HYPOSWISS
PRIVATE BANK

EXTRACT

ANNUAL REPORT 2015

ANNUAL REPORT 2015

HYPOSWISS PRIVATE BANK

HYPOSWISS
PRIVATE BANK

Expect the expected

Corporate

BODIES OF HYPOSWISS PRIVATE BANK GENÈVE SA

BOARD OF DIRECTORS

Solly S. Lawi
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Vice-chairman

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Member
Sir Elly Kadoorie & Sons Ltd, Hong Kong

Michel Broch*
Member

Declan Mc Adams*
Member

* Independent according to Circ. FINMA 08/24
[1] Until April 2016

MANAGEMENT COMMITTEE

Niels Bom Olesen
Chief Executive Officer

Albert Lawi
Deputy Chief Executive Officer

Solly Alain Lawi
Head of Private Banking

Robert Dwek
Chief Investment Officer - CIO

Sébastien Joliat
Chief Financial Officer - CFO

Roni Hougui
Chief Operations Officer - COO

INTERNAL AUDITORS

BDO SA, Geneva

STATUTORY AUDITORS

PricewaterhouseCoopers SA, Geneva

Letter

TO SHAREHOLDERS

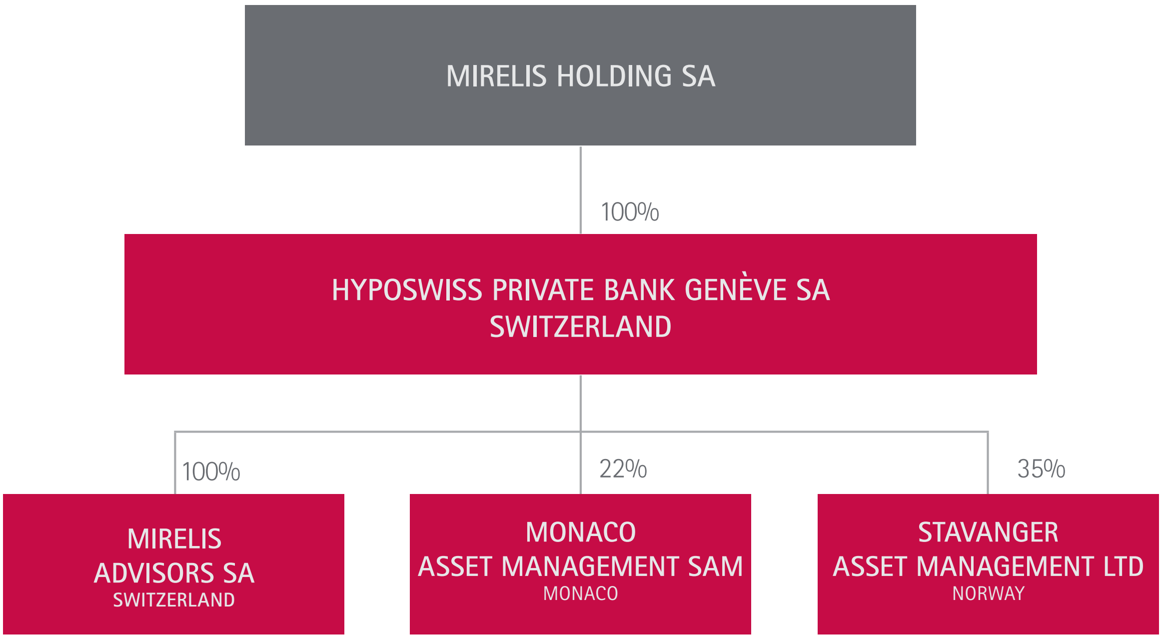
Dear Shareholders,

During the first quarter of 2016, within the framework of its development, Hyposwiss Private Bank Genève SA (Hyposwiss) carried on its expansion through the acquisition of IDB (Swiss) Bank Ltd Clients' assets, an affiliate of IDB Ltd Banking Group. This expansion is part of a medium-term growth strategy to optimize costs and returns.

This transaction allows Hyposwiss to service a complementary high net worth clientele and to integrate a qualified team of professionals that share similar values of entrepreneurship and personal commitment.

This consolidation of resources strengthens Hyposwiss' position in the Geneva financial sector and allows it to confidently implement the current reforms of the international financial system. In 2015, the Bank demonstrated competitiveness and stability in its shareholders' equity. We remain forcefully optimistic in this "Post-acquisition" phase.

Simultaneously, in February 2016, our subsidiary, Mirelis Advisors SA, was registered in Canada with the Ontario Securities Commission and the Autorité des Marchés Financiers du Québec as a "Portfolio manager", authorized to provide portfolio management services to Canadian residents of Ontario and Quebec. Mirelis Advisors SA, which has a presence in Geneva since 2011, is also registered with the US Securities and Exchange Commission (SEC) as an investment adviser, and manages the portfolios of American residents and citizens.



In order to understand the current economic and political environment and the changes that will determine the future, we will provide an overview of the global economic and financial outlook, including the **growing importance of emerging markets** to the global economy. This essential theme of the 21st century is a key element in our investment policy.

I – Global Economy
II – Major Risks & Challenges
III – Measures being implemented
IV – Investment policy
V – Swiss Financial Sector
VI – Hyposwiss Financial Results

I – GLOBAL ECONOMY

- Stimulating global growth in order to increase living standards and quality employment to the entire world is an absolute priority. In a positive development, some key economies have generated growth; however, recovery on a global level has been weak, uneven and failed to generate enough jobs to reduce the current high unemployment rates.

- Each country must energize its own development. To be sustainable, progress cannot be the result of isolated actions; it requires the integrated effort of the international community. A collective action is mandatory in our interconnected world, where causal relations, contagious effects and the effects of economic and political policies permeate borders. The ongoing weakness of the global economic outlook can have repercussions on the social and political fabric of global economies. Stimulating recovery involves a more energetic strategy on three fronts: concerted structural, budgetary and monetary measures that strengthen financial stability.

- Global growth is estimated at 3.1% in 2015, and should reach 3.2% in 2016, and 3.5% in 2017. In developed countries, a modest and uneven recovery is expected to continue, and production gaps should progressively narrow. The growth in these countries should accelerate slightly in 2016 to reach 2.1 %, and remain stable in 2017.

- In **emerging and developing countries**, which represent 70% of total world growth, the assessment is more mixed. Their economic activity is slow for the fifth consecutive year, and significant recessions were seen in Brazil and Russia. By contrast, Mexico, India, and Southeast Asian countries continue on the right path.

- The global economy remains exposed to risks linked to current **« major economic transitions »**. These include: a general slowdown in emerging countries, the rebalancing of China's economy towards a new growth model, a decline in prices for staple products, a significant reduction in global trade growth, and progressive normalization of exceptionally accommodating monetary conditions in the United States.

- These phenomena have an impact across the world. Vulnerability has increased due to significant escalation of geopolitical conflicts, the influx of migrants from terrorism and the possible exit of the United Kingdom from the European Union. At the same time, the volatility of financial markets and risk aversion have hardened financial conditions.

II – MAJOR RISKS AND CHALLENGES

Role of Emerging Markets: A new global Partnership for Growth

The main theme for the 21st century remains the growing importance of emerging countries for the global economy.

- Emerging and developing economies are home to 85% of world population – **6 billion people. The world's population comprises 7.4 billion people in early 2016, to which 83 million people will be added by the end of the year.** The globalization process will face the challenge of creating more than 700 million jobs to accommodate projected increases in population by 2030.

- Measuring impact: emerging countries comprise 30-50 countries in transition, neither too rich nor too poor, not closed to foreign capital, and whose regulatory and financial systems have not fully matured. These countries represent an extraordinary cultural, **geographic and economic diversity.** They cannot be considered as a homogenous bloc.

Demographic changes

- Demographic changes are defining an unprecedented historical trajectory that is driven essentially by Africa, Latin America and Asia. The center of gravity of the global population continues to shift towards developing countries, and from rural to **urban zones.** More than half of today's world population lives in cities, as against 30% in 1950. They will likely represent fully two thirds by 2050.

Urban Zones: Powerful Cities

- There are currently **29 megacities** in the world, cities with more than **10 million inhabitants.** The UN recently coined the concept of **"metapolis,"** for cities with more than **20 million inhabitants**. There were eight of these in 2015: Tokyo, followed by Delhi, Shanghai, Sao Paolo, Mumbai, Mexico, Beijing and Osaka.

- The **six billion people** living in emerging countries matter more than ever to the global economy because of strong linkages through trade, finance, economics, geopolitics, and daily personal interactions significantly through the internet.

- These countries currently represent about 60% of global GDP, up from under 50% a decade ago. They have contributed to more than 80% of global growth since the 2008 financial crisis, helping to save many jobs in developed economies. Emerging countries have also been the main driver behind the major reduction in global poverty.

- China alone has lifted 600 million people out of poverty over the past 30 years. **After many successful years,** however, several emerging markets are now facing a **new harsh reality**. Growth rates are down, capital flows have reversed, and medium-term prospects have deteriorated. In the short term, **the softening of growth,** the scale of capital outflows, as well as the recent stock market declines, are all causes for concern.

- According to the International Monetary Fund (IMF), **emerging and developing economies will converge to developed economy income levels** at less than two-thirds the rate that was forecast a decade ago. This is negative not only for emerging markets themselves, but also for the developed world that has come to rely upon emerging markets as investment destinations and as customers for its products. It also carries the risk of rising inequality, protectionism, and populism. For these reasons, a new **partnership for growth** is needed. Both emerging and developed economies must play their part to promote a faster and more sustainable convergence.

