

ANNUAL REPORT 2016

| BANCA
| CREDINVEST

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The present document is the English translation of the Italian annual report. In case of dispute the Italian version shall prevail.

CORPORATE GOVERNANCE

Board of Directors

up to the General Meeting on 20th April 2016

Raffaele Rossetti	Chairman (independent member)
Joseph Louis Toson	Vice-Chairman (independent member)
Alberto Banfi	Director (independent member)
Marco Bulani ⁽¹⁾	Director (independent member)
Antonio Sergi ⁽¹⁾	Director (independent member)

Board of Directors

after the resolutions of the General Meeting on 20th April 2016

Raffaele Rossetti	Chairman (independent member)
Joseph Louis Toson	Vice-Chairman (independent member)
Alberto Banfi ⁽¹⁾	Director (independent member)
Viktor Dario	Director (independent member)
Antonio Sergi ⁽¹⁾	Director (independent member)

Auditors

KPMG AG, Lugano

Executive Management

Mauro Scalfi	Chief Executive Officer
Gianfranco Basta	Deputy Chief Executive Officer
Luciano Pasqualini	Vice Chief Executive Officer

⁽¹⁾ members of the Audit Committee

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016

Dear Shareholders,

During 2016 the economic activity has been expanding in the United States, contracting in Japan, still weak in Europe. Future perspectives remain uncertain in the emerging economies. The low level of oil prices and the deflationary effects arising from the globalization have been reflected in a moderate dynamics of the global inflation.

Monetary policies have remained accommodating, yet with a decreasing marginal effectiveness. They have continued to be expansionary in Japan and in the Euro area, whilst a gradual normalization in the United States has been confirmed by the increase in interest rates initiated by the Federal Reserve in December. The Brexit referendum and the result of the US elections have not originated, so far, structural effects in the financial markets. The volatility has reduced due to improved economic expectations.

The US economy, although posting a lower growth compared to previous economic cycles, has improved the overall employment level. All components of the domestic demand have expanded with indicators generally positive for consumptions, residential properties and the job market. The performance of the manufacturing sector and of exports has been less brilliant, although positive. The economic scenario is coherent with the progressive normalization of the monetary policy.

In the Euro area, a solid pattern of growth struggles to consolidate. Household consumptions have been positive. On the other side, corporates investments remained weak. Foreign demand contributed less to the overall growth. The support given by fiscal policies has been limited. Inflation is low, capped by the weak increase in oil prices and the wide margins available in production and labour capacity. Credit conditions continue to be expansionary.

The Japanese economy remains fragile. The effects of the previous fiscal restrictions and the yen appreciation have limited the recovery, slowing down

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016

consumptions, corporate investments and exports. In the main emerging countries, the overall economic framework has remained fragile, although with an improved outlook. The uncertainties on the sustainability of the Chinese growth have decreased in the last months of the year.

Moderate expectations of growth and inflation, abundant liquidity provided by the central banks and a context of increased uncertainty have favoured the maintenance of bond yields on very low levels. In the last quarter of the year there has been a general increase in yields. Corporate bonds, supported by favourable liquidity conditions, have further reduced spread differentials.

In the first part of the year, equity markets have suffered wide corrections. Subsequently, signs of improvement have materialized. European and Japanese stock markets have underperformed US markets, while emerging markets posted different performances.

Forex markets have been affected by moderate fluctuations. The Swiss franc and the US dollar have appreciated against the Euro. Several emerging markets currencies started to reevaluate. The Japanese yen has shown an intrinsic strength in the first half, before weakening in the last months of the year. The British pound has significantly depreciated after the results of the Brexit referendum.

Notwithstanding the strength of the currency, the economic data and the Swiss leading indicators have improved, confirming a scenario of fairly good economic growth. The real disposable income, the low level of mortgage rates and the stimulating trade policies have supported domestic demand. The Swiss National Bank has partially offset the currency revaluation with negative interest rates.

During 2016 the overall activity of the Bank has increased. The geographical distribution of clients and the range of products handled has widened. The level of capitalization of the Bank remains high. The excess of free capital available

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016

as at 31st December 2016 amounts to over CHF 23.7 million (CHF 23.6 million as at 31st December 2015), with a ratio between eligible and required capital of 396% and a Tier 1 capital ratio of 41.79%.

The net profit of the period amounted to CHF 2'036'227. Such result is substantially higher than the previous year, equal to CHF 408'245.

Total revenues amounted to CHF 16'226'885 (CHF 15'639'263 in 2015). Total income from interest activities has been equal to CHF 2'871'045 (CHF 2'369'862 in 2015), revenues from commissions and service fees activities amounted to CHF 9'604'933 (CHF 10'524'833 in 2015). Revenues from trading operations reached CHF 3'750'907 (CHF 2'744'568 in 2015). The result of revenues from commissions and service fees activities includes the cost arising from an asset deal which has made possible the opening of the Zurich branch. Compared to the previous year revenues from commissions on other activities have not benefitted from the extraordinary contribution arising from the program for the regularization of assets promoted by the Italian government (Voluntary Disclosure).

Total costs amounted to CHF 12'266'259 (CHF 11'121'560 in 2015), of which CHF 8'694'621 were for personnel expenses (CHF 8'298'300 in 2015) and CHF 3'571'638 for general expenses (CHF 2'823'260 in 2015). The extraordinary costs incurred for the transfer of the activities to the new building in Lugano and the setting up of the office in Zurich are included in general expenses.

Total depreciations have been equal to CHF 972'769 (CHF 820'018 in 2015). This amount includes CHF 579'900 for the annual depreciation of the *goodwill* on the FBS acquisition. During the first quarter of 2017 the residual amount of CHF 132'816 will be completely amortized.

