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**Group key figures**

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>8'354</td>
<td>7'850</td>
<td>7'772</td>
<td>9'804</td>
<td>10'583</td>
</tr>
<tr>
<td>Shareholder's equity</td>
<td>880</td>
<td>877</td>
<td>873</td>
<td>987</td>
<td>1'000</td>
</tr>
<tr>
<td>Advances</td>
<td>2'645</td>
<td>2'351</td>
<td>2'871</td>
<td>3'408</td>
<td>3'195</td>
</tr>
<tr>
<td>Deposits</td>
<td>6'439</td>
<td>6'289</td>
<td>6'398</td>
<td>8'018</td>
<td>8'696</td>
</tr>
<tr>
<td><strong>Income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total income</td>
<td>305.9</td>
<td>286.4</td>
<td>253.9</td>
<td>418.9</td>
<td>397.2</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>151.6</td>
<td>159.9</td>
<td>175.1</td>
<td>178.3</td>
<td>194.0</td>
</tr>
<tr>
<td>Operating result</td>
<td>107.2</td>
<td>69.9</td>
<td>55.1</td>
<td>207.8</td>
<td>148.2</td>
</tr>
<tr>
<td>Group profit / loss</td>
<td>61.7</td>
<td>40.4</td>
<td>28.6</td>
<td>77.6</td>
<td>88.2</td>
</tr>
</tbody>
</table>

* Effective 1 January 2013, the Group adopted the new accounting principles in accordance of FINMA Circular 2015/1 "Accounting - Banks"

1 Excl. minority interest in equity and in Group profit / loss

2 Including "Gross result from interest operations", "Result from commission business and services", "Result from trading activities and the fair value option" and "Other result from ordinary activities"
### Key figures and ratios

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of offices</td>
<td>197</td>
<td>219</td>
<td>253</td>
<td>278</td>
<td>315</td>
</tr>
<tr>
<td>Number of employees</td>
<td>3'308</td>
<td>3'823</td>
<td>4'140</td>
<td>4'456</td>
<td>4'779</td>
</tr>
<tr>
<td>Return on equity (ROE) (%)&lt;sup&gt;1&lt;/sup&gt;</td>
<td>6.4%</td>
<td>4.0%</td>
<td>2.8%</td>
<td>7.0%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Equity ratio (%)</td>
<td>12.0%</td>
<td>12.7%</td>
<td>13.1%</td>
<td>12.3%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Cost / income ratio (%)</td>
<td>49.6%</td>
<td>55.8%</td>
<td>69.0%</td>
<td>42.6%</td>
<td>52.9%</td>
</tr>
<tr>
<td>Total capital ratio (%)&lt;sup&gt;2&lt;/sup&gt;</td>
<td>19.4%</td>
<td>21.8%</td>
<td>21.0%</td>
<td>19.5%</td>
<td>19.9%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Group profit / loss as percentage of equity of average at year end 2014 and 2015

<sup>2</sup> Since 1 January 2013, capital adequacy has been determined in accordance with the standards in the "Basel III Accord"
It is our pleasure to present you with the 48th annual report of Habib Bank AG Zurich based on the new accounting principles issued by the Swiss Financial Market Supervisory Authority.

By the grace of God, Habib Bank AG Zurich delivered good results in 2015 while maintaining a strong capital base and high liquidity. The Habib Group maintained its conservative lending policy, with a high degree of discipline. This policy is characterized by a high percentage of fully secured and relatively short-term lending. As a result, advances to clients decreased to 37% of deposits received from clients. The remaining liquidity was placed in the interbank market or invested in investment grade bonds.

During 2015, members of the Board of Directors bid farewell to Dr. Ulrich Grete, who had served not only as its Vice Chairman but as member for over 7 years. We thank him for his professional and very competent contributions made over the years. As of 20 April 2015 Urs W. Seiler replaced Dr. Ulrich Grete as Vice Chairman, and Dr. Stephan Thaler joined our Board of Directors as a new member on the same day. We wish them all well for the future.

The Board of Directors has proposed that out of the profit for the year ended 31 December 2015 and a carry-over profit from last year adding up to a distributable amount of CHF 34'872'780.– the following appropriations should be made

- Allocation to statutory retained earnings reserves
  CHF 1'800'000.–
- Allocation to voluntary retained earnings reserves
  CHF 15'000'000.–
- Distribution of dividend from distributable profit
  CHF 18'000'000.–
- Profit and loss carried forward
  CHF 72'780.–

We would like to thank our clients for their loyalty to Habib Bank AG Zurich and for the trust they placed in us in 2015. We also wish to thank all our employees for their ongoing commitment and contribution to the success of Habib Bank AG Zurich.

Dr. Andreas Länzlinger
Chairman of the Board of Directors

Muhammad H. Habib
President
Habib Bank AG Zurich - the Group

Habib Bank AG Zurich (hereinafter "the Bank") was incorporated in Switzerland in 1967 and is privately owned.

The Habib family has been actively involved in banking for over 170 years. Two family members, Mr. Muhammad H. Habib, President, and Mr. Mohamedali R. Habib, Joint President, are members of the General Management. Other members of the family are currently working their way up through the management grades.

The traditional values of the Habib family are: trust, integrity, respect, service and commitment.

The Bank has its Head Office and operation in Zurich and branches in the United Kingdom (with effect from 1 April 2016 all assets and liabilities of the United Kingdom branch will be transferred to the subsidiary Habib Bank Zurich Plc, London), the United Arab Emirates and Kenya. The Bank holds five wholly owned subsidiaries: Habib Bank Zurich Plc, London, Habib Canadian Bank, Canada, HBZ Bank Limited, South Africa, Habib European Bank Ltd., Isle of Man and HBZ Services FZ-LLC, United Arab Emirates. The Bank holds a 51% ownership interest in Habib Metropolitan Bank Ltd., Pakistan and Habib Bank Zurich (Hong Kong) Ltd., Hong Kong (collectively "the Group").

The Bank and the Group are subject to the consolidated supervision of the Swiss Financial Market Supervisory Authority (FINMA). The Group has a strong capital base and liquidity ratios above industry standards and benefits from the political and economic stability of having its Head Office in Switzerland. Furthermore, the Group has close co-operation with the various regulatory bodies and central banks in the countries in which the Group operates.

The Group places a high emphasis on personal service in the countries in which it operates. The branches and subsidiaries cover nine countries spread over four continents. As of the end of 2015, 4’779 employees spread over 315 offices are strategically situated to provide maximum assistance to our local and international clientele. The Group is active in commercial banking, retail banking, trade finance business, wealth management and Islamic banking.
Group organisation structure

Board of Directors

The Board of Directors of the Bank is made up of non-executive and independent directors, all of whom have extensive experience in their respective field of competence.

<table>
<thead>
<tr>
<th>Name</th>
<th>Born</th>
<th>Citizenship</th>
<th>Board of Directors</th>
<th>Audit Committee</th>
<th>Risk &amp; Control Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Andreas Länzlinger</td>
<td>1959</td>
<td>Swiss</td>
<td>Chairman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Ulrich Grete*</td>
<td>1942</td>
<td>Swiss</td>
<td>Vice Chairman</td>
<td>Member</td>
<td></td>
</tr>
<tr>
<td>Urs W. Seiler**</td>
<td>1949</td>
<td>Swiss</td>
<td>Vice Chairman</td>
<td>Member</td>
<td>Member</td>
</tr>
<tr>
<td>Ray Barnes</td>
<td>1945</td>
<td>British</td>
<td>Member</td>
<td></td>
<td>Member</td>
</tr>
<tr>
<td>Dr. Marco Duss</td>
<td>1943</td>
<td>Swiss</td>
<td>Member</td>
<td>Chairman</td>
<td></td>
</tr>
<tr>
<td>Ursula Suter</td>
<td>1954</td>
<td>Swiss</td>
<td>Member</td>
<td></td>
<td>Chairwoman</td>
</tr>
<tr>
<td>Dr. Stephan Thaler***</td>
<td>1962</td>
<td>Swiss</td>
<td>Member</td>
<td>Member</td>
<td></td>
</tr>
</tbody>
</table>

* until 20 April 2015
** until 20 April 2015, Member, and from 20 April 2015 Vice Chairman of Board of Directors
*** from 20 April 2015

General Management

General Management consists of two members of the Habib family and one non-family member. The majority of the members of General Management have residency in Switzerland.

<table>
<thead>
<tr>
<th>Name</th>
<th>Born</th>
<th>Citizenship</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muhammad H. Habib</td>
<td>1959</td>
<td>Swiss</td>
<td>President and Head of Markets Overseas</td>
</tr>
<tr>
<td>Mohamedali R. Habib</td>
<td>1964</td>
<td>Canadian</td>
<td>Joint President and Head of Markets Asia &amp; Special Services</td>
</tr>
<tr>
<td>Shaun Wallis*</td>
<td>1955</td>
<td>British</td>
<td>Member of General Management and Head of Global Operations</td>
</tr>
<tr>
<td>Walter Mathis</td>
<td>1961</td>
<td>Swiss</td>
<td>Member of General Management and Head of Shared Services</td>
</tr>
</tbody>
</table>

* until 30 Mai 2015

Management of the branch network

<table>
<thead>
<tr>
<th>Name</th>
<th>Born</th>
<th>Citizenship</th>
<th>Function</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian Lerch</td>
<td>1959</td>
<td>Swiss</td>
<td>Country Manager</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Prof. Moorad Choudhry</td>
<td>1966</td>
<td>British</td>
<td>Country Manager</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Arif Lakhani</td>
<td>1945</td>
<td>Pakistani</td>
<td>Country Manager</td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td>Mohammad Ali Hussain</td>
<td>1954</td>
<td>Kenyan</td>
<td>Country Manager</td>
<td>Kenya</td>
</tr>
</tbody>
</table>
## Management of the subsidiaries

<table>
<thead>
<tr>
<th>Name</th>
<th>Born</th>
<th>Citizenship</th>
<th>Function</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muslim Hassan</td>
<td>1955</td>
<td>Canadian</td>
<td>Chief Executive Officer</td>
<td>Canada</td>
</tr>
<tr>
<td>Zafar Khan</td>
<td>1952</td>
<td>South African</td>
<td>Chief Executive Officer</td>
<td>South Africa</td>
</tr>
<tr>
<td>Mohammed Jafri</td>
<td>1951</td>
<td>British</td>
<td>Chief Executive Officer</td>
<td>Isle of Man</td>
</tr>
<tr>
<td>Atif Mufti</td>
<td>1973</td>
<td>Pakistani</td>
<td>Chief Executive Officer</td>
<td>United Arab Emirates*</td>
</tr>
<tr>
<td>Sirajuddin Aziz</td>
<td>1956</td>
<td>Pakistani</td>
<td>Chief Executive Officer</td>
<td>Pakistan</td>
</tr>
<tr>
<td>Ikram Quraishi</td>
<td>1948</td>
<td>USA</td>
<td>Chief Executive Officer</td>
<td>Hong Kong</td>
</tr>
</tbody>
</table>

* HBZ Services FZ-LLC

## Group Internal Audit

<table>
<thead>
<tr>
<th>Name</th>
<th>Born</th>
<th>Citizenship</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haroon Ahmad</td>
<td>1975</td>
<td>Pakistani</td>
<td>Head of Group Internal Audit</td>
</tr>
</tbody>
</table>

## Group Support Functions

<table>
<thead>
<tr>
<th>Name</th>
<th>Born</th>
<th>Citizenship</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Umair Chaudhary</td>
<td>1968</td>
<td>British</td>
<td>Group Chief Operating Officer</td>
</tr>
<tr>
<td>Adnan Fasih</td>
<td>1967</td>
<td>Pakistani</td>
<td>Head of Group Islamic Banking</td>
</tr>
<tr>
<td>Felix Gasser</td>
<td>1959</td>
<td>Swiss</td>
<td>Head of Group Risk Control</td>
</tr>
<tr>
<td>Dr. Sitwat Husain</td>
<td>1964</td>
<td>Pakistani</td>
<td>Head of Group Human Resources</td>
</tr>
<tr>
<td>Dr. Pascal Mang</td>
<td>1964</td>
<td>Swiss</td>
<td>Head of Group Legal &amp; Compliance</td>
</tr>
<tr>
<td>Alfred Merz</td>
<td>1962</td>
<td>Swiss</td>
<td>Head of Group Financial Control</td>
</tr>
<tr>
<td>Atif Mufti</td>
<td>1973</td>
<td>Pakistani</td>
<td>Head of Group Operations</td>
</tr>
<tr>
<td>Syam Pillai / Haja Alavudeen</td>
<td>1962</td>
<td>Indian</td>
<td>Heads of Group Information Technology</td>
</tr>
<tr>
<td>Sibel Samus</td>
<td>1954</td>
<td>Turkish</td>
<td>Head of Group Financial Institutions</td>
</tr>
<tr>
<td>Ralph Schneider</td>
<td>1964</td>
<td>Swiss</td>
<td>Head of Group Credit</td>
</tr>
</tbody>
</table>
Directors' report

Economic environment

The global economy experienced another year of moderate growth, and despite highly accommodative central bank policies, the rates of expansion in most advanced economies remained below their long-term average. New headwinds emerged in the course of the year, mainly in the form of the unrelenting decline of commodity prices and slowing structural growth in China. These developments particularly affected many commodity-exporting emerging economies and contributed to capital outflows and widespread currency weakness. Capital outflows were partially motivated by expectations for higher USD rates which materialized in December when the US Federal Reserve increased its target rate for the first time since 2006. Inflationary pressures remained subdued in most economies with the exception of those which suffered large FX depreciations. The European Central Bank (ECB) introduced its own quantitative easing program early in the year in order to combat lingering deflation risks.

Among the Bank’s largest markets, Pakistan enjoyed by far the highest growth in 2015 with a rate of expansion well above 4% in real terms. Growth was supported by the government’s efforts to implement the on-going IMF agreement. The launch of the China-Pakistan Economic Corridor was a major milestone for the development of the country with the potential of lifting the long-term growth by several percentage points thanks to better infrastructure and improved energy supply. The overall positive economic environment benefited further from the looser monetary policy of the State Bank of Pakistan (SBP) that lowered key rates to an all-time low as inflation declined with sharply lower oil prices. The lower oil bill helped to contain the current account deficit which remained well financed thanks to a number of multilateral loans and new international bond issues. A policy to maintain exchange rate stability allowed the SBP to accumulate a record amount of currency reserves and to further stabilize external accounts, albeit at the expense of sharply reduced international competitiveness of the country’s export industries.