- Increased life expectancy and the phenomena of urbanization and migration will have important social, political and environmental consequences. **Spillovers from climate change** will impact food prices, political stability and public health.

- Following the COP21 Conference on climate in Paris in December 2015, about USD 90,000 billion could be invested in infrastructures in the next fifteen years, particularly in emerging and developing countries that will witness a **huge urbanization increase**. The risks tied to these investments must be controlled in order to lock in carbon-intensive energy and transportation structures in these mega-cities.

Major challenges

Emerging countries are eager to catch up with their richer peers. However, the current difficult economic environment makes doing so much more difficult, which in turn leads to some important challenges :

- **First – China's growth transition.** China is rebalancing its economy from industry to services, from exports to domestic markets, and from investment to consumption. It is also moving towards a more market-oriented financial system (as opposed to its current rigid state-led system).

- These reforms are a necessary process that, in the long run, will lead to more sustainable growth and benefit both China and the world. In the short term, however, it will cause slower growth for the rest of the world through reduced trade and lower demand for commodities, a disadvantageous scenario that will in turn be amplified in financial markets.

- **Second – Declining commodity prices.** Oil and metal prices have fallen by around two-thirds from their most recent peaks, and are likely to stay low for quite some time. As a result, many commodity-exporting emerging economies are under severe stress, and some currencies have already endured very large depreciations.

- **Third – Asynchronous monetary policies.** The Federal Reserve (Fed) has raised interest rates in response to a strengthening U.S. economy while other developed economies have not raised interest rates, or have undertaken the opposite approach.

- This has contributed to a **rise of the US dollar** – putting considerable strain on those emerging market companies that took on large amounts of US dollar-denominated debt, especially in the energy sector. This means that any entity who holds an exposure to such companies, whether banks or governments, may be vulnerable to exchange losses. In the past twelve months, we have observed a depreciation of emerging currencies against the dollar of up to 50% in some cases.

III – MEASURES TO BE IMPLEMENTED TO BOOST GROWTH : MUTUAL RESPONSIBILITIES

Emerging Countries

- The most pressing issues are occurring in **commodity-exporting** emerging economies, that are facing increasing budget deficits and growing foreign-exchange pressures. These countries could make their **fiscal adjustment** less painful—by upgrading spending efficiency, strengthening fiscal institutions, and enhancing non-commodity revenues. At the same time, allowing for greater exchange rate flexibility can help many of them soften the impact of the adverse external shocks they are facing.

- In many cases, emerging economies will also need to step up the use of so-called **macroprudential tools aimed at limiting financial sector risks** – either by monitoring the foreign currency debt that some of their major enterprises are carrying, or by limiting the fallout from the large credit expansion that many countries have undertaken in recent years.

Advanced Countries

- Faced with modest growth prospects, developed economies need to continue to support demand through accommodative monetary policies and keep interest rates extremely low. This was crucial to help the recovery from the 2008 financial crisis. Central banks cannot do it alone. Countries with budgetary room for maneuver should also use fiscal policy to stimulate their economies.

- Ultimately, both emerging and developed economies need to address the underlying economic issues that are fundamental to boost potential growth and promote a sustainable income convergence.

– Two priorities : *First, foster more and better innovation* – by removing barriers to competition, cutting red tape, enhancing the mobility of labor, and investing more in education and research. This would unleash entrepreneurial energy and help attract innovative and productive private investment.

– Second, *facilitate a greater sharing of technology* – between the developed economies and their emerging peers. This would require finding a more effective balance between intellectual property protection and technology dissemination. Emerging economies would need to rethink their approach to patent protection so that technological innovation can be more widely utilized.

- Another way to facilitate the sharing of technology and know-how is **foreign direct investment (FDI).** FDI into emerging and developing economies, as a share of GDP, is now well below what it was in 2000-06. Global forecasts predict that it will fall even further by the end of the decade. We therefore need greater efforts to remove unnecessary barriers to FDI, and to replace shorter money with longer-term investment.

- Likewise, technology sharing should be promoted by encouraging trade reforms. For at least three decades prior to the 2008 financial crisis, global trade regularly grew at twice the rate of the global economy. It is now expanding at, or below, the rate of the global economy. Aside from the China effect, this is because of the slowdown in trade liberalization in recent years.

- Both developed and emerging markets need to complete and implement the worldwide regulatory reform agenda—which is essential to create a more resilient global financial system. On the one hand, complementary measures must be taken to quickly stabilize balances in the private sector and debt in the public sector. On the other hand, implementing a common mechanism that guarantees deposits and transforms the banking sector into a stable source of financing should complete the banking union of the EU.

At the global level

Two elements of the international monetary system have to be reformed : capital flows and the global safety net. By international monetary system, we mean the rules and conventions that govern **exchange rates,** international **capital movements, reserves,** and official arrangements that allow countries to access liquidity in times of distress—the so-called **global financial safety net.**

Safer Capital Flows

- A stronger monetary system should include a framework for safer capital flows, which have expanded enormously over the past four decades. Between 1980 and 2007 global capital flows increased more than 25-fold, compared with an eight-fold expansion in global trade.

- The positive news is that this has underpinned higher investment in many emerging economies that need foreign capital to finance their development. The negative news is that we have experienced episodes of **high capital flow volatility** that can contribute to financial pressures in the emerging world and can rebound to the advanced economies.

- Consequently, countries would benefit from a shift towards more long-term, equity-based capital flows. In source countries, the supervisory framework could be adjusted to ensure that prudent levels of capital are held behind short-term debt-creating flows.

Stronger Global Financial Safety Net

- In addition to **safer capital flows,** a stronger international monetary system must include an adequate global financial safety net—to enable access to financial resources in times **of crisis or distress.** The safety net includes countries' foreign-exchange reserves, currency arrangements—known as swap lines—between central banks, regional financial arrangements, and the IMF.

- While the safety net has expanded in size and coverage since the 2008 financial crisis, it has also become more fragmented and asymmetric. Many emerging economies do not have **access to the existing swap lines between developed country central banks.**

- This is challenging as emerging economies critically depend on developed country currencies for their trade and finance.

- Many emerging economies have built up their own large **safety buffers of foreign exchange reserves.** For many years, capital was flowing "Uphill"—from poorer emerging markets to richer developed economies. This is counter-intuitive because the returns on capital should be higher in poorer countries.

- A stronger safety net would help reduce the need for this kind of "Self-insurance". It would also free up capital for much-needed investments in the emerging world—in infrastructure, health, and education.

The new economic reality between countries is a hyper-connected world that offers enormous potential.

The communications revolution is a strong engine for progress that produces numerous interconnections. Emerging and advanced economies depend on each other, and the world depends on their cooperation.

The decisive and efficient implementation of the reinforcement program for global recovery represents an essential stimulant for investments and opportunities within our wealth management sector.

IV – OUTLOOK AND INVESTMENT POLICY

Basic elements of our investment policy for asset management

- Our prudent optimism originates in the capacity of the international system to absorb the shocks caused by natural, geopolitical, and financial events worldwide. The cumulative crises have toughened international corporations and increased their productivity. Indeed, diversified public-quoted companies have been able to dynamically react to multiple changes. It is the holding of equities and bonds in those quoted companies that create opportunities in our portfolios, in an economic environment which aspires to greater prosperity.

- Our unified Research & Investment team, which manages the financial analysis of various investment opportunities, follows an investment process that includes technical tools aimed at identifying investments in every market segment. These may be in either cyclical or defensive value sectors in the domestic market, or focused on small, medium or large capitalizations.

– Exposure to the best investments through **stock selection** is crucial. The normalization of earnings growth and value enhancement provides investors with good diversification. Investment opportunities exist in all sectors at any given time, irrespective of the economic cycle.

– Our investment policy has led us to reassess the weighting of asset classes in our portfolios. Our investment strategy aims to balance capital preservation, generate earnings, and achieve durable growth. We construct our portfolios by focusing on 5 primary areas :

- Currency allocation – Our goal is to correlate risk with revenue while focusing on the preservation of capital; we have thus maintained our defensive positions by hedging foreign currencies into the reference currency. Throughout the year, we avoided the strong volatility caused by the euro crisis, uncertainty surrounding the U.S. budget, and the consequences for emerging currencies, thanks to forward hedging in USD, EUR, CHF and GBP. The increasing valuation of the USD and CHF held up against other currencies, particularly those from emerging countries, some of which saw devaluations of more than fifty percent.

- Capital protection – In 2015, diverging policies of central banks (ongoing injection of liquidities by the European Central Bank (ECB) and the normalization of interest rates by the Fed) shook the bond market and produced extreme volatility in stock exchanges worldwide. The financial situation in emerging countries, particularly after a massive outflow of capital, also disrupted the upward trend of the stock markets. In this context of major slowdown, gold initially dropped in value, but kept its status as a safe haven hedge against emerging market currencies. Our allocation in gold and silver, as well as mining stocks funds was revised. Starting first quarter 2016, precious metals and commodities have rebounded and are now in a consolidation phase.

- Bonds – Markets were affected by high volatility throughout 2015 and followed by an uneventful first four months of 2016. The markets then entered long consolidation phases, due to the slowdown of China's economy and anticipated monetary tightening in the United States.

– In this environment, **interest rates** in OECD countries remained low, the result of a very accommodating monetary policy from most central banks except for the Fed. Investors looking for attractive returns in a low-rate environment had no other choice but to take on additional credit risk or duration risk.

– In 2015, our Investment Committee recommended this investment strategy emphasizing second-tier private signatures or one that extends maturity dates as much as possible, especially for euro-denominated investors. The non-conventional monetary softening of the ECB justifies this bold approach in terms of duration.