At year's end, total assets from clients amounted to CHF 1'861 million (CHF 1'364 million at the end of 2015) with an increase of 36.4% on the previ-

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016

ous year. The number of relationships with clients has remained substantially stable. The increase in clients' assets is related to the increase of the activity with institutional clients and the opening of the Zurich branch. As at 31st December 2016, the Bank had a total of 52 employees (48.8 "full time equivalent"), compared to 44 employees (40.1 "full time equivalent") as at 31st December 2015.

Several initiatives have been promoted during the year aimed at consolidating a direct presence in the European Community, through an entity fully authorized to provide financial services under the European passport regime. It is expected that the numerous contacts in place may be finalized in 2017.

The transfer of all activities of the Bank to the new offices, notwithstanding its intrinsic complexity, has been handled without inconveniences. The IT systems and all services to the clients have not been affected by interruptions. Concurrently with the move to the new building, all office furniture has been completely replaced and the technological infrastructure of the Bank has been upgraded. The standing of the new building is highly appreciated by clients and visiting counterparties.

During the year, the opening of the Zurich branch has been completed with the taking over of "private banking" relationships and investment funds. Starting from the second half of the year, the activity of the branch has been completely integrated, and all works required for the renewal of the offices have been terminated.

The activity associated with the issuance of debt instruments has continued. These are recorded under the items "*Other financial instruments at fair value*" and "*Liabilities from other financial instruments at fair value*". It relates to the issuance of structured products underwritten by institutional clients.

BOARD OF DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016

Given the annual result (CHF 2'036'226), the Board of Directors recommends its allocation as follows:

	CHF
to cover the loss carried forward	226'046
to legal reserve	110'000
to dividend	1'050'000
to profit carried forward	650'180

During 2017, the Bank will further intensify its efforts to further expand the services and secure a stable growth of assets and profitability.

The Board of Directors expresses its appreciation to all clients, the shareholders, the management and all employees of the Bank.

The Board of Directors

ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

BALANCE SHEET

December 31 st	Notes	2016 CHF	2015 CHF	Change CHF
ASSETS				
Liquid assets		73'137'212	43'181'293	29'955'919
Amounts due from banks		92'089'864	65'717'171	26'372'693
Amounts due from customers	2	162'472'629	194'351'916	-31'879'287
Mortgage loans	2	6'309'280	6'635'740	-326'460
Trading portfolio assets	3	6'310'075	4'627'052	1'683'023
Positive replacement values of derivative financial instruments	4	8'107'459	913'207	7'194'252
Other financial instruments at fair value	3, 14	1'606'970	580'960	1'026'010
Accrued income and prepaid expenses		1'791'466	901'655	889'811
Participations	6, 7	13'629	0	13'629
Tangible fixed assets	8	1'675'695	456'953	1'218'742
Intangible assets	9	132'816	712'716	-579'900
Other assets	10	353'445	456'429	-102'984
TOTAL ASSETS		354'000'540	318'535'092	35'465'448

December 31 st	Notes	2016 CHF	2015 CHF	Change CHF
LIABILITIES				
Amounts due to banks		49'434'635	20'375'521	29'059'114
Amounts due in respect of customer deposit		256'599'923	261'163'147	-4'563'224
Negative replacement values of derivative financial instruments	4	8'062'828	973'649	7'089'179
Liabilities from other financial instruments at fair value	3, 14	2'802'196	1'736'353	1'065'843
Accrued expenses and deferred income		4'458'393	3'100'805	1'357'588
Other liabilities	10	288'816	1'108'094	-819'278
Provisions	16	543'569	303'569	240'000
Bank's capital		30'000'000	30'000'000	0
Profit carried forward / loss carried forward		-226'046	-634'291	408'245
Profit (result of the period)		2'036'226	408'245	1'627'981
TOTAL LIABILITIES		354'000'540	318'535'092	35'465'448

ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

BALANCE SHEET

<i>December 31st</i>	<i>Notes</i>	<i>2016 CHF</i>	<i>2015 CHF</i>	<i>Change CHF</i>
Off-Balance Sheet transactions				
Contingent liabilities	2, 28	794'701	635'240	159'461
Irrevocable commitments	2	596'000	812'000	-216'000
Fiduciary transactions	30	46'673'416	66'253'605	-19'580'188

ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

INCOME STATEMENT

	Notes	2016 CHF	2015 CHF	Change CHF
Result from interest operations				
Interest and discount income		2'705'781	2'244'705	461'076
Interest and dividend income from trading portfolios		58'971	113'113	-54'142
Interest expense		106'293	12'044	94'249
Subtotal:				
Net result from interest operations		2'871'045	2'369'862	501'183
Result from commission business and services				
Commission income from securities trading and investment activities		12'597'294	11'511'193	1'086'101
Commission income from lending activities		18'282	18'991	-709
Commission income from other services		1'685'935	2'978'035	-1'292'100
Oneri per commissioni		-4'696'578	-3'983'386	-713'192
Subtotal: Result from commission business and services		9'604'933	10'524'833	-919'900
Result from trading activities and the fair value option				
	32	3'750'907	2'744'568	1'006'339
Operating expenses				
Personnel expenses	34	-8'694'621	-8'298'300	-396'321
General and administrative expenses	35	-3'571'638	-2'823'260	-748'378
Subtotal: Operating expenses		-12'266'259	-11'121'560	-1'144'699
Value adjustment on participations as well as depreciation and amortisations of tangible fixed assets and intangible assets		-972'769	-820'018	-152'751
Changes to provisions and other value adjustments, as well as losses	16	-240'000	-2'585'140	2'345'140
Operating result		2'747'857	1'112'545	1'635'312
Extraordinary income	36	15'741	0	15'741
Taxes	39	-727'372	-704'300	-23'072
Profit (result of the period)		2'036'226	408'245	1'627'981

ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

ALLOCATION OF BALANCE SHEET EARNINGS

Allocation of Balance Sheet result

	2016 CHF	2015 CHF
Proposal of the Board of Directors		
Loss carried forward	-226'046	-634'291
Profit of the year	2'036'226	408'245
Available Profit/Loss	1'810'180	-226'046
Allocation of result		
Legal reserve	110'000	0
Dividend distribution	1'050'000	0
Profit/Loss to be carried forward	650'180	-226'046

Statement of changes in the shareholders' equity

	2016			
	Bank's capital CHF	Profit / Loss carried forward CHF	Result of the period CHF	Total CHF
Equity at start of current period	30'000'000	-634'291	408'245	29'773'954
Allocation of result	0	408'245	-408'245	0
Profit (result of the period)	0	0	2'036'226	2'036'226
Equity at end of current period	30'000'000	-226'046	2'036'226	31'810'180

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. General notes

Introduction

Banca Credinvest SA (hereinafter also "the Bank") is an independent Swiss bank based in Lugano. The Bank provides investment / portfolio management and private banking services for both institutional and private clients. The year-end date of the annual Financial Statements is 31st December.

The number of employees at the end of 2016 was 52, equivalent to 48.75 full-time staff (31.12.2015: 44 employees equivalent to 40.1 full-time staff at Group level).

Following art. 16 of the Swiss Capital Adequacy Ordinance (CAO) as well as the guidelines (Circular 2008/22) of the Swiss Financial Market Supervisory Authority FINMA (hereinafter FINMA), Banca Credinvest publishes its own available and required capital. Information can be obtained on the Bank's website (www.credinvest.ch).

Risk management

Banca Credinvest SA has established specific regulation (Regolamento Generale dei Rischi) to identify, manage and control all potential risks associated with the Bank's activity.

As defined by Circular 2008/24 "Supervision and internal control of banks" of FINMA, the Board of Directors of the Bank has issued a specific internal directive on "Surveillance and Control" which, together with several other directives presently in place, represents a comprehensive instrument for the control, surveillance and mitigation of all risks.

The Board of Directors constantly examines the main risks at which the Bank is exposed. In particular, the Board of Directors has examined, on the basis of the internal documentation prepared by the Risk Manager and the Internal Control

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

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Committee, those risks with significant impact on the Annual Accounts. When necessary, adequate measures have been taken. The main risks are described thereafter:

- Credit risk

This risk is kept under control by monitoring all counterparties. Credit facilities given to clients are mainly “Lombard loans” made available only if supported by adequate guarantees.

- Market risk

Each banking institution, in dealing with securities and financial instruments, is subject to this kind of risk. Banca Credinvest SA has adopted a policy for monitoring financial markets and preventing this kind risk.

- Interest rate risk

The Bank has a limited exposure to this kind of risk, due to a restricted lending activity. Exposure to interest rate risk is measured with specific software systems..

- Legal and reputational risk

This risk category is monitored by the Legal and Compliance officer which supervises the respect of regulations as well as the duties imposed to each financial intermediary. He is responsible for monitoring the current legal developments and to adapt all internal procedures to any new legal regulation.

- Operational risk

Operational risk is mitigated through internal procedures and regulations. Control activities are an integrant part of daily operational duties.

- Liquidity and refinancing risk

Such risk is measured on the basis of specific IT procedures and mitigated through a broad diversification of the financing sources, which originate mainly from clients’ and interbank deposits.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Outsourcing

Banca Credinvest has entered into an outsourcing contract with D+H Suisse Sàrl (former BBP Datasphere) for interbank swift messages. The contract is considered as outsourcing under the terms of the FINMA Circular 2008/7 (Outsourcing Banks).

2. Accounting and valuation principles

The Financial Statements of Banca Credinvest SA are prepared in accordance with the requirements of the Swiss Code of Obligations, the Federal Law on Banks, the FINMA Circ. 2015/1 regarding the accounting rules as well as those of the corporate by-laws.

All transactions carried out by the Bank are recorded on the date when they occur (trade date). Assets, liabilities and off-Balance Sheet transactions are valued individually.

Foreign currencies

The Bank makes use of a multi-currency accounting system. All foreign currency transactions are recorded in the currency in which they have been concluded.

Assets and liabilities denominated in foreign currencies are converted at the exchange rate prevailing at the end of the financial period. Revenues and costs are converted into CHF at the exchange rate applicable on the day when the transaction took place.

The main exchange rates used to convert end-period Balance Sheet items are: EUR 1.0738 (31.12.2015: 1.0809); USD 1.0186 (31.12.2015: 0.9892).

Cash, amounts due from banks and amounts due to banks

Are recorded in the Balance Sheet at their nominal value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Due from customers

They are recorded in the Balance Sheet at their nominal value. If the repayment of a credit is -totally or partially- compromised, the Bank makes specific provisions on the basis of a prudent approach in deduction of the relevant asset item. The Bank does not make general provisions.

If a borrower is late in the payment of interests for more than 90 days, the related loan would be regarded as non performing and would be recorded in the appropriate account named "Changes in value adjustments for default risks and losses from interest operations". The related revenue will be recorded only when received. The Bank considers a loan to be non-performing when it is unlikely that the borrower is in the position to meet his future obligations. The amount of the provision is the difference between the book value of the credit exposure and the realizable value of the collateral guarantees, and it is deducted from the relevant asset item.

Off-Balance Sheet transactions are valued in the same way.

Securities and precious metals trading portfolio

The valuation is made at fair value, being the year-end market price quoted on a recognized stock exchange. For securities traded for its own account, the Bank has set limits, which are checked on a daily basis.

Other financial instruments at fair value (assets and liabilities)

The Bank issued a structured note (with an underlying portfolio of securities that was placed with institutional investors) with a five years maturity and recorded it under items "Other financial instruments at fair value" and "Liabilities from other financial instruments at fair value."

