



EDMOND DE ROTHSCHILD



ANNUAL REPORT 2017
EDMOND DE ROTHSCHILD (SUISSE) S.A.

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Message from the Executive Committee

Message from the Shareholders

Dear Shareholders,

2017 was a year of milestones for the Edmond de Rothschild Group.

As we continued to roll out our strategy for positioning our Group as a trusted and principled financial player, we created new synergies by pooling our investment strategy expertise in Private Banking and Asset Management. Additionally, the launch of the Four Seasons Hotel in Megève, the opening of the Macan Bodega and the maiden voyage of the Gitana 17, the first ocean-going maxi-trimaran designed to fly the high seas, all prove that we are once again taking the lead in global excellence. These sorts of investments also set an example for our clients and for Group employees, as they speak to our commitment to boldly building the future in a way that aligns with our family values. We have chosen to champion our "Bold builders of the future" strategy, as it highlights our Group expertise as a conviction-driven Investment House, with deep roots in the real economy and a forward-looking vision.

The economic and financial environment was particularly buoyant. After a decade of economic decline, growth accelerated throughout the world without significant increases in inflation or interest rates. The euro zone experienced a widespread economic recovery, resulting in growth that outpaced that of the United States. It was in the United States, however, where the stock market outperformed expectations. Markets rose driven by strong company profits, the promise of tax cuts and a weaker dollar.

In 2018 we expect to face a dual challenge from technology and regulations. On 1 January, the second version of MiFID went into effect, bolstering transparency requirements and investor protections. The regulation will profoundly change financial advising and investing in Europe. In addition, when the General Data Protection Regulation goes into effect for the European Union on 25 May 2018, players in the financial industry will be required to reassess their working methods. Our employees in Private Banking and Asset Management are all prepared to meet these challenges. We support them by ensuring that they have everything they need to keep pace with digital advances and new customer demands. Our decision to concentrate our efforts and our areas of expertise to offer exceptional innovative services makes sense in this new regulatory environment, as does our ambition to dedicate ourselves to responsible finance, which produces visible and measurable long-term results.

The macroeconomic and financial environment may become more unstable. Chinese growth is expected to remain strong, as the Chinese President announced in his re-election speech last autumn. In addition, investment from American companies may see an increase from recent tax cuts, giving global trade a boost despite the protectionist tendencies of the President of the United States. The euro zone, however, is seeing its currency appreciate, which could be an obstacle to growth in 2018. Significantly, interest rates are still extremely low, despite recent hikes, and rates at the European and Swiss central banks are still negative. Central bankers will continue to intervene and closely monitor changes to interest rates and securities prices. Above all, they want to avoid hindering the recovery that so many have been anxiously awaiting. These interventions make it particularly difficult to assess the value of securities. Moreover, we believe they are a potential source of volatility, and we have continued to take this into account when developing our strategies and our product innovations. Our strategy of providing more opportunities to invest in the real economy is well suited to this historical uncertainty. Big Data, infrastructure and new technology investment funds and the expansion of our real estate investment opportunities are also part of our long-term approach to building the future.

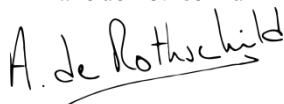
We are grateful to you for supporting us during this time of transformation and we are pleased to share the results of our financial, people-oriented and technological decisions with you year after year. We believe that these efforts will help us better navigate the rapid changes that are taking place on so many levels worldwide. Asia continues to expand its influence. Brexit will have profound consequences for the European Union and its relations with Switzerland. The United States remain a cause for concern despite the macroeconomic strengths of that nation. New technologies are revolutionising how citizens, clients and employees behave and what they expect. Our financial performance and the confidence our clients have shown in us year after year, generation after generation, enable us to tackle these changes and persistent uncertainties and turn them into opportunities and sources of innovation.

We would like to thank you for being part of this journey.

Benjamin de Rothschild



Ariane de Rothschild



Message from the Executive Committee

In 2017, financial markets saw an exceptional year (the best in four years) for all asset classes, brought about by a very favourable environment: economic growth with forecasts regularly revised upwards, particularly in the eurozone, the continuation of highly accommodating monetary policy (without any effective increase in rates over the year), and proactive Chinese policy led by President Xi Jinping.