The United Arab Emirates were also able to maintain decent growth albeit at a decelerating pace, as lower oil prices affected general business activity. The government was forced to reduce public expenditures and to consider expanding its income sources with the possible introduction of a general corporate tax and a value-added tax. While efforts to diversify the economy helped to limit the short-term impact, the medium-term prospects became much more uncertain during the course of the year. Public sentiment deteriorated, affecting, among other things, the large and important real estate sector. Moreover, with the AED pegged against the USD, the country faced higher interest rates when it was least welcome.

A number of domestic and global headwinds buffeted the South African economy during 2015. The pressure on commodity prices and a general retreat from emerging markets hit the economy hard and the ZAR lost a quarter of its value. The government of South Africa meanwhile was unable to make significant progress in addressing the worsening bottleneck in the energy sector. The replacement of a well-respected minister of finance late in the year triggered a major confidence crisis which was only partly defused when the government amended its decision. Poor economic governance raised the spectre that the country may lose its investment-grade rating over the medium-term. Faced with rising inflation and a plummeting currency, the South African Reserve Bank tightened its policy several times despite low and disappointing growth.

Real GDP growth in the UK slowed in the course of 2015 to slightly above 2% annually but still left the economy as one of the top performers in the G7. Government spending cuts, a slowdown in construction investments and lower exports were the main causes for lower activity. Housing prices also moderated from the double-digit growth recorded in the previous year. Overall monetary conditions tightened due to the relative strength of the trade-weighted
GBP, even though the Bank of England refrained from raising its key policy rate for another year in the absence of significant inflationary pressures.

The Swiss National Bank made a surprise decision to end the CHF 1.20 floor rate against EUR in mid-January. The resulting sharp appreciation of the currency was, however, absorbed more quickly than initially expected. Many exporting companies, including banks, reacted promptly by cutting the cost base, thereby limiting the impact on their external competitiveness. Nevertheless, the Swiss economy as a whole continued to struggle in the face of an overvalued currency and meagre growth in the core European markets.

Among the smaller markets, the Kenyan economy fared best thanks to ambitious government investment projects which maintained real annual growth above 5%. However, global risk aversion and large deficits of both the budget and current account put significant downward pressure on the KES that forced the Central Bank of Kenya to substantially increased policy rates.

Hong Kong suffered from substantially weaker demand from mainland China, mainly reflected in lower retail sales and tourist arrivals. While private consumption continued to grow at a decent pace, the housing market showed first signs of a slowdown. Interest rates rose late in the year in response to higher US rates as the currency remained pegged to the USD.

Canada suffered a mild recession in early 2015 when the economy contracted under the impact of lower energy prices and lower business investment. Thereafter, activity recovered only sluggishly, still hampered by subdued demand for commodities, even as the Bank of Canada slashed its policy rate twice during the year. The currency declined sharply losing some 20% of its value against the USD.

Banking sector

The economic context for the global banking industry was marked by sustained extremely low levels of interest rates in the developed world. Only USD rates moved higher in anticipation of a higher Fed rate. This opened a yield gap that favored the USD against most other currencies throughout the year. From the late summer onwards, increasing financial market volatility in response to changes to the Chinese currency regime dominated events, leading to a spike of risk aversion and in particular pressure on emerging-market assets. The sharp decline of commodity prices impacted the activity of oil producers and exporters who were hit by lower cash flows and higher credit costs.

Trends in credit growth were generally positive in most advanced economies including in the eurozone where loan growth had previously been held back by deleveraging and shrinking balance sheets. Even in emerging economies, such as South Africa and UAE, which suffered from lower commodity prices, credit growth remained in the high single digits. Banking activity also remained robust in Pakistan but lower market interest rates compressed the banks' net-interest margins.

Private banking and wealth management remained a growth business. Here again, however, lower commodity prices and higher market volatility left their mark, affecting both net new money flows and client activity, particularly in the second half of the year. Despite the significant headwinds from slower economic growth in China, Asia remained the key growth market for private client business.

Meeting new regulatory requirements continued to be a main focus of the industry. Banks allocated once again significant capital and human resources to address new and tighter regulations across all business activities, in particular the OECD-sponsored automatic exchange of information on tax matters and the US FATCA legislation. At the same time, the emergence of cyber threats forced many banks to harden their IT infrastructure.
Operational performance and outlook

Income statement

The Group recorded in 2015 a profit of CHF 88.2 million, which represents an increase of CHF 10.6 million against 2014.

"Gross result from interest operations" amounted to CHF 262.7 million, which represents again an increase of CHF 38.6 million against the previous year. This development was mainly due to an increase of the balance sheet items "Amounts due in respect of customer deposits" and "Other financial instruments at fair value".

The "Subtotal result from commission business and services" amounted to CHF 76.6 million, which represents an increase of CHF 1 million against 2014.

"Result from trading activities and the fair value option" amounted CHF 56.8 million which represents a decrease of CHF 47.7 against the previous year. This difference mainly stems from two events. The profit on sale of "Other financial instruments at fair value" decreased compared to the previous year by CHF 19.1 million and the consolidation policy adopted resulted in an loss amounting to CHF 3.2 million (in 2014 an income of CHF 33 million was accounted for) deriving from the translation of financial statements of branches.

"Subtotal operating expenses" increased by CHF 15.7 million to CHF 194.0 million compared to 2014.

"Personnel expenses" increased by CHF 9.7 million compared to 2014 to CHF 131.0 million. The main reason for this increase was related to the increase in number of employees in various countries.

The average number of employees during 2015 of the Group was 4’618 compared to 4’298 during 2014. "General and administrative expenses" amounted to CHF 63.0 million, which represents an increase of CHF 6.0 million against 2014, mainly due to higher expenses for information technology, telecommunications and other operating expenses driven by the Group's branch expansion strategy.

"Changes in reserves for general banking risks" amounted to plus CHF 0.9 million against a minus of CHF 76.6 million for the previous year. Previous year bookings followed a prudent reserve policy, which considered the uncertainty due to strong CHF, which was not required in 2015.

The increase of "Taxes", from CHF 56.2 million in 2014 up to CHF 61.4 million in 2015, was driven by the improvement of Group profit.

The after-tax return on equity was at 7.3% in 2015 compared to 7.0% in 2014.

The Group's cost/income ratio increased from 42.6% to 52.9%.

Risk assessment

The Board of Directors conducted a risk assessment of major risk exposures of the Bank and the Group in 2015.

Balance sheet

The balance sheet reached CHF 10’582.6 million, i.e. an increase of CHF 779.1 million compared to 2014. This is mainly due to the increased focus on deposit mobilization.

"Liquid assets" amounted to CHF 1’042.7 million against CHF 941.0 million for 2014, which represents an increase of CHF 101.7 million.

"Advances" (i.e. "Amounts due from customers" and "Mortgage loans") reached CHF 3’195.4 million against CHF 3’408.2 million in 2014, i.e. a decrease of CHF 212.8 million.

"Other financial instruments at fair value" and "Financial investments" amounted to CHF 3’577.1
million. The increase against 2014 amounts to CHF 495.3 million. The Group invested a large part of deposited funds in local government paper. The general interest rate decrease provided substantial revaluation profits on these instruments.

"Amounts due in respect of customers deposits" reached CHF 8'695.8 million against CHF 8'017.8 million for the previous year. Nearly all countries contributed to the increase of CHF 678 million.

**Capital and liquidity**

The Group has a strong capital base as well as a high liquidity ratio.

The capital adequacy ratios stand at Bank level at 23.9% and at Group level at 19.9% and the level of liquidity coverage ratio amounts at Bank level to 183% and at Group level to 164%. The leverage ratio achieved at Bank level was 12% and at Group level 10% (for more details see annual Basel III disclosure).

These ratios significantly exceed the regulatory requirements.

**Operations**

During 2015, we were able to expand our network with 36 new branches in Pakistan, reaching a total of 276 branches in 77 cities across the country, including a branch in Gwadar, the port city of the China-Pakistan Economic Corridor. In Kenya, 1 new branch was added in Nyali. In the United Kingdom, we obtained permission from the PRA and FCA to transform our branch into a subsidiary (expected to occur on 1 April 2016). In the first half of 2015, our Hong Kong subsidiary obtained a restricted bank license and its name was changed to Habib Bank Zurich (Hong Kong) Ltd. Lastly, our subsidiary in South Africa proudly celebrated its 20th anniversary in 2015.

In similar fashion to many other Swiss banks, our Swiss operation reached an agreement with the U.S. Department of Justice for the US Tax Program before year-end. Our Swiss operation continues to focus on strengthening its offerings to small and medium enterprises in Switzerland.

The major milestones of the first phase of our Group Strategic Plan 2013-2020 have been substantially achieved. The Group Governance Framework has been further enhanced and a project to implement a state-of-the-art Internal Control System («ICS») has been initiated and implementation by phases will begin in 2016. The Group Human Resources function has been strengthened and, with the nomination of our new Group Chief Operating Officer, the Group Information Technology and the Group Information & Technology Risk units have been reorganized to better address future challenges. From 2016 onwards, the Group will be entering the second phase of the Group Strategic Plan 2013-2020.

**Outlook**

The progress made during the first phase of our Group Strategic Plan 2013-20 will allow us, in the coming years to focus on our product offerings, client centricity and market expansion. In this context and in consideration of the evolving needs of our clients, we have decided to cease operations of our subsidiary in the Isle of Man in 2016. On the other hand, it is our goal to further expand our branch network in the countries where we are already present - namely - Pakistan, South Africa and Canada, and we are currently evaluating options to further expand our franchise. In Pakistan, the newly established «SIRAT» Sharia compliant product suite has progressed well and we intend to expand our offering of «SIRAT» to other suitable countries.

We will continue to address evolving client demands by investing in new technologies. However, notwithstanding this ever-changing technological landscape, we remain convinced that personal communication is the foundation to long-term client relationships.

We expect that 2016 will be a challenging year for the financial industry but we are well positioned to address these challenges with our clear focus, international presence, strong reputation and client loyalty.
**Balance sheet**
*(before appropriation)*

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Note</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Liquid assets</td>
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<td>Amounts due from customers</td>
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<td>Mortgage loans</td>
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<td>435'420</td>
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<tr>
<td>Trading portfolio assets</td>
<td>3</td>
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<tr>
<td>Positive replacement values of derivative financial instruments</td>
<td>4</td>
<td>8'092</td>
<td>20'616</td>
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<tr>
<td>Other financial instruments at fair value</td>
<td>3</td>
<td>2'437'957</td>
<td>1'956'773</td>
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<tr>
<td>Financial investments</td>
<td>6/7</td>
<td>1'139'177</td>
<td>1'125'111</td>
</tr>
<tr>
<td>Accrued income and prepaid expenses</td>
<td></td>
<td>123'623</td>
<td>123'279</td>
</tr>
<tr>
<td>Non-consolidated participations</td>
<td>9</td>
<td>88</td>
<td>88</td>
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<tr>
<td>Tangible fixed assets</td>
<td>10</td>
<td>86'936</td>
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<td>Intangible assets</td>
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<tr>
<td>Other assets</td>
<td>12</td>
<td>74'783</td>
<td>52'069</td>
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<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>10'582'638</td>
<td>9'803'487</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Note</td>
<td>31.12.15</td>
<td>31.12.14</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Amounts due to banks</td>
<td></td>
<td>381'948</td>
<td>370'241</td>
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<tr>
<td>Liabilities from securities financing transactions</td>
<td>1</td>
<td>72'946</td>
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</tr>
<tr>
<td>Amounts due in respect of customer deposits</td>
<td></td>
<td>8'695'754</td>
<td>8'017'828</td>
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<tr>
<td>Negative replacement values of derivative financial instruments</td>
<td>4</td>
<td>10'918</td>
<td>21'638</td>
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<tr>
<td>Accrued expenses and deferred income</td>
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<td>142'945</td>
<td>128'954</td>
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<td>Other liabilities</td>
<td>12</td>
<td>35'333</td>
<td>35'115</td>
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<td>Provisions</td>
<td>15</td>
<td>17'991</td>
<td>22'967</td>
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<tr>
<td>Reserves for general banking risks</td>
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<td>556'136</td>
<td>555'832</td>
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<td>Bank's capital</td>
<td></td>
<td>150'000</td>
<td>150'000</td>
</tr>
<tr>
<td>Retained earnings reserves</td>
<td></td>
<td>255'186</td>
<td>217'269</td>
</tr>
<tr>
<td>Currency translation reserves</td>
<td></td>
<td>-13'073</td>
<td>8'675</td>
</tr>
<tr>
<td>Minority interest in equity</td>
<td></td>
<td>188'327</td>
<td>197'352</td>
</tr>
<tr>
<td>Group profit / loss</td>
<td></td>
<td>88'228</td>
<td>77'615</td>
</tr>
<tr>
<td>- of which minority interests in group profit / loss</td>
<td></td>
<td>36'408</td>
<td>22'442</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td><strong>10'582'638</strong></td>
<td><strong>9'803'487</strong></td>
</tr>
</tbody>
</table>

**Off balance sheet transactions**

|                                                               |      |            |            |
|                                                               | 22   | 1'182'316  | 1'139'144  |
| Irrevocable commitments                                       |      | 1'596      | 45'712     |
| Credit commitments                                           | 23   | 212'407    | 221'271    |
### Income statement