- However, in the review period, we have maintained balanced weighting vis-à-vis signatures in the energy and commodity sectors. For 2016, this strategy should be maintained, except for a sectorial allocation slightly more oriented towards natural resources such as oil and base metals. We are trying to constitute the first investment in debt indexed to inflation, particularly in US dollars. We anticipate record- low levels.

- Stock Exchanges – During 1S-2015, equities and stock funds were **supported by various injections of liquidity** from central banks that enabled investors to regain confidence. The end of market uncertainty in Greece also alleviated pressure on some stocks in developed countries. Up to July 2015, **stock market indices** rose to their **highest level since the 2008 financial crisis**. In the **second semester,** an unexpected downturn occurred. The Chinese and Brazilian economic slowdown resulted in emerging stocks dropping precipitously.

- The fear of contagion spreading to developed economies exerted a negative impact on all stock markets, causing the **«Black Monday»** event of **August 24, 2015.** Initially, marketplaces in Asia were shaken. China experienced its most severe loss. With panic spreading, the S&P 500, Nasdaq and the European stock market also declined. The other unexpected event was the Fed's September decision to delay raising interest rates until December or even until 2016, boosting the dollar to renewed highs.

- World indexes could not recoup the losses of this dreadful day despite the Bank of China's policy of monetary flexibility. During the second half of 2015 and until February 2016, given the turmoil in international equity markets, world stocks suffered extreme volatility and lost over 20 percent of their value. Investors were forced to reduce their stock allocations.

- In March 2016, amid the recovery potential of emerging countries, the market capitalization and anticipated profitability of companies are again attractive for medium-term consolidation. The rebound of emerging countries in the first quarter of 2016 deserves close scrutiny because it could signal the end of a long period of low performance. The growth acceleration in 2016 will have positive repercussions on financial markets.

Traditional and Alternative funds

- These are key components in building our portfolios, as they contribute to the diversification of returns by a variety of strategies and investment styles, with a low correlation to equity market for certain funds. They allow higher portfolio efficiency, with downside protection in negative markets and reduction of volatility. In 2015, the asset allocation in traditional and alternative funds was extended for "Growth" or "Dynamic" managed portfolios. Additionally, we have developed our Monitor list of funds in order to diversify our offering.

- During the first part of 2015 traditional funds contributed positively to portfolios' performance. In the summer, due to mitigate high volatility in the stock markets, we stepped up the percentage of alternative funds in order to benefit from their low correlation. In 2015, we also restructured our three internal funds and domiciled them in Luxemburg.

In this context, Hyposwiss achieved a solid cumulative performance for the portfolios of its local and international investors. Throughout 2015 and early 2016, within the framework of its asset management activity, the Bank has contributed to the capital preservation and growth in its clients' managed portfolios, by diversifying traditional funds and increasing hedge funds in order to decorrelate from market volatility. Diversified model portfolios from central management unit, both in euro and dollar based, achieved a significant outperformance relative to its benchmark.

V – SWISS FINANCIAL SECTOR : NEW REGULATIONS

- In Switzerland and in other countries, the financial sector is one of the most regulated of the entire economy. The applicable regulations have a direct effect on the appeal of a financial market. Banking rules primarily aim to protect the banks' clients and to guarantee the security and stability of the financial system. The updating and implementation of provisions regarding the **protection of investors** and the equivalency with European laws are essential for the Swiss financial market to remain internationally competitive.

- The economic environment remains complex for all financial services that operate in a more and more transparent sector. Negative interest rates, the high exchange rate of the Swiss Franc and geopolitical uncertainty have a direct influence on business. As do the growing number of legal initiatives and more stringent rules that exert considerable pressure on the situation : namely, the implementation of the automatic exchange of information (AEOI) and new obligations in terms of diligence and stricter demands regarding shareholders equity. In 2015, however, Hyposwiss rose to these challenges and generated solid operational results.

- With more precise regulations, the Swiss financial market secured its reputation for high standards which meet international demands to remain competitive and take on the challenges related to asset management. Swiss banks were logically favorable candidates for fiscal conformity in order to standardize existing assets and to acquire and manage legally compliant assets in the future, taking into account risks related to cross-border wealth management. The reinforcement of the " Legal & Compliance " team continuously ensures the implementation, follow-up and anticipation of new bank regulations.

Horizon 2020 : Regulation, digitalization and industrialization

- While anticipating an ever growing number of regulations, Swiss banks understand that the **digitalization of the financial sector and the industrialization of business procedures** also have crucial repercussions on business strategies, models and procedures.

- The digitalization of the financial sector is a mean to extend **distribution channels** and a key element of the client interaction. This system eases the barriers to entry into rival external markets and is likely to decrease clients' loyalty, which was previously extremely secure. Additionally, banks must maintain control over client interaction in a world that is becoming more mobile and individualistic, and know how to best benefit from it in the future. Banks clearly consider the topics of industrialization and sourcing as an important strategic need. Centralization, normalization and automation are the key elements of this process.

VI – HYPOSWISS FINANCIAL RESULTS

Clients Assets as at 31.03.2016 : CHF 4.2 billion
Clients Assets as at 31.12.2015 : CHF 3.2 billion
Balance Sheet : CHF 534 million
Shareholders' Equity : CHF 41.2 million
Net Profit : CHF 271'000

- The **balance sheet** reached CHF 534 million as at 31 December 2015, compared to CHF 583 million at the end of the previous year, with present consolidated **shareholders' equity at CHF 41.2** million. The level of capital coverage of shareholders' equity amounted to 292%, a CET1 (Common Equity Tier 1) ratio of 23.4%, higher than the minimum regulatory ratio of 10.5% required by FINMA. Our strong capitalization is maintained and provides a surplus of CHF 25.8 million.

- As part of the enactment of evolving banking secrecy laws, together with the reinforcement of fiscal transparency and the automatic exchange of information (AEOI), Hyposwiss is adapting and managed to offset most of its asset outflow with new asset inflows.

- Hyposwiss total clients' assets under management (AUM) with "Discretionary" or "Advisory" mandates and "Execution only accounts" reached **CHF 3.2 billion** in 2015, compared to CHF 3.4 billion in 2014. In March 2016, total clients' AUM reached **CHF 4.2 billion**. This significant increase resulted from the acquisition of IDBS' client assets and takes into account the evolution of equity markets, as well as the solid performance of portfolios.

Continuous pressure on returns

- Historically low interest rates and the strong franc are not particularly favorable to the banking sector. Numerous investors remain on the defensive with reduced activity, which has a negative impact on transaction and management fees. The stricter regulation demands introduced after the financial crisis incurred additional implementation expenses. As a consequence, invested clients assets produce, on average, lower margins.

- However, Hyposwiss' main activity evolved positively obtaining solid operational results. In 2015, the **costs/earnings ratio decreased** due to the effect of synergies and savings generated by our physical consolidation into one site using one IT platform of all Hyposwiss Private Bank Genève's activities. This move significantly reduced operational costs by CHF 6.3 million, compared with the previous year. Our costs' control process and containment of the decrease in margins enable us to reinforce our optimistic outlook.

- The **consolidated profit** in 2015 was **CHF 271,000**, taking into account integration costs and the partial dissolution of the reserve for general banking risks. For Hyposwiss, increased operating costs due to integration expenditures after its acquisitions significantly impacted the results. Extraordinary and non-recurring costs have had a negative impact on the Group's results of CHF 1.9 million.

- The **positive results of the wealth management** companies whose equity ownerships are held by Hyposwiss (Mirelis Advisors SA – Monaco Asset Management SAM – Stavanger Asset Management Ltd) contributed to the increase in our profitability.

- The structure of our balance sheet is conservative, with external funding entirely from client deposits. Loans to customers are mainly Lombard loans and covered more than twice by client deposits. Hyposwiss applies a dynamic and overall risk management, and strict governance principles. For 2016, we anticipate that our activities will continue to generate positive results, in conformity with our budget.

CONCLUSION

- The synergies within Hyposwiss Private Bank Genève SA, after the acquisition of the IDB clients' assets is synonymous with durability, reliability, stability and forceful growth. The integration of merged resources – Mirelis InvesTrust SA, Atlas Capital SA and IDB (Swiss) Bank Ltd - strengthens the Bank and its financial competitiveness. This consolidation, at all levels, allows us to face with confidence the current reforms of the international financial system, in a world undergoing major changes.

- In terms of human resources, the harmonization of working conditions, for our 80 employees, was successfully achieved. Starting January 2016, all retirement pension plans will be integrated to be managed by the swiss pension fund : Caisse de Prévoyance Patrimonia.

- Hyposwiss solid identity as a private bank dedicated to wealth management benefits today from an enhanced team of qualified professionals, who are competitive, loyal and culturally diverse. The Bank perpetuates its long standing expertise in serving its local and international private clients with high standards of quality coupled with strong and active inter-personal relationships. It will uphold the respect of the private sphere in compliance with applicable laws.

- The proactive management leadership and the close-knit teams of each department supported by the availability of partners remain essential to our Bank. We wish to express our gratitude to all our collaborators for their dedication, tenacity and perseverance in their continued commitment to achieve positive results. Together we continue to build a Bank that will stand out for its performance and the business passion of its leadership.

- We warmly thank our customers for their confidence. We are determined to continue to serve them in an environment of trust and friendship that characterizes our banking Group.