In this context, 2017 marked a milestone in asserting our unique conviction-driven investment house model. Reflecting the strategy of the Group, Edmond de Rothschild (Suisse) S.A. concentrated on three main areas: increasing our focus on our core businesses and clients, reinforcing "distinctiveness" and the performance of our investment solutions, and accelerating the convergence of our businesses, expertise and platforms in the service of clients.

(i) Focus on our core business and clients: after the disposal of our activities in Nassau and the Channel Islands in 2016, Edmond de Rothschild (Suisse) SA began refocusing our client franchises on a selected number of target markets in which we are both relevant and have the critical size required to offer excellent service to our clients. This greater selectivity, especially in terms of threshold access to our private bank, aims to offer the best of our expertise to a chosen clientele in line with our positioning in the higher-end of our sector.

(ii) Strengthening our "distinctiveness": efficient and meaningful investment solutions, with Edmond de Rothschild added value. This is what we call our "distinctiveness". We strengthened this throughout the year.

- Our investment management was able to seize market opportunities and deliver outstanding performance to our investor clients for both our investment funds and discretionary portfolios

- 2017 has consolidated our advantage in relation to a number of areas of targeted expertise, where in just a few years we have become a benchmark: our debt and infrastructure funds and our currency hedging products are regularly rewarded.

- We accelerated our conviction-driven investments, in which both the Group and the family have been actively involved for a very long period, and well before these themes became 'fashionable'. Edmond de Rothschild continues to pursue its impact-investing through funds dedicated in particular to the depollution of brownfield sites in Europe and agroforestry in Africa and South America.

- Our clients expect more than financial performance. We offer them a full range of investment opportunities, especially in real assets. We have recently strengthened our extremely specialised expertise in real estate with the acquisition of Cording Real Estate S.A., amassing 8.5 billion CHF of assets under management in the real estate area.

(iii) Acceleration of convergence: to converge all our expertise. In particular, an agile, proprietary conviction-driven Asset Manager, who works in complete collaboration with our bankers. The acceleration of collaboration between its various trades, private banking, asset management, fund services, private equity and corporate finance, will undoubtedly help to increase synergies and generate innovative investment solutions for both our institutional and private clients.

In 2017, we set up a new banking platform for Edmond de Rothschild (Suisse) S.A., a milestone in the evolution of our private banking business model. After the introduction of Avaloq in Switzerland, the migration will extend to Luxembourg, Great Britain, Belgium, Spain, Portugal and Monaco.

Following this pattern, all the entities within our International Private Bank will gradually adopt a common platform, with the aim of always striving to offer better service to our clients.

In-depth work on its brand identity: through the use of the new motto ("Bold builders of the future"), rewarded by the Wealth Briefing Swiss Awards in February 2018.

Our operational and financial performance demonstrates the relevance of our model and shows that we are moving in the right direction. The assets of our clientele are at an historic high. Our cost income ratio has improved by a point. At CHF 76 million, our net income has increased by 30% compared to 2016 on a proforma basis (excluding Edmond de Rothschild Bahamas in 2016). Our balance sheet remains one of the healthiest and most liquid in the field, as shown by our *Tier 1* ratio of 27.8%.

The year 2018 will almost certainly usher in ever more volatility and uncertainties; central banks will play a fundamental role in valuing the price of assets. The engines of global growth still remain extremely dependent on interest rates and recovery. In order to create opportunities for sustainable growth, we are convinced that it is necessary to encourage investment policies in the sectors of the future, in particular education, for the faster spread of innovation and improvements in productivity.

Against this backdrop, we will remain faithful to our values of "Builders of the Future", working tirelessly on what constitutes our strength and singularity.

We wish to thank our shareholders for their commitment and presence, our teams for the quality of work provided, and, of course, our clients for their loyalty and trust.

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 13 December 2016. 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 determines which information must be published by the issuers as regards corporate governance, in compliance with the principle of transparency and the equal treatment of investors, pursuant to FMIA's article 1, paragraph 2. The DCG mainly applies to issuers incorporated in Switzerland whose equity securities are traded on SIX. It also takes into account 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, in the Pay Report, as well as in other sections of this report, which refer to Edmond de Rothschild (Suisse) S.A.'s internal regulatory framework, particularly our Bank's Articles of Association, which can be found on the Bank's website: www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information.