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Result from interest operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and discount income</td>
<td></td>
<td>225'877</td>
<td>232'971</td>
</tr>
<tr>
<td>Interest and dividend income from financial investments</td>
<td></td>
<td>274'958</td>
<td>205'855</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>-238'121</td>
<td>-214'686</td>
</tr>
<tr>
<td><strong>Gross result from interest operations</strong></td>
<td></td>
<td>262'714</td>
<td>224'140</td>
</tr>
<tr>
<td>Changes in value adjustments for default risks and losses from interest operations</td>
<td></td>
<td>-30'828</td>
<td>-14'599</td>
</tr>
<tr>
<td><strong>Subtotal net result from interest operations</strong></td>
<td></td>
<td>231'886</td>
<td>209'541</td>
</tr>
<tr>
<td><strong>Result from commission business and services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commission income from securities trading and investment activities</td>
<td></td>
<td>5'810</td>
<td>5'672</td>
</tr>
<tr>
<td>Commission income from lending activities</td>
<td></td>
<td>30'240</td>
<td>28'238</td>
</tr>
<tr>
<td>Commission income from other services</td>
<td></td>
<td>46'151</td>
<td>46'379</td>
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<tr>
<td>Commission expense</td>
<td></td>
<td>-5'565</td>
<td>-4'655</td>
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<tr>
<td><strong>Subtotal result from commission business and services</strong></td>
<td></td>
<td>76'636</td>
<td>75'634</td>
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<tr>
<td><strong>Result from trading activities and the fair value option</strong></td>
<td>25</td>
<td>56'797</td>
<td>104'539</td>
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<tr>
<td><strong>Other result from ordinary activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Result from the disposal of financial investments</td>
<td></td>
<td>-1</td>
<td>16'975</td>
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<tr>
<td>Result from real estate</td>
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<td>1'095</td>
<td>570</td>
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<tr>
<td>Other ordinary expenses</td>
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<td>-2'809</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal other result from ordinary activities</strong></td>
<td></td>
<td>1'094</td>
<td>14'736</td>
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</table>
### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses</td>
<td>26</td>
<td>-130'993</td>
<td>-121'336</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>27</td>
<td>-63'012</td>
<td>-56'991</td>
</tr>
<tr>
<td><strong>Subtotal operating expenses</strong></td>
<td></td>
<td><strong>-194'005</strong></td>
<td><strong>-178'327</strong></td>
</tr>
<tr>
<td>Value adjustments on participations, depreciation and amortisation on</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>tangible fixed and intangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes to provisions and other value adjustments, and losses</td>
<td></td>
<td>-11'896</td>
<td>-6'567</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td></td>
<td><strong>148'176</strong></td>
<td><strong>207'797</strong></td>
</tr>
<tr>
<td>Ordinary income</td>
<td>28</td>
<td>612</td>
<td>2'675</td>
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<tr>
<td>Extraordinary expenses</td>
<td>28</td>
<td>-82</td>
<td>-71</td>
</tr>
<tr>
<td>Changes in reserves for general banking risks</td>
<td></td>
<td>934</td>
<td>-76'620</td>
</tr>
<tr>
<td>Taxes</td>
<td>30</td>
<td>-61'412</td>
<td>-56'167</td>
</tr>
<tr>
<td><strong>Group profit / loss</strong></td>
<td></td>
<td><strong>88'228</strong></td>
<td><strong>77'615</strong></td>
</tr>
<tr>
<td>- of which minority interests in group profit / loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>36'408</td>
<td>22'442</td>
</tr>
</tbody>
</table>
## Cashflow statement

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>2015 Source of funds</th>
<th>2015 Use of funds</th>
<th>2014 Source of funds</th>
<th>2014 Use of funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>157'279</td>
<td>87'339</td>
<td>271'453</td>
<td>64'095</td>
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<tr>
<td>Group profit for the period</td>
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<td></td>
<td>77'615</td>
<td></td>
</tr>
<tr>
<td>Change in reserves for general banking risks</td>
<td></td>
<td>934</td>
<td>76'620</td>
<td></td>
</tr>
<tr>
<td>Value adjustments on participation depreciaitions and amortisation on tangible fixed assets and intangible assets</td>
<td>12'336</td>
<td></td>
<td>11'759</td>
<td></td>
</tr>
<tr>
<td>Provisions and other value adjustments</td>
<td>11'896</td>
<td>16'084</td>
<td>6'567</td>
<td></td>
</tr>
<tr>
<td>Changes in value adjustments for default risks and losses</td>
<td>30'828</td>
<td></td>
<td>14'599</td>
<td></td>
</tr>
<tr>
<td>Currency translation reserves</td>
<td></td>
<td>28'658</td>
<td>31'990</td>
<td></td>
</tr>
<tr>
<td>Accrued income and prepaid expenses</td>
<td></td>
<td>344</td>
<td>40'673</td>
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</tr>
<tr>
<td>Accrued expenses and deferred income</td>
<td>13'991</td>
<td></td>
<td>52'303</td>
<td></td>
</tr>
<tr>
<td>Previous year's dividend</td>
<td></td>
<td>41'319</td>
<td>23'422</td>
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</tr>
</tbody>
</table>

### Cash flow from shareholders' equity transaction

- Bank's capital
- Recognised in reserves

### Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-consolidated participations</td>
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<td>39</td>
</tr>
<tr>
<td>Real estate</td>
<td>1'824</td>
<td>2'735</td>
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<tr>
<td>Other tangible fixed assets</td>
<td>1'029</td>
<td>6'081</td>
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<tr>
<td>Intangible assets</td>
<td></td>
<td>5'838</td>
</tr>
<tr>
<td>Cash flow from the banking operations</td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td><strong>in CHF 000's</strong></td>
<td>Source of funds</td>
<td>Use of funds</td>
</tr>
<tr>
<td><strong>Medium to long-term business (&gt; 1 year)</strong></td>
<td>444'805</td>
<td>177'990</td>
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<tr>
<td>Amounts due to banks</td>
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<td>14'585</td>
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<tr>
<td>Amounts due in respect of customer deposits</td>
<td>12'312</td>
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<tr>
<td>Other liabilities</td>
<td>218</td>
<td>174'60</td>
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<tr>
<td>Amounts due from banks</td>
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<td></td>
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<tr>
<td>Amounts due from customers</td>
<td>46'662</td>
<td>139'263</td>
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<td>Mortgage loans</td>
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<td>346'196</td>
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<td>27'584</td>
<td>126'674</td>
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<tr>
<td>Other accounts receivable</td>
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<td>6'436</td>
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<tr>
<td><strong>Short-term business</strong></td>
<td>1'074'854</td>
<td>1'303'948</td>
</tr>
<tr>
<td>Amounts due to banks</td>
<td>26'292</td>
<td>115'142</td>
</tr>
<tr>
<td>Liabilities from securities financing transactions</td>
<td>72'946</td>
<td></td>
</tr>
<tr>
<td>Amounts due in respect of customer deposits</td>
<td>665'614</td>
<td>1'503'056</td>
</tr>
<tr>
<td>Negative replacement values for derivative financial instruments</td>
<td>10'720</td>
<td>9'891</td>
</tr>
<tr>
<td>Amounts due from banks</td>
<td>409'320</td>
<td>203'279</td>
</tr>
<tr>
<td>Amounts due from securities financing transactions</td>
<td>18'767</td>
<td>18'767</td>
</tr>
<tr>
<td>Amounts due from customers</td>
<td>278'103</td>
<td>730'842</td>
</tr>
<tr>
<td>Mortgages loans</td>
<td>7'153</td>
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</tr>
<tr>
<td>Trading portfolio assets</td>
<td>609</td>
<td>267</td>
</tr>
<tr>
<td>Positive replacement values for derivative financial instruments</td>
<td>12'524</td>
<td>8'454</td>
</tr>
<tr>
<td>Other financial instruments at fair value</td>
<td>817'396</td>
<td>532'408</td>
</tr>
<tr>
<td>Financial investments</td>
<td>41'650</td>
<td>367'401</td>
</tr>
<tr>
<td>Currency differences</td>
<td>17'709</td>
<td>4'343</td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
<td>101'698</td>
<td>87'689</td>
</tr>
<tr>
<td>Liquid assets</td>
<td>101'698</td>
<td>87'689</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1'679'791</td>
<td>2'629'021</td>
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</tbody>
</table>
**Statement of changes in equity**

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Bank's capital</th>
<th>Retained earnings reserves</th>
<th>Reserves for general banking risks</th>
<th>Currency translation reserves</th>
<th>Minority interest in equity</th>
<th>Group profit or loss</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity at 01.01.15</strong></td>
<td>150'000</td>
<td>217'269</td>
<td>555'832</td>
<td>8'675</td>
<td>197'352</td>
<td>77'615</td>
<td>1'206'743</td>
</tr>
<tr>
<td>Transfer of profits to retained earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>55'173</td>
<td>22'442</td>
</tr>
<tr>
<td>Capital increase / decrease</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation differences</td>
<td></td>
<td></td>
<td></td>
<td>-21'748</td>
<td>-6'910</td>
<td>-28'658</td>
<td></td>
</tr>
<tr>
<td>Dividends and other distributions</td>
<td></td>
<td>-18'000</td>
<td></td>
<td></td>
<td></td>
<td>-23'319</td>
<td></td>
</tr>
<tr>
<td>Other allocations to (transfers from) the reserves for general banking risks</td>
<td></td>
<td></td>
<td>304</td>
<td></td>
<td>-1'238</td>
<td></td>
<td>-934</td>
</tr>
<tr>
<td>Other allocations to (transfers from) other reserves</td>
<td></td>
<td>744</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>744</td>
</tr>
<tr>
<td>Group profit / loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>88'228</td>
</tr>
<tr>
<td><strong>Equity at 31.12.15</strong></td>
<td>150'000</td>
<td>255'186</td>
<td>556'136</td>
<td>-13'073</td>
<td>188'327</td>
<td>88'228</td>
<td>1'224'804</td>
</tr>
</tbody>
</table>
Matterhorn (4'478 m), Switzerland
Notes to the consolidated financial statements

Accounting and valuation principles

The Habib Bank AG Zurich Group's annual financial statements have been drawn up in accordance with the accounting rules incorporated into the Swiss Banking Act and its accompanying ordinance, together with FINMA Circular 2015/1 "Accounting - Banks".

These accounts, which are based on the following consolidation and accounting policies, give a true and fair view of the Bank and the Group's assets, of its financial position and of the results of its operations.

Consolidation principles

Scope of the consolidation
The Group accounts incorporate the annual financial statements of Habib Bank AG Zurich, Zurich and its subsidiaries. Refer to note 8 for a list of consolidated subsidiaries.

Method of consolidation
The Group's capital consolidation follows the purchase method.

The interest in equity and profit or loss attributable to minority shareholders are disclosed separately. Intra-group assets and liabilities as well as expenses and income from intra-group transactions are eliminated.

Consolidation period
The consolidation period for all Group companies is the calendar year. The closing date for the consolidated financial statements is 31 December.

Foreign currency translation

In the financial statements of individual Group companies and branches, income and expenditure in foreign currencies are translated at the exchange rate ruling as at the transaction date. Amounts due from and due to third parties in foreign currencies are translated at the year-end rate. Gains and losses arising from currency translations into the local currencies are charged to the profit and loss account as income from "Results from trading activities and the fair value option".

For consolidation purposes, the balance sheets of the financial statements of branches and subsidiaries based outside Switzerland are translated into CHF at exchange rates prevailing at the Group reporting date. The corresponding income statements are translated at the average rates of the respective year. Foreign exchange differences arising from the translation of the financial statements of subsidiaries are recorded within the equity, whereas those from the translation of financial statements of branches are recorded in the income statement as "Result from trading activities and the fair value option".

The following exchange rates of the major currencies were used for the balance sheet:

<table>
<thead>
<tr>
<th>Currency</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 USD</td>
<td>0.99</td>
<td>0.99</td>
</tr>
<tr>
<td>1 GBP</td>
<td>1.47</td>
<td>1.54</td>
</tr>
<tr>
<td>100 AED</td>
<td>26.97</td>
<td>26.95</td>
</tr>
<tr>
<td>100 PKR</td>
<td>0.94</td>
<td>0.98</td>
</tr>
<tr>
<td>100 ZAR</td>
<td>6.45</td>
<td>8.51</td>
</tr>
</tbody>
</table>

The following exchange rates of the major currencies were used for the income statement:

<table>
<thead>
<tr>
<th>Currency</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 USD</td>
<td>0.97</td>
<td>0.92</td>
</tr>
<tr>
<td>1 GBP</td>
<td>1.48</td>
<td>1.51</td>
</tr>
<tr>
<td>100 AED</td>
<td>26.29</td>
<td>24.98</td>
</tr>
<tr>
<td>100 PKR</td>
<td>0.94</td>
<td>0.91</td>
</tr>
<tr>
<td>100 ZAR</td>
<td>7.58</td>
<td>8.48</td>
</tr>
</tbody>
</table>

Valuation and accounting principles

The valuation and accounting principles are consistent for the Bank and the Group.

The financial statements of all group companies used for consolidation comply with the below valuation and accounting principles.
Recording of transactions

Transactions are recorded at the transaction date. Prior to the value date, forward foreign exchange and precious metal transactions are carried as off-balance-sheet business. Receivables and payables are disclosed according to the domicile or residency of clients.

Liquid assets and amounts due to and from banks and amounts due in respect of customer deposits

These amounts, including interest due but not paid, are shown at nominal value.

Amounts due from and liabilities in respect of securities financing transactions

The Group buys and sells securities under agreements to re-sell or re-purchase substantially identical securities. Such agreements do not normally constitute economic sales and are therefore treated as financing transactions. Securities sold subject to such agreements continue to be recognised in the balance sheet. The proceeds from the sale of these securities are treated as liabilities. Securities purchased under agreements to re-sell are recognised as loans collateralised by securities, or as cash deposits against which the Group's securities are pledged.

Amounts due from customers and mortgage loans

These claims are reported at nominal value. All client loans are assessed individually for default risks and, where necessary, value adjustments made in accordance with Group policy. These value adjustments take into account the value of any collateral (at lending values) and the financial standing of the borrower. They are set off against the corresponding assets.

Value adjustments for default risks

Receivables where it is considered unlikely that the debtor will fulfill his obligations are considered at risk. In particular, receivables where interest and commissions are more than 90 days overdue are considered to be at risk. Interest at risk, and interest, which is impaired, are not recognised as income but are deducted, together with value adjustment against the capital amount, from the respective asset. Should the collection of interest in respect of "Amounts due from customers" and "Mortgage loans" be uncertain, interest is not calculated.

For consumer loans, specific value adjustments according to time-based criteria are built where interest is overdue for more than 60 days.

Value adjustments for country risk are assessed in accordance with the guidelines on the management of country risk from the Swiss Bankers Association. Furthermore, country-specific general credit risk value adjustments are maintained based on the differentiated risk profiles recognised for individual sectors of the loan portfolios, or where uncertainty is reflected by additional value adjustments. Value adjustments for country risk, as well as country specific general credit risk value adjustments, are deducted from "Amounts due from customers".

Trading portfolio assets

"Trading portfolio assets" positions consist mainly of precious metals and bonds. They are valued at fair value as at the balance sheet date.

Other financial instruments at fair value

"Other financial instruments at fair value" which are traded on an active market, which meet the conditions for an assessment at fair values according to FINMA Circular 2015/1 "Accounting – Banks" and which are not intended to be held until maturity are valued according to this principle.
Financial investments

"Financial investments" consist mainly of fixed interest securities. The majority of these are acquired with the intention of holding them until maturity and are hence carried at cost adjusted for the amortisation of premiums and discounts using the accrual method.

The remaining investments in this position are valued at the lower of cost or market value principle. This position also includes some shares as well as real estate which has been assumed from the lending business for resale, and which are valued at the lower of cost or market value.

Derivative financial instruments

Derivative financial instruments consist entirely of trading instruments which are reported at fair value. The realised and non-realised gains and losses from these transactions are reported under "Result from trading activities and the fair value option".

