accrued up to the expiry of the 180-day period (due and unpaid interest and accrued interest) are written off via the item "Changes in value adjustments for default risks and losses from interest operations."

Interest and related commissions that are considered impaired are not recorded as interest income. Interest and fees due and unpaid for more than 180 days are considered impaired.

In the case of current account credit facilities used, interest and commissions are considered impaired where the credit facility limit has been exceeded for more than 180 days. From then on, future interest and commissions accruing may no longer be credited to the income statement item "Interest and discount income" until no overdue interest has been outstanding for longer than 180 days.

2.1.5 Foreign currency translation
Positions in foreign currencies at the balance sheet date are converted into Swiss francs at the exchange rate prevailing on the balance sheet date insofar as they are not valued at historical exchange rates. Foreign exchange income from the conversion of foreign currency positions is recorded in the line time “Result from trading activities and the fair value option.” The conversion rates for key currencies were as follows:

31.12.2015 Closing rate		31.12.2014 Closing rate	
USD	1.0018	USD	0.9943
EUR	1.0877	EUR	1.2032
GBP	1.4766	GBP	1.5487

Transactions in foreign currencies are converted into the local currency at the rate of exchange prevailing on the transaction date. Foreign exchange income in foreign currencies is converted into the local currency when recorded. Unrealized foreign exchange gains and losses are recorded on the income statement on the balance sheet date.

For the consolidation, assets and liabilities of the Group's companies are converted into Swiss francs at the rate of the closing date. Income and expenses are converted at the average annual exchange rate for the financial year. Differences resulting from the conversion into Swiss francs of individual company financial statements are allocated to equity (Currency translation reserve).

2015 Average annual rate		2014 Average annual rate	
USD	0.9651	USD	0.9191

2.1.6 Treatment of the refinancing of trading
The costs of refinancing trading activities are not charged to the result from trading activities.

2.2 Risk management
The Board of Directors conducted an analysis of the Group's principal risk exposure. This analysis is based on the information and tools adopted by the Group for its risk management. In its risk analysis, the Board of Directors took into account the control system implemented to manage and reduce risks.

The internal directive, “Risk policy – Risk management,” approved by the Board of Directors, sets forth the guidelines defining the risk policy and sets the limits for transactions for own account. The Group has created different committees so as to manage risks internally.

Credit risk
The Group's strategy consists mainly in limiting the loans it grants to those secured by pledged assets deposited with the Group. Client assets serving as collateral for Lombard loans are calculated daily at market value, weighted by the collateral margins defined by investment type and approved by the Board of Directors. The Group also grants mortgage loans on real property located in Switzerland. A review is conducted every five or ten years for residential property and every three or five years for all other real estate on the basis of the loan-to-value ratio.

The Credit Department regularly monitors compliance with credit margins. A detailed credit risk report is delivered to the Executive Committee at each of its meetings. Overdrafts and advances made without a signed pledge agreement are considered unsecured for accounting purposes, even if the borrower has securities on deposit with the Group.

Past-due receivables are divided into two categories, depending on the degree of risk of loss: non-performing receivables and impaired receivables. A receivable is considered non-performing when any payment relating to interest, commissions, or full or partial repayment of principal has not been received more than 90 days after the due date. A non-performing receivable requires no specific accounting entry. A receivable is considered impaired when evidence suggests that future contractual payments due of principal and/or interest are unlikely to be made or, no later than when such payments are more than 180 days late. These receivables are assessed individually at liquidation value and the impairment relating thereto is posted as a reduction to the item in question on the asset side of the balance sheet.

The Group updates the list of non-performing and impaired receivables on a monthly basis. A receivable is no longer considered impaired if the arrears (principal and interest) have been paid and debt service has resumed as normal. In 2012, the Board of Directors decided to suspend international trading activities on behalf of client. As of 31 December 2015, one transaction was still open but will be settled in the short term. Unsecured loans are generally commercial loans or client account overdrafts.

Following the acquisition and merger of Valartis Bank AG (hereinafter former VBAG), the Group acquired a team of staff specializing in Structured Finance. This activity consists of developing and implementing complex, tailor-made investments for institutional clients and high-net-worth private clients. These transactions generally include predominantly secured loans.

Counterparty risk in interbank business
The Group uses a limit system to manage counterparty risk in interbank transactions and trading activities. It works only with first-rate counterparties and enters into business relationships only after conducting a detailed assessment of the default risk. The limit amount is essentially based on the counterparty's credit rating.

The counterparty's credit rating and, therefore, its maximum credit limit are reassessed on a regular basis. The risk control function monitors the counterparty rating on a monthly basis. In the case of extreme market events, the Group analyzes the situation so that it can react quickly to any increase in risk.

Interest rate risk
Because of the structure of its balance sheet activities, the Group is exposed to the risk of an unfavorable change caused by a fluctuation of interest rates in the market. Interest rate risk is limited by regularly monitoring the matching of maturities of assets and liabilities and the occasional use of hedging instruments. Interest rate risk analysis is governed by a specific Directive approved by the Board of Directors that establishes limits, risk taking authority, and controls to be carried out.

The Risk Management Department determines the exposure to interest rate risk and reports such exposure to the Executive Committee on a regular basis. The Execution Desk manages interest rate risk and long-term refinancing in collaboration with Risk Management. The objectives are:

- To assess, measure and manage the interest rate risk related to client transactions
- To optimize the net financial income from hedging transactions
- To monitor liquidity and prevent potential liquidity shortages.

Other market risks

Foreign currency risk
The Group manages foreign currency risk so as to minimize the impact that currency fluctuations could have on its income. Its strategy is essentially to balance its assets in foreign currencies with its liabilities in foreign currencies.

Trading portfolio assets
Financial instruments are traded on behalf of clients and for the Group's own account. Activities for own account are limited to hedging transactions in connection with nostro positions and transactions concerning management of the balance sheet structure. As part of the Group's liquidity management, the Group acquires various positions in its securities portfolios. The limits for these positions are authorized in advance by the Board of Directors.

Liquidity
The liquidity strategy is developed by the ALM Committee. Risk Management is responsible for monitoring liquidity risk and compliance with liquidity limits. Risk Management conducts a review at least one time annually intended for the Board of Directors.

The strategy, determined by the ALM Committee, is approved by the Executive Committee. Liquidity limits are approved on a regular basis by the Executive Committee and the Board of Directors, which take into account the Group's strategy and risk appetite.

Liquidity management is designed to provide the Group with sufficient liquidity to meet its payment obligations at all times.

Operational risk
Operational risk refers to the risk of loss arising from the inadequacy or failure of internal procedures, people, and systems or resulting from external events.

The assessment of operational risk and compliance relates to direct financial losses and the consequences that would result from a loss of client trust. The primary objective of operational risk management is to strengthen the Group's reputation with regard to clients, shareholders and regulators. Operational errors are monitored and reported to the CFO each month.

Other risks
The Swiss government and the US Department of Justice signed an agreement in August 2013 aimed at settling a tax dispute between the two countries. Against this backdrop, the Group, like all other Swiss banks, is dealing with uncertainties weighing on the legal and regulatory environment in which it operates.

The Group reported CHF 630,760 (year-end 2014: CHF 630,760) in investments deposited with the Group related to real property for which there is no orderly market. These investments were created by the former Cramer & C^{ie} on the basis of expanded management mandates that are not limited to ordinary banking transactions, as defined in the Portfolio Management Guidelines published by the Swiss Bankers Association.

2.3 Methods used to identify default risks and to determine the need for value adjustments

Mortgage-based loans
For financing real property for its own use, on a regular basis depending on the circumstances, but at least every ten years, the Group updates the value of the pledges provided by hedonic models prepared by third-party service providers. After approving new valuations, the loan-to-value ratio is updated.

It also analyzes interest in arrears and compliance with the amortization schedule. On this basis, the Group identifies mortgage loans with increased risk exposure. After a detailed analysis by internal specialists, these loans may be subject to a request for additional collateral or a value adjustment for collateral shortfall.

The value of investment properties is determined using a capitalization model for estimated sustainable income. This model takes into account market data and vacancy rates. The rent roll for investment properties is checked during regulatory reviews. If there are indications of changes in the rent roll or vacancy rate, the Group conducts a reappraisal without waiting for the reassessment period to expire.

Securities-based loans

The obligations and the value of the pledged securities are checked daily. If the value of the pledged collateral falls below the amount of the loan, the Group requires either partial repayment or additional collateral. If the collateral shortfall increases or if there are exceptional market conditions, the Group realizes the collateral.

Unsecured loans

For commercial loans, the Group requests information on the company's course of business annually or on a more frequent basis. It requires the transmission of audited annual financial statements and, where applicable, interim financial statements.

The Credit Department analyzes this information and will identify any potential increase in risk. In such a case, the Group will conduct a detailed analysis and will work with the client advisor to determine the measures required. If the loan proves to be impaired at this stage, the Group establishes a value adjustment.

Process for determining value adjustments and provisions

Needs for new value adjustments and provisions are identified using the procedure described in previous sections. Risk positions are reassessed at each monthly closing, and value adjustments are made as a result, if necessary. Value adjustments on risk positions are analyzed and determined by the Credit Committee.

The decisions of the Credit Committee are submitted either to the Executive Committee or to the Board of Directors for approval.

Valuation of loan collateral

Mortgage-based loans

Loans secured by pledged real estate are never granted without an assessment of the collateral centered on the use of the property. Internal appraisers use hedonic valuation models for residential properties. These valuations are compared with actual transaction prices in the same vicinity. For rental properties, commercial buildings and special-use properties, the appraisal is completed by third-party real estate appraisers who determine the capitalized income value. For impaired receivables, the liquidation value of the property is established.

The Group bases its decision to grant loans on the lowest value among the internal appraisal, the purchase price, and any outside appraisal.

Securities-based loans

For Lombard loans and other loans collateralized by securities, only collaterals (bonds, equities) that can be easily traded are accepted. The Group accepts structured products if the investments are regularly listed or if they are issued by the Group itself. To cover market risk, the Group applies discounts to the market price of the securities accepted as collateral.

Single securities or concentrations loans

For loans secured by single securities or poorly diversified securities, collateral that can be easily traded on a recognized exchange or a representative market are accepted. The Group accepts securities if they are regularly listed or if they are issued by the Group itself.

To cover market risk, the Group applies discounts to the market price of the securities accepted as collateral, consistent with the values determined in advance in the Group's internal regulations or corresponding discounts that are normally more conservative in practice than standard regulatory discounts or at least equivalent.

2.5 Business policy for the use of derivative financial instruments and hedge accounting

Business policy for the use of derivative financial instruments

The Group enters into derivative financial instrument contracts for trading and hedging purposes. The Group has no significant market-maker activity. It uses standardized trading instruments and over the counter instruments both for its own account and at the request of clients. It does not trade in credit derivatives.

Derivative financial instruments are used both in the Structured Finance activity and in risk management. In risk management, they are essentially used to hedge interest rate risk.

Use of hedge accounting

Hedge accounting is used in connection with interest rate swaps.

Establishing groups of financial instruments

Positions that are sensitive to interest rate fluctuations (essentially mortgage loans) are grouped by maturity and by currency and are hedged using macro hedges.

The Group documents the relationship between the hedging instrument and the hedged item. It documents the objective of the hedging transaction and the method for measuring the effectiveness of the hedging relationship.

