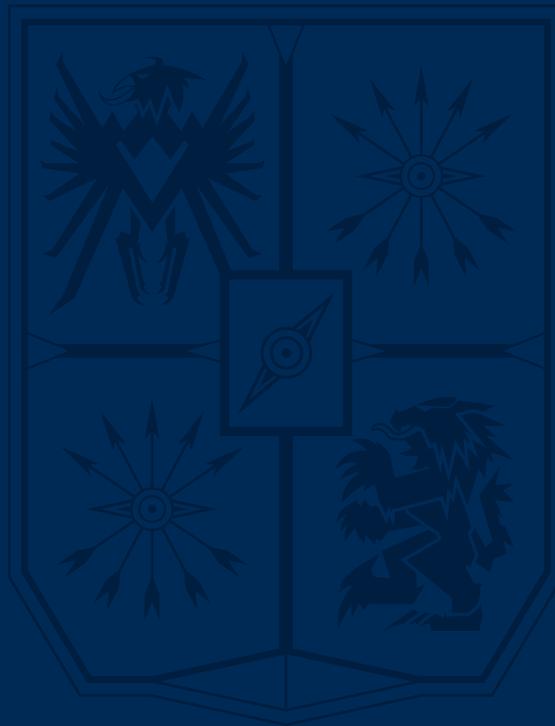




EDMOND
DE ROTHSCHILD



ANNUAL REPORT 2016
EDMOND DE ROTHSCHILD (SUISSE) S.A.

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Message from the Shareholders

The market conditions we are seeing at the beginning of 2017 should not erase the memory of the year that has just come to a close.

Uncertainty and volatility were unrelenting in 2016, a year marked by the Brexit vote in the UK, the US elections, the persistent threat of terrorism, the migrant crisis sparked off by the war in Syria – whose ultimate consequences are as yet poorly understood – the increasingly interventionist policies of central banks and the IMF's decision to include the yuan in its basket of reserve currencies. These developments showed that our pre-crisis toolkit, even with updates, could no longer be used to analyse our geopolitical, macroeconomic and financial environment. To fully understand these events, we require strong convictions put forth by teams with proven experience – not to mention a capacity for bold thinking.

The arrival of the new year has not dampened our optimism, although much still remains uncertain. Forces that could rekindle inflation and strengthen economies around the world are starting to emerge. However, in view of the political and institutional risks underlying the year ahead, which feature major elections in Europe – notably in France, the Netherlands, Germany and UK – we must remain vigilant while also focusing more than ever on our clients.

Behind the headline-grabbing crises and other developments is a world in flux. Such visible imbalances will inevitably give rise to new opportunities and sources of value for savvy investors. Taking the long view, turning global changes to our advantage and profiting from foresight have long been instrumental to our Family's successes.

In the uncertain environment now prevailing, we must stay true to our roots and the hallmarks that make us a unique investment firm. We have formulated a clear, ambitious strategy for the years to come. Our aim is to strengthen the qualities which have propelled us to the top in a select set of markets and specialisations, since this will enable us to continue providing relevant, creative and tailored advisory services to the institutions and families who put their trust in us.

That is the vision we developed for the Edmond de Rothschild Group at the close of 2016, and it is our response to the sort of standardised thinking that afflicts our industry. Our investor clients want an attentive ear. They want tailored solutions, and they want us to make decisions that reflect genuine convictions. They also want to have an impact on society and the world at large.

We are proud to have made significant progress in this direction:

- › We are concentrating our efforts on those regions and specialisations for which we are sure to be able to deliver the very best Edmond de Rothschild Group services.

-
- › We are constantly striving to acquire new expertise in an effort to expand our range of services and offer new investment products and themes with considerable added value. Recommending investments in real assets is imperative for an investment firm like ours and an integral component of the success our Family has enjoyed for several generations. This year, besides again launching a number of niche private equity funds, we are welcoming the arrival of the Cleaveland real estate teams and are gratified by the remarkable rankings achieved by our property management services in Switzerland.
 - › Finally we are very fortunate to have an Asset Management division that is renowned for its agility, the strength of its convictions and its top-quality products. These fund experts work hand in hand with our relationship managers in Private Banking to develop initiatives that expand our vision beyond just performance. The EdR Global Data fund, a recent example of these products, seeks to create value from the big data in our economies. In this spirit, and in hopes of improving our responses to the profoundly changing environment, we have decided to step up the convergence of our Asset Management and Private Banking core businesses.

Our clients know that such tipicity is our strongest asset, and that is why they continue to honour us with their trust year after year. In 2016, yet again, our Private Banking and Asset Management divisions attracted significant gross inflows of fresh assets. The Bank's balance sheet remained rock-solid, with shareholders' equity totalling CHF 1.3 billion at the end of the reporting year.

Our vision will expand further in the coming months. We will continue to strengthen our forward-thinking expertise selectively, in order to carry on the Edmond de Rothschild Group tradition of excellence through innovation, investing in and recruiting talent where it counts, modernising our tools and standing behind the uniqueness of our brand, with its 250-year history and distinctively competitive spirit.

We are living in a fascinating age and in a world that is undergoing rapid changes with far-reaching consequences. We see this as a fabulous opportunity. And we know that we can count on the exceptional teams that make up the Edmond de Rothschild Group, teams that work closely with our investor clients every day

Benjamin de Rothschild



Ariane de Rothschild



Message from the Executive Committee

Despite the numerous surprise developments that occurred in 2016, Edmond de Rothschild (Suisse) S.A. achieved gratifying financial results with consolidated net profit up 13% on the 2015 level and an increase in assets under management to CHF 118.1 billion. These numbers demonstrate the relevance of our investment firm's conviction-based model.

Financial markets generally performed well in 2016, despite heavy volatility. On the other hand, returns on active investment management were disappointing by historical standards. Britain's vote to leave the European Union, the outcome of the US presidential election, fears of recession early in the year and concern about negative interest rates all marked major upheavals that few analysts saw coming.

In the face of this turbulence we maintained a prudent approach in our investment management, bearing in mind that all changes generate new opportunities. Intent on protecting and growing our clients' assets, we chose not to take the risk of betting on uncertain outcomes and on their unpredictable impact on the markets. Throughout the year our asset allocation remained diversified, and defensively tailored to the prevailing conditions, except during the last quarter when we increased our risk exposure against a backdrop marked by Donald Trump's victory in the US and a reflationary trend.

As in 2016 we are expecting 2017 to be a year fraught with political and economic uncertainty. Our macroeconomic forecasts point to stable and even accelerating growth, particularly in the US. In our investment management we will continue to apply our philosophy based on dynamic risk management, intelligent portfolio diversification and convictions tied to phases of the economic cycle.

This year again we have further developed our service offering. Among other moves we have introduced new investment funds, broadened our range of advisory mandates and created new financial publications. Our constant search for innovative solutions adapted to today's financial markets has led to the development of private equity, infrastructure and real estate products that enable clients to invest in real assets. We have launched Prifund Strategy Defensive, a conservative allocation fund blending diversification and dynamic risk management. In Asset Management 2016 was highlighted by the success of our linkups in Asia. We took our ambitions in this region another step further by forming a strategic alliance with Samsung Asset Management, Korea's leading fund manager with nearly CHF 160 billion of assets.

Our business development proceeded according to a three-pronged strategy. First of all, we continued to focus our efforts and capital investment on better serving clients in our strategic markets. It was with this focus in mind that we decided to sell our subsidiary in Nassau and reconfigure our operations in Hong Kong and the UK. Secondly we gave priority to acquiring new expertise to enhance the specificity of our products, solutions and know-how. This was reflected in our continuing efforts to broaden our investment offering in private equity, one of our flagship segments, by launching new generations of a number of funds and by making it easier for private clients to buy into this asset class. Moreover our infrastructure funds exceeded the threshold of a billion francs of assets under management. We also further expanded our Group's expertise in real estate and are proud to point out that Edmond de Rothschild Real Estate SICAV was voted best Swiss property fund of the year by Thomson Reuters Lipper. Finally, our strategy is also aimed at reinforcing the convergence of our business segments —Private Banking, Asset Management, Corporate Finance, Private Equity and Institutional & Fund Services— with a view to generating innovative investment solutions for the benefit of our private and institutional clients.

Ongoing regulatory and technological changes are reshaping the banking industry. The many challenges facing us include implementing the automatic exchange of information, the Financial Services Act (FSA) in Switzerland and MiFID II in Europe while coping with rising costs and ever stiffer competition. To overcome these hurdles, we have taken measures to integrate regulatory and reputational risks in our everyday operations. In terms of efficiency, we have made significant progress in sweeping projects such as the upgrade of our IT platform, which will enable us to further enhance the quality of our services.

Thanks to these major strides forward and to the professionalism and determination of our employees, we are able to face the future with confidence and optimism.

Our mission—managing our clients’ assets while helping them protect their wealth long term and hand it down to future generations— remains unchanged. But it extends well beyond this scope. At Edmond de Rothschild we are convinced that wealth is more than a goal in itself. It is an opportunity to influence the future and build a better world. This is why we make it our duty to offer our clients forward-looking investments that break new ground and will help achieve progress with a vision.

As an illustration of our financial health and stability, we still have one of the most robust balance sheets in the industry, with a capital ratio far above the legal minimum. But beyond financial ratios we greatly value the human element, which is why we continue to invest in our talent so that we can provide clients with top-flight expertise. More than ever, as a specialist niche player we are doing everything possible to give them the best advice available by taking their entire fortune into consideration.

True to the values of the Rothschild family, Edmond de Rothschild (Suisse) S.A. is changing, innovating and ever adapting to the flux of the world around us. We continue to grow by focusing on our core private banking business while integrating all our other segments and activities, honing our content offering and allocating our resources with a view to always serving clients better. The personal bond and independent, impartial advice that we bring to them has never been so valuable. This is the meaning of the force that drives us each day.

We wish to thank our shareholders for their support and commitment, our teams for their fine work and, of course, our clients for their loyalty and confidence.

The Executive Committee



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Corporate Governance

Introduction

This section of our Annual Report has been drafted in accordance with the relevant legal and stock exchange requirements, including the Swiss Code of Obligations (CO) and Directive on Corporate Governance (DCG) issued by SIX Swiss Exchange (SIX) on 1 September 2014. It also draws on the Swiss Code of Best Practice for Corporate Governance issued by Economiesuisse (SECO) on behalf of the Federation of Swiss Enterprises, as amended in 2014.

The above-mentioned DCG was issued by SIX based on art. 35 of Switzerland's Financial Market Infrastructure Act (FMIA) and articles 1-7 and 49 et seq of SIX's Listing Regulations. The DCG covers communication on subjects relating to corporate governance. The DCG mainly apply to issuers incorporated in Switzerland whose equity securities are traded on SIX. It also draws on the Ordinance against Excessive Compensation (OaEC) of 20 November 2013.

The major concerns underlying the above-mentioned regulations are to limit economic risks, safeguard companies' reputations and promote responsibility. Corporate governance is anchored in a set of principles designed to protect shareholders by ensuring transparency, the issuance of clear information and a balance at the highest level between the company's executives, on the one hand, and its owners, on the other. At the same time, these principles uphold decision-making power and efficiency.

The main information required by the SIX Guidelines is disclosed in the following pages and in the Remuneration Report. There are also cross-references to items included elsewhere in this report, our Bank's Articles of Association, which can be found on the Bank's website: www.edmond-de-rothschild.ch / Investor Relations / General Information - Legal Documents.

1. Group structure and shareholders

1.1. Structure of the Edmond de Rothschild (Suisse) SA Group (the "Group")

1.1.1. Presentation of the Group's operating structure

Board of Directors

Chair
Baron Benjamin de Rothschild

Vice-Chair
Baroness Benjamin de Rothschild

Secretary
Jean Laurent-Bellue

Members
Luc J. Argand
Tobias Guldemann¹⁾
François Hottinger
Klaus Jenny
Maurice Monbaron
Philippe Perles
Jacques-André Reymond²⁾

Audit Committee

Chairman
Klaus Jenny

Vice-Chairman
Jacques-André Reymond²⁾

Members
Tobias Guldemann¹⁾
Jean Laurent-Bellue
Maurice Monbaron

Pay Committee³⁾

Chairwoman
Baroness Benjamin de Rothschild

Secretary
Jean Laurent-Bellue

Members
Luc J. Argand
Klaus Jenny

Nomination Committee³⁾

Chairwoman
Baroness Benjamin de Rothschild

Secretary
Jean Laurent-Bellue

Members
Luc J. Argand
Klaus Jenn

Executive Committee

Chairman and CEO
Emmanuel Fievet

Deputy Chief Executive Officers
Luca Venturini⁴⁾
Vice-Chairman
Deputy Chief Executive Officer

Sabine Rabald
Deputy Chief Executive Officer
Chief Administrative Officer

Members
Yves Aeschlimann
Head of Legal and Compliance

Emanuela Bonadiman
Head of Human Resources

Jean-Christophe Pernollet
Chief Risk Officer

Cynthia Tobiano
Chief Financial Officer

More information on the Board of Directors and Executive Committee can be found on pp. 17 et seq. and 30 et seq. of this report.

Internal Audit

Senior Vice-President
Emmanuel Rousseau

Independent Auditors

PricewaterhouseCoopers SA

1) Since his election at the Ordinary General Meeting of Edmond de Rothschild (Suisse) S.A. on 28 April 2016, Tobias Guldemann has succeeded E. Trevor Salathé as a member of the Board of Directors and of the Audit Committee of Edmond de Rothschild (Suisse) S.A. The details of Mr Salathé's career can be found in our previous annual reports posted on the Bank's website: www.edmond-de-rothschild.com/site/Suisse/fr/banque-privee/relation-investisseurs/resultats-et-rapports-annuels.

2) Until the Ordinary General Meeting of Edmond de Rothschild (Suisse) S.A. on 2 May 2017 He will then be replaced as Vice-Chairman of the Audit Committee by Tobias Guldemann.

3) As per section 3.2.1.2 (4) of the Bylaws the members of the Promotions Committee are the same as those of the Pay Committee

4) Until 31 December 2016. He was replaced on 4 January 2017 by Martin Liebi, Deputy CEO of Edmond de Rothschild (Suisse) S.A.

1.1.2 Legal structure of Edmond de Rothschild (Suisse) SA

Edmond de Rothschild (Suisse) SA is a joint-stock company traded on SIX (ISIN CH0001347498 / Security number 134749TK). Its stockmarket capitalisation at 31.12.2016 was CHF 1.260 billion. It is the only listed Edmond de Rothschild (Suisse) SA Group company.

1.1.3. Group legal structure

The fully consolidated entities of the Edmond de Rothschild (Suisse) SA group are listed on pp. 70-71 of this report.

1.2. Owners of significant holdings and group of owners bound by voting agreements

	2016		
	Par value (in CHF '000)	Percentage of capital (in %)	Percentage of voting rights (in %)
1.2 Owners of significant holdings and group of owners bound by voting agreements			
Major shareholders			
Edmond de Rothschild Holding SA (1)	37,215	82.7	87.4
Rothschild Holding AG. Zurich (2)	3,800	8.4	9.4

(1) The entire share capital of Edmond de Rothschild Holding SA is directly or indirectly controlled by members of the de Rothschild family. 17% of the company's share capital (representing 6.77% of voting rights) is owned by Baroness Edmond de Rothschild and 66.33% (representing 89.84% of voting rights) by Baron Benjamin de Rothschild. The financial statements of Edmond de Rothschild Holding SA are available on request in writing to the company (PO Box 5254, 1211 Geneva 11).

(2) Rothschild Holding AG, Zurich is owned by 1) Eric de Rothschild, Paris ; 2) David de Rothschild, Paris ; 3) Alexandre de Rothschild, Paris ; 4) Stéphanie Lifford de Buffévent, Paris ; 5) Louise de Rothschild, Paris ; 6) Financière de Tournon SAS, Paris ; 7) Financière de Reux SAS, Paris ; 8) Béro SCA, Paris ; 9) Ponthieu Rabelais SAS, Paris ; 10) Integritas BV, Amsterdam ; 11) Rothschild Trust (Schweiz) AG, Zurich ; 12) AYRE Corporation (1972) Limited, Amsterdam ; 13) Rothschild Concordia SAS, Paris ; 14) Edouard de Rothschild, Paris ; 15) Philippe de Nicolay-Rothschild, Paris ; 16) Olivier Pécoux, Paris ; 17) François Henrot, Paris ; 18) Holding Financier Jean Goujon SAS, Paris ; 19) Eranda Foundation, UK ; 20) Rothschild & Co Gestion SAS, Paris ; 21) Rothschild & Co Commandité SAS, Paris ; 22) Nicolas Bonnault, Paris ; 23) Laurent Baril, Paris ; 24) Philippe Le Bourgeois, Paris ; 25) Maria Beatrice de Rothschild, Paris ; 26) Julia Footnick, Paris ; 27) Elisabeth Donovan, Paris ; 28) James de Rothschild, Paris ; 29) Anna de Rothschild, Paris ; 30) Pierre de Rothschild, Paris ; 31) Alexandra Pécoux, Paris ; 32) Emmanuelle Pécoux, Paris ; 33) Maylis Pécoux, Paris ; 34) Olivier Pécoux EURL, Paris ; 35) FH GFA SARL, Paris ; 36) The Three Moons, Paris ; 37) Financière du Chasse Midi, Paris ; 38) Philippe Le Bourgeois EURL, Paris ; 39) Christophe Desprez, Paris ; 40) CD GFA SARL, Paris ; 41) Observatoire du Patrimoine, Paris ; 42) GP Patrimoine, Paris ; 43) Desprez Patrimoine SARL, Paris ; 44) Bernard Maurel, Marseille ; 45) Lucie Maurel-Aubert, Le Vésinet ; 46) BD Maurel SC, Marseille ; 47) SC Paloma, Le Vésinet ; 48) Dominique Maurel, Marseille. Rothschild Holding AG, Zurich owns all 20,000 registered shares and 3,600 bearer shares of Edmond de Rothschild (Suisse) S.A., Geneva, altogether representing 8.44% of the share capital and 9.44% of the voting rights.

Since the publication of the Bank's last Annual Report, the above-mentioned shareholders, in accordance with articles 120 et seq of the Financial Market Infrastructure Act (FMIA), reported changes made to Groupe Rothschild Holding AG on 2 April 2016 and on 7 January 2017. The changes that triggered the reporting obligation concerned the circle of persons in the above-mentioned Group. The related publications can be consulted on the website of Six Exchange Regulation, which can be accessed directly via the following link:

Announcement made on 02.04.2016: www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TBG3V00047

Announcement made on 07.01.2017: www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TBH1600014

1.3. Cross-holdings

	2016		
	Number of shares held	Per cent stake in share capital * (in %)	Per cent of total voting rights * (in %)
1.3 Cross-holdings			
Rothschild Holding AG Zurich	10,161	12.6	13.2

* Direct and/or indirect holding by the parent company.

2. Capital structure

2.1. Share capital

(in CHF '000)	2016		
	Par value (in CHF '000)	Number of shares	Capital ranking for dividend (in CHF '000)
Share capital			
Fully paid registered shares at CHF 100.– par value	20,000	200,000	20,000
Fully paid bearer shares at CHF 500.– par value	25,000	50,000	25,000
Total share capital	45,000		

2.2. Specific indications regarding authorised and contingent capital

Edmond de Rothschild (Suisse) SA has no authorised or contingent capital.

2.3. Change in share capital

(in CHF '000)	2016	2015	2014
Change in share capital			
Fully paid registered shares at CHF 100.– par value	20,000	20,000	20,000
Fully paid bearer shares at CHF 500.– par value	25,000	25,000	25,000
Total share capital	45,000	45,000	45,000

2.4. Shares and non-voting certificates

The 200,000 unlisted registered shares with a par value of CHF 100 and the 50,000 bearer shares with a par value of CHF 500 listed on the SIX confer the same entitlements in proportion to their par value, in accordance with art. 7 (2) and (3) of our articles of incorporation*. The registered and bearer shares are fully paid up.

Under art. 6 (5) and (6) of the articles of incorporation, the restricted registered shares confer preferential membership rights: each share, regardless of its par value (art. 15 (1) of the Articles of Association). Again in respect of membership rights, art. 18 para. 3 of the Articles of Association provides that each group of shareholders (i.e. the owners of bearer or registered shares) may demand to be represented on the Board of Directors by at least one member of its choice. This clause is taken from article 709 (1) of the Code of Obligations, which provides that if there is more than one category of shares, the Articles of Association must provide for the election of at least one representative to the Board of Directors for each of them.

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents" www.edmond-de-rothschild.ch / Investor Relations / General Information - Legal Documents

2. Capital structure

2.5. Dividend-right certificates

Edmond de Rothschild (Suisse) SA has not issued any dividend-right certificates.

2.6. Transferability restrictions and registration of nominees

2.6.1. Transferability restrictions and provisions governing dispensations

Under art. 6 (5) of the Articles of Association, the Board of Directors may refuse the transfer of title to or use of registered shares on valid grounds, having due regard for either the corporate purpose or the Bank's desire to preserve its financial independence and, in particular, its family character. The Board of Directors may also refuse to enter shares in the share register if the buyer fails to warrant in writing that he/she is purchasing the shares in his/her own name and on his/her own behalf (art. 6, para. (6) of the Articles of Association). Finally, the Board of Directors may refuse to enter shares in the share register by offering to purchase the transferred shares on behalf of the Bank, other shareholders or third parties, at the shares' actual value at the time their registration is requested (art. 6 (8) of the Articles of Association).

When registered shares are transferred by succession or under a matrimonial property settlement or foreclosure, the Board of Directors may only refuse to enter the shares in the share register if it offers to buy the relevant shares at their actual value (art. 6 (7) of the Articles of Association and art. 685b (4) of the Code of Obligations).

2.6.2. Grounds for allowing exceptions during the reporting year

No dispensations were granted in 2014 and none were requested.

2.6.3. Eligibility of nominees' registration

There is no percentage clause or provision in the Articles of Association allowing exceptions to the rules indicated in item 2.6.1 (Article 6 of the Articles of Association) relating to the registration of nominees.

2.6.4. Procedure and conditions for lifting the restrictions on transferability

Any amendment to the provisions of Article 6 of the Articles of Association relating to the restrictions on transferring registered shares must be approved by at least two-thirds of the votes represented at a General Meeting and by an absolute majority of the face value of the shares represented (cf. Article 15 (6) of the Articles of Association and Article 704 (1) of the Code of Obligations).

2.7. Convertible bonds and options

Edmond de Rothschild (Suisse) SA has not issued any convertible bonds or options.

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents": <http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>

3. Board of Directors

3.1. Members of the Board of Directors

At 31 December 2016¹⁾ the Board of Directors was made up of 10 members, who in accordance with industry practice do not exercise an executive function within the Bank. Notwithstanding this, some of them do exercise managerial duties within the Group, or did so in the past.

Baron Benjamin de Rothschild

Chairman, French, 1963

Education / training

1984 Master in Business and Management,
Pepperdine University, California (US)

Career Summary

1985 BP, London

1985-1987 LCF Rothschild Group, Geneva and Paris
(now the Edmond de Rothschild Group)

1989 Fondation de la Compagnie Benjamin de Rothschild
– Chairman

Present duties

Since 1997 Chairman of the Edmond de Rothschild Group

Directorships

Chairman of:

- Edmond de Rothschild Holding SA (Switzerland)
- Holding Benjamin et Edmond de Rothschild, Pregny SA (Switzerland)
- Edmond de Rothschild (Suisse) S.A.
- The Caesarea Edmond Benjamin de Rothschild Development Corporation Ltd (Israel)
- The Edmond de Rothschild Foundation (USA)

Chairman of

Edmond de Rothschild SA and Edmond de Rothschild (France)

Director of:

- La Compagnie Fermière Benjamin et Edmond de Rothschild SA
- La Compagnie Vinicole Baron Edmond de Rothschild SA
- La Compagnie Générale Immobilière de France (Cogifrance)
- EBR Ventures

Chairman of the Supervisory Board of Edmond de Rothschild Heritage

Member of the Supervisory Board of Les Domaines Barons de Rothschild (Lafite)

Baroness Benjamin de Rothschild

Vice-Chairwoman, French, 1965

Education / training

1984 A-levels, Kinshasa (Zaire) – Nantes Academy

1988 BBA in Finance, Pace University, New York

1990 MBA in Financial Management, Pace University, New York

Career Summary

1988-1990 Financial analyst, then currency dealer at Société Générale, Australia and New York

1990-1995 Currency dealer at AIG, New York. Helped launch Paris subsidiary and developed business in Europe

Present duties

Chairwoman of the Executive Committee of the Edmond de Rothschild Group
Vice-Chairwoman of Edmond de Rothschild (Suisse) SA

Directorships

Chairwoman of:

- Edmond de Rothschild Communication
- Administration et Gestion SA
- Edmond de Rothschild (Europe)

Vice-Chairwoman of:

- Edmond de Rothschild SA
- Edmond de Rothschild (Suisse) S.A.
- OPEJ
- Holding Benjamin et Edmond de Rothschild, Pregny SA (Switzerland)

Vice-Chairwoman of the Supervisory Board of

Edmond de Rothschild Asset Management (France)

Vice-Chairwoman of Edmond de Rothschild Heritage

Honorary Vice-Chairwoman of RIT Capital Partners (London)

Member of:

- Baron et Baronne Associés (holding company of S.C.B.A. Société Champenoise des Barons Associés)
- the Supervisory Board of Edmond de Rothschild (France)
- Edmond de Rothschild Private Equity SA

1) Following the departure of one of its members, Jacques-André Reymond, the Board of Directors will have only nine members from the General Meeting on 2 May 2017.