The Group had no significant open derivative transactions on its own account at the balance sheet date. Positive and negative replacement values of open derivative financial instruments on behalf of clients are shown in the balance sheet as a separate line item. The respective contract volumes are shown in the notes.

Non-consolidated participations

Long-term holdings in associated companies, none of which exceed 10%, are valued at cost less any economically necessary depreciation.

Tangible fixed assets

Tangible fixed assets used for more than one accounting period and which exceed the thresholds defined by the Group are capitalised. In this case they are depreciated on a straight-line basis over the period of their estimated useful lifetime. Estimated life times have been set as follows:

- Bank buildings and other real estate: 25-50 years
- Proprietary or separately acquired software: 3-5 years
- Other tangible fixed assets: 3-10 years

No depreciation is charged on land except where value adjustments have been made to allow for a reduction in market value. The tangible fixed assets are re-assessed whenever circumstances suggest that their value may have fallen below their book value.

Intangible assets: Goodwill

Goodwill in the balance sheet results from the premium paid over net asset value from an acquired company. In such cases the recorded goodwill is reviewed for impairment every year, and written off over five years on a straight line basis.

Provisions

The Group records provisions to cover specific risks that are based on a past event that represent a probable obligation and for which the amount can be reliably estimated.

Reserves for general banking risks

These taxed reserves are held in line with the Group's prudent policies as precautionary reserves to hedge against latent risks in the Group's operating activities. They form part of the "Tier 1" capital of the Group.

Off balance sheet transactions

Contingent liabilities relate mainly to irrevocable commitments originating from letters of credit and guarantees. These are generally fully secured. Necessary provisions are recorded on balance sheet under provisions. Contingent liabilities, together with irrevocable commitments, call liabilities and credit commitments, are recorded at nominal value.
Fiduciary transactions are converted into CHF at the rates prevailing at the balance sheet date and are shown at nominal value.

**Taxes and deferred taxes**

Income taxes are based on the tax laws of each tax authority and are expensed in the period in which the related profits are made. Deferred taxes arising from temporal differences between the stated values of assets and liabilities in the consolidated sheet and their corresponding tax values are recognised as deferred tax assets or deferred tax liabilities. Deferred tax assets are capitalised if there is likely to be enough taxable profit to offset these differences in future.

**Pension fund commitments**

In Switzerland, the occupational benefit plans are covered by Allianz Suisse Insurance Company. All employees are insured in accordance with the law, the foundation document and the regulations of the benefit plan. In the other countries pension liabilities are covered by insurance companies or are posted directly to the balance sheet. The employer contribution is included under "Personnel expenses".

**Receivables and payables from related parties and governing bodies**

Receivables and payables from governing bodies include credit lines to board members and General Management. These transactions have been executed in accordance with the current internal regulations on employee loans, advances and deposits.

Receivables and payables from governing bodies are included in table 16.
**Explanations of risk management**

**Risk & Control Framework**

The Risk & Control Framework of the Group is the cornerstone for risk management and control. The Risk & Control Framework provides the basis to effectively identify, assess and manage risks within the Group. Furthermore, it defines which body has the overall responsibility for a particular risk class, who manages it and who performs independent risk control.

**Risk organisation**

At the level of the Board of Directors, the responsibilities are the following:

- the Board of Directors is responsible for the strategic direction, supervision and control of the Group, and for defining our overall risk tolerance by means of a risk appetite statement and overall risk limits;
- the Risk & Control Committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile, including the regular review of major risk exposures and overall risk limits; and
- the Audit Committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities by monitoring General Management's approach with respect to financial reporting, internal controls and accounting. Additionally, the Audit Committee is responsible for monitoring the independence and the performance of the Group Internal Audit and external auditors.

At the operational level, the Group operates with a three-line of defence model whereby business functions, risk management oversight and assurance roles are performed by functions independent of one another.

Furthermore, a clear distinction is made between "risk owners", "risk managers" and "risk controllers":

- Risk owners bear the overall supervision and responsibility for the management of specific risk classes or risk types;
- Risk managers focus on the monitoring and proactive management of risk. They initiate risk management measures and can change the risk profile;
- Risk controllers independently monitor and assess risk as well as highlight deviations from target risk parameters and non-compliance with policies.

**Risk management principles**

The following general principles support the Group's effort to maintain an appropriate balance between risk and return:

- We protect the financial strength of the Group by controlling our risk exposures and avoiding potential risk concentrations at individual exposure levels, at specific portfolio levels and at an aggregate Group-wide level across all risk types;
- We protect our reputation through a sound risk culture characterised by a holistic and integrated view of risk, performance and reward, and through full compliance with our standards and principles;
- We systematically identify, classify and measure risks applying best practice;
- We ensure management accountability, whereby Business Line Management owns all risks assumed throughout the Group and is responsible for the continuous and active management of all risk exposures to ensure that risk and return are balanced;
- We set up independent risk control functions or units, which monitor effectiveness of risk management and oversee risk-taking activities;
- We disclose risks to the Board of Directors, regulators and other stakeholders in a comprehensive and transparent manner.

**Internal controls**

Internal controls are processes and instruments used to monitor and control operational and other business risks. In order to continuously enhance the Group's internal control system and the effectiveness of controls, results of actual control processes are reviewed and the outcome of the Group's Operational Risk Management processes is taken into account. The organisational units responsible for internal controls
work closely with other organizational units within the Group.

**Credit risk**

Credit risk arises from the possibility that a counterparty, i.e. private and corporate clients, financial institutions as well as issuers or sovereigns does not fulfill contractual obligations or the credit quality deteriorates. In order to manage potential default risk and other prevailing credit risks most effectively, it is divided into the following risk types: client credit risk, issuer credit risk, counterparty credit risk, country risk (including cross-border / transfer risk), settlement risk and credit concentration risk.

The Group Credit Management Committee is responsible for credit risks and credit decisions, which may be delegated to the respective Country Credit Management Committees. The Group manages its credit risk within a conservative framework by evaluating the creditworthiness of the borrowing counterparties, setting appropriate credit limits and obtaining collateral as deemed necessary. For each collateral type a minimum haircut is defined in order to account for the volatility in market values according to the nature and liquidity of the collateral. Around 40% of the Group's credit exposure is secured by property and only 16% is unsecured.

The Group's credit risk appetite is defined and monitored through a comprehensive system of credit limits.

The Group has its own rating system for corporate clients. Each credit is assessed as to the borrower's credit worthiness, collateral coverage and collateral quality requirements, as well as the underlying transaction rationale, business potential and any additional risk mitigations. Personal credits are usually only granted on a fully collateralized basis. Collateral coverage is monitored on a regular basis and according to the prevailing market conditions.

Adequate and clear segregation of duties are established among the various organizational units involved in the acquisition of credit business, the analysis and approval of a credit request, and the subsequent administration.

Bank counterparties, issuers and sovereigns are analysed according to their financial performance and their external rating. Over 75% of the credit exposure to financial institutions is of investment grade quality and the remaining 25% consists mainly of trade finance exposure in emerging markets to which the Group is closely related and monitors the portfolio with a set of country limits.

Regarding non-performing loans, the Group is in a comfortable position: After taking the collateral at market value and the specific provisions into account, the net unsecured and un-provided position at the end of December 2015 was only CHF 7.5 million.

Country risks are monitored quarterly and are either guaranteed with the World Bank (MIGA) or provided for in accordance with the guidelines of the Swiss Bankers Association using international ratings.

**Liquidity Risk**

The Group applies a prudent approach to liquidity risk management. The Group Asset & Liability Management Committee oversees liquidity and market risks regularly.

The Group grants advances and loans to clients both on a short-term basis and with tenors generally up to 5 years. Funding is primarily obtained through deposits, which are mainly at sight, or short-term deposits. Wholesale funding is not significant and deposits are well diversified. No single depositor accounts for more than 5% of the Group's total deposits. Excess liquidity is held as bank placements or financial investments. The latter primarily consist of bond portfolios of sovereign issuers or other issuers of high quality.

The contractual maturities of the Group's financial assets exceed the contractual maturities of the finan-
cial liabilities. However, when determining maturity gaps, the stickiness of deposits or economic maturi-
ties needs to be considered, which significantly re-
duces the contractual gaps. Furthermore, individual
client groups in different countries will not act in the
same way and at the same time.

In general, the Group is exposed to potential larger
depositor outflows and sudden adverse market develop-
ments. Therefore, related scenarios have been ana-
lyzed as part of three liquidity stress tests performed
throughout the Group. The stress test results showed
that the liquid assets available could absorb projected
outflows in all cases.

The Group maintains a strong liquidity position,
which is further supported by established repo func-
tionalities. In addition, liquidity coverage ratio targets
have been defined for all operating Group companies.

The short-term liquidity disposition and liquidity
situation of individual countries are monitored by the
respective country treasury functions. In addition,
liquidity reserves are held both on Group and on
country level and contingency funding plans are in
place for the Group, all branches and subsidiaries.

**Market risk**

The Group is exposed to market interest rate risk, for-
eign exchange risk and, to a very limited extent, to
equities and commodities risk.

The Group's market risk appetite is defined and mon-
tored through a comprehensive system of market
risk limits by the Group Asset & Liability Manage-
ment Committee. Furthermore, the Group regularly
performs scenarios and stress tests for interest rate
and foreign exchange risks based on prevailing risk
exposures.

The Group is exposed to interest rate risk due to inter-
est periods set for advances made to clients exceeding
the interest periods for client deposits taken. To limit
interest rate risk most client advances are agreed on a
3- or 6-month base rate plus a credit spread.

In addition, branches and subsidiaries have placed
excess liquidity in bank placements or in financial in-
vestments with tenors usually up to 3-5 years. While
the volume of financial investments is kept limited,
the average duration of the fixed income portfolios
creates interest rate risk exposure given the absence
of long-term wholesale financing.

For foreign exchange risks the Group pursues a risk-
adverse approach and aims at keeping potential for-
eign exchange losses low. The Group does not pursue
proprietary foreign exchange trading activities.

Profits earned in the Bank's branches are subject to
exchange rate risk up to their remittance to Habib
Bank AG Zurich, Zurich. These risks are monitored
in the Head Office, and profits hedged as felt appro-
priate. Capital and reserves held in the branches are
also subject to foreign exchange risk insofar as they
are held in local currencies. Any foreign exchange
translation gain or loss on these capital and reserves
is taken to the income statement in the year in which
it occurs.

**Operational risk**

Operational risk is defined as the risk of loss resulting
from inadequate or failed internal processes, people,
systems or from external events.

The Group makes use of six operational risk man-
agement processes, which consist of key risk indi-
cators, change risk assessment, risk self-assessment,
scenario analysis, risk event management and issue
management & action tracking.

Furthermore, three types of risk mitigation are used
and comprise, control enhancement, business con-
tinuity management and other mitigation measures
(risk avoidance, risk reduction, risk transfer).
To pro-actively address risks related to potential business disruptions, business impact analyses, crisis management teams and business continuity plans have been established for the Group as well as for all branches and subsidiaries.

**Legal and compliance risk**

Legal risk is the risk that the Group will conduct activities or carry out transactions in which it is inadequately covered or is left exposed to potential litigation. It is the possibility that a failure to meet legal requirements may result in unenforceable contracts, litigation, fines, penalties or claims for damages or other adverse consequences.

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to the reputation the Group may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities.

Measures aimed at minimizing legal and compliance risks include raising employee awareness of legal and regulatory issues through training and internal directives and controls to ensure adherence to the legal and regulatory requirements within which the Group operates.

In line with the development of the legal and regulatory environment of the industry, the Group has consistently invested in personnel and technical resources to ensure adequate compliance coverage. A comprehensive framework of policies and regular specialised training sessions ensure that employees receive appropriate ongoing education and training in this area.

**Reputation risk**

Reputation risk is the risk that illegal, unethical or inappropriate behavior by the Group itself, members of staff or clients or representatives of the Group will damage Habib Bank AG Zurich's reputation, leading potentially to a loss of business, fines or penalties.

The Group has established a Code of Conduct and promotes transparency and ethical behavior.

**Systemic risk**

Systemic risk can be defined as a risk of disruption to financial services that is caused by an impairment of all or parts of the financial system and has the potential to have serious negative consequences for the real economy.

The Group analyses on a regular basis factors which could have a destabilizing impact on the financial system, which include, amongst others, the fragile economic development, continued financial markets uncertainty, numerous political crises, increased exposure to cyber attacks, as well as the ever-increasing extent and complexity of regulation. Based on this analysis the Group implements mitigating measures wherever possible.