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. Argand¹⁾
Tobias Guldmann
François Hottinger
Klaus Jenny
Maurice Monbaron
Philippe Perles
Jacques-André Reymond²⁾

Audit & Risk Committee

Chairman
Klaus Jenny

Vice-Chairman
Tobias Guldmann³⁾

Members
Jean Laurent-Bellue
Maurice Monbaron

Pay Committee⁴⁾

Chairwoman
Baroness Benjamin de Rothschild

Secretary
Jean Laurent-Bellue

Members
Luc J. Argand⁵⁾
Klaus Jenny

Nomination Committee⁴⁾

Chairwoman
Baroness Benjamin de Rothschild

Secretary
Jean Laurent-Bellue

Members
Luc J. Argand⁵⁾
Klaus Jenny

Executive Committee

Emmanuel Fiévet
CEO

Martin Liebi⁶⁾
Vice-Chairman
Deputy Chief Executive Officer

Members
Yves Aeschlimann
Head of Legal and Compliance

Emanuela Bonadiman⁷⁾
Head of Human Resources

Jean-Christophe Pernollet
Chief Risk Officer

Sabine Rabald
Deputy Chief Executive Officer
Chief Administrative 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, and 27 et seq. for the Executive Committee.

Internal Audit

Director
Emmanuel Rousseau

Independent Auditors

PricewaterhouseCoopers SA

1) Until 24 April 2018, date of next Ordinary General Meeting of Edmond de Rothschild (Suisse) S.A. On this date, he will be replaced by François Pauly, who will also be submitted as a new member of the Audit & Risk Committee.

2) Until the Ordinary General Meeting of Edmond de Rothschild (Suisse) S.A. on 2 May 2017.

3) Tobias Guldmann has been the vice-president of the Audit & Risk Committee since 3 May 2017,

replacing Jacques-André Reymond, who did not ask to renew his mandate during the latest general meeting, which took place on 2 May 2017.

4) According to article 3.2.1.2. par. 4 of the Bylaws, the composition of the Nomination Committee is identical to that of the Pay Committee.

5) Until 24 April 2018, date of next Ordinary General Meeting of Edmond de Rothschild (Suisse) S.A. He will be replaced by Philippe Perles.

6) He replaced, from 4 January 2017, Luca Venturini, whose details may be found in our previous financial statements, accessible on the Bank's website at the address: www.edmond-de-rothschild.com/site/Suisse/fr/banque-privee/relations-investisseurs/resultats-et-rapports-annuels.

7) Until 7 March 2018

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 stock market capitalisation as of 31 December 2017 was CHF 1.665 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. 71-72 of this report.

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

	2017	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)		37,448	83.2	87.46
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 or by employees of the Group. 16.98% of the company's share capital (representing 6.77% of voting rights) is owned by Baroness Edmond de Rothschild and 66.24% (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) Rothschild & Co Gestion SAS, Paris ; 20) Rothschild & Co Commandit SAS, Paris ; 21) Nicolas Bonnault, Paris ; 22) Laurent Baril, Paris ; 23) Philippe Le Bourgeois, Paris ; 24) Maria Beatrice de Rothschild, Paris ; 25) Julia Footnick, Paris ; 26) Elisabeth Donovan, Paris ; 27) James de Rothschild, Paris ; 28) Anna de Rothschild, Paris ; 29) Pierre de Rothschild, Paris ; 30) Alexandra Pécoux, Paris ; 31) Emmanuelle Pécoux, Paris ; 32) Maylis Pécoux, Paris ; 33) Olivier Pécoux EURL, Paris ; 34) FH GFA SARL, Paris ; 35) The Three Moons, Paris ; 36) Financière du Chasse Midi, Paris ; 37) Philippe Le Bourgeois EURL, Paris ; 38) Christophe Desprez, Paris ; 39) CD GFA SARL, Paris ; 40) Observatoire du Patrimoine, Paris ; 41) GP Patrimoine, Paris ; 42) Desprez Patrimoine SARL, Paris ; 43) Bernard Maurel, Marseille ; 44) Lucie Maurel-Aubert, Le Vésinet ; 45) BD Maurel SC, Marseille ; 46) SC Paloma, Le Vésinet ; 47) 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.