2.6 Material events occurring after the balance sheet date

No events likely to have a material impact on the Group's assets, financial condition, or results occurred after 31 December 2015, the Group’s balance sheet date.

3 Information on the Consolidated Balance Sheet

3.1 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables
(in CHF thousands)

Collateral for loans/receivables and off-balance-sheet transactions	Type of collateral: Secured by mortgage	Type of collateral: Other collateral	Type of collateral: Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from customers	1,543	909,604	16,529	927,676
Mortgage loans				
- Residential property	153,426	-	-	153,426
- Office and business premises	5,804	-	-	5,804
- Commercial and industrial premises	8,910	-	-	8,910
- Other	15,721	-	-	15,721
Total loans (before netting with value adjustments) 31.12.2015	**185,404**	**909,604**	**16,529**	**1,111,537**
Total loans (before netting with value adjustments) 31.12.2014	*174,808*	*590,597*	*23,009*	*788,414*
Total loans (after netting with value adjustments) 31.12.2015	**185,375**	**905,848**	**14,608**	**1,105,831**
Total loans (after netting with value adjustments) 31.12.2014	*174,754*	*590,539*	*19,733*	*785,026*
Off-balance-sheet				
Contingent liabilities	-	15,249	1,160	16,409
Irrevocable commitments	390	12,772	2,924	16,086
Total off-balance-sheet 31.12.2015	**390**	**28,021**	**4,084**	**32,495**
Total off-balance-sheet 31.12.2014	*564*	*47,726*	*3,891*	*52,181*

Impaired loans/receivables	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
31.12.2015	**2,430**	**509**	**1,921**	**1,921**
31.12.2014	*2,652*	*50*	*2,602*	*2,602*

The decrease in impaired loans/receivables stems from the use of a provision for a receivable associated with the Nassau subsidiary amounting to CHF 1,350K, offset by an increase due to the reclassification from “non-performing” to “impaired” of a receivable associated with the Bank amounting to CHF 1,122K.

3.2 Breakdown of trading portfolios and other financial instruments at fair value
(in CHF thousands)

Trading portfolio assets	31.12.2015	31.12.2014
Debt securities, money market securities/transactions	61,002	604
- of which, listed	*61,002*	*603*
Equity securities	4,005	5,415
Total trading portfolio assets	**65,007**	**6,019**
- of which, securities eligible for repo transactions in accordance with liquidity requirements	-	*49*

3.3 Presentation of derivative financial instruments (assets and liabilities)
(in CHF thousands)

	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments						
Interest rate swaps	-	10	1,508	89	5,428	99,125
Foreign exchange/precious metals						
Forward contracts	902	909	113,699	-	-	-
Combined interest rate/ currency swaps	9,629	2,287	927,317	-	-	-
Options (OTC)	15,746	36,555	697,192	-	-	-
Total before/after netting agreements 31.12.2015	**26,277**	**39,761**	**1,739,716**	**89**	**5,428**	**99,125**
Total before/after netting agreements 31.12.2014	*11,579*	*4,689*	*815,232*	-	*3,831*	*87,995*

The Group makes no netting agreements for positive and negative replacement values.

Breakdown by counterparty	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	10,210	16,156

3.4 Breakdown of financial investments
(in CHF thousands)

	Book value		Fair value	
Breakdown of financial investments	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Debt securities	79,543	-	79,223	-
- of which, intended to be held to maturity	*79,543*	-	*79,223*	-
Equity securities	4,548	5,035	4,706	5,127
- of which, qualified participations	-	-	-	-
Precious metals	21,040	23,088	21,040	23,088
Total financial investments	**105,131**	**28,123**	**104,969**	**28,215**
- of which, securities eligible for repo transactions in accordance with liquidity requirements	*66,530*	-	*66,253*	-

Breakdown of counterparties by rating	AAA	AA+	AA	Total
Book value of debt securities	54,445	15,060	10,038	79,543

The Group bases its ratings on Fitch rating categories.

3.5 Presentation of non-consolidated participations
(in CHF thousands)

	Acquisition cost	Accumulated value adjustments and changes in book value	Book value at 31.12.2014	Additions	Disposals	Value adjustments	Book value at 31.12.2015
Non-consolidated participations - without market value	602	-402	200	-	-	-200	-

The figures above refer to a 30% participation in Sofipo SA. This participation is held exclusively for sale in the next 12 months and is therefore not included in the scope of consolidation. It is recorded on the balance sheet at its acquisition cost, after deducting necessary value adjustments. Because its economic situation deteriorated during the year, the Group made an additional value adjustment of CHF 200K, charged against the 2015 income statement according to the principle of prudence, thereby lowering its net book value to zero.

3.6 Disclosure of companies in which the Group holds a permanent direct or indirect significant participation

Company name and domicile	Business activity	Currency	Bank's capital	Share of capital and votes (in %) 31.12.2015	Share of capital and votes (in %) 31.12.2014	Held directly/ indirectly
Participations consolidated by full consolidation						
Private Investment Bank Limited, Nassau	Asset management	USD	7,000,000	100	100	Directly
Cramer Wealth Management SA, in liquidation, Geneva	Wealth management and financial services	CHF	2,000,000	100	100	Directly
Non-consolidated participations						
Sofipo SA, Lugano	Fiduciary	CHF	2,000,000	30	30	Directly

3.7 Presentation of tangible fixed assets
(in CHF thousands)

Tangible fixed assets	Acquisition cost	Accumulated depreciation	Book value at 31.12.2014	Additions	Disposals (including currency translation differences)	Depreciation	Book value at 31.12.2015
Bank buildings	46,409	-19,212	27,197	402	-12,362	-1,071	14,166
Other real estate	9,577	-2,032	7,545	2,726	-7,478	-105	2,688
Separately acquired software	20,079	-18,325	1,754	905	-2	-629	2,028
Other tangible fixed assets	6,869	-5,997	872	105	-1	-379	597
Total tangible fixed assets	**82,934**	**-45,566**	**37,368**	**4,138**	**-19,843**	**-2,184**	**19,479**

During the year, the Bank sold real estate in Lausanne that it owned with a book value of CHF 19,844K.

Operating leases	31.12.2015	31.12.2014
Lease commitments not recognized on the balance sheet		
Maturity up to 12 months	290	59
Maturity between 12 months to 5 years	4,113	4,570
Maturity over 5 years	3,303	-
Total lease commitments not recognized on the balance sheet	**7,706**	**4,629**
- of which, obligations that can be terminated within one year	-	-

3.8 Breakdown of other assets and other liabilities
(in CHF thousands)

Other assets	31.12.2015	31.12.2014
Settlement accounts	73	55
Indirect taxes receivable	285	729
Compensation account	4,526	3,734
Balance receivable of former-BDG building sale	2,531	2,531
Miscellaneous assets	1	3
Total other assets	**7,416**	**7,052**

Other liabilities	31.12.2015	31.12.2014
Settlement accounts	993	807
Indirect taxes due	1,547	2,978
Compensation account	89	565
Balance of interest rate component of former VBAG interest rate transactions	3,812	5,720
Total other liabilities	**6,441**	**10,070**

3.9 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership
(in CHF thousands)

	31.12.2015		31.12.2014	
Pledged/assigned assets	Book values	Effective commitments	Book values	Effective commitments
Amounts due from banks	12,343	6,344	14,418	6,272
Trading portfolio assets	4,500	295	-	-
Financial investments	7,030	-	-	-
Total pledged/assigned assets	**23,873**	**6,639**	**14,418**	**6,272**

3.10 Disclosures on the economic situation of own pension schemes
(in CHF thousands)

Employer contribution reserve (ECR)
There are no employer contribution reserves with respect to pension schemes for the 2015 financial year (2014: none).

Presentation of the economic benefit/obligation and the pension expenses	Contributions paid	Pension expenses in personnel expenses	
	2015	2015	2014
Pension plans without overfunding/underfunding:			
- all employees	2,083	2,083	1,544
- voluntary other employees	337	337	305
Total	**2,420**	**2,420**	**1,849**

All employees of the Bank over 18 years of age are participants in AXA Occupational Benefits Foundation, a company legally independent of the Bank, which offers a defined-contribution plan. Its goal is to insure employees against the economic impacts resulting from retirement, disability and death and guaranteeing benefits set by regulation. It participates in implementing the mandatory insurance plan introduced by the Swiss Federal Occupational Pensions Act and meets its minimum requirements. Employees with contracts of less than three months are not participants in the plan.

Executives and members of management are eligible for a supplemental defined-contribution plan. The foundation for executives covers the portion of salary that exceeds the amount provided in the basic plan. It is financed jointly by the Bank and the insured parties. All employees with over ten years of service may, at their option and on request, switch plans in order to participate in the plan for executives. The retirement age is 64 years old for women and 65 for men. The insured salary of each employee corresponds to the Old Age and Survivors Insurance salary without coordination deduction and 60% of the premiums are paid by the Bank.

The pension scheme and the foundation for executives prepare their financial statements in accordance with the recommendations of Swiss GAAP FER 26. There are no other commitments concerning the employer.

The Bank's pension scheme offers a 100% coverage rate. There is no economic benefit for the Bank as of 31 December 2015 (2014: none). The Bank is not required to pay any contributions beyond the contributions stipulated by regulations in connection with its plans.

The Nassau subsidiary's employees participate on a voluntary basis in Rofenberg, Employee Welfare Foundation, which does not create any economic obligation for the company.

Liabilities relating to own pension schemes
The Group has no liabilities relating to its own pension schemes as of 31 December 2015 (2014: none).

3.11 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year
(in CHF thousands)

	Balance at 31.12.2014	Use in conformity with designated purpose	Reclassifica-tions	Currency translation differences	Past-due interest, recoveries	New creations charged to income	Releases to income	Balance at 31.12.2015
Provisions for other business risks	1,776	-1,312	-	-	-	114	-414	164
Provisions for restructuring	1,986	-997	-	-	-	520	-241	1,268
Other provisions	350	-	-	-	-	946	-	1,296
Total provisions	**4,112**	**-2,309**	**-**	**-**	**-**	**1,580**	**-655**	**2,728**
Reserves for general banking risks	**-**	**-**	**-**	**-**	**-**	**1,500**	**-**	**1,500**
Value adjustments for default and country risks	**3,389**	**-1,430**	**-**	**-85**	**587**	**3,346**	**-65**	**5,742**
- of which, value adjust-ments for default risks in respect of impaired loans/receivables	*2,602*	*-1,430*	*675*	*-100*	*42*	*140*	*-8*	*1,921*
- of which, value adjust-ments for latent risks	*787*	*-*	*-675*	*15*	*545*	*3,206*	*-57*	*3,821*

Use of provisions for other business risks is mainly related to the inability to recover the advance paid by Swiss paying agents pursuant to the agreement with the United Kingdom. Amounts released to income relate to provisions that are no longer economically necessary.

Provisions for restructuring relate mainly to obligations associated with the Valartis Bank AG acquisition and merger in 2014. The Group established a provision associated with a portfolio of clients acquired from another banking institution. The Group also released a provision associated with the acquisition of Banque de Dépôts et de Gestion SA in 2013.

Other provisions include those covering a guarantee granted to the buyer in the sale of real estate in Lausanne. The Group also encounters complaints and legal proceedings for which it has analyzed any related potential outflows of funds.