The financial instruments are valued at fair value and their risks are managed in the same way as those of trading activities. There is an economic hedging relationship between the financial instruments on the asset side and those on the liability side that is largely offset in terms of income by the fair value valuation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

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Financial investments

Financial investments include all financial investments not held for trading. Fixed-income securities are held until maturity. The difference between the purchase price and the redemption value is accrued over the number of years between the date of acquisition and the maturity date. All other securities are valued according the principle of lower of cost or market value (LOCOM).

Participations

This caption includes all participations held by the Bank as long term investments. The valuation is made on the basis of the purchase price less any economically necessary depreciation. These depreciations are included in item "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".

Tangible fixed assets and Intangible assets

Fixed assets are recorded in the Balance Sheet at their acquisition cost less annual depreciations. Depreciation is computed using the straight-line method as follows:

- technological appliances, hardware and software 3 years
- other fixed assets
(costs of incorporation, equipment and furnishings, etc.) 5 years
- intangible assets (goodwill) 6 years
- installation 10 years

La congruità dei criteri adottati viene verificata annualmente.

The valuation criteria is verified on an annual basis.

The goodwill paid to the seller for the purchase of Fideuram Bank (Suisse) SA ("FBS") is recorded within the Intangible Assets. The valuation is made on the basis of the assets under management of the purchased bank and is subject to yearly review (impairment test).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

During 2013, the fulfilment of the contractual clauses agreed upon at the time of the transfer of the ownership of FBS conducted to a reduction of the original purchase price (disposal of the goodwill) by CHF 2'186'780 following the reduction of clients' assets compared to those in place at closing. Considering that the original yearly depreciation amount has not changed, such adjustment has conducted to a reduction of the depreciation period from 10 to approximately 6 years.

Accrued income and prepaid expenses

All revenues and charges are recorded on the basis of the accrual method.

Due to customers

All amounts due to customers are expressed at their nominal value. They are classified in the Liabilities section of the Balance Sheet under "Due to customers" as they do not qualify as "Savings or investments".

Liabilities to own pension schemes

For all employees, Banca Credinvest SA has joined an independent social security institution. The foundation covers all obligations defined by the LPP law, as well as additional fringe benefits. The pension plans are conformed to the Swiss GAAP FER 16 directives.

At the end of the period under review, following the same procedure adopted in the past, there is no need for the Bank to record any engagement towards the social security foundation and no need to record any kind of residual employer's contributions. Employer's charges are included in "Personnel expenses".

As defined in the social contract, staff is insured with an independent social security institution through an insurance policy. Such insurance policy has been made in the term of a global agreement that covers investment risks as well as technical-insurance risks and provides at all times a 100% coverage.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Consequently, Banca Credinvest SA does not have any economic advantage or any other coverage obligation.

Result from interest operations

In accordance with Annex 3 mn A3-10 and mn A3-19 of FINMA Circular 2015/1, the payment of negative interests on lending operations are recorded in deduction of interest income (2016: CHF 335'787, 2015: CHF 77'840) and interest income arising from borrowings are recorded in deduction of interest expenses (only present in 2016: CHF 97'331).

Taxation

Current taxes, recorded in the Income Statement, are computed according to current tax rules. Taxes on capital are calculated on the taxable capital at the period end. The associated provision is recorded in the liability section of the Balance Sheet in the caption "Accrued expenses and deferred income".

Valuation adjustments and provisions

Following the principle of prudence, specific valuation adjustments and provisions are made for all operating risks and requirements that have been identified at the Balance Sheet date.

Contingent liabilities

Contingent liabilities are recorded at their nominal value. For all potential risks the Bank makes provisions in the liability section of the Balance Sheet.

Derivative Financial Instruments

Banca Credinvest SA executes transactions in derivative financial instruments mainly on behalf of its own customers. Positive and negative replacement values are recorded at their market value and are included in the Balance Sheet under the caption "Positive replacement values of derivative financial instruments" and "Negative replacement values of derivative financial instruments".

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Changes in accounting principles

The Bank has not made any change in the application of the accounting principles during the financial year.

Significant post Balance Sheet events

After the Balance Sheet date, no significant events have occurred that might have had an impact on figures in the Balance Sheet or Income Statement as at December 31, 2016.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 Breakdown of securities financing transactions (assets and liabilities)

N/A

2 Presentation of collateral for loans / receivables and off-balance-sheet transactions, as well as impaired loans / receivables

	Type of collateral			
	Secured by mortgage CHF	Other collateral CHF	Unsecured CHF	Total CHF
Loans (before value adjustments)				
Amounts due from customers	0	162'354'432	118'197	162'472'629
Mortgage loans				
- Residential property	6'309'280	0	0	6'309'280
- Office and business premises	0	0	0	0
- Commercial and industrial premises	0	0	0	0
- Other	0	0	0	0
Total loans (before netting with value adjustments)				
31.12.16	6'309'280	162'354'432	118'197	168'781'909
31.12.15	8'515'805	192'317'444	154'407	200'987'656
Total loans (after netting with value adjustments)				
31.12.16	6'309'280	162'354'432	118'197	168'781'909
31.12.15	8'515'805	192'317'444	154'407	200'987'656
Off-balance-sheet				
Contingent liabilities	0	682'213	112'488	794'701
Irrevocable commitments	0	0	596'000	596'000
Obligations to pay up shares and make father contributions	0	0	0	0
Credit commitments	0	0	0	0
Total off-balance-sheet				
31.12.16	0	682'213	708'488	1'390'701
31.12.15	0	389'137	1'058'103	1'447'240
Impaired loan / receivables				
	Gross debt amount CHF	Estimated liquidation value of collateral CHF	Net debt amount CHF	Individual value adjustments CHF
Impaired loans / receivables				
31.12.2016	0	0	0	0
31.12.2015	0	0	0	0