Jean Laurent-Bellue

Secretary, French, 1951

Education / training

1974	Institut d'Études Politiques de Paris
1975	Bachelor's degrees in Literature and Law
1977	MBA HEC

Career Summary

1978-1980	Executive with the Compagnie du Midi Group
1980-1987	Institut de Développement Industriel (IDI), first as a budget controller and later in charge of marshalling equity investments and managing the portfolio of holdings
1987-1999	Various duties with the Crédit Commercial de France Group relating to corporate finance and private equity: 1987-1999: CEO of Nobel, in charge of investments 1993: Central Manager and a member of the Executive Board of CFF 1994-1998: in charge of corporate finance in Paris and London (Charterhouse Bank) 1998-1999: responsible for private equity in Paris and London (Charterhouse Development Capital)
2000-2004	Member of the Executive Board of Crédit Lyonnais Group
2004	LCF Edmond de Rothschild Group (now Edmond de Rothschild Group) as a member of the Executive Board of La Compagnie Financière Edmond de Rothschild Banque and Chairman of the Executive Board of Edmond de Rothschild Corporate Finance
2009-2011	Secretary-General of the Executive Board of Compagnie Financière Saint Honoré and Chairman of the Board of Directors of Edmond de Rothschild Corporate Finance

Present duties

Since 2011	Edmond de Rothschild S.A., Geneva – Board member and member of the Audit Committee Holding Benjamin et Edmond de Rothschild, Pregny SA (Switzerland) Rotomobil, Pregny (Suisse) - Board member Edmond de Rothschild S.A., Paris - Board member and Chairman of the Audit Committee (since 2015) Edmond de Rothschild (France), Paris - Member of the Supervisory Board and Chairman of the Audit Committee (since 2015)
Since 2015	Edmond de Rothschild Holding S.A., Pregny (Suisse) – Board member and member of the Audit Committee

Other Offices

Since 1999	KPMG Associés, Paris - Member of the Supervisory Board
Since 2005	KPMG, Paris - Member of the Supervisory Board
Since 2015	Sisaho International, Paris - Member of the Supervisory Board Siaci Saint Honoré, Paris - Member of the Supervisory Board RIT Capital Partners plc, London - Non-executive Director

Luc J. Argand

Member, Swiss, 1948

Education / training

1968	Diploma in Classical Studies, Collège Calvin (Geneva)
1968-1972	University of Geneva
1972	Law degree
1972-1974	Articled at Antoine Hafner Solicitors
1974	Admitted to the Geneva Bar
1976	MBA, INSEAD

Career Summary

1977-1981	Internships: Compagnie Financière Benjamin & Edmond de Rothschild, Goldman Sachs, New York, NMR, London Employment: Edmond de Rothschild (Suisse) S.A.
1996-1998	President of the Geneva Bar Association
1998-2007	Member of the Geneva Magistrates' Upper Council
2005-2011	2005-2011 President of the Geneva Auto Show

Present duties

Since 1982	Partner of Pfyffer & Associés Solicitors, Geneva
Since 1986	Director of Banque Morval SA, Geneva
Since 1990	Arbitrator for the Court of Arbitration for Sport, Lausanne
Since 1993	Director of Edmond de Rothschild (Suisse) SA Director of Edmond de Rothschild Asset Management (Suisse) SA Director of Edmond de Rothschild Holding SA
Since 2004	Member of the Geneva Notaries' Supervisory Commission
Since 2007	Chairman of the Board of Directors of Banque Syz & Co SA, Geneva

Tobias Guldemann¹⁾

Member, Swiss, 1961

Education / training

1976-1980	Schooling in Zurich
1980-1986	University of Zurich Licence in Economic Sciences
1986-1990	Doctorate (thesis: "Planning for internal audits of risk-oriented banks")

Career Summary

1980-1986	Regular part-time work as a commercial programmer developing IT solutions for SMEs
1986-1990	IT system auditor in the Internal Audit department of Credit Suisse, Zurich
1990-1996	Senior Vice-President with various functions in the Trading division (derivatives, new issues, global cash management) at Credit Suisse, Zurich
1998-2004	Risk Manager at Credit Suisse Group AG, Zurich
2002-2004	Director of Strategic Risk Management at Credit Suisse Financial Services, Zurich
2005-2006	Member of the Board of Directors and Risk Committee at Winterthur Insurance
2006-2009	Director of Strategic Risk Management in Private Banking at Credit Suisse AG
2002-2013	Member of the Board of Directors of CSI / CSSEL
2004-2013	Risk Manager and member of the Executive Board of Credit Suisse AG, Zurich
2015-2016	FINMA, Chief Independent Auditor for the special audit on the clean-up at UBS following its currency market manipulation

Directorships

Since 2015 Fedafin AG, Chairman of the Board of Directors

Other

2001-2013	Member of the Foundation Council of the International Financial Risk Institute
2008-2013	Member of the Executive Committee of the de International Financial Risk Institute (Chairman from 2010 to 2011)
Since 2005	Member of the Supervisory Board of the Hans Huber Foundation, Basel
Since 2007	Member of the Supervisory Board of the S. Eustachius Foundation, Winterthur
Since 2010	Member of the Supervisory Board of the Winterthur Art Museum (Chairman since 2016)

1) Since his election at the Ordinary General Meeting of Edmond de Rothschild (Suisse) S.A. on 28 April 2016

François Hottinger

Member, Swiss, 1943

Education / training

1965	French Banking Association courses at the Sorbonne
1966-1967	Trained at BNP (ex BNCL), Paris
1967-1968	Trained in the commercial banking department of Banque Hottinguer & Cie, Paris
1968	Trained at Baring Bros, London

Career Summary

1969-1992	Managing partner of Banque Hottinguer & Cie, Zurich
1975-1990	Managing partner of Banque Hottinguer & Cie, Paris
1992-2008	Managing partner of J.F.E. Hottinguer & Co, Zurich
1995-2008	Director of Banque Hugo Kahn AG, Zurich
2009-2012	Limited partner of J.C.E. Hottinguer & Co., Zurich

Directorships

Since 1970	Director of Edmond de Rothschild (Suisse) SA
Since 1992	Director of Hottinguer Corporate Finance SA, Paris
Since 1992	Director of Messieurs Hottinguer Gestion Privée SA, Paris
Since 1995	Director of Bolux Sicav, Luxembourg
Since 2010	Director of Bolux Sicav, Luxembourg

Klaus Jenny

Member, Swiss, 1942

Education / training

1967	M. Sc. in Economics (major in banking), University of Saint Gallen
1973	Ph. D. in Economics, University of Saint Gallen
1975	LLM, Glaris Canton
1986	Program for Senior Executives, Massachusetts Institute of Technology

Career Summary

1972-1998	Credit Suisse / Credit Suisse Group from 1987 Member of the Executive Board Member of the Executive Committee Member of the Executive Board of Credit Suisse Group CEO Credit Suisse Private Banking
Since 1999	Self-employed financial consultant for companies, institutions and private clients

Directorships

Since 2000	Maus Frères S.A.
Since 2001	Téléverbier S.A.
Since 2009	Assivalor S.A.
Since 2009	Edmond de Rothschild Holding SA
Since 2010	Edmond de Rothschild (Suisse) S.A. Stellavia S.A.
Since 2014	Lombard Odier SCA Member of the Supervisory Board

Director of a number of other companies and foundations of lesser importance

Maurice Monbaron

Member, Swiss, 1946

Education / training

1965	Diploma from the Neuchâtel Business School
1965-1966	Sales representative for Montres Cortébert, Biel
1968	Baccalauréat in Commerce, Collège de Fribourg
1972	Bachelor's degree in Management Studies (HEC), University of Lausanne

Career Summary

1972-1988	American Express Bank (Switzerland) AG, credit analyst and commercial banking employee in Zurich, Deputy to Geneva Branch Manager, Basel Branch Manager, Geneva Branch Manager
1988-1990	Deputy CEO of TDB American Express Bank, Geneva and a member of the Executive Board
1990-2005	Crédit Lyonnais (Suisse) SA, Deputy CEO and from 1992 CEO. From 1996, Head of International Private Banking for the Crédit Lyonnais Group

Directorships

Since 2010	Sole Director of Hôtel Royal SA, Crans-Montana
Since 2013	Director of Edmond de Rothschild (Suisse) SA
Since 2016	Chairman of the Board of Directors of Hôtel Royal SA, Crans-Montana
1992-2013	Director of the France-Swiss Chamber of Commerce and Industry

Philippe Perles

Member, Swiss and French, 1961

Education / training

1986 Bachelor's degree in Business studies, University of Geneva
1994 International Centre for Monetary and Banking Studies

Career Summary

1993-1995 Crédit Lyonnais (Suisse) SA, Genève
Member of the Executive Board
Member of the Asset Allocation and Investment
Commitment in Geneva, overseeing the Bank's global
investment policy
International investment fund manager
1995-2000 Beldex SA, Geneva, Managing Director, Head of Sales
Development
2000-2003 Sherwood Alliance SA, Geneva, Principal, Head of Sales and
Product Development
2003-2005 Geneva Business Consulting Sàrl, Geneva
Partner, Head of Sales and Product Development
2010-2011 Novel Management Services, Geneva
Partner, Head of Sales and Product Development
2012-2015 Satocao LDA, São Tomé and Príncipe, Founder and Managing
Director

Present duties

Since 2005 Noveo Conseil SA, Geneva, Paris and London, Founder and
Principal, Head of Sales and Product Development

Directorships

Since 2002 Association Romande des Intermédiaires Financiers (ARIF),
Geneva, board member
Since 2012 Bedrock Real Time SA, member of the Board of Directors
Since 2015 Edmond de Rothschild (Suisse) S.A., Geneva, member of the
Board of Directors
Since 2016 Bedrock Holdings SA, member of the Board of Directors
Since 2016 Member of the Board of Directors and Chairman of the Audit
Committee of Edmond de Rothschild Asset Management
(France)

Jacques-André Reymond¹⁾

Member, Swiss, 1937

Education / training

1959 Law degree, University of Geneva
1962 Master's in Commerce, University of Geneva
1963 Degree from the Institute of Comparative Law, New York
University
1966 Admitted to the Geneva Bar
1973 Ph. D. in Law, University of Geneva

Career Summary

1964-1965 Articled at Shearman & Sterling, New York
1965-1966 Articled at Helg, Picot, Grandjean, Geneva
1966-1968 Associate at Lenz Solicitors
1968-1996 Worked for and in 1972 became a partner of Sandoz, Mayor,
Moreillon & Reymond Solicitors
1974-1998 Professor of commercial and tax law at the Faculty of Law,
University of Geneva, Dean from 1989 to 1993
Dean from 1989 to 1993

Present duties

Solicitor, honorary professor at the University of Geneva,
Member of the Board of Directors of Edmond de Rothschild (Suisse) SA,
Member of the Board of Directors of Edmond de Rothschild Holding SA,
Vice-Chairman of the Audit Committee of Edmond de Rothschild (Suisse)
SA

E. Trevor Salathé²⁾

Member, Swiss and British, 1925

None of the Directors had a close business relationship with
Edmond de Rothschild (Suisse) SA or with a Group company.

1) until 02 May 2017

2) until 28 April 2016 His personal data can be found in previous annual reports
available on the Bank's website: www.edmond-de-rothschild.com/site/Suisse/fr/banque-privee/rerelations-investisseurs/resultats-et-rapports-annuels

3.2. Other activities and vested interests

To find out the other activities and interests of Board members, please refer to their personal data in section 3.1.

We also point out that Luc J. Argand is Chairman of the Geneva Notaries' Supervisory Commission.

3.3. Provisions relating to the number of positions that may be held (art. 12 para. 1 subpara. 1 OaEC)

According to art. 12 para. 1 subpara. 1 OaEC, article 19 quater of the Articles of Association of Edmond de Rothschild (Suisse) SA contains a provision on the maximum number of offices in other companies and organisations that directors may hold.

3.4. Elections and terms of office

Pursuant to OaEC, the Chair (art. 9 ch. 3 of the Articles of Association) and members of the Board of Directors (art. 9 ch. 2 of the Articles of Association) are elected by individual ballot at the General Meeting. Their term of office is one year, regardless of their age, and ends at the conclusion of the next ordinary General Meeting after their election (art. 19 (1) and 19bis (2) of the Articles of Association). They may however be re-elected. Article 3.1.1.2 of the Bank's Bylaws (the "Bylaws") provides for an age limit of 75, at the date of the election, to be elected to the Board.

In accordance with the law, the Bank also provides in its Articles of Association that the members of the Pay Committee and the Independent Proxy(ies) be elected by individual ballot each year for a one-year term, like the Chair and the members of Board of Directors.

The average age of the Directors is currently 64.

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents": <http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>

The following table provides details of the length of Board members' current terms:

Directors	Member of the Board of Directors since:	Term ends
Baron Benjamin de Rothschild	1985	2017
Baroness Benjamin de Rothschild	2009	2017
Jean Laurent-Bellue	2011	2017
Luc J. Argand [#]	1993	2017
Tobias Guldemann*	2016	2017
François Hottinger [#]	1970	2017
Klaus Jenny [#]	2010	2017
Maurice Monbaron [#]	2013	2017
Philippe Perles [#]	2015	2017
Jacques-André Reymond [#]	1996	2017 ¹⁾
E. Trevor Salathé [#]	1959	2016 ²⁾

* Fulfil the independence requirements provided in FINMA circular 08/24 "Supervision and internal control - banks".

3.5. Organisational structure

The Board of Directors

The Bank's Bylaws provide inter alia as follows:

1. In addition to its wealth management and securities dealing core business, the Bank operates as the parent company of a banking and financial group as defined in Swiss legislation and rules on banking. As a result, the duties and powers of the Bank's governing bodies have increased (art. 2.1. of the Bylaws);
2. The Bylaws and Articles of Association state the required level of skills, experience, diligence, availability, loyalty and independence for each governing body (art. 1.4., and 3 of the Bylaws and art. 22 and 22bis of the Articles of Association);
3. The Bank points out that the members of its governing bodies must organise their personal and work relationships so as to avoid as much as possible any conflict of interests with the Bank and the banking and financial group of which it is the parent company (art. 3.1.1.7., 3.2.1.6., 3.3.1.6. and 3.4.1.5 of the Bylaws);

1) until 02 May 2017 Jacques-André Reymond did not ask to stand for re-election.
2) until 28 April 2016

4. both for itself and the banking and financial group of which it is the parent company, the Bank has an Audit Committee and a department of Internal Auditors whose tasks and powers are set out in articles 3.3.2 and 4.2 of the Bylaws. It also has a Compliance function and a Risk Control and Management function (pursuant to articles 3.1.2 and 3.2.1 of the Bylaws);
5. The Bank consolidates the systems used for internal monitoring, information management, reporting (art. 3.4.2. III of the Bylaws) and risk management (art. 2.3.1., 3.1.2., 3.3.2., 3.4.2. IV of the Bylaws).
6. The Board of Directors sets the credit-granting powers assigned to the governing bodies, the Credit Committee, the head of the Credit Department and his/her subordinates.

3.5.1. Breakdown of tasks within the Board of Directors

The Board of Directors, which was made up of 10 members on 31 December 2016, is chaired by Baron Benjamin de Rothschild. Since 26 April 2012, Baroness Benjamin de Rothschild and Jean Laurent-Bellue respectively hold the offices of Vice-Chairman and Secretary. The Board of Directors operates as a collegial body (art. Resolutions are passed by an absolute majority of the directors present (art. 3.1.1.3 of the Bylaws and art. 20 of the Articles of Association). In the event of a tie, the Chairman has the casting vote (art. 20 of the Articles of Association). In special circumstances Board resolutions may be passed by circular as prescribed in the Bylaws (Art. 3.1.1.3).

The Chair of the Board shall have the rights and prerogatives provided in the law, the Articles of Association and the Bylaws (art. 3.1.1.9. of the Bylaws).

The Chair must be informed regularly by the Chair or Vice-Chair of the Executive Committee on business development and the situation of the Bank and its subsidiaries (art. 3.1.1.9. of the Bylaws).

If the Chair and/or Vice-Chair of the Executive Committee hesitate to deem a matter as falling within the Executive Committee's jurisdiction, they must submit the issue to the Chair of the Board of Directors, who shall decide whether the matter should be handled by the Executive Committee or the Board (art. 3.1.1.9. of the Bylaws).

If the Chair is absent, his/her duties shall be exercised by the Vice-Chair of the Board or, failing this, by the oldest member (art. 3.1.1.9. of the Bylaws).

3.5.2. Composition, powers and limitation of powers of the Board's committees

In accordance with the Bank's Articles of Association and Bylaws, the Board of Directors is empowered to set up supervisory committees composed of its members. It has created an Audit Committee, a Pay Committee and a Promotions Committee.

Audit Committee

Under the Bylaws the Board of Directors has delegated part of its powers to an Audit Committee made up of at least three Board members. Their powers primarily include acting as a liaison unit between the Independent Auditors and the Board of Directors and supervising the activities of the Internal Auditors, the Compliance Office and the Risk Management Department. The Board has appointed five of its members (Klaus Jenny as Chairman, Jacques-André Reymond as Vice-Chairman¹, Tobias Guldemann², Jean Laurent-Bellue and Maurice Monbaron) to form the Audit Committee. Furthermore, Fabienne Thionnet-Chevrier, attorney, is non-member Secretary.

Most of these members meet the requirements regarding independence and all have the necessary skills and experience.

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents": <http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>

1) until 02 May 2017 He will then be replaced by Tobias Guldemann as Vice-Chairman of the Audit Committee.
2) Since the end of the General Meeting on 28 April 2016 (replacing E. Trevor Salathé)

Pay Committee and Promotions Committee

Under the Articles of Association (art. 22bis) and the Bylaws (art. 3.2.1.1), the Board of Directors has delegated some of its powers to the Pay Committee, which must comprise at least three Directors elected by the General Meeting. The powers of the Pay Committee include (i) drawing up regulations on remuneration; (ii) approving the overall pay package and level of bonuses for the Bank's staff; (iii) after consulting the CEO, submitting proposals to the Board of Directors regarding the remuneration of the members of the Executive Committee; and (iv) submitting proposals to the Board of Directors regarding the remuneration of the Directors for the tasks they perform in this capacity and as members of the Board's committees. Proposals relating to the remuneration referred to in subsections (iii) and (iv) shall be decided by the Board of Directors and then submitted to the General Meeting for approval (art. 9 ch. 6 and 7 of the Articles of Association).

In 2016 the General Meeting elected four members to form the Pay Committee: Baroness Benjamin de Rothschild (Chair), Jean Laurent-Bellue (Secretary), Luc J. Argand and Klaus Jenny. These same members will be nominated for re-election at the General Meeting on 2 May 2017.

The Promotions Committee is responsible for submitting a preliminary opinion to the Board of Directors regarding the appointment and removal of Directors, members of the Executive Committee and persons in charge of managing and representing the Bank.

The composition of the Promotions Committee is the same as that of the Pay Committee (art. 3.2.1.2 of the Bylaws).

The preparatory, advisory and decision-making powers of the aforementioned Committees appear in the Bylaws and the Articles of Association.

Please also refer to the Pay Report on pp. 117-124.

3.5.3 Working procedures of the Board of Directors

The Board of Directors meets periodically and holds extraordinary meetings if necessary. In 2016 it met six times. On average Board meetings last half a day. The Board of Directors works on the basis of files prepared by its secretariat. Minutes are taken at Board meetings. They must be duly numbered and signed jointly by the Chair and the Secretary. The meetings follow a set agenda that mainly covers the following items:

1. Reading and approval of the minutes of the last meeting;
2. Word by the Chair of the Board of Directors;
3. Report of the CEO,
4. Report of the CFO,
5. Report of the CAO,
6. Report of the CRO,
7. Report of the Head of Legal & Compliance,
8. Report of the Audit Committee,
9. Report of the Pay Committee,
10. Work performed by independent directors,
11. Securities trading legislation,
12. Any other business.

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents"
www.edmond-de-rothschild.ch / Investor Relations / General Information - Legal Documents

3.6. Powers

The Board of Directors is the Bank's highest governing body and is responsible for supervising and monitoring its operations. Under the statutes and the Articles of Association, it has the widest powers of oversight as regards how the Bank's business is managed.

The Board has inter alia the inalienable and non-transferable powers stated in art. 22 of the Articles of Association, namely to do the following: a) Examine and prepare proposals to be submitted to the General Meeting and execute its resolutions; b) Issue the necessary instructions and organisational regulations regarding the Bank's management and delineate the powers of the various governing bodies; c) Pass resolutions on all matters which, under the Bylaws, fall within the jurisdiction of the Board of Directors; d) Appoint and remove members of the Executive Committee and persons in charge of managing and representing the Bank; e) Appoint the independent auditors required by the Banking Act; f) Set the Bank's accounting and financial control principles and draw up the financial plan and financial report; g) Examine the reports of the independent auditors; h) Decide on all matters which, under the law and the Articles of Association, are not the responsibility of the General Meeting or any other governing body; i) Oversee the persons in charge of managing the Bank to ensure, inter alia, that they abide by the law, the Articles of Association, applicable regulations and instructions that have been given; j) Inform the judicial authorities if the Bank's exceeds the prescribed debt limits; k) Draw up the Pay Report.

In addition to exercising the powers set out in art. 22 of the Articles of Association, the Board of Directors may decide on all matters assigned to it in art. 3.1.2 of the Bylaws.

Aided by its committees, it sets the general strategy of the Bank and Group. It lays down the principles pertaining to organisation, management and control and ensures that they are applied. It supervises on a consolidated basis all the Swiss and foreign entities that together comprise the Edmond de Rothschild (Switzerland) Group. The Board of Directors has delegated oversight of the Bank's day-to-day business to the Executive Committee (*see section 4 below*).

Its powers and those of its Committees are clearly delineated in the Bank's Articles of Association and Bylaws.

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents":
<http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>

3.7. Information and control instruments

Description of reporting by the Executive Committee

At each meeting of the Board of Directors, the CEO and / or other members of the Executive Committee exercising the duties of CFO, Chief Risk Officer and Head of Legal and Compliance report on the main decisions taken by the Executive Committee, as well as on current business and the operations within the jurisdiction of the Board of Directors. They have only an advisory vote.

To help them perform their oversight obligations, at each meeting the members of the Board of Directors are given among other documents a progress report including mainly comments by the CEO, the summarised accounts of the various Group entities comparing actual business performance with the budget and, finally, a list of the Group's financial investments and holdings.

At meetings the Board members also receive a quarterly report on risks noting, inter alia: the level of shareholders' equity; major risks, if any; market, interest rate and counter-party risks in the banking industry; the level of cash reserves; and risks of a legal and reputational nature. The Board of Directors has also put facilities in place that are designed to monitor and supervise management at the Group level. These facilities are outlined on pp. 60 et seq. of this annual report.

Between meetings of the Board of Directors and the Board Committee, the Chairman and Deputy Chairmen of the Executive Committee keep the Chairman of the Board of Directors regularly informed on major executive decisions.

Other members of the Executive Committee, as well as employees, internal auditors and external advisers or experts whose presence is needed, may also be invited to the meetings of the Board of Directors and the Board Committee. However, these persons may only participate in an advisory capacity.

Description of the internal auditing system

Pursuant to the applicable regulations and laws (art. 12 (4) of AMLO, art. 20 para. 2 of SESTO, sections 15 and 54 et seq of FINMA Circ. 08/24¹⁾), the Board of Directors has an Internal Audit Department that reports directly to it in the chain of command. The chief internal auditor and his assistant are appointed by the Board on the advice of the Board Committee. He reports directly to the Audit Committee. The rights and obligations of the Internal Auditing Department are set out in the Bank's Bylaws and in the internal auditors' Charter. In particular, the Internal Auditing Department has access to all the documents of the Bank and of the consolidated affiliates that it audits.

The Internal Auditing Department currently has a staff of 13.

It draws up an auditing programme each year that is discussed and approved by the Audit Committee. In addition to a detailed list of assignments planned for the current year, this programme contains a summary of the departments and functions that have been audited over the past four years and of those for which a review is scheduled.

This programme is also discussed with the Independent Auditors.

A separate report is drafted for each area audited. The Executive Committee's view on each item is included in the report, along with a deadline for implementing the recommended steps. At its meetings the Audit Committee deals with the Internal Auditing Department's reports in the presence of the chief internal auditor and resolves to take additional measures when necessary. The Chief Internal Auditor is asked to attend the meetings of the Audit Committee and even in some cases to meetings of the Board of Directors. The Chairman of the Board of Directors or of the Audit Committee may assign special tasks to the Chief Internal Auditor.

The Independent Auditors draw up an auditing plan for each financial year and submit it to the Audit Committee for discussion and implementation. The 2016 auditing plan was presented to the Board Committee at its meeting on 29 August 2016. The Audit Committee meets regularly with representatives of the Independent Auditors.

Description of the risk control and management system

See pages 60 to 62 of this Report.

1) FINMA Circular 2008/24 will be replaced on 1 July 2017 by FINMA Circular 2017/01 (margin notes 85 et seq on internal auditing).

4. Executive Committee

On 31 December 2016, the Executive Committee was comprised of seven¹⁾ members appointed by the Board of Directors. It holds weekly meetings. In 2016 it met 37 times. On average Board meetings last half a day. Resolutions are passed by an absolute majority of the members present, provided they form a quorum. In the event of a tie, the Chairman has the casting vote. The Executive Committee's resolutions may also be passed by circular as prescribed in the Bylaws (art. 3.4.1.3 (3)). Minutes are taken at the meetings of the Executive Committee; they are duly numbered and signed by the Secretary. Each meeting follows an agenda that covers the full range of the Bank's operations.

Each of the Bank's departments is placed under the supervision of a member of the Executive Committee. After each meeting these members inform their staff on any major developments that have occurred in their area of responsibility.

The members of the Executive Committee receive documents and statistics issued weekly, monthly, quarterly or every six months by the departments and groups concerned. These include settlements comparing actual business performance with the budget, the financial statements of the various entities forming the Edmond de Rothschild (Suisse) SA Group, a report on risks noting market, interest rate and counterparty risks, the level of shareholders' equity and risks of a legal, compliance and reputational nature (cf. compliance). The Executive Committee can also rely on the supervision and monitoring facilities described in section 3.7 above. These facilities are honed year after year to enhance their effectiveness.

The Executive Committee has set up the following committees: a Private Banking Management Committee; an Operational Management Committee; an Asset Allocation Strategy Committee; a Compliance Committee; a Risks Committee; a Credit Committee; an Asset & Liability Management Committee; an Account Opening Committee and an Ethics Committee.

Minutes are taken at the meetings of these committees. A copy of these minutes is remitted to each member of the Executive Committee as well as to Internal Auditors.

Employees, internal auditors and external advisers or experts may also be invited to the meetings of the Executive Committee when their help is needed. However, these persons may only participate in an advisory capacity.

1) From 4 January 2017 one of its members, Luca Venturini, will be replaced by Martin Liebi (whose career summary can be found in the Contacts indicated on p. 38).

4.1. Members of the Executive Committee

Emmanuel Fievet

Chairman, Belgian, 1969
Chief Executive Officer

Education / training

1993 B.S. in applied economics Université Catholique de Louvain

Career Summary

1994-2000 Vice-President JP Morgan-London, EMEA Region
2000-2005 Managing Director Citigroup London, EMEA Region
2005-2008 Managing Director UBS Wealth Management, London UK Domestic
2008-2014 Managing Director Barclays Wealth and Investment Management, London/Geneva, EMEA & UK Markets

Present duties

Since 1/05/2014 CEO Edmond de Rothschild (Switzerland) SA & Head of International Private Banking and Chairman of the Executive Committee of Edmond de Rothschild (Suisse) SA

Since 1/05/2014 Member of the Executive Committee of the Edmond de Rothschild Group

Directorships

Since 27/10/2014 Chairman of the Board of Directors of Edmond de Rothschild (UK) Limited
Since 1/12/2014 Member of the Board of Directors of Edmond de Rothschild Private Equity, Luxembourg
Since 14/12/2014 Chairman of the Board of Directors of Edmond de Rothschild (Israel) Ltd.
Since 18/05/2015 Chairman of the Board of Directors of Edmond de Rothschild (Monaco)
since 20/07/2016 Chairman of the Board of Directors of Edmond de Rothschild (Europe) S.A.
since 13/10/2016 Member of Supervisory Board of Edmond de Rothschild Asset Management (France)

Luca Venturini¹⁾

Deputy Chief Executive Officer, Italian, 1968
Head of Private Banking

Education / training

1997 Master's degree in Marketing and Management at Middlesex University Business School – London

1999 Passed the Milan Bar exam

Career Summary

1994-1995 Foreign Markets Marketing Manager for 'Sico Italiana S.r.l.', Tradate (Italy)
1996-1998 Legal Practitioner at Studio Muscolo (Law Firm), Milan (Italy)
1998-2000 Head of the Legal Department, Controlfida (Suisse) SA - Lugano
2001-2003 Head of the Legal Department, Controlfida Management Company Ltd (Ireland)
2000-2003 Director and Chief Legal Officer, Controlfida (Suisse) SA - Lugano
Controlfida Management Company Ltd - Dublin
2003 Financial Controller, Controlfida (Suisse) SA – Lugano (Switzerland)
2003-2005 Head of Operations, Protrust Financial Services Group SA (Suisse)
2005-2007 Head of Desk, Crédit Suisse Private Banking (Suisse)
2007-2011 Head of Branch and Head of Private Banking, Banca Sarasin & C. Ltd - Lugano
2011-2014 CEO Head of Private Banking, Edmond de Rothschild-(Lugano) SA

Present duties

Since 1/08/2014 Deputy Chief Executive Officer
Head of Private Banking
1999 Chairman of the Board of Directors of Edmond de Rothschild (Bahamas) Ltd.
Chairman of the Board of Directors of Edmond de Rothschild (Lugano) S.A.
Member of the Board of Directors of Edmond de Rothschild SGR SpA Milano
Member of the Board of Directors of Conseil de Fondation de Prévoyance de Edmond de Rothschild

1) until 31 December 2016. From 4 January 2017 he will be replaced by Martin Liebi, Deputy CEO (whose career summary can be found in the Contacts indicated on p. 38).

Sabine Rabald

Member, Swiss, 1969
Deputy Chief Executive Officer
Group CAO and COO

Education / training

1986-1989 Commercial apprenticeship, Federal Certificate of Capacity in business - Société de Banque Suisse, Geneva

Career Summary

1990-1995 Société de Banque Suisse, Genève
Cash management (one year)
Back office derivative currencies (two years) and Middle office
Société de Banque Suisse, Zurich
Back office derivative securities (two years)

1995-2014 Edmond de Rothschild Asset Management (Suisse) S.A., Geneva;

1995-1997 Back-office employee

1998-2007 Head of Back office and Control

2007-2013 Head of Control and Compliance

2014 Chairwoman of the Executive Committee and Head of Administration, Control and Compliance Department

Present duties

since Deputy Chief Executive Officer, CAO
1/10/2014 Member of Executive Committee of Edmond de Rothschild (Suisse) SA, Geneva

since Group COO
1/10/2015 Member of the Group Executive Committee

Directorships

Since 2014 Member of the Board of Directors of:
Edmond de Rothschild Private Equity SA
Compagnie Benjamin de Rothschild Conseil SA

Since 2015 Member of the Board of Directors of:
Compagnie Benjamin de Rothschild Management (Luxembourg) SA
Edmond de Rothschild (UK) Ltd.
Edmond de Rothschild (Europe) S.A.
Edmond de Rothschild (Monaco) S.A.
Edmond de Rothschild Securities (UK) Ltd.

2015-2016 Member of the Board of Directors of:
Edmond de Rothschild (Lugano) SA
Edmond de Rothschild (Bahamas) Ltd.

Since 2016 Member of the Board of Directors of Finhub SA

Yves Aeschlimann

Member, Swiss, 1967
Senior Vice-President
Head of Legal and Compliance

Education / training

1993 LLM, University of Geneva

1996 Admitted to the Geneva Bar

Career Summary

1996-1999 Admitted to the Geneva Bar

1999-2000 Clerk, Canton of Geneva Trial Court

2001-2009 Investigating Magistrate, Canton of Geneva Criminal Justice Department

2010-2012 Senior Financial Sector Specialist in Financial Market Integrity for the World Bank, Washington DC

Present duties

Since 2013 Senior Vice-President, Head of Group Compliance and Legal and member of the Executive Committee of Edmond de Rothschild (Suisse) SA

Since Member of the Executive Committee
1/05/2014 of the Edmond de Rothschild Group

Directorship

Member of the Board of Directors of Edmond de Rothschild (Bahamas) Ltd.