Value adjustments for default risks were restated to identified economic risks. Use of provisions relates to an impaired receivable associated with the Nassau subsidiary (note 3.1). A provision was created and charged to income for CHF 3,166K as a result of the deterioration of Valartis Group's economic situation in 2015.

3.12 Disclosure of amounts due from/to related parties
(in CHF thousands)

	Amounts due from		Amounts due to	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Holders of qualified participations	25,293	29,027	12,552	10,043
Non-consolidated Group companies	362	526	87	2
Transactions with members of governing bodies	2,729	128	338	1,644
Other related parties	9,323	9,497	24,906	57,228

In the normal course of business, the Group conducts transactions with holders of qualified participations. These include advances, deposits and transactions in financial instruments (currency transactions, securities transactions, etc.).

As of 31 December 2015, one related party was both a holder of a qualified participation and a member of a governing body for a receivable of CHF 2,601K (2014: none) and an obligation of CHF 3K (2014: CHF 3K). These amounts were recorded on the line "Holders of qualified participations."

The Group has receivables and obligations to banks that are predominantly held by holders of qualified participations. These are considered to be other related parties.

There are no material off-balance-sheet transactions with related parties.

Transactions with related parties are entered into under market conditions, with the exception of the following:
- Shareholders benefit from discounted custodian fees and costs;
- Members of the governing bodies benefit from a lower interest rate on mortgage loans (market rate -0.5%).

3.13 Presentation of the maturity structure of financial instruments
(in CHF thousands)

			Due				
Assets/financial instruments	At sight	Cancellable	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	Total
Liquid assets	596,933	-	-	-	-	-	596,933
Amounts due from banks	248,324	-	-	-	100	-	248,424
Amounts due from customers	-	86,108	227,591	205,838	206,932	195,529	921,998
Mortgage loans	-	3,307	44,076	12,483	79,167	44,799	183,832
Trading portfolio assets	65,007	-	-	-	-	-	65,007
Positive replacement values of derivative financial instruments	26,366	-	-	-	-	-	26,366
Financial investments	25,588	-	-	11,058	68,485	-	105,131
Total 31.12.2015	**962,218**	**89,415**	**271,667**	**229,379**	**354,684**	**240,328**	**2,147,691**
Total 31.12.2014	*881,061*	*73,861*	*298,195*	*93,318*	*92,171*	*292,358*	*1,730,964*
Debt capital/financial instruments							
Amounts due to banks	14,083	-	-	-	-	-	14,083
Amounts due in respect of customer deposits	1,374,919	94,124	4,604	158,972	189,624	195,529	2,017,772
Negative replacement values of derivative financial instruments	45,189	-	-	-	-	-	45,189
Cash bonds	-	-	-	130	675	-	805
Total 31.12.2015	**1,434,191**	**94,124**	**4,604**	**159,102**	**190,299**	**195,529**	**2,077,849**
Total 31.12.2014	*1,440,168*	-	*2,200*	*583*	*775*	*250,026*	*1,693,752*

3.14 Presentation of assets and liabilities by Swiss and foreign origin in accordance with the domicile principle
(in CHF thousands)

	31.12.2015		31.12.2014	
Assets	Switzerland	Foreign	Switzerland	Foreign
Liquid assets	596,191	742	512,502	1,423
Amounts due from banks	200,249	48,175	253,256	133,036
Amounts due from customers	104,864	817,134	122,803	490,027
Mortgage loans	183,832	-	172,196	-
Trading portfolio assets	790	64,217	1,270	4,749
Positive replacement values of derivative financial instruments	8,619	17,747	8,120	3,459
Financial investments	23,718	81,413	26,055	2,068
Accrued income and prepaid expenses	5,842	1,901	2,917	1,586
Non-consolidated participations	-	-	200	-
Tangible fixed assets	15,775	3,704	36,309	1,059
Other assets	7,299	117	6,467	585
Total assets	**1,147,179**	**1,035,150**	**1,142,095**	**637,992**

	31.12.2015		31.12.2014	
Liabilities	Switzerland	Foreign	Switzerland	Foreign
Amounts due to banks	6,967	7,116	5,457	4,714
Amounts due in respect of customer deposits	254,832	1,762,940	325,793	1,347,859
Negative replacement values of derivative financial instruments	29,007	16,182	6,429	2,091
Cash bonds	805	-	1,410	-
Accrued expenses and deferred income	10,880	4,838	9,011	4,170
Other liabilities	6,359	82	9,376	694
Provisions	2,728	-	4,112	-
Reserves for general banking risks	1,500	-	-	-
Bank's capital	50,000	-	50,000	-
Capital reserve	11,772	-	11,772	-
Retained earnings reserve	-7,900	5,905	1,696	1,558
Currency translation reserve	-542	-	-825	-
Consolidated profit/loss	13,772	5,086	-9,533	4,303
Total liabilities	**380,180**	**1,802,149**	**414,698**	**1,365,389**

The breakdown by Swiss and foreign origin is made on the basis of the client's domicile, with the exception of mortgage loans where the domicile of the property is the relevant criterion. Liechtenstein is deemed to be a foreign country.

3.15 Breakdown of total assets by country or group of countries
(in CHF thousands)

	31.12.2015		31.12.2014	
Assets	Absolute value	Share as %	Absolute value	Share as %
Europe				
- Switzerland	1,147,179	52.56	1,142,095	64.15
- Germany	403,273	18.48	4,154	0.23
- United Kingdom	229,717	10.53	267,675	15.04
- Russian Federation	83,962	3.85	83,788	4.71
- Luxembourg	20,024	0.92	40,576	2.28
- Netherlands	11,146	0.51	30,070	1.69
- Norway	5,045	0.23	36,478	2.05
- Rest of Europe	70,456	3.23	40,099	2.25
Subtotal Europe	1,970,802	90.31	1,644,935	92.40
America				
- North America	52,460	2.40	13,398	0.75
- British West Indies	48,212	2.21	49,852	2.80
- Panama	43,589	2.00	32,862	1.85
- Bahamas	8,469	0.39	9,494	0.53
- Rest of the America	13,952	0.64	12,997	0.73
Subtotal America	166,682	7.64	118,603	6.66
Africa	1,882	0.09	2,294	0.13
Asia	12,972	0.59	7,400	0.42
Australia/Oceania	29,991	1.37	6,855	0.39
Total assets	**2,182,329**	**100.00**	**1,780,087**	**100.00**

3.16 Breakdown of total assets by credit rating of country groups
(in CHF thousands)

	31.12.2015		31.12.2014	
Net foreign exposure	Absolute value	Share as %	Absolute value	Share as %
SERV risk categories				
1 & 2	831,784	80.36	489,281	76.69
3	10	0.00	30	0.00
4	55,699	5.38	128,593	20.16
5	86,184	8.33	586	0.09
6	3,081	0.30	7,890	1.24
7	5,482	0.53	5,880	0.92
Unrated	52,910	5.10	5,732	0.90
Total assets	**1,035,150**	**100.00**	**637,992**	**100.00**

The Group uses the ratings provided by FINMA, which are derived from SERV Swiss Export Risk Insurance (an institution of the Swiss Confederation under public law).

3.17 Presentation of assets and liabilities broken down by the most significant currencies for the Group
(in CHF thousands)

Assets	CHF	USD	EUR	GBP	Various	Total
Liquid assets	593,768	262	2,811	81	11	596,933
Amounts due from banks	72,644	56,146	81,225	4,043	34,366	248,424
Amounts due from customers	114,156	261,720	323,486	207,554	15,082	921,998
Mortgage loans	183,832	-	-	-	-	183,832
Trading portfolio assets	1,473	37,084	26,414	34	2	65,007
Positive replacement values of derivative financial instruments	9,679	2,166	14,521	-	-	26,366
Financial investments	11	79,556	4,524	-	21,040	105,131
Accrued income and prepaid expenses	5,823	1,326	327	15	252	7,743
Non-consolidated participations	-	-	-	-	-	-
Tangible fixed assets	15,956	3,500	-	-	23	19,479
Other assets	7,296	36	74	7	3	7,416
Total assets shown in balance sheet	**1,004,638**	**441,796**	**453,382**	**211,734**	**70,779**	**2,182,329**
Delivery entitlements from spot exchange, forward forex and forex options transactions	134,562	349,939	589,949	34,454	729,936	1,838,840
Total assets	**1,139,200**	**791,735**	**1,043,331**	**246,188**	**800,715**	**4,021,169**

Liabilities	CHF	USD	EUR	GBP	Various	Total
Amounts due to banks	4,841	2,703	4,598	1,310	631	14,083
Amounts due in respect of customer deposits	267,650	513,929	596,057	222,919	417,217	2,017,772
Negative replacement values of derivative financial instruments	8,134	10,596	26,450	9	-	45,189
Cash bonds	805	-	-	-	-	805
Accrued expenses and deferred income	9,306	4,688	1,206	91	427	15,718
Other liabilities	5,430	91	896	23	1	6,441
Provisions	2,728	-	-	-	-	2,728
Reserves for general banking risks	1,500	-	-	-	-	1,500
Bank's capital	50,000	-	-	-	-	50,000
Capital reserve	11,772	-	-	-	-	11,772
Retained earnings reserve	-7,900	5,905	-	-	-	-1,995
Currency translation reserve	-542	-	-	-	-	-542
Consolidated profit/loss	13,772	5,086	-	-	-	18,858
Total liabilities shown in the balance sheet	**367,496**	**542,998**	**629,207**	**224,352**	**418,276**	**2,182,329**
Delivery obligations from spot exchange, forward forex and forex options transactions	776,352	207,404	449,742	18,399	386,943	1,838,840
Total liabilities	**1,143,848**	**750,402**	**1,078,949**	**242,751**	**805,219**	**4,021,169**
Net position per currency	-4,648	41,333	-35,618	3,437	-4,504	

4 Information on Off-Balance-Sheet Transactions (consolidated)

4.1 Breakdown and explanations of contingent assets and liabilities
(in CHF thousands)

	31.12.2015	31.12.2014
Guarantees to secure credits and similar	16,409	23,773
Total contingent liabilities	**16,409**	**23,773**
Contingent assets arising from tax losses carried forward	20,606	24,388
Total contingent assets	**20,606**	**24,388**

Contingent liabilities include guarantees issued on behalf of clients and are for the most part covered by pledged client assets (note 3.1).

4.2 Breakdown of fiduciary transactions
(in CHF thousands)

	31.12.2015	31.12.2014
Fiduciary investments with third-party companies	277,298	306,246
Total fiduciary transactions	**277,298**	**306,246**

4.3 Breakdown of managed assets and presentation of their development
(in CHF thousands)

Breakdown of managed assets	31.12.2015	31.12.2014
Assets in collective investment schemes managed by the Group	26,989	49,338
Assets under discretionary asset management agreements	694,649	822,254
Other managed assets	4,652,638	4,311,882
Total managed assets (including double counting)	**5,374,276**	**5,183,474**
of which, double counting	*22,279*	*30,844*

Managed assets include all client assets that are investments under custody with the Group and client assets under custody with third-party banks but managed by the Group. Assets of banks and assets of fund managers for which the Group serves exclusively as custodian bank are treated as custody assets and are not included in managed assets.

Assets under discretionary asset management agreements include client assets for which the investment decisions are made by the Group. Other managed assets are those for which the investment decisions are made by the client. Assets in collective investment schemes managed by the Group and sold in another sector are recognized twice given that each unit provides services to clients and generates income.