**Events after the balance sheet date**

No events that would adversely affect the financial statements included in this report occurred after the balance sheet date.
## Information on the financial statements

### 1 Structure of securities financing transactions (assets and liabilities)

<table>
<thead>
<tr>
<th>Description</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value of receivables from cash collateral related to securities borrowing and reverse-repurchase transactions*</td>
<td></td>
<td>18'767</td>
</tr>
<tr>
<td>Book value of payables from cash collateral posted for securities lending and repurchase transactions*</td>
<td></td>
<td>72'946</td>
</tr>
<tr>
<td>Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase transactions</td>
<td>72'946</td>
<td>18'767</td>
</tr>
<tr>
<td>- of which those with an unrestricted right to resell or pledge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of securities serving as collateral posted for securities lending or securities borrowed or securities received in connection with reverse-repurchase transactions with an unrestricted right to resell or repledge them</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which repledged securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which resold securities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Before taking into consideration any netting agreements
## 2 Collateral for loans and off balance sheet transactions, as well as impaired loans / receivables

<table>
<thead>
<tr>
<th>Type of collateral</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans (before netting with value adjustments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from customers</td>
<td>1'417'304</td>
<td>1'474'889</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>1'474'711</td>
<td>178</td>
</tr>
<tr>
<td>- Residential and commercial property</td>
<td>544'997</td>
<td>1'216</td>
</tr>
<tr>
<td>- Commercial premises</td>
<td>422'184</td>
<td>391'901</td>
</tr>
<tr>
<td>Total loans (before netting with value adjustments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.12.15</td>
<td>1'417'304</td>
<td>1'474'889</td>
</tr>
<tr>
<td>31.12.14</td>
<td>1'377'350</td>
<td>1'620'927</td>
</tr>
<tr>
<td>Total loans (after netting with value adjustments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.12.15</td>
<td>1'240'663</td>
<td>1'457'549</td>
</tr>
<tr>
<td>31.12.14</td>
<td>1'201'558</td>
<td>1'583'367</td>
</tr>
<tr>
<td>Off balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td>26'611</td>
<td>121'906</td>
</tr>
<tr>
<td>Irrevocable commitments</td>
<td>1'247'802</td>
<td>1'396'319</td>
</tr>
<tr>
<td>Credit commitments</td>
<td>20'450</td>
<td>1'106'165</td>
</tr>
<tr>
<td>Total off balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.12.15</td>
<td>26'611</td>
<td>1'247'802</td>
</tr>
<tr>
<td>31.12.14</td>
<td>19'115</td>
<td>602'011</td>
</tr>
</tbody>
</table>

### In CHF 000's

<table>
<thead>
<tr>
<th>Impaired loans / receivables</th>
<th>Gross debt amount</th>
<th>Estimated liquidation value of the collateral</th>
<th>Net debt amount</th>
<th>Individual value adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.15</td>
<td>347'145</td>
<td>105'644</td>
<td>241'501</td>
<td>235'852</td>
</tr>
<tr>
<td>31.12.14</td>
<td>368'461</td>
<td>117'555</td>
<td>250'906</td>
<td>226'708</td>
</tr>
</tbody>
</table>
3 Breakdown of trading portfolios and other financial instruments at fair value

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading portfolios</td>
<td>98</td>
<td>707</td>
</tr>
<tr>
<td>Debt instruments, money-market instruments, money-market transactions</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>- of which listed</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>Equity interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious metals and commodities</td>
<td></td>
<td>707</td>
</tr>
<tr>
<td>Other trading assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other financial instruments at fair value</strong></td>
<td>2'437'957</td>
<td>1'956'773</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>2'379'959</td>
<td>1'839'980</td>
</tr>
<tr>
<td>Structure products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>579'98</td>
<td>116'793</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2'438'055</td>
<td>1'957'480</td>
</tr>
<tr>
<td>- of which determined by valuation model</td>
<td></td>
<td>17'223</td>
</tr>
<tr>
<td>- of which securities allowed for repo transactions in accordance with liquidity requirements</td>
<td></td>
<td>1'298</td>
</tr>
</tbody>
</table>
## 4 Presentation of derivative financial instruments

<table>
<thead>
<tr>
<th>Trading instruments</th>
<th>Positive replacement values</th>
<th>Negative replacement values</th>
<th>Contract volume</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>in CHF 000's</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest rate instruments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward contracts, including FRAs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Futures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options (OTC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options (exchange-traded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign exchange / precious metals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward contracts</td>
<td>8'092</td>
<td>10'918</td>
<td>3'239'672</td>
</tr>
<tr>
<td>Combined interest rates / currency swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Futures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options (OTC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options (exchange-traded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity interests / indices</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward contracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Futures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options (OTC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options (exchange-traded)</td>
<td></td>
<td></td>
<td>2'277</td>
</tr>
<tr>
<td><strong>Credit derivatives</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit default swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total return swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First-to-default swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other credit derivatives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward contracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Futures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options (OTC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options (exchange-traded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total before taking into consideration netting agreements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total at 31.12.15</strong></td>
<td>8'092</td>
<td>10'918</td>
<td>3'241'949</td>
</tr>
</tbody>
</table>

* - of which determined by using a valuation model
<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Positive replacement value</th>
<th>Negative replacement value</th>
<th>Contract volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total at 31.12.14</td>
<td>20'616</td>
<td>21'638</td>
<td>4'178'919</td>
</tr>
<tr>
<td>- of which determined by using a valuation model</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Positive replacement value (accumulated)</th>
<th>Negative replacement value (accumulated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total after taking into consideration netting agreements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>at 31.12.15</td>
<td>8'092</td>
</tr>
<tr>
<td></td>
<td>at 31.12.14</td>
<td>20'616</td>
</tr>
</tbody>
</table>

5 Breakdown by counterparties of derivative financial instruments

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Central clearing parties</th>
<th>Banks and securities dealers</th>
<th>Other clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive replacement values (after netting agreements)</td>
<td>320</td>
<td>5906</td>
<td>1'866</td>
</tr>
</tbody>
</table>

The Group has no hedging instruments.
6 Breakdown of financial investments

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Book value</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.12.15</td>
<td>31.12.14</td>
</tr>
<tr>
<td></td>
<td>31.12.15</td>
<td>31.12.14</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>1'126'308</td>
<td>1'115'015</td>
</tr>
<tr>
<td></td>
<td>1'129'570</td>
<td>1'116'937</td>
</tr>
<tr>
<td>- of which held until maturity</td>
<td>1'126'308</td>
<td>1'115'015</td>
</tr>
<tr>
<td>- of which not held until maturity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>972</td>
<td>1'120</td>
</tr>
<tr>
<td></td>
<td>972</td>
<td>1'044</td>
</tr>
<tr>
<td>Real estate</td>
<td>11'897</td>
<td>8'976</td>
</tr>
<tr>
<td></td>
<td>17'674</td>
<td>13'833</td>
</tr>
<tr>
<td>Total</td>
<td>1'139'177</td>
<td>1'125'111</td>
</tr>
<tr>
<td></td>
<td>1'148'216</td>
<td>1'131'813</td>
</tr>
<tr>
<td>- of which securities allowed for repo transactions in accordance with liquidity requirements</td>
<td>206'630</td>
<td>177'029</td>
</tr>
</tbody>
</table>

7 Breakdown of the counterparty according to rating

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>AAA</th>
<th>AA</th>
<th>A</th>
<th>BBB</th>
<th>BB to B</th>
<th>Unrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book values</td>
<td>198'454</td>
<td>123'957</td>
<td>181'671</td>
<td>417'359</td>
<td>176'906</td>
<td>40'831</td>
</tr>
</tbody>
</table>

Rating category is based on the sovereign foreign currency long-term rating system from Fitch.
## List of consolidated companies in which the Bank permanently holds direct or indirect participation of significance

<table>
<thead>
<tr>
<th>Company name and registered office</th>
<th>Business activities</th>
<th>Share capital (in '000)</th>
<th>Capital share</th>
<th>Proportion of voting rights</th>
<th>Direct ownership</th>
<th>Indirect ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Habib Canadian Bank Limited, Toronto, Canada</td>
<td>Bank</td>
<td>CAD 30'000</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>HBZ Bank Limited, Durban, South Africa</td>
<td>Bank</td>
<td>ZAR 50'000</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Habib European Bank Limited, Douglas, Isle of Man</td>
<td>Bank</td>
<td>GBP 5’000</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>HBZ Services FZ-LLC, Dubai, UAE</td>
<td>Service centre</td>
<td>AED 300</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Habib Metropolitan Bank Ltd., Karachi, Pakistan</td>
<td>Bank</td>
<td>PKR 10'478’315</td>
<td>51%</td>
<td>51%</td>
<td>51%</td>
<td>0%</td>
</tr>
<tr>
<td>Habib Bank Zurich (Hong Kong) Ltd., Hong Kong</td>
<td>Restricted Licence Bank</td>
<td>HKD 300'000</td>
<td>51%</td>
<td>51%</td>
<td>51%</td>
<td>0%</td>
</tr>
<tr>
<td>Habib AG Zurich UK Plc, London, UK</td>
<td>Bank</td>
<td>GBP 50</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>
9 Presentation of participations

<table>
<thead>
<tr>
<th>In CHF 00's</th>
<th>Acquisition cost</th>
<th>Accumulated amortisations or value adjustments (equity valuation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other participation with no market value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- S.W.I.F.T. SCRL, Belgium</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td></td>
</tr>
</tbody>
</table>

10 Tangible fixed assets

<table>
<thead>
<tr>
<th>in CHF 00's</th>
<th>Acquisition cost</th>
<th>Accumulated depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank buildings and residential apartments</td>
<td>102'758</td>
<td>-31'528</td>
</tr>
<tr>
<td>Other real estate</td>
<td>19'698</td>
<td>-11'979</td>
</tr>
<tr>
<td>Proprietary or separately acquired software</td>
<td>3'315</td>
<td>-3'092</td>
</tr>
<tr>
<td>Other tangible fixed assets</td>
<td>46'800</td>
<td>-35'342</td>
</tr>
<tr>
<td>Tangible assets acquired under financial leases;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which bank buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which other real estate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which other tangible fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>172'571</td>
<td>-81'942</td>
</tr>
</tbody>
</table>

* including net of foreign currency adjustments
### Reporting year

<table>
<thead>
<tr>
<th></th>
<th>Reclassifications</th>
<th>Additions</th>
<th>Disposals</th>
<th>Value adjustments of participations interest</th>
<th>Book value at 31.12.15</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value at 31.12.14</td>
<td>88</td>
<td></td>
<td></td>
<td></td>
<td>88</td>
<td>88</td>
</tr>
<tr>
<td>88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>88</td>
<td>88</td>
</tr>
</tbody>
</table>

### Reporting year

<table>
<thead>
<tr>
<th></th>
<th>Reclassifications</th>
<th>Additions</th>
<th>Disposals*</th>
<th>Depreciation</th>
<th>Reversals</th>
<th>Book value at 31.12.15</th>
<th>31.12.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value at 31.12.14</td>
<td>71'230</td>
<td>426</td>
<td>-1'516</td>
<td>-3'229</td>
<td></td>
<td>66'911</td>
<td>74'677</td>
</tr>
<tr>
<td>77'19</td>
<td>2'309</td>
<td>-308</td>
<td>-2'253</td>
<td></td>
<td></td>
<td>193</td>
<td>12'365</td>
</tr>
<tr>
<td>223</td>
<td>42</td>
<td>-6</td>
<td>-66</td>
<td></td>
<td></td>
<td>10</td>
<td>86'936</td>
</tr>
<tr>
<td>11'457</td>
<td>6'039</td>
<td>-451</td>
<td>-4'670</td>
<td>-10</td>
<td>12'365</td>
<td></td>
<td></td>
</tr>
<tr>
<td>90'629</td>
<td>8'816</td>
<td>-2'281</td>
<td>-10'218</td>
<td>-10</td>
<td>86'936</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 11 Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>Acquisition cost</th>
<th>Accumulated amortisations</th>
<th>Book value at 31.12.14</th>
<th>Investment</th>
<th>Divestment</th>
<th>Amortisations</th>
<th>Book value at 31.12.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>8'567</td>
<td>-3'427</td>
<td>5'140</td>
<td></td>
<td></td>
<td>-1'712</td>
<td>3'428</td>
</tr>
<tr>
<td>Patents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other intangible assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8'567</strong></td>
<td><strong>-3'427</strong></td>
<td><strong>5'140</strong></td>
<td></td>
<td></td>
<td><strong>-1'712</strong></td>
<td><strong>3'428</strong></td>
</tr>
</tbody>
</table>

## 12 Breakdown of other assets and other liabilities

<table>
<thead>
<tr>
<th></th>
<th>Other assets</th>
<th>Other liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation account</td>
<td></td>
<td>4'245</td>
</tr>
<tr>
<td>Deferred income tax recognised as assets</td>
<td>50'692</td>
<td>29'341</td>
</tr>
<tr>
<td>Others</td>
<td>24'091</td>
<td>18'483</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74'783</strong></td>
<td><strong>52'069</strong></td>
</tr>
</tbody>
</table>
13 Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership*

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Book value</th>
<th>Effective commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets pledged</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due from banks</td>
<td>1'862</td>
<td>599</td>
</tr>
<tr>
<td>Financial investments</td>
<td>7'647</td>
<td></td>
</tr>
<tr>
<td>Assets put under ownership reservation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9'509</td>
<td>599</td>
</tr>
</tbody>
</table>

* Excluding securities financing transactions

14 Payable to own employee benefit plans

<table>
<thead>
<tr>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables to employee benefit plans</td>
<td>116</td>
</tr>
</tbody>
</table>

Commitments to own pension and welfare plans

The Group does not maintain its own pension funds. The occupational benefit plans in the countries are covered by insurance companies. All employees are insured in accordance with the law, the foundation document and the regulations of the benefit plan.

In accordance with the contractual and legal conditions of the benefit plan in the countries there can be neither economic liabilities that exceed the contributions set by the regulations of the benefit plan, nor economic benefits for the Group. In addition, during both the reporting year and during the previous year, there were no non-committed plans, nor was there an employer-paid contribution reserve, such that the expenses shown in the income statement equal the actual expenses for pension and welfare plans for the reporting period.
### 15 Value adjustments and provisions and reserves for general banking risks

<table>
<thead>
<tr>
<th>In CHF 000's</th>
<th>Balance at 31.12.14</th>
<th>Use in conformity with designated purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for deferred taxes</td>
<td>3'624</td>
<td></td>
</tr>
<tr>
<td>Provisions for pension fund obligations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for default risks</td>
<td>4'421</td>
<td></td>
</tr>
<tr>
<td>Provisions for other business risks</td>
<td>14'741</td>
<td>-15'903</td>
</tr>
<tr>
<td>Provisions for restructuring</td>
<td>181</td>
<td>-181</td>
</tr>
<tr>
<td>Other provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total provisions</strong></td>
<td>22'967</td>
<td>-16'084</td>
</tr>
<tr>
<td>Reserves for general banking risks</td>
<td>555'832</td>
<td></td>
</tr>
<tr>
<td><strong>Value adjustments for default risks and country risks</strong></td>
<td>229'308</td>
<td>-13'118</td>
</tr>
<tr>
<td>- of which value adjustments for default risks in respect of impaired loans</td>
<td>226'708</td>
<td>-13'118</td>
</tr>
<tr>
<td>- of which value adjustments for default risks in respect of financial investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which value adjustments for latent risks</td>
<td>2'600</td>
<td></td>
</tr>
<tr>
<td>Reclassifications</td>
<td>Currency differences</td>
<td>Past due interest, recoveries</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td></td>
<td>-146</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-253</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-388</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-787</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1'238</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-7'810</td>
<td>4'580</td>
</tr>
<tr>
<td></td>
<td>-7'810</td>
<td>4'580</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 16 Disclosure of amounts due from / to related parties

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified holdings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactions with members of governing bodies</td>
<td>1'520</td>
<td>1'224</td>
<td>14'506</td>
<td>10'349</td>
</tr>
<tr>
<td>Other related parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 17 Maturity structure of financial instruments