Cynthia Tobiano

Member, French, 1976
Senior Vice-President
CFO

Education / training

1994-1996	Private preparatory institute for higher teaching exams, (IPESUP) de Paris
1996-2000	MBA, Ecole Supérieure des sciences économiques et commerciales de Paris (ESSEC)
1998	Brandeis University, Boston

Career Summary

2000-2003	Goldman Sachs, London, M&A team-analyst
2003-2006	Goldman Sachs, Paris, Associate, M&A team
2006-2011	Goldman Sachs, VP M&A team
2011-2013	Edmond de Rothschild France, CFO and Member of the Executive Committee

Present duties

Since 2013	Edmond de Rothschild Group and Edmond de Rothschild (Switzerland) S.A., CFO Member of the Executive Committee of the Edmond de Rothschild Group and Edmond de Rothschild (Suisse) S.A. Member of the Board of Directors and the Audit and Risk Committee of: <ul style="list-style-type: none">- Edmond de Rothschild (UK) Limited- Edmond de Rothschild (Monaco),- Edmond de Rothschild (Europe) and- Edmond de Rothschild (Israel) Ltd.
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Directorships

Compagnie Benjamin de Rothschild Conseil SA (Switzerland)
Edmond de Rothschild Private Equity SA (Luxembourg)
Edmond de Rothschild Buildings Boulevard Limited (Israel)
Member of the Supervisory Board of the Audit Committee of Edmond de Rothschild Asset Management (France)
LCFR UK PEP Limited (United Kingdom)

Emanuela Bonadiman

Member, Italian, 1963
Head of Human Resources

Education / training

1982	High school diploma, Brussels International School (Belgium)
1987	Bachelor's degree in Modern Languages - University of Mons Translation and Interpreting School (Belgium)
1989	Master's degree in Politics - University of Louvain (Belgium)
1998-2015	Specialising in process re-engineering, change management, Six Sigma, functional transformation of human resources, and management-level coaching

Career Summary

1990-1994	BMW Italy, recruitment of management-level and L&D staff
1994-1996	Verona office, headhunter
1997-2001	Trane (international division), Head of Human Resources, appointed VP in 1999
2001-2006	American Standard Inc., VP Human Resources, Operations and Distribution division
2006-2009	Arrow Electronics Inc., 2006 VP Human Resources EMEA
2007-2009	VP Human Resources EMEASA
2009-2010	Levi Strauss & Co VP Human Resources LSEMEA
2010-2011	VP Global Talent Management
2011-2013	Gucci, Worldwide Human Resources VP
2013-2015	Kering, Worldwide Talent Management Director

Present duties

Since 2015	SR VP Human Resources, Edmond de Rothschild (Suisse) S.A. and the Edmond de Rothschild Group
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Directorships

2012	Member of the Board of Directors of Gucci SpA
2012-2015	Member of the Board of Directors of Datalogic SpA

Jean-Christophe Pernollet

Member, French, 1966
Senior Vice-President

Education / training

1986	Bachelor's degree, Institute of Political Studies - Grenoble (France)
1987	Institute of European Studies, University of Hull (UK)
1990	Master in Management – EDHEC Business School (France)
1998	US CPA
2002	Senior Executive Program, Columbia Business School, New York

Career Summary

1990-1993	Deloitte & Touche, Paris
1993-1997	PricewaterhouseCoopers, Geneva (Switzerland)
1997-1999	PricewaterhouseCoopers New York, USA
1999-2010	PricewaterhouseCoopers, Geneva (Switzerland) - Partner from 2001
2005-2010	PricewaterhouseCoopers, Geneva - Partner and office lead
2010-2012	EFG International AG, CFO Member of the Board of Directors, Audit and Risk Committees of EFG Private Bank Limited – London
2012-2013	CFO of the Edmond de Rothschild Group
2014-2015	Head of Internal Audit of the Edmond de Rothschild Group

Present duties

Since 2015	Chief Risk Officer, Edmond de Rothschild (Suisse) S.A. and Chief Risk Officer, the Edmond de Rothschild Group, Member of the Executive Committee of Edmond de Rothschild (Suisse) S.A. and the Edmond de Rothschild Group
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Directorships

Since 2014	Board member Edmond de Rothschild Personnel Welfare Foundation Chairman since 2015
Since 2015	Chairman of the Board of Directors of Edmond de Rothschild Real Estate SICAV (ERRES)
Since 2015	Member of the Board of Directors and Chairman of the Audit and Risk Committee of Edmond de Rothschild Asset Management (Suisse) S.A.
Since 2015	Member of the Board of Directors of Edmond de Rothschild (UK) Ltd.
Since 2014	Member of the Board of Directors of Swissquote Bank
Since 2015	Member of the Board of Directors of Swissquote Holding; Chairman of the Group Audit and Risk Committee

4.2. Other activities and vested interests

The members of the Executive Committee have no other activities or vested interests within the meaning of art. 4.2. of the SIX Exchange Regulation Guidelines on Corporate Governance except those described in section 4.1.

4.3. Provisions relating to the number of positions that may be held (art. 12 para. 1 subpara. 1 OaEC)

As required in art. 12 para. 1 subpara. 1 of OaEC, the Articles of Association of Edmond de Rothschild (Suisse) SA contain a provision (art. 23bis) on the maximum number of offices that members of the Executive Committee may hold in other companies and organisations.

Thus, within the limits permitted by Swiss banking regulations and with the consent of the Board of Directors, members of the Executive Committee may hold up to three offices in the senior management and supervisory bodies of other legal entities. Offices held in legal entities under joint control are deemed to constitute a single office for the purposes of this provision.

It should be noted that under the aforementioned provision of the Articles of Association, a company shall not be deemed another legal entity within the meaning of this provision, and shall therefore not be taken into account in calculating the above-mentioned maximum number of offices, if:

1. it controls the Bank directly, indirectly or in concert with other parties or is controlled by the Bank; or
2. it is under no obligation to register with the Registrar of Companies or with a similar authority abroad; or
3. the office is held at the request of the Bank or a legal entity controlled by the Bank directly or indirectly.

4.4. Management contracts

No such contracts exist at Edmond de Rothschild (Suisse) SA

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents":
<http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>

5. Remuneration, profit-sharing and loans

In accordance with the Ordinance against Excessive Compensation (OaEC), Edmond de Rothschild (Suisse) S.A. publishes the required information on the remuneration of its Board of Directors and Executive Committee in its Pay Report (p. 117).

6. Shareholders' rights

6.1. Limitation and representation of voting rights

6.1.1 Provisions of the Articles of Association limiting voting rights

Owners of registered shares may exercise their voting rights if their names have been entered in the share register (art. 6 (4) and art. 14 (1) of the Articles of Association). Para. 5 et seq of art. 6 of the Articles of Association indicate the grounds on which the Board of Directors may refuse to enter the name of a shareholder in the share register (see also section 2.6). Unless the approval needed to transfer registered shares has been given by the Board of Directors, the membership rights attaching to such shares shall remain vested in the shareholder whose name appears in the share register (art. 6 (9) of the Articles of Association and art. 685c (2) of the Code of Obligations).

The Articles of Association do not contain any restrictions on the voting rights attaching to bearer shares. Holders of bearer shares may exercise their voting rights at the General Meeting simply by producing such shares or in any other manner prescribed by the Board of Directors (art. 14 (3) of the Articles of Association).

6.1.2 Provisions of the Articles of Association limiting the voting rights of institutional representatives

The Articles of Association do not contain any restrictions on the voting rights of institutional representatives.

6.1.3 Grounds for allowing exceptions during the reporting year

As mentioned in section 2.6.2, no exceptions to the restrictions on transferring registered shares were granted in 2014.

6.1.4 Procedure and conditions for abolishing restrictions on voting rights

The procedure and conditions for abolishing restrictions on transferring registered shares are indicated in section 2.6.4.

6.1.5 Provisions of the Articles of Association on participating in General Meetings

Shareholders who own registered shares may only be represented at General Meetings by another owner of registered shares who has received a written proxy card or by the Independent Proxy (art. 14 (2) of the Articles of Association).

6.1.6 Instructions to the Independent Proxy and online voting

The Articles of Association contain no rules on giving instructions to the Independent Proxy and no provisions on online voting for General Meetings.

6.2. Quorums

Annual General Meetings are deemed validly held when over half the shares are represented. In cases where this quorum is not achieved, a second meeting may be convened with the same agenda (cf. art. 15, para. (2) of the Articles of Association). The second meeting may not take place until at least 30 days have elapsed and it will be deemed validly held regardless of the number of shares represented. This must be mentioned in the notice (art. 15 para. (3) of the Articles of Association).

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents"
www.edmond-de-rothschild.ch / Investor Relations / General Information - Legal Documents

6.3. Notice of Annual General Meetings

The rules pertaining to notices of AGMs are set forth in articles 11, 12 and 31 of the Articles of Association, which draw on the provisions of the Swiss Code of Obligations.

6.4. Items on the agenda

The rules pertaining to agendas and deadlines are set forth in articles 11 and 12 of the Articles of Association, which draw on articles 699 et seq of the Swiss Code of Obligations.

Article 11 of the Articles of Association

General Meetings shall be convened by the Board of Directors and, if necessary, by the Auditors, the liquidators or the representatives of bondholders.

One or more shareholders together representing at least 10 per cent of the capital stock may also request that a General Meeting be convened.

Shareholders representing shares with a total par value of CHF 1 million may request that an item be included in the agenda.

Convocations and inclusion of items in the agenda must be requested in writing, mentioning the topics of discussion and proposals.

Article 12 (1) and (2) of our articles of incorporation*

General Meetings shall be convened at least 20 days prior to the date on which they are to be held, in accordance with the procedures provided in article 31 on the Company's notices.

Items included in the agenda must be referred to in the notice of the General Meeting, together with the proposals of the Board of Directors and the shareholders who requested the convocation of the meeting or the item's inclusion.

6.5. Entries in the share register

In accordance with Company practice, the deadline for entering unlisted registered shares falls on the day the AGM agenda is notified.

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents"
www.edmond-de-rothschild.ch / Investor Relations / General Information - Legal Documents

7. Take-overs and defensive measures

7.1 Obligation to tender an offer

The Bank has included in art. 6 (3) of its Articles* of Association a clause providing that bidders are not required to make a formal take-over bid pursuant to articles 135 and 163 of the 19 June 2015 Financial Market Infrastructure Act.

7.2. Clauses relating to take-overs

No member of the Bank's senior management (Board of Directors, Executive Committee and other senior officers) has signed a contract protecting him/her from a transfer of control by the Bank.

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents": <http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>

8. Independent Auditor

8.1. Duration of the Auditors' mandate and of the Chief Auditor's term of service

Since 1982 PricewaterhouseCoopers SA, Geneva, has audited the parent company financial statements of Edmond de Rothschild (Suisse) SA, Geneva. The financial statements of the Edmond de Rothschild (Switzerland) Group are also audited by PricewaterhouseCoopers SA; Beresford Caloia has served as Chief Auditor for our account since 2012.

8.2. Auditing fees

Edmond de Rothschild (Suisse) SA paid a total of CHF 3,278,000 in auditing fees, VAT included, to PricewaterhouseCoopers SA Geneva, within the meaning of provision 8.2 of the Guidelines on Corporate Governance.

8.3. Additional fees

Edmond de Rothschild (Suisse) SA paid a total of CHF 2,520,000 in additional fees, VAT included, within the meaning of provision 8.3 of the Guidelines on Corporate Governance.

8.4. Consultation with the Independent Auditors

PricewaterhouseCoopers SA draws up an auditing plan each year. It drafts one report on its review of the annual financial statements and another on its prudential audit. The auditor in charge of our account discusses these reports with the Audit Committee. The auditing plan was presented to the Board Committee at its meeting on 05 December 2016. The Independent Auditors' findings in respect of the annual financial statements were presented and discussed with the Audit Committee and the Board of Directors at their respective meetings in March.

The Independent Auditors have access to the Audit Committee at all times, as well as to the Executive Committee and to the Internal Auditing Department, all of whom they meet with regularly.

PricewaterhouseCoopers SA is hired on an annual basis. The company's qualifications, performance and fees are assessed each year by the Audit Committee or the Board of Directors.

As required by FINMA, the auditor in charge of our account is replaced every seven years.

9. Information policy

Edmond de Rothschild (Suisse) S.A. informs its shareholders, potential investors, employees and the general public as fully and transparently as possible, including through its annual reports, press releases, press conferences and interviews with the specialist press and financial analysts, as well as at general meetings of its shareholders and on its website: www.edmond-de-rothschild.ch, under the heading "Investor Relations".

Details on risk management and on the calculation of consolidated shareholders' equity are also available on the Bank's website, at www.edmond-de-rothschild.ch, under the heading "Investor Relations / Financial Information & Pillar 3".

Events and calendar

9 March 2017

Publication of the Bank's 2016 results

6 April 2017

Publication of our 2016 Annual Report

7 April 2017

Publication of the notice of the Annual General Meeting of shareholders and agenda in the FOSC (full text), le Temps, L'Agefi, the Neue Zürcher Zeitung and Finanz und Wirtschaft (summarised editions)

2 May 2017

Annual General Meeting of shareholders in Geneva, at the Château de Pregny.

30 August 2017

Publication of our semi-annual 2017 results

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under the heading
"Investor Relations/ General Information"

Financial Report

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Key figures

Edmond de Rothschild (Suisse) SA Group

(in CHF '000)	2016	2015	Change	
			(in %)	
Consolidated profit and loss account				
Interest income, net	52'411	27'996	24'415	87,2
Fee and commission income, net	444'348	464'744	(20'396)	(4,4)
Results of trading operations and statements of fair value	101'581	93'218	8'363	9,0
Operating expenses (personnel costs and overheads)	(535'030)	(513'813)	(21'217)	4,1
Operating income	59'006	69'425	(10'419)	(15,0)
Net income	63'321	56'033	7'288	13,0
Profitability				
% return on equity (net profit / average shareholders' equity) ¹⁾	5,3	4,6	-	-
% return on assets (net income/average assets)	0,4	0,3	-	-
Shares (in CHF)				
Earnings per bearer share after deducting portion due to minority interests	588	531	56	10,6
Earnings per registered share after deducting portion due to minority interests	118	106	11	10,6
In CHF '000				
Consolidated Balance sheet				
Due from banks	736'666	858'343	(121'677)	(14,2)
Advances to customers	2'795'557	2'444'346	351'211	14,4
Due to banks	471'349	187'262	284'087	151,7
Customer deposits	14'384'580	14'654'313	(269'733)	(1,8)
Shareholders' equity	1'260'617	1'259'503	1'114	0,1
Balance sheet total	16'670'571	16'622'674	47'897	0,3
Basel III CET1 ratio (%)	25,7%	31,1%	-	-
Basel III total equity ratio (%)	25,7%	31,1%	-	-
Liquidity coverage ratio (%)	181,8%	181,2%	-	-
Leverage ratio (%)	6,3%	6,7%	-	-
Assets under management (in millions of CHF)				
Total assets under management (includes double reporting)	118'138	114'845	3'293	2,9
<i>including double reporting</i>	6'287	7'352	(1'065)	(14,5)
<i>+/- net inflow/outflow of fresh funds</i>	1'655	8'203	(6'548)	(79,8)
Group personnel (number of employees)				
Average number of employees	1'821	1'754	67	3,8
- in Switzerland	818	766	52	6,8
- abroad	1'003	988	15	1,5
Total number of employees at year-end	1'776	1'771	5	0,3
Number of employees at year-end, converted into full-time jobs	1'731	1'719	12	0,7

¹⁾ Including Group net income before payment of dividend by parent company and minority interests.

Report of the Directors

to the shareholders on the consolidated accounts of Edmond de Rothschild (Suisse) S.A. at the General Meeting on 2 May 2017

Dear Shareholders,

2016 was mainly highlighted by the electoral surprises in the UK and the US, but also by terrorism, the migrant crisis and worries about economic growth in China. The markets were rattled by these political, geopolitical and macroeconomic developments throughout the reporting year.

Despite these turbulent conditions the assets under management of the Edmond de Rothschild (Suisse) S.A. group grew by CHF 3.3 billion to an all-time record of CHF 118.1 billion at 31 December 2016, up 2.9% on the year-earlier figure. This increase included a net inflow of new money amounting to CHF 17 billion (up 1.5% from the level of assets at end-2015) and favourable market and currency effects totalling CHF 1.6 billion (up 1.4% from the level of assets at end-2015). The fine showing for net new money was mainly made possible by the increase in assets under management in Europe and Asia, two major axes of growth for our private and institutional clienteles.

As a wealth manager with a stable, family-controlled shareholder base, our Bank is able to face the challenges that lie ahead of us and continue to strive for excellence while constantly adapting our organisational structure to the changes that are reshaping our industry. 2016 marked a new step forward in the strategy of the Edmond de Rothschild group aimed at strengthening the positioning of our entities, including Edmond de Rothschild (Suisse) S.A., in investment management. This three-pronged strategy is designed to:

- Focus efforts and investments with a view to better serving our clients in selected markets, where Edmond de Rothschild can provide them the very best of what we have to offer. It was in this spirit that Edmond de Rothschild (Suisse) S.A. sold its Nassau subsidiary in 2016 and redefined the way we intend to serve our clients in Hong Kong and the UK to the best of our ability. These moves were necessary to return to profitable growth and enable us to concentrate on the markets where we have the strongest competitive advantages. They complete our regional refocus.
- Invest in new expertise to enrich the “typicity” of our products, solutions and know-how. Clients come to Edmond de Rothschild seeking investment vehicles and themes with high added value. In 2016 our Group launched a number of niche private equity funds that genuinely reflect the Edmond de Rothschild brand, and we are proud of the remarkable ranking

we achieved in Swiss real estate management (our ERRES property SICAV was voted best Swiss real estate fund by Thomson Reuters Lipper for its three-year performance).

- Better integrate all our expertise, most notably as an agile asset manager with proprietary convictions providing full, close-knit support to our relationship managers. This stepped-up collaboration between our business segments—private banking, asset management, fund services, private equity and corporate finance—is meant to reinforce our synergies and generate innovative investment solutions for our institutional and private clients.

Edmond de Rothschild (Suisse) S.A. operates intensively in Geneva, Fribourg, Lausanne and Zurich, where our agency last year again demonstrated the strength of its sales force with almost CHF 200 million of net new money. Our Lugano subsidiary, converted into a branch in the first half of the reporting year, continued to grow. It had CHF 5.2 billion of assets under management at end-2016, with a positive inflow of client funds.

Edmond de Rothschild (Suisse) S.A. is expanding its occupational benefits offering in association with the Tellco Prévoyance SA group. Together we have launched a joint pension fund management scheme for companies of all sizes throughout Switzerland.

At the same time, Edmond de Rothschild (Suisse) S.A. is upgrading its IT system with the acquisition of an Avaloq core-banking platform that is meant to enhance the quality of our customer service. The project is well under way, with the go-live date set for early summer 2017 in Switzerland followed by a gradual phase-in throughout the group’s international network.

This network also boasted solid performances in 2016.

In Monaco our Edmond de Rothschild (Monaco) subsidiary achieved very good results. Thanks to dynamic business development and recruiting, assets under management rose 12% last year to EUR 7.8 billion, with net new money totalling over EUR 1 billion. The subsidiary contributed EUR 15.8 million to consolidated net profit, up 9% on the previous year’s level.

Edmond de Rothschild (Europe), our Luxembourg subsidiary, pursued its strategy of growing its private banking, asset management and fund services businesses.

The bank's senior management led by Bernard Coucke was beefed up last year, especially the private banking team, with the arrival of Bruno Carboni and Pierre Voos as Chief Administrative Officer (CAO).

Business in Luxembourg also progressed well in 2016. Client funds grew nearly 12% to EUR 63 billion, largely driven by the contribution of our Asian partners. The subsidiary posted a consolidated profit of EUR 28.6 million, up more than 15%.

During the reporting year, the name Edmond de Rothschild (Europe) was cited in connection with a possible fraud involving 1MDB, an investment fund. The Bank is cooperating fully with the judicial authorities in this case by responding to all their requests in accordance with existing Luxembourg legislation. Moreover, as a regulated entity the Bank is likewise fully cooperating with its financial regulator, the Commission de Surveillance du Secteur Financier, and the other supervisory authorities involved in this matter. The Bank is asserting its rights in these proceedings. To allow for the possible financial consequences, our Luxembourg subsidiary allocated provisions in accordance with the applicable accounting principles on the basis of the information available at the date the 2016 financial statements were finalised, taking account of the progression of the regulatory and legal proceedings.

Private banking also saw continuing business development at Edmond de Rothschild (Europe)'s branches in Belgium, Spain and Portugal.

Israel

The results presented below include the private banking and asset management businesses of Edmond de Rothschild (Israel) Ltd, formerly owned by Edmond de Rothschild (France). This entity has roughly fifty employees.

United Kingdom

Our London subsidiary focuses on leading-edge expertise with a large measure of "typicity" such as financing infrastructures, managing funds of hedge funds and advising companies. These are all areas in which we are well known.

Roundup of consolidated results

During the reporting year the Edmond de Rothschild (Suisse) S.A. group attracted nearly CHF 1.7 billion of net new money. This brought assets under management to CHF 118.1 billion at 31 December 2016, up from CHF 114.8 billion the previous year, marking a new record high.

Consolidated revenue totalled CHF 655 million, up almost 3%. This increase was mainly due to the consolidation of our Israeli entity and to the buoyancy of asset-liability management, reflecting the growth of credit business, the success of our link-ups (particularly in asset management) and the volatile market conditions observed in 2016. The growth of assets under management in the Group's core markets enabled us to contain the erosion of our margins.

Net interest income jumped nearly CHF 24 million, or 87%, compared with the previous year. This increase reflects the better results achieved in cash management and higher interest spreads, chiefly thanks to higher US dollar rates and a larger volume of credit business. Interest income on our bank book was also up.

Fee and commission income fell 4.4% to CHF 444.3 million from CHF 464.7 million in 2015. This decline reflects a less buoyant asset mix, narrower margins both in private banking and asset management and, to a lesser extent, a smaller contribution from performance fees collected on certain lines of investment funds. Bucking this trend, asset servicing fees powered ahead nearly 9%.

Results of trading operations totalled CHF 101.6 million, up 9% on the year-earlier level of CHF 93.2 million. The increase stemmed from heavier volatility in currencies during the reporting period.

Other ordinary results came to CHF 57.1 million, up 10.5% on the 2015 level, mainly due to the larger income generated by services rendered to other Edmond de Rothschild group entities.

The gross profit margin edged down from 57.5 basis points to 56 basis points in 2016.

Operating expenses rose 4.1% to CHF 535 million, reflecting the integration of Edmond de Rothschild (Israel) and the investments needed to grow the Group. Excluding changes to the scope of consolidation, expenses were up only 1% compared with their 2015 level. On this same basis personnel expenses were nearly flat (+0.7%), in line with the average headcount (1,821 at end-2016 versus 1,754 at end-2015) and despite the adverse impact of restructuring costs in Hong Kong and the UK. Other operating expenses rose 2.4% based on an unchanged scope of consolidation.

Gross profit amounted to CHF 120.4 million, marking a drop of 2.7% compared with the 2015 figure (CHF 123.8 million).

Valuation adjustments on holdings and depreciation of fixed and intangible assets totalled CHF 38 million, down 18% compared with the previous year.

Changes in the level of provisions, other valuation adjustments and losses came to CHF 23.4 million, as against CHF 8 million in 2015. These adjustments mainly concerned provisions for legal risks relating to the pending litigation involving Edmond de Rothschild (Europe) Luxembourg, along with a release of provisions for deposit guarantees at Edmond de Rothschild (Europe) and the release of provisions no longer required for operating purposes at Edmond de Rothschild (Monaco).

Operating profit

The foregoing profit-and-loss-account items resulted in an operating profit of CHF 59 million, down 15% compared with the year-earlier level of CHF 69.4 million.

Extraordinary income worked out to CHF 19.9 million, marking an increase versus the 2015 figure (CHF 6.1 million). This primarily included the profit on the sale of our Bahamas subsidiary and the release of a provision for taxes that was no longer necessary.

Extraordinary expenses totalled CHF 3.6 million, compared with CHF 0.3 million in 2015. They included a capital loss on the sale of Edmond de Rothschild Holdings C.I. Ltd, Guernsey, a tax charge arising from the implementation of the bank tax in Belgium and certain restructuring costs in the UK and Hong Kong.

CHF 7.9 million was released from these reserves for general banking risks in 2016, following an allocation of CHF 2.6 million the previous year.

Taxes came to CHF 19.9 million, as against CHF 16.6 million in 2015.

The foregoing items (after taking account of minority interests) lead to a consolidated net profit of CHF 63.3 million, up CHF 7.3 million (13%) compared with the 2015 level.

Balance sheet review

The consolidated balance sheet total stood at CHF 16.7 billion at end-2016, as against CHF 16.6 billion the previous year.

Current assets including cash, bank deposits, claims arising from securities financing, loans to customers, mortgage bills and claims arising from securities and precious metals trading totalled CHF 14.4 billion, down 3.7% compared with the year-earlier level.

Positive replacement values of derivative instruments totalled CHF 216.3 million versus CHF 130.4 million in 2015.

Financial investments amounted to CHF 1.476 billion, a 47% increase compared with CHF 1.004 billion in 2015.

Adjustment accounts totalled CHF 155.2 million, compared with CHF 116.7 million the previous year.

On the liabilities side, sums due to banks and customers amounted to CHF 14.9 billion, compared with CHF 14.8 billion in 2015, and represented 89% of the balance-sheet total.

Reserves for general banking risks totalled CHF 233.7 million, down 4.5% from their year-earlier level of CHF 244.7 million.

Prior to the dividend payout, Group capital and reserves stood at CHF 1.3 billion, representing 8% of the balance sheet total.

Capital ratio

The Edmond de Rothschild (Suisse) S.A. group continues to boast a healthy, liquid balance sheet. This, combined with conservative risk management, resulted in a consolidated capital ratio of 25.7% at end-December 2016, well above the 12% legal minimum. Surplus shareholders' equity amounted to nearly CHF 578 million.

Outlook for 2017

At the global level, central banks have shown that they are hard at work and still prepared to take their policies a step further. In addition to this monetary support, the G20 governments have committed themselves to using fiscal stimulus to spur economic growth. Last but not least, OPEC members recently came to an agreement to reduce their oil production. These factors should rekindle inflation in both the short and long term. Yet geopolitical uncertainties remain and coming elections, particularly in Europe, could limit the beneficial impact of budget policies on private investment. Moreover, while inflation may be a sign of healthier markets, an upturn in productivity will be needed to prevent rising prices from eating into purchasing power and to curb the negative repercussions of population ageing.

Caution will again be required in 2017. The Bank must maintain a guarded approach and continue to adapt to its changing environment. We will concentrate on playing up our areas of expertise, on pursuing the implementation of our new IT platform and on generating more synergies between our various business segments with a view to always better serving clients.

Backed by our family-controlled shareholder base and a healthy, rock-solid balance sheet, Edmond de Rothschild remains committed to pursuing excellence, human values and a long-term vision rooted in socially responsible capitalism. These strengths will enable us to rise to the challenges that 2017 will bring and turn them into opportunities to create value for the benefit of our clients.

The Board of Directors

Report of the statutory auditor

to the General Meeting on the consolidated financial statements 2016

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Edmond de Rothschild (Suisse) SA, which comprise the balance sheet, profit and loss account, level of shareholders' equity and the cash flow statement for the year ended 31 December 2016, and notes, including a summary of significant accounting policies.

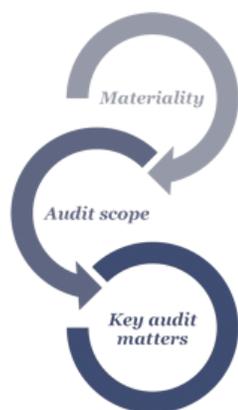
In our opinion, the consolidated financial statements (pages 49 to 86) give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the provisions of the accounting rules for banks (ARB) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit approach



- › Overall materiality: CHF 2,950,000
- › We concluded full scope audit work at ten Group companies in seven countries.
- › Our audit scope addressed over 88.4% of earnings before taxes and 98.7% of total assets.
- › As a key audit matter, the following area of focus was identified:
 - Provisions for legal risks

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group owns three banks, located in three different countries, as well as several investment companies in Switzerland and abroad. In these circumstances, as Group auditor, we performed an audit at the parent company and provided audit instructions to the local auditors of nine Group companies located in seven countries. The local auditors performed financial audits and reported to us the results of their work. We confirmed the quality and the scope of the work performed by the local auditors by examining in detail their final reports addressed to us, holding discussions with the auditors of the most significant Group companies and reviewing the working papers relating to areas requiring significant judgement. For the Group companies not covered by our audit instructions, we performed various procedures at Group level, including in particular analytical reviews, in order to verify that any potential risk of error had been identified and addressed. We checked the consolidation entries, including in particular the adjustments required to effect the transition from local accounting standards to the Group accounting principles and the elimination of intragroup transactions. Finally, we checked that the consolidated financial statements complied with the provisions of ARB and with Swiss law.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and

in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 2,950,000
How we determined it	5% of the operating income (rounded)
Rationale for the materiality benchmark applied	We chose operating income (i.e. earnings before taxes, extraordinary income and changes to reserves for general banking risks) as a benchmark. In our view, it is the benchmark against which the performance of the Group is commonly measured and it is a generally accepted benchmark in the banking industry.

We agreed with the Audit Committee that we would report to them misstatements above CHF 147,500 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provisions for legal risks

Key audit matter

We focussed on the provisions for legal and regulatory risks because a Group company, Edmond de Rothschild (Europe), has been named in relation to a potential fraud case at the 1MDB fund and is subject to regulatory and legal proceedings that expose it to potentially significant financial consequences.

The assessment of the outcome of current or future litigation and of the likelihood and size of potential associated cash outflows requires judgement to be applied by the Group to determine the level of the provisions needed.

To this end, the Group has conducted its own internal analyses and obtained advice from external legal counsel on the likely outcomes and the financial implications of these regulatory and legal matters. On the basis of these steps, the Group has adjusted the level of the provisions, taking into account the information available as at the balance sheet date.

The situation concerning the provisions for regulatory and legal risks is described in note 14, page 74, in the notes to the consolidated financial statements.

How our audit addressed the key audit matter

We evaluated the Group's assessment of the situation and of the likely developments in the legal and regulatory proceedings involving the Group.

With regard specifically to the proceedings involving the Group company Edmond de Rothschild (Europe) in relation to the 1MDB case, we performed the following specified audit procedures:

- › We obtained letters from the external legal counsels relating to their assessment of the risks and the potential financial consequences. We analysed and evaluated these assessments and discussed them with the legal counsels concerned.
- › We discussed these assessments with the Board of Directors, the Audit Committee and Group's Finance management as well as with the Group's internal Legal department.
- › We checked the analyses performed by the Group, the conclusions of the Group relating to the level of provisions and the information presented in the notes to the consolidated financial statements.

