

MAERKI BAUMANN & CO. AG

PRIVATE BANK



A N N U A L R E P O R T 2 0 1 5

ANNUAL REPORT 2015

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MESSAGE FROM THE BOARD OF DIRECTORS

The way ahead

To the esteemed Shareholders
and Friends of Maerki Baumann

2015 will be remembered as a particularly turbulent and demanding year for the economy as a whole, and especially for the financial industry. This time it is not necessary to look beyond Switzerland's borders for proof of this statement. Our bank was not alone in experiencing the major impact of decisions made by the Swiss National Bank. Removing the exchange rate peg between the euro and the Swiss franc had significant implications for the assets of many of our clients. The introduction of negative interest rates had even greater consequences – including, of course, for our bank's income statement.

In addition, 2015 was the year when many Swiss banks concluded agreements with the US judicial authorities regarding the resolution of past issues in the tax dispute. Our bank was among them. The conclusion of this process enabled us to focus on our clients once again.

Finally, the reporting year also brought a further raft of new regulations and reporting obligations. There is a risk that lasting and perhaps even critical harm may be done to the international competitiveness of the Swiss financial centre because of the constant flood of administrative directives being imposed on it by the Swiss authorities. We must and will defend ourselves against this. The financial sector is so vital to our economy that we must not weaken it with unnecessary over-regulation and thus risk substantial job losses and tax revenue shortfalls. No one can seriously be in favour of this. Personally, I hope to see sensible action from the parliament elected last autumn, now that both the National Council and the Council of States have clear

centre-right majorities. However, time will show whether the deregulation offensive announced before the elections will materialise.

Against the dramatic backdrop described above, it is gratifying to report that we significantly improved our bank's operating result in 2015. The loyalty of our clients, and indeed the outstanding professionalism and exceptional dedication of our employees were crucial to this outcome. On behalf of our family and the entire Board of Directors, I would like to express our sincere gratitude to everyone who has contributed to the success of our bank. This collaboration, which in some cases goes back many years, forms a valuable foundation for continuing to develop our private bank in the future. As we do so, independence, security and transparency will continue to be vital factors for our success. Developing customised solutions and proposals for our clients remains at the heart of our work. We continue to focus on our business with private and institutional clients, on our cooperation with selected external asset managers and on the field of indirect real estate investments which continues to be very successful.

At the beginning of 2016 we made a number of important changes to the Executive Board, placing even more reliance on people who have worked successfully at our bank over a long period. As our new CEO we have appointed Dr. Stephan A. Zwahlen, who as deputy CEO spent many years carefully building up and heading the Investment Solutions & Services department. He replaced Marcus H. Bühler, who has left our bank. Lukas S. Risi, who has already won the trust of many clients while holding the post of General Counsel, is the new head of Private Banking. We are convinced that both of these managers possess all the

necessary qualities to guide our bank, together with the entire Executive Board and all our employees, into a successful future.

With effect from the 2015 annual meeting, Bignia Vieli stepped down from the Board of Directors. She had contributed very significantly to Maerki Baumann's success over many years. We would like to thank her most sincerely for this work and are delighted that she will retain her ties with the bank as a member of the Board of Directors of our holding company.

2016 got off to a very turbulent start on the financial markets. This means there will be no let-up in the challenges facing us - rather the opposite in fact. However, given our strong capital base, our innovative drive and our flexibility as an owner-led private bank, I am convinced that we are ideally placed to face the challenges of a demanding banking year in 2016.



Hans G. Syz-Witmer

Chairman of the Board of Directors



Board of Directors

From left to right:

Hans G. Syz-Witmer

Dr. Carole Schmied-Syz

Prof. Dr. Bruno Gehrig

Urs Lauffer

Michele Moor

Reliability in turbulent times

The Swiss National Bank's decision on 15 January 2015 to abolish the minimum exchange rate of 1.20 francs to the euro and to increase the negative interest rates introduced in December 2014 was the harbinger of an eventful and sometimes turbulent financial year. The unpredictable market environment was epitomised by sharp stock market and currency fluctuations. This uncertainty on the financial markets was coupled with ongoing structural change, changing client needs, higher regulatory intensity and international pressure on Switzerland as a financial centre.

Despite these challenging conditions, Maerki Baumann posted positive figures once again in the 2015 financial year, improving on the previous year's result. The signing of the US tax agreement marked a milestone in the time-consuming process of rectifying legacy problems, although this did not affect the operating result (the expense having been covered by provisions and bank reserves). Since then we have placed even more focus on servicing our clients: their satisfaction, as well as continued growth in our core business, are the most gratifying forms of recognition of our work in the investment advisory and asset management fields.

Performance of Maerki Baumann

Despite continuously investing in the future of our bank, we were able to increase gross profit to CHF 2.15 million. This was CHF 0.55 million more than in the previous year. Net profit amounted to CHF 1.01 million – a year-on-year rise of CHF 0.66 million. We have thus succeeded in posting a positive business result in each of the very challenging years since the start of the financial crisis. This is a vivid confirmation that we are on the right entrepreneurial track.

On the earnings side, net interest income declined by CHF 0.51 million over the year to CHF 3.10 million because of adverse currency effects, negative interest on deposits with the SNB and persistently low interest rates. By contrast, net trading income was significantly higher than in the previous year at CHF 2.63 million (up CHF 0.63 million), partly because of higher foreign exchange revenues. Income from services and commission business – a key area for Maerki Baumann – was CHF 27.90 million, about CHF 0.74 million higher than in the previous year. In particular, the expansion of the mandates business compensated for the decline in variable income. Other ordinary income rose by CHF 0.19 million to CHF 2.27 million thanks to income from participations. Consequently, operating income came to CHF 35.90 million – an increase of CHF 1.05 million.

On the costs side, personnel expenses went up by CHF 2.05 million to CHF 23.02 million. This was due mainly to an expanded headcount in our private banking unit. As a result, the number of employees (full-time equivalents) rose from 88 in the previous year to 91 at the end of 2015. The investments in personnel were substantially offset by the targeted reduction in other operating expenses, which fell by CHF 1.54 million to CHF 10.73 million. Thanks to these savings, operating expenses were just CHF 0.50 million higher than in the previous year, at CHF 33.75 million.

Strenuous efforts ensured that the regularisation of client assets was largely completed, thus paving the way for the achievement of our corporate objectives in the long term. Client assets under management remained more or less steady at about CHF 6.9 billion. Whereas the performance of our client portfolios was moderately positive at CHF 30 million, net new money amounted to minus CHF 258 mil-

lion. However, this figure included an item totalling nearly CHF 300 million which had accrued temporarily at the end of 2014. Excluding this one-off effect, the inflow of assets came to about CHF 40 million. Gratifying growth was particularly recorded in our core business with Swiss clients, which expanded by over CHF 100 million in net terms. In line with our market strategy, therefore, the assets of Swiss clients accounted for 72 percent of total assets under management at the end of 2015 and those of German clients for 12 percent.