4.3 Breakdown of managed assets and presentation of their development (continued)

(in CHF thousands)

Presentation of the development of managed assets	2015
Total managed assets (including double counting) at beginning	5,183,474
+/- Net new money inflow or net new money outflow	58,286
+/- Price gains/losses, interest, dividends and currency gains/losses	-210,771
+/- Changes in managed assets financed by Lombard loans	311,699
+/- Other effects	31,588
Total managed assets (including double counting) at end	**5,374,276**

During the 2015 financial year, as part of its Structured Finance business, the Group granted loans totaling CHF 355,807K secured by gold deposits. In addition, the Group acquired a portfolio of clients from another banking institution for CHF 31,588K, recorded under "Other effects."

The Group determines the amount of net new money based on inflows and outflows of client funds. Interest income and dividends generated by managed assets are not considered an inflow of new money. The amount of net new money excludes changes related to the market and exchange rates and excludes fees, commissions and debited interest.

5 Information on the Consolidated Income Statement

5.1 Breakdown of the result from trading activities and the fair value option
(in CHF thousands)

Breakdown by business area	2015	2014
Trading activities for the account of the client	8,260	3,903
Trading activities for own account	5,509	1,925
Trading activities for Structured Finance	4,201	-
Total result from trading activities	**17,970**	**5,828**

Result from the use of the fair value option	2015	2014
Result from trading activities from:		
Equity securities (including funds)	2,244	517
Foreign currencies	872	3,944
Commodities/precious metals	14,854	1,367
Total result from trading activities	**17,970**	**5,828**
- of which, from fair value option	*2,287*	-
• *of which, from fair value option on assets*	-	-
• *of which, from fair value option on liabilities*	*2,287*	-

5.2 Disclosure of material refinancing income in the item "Interest and discount income" as well as material negative interest
(in CHF thousands)

Material refinancing income in the item "Interest and discount income"
Interest and discount income is not credited for refinancing costs for trading positions.

Material negative interest	2015	2014
Negative interest on the lending business (reduction in interest and discount income)	-2,067	-
Negative interest on the borrowing business (reduction in interest expense)	-	-

5.3 Breakdown of personnel expenses
(in CHF thousands)

	2015	2014
Salaries (meeting attendance fees and fixed compensation to members of the Group's governing bodies, salaries and benefits)	25,741	16,652
Social insurance benefits	1,546	1,178
Contributions to pension funds for personnel	2,420	1,849
Insurance for personnel	264	206
Professional training expenses	115	162
Other personnel expenses	1,566	1,309
Total personnel expenses	**31,652**	**21,356**

5.4 Breakdown of general and administrative expenses
(in CHF thousands)

	2015	2014
Office space expenses	2,622	1,788
Expenses for information and communications technology	8,512	7,625
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	364	405
Professional fees	2,678	1,720
Fees of audit firms	931	575
- of which, for financial and regulatory audits	*841*	*486*
- of which, for other services	*90*	*89*
Travel and representation expenses	983	779
Costs related to the acquisition and merger of former VBAG	-	170
Costs related to various projects	1,065	992
Indirect taxes	206	479
Other operating expenses	1,660	1,267
Total general and administrative expenses	**19,021**	**15,800**

5.5 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

Material losses
The Group recorded no material losses during the financial year.

Extraordinary income
Extraordinary income of CHF 15,204K is essentially comprised of the net profit from the sale of real estate in Lausanne that took place on 23 November 2015.

Extraordinary expenses
There were no material extraordinary expenses during the financial year.

Reserves for general banking risks
The Group established reserves for general banking risks totaling CHF 1,500K to cover any unrealized fluctuations stemming from its Structured Finance activity.

Value adjustments and provisions no longer required
Significant changes to provisions and other value adjustments are detailed in the table showing value adjustments and provisions (note 3.11).

5.6 Presentation of the operating result broken down according to Swiss and foreign origin, according to the principle of permanent establishment
(in CHF thousands)

	2015		2014	
	Switzerland	Foreign	Switzerland	Foreign
Result from interest operations	5,377	418	4,454	264
Result from commission business and services	26,368	11,626	20,216	9,727
Result from trading activities and the fair value option	15,055	2,915	5,436	392
Other result from ordinary activities	-1,983	-	-810	47
Total income	**44,817**	**14,959**	**29,296**	**10,430**
Personnel expenses	-28,126	-3,526	-18,729	-2,627
General and administrative expenses	-15,880	-3,141	-13,678	-2,122
Total operating expenses	**-44,006**	**-6,667**	**-32,407**	**-4,749**
Value adjustments on participations, depreciation and amortization of tangible fixed assets and intangible assets	-2,096	-287	-2,580	-183
Changes to provisions and other value adjustments, and losses	-1,016	-67	-4,227	-45
Operating result	**-2,301**	**7,938**	**-9,918**	**5,453**

5.7 Presentation of current and deferred taxes and disclosure of tax rate
(in CHF thousands)

	2015	2014
Expenses for current income and capital taxes	379	498
Total taxes	**379**	**498**
The weighted average tax rate (as a %) on the basis of the operating result	n/a	n/a

The Group did not calculate an average tax rate for 2015 and 2014 because it has deductible tax loss carry-forwards totaling CHF 84 million at year-end 2015 (2014: CHF 98 million), resulting in no income tax.

Tax expense relates only to tax on capital (approximate rate of 0.45%).

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Banque Cramer & Cie SA, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 14 to 42 of the Annual Report 2015) for the year ended 31 December 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the provisions governing the preparation of financial statements for Banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the provisions governing the preparation of financial statements for Banks and comply with Swiss law.

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 consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG SA

Nicolas Moser	Raphaël Prébandier
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	Auditor

Geneva, April 28, 2016

Enclosure:

- Consolidated financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes)

Disclosure Requirements of Capital Adequacy, Liquidity and Leverage

Eligible Capital
(in CHF thousands)

	31.12.2015	31.12.2014
Common Equity Tier 1 Capital (CET1)	74,071	57,976
Additional Tier 1 Capital (AT1)	-	-
Tier 2 Capital (T2)	2,291	10,174
Total eligible capital	**76,362**	**68,150**

Minimum Required Capital
(in CHF thousands)

	Approach	31.12.2015	31.12.2014
Minimum required capital for:			
- Credit risk	International	20,211	20,250
- Non-counterparty-related risk		1,558	2,989
- Market risk	Standard	4,246	1,943
- Operational risk	Basic indicator	10,030	10,715
Total minimum required capital		**36,045**	**35,897**

Capital Ratios
(as a % of risk-weighted positions)

	31.12.2015	31.12.2014
CET1 ratio	16.44	12.91
T1 ratio	16.44	12.91
Ratio regarding the regulatory capital ratio (T2)	16.95	15.17
CET1 requirements according to the Capital Adequacy Ordinance	4.74	4.73
- of which, counter-cyclical buffers	*0.24*	*0.23*
Available CET1 to cover the minimum and buffer requirements, after deducting AT1 and T2 requirements which are fullfilled with CET1	8.80	5.28
Capital target ratio for CET1 as per Circ.-FINMA 11/2 plus the counter-cyclical buffer	7.64	7.63
Available CET1	8.80	5.28
Capital target ratio for T1 as per Circ.-FINMA 11/2 plus the counter-cyclical buffer	9.24	9.23
Available T1	7.20	3.68
Regulatory capital target according to Circ.-FINMA 11/2 plus the counter-cyclical buffer	11.44	11.43
Available regulatory capital	5.51	3.75

Leverage Ratio
(in CHF thousands)

	31.12.2015	31.12.2014
Tier 1 Capital (T1)	74,071	57,976
Exposure measure subject to the leverage ratio	2,217,757	1,684,923
Leverage ratio (as a %)	3.34	3.44

Liquidity Coverage
(in CHF thousands)

	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Total high quality liquid assets (HQLA)	579,147	439,203	426,699	174,897
Total net cash outflows	123,784	140,446	165,353	168,893
Liquidity coverage ratio (as a %)	467.87	312.72	258.05	103.55

Banque Cramer & Cie SA

Financial Statements

Balance Sheet
(in CHF)

Assets	Note	31.12.2015	31.12.2014
Liquid assets		596,932,840	513,924,727
Amounts due from banks		229,291,404	279,224,137
Amounts due from customers	3.1	901,164,323	589,405,401
Mortgage loans	3.1	183,832,319	172,195,852
Trading portfolio assets	3.2	65,002,579	6,019,256
Positive replacement values of derivative financial instruments	3.3	26,367,108	11,593,233
Financial investments	3.4	105,118,550	28,111,014
Accrued income and prepaid expenses		7,017,671	3,952,251
Participations		10,614,898	10,924,898
Tangible fixed assets		15,774,995	36,308,834
Other assets	3.5	7,304,934	6,865,773
Total assets		**2,148,421,621**	**1,658,525,376**
Total subordinated claims		6,286	97,419

Liabilities	Note	31.12.2015	31.12.2014
Amounts due to banks		363,409,966	283,985,484
Amounts due in respect of customer deposits		1,649,334,867	1,287,184,322
Negative replacement values of derivative financial instruments	3.3	45,208,935	8,550,352
Cash bonds		805,000	1,410,000
Accrued expenses and deferred income		10,946,625	9,204,574
Other liabilities	3.5	6,359,692	9,931,335
Provisions	3.8	3,141,517	4,111,930
Reserves for general banking risks	3.8	1,500,000	-
Bank's capital	3.9	50,000,000	50,000,000
Statutory capital reserve		11,771,884	11,771,884
- of which tax-exempt capital contribution reserve		*11,771,884*	*11,771,884*
Statutory retained earnings reserve		7,591,000	7,591,000
Loss carried forward		-15,215,505	-5,963,714
Profit/loss (result of the period)		13,567,640	-9,251,791
Total liabilities		**2,148,421,621**	**1,658,525,376**

Off-balance-sheet transactions	Note	31.12.2015	31.12.2014
Contingent liabilities	3.1	15,999,873	23,347,861
Irrevocable commitments	3.1	16,086,123	28,408,403

Income Statement
(in CHF)

	Note	2015	2014
Result from interest operations			
Interest and discount income	5.2	9,948,383	7,306,260
Interest and dividend income from trading portfolios		639,520	83,438
Interest and dividend income from financial investments		748,435	108,986
Interest expense	5.2	-1,579,618	-2,344,650
Gross result from interest operations		**9,756,720**	**5,154,034**
Changes in value adjustments for default risks and losses from interest operations	3.8	-3,745,342	-699,617
Subtotal net result from interest operations		**6,011,378**	**4,454,417**
Result from commission business and services			
Commission income from securities trading and investment activities		29,327,844	23,002,217
Commission income from lending activities		254,077	443,645
Commission income from other services		5,206,060	2,015,710
Commission expense		-6,614,521	-3,794,961
Subtotal result from commission business and services		**28,173,460**	**21,666,611**
Result from trading activities and the fair value option	5.1	**15,548,525**	**5,216,455**
Other result from ordinary activities			
Result from the disposal of financial investments		-	243,018
Result from real estate		417,784	467,062
Other ordinary income		-	2,876
Other ordinary expenses		-2,400,831	-1,522,747
Subtotal other result from ordinary activities		**-1,983,047**	**-809,791**
Operating expenses			
Personnel expenses	5.3	-28,126,156	-18,729,179
General and administrative expenses	5.4	-15,663,191	-13,515,093
Subtotal operating expenses		**-43,789,347**	**-32,244,272**
Value adjustments on participations, depreciation and amortization of tangible fixed assets and intangible assets		-2,207,161	-2,580,318
Changes to provisions and other value adjustments, and losses	3.8, 5.5	-1,430,106	-4,226,194
Operating result		**323,702**	**-8,523,092**
Extraordinary income	5.5	15,203,755	112,697
Extraordinary expenses	5.5	-103,577	-352,145
Changes in reserves for general banking risks	5.5	-1,500,000	-
Taxes	5.7	-356,240	-489,251
Profit/loss (result of the period)		**13,567,640**	**-9,251,791**