We confirm that the Group's assessment of the provisions for legal and regulatory risks relating to the above-mentioned case takes into account all of the elements available to it as at the balance sheet date.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with accounting rules for banks and the provisions of Swiss law and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- › Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- › Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- › Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or the Audit Committee with a statement that we have complied with relevant requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

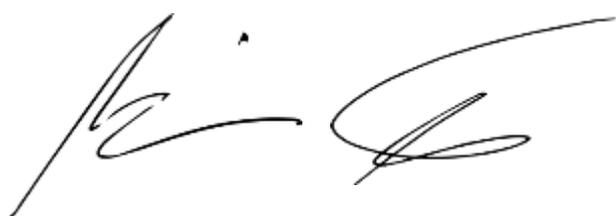
In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers S.A.

Beresford Caloia
Audit expert
Auditor in charge

Alain Lattafi
Audit expert



Geneva, 31 March 2017

Consolidated Balance sheet

at 31 December 2016 (in thousands of CHF)

	Notes	2016	2015	Change	
				(in %)	
Assets					
Cash and other liquid assets	18	7'554'738	6'842'203	712'535	10,4
Due from banks	18	736'666	858'343	(121'677)	(14,2)
Claims arising from securities financing	1,18	3'040'006	4'682'376	(1'642'370)	(35,1)
Due from customers	2,18	2'795'557	2'444'346	351'211	14,4
Mortgage claims	2,18	252'936	106'482	146'454	137,5
Trading book	3,18	2'539	5'350	(2'811)	(52,5)
Positive replacement value of derivative instruments	4,18	216'303	130'436	85'867	65,8
Financial investments	5,18	1'476'055	1'003'731	472'324	47,1
Accrued income and prepaid expenses		155'191	116'661	38'530	33,0
Non-consolidated holdings	6,7	126'764	117'025	9'739	8,3
Fixed assets	8	231'350	215'704	15'646	7,3
Intangible assets	9	43'567	10'279	33'288	323,8
Other assets	10	38'899	89'738	(50'839)	(56,7)
Total assets	11,19,20,22	16'670'571	16'622'674	47'897	0,3
Total subordinated claims		-	-	-	-
- including with an obligation to convert and/or abandon the right		-	-	-	-

Consolidated Balance sheet

at 31 December 2016 (in thousands of CHF)

	Notes	2016	2015	Change	
				(in %)	
Liabilities					
Due to banks	18	471'349	187'262	284'087	151,7
Due on client deposits	18	14'384'580	14'654'313	(269'733)	(1,8)
Negative replacement value of derivative instruments	4,18	208'506	129'741	78'765	60,7
Accrued income and prepaid expenses		214'159	198'883	15'276	7,7
Other liabilities	10	66'311	151'313	(85'002)	(56,2)
Provisions	14	65'049	41'659	23'390	56,1
Reserves for general banking risks		233'653	244'710	(11'057)	(4,5)
Share capital	15	45'000	45'000	-	-
Additional paid-in capital		91'566	97'163	(5'597)	(5,8)
Retained earnings		971'364	970'052	1'312	0,1
Currency reserve		(137'398)	(127'057)	(10'341)	8,1
Own capital stakes		(44'392)	(60'302)	15'910	(26,4)
Minority interests in own capital		37'503	33'904	3'599	10,6
Consolidated profit		63'321	56'033	7'288	13,0
- including minority interests' share in consolidated income		11'598	9'627	1'971	20,5
Total Group capital and reserves		1'260'617	1'259'503	1'114	0,1
Total liabilities	19,22	16'670'571	16'622'674	47'897	0,3
Total subordinated liabilities		-	-	-	-
- including with an obligation to convert and/or abandon the right		-	-	-	-
Off-balance sheet transactions					
Contingent liabilities	2,23	223'078	196'200	26'878	13,7
Irrevocable liabilities	2	101'439	139'883	(38'444)	(27,5)

Consolidated profit and loss account

for the year ended 31 December 2016 (in thousands of CHF)

	Notes	2016	2015	Change	
				(in %)	
Interest and discount income		45'321	29'147	16'174	55,5
Interest and dividend income on trading portfolios		24	27	(3)	(11,1)
Interest and dividend income on financial investments		8'974	4'564	4'410	96,6
Interest payable		(1'870)	(9'206)	7'336	(79,7)
Interest income, gross		52'449	24'532	27'917	113,8
Changes to valuation adjustments for risks of default and losses relating to interest transactions		(38)	3'464	(3'502)	-
Interest income, net		52'411	27'996	24'415	87,2
Commission income on securities and investment activities		622'618	591'662	30'956	5,2
Commission income on lending activities		2'106	2'327	(221)	(9,5)
Commission income on other services		16'858	20'397	(3'539)	(17,4)
Commissions payable		(197'234)	(149'642)	(47'592)	31,8
Fee and commission income, net		444'348	464'744	(20'396)	(4,4)
Results of trading operations and statements of fair value	27	101'581	93'218	8'363	9,0
Proceeds from the sale of financial investments		11'157	480	10'677	2'224,4
Income from holdings		24'909	34'401	(9'492)	(27,6)
- including holdings using the equity method		19'489	24'407	(4'918)	(20,1)
- including other non-consolidated holdings		5'420	9'994	(4'574)	(45,8)
Proceeds from real estate		1'235	1'369	(134)	(9,8)
Other ordinary income		21'520	16'985	4'535	26,7
Other ordinary expenses		(1'766)	(1'615)	(151)	9,3
Other ordinary results		57'055	51'620	5'435	10,5
Personnel expenses	29	(368'344)	(360'888)	(7'456)	2,1
Other operating expenses	30	(166'686)	(152'925)	(13'761)	9,0
Operating expenses		(535'030)	(513'813)	(21'217)	4,1
Value adjustments on holdings and write-downs on fixed and intangible assets	33	(37'954)	(46'297)	8'343	(18,0)
Changes to provisions, other value adjustments and losses	31	(23'405)	(8'043)	(15'362)	191,0
Operating income		59'006	69'425	(10'419)	(15,0)
Extraordinary income	32	19'870	6'054	13'816	228,2
Extraordinary expenses	32	(3'596)	(315)	(3'281)	1'041,6
Changes to reserves for general banking risks	32	7'942	(2'580)	10'522	(407,8)
Taxes	35	(19'901)	(16'551)	(3'350)	20,2
Consolidated profit	34	63'321	56'033	7'288	13,0
- including minority interests' share in consolidated income		11'598	9'627	1'971	20,5

Level of consolidated shareholders' equity

at 31 December 2016 (in thousands of CHF)

	Share capital	Additional paid-in capital	Retained earnings	Reserves for general banking risks	Currency reserve	Own capital stakes	Minority interests	Result for the financial year	TOTAL
Shareholders' equity at 1 January 2016	45'000	97'163	970'052	244'710	(127'057)	(60'302)	33'904	56'033	1'259'503
Employee incentive plan / allocations to reserves	-	-	-	-	-	-	-	-	-
Capital increase/decrease	-	-	-	-	-	-	-	-	-
Other contributions / injections	-	-	1'105	-	-	-	-	-	1'105
Purchase of own capital stakes	-	-	-	-	-	(1'484)	-	-	(1'484)
Sale of own capital stakes	-	-	-	-	-	17'394	-	-	17'394
Profit / (loss) on sale of own capital stakes	-	(5'597)	-	-	-	-	-	-	(5'597)
Forex differences	-	-	-	-	(10'341)	-	(623)	-	(10'964)
Dividends and other distributions	-	-	-	-	-	-	(3'881)	(49'500)	(53'381)
Allocations to/releases from reserves for general banking risks	-	-	-	(11'057)	-	-	1'570	-	(9'487)
Other allocations / (releases) affecting other reserves	-	-	207	-	-	-	6'533	(6'533)	207
Consolidated net income	-	-	-	-	-	-	-	63'321	63'321
Shareholders' equity at 31 December 2016	45'000	91'566	971'364	233'653	(137'398)	(44'392)	37'503	63'321	1'260'617

Consolidated cash flow statement

at 31 December 2016 (in thousands of CHF)

	2016			2015		
	Source of funds	Application of funds	Balance	Source of funds	Application of funds	Balance
Operating cash flow (internal financing)						
Consolidated net income	63'321	-		56'033	-	
Reserves for general banking risks	-	11'057		2'581	-	
Value adjustments on holdings and write-downs on fixed and intangible assets	37'954	-		46'297	-	
Provisions and other value adjustments	-	3'567		-	61'900	
Changes to valuation adjustments for risks of default and losses	26'957	-		-	8'043	
Asset-side limits	12'309	-		-	70'241	
Liability-side limits	-	69'726		41'509	-	
Previous year's dividend	-	49'500		-	56'250	
Balance	140'541	133'850	6'691	146'420	196'434	(50'014)
Net cash used in/provided by transactions involving shareholders' equity						
Share capital	-	-		-	-	
Booked through reserves	-	6'366		-	44'372	
Change in treasury stock	11'797	7'081		7'174	-	
Balance	11'797	13'447	(1'650)	7'174	44'372	(37'198)
Cash flow arising from changes to holdings, fixed assets and intangible assets:						
Non-consolidated holdings	2'465	12'089		70	3'123	
Buildings	3'984	-		1'281	-	
Other fixed assets	1'397	53'589		196	28'690	
Intangible assets	1'144	41'814		1'133	4'173	
Forex differences	1'875	-		6'227	-	
Balance	10'865	107'492	(96'627)	8'907	35'986	(27'079)

	2016			2015		
	Source of funds	Application of funds	Balance	Source of funds	Application of funds	Balance
Net cash used in/provided by banking activities						
Medium- and long-term transactions (> 1 yr):						
Due to banks	308	-		-	-	
Due on client deposits	-	10'067		-	7'958	
Due from banks	-	722		-	105	
Due from customers	-	-		-	-	
Mortgage claims	-	33'316		-	25'316	
Financial investments	-	117'886		-	1'905	
Short-term transactions:	-	475'499		18'161	-	
Due to banks	283'779	-		-	72'052	
Claims arising from securities financing	-	-		-	-	
Due on client deposits	-	259'666		-	109'624	
Due on trading operations	-	-		-	-	
Negative replacement value of derivative instruments	78'765	-		-	103'984	
Due from banks	122'399	-		90'677	-	
Claims arising from securities financing	1'642'370	-		2'888'502	-	
Due from customers	-	317'895		-	286	
Mortgage claims	-	28'568		-	33'793	
Trading book	2'811	-		10'665	-	
Positive replacement value of derivative instruments	-	85'867		133'068	-	
Other financial instruments stated at their fair value	-	-		-	-	
Financial investments	3'175	-		-	193'830	
Balance	2'133'607	1'329'486	804'121	3'141'073	548'853	2'592'220
Cash situation:						
Cash and other liquid assets	-	712'535		-	2'477'929	
Balance	-	712'535	(712'535)	-	2'477'929	(2'477'929)
Total cash flows	2'296'810	2'296'810		3'303'574	3'303'574	

Notes to the consolidated financial statements

Name and legal form of the Group

Group companies

The consolidated financial statements of the Edmond de Rothschild (Switzerland) Group (hereinafter the "Group") include the financial statements of the major companies operating in the banking and financial sector, as well as the real estate companies in which Edmond de Rothschild (Suisse) S.A, the headquarters of which are in Geneva, holds, directly or indirectly, a majority interest (for details of the companies concerned, refer to pages 70 and 71).

Converted to full-time jobs, the number of staff employed by the Edmond de Rothschild (Suisse) Group stood at 1,731 at end-2015 versus 1'719 a year earlier.

Changes to the scope of consolidation

Companies consolidated during the reporting period:

- Edmond de Rothschild (Israel) Ltd, Tel Aviv
- Edmond de Rothschild Asset Management (Israel) Ltd, Tel Aviv
- Provident Financial Markets Ltd, Tel Aviv
- Provident Risk Management Ltd, Tel Aviv
- Edmond de Rothschild Portfolio Management Ltd, Tel Aviv
- Edmond de Rothschild Mutual Funds Management Ltd, Tel Aviv
- Edmond de Rothschild Private Equity Partners (Israel) Ltd, Tel Aviv

Changes to the scope of consolidation during the reporting period

- Acquisition of 20% of Edmond de Rothschild (UK) Limited, London by Edmond de Rothschild (Suisse) S.A., Geneva

The following companies were deconsolidated during the reporting period:

effective 28 February 2016:

- Edmond de Rothschild Holdings (C.I.) Ltd, Guernsey
- Edmond de Rothschild Asset Management (C.I.) Ltd, Guernsey
- Edmond de Rothschild Securities (C.I.) Ltd, Guernsey

effective 30 November 2016:

- Edmond de Rothschild (Bahamas), Nassau

liquidation in progress:

- ECH Investments Ltd, Cayman Islands

wound up during the reporting period:

- Incentive Management SAM, Monaco
- Prifund Conseil (Bahamas) S.A., Nassau
- LCF Edmond de Rothschild Conseil S.A., Luxembourg

Consolidation methods

Full consolidation method

The financial statements of all companies within the Group are fully consolidated.

All assets and liabilities, as well as expenses and income of Group companies, are fully integrated (line-by-line).

Intercompany balance sheet items and profit and loss transactions between consolidated Group companies are set off against each other.

Off-balance sheet items are also fully consolidated and set off when they relate to intercompany transactions within the Group.

Dividends are eliminated through reserves. The entitlement of third-party shareholders (minority interests) to equity and net income is disclosed separately.

Capital consolidation

The capital invested in the Group's banks and investment, asset management and real estate companies is consolidated in accordance with the purchase method.

The positive or negative differences arising from the first consolidation are disclosed under "Intangible assets" and "Extraordinary income" respectively.

The value of the Bank's treasury stock, or own shares, is deducted from capital and reserves at the shares' cost price. Dividends and the proceeds of subsequent sales are directly allocated to "Additional paid-in capital and other reserves".

Holdings accounted for using the equity method

Associated companies in which the Group owns a 20% to 50% interest are consolidated using the equity method; the value shown under "Holdings" represents the Group's share in the equity and net income of these entities, rather than the value of the shares under our control.

This pertains to Edmond de Rothschild Asset Management (Suisse) SA (38.46% after deducting treasury stock / 34,7 % effectively owned), ACH Management SA (38%), LCF EdR Nikko Cordial Japan (50%) and LCH Investment NV (44%).

If initial equity method reporting shows that the purchase cost exceeds net assets, the difference considered as goodwill is stated on the asset side under "Intangible assets". In the opposite case the badwill is included in "Extraordinary income".

Equity stakes accounted for under the equity method are shown under "Non-consolidated holdings".

The Group's share in the profits of companies consolidated using the equity method is presented as a separate item in the consolidated profit and loss account.

Other holdings

Majority interests of lesser impact or whose sale is envisaged, as well as other stakes of less than 50%, are disclosed under "Non-consolidated holdings".

Newly acquired companies

As a rule, newly acquired companies are included in the consolidated financial statements in the year of their acquisition.

Closing date for consolidated accounts

The consolidated companies all end their financial year on 31 December except for Priadvisory Holding SA whose financial years concludes on 30 November.

Accounting and valuation principles

The consolidated financial statements of the Edmond de Rothschild (Switzerland) group have been prepared in accordance with the provisions of the Swiss Banking Act, its implementing ordinance, the Accounting rules for banks, securities dealers, financial groups and conglomerates stated in Circular 15/1 of the Swiss Financial Market Supervisory Authority (FINMA) and the provisions on drawing up financial statements in the Listing Rules of SIX Swiss Exchange. The financial statements provide a true picture of the Group's assets, financial situation and earnings.

General valuation policies

The items presented in the balance sheet are valued individually. No use is made of the transitory provision that defers implementation to 1 January 2020 at the latest of individual evaluations applicable to holdings, tangible fixed assets and intangible assets.

Transaction bookings and balance sheet reporting

The balance sheet and profit and loss statement have been drawn up on the basis of settlement dates.

Translation of financial statements in foreign currency

Transactions in foreign currency are reported at the exchange rate applicable on the date of the relevant transaction. Profits and losses arising from the settlement of these transactions are reported in the profit and loss account, along with profits and losses arising from the conversion at the exchange rate on the balance sheet date of claims and liabilities on money market placements denominated in foreign currency.

The balance sheets of fully consolidated companies expressed in foreign currency are translated into Swiss francs at the year-end exchange rate, except for shareholders' equity which is translated at historical rates.

The profit and loss accounts of Group companies are translated at yearly average exchange rates.

In the case of foreign companies consolidated using the equity method, the year-end market rate is applied to the Group's share of equity expressed in foreign currency. The Group's share of the net income of these affiliated companies is translated at the annual average exchange rate.

Translation differences resulting from full consolidation and from the equity method are reported as shareholders' equity in "Forex reserves".

The exchange rates used to convert sums in foreign currency are as follows:

	2016		2015	
	Closing rate	Average 2015 rate	Closing rate	Average 2015 rate
Major currencies				
EUR	1.0739	1.0903	1.0835	1.0751
USD	1.0188	0.9873	0.9952	0.9662
GBP	1.2543	1.3413	1.4763	1.4761

Liquidity and other assets deposited with central banks

Liquid assets and deposits with central banks are stated at their face value.

Securities financing transactions

The fees earned or paid as a result of securities lending are reported as per the duration of the loan and appear respectively as interest income or interest charges. Repos and reverse repos are used to finance and refinance the purchase of special kinds of equities. They are stated as loans secured by financial instruments or as deposits secured by shares from the Bank's treasury stock. The interest income arising from reverse repos and the interest charges arising from repos are reported as per the duration of the relevant transactions.

Due from banks, due from customers and mortgage claims

Amounts due from banks, debit balances on current account, advances and fixed-term loans and mortgage claims are stated at their face value less valuation adjustments dictated by the circumstances.

Delinquent claims, i.e. claims for which the borrower is unlikely to honour his future commitments, are evaluated on an individual basis and the resulting depreciation is covered by itemised valuation adjustments. Off-balance sheet transactions, primarily involving contingent liabilities, guarantees and derivative instruments, are also included in this review and a provision would be allocated if necessary. A claim is deemed delinquent when there is substantive evidence that future principal and interest payments due under contract are unlikely to be made or are over 90 days in arrears. Interest is deemed in arrears when overdue for more than 90 days.

Trading operations and liabilities resulting from trading operations

Securities are reported at their fair value on the balance sheet date (securities traded on a recognised Stock Exchange or representative market; if these conditions are not fulfilled, the securities are evaluated at their lowest quoted price); capital gains and losses are recorded under "Results of trading operations and statements of fair value".

Positive and negative replacement value of derivative instruments

Derivative instruments are reported at their fair value. The positive and negative replacement values represent the Bank's claims and obligations respectively, should the Bank enter into contracts identical to the initial ones with other counterparties. Variations in the positive and negative replacement values are shown in the profit and loss account under "Results of trading operations and statements of fair value". The fair value is either the market price (if the instrument is traded on an efficient, liquid market), the price quoted by market makers or the price determined using valuation models.

In certain cases the Group uses derivative instruments, mainly to manage interest-rate and currency risk exposure. In doing so, it primarily buys interest-rate swaps, conducts forward currency transactions or deals in currency options. These transactions are booked as micro and macro hedges using hedge accounting principles.

Hedge accounting principles

Hedges are valued according to the same principles as the transactions being hedged.

The results of a hedge are captured under the same heading as the results for the transaction being hedged.

Changes of value are captured in the set-off account provided no change in the value of the transaction being hedged has been booked..

The Group applies hedge accounting when the effects of hedging interest-rate and currency risks are documented, along with the aims and strategies involved, when the transactions are entered into. The effectiveness of hedges is checked periodically.

Hedge transactions that do not fulfil their purpose, or fulfil it only partially, are considered trading operations and treated as such in full or to the extent they exceed the transaction being hedged.

Financial investments

Debt instruments that are intended to be held until maturity are evaluated using the accrual method. Capital gains and losses are calculated for the duration of issues, i.e. until their redemption date.

Debt instruments that are not intended to be held until maturity appear at their lowest valuation.

When the market value of listed securities is below their acquisition price or when the price of unlisted securities is below the net asset value of the issuing company, the difference is charged to "Other ordinary expenses".

Precious metals held to set off commitments towards clients are stated at their fair value.

Non-consolidated holdings

Equity stakes are evaluated at their acquisition price less any write-offs to allow for long-term capital losses.

Fixed assets

Investments in new fixed assets which are to be used for more than one financial year and exceed the balance-sheet reporting threshold are stated at their purchase value. Investments in existing fixed assets are reported as assets if their market or usage value increases for an extended period or if their useful life increases significantly.

Fixed assets are reported in subsequent years at their purchase value less accumulated depreciation. They are written down according to a predetermined schedule throughout their useful life, and the correctness of their value is reviewed each year. If this assessment reveals a change in an asset's projected useful life or a decrease in its actual worth, the residual book value is either amortised as per the new schedule or written down accordingly at the end of the reporting period. Planned and additional unplanned write-downs are stated as expenses under "Depreciation of fixed assets" in the profit and loss account under "Value adjustments on holdings and write-downs on fixed and intangible assets". If the reason for a write-down ceases to exist, the relevant asset is re-evaluated.

Land and buildings are amortised on a straight-line basis over their useful life, set at 66 years.

Other fixed assets comprising furniture, software, equipment and fixtures (including renovations) are amortised over a useful life, set at two to five years depending on their nature.

Realised profits on sales of fixed assets are included in "Extraordinary income" and realised losses in "Extraordinary expenses".

Intangible assets

Goodwill

If the cost of an acquisition exceeds the net value of its assets as assessed according to the Group principles, the difference is considered goodwill and stated in the balance sheet. The differences arising from a company's first-time full consolidation or consolidation at equity are amortised in the profit and loss account on a straight-line basis over a maximum ten-year period.

Other intangible assets

Other intangible assets when acquired are reported in the balance sheet if it is believed that they will provide the Group with financial benefits over a number of years. Other intangible assets created by the Group itself do not appear at their fair value; following their valuation, they are reported in the balance sheet at their purchase price and amortised in the profit and loss account at their residual value over a five-year useful life, and the correctness of their value is reviewed each year. If this assessment reveals a change in an asset's projected useful life or a decrease in its actual worth, the residual book value is either amortised as per the new schedule or written down accordingly at the end of the reporting period.

Provisions

Reflecting the Group's cautious stance, provisions are allocated to all discernible risks of loss. Provisions that become economically unnecessary during the course of a financial year are released and reported under the relevant heading in the profit and loss account.

Deferred taxes mainly relate to temporary changes in reserves for general banking risks. They are calculated based on the average tax rate foreseen at the time the balance sheet is drawn up. Reserves for general banking risks form part of consolidated shareholders' equity.

Reserves for general banking risks

As a precautionary measure the Group allocates reserves for general banking risks to cover the risks associated with banking business that are not neutralised by specific provisions.

These reserves are included in consolidated shareholders' equity.

Taxes

Current taxes on profits and capital are determined on the basis of the financial statements of each individual Group company and charged to the accounting period in which they were incurred.

Latent taxes arising from temporary differences between the taxable and reported values of assets and liabilities are booked as latent taxes in "Provisions" on the liabilities side of the balance sheet.

Own debt and equity securities

Purchases of own shares in Group capital are stated at the purchase price at the time of the trade in "Own shares in capital" and are deducted from shareholders' equity. The Group makes no subsequent valuations.

If own shares in capital are sold, the resulting profit/loss is included in "Additional capital paid into the statutory reserve" and the Group reduces "Own shares in capital" by the purchase value of the shares that have been sold.

Personnel welfare liabilities

The staff of the parent company and some of its subsidiaries is insured by the Edmond de Rothschild Personnel Welfare Foundation. Its purpose is to protect the staff of its member companies from the economic consequences of old age, disability and death. The Foundation is semi-autonomous and operates as a defined-contributions scheme. Contribution rates increase with age. Employers pay in two-thirds of contributions and employees one-third.

Each year the Group determines whether it has derived any economic benefits or commitments from personnel welfare plans for Group staff. The difference in relation to the corresponding amount reported the previous year is included in "Personnel expenses" in the profit and loss account.

This annual study is based on contracts, on financial statements bearing a closing date no older than 12 months and drawn up in accordance with GAAP RPC 26 (in the case of Swiss pension funds) and on any other relevant calculations.

The employees of other Group entities belong to personnel welfare funds that also operate on the defined-contributions principle.

Employee participation plans

A new series of participation plans has been set up for members of Senior Management and some other employees. The beneficiaries of these plans will be allotted stakes in Edmond de Rothschild Holding in accordance with their seniority, rank and individual performance. The sale of these shares is blocked for a three-year period.

Since remuneration in this case is based on virtual equity instruments, Group debt is revalued at the close of each financial year and adapted through the profit and loss account in "Personnel expenses".

Other information on the employee participation plans can be found in the Pay Report.

Off-balance sheet transactions

Off-balance sheet transactions are shown at their face value. For foreseeable risks, provisions are allocated in the balance-sheet liabilities.

Statement of overdue interest

A claim is deemed overdue when there is substantive evidence that future principal and interest payments due under contract are unlikely to be made or are over 90 days in arrears. Interest is deemed in arrears when overdue for more than 90 days.

Nonperforming loans and overdue interest do not appear in the profit and loss account, but are reported instead in “valuation adjustments for risks of default and losses relating to interest operations”.

Risk management

Risk policy

Edmond de Rothschild (Suisse) SA (“the Bank”) and its subsidiaries in Switzerland and abroad (“the Group”) are mainly active in Private Banking and Asset Management. The Group’s operations also include administering investment funds and providing investment advisory services. As the Group’s parent company, the Bank is responsible for super- vising risk control and management throughout the Group.

A joint risk policy drawn up by the Bank and approved by the Board of Directors sets the general guidelines that apply to all the Group entities. Within this framework and in compliance with local regulations, each subsidiary sets up its own risk management system with a view to identifying, mitigating and controlling the risks it is exposed to.

Large human and technical resources have been made available for the supervision and organisational structure of the Group’s risk control units. These resources are constantly adapted to take account of regulatory changes and the requirements of the Group’s business.

Risk management is set up as follows:

- › The Board of Directors determines the Group’s risk appetite and the components of risk management, in line with the recommendations made by Edmond de Rothschild Holding SA for the Edmond de Rothschild Group as a whole.
- › The Audit Committee supervises and assesses the operational aspects of risk management. It controls risks periodically by studying statements drawn up regularly or at its request by the Risks Function;

- › The Executive Committee is responsible for implementing procedures designed to identify, analyse, evaluate and monitor all risks incurred by the Bank and the Group. Together with the Risk Committee it oversees implementation of the risk policy laid down by the Board of Directors and ensures that all important information on the status of the aforementioned risks is collected, processed and notified to the designated management and supervisory bodies.
- › Department heads of the Group entities are responsible for anticipating, preventing and managing the main developments that could affect the attainment of the objectives inherent in their business segments and the underlying operational processes;
- › the Chief Risk Officer ensures that risk management guidelines and methods are transposed into decision-making and operational processes. He monitors risk exposure and compliance with the relevant limits and reports on the risk situation of the Bank and the Group. All the Group entities play a role in the Risks function, which reports regularly on its operations to the Chief Risk Officer of the Group’s parent company, Edmond de Rothschild (Suisse) SA;
- › The Bank and its subsidiaries are a subgroup of Edmond de Rothschild Holding SA (“the Holding Company”), which controls the Edmond de Rothschild Group (“the Edmond de Rothschild Group”). As parent company of the EdR Group, the Holding is regulated by FINMA on a consolidated basis. To satisfy FINMA’s requirements regarding management and control of the risks faced by the Edmond de Rothschild Group, the Holding Company has set up a Risk Council combining the heads of the risk units of all the Edmond de Rothschild Group’s entities, who together report to the Group’s Chief Risk Officer. A charter establishes this Council’s terms of reference and sets key guidelines, including its mission, tasks, responsibilities, organisational structure and reporting process (regular and ad hoc). This plan promotes exchanges and close collaboration between all the Council’s members.

Interest rate and liquidity risks

*This is the risk that the Group might not be able to meet present or future cash-flow or collateral requirements, whether expected or unexpected, without jeopardising its daily operations or financial condition. The **interest rate risk** resides in the vulnerability of the Group's net worth or net interest margin to an adverse movement in market interest rates.*

The Bank and its subsidiaries take a prudent approach to cash management, not only by choosing first-class counterparties but also by giving preference to overnight and/or short-term deposits. Our emphasis is on safeguarding our commitments to clients, in normal and stress situations alike. We moreover seek to match resources to their use, in terms of both duration and maturities. Finally, the Bank and the Group scrupulously comply with the liquidity ratios required by the current legal provisions.

The risks attaching to liquidity and interest rate positions/maturities are gauged by using the most up-to-date balance sheet management techniques and by tracking these items with dedicated software. An Asset and Liability Management (ALM) Committee drafts and oversees the implementation of rules on managing liquidity, interest rate, forex risks and the investment portfolio. It is also responsible for optimising cash management and ensuring structural control of the balance sheet.

Credit risk

This is the risk that a financial counterparty or client with contractual ties to an entity of the Group might default on a loan or on a payment obligation arising from financial instruments.

Banking counterparties

The counterparty banks that the Group deals with are selected rigorously and kept under close scrutiny. Our exposure to them is monitored continuously by a team of controllers, and the limits that we have granted to each are updated periodically or in real time if so required by a deteriorating situation. To minimise the counterparty risk attaching to correspondent banks, we give preference to reverse repo agreements and to depositing cash directly with central banks. All the Group entities use the limits system and monitor the risk of counterparty concentration.