Maerki Baumann has well-established systems for identifying, limiting and monitoring significant risks. Based on this, the Board of Directors and Executive Board regularly review the relevant market, credit and liquidity risks as well as the operational risks (see "Description of business activities"). Our conservative risk and business policy was reflected in excellent liquidity and capital adequacy ratios. At the end of 2015, the liquidity coverage ratio stood at 542.6 percent – many times higher than the required 90 percent. With a BIS equity ratio (Tier 1) of 17 percent, compared with the required 11.2 percent, Maerki Baumann also had a very solid equity capital base. This not only exceeded the minimum regulatory requirements but also underscored our bank's stability and independence.

Comprehensive advice, quality and professionalism

Our great strength is our independence in the investment advisory and asset management fields. To ensure that our clients have unbiased access to the best offers on the market, we consciously refrain from selling funds or other financial products of our own. In the year under review we continued to systematically develop our investment process. Our tried-and-tested investment policy was implemented even more efficiently through the use of advisory software.

This automatically monitors the quality of the client portfolios on a daily basis. At the same time, we were able to meet the tougher investor protection regulations effectively. We expanded our comprehensive advisory offering through the launch of personalised pensions and real estate advice. Experienced specialists assisted our clients in drafting individual financial plans for drawing on retirement assets and managing the associated assets. As part of our independent real estate advisory services, we offered expert assistance with purchasing or selling a property.

In response to the high level of market activity and the plethora of information, we also adjusted our investment reporting and published numerous reports based on in-depth analysis. We are pleased that our asset management competency was also well received by third parties. Maerki Baumann was again awarded the rating "summa cum laude" by the editorial team of the "Elite Report" in December 2015 and now ranks first among the Swiss banks. Moreover, our investment solutions were awarded the top quality seal of the independent Institut für Vermögensaufbau, Munich, in collaboration with Swiss Benchmarking.

Outlook

We are driving forward the development of our business model against the background of the structural transformation of the Swiss private banking sector coupled with changing client needs. As well as the necessary adjustments to the performance of our services to meet regulatory requirements, we are investigating such areas as modern investment solutions and the potential of digitisation. The associated innovations open up attractive opportunities for our clients as well as for us as a bank. At the same time, we intend to continuously uphold the Swiss tradition of private banking and the values of our family firm. Personal contact

with our clients will remain the principal focus of our advisory and asset management business in future, too.

Of course Maerki Baumann cannot and will not avoid the need to optimise costs. However, we are upholding our commitment to a high level of service quality. Thus we set great store by promoting and fostering our experienced and professional employees. We enable our client advisors and banking specialists to regularly attend inhouse and selected external courses. In this way we foster the talents of our staff and ensure that we can continue to act as a competent partner for our clients, even in turbulent times.

Thanks to our clear strategy of focusing on our clients' needs as well as to our 80-plus years of private banking experience, our strong capital base and our committed staff, Maerki Baumann is extremely well-positioned for the future. Moreover, the recently established management structure guarantees the stability of our business management and ensures continuity in customer care. These factors are important in enabling us to retain our independence as a flexible, innovative "boutique" over the long term.

On behalf of the Executive Board



Dr. Stephan A. Zwahlen
Chief Executive Officer



Executive Board

From left to right:

Dr. Stephan A. Zwahlen

Lukas S. Risi

Robert Simoni (a. i.)

OWNERSHIP AND ORGANISATIONAL STRUCTURE

Ownership

Maerki Baumann & Co. AG is a private bank and wholly owned subsidiary of Maerki Baumann Holding AG, of which the ownership structure is as follows:

- CHSZ-Holding AG, Zurich 51.3%
- Raymonde Syz-Abegg, Gutenswil 43.6%
- Third-party shareholders 5.1%

The Board of Directors of Maerki Baumann Holding AG is comprised by Hans G. Syz-Witmer (Chairman), Dr. Carole Schmied-Syz (Vice-Chairwoman), Urs Lauffer and Bignia Vieli.

CHSZ-Holding AG is owned 50% each by Hans G. Syz-Witmer and Dr. Carole Schmied-Syz. The Board of Directors of CHSZ-Holding AG is comprised by Dr. Christoph Reinhardt (Chairman), Hans G. Syz-Witmer, Dr. Carole Schmied-Syz and Urs Lauffer.

Board of Directors

Hans G. Syz-Witmer, Küsnacht, Chairman
Dr. Carole Schmied-Syz, Erlenbach, Vice-Chairwoman
Prof. Dr. Bruno Gehrig, Winterthur*
Urs Lauffer, Steinmaur*
Michele Moor, Lugano*

Audit Committee**

Prof. Dr. Bruno Gehrig, Winterthur, Chairman*
Michele Moor, Lugano*
Dr. Carole Schmied-Syz, Erlenbach

Executive Board

Dr. Stephan A. Zwahlen, CEO
Lukas S. Risi, Deputy CEO, Head Private Banking
Robert Simoni, Head Investment Solutions & Services (a. i.)

Senior Management

Emilio Amati, Ericson Bart, Markus Bättig, Roger Bender, Erwin Bisig, Michael Bosse, Peter Brönnimann, Peter Buser, Jean Nadine Dakaj, Daniel Egger, Martin Fischer, Rolf Frey, Alfred Füeg, Milko Hensel, Ora Hutmacher, Dr. Alexander Ising, Annette Käppeli, Christian Kappes, Kurt Leuthard, Alexander Lühr, Monika Lüscher, Markus Meili, Remo Mion, Dagmara Nägeli, Reinhard Rutz, Gerard Schmid, Christoph Schnellmann, Michael Siegmann, Markus Staffelbach, Daniel Vögtli, Marc Wyss, Roland Zumbühl, Stéphane Zumello, Fritz Zwicky