Niels BOM OLESEN
Chief Executive Officer

Solly S. LAWI
Chairman of the
Board of Directors

Activity
REPORT

HYPOSWISS ACTIVITY REPORT

CONSOLIDATED KEY RESULTS IN 2015

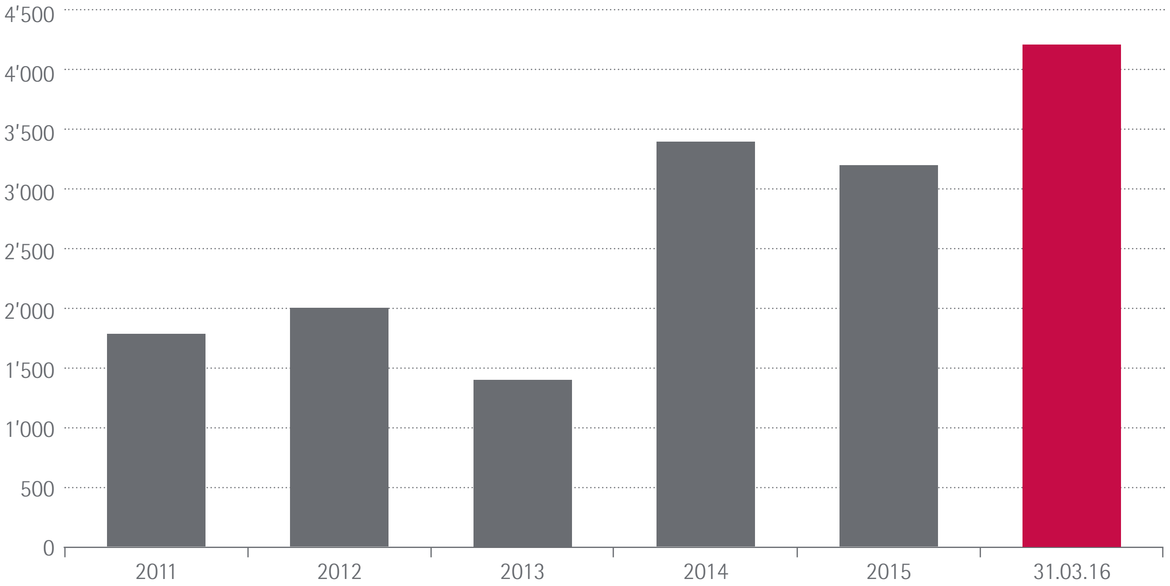
Clients' Assets as at 31.12.2015: CHF 3.2 bn		**Clients' Assets as at 31.03.2016:** CHF 4.2 bn*
Balance sheet: CHF 534 mio	**Shareholders equity:** CHF 41.2 mio	**Net profit:** CHF 271'000

* after aquisition IDBS

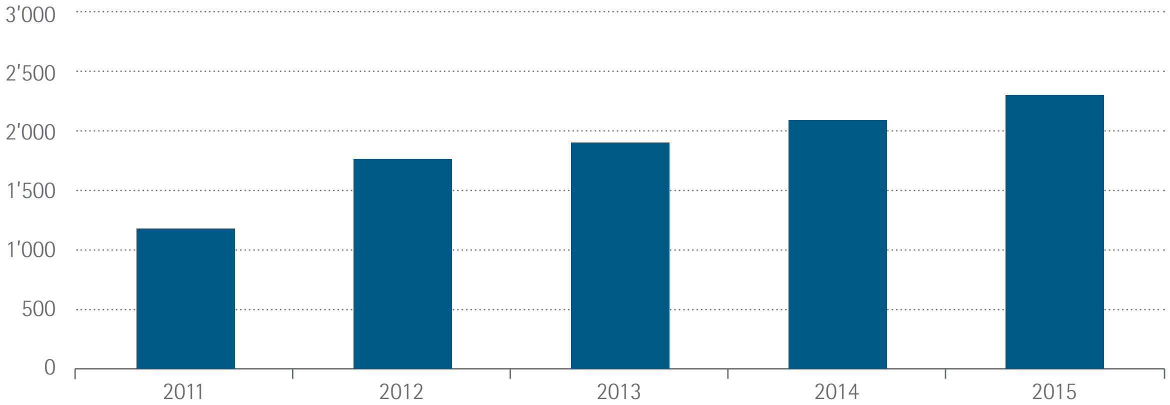
GROWTH OF ASSETS UNDER MANAGEMENT

In billion CHF	2011	2012	2013	2014	2015
Hyposwiss Private Bank Genève SA	1.8	2.0	1.4	3.4	3.2
Monaco Asset Management SAM	1.4	2.1	2.3	2.5	2.5

Hyposwiss Private Bank Genève SA
In million CHF



Monaco Asset Management SAM
In million CHF



Consolidated
FINANCIAL STATEMENTS

KEY FIGURES OF HYPOSWISS GROUP

(CHF 1'000)	2015	2014
Net profit	271	188
Operating result	1'384	(277)
Total operating income	32'559	32'639
Total operating expenses	28'355	34'665
Total balance sheet	533'941	583'427
Total assets under management	3'164'165	3'377'706
Shareholders' equity	41'151	41'499
Number of employees	80	94
Operating expenses / income ratio	87%	106%
Ratio Tier 1	23.4%	20.6%

Total operating income remained stable both fiscal years, while operating expenses decreased significantly. Indeed, integration costs related to the consolidation of Hyposwiss explain the positive variation in operating expenses and the slight improvement in the cost / income ratio between 2014 and 2015.

The reduction of personnel is also related to the restructuring and unification of the two entities. The slight decrease in clients' assets mainly results from currency effects.

Consolidated
BALANCE SHEET

CONSOLIDATED BALANCE SHEET

ASSETS	31.12.2015 CHF	31.12.2014 CHF
Liquid assets	60'345'827	88'818'872
Amounts due from banks	243'820'651	242'004'799
Amounts due from customers	170'448'436	207'661'311
Mortgage loans	7'200'000	7'200'000
Trading portfolio assets	116'602	165'507
Positive replacement values of derivative financial instruments	6'215'967	12'749'185
Financial investments	35'435'882	12'271'426
Accrued income and prepaid expenses	5'847'454	7'107'721
Non-consolidated participations	553'099	616'351
Tangible fixed assets	2'278'486	2'342'684
Intangible assets	1'131'738	1'905'638
Other assets	546'626	583'329
Total assets	**533'940'768**	**583'426'823**
Total subordinated claims	-	-
- of which subject to mandatory conversion and / or debt waiver	-	-
LIABILITIES		
Amounts due to banks	3'720'410	27'613'679
Amounts due in respect of customer deposits	475'263'307	491'964'102
Negative replacement values of derivative financial instruments	5'888'429	12'289'399
Accrued expenses and deferred income	3'949'547	4'793'135
Other liabilities	2'313'991	1'888'914
Provisions	1'653'761	3'378'739
Reserves for general banking risks	4'750'000	5'250'000
Share capital	27'500'000	27'500'000
Capital reserve	1'685'610	1'685'610
Retained earnings reserve	6'944'915	6'874'952
Currency translation reserve	-	-
Consolidated profit	270'798	188'293
Total liabilities	**533'940'768**	**583'426'823**
Total subordinated liabilities	-	-
- of which subject to mandatory conversion and / or debt waiver	-	-
OFF-BALANCE-SHEET TRANSACTIONS		
Contingent liabilities	11'177'925	20'785'797
Irrevocable commitments	2'981'832	4'267'822
Obligations to pay up shares and make further contributions	-	-
Credit commitments	-	-

CONSOLIDATED INCOME STATEMENT

	2015 CHF	2014 CHF
RESULT FROM INTEREST OPERATIONS		
Interest and discount income	4'084'125	5'222'971
Interest and dividend income from trading portfolios	12'073	52'455
Interest and dividend income from financial investments	345'309	8'359
Interest expense	(90'835)	(658'911)
Gross result from interest operations	**4'350'672**	**4'624'874**
Changes in value adjustments for default risks and losses from interest operations	1'259'332	162'000
Subtotal net result from interest operations	**5'610'004**	**4'786'874**
RESULT FROM COMMISSION BUSINESS AND SERVICES		
Commission income from securities trading and investment activities	23'707'575	25'468'660
Commission income from lending activities	86'561	147'185
Commission income from other services	1'235'242	1'341'019
Commission expense	(2'227'106)	(3'001'233)
Subtotal result from commission business and services	**22'802'272**	**23'955'631**
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION	**4'002'204**	**3'548'425**
OTHER RESULT FROM ORDINARY ACTIVITIES		
Result from the disposal of financial investments	-	(2'175)
Income from participations	55'261	178'999
- of which, participations recognised using the equity method	55'261	178'999
- of which, from other non-consolidated participations	-	-
Other ordinary income	179'191	354'186
Other ordinary expenses	(89'880)	(183'238)
Subtotal other result from ordinary activities	**144'572**	**347'772**

CONSOLIDATED INCOME STATEMENT

	2015 CHF	2014 CHF
OPERATING EXPENSES		
Personnel expenses	(20'405'858)	(22'174'761)
General and administrative expenses	(7'948'934)	(12'489'796)
Subtotal operating expenses	**(28'354'792)**	**(34'664'557)**
Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets	(1'492'320)	(1'545'310)
Changes to provisions and other value adjustments, and losses	(1'328'076)	3'293'818
Operating result	**1'383'864**	**(277'348)**
Extraordinary income	315'404	13'906
Extraordinary expenses	(1'904'015)	(9'774)
Changes in reserve for general banking risks	500'000	490'240
Taxes	(24'455)	(28'732)
Consolidated profit (result of the period)	**270'798**	**188'292**