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Due</th>
<th>Asset / financial instruments</th>
<th>Liabilities / financial instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>At sight</td>
<td>Cancelable</td>
</tr>
<tr>
<td>Liquid assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due from banks</td>
<td></td>
<td>1'042'715</td>
<td>1'942'421</td>
</tr>
<tr>
<td>Amounts due from customers</td>
<td></td>
<td>167'636</td>
<td>6'809</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td></td>
<td>409'247</td>
<td>12'374</td>
</tr>
<tr>
<td>Trading portfolio assets</td>
<td></td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>Positive replacement values of derivative financial instruments</td>
<td></td>
<td>8'092</td>
<td></td>
</tr>
<tr>
<td>Other financial instruments at fair value</td>
<td></td>
<td>2'437'957</td>
<td>68'785</td>
</tr>
<tr>
<td>Financial investments</td>
<td></td>
<td>665'474</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>31.12.15</td>
<td>4'731'220</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31.12.14</td>
<td>1'887'504</td>
</tr>
<tr>
<td>Amounts due to banks</td>
<td></td>
<td>116'523</td>
<td></td>
</tr>
<tr>
<td>Liabilities from securities financing transactions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due in respect of customer deposits</td>
<td></td>
<td>4'938'836</td>
<td>339'447</td>
</tr>
<tr>
<td>Negative replacement values of derivative financial instruments</td>
<td></td>
<td>10'918</td>
<td></td>
</tr>
<tr>
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<td>31.12.14</td>
<td>4'727'266</td>
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## 18 Assets and liabilities broken down by domestic and foreign origin in accordance with domicile principle

<table>
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<tr>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
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<tr>
<td>Liquid assets</td>
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<td>88</td>
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<td>49'393</td>
<td>47'130</td>
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<td><strong>Total</strong></td>
<td>580'456</td>
<td>10'002'182</td>
<td>671'552</td>
<td>9'131'934</td>
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<th></th>
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<tbody>
<tr>
<td><strong>Liabilities</strong></td>
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<td></td>
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<td>Amounts due to banks</td>
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<td>Liabilities from securities financing transactions</td>
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<tr>
<td>Amounts due in respect of customer deposits</td>
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<td>8'551'501</td>
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<td>789'558</td>
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<td>Negative replacement values of derivative financial instruments</td>
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<td>9'568</td>
<td>9</td>
<td>21'629</td>
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<td>Accrued expenses and deferred income</td>
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<td>139'398</td>
<td>5'933</td>
<td>123'021</td>
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<td>Other liabilities</td>
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<td>26'119</td>
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<td>Retained earnings reserves</td>
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<td>Minority interest in equity</td>
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<td>197'35</td>
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</tr>
<tr>
<td>Group profit / loss</td>
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<td>71'087</td>
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<td><strong>Total</strong></td>
<td>835'846</td>
<td>9'746'792</td>
<td>758'030</td>
<td>9'045'457</td>
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19 Breakdown of total assets by countries or regions (domicile principle)

<table>
<thead>
<tr>
<th></th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Europe</strong></td>
<td>1'898'004</td>
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<td>of which Switzerland</td>
<td>568'928</td>
<td>503'674</td>
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<tr>
<td>United Kingdom</td>
<td>813'077</td>
<td>844'327</td>
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<tr>
<td>Others</td>
<td>515'998</td>
<td>332'178</td>
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<tr>
<td><strong>North America</strong></td>
<td>262'574</td>
<td>239'324</td>
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<tr>
<td><strong>Asia</strong></td>
<td>7'753'008</td>
<td>7'178'093</td>
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<tr>
<td>of which UAE</td>
<td>2'619'492</td>
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<td>Pakistan</td>
<td>4'545'168</td>
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<td>Others</td>
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<td><strong>Other countries</strong></td>
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<td>705'891</td>
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<td>of which South Africa</td>
<td>288'347</td>
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<td>Others</td>
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<td><strong>Total</strong></td>
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20 Breakdown of total assets by credit rating of regions (risk domicile principle)

<table>
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<th>Net foreign exposures at 31.12.15</th>
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<tr>
<td>AAA</td>
<td>1'661'151</td>
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<td>AA+ to AA-</td>
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<tr>
<td>A+ to A-</td>
<td>2'682'276</td>
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<tr>
<td>BBB+ to BBB-</td>
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<tr>
<td>BB+ to B-</td>
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<tr>
<td><strong>Total</strong></td>
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<td>9'803'487</td>
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Rating category is based on the sovereign foreign currency long-term rating system from Fitch.
## 21 Assets and liabilities broken down by the most important currencies for the Group

<table>
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<tr>
<th>in CHF 000's</th>
<th>CHF</th>
<th>USD</th>
<th>GBP</th>
<th>AED</th>
<th>PKR</th>
<th>Other</th>
<th>Total</th>
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<td>Liquid assets</td>
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<td>776726</td>
<td>2374048</td>
<td>4269855</td>
<td>782191</td>
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<td>633731</td>
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<td>140180</td>
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<tr>
<td><strong>Total assets</strong></td>
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<td>GBP</td>
<td>AED</td>
<td>PKR</td>
<td>Other</td>
<td>Total</td>
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<td>72'946</td>
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<td>4'703</td>
<td>21'547</td>
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<td>142'945</td>
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<td>Other liabilities</td>
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<td>3'676</td>
<td>16'898</td>
<td>7'859</td>
<td>2'451</td>
<td>35'333</td>
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<td>3'176</td>
<td>150</td>
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<td>6'793</td>
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<td>17'991</td>
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<td>Reserves for general banking risks</td>
<td>172'250</td>
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<td>316'308</td>
<td>43'838</td>
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<td></td>
<td></td>
<td>150'000</td>
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<td></td>
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<td>29'175</td>
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<td>Currency translation reserves</td>
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<td></td>
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<td>Minority interest in equity</td>
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<td>4'785</td>
<td>3'781</td>
<td>51'897</td>
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<td>88'228</td>
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<td>Group profit / loss</td>
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<td>153'667</td>
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<td>4'067'957</td>
<td>704'234</td>
<td>10'582'637</td>
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<td>Delivery commitments from spot exchange transactions, foreign exchange forwards and foreign exchange options</td>
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<td>590'705</td>
<td>62'008</td>
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<td>708'721</td>
<td>85'769</td>
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<td>2'316'657</td>
<td>4'776'678</td>
<td>790'003</td>
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<td>Net position for each currency</td>
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<td>57'391</td>
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<td>132'368</td>
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### 22 Breakdown of contingent liabilities

<table>
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<tr>
<th>in CHF 000's</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit guarantees and similar</td>
<td>401'666</td>
<td>363'549</td>
</tr>
<tr>
<td>Irrevocable commitments due to documentary credits</td>
<td>781'150</td>
<td>775'595</td>
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<td><strong>Total</strong></td>
<td><strong>1'182'316</strong></td>
<td><strong>1'139'144</strong></td>
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### 23 Breakdown of credit commitments

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<th>31.12.14</th>
</tr>
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<tbody>
<tr>
<td>Commitments arising from acceptances</td>
<td>151'488</td>
<td>162'044</td>
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<tr>
<td>Other credit commitments</td>
<td>60'919</td>
<td>59'226</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>212'407</strong></td>
<td><strong>221'271</strong></td>
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</table>

### 24 Breakdown of fiduciary transactions

<table>
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<tr>
<th>in CHF 000's</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiduciary investments with third-party companies</td>
<td>71'680</td>
<td>89'745</td>
</tr>
<tr>
<td>Fiduciary transactions from securities lending and borrowing which are carried out by the Bank acting under its own name but on behalf of clients</td>
<td>18'267</td>
<td>16'171</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>89'947</strong></td>
<td><strong>105'917</strong></td>
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### 25 Breakdown of the result from trading activities and the fair value option

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<th></th>
<th>2015</th>
<th>2014</th>
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<td>Result from trading activities</td>
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<td></td>
</tr>
<tr>
<td>Interest rate instruments (incl. funds)</td>
<td>34'982</td>
<td>54'114</td>
</tr>
<tr>
<td>Unrealised forex gains / losses on reserves held in foreign currencies</td>
<td>-3'238</td>
<td>33'007</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>25'311</td>
<td>17'373</td>
</tr>
<tr>
<td>Commodities / precious metals</td>
<td>-258</td>
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</tr>
<tr>
<td>Total</td>
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<tr>
<td>- of which from the fair value option applied to assets</td>
<td>34'982</td>
<td>54'114</td>
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### 26 Breakdown of personnel expenses

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>in CHF 000's</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and additional allowances</td>
<td>117'205</td>
<td>109'377</td>
</tr>
<tr>
<td>- of which expenses related to share-based compensation and alternative forms of variable compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social insurance obligations</td>
<td>9'199</td>
<td>7'669</td>
</tr>
<tr>
<td>Other personnel expenses</td>
<td>4'589</td>
<td>4'290</td>
</tr>
<tr>
<td>Total</td>
<td><strong>130'993</strong></td>
<td><strong>121'336</strong></td>
</tr>
</tbody>
</table>
## 27 Breakdown of general and administrative expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office space expenses</td>
<td>17'701</td>
<td>18'793</td>
</tr>
<tr>
<td>Expenses for information technology and telecommunications</td>
<td>8'938</td>
<td>7'830</td>
</tr>
<tr>
<td>Expenses for motor vehicles, machinery, furniture and other equipment and operating lease expenses</td>
<td>4'273</td>
<td>4'288</td>
</tr>
<tr>
<td>Audit fees</td>
<td>1'925</td>
<td>1'706</td>
</tr>
<tr>
<td>- of which for financial and regulatory audits</td>
<td>1'759</td>
<td>1'611</td>
</tr>
<tr>
<td>- of which for other services</td>
<td>166</td>
<td>95</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>30'176</td>
<td>24'374</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63'012</td>
<td>56'991</td>
</tr>
</tbody>
</table>

## 28 Analysis of extraordinary income and expenses

<table>
<thead>
<tr>
<th>Income/Expense</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraordinary income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Release of provisions no longer required</td>
<td></td>
<td>296</td>
</tr>
<tr>
<td>Profit on sale of fixed assets</td>
<td>572</td>
<td>203</td>
</tr>
<tr>
<td>Recoveries and others</td>
<td>41</td>
<td>2'175</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>612</td>
<td>2'675</td>
</tr>
<tr>
<td>Extraordinary expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-82</td>
<td>-71</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-82</td>
<td>-71</td>
</tr>
</tbody>
</table>
29 Breakdown of operating result broken down according domestic and foreign origin according to the principle of permanent establishment

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Switzerland</td>
<td>Abroad</td>
</tr>
<tr>
<td>Net result from interest operations</td>
<td>10'539</td>
<td>221'347</td>
</tr>
<tr>
<td>Result from commission business and services</td>
<td>8'110</td>
<td>68'526</td>
</tr>
<tr>
<td>Result from trading activities and the fair value option</td>
<td>-313</td>
<td>57'110</td>
</tr>
<tr>
<td>Other result from other ordinary activities</td>
<td>36'399</td>
<td>-35'305</td>
</tr>
<tr>
<td><strong>Total net income</strong></td>
<td><strong>54'735</strong></td>
<td><strong>311'679</strong></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>21'303</td>
<td>109'690</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>12'488</td>
<td>50'524</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td><strong>33'791</strong></td>
<td><strong>160'214</strong></td>
</tr>
<tr>
<td>Value adjustments on participations, depreciation and amortisation on tangible fixed and intangible assets</td>
<td>-1'531</td>
<td>-10'805</td>
</tr>
<tr>
<td>Changes to provisions and other value adjustments, and losses</td>
<td>-8'642</td>
<td>-3'254</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td><strong>10'771</strong></td>
<td><strong>137'406</strong></td>
</tr>
<tr>
<td>% Switzerland / Abroad</td>
<td>7.3%</td>
<td>92.7%</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td><strong>-2'986</strong></td>
<td><strong>-58'426</strong></td>
</tr>
<tr>
<td>% Switzerland / Abroad</td>
<td>4.9%</td>
<td>95.1%</td>
</tr>
<tr>
<td><strong>Group profit / loss</strong></td>
<td><strong>7'798</strong></td>
<td><strong>80'430</strong></td>
</tr>
<tr>
<td>% Switzerland / Abroad</td>
<td>8.8%</td>
<td>91.2%</td>
</tr>
</tbody>
</table>

Income and expenditure Switzerland: includes the Swiss operation and Head Office.

30 Presentation of current taxes, deferred taxes and disclosure of the tax rate

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income taxes*</td>
<td>62'928</td>
<td>63'771</td>
</tr>
<tr>
<td>Deferred tax expenses</td>
<td>-1'516</td>
<td>-7'605</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td><strong>61'412</strong></td>
<td><strong>56'166</strong></td>
</tr>
<tr>
<td><strong>Average tax rate</strong></td>
<td>41.4%</td>
<td>30.7%</td>
</tr>
</tbody>
</table>

* The utilisation of tax losses carried forward in the UK Branch has led to CHF 0.5 million lower income taxes for the period.
Report of the Statutory Auditor

To the General Meeting of
Habib Bank AG Zurich
Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Habib Bank AG Zurich, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes (pages 12 to 51 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 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 AG