Internal Audit

Stefan Künzler

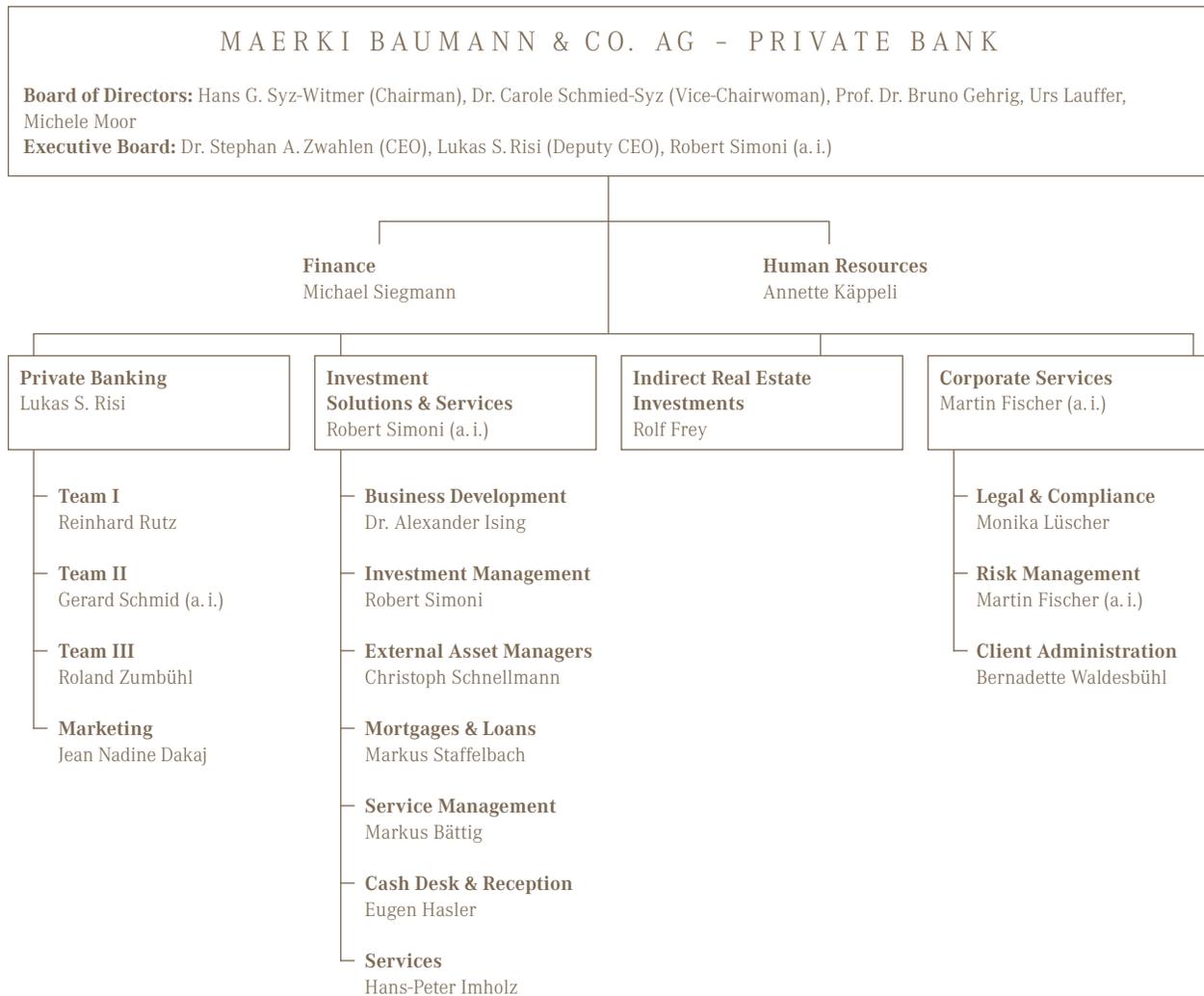
Auditors

PricewaterhouseCoopers AG, Zurich

* Independent members of the Board of Directors, as defined by the regulations of the Swiss Financial Market Supervisory Authority (FINMA).

** The provisions of the FINMA circular "Supervision and Internal Controls" are not applicable because the company is not required to have an audit committee.

ORGANISATIONAL STRUCTURE



As at 1 April 2016

KEY FIGURES

in CHF 1 000	2015	2014
Annual profit	1 013	348
Gross profit	2 147	1 523
Net fee and commission income	27 898	27 161
Net trading income	2 633	2 002
Net interest income	3 095	3 604
Operating expenses	33 750	33 246
Total assets	718 589	985 603
Client assets	6 891 000	7 119 000
Eligible capital	48 999	66 930
Required regulatory capital	23 101	22 486
Excess capital	25 898	44 444
BIS equity ratio (Tier 1)	17.0%	23.8%
Number of employees (full-time equivalents)	91	88

BALANCE SHEET

in CHF 1 000	31.12.2015	31.12.2014	Change
Assets			
Liquid assets	156 896	353 754	-196 858
Amounts due from banks	201 796	291 816	-90 020
Amounts due from securities financing transactions	0	0	0
Amounts due from customers	55 002	45 706	9 296
Mortgage loans	59 281	63 523	-4 242
Trading portfolio assets	0	0	0
Positive replacement values of derivative financial instruments	1 648	13 979	-12 331
Other financial instruments at fair value	0	0	0
Financial investments	214 392	186 805	27 587
Accrued income and prepaid expenses	7 845	8 088	-243
Participations	3 435	3 417	18
Tangible fixed assets	15 933	16 296	-363
Intangible assets	0	0	0
Other assets	2 360	2 219	141
Capital not paid in	0	0	0
Total assets	718 589	985 603	-267 014
Total subordinated claims	0	0	0
of which with conversion obligation and/or debt waiver	0	0	0

in CHF 1 000	31.12.2015	31.12.2014	Change
Liabilities			
Amounts due to banks	145	2 452	-2 307
Liabilities from securities financing transactions	0	0	0
Amounts due in respect of customer deposits	656 700	885 309	-228 609
Trading portfolio liabilities	0	0	0
Negative replacement values of derivative financial instruments	1 548	12 916	-11 368
Liabilities from other financial instruments at fair value	0	0	0
Cash bonds	0	0	0
Bond issues and central mortgage institution loans	0	0	0
Accrued expenses and deferred income	5 163	5 950	-787
Other liabilities	1 744	1 815	-71
Provisions	3 276	9 883	-6 607
Reserves for general banking risks	15 867	34 145	-18 278
Share capital	3 000	3 000	0
Statutory capital reserve	0	0	0
of which tax-exempt capital contribution reserve	0	0	0
Statutory retained earnings reserve	18 650	18 650	0
Voluntary retained earnings reserves	8 800	8 800	0
Own shares (negative item)	0	0	0
Profit carried forward	2 683	2 335	348
Profit	1 013	348	665
Total liabilities	718 589	985 603	-267 014
Total subordinated liabilities	0	0	0
of which with conversion obligation and/or debt waiver	0	0	0
Off-balance-sheet transactions			
Contingent liabilities	4 240	4 778	-538
Irrevocable commitments	5 480	2 458	3 022
Obligations to pay up shares and make further contributions	0	0	0
Credit commitments	0	0	0