Clients

Credit transactions with clients mainly concern short-term loans backed by securities. Clients who have assets deposited with a Group entity may also be granted a mortgage for the purchase of a primary or secondary residence. Applications for credit facilities are subject to stringent analysis, and the pledged securities are assigned a collateral ratio according to their liquidity, valuation, credit rating and diversification in terms of asset class and geographical spread. Credit-granting powers are set by the Boards of Directors.

Daily monitoring of the client credit risk is handled by a special team that also administers outstanding loans.

Financial investments

The Group's financial entities may invest part of their capital and liquid assets in units of listed Edmond de Rothschild Group investment funds and in bonds or other fixed-income securities that fulfill specific rating criteria or feature the high eligibility applied by central banks and recognised stock exchanges. These Investments must be such that they diversify the Group's liquidity across medium-term instruments while also garnering regular returns. These investments are subject to specific limits and are chosen by specialist employees of the Bank or sister entities of the Edmond de Rothschild group. The Risks function is responsible for monitoring limits and portfolios. It reports to the ALM and Risks Committees.

Market risk

This lies in the vulnerability of the Group's financial situation to adverse swings in market prices and especially in the underlying value and implied volatility of currencies, equities, precious metals and commodities.

Securities dealing on a propriety basis forms a very small part of the Group's business. In currencies and precious metals we chiefly operate on behalf of clients and build only small nostro positions. The limits granted to traders are low, and their use of these is monitored daily with software by separate risk management teams.

Operational risk

This is the risk of loss that the Group would suffer owing to the inadequacy or failure of internal procedures, staff, IT systems or external occurrences.

The Group's two core businesses, wealth management and asset management, by nature entail high operational risks. The Group set its operational risk management policy with a view to better controlling and mitigating these risks. This policy governs: i) operational risk management bodies and resources, including their powers, reporting obligations and reporting lines; ii) the implementation and use of resources designed to identify, assess and manage operational risks; iii) determination of risk appetite in accordance with the relevant types of the main operational risks, the setting of related threshold values and/or limits and the development of strategies and instruments for mitigating risks; iv) the Bank's approach to identifying inherent risks (before taking account of controls) and setting and monitoring threshold values and/or limits for residual risks (after taking account of controls); v) the design and introduction of systems for producing risk reports and informing management (MIS) regarding operational risks; vi) the setting of a uniform classification of the main operational risks, with a view to ensuring consistency when it comes to identifying and assessing risks and setting operational risk management objectives.

The Risk Function has a team focused on operational risks. that suggests ways to improve our risk management and internal control facilities. Its responsibilities include:

- › devising the methodology for managing operational risks (based primarily on the Basel III rules), submitting this methodology to the Risk Committee / Executive Committee for approval and overseeing its implementation,
- › recording operational incidents, analysing them and evaluating measures designed to prevent their recurrence.

This unit is tied in with the Bank's supervision and internal control system. It collaborates closely with the Internal Control Department in gauging the relevance and effectiveness of the Group's controls and action plans, with a view to mitigating those risks that have been identified as high and/or critical. It uses specially designed software deployed throughout the Group. It reports to the Risk Committee periodically and, if required by the circumstances, to the Executive Committee.

A business continuity and organisational plan has been drawn up to deal with possible crisis situations that the Bank has identified and that could totally or partially disrupt our operational processes. Human and technical resources including an entire infrastructure have been deployed that would enable us to provide essential services at reduced capacity and return to normal. Given our Bank's objectives in terms of business continuity following a disaster or major incident, this plan will be further developed in 2017.

Outsourcing

Except in the area of fund administration support services provided by Edmond de Rothschild (Europe), Luxembourg, for the hosting/management/processing of the securities database of Edmond de Rothschild (Suisse) S.A. and certain operations that have been outsourced within the Group, our Bank and its subsidiaries do not outsource services within the meaning of FINMA circular 2008/7.

Methods applied for identifying default risks and determining the need for valuation adjustments

Claims covered by mortgage

For financing the purchase of property for the borrower's own use, each year the Group updates the value of the collateral provided by using hedonic models based on regional real estate indices compiled by external providers. Following approval of the new valuations, the collateral ratio is updated. Overdue interest and compliance with the depreciation plan are also considered. On this basis the Group identifies mortgage loans which entail heightened risk. Following a detailed examination by specialists, additional security or a valuation adjustment may be demanded for these loans to top up coverage.

Loans covered by securities

Client liabilities and the value of pledged securities are checked daily. If the collateral value of the security is less than the outstanding value of the loan, the Group demands either a partial repayment or additional security. If the coverage shortfall increases or if market conditions are unusual, the Group may sell the collateral.

Unsecured loans

Unsecured loans are overdrafts of retail clients' accounts.

Valuation of collateral

Claims covered by mortgage

Loans secured by real property are never granted without a valuation of the collateral based on its use. The Group appraisers use hedonic valuation models for residential objects. These valuations are compared with actual purchase prices in the same locality.

The Group bases its decision whether or not to grant credit on whichever is lowest—the Group's appraisal, the purchase price or the external appraisal, if any.

Claims covered by securities

For Lombard loans and other credit facilities covered by securities, only readily negotiable stocks and bonds are accepted. The Group accepts structured products if the investments are regularly quoted.

Business policy on using derivative instruments and hedge accounting

As part of its asset/liability management the Bank also uses derivatives to hedge interest rate, forex and default risks. Hedges are valued the same way as the transactions they cover. The result of hedging is recorded in the same item of the profit and loss account as the transaction being covered. Since no change in the value of the basic transaction has been booked, the valuation of the hedging instruments is entered in the set-off account. The net balance of the set-off account is presented either in "Other assets" or in "Other liabilities".

The Cash Management department does not conduct hedging transactions itself in the market. These are executed by the Trading department. Assets, liabilities, income and expenses deriving from internal transactions are eliminated.

The Bank documents hedging relationships as well as the purpose and strategy of the transactions involved when entering into them. The Bank periodically checks the effectiveness of hedging relationships. When a hedging relationship is partially or totally ineffective, the ineffective fraction of the transaction is incorporated in the trade.

Significant events since the date of the balance sheet

There has been no event since the close of the reporting year that could have an impact on the Group's operations and revenues at 31 December 2016.

At end-March 2017, however, the Bank announced its desire to simplify the shareholding structure of its subsidiary Edmond de Rothschild Asset Management (Suisse) S.A. by acquiring the balance of the holding (65.32%) which it does not yet own.

Resignation of the Auditor before the end of its term

The General Meeting elected PricewaterhouseCoopers SA, Geneva as the Bank's Auditor. PwC's first term as Auditor was in 1982. It has not resigned before its term of office expired.

Balance sheet information

(in CHF '000)	2016	2015
1 Breakdown of securities financing transactions (assets and liabilities)		
Carrying value of claims arising from liquidity pledged when borrowing securities or entering into reverse repo agreements	3'040'006	4'682'376
Carrying value of liabilities arising from liquidity received when lending securities or entering into repo agreements	-	-
Value of securities owned on the Bank's own behalf, lent or transferred as collateral in securities lending and repo agreements	-	-
The fair value of securities received as collateral under securities lending agreements and securities received under borrowing or reverse repo agreements which the Bank has been authorised without restriction to sell or pledge subsequently	3'065'024	4'750'688
<i>- including securities which were pledged</i>	<i>147'828</i>	<i>-</i>
<i>- including securities which were sold</i>	<i>-</i>	<i>-</i>

(in CHF '000)

Schedule of collateral (in thousands of CHF)

	Mortgage collateral	Autres couvertures	Mortgage collateral	Total
2 Coverage of off-balance sheet claims and transactions and non-performing loans				
Coverage of off-balance sheet claims and transactions				
Loans (prior to set-off with valuation adjustments)				
Due from customers	10'638	2'662'137	130'921	2'803'696
Mortgage loans				
- residential property	252'936	-	-	252'936
- other	-	-	-	-
Total loans (prior to set-off with valuation adjustments)				
Total 2016	263'574	2'662'137	130'921	3'056'632
Total 2015	118'598	2'356'840	88'901	2'564'339
Total loans (after set-off with valuation adjustments)				
Total 2016	263'574	2'662'137	122'782	3'048'493
Total 2015	118'598	2'356'840	75'390	2'550'828

Off-balance sheet

Contingent liabilities	-	216'585	6'493	223'078
Irrevocable liabilities	-	89'865	11'574	101'439
Total 2016	-	306'450	18'067	324'517
Total 2015	-	313'850	22'233	317'123

(in CHF '000)

	Gross value	Estimated proceeds from sale of collateral	Net value	Itemised valuation adjustments
Delinquent claims				
Total 2016	8'139	-	8'139	8'139
Total 2015	13'513	-	13'513	13'511

During the 2016 financial year, a provision amounting to CHF 6.1 million was released in connection with a granted by Edmond de Rothschild (Suisse) S.A. that was not repaid.

(in CHF '000)

2016

2015

3 Breakdown of trading operations and other financial instruments stated at their fair value (assets and liabilities)

Assets		
Trading book		
Debt securities, money market paper/transactions	99	29
- including those listed	99	29
Equity securities	2'440	5'321
Other financial instruments reported at their fair value	-	-
Debt securities	-	-
Total assets	2'539	5'350
- including drawn up using a valuation model	-	-
- including securities eligible for repo agreements under liquidity regulations	-	-

(in CHF '000)	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	(in CHF '000)	Positive replacement values	Negative replacement values	(in CHF '000)
4 Derivative instruments (assets and liabilities)						
Interest rate instruments						
Forward contracts including FRAs	-	-	-	-	-	-
Swaps	1'015	370	12'618	1'046	2'578	222'189
Futures	-	-	-	-	-	-
OTC options	-	-	-	-	-	-
Traded options	-	-	-	-	-	-
Currencies / precious metals						
Forward contracts	211'527	202'796	17'096'625	-	82	15'105
Combined interest and currency swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
OTC options	2'642	2'607	458'000	-	-	-
Traded options	-	-	-	-	-	-
Equity index products						
Forward contracts	-	-	-	-	-	-
Futures	-	-	-	-	-	-
OTC options	73	73	121'803	-	-	-
Traded options	-	-	-	-	-	-
Credit derivatives						
Credit default swaps	-	-	-	-	-	-
First-to-default swaps	-	-	-	-	-	-
Other credit derivatives	-	-	-	-	-	-
Other						
Forward contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
OTC options	-	-	-	-	-	-
Traded options	-	-	-	-	-	-
Total before taking account of netting agreements						
2016	215'257	205'846	17'689'046	1'046	2'660	237'294
<i>including drawn up using a valuation model</i>	3'730	3'050	592'421	1'046	2'578	222'189
2015	130'374	129'654	18'739'342	62	87	30'727
<i>including drawn up using a valuation model</i>	2'171	4'182	463'759	62	56	19'904

(in CHF '000)	Positive replacement values (accumulated)	Negative replacement values (accumulated)
Total after taking account of netting agreements		
2016	216'303	208'506
2015	130'436	129'741

Breakdown by counterparty

(in CHF '000)	Central clearing counterparties	Banks and brokers	Other clients
Positive replacement values (after taking account of netting agreements)	-	104'780	111'523

The underlying value represents the net claim arising from trading in derivative instruments for own account or on behalf of customers (contract value).

(in CHF '000)	2016	2015	2016	2015
	Book value	Book value	Fair value	Fair value
5 Breakdown of financial investments				
Debt instruments	974'083	629'726	984'367	637'873
- including intended to be kept until maturity	886'591	555'660	894'598	562'528
- including not intended to be kept to maturity (available for sale)	87'493	74'066	89'769	75'345
Equity securities	53'013	60'857	59'385	67'998
- including qualifying equity stakes (min. 10% of capital or votes)	-	-	-	-
Precious metals	448'959	313'148	448'959	313'148
Buildings	-	-	-	-
Total	1'476'055	1'003'731	1'492'711	1'019'019
- including securities eligible for repo agreements under liquidity regulations	195'879	117'812	-	-

(in CHF '000)	From AAA to AA-	From A+ to A-	From BBB+ to BBB-	From BB+ to B-	Lower than B-	Without rating
Breakdown of counterparties by credit rating						
Book value of debt instruments	336'283	199'461	324'614	81'103	17'046	15'576

(in CHF '000)	Purchase values	Cumulative depreciation and write-ups/write-downs (equity method)	Book value at 1 January 2016	Forex adjustments	Redesignations	Investments and newly consolidated assets	Divestitures and assets no longer consolidated	Valuation adjustments	Book value at 31 December 2016	Market value
6 Holdings/positions										
Holdings consolidated using the equity method	41'131	-	41'131	24	-	41	(2'116)	-	39'080	-
- with market value	-	-	-	-	-	-	-	-	-	-
- with no market value	41'131	-	41'131	24	-	41	(2'116)	-	39'080	-
Other holdings	77'145	(1'251)	75'894	134	-	12'048	(349)	(43)	87'684	-
- with market value	14'266	-	14'266	-	21'820	12'048	-	-	48'134	110'314
- with no market value	62'879	(1'251)	61'628	134	(21'820)	-	(349)	(43)	39'550	-
Total holdings/positions	118'276	(1'251)	117'025	158	-	12'089	(2'465)	(43)	126'764	-

Companies consolidated on the balance sheet using the equity method:

- Edmond de Rothschild Asset Management (Switzerland) SA, Geneva, owned by:
Edmond de Rothschild (Suisse), Geneva (38,46 %)
Total share capital JPY 11,534,000

- A.C.H. ACH Management SA, Luxembourg, owned by:
Edmond de Rothschild (Suisse) SA, Geneva (28%),
Edmond de Rothschild Capital Holdings Ltd, London (10%)
Total share capital USD 154,128

- LCF Edmond de Rothschild Nikko Cordial, Japan, owned by:
Edmond de Rothschild (Europe), Luxembourg (50%)
Total share capital JPY 100,000,000

- L.C.H. Investment NV, Netherlands Antilles, owned by:
Edmond de Rothschild (Suisse) SA, Geneva (43.5%)
and Edmond de Rothschild Capital Holdings Limited, London (0.5%)
Total share capital USD 2,000

Details of the holdings are indicated in Note 7.

7 Consolidated Edmond de Rothschild (Suisse) SA Group companies

	Currency	Share capital		Equity stake		Voting rights		Direct	Indirect
		2016	2015	2016	2015	2016	2015	ownership	ownership
		(in CHF '000)		(in %)		(in %)		(in %)	(in %)
Swiss – fully consolidated									
Parent company									
of Edmond de Rothschild (Suisse) SA, Geneva	CHF	45,000	45,000	100	100	100	100	-	-
Banks									
Edmond de Rothschild (Lugano) SA, Lugano	CHF	-	5,000	-	100	-	100	-	-
Services									
Privaco Family Office SA, Geneva	CHF	2,100	2,100	100	100	100	100	100	-
Les Conseillers du Léman Associés SA, Geneva	CHF	100	100	100	100	100	100	-	100
Financial and asset management companies									
Orox Asset Management SA, Genève	CHF	2,000	2,000	60	60	60	60	60	-
Priadvisory Holding SA, Geneva	CHF	3,120	3,120	100	100	100	100	-	100
Foreign – fully consolidated									
Banks									
Edmond de Rothschild (Europe), Luxembourg	EUR	31,500	31,500	100	100	100	100	100	-
Edmond de Rothschild (Bahamas) Ltd, Nassau	CHF	-	15,000	-	100	-	100	-	-
Edmond de Rothschild (Monaco), Monaco	EUR	12,000	12,000	57	57	57	57	57	-
Service and real estate companies									
Copri III SA, Luxembourg	EUR	747	747	100	100	100	100	100	-
Edmond de Rothschild Family Advisory (Hong Kong) Limited, Hong Kong	HKD	12,675	12,675	100	100	100	100	-	100
L'immobilière Baldauff SA, Luxembourg	EUR	9,821	9,821	100	100	100	100	-	100
Asset management companies									
Edmond de Rothschild Asset Management (Luxembourg), Luxembourg	EUR	18,238	18,238	100	100	100	100	-	100
Edmond de Rothschild Asset Management (UK) Limited, London	GBP	4,400	2,300	100	80	100	80	-	100
Edmond de Rothschild Asset Management (C.I.) Ltd, Guernsey	GBP	-	5	-	100	-	100	-	-
LCF Edmond de Rothschild Conseil S.A., Luxembourg	EUR	-	50	-	100	-	100	-	-
Edmond de Rothschild Client Nominees (UK) Limited, London	GBP	1	1	100	80	100	80	-	100
Financial and brokerage firms									
Edmond de Rothschild (UK) Limited, London	GBP	10,700	1,000	100	80	100	80	100	-
Edmond de Rothschild Securities (UK) Limited, London	GBP	2,000	1,000	100	80	100	80	-	100
Edmond de Rothschild Holdings (C.I.) Ltd, Guernsey	GBP	-	40	-	100	-	100	-	-
Edmond de Rothschild Securities (C.I.) Limited, Guernsey	GBP	-	0,002	-	100	-	100	-	-
Incentive Management SAM, Monaco	EUR	-	150	-	57	-	57	-	-
Priglobal Advisory Limited, Cayman Islands	EUR	0,001	0,001	100	100	100	100	-	100
Edmond de Rothschild (Suisse) SA, Representcion Uruguay, Montevideo	USD	14	14	100	100	100	100	100	-
Edmond de Rothschild Assurances et Conseils (Monaco), Monaco	EUR	150	150	57	57	57	57	-	57
Iberian Renewable Energies GP S. à r.l., Luxembourg	EUR	13	13	100	100	100	100	-	100
Prifund Conseil (Bahamas) S.A., Nassau	EUR	-	70	-	100	-	100	-	-
E.C.H. Investments Ltd., Cayman Islands	EUR	-	251	-	54	-	55	-	-
Edmond de Rothschild Assurances et Conseils (Europe), Luxembourg	EUR	50	50	100	100	100	100	-	100
Edmond de Rothschild Gestion (Monaco), Monaco	EUR	150	150	57	57	57	57	-	57
EDRRIT Limited, London	GBP	278	278	51	72	100	90	-	100
Edmond de Rothschild Capital Holdings Limited, London	GBP	250	250	51	72	100	72	-	100
Edmond de Rothschild Private Merchant Banking LLP, London	GBP	21,538	15,238	100	80	100	80	-	100
Edmond de Rothschild (Israel) Ltd., Tel-Aviv	ILS	501	-	100	-	100	-	100	-

	Currency	Share capital		Equity stake		Voting rights		Direct ownership	Indirect ownership
		2016	2015	2016	2015	2016	2015	2016	2016
		(in CHF '000)		(in %)		(in %)		(in %)	

Swiss - as per the equity method

Financial companies

Edmond de Rothschild Asset Management (Suisse) S.A., Geneva;	CHF	11,534	11,534	38	38	38	38	38	-
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Foreign - as per the equity method

Financial companies

ACH Management SA, Luxembourg	USD	154	154	33	35	38	38	28	10
Edmond de Rothschild Nikko Cordial Co., Ltd, Japan	JPY	100,000	100,000	50	50	50	50	-	50
L.C.H. Investments N.V., Netherlands Antilles	USD	2	2	44	44	44	44	44	1

Non-consolidated Edmond de Rothschild (Suisse) SA group companies

	Currency	Share capital		Equity stake		Voting rights		Direct ownership	Indirect ownership
		2016	2015	2016	2015	2016	2015	2016	2016
		(in CHF '000)		(in %)		(in %)		(in %)	
RIT Capital Partners PLC, London	GBP	155'351	155'351	1	1	1	1	1	-
Rothschild Holding AG Zurich	CHF	10'724	10'724	9	9	9	9	9	-
Rothschild & Co, Paris	EUR	142'274	142'274	4	4	6	5	6	-

(in CHF '000)	Purchase values	Cumulative depreciation and write-ups/write-downs (equity method)	Book value at 1 January 2016	Forex adjustments	Resignations	Investments and newly consolidated assets	Divestitures and assets no longer consolidated	Depreciation	Book value at 31 December 2016
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8 Fixed assets

Bank premises	217'372	(76'922)	140'450	(123)	-	-	(3'984)	(3'989)	132'354
Other buildings	13'200	(5'117)	8'083	-	-	-	-	(242)	7'841
Software bought separately or developed in-house	126'743	(102'706)	24'037	(174)	-	41'199	-	(15'264)	49'798
Other fixed assets	288'125	(244'991)	43'134	(1'736)	-	12'390	(1'397)	(11'034)	41'357
Total fixed assets	645'440	(429'736)	215'704	(2'033)	-	53'589	(5'381)	(30'529)	231'350

(in CHF '000)	Purchase value	Accumulated depreciation	Book value at 1 January 2016	Change in scope of consolidation	Investments	Divestitures	Depreciation	Book value at 31 December 2016
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9 Intangible assets

Goodwill	92'651	(82'425)	10'226	-	41'244	(1'144)	(7'210)	43'116
Patents	-	-	-	-	-	-	-	-
Licences	-	-	-	-	-	-	-	-
Other intangible assets	87'328	(87'275)	53	570	-	-	(172)	451
Total intangible assets	179'979	(169'700)	10'279	570	41'244	(1'144)	(7'382)	43'567

(in CHF '000)	Other assets		Other liabilities	
	2016	2015	2016	2015
10 Breakdown of "Other assets" and "Other liabilities"				
Set-off account	1'614	25	-	-
Direct taxes (withholding tax, stamp duty)	7'014	4'437	6'208	4'610
Indirect taxes	545	5	1'417	1'919
Deferred taxes	3'187	321	-	-
Guarantees, suretyships	7'562	976	-	-
Adjustment account	16'134	70'156	52'119	131'513
Other	2'843	13'818	6'567	13'271
Total	38'899	89'738	66'311	151'313

(in CHF '000)	2016		2015	
	Carrying values	Actual liabilities	Valeurs comptables	Carrying values
11 Assets pledged or assigned to cover own liabilities and assets subject to reservation of ownership				
Pledged / assigned assets				
Financial investments	19'848	-	18'230	-
Other assets	6'591	-	-	-
Pledged assets subject to an encumbrance	-	-	-	-

(in CHF '000)	2016	2015	Change (in %)
12 Commitments to own pension plans			
Due on client deposits	54'913	52'542	4,5
Negative replacement value of derivative instruments	1'482	-	-
Medium-term bank bonds	-	-	-
Borrowed from / lent to central mortgage bond institutions	-	-	-
Total	56'395	52'542	7,3

In number of shares	2016	2015	Change (in %)
Number and type of the parent company's proprietary capital instruments held by its employee benefits institutions			
Bearer shares of CHF 500.-	547	547	-

This holding amounts to 0.6% of the parent company's share capital.

13 Financial status of the parent company's employee benefits institutions

a) Employer contributions reserve (ECR)

At 31 December 2016 there was no employer contributions reserve.

(in CHF '000)	2015	2015	2014	Change v. previous year	Contribu- tions paid for 2015	2016	2015
	Funding surplus / insufficient	Entity's share				Personnel welfare costs included in personnel expenses	
b) Economic benefits / commitments and personnel welfare expenses							
Employer funds / Employer occupational benefits institutions	-	-	-	-	-	-	-
Employee benefits plans with no surplus or deficit funding	-	-	-	-	-	-	-
Employee benefits plans with surplus funding	25'025	-	-	-	(18'349)	(18'349)	(20'152)
Employee benefits plans with deficit funding	-	-	-	-	-	-	-
Personnel welfare institutions with no proprietary assets	-	-	-	-	(9'260)	(9'260)	(10'057)
Total	25'025	-	-	-	(27'609)	(27'609)	(30'209)

Personnel welfare plans

The staff of the parent company and some of its subsidiaries is insured by the Edmond de Rothschild Personnel Welfare Foundation. Its purpose is to protect the staff of its member companies from the economic consequences of old age, disability and death. The Foundation is semi-autonomous and operates as a defined-contributions scheme. Contribution rates increase with age. Employers pay in two-thirds of contributions and employees one-third.

The audited funding ratio of the Foundation at 31 December 2015 was 104,76% (106,87% at 1 January 2015).

The Foundation believes that at end-2016 its funding ratio stood slightly above 100%. The Foundation Council decided to pay 1% interest on active members' vested assets for 2016 and also decided not to index existing pensions.

The Board of Directors believes that any funding ratio surplus as defined in RPC 16 of the Swiss GAAP will be used for the benefit of employees and that, as a consequence, no profit will arise for the member companies.

The employees of other Group entities belong to personnel welfare funds that also operate on the defined-contributions principle except for Edmond de Rothschild Europe (Portugal) and Edmond de Rothschild Europe (Belgium).

(in CHF '000)	Situation at end-2015	Uses as designated	Reclassifications	Changes in scope of consolidation	Forex differences	Overdue interest, recoveries	New provisions charged to profit and loss account	Releases through the profit and loss account	Situation at end-2016
14 Valuation adjustments, provisions, reserves for general banking risks and changes thereto									
Provisions for deferred taxes	17'290	-	(271)	-	(49)	-	2'416	(1'019)	18'367
Provisions for the Foundation's liabilities	1'022	-	-	-	(24)	-	968	-	1'966
provisions for default risks	-	-	-	-	-	-	-	-	-
Provisions for other operating risks	-	-	-	-	-	-	-	-	-
Provisions for restructuring	172	-	-	-	(243)	-	7'331	(173)	7'087
Other provisions	23'175	(442)	(2'181)	16	(374)	-	22'544	(5'110)	37'628
Total provisions	41'659	(442)	(2'452)	16	(689)	-	33'259	(6'302)	65'049
Reserves for general banking risks	244'710	-	1'113	(3'960)	-	-	9'420	(17'630)	233'653
Valuation adjustments for default and country risks	13'511	(6'159)	-	-	126	38	974	(351)	8'139
- including valuation adjustments for default risks on non-performing loans	13'511	(6'159)	-	-	126	38	974	(351)	8'139
- including valuation adjustments for latent risks	-	-	-	-	-	-	-	-	-

The Group is involved in a number of judicial proceedings in relation to its normal business. The general business environment entails certain legal risks whose impact on our financial situation and profitability is difficult to gauge at the current stages of these proceedings. In line with our policy, the Group creates provisions for pending or contingent procedures when senior management believes that these could give rise to a loss or a financial liability, or when the dispute is likely to be settled in the form of a transaction and the amount of the obligation or loss can be reasonably estimated. For certain procedures, however, the Group is not able to reasonably estimate the size of the loss, for example because of the complexity of the proceedings, the fact that they are only at a preliminary stage, the uncertainty they entail or for other objective reasons.

Following a VAT audit conducted by the local authorities, Edmond de Rothschild (Israel) Ltd (EdRIS) was informed in December 2016 of the movements relating to the years from 2012 to 2016. The dispute concerns EdRIS's entitlement to a nil VAT rate under the provisions of article 30 (a)(5) of the Israeli VAT code. Proceedings have barely started but the opinion of our legal advisers is that EdRIS has solid arguments and stands a very good chance of seeing them accepted by the local authorities or the Courts.

During the reporting year, the name Edmond de Rothschild (Europe) was cited in connection with a possible fraud involving 1MDB, an investment fund. The Bank is cooperating fully with the judicial authorities in this case by responding to all their requests in accordance with existing Luxembourg legislation. Moreover, as a regulated entity the Bank is likewise fully cooperating with its financial regulator, the Commission de Surveillance du Secteur Financier, and the other supervisory authorities involved in this matter. The Bank is asserting its rights in these proceedings. To allow for the possible financial consequences, our Luxembourg subsidiary allocated provisions in accordance with the applicable accounting principles on the basis of the information available at the date the 2016 financial statements were finalised, taking account of the progression of the regulatory and legal proceedings.

The restructuring provision includes the cost of reconfiguring our subsidiaries in the UK and our Hong Kong branch.

(in CHF '000)	2016	2015	Change (in %)
15 Share capital			
200,000 fully paid registered shares with a par value of CHF 100.–	20,000	20,000	-
50,000 fully paid bearer shares with a par value of CHF 500.–	25,000	25,000	-
Total	45,000	45,000	-

	Average transaction price	In number of shares
Own shares deducted from shareholders' equity:		
Treasury stock reported as trading operations		
- number of own shares at 1 January 2016		4
- number of shares purchased during the reporting year (in CHF '000)	14	101
- number of shares sold during the reporting year (in CHF '000)	14	(4)
- number of own shares at 31 December 2016		101
Treasury stock reported as financial investments		
- number of own shares at 1 January 2016		2'654
- number of shares purchased during the reporting year (in CHF '000)	14	4
- number of shares sold during the reporting year (in CHF '000)	16	(755)
- number of own shares at 31 December 2016		1'903

Own shares in capital were traded at their fair value during the reporting period.

The CHF 5.6 million loss resulting from the sale of treasury stock was debited to additional paid-in capital and other reserves.

16 Participation rights and options on such rights granted to the members of the Bank's Board, Senior Management and employees

A new series of participation plans has been set up in 2015 for members of Senior Management and some other employees. The beneficiaries of these plans will be allotted stakes in Edmond de Rothschild Holding in accordance with their seniority, rank and individual performance. The sale of these shares is blocked for a three-year period.

This remuneration is based on virtual proprietary capital instruments. Debt is revalued at the close of each financial year and adapted through the profit and loss account in "Personnel expenses".

Other information on the employee participation plans can be found in the Pay Report.

(in CHF '000)	Claims		Commitments	
	2015	2014	2015	2014
17 Due to and from allied parties				
Qualifying shareholders	37'962	35'151	10'205	22'435
Affiliated companies	239'572	180'246	143'632	47'569
Other allied parties	-	-	33'372	34'859
Total	277'534	215'397	187'209	104'863

Affiliated companies are companies in which Edmond de Rothschild Holding SA has a majority stake and that are not part of the Edmond de Rothschild (Switzerland) Group. All transactions with affiliated parties are carried out on the usual terms.