CASH FLOW STATEMENT

	31.12.2015	
	Cash in-flow CHF	Cash out-flow CHF
CASH FLOW FROM OPERATING ACTIVITIES (INTERNAL FINANCING)		
Result of the period	270'798	-
Change in reserves for general banking risks	-	500'000
Value adjustments on participations, depreciation and amortization of tangible fixed assets and intangible assets	1'492'320	-
Provisions and other value adjustments	-	-
Change in value adjustments for default risks and losses	-	1'724'978
Accrued income and prepaid expenses	1'296'969	-
Accrued expenses and deferred income	-	418'512
Previous year's dividend	-	-
Subtotal	**3'060'087**	**2'643'490**
CASH FLOW FROM SHAREHOLDER'S EQUITY TRANSACTIONS		
Share capital / participation capital / dotation capital	-	-
Recognised in reserves	-	118'330
Change in own equity securities	-	-
Subtotal	**-**	**118'330**
CASH FLOW FROM TRANSACTIONS IN RESPECT OF PARTICIPATIONS, TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS		
Participations	63'252	-
Other tangible fixed assets	-	118'389
Intangible assets	-	535'832
Subtotal	**63'252**	**654'221**
CASH FLOW FROM BANKING OPERATIONS		
MEDIUM AND LONG-TERM BUSINESS (> 1 YEAR)		
Financial investments	-	23'164'456
SHORT-TERM BUSINESS		
Amounts due to banks	-	23'893'269
Amounts due in respect of customer deposits	-	16'700'795
Negative replacement values of derivative financial instruments	-	6'400'970
Amounts due from banks	-	1'815'852
Amounts due from customers	37'212'875	-
Trading portfolio assets	48'905	-
Positive replacement values of derivative financial instruments	6'533'218	-
Subtotal	**43'794'999**	**71'975'342**
Liquid assets	28'473'045	-
Subtotal	**28'473'045**	**-**
Total	**75'391'383**	**75'391'383**

STATEMENT OF CHANGES IN EQUITY

(CHF 1'000)	Share capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Result of the period	Total
Equity at start of current period	27'500	1'686	6'875	5'250	188	41'499
Allocation to retained earnings reserve	-	-	188	-	-188	-
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-500	-	-500
Other allocations to (transfers from) the other reserves	-	-	-118	-	-	-118
Profit (result of the period)	-	-	-	-	271	271
Equity at end of current period	**27'500**	**1'686**	**6'945**	**4'750**	**271**	**41'152**

NOTES TO THE CONSOLIDATED 2015 FINANCIAL STATEMENTS

1 – NOTES ON THE COMPANY NAME, LEGAL FORM AND HEAD OFFICE OF THE GROUP

Hyposwiss Private Bank Genève SA is the parent company of the Hyposwiss Group (hereafter "The Group"). Hyposwiss owns 100% of the share of Mirelis Advisors SA, and holds minority interest in Monaco Asset Management SAM, Monaco and Stavanger Asset Management Ltd, Stavanger.
Hyposwiss' wholly-owned subsidiary, Mirelis Advisors SA Geneva, is registered with the US Securities and Exchange Commission (SEC) as a financial adviser providing asset management services for US citizens and residents.
Hyposwiss holds minority ownership interests in the capital of asset management companies located in Monaco and Norway.
The group's business scope includes asset management, securities trading and related services.

Number of employees

At the end of 2015, the Group had 80 employees (74.53 full-time), compared to 94 employees (82.3 full-time) at the end of 2014.

2 – CONSOLIDATION, VALUATION AND ACCOUNTING PRINCIPLES

Basic Principles

The Group's financial statements are in accordance with the Swiss Code of Obligations, the Swiss federal act on banks and savings banks, its implementing ordinance, and FINMA's " Accounting rules for banks, securities dealers, financial groups and conglomerates" (ARB) as set out in its Circular 2015/1. The consolidated financial statements have been established to present the economic situation of the Group such that a third party can form a true and fair view.

Consolidation, valuation and accounting principles

Scope and method of consolidation

The scope of consolidation include the parent company and entities in which the Group holds more than 50% of the voting rights, as well as minority participation in which the Group has a significant influence. A list of fully integrated, equity and non-consolidated participations appears in Annex 4.6.
The Group companies are consolidated according to the full consolidation method. The subsidiaries are consolidated as of the date of effective transfer of control.
Minority participations between 20% and 50% interests are consolidated in accordance with the equity method.
Participations under 20% are not consolidated but included in the statement and valued at the date of acquisition, minus the necessary value adjustments.
December 31 is the closing date uniformly determined by all companies concerned with consolidation.

Transaction accounting

All transactions are booked as of the transaction date and are valued as of that date towards the calculation of results. All transactions concluded but not yet executed are entered in the balance sheet as of the date they are concluded.

Foreign currency conversion and precious metals

Accounts in foreign currencies from consolidated companies are converted to CHF using the exchange rate in effect on the date of the closing of the accounts, except for the capital, which is converted at the historical rate. Balance sheet is converted at average monthly exchange rates.

The main exchange rates used to convert foreign currencies and precious metals are as follows :

	31.12.2015	31.12.2014
USD	0,9896	0,9890
EUR	1,0819	1,2030
GBP	1,4671	1,5365
OZO (Ounce of gold USD)	1063	1190

Liquid assets, due from banks, due from customers, due to banks and due to customers

These elements are recorded in the balance sheet at their nominal value. The value adjustments for doubtful loan are recorded as deduction of the amount due from customers.

Trading portfolio assets

Securities and precious metals destined for trading are evaluated and carried to the balance sheet at fair value. Profits and losses arising from the trading portfolios are carried in the income statement under "Result from trading activities and fair value option".

Income from trading portfolio interest and dividends is presented as income in the balance sheet.

Financial derivative instruments

Trading portfolio assets

All financial derivative instruments are valued at fair value. Positive or negative replacement values are carried on the balance sheet. The fair value results either from the price in an efficient and liquid market, or from the price offered by the market makers.

Realized or unrealized results from transactions with financial derivative instruments for trading purposes or on behalf of clients are carried to "Results from trading activities and the fair value option".

Hedging instruments

The Group can use financial derivative instruments to reduce the risk of exchange rate fluctuations in its management of assets and liabilities. Such hedging transactions are valued by applying the same principles as are used with underlying hedging transactions. The results of hedging transactions are carried under the same account as the one that carries results for the hedged transaction.

Financial investments

Debt instruments with fixed income are valued using the lowest value. The changes in value are recorded under "Other ordinary expenses" or "Other ordinary income".

A subsequent increase in the value of the security can be recorded up to the acquisition cost. This value adjustment is also recorded under "Other ordinary expenses" or "Other ordinary income".

Precious metals are valued at the applicable market price prevailing at the balance sheet date.

Equity securities are valued on the principle of the lowest value. Value adjustments are carried under "Other ordinary expenses" or "Other ordinary income".

Non-consolidated participations

These participations are valued individually at cost, less the economic necessary value adjustment.

Tangible fixed assets

Investments in tangible fixed assets are capitalized as an asset if they are used for more than one accounting period and are recognised at acquisition cost.

Existing fixed assets are carried in the balance sheet at cost, less any accumulated depreciation. They are depreciated linearly over the period of their estimated operating life. The value is reviewed annually. If this review reveals a change in an asset's estimated operating life or a reduction in its value, the Group depreciates the residual book value accordingly or books impairment. Depreciation and impairments are charged to the position "Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets" in the income statement.

The estimated operating life for the various categories of fixed assets is as follows.

- **IT equipment:** maximum **3 years**
- **Other fixed assets:** maximum **5 years**
- **Renovation costs:** for the duration of the lease, but maximum **8 years**

Gains or losses realized from the sale of tangible fixed assets are recorded under "Extraordinary income", or "Extraordinary expenses".

Intangible assets

If the total cost of an acquisition is higher than the net assets purchased, the difference is considered as goodwill acquired and activated. Goodwill is amortized over a period of 5 years linearly.

Accrued income and prepaid expenses

Assets and liabilities that result from interest, other profits and charges and other criteria in a specific time frame are presented in the accrued income and expenses section of the balance sheet.

Taxes

Taxes are calculated on the Group's income and capital; a deferred tax is calculated on the reserves. Taxes due on profits are carried as liabilities under "Accrued expenses and deferred income".

Provisions

For all potential and identifiable risks existing at the balance sheet date, specific provisions are constituted according to the principle of prudence. Individual valuation adjustments are booked directly to the corresponding position on the asset side. The provisions made to cover risks are entered on the balance sheet under "Provisions".

Notes on non-performing loans

Loans for which interest payments are more than 90 days overdue are classified as non-performing. The Group does not carry non-performing and/or doubtful loans separately in the income statement, booking them instead directly to the position "Changes in value adjustments for default risks and losses from interest operations".

Reserves for general banking risks

To cover risks related to banking activities that are not covered by specific provisions, the Group allocates some "Reserves for general banking risks". These reserves are part of shareholders' equity and are subject to a deferred tax.

Pension schemes

The terms "Pension schemes" include all plans, institutions and systems which give social benefits in case of retirement, death or disability of the Group's employees.

An annual analysis is conducted to determine if there is in each pension schemes an economic benefit (surplus) or an economic obligation (deficit) other than the contributions paid and any related adjustments. In Switzerland, this analysis is carried out based on financial statements of the pension schemes established in accordance with Swiss GAAP RPC 26. Obligations are carried in the balance sheet under "Provisions" while the economic benefits are recorded in "Other assets". The change in value of the benefits/obligations compared to previous year is recorded as "Personnel expenses" in the income statement.