INCOME STATEMENT

in CHF 1 000	2015	2014	Change
Result from interest operations			
Interest and discount income	1 916	2 774	-858
Interest and dividend income from trading portfolios	0	0	0
Interest and dividend income from financial investments	1 209	844	365
Interest expense	-30	-14	-16
Gross result from interest operations	3 095	3 604	-509
Changes in value adjustments for default risks and losses from interest operations	0	0	0
Subtotal net result from interest operations	3 095	3 604	-509
Result from commission business and services			
Commission income from securities trading and investment activities	30 880	31 368	-488
Commission income from lending activities	44	47	-3
Commission income from other services	2 162	1 625	537
Commission expense	-5 188	-5 879	691
Subtotal result from commission business and services	27 898	27 161	737
Result from trading activities and the fair value option	2 633	2 002	631
Other result from ordinary activities			
Result from the disposal of financial investments	177	0	177
Income from participations	884	0	884
Result from real estate	0	0	0
Other ordinary income	1 521	2 077	-556
Other ordinary expenses	-310	0	-310
Subtotal other result from ordinary activities	2 271	2 077	194

in CHF 1 000	2015	2014	Change
Operating expenses			
Personnel expenses	-23 021	-20 974	-2 047
General and administrative expenses	-10 729	-12 272	1 543
Subtotal operating expenses	-33 750	-33 246	-504
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1 143	-1 056	-87
Changes to provisions and other value adjustments and losses	-18 183	-4 912	-13 321
Operating result	-17 178	-4 370	-12 808
Extraordinary income	0	137	-137
Extraordinary expenses	0	0	0
Changes in reserves for general banking risks	18 278	4 700	13 578
Taxes	-87	-119	32
Profit	1 013	348	665
Appropriation of profit			
Profit	1 013	348	666
Profit carried forward	2 683	2 335	348
Distributable profit	3 696	2 683	1 013
Appropriation of profit			
Allocation to statutory retained earnings reserve	0	0	0
Allocation to voluntary retained earnings reserves	0	0	0
Distributions from distributable profit	0	0	0
Other appropriation of profit	0	0	0
New amount carried forward	3 696	2 683	1 013

STATEMENT OF CHANGES IN EQUITY

in CHF 1 000	Equity at start of current period	Capital increase / decrease	Allocation of retained earnings 2014	Transfer of reserves for general banking risks	Profit (result of the period)	Equity at end of current period
Share capital	3 000	0	0	0	0	3 000
Statutory capital reserve	0	0	0	0	0	0
Statutory retained earnings reserve	18 650	0	0	0	0	18 650
Reserves for general banking risks	34 145	0	0	-18 278	0	15 867
Voluntary retained earnings reserves and profit / loss carried forward	11 135	0	348	0	0	11 483
Result of the period	348	0	-348	0	1 013	1 013
Total	67 278	0	0	-18 278	1 013	50 013

NOTES TO THE FINANCIAL STATEMENTS

DESCRIPTION OF BUSINESS ACTIVITIES

Business activities

Maerki Baumann & Co. AG was established in 1932 and is mainly active in the areas of asset management and investment advisory services for private and institutional clients as well as the provision of services to external asset managers. In this connection, it conducts lending business on a modest scale. Its main business area and principal source of income is commission and service fee business, which accounts for approximately 78% of ordinary income. Interest margin business contributes 9% to ordinary income and trading business 7%. Other ordinary income accounts for 6%.

Business areas

The main business activities can be described as follows:

- Investment advisory services for private and institutional clients
- Asset management for private and institutional clients
- Provision of services to external asset managers
- Indirect real estate investments for institutional clients
- Lending to existing private clients (collateral loans and mortgage solutions)

Geographically, the bank's client relationships are primarily concentrated in Switzerland and other parts of Europe (primarily Germany).

Commission and service fee business

Asset management and investment advisory services are the major components in the bank's commission and service fee business. These services are used by both our private and institutional clients. Services provided to external asset managers also generate significant income for the bank.

Trading business

The bank does not trade in securities for its own account. Foreign currencies and precious metals are traded without significant open risk positions. Trading in financial derivatives is restricted to products traded on a regular basis on behalf of our clients.

Lending business

The bank adheres to a restrictive lending policy and grants predominantly collateralised loans against liquid securities in diversified portfolios. Conservative loan-to-value ratios ensure that default risk is kept to a minimum. The loans reported as mortgages are secured by Swiss residential real estate.

Risk assessment

The Board of Directors and Executive Board regularly examine the major risks to which the bank is exposed, including operational, market, credit and liquidity risks. Risk-reducing measures, internal controls and reporting are also included in the risk assessment. Special attention is paid to ensuring continuous monitoring and evaluation of the impacts of these key risks on the bank's financial statements. Limits are set for the individual risk categories and are constantly monitored.

Risk management

The risks arising from banking activities are systematically identified, managed and limited in accordance with uniform guidelines. The adequacy of the bank's risk management policies is reviewed periodically and policies are adapted as necessary.

Interest rate and credit risks

Most loans are granted at short-term variable interest rates. Major interest rate fluctuation risks are avoided by means of maturity and currency matching in the funding process. Lending is subject to uniform guidelines and clearly defined levels of authorisation. Separate loan-to-value ratios have been set down for each category of collateral in order to minimise credit risks. These take into account the country, market and credit rating risk of the issuers. For securities and precious metals, the bank applies current market values. In calculating the market value of real estate, the bank uses current estimates or the acquisition costs less any impairment of value due to market conditions or age.

Exposed loans, i.e. claims on clients where it is improbable that the debtor will be able to meet future obligations, are valued individually and the expected loss is recognised through an individual valuation adjustment. Impairment on exposed loans is measured as the difference between the carrying amount of the claim and the expected recoverable amount. The expected recoverable amount of the collateral is its liquidation value (estimated realisable disposal value less holding and liquidation costs). The entire client or economic entity exposure is always examined for current counterparty risks.

Market risks

Market risks for securities are restricted by means of a system of limits defined by the category of security and individual transactions. Valuation is based on current market value. The limits the bank has set on market risks are very restrictive. Maerki Baumann & Co. AG holds no significant positions in derivative instruments for its own account and does not trade in illiquid markets for its own account.

Liquidity risks

Liquidity risks are subject to continuous monitoring. The bank has a high level of liquid funds which significantly exceed the minimum legal requirements stipulated by the Swiss Financial Market Supervisory Authority (FINMA).

Operational risks

The bank has internal regulations and directives as well as a well-developed system of controls allowing it to limit and monitor operational risks. Legal risks are reduced by means of standard framework contracts and uniformly maintained documentation.

Methods used to identify default risks and determine valuation adjustments

Mortgages: The fair value of owner-occupied residential properties is determined regularly by external real estate valuations. Moreover, the credit standing of the borrower is reviewed at regular intervals. Mortgages are only granted to established private banking clients and employees. In addition, outstanding interest and repayment instalments are analysed. On this basis, the bank identifies higher-risk mortgages. These are then examined in more detail by credit specialists. Where appropriate, further collateral is required or corresponding valuation adjustments are made to reflect the shortfall in collateral.

Securities-backed loans: Exposure to securities-backed loans and the value of the collateral are monitored daily. Where the loan-to-value ratio of the securities provided as collateral is below the exposure, the loan is reduced or a call made for additional collateral. In the event of an increase in the shortfall, or of exceptional market conditions, the collateral is liquidated and the loan closed out.