(in CHF '000)	On demand	Redeemable	Due:				Total
			<3 months	3 to 12 months	12 months to 5 years	> 5 years	
18 Maturities of financial instruments							
Assets / financial instruments							
Cash and other liquid assets	7'554'738	-	-	-	-	-	7'554'738
Due from banks	378'073	612	357'154	-	27	800	736'666
Claims arising from securities financing	-	-	3'040'006	-	-	-	3'040'006
Due from customers	-	1'164'571	927'652	526'569	167'487	9'278	2'795'557
Mortgage claims	-	10'699	46'378	30'033	165'826	-	252'936
Trading book	2'539	-	-	-	-	-	2'539
Positive replacement value of derivative instruments	216'303	-	-	-	-	-	216'303
Financial investments	503'803	-	183'089	89'610	699'553	-	1'476'055
Total 2016	8'655'456	1'175'882	4'554'279	646'212	1'032'893	10'078	16'074'800
Total 2015	8'025'250	1'036'765	5'785'788	809'916	410'889	4'659	16'073'267
Foreign assets / financial instruments							
Due to banks	256'594	-	214'445	2	308	-	471'349
Due on client deposits	13'619'907	38'615	676'803	40'799	8'456	-	14'384'580
Negative replacement value of derivative instruments	208'506	-	-	-	-	-	208'506
Total 2016	14'085'007	38'615	891'248	40'801	8'764	-	15'064'435
Total 2015	14'512'224	5'514	405'367	29'688	18'523	-	14'971'316

(in CHF '000)	2016			2015		
	Switzerland	Foreign	Total	Switzerland	Foreign	Total
19 Breakdown of assets and liabilities between Switzerland and other countries by domicile						
Assets						
Cash and other liquid assets	3'025'684	4'529'054	7'554'738	3'462'770	3'379'433	6'842'203
Due from banks	134'350	602'316	736'666	98'770	759'573	858'343
Claims arising from securities financing	1'050'781	1'989'225	3'040'006	963'303	3'719'073	4'682'376
Due from customers	188'777	2'606'780	2'795'557	201'135	2'243'211	2'444'346
Mortgage claims	97'867	155'069	252'936	77'315	29'167	106'482
Trading book	-	2'539	2'539	1	5'349	5'350
Positive replacement value of derivative instruments	30'035	186'268	216'303	69'636	60'800	130'436
Financial investments	545'612	930'443	1'476'055	761'465	242'266	1'003'731
Adjustment accounts	46'682	108'509	155'191	28'808	87'853	116'661
Non-consolidated holdings	63'286	63'478	126'764	65'381	51'644	117'025
Fixed assets	176'253	55'097	231'350	155'992	59'712	215'704
Intangible assets	39'282	4'285	43'567	10'224	55	10'279
Other assets	13'356	25'543	38'899	3'771	85'967	89'738
Total assets	5'411'965	11'258'606	16'670'571	5'898'571	10'724'103	16'622'674
Liabilities						
Due to banks	26'910	444'439	471'349	27'263	159'999	187'262
Other amounts due to customers	1'434'909	12'949'671	14'384'580	1'286'151	13'368'162	14'654'313
Negative replacement value of derivative instruments	39'015	169'491	208'506	76'126	53'615	129'741
Adjustment accounts	79'775	134'384	214'159	75'685	123'198	198'883
Other liabilities	9'978	56'333	66'311	11'388	139'925	151'313
Provisions	18'333	46'716	65'049	16'330	25'329	41'659
Reserves for general banking risks	192'429	41'224	233'653	192'407	52'303	244'710
Share capital	45'000	-	45'000	45'000	-	45'000
Additional paid-in capital	90'603	963	91'566	96'200	963	97'163
Retained earnings	696'952	274'412	971'364	652'548	317'504	970'052
Currency reserve	(15'964)	(121'434)	(137'398)	(12'548)	(114'509)	(127'057)
Own capital stakes	(44'392)	-	(44'392)	(60'302)	-	(60'302)
Minority interests in shareholders' equity	1'074	36'429	37'503	956	32'948	33'904
Consolidated profit	32'273	31'048	63'321	(8'951)	64'984	56'033
Total liabilities	2'606'895	14'063'676	16'670'571	2'398'253	14'224'421	16'622'674

The breakdown of Swiss and foreign origin is based on the location of the registered office of the debtor, creditor or the body issuing the shares or debt instruments. In the case of mortgage-backed securities and property, the place of the security interest applies.

(in CHF '000)	2016		2015	
	Absolute value	% share	Absolute value	% share
20 Breakdown of total assets by country / group of countries (based on domicile)				
Assets				
Switzerland	5'411'965	32,5	5'898'571	35,5
Europe excluding Switzerland	10'000'844	60,0	9'656'150	58,1
North America	218'518	1,3	189'038	1,1
South America	86'565	0,5	48'749	0,3
Asia, Pacific, Oceania	386'125	2,3	251'833	1,5
Caribbean	330'059	2,0	343'538	2,1
Africa Middle East	236'495	1,4	234'795	1,4
Total assets	16'670'571	100,0	16'622'674	100,0

(in CHF '000)	2016	
	Value	% share
21 Breakdown of assets by group of countries' credit rating (based on risk domicile)		
Assets		
AAA / AA+ / AA-	10'279'365	96,5
A+ / A	35'677	0,3
BBB+ / BBB-	130'829	1,2
BB+ / BB-	14'750	0,1
B+ / B-	78'319	0,7
CCC + / D	11'449	0,1
unrated	106'005	1,0
Total assets	10'656'394	100,0

This table has been drawn up on the basis of clients', bank counterparties' and issuers' countries of domicile. The ratings provided by FINMA are those assigned by Standard & Poor's.

The Group uses the ratings assigned by Standard and Poor's.

(in CHF '000)	CHF	EUR	USD	Other	Total
22 Assets and liabilities by major currency					
Assets					
Cash and other liquid assets	3'024'631	4'516'512	211	13'384	7'554'738
Due from banks	43'062	120'146	401'012	172'446	736'666
Claims arising from securities financing	-	746'362	2'244'416	49'228	3'040'006
Due from customers	186'161	1'906'643	541'354	161'399	2'795'557
Mortgage claims	112'863	67'026	34'378	38'669	252'936
Trading book	207	1'278	737	317	2'539
Positive replacement value of derivative instruments	123'034	93'269	-	-	216'303
Financial investments	235'286	521'988	256'459	462'322	1'476'055
Adjustment accounts	44'044	101'601	4'487	5'059	155'191
Non-consolidated holdings	110'772	15'752	185	55	126'764
Fixed assets	175'603	47'081	83	8'583	231'350
Intangible assets	38'831	2	-	4'734	43'567
Other assets	12'096	20'100	125	6'578	38'899
Total balance sheet assets	4'106'590	8'157'760	3'483'447	922'774	16'670'571
Delivery claims arising from spot, forward and options transactions on currencies	1'511'167	5'520'522	8'348'699	2'017'468	17'397'856
Total assets 2016	5'617'757	13'678'282	11'832'146	2'940'242	34'068'427
Total assets 2015	5'913'212	14'097'060	11'939'254	3'197'305	35'146'831
Liabilities					
Due to banks	157'556	99'126	154'025	60'642	471'349
Due on client deposits	1'098'648	5'871'364	5'930'056	1'484'512	14'384'580
Negative replacement value of derivative instruments	176'576	31'930	-	-	208'506
Adjustment accounts	80'604	118'152	1'324	14'079	214'159
Other liabilities	8'885	36'589	858	19'979	66'311
Provisions	18'333	39'629	-	7'087	65'049
Reserves for general banking risks	192'429	41'224	-	-	233'653
Share capital	45'000	-	-	-	45'000
Additional paid-in capital	90'603	963	-	-	91'566
Retained earnings	691'235	260'552	529	19'048	971'364
Currency reserve	(15'961)	(111'984)	(279)	(9'174)	(137'398)
Own capital stakes	(44'392)	-	-	-	(44'392)
Minority interests in shareholders' equity	1'074	34'409	(69)	2'089	37'503
Consolidated profit	29'812	46'456	158	(13'105)	63'321
Total balance sheet liabilities	2'530'402	6'468'410	6'086'602	1'585'157	16'670'571
Delivery commitments arising from spot, forward and options transactions on currencies	3'070'364	6'864'927	5'919'282	1'543'283	17'397'856
Total liabilities 2016	5'600'766	13'333'337	12'005'884	3'128'440	34'068'427
Net position per currency	16'991	344'945	(173'738)	(188'198)	-
Total liabilities 2015	5'943'105	13'968'572	11'983'556	3'251'598	35'146'831

(in CHF '000)	2016	2015	Change (in %)
23 Claims and contingent liabilities			
Commitments to cover credit facilities and similar liabilities	110'476	97'705	13,1
Benefit guarantees and similar liabilities	112'602	98'495	14,3
Total contingent liabilities	223'078	196'200	13,7
Total contingent claims	-	-	

For guarantee commitments made on behalf of the Parent company's governing bodies, see Pay report.
 These commitments are reported in "Off-balance sheet transactions" at their face value. For foreseeable risks, the Group allocates provisions in its balance-sheet liabilities if need be.

(in CHF '000)	2016	2015	Change (in %)
24 Guarantees			
Total	-	-	

(in CHF '000)	2016	2015	Change (in %)
25 Breakdown of fiduciary transactions			
Fiduciary deposits with other companies	2'606'351	2'623'160	(0,6)
Fiduciary deposits held with Group companies and allied companies	377'659	120'845	212,5
Fiduciary transactions relating to securities lending / borrowing in which the Bank acts in its own name on behalf of clients	30'821	71'034	(56,6)
Total	3'014'831	2'815'039	7,1

(in CHF '000)	2016	2015	Change (in %)
26 Breakdown of administered assets and change in their total value			
a) Breakdown of administered assets			
Breakdown of assets by collective investment scheme under the Bank's management	14'506'971	16'717'883	(13,2)
Assets under discretionary management	29'866'798	26'953'548	10,8
Other assets under management	73'763'848	71'173'458	3,6
Total assets under management (includes double reporting)	118'137'617	114'844'889	2,9
- including double reporting	6'287'119	7'351'630	(14,5)
b) Change in total administered assets			
Total initial assets under management (includes double reporting)	114'844'889	109'462'476	4,9
+/- net inflow/outflow of fresh funds	1'655'036	8'203'124	(79,8)
+/- price changes, interest, dividends and currency effects	(482'676)	(6'528'754)	(92,6)
- other effects	2'120'368	3'708'043	(42,8)
Total final assets under management (includes double reporting)	118'137'617	114'844'889	2,9

Assets under management include investments in funds managed by the Group, assets held under discretionary management mandates (including under custody with depositaries) and by the Group and other assets held for investment purposes ("Other assets"),

but do not include "Assets under custody", which are assets of clients whose only objective is safekeeping.

"Assets under discretionary management" are clients' assets for which investment decisions are taken by the Group. "Other administered assets" are assets for which investment decisions are taken by the client.

"Net deposits/withdrawals of fresh money" includes account openings and closures as well as deposits and withdrawals by existing clients. This item is calculated directly, based on clients' individual cash and securities transactions. Changes in assets arising from their performance (e.g. due to price variations, changes in securities prices and exchange rates, interest and dividend payments and bank charges) are not considered deposits/withdrawals. A portion of the deposits/withdrawals also results from double reporting of assets under management invested in Group funds of funds.

Other effects only include those resulting from changes in the scope of consolidation, including the acquisition of Edmond de Rothschild (Israel) Ltd, Tel Aviv and the sale of Edmond de Rothschild Holding (C.I.) Ltd, Guernsey and Edmond de Rothschild (Bahamas), Nassau (all in 2016) and, at the beginning of 2015, consolidation by the equity method of assets invested in Group funds.

(in CHF '000)	2016	2015	Change (in %)
27 Results of trading operations and statements of fair value			
a) Breakdown by sector			
Trading operations with private clients	96'350	76'260	26,3
Trading operations for own account	5'231	16'958	(69,2)
Total results of trading operations	101'581	93'218	9,0
b) Breakdown by type of underlying and results of use of the fair-value option			
Results of trading operations involving:			
rate instruments (including funds)	24'054	17'857	34,7
equity instruments (including funds)	14'969	21'587	(30,7)
Foreign Currencies	61'871	53'214	16,3
Commodities / precious metals	687	560	22,7
Total results of trading operations	101'581	93'218	9,0
<i>including arising from the fair-value option</i>	-	-	-

(in CHF '000)	2016	2015	Change (in %)
28 Results of trading positions refinancing and negative interest			

Refinancing income included in "Interest and discount income"

The Group does not debit portfolio refinancing costs to these results Results of securities lending and borrowing appear in "Interest income, net".

Negative interest rates

Negative interest on asset-side transactions (reducing interest and discount income)	(36'240)	(19'880)	82,3
Negative interest on liability-side transactions (reducing interest charges)	9'376	4'317	117,2

(in CHF '000)	2016	2015	Change (in %)
29 Personnel expenses			
Salaries	(294'821)	(281'426)	4,8
<i>including expenses relating to bonuses</i>	(59'556)	(60'022)	(0,8)
Employee benefits:			
<i>including statutory social security</i>	(31'442)	(34'389)	(8,6)
<i>including contributions to pension funds</i>	(27'609)	(30'209)	(8,6)
Other personnel expenses	(14'472)	(14'864)	(2,6)
Total	(368'344)	(360'888)	2,1

"Salaries" covers the payroll of permanent and temporary staff, plus bonuses, fees paid to directors and supplementary allowances.

(in CHF '000)	2016	2015	Change (in %)
30 Other operating expenses			
Cost of premises	(28'591)	(28'355)	0,8
IT and communications expenses	(39'418)	(40'219)	(2,0)
Expenses relating to vehicles, machines, furniture, other facilities and operational leasing	(1'022)	(1'050)	(2,7)
Auditor's fees	(5'798)	(4'673)	24,1
- including for financial and prudential auditing services	(3'278)	(2'419)	40,3
- including for other services	(2'520)	(2'254)	6,7
Other operating expenses	(91'857)	(78'628)	16,8
Total	(166'686)	(152'925)	9,0

(in CHF '000)	2016	2015	Change (in %)
31 Changes to provisions, other value adjustments and losses			
Total	(23'405)	(8'043)	191,0

The change in provisions, other value adjustments and losses is the result of provisions for legal risks.

(in CHF '000)	2016	2015	Change (in %)
32 Extraordinary income and expenses, releases from reserves for general banking risks			
Extraordinary income	19'870	6'054	228,2
Extraordinary expenses	(3'596)	(315)	1'041,6
Changes to reserves for general banking risks	7'942	(2'580)	-

Extraordinary income in 2016 primarily included profit from the sale of the Bank's Bahamas business and the release of a tax provision that was no longer necessary. Extraordinary expenses included a loss on the sale of EdR Holdings C.I. Ltd, Guernsey and a tax charge arising from the introduction of Belgium's bank tax. Extraordinary income in 2015 mainly arose from a property sale. The sale generated CHF 5.2 million of revenue. The Group also earned CHF 0.7 million on the sale of a holding.

(in CHF '000)	2016	2015	Change (in %)
33 Value adjustments on holdings and write-downs on fixed and intangible assets			
Non-consolidated holdings	(43)	(421)	(89,8)
Fixed assets			
- land and buildings	(4'231)	(16'099)	(73,7)
- software bought separately or developed in-house	(15'264)	(13'438)	13,6
- office furniture, machines and equipment	(11'034)	(13'054)	(15,5)
Intangible assets	(7'382)	(3'285)	124,7
Total	(37'954)	(46'297)	(18,0)

Concerning non-consolidated holdings shown at cost, only provisions for permanent capital depreciation are shown under this heading.

	2016			2015		
	Switzerland	Foreign	Total	Switzerland	Foreign	Total
(in CHF '000)						
34 Breakdown of operating profit between Switzerland and other countries based on the domicile of business operations						
Interest and discount income	14'327	30'994	45'321	2'980	26'167	29'147
Interest and dividend income on trading operations	24	-	24	26	1	27
Interest and dividend income on financial investments	9'167	(193)	8'974	4'412	152	4'564
Interest payable	3'902	(5'772)	(1'870)	1'426	(10'632)	(9'206)
Interest income, net	27'420	25'029	52'449	8'844	15'688	24'532
Changes in valuation adjustments for default risks and losses in interest-related business	(38)	-	(38)	3'458	6	3'464
Interest income, net	27'382	25'029	52'411	12'302	15'694	27'996
Commission income on securities and investment activities	218'940	403'678	622'618	222'453	369'209	591'662
Commission income on lending activities	1'434	672	2'106	1'428	899	2'327
Commission income on other services	3'743	13'115	16'858	4'463	15'934	20'397
Commissions payable	(29'294)	(167'940)	(197'234)	(31'137)	(118'505)	(149'642)
Fee and commission income, net	194'823	249'525	444'348	197'207	267'537	464'744
Results of trading operations and statements of fair value	64'522	37'059	101'581	52'149	41'069	93'218
Proceeds from the sale of financial investments	11'008	149	11'157	480	-	480
Income from holdings	17'311	7'598	24'909	24'578	9'823	34'401
<i>including holdings reported using the equity method</i>	12'486	7'003	19'489	15'073	9'334	24'407
<i>- including other non-consolidated holdings</i>	4'825	595	5'420	9'505	489	9'994
Proceeds from real estate	1'190	45	1'235	1'301	68	1'369
Other ordinary income	11'511	10'009	21'520	5'011	11'974	16'985
Other ordinary expenses	(1'028)	(738)	(1'766)	(1'182)	(433)	(1'615)
Other ordinary results	39'992	17'063	57'055	30'188	21'432	51'620
Personnel expenses	(202'844)	(165'500)	(368'344)	(192'083)	(168'805)	(360'888)
Other operating expenses	(70'244)	(96'442)	(166'686)	(73'296)	(79'629)	(152'925)
Operating expenses	(273'088)	(261'942)	(535'030)	(265'379)	(248'434)	(513'813)
Value adjustments on holdings and write-downs on fixed and intangible assets	(20'275)	(17'679)	(37'954)	(34'798)	(11'499)	(46'297)
Changes to provisions, other value adjustments and losses	(1'205)	(22'200)	(23'405)	4'016	(12'059)	(8'043)
Operating income	32'151	26'855	59'006	(4'315)	73'740	69'425
Extraordinary income	14'577	5'293	19'870	6'028	26	6'054
Extraordinary expenses	(1'470)	(2'126)	(3'596)	(203)	(112)	(315)
Changes to reserves for general banking risks	(4'608)	12'550	7'942	(1'830)	(750)	(2'580)
Taxes	(8'377)	(11'524)	(19'901)	(8'631)	(7'920)	(16'551)
Consolidated profit	32'273	31'048	63'321	(8'951)	64'984	56'033

This breakdown of results by Swiss and foreign origin is based on the location of business operations.

(in CHF '000)	2016	2015	Change (in %)
35 Current and deferred taxes			
Current taxes	(18'504)	(20'621)	(10,3)
Deferred taxes	(1'397)	4'070	(134,3)
Total	(19'901)	(16'551)	20,2
Average tax rate	33,7%	23,8%	41,7

Corporate taxes are calculated on the basis of the financial statements of each individual Group company and charged to the accounting period in which they were incurred. Deferred taxes concern reportable tax losses. Differed tax provisions are set out in **Note 14**.

	2016	2015
36 Earnings per share		
Group earnings after deduction of portion due to minority interests (in thousands of CHF)	51'723	46'406
Weighted average of number of shares outstanding		
Bearer shares (par value CHF 500–)	50'000	50'000
Registered shares (par value CHF 100–)	200'000	200'000
Weighted average of number of shares used to calculate earnings per share (with a par value of CHF 500–) after deducting own shares held by the Bank (Treasury stock)	87'996	87'342
Earnings per bearer share (in CHF)	587,79	531,31
Earnings per registered share (in CHF)	117,56	106,26

Financial Report

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Key figures

of Edmond de Rothschild (Suisse) SA, Geneva

(in CHF '000)	2016	2015	Change	
			(in %)	
Profit and loss account				
Interest income, net	26'197	16'632	9'565	57,5
Fee and commission income, net	194'777	189'399	5'378	2,8
Results of trading operations and statements of fair value	65'231	43'319	21'912	50,6
Operating expenses (personnel costs and overheads)	(286'982)	(258'647)	(28'335)	11,0
Operating income	70'567	81'288	(10'721)	(13,2)
Net income	144'353	47'426	96'927	204,4
Profitability				
% return on equity (net profit / average shareholders' equity after profit appropriation)	21,4	7,8	-	-
% return on assets (net income/average assets)	1,7	0,6	-	-
Shares (in CHF)				
Dividend (in thousands of CHF)	67'500	49'500		
Dividend (% of share capital)	150	110		
Stock market capitalisation (in thousands of CHF)	1'260'000	1'361'200		

(in CHF '000)	2016	2015	Change	
			(in %)	
Consolidated Balance sheet				
Due from banks	334'316	181'646	152'670	84,0
Advances to customers	3'922'181	3'750'481	171'700	4,6
Due to banks	1'059'912	1'040'362	19'550	1,9
Customer deposits	7'112'498	5'982'392	1'130'106	18,9
Shareholders' equity	790'829	675'758	115'071	17,0
Balance sheet total	9'438'179	7'994'663	1'443'516	18,1
Assets under management (in millions of CHF)				
Total assets under management (includes double reporting)	37'272	36'093	1'178	3,3
<i>including double reporting</i>	<i>4'401</i>	<i>4'620</i>	<i>(219)</i>	<i>(4,7)</i>
<i>+/- net inflow/outflow of fresh funds</i>	<i>(4'401)</i>	<i>(1'392)</i>	<i>(3'008)</i>	<i>216,1</i>
Group personnel (number of employees)				
Average number of employees	850	714	136	19,0
Total number of employees at year-end	830	752	78	10,4
Number of employees at year-end, converted into full-time jobs	808	733	75	10,2

Report of the Directors

to the shareholders on the accounts of Edmond de Rothschild (Suisse) SA
at the ordinary general meeting on 02 May 2017

Balance sheet review

On the assets side, cash and other liquid assets totalled CHF 3 billion, up CHF 366.4 million compared with 2015.

Funds due from banks were up CHF 152,7 million to CHF 334,3 million.

Claims arising from securities financing operations totalled CHF 2.4 billion, down CHF 273.1 million compared with 2015.

Amounts due from customers totalled CHF 1.2 billion, up 31.4 % on the 2015 level, representing 13,2 % of the balance sheet total.

Trading operations totalled CHF 1.1 million, up 76.3 % on the 2015 level.

Positive replacement values of derivative instruments totalled CHF 219.7 million, up by CHF 126.3 million. The rise was due to the change in replacement value of open currency positions at the end of the reporting year.

Financial investments stood at CHF 1.5 billion, up by CHF 604.2 million compared with the year-earlier figure.

Long-term holdings amounted to CHF 223.1 million, as against CHF 259.6 million in 2015.

Fixed assets came to CHF 157.5 million, up by CHF 23.7 million.

At 31 December 2016, the balance-sheet total stood at CHF 9.4 billion, up by CHF 1.4 million on the previous year. Edmond de Rothschild (Suisse) SA has a particularly healthy, liquid balance-sheet and can therefore face future developments confidently.

Funds due from banks were up CHF 19.6 million to CHF 1.1 billion,

At 31 Dec. 2016 client deposits totalled CHF 7.1 billion as against 6 billion a year earlier. They accounted for 75,4 % of the balance sheet total.

Negative replacement values of derivative instruments totalled CHF 215.9 million, up 142.4%.

"Provisions" fell by CHF 34.7 million to CHF 165.5 million.

Reserves for general banking risks were up to CHF 48.5 million.

Following appropriation of net income, shareholders' equity will amount to CHF 723,3 million, or 7,7 % of the balance sheet total.

On that basis return on equity at end-2016 worked out to 21.4 %. Applying the BIS rules under Basel III, required shareholders' equity totalled CHF 175,1 million while eligible capital came to CHF 576,7 million. The BIS ratio stood at 26,3 %.

Roundup of results

The Bank's net profit at 31 Dec. 2016 came to CHF 144.4 million, marking an increase of 204.4 % compared with the year-earlier figure.

Revenue

Net interest income fell 57.5 % compared with the previous year, totalling CHF 26.2 million.

Income from fees and commissions was up at CHF 194.8 million, compared with CHF 189.4 million in 2015.

Results of trading operations and statements of fair value came to CHF 65,2 million, compared with CHF 43,3 million the previous year.

Other ordinary results rose 2.3 % to CHF 93.3 million.

Expenses

Operating expenses totalled CHF 287.0 million, up 11.0 % on the 2015 level. Personnel expenses rose by 14,5 % and other operating expenses were up 2,2 %

Valuation adjustments on holdings and write-downs on fixed assets and securities were down CHF 11.8 million on the previous year, totalling CHF 21.5 million. Allocations to provisions amounted to CHF 0.5 million compared with a release of provisions of CHF 32.6 million 2015.

Taxes due in 2016 are estimated at CHF 6.0 million, up 0.3 million on the year-earlier figure.

Approval of the financial statements

We hereby submit the financial statements for fiscal year 2016 for your approval, together with our proposal for the allocation of available income.

Proposal of the Board of Directors concerning the appropriation of earnings

Net income for 2016	CHF	144'353'274
Net income brought forward from previous year	CHF	2'860'018
Total	CHF	147'213'292

which we propose to appropriate as follows:

Payment of a 110% ordinary dividend on 200,000 registered shares with a par value of CHF 100.– CHF 20,000,000 at 150 %	CHF	30'000'000
50,000 bearer shares with a par value of CHF 500 CHF 25,000,000 at 150 %	CHF	37'500'000
Total ordinary dividend	CHF	67'500'000
Allocation to statutory reserve	CHF	Nil
Allocation to other reserves	CHF	Nil
Net income carried forward	CHF	79'713'292
Total	CHF	147'213'292

Subject to your acceptance of our proposal, the dividend will be made payable on Coupon No. 30 from 08 May 2017 at all the domestic counters of UBS, Credit Suisse, Rothschild Bank AG and Edmond de Rothschild (Suisse) SA, at the rate of CHF 150 per registered share with a par value of CHF 100 and CHF 750 per bearer share with a par value of CHF 500, less 35% withholding tax.

Shareholders' equity will amount to CHF 723,328,650.– or 7,7 % of the balance sheet total.

Elections as per our Articles of Association

Under the OEPLC the General Meeting will henceforth elect members to the Board of Directors individually for one-year terms, regardless of their age. Each Director's term will end at the close of the General Meeting following his or her election in compliance with article 19bis of the Articles of Association.

The list of the members whom the Board of Directors will propose for election/re-election will be included in the agenda of the General Meeting to appear in the 07 April 2017 edition of the FOSC.

Finally, we propose that for 2017 PricewaterhouseCoopers SA be re-appointed as the Independent Auditors of the Bank and the Group.

Outlook for 2017

At the global level, central banks have shown that they are hard at work and still prepared to take their policies a step further. In addition to this monetary support, the G20 governments have committed themselves to using fiscal stimulus to spur economic growth. Last but not least, OPEC members recently came to an agreement to reduce their oil production. These factors should rekindle inflation in both the short and long term. Yet geopolitical uncertainties remain and coming elections, particularly in Europe, could limit the beneficial impact of budget policies on private investment. Moreover, while inflation may be a sign of healthier markets, an upturn in productivity will be needed to prevent rising prices from eating into purchasing power and to curb the negative repercussions of population ageing.

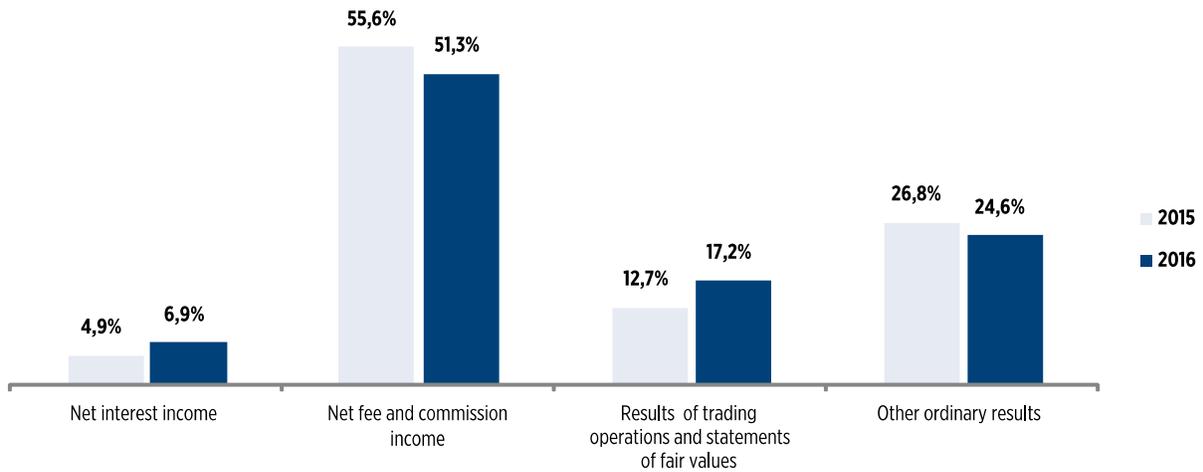
Caution will again be required in 2017. The Bank must maintain a guarded approach and continue to adapt to its changing environment. We will concentrate on playing up our areas of expertise, on pursuing the implementation of our new IT platform and on generating more synergies between our various business segments with a view to always better serving clients.

Backed by our family-controlled shareholder base and a healthy, rock-solid balance sheet, Edmond de Rothschild remains committed to pursuing excellence, human values and a long-term vision rooted in socially responsible capitalism. These strengths will enable us to rise to the challenges that 2017 will bring and turn them into opportunities to create value for the benefit of our clients.