During the 2017 financial year, 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 7 January and then 5 July 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 07.01.2017 : https://disclosure.six-exchange-regulation.com/obligations/management_transaction/ddeal/all/disclosure_preview_fr.nmlpdf?id=TBH1600014

Announcement made on 05.07.2017 : https://disclosure.six-exchange-regulation.com/obligations/management_transaction/ddeal/all/disclosure_preview_fr.nmlpdf?id=TBH7300015.

1.3. Cross-holdings

	2017	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	13	13.5

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

2. Capital structure

2.1. Share capital

(in CHF '000)	2017 Par value (in CHF '000)	Number of shares (in CHF '000)	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)	2017	2016	2015
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 Association *. The registered and bearer shares are fully paid up.

Under art. 6 (5) and (6) of the Articles of Association, the restricted registered shares confer preferential membership rights: each share, regardless of its par value (art. 1 Articles of Association 5 (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

2.5. 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 2017 and none were requested.

2.6.3. Eligibility of nominees' registration

According to article 6 of the Articles of Association*, there is no percentage clause or provision in the Articles of Association* allowing exceptions to the rules indicated in item 2.6.1 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

As of 31 December 2017, the Board of Directors was made up of 9¹⁾ 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

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

Career Summary

1985 BP, London

1985-1987 Edmond de Rothschild Group, Geneva and Paris

1989 Chairman
Fondation de la Compagnie Benjamin de Rothschild

Present duties

Since 1997 Chairman of Edmond de Rothschild (Suisse) SA's and
Edmond de Rothschild Holding SA's Boards of Directors

Directorships

Chairman of the Board of Directors of:

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

Member of the Board of Directors 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 (France)
- 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

1984 A-levels, Kinshasa – 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 duty

Chairwoman of the Executive Committee of the Edmond de Rothschild Group

Directorships

Chairwoman of the Supervisory Board of Edmond de Rothschild Asset Management (France)

Chairwoman of the Board of Directors of Administration et Gestion SA

Chairwoman of the Pay and Nomination Committees of Edmond de Rothschild (Suisse) S.A.

Vice-Chairwoman of the Board of Directors of:

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

Vice-Chairwoman of the Supervisory Board of:

- Edmond de Rothschild (France)
- Edmond de Rothschild Heritage (SFHM)

Member of the Board of Directors of:

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

Honorary Vice-Chairwoman of RIT Capital Partners (London)

General Secretary of OPEJ's Founders College

1) Following the non-renewal of Jacques-André Reymond's mandate at the General Meeting of 2 May 2017. Prior to this date, the Board of Directors consisted of 10 members.

Jean Laurent-Bellue

Secretary, French, 1951

Education

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	Member of the Executive Board of 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

Directorships

Since 1999	KPMG Associés, Paris Member of the Supervisory Board
Since 2005	KPMG S.A., Paris Member of the Supervisory Board
Since 2011	Edmond de Rothschild (Suisse) S.A. Member and Secretary of the Board of Directors Member of the Audit & Risk Committee Member of the Pay and Nomination Committees
Since 2011	Holding Benjamin et Edmond de Rothschild Member of the Board of Directors
Since 2011	Rotomobil Member of the Board of Directors
Since 2011	Edmond de Rothschild S.A. Member of the Board of Directors and Chairman of the Audit & Risk Committee (since 2015)
Since 2011	Edmond de Rothschild (France) Member of the Supervisory Board and Chairman of the Audit Committee (since 2015)
Since 2015	Edmond de Rothschild Holding S.A. Member of the Board of Directors, member of the Audit & Risk Committee and vice-Chairman of the Pay and Nomination Committees
Since 2015	Sisaho International, Paris Member of the Supervisory Board
Since 2015	Siaci Saint Honoré, Paris Member of the Supervisory Board
Since 2015	RIT Capital Partners plc, London Non-executive Director

Luc J. Argand¹⁾

Member, Swiss, 1948

Education

1968	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 1990	Arbitrator for the Court of Arbitration for Sport, Lausanne

Directorships

Since 1986	Banque Morval S.A., Geneva Member of the Board of Directors
Since 1993	Edmond de Rothschild (Suisse) S.A. Member of the Board of Directors Member of the Pay and Nomination Committees
Since 1993	Edmond de Rothschild Asset Management (Suisse) S.A. Member of the Board of Directors
Since 1993	Edmond de Rothschild Holding SA Member of the Board of Directors Member of the Pay and Nomination Committees
Since 2004	Member of the Geneva Notaries' Supervisory Commission
Since 2007	Chairman of the Board of Directors of Banque Syz & Co SA, Geneva

1) Until 24 April 2018, date of the Ordinary General Meeting of Edmond de Rothschild (Suisse) S.A. He will be replaced by François Pauly on the Board of Directors. His duties within the Pay and Nomination Committees will be taken over by Philippe Perles from 25 April 2018.