Unsecured loans: As a matter of principle, no unsecured loans are granted.

Procedure used to determine valuation adjustments and provisions: The need for new valuation adjustments and provisions is identified using the procedure described above. Furthermore, known risk positions where a risk has already been identified in the past are reassessed and the valuation

adjustments are altered where necessary. The Risk Management department assesses and applies for all valuation adjustments relating to risk positions. Approval has to be obtained from the Executive Board and Board of Directors.

Valuation of collateral

Mortgages: In the mortgage business, an up-to-date collateral valuation is available for every loan granted. In the valuation of residential property, the bank has access to independent external estimates.

Securities-backed loans: For lombard loans and other securities-backed loans, diversified portfolios with transferable financial instruments for which there is a liquid and active market are normally accepted. The bank applies conservative discounts to the market values to cover the market risk associated with liquid and marketable securities and determines the loan-to-value ratio.

Outsourcing

Maerki Baumann & Co. AG has outsourced the trading of securities, currencies and precious metals and the processing of this trading business, payment transactions and operation of central IT systems to its sister bank, InCore Bank AG. Processing of mortgage transactions has been outsourced to Avobis Credit Services AG (which has changed its name from Hypotheken Servicing Schweiz AG). These outsourcing processes are regulated in detail by contracts complying with the regulations of FINMA. All employees of service providers are subject to banking secrecy, which ensures that client data are protected.

Personnel

At year-end the bank had 91 full-time equivalent employees (previous year: 88).

Material events after the balance sheet date

No material events have occurred since the balance sheet date which significantly influence the bank's assets, financial position or earnings.

ACCOUNTING AND VALUATION PRINCIPLES

General principles

The bookkeeping, accounting and valuation principles are based on the provisions of the Swiss Code of Obligations, banking law and statutory regulations, and on the guidelines of the Swiss Financial Market Supervisory Authority (FINMA). These financial statements are deemed to be "reliable assessment statutory single-entity financial statements". Transactions are recognised in accordance with the trade date principle. Assets and liabilities as well as off-balance-sheet transactions are valued individually. The main valuation principles are described below. There may be rounding differences in the values shown in the tables in the Notes as compared to the values in the balance sheet and income statement.

Basis of consolidation

Maerki Baumann & Co AG is fully consolidated in the Maerki Baumann Group. It does not possess any holdings that need to be consolidated.

Change versus the previous year

The accounting and valuation principles are unchanged versus the prior year. The financial statements have been prepared for the first time using the new circular "Accounting – banks" issued by the Swiss Financial Market Supervisory Authority (FINMA). In the calculation of capital requirements, the comprehensive rather than the simple approach has now been adopted for lombard loans.

Foreign currencies

Assets and liabilities in foreign currencies and banknotes are valued at the applicable mid-rates as of the balance sheet date. The two key currencies in our financial statements (USD and

EUR) were converted as follows: the US dollar at CHF 0.9925 (prior year 0.9895) and the euro at CHF 1.0830 (prior year 1.2025). Transactions in foreign currencies are booked at the applicable exchange rate on the trade date. Differences in exchange rates are booked to the income statement.

Cash and other liquid assets due from banks and clients, mortgages and borrowings

These items are shown in the balance sheet at nominal value. Individual valuation adjustments are made for discernible risks in accordance with the principle of prudence. These are offset against loans. Should a debtor be more than 90 days in arrears on interest payments, the interest due is allocated directly to the valuation adjustments. In this case, a credit to income is only made after the interest payment has actually been made. If a receivable is deemed to be non-recoverable, it is written off. Loans on which valuation adjustments have been made are classified as exposed loans until they have been repaid in full.

Trading portfolios and obligations relating to trading portfolios

Trading portfolios are valued at market prices at the balance sheet date. Interest and dividend income is reported under "Interest and dividend income from trading portfolios".

Financial investments

Investments that are carried out with the intention of resale are valued in accordance with the principle of lower of cost or market. Fixed-interest investments which are expected to be held to maturity are valued using the accrual method. Interest and dividend income is reported under "Interest and dividend income from financial investments".

Participations

Capital or voting shares in other companies are recognised as participations at the cost of acquisition less any required valuation adjustments.

Tangible fixed assets

Tangible fixed assets are recognised at acquisition price and are depreciated over a conservatively estimated useful life. They are tested annually for impairment. If the impairment test results in a different useful life or a decrease in value, an extraordinary write-off is performed and the residual book value is depreciated according to schedule over the remaining useful life. The estimated useful life for the different categories of tangible fixed assets is as follows:

- Bank buildings (excluding land): maximum 50 years
- Software, IT and communications equipment:
maximum 3 years
- Other tangible fixed assets: maximum 10 years

Pension liabilities

The bank operates a full-insurance defined contribution scheme for employees. In addition, there is a legally independent employer's fund for supporting employees and retirees in case of financial difficulties. Employer contributions are reported as personnel expenses.

Provisions

Provisions are recognised for all discernible risks in accordance with the principle of prudence and are reported under liabilities. Provisions may include hidden reserves, which are reported under other provisions.

Contingent liabilities

Contingent liabilities are reported at the maximum amount. Provisions are established for discernible risks in accordance with the principle of prudence.

Provision for general banking risks

In accordance with Article 18 of the Swiss Federal Capital Adequacy Ordinance, this provision is accounted for as equity and was already subject to taxation.

Taxes

Taxes are charged to the year in which they are incurred on the basis of commercial considerations. No deferred taxes are recognised.

Precious metals accounts

The valuation of precious metals accounts is based on listed prices at the balance sheet date.

Derivative financial instruments

Open derivative financial instruments at the balance sheet date are carried on the balance sheet at their positive and negative replacement values. The contract volumes are reported in the Notes. The replacement values are based on open forward transactions at forward residual maturity prices. Options with a representative market are valued at current market rates. In the case of OTC options, the counterparty is not disclosed to clients. Netting agreements exist.