There are no impaired loans at the end of the period under review.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

Assets	<i>2016 CHF</i>	<i>2015 CHF</i>
Trading portfolio assets		
Debt securities, money market securities / transactions	6'310'075	4'627'052
- of which, listed	6'310'075	4'627'052
Equity securities	0	0
Precious metals and commodities	0	0
Other trading portfolio assets	0	0
Total trading portfolio assets	6'310'075	4'627'052
Other financial instruments at fair value		
Debt securities	0	0
Structured products	1'606'970	580'960
Other	0	0
Total other financial instruments at fair value	1'606'970	580'960
Total assets	7'917'045	5'208'012
- of which: determined using a valuation model	0	0
- of which: securities eligible for repurchase transactions in accordance with liquidity requirements	0	0
Liabilities	<i>2016 CHF</i>	<i>2015 CHF</i>
Trading portfolio liabilities		
Debt securities, money market securities / transactions	0	0
- of which, listed	0	0
Equity securities	0	0
Precious metals and commodities	0	0
Other trading portfolio assets	0	0
Total trading portfolio liabilities	0	0
Other financial instruments at fair value		
Debt securities	0	0
Structured products	2'802'196	1'736'353
Other	0	0
Total other financial instruments at fair value	2'802'196	1'736'353
Total liabilities	2'802'196	1'736'353
- of which: determined using a valuation model	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4 Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volumes	Positive replacement values	Negative replacement values	Contract volumes
	CHF	CHF	CHF	CHF	CHF	CHF
Foreign exchange / Precious metals						
Forward contracts	783'225	878'976	86'581'270	0	0	0
Combined interest rate / currency swaps	477'028	336'646	71'738'518	0	0	0
Futures	6'847'206	6'847'206	253'365'706	0	0	0
Options (OTC)	0	0	0	0	0	0
Options (exchange-traded)	0	0	0	0	0	0
Total	8'107'459	8'062'828	411'685'494	0	0	0
Total before netting agreements						
31.12.16	8'107'459	8'062'828	411'685'494	0	0	0
- of which, determined using a valuation model						
31.12.15	913'207	973'649	202'854'502	0	0	0
- of which, determined using a valuation model						
Total after netting agreements						
	Positive replacement values (cumulative)			Negative replacement values (cumulative)		
31.12.2016	8'107'459			8'062'828		
31.12.2015	913'207			973'649		
Breakdown by counterparty	Central clearing houses		Banks and securities dealers		Other customers	
Positive replacement values (after netting agreements)			4'554'000		3'553'459	

5 Breakdown of financial investments

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6 Presentation of participations

	Acquisition cost	Depreciation and/or value adjustments (equity method) to date	Book value previous year end	2016							Market value at the end of current year
				Reclas-sifications	Investments	Disinvest-ments	Value adjustment	Value adjustments of holdings valued at equity	Book value at the end of current year		
				CHF	CHF	CHF	CHF	CHF	CHF	CHF	
Other participations											
Not listed	0	0	0	0	13'629	0	0	0	0	13'629	0
Total participations	0	0	0	0	13'629	0	0	0	0	13'629	0

7 Disclosure of companies in which the bank holds a permanent direct or indirect significant participation

Company	Business activity	Currency	Share capital	Share of capital in %	Share of votes in %	Direct holding	Indirect holding
Auris Holding LTD, Malta	Holding	EUR	10'000	100%	100%	10'000	10'000

8 Presentation of tangible fixed assets

	Acquisition cost	Accumulated depreciation at the beginning of the year	Book value at the beginning of the year	2016						Book value at the end of current year
				Reclassi-fications	Additions	Disposals	Depreciation	Reversals		
				CHF	CHF	CHF	CHF	CHF	CHF	
Software	1'558'171	-1'335'045	223'126	0	250'616	0	-146'811	0	326'931	
Other tangible fixed assets	2'189'513	-1'955'685	233'827	186'808	1'360'995	0	-246'058	0	1'348'764	
Total tangible fixed assets	3'747'684	-3'290'730	456'953	186'808	1'611'611	0	-392'869	0	1'675'695	

Operating leases: total amount not included in the Balance Sheet

	Total 31.12.16	Within 1 year	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	over 5 years
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Future leasing payments:	30'122	18'448	4'956	4'956	1'762	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9 Presentation of intangible assets

	Cost value	Accumulated amortisation	Book value at previous year end	2016			
				Additions	Disposals	Amortisation	Book value at the end current year
				CHF	CHF	CHF	CHF
Goodwill	3'612'216	-2'899'500	712'716	0	0	-579'900	132'816
Totale intangibile assets	3'612'216	-2'899'500	712'716	0	0	-579'900	132'816

During 2013, the fulfilment of the contractual clauses agreed upon at the time of the transfer of the ownership of FBS (purchased in the year 2011) conducted to a reduction of the original purchase price (disposal of the goodwill) by CHF 2'186'780 for the intervened reduction in the clients' assets compared to those in place at closing. Considering that the original yearly depreciation amount has not changed, such adjustment has conducted to a reduction of the depreciation period from 10 to approximately 6 years. The impact on the 2015 profit and loss account has been an increased depreciation of the goodwill for approximately CHF 292'000.