Tobias Guldmann

Member, Swiss, 1961

Education

1976-1980	Schooling in Zurich
1980-1986	Licence in Economic Sciences University of Zurich, Switzerland
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	Chief Independent Auditor for the special audit on the clean-up at UBS following its currency market manipulation, FINMA

Directorships

Since 2005	Fondation Hans Huber, Basel Member of the Supervisory Board
Since 2007	Fondation S. Eustachius, Winterthur Member of the Supervisory Board
Since 2010	Musée des arts de Winterthur Member of the Supervisory Board (since 2016 as Chairman)
Since 2015	Fedafin AG Chairman and Member of the Board of Directors
Since 2016	Edmond de Rothschild Holding S.A. Member of the Board of Directors and member of the Audit & Risk
Since 2016	Edmond de Rothschild (Monaco) Member of the Board of Directors and Chairman of the Audit & Risk Committee
Since 2017	Commerzbank AG, Frankfurt Member of the Supervisory Board

François Hottinger

Member, Swiss, 1943

Education

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

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. Hottinger & Co, Zurich
1995-2008	Director of Banque Hugo Kahn AG, Zurich
2009-2012	Limited partner of J.C.E. Hottinger & Co., Zurich

Directorships

Since 1970	Edmond de Rothschild (Suisse) S.A. Member of the Board of Directors
Since 1992	Hottinguer Corporate Finance S.A., Paris Member of the Board of Directors
Since 1992	Messieurs Hottinguer Gestion Privée S.A., Paris Member of the Board of Directors
Since 1995	Bolux Sicav, Luxembourg Member of the Board of Directors
Since 2010	Eleusis Sicav, Luxembourg Member of the Board of Directors
Since 2017	Banque Hottinguer SA, Paris Member of the Board of Directors

Klaus Jenny

Member, Swiss, 1942

Education

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. Member of the Board of Directors
Since 2001	Téléverbier S.A. Member of the Board of Directors
Since 2009	Assivalor S.A. Member of the Board of Directors
Since 2009	Edmond de Rothschild Holding S.A. Member of the Board of Directors and Member of the Audit & Risk Committee
Since 2010	Edmond de Rothschild (Suisse) S.A. Member of the Board of Directors Member of the Pay and Nomination Committees Chairman of the Audit and Risk Committee
Since 2010	Stellaria S.A. Member of the Board of Directors
Since 2014	Lombard Odier SCA Member of the Supervisory Board

Maurice Monbaron

Member, Swiss, 1946

Education

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, Geneva Branch Deputy 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	Hôtel Royal SA, Crans-Montana Sole member of the Board of Directors
Since 2013	Edmond de Rothschild (Suisse) SA Member of the Board of Directors and member of the Audit & Risk Committee
Since 2016	Hôtel Royal SA, Crans-Montana Chairman of the Board of Directors

Philippe Perles¹⁾

Member, Swiss and French, 1961

Education

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 Committee 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 duty

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

Since 2002	Association Romande des Intermédiaires Financiers (ARIF) Member of the Board of Directors
Since 2015	Edmond de Rothschild (Suisse) S.A. Board member
Since 2016	Bedrock Holdings SA Board member
Since 2016	Edmond de Rothschild Asset Management (France) Board member and Chairman of the Audit Committee
Since 2017	Edmond de Rothschild Holding S.A. Member of the Board of Directors
Since 2018	Hypowiss Private Bank Genève SA Member of the Board of Directors

Jacques-André Reymond²⁾

Member, Swiss, 1937

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

1) From 25 April 2018, he will replace Luc Argand in the Pay and Nomination Committees

2) Until 2 May 2017. His personal details can be found in previous annual reports available on the Bank's website: www.edmond-de-rothschild.com/site/Suisse/fr/banque-privee/relations-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 para. 3 of the Articles of Association) and members of the Board of Directors (art. 9 para. 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 be elected by individual ballot for a one-year term, like the Chair and the members of Board of Directors.