Statement of Changes in Equity
(in CHF thousands)

	Bank's capital	Statutory capital reserve	Statutory retained earnings reserve	Reserves for general banking risks	Loss carried forward	Profit/loss (result of the period)	Total
Equity at 1 January 2015	50,000	11,772	7,591	-	-5,964	-9,252	54,147
Transfer to loss carried forward	-	-	-	-	-9,252	9,252	-
Allocated to reserves for general banking risks	-	-	-	1,500	-	-	1,500
Profit 2015	-	-	-	-	-	13,568	13,568
Equity at 31 December 2015	**50,000**	**11,772**	**7,591**	**1,500**	**-15,216**	**13,568**	**69,215**

Notes to the Annual Financial Statements

1 Business Name, Legal Form and Domicile

Banque Cramer & Cie SA is a corporation organized under Swiss law. In addition to its headquarters in Geneva, the Bank operates branches in Lausanne, Lugano and Zurich. The Bank has two subsidiaries, Cramer Wealth Management SA, based in Geneva (in liquidation), and Private Investment Bank Limited, based in Nassau, Bahamas.

Business Activity and Staff Level

The Bank engages in the following activities in the course of its business:

- Receipt of funds in current accounts
- Asset management
- Execution of transactions in certificated and uncertificated financial instruments, derivatives, and precious metals, together with stock exchange transactions, either on a proprietary basis or on behalf of third parties
- Granting of Lombard and mortgage loans, fixed term or sight loans and advances
- Spot or forward exchange transactions
- Execution of fiduciary transactions
- Asset management and custody
- Structured Finance activities

The Bank may also acquire, administer, and control participations in any companies operating in the same business sector and acquire real estate in Switzerland or abroad. In 2012, the Bank outsourced its back office activities and some activities related to IT infrastructure maintenance, as defined in FINMA Circular 2008/7.

As of 31 December 2015, the Bank had 123 employees, for a full-time equivalent of 109 employees (year-end 2014: 119 and 112). During the 2015 financial year, the Bank acquired a portfolio of clients from another banking institution.

2 Other Information Required by FINMA Circular 2015/01

2.1 Accounting and valuation principles

2.1.1 General principles

The accounting and valuation principles comply with the Swiss Code of Obligations, the Swiss Federal Act on Banks and Savings Banks, the Ordinance on Banks and Savings Banks, and the accounting provisions for banks, securities dealers, and financial groups and conglomerates as defined by FINMA Circular 2015/01 of the Swiss Financial Market Supervisory Authority (ARB-FINMA). The reliable-assessment statutory single-entity financial statements are presented in such a way that a third party can make a reliable assessment of the Bank's economic position. The annual financial statements may contain hidden reserves. The figures in the notes are rounded for publication purposes.

General valuation principles

The financial statements have been prepared on the assumption that the Bank will continue as a going concern. Balance sheet entries are made on a going-concern basis.

The asset side of the balance sheet includes assets that the Bank may have available due to past events, from which it expects to receive a cash inflow, and the value of which can be reliably estimated. If no reliable estimate of the value of an asset can be made, it is considered to be a contingent asset requiring explanation in the notes.

Borrowed capital resulting from past events, from which a cash outflow is probable, and the value of which can be reliably estimated are entered as liabilities on the balance sheet. If no reliable estimate of the value of a liability can be made, it is considered to be a contingent liability requiring explanation in the notes.

The items presented on the balance sheet are valued individually. The financial statements do not apply the transitional provision that defers the implementation of the individual valuation of participations, tangible fixed assets and intangible assets to no later than 1 January 2020.

Offsetting and netting of assets and liabilities and of income and expenses is in principle prohibited. The offsetting of receivables and payables is limited to the netting of value adjustments from the corresponding asset items.

Participations held exclusively for sale at a later time are excluded from the scope of consolidation. They are recorded on the balance sheet at their acquisition cost, after deducting necessary value adjustments.

Financial instruments

Liquid assets

Liquid assets are recognized at their nominal value.

Securities financing transactions

Securities financing transactions include repurchase and reverse repurchase transactions, securities lending and securities borrowing.

Amounts due from banks, amounts due from customers and mortgage loans

Amounts due from banks, amounts due from customers and mortgage loans are recognized at their nominal value less any necessary value adjustments.

Impaired loans and receivables, which result when it is unlikely that the debtor will be able to fulfill its future obligations, are valued individually, and the impairment is covered by individual value adjustments. The impairment corresponds to the difference between the book value of the loan or receivable and the likely recoverable amount.

The likely recoverable amount of the collateral is the liquidation value (estimated disposal value, after deducting holding costs and liquidation costs). In these cases, the Bank always reviews the total obligation of the client or the economic entity as to the counterparty risk that it might represent.

The Bank does not use an internal rating system for its loans and receivables. The Credit Department monitors risk positions and determines the necessary value adjustments for impaired loans and receivables and those identified as non-performing.

Impaired loans and receivables are carried on the balance sheet at their nominal value when the principal and interest due are once again paid according to contractual provisions and the criteria for creditworthiness.

Individual value adjustments and value adjustments for latent default risks are offset with the corresponding assets.

Value adjustments that are released to income have an impact on the income statement under the item “Changes in value adjustments for default risks and losses from interest operations.”

Amounts due to banks and amounts due in respect of customer deposits

These items are recognized at their nominal value. Amounts due in respect of precious metal account deposits are valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Positive and negative replacement values of derivative financial instruments

Derivative financial instruments are used for trading and hedging purposes.

Trading portfolio assets

All derivative financial instruments from trading portfolio assets are valued at fair value and their positive and negative replacement values are reported in the corresponding balance sheet items. Fair value is based on market prices, information from brokers, and valuation models (discounted cash flow, option).

The result from trading activities and the unrealized valuation result from trading activities are recorded in the item “Result from trading activities and the fair value option.”

Hedging transactions

The Bank uses derivative financial instruments to hedge interest rate risk in managing its balance sheet. Hedging transactions are valued using the same method as the hedged item.

The valuation result of hedging instruments is reported in the compensation account unless a change in book value has been recorded in the hedged item. The net balance of the compensation account is presented either in the item “Other assets” or in “Other liabilities.”

The Bank documents hedging relationships and the goals and strategies of hedging transactions when entering into these transactions. The Bank periodically measures the effectiveness of hedging relationships. If a portion or the entirety of the relationship is ineffective, the ineffective portion of the transaction is treated as equivalent to a trading transaction.

Other financial instruments at fair value and liabilities from financial instruments at fair value

As part of its Structured Finance activities, the Bank may issue structured products.
Self-issued structured products are recognized in the item “Liabilities from other financial instruments at fair value.”

Financial investments

Financial investments comprise debt securities, equity securities, physical precious metal holdings and any real estate and commodities that have been acquired as a result of credit activities and are intended for resale.

For financial investments valued at the lower of cost or market value, an upwards revaluation to the historical or acquisition cost at maximum is recognized where the fair value falls below the acquisition cost and then recovers.

The balance of the changes in book value is recognized under the items “Other ordinary expenses” or ”Other ordinary income,” as appropriate.

Debt securities intended to be held to maturity

Debt securities intended to be held to maturity are valued and recorded at acquisition cost and the premium/discount (interest component) is accrued over the term (accrual method).

Default-risk-related changes in book value are recognized immediately by means of a charge to the item “Changes in value adjustments for default risks and losses from interest operations.”

If financial investments intended to be held until maturity are sold or repaid prior to maturity, the profits and losses realized that correspond to the interest component are accrued over the remaining term to maturity in the items “Other assets” or “Other liabilities.”

Debt securities not intended to be held to maturity (available for sale)

These are valued at the lower of cost or market value. Changes in book value resulting from subsequent valuations are generally recognized in the items “Other ordinary expenses” or “Other ordinary income,” as appropriate.

Default-risk-related changes in book value are recognized in the item “Changes in value adjustments for default risks and losses from interest operations.”

Equity securities, own physical precious metal holdings, real estate properties and commodities that have been acquired as a result of credit activities and are intended for resale

These are valued at the lower of cost or market value. In the case of real estate properties acquired via credit activities and intended for resale, the lower of cost or market value is deemed to be the lower of the acquisition value or the liquidation value. Own physical precious metal holdings included under financial investments that serve to secure obligations arising from precious metal accounts are to be valued at fair value. Changes in book value are generally recognized in the items “Other ordinary expenses” or “Other ordinary income,” as appropriate.

Participations

Equity securities issued by companies that the Bank holds with the intention of a permanent investment regardless of the percentage of voting shares held are considered to be participations.

Participations are valued individually, at their acquisition cost, after deducting economically necessary value adjustments.
On each balance sheet date, the Bank tests whether the value of participations has been impaired. This test is based on indications reflecting a possible impairment of individual assets.

Where such indications are present, the Bank determines the recoverable amount of each asset. The recoverable amount is deemed to be the higher of the net market value and the value-in-use. An asset is impaired if its book value exceeds its recoverable amount. If there is impairment, the book value is reduced to the recoverable amount and the impairment is charged to “Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets.”

Gains realized from the disposal of participations are recorded in the item “Extraordinary income,” and losses realized are recorded in “Extraordinary expenses.”

Tangible fixed assets

Tangible fixed assets are carried on the balance sheet at their acquisition cost, after deducting accumulated scheduled depreciation over the estimated useful life.

Tangible fixed assets are depreciated on a straight-line basis in the item “Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets” based on the conservatively estimated useful life of the asset.

The estimated useful life of tangible fixed assets are as follows:

- Bank real estate	100 years
- Real estate renovation work	10 years
- Vehicles	8 years
- Acquired computer programs	7 years
- Office equipment and furniture	5 years
- Server hardware	5 years
- Other computer programs	3 years
- Other hardware	3 years
- Telephone equipment	3 years
- Leasehold improvements	Depending on term of lease

On each balance sheet date, the Bank tests whether the value of each tangible fixed asset has been impaired. This test is based on indications reflecting a possible impairment of individual assets. Where such indications are present, the Bank determines the recoverable amount of each asset. An asset is impaired if its book value exceeds its recoverable amount.

If there is impairment, the book value is reduced to the recoverable amount and the impairment is charged to “Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets.” If, during impairment testing of a tangible fixed asset, a change in the asset’s useful life is established, the remaining book value is subjected to scheduled depreciation over the useful life newly determined by the Bank.

Gains realized from the disposal of tangible fixed assets are recorded in the item “Extraordinary income,” and losses realized are recorded in “Extraordinary expenses.”

Intangible assets

Intangible assets acquired are recognized as assets if they will yield a measurable benefit for the Bank over more than one year. Intangible assets generated by the Bank are not recognized as assets. They are carried on the balance sheet and valued at their acquisition cost.