10 Breakdown of other assets and other liabilities

	Other assets		Other liabilities	
	2016	2015	2016	2015
	CHF	CHF	CHF	CHF
Guarantee deposits	300	1'200	0	0
Indirect taxes	73'345	72'572	288'816	1'108'094
Payments on account of accrued rebates	242'230	338'710	0	0
Other assets	37'570	43'947	0	0
Total	353'445	456'429	288'816	1'108'094

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

	2016		2015	
	CHF	CHF	CHF	CHF
	Book value	Effective commitments	Book value	Effective commitments
Pledged / assigned assets				
Pledged assets to guarantee stock market and foreign exchange activities	12'073'169	12'073'169	10'610'594	10'610'594
Guarantee deposits	300	300	1'200	1'200

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12 Disclosure of liabilities relating to own pension schemes

a) Employer contribution reserves (ECR)	Nominal value at current year end	Waiver of use at current year end	Net amount at current year end	Net amount at previous year end	Influence of ECR on personnel expenses at current year end	Influence of ECR on personnel expenses at previous year end
	2016 CHF	2016 CHF	2016 CHF	2015 CHF	2016 CHF	end 2015 CHF
Employer sponsored funds						
- Employer sponsored pensions scheme	0	0	0	0	0	0
- Pension scheme	0	0	0	0	0	0

b) Presentation of the economic benefit / obligation and the financial cost	Overfunding/ underfunding at end of current year	Economic interest of the bank/financial group at end of current year	Economic interest of the bank/financial group at end of previous year	Change in economic interest (economic benefit / obligation versus previous year	Contributions paid for the current period	Pension expenses included in personnel expenses at end of current year	Pension expenses included in personnel expenses at end of previous year
	2016 CHF	2016 CHF	2016 CHF	previous year CHF	2016 CHF	2016 CHF	2015 CHF
Pension plans without overfunding / under-funding	0	0	0	0	0	692'780	662'701

For pension and social security purposes Banca Credinvest has covered its own staff through a collective scheme promoted by "Fondazione collettiva LPP Swiss Life". All insurance and investment risks are entirely covered by the Swiss Life Group.

Neither economic liabilities nor economic benefits towards the pension scheme did exist at year end. The pension scheme did not have any reserve pertaining to employer's contributions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13 Disclosure on the economic situation of own pension schemes

N/A

14 Presentation of structured products issued

	Book value				Total CHF
	Valued as a whole		Valued separately		
	Booked in trading portfolio CHF	Booked in other financials instruments at fair value CHF	Value of the host instrument CHF	Value of the derivative CHF	
Interest rate instruments					
With own debenture component (oDC)	0	0	0	0	0
Without oDC	0	0	0	0	0
Equity securities					
With own debenture component (oDC)	0	1'606'970	0	0	1'606'970
Without oDC	0	0	0	0	0
Foreign currencies					
With own debenture component (oDC)	0	1'195'226	0	0	1'195'226
Without oDC	0	0	0	0	0
Commodities / precious metals					
With own debenture component (oDC)	0	0	0	0	0
Without oDC	0	0	0	0	0
Total	0	2'802'196	0	0	2'802'196

15 Presentation of bonds outstanding and mandatory convertible bonds

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	Previous year end CHF	Use in conformity with designated purpose CHF	Reclassifications CHF	Currency differences CHF	Default, interests, sums recovered CHF	New creations charged to P & L CHF	Release to P & L CHF	Balance at current year end CHF
Other provisions	303'569	0	0	0	0	240'000	0	543'569
Total provisions	303'569	0	0	0	0	240'000	0	543'569
Reserves for general banking risks	0	0	0	0	0	0	0	0

17 Presentation of the bank's capital

	2016			2015		
	Total par value CHF	Number of shares	Capital eligible for dividends CHF	Total par value CHF	Number of shares	Capital eligible for dividends CHF
Ordinary bearer shares -A-	25'500'000	25'500	25'500'000	25'500'000	25'500	25'500'000
Preference nominative shares -B-	4'496'250	10'900	4'496'250	4'496'250	10'900	4'496'250
Preference nominative shares -C-	1'950	4	1'950	1'950	4	1'950
Preference nominative shares -D-	1'800	4	1'800	1'800	4	1'800
Total bank's capital	30'000'000	36'408	30'000'000	30'000'000	36'408	30'000'000
of which, paid up	30'000'000	36'408	30'000'000	30'000'000	36'408	30'000'000

18 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures on any employee participation schemes

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19 Disclosure of amounts due from / to related parties

	Amounts due from		Amounts due to	
	2016 CHF	2015 CHF	2016 CHF	2015 CHF
Holders of qualified participations	2'193'543	0	1'707'850	1'457'256
Group companies	0	0	0	0
Linked companies	0	0	0	0
Transactions with members of governing bodies	0	0	0	0
Other related party	0	0	0	0

Terms and conditions applied to transactions of the staff and members of the Bank's governing bodies are more favorable than to those applied to client's transactions. Terms and conditions to group companies are those applied to client's transactions.

20 Disclosure of holders of significant participations

Holders of significant participations and groups of holders of participations with pooled voting rights	2016		2015	
	Nominal CHF	% of equity	Nominal CHF	% of equity
With voting rights				
HBC Luxembourg Sàrl	12'450'000	51.80%	12'450'000	51.80%

HBC Luxembourg Sàrl belongs to HBS International Luxembourg SA (54.40%), Finanziaria Internazionale Luxembourg SA (24.40%), Jan Nyholm (10.7125%) and Johannes Pfister (10.4875%).

HBS International Luxembourg SA is owned by Mauro Scalfi (50.0002%) and Gianfranco Basta (49.9998%).

Finanziaria Internazionale Luxembourg SA is a subsidiary company of Finanziaria Internazionale Holding SpA, Conegliano (Italy), whose share capital ultimately belongs (50.00% each) to the Marchi and De Vido families.