Contingent liabilities, irrevocable commitments, liabilities to pay in full and to make additional payments

These elements are presented in the off-balance-sheet transactions at their nominal value. For foreseeable risks, the Group constitutes provisions that are carried as liabilities.

Modification of accounting and evaluation principles

The Group's balance sheets were, for the first time, established in accordance with new accounting rules for banks, investment companies, financial groups and conglomerates (ARB). The figures from the previous fiscal year were processed again to offer comparables. Except for changes resulting from the application of ARB, no other change was applied to the balance sheet and the evaluation.

Particular events and events that occurred after the balance sheet closing date

There were no particular events or events that occurred after the balance sheet's date that could have an impact on the financial statements as of 31 December 2015.

3 – RISK MANAGEMENT

The parent company has a risk management policy that incorporates all the regulatory obligations and specifies their implementation in the companies of the Group. The Board of Directors of Hyposwiss Private Bank Genève SA conducts the annual assessment of the Group's exposure to risks and attempts to limit their impact.
The risk management policy regarding credit risk and market risk is reviewed annually by the Management of the parent company. Each category of risk is assigned a precise limit, and the compliance with these limits is constantly monitored.
A Management Information System (MIS) allows members of management to be regularly informed on the Group's assets and liabilities, financial situation, cash flows and results, as well as related risks.

Default Risk

The credit policy encompasses the management of downside risks of all commitments with counterparties, should they be unable to reimburse.

Credit risk relating to customers

This credit activity is limited to advances to customers fully secured by easy marketable assets. Values are reassessed and securities are monitored daily.

Credit risk to banking counterparties

The Group selects correspondents and counterparties with solid financial bases.

Country-related risks

The Group abstains from cultivating active relations with counterparties in countries with high risks, as determined by accredited credit agencies. Countries with deficient credit ratings are excluded from the Group's field of activities. Country risks are assessed periodically and appropriate provisions are made for each case in accordance with predefined criteria.

Interest rate risk

The Group is not significantly exposed to interest rate risk. As customer deposits do not bear interests, the Group is mainly exposed to investment shortfalls.

Market risks

Market risk results from a potential loss due to fluctuations in foreign exchange rate, interest rate and market values of trading positions and other balance sheet positions.
Trading positions are subject to limits and are assessed on a daily basis. The Group holds currency positions to meet clients' demands.

Liquidity risk

The liquidity risk is defined as the risk for the Group of being unable to meet its payment obligations at any given moment. Each entity controls a comfortable level of liquidity related to regulatory requirements.

Operational risks

Operational risks are defined as "Risks of direct or indirect loss resulting from an inadequacy or a failure related to procedures, human factors, systems or external events". Procedures and internal directives on the organization and controls allow the Group to limit those risks.

Compliance and legal risks

The Compliance Officer monitors the Group's compliance with the applicable laws and regulations and with the due diligence obligations imposed on financial intermediaries. The Compliance Officer monitors ongoing legislative developments of the relevant supervisory authorities as well as government, parliament and other organizations. The Compliance Officer also ensures that internal directives are adapted to comply with any new laws and regulations.

Notes regarding the methods applied for the identification of default risk and for the determination of the needs in value adjusment

When a client's or a group's liability exceeds the authorized limit, when an account shows a debit balance without having a liability limit, or when the collateral value falls below the established limit, the credit department informs the relationship manager to take corrective measures under supervision from the Credit Committee. Should the debtor be unlikely to meet his obligations, the loan becomes impaired. A specific value adjustment will be booked on a case-by-case basis upon decision by competent bodies, after a proper valuation of any collateral securities.

Notes regarding the evaluation of credit securities, particularly of important criteria applicable to the market value and collateral values.

Loans are granted essentially on a secured basis in the form of lombard loan with readily marketable securities as collateral. Credit limits depend on the nature, the solvability and the negotiability of the security.

Business policy when using financial derivative instruments

The major part of trading derivative instruments results from fixed-term currency exchange transactions performed at the clients' request. The Group may use financial derivative instruments for the purposes of its assets and liabilities management in order to reduce its exposure to interest rate and currency exchange risks. These transactions are recorded in accordance with the detailed principles of derivative instruments as described in the section "Consolidation, valuation and accounting principles".

4 – BALANCE SHEET RELATED INFORMATION

4.1 Presentation of collateral for loans / receivables and off-balance-sheet transactions, as well as impaired loans / receivables (CHF 1'000)

	Type of collateral			
	Secured by mortgage	Other collateral	Unsecured	Total
LOANS (before netting with value adjustments)				
Amounts due from customers	-	170'060	1'758	171'818
Mortgage loans	7'200	-	-	7'200
- Residential property	7'200	-	-	7'200
TOTAL LOANS (before netting with value adjustments)				
31.12.2015	**7'200**	**170'060**	**1'758**	**179'018**
31.12.2014	**7'200**	**207'316**	**4'695**	**219'211**
TOTAL LOANS (after netting with value adjustments)				
31.12.2015	**7'200**	**170'060**	**388**	**177'648**
31.12.2014	**7'200**	**207'315**	**346**	**214'861**
OFF-BALANCE-SHEET				
Contingent liabilities	-	10'925	253	11'178
Irrevocable commitments	-	1'656	1'326	2'982
Obligations to pay up shares and make further contributions	-	-	-	-
Credit commitments	-	-	-	-
TOTAL OFF-BALANCE-SHEET				
31.12.2015	**-**	**12'581**	**1'579**	**14'160**
31.12.2014	**-**	**23'310**	**1'744**	**25'054**

IMPAIRED LOANS / RECEIVABLES	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
31.12.2015	**1'370**	**-**	**1'370**	**1'370**
31.12.2014	**4'349**	**-**	**4'349**	**4'349**

4.2 Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities) (CHF 1'000)

	31.12.2015	31.12.2014
ASSETS		
Trading portfolio assets		
Debt securities, money market securities / transactions	-	-
- of which, listed	-	-
Equity securities	105	145
Precious metals and commodities	12	21
Other trading portfolio assets	-	-
OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE		
Debt securities	-	-
Structured products	-	–
Other	-	-
TOTAL ASSETS	**117**	**166**
- of which, determined using a valuation model	-	-
- of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-

4.3 Presentation of derivative financial instruments (assets and liabilities) (CHF 1'000)

	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
FOREIGN EXCHANGE / PRECIOUS METALS						
Forward contracts	6'216	5'888	651'864	-	-	-
Options (OTC)	-	-	-	-	-	-
Total before netting agreements						
31.12.2015	6'216	5'888	651'864	-	-	-
- of which, determined using a valuation model	-	-	-	-	-	-
31.12.2014	12'749	12'289	947'818	-	-	-
- of which, determined using a valuation model	-	-	-	-	-	-

Total after netting agreements (CHF 1'000)

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
31.12.2015	6'216	5'888
31.12.2014	12'749	12'289

Breakdown by counterparties (CHF 1'000)

	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	-	2'270	3'946

4.4 Breakdown of financial investments (CHF 1'000)

	Book value		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Debt securities	**19'379**	**5'443**	**19'554**	**5'544**
- of which, intended to be held to maturity	-	-	-	-
- of which, not intended to be held to maturity (available for sale)	19'379	5'443	19'554	5'544
Equity securities	**1'804**	**2'038**	**4'115**	**3'888**
- of which, qualified participations*	-	-	-	-
Precious metals	**14'253**	**4'637**	**14'253**	**4'637**
Real estate	**-**	**-**	**-**	**-**
Total	**35'436**	**12'118**	**37'922**	**14'069**
- of which, securities eligible for repo transactions in accordance with liquidity requirements	5'549	5'443	5'612	5'544

* at least 10% of capital or votes

4.4.1 Breakdown of counterparties by rating S&P (CHF 1'000)

	31.12.2015
	Debt securities Book values
From AAA à AA -	19'379
From A + to A -	-
From BBB + to BBB -	-
From BB + to B -	-
Lower than B -	-
Not rated	-

4.5 Presentation of participations (CHF 1'000)

				2015						
	Acquisition cost	Accumulated value adjustments and changes in book value (valuation using the equity method)	Book value Previous year end	Reclassifications	Additions	Disposals	Value adjustments	Changes in book value in the case of participations valued using the equity method / depreciation reversals	Book value as at end of current year	Market value
PARTICIPATIONS VALUED USING THE EQUITY METHOD										
with market value	-	-	-	-	-	-	-	-	-	-
without market value	595	19	614	-	-	-	-	(63)	551	-
OTHER PARTICIPATIONS										
with market value	-	-	-	-	-	-	-	-	-	-
without market value	2	-	2	-	-	-	-	-	2	-
Total participations	**597**	**19**	**616**	**-**	**-**	**-**	-	**(63)**	**553**	**-**

4.6 Disclosure of companies in which the bank holds a permanent direct or indirect significant participation (CHF 1'000)

Name, registered office	Business activity	Currency	Company capital (in 1,000s)	Share of capital (in %)	Share of votes (in %)	Held directly (in %)	Held indirectly (in %)
FULL CONSOLIDATION							
Mirelis Advisors SA Genève	Wealth management	CHF	1'000	100%	100%	100%	-
EQUITY METHOD							
Monaco Asset Management SAM Monaco	Wealth management	EUR	900	22%	22%	22%	-
Stavanger Asset Management Ltd Stavanger	Wealth management	NOK	3'900	35%	35%	35%	-

The consolidation scope did not see any changes compared to 31 December 2014.
The non-consolidated participation is related to the holding of a minimal share of Swift's capital.