INFORMATION ON THE BALANCE SHEET

Breakdown of securities financing transactions (assets and liabilities)

none

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

in CHF 1 000	Type of collateral			Total	
	Secured by mortgage	Other collateral	Unsecured		
Loans					
Amounts due from customers	0	50 265	4 736	55 002	
Mortgage loans	59 281	0	0	59 281	
Residential property	57 381			57 381	
Office and business premises				0	
Commercial and industrial premises				0	
Other	1 900			1 900	
Total loans	2015	59 281	50 265	4 736	114 282
(before netting with value adjustments)	2014	63 523	43 023	2 683	109 229
Total loans	2015	59 281	50 265	4 736	114 282
(after netting with value adjustments)	2014	63 523	43 023	2 683	109 229
Off-balance-sheet					
Contingent liabilities			1 714	2 526	4 240
Irrevocable commitments			3 490	1 990	5 480
Obligations to pay up shares and make further contributions					0
Credit commitments					0
Total off-balance-sheet	2015	0	5 204	4 516	9 720
	2014	0	5 028	2 208	7 236
Impaired loans / receivables					
	2015	0	0	0	0
	2014	0	0	0	0

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

none

Presentation of derivative financial instruments (assets and liabilities)

in CHF 1 000		Trading Instruments		
		Positive replacement values	Negative replacement values	Contract volume
Interest rate instruments		none	none	none
Foreign exchange / precious metals				
Forward contracts		571	471	88 394
Options (OTC)		10	10	642
Equity securities / indices				
Options (exchange-traded)		1 068	1 068	70 160
Credit derivatives		none	none	none
Other		none	none	none
Total before netting agreements	2015	1 648	1 548	159 196
	2014	13 979	12 916	468 448
Total after netting agreements	2015	1 648	1 548	159 196
	2014	13 979	12 916	468 448

Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement value (after consideration of netting agreements)	0	994	654

Breakdown of financial investments

in CHF 1 000	Carrying amount			Fair value
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Debt securities	208 557	186 805	210 670	190 612
of which intended to be held to maturity	208 557	186 805	210 670	190 612
of which not intended to be held to maturity (available for sale)	0	0	0	0
Equity securities	5 835	0	5 995	0
of which qualified participations	0	0	0	0
Precious metals	0	0	0	0
Real estate	0	0	0	0
Total	214 392	186 805	216 665	190 612
of which securities eligible for repo transactions in accordance with liquidity requirements	85 102	100 463	86 724	100 463

Breakdown of counterparties by rating (Rating by S&P)

in CHF 1 000	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Debt securities: book values	160 600	28 194	12 034	0	0	7 729

Presentation of participations

in CHF 1 000	Other participations	
	With market value	Without market value
Acquisition cost		3 417
Accumulated value adjustments		
Book value at previous year-end	0	3 417
Current year		
Reclassifications		0
Additions		18
Disposals		0
Value adjustments		0
Book value at end of current year	0	3 435
Market value		n/a

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

Company name and domicile	Business activity	Company capital	Share of capital in %	Share of votes in %	Held directly, indirectly
none					

Presentation of tangible fixed assets

in CHF 1 000	Bank buildings	Software	Other tangible fixed assets	Total tangible fixed assets
Acquisition cost	24 473	0	3 944	28 417
Accumulated depreciation	-9 536	0	-2 585	-12 121
Book value at previous year-end	14 937	0	1 359	16 296
Current year				
Reclassifications	0	0	0	0
Additions	0	0	780	780
Disposals	0	0	0	0
Depreciation	-289	0	-854	-1 143
Reversals	0	0	0	0
Book value at end of current year	14 648	0	1 285	15 933

Lease commitments from operating leases

in CHF 1 000	31.12.2015	31.12.2014
Multi-year leasing agreements up to 2019 at the latest	760	1 181
of which due during the year	159	0

Presentation of intangible assets

none

Breakdown of other assets and other liabilities

in CHF 1 000	Other assets		Other liabilities	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Compensation account	0	0	0	0
Settlement accounts	0	0	1 741	1 770
Indirect taxes	813	554	0	0
Direct taxes	846	1 408	0	0
Other	701	257	3	45
Total	2 360	2 219	1 744	1 815

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

in CHF 1 000	Book values	Effective commitments	Book values	Effective commitments
	31.12.2015	31.12.2015	31.12.2014	31.12.2014
Pledged / assigned assets				
Financial investments to cover margin requirements of banks	30 199	p. m.	24 396	p. m.

Assets under reservation of ownership

none

Disclosures on the economic situation of own pension schemes

Presentation of the economic benefit / obligation and the pension expenses

in CHF 1 000	31.12.2015	31.12.2014
Pension expenses in personnel expenses: Employer pension fund	0	0
Pension expenses in personnel expenses: Pension fund	1 795	1 836

See also the information provided in the accounting and valuation principles; the bank switched to a full-insurance solution as of 1 January 2012, therefore there is no economic benefit for the bank.

Beneficiaries have no regulatory claims on the employer pension fund that could result in a future obligation on the company.

There is no employer contribution reserve.

Presentation of issued structured products

none

Presentation of bonds outstanding and mandatory convertible bonds

none

Presentation of value adjustments and provisions / reserves for general banking risks

in CHF 1 000

	Balance at 2014	Use in conformity with designated purpose	Reclassifications	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at 2015
Provisions for deferred taxes	0						0
Provisions for default risks	99						99
Provisions for other business risks	6 123	-22 891			16 891	0	123
Other provisions	3 661	-1 771			2 000	-836	3 054
Total provisions	9 883	-24 662	0	0	18 891	-836	3 276
Reserves for general banking risks	34 145					-18 278	15 867

Presentation of the share capital

in CHF 1 000	2015			2014		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend
Share capital	3 000	30 000	3 000	3 000	30 000	3 000

Number and value of equity securities or options on equity securities held by all executives and directors and by employees

none

Disclosure of amounts due from / to related parties

in CHF 1 000	Amounts due from		Amounts due to	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Significant shareholders	4 426	2 185	0	0
Group companies	0	0	0	0
Linked companies	49 373	107 691	124	127
Transactions with members of governing bodies	1 387	1 813	474	176
Other related parties	158	425	3 090	17

Where members of governing bodies are significant shareholders, they are reported under transactions with members of governing bodies. There are no significant off-balance-sheet transactions with related parties. Transactions with related parties reported on the balance sheet or as off-balance-sheet transactions are undertaken on market conditions, with the following exceptions: Ordinary banking transactions are conducted with members of the governing bodies of the bank and significant shareholders on the terms applicable for employees.

Holders of significant participations and groups of holders of participations with pooled voting rights

in CHF 1 000	2015		2014	
	Nominal	% of equity	Nominal	% of equity
Maerki Baumann Holding AG *	3 000	100%	3 000	100%

* Held by Raymonde Syz-Abegg, Gutenswil (43.6%) and CHSZ-Holding AG, Zurich** (51.3%)

** Held by Dr. Carole Schmied-Syz, Erlenbach (50%) and Hans G. Syz-Witmer, Küsnacht (50%)

Disclosure of own shares and composition of equity capital

in CHF 1 000	31.12.2015	31.12.2014
Number of own registered shares	0	0

Details on different categories of the share capital

Registered shares		
Quantity in number of shares	30 000	30 000
Nominal in CHF	100	100
Paid in	100%	100%
Rights and restrictions	none	none

Distributions out of statutory profit reserves and statutory capital reserves are only permitted if, taken together, they exceed 50% of the nominal share capital. Under company law, CHF 1.5 million is therefore not eligible for distribution. Moreover, the regulatory minimum capital requirements have to be taken into account. These further restrict the scope for profit distributions.