The average age of the Directors is 64, as of 31 December 2017.

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	2018
Baroness Benjamin de Rothschild	2009	2018
Jean Laurent-Bellue	2011	2018
Luc J. Argand*	1993	2018 ¹⁾
Tobias Guldmann*	2016	2018
François Hottinger*	1970	2018
Klaus Jenny*	2010	2018
Maurice Monbaron*	2013	2018
Philippe Perles*	2015	2018
Jacques-André Reymond*	1996	2017 ²⁾

* Fulfil the independence requirements provided in FINMA circular 2017/01 "Corporate governance – 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);

* 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

1) until 24 April 2018. Luc Argand will not seek to stand for re-election at the next General Meeting.

2) until 2 May 2017. Jacques-André Reymond did not seek to stand for re-election at the latest General Meeting.

4. Both for itself and the banking and financial group of which it is the parent company, the Bank has an Audit & Risk 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 2.3.1. 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 nine members as of 31 December 2017, 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. 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 & Risk Committee, a Pay Committee and a Nomination Committee.

Audit & Risk Committee

Under the Bylaws the Board of Directors has delegated part of its powers to an Audit & Risk 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 four of its members¹⁾ (Klaus Jenny as Chairman, Tobias Guldmann²⁾ as Vice-Chairman, Jean Laurent-Bellue and Maurice Monbaron) to form the Audit & Risk Committee. Furthermore, Fabienne Thionnet-Chevrier, attorney, is non-member Secretary.

Most of these members meet the requirements regarding independence pursuant to FINMA Circular 2017/01, CM17, 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" www.edmond-de-rothschild.ch / Investor Relations / General Information - Legal Documents

1) From 24 April 2018, François Pauly will join the Audit & Risk Committee.
2) Tobias Guldmann has been the Vice-Chairman of the Audit & Risk Committee since 3 May 2017, replacing Jacques-André Reymond, who did not seek the renewal of his mandate at the latest General Meeting of 2 May 2017.

Pay Committee and Nomination 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 by vote (art. 9 para. 6 and 7 of the Articles of Association*).

In 2017, 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 24 April 2018, with the exception of Luc J. Argand, who will not seek to stand for re-election. He will be replaced by Philippe Perles.

The Nomination 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 Nomination Committee is the same as that of the Pay Committee (pursuant to 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. 121-128.

3.5.3 Working procedures of the Board of Directors

The Board of Directors meets periodically and holds extraordinary meetings if necessary. In 2017 it met seven 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, in principle, 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 & Risk 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 (Suisse) S.A. 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 (quarterly financial report).

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 (quarterly report on risk, half-year report on compliance and quarterly summary of legal, compliance and reputational risk). 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. 61 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, section 82 et seq of FINMA Circ. 2017/01 “Corporate governance – banks”), 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 Audit & Risk Committee. He reports directly to the Audit & Risk 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.

As of 31 December 2017, the Internal Auditing Department had a staff of 12.

It draws up an auditing programme each year that is discussed and approved by the Audit & Risk 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 & Risk 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 & Risk Committee and even in some cases to meetings of the Board of Directors. The Chairman of the Board of Directors or of the Audit & Risk Committee may assign special tasks to the Chief Internal Auditor.

The Independent Auditors draw up a prudential auditing plan for each financial year and submit it to the Audit & Risk Committee for discussion and implementation. The Audit & Risk Committee meets regularly with representatives of the Independent Auditors.

Description of the risk control and management system

See pages 61 to 63 of this Report.

4. Executive Committee

As of 31 December 2017, the Executive Committee was comprised of seven members appointed by the Board of Directors. It holds weekly meetings. In 2017 it met 48 times. On average 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). 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 quarterly report on risks noting market, interest rate and counterparty risks, the level of shareholders' equity, as well as the half-year compliance report and the quarterly report on 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.