4.7 Presentation of tangible fixed assets (CHF 1'000)

				2015					
	Acquisition cost	Accumulated depreciation	Book value Previous year end	Reclassifications	Additions	Disposals	Depreciation	Reversals	Book value as at end of current year
Bank buildings	-	-	-	-	-	-	-	-	-
Other real estate	-	-	-	-	-	-	-	-	-
Proprietary or separately acquired software	2'562	(1'494)	1'068	-	536	-	(344)	-	1'260
Other tangible fixed assets	10'617	(9'342)	1'275	-	118	-	(375)	-	1'019
Tangible assets acquired under finance leases									
- of which, bank buildings	-	-	-	-	-	-	-	-	-
- of which, other real estate	-	-	-	-	-	-	-	-	-
- of which, other tangible fixed assets	-	-	-	-	-	-	-	-	-
Total tangible fixed assets	**13'179**	**(10'836)**	**2'343**	**-**	**654**	**-**	**(719)**	**-**	**2'278**

The Group has not concluded any operational leasing during the current fiscal year.

4.8 Presentation of intangible assets (CHF 1'000)

				2015			
	Acquisition cost	Accumulated depreciation	Book value Previous year end	Additions	Disposals	Depreciation	Book value as at end of current year
Goodwill	2'792	(886)	1'906	-	-	(774)	1'132
Patents	-	-	-	-	-	-	-
Licences	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-
Total intangible assets	**2'792**	**(886)**	**1'906**	**-**	**-**	**(774)**	**1'132**

4.9 Breakdown of other assets and other liabilities (CHF 1'000)

	Other assets		Other liabilities	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Compensation account	-	-	-	-
Deferred income taxes recognised as assets	39	146	682	1'027
Amount recognised as assets in respect of employer contribution reserves	-	-	1'140	-
Amount recognised as assets relating to other assets from pension schemes	489	413	489	413
Other assets and other liabilities	19	24	3	449
Total	**547**	**583**	**2'314**	**1'889**

4.10 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership (CHF 1'000)

	31.12.2015		31.12.2014	
	Book values	Effective commitments	Book values	Effective commitments
PLEDGED / ASSIGNED ASSETS				
Amounts due from banks	3'430	-	5'500	-
Financial investments	19'292	-	-	-
Tangible fixed assets	-	-	-	-
Total pledged / assigned assets	**22'722**	**-**	**5'500**	**-**
Assets under reservation of ownership	-	-	-	-

Assets pledged to banking counterparties represent margin deposits relating to derivative instruments.

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

The Group has no liabilities relating to own pension schemes.
Pension schemes do no hold any equity instruments of the bank.

4.12 Disclosures on the economic situation of own pension schemes

a. Employer contribution reserves (ECR)

Employer has no contribution reserve at December 31, 2015 (nil in 2014).

b. Presentation of the economic benefit / obligation and the pension expenses

There are three pension plans within the Group, following the mergers and acquisitions that occurred during the last years. The Group has not transferred the specific plans of each entity taken among a single Swiss pension fund .

For each pension plan, the Group ascertains whether the coverage and the specific situation of the pension fund may lead to an economic benefit or to an economic obligation. The assessment is based on the financial statements of the pension funds and the information provided by the latter as to the developments in their financial situation in 2015.

	Overfunding / underfunding at end of current year	Economic interest of the bank / financial group		Change in economic interest (economic benefit / obligation) versus previous year	Contributions paid for the current period	Pension expenses in personnel expenses	
		31.12.2015	31.12.2014			31.12.2015	31.12.2014
					CHF	CHF	CHF
Collective pension fund (La Bâloise)	-	-	-	-	766'418	766'418	984'165
Pension plan (CIEPP)	12%	-	-	-	600'904	600'904	686'112
Complementary pension plan (Profond)	6%	-	-	-	172'894	172'894	213'380

4.13 Presentation of issued structured products

The Group does not issue any structured products.

4.14 Presentation of value adjustments, provisions, reserves for general banking risks, and changes therein during the current year (CHF 1'000)

	Previous year end	Reclassifications	Use in conformity with designated purpose	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end
Provisions for deferred taxes	1'750	-	-	-	-	-	(125)	1'625
Provisions for other business risks	220	-	(206)	-	-	-	-	14
Other provisions	1'409	-	(1'397)	-	-	3	-	15
Total provisions	**3'379**	**-**	**(1'603)**	**-**	**-**	**3**	**(125)**	**1'654**
Reserves for general banking risks	**5'250**	**-**	**-**	**-**	**-**	**-**	**(500)**	**4'750**
Value adjustments for default and country risks	**4'349**	**-**	**(1'531)**	**(233)**	**44**	**-**	**(1'259)**	**1'370**
- of which, value adjustments for default risks in respect of impaired loans / receivables	4'349	-	(1'531)	(233)	44	-	(1'259)	1'370
- of which, value adjustments for latent risks	-	-	-	-	-	-	-	-

4.15 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures on any employee participation schemes (CHF 1'000)

Nil.

4.16 Disclosure of amounts due from / to related parties (CHF 1'000)

	Amounts due from		Amounts due to	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Holders of qualified participations	8'514	8'195	3'881	3'373
Group companies	42	89	-	-
Linked companies	-	-	541	506
Transactions with members of governing bodies	122	664	262	121

Guarantees totaling CHF 19'879 (CHF 533'311 in 2014) were issued by Hyposwiss Private Bank Genève SA for the account of related companies, holders of qualified participations and governing bodies. Conditions applied to operations with related parties are in line with market conditions.

4.17 Presentation of the maturity structure of financial instruments (CHF 1'000)

	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 12 months to 5 years	Due after 5 years	No maturity	Total
ASSETS / FINANCIAL INSTRUMENTS								
Liquid assets	60'346	-	-	-	-	-	-	60'346
Amounts due from banks	241'406	-	2'333	82	-	-	-	243'821
Amounts due from customers	53'930	-	96'412	20'106	-	-	-	170'448
Mortgage loans	-	-	-	5'000	2'200	-	-	7'200
Trading portfolio assets	117	-	-	-	-	-	-	117
Positive replacement values of derivative financial instruments	6'216	-	-	-	-	-	-	6'216
Financial investments	15'967	-	-	11'978	2'029	5'462	-	35'436
Total 31.12.2015	**377'982**	**-**	**98'745**	**37'166**	**4'229**	**5'462**	**-**	**523'584**
Total 31.12.2014	**423'509**	**-**	**47'426**	**68'753**	**25'588**	**5'596**	**-**	**570'871**
DEBT CAPITAL / FINANCIAL INSTRUMENTS								
Amounts due to banks	3'720	-	-	-	-	-	-	3'720
Amounts due in respect of customer deposits	475'263	-	-	-	-	-	-	475'263
Negative replacement values of derivative financial instruments	5'888	-	-	-	-	-	-	5'888
Total 31.12.2015	**484'871**	**-**	**-**	**-**	**-**	**-**	**-**	**484'871**
Total 31.12.2014	**517'731**	**-**	**7'068**	**7'068**	**-**	**-**	**-**	**531'867**

4.18 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle (CHF 1'000)

	31.12.2015		31.12.2014	
	Domestic	Foreign	Domestic	Foreign
ASSETS				
Liquid assets	60'346	-	88'819	-
Amounts due from banks	183'998	59'822	163'959	78'046
Amounts due from customers	11'739	158'709	13'658	194'004
Mortgage loans	7'200	-	7'200	-
Trading portfolio assets	12	105	13	153
Positive replacement values of derivative financial instruments	2'989	3'227	7'975	4'774
Financial investments	19'715	15'721	10'055	2'216
Accrued income and prepaid expenses	5'574	274	6'747	360
Non-consolidated participations	-	553	-	616
Tangible fixed assets	2'278	-	2'343	-
Intangible assets	1'132	-	1'906	-
Other assets	547	-	583	-
Total assets	**295'530**	**238'411**	**303'258**	**280'169**
LIABILITIES				
Amounts due to banks	380	3'340	25'408	2'205
Amounts due in respect of customer deposits	96'030	379'233	79'062	412'902
Negative replacement values of derivative financial instruments	3'403	2'486	10'221	2'068
Accrued expenses and deferred income	3'875	74	4'779	15
Other liabilities	2'314	-	1'889	-
Provisions	1'654	-	3'379	-
Reserves for general banking risks	4'750	-	5'250	-
Share capital	27'500	-	27'500	-
Capital reserve	1'686	-	1'686	-
Retained earnings reserve	6'945	-	6'875	-
Currency translation reserve	-	-	-	-
Consolidated profit	271	-	188	-
Total liabilities	**148'808**	**385'133**	**166'237**	**417'190**

4.19 Breakdown of total assets by country or group of countries (domicile principle) (CHF 1'000)

	31.12.2015		31.12.2014	
ASSETS	Absolute value	Share as %	Absolute value	Share as %
Switzerland	295'530	55.35%	303'258	51.98%
Europe	117'204	21.95%	104'799	17.96%
Central America	76'238	14.28%	67'304	11.54%
North America	31'658	5.93%	65'052	11.15%
Asia	4'864	0.91%	15'150	2.60%
Other	8'447	1.58%	27'864	4.78%
Total assets	**533'941**	**100.00%**	**583'427**	**100.00%**

4.20 Breakdown of total assets by credit rating of country groups (risk domicile view) (CHF 1'000)

Rating as per FINMA correspondence tables	Net foreign exposure / current year end	
	In thousand CHF	Share as %
1 & 2	106'650	44.73%
3	7'775	3.26%
4	82'213	34.48%
5	2'166	0.91%
6	1'284	0.54%
7	585	0.25%
Not rated	37'738	15.83%
Total	**238'411**	**100.00%**

The Bank uses ratings provided by FINMA in its correspondence tables for the calculation of regulatory capital requirements. The rating given by the rating agency "Standard & Poor's" has been adopted.