Presentation of the maturity structure of financial instruments

in CHF 1 000							Due	Total
	At sight	Cancellable	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years		
Assets / financial instruments								
Liquid assets	156 896						156 896	
Amounts due from banks	49 689		95 298	56 809			201 796	
Amounts due from securities financing transactions							0	
Amounts due from customers		14 208	31 872	8 521	400		55 002	
Mortgage loans		28 563	1 505	3 355	16 943	8 915	59 281	
Trading portfolio assets							0	
Positive replacement values of derivative financial instruments			709	405	534		1 648	
Other financial instruments at fair value							0	
Financial investments	5 835			16 270	62 148	130 140	214 392	
Total 2015	212 421	42 771	129 383	85 361	80 025	139 055	689 015	
Total 2014	464 139	52 071	65 323	185 302	159 155	29 593	955 583	
Debt capital / financial instruments								
Amounts due to banks	145						145	
Liabilities from securities financing transactions							0	
Amounts due in respect of customer deposits	656 700						656 700	
Trading portfolio liabilities							0	
Negative replacement values of derivative financial instruments			612	403	534		1 548	
Liabilities from other financial instruments at fair value							0	
Cash bonds							0	
Bond issues and central mortgage institution loans							0	
Total 2015	656 845	0	612	403	534	0	658 394	
Total 2014	876 624	11 137	1 677	1 253	9 986	0	900 677	

Presentation of assets and liabilities by domestic and foreign origin

in CHF 1 000	31.12.2015		31.12.2014	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	156 767	130	353 749	5
Amounts due from banks	60 519	141 277	178 076	113 741
Amounts due from securities financing transactions				
Amounts due from customers	33 342	21 660	23 359	22 347
Mortgage loans	59 281		63 523	
Trading portfolio assets				
Positive replacement values of derivative financial instruments	1 297	351	13 161	818
Other financial instruments at fair value				
Financial investments	58 620	155 773	53 716	133 089
Accrued income and prepaid expenses	7 845		8 088	
Participations	3 435		3 417	
Tangible fixed assets	15 933		16 296	
Intangible assets				
Other assets	2 360		2 219	
Capital not paid in				
Total assets	399 399	319 190	715 604	270 000

Presentation of assets and liabilities by domestic and foreign origin

in CHF 1 000	31.12.2015		31.12.2014	
	Domestic	Foreign	Domestic	Foreign
Liabilities				
Amounts due to banks	145		2 452	
Liabilities from securities financing transactions				
Amounts due in respect of customer deposits	278 622	378 079	318 374	566 934
Trading portfolio liabilities				
Negative replacement values of derivative financial instruments	1 312	237	2 429	10 487
Liabilities from other financial instruments at fair value				
Cash bonds				
Bond issues and central mortgage institution loans				
Accrued expenses and deferred income	5 163		5 950	
Other liabilities	1 744		1 815	
Provisions	3 276		9 883	
Reserves for general banking risks	15 867		34 145	
Share capital	3 000		3 000	
Statutory capital reserve				
of which tax-exempt capital contribution reserve				
Statutory retained earnings reserve	18 650		18 650	
Voluntary retained earnings reserves	8 800		8 800	
Own shares (negative item)				
Profit carried forward	2 683		2 335	
Profit	1 013		348	
Total liabilities	340 274	378 315	408 181	577 421

Breakdown of total assets by country or group of countries

	31.12.2015		31.12.2014	
	CHF 1 000	%	CHF 1 000	%
Assets				
Europe	258 930	36.0%	218 891	22.2%
Other countries	60 260	8.4%	51 108	5.2%
Total foreign country assets	319 190	44.4%	269 999	27.4%
Switzerland	399 399	55.6%	715 604	72.6%
Total assets	718 589	100.0%	985 603	100.0%

Breakdown of total assets by credit rating of country groups (risk domicile / net foreign exposure)

in CHF 1 000	31.12.2015		31.12.2014	
	CHF 1 000	%	CHF 1 000	%
Standard & Poor's (S&P)				
AAA to AA-	297 530	93.2%	247 652	91.7%
Lombard loans *	21 660	6.8%	22 347	8.3%
Total assets	319 190	100.0%	269 999	100.0%

*A clear breakdown by risk domicile is not possible. However, the collateral is broadly diversified.

Balance sheet by currencies

in CHF 1 000	CHF	EUR	USD	Other
Assets				
Liquid assets	155 765	970	126	35
Amounts due from banks	2 273	110 035	54 260	35 229
Amounts due from securities financing transactions				
Amounts due from customers	36 020	14 725	2 413	1 843
Mortgage loans	59 281			
Trading portfolio assets				
Positive replacement values of derivative financial instruments	825	269	538	16
Other financial instruments at fair value				
Financial investments	131 610	47 943	34 839	
Accrued income and prepaid expenses	7 845			
Participations	3 417	19		
Tangible fixed assets	15 933			
Intangible assets				
Other assets	2 360			
Capital not paid in				
Total assets shown in balance sheet	415 330	173 960	92 175	37 124
Delivery claims on forward transactions	27 738	41 021	21 247	839
Total assets	443 068	214 981	113 422	37 963

Balance sheet by currencies

in CHF 1 000	CHF	EUR	USD	Other
Liabilities				
Amounts due to banks	145			
Liabilities from securities financing transactions				
Amounts due in respect of customer deposits	337 861	189 647	92 406	36 786
Trading portfolio liabilities				
Negative replacement values of derivative financial instruments	726	269	538	15
Liabilities from other financial instruments at fair value				
Cash bonds				
Bond issues and central mortgage institution loans				
Accrued expenses and deferred income	5 163			
Other liabilities	1 722	13	6	3
Provisions	3 236		40	
Reserves for general banking risks	15 867			
Share capital	3 000			
Statutory capital reserve				
of which tax-exempt capital contribution reserve				
Statutory retained earnings reserve	18 650			
Voluntary retained earnings reserves	8 800			
Own shares (negative item)				
Profit carried forward	2 683			
Profit	1 013			
Total liabilities shown in the balance sheet	398 865	189 929	92 991	36 804
Delivery liabilities on forward transactions	43 860	24 400	20 289	905
Total liabilities	442 725	214 329	113 280	37 709
Net position per currency	343	652	143	254

INFORMATION ON OFF-BALANCE-SHEET BUSINESS

Breakdown of contingent liabilities and contingent assets

in CHF 1 000	31.12.2015	31.12.2014	Change
Guarantees to secure credits and similar	4 240	4 778	-538
Performance guarantees and similar			0
Other contingent liabilities			0
Total contingent liabilities	4 240	4 778	-538
Contingent assets arising from tax losses carried forward	6 356	2 658	3 699
Other contingent assets			0
Total contingent assets	6 356	2 658	3 699