Ertugrul Tüfekçi
Licensed Audit Expert
Auditor in Charge

Mirko Liberto
Licensed Audit Expert

Zurich, 25 April 2016
Habib Bank AG Zurich

**Balance sheet**  
(*before appropriation*)

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Note</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid assets</td>
<td></td>
<td>749'625</td>
<td>754'275</td>
</tr>
<tr>
<td>Amounts due from banks</td>
<td></td>
<td>1'806'721</td>
<td>1'580'953</td>
</tr>
<tr>
<td>Amounts due from customers</td>
<td>2</td>
<td>1'373'498</td>
<td>1'473'372</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>2</td>
<td>348'108</td>
<td>373'191</td>
</tr>
<tr>
<td>Trading portfolio assets</td>
<td>3</td>
<td>98</td>
<td>707</td>
</tr>
<tr>
<td>Positive replacement values of derivative financial instruments</td>
<td>4</td>
<td>495</td>
<td>634</td>
</tr>
<tr>
<td>Financial investments</td>
<td>6</td>
<td>826'425</td>
<td>817'340</td>
</tr>
<tr>
<td>Accrued income and prepaid expenses</td>
<td></td>
<td>24'746</td>
<td>33'787</td>
</tr>
<tr>
<td>Participations</td>
<td></td>
<td>237'187</td>
<td>237'569</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
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<td>35'133</td>
<td>37'529</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td>3'427</td>
<td>5'140</td>
</tr>
<tr>
<td>Other assets</td>
<td>8</td>
<td>18'339</td>
<td>19'418</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td><strong>5'423'802</strong></td>
<td><strong>5'333'916</strong></td>
</tr>
<tr>
<td>in CHF 000's</td>
<td>Note</td>
<td>31.12.15</td>
<td>31.12.14</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due to banks</td>
<td></td>
<td>89'538</td>
<td>69'271</td>
</tr>
<tr>
<td>Liabilities from securities financing transactions</td>
<td>1</td>
<td>20'000</td>
<td></td>
</tr>
<tr>
<td>Amounts due in respect of customer deposits</td>
<td></td>
<td>4'301'864</td>
<td>4'259'132</td>
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<tr>
<td>Negative replacement values of derivative financial instruments</td>
<td>4</td>
<td>1'749</td>
<td>568</td>
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<tr>
<td>Accrued expenses and deferred income</td>
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<td>36'037</td>
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<tr>
<td>Other liabilities</td>
<td>8</td>
<td>20'750</td>
<td>22'712</td>
</tr>
<tr>
<td>Provisions</td>
<td>10</td>
<td>10'830</td>
<td>13'122</td>
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<tr>
<td>Reserves for general banking risks</td>
<td>10</td>
<td>489'580</td>
<td>488'000</td>
</tr>
<tr>
<td>Bank's capital</td>
<td>11</td>
<td>150'000</td>
<td>150'000</td>
</tr>
<tr>
<td>Statutory retained earnings reserves</td>
<td></td>
<td>77'000</td>
<td>75'000</td>
</tr>
<tr>
<td>Voluntary retained earnings reserves</td>
<td></td>
<td>196'413</td>
<td>178'986</td>
</tr>
<tr>
<td>Profit carried forward / loss carried forward</td>
<td></td>
<td>89</td>
<td>526</td>
</tr>
<tr>
<td>Profit / loss (result of the period)</td>
<td></td>
<td>34'784</td>
<td>40'563</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>5'423'802</td>
<td>5'333'916</td>
</tr>
<tr>
<td><strong>Off balance sheet transactions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td></td>
<td>269'879</td>
<td>297'273</td>
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<tr>
<td>Irrevocable commitments</td>
<td></td>
<td>1'596</td>
<td>45'712</td>
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<tr>
<td>Credit commitments</td>
<td>15</td>
<td>70'561</td>
<td>70'934</td>
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</table>
## Income statement

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Result from interest operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and discount income</td>
<td></td>
<td>101'967</td>
<td>97'389</td>
</tr>
<tr>
<td>Interest and dividend income from financial investments</td>
<td></td>
<td>18'562</td>
<td>17'722</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>-15'936</td>
<td>-14'534</td>
</tr>
<tr>
<td><strong>Gross result from interest operations</strong></td>
<td></td>
<td>104'593</td>
<td>100'577</td>
</tr>
<tr>
<td>Changes in value adjustments for default risks and losses from interest operations</td>
<td></td>
<td>-15'812</td>
<td>-3'120</td>
</tr>
<tr>
<td><strong>Subtotal net result from interest operations</strong></td>
<td></td>
<td>88'781</td>
<td>97'456</td>
</tr>
<tr>
<td><strong>Result from commission business and services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commission income from securities trading and investment activities</td>
<td></td>
<td>5'219</td>
<td>5'180</td>
</tr>
<tr>
<td>Commission income from lending activities</td>
<td></td>
<td>19'469</td>
<td>17'647</td>
</tr>
<tr>
<td>Commission income from other services</td>
<td></td>
<td>19'439</td>
<td>22'946</td>
</tr>
<tr>
<td>Commission expense</td>
<td></td>
<td>-2'846</td>
<td>-2'022</td>
</tr>
<tr>
<td><strong>Subtotal result from commission business and services</strong></td>
<td></td>
<td>41'281</td>
<td>43'751</td>
</tr>
<tr>
<td><strong>Result from trading activities and the fair value option</strong></td>
<td></td>
<td>8'449</td>
<td>38'155</td>
</tr>
<tr>
<td><strong>Other result from ordinary activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Result from the disposal of financial investments</td>
<td></td>
<td>-1</td>
<td></td>
</tr>
<tr>
<td>Income from participations</td>
<td></td>
<td>26'412</td>
<td>12'852</td>
</tr>
<tr>
<td>Result from real estate</td>
<td></td>
<td>244</td>
<td>222</td>
</tr>
<tr>
<td>Other ordinary income</td>
<td></td>
<td>4'561</td>
<td>4'986</td>
</tr>
<tr>
<td><strong>Subtotal other result from ordinary activities</strong></td>
<td></td>
<td>31'217</td>
<td>18'060</td>
</tr>
<tr>
<td>in CHF 000's</td>
<td>Note</td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>18</td>
<td>-58'666</td>
<td>-59'909</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>19</td>
<td>-44'231</td>
<td>-42'570</td>
</tr>
<tr>
<td><strong>Subtotal operating expenses</strong></td>
<td></td>
<td>-102'896</td>
<td>-102'479</td>
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<tr>
<td>Value adjustments on participations and depreciation and amortisation on tangible fixed and intangible assets</td>
<td></td>
<td>-5'626</td>
<td>-5'763</td>
</tr>
<tr>
<td>Changes to provisions and other value adjustments and losses</td>
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<td>-12'574</td>
<td>-5'983</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extraordinary income</td>
<td>20</td>
<td>22</td>
<td>2420</td>
</tr>
<tr>
<td>Extraordinary expenses</td>
<td>20</td>
<td>-82</td>
<td>-71</td>
</tr>
<tr>
<td>Changes in reserves for general banking risks</td>
<td></td>
<td>-1'580</td>
<td>-30'000</td>
</tr>
<tr>
<td>Taxes</td>
<td>21</td>
<td>-12'206</td>
<td>-14'985</td>
</tr>
<tr>
<td><strong>Profit / loss (result for the period)</strong></td>
<td></td>
<td>34'784</td>
<td>40'563</td>
</tr>
</tbody>
</table>
### Statement of changes in equity

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Bank’s Capital</th>
<th>Statutory retained earnings reserves</th>
<th>Reserves for general banking risks</th>
<th>Voluntary retained earnings and profit / loss carried forward</th>
<th>Bank profit or loss</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity at 01.01.15</td>
<td>150'000</td>
<td>75'000</td>
<td>488'000</td>
<td>179'512</td>
<td>40'563</td>
<td>933'075</td>
</tr>
<tr>
<td>Transfer of profits to retained earnings</td>
<td>2'000</td>
<td>21'000</td>
<td>-23'000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital increase / decrease</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-3'573</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends and other distributions</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-437</td>
<td>-17'563</td>
<td>-18'000</td>
</tr>
<tr>
<td>Other allocations to (transfers from) the reserves for general banking risks</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1'580</td>
<td>1'580</td>
<td></td>
</tr>
<tr>
<td>Other allocations to (transfers from) other reserves</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Profit / loss (result of the period)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>34'784</td>
<td>34'784</td>
<td></td>
</tr>
<tr>
<td>Equity at 31.12.15</td>
<td>150'000</td>
<td>77'000</td>
<td>489'580</td>
<td>196'502</td>
<td>34'784</td>
<td>947'866</td>
</tr>
</tbody>
</table>
## Information on the financial statements

### 1 Structure of securities financing transactions (assets and liabilities)

<table>
<thead>
<tr>
<th>Description</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value of receivables from cash collateral related to securities borrowing and reverse repurchase transactions*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Book value of payables from cash collateral posted for securities lending and repurchase transactions*</td>
<td></td>
<td>20'000</td>
</tr>
<tr>
<td>Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase transactions</td>
<td></td>
<td>20'000</td>
</tr>
<tr>
<td>- of which those with an unrestricted right to resell or pledge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of securities serving as collateral posted for securities lending or securities borrowed or securities received in connection with reverse-repurchase transactions with an unrestricted right to resell or repledge them</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which repledged securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which resold securities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Before taking into consideration any netting agreements
### 2 Collateral for loans and off balance sheet transactions, as well as impaired loans / receivables

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Type of collateral</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mortgage coverage</td>
</tr>
<tr>
<td><strong>Loans (before netting with value adjustments)</strong></td>
<td></td>
</tr>
<tr>
<td>Due from customers</td>
<td>539'937</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>349'429</td>
</tr>
<tr>
<td>- Residential and commercial property</td>
<td>349'429</td>
</tr>
<tr>
<td>- Commercial premises</td>
<td></td>
</tr>
<tr>
<td><strong>Total loans (before netting with value adjustments)</strong></td>
<td></td>
</tr>
<tr>
<td>31.12.15</td>
<td>889'366</td>
</tr>
<tr>
<td>31.12.14</td>
<td>843'368</td>
</tr>
<tr>
<td><strong>Total loans (after netting with value adjustments)</strong></td>
<td></td>
</tr>
<tr>
<td>31.12.15</td>
<td>888'045</td>
</tr>
<tr>
<td>31.12.14</td>
<td>841'040</td>
</tr>
<tr>
<td><strong>Off balance sheet</strong></td>
<td></td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td>8'944</td>
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<tr>
<td>Irrevocable commitments</td>
<td></td>
</tr>
<tr>
<td>Credit commitments</td>
<td>2'881</td>
</tr>
<tr>
<td><strong>Total off balance sheet</strong></td>
<td></td>
</tr>
<tr>
<td>31.12.15</td>
<td>11'825</td>
</tr>
<tr>
<td>31.12.14</td>
<td>8'130</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Gross debt amount</th>
<th>Estimated liquidation value of the collateral</th>
<th>Net debt amount</th>
<th>Individual value adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impaired loans / receivables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.12.15</td>
<td>110'799</td>
<td>47'548</td>
<td>63'251</td>
<td>58'420</td>
</tr>
<tr>
<td>31.12.14</td>
<td>116'330</td>
<td>48'794</td>
<td>67'537</td>
<td>52'067</td>
</tr>
</tbody>
</table>
### 3 Breakdown of Trading portfolios and other Financial instruments at fair value

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trading portfolios</strong></td>
<td>98</td>
<td>707</td>
</tr>
<tr>
<td>Debt instruments, money-market instruments, money-market transactions</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>- of which listed</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>Equity interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious metals and commodities</td>
<td></td>
<td>707</td>
</tr>
<tr>
<td>Other trading assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other financial instruments at fair value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structure Products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>98</td>
<td>707</td>
</tr>
<tr>
<td>- of which determined by valuation model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which securities allowed for repo transactions in accordance with liquidity requirements</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 4 Presentation of derivative financial instruments

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Trading instruments</th>
<th>Positive replacement values</th>
<th>Negative replacement values</th>
<th>Contract volume</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Interest rate instruments</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Forward contracts, including FRAs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Futures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Options (OTC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Options (exchange-traded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Foreign exchange / precious metals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Forward contracts</td>
<td>495</td>
<td>1'749</td>
<td>245'663</td>
</tr>
<tr>
<td></td>
<td>Combined interest rates / currency swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Futures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Options (OTC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Options (exchange-traded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Equity interests / indices</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Forward contracts</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Futures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Options (OTC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Options (exchange-traded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Credit derivatives</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credit default swaps</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total return swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>First-to default swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other credit derivatives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Forward contracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Swaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Futures</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Options (OTC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Options (exchange-traded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total before taking into consideration netting agreements</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total at 31.12.15</td>
<td>495</td>
<td>1'749</td>
<td>247'940</td>
</tr>
<tr>
<td></td>
<td>- of which determined by using a valuation model</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Total after taking into consideration netting agreements

Central clearing parties

Trading instruments

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Positive replacement values</th>
<th>Negative replacement values</th>
<th>Contract volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total at 31.12.14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total at 31.12.15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which determined by using a valuation model</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Bank has no hedging instruments.

6 Breakdown of financial investments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which held until maturity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which not held until maturity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which securities allowed for repo transactions in accordance with liquidity requirements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7 Breakdown of the counterparty according to rating

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>AAA</th>
<th>AA</th>
<th>A</th>
<th>BBB</th>
<th>BB to B</th>
<th>Unrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book values</td>
<td>198'454</td>
<td>123'957</td>
<td>123'055</td>
<td>190'182</td>
<td>162'470</td>
<td>28'307</td>
</tr>
</tbody>
</table>

Rating category is based on the sovereign foreign currency long-term rating system from Fitch.

8 Breakdown of other assets and other liabilities

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Other assets</th>
<th>Other liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation account</td>
<td></td>
<td>3'257</td>
</tr>
<tr>
<td>Deferred income taxes recognised as assets</td>
<td>10'669</td>
<td>8'968</td>
</tr>
<tr>
<td>Others</td>
<td>7'669</td>
<td>7'193</td>
</tr>
<tr>
<td>Total</td>
<td>18'339</td>
<td>19'418</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Book value</th>
<th>Effective commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets pledged</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due from banks</td>
<td>1'543</td>
<td>599</td>
</tr>
<tr>
<td>Financial Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets put under ownership reservation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1'543</td>
<td>599</td>
</tr>
</tbody>
</table>

* Excluding securities financing transactions
10 Value adjustments and provisions and reserves for general banking risks

<table>
<thead>
<tr>
<th>In CHF 000's</th>
<th>Balance at 31.12.14</th>
<th>Use in conformity with designated purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for deferred taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for pension fund obligations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for default risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for other business risks</td>
<td>13'122</td>
<td>-14'754</td>
</tr>
<tr>
<td>Provisions for restructuring</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total provisions</td>
<td>13'122</td>
<td>-14'754</td>
</tr>
<tr>
<td>Reserves for general banking risks</td>
<td>488'000</td>
<td></td>
</tr>
<tr>
<td>Value adjustments for default risks and country risks</td>
<td>54'667</td>
<td>-5'847</td>
</tr>
<tr>
<td>- of which value adjustments for default risks in respect of impaired loans</td>
<td>52'067</td>
<td>-5'847</td>
</tr>
<tr>
<td>- of which value adjustments for default risks in respect of financial investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- of which value adjustments for latent risks</td>
<td>2'600</td>
<td></td>
</tr>
<tr>
<td>Reclassifications</td>
<td>Currency differences</td>
<td>Past due interest, recoveries</td>
</tr>
<tr>
<td>-------------------</td>
<td>----------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-112</td>
<td>14'025</td>
</tr>
<tr>
<td></td>
<td>-112</td>
<td>14'025</td>
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<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-900</td>
<td>2'624</td>
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<tr>
<td></td>
<td>-900</td>
<td>2'624</td>
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<td></td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>
## 11 Bank's capital