4.21 Presentation of assets and liabilities broken down by the most significant currencies for the Group (CHF 1'000)

ASSETS	CHF	USD	EUR	OTHERS
Liquid assets	59'859	73	330	84
Amounts due from banks	33'420	121'631	71'264	17'505
Amounts due from customers	14'525	61'645	41'077	53'201
Mortgage loans	7'200	-	-	-
Trading portfolio assets	7	97	1	12
Positive replacement values of derivative financial instruments	2'598	1'343	230	2'045
Financial investments	5'463	15'368	32	14'573
Accrued income and prepaid expenses	5'542	126	71	109
Non-consolidated participations	2	-	411	140
Tangible fixed assets	2'278	-	-	-
Intangible assets	1'132	-	-	-
Other assets	547	-	-	-
Total assets shown in balance sheet	**132'573**	**200'283**	**113'416**	**87'669**
Delivery entitlements from spot exchange, forward forex and forex options transactions	**210'987**	**267'742**	**110'254**	**62'864**
Total assets	**343'560**	**468'025**	**223'670**	**150'533**
LIABILITIES				
Amounts due to banks	49	2'768	572	331
Amounts due in respect of customer deposits	77'578	188'409	139'038	70'238
Trading portfolio liabilities	-	-	-	-
Negative replacement values of derivative financial instruments	918	4'067	479	424
Accrued expenses and deferred income	3'590	296	48	16
Other liabilities	2'312	-	-	2
Provisions	1'654	-	-	-
Reserves for general banking risks	4'750	-	-	-
Share capital	27'500	-	-	-
Capital reserve	1'686	-	-	-
Retained earnings reserve	6'945	-	-	-
Currency translation reserve	-	-	-	-
Consolidated profit	271	-	-	-
Total liabilities shown in balance sheet	**127'253**	**195'540**	**140'137**	**71'011**
Delivery obligations from spot exchange, forward forex and forex options transactions	215'491	275'191	83'254	77'544
Total liabilities	**342'744**	**470'731**	**223'391**	**148'555**
Net position per currency	**816**	**(2'706)**	**279**	**1'978**

5 – OFF-BALANCE-SHEET RELATED INFORMATION

5.1 Breakdown and explanation of contingent assets and liabilities (CHF 1'000)

	31.12.2015	31.12.2014
Guarantees to secure credits and similar	11'178	20'786
Total	**11'178**	**20'786**

5.2 Breakdown of credit commitments (CHF 1'000)

Nil.

5.3 Breakdown of fiduciary transactions (CHF 1'000)

	31.12.2015	31.12.2014
Fiduciary investments with third-party companies	332'829	333'541
Fiduciary loans	872	1'041
Total fiduciary transactions	**333'701**	**334'582**

5.4 Breakdown of managed assets and presentation of their development (CHF 1'000)

	31.12.2015	31.12.2014
BREAKDOWN OF MANAGED ASSETS		
Assets in collective investment schemes managed by the Group	-	-
Assets under discretionary asset management agreements	1'625'049	1'660'773
Other managed assets	1'539'116	1'716'933
Total managed assets (including double counting)	**3'164'165**	**3'377'706**
Of which, double counting	-	-

Assets under management include all clients' deposits within the Group as well as clients' assets deposited with third-party banks but managed by the Group. Group clients' deposits which are managed by third parties are not included (single deposit holdings). Banks' assets are not included in the table above. Assets managed by entities in which the Group holds minority interests are not included in the assets under management.

Assets under discretionary asset management agreements include clients' deposits for which the Group make the investment decisions. Other managed assets are those for which investment decisions are made by the client.

5.5 Presentation of the development of managed assets (CHF 1'000)

	31.12.2015	31.12.2014
Total managed assets (including double counting) at beginning	**3'377'706**	**1'396'881**
+/- net new money inflow or net new money outflow	(41'314)	2'003'863
+/- price gains / losses, interest, dividends and currency	(172'227)	(23'038)
+/- other effects	-	-
Total managed assets (including double counting) at end	**3'164'165**	**3'377'706**

The Group assesses the net inflow of new money based on deposits and withdrawals of customers' assets. Interest and dividend income relating to the managed assets are not classed as new money inflow. Market and currency fluctuations, charges, commissions and charged interest payments are not included in the net new money.

6 – INCOME STATEMENT RELATED INFORMATION

6.1 Breakdown of the result from trading activities and the fair value option (CHF 1'000)

BREAKDOWN BY BUSINESS AREA	2015
Trading activity for the Group's own account	212
Trading activity for customers' account	3'790
Total result from trading activities	**4'002**

6.2 Breakdown by underlying risk and based on the use of the fair value option (CHF 1'000)

RESULT FROM TRADING ACTIVITIES FROM :	2015	2014
- Interest rate instruments (including funds)	-	-
- Equity securities (including funds)	203	410
- Foreign currencies	3'637	3'030
- Commodities / precious metals	162	108
Total result from trading activities	**4'002**	**3'548**
- of which, from fair value option	203	410
- of which, from fair value option on assets	203	410
- of which, from fair value option on liabilities	-	-

6.3 Breakdown of personnel expenses (CHF 1'000)

	2015	2014
Salaries	16'917	18'116
- of which, expenses relating to variable compensation	1'889	1'996
Social insurance benefits	3'116	3'675
Other personnel expenses	373	384
Total	**20'406**	**22'175**

6.4 Breakdown of general and administrative expenses (CHF 1'000)

	2015	2014
Office space expenses	1'829	2'561
Expenses for information and communications technology	857	1'270
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	179	185
Fees of audit firm(s)	378	403
- of which, for financial and regulatory audits	378	403
- of which, for other services	-	-
Marketing and public relations	527	537
Travelling expenses	566	510
Indirect taxes	485	595
Other operating expenses	3'128	6'428
Total	**7'949**	**12'489**

6.5 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 (CHF 1'000)

	2015	2014
Extraordinary income	315	14
Extraordinary expenses	(1'904)	(10)
Changes in the reserves for general banking risks	500	490
Changes to provisions and other liabilities	(1'328)	3'294

Extraordinary income in 2015 resulted from the finalization of Atlas Capital SA acquisition.

Extraordinary expenses in 2015 resulted from the finalization of ownership transfer with St. Galler Kantonalbank.

Regarding the changes in provisions and other value adjustments, losses, there is a reimbursement of provisions related to the transaction with St. Galler Kantonalbank.

6.6 Presentation of current taxes, deferred taxes, and disclosure of tax rate (CHF 1'000)

	2015
Provisions' release for deferred taxes	(125)
Expenses for current taxes	149
Total taxes	**24**
Weighted average tax rate, based on the operating result	1.77%

The bank benefits from tax losses and is only taxed on its capital.

7 – CAPITAL ADEQUACY DISCLOSURE (CIRC.-FINMA 08/22)

7.1 Presentation of eligible shareholders' equity (CHF 1'000)

	31.12.2015	31.12.2014
COMMON EQUITY TIER 1 (CET 1)		
Fully eligible issued and paid-up share capital	27'500	27'500
Retained earnings reserves, incl. Reserves for general banking risks / Profit (loss) carried forward for the current period	11'695	12'313
Share premium reserves, foreign exchange reserves (+/-)	1'686	1'686
Common equity Tier 1, before adjustments	**40'881**	**41'499**
GENERAL ADJUSTMENTS		
Goodwill	1'132	1'906
Participations	553	616
Total general adjustments	**1'685**	**2'522**
Net common equity Tier 1 after general adjustments (net CET1)	**39'196**	**38'977**

7.2 Minimum capital requirements (CHF 1'000)

	Approach	31.12.2015 Capital requirement	31.12.2014 Capital requirement
Credit risks	**AS-BRI**	**7'173**	**7'233**
- Of which on prices of securities in the trading portfolio of the bank		202	214
Non-counterparty related risk	**AS-BRI**	**182**	**187**
Market risks	**Standard approach**	**739**	**1'260**
- of which on interest rate instrument		-	-
- of which on equities held		-	-
- of which on currencies and precious metals		279	623
- of which on commodities		460	637
Operational risks	**Basic indicator approach**	**5'313**	**6'430**
Total capital requirements		**13'407**	**15'110**

7.3 Capital ratios (En %)

RATIOS	31.12.2015	31.12.2014
Ratio CET1	23.4%	20.6%
Ratio T1	23.4%	20.6%
Ratio in respect of minimal capital requirements	23.4%	20.6%
Minimum Ratio CET1 (as per FINMA)	7.0%	7.0%
Minimum Ratio T1 (as per FINMA)	8.5%	8.5%
Minimum Capital Ratio (as per FINMA)	10.5%	10.5%

7.4 Leverage ratio (CHF 1'000)

RATIOS	31.12.2015	31.12.2014
Eligible adjusted T1	39'196	38'977
Total exposure	545'027	603'397
Leverage ratio	7.2%	6.5%

7.5 Liquidity coverage ratio (CHF 1'000)

LCR	Average Q1 2015	Average Q2 2015	Average Q3 2015	Average Q4 2015
High quality liquid assets (HQLA)	60'317	76'801	89'281	67'723
Total of net cash outflows	76'359	35'207	35'785	29'265
Liquidity coverage ratio (in %)	79.0%	218.1%	249.5%	231.4%

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