4. Executive Committee

4.1. Members of the Executive Committee

Emmanuel Fiévet

Chairman, Belgian, 1969
Chief Executive Officer

Education

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 2014 CEO of Edmond de Rothschild (Suisse) S.A. & Head of International Private Banking
Chairman or the Executive Committee of Edmond de Rothschild (Suisse) SA
Since 2014 Member of the Executive Committee of the Edmond de Rothschild Group

Directorships

Since 2014 Edmond de Rothschild (UK) Limited
Chairman of the Board of Directors
Since 2014 Edmond de Rothschild (Israel) Ltd.
Chairman of the Board of Directors
Since 2014 Edmond de Rothschild Private Equity, Luxembourg
Member of the Board of Directors
Since 2015 Edmond de Rothschild (Monaco)
Chairman of the Board of Directors
Since 2016 Edmond de Rothschild (Europe)
Chairman of the Board of Directors of
Since 2016 Edmond de Rothschild Asset Management (France)
Member of the Supervisory Board
Since 2017 Edmond de Rothschild Asset Management (Suisse) S.A.
Member of the Board of Directors

Martin Liebi

Vice-Chairman, Swiss, 1965
Deputy Chief Executive Officer

Education

1986 - 1991 University of Bern, Faculty of Economics (magna cum laude)

Career Summary

1995-1996 Executive, Head of Retail banking, Sopraceneri region, Credit Suisse
1997-1999 Director, Head of Private and SME Clients, Credit Suisse
1999-2001 Deputy Director, Head of Private Banking, Finter Bank Zurich
2001-2003 Member of the Executive Board, Head of the Lugano branch, Lloyds TSB Bank plc
2003-2004 Member of the Executive Board, Head of French and Italian markets, Lloyds TSB Bank plc
2004 Member of the Executive Board, Head of Europe, Lloyds TSB Bank plc
2005-2008 Member of the Executive Board, Head of Europe and European branches, Lloyds TSB Bank plc
2008-2015 Head of Private Banking in Switzerland and Head of Zurich Branch, Schroder & Co. Bank AG
2015-2017 Head of Private Clients in Switzerland, Notenstein La Roche Private Bank Ltd

Present duties

Since 2017 Deputy Chief Executive Officer and Vice-Chairman of the Executive Committee of Edmond de Rothschild (Suisse) S.A.

Sabine Rabald

Member, Swiss, 1969

Deputy Chief Executive Officer
Group CAO and COO

Education

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
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 2014 Deputy Chief Executive Officer, CAO
Member of Executive Committee of Edmond de Rothschild (Suisse) SA

Since 2015 COO and member of the Executive Committee of Edmond de Rothschild Group

Directorships

Since 2014 Edmond de Rothschild Private Equity S.A.
Member of the Board of Directors

Since 2014 Compagnie Benjamin de Rothschild Conseil S.A.
Member of the Board of Directors

Since 2015 Benjamin de Rothschild Management (Luxembourg) S.A.
Member of the Board of Directors

Since 2015 Edmond de Rothschild (Europe)
Member of the Board of Directors

Since 2015 Edmond de Rothschild (Monaco)
Member of the Board of Directors

Since 2016 Edmond de Rothschild Asset Management (Suisse) S.A.
Member of the Board of Directors and member of the Audit & Risk Committee

Since 2016 Finhub SA
Member of the Board of Directors

Yves Aeschlimann

Member, Swiss, 1967

Senior Vice-President
Head of Legal and Compliance

Education

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 Director, Head of the Compliance and Legal department of Edmond de Rothschild (Suisse) S.A. and of Group Edmond de Rothschild (Suisse) S.A., member of the Executive Committee

Since 2014 Edmond de Rothschild Holding S.A., member of the Group Executive Committee

Directorship

Since 2017 Edmond de Rothschild (Israel) Ltd.
Member of the Board of Directors

Cynthia Tobiano

Member, French, 1976

Director

CFO

Education

- 1994-1996 Private preparatory institute for higher teaching exams (IPESUP), 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, London/Paris, VP M&A team
2011-2013 Edmond de Rothschild (France), CFO and Member of the Board of Directors and of the Executive Committee

Present duties

- Since 2013 CFO of Edmond de Rothschild Group and of Edmond de Rothschild (Suisse) S.A., Member of the Executive Committee of Edmond de Rothschild Group and of Edmond de Rothschild (Suisse) S.A.