Gains realized from the disposal of intangible assets are recorded in the item “Extraordinary income,” and losses realized are recorded in “Extraordinary expenses.”

Provisions

Legal or factual obligations are valued on a regular basis. Where a cash outflow is probable and can be reliably estimated, a provision in the corresponding amount is created. Existing provisions are reassessed on each balance sheet date. Based on this assessment, they are increased, remain unchanged or are released.

Provisions that are no longer economically necessary and are not simultaneously used for other requirements of the same type are released to income.

Releases to income of provisions that are no longer economically necessary are reported as follows:

- Tax provisions via the item “Taxes”
- Provisions for pension benefit obligations via the item “Personnel expenses”
- Other provisions via the item “Changes to provisions and other value adjustments, and losses,” with the exception of restructuring provisions that were created via the item “Personnel expense.”

Reserves for general banking risks

Reserves for general banking risks are reserves that are established as a precaution to cover the Bank’s business risks.

Reserves for general banking risks are created and released under the income statement item “Changes in reserves for general banking risks.” Reserves for general banking risks are, in principle, taxed.

Taxes

Current taxes are recurring taxes affecting income and capital, generally annually, Transaction taxes are not included.

Liabilities from current income taxes and capital taxes are disclosed in the item “Accrued expenses and deferred income.”

Current income taxes and capital tax expenses are reported in the income statement in the item “Taxes.”

Pension benefit obligations

The accounting treatment of pension benefit obligations is based on the Swiss GAAP standard FER 16. Pension benefit obligations include all obligations from pension schemes that provide benefits for retirement, death or disability.

The Bank is liable for all regulatory pension contributions. Reserves are established to finance the cost inherent in the increase in life expectancy.

Off-balance-sheet transactions

Off-balance-sheet transactions are presented at nominal value. Provisions are established on the liabilities side of the balance sheet for unforeseeable risks.

2.1.2 Changes to accounting and valuation principles

No changes were made to accounting and valuation principles compared to the prior year other than those arising from the adoption of “Accounting rules for banks“ (“ARB-FINMA” Accounting – FINMA Circular 2015/01). The Bank restated the 2014 financial statements to comply with FINMA Circular 2015/01. Such restatements had no impact on the Bank's equity or net results for the 2014 financial year. These restatements were simply reclassifications.

2.1.3 Recording of business transactions

Transactions are recorded on the balance sheet on the day they are entered into. Results from all transactions entered into are included in the income statement on the date they are transacted.

2.1.4 Treatment of past-due interest

Past-due interest is not retroactively canceled. Receivables arising from interest accrued up to the expiry of the 180-day period (due and unpaid interest and accrued interest) are written off via the item “Changes in value adjustments for default risks and losses from interest operations.”

Interest and related commissions that are considered impaired are not recorded as interest income. Interest and fees due and unpaid for more than 180 days are considered impaired.

In the case of current account credit facilities used, interest and commissions are considered impaired where the credit facility limit has been exceeded for more than 180 days. From then on, future interest and commissions accruing may no longer be credited to the income statement item “Interest and discount income” until no overdue interest has been outstanding for longer than 180 days.

2.1.5 Foreign currency translation

Positions in foreign currencies at the balance sheet date are converted into Swiss francs at the exchange rate prevailing on the balance sheet date insofar as they are not valued at historical exchange rates. Foreign exchange income from the conversion of foreign currency positions is recorded in the line time “Result from trading activities and the fair value option.” The conversion rates for key currencies were as follows:

31.12.2015		31.12.2014	
Closing rate		**Closing rate**	
USD	1.0018	USD	0.9943
EUR	1.0877	EUR	1.2032
GBP	1.4766	GBP	1.5487

Transactions in foreign currencies are converted into the local currency at the rate of exchange prevailing on the transaction date. Foreign exchange income in foreign currencies is converted into the local currency when recorded. Unrealized foreign exchange gains and losses are recorded on the income statement on the balance sheet date.

2.1.6 Treatment of the refinancing of trading positions

The costs of refinancing trading positions are charged to the result from trading activities.

2.2 Risk management

The Board of Directors conducted an analysis of the Bank's principal risk exposure. This analysis is based on the information and tools adopted by the Bank for its risk management. In its risk analysis, the Board of Directors took into account the control system implemented to manage and reduce risks.

The internal directive, "Risk policy – Risk management," approved by the Bank's Board of Directors, sets forth the guidelines defining the risk policy and sets the limits for transactions for own account. The Bank has created different committees so as to manage risks internally.

Credit risk

The Bank's strategy consists mainly in limiting the loans it grants to those secured by pledged assets deposited with the Bank. Client assets serving as collateral for Lombard loans are calculated daily at market value, weighted by the collateral margins defined by investment type and approved by the Bank's Board of Directors. The Bank also grants mortgage loans on real property located in Switzerland. A review is conducted every five or ten years for residential property and every three or five years for all other real estate on the basis of the loan-to-value ratio.

The Credit Department regularly monitors compliance with credit margins. A detailed credit risk report is delivered to the Executive Committee at each of its meetings. Overdrafts and advances made without a signed pledge agreement are considered unsecured for accounting purposes, even if the borrower has securities on deposit with the Bank.

Past-due receivables are divided into two categories, depending on the degree of risk of loss: non-performing receivables and impaired receivables. A receivable is considered non-performing when any payment relating to interest, commissions, or full or partial repayment of principal has not been received more than 90 days after the due date. A non-performing receivable requires no specific accounting entry. A receivable is considered impaired when evidence suggests that future contractual payments due of principal and/or interest are unlikely to be made or, no later than when such payments are more than 180 days late. These receivables are assessed individually at liquidation value and the impairment relating thereto is posted as a reduction to the item in question on the asset side of the balance sheet.

The Bank updates the list of non-performing and impaired receivables on a monthly basis. A receivable is no longer considered impaired if the arrears (principal and interest) have been paid and debt service has resumed as normal. In 2012, the Bank's Board of Directors decided to suspend international trading activities for client accounts. As of 31 December 2015, one transaction was still open but will be settled in the short term. Unsecured loans are generally commercial loans or client account overdrafts.

Following the acquisition and merger of Valartis Bank AG (hereinafter former VBAG), the Bank acquired a team of staff specializing in Structured Finance. This activity consists of developing and implementing complex, tailor-made investments for institutional clients and wealthy private clients. These transactions generally include predominantly secured loans.

Counterparty risk in interbank business

The Bank uses a limit system to manage counterparty risk in interbank transactions and trading activities. It works only with first-rate counterparties and enters into business relationships only after conducting a detailed assessment of the default risk. The limit amount is essentially based on the counterparty's credit rating.

The counterparty's credit rating and, therefore, its maximum credit limit are reassessed on a regular basis. The risk control function monitors the counterparty rating on a monthly basis. In the case of extreme market events, the Bank analyzes the situation so that it can react quickly to any increase in risk.

Interest rate risk

Because of the structure of its balance sheet activities, the Bank is exposed to the risk of an unfavorable change caused by a fluctuation of interest rates in the market. Interest rate risk is limited by regularly monitoring the matching of maturities of assets and liabilities and the occasional use of hedging instruments. Interest rate risk analysis is governed by a specific Directive approved by the Board of Directors that establishes limits, risk taking authority, and controls to be carried out.

The Risk Management Department determines the exposure to interest rate risk and reports such exposure to the Executive Committee on a regular basis. The Execution Desk manages interest rate risk and long-term refinancing in collaboration with Risk Management. The objectives are:

- To assess, measure and manage the interest rate risk related to client transactions
- To optimize the net financial income from hedging transactions
- To monitor liquidity and prevent potential liquidity shortages.

Other market risks

Foreign currency risk

The Bank manages foreign currency risk so as to minimize the impact that currency fluctuations could have on its income. Its strategy is basically to balance its assets in foreign currencies with its liabilities in foreign currencies.

Trading portfolio assets

Financial instruments are traded on behalf of clients and for the Bank's own account. Activities for own account are limited to hedging transactions in connection with nostro positions and transactions concerning management of the balance sheet structure.

As part of the Bank's liquidity management, it acquires various positions in its securities portfolios. The limits for these positions were authorized in advance by the Board of Directors.

Liquidity
The liquidity strategy is developed by the ALM Committee. Risk Management is responsible for monitoring liquidity risk and compliance with liquidity limits. Risk Management conducts a review at least one time annually intended for the Board of Directors.

The strategy, determined by the ALM Committee, is approved by the Executive Committee. Liquidity limits are approved on a regular basis by the Executive Committee and the Board of Directors, which take into account the Bank's strategy and risk appetite.

Liquidity management is designed to provide the Bank with sufficient liquidity to meet its payment obligations at all times.

Operational risk
Operational risk refers to the risk of loss arising from the inadequacy or failure of internal procedures, people, and systems or resulting from external events.

The assessment of operational risk and compliance relates to direct financial losses and the consequences that would result from a loss of client trust. The primary objective of operational risk management is to strengthen the Bank's reputation with regard to clients, shareholders and regulators. Operational errors are monitored and reported to the CFO each month.

Other risks
The Swiss government and the US Department of Justice signed an agreement in August 2013 aimed at settling a tax dispute between the two countries. Against this backdrop, the Bank, like all other Swiss banks, is dealing with uncertainties weighing on the legal and regulatory environment in which it operates.

The Bank reported CHF 630,760 (year-end 2014: CHF 630,760) in investments deposited with the Bank, related to real property for which there is no orderly market. These investments were created by the former Cramer & Cie on the basis of expanded management mandates that are not limited to ordinary banking transactions, as defined in the Portfolio Management Guidelines published by the Swiss Bankers Association.

2.3 Methods used to identify default risk and to determine the need for value adjustments

Mortgage-based loans
For financing real property for its own use, on a regular basis depending on the circumstances, but at least every ten years, the Bank updates the value of the pledges provided by hedonic models prepared by third-party service providers. After approving new valuations, the loan-to-value ratio is updated.

It also analyzes interest in arrears and compliance with the amortization schedule. On this basis, the Bank identifies mortgage loans with increased risk exposure. After a detailed analysis by internal specialists, these loans may be subject to a request for additional collateral or a value adjustment for collateral shortfall.

The value of investment properties is determined using a capitalization model for estimated sustainable income. This model takes into account market data and vacancy rates. The rent roll for investment properties is checked during regulatory reviews. If there are indications of changes in the rent roll or vacancy rate, the Bank conducts a reappraisal without waiting for the reassessment period to expire.

Security-based loans
The obligations and the value of the pledged securities are checked daily. If the value of the pledged collateral falls below the amount of the loan, the Bank requires either partial repayment or additional collateral. If the collateral shortfall increases or if there are exceptional market conditions, the Bank realizes the collateral.

Unsecured loans
For commercial loans, the Bank requests information on the company's course of business annually or on a more frequent basis. It requires the transmission of audited annual financial statements and, where applicable, interim financial statements.

The Credit Department analyzes this information and will identify any potential increase in risk. In such a case, the Bank will conduct a detailed analysis and will work with the client advisor to determine the measures required. If the loan proves to be impaired at this stage, the Bank establishes a value adjustment.

Process for determining value adjustments and provisions
Needs for new value adjustments and provisions are identified using the procedure described in previous sections. Risk positions are reassessed at each monthly closing, and value adjustments are made as a result, if necessary. Value adjustments on risk positions are analyzed and determined by the Credit Committee.