The Board of Directors

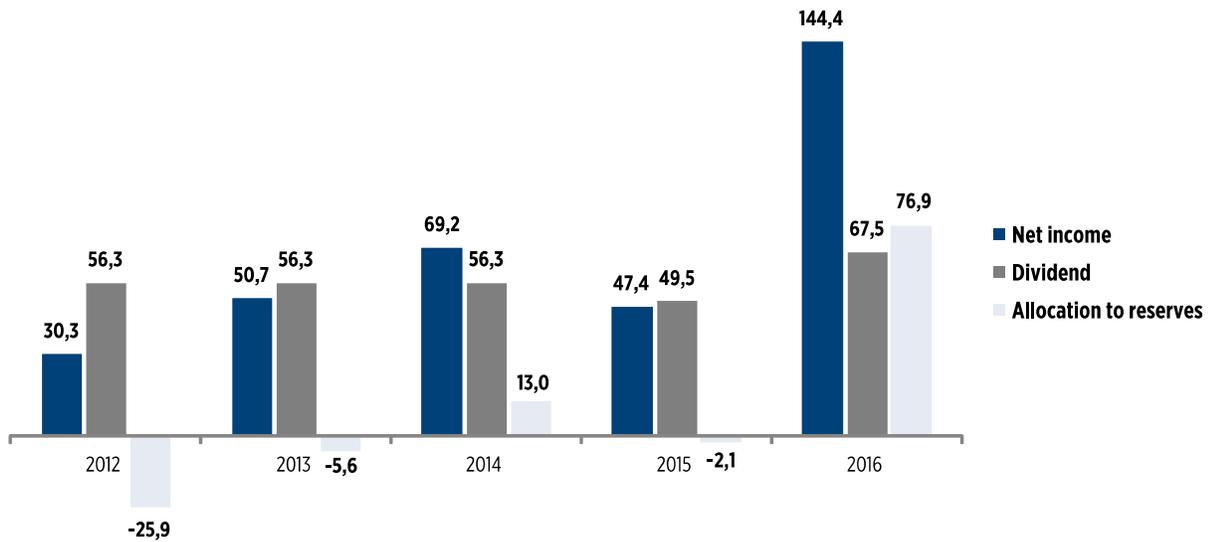
Breakdown of revenues

(% of total)



Allocation of profit

(in millions of CHF)



Report of the statutory auditor

to the General Meeting of Edmond de Rothschild (Suisse) SA Geneva

Report on the annual financial statements

Opinion

We have audited the financial statements of Edmond de Rothschild (Suisse) SA, which comprise the balance sheet, profit and loss account and the level of shareholders' equity for the year ended 31 December 2016, and notes, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 97 to 116) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 3,528,000
How we determined it	5% of the operating income (rounded)
Rationale for the materiality benchmark applied	We chose operating income (i.e. earnings before taxes, extraordinary income and changes to reserves for general banking risks) as a benchmark. In our view, it is the benchmark against which the performance of the Bank is commonly measured and it is a generally accepted benchmark in the banking industry.

We agreed with the Audit Committee that we would report to them misstatements above CHF 176,400 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have no key audit matters to report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- › Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- › Obtain an understanding of internal control relevant to the audit 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.
- › Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or the Audit Committee with a statement that we have complied with relevant requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rapport sur les autres dispositions légales et réglementaires

In accordance with article 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 (page 91) complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers S.A.

Beresford Caloia
Audit expert
Auditor in charge

Alain Lattafi
Audit expert

The image shows two handwritten signatures in black ink. The signature on the left is for Beresford Caloia, and the signature on the right is for Alain Lattafi. Both signatures are fluid and cursive.

Geneva, 31 March 2017

Balance sheet

before profit appropriation at 31 December 2016 (in thousands of CHF)

	Notes	2016	2015	Change	
					(in %)
Assets					
Cash and other liquid assets		3'038'941	2'672'569	366'372	13,7
Due from banks		334'316	181'646	152'670	84,0
Claims arising from securities financing	1	2'422'513	2'695'624	(273'111)	(10,1)
Due from customers	2	1'246'732	948'627	298'105	31,4
Mortgage claims	2	252'936	106'230	146'706	138,1
Trading book	3	1'121	636	485	76,3
Positive replacement value of derivative instruments	4	219'740	93'421	126'319	135,2
Financial investments	5	1'459'735	855'534	604'201	70,6
Accrued income and prepaid expenses		65'563	41'602	23'961	57,6
Non-consolidated holdings		223'118	259'637	(36'519)	(14,1)
Fixed assets		157'519	133'829	23'690	17,7
Intangible assets		3'194	1'372	1'822	132,8
Other assets	6.7	12'751	3'936	8'815	224,0
Total assets		9'438'179	7'994'663	1'443'516	18,1
Total subordinated claims		-	-	-	-
<i>including with an obligation to convert and/or abandon the right</i>		-	-	-	-

Edmond de Rothschild (Suisse) S.A., Geneva absorbed Edmond de Rothschild (Lugano) S.A. Lugano effective retroactively to 1 January 2016. The 2016 figures thus include the balance sheet and profit and loss account items of this entity, which became a branch of the parent company.

Balance sheet

before profit appropriation at 31 December 2016 (in thousands of CHF)

	Notes	2016	2015	Change	
					(in %)
Liabilities					
Due to banks		1'059'912	1'040'362	19'550	1,9
Due on client deposits		7'112'498	5'982'392	1'130'106	18,9
Negative replacement value of derivative instruments	4	215'856	89'054	126'802	142,4
Accrued income and prepaid expenses		83'780	67'801	15'979	23,6
Other liabilities	6	9'808	8'497	1'311	15,4
Provisions	10	165'496	130'799	34'697	26,5
Reserves for general banking risks		48'472	39'672	8'800	22,2
Share capital	11	45'000	45'000	-	-
Additional legal paid-in capital		45'362	45'362	-	-
Statutory reserve taken from earnings		133'779	139'376	(5'597)	(4,0)
Optional reserves taken from earnings		415'395	414'290	1'105	0,3
Own capital stakes		(44'392)	(60'302)	15'910	(26,4)
Net profit brought forward		2'860	4'934	(2'074)	(42,0)
Net income		144'353	47'426	96'927	204,4
Total shareholders' equity before profit appropriation		790'829	675'758	115'071	17,0
Total liabilities		9'438'179	7'994'663	1'443'516	18,1
Total subordinated liabilities		-	-	-	-
<i>including with an obligation to convert and/or abandon the right</i>		-	-	-	-

Off-balance sheet transactions

Contingent liabilities	2	149'546	228'281	(78'735)	(34,5)
Irrevocable liabilities	2	11'574	59'182	(47'608)	(80,4)

Edmond de Rothschild (Suisse) S.A., Geneva absorbed Edmond de Rothschild (Lugano) S.A. Lugano effective retroactively to 1 January 2016. The 2016 figures thus include the balance sheet and profit and loss account items of this entity, which became a branch of the parent company.

Profit and loss account

for the year ended 31 December 2016 (in thousands of CHF)

	Notes	2016	2015	Change	
					(in %)
Interest and discount income		15'937	9'060	6'877	75,9
Interest and dividend income on trading portfolios		24	26	(2)	(7,7)
Interest and dividend income on financial investments		9'157	3'433	5'724	166,7
Interest payable		1'117	655	462	-
Interest income, gross		26'235	13'174	13'061	99,1
Changes in valuation adjustments for default risks and losses in interest-related business		(38)	3'458	(3'496)	101
Interest income, net		26'197	16'632	9'565	57,5
Commission income on securities and investment activities		230'760	223'186	7'574	3,4
Commission income on lending activities		1'585	1'592	(7)	(0,4)
Commission income on other services		3'028	1'740	1'288	74,0
Commissions payable		(40'596)	(37'119)	(3'477)	9,4
Fee and commission income, net		194'777	189'399	5'378	2,8
Results of trading operations and statements of fair value	20	65'231	43'319	21'912	50,6
Proceeds from the sale of financial investments		10'999	235	10'764	4'580,4
Income from holdings		65'409	83'273	(17'864)	(21,5)
Proceeds from real estate		1'190	780	410	52,6
Other ordinary income		16'736	7'808	8'928	114,3
Other ordinary expenses		(997)	(866)	(131)	15,1
Other ordinary results		93'337	91'230	2'107	2,3
Personnel expenses	22	(210'392)	(183'735)	(26'657)	14,5
Other operating expenses	23	(76'590)	(74'912)	(1'678)	2,2
Operating expenses		(286'982)	(258'647)	(28'335)	(11,0)
Value adjustments on holdings and write-downs on fixed and intangible assets	26	(21'463)	(33'293)	11'830	(35,5)
Changes to provisions, other value adjustments and losses	24	(530)	32'648	(33'178)	-
Operating income		70'567	81'288	(10'721)	(13,2)
Extraordinary income	25	90'568	6'060	84'508	1'394,5
Extraordinary expenses	25	(1'998)	(201)	(1'797)	894,0
Changes to reserves for general banking risks	25	(8'800)	(34'000)	25'200	(74,1)
Taxes	27	(5'984)	(5'721)	(263)	(4,6)
Net income		144'353	47'426	96'927	204,4

Edmond de Rothschild (Suisse) S.A., Geneva absorbed Edmond de Rothschild (Lugano) S.A. Lugano effective retroactively to 1 January 2016. The 2016 figures thus include the balance sheet and profit and loss account items of this entity, which became a branch of the parent company.

Level of shareholders' equity

at 31 December 2016 (in thousands of CHF)

	Share capital	Additional legal paid-in capital	Statutory reserve taken from earnings	Reserves for general banking risks	Optional reserves taken from earnings including retained earnings	Own capital stakes	Result for the financial year	TOTAL
Shareholders' equity at 1 January 2016	45'000	45'362	139'376	39'672	419'224	(60'302)	47'426	675'758
Impact of a restatement	-	-	-	-	-	-	-	-
Employee incentive plan / allocations to reserves	-	-	-	-	-	-	-	-
Capital increase/decrease	-	-	-	-	-	-	-	-
Other contributions / injections	-	-	-	-	1'105	-	-	1'105
Purchase of own capital stakes	-	-	-	-	-	(1'484)	-	(1'484)
Sale of own capital stakes	-	-	-	-	-	17'394	-	17'394
Impact of subsequent valuation of own capital stakes	-	-	-	-	-	-	-	-
Profit / (loss) on sale of own capital stakes	-	-	(5'597)	-	-	-	-	(5'597)
Dividends and other distributions	-	-	-	-	-	-	(49'500)	(49'500)
Allocations to/releases from reserves for general banking risks	-	-	-	8'800	-	-	-	8'800
Other allocations / (releases) affecting other reserves	-	-	-	-	(2'074)	-	2'074	-
Net income	-	-	-	-	-	-	144'353	144'353
Shareholders' equity at 31 December 2016	45,000	45'362	133'779	48'472	418'255	(44'392)	144'353	790'829

Notes to the financial statements

Name and legal form of the Bank

Edmond de Rothschild (Suisse) SA is a bank specialising in wealth management for private and institutional clients. It is a member of SIX Swiss Exchange. It became an accredited dealer in transferable securities on 3 April 1998.

Converted to full-time jobs, the number of staff employed by Edmond de Rothschild (Suisse) SA stood at 808 at end-2016 versus 733 a year earlier.

Through its network of branches and subsidiaries in Switzerland and abroad, the Bank conducts on its clients' behalf all the operations customarily provided by private banking institutions. Fee and commission business for the account of clients mainly includes portfolio management, fiduciary deposits and payment transactions, along with trading in securities, precious metals and derivative instruments.

Merger

Edmond de Rothschild (Suisse) S.A., Geneva absorbed Edmond de Rothschild (Lugano) S.A. Lugano effective retroactively to 1 January 2016.. The 2015 figures given for comparison have not been restated.

Accounting and valuation principles of the financial statements

The consolidated financial statements of the Edmond de Rothschild (Switzerland) Group have been prepared in accordance with the provisions of the Swiss Code of Obligations, the Federal Law on Banks and its implementing ordinance and the Accounting rules for banks, securities dealers, financial groups and conglomerates set out in Circulaire 15/1, issued by the Swiss Financial Market Supervisory Authority ("FINMA") The Bank presents its accounts separately so that outside parties can form a reliably informed opinion on its financial situation. The financial statements may contain latent reserves.

The Bank also actively deals in debt instruments, equities, currencies, precious metals and derivatives on a proprietary basis, but does not engage in commodity trading.

Except for its hosting, management and operation of the securities database, the Bank does not outsource its services within the meaning of FINMA circular 2008/7.

General valuation policies

The financial statements of Edmond de Rothschild (Suisse) SA, which is the parent company have been drawn up in accordance with the accounting principles of the Group, with the exception of the following items:

"Holdings"

This item comprises of interests in associated establishments of either a long-term or infrastructural nature (regardless of the percentage stake). These holdings are reported at most at their purchase value less any corrections that are financially necessary. The holdings are stated in accordance with the individual valuation principle.

Own debt and equity securities

Purchases of own shares in Group capital are stated at the purchase price at the time of the trade in "Own shares in capital" and are deducted from shareholders' equity. The Bank makes no subsequent valuations.

If own shares in capital are sold, the resulting profit/loss is included in "Retained earnings paid into the statutory reserve" and the Bank reduces "Own shares in capital" by the purchase value of the shares that have been sold.

Changes to the valuation and presentation principles

From 1 January 2015 the Bank's financial statements are drawn up in accordance with the "Accounting rules for banks" as set out in FINMA Circular 2015/1.

Moreover, under article 36 (1) of the Banking Ordinance the Bank may waive publication of certain parts of the Notes in its separate parent company statements.

Risk management

The principles adopted by the Group regarding control of market, credit, interest rate and country risks also apply to the parent company.

Methods applied for identifying default risks and determining the need for valuation adjustments

The methods used by the Group for identifying default risks and determining the need for valuation adjustments apply to the parent company.

Valuation of collateral

The Group's valuations of loan guarantees also apply to the parent company.

Business policy on using derivative instruments and hedge accounting

The Group business policy on using derivative instruments and hedge accounting also applies to the parent company.

Significant events since the date of the balance sheet

There has been no event since the close of the reporting year that could have an impact on the Bank's operations and revenues at 31 December 2016.

At end-March 2017, however, the Bank announced its desire to simplify the shareholding structure of its subsidiary Edmond de Rothschild Asset Management (Suisse) S.A. by acquiring the balance of the holding (65.32%) which it does not yet own.

Resignation of the Auditor before the end of its term

The General Meeting elected PricewaterhouseCoopers SA, Geneva as the Bank's Auditor. PwC's first term as Auditor was in 1982. It has not resigned before its term of office expired.

Balance sheet information

(in CHF '000)

2016 2015

1 Breakdown of securities financing transactions (assets and liabilities)			
Carrying value of claims arising from liquidity pledged when borrowing securities or entering into reverse repo agreements		2'422'513	2'695'624
Carrying value of liabilities arising from liquidity received when lending securities or entering into repo agreements		-	-
Value of securities owned on the Bank's own behalf, lent or transferred as collateral in securities lending and repo agreements		-	-
The fair value of securities received as collateral under securities lending agreements and securities received under borrowing or reverse repo agreements which the Bank has been authorised without restriction to sell or pledge subsequently		2'437'570	2'697'217
- including securities which were pledged		-	-
- including securities which were sold		-	-

(in CHF '000)

Schedule of collateral

	Mortgage collateral	Mortgage collateral	Mortgage collateral	Mortgage collateral
2 Coverage of off-balance sheet claims and transactions and non-performing loans				
Loans (prior to set-off with valuation adjustments)				
Due from customers	-	1'137'464	111'193	1'248'657
Mortgage loans				
- residential property	252'936	-	-	252'936
- other	-	-	-	-
Total loans (prior to set-off with valuation adjustments)				
Total 2016	252'936	1'137'464	111'193	1'501'593
Total 2015	106'230	884'287	72'603	1'063'120
Total loans (after set-off with valuation adjustments)				
Total 2016	252'936	1'137'464	109'268	1'499'668
Total 2015	106'230	884'287	64'340	1'054'857
Off-balance sheet				
Contingent liabilities	-	149'546	-	149'546
Irrevocable liabilities	-	-	11'574	11'574
Liabilities for unpaid share capital and additional capital contributions	-	-	-	-
Guarantees	-	-	-	-
Total 2016	-	149'546	11'574	161'120
Total 2015	-	278'281	9'182	287'463

(in CHF '000)

Gross value Estimated proceeds from sale of collateral Net value Itemised valuation adjustments

Delinquent claims				
Total 2016	1'925	-	1'925	1'925
Total 2015	8'263	-	8'263	8'263

During the 2016 financial year, a provision amounting to CHF 6.1 million was released in connection with a granted by Edmond de Rothschild (Suisse) S.A. that was not repaid.

(in CHF '000)

2016

2015

3 Breakdown of trading operations and other financial instruments stated at their fair value (assets and liabilities)

	2016	2015
Assets		
Trading book		
Debt securities, money market paper/transactions	83	-
<i>including listed</i>	83	-
Equity securities	1'038	636
Other financial instruments reported at their fair value	-	-
Other	-	-
Total assets	1'121	636
<i>including drawn up using a valuation model</i>	-	-
<i>including securities eligible for repo agreements under liquidity regulations</i>	-	-

	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Positive replacement values	Negative replacement values	Positive replacement values	Negative replacement values
(in CHF '000)						
4 Derivative instruments (assets and liabilities)						
Interest rate instruments						
Forward contracts including FRAs	-	-	-	-	-	-
Swaps	1'015	370	12'618	1'046	2'578	222'189
Futures	-	-	-	-	-	-
OTC options	-	-	-	-	-	-
Traded options	-	-	-	-	-	-
Currencies / precious metals						
Forward contracts	213'225	208'409	18'881'535	-	82	15'105
Combined interest and currency swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
OTC options	2'642	2'607	458'001	-	-	-
Traded options	-	-	-	-	-	-
Equity index products						
Forward contracts	1'739	1'737	131'206	-	-	-
Futures	-	-	-	-	-	-
OTC options	73	73	121'803	-	-	-
Traded options	-	-	-	-	-	-
Credit derivatives						
Credit default swaps	-	-	-	-	-	-
Total return swaps	-	-	-	-	-	-
First-to-default swaps	-	-	-	-	-	-
Other credit derivatives	-	-	-	-	-	-
Other						
Forward contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
OTC options	-	-	-	-	-	-
Traded options	-	-	-	-	-	-
Total before taking account of netting agreements						
2016	218'694	213'196	19'605'163	1'046	2'660	237'294
<i>including drawn up using a valuation model</i>	<i>3'730</i>	<i>3'050</i>	<i>592'422</i>	<i>1'046</i>	<i>2'578</i>	<i>222'189</i>
2015	93'359	88'967	12'654'676	62	87	30'727
<i>including drawn up using a valuation model</i>	<i>2'171</i>	<i>4'182</i>	<i>463'759</i>	<i>62</i>	<i>56</i>	<i>19'904</i>
				Positive replacement values (accumulated)	Negative replacement values (accumulated)	
Total after taking account of netting agreements						
2016				219'740	215'856	
2015				93'421	89'054	
Breakdown by counterparty						
			Central clearing counterparties	Banks and brokers	Other clients	
Positive replacement values (after taking account of netting agreements)			-	195'000	24,740	

(in CHF '000)	2016	2015	2016	2015
	Book value		Fair value	
5 Breakdown of financial investments (in thousands of CHF)				
Debt instruments	973'383	521'917	983'444	526'275
<i>including intended to be kept until maturity</i>	886'591	448'119	894'598	451'198
<i>including not intended to be kept to maturity (available for sale)</i>	86'792	73'798	88'846	75'077
Equity securities	37'393	39'538	42'243	45'443
<i>including qualifying equity stakes (min. 10% of capital or votes)</i>	-	-	-	-
Precious metals	448'959	294'079	448'959	294'079
Buildings	-	-	-	-
Total	1'459'735	855'534	1'474'646	865'797
<i>including securities eligible for repo agreements under liquidity regulations</i>	193'937	59'573	-	-

(in CHF '000)	From AAA to AA-	From A+ to A-	From BBB+ to BBB-	From BB+ to B-	Lower than B-	Without rating
	Breakdown of counterparties by credit rating					
Book value of debt instruments	336'283	199'461	324'614	81'103	17'046	14'876

(in CHF '000)	Other assets		Other liabilities	
	2016	2015	2016	2015
6 Breakdown of other assets and other liabilities				
Set-off account	1'614	25	-	-
Capitalised employer contribution reserves	3'601	2'881	6'208	4'610
Capitalised other employee benefits	48	5	1'417	1'919
Indirect taxes	7'488	976	-	-
Other	-	49	2'183	1'968
Total	12'751	3'936	9'808	8'497

(in CHF '000)	2016		2015	
	Carrying values	Actual liabilities	Carrying values	Actual liabilities
7 Assets pledged or assigned to cover own liabilities and assets subject to reservation of ownership				
Pledged / assigned assets	19'848	-	9'175	-
Financial investments	6'591	-	-	-
Pledged assets subject to an encumbrance	-	-	-	-

	2016	2015	Change (in %)
In number of shares			
8 Commitments to own pension plans			
Due on client deposits	54'913	52'542	4,5
Negative replacement value of derivative instruments	1'482	-	-
Medium-term bank bonds	-	-	-
Borrowed from / lent to central mortgage bond institutions	-	-	-
Total	56'395	52'542	7,3

	2016	2015	Change (in %)
In number of shares			
Number and type of the Bank's proprietary capital instruments held by its employee benefits institutions			
Bearer shares of CHF 500.-	547	547	-

This holding amounts to 0.6% of the Bank's share capital.

9 Financial status of the parent company's employee benefits institutions

a) Employer contributions reserve (ECR)

At 31 Dec. 2016 there was no employer contributions reserve.

(in CHF '000)	2015 Funding surplus / insufficient	2015 Entity's share	2014	Change v. previous year	Contributions paid for 2015	2016 Personnel welfare costs included in personnel expenses	2015
b) Economic benefits / commitments and personnel welfare expenses							
Employer funds / Employer occupational benefits institutions	-	-	-	-	-	-	-
Employee benefits plans with no surplus or deficit funding	-	-	-	-	-	-	-
Employee benefits plans with surplus funding	24'954	-	-	-	(19'122)	(19'122)	(19'555)
Employee benefits plans with deficit funding	-	-	-	-	-	-	-
Total	24'954	-	-	-	(19,122)	(19,1225)	(19,555)

The staff of the Bank is insured by the Edmond de Rothschild Personnel Welfare Foundation. Its purpose is to protect the staff of its member companies from the economic consequences of old age, disability and death. The Foundation is semi-autonomous and operates as a defined-contributions scheme. Contribution rates increase with age. Employers pay in two-thirds of contributions and employees one-third.

The audited funding ratio of the new Foundation at 31 December 2015 was 104,76 % (106,87 % at 1 January 2015).

The Foundation believes that at end-2016 its funding ratio stood slightly above 100 %. The Foundation Council decided to pay 1 % interest on active members' vested assets for 2016 and also decided not to index existing pensions.

The Board of Directors believes that any funding ratio surplus as defined in RPC 16 of the Swiss GAAP will be used for the benefit of employees and that, as a consequence, no profit will arise for the member companies.

	Situation at end-2015	Uses as designated	Reclassifications	Forex differences	Nonperforming loans, recoveries	New provisions charged to profit and loss account	Releases through the profit and loss account	Situation at end-2016
(in CHF '000)								
10 Valuation adjustments, provisions, reserves for general banking risks and changes thereto								
Provisions for deferred taxes	-	-	-	-	-	-	-	-
Provisions for the Foundation's liabilities	-	-	-	-	-	-	-	-
provisions for default risks	-	-	-	-	-	-	-	-
Provisions for other operating risks	-	-	-	-	-	-	-	-
Provisions for restructuring	-	-	-	-	-	3'480	-	3'480
Other provisions	130'799	(442)	34'040	-	-	706	(3'087)	162'016
Total provisions	130'799	(442)	34'040	-	-	4'186	(3'087)	165'496
Reserves for general banking risks	39'672	-	-	-	-	8'800	-	48'472
Valuation adjustments for default and country risks	8'263	(6'121)	38	-	(1)	36	(290)	1'925
- including valuation adjustments for default risks on non-performing loans	8'263	(6'121)	38	-	(1)	36	(290)	1'925
- including valuation adjustments for deferred risks	-	-	-	-	-	-	-	-

Reserves for general banking risks were up to CHF 26.7 million.

The Bank is involved in a number of judicial proceedings in relation to its normal business. The general business environment entails certain legal risks whose impact on our financial situation and profitability is difficult to gauge at the current stages of these proceedings. In line with our policy, the Bank creates provisions for pending or contingent procedures when senior management believes that these could give rise to a loss or a financial liability, or when the dispute is likely to be settled in the form of a transaction and the amount of the obligation or loss can be reasonably estimated. For certain procedures, however, the Bank is not able to reasonably estimate the size of the loss, for example because of the complexity of the proceedings, the fact that they are only at a preliminary stage, the uncertainty they entail or for other objective reasons.

The restructuring provision includes the cost of reconfiguring our Hong Kong branch.

Change in the scope of consolidation due to the absorption of Edmond de Rothschild (Lugano) S.A. effective retroactively to 1 January 2016

	2016			2015		
	Par value	Number of shares	Capital ranking for dividend	Par value	Number of shares	Capital ranking for dividend
	(in CHF '000)		(in CHF '000)	(in CHF '000)		(in CHF '000)
11 Share capital						
Fully paid registered shares at CHF 100.– par value	20,000	200,000	20,000	20,000	200,000	20,000
Fully paid bearer shares at CHF 500.– par value	25,000	50,000	25,000	25,000	50'000	25'000
Total share capital	45,000			45,000		

(in CHF '000)	Claims		Commitments	
	2016	2015	2016	2015
12 Due to and from allied parties				
Qualifying shareholders	37'062	34'984	8'341	22'224
Group companies	208'662	49'733	705'072	992'499
Affiliated companies	15'821	57'796	92'112	11'011
Governing bodies' business	-	-	33'372	34'859
Total	261'545	142'513	838'897	1'060'593

Affiliated companies are companies in which Edmond de Rothschild Holding SA has a majority stake and that are not part of the Edmond de Rothschild (Switzerland) Group.
All transactions with affiliated parties are carried out on the usual terms at the Bank in Switzerland and at our foreign subsidiaries.

	2016			2015		
	Par value	Percentage of capital	Percentage of voting rights	Par value	Percentage of capital	Percentage of voting rights
	(in CHF '000)	(in %)	(in %)	(in CHF '000)	(in %)	(in %)
13 Owners of significant holdings and group of owners bound by voting agreements						
Important shareholders ex treasury stock						
Edmond de Rothschild Holding SA ¹	37'215,0	82,7	87,4	36'837,5	81,9	87,1
Rothschild Holding AG, Zurich ²	3'800,0	8,4	9,4	3'800,0	8,4	9,4

(1) The entire share capital of Edmond de Rothschild Holding SA is directly or indirectly controlled by members of the de Rothschild family. 17% of the company's share capital (representing 6.77% of voting rights) is owned by Baroness Edmond de Rothschild and 66.33% (representing 89.84% of voting rights) by Baron Benjamin de Rothschild. The financial statements of Edmond de Rothschild Holding SA are available on request in writing to the company (PO Box 5254, 1211 Geneva 11).

(2) Rothschild Holding AG, Zurich is owned by 1) Eric de Rothschild, Paris ; 2) David de Rothschild, Paris ; 3) Alexandre de Rothschild, Paris ; 4) Stéphanie Lifford de Buffévent, Paris ; 5) Louise de Rothschild, Paris ; 6) Financière de Tournon SAS, Paris ; 7) Financière de Reux SAS, Paris ; 8) Béro SCA, Paris ; 9) Ponthieu Rabelais SAS, Paris ; 10) Integritas BV, Amsterdam ; 11) Rothschild Trust (Schweiz) AG, Zurich ; 12) AYRE Corporation (1972) Limited, Amsterdam ; 13) Rothschild Concordia SAS, Paris ; 14) Edouard de Rothschild, Paris ; 15) Philippe de Nicolay-Rothschild, Paris ; 16) Olivier Pécoux, Paris ; 17) François Henrot, Paris ; 18) Holding Financier Jean Goujon SAS, Paris ; 19) Eranda Foundation, UK ; 20) Rothschild & Co Gestion SAS, Paris ; 21) Rothschild & Co Commandité SAS, Paris ; 22) Nicolas Bonnault, Paris ; 23) Laurent Baril, Paris ; 24) Philippe Le Bourgeois, Paris ; 25) Maria Beatrice de Rothschild, Paris ; 26) Julia Footnick, Paris ; 27) Elisabeth Donovan, Paris ; 28) James de Rothschild, Paris ; 29) Anna de Rothschild, Paris ; 30) Pierre de Rothschild, Paris ; 31) Alexandra Pécoux, Paris ; 32) Emmanuelle Pécoux, Paris ; 33) Maylis Pécoux, Paris ; 34) Olivier Pécoux EURL, Paris ; 35) FH GFA SARL, Paris ; 36) The Three Moons, Paris ; 37) Financière du Chasse Midi, Paris ; 38) Philippe Le Bourgeois EURL, Paris ; 39) Christophe Desprez, Paris ; 40) CD GFA SARL, Paris ; 41) Observatoire du Patrimoine, Paris ; 42) GP Patrimoine, Paris ; 43) Desprez Patrimoine SARL, Paris ; 44) Bernard Maurel, Marseille ; 45) Lucie Maurel-Aubert, Le Vésinet ; 46) BD Maurel SC, Marseille ; 47) SC Paloma, Le Vésinet ; 48) Dominique Maurel, Marseille.