21 Disclosure of own shares and composition of equity capital

N/A

22 Disclosure in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations and Art. 663c para.3 CO for banks whose equity securities are listed

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23 Presentation of the maturity structure of financial instruments

	At sight CHF	with notice CHF	Maturities					Total CHF
			within 3 months CHF	within 3 to 12 months CHF	within 1 to 5 years CHF	over 5 years CHF	no maturity CHF	
Assets / financial instruments								
Liquid assets	73'137'212	0	0	0	0	0	0	73'137'212
Amounts due from banks	75'375'359	0	15'714'505	1'000'000	0	0	0	92'089'864
Amounts due from customers	0	31'754'689	130'717'940	0	0	0	0	162'472'629
Mortgage loans	0	0	0	0	0	6'309'280	0	6'309'280
Trading portfolio assets	69'953	0	1'017'162	4'713'838	509'122	0	0	6'310'075
Positive replacement values of derivatives financial instruments	8'107'459	0	0	0	0	0	0	8'107'459
Other financial instruments at fair value	1'606'970	0	0	0	0	0	0	1'606'970
31.12.2016	158'296'953	31'754'689	147'449'607	5'713'838	509'122	6'309'280	0	350'033'489
31.12.2015	99'501'131	20'197'610	103'796'293	85'876'565	0	6'635'740	0	316'007'339
Debt capital / financial instruments:								
Amounts due to bank	49'434'635	0	0	0	0	0	0	49'434'635
Amounts due in respect of customer deposits	255'786'170	0	813'753	0	0	0	0	256'599'923
Negative replacement values of derivative financial instruments	8'062'828	0	0	0	0	0	0	8'062'828
Liabilities from other financial instruments at fair value	2'802'196	0	0	0	0	0	0	2'802'196
31.12.2016	316'085'829	0	813'753	0	0	0	0	316'899'582
31.12.2015	281'081'089	0	3'167'581	0	0	0	0	284'248'670

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24 Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principles

	2016		2015	
	Domestic CHF '000	Foreign CHF '000	Domestic CHF '000	Foreign CHF '000
Assets				
Liquid assets	58'969	14'168	29'923	13'258
Amounts due from banks	31'950	60'140	23'270	42'447
Amounts due from customers	11'323	151'150	4'977	189'375
Mortgage loans	6'309	0	6'636	0
Trading portfolio assets	0	6'310	1	4'626
Positive replacement values of derivative financial instruments	3'869	4'238	606	307
Other financial instruments at fair value	1'607	0	581	0
Accrued income and prepaid expenses	1'791	0	902	0
Participations	0	14	0	0
Tangible fixed assets	1'676		457	0
Intangible assets	133	0	713	0
Other assets	353	0	456	0
Total assets	117'981	236'020	68'522	250'013

	2016		2015	
	Domestic CHF '000	Foreign CHF '000	Domestic CHF '000	Foreign CHF '000
Liabilities				
Amounts due to banks	1'130	48'305	0	20'375
Amounts due in respect of customer deposit	37'175	219'425	19'255	241'908
Negative replacement values of derivative financial instruments	3'630	4'433	110	864
Other financial instruments at fair value	2'090	712	581	1'155
Accrued expenses and deferred income	4'458	0	3'101	0
Other liabilities	289	0	1'108	0
Provisions	544	0	304	0
Bank's capital	30'000	0	30'000	0
Profit carried forward / loss carried forward	-226	0	-634	0
Profit / loss (result of the period)	2'036	0	408	0
Total liabilities	81'126	272'875	54'233	264'302

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2016		2015	
	Absolute CHF '000	Share as % CHF '000	Absolute CHF '000	Share as % CHF '000
Assets				
Switzerland	117'993	33.33%	68'522	21.51%
Rest of Europe	109'708	30.99%	113'512	35.64%
North America	14'934	4.22%	8'198	2.57%
South America	107'442	30.35%	125'991	39.55%
Others	3'924	1.11%	2'312	0.73%
Total assets	354'001	100.00%	318'535	100.00%

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

Rating class	Net foreign exposure 2016		Net foreign exposure 2015	
	CHF '000	CHF '000	CHF '000	CHF '000
S & P (Standard & Poor's)				
1 AAA , AA-	186'856	52.78%	121'483	48.59%
2 AAA , AA-	17'977	5.08%	2'176	0.87%
3 A+, A-	244	0.07%	108	0.04%
4 BBB+, BBB-	56'203	15.88%	14'473	5.79%
5 BB+, BB-	110	0.03%	359	0.14%
6 B+, B-	16	0.00%	1	0.00%
7 CCC+, C	53'043	14.98%	83'801	33.52%
Without rating	39'552	11.17%	27'612	11.04%
Total	354'001	100.00%	250'013	100.00%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27 Presentation of assets and liabilities split on the basis of the most significant currencies for the bank

CHF '000	2016				
	CHF	EUR	USD	Altri	Totale
Assets					
Liquid assets	51'186	21'803	139	9	73'137
Amounts due from banks	26'213	31'670	25'097	9'110	92'090
Amounts due from customers	4'660	60'880	96'703	230	162'473
Mortgage loans	6'309	0	0	0	6'309
Trading portfolio assets	0	71	6'239	0	6'310
Positive replacement values of derivative financial instruments	169	362	7'161	415	8'107
Other financial instruments at fair value	1'607	0	0	0	1'607
Accrued income and prepaid expenses	1'356	42	393	0	1'791
Participations	14	0	0	0	14
Tangible fixed assets	1'676	0	0	0	1'676
Intangible assets	133	0	0	0	133
Other assets	321	32	0	0	353
Total assets shown in the balance sheet	93'644	114'860	135'732	9'764	354'001
Delivery entitlements from spot exchange, forward forex and option transactions	6'076	80'737	235'701	133'689	456'203
Total assets	99'720	195'597	371'433	143'453	810'204