Breakdown of credit commitments

none

Breakdown of fiduciary transactions

in CHF 1 000	31.12.2015	31.12.2014	Change
Fiduciary investments with third-party companies	52 316	252 568	-200 252
Fiduciary investments with group companies and linked companies			0
Fiduciary loans and other fiduciary transactions			0
Total fiduciary transactions	52 316	252 568	-200 252

Breakdown of managed assets

in CHF million	31.12.2015	31.12.2014	Change
Assets in collective investment schemes managed by the bank	0	0	0
Assets under discretionary asset management agreements	3 985	3 714	271
Other managed assets	2 906	3 405	-499
Total managed assets (including double counting)	6 891	7 119	-228
of which double counting	0	0	0
Total managed assets (including double counting) at beginning	7 119	6 477	642
Net new money inflow or net new money outflow	-258	66	-324
Price gains / losses, interest, dividends and currency gains / losses	30	576	-546
Other effects	0	0	0
Total managed assets (including double counting) at end	6 891	7 119	-228

Total client assets include assets associated with the processing of investment-related transactions. Own shares are also included in this item, as they are not treated as client assets held exclusively for safe deposit purposes. Client assets held exclusively for safe deposit purposes are not included in total client assets. Assets managed by the bank under a discretionary mandate may be held in custody accounts at other banks. Assets with a discretionary mandate are those client assets where investment decisions are made by the bank. Other assets under management are those assets where investment decisions are made by the client. In the year under review, no reclassification was undertaken from or into this category.

Net asset flow is comprised of the net result of the inflow and outflow of client monies and assets held in custody accounts at the current value at the time of the relevant transaction. Interest, charges and fees credited or charged to customers by the bank are not included in net asset flow.

INFORMATION ON THE INCOME STATEMENT

Net trading income

in CHF 1 000	2015	2014	Change
Interest rate instruments			0
Equity securities	1	5	-4
Foreign currencies	2 622	1 978	644
Commodities / precious metals	10	19	-9
Total net trading income	2 633	2 002	631

The bank does not engage in trading for its own account. The net trading income was generated mainly with private clients.

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

in CHF 1 000	2015	2014	Change
Negative interest in lending business (reduction in interest and discount income)	289	0	289

Personnel expenses

in CHF 1 000	2015	2014	Change
Salaries	19 563	17 556	2 007
Social insurance benefits	3 316	3 161	155
Changes in book value for economic benefits and obligations arising from pension schemes	0	0	0
Other personnel expenses	142	257	-115
Total personnel expenses	23 021	20 974	2 047

Other operating expenses

in CHF 1 000	2015	2014	Change
Office space expenses	835	1 676	-841
Expenses for information and communications technology	1 701	1 680	21
Expenses for vehicles, equipment, furniture and other fixtures	258	287	-29
Fees of audit firm	182	209	-27
of which for financial and regulatory audits	182	209	-27
of which for other services	0	0	0
Other operating expenses	7 754	8 420	-723
Total other operating expenses	10 729	12 272	-1 543

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

The release of reserves for general banking risks related to costs in connection with the tax agreement concluded between Switzerland and the USA.

Disclosure and reasons for revaluation of participations and tangible fixed assets up to the acquisition cost

none

Current and deferred taxes / disclosure of the tax rate

in CHF 1 000	2015	2014	Change
Current taxes	87	119	-32
Deferred taxes	0	0	0
Total taxes	87	119	-32
Tax rate	n/a	n/a	

Owing to the release of taxed reserves for general banking risks, there is a gross tax-deductible loss carryforward of CHF 7.508 million.

Because of the tax-deductible loss carryforward, no income tax is due on the reported profit. Factoring this out, the tax rate would be 21.5%.

INFORMATION ON EQUITY CAPITAL

Methods

Maerki Baumann & Co. AG applied the following methods in the calculation of capital requirements.

Credit risk

International standard approach (SA-BIS)

Individual value adjustments: Offsetting against the corresponding commitments

Other provisions: Lump-sum deduction of provisions recorded as liabilities

Derivatives: Market value method

Lombard loans: Comprehensive approach

The bank uses external ratings.

Market risk

Market risk standard approach

Operational risk

Basic indicator approach

Scope of consolidation

Maerki Baumann & Co. AG does not possess any holdings that need to be consolidated.

Eligible and regulatory capital

in CHF 1 000	31.12.2015	31.12.2014
Eligible capital		
Tier 1 capital (CET 1)	48 999	66 930
Deductions (participations)	0	0
Eligible capital	48 999	66 930
Regulatory capital		
Credit risk	17 349	16 711
Non-counterparty-related assets	1 275	1 304
Market risk	164	249
Operational risk	4 313	4 222
Decrease resulting from deductible allowances and provisions	0	0
Regulatory capital	23 101	22 486
Excess capital	25 898	44 444
Equity capital ratio	212.1%	297.7%
Equity ratio (Tier 1 ratio and CET 1 ratio)	17.0%	23.8%
Equity ratio (Tier 1 ratio and CET 1 ratio), including countercyclical buffer	16.8%	23.7%
Target for regulatory capital (in accordance with FINMA Circular 2011/2)		
Target for category 4 bank (previous year category 5 bank)	11.2%	10.5%
Countercyclical capital buffer	0.2%	0.1%
Total regulatory capital	11.4%	10.6%
Available regulatory capital	17.0%	23.8%

Leverage ratio

in CHF 1 000	31.12.2015	31.12.2014
Tier 1 capital	48 999	67 278
Total liabilities for the leverage ratio	725 488	921 110
Leverage ratio	6.8%	7.3%

Information on the liquidity coverage ratio (LCR)

in CHF 1 000	2015	2014
Total of High Quality Liquid Assets (HQLA)		
Average Q1	219 820	n/a
Average Q2	259 180	n/a
Average Q3	249 099	n/a
Average Q4	214 237	n/a
Total net cash outflows		
Average Q1	53 234	n/a
Average Q2	53 095	n/a
Average Q3	53 519	n/a
Average Q4	45 527	n/a
Liquidity coverage ratio (LCR)		
Average Q1	412.9%	n/a
Average Q2	488.1%	n/a
Average Q3	465.4%	n/a
Average Q4	470.6%	n/a

AUDITORS' REPORT



Report of the statutory auditor
to the General Meeting of
Maerki Baumann & Co. AG
Zurich

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Maerki Baumann & Co. AG, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 28 to 65), for the year ended 31 December 2015.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

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Report on other legal requirements

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

In accordance with art. 728a para. 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.

PricewaterhouseCoopers AG

A handwritten signature in dark ink, appearing to be 'Bruno Gmür', written over a light grey rectangular background.

Bruno Gmür
Audit expert
Auditor in charge

A handwritten signature in dark ink, appearing to be 'P. Widmer', written over a light grey rectangular background.

Peter Widmer
Audit expert

Zurich, 23 March 2016

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Publishing information:

Publisher

Maerki Baumann & Co. AG

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CH-8002 Zurich

Photographers

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Layout and Print

Köpflipartners AG

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