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>31.12.15</th>
<th></th>
<th>31.12.14</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Capital</td>
<td>Total</td>
<td>Capital</td>
</tr>
<tr>
<td></td>
<td>nominal</td>
<td>eligible</td>
<td>nominal</td>
<td>eligible</td>
</tr>
<tr>
<td></td>
<td>value</td>
<td>for</td>
<td>value</td>
<td>for</td>
</tr>
<tr>
<td></td>
<td>Quantity</td>
<td>dividends</td>
<td>Quantity</td>
<td>dividends</td>
</tr>
<tr>
<td>Bank's capital / cooperative capital</td>
<td>150'000</td>
<td>150'000</td>
<td>150'000</td>
<td>150'000</td>
</tr>
<tr>
<td>- of which paid up</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Bank's capital</td>
<td>150'000</td>
<td>150'000</td>
<td>150'000</td>
<td>150'000</td>
</tr>
<tr>
<td>Authorised capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- thereof executed capital increases</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

## 12 Disclosure of holders of significant participations

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>31.12.15</th>
<th></th>
<th>31.12.14</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>At nominal value</td>
<td></td>
<td>At nominal value</td>
<td></td>
</tr>
<tr>
<td>Significant shareholders and groups of shareholders with voting agreements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>voting shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gefän Finanz AG, Zug</td>
<td>150'000</td>
<td>100%</td>
<td>150'000</td>
<td>100%</td>
</tr>
<tr>
<td>non-voting shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Beneficial holdings:
Gefän Finanz AG is 100% owned by a trust structure, which represents in equal shares the four branches of the Mohamedali Habib Family. No individual has a beneficial interest of 10% or more in the shares of Habib Bank AG Zurich.
13 Disclosure of amounts due from / to related parties

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Amounts due from</th>
<th>Amounts due to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified holdings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group companies</td>
<td>25'852</td>
<td>30'360</td>
</tr>
<tr>
<td>Transactions with members of governing bodies</td>
<td>1'520</td>
<td>1'224</td>
</tr>
</tbody>
</table>

14 Breakdown of total assets by the credit rating of regions (risk domicile principle)

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>Net foreign exposures at 31.12.15</th>
<th></th>
<th>Net foreign exposures at 31.12.14</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>1'283'809</td>
<td>26.5%</td>
<td>1'882'418</td>
<td>35.3%</td>
</tr>
<tr>
<td>AA+ to AA-</td>
<td>263'894</td>
<td>5.4%</td>
<td>94'892</td>
<td>1.8%</td>
</tr>
<tr>
<td>A+ to A-</td>
<td>2'671'628</td>
<td>55.1%</td>
<td>2'612'559</td>
<td>49.0%</td>
</tr>
<tr>
<td>BBB+ to BBB-</td>
<td>120'412</td>
<td>2.5%</td>
<td>173'957</td>
<td>3.3%</td>
</tr>
<tr>
<td>BB+ to B-</td>
<td>430'859</td>
<td>8.9%</td>
<td>391'898</td>
<td>7.3%</td>
</tr>
<tr>
<td>CCC</td>
<td>0.0%</td>
<td></td>
<td>5'079</td>
<td>0.1%</td>
</tr>
<tr>
<td>Unrated</td>
<td>74'521</td>
<td>1.6%</td>
<td>173'114</td>
<td>3.2%</td>
</tr>
<tr>
<td>Total</td>
<td>4'845'123</td>
<td>100.0%</td>
<td>5'333'917</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Rating category is based on the sovereign foreign currency long-term rating system from Fitch.

15 Breakdown of credit commitments

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments arising from acceptances</td>
<td>19'457</td>
<td>24'176</td>
</tr>
<tr>
<td>Other credit commitments</td>
<td>51'104</td>
<td>46'758</td>
</tr>
<tr>
<td>Total</td>
<td>70'561</td>
<td>70'934</td>
</tr>
</tbody>
</table>
16 Breakdown of fiduciary transactions

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiduciary investments with third-party companies</td>
<td>69’705</td>
<td>89’745</td>
</tr>
<tr>
<td>Fiduciary investments with group companies and affiliated companies</td>
<td>1’975</td>
<td>13’969</td>
</tr>
<tr>
<td>Fiduciary transactions from securities lending and borrowing which are carried out by the Bank acting under its own name but on behalf of clients</td>
<td>18’267</td>
<td>16’171</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>89’948</strong></td>
<td><strong>119’885</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>in CHF 000's</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Result from trading activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealised forex gains / losses on reserves held in foreign currencies</td>
<td>-3’238</td>
<td>33’007</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>11’945</td>
<td>5’103</td>
</tr>
<tr>
<td>Commodities / precious metals</td>
<td>-258</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8’449</strong></td>
<td><strong>38’155</strong></td>
</tr>
<tr>
<td>- of which from the fair value option applied to assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 18 Breakdown of personnel expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and additional allowances</td>
<td>50'961</td>
<td>53'098</td>
</tr>
<tr>
<td>- of which expenses related to share-based compensation and alternative forms of variable compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social insurance obligations</td>
<td>5'399</td>
<td>5'587</td>
</tr>
<tr>
<td>Value adjustments for economic benefits or obligations arising from pension funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other personnel expenses</td>
<td>2'306</td>
<td>1'224</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58'666</td>
<td>59'909</td>
</tr>
</tbody>
</table>

### 19 Breakdown of general and administrative expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office space expenses</td>
<td>6'413</td>
<td>6'456</td>
</tr>
<tr>
<td>Expenses for information technology and telecommunications</td>
<td>4'848</td>
<td>4'160</td>
</tr>
<tr>
<td>Expenses for motor vehicles, machinery, furniture and other equipment and operating lease expenses</td>
<td>1'069</td>
<td>1'159</td>
</tr>
<tr>
<td>Audit fees</td>
<td>1'437</td>
<td>1'300</td>
</tr>
<tr>
<td>- of which for financial and regulatory audits</td>
<td>1'424</td>
<td>1'275</td>
</tr>
<tr>
<td>- of which for other services</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>30'465</td>
<td>29'495</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>44'231</td>
<td>42'570</td>
</tr>
</tbody>
</table>
20 Analysis of extraordinary income and expenses

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Extraordinary income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Release of provisions no longer required</td>
<td></td>
<td>42</td>
</tr>
<tr>
<td>Profit on sale of fixed assets</td>
<td>9</td>
<td>203</td>
</tr>
<tr>
<td>Recoveries and others</td>
<td>13</td>
<td>2'175</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>22</td>
<td>2'420</td>
</tr>
<tr>
<td><strong>Extraordinary expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-82</td>
<td>-71</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-82</td>
<td>-71</td>
</tr>
</tbody>
</table>

21 Presentation of current taxes, deferred taxes and disclosure of the tax rate

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income taxes</strong></td>
<td>13'908</td>
<td>13'620</td>
</tr>
<tr>
<td><strong>Deferred tax expenses</strong></td>
<td>-1'702</td>
<td>1'364</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>12'206</td>
<td>14'985</td>
</tr>
<tr>
<td><strong>Average tax rate</strong></td>
<td>25.1%</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

* The utilisation of tax losses carried forward in the UK Branch has led to CHF 0.5 million lower income taxes for the period.
## Appropriation of profit / coverage of losses / other distributions

The Board of Directors will submit the following proposal to the General Meeting of Shareholders in respect of the distribution of profit.

<table>
<thead>
<tr>
<th>Description</th>
<th>31.12.15</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit / loss (result for the period)</td>
<td>34'784</td>
<td>40'563</td>
</tr>
<tr>
<td>Profit carried forward / loss carried forward</td>
<td>89</td>
<td>526</td>
</tr>
<tr>
<td>Distributable profit</td>
<td>34'873</td>
<td>41'089</td>
</tr>
<tr>
<td>Appropriation of profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Allocation to statutory retained earnings reserves</td>
<td>-1'800</td>
<td>-2'000</td>
</tr>
<tr>
<td>- Allocation to voluntary retained earnings reserves</td>
<td>-15'000</td>
<td>-21'000</td>
</tr>
<tr>
<td>- Distribution of dividend from distributable profit</td>
<td>-18'000</td>
<td>-18'000</td>
</tr>
<tr>
<td>Profit carried forward</td>
<td>73</td>
<td>89</td>
</tr>
</tbody>
</table>
Report of the Statutory Auditor

To the General Meeting of
Habib Bank AG Zurich
Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Habib Bank AG Zurich, which comprise the balance sheet, income statement, statement of changes in equity, and notes (pages 54 to 72 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 provisions governing the preparation of financial statements for Banks, the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 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 and the company's articles of incorporation.

Report on Other Legal Requirements

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

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

KPMG AG

Er图为l Tufekci Licensed Audit Expert
Auditor in Charge

Mirko Liberto Licensed Audit Expert

Zurich, 25 April 2016
Addresses

Head Office and operation

<table>
<thead>
<tr>
<th>Habib Bank AG Zurich</th>
<th>Weinbergstrasse 59, PO Box 225</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8042 Zurich / Switzerland</td>
</tr>
<tr>
<td>Telephone:</td>
<td>(+4144) 269 45 00</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:infoch@habibbank.com">infoch@habibbank.com</a></td>
</tr>
</tbody>
</table>

Branches

<table>
<thead>
<tr>
<th>United Kingdom</th>
<th>Habib Bank AG Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Habib House</td>
<td>Habib HouVe 2nd floor</td>
</tr>
<tr>
<td>42 Moorgate</td>
<td>London EC2R 6J / UK</td>
</tr>
<tr>
<td>Telephone:</td>
<td>(+44207) 452 0200</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:contactuk@habibbank.com">contactuk@habibbank.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>United Arab Emirates</th>
<th>Habib Bank AG Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Umm Al Sheif</td>
<td>Habib HouVe</td>
</tr>
<tr>
<td>Shaikh Zayed Road</td>
<td>P.O. Box 3306</td>
</tr>
<tr>
<td>Dubai / UAE</td>
<td></td>
</tr>
<tr>
<td>Telephone:</td>
<td>(+9714) 373 5200</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:csd@habibbank.com">csd@habibbank.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Kenya</th>
<th>Habib Bank AG Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Habib House</td>
<td>Habib HouVe</td>
</tr>
<tr>
<td>Koinange Street</td>
<td>P.O. Box 30584, 00100 GPO</td>
</tr>
<tr>
<td>Nairobi / Kenya</td>
<td></td>
</tr>
<tr>
<td>Telephone:</td>
<td>(+25420) 334 1172 / 76 / 77</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:info.ke@habibbank.com">info.ke@habibbank.com</a></td>
</tr>
</tbody>
</table>

Subsidiaries

<table>
<thead>
<tr>
<th>Habib Canadian Bank Ltd.</th>
<th>Habib Canadian Bank Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>918 Dundas Street East</td>
</tr>
<tr>
<td></td>
<td>Suite 400</td>
</tr>
<tr>
<td></td>
<td>Mississauga, Ontario L4Y 4H9 / Canada</td>
</tr>
<tr>
<td>Telephone:</td>
<td>+1 (905) 276 5300</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:info@habibbank.com">info@habibbank.com</a></td>
</tr>
</tbody>
</table>
## Subsidiaries

<table>
<thead>
<tr>
<th>Subsidiary Name</th>
<th>Address</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HBZ Bank Ltd.</strong></td>
<td>135 Jan Hofmeyr Road</td>
<td>+27 (011) 267 4400</td>
</tr>
<tr>
<td><strong>South Africa</strong></td>
<td>P.O. Box 1536, Westville</td>
<td><a href="mailto:sazone@habibbank.co.za">sazone@habibbank.co.za</a></td>
</tr>
<tr>
<td><strong>HBZ Bank Ltd.</strong></td>
<td>Wandsbeck 3631 / South Africa</td>
<td></td>
</tr>
<tr>
<td><strong>HBZ Services FZ LLC</strong></td>
<td>Dubai Outsource Zone</td>
<td></td>
</tr>
<tr>
<td><strong>United Arab Emirates</strong></td>
<td>PO Box 186997</td>
<td></td>
</tr>
<tr>
<td><strong>Habib European Bank Ltd.</strong></td>
<td>14 Athol Street</td>
<td><a href="mailto:m.jafri@habibbank.com">m.jafri@habibbank.com</a></td>
</tr>
<tr>
<td><strong>Isle of Man</strong></td>
<td>Douglas / Isle of Man IM1 1JA</td>
<td></td>
</tr>
<tr>
<td><strong>Telephone</strong></td>
<td>(+44) 1624 622 554 / 629 857</td>
<td></td>
</tr>
<tr>
<td><strong>Email</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Habib Metropolitan Bank Ltd.</strong></td>
<td>Karachi's Building</td>
<td></td>
</tr>
<tr>
<td><strong>Pakistan</strong></td>
<td>I.I. Chundrigar Road</td>
<td></td>
</tr>
<tr>
<td><strong>Telephone</strong></td>
<td>(+9221) 111 14 14 14</td>
<td><a href="mailto:info@habibmetro.com">info@habibmetro.com</a></td>
</tr>
<tr>
<td><strong>Email</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Habib Bank Zurich (Hong Kong) Ltd.</strong></td>
<td>1701-05, 17 / F, Wing On House,</td>
<td></td>
</tr>
<tr>
<td><strong>Hong Kong</strong></td>
<td>71 Des Voeux Road Central,</td>
<td></td>
</tr>
<tr>
<td><strong>Telephone</strong></td>
<td>(+852) 2521 4631</td>
<td></td>
</tr>
<tr>
<td><strong>Email</strong></td>
<td><a href="mailto:mainoffice@hzhongkong.com">mainoffice@hzhongkong.com</a></td>
<td></td>
</tr>
<tr>
<td><strong>Habib Bank Zurich Plc</strong></td>
<td>Habib House</td>
<td></td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>42 Moorgate</td>
<td></td>
</tr>
<tr>
<td><strong>Telephone</strong></td>
<td>(+44) 207 452 0200</td>
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</tr>
<tr>
<td><strong>Email</strong></td>
<td><a href="mailto:contactuk@habibbank.com">contactuk@habibbank.com</a></td>
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</tr>
</tbody>
</table>
## Representative offices

<table>
<thead>
<tr>
<th>Country</th>
<th>Address</th>
<th>Telephone</th>
<th>Email</th>
</tr>
</thead>
</table>
| **Bangladesh** | Habib Bank AG Zurich  
BDBL Bhaban  
12 Kawran Bazar C/A  
Dhaka 1215 / Bangladesh  
(+880) 2 550 13463  
n.huda@habibbank.com |                |                           |
| **Hong Kong** | Habib Bank AG Zurich  
1701-05, 17 / F, Wing On House,  
71 Des Voeux Road Central,  
Hong Kong  
(+852) 2521 4631  
mainoffice@hbzhongkong.com |                |                           |
| **Pakistan** | Habib Bank AG Zurich  
Spencer's Building  
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Karachi-74200 / Pakistan  
(+9221) 111 14 14 14 |                |                           |
|           |                                              | Email: info@habibmetro.com |                           |