CHF '000	2016				
	CHF	EUR	USD	Altri	Totale
Liabilities					
Amounts due to banks	9'614	12'419	23'342	4'060	49'435
Amounts due in respect of customer deposits	17'485	112'977	120'738	5'400	256'600
Negative replacement values of derivative financial instruments	49	336	7'173	505	8'063
Other financial instruments at fair value	2'090	430	282	0	2'802
Accrued expenses and deferred income	4'458	0	0	0	4'458
Other liabilities	241	20	1	27	289
Provisions	544	0	0	0	544
Bank's capital	30'000	0	0	0	30'000
Profit carried forward / loss carried forward	-226	0	0	0	-226
Profit / loss (result of the period)	2'036	0	0	0	2'036
Total liabilities shown in the balance sheet	66'291	126'182	151'536	9'992	354'001
Delivery obligations from spot exchange, forward forex and forex options transactions	35'959	68'629	218'076	133'035	455'699
Total liabilities	102'250	194'811	369'612	143'027	809'700
Net position per currency	-2'530	786	1'821	426	504

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28 Breakdown and explanation of contingent liabilities and assets

	2016 CHF	2015 CHF
Guarantees to secure credits and similar	754'823	461'716
Other contingent liabilities	39'878	173'524
Total contingent liabilities	794'701	635'240
Contingent assets arising from tax losses carried forward	0	0
Other contingent assets	0	0
Total contingent assets	0	0

29 Breakdown of credit commitments

N/A

30 Breakdown of fiduciary transactions

	2016 CHF	2015 CHF
Fiduciary investments with third-party companies	46'673'416	66'253'605
Total	46'673'416	66'253'605

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 Breakdown of managed assets and presentation of their development

	2016 CHF	2015 CHF
a) Breakdown of managed assets		
Type of managed assets:		
- Assets in collective investment schemes managed by the Bank	164'420'983	0
- Assets under discretionary asset management agreements	207'705'609	240'394'019
- Other managed assets	1'489'431'317	1'123'902'736
Total managed assets (included double counting)	1'861'557'909	1'364'296'755
of which double counting	0	0
b) Presentation of the development of managed assets		
Total managed assets (including double counting) at beginning	1'364'296'755	1'245'902'973
+/- net new money inflow or net new money outflow	157'857'370	201'604'928
/- price gains / losses, interest, dividends and currency gains / losses	48'684'464	-83'211'146
+/- other effects *	290'719'320	0
Total managed assets (included double counting)	1'861'557'909	1'364'296'755

* Inflows from the acquisition of assets and investment funds (former Banca Leodan Zurigo)

The table above does not include assets under custody for which the Bank does not receive any material remuneration for the administrative or consultancy services provided. The Bank does not hold assets exclusively for custody ("custody assets").

"Other managed assets" include assets belonging to institutional counterparties (CHF 674'119'072, 2015: CHF 332'300'636) invested in cash and securities to whom the Bank offers negotiation and settlement services (also through on-line trading platforms).

Lombard loans have not been deducted from managed assets.

Net inflow / (outflow) from clients is calculated without including any accrued interests, charged commissions and expenses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2016 CHF	2015 CHF
a) Breakdown by business area		
Private	3'750'907	2'744'568
Total	3'750'907	2'744'568
b) Breakdown by underlying risk and based on the use of the fair value option		
Result from trading activities from:		
- Interest rate instruments (including funds)	726'187	-18'613
- Equity securities (including funds)	0	0
- Foreign currencies	3'024'720	2'763'181
- Commodities / precious metals	0	0
Total result from trading activities from:	3'750'907	2'744'568
of which, from fair value option	3'750'907	2'744'568
- of which, from fair value option on assets	3'750'907	2'744'568
- of which, from fair valued option on liabilities	0	0

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

In accordance with Annex 3 mn A3-10 and mn A3-19 of FINMA Circular 2015/1, the payment of negative interests on lending operations are recorded in deduction of interest income (2016: CHF 335'787, 2015: CHF 77'840) and interest income arising from borrowings are recorded in deduction of interest expenses (only present in 2016: CHF 97'331).

34 Breakdown of personnel expenses

	2016 CHF	2015 CHF
Salaries	7'258'871	6'900'568
- of which, forms of variable compensation	1'036'127	912'229
Social insurance benefits	0	0
Other personnel expenses	172'017	151'873
Total	8'694'621	8'298'300

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35 Breakdown of general and administrative expenses

	2016 CHF	2015 CHF
Office space expenses	1'036'623	774'029
Expenses for information and communication technology	1'046'264	873'834
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	36'243	53'848
Fees of audit firm	344'000	240'000
- of which, for financial and regulatory audits	344'000	240'000
- of which, for other services	0	0
Other operating expenses	1'108'508	881'549
Total	3'571'638	2'823'260

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

	2016 CHF	2015 CHF
Extraordinary income		
Profit realized on the disposal of tangible fixed assets	15'741	0
Total	15'741	0

37 Disclosure of and reasons for revaluations of participations and tangible fixed assets up to the acquisitions cost

N/A

38 Presentation of the operating result divided between domestic and foreign origin, according to the principle of permanent establishment

N/A

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT DECEMBER 31ST 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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

	2016 CHF	2015 CHF
Current tax expenses	727'372	704'300
Total	727'372	704'300
Weighted average tax rate	21.75%	21.82%

40 Disclosures and explanations of the earnings for each right of participation in the case of listed banks

N/A

Report of the Statutory Auditor to the General Meeting of Shareholders of

BANCA CREDINVEST SA, Lugano

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of BANCA CREDINVEST SA, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 8 to 37) for the year ended 31 December 2016.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

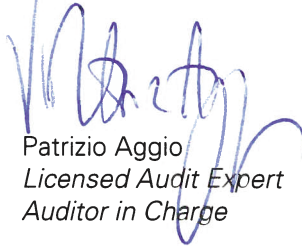
Report on Other Legal Requirements

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



Patrizio Aggio
*Licensed Audit Expert
Auditor in Charge*



Rahel Nicaastro
Licensed Audit Expert

Lugano, 8 March 2017