Rothschild Holding AG, Zurich altogether owns 20,000 registered shares and 3,600 bearer shares of Edmond de Rothschild (Suisse) S.A., Geneva, representing a total of 8.44% of the share capital and 9.44% of voting rights.

Since the publication of its last annual report, in accordance with articles 120 et seq of the Financial Market Infrastructure Act (FMIA), the Bank reported the changes made within the Rothschild Holding AG Group on 2 April 2016 and 7 January 2017. The changes that triggered the reporting obligation concerned the circle of persons within the above-mentioned group. The related notices can be consulted on the Six Exchange Regulation website via the following link:

Announcement made on 02.04.2016: www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TBG3V00047

Announcement made on 07.01.2017: www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TBH1600014.

	2016			2015		
	Number of shares held	Per cent stake in share capital*	Per cent of total voting rights*	Number of shares held	Per cent stake in share capital*	Per cent of total voting rights*
		(in %)	(in %)		(in %)	(in %)
Cross-holdings						
Rothschild Holding AG Zurich	10,161	12,6	13,2	10,161	12,1	13,2

*Direct and/or indirect holding by the parent company.

	Average transaction price	Number of shares
14 Own capital stakes and composition of shareholders' equity		
Treasury stock reported as trading operations		
- number of own shares at 1 January 2016		4
- number of shares purchased during the reporting year (in CHF '000)	14	101
- number of shares sold during the reporting year (in CHF '000)	14	(4)
- number of own shares at 31 December 2016		101
Own capital stakes in "Financial investments"		
- number of own shares at 1 January 2016		2,654
- number of shares purchased during the reporting year (in CHF '000)	14	4
- number of shares sold during the reporting year (in CHF '000)	16	(755)
- number of own shares at 31 December 2016		1,903

Own shares in capital were traded at their fair value during the reporting period.

The CHF 5.6 million loss resulting from the sale of treasury stock was debited to the statutory reserve deriving from retained earnings.

Non-distributable reserves

As long as retained earnings and statutory reserves taken from capital do not together exceed half of share capital, they may only be used to cover losses or take steps enabling the Bank to stay afloat during periods marked by operating deficits, avoid layoffs or alleviate the consequences. There are no restrictions in the articles of association on using optional retained earnings.

(in CHF '000)	2016
Non-distributable statutory reserves	22,500
Total non-distributable statutory reserves	22,500

15 Holdings of governing bodies and Pay Report

A new series of participation plans has been set up in 2015 for members of Senior Management and some other employees. The beneficiaries of these plans will be allotted stakes in Edmond de Rothschild Holding in accordance with their seniority, rank and individual performance. The sale of these shares is blocked for a three-year period.

This remuneration is based on virtual proprietary capital instruments. Debt is revalued at the close of each financial year and adapted through the profit and loss account in "Personnel expenses".

Other information on the employee participation plans can be found in the Pay Report.

	2016		2015	
	Number of bearer shares	Number of registered shares	Number of bearer shares	Number of registered shares
16 Ownership of shares in EDR (Suisse) SA Geneva:				
Board of Directors	443	-	443	-
Baron Benjamin de Rothschild <i>Chair</i>	101	-	101	-
Baroness Benjamin de Rothschild <i>Vice-Chair</i>	-	-	-	-
Jean Laurent-Bellue <i>Secretary</i>	-	-	-	-
Luc J.Argand	67	-	67	-
Tobias Guldemann <i>(since 28/04/2016)</i>	-	-	-	-
François Hottinger	10	-	10	-
Klaus Jenny	-	-	-	-
Maurice Monbaron	-	-	-	-
Philippe Perles <i>(since 29/04/2015)</i>	-	-	-	-
Jacques-André Reymond	5	-	5	-
E.Trevor Salathé <i>(until 28/04/2016)</i>	260	-	260	-
Executive Committee	-	-	-	-
Emmanuel Fievet	-	-	-	-
Luca Venturini	-	-	-	-
Yves Aeschlimann	-	-	-	-
Jean-Christophe Pernollet	-	-	-	-
Sabine Rabald	-	-	-	-
Cynthia Tobiano	-	-	-	-
Emanuela Bonadiman <i>(since 09/12/2015)</i>	-	-	-	-
Total	443	-	443	-

(in CHF '000)	2016	
	Value	Value
17 Breakdown of assets by group of countries' credit rating (based on risk domicile)		
Assets		
AAA / AA+ / AA-	3'528'592	92,7
A+ / A	29'505	0,8
BBB+ / BBB-	127'868	3,4
BB+ / BB-	12'626	0,3
B+ / B-	24'104	0,6
CCC + / D	3'646	0,1
unrated	75'149	2,0
Total assets	3'801'490	100,0

This table has been drawn up on the basis of clients', bank counterparties' and issuers' countries of domicile. The ratings provided by FINMA are those assigned by Standard & Poor's.

(in CHF '000)	2016	2015	Change (in %)
18 Breakdown of fiduciary transactions			
Fiduciary deposits with other companies	1'854'796	1'879'514	(1,3)
Fiduciary deposits held with Group companies and allied companies	484'592	134'693	259,8
Back-to-back loans	-	-	-
Fiduciary transactions relating to securities lending / borrowing in which the Bank acts in its own name on behalf of clients	-	-	-
Other fiduciary transactions.	-	-	-
Total	2'339'388	2'014'207	16,1

(in CHF '000)	2016	2015	Change (in %)
19 Breakdown of administered assets and change in their total value			
a) Breakdown of administered assets			
Breakdown of assets by collective investment scheme under the Bank's	4'487'494	5'781'268	(22,4)
Assets under discretionary management	9'012'890	7'934'074	13,6
Other assets under management	23'771'154	22'377'867	6,2
Total assets under management (includes double reporting)	37'271'538	36'093'209	3,3
<i>including double reporting</i>	<i>4'400'804</i>	<i>4'619'542</i>	<i>(4,7)</i>
b) Change in total administered assets	36'093'209	39'091'130	(7,7)
Total initial administered assets (includes double reporting)	(4'400'645)	(1'392'272)	216,1
<i>+/- net inflow/outflow of fresh funds</i>	<i>672'393</i>	<i>(1'605'649)</i>	<i>(141,9)</i>
<i>+/- price changes, interest, dividends and currency effects</i>	<i>4'906'581</i>	-	-
Total final assets under management (includes double reporting)	37'271'538	36'093'209	3,3

Assets under management include investments in funds managed by the Bank, assets held under discretionary management mandates (including under custody with depositaries) and other assets held for investment purposes ("Other assets").

but do not include "Assets under custody", which are assets of clients whose only objective is safekeeping.

"Assets under discretionary management" are clients' assets for which investment decisions are taken by the Bank. "Other administered assets" are assets for which investment decisions are taken by the client.

"Net deposits/withdrawals of fresh money" includes account openings and closures as well as deposits and withdrawals by existing clients. This item is calculated directly, based on clients' individual cash and securities transactions. Changes in assets arising from their performance (e.g. due to price variations, changes in securities prices and exchange rates, interest and dividend payments and bank charges) are not considered deposits/withdrawals.

The other effects include only those arising from the scope of consolidation, of which the absorption of Edmond de Rothschild (Lugano) S.A. effective 1 January 2016.

(in CHF '000)	2016	2015	Change (in %)
20 Results of trading operations and statements of fair value			
a) Breakdown by sector			
Trading operations with private clients	63'607	32'955	93,0
Trading operations for own account	1'624	10'364	(84,3)
Total results of trading operations	65'231	43'319	50,6
b Breakdown by type of underlying and results of use of the fair-value option			
Results of trading operations involving:			
rate instruments (including funds)	24'066	11'011	118,6
equity instruments (including funds)	2'238	2'912	(23,1)
Foreign Currencies	38'273	28'777	33,0
Commodities / precious metals	654	619	5,7
Total results of trading operations	65'231	43'319	50,6
<i>including arising from the fair-value option</i>	-	-	-

(in CHF '000)	2016	2015	Change (in %)
21 Results or trading positions refinancing and negative interest			
Interest and discount income			
The Group does not debit portfolio refinancing costs to these results. Results of securities lending and borrowing appear in "Interest income, net".			
Negative interest rates			
Negative interest on asset-side transactions (reducing interest and discount income)	(18'952)	(11'691)	62,1
Negative interest on liability-side transactions (reducing interest charges)	6'165	3'445	79,0

Negative interest on asset-side transactions (reducing interest and discount income), and negative interest on liability-side transactions (reducing interest charges).

(in CHF '000)	2016	2015	Change (in %)
22 Personnel expenses			
Salaries	(172'133)	(144'585)	19,1
<i>including expenses relating to bonuses</i>	(33'445)	(27'325)	22,4
Employee benefits	(30'759)	(33'255)	(7,5)
Other personnel expenses	(7'500)	(5'895)	27,2
Total	(210'392)	(183'735)	14,5

Under the Ordinance against Excessive Compensation (OaEC), Edmond de Rothschild (Suisse) SA is publishing a Pay Report containing details on the remuneration of its Board of Directors and Executive Committee.

(in CHF '000)	2016	2015	Change (in %)
23 Other operating expenses			
Cost of premises	(13'225)	(12'772)	3,5
IT and communications expenses	(34'622)	(31'074)	11,4
Expenses relating to vehicles, machines, furniture, other facilities and operational leasing	(99)	(397)	(75,1)
Auditor's fees	(1'732)	(1'458)	18,8
<i>- including for financial and prudential auditing services</i>	(1'444)	(747)	108,8
<i>- including for other services</i>	(288)	(711)	(75,8)
Other operating expenses	(26'912)	(29'211)	(7,9)
<i>- including remuneration for a state guarantee, if any</i>	-	-	-
Total	(76'590)	(74'912)	2,2

(in CHF '000)	2016	2015	Change (in %)
24 Changes to provisions, other value adjustments and losses			
Total	(530)	32'648	-

The change in provisions, other value adjustments and losses is the result of provisions for legal risks.

(in CHF '000)	2016	2015	Change (in %)
25 Extraordinary income and expenses, releases from reserves for general banking risks			
Extraordinary income	90'568	6'060	1'394,5
Extraordinary expenses	(1'998)	(201)	(894,0)
Changes to reserves for general banking risks	(8'800)	(34'000)	(74,1)

In 2016 extraordinary results mainly included a profit of CHF 47.7 million on the sale of Edmond de Rothschild (Bahamas) Ltd. and a merger profit of CHF 33.7 million.

Extraordinary expenses included capital losses on the sales of holdings amounting to CHF 1.9 million. Extraordinary income in 2015 mainly arose from a property sale. The sale generated CHF 5.2 million of revenue. The Bank also earned CHF 0.7 million on the sale of a holding.

(in CHF '000)	2016	2015	Change (in %)
26 Value adjustments on holdings and write-downs on fixed and intangible assets			
Holdings	(1'551)	(392)	295,7
Fixed assets			
- land and buildings	(3'582)	(15'623)	(77,1)
- office furniture, machines and equipment	(14'307)	(16'499)	(13,3)
Intangible assets	(2'023)	(779)	159,7
Total	(21'463)	(33'293)	(35,5)

(in CHF '000)	2016	2015	Change (in %)
27 Current and deferred taxes			
Current taxes	(5'984)	(5'721)	4,6
Average tax rate	(8,5)%	(7,0)%	21,4

There are no deferred taxes that could have an impact on corporate tax.

Pay Report

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Introduction

This Pay Report has been drawn up as required by the Ordinance against Excessive Compensation (OaEC) of 20 November 2013 and the Swiss Code of Best Practice for Corporate Governance published by Economiesuisse.

This Pay Report contains the information prescribed by OaEC, the Swiss Code of Obligations (CO) and section 5 of the directive issued by the Regulatory Board of SIX Exchange Regulation Relating to Information on Corporate Governance of 1 January 2016.

Pp. 122-123 of this Report are audited by the Bank's Auditor, PricewaterhouseCoopers SA, Geneva.

Overview

The remuneration policy of Edmond de Rothschild (Suisse) SA fits in with the Edmond de Rothschild Group's strategy and culture, as well as with the nature of our activities. It also takes account of local factors that are specific to each entity. Finally, it is designed to foster loyalty among employees and encourage them to promote the Group's long-term success by espousing entrepreneurship and risk control.

The remuneration policy of the Edmond de Rothschild (Suisse) SA Group draws on the guidelines set out in Circular 2010/1 – "Remuneration Systems" issued by the Swiss Financial Market Supervisory Authority (FINMA), while also complying with local rules.

The Articles of Incorporation and the Bylaws of Edmond de Rothschild (Suisse) SA were adapted when the Excessive Pay Ordinance came into force and to reflect the implementation of a Long Term Incentive Plan (LTIP).

Powers and procedure for setting remuneration and profit-sharing programmes

The rules on remuneration-setting powers, as revised in light of OaEC, appear in the Bank's Articles of Association and Bylaws.

The Pay Committee, set up in accordance with the OaEC requirements, is empowered to do the following under art. 22bis para. 5 of the Articles of Association:

1. draw up Pay Regulations and submit them to the Board of Directors for approval;
2. approve once a year the overall remuneration of the Bank's staff as proposed by the Executive Committee, excluding the salaries and bonuses of the members of the Executive Committee;
3. approve the remuneration of the persons in charge of control functions identified by the Chair of the Executive Committee (CEO);
4. after consulting with the CEO, make proposals to the Board of Directors regarding the remuneration of the members of the Executive Committee;
5. approve the remuneration of the Head of Internal Auditing and his deputy as proposed by the Audit Committee; and
6. make proposals to the Board of Directors regarding the remuneration of the Directors for the tasks they perform in this capacity and as members of the Board's committees.

The 2016 General Meeting elected four Directors to serve on the Pay Committee for a one-year term. They are Baroness Benjamin de Rothschild (Chair), Jean Laurent-Bellue (Secretary), Luc J. Argand and Klaus Jenny. The Pay Committee meets twice a year normally. These same persons will be nominated to be elected for a new one-year term at the General Meeting on 2 May 2017.

Under art. 22 let. a of the Articles of Association, the Board of Directors decides the overall remuneration of the Board of Directors and the Executive Committee. These amounts are then submitted to the General Meeting, which has the unalienable right to approve them.

The Board of Directors is also responsible for drawing up the Pay Report (under art. 22 let. k of the Articles of Association).

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents"
www.edmond-de-rothschild.ch / Investor Relations / General Information - Legal Documents

Voting on remuneration

Pursuant to art. 24quinquies of the Articles of Association, the General Meeting each year votes on the overall amount proposed by the Board of Directors in regard to the following:

- the overall pay package of the Board of Directors for the period up to the next ordinary General Meeting;
- the overall fixed pay package (excluding bonuses) of the Executive Committee for the next financial year; and
- the Executive Committee's bonuses paid for the reporting year.

The Board of Directors may submit proposals to the General Meeting regarding remuneration in respect of other periods for all the Directors, for all the members of the Executive Committee or for only some of them.

The General Meeting's votes on proposals regarding remuneration are binding. Thus, should the General Meeting decide not to approve a pay package proposed by the Board of Directors, the Board will have to convene an extraordinary General Meeting.

Remuneration of members appointed after the General Meeting

If a member of the Executive Committee is appointed after the General Meeting has approved the fixed remuneration of the members of the Executive Committee, the remuneration granted to him by the Board of Directors for the period up to the next ordinary General Meeting may not exceed by more than 40% the average remuneration of the other members of the Executive Committee given final approval by the General Meeting. The restriction is 50% for the Chair of the Executive Committee. The average remuneration is calculated by dividing the Executive Committee's overall remuneration given final approval by the General Meeting by the number of members in office (art. 24quinquies para. (4) of the Articles of Association).

Components of remuneration and profit-sharing plan

Guidelines

An employee's remuneration is set according to his job, qualifications, responsibilities and experience. It also takes account, when necessary, of the prevailing conditions in the labour market, as determined by surveys on remuneration in the banking and wealth management sectors internationally.

An employee's remuneration includes his annual contractual fixed salary and a discretionary bonus, both paid in cash. Key employees of the Edmond de Rothschild group may be eligible for a long-term incentive plan providing scope for a closer alignment of interests between the Group's shareholders and such employees. In 2016 the proportion of bonuses (including the LTIP) was set at 23% of fixed salaries.

LTIP beneficiaries will be allotted rights to acquire Edmond de Rothschild Holding SA non-voting shares as per a set calendar. This first group of participants in the LTIP included 29 employees.

This incentive plan was introduced at the beginning of 2016 and the process will end in the month of March 2016 with the allotment of the first series of restricted stock units ("RSUs") to the selected participants. Once the RSUs are granted, they will enter the so-called "vesting period" for one, two and three years at the end of which a third of the RSUs are allotted and converted into Edmond de Rothschild Holding SA non-voting shares (provided the employee has fulfilled the conditions set out in article 8 of the LTIP regulations). These shares embody the usual ownership and membership rights attaching to non-voting equity securities.

When the underlying non-voting shares are obtained and become a "firm claim", they will be blocked for an additional period of two years from the vesting date. Employees may not sell their non-voting shares during this period, subject to the applicability of the right of pre-emption, drag along / tag along, and "malus" clauses and termination of their contractual relationship with the Group.

The Board proposed amending Article 24b of the Articles of Association during the 2016 General Meeting so that members of the Bank's governing bodies may receive financial instruments as remuneration.

* The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents"
www.edmond-de-rothschild.ch / Investor Relations / General Information - Legal Documents

This change was accepted by the General Meeting of Edmond de Rothschild (Suisse) S.A. on 28 April 2016.

The second group of LTIP participants was set up in 2017 according to the same model as in 2016.

The remuneration of employees who perform control functions, including the Head of Internal Auditing and those who work in the Compliance, Legal, Control and Risk Management departments, is mainly composed of a fixed salary to avoid any conflicts of interest. The variable portion does not depend directly on the results of the of the business units that they oversee.

The Bank does not pay signing bonuses, although in certain cases it does grant compensation for a loss of variable remuneration resulting from the new employee's job change.

Under the Bylaws, the remuneration system and any objectives that have been assigned must not encourage employees to disregard the Bank's internal control mechanisms and compliance rules.

Remuneration of the Directors

The members of the Board of Directors receive a fixed annual pay package that varies depending on whether they serve on committees. The Directors are also entitled to a reimbursement of their expenses, which do not form part of their remuneration (under art. 24bis para. (1) of the Articles of Association).

The remuneration of the Directors is decided by the Board of Directors based on a proposal made by the Pay Committee. The Board's overall remuneration is then submitted to the General Meeting for approval.

Remuneration of the members of the Executive Committee

The remuneration of the members of the Executive Committee comprises a fixed salary and a discretionary bonus: they may be eligible for the LTIP. The amount of the bonus depends on the Bank's performance and on the individual qualitative and quantitative performance of each member. The Bank's performance objectives are set by the Board of Directors. The individual performance objectives of the members of the Executive Committee, excluding the Chair, are set by the CEO. The performance objectives of the CEO are set by the Board of Directors.

The members of the Executive Committee are entitled to a reimbursement of their expenses, which do not form part of their remuneration.

The overall amount is then submitted to the General Meeting for approval (under art. 24bis para. (2) of the Articles of Association).

Any agreements that provide for the remuneration of members of the Executive Committee and that are made between the Bank or companies it controls, on the one hand, and members of the Executive Committee, on the other, may not be signed for a period exceeding one year.

Common rules applicable to the remuneration of the governing bodies

Within the limits provided by law, the work performed by members of the Board of Directors and the Executive Committee in companies controlled directly or indirectly by the Bank may be remunerated. Any such sums are included in the overall pay package submitted to the General Meeting for approval (under art. 24quinquies of the Articles of Association).

The members of the Executive Committee are covered by the same pension plan as the Bank's staff.

Provisions of the Articles of Association on loans, credit facilities and company benefits granted to members of the Board of Directors and the Executive Committee

Under art. 24quater of the Articles of Association, the Bank may grant loans and other credit facilities to members of the Board of Directors and the Executive Committee up to the weighted collateral value of the pledged assets. In the case of mortgage loans, the limit is 60% of the encumbered property's value. Loans and other credit facilities are granted in the form of temporary current-account overdrafts, confirmed credit lines and/or fixed-term advances, which may be secured or unsecured. Mortgage loans are granted at variable or fixed rates.

For all types of loans and other credit facilities granted to Directors, the Bank receives interest and fees that are in line with market conditions and with those charged to clients. Members of the Executive Committee enjoy the preferential interest rates granted to the Bank's staff.

In addition to the occupational benefits approved each year by the General Meeting, the members of the Board of Directors and the Executive Committee may receive occupational benefits paid by the Bank up to an amount corresponding to 20% of their last remuneration (excluding any bonus) as approved by the General Meeting (under art. 24ter para. (3) of the Articles of Association).

Remuneration of employees other than members of the Executive Committee

Employees other than the members of the Executive Committee receive an annual fixed salary and a discretionary bonus. They may be eligible for the LTIP.

The bonus is mainly based on the Bank's results and on each employee's individual qualitative and quantitative performance at the conclusion of an annual performance evaluation process.

The Bank's results are its financial results. A discretionary portion of the RBE, set annually by the Group Executive Committee, is allocated to variable remuneration. The annual performance evaluation process is based on the implementation of:

- qualitative individual annual objectives (e.g. managerial responsibilities, values, compulsory training and compliance with client management obligations and internal regulations)
- quantitative individual annual objectives (e.g. fresh money, profits on investments, budget management and cost controls)

These objectives are set at the beginning of the calendar year, reviewed midway through the year and evaluated finally at the end of the year. This evaluation is instrumental in setting the variable remuneration.

If a discretionary bonus is granted, it is paid within 30 days from the date of the Board meeting at which the Bank's annual financial statements are approved.

Even if a full year has elapsed, no bonus is due to an employee whose employment contract has been terminated by either party prior to the date on which bonuses are paid. Nor is any bonus due for the current year if the employment contract is terminated by either party.

Remuneration for the reporting year

The table below discloses the remuneration and loans (as defined in art. 14 et seq of OaEC) granted to the current and, if applicable, past members of the Bank's governing bodies.

The occupational benefits charges show only the portion paid by the employer. The savings contributions are expressed as a per cent of the salary (with a 15% cap) and take account of the employee's age. No supplementary benefits charges were paid.

Most of the changes in remuneration between 2015 and 2016 resulted from consideration of business development.

En milliers de CHF

	2016		2015	
	Loans granted to the Bank's governing bodies	Guarantee commitments on their behalf	Loans granted to the Bank's governing bodies	Guarantee commitments on their behalf
1 Loans to the Bank's governing bodies				
Guarantee commitments on behalf of members of the Bank's governing bodies				
Board of Directors	33'373	45	34'859	22
Baron Benjamin de Rothschild <i>Chair</i>	33'371	-	34'859	-
Baroness Benjamin de Rothschild <i>Vice-Chair</i>	-	-	-	-
Jean Laurent-Bellue <i>Secretary</i>	-	-	-	-
Luc J. Argand	2	17	-	18
Tobias Guldemann <i>(since 28/04/2016)</i>	-	-	-	-
François Hottinger	-	28	-	4
Klaus Jenny	-	-	-	-
Maurice Monbaron	-	-	-	-
Philippe Perles <i>(since 29/04/2015)</i>	-	-	-	-
Jacques-André Reymond	-	-	-	-
E/ Trevor Salathé <i>(until 28/04/2016)</i>	-	-	-	-
Executive Committee	-	0	-	5
Sabine Rabald	-	-	-	5
Internal Auditors	-	-	-	28
Independent Auditors	-	-	-	-
Total	33'373	45	34'859	55

The loans disclosed above were granted in the form of temporary current-account overdrafts, confirmed credit lines and / or fixed-term advances, either unsecured or secured by the pledge of the borrower's assets deposited with the Bank. Mortgage loans were granted at variable or fixed rates.

Mortgage interest is charged at usual market rates. Moreover, as in the case of mortgage loans taken out by Bank employees with other financial institutions, members of the governing bodies who are under an employment contract with Edmond de Rothschild (Suisse) SA, Geneva receive a 25% rebate on the mortgage rate up to a maximum amount of CHF 750,000.

At 31 December 2016, the rates applied to these mortgage loans ranged from 0,6 % to 2,7 %. The interest rates on Lombard loans ranged from 0,5 % to 2,5 % in the main currencies. No loans were granted to members of the Executive Committee. The overall face value of the loans granted to members of the Board of Directors came to 34,373 (in CHF '000).

	2016						Pension fund charges	Other	Total
	Fixed fees		Bonus		Charge to the employer				
	Cash	Number of	Cash	RSUs					
(in CHF '000)									
2 Remuneration of members of the									
Board of Directors	773	-	50	-	55	-	-	878	
Baron Benjamin de Rothschild <i>Chair</i>	-	-	-	-	-	-	-	-	
Baroness Benjamin de Rothschild <i>Vice-Chair</i>	-	-	-	-	-	-	-	-	
Jean Laurent-Bellue <i>Secretary</i>	-	-	-	-	-	-	-	-	
Luc J. Argand	73	-	-	-	4	-	-	77	
Tobias Guldemann <i>(since 28/04/2016)</i>	107	-	-	-	11	-	-	118	
François Hottinger	62	-	-	-	4	-	-	66	
Klaus Jenny	136	-	-	-	9	-	-	145	
Maurice Monbaron	126	-	-	-	8	-	-	134	
Philippe Perles <i>(since 29/04/2015)</i>	64	-	-	-	6	-	-	70	
Jacques-André Reymond	151	-	-	-	10	-	-	161	
E. Trevor Salathé <i>(until 28/04/2016)</i>	54	-	50	-	3	-	-	107	
Executive Committee	4'330	-	2'424	1'655	1'682	594	-	10'685	
Emmanuel Fievet	900	-	1'113	850	573	101	-	3'537	
Total	5'103	-	2'474	1'655	1'737	594	-	11'563	

There is a difference of KCHF 580 compared with the overall fixed remuneration of the Executive Committee adopted by the General Meeting in 2015 for the 2016 financial year. This difference is within the limits provided in article 24e of the Articles of Association.* It results from a change of composition due to the appointment of two new members in 2015 after the aforementioned General Meeting. They are Jean-Christophe Pernollet and Emanuela Bonadiman, respectively appointed on 4 June 2015 and on 9 December 2015.

(*The Articles of Association can be found on the Bank's website under the heading "Investor Relations/ General Information / Legal Documents": <http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>)

	2015						Pension fund charges	Other	Total
	Fixed fees		Bonus		Charge to the employer				
	Cash	Number of shares	Cash	Number of shares					
Board of Directors	830	-	44	-	48	-	-	922	
Baron Benjamin de Rothschild <i>Chair</i>	-	-	-	-	-	-	-	-	
Baroness Benjamin de Rothschild <i>Vice-Chair</i>	-	-	-	-	-	-	-	-	
Jean Laurent-Bellue <i>Secretary</i>	-	-	-	-	-	-	-	-	
Luc J. Argand	73	-	-	-	4	-	-	77	
François Hottinger	62	-	-	-	3	-	-	65	
Klaus Jenny	136	-	-	-	9	-	-	145	
Maurice Monbaron	126	-	-	-	8	-	-	134	
Philippe Perles <i>(since 29/04/2015)</i>	53	-	-	-	5	-	-	58	
Jacques-André Reymond	151	-	-	-	10	-	-	161	
E. Trevor Salathé <i>(until 28/04/2016)</i>	229	-	44	-	9	-	-	282	
Executive Committee	3,486	-	2,829	1,429	1,549	313	-	9,606	
Emmanuel Fievet	900	-	1,590	600	618	101	-	3,809	
Total	4,316	-	2,873	1,429	1,597	313	-	10,528	

Since individual members' fees are not decided until after the close of the reporting year's financial statements, the fees disclosed above are assessed on an accrual basis.

The RSUs are a form of variable remuneration awarded in the form of rights to obtain non-voting shares of Edmond de Rothschild Holding SA. Since the value of the non-voting shares is determined after the date of their allotment, the Board of Directors must first of all decide the amount that will be paid in the form of shares. The number of shares actually allotted will be determined as soon as the non-voting shares can be valued.

The cost of granting RSUs is spread over a timeframe including the period of employment and the blocked period (an employee must be present to acquire the rights). For the 2016 financial year, the Group has set KCHF 1,655 as the amount that will be paid in the form of shares in 2018, 2019 and 2020. A charge of KCHF 545 has been booked for this purpose.

Report of the statutory auditor

to the general meeting of Edmond de Rothschild (Suisse) SA, Geneva

Report of the statutory auditor on the Pay Report

We have audited the Pay Report of Edmond de Rothschild (Suisse) SA for the year ended 31 December 2016. Our audit only concerned the information provided under articles 14 to 16 of the Ordinance against Excessive Compensation in Listed Companies (OaEC) presented on pages 122 and 123.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the Pay Report in accordance with the Law and Ordinance against Excessive Compensation in Listed Companies (OaEC). It is also responsible for setting guidelines for remuneration and individual pay packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the Pay Report based on our audit. We conducted our audit in accordance with the Swiss Auditing Standards. These standards require that we comply with ethics and that we plan and perform the audit to obtain reasonable assurance that the Pay Report abides by the law and articles 14-15 of the OaEC.

An audit involves performing procedures to obtain audit evidence about the statements in the Pay Report on the remuneration, loans and other credit facilities indicated in articles 14-16 of the OaEC. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the Pay Report, whether due to fraud or error. This audit also includes evaluating the appropriateness of the methods used to evaluate remuneration as well as evaluating the overall presentation of the Pay Report.

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 Pay Report of Edmond de Rothschild for the year ended 31 December 2016 complies with the law and articles 14-16 of the OaEC.

PricewaterhouseCoopers S.A.

Beresford Caloia
Audit expert
Auditor in charge

Alain Lattafi
Audit expert



Geneva, 31 March 2017

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