The decisions of the Credit Committee are submitted either to the Executive Committee or to the Board of Directors for approval.

Valuation of loan collateral

Mortgage-based loans
Loans secured by pledged real estate are never granted without an assessment of the collateral centered on the use of the property. Internal appraisers use hedonic valuation models for residential properties. These valuations

are compared with actual transaction prices in the same vicinity. For rental properties, commercial buildings and special-use properties, the appraisal is completed by third-party real estate appraisers who determine the capitalized income value. For impaired receivables, the liquidation value of the property is established.

The Bank bases its decision to grant loans on the lowest value among the internal appraisal, the purchase price, and any outside appraisal.

Securities-based loans
For Lombard loans and other loans collateralized by securities, only securities that can be easily traded (bonds, equities) are accepted. The Bank accepts structured products if the investments are regularly listed or if they are issued by the Bank itself. To cover market risk, the Bank applies discounts to the market price of the securities accepted as collateral.

Single securities or concentrations loans
For loans secured by single securities or poorly diversified securities, collateral that can be easily traded on a recognized exchange or a representative market are accepted. The Bank accepts securities if they are regularly listed or if they are issued by the Bank itself.

To cover market risk, the Bank applies discounts to the market price of the securities accepted as collateral, consistent with the values determined in advance in the Bank's internal regulations or corresponding discounts that are normally more conservative in practice than standard regulatory discounts or at least equivalent.

2.5 Business policy for the use of derivative financial instruments and hedge accounting

Business policy for the use of derivative financial instruments
The Bank enters into derivative financial instrument contracts for trading and hedging purposes. The Bank has no significant market-maker activity. It uses standardized trading instruments and over the counter instruments both for its own account and at the request of clients. It does not trade in credit derivatives.

Derivative financial instruments are used both in the Structured Finance activity and in risk management. In risk management, they are essentially used to hedge interest rate risk.

Use of hedge accounting
Hedge accounting is used in connection with interest rate swaps.

Establishing groups of financial instruments
Positions that are sensitive to interest rate fluctuations (essentially mortgage loans) are grouped by maturity and by currency and are hedged using macro hedges.

The Bank documents the relationship between the hedging instrument and the hedged item. It documents the objective of the hedging transaction and the method for measuring the effectiveness of the hedging relationship.

2.6 Material events occurring after the balance sheet date
No events likely to have a material impact on the Bank's assets, financial condition, or results occurred after 31 December 2015, the Bank’s balance sheet date.

3 Information on the Balance Sheet

3.1 Presentation of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables
(in CHF thousands)

Collateral for loans/receivables and off-balance-sheet transactions	Type of collateral: Secured by mortgage	Type of collateral: Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from customers	1,543	889,025	16,214	906,782
Mortgage loans				
- Residential property	153,426	-	-	153,426
- Office and business premises	5,804	-	-	5,804
- Commercial and industrial premises	8,910	-	-	8,910
- Other	15,721	-	-	15,721
Total loans (before netting with value adjustments) 31.12.2015	**185,404**	**889,025**	**16,214**	**1,090,643**
Total loans (before netting with value adjustments) 31.12.2014	*174,808*	*567,278*	*21,547*	*763,633*
Total loans (after netting with value adjustments) 31.12.2015	**185,375**	**885,269**	**14,353**	**1,084,997**
Total loans (after netting with value adjustments) 31.12.2014	*174,754*	*567,220*	*19,627*	*761,601*
Off-balance-sheet				
Contingent liabilities	-	14,840	1,160	16,000
Irrevocable commitments	390	12,772	2,924	16,086
Total off-balance-sheet 31.12.2015	**390**	**27,612**	**4,084**	**32,086**
Total off-balance-sheet 31.12.2014	*564*	*47,301*	*3,891*	*51,756*

Impaired loans/receivables	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
31.12.2015	**2,369**	**509**	**1,860**	**1,860**
31.12.2014	*1,295*	*50*	*1,245*	*1,245*

The increase in impaired loans/receivables stems from the reclassification from “non-performing” to “impaired” of a receivable amounting to CHF 1,122K.

3.2 Breakdown of trading portfolios and other financial instruments at fair value
(in CHF thousands)

Trading portfolio assets	31.12.2015	31.12.2014
Debt securities, money market securities/transactions	61,002	604
- of which, listed	*61,002*	*603*
Equity securities	4,001	5,415
Total trading portfolio assets	**65,003**	**6,019**
- of which, securities eligible for repo transactions in accordance with liquidity requirements	-	*49*

3.3 Presentation of derivative financial instruments (assets and liabilities)
(in CHF thousands)

	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments	-	10	1,508	89	5,428	99,125
Swaps						
Foreign exchange/precious metals	905	920	89,187	-	-	-
Forward contracts	9,627	2,296	868,550	-	-	-
Combined interest rate/ currency swaps	15,746	36,555	697,192	-	-	-
Options (OTC)						
Total before/after netting agreements 31.12.2015	**26,278**	**39,781**	**1,656,437**	**89**	**5,428**	**99,125**
Total before/after netting agreements 31.12.2014	*11,593*	*4,719*	*789,272*	-	*3,831*	*87,995*

The Bank makes no netting agreements for positive and negative replacement values.

Breakdown by counterparty	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	11,152	15,215

3.4 Breakdown of financial investments
(in CHF thousands)

Breakdown of financial investments	Book value 31.12.2015	Book value 31.12.2014	Fair value 31.12.2015	Fair value 31.12.2014
Debt securities	79,543	-	79,223	-
- of which, intended to be held to maturity	*79,543*	-	*79,223*	-
Equity securities	4,536	5,023	4,694	5,115
- of which, qualified participations	-	-	-	-
Precious metals	21,040	23,088	21,040	23,088
Total financial investments	**105,119**	**28,111**	**104,957**	**28,203**
- of which, securities eligible for repo transactions in accordance with liquidity requirements	*66,530*	-	*66,253*	-

Breakdown of counterparties by rating	AAA	AA+	AA	Total
Book value of debt securities	54,445	15,060	10,038	79,543

The Bank bases its ratings on Fitch rating categories.

3.5 Breakdown of other assets and other liabilities
(in CHF thousands)

Other assets	31.12.2015	31.12.2014
Indirect taxes receivable	248	599
Compensation account	4,526	3,734
Balance receivable of former-BDG building sale	2,531	2,531
Miscellaneous assets	0	2
Total other assets	**7,305**	**6,866**

Other liabilities	31.12.2015	31.12.2014
Settlement accounts	912	677
Indirect taxes due	1,547	2,969
Compensation account	89	565
Balance of interest rate component of former VBAG interest rate transactions	3,812	5,720
Total other liabilities	**6,360**	**9,931**

3.6 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership
(in CHF thousands)

Pledged/assigned assets	31.12.2015 Book values	31.12.2015 Amounts due to	31.12.2014 Book values	31.12.2014 Effective commitments
Amounts due from banks	12,343	6,344	14,418	6,272
Trading portfolio assets	4,500	295	-	-
Financial investments	7,030	-	-	-
Total pledged/assigned assets	**23,873**	**6,639**	**14,418**	**6,272**

3.7 Disclosures on the economic situation of own pension schemes
(in CHF thousands)

Employer contribution reserve (ECR)
There are no employer contribution reserves with respect to pension schemes as of 31 December 2015 (2014: none).

Presentation of the economic benefit/obligation and the pension expenses	Contributions paid	Pension expenses in personnel expenses	
	2015	2015	2014
Pension plans without overfunding/underfunding:			
- all employees	1,885	1,885	1,387
- voluntary other employees	337	337	305
Total	**2,222**	**2,222**	**1,692**

All employees of the Bank over 18 years of age are participants in AXA Occupational Benefits Foundation, a company legally independent of the Bank, which offers a defined-contribution plan. Its goal is to insure employees against the economic impacts resulting from retirement, disability and death and guaranteeing benefits set by regulation. It participates in implementing the mandatory insurance plan introduced by the Swiss Federal Occupational Pensions Act and meets its minimum requirements. Employees with contracts of less than three months are not participants in the plan.

Executives and members of management are eligible for a supplemental defined-contribution plan. The foundation for executives covers the portion of salary that exceeds the amount provided in the basic plan. It is financed jointly by the Bank and the insured parties. All employees with over ten years of service may, at their option and on request, switch plans in order to participate in the plan for executives. The retirement age is 64 years old for women and 65 for men. The insured salary of each employee corresponds to the Old Age and Survivors Insurance salary without coordination deduction and 60% of the premiums are paid by the Bank.

The pension scheme and the foundation for executives prepare their financial statements in accordance with the recommendations of Swiss GAAP FER 26. There are no other commitments concerning the employer.

The Bank's pension scheme offers a 100% coverage rate. There is no economic benefit for the Bank as of 31 December 2015 (2014: none). The Bank is not required to pay any contributions beyond the contributions stipulated by regulations in connection with its plans.

Liabilities relating to own pension schemes
The Bank has no liabilities relating to its own pension schemes as of 31 December 2015 (2014: none).

3.8 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year
(in CHF thousands)

	Balance at 31.12.2014	Use in conformity with designated purpose	Reclassifications	Currency translation differences	Past-due interest, recoveries	New creations charged to income	Releases to income	Balance at 31.12.2015
Provisions for other business risks	1,776	-1,312	-414	-	-	114	-	164
Provisions for restructuring	1,986	-997	-	-	-	520	-241	1,268
Other provisions	350	-	414	-	-	946	-	1,710
Total provisions	**4,112**	**-2,309**	**-**	**-**	**-**	**1,580**	**-241**	**3,142**
Reserves for general banking risks	**-**	**-**	**-**	**-**	**-**	**1,500**	**-**	**1,500**
Value adjustments for default and country risks	**2,032**	**-**	**-**	**-96**	**545**	**3,259**	**-59**	**5,681**
- of which, value adjustments for default risks in respect of impaired loans/receivables	*1,245*	*-*	*675*	*-111*	*-*	*53*	*-2*	*1,860*
- of which, value adjustments for latent risks	*787*	*-*	*-675*	*15*	*545*	*3,206*	*-57*	*3,821*

Use of provisions for other business risks is mainly related to the inability to recover the advance paid by Swiss paying agents pursuant to the agreement with the United Kingdom. The reclassification relates to provisions that are no longer economically necessary and are therefore considered hidden reserves.

Provisions for restructuring relate mainly to obligations associated with the Valartis Bank AG acquisition and merger in 2014. The Bank established a provision associated with a portfolio of clients acquired from another banking institution. The Bank also released a provision associated with the acquisition of Banque de Dépôts et de Gestion SA in 2013.

Other provisions include those covering a guarantee granted to the buyer in the sale of real estate in Lausanne. The Bank also encounters complaints and legal proceedings for which it has analyzed any related potential outflows of funds.

Value adjustments for default risks were restated to identified economic risks. A provision was created and charged to income for CHF 3,166K as a result of the deterioration of Valartis Group's economic situation in 2015.

3.9 Presentation of the Bank's capital
(in CHF thousands)

	31.12.2015			31.12.2014		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend
Share capital	50,000	62,500	50,000	50,000	62,500	50,000
- of which, paid up	*50,000*	*62,500*	*50,000*	*50,000*	*62,500*	*50,000*
Total Bank's capital	**50,000**	**62,500**	**50,000**	**50,000**	**62,500**	**50,000**

3.10 Disclosure of holders of significant participations
(in CHF thousands)

The holders of participations below directly hold participations exceeding 5% of all voting rights:

	31.12.2015		31.12.2014	
	Nominal	% of equity	Nominal	% of equity
Norinvest Holding SA, Geneva	50,000	100.00	50,000	100.00

The holders of participations below directly hold participations exceeding 5% of the voting rights of Norinvest Holding SA (i.e. indirectly 5% of the Bank):

	31.12.2015		31.12.2014	
	Nominal	% of equity	Nominal	% of equity
With voting rights:				
- Valartis AG [1]	6,422	25.00	6,422	25.00
- Massimo Esposito-Sporrer	2,967	11.55	2,843	11.07
- Immopart financement SA [2]	2,305	8.97	2,181	8.49
- MB Primoris Ltd [3]	1,628	6.34	1,628	6.34
- IMA Investments Holding AG [4]	1,524	5.93	1,524	5.93
- Davide Savoino	1,421	5.53	1,391	5.41
Without voting rights:				
None	-	-	-	-

1) Gustav Stenbolt indirectly holds 32.83% of Valartis AG through Tidesea AG, Baar/Switzerland and MCG Holding SA, Baar/Switzerland.

2) Immopart financement SA, Geneva/Switzerland is 89.02% held by Timea Holding SA, Pully/Switzerland and 10.98% held by Christiane Grandjean-Sporrer. Timea Holding SA, Pully/Switzerland is 77.33% held by Massimo Esposito-Sporrer and 22.67% held by Jacqueline Esposito-Sporrer.

3) MB Primoris Limited, Stans/Switzerland is 46.67% held by Allan J. Myers, member of the Board of Directors of Norinvest Holding SA.

4) IMA Investments Holdings AG, Zoug/Switzerland is wholly owned (100%) by Maria Carmen Frias.

3.11 Disclosure of amounts due from/to related parties
(in CHF thousands)

	Amounts due from		Amounts due to	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Holders of qualified participations	25,293	29,027	12,552	10,043
Group companies	5,721	13,692	355,499	276,551
Transactions with members of governing bodies	2,729	128	338	1,644
Other related parties	9,323	9,497	22,015	54,359

In the normal course of business, the Bank conducts transactions with holders of qualified participations. These include advances, deposits and transactions in financial instruments (currency transactions, securities transactions, etc.).

As of 31 December 2015, one related party was both a holder of a qualified participation and a member of a governing body for a receivable of CHF 2,601K (2014: none) and an obligation of CHF 3K (2014: CHF 3K). These amounts were recorded on the line "Holders of qualified participations."

The Bank has receivables and obligations to banks that are predominantly held by holders of qualified participations. These are considered to be other related parties. Receivables and obligations in relation with the companies of the Group stem essentially from interbank transactions with the Nassau subsidiary.

There are no material off-balance-sheet transactions with related parties, with the exception of the Nassau subsidiary.

Transactions with related parties are entered into under market conditions, with the exception of the following:
- Shareholders benefit from discounted custodian fees and costs;
- Members of the governing bodies benefit from a lower interest rate on mortgage loans (market rate -0.5%).

3.12 Breakdown of total assets by credit rating of country groups
(in CHF thousands)

	31.12.2015		31.12.2014	
Net foreign exposure	Absolute value	Share as %	Absolute value	Share as %
SERV risk categories				
1 & 2	801,052	79.39	371,583	72.06
3	10	0.00	30	0.01
4	60,611	6.01	129,222	25.06
5	86,103	8.53	564	0.11
6	3,071	0.30	7,860	1.52
7	5,430	0.54	5,467	1.06
Unrated	52,764	5.23	934	0.18
Total assets	**1,009,041**	**100.00**	**515,660**	**100.00**

The Bank uses the ratings provided by FINMA, which are derived from SERV Swiss Export Risk Insurance (an institution of the Swiss Confederation under public law).

4 Information on Off-Balance-Sheet Transactions

4.1 Breakdown of fiduciary transactions
(in CHF thousands)

	31.12.2015	31.12.2014
Fiduciary investments with third-party companies	210,081	215,054
Total fiduciary transactions	**210,081**	**215,054**

4.2 Breakdown of managed assets and presentation of their development
(in CHF thousands)

Breakdown of managed assets	31.12.2015	31.12.2014
Assets in collective investment schemes managed by the Bank	26,989	49,338
Assets under discretionary asset management agreements	536,877	623,355
Other managed assets	3,076,238	2,952,223
Total managed assets (including double counting)	**3,640,104**	**3,624,916**
of which, double counting	*17,875*	*26,666*

Managed assets include all client assets that are investments under custody with the Bank and client assets under custody with third-party banks but managed by the Bank. Assets of banks and assets of fund managers for which the Bank serves exclusively as custodian bank are treated as custody assets and are not included in managed assets.

Assets under discretionary asset management agreements include client assets for which the investment decisions are made by the Bank. Other managed assets are those for which the investment decisions are made by the client. Assets in collective investment schemes managed by the Bank and sold in another sector are recognized twice given that each unit provides services to clients and generates income.

Presentation of the development of managed assets	2015
Total managed assets (including double counting) at beginning	3,624,916
+/- Net new money inflow or net new money outflow	-199,333
+/- Price gains/losses, interest, dividends and currency gains/losses	-131,104
+/- Changes in managed assets financed by Lombard loans	314,037
+/- Other effects	31,588
Total managed assets (including double counting) at end	**3,640,104**

During the 2015 financial year, as part of its Structured Finance business, the Bank granted loans totaling CHF 355,807K secured by gold deposits. In addition, the Bank acquired a portfolio of clients from another banking institution for CHF 31,588K, recorded under “Other effects.”

The Bank determines the amount of net new money based on inflows and outflows of client funds. Interest income and dividends generated by managed assets are not considered an inflow of new money. The amount of net new money excludes changes related to the market and exchange rates and excludes fees, commissions and debited interest.

5 Information on the Income Statement

5.1 Breakdown of the result from trading activities and the fair value option
(in CHF thousands)

Breakdown by business area	2015	2014
Trading activities for the account of the client	5,366	2,908
Trading activities for own account	5,982	2,308
Trading activities for Structured Finance	4,201	-
Total result from trading activities	**15,549**	**5,216**

Result from the use of the fair value option	2015	2014
Result from trading activities from:		
Equity securities (including funds)	876	559
Foreign currencies	-185	3,287
Commodities/precious metals	14,858	1,370
Total result from trading activities	**15,549**	**5,216**
- of which, from fair value option	*2,287*	-
• of which, from fair value option on assets	-	-
• of which, from fair value option on liabilities	*2,287*	-

5.2 Disclosure of material refinancing income in the item "Interest and discount income" as well as material negative interest
(in CHF thousands)

Material refinancing income in the item "Interest and discount income"
Interest and discount income is not credited for refinancing costs for trading positions.

Material negative interest	2015	2014
Negative interest on the lending business (reduction in interest and discount income)	-2,067	-
Negative interest on the borrowing business (reduction in interest expense)	554	-

5.3 Breakdown of personnel expenses
(in CHF thousands)

	2015	2014
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	23,240	14,917
Social insurance benefits	1,227	984
Contributions to pension funds for personnel	2,222	1,692
Insurance for personnel	264	206
Professional training expenses	104	122
Other personnel expenses	1,069	808
Total personnel expenses	**28,126**	**18,729**

5.4 Breakdown of general and administrative expenses
(in CHF thousands)

	2015	2014
Office space expenses	2,471	1,643
Expenses for information and communications technology	6,748	6,174
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	239	299
Professional fees	2,011	1,521
Fees of audit firms	720	470
- of which, for financial and regulatory audits	*630*	*381*
- of which, for other services	*90*	*89*
Travel and representation expenses	799	678
Costs related to the acquisition and merger of former VBAG	-	170
Costs related to various projects	1,065	992
Indirect taxes	206	479
Other operating expenses	1,404	1,089
Total general and administrative expenses	**15,663**	**13,515**

5.5 Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

Material losses
The Bank recorded no material losses during the financial year.

Extraordinary income
Extraordinary income of CHF 15,204K is essentially comprised of the net profit from the sale of real estate in Lausanne that took place on 23 November 2015.

Extraordinary expenses
There were no material extraordinary expenses during the financial year.

Material releases of hidden reserves
The Bank released no hidden reserves during the financial year.

Reserves for general banking risks
The Bank established reserves for general banking risks totaling CHF 1,500K to cover any unrealized value fluctuations stemming from its Structured Finance activity.

Value adjustments and provisions no longer required
Significant changes to provisions and other value adjustments are detailed in the table showing value adjustments and provisions (note 3.8).

5.6 Disclosure of and reasons for revaluations of participations and tangible fixed assets up to acquisition cost at maximum

The Bank carried out no revaluations of its participations or tangible fixed assets during the 2015 financial year (2014: none).

5.7 Presentation of current and deferred taxes and disclosure of tax rate
(in CHF thousands)

	2015	2014
Expenses for current income and capital taxes	356	489
Total taxes	**356**	**489**
The weighted average tax rate (as a %) on the basis of the operating result	n/a	n/a

The Bank did not calculate an average tax rate for 2015 and 2014 because it has deductible tax loss carry-forwards totaling CHF 83 million at year-end 2015 (2014: CHF 97 million), resulting in no income tax.

Tax expense relates only to tax on capital (approximate rate of 0.45%).

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Banque Cramer & Cie SA, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 48 to 68 of the Annual Report) for the year ended 31 December 2015.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements disclosing an accumulated loss of CHF 1,647,865 for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

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

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 recommend that the financial statements submitted to you be approved.

KPMG SA

Nicolas Moser
Licensed Audit Expert
Auditor in Charge

Raphaël Prébandier
Licensed Audit Expert
Auditor

Geneva, April 28, 2016

Enclosure:

- Financial statements (balance sheet, income statement, statement of changes in equity and notes).

Disclosure Requirements of Capital Adequacy, Liquidity and Leverage

Capital Ratios
(as a % of risk-weighted positions)

	31.12.2015	31.12.2014
CET1 ratio	13.54	11.26
T1 ratio	13.54	11.26
Ratio regarding the regulatory capital ratio (T2)	14.13	13.97
Regulatory capital target according to Circ.-FINMA 11/2 (excluding counter-cyclical buffer)	11.20	11.20
Counter-cyclical buffer	0.27	0.27
Regulatory capital target according to Circ.-FINMA 11/2 plus the counter-cyclical buffer	11.47	11.47

Leverage Ratio
(as a %)

	31.12.2015	31.12.2014
Leverage ratio	2.46	2.53

Liquidity Coverage
(as a %)

	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Liquidity coverage ratio	123.57	127.20	128.88	126.22

Genève (headquarters and registered office)
Avenue de Miremont 22
CH-1206 Genève
T +41 58 218 60 00

Lausanne
Avenue du Théâtre 14
CH-1002 Lausanne
T +41 21 341 85 11

Lugano
Riva Caccia 1
CH-6900 Lugano
T +41 58 218 68 68

Zurich
Sihlstrasse 24
CH-8001 Zurich
T +41 43 336 81 11

www.banquecramer.ch
info@banquecramer.ch

Banque Cramer & Cie SA
Genève | Lausanne | Lugano | Zurich
www.banquecramer.ch