Directorships

- Since 2012 Edmond de Rothschild Buildings Boulevard Limited (Israel)
Member of the Board of Directors
Since 2012 Edmond de Rothschild Private Equity S.A. (France)
Member of the Supervisory Board
Since 2013 Edmond de Rothschild (UK) Limited
Member of the Board of Directors and member of the Audit & Risk Committee
Since 2013 Edmond de Rothschild (Monaco)
Member of the Board of Directors and member of the Audit & Risk Committee
Since 2013 Edmond de Rothschild (Europe)
Member of the Board of Directors and member of the Audit & Risk Committee
Since 2013 Edmond de Rothschild (Israël) Ltd.
Member of the Board of Directors and member of the Audit & Risk Committee
Since 2013 LCFR UK PEP Limited (United Kingdom) (dissolved)
Director
Since 2014 Compagnie Benjamin de Rothschild Conseil SA (Suisse)
Chair of the Board of Directors
Since 2016 Edmond de Rothschild Asset Management (France)
Member of the Supervisory Board and of the Audit & Risk Committee

Emanuela Bonadiman¹⁾

Member, Italian, 1963

Head of Human Resources

Education

- 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, head-hunter
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 Head of Human Resources of Edmond de Rothschild (Suisse) S.A. and of Edmond de Rothschild Group

1) Until 7 March 2018

Jean-Christophe Pernollet

Member, French, 1966
Senior Vice-President

Education

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 of Edmond de Rothschild (Suisse) S.A. and of Edmond de Rothschild Group Member of the Executive Committee of Edmond de Rothschild (Suisse) S.A. and of Edmond de Rothschild Group
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Directorships

Since 2014	Swissquote Bank Member of the Board of Directors
Since 2015	Edmond de Rothschild Real Estate SICAV (ERRES) Chairman of the Board of Directors
Since 2015	Edmond de Rothschild Asset Management (Suisse) S.A. Member of the Board of Directors and Chairman of the Audit and Risk Committee
Since 2015	Member of the Board of Directors of Swissquote Group Holding; Chairman of the Audit & Risk Committee of the Group
Since 2015	Board of Trustees of the Edmond de Rothschild Pension Fund Chairman

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 paragraph 3) 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. 121).

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 2017.

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 the Articles of Association*

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 bodies (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

8.1.1 Coming into effect of the current Auditors' mandate

Since 1982 PricewaterhouseCoopers SA, Geneva, has been auditing the financial statements of Edmond de Rothschild (Suisse) SA, Geneva. It is responsible for reviewing the individual and consolidated financial statements of Edmond de Rothschild (Suisse) S.A.

8.1.2 Taking office of the Auditor responsible for the current auditing mandate

Mr. Beresford Caloia has served as Chief Auditor for our account since 2012.

As required by the Swiss Financial Market Supervisory Authority FINMA, the term for the responsible auditor is seven years. Mr. Beresford Caloia will therefore be replaced in 2019.

8.2. Auditing fees

Edmond de Rothschild (Suisse) SA paid a total of CHF 3,267,000 in auditing fees, VAT included, 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 1,692,000 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 each year draws up a prudential auditing plan, drafting a report on the planning of the audit of the financial statements and consolidated accounts. The auditor in charge of our account discusses these reports with the Audit & Risk Committee. The prudential auditing plan was presented to the Audit & Risk Committee at its meeting on 29 August 2017 and the planning of the above-mentioned accounts' audit on 5 December 2017. The Independent Auditors' findings in respect of the annual financial statements were presented and discussed with the Audit & Risk Committee and with the Board of Directors at their respective meetings in March.

The Independent Auditors have access to the Audit & Risk 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 & Risk Committee or the Board of Directors.

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": <http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>.

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": <http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/financial-information-pillar-3>

Events and calendar

7 March 2018

Publication of the Bank's 2017 results

27 March 2018

Publication of our 2017 Annual Report

28 March 2018

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)

24 April 2018

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

30 August 2018

Publication of our semi-annual 2018 results

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Internet

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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

	2017	2016	Change	
(in CHF '000)			(in %)	
Consolidated profit and loss account				
Interest income, net	75,910	52,411	23,499	44.8
Fee and commission income, net	455,035	444,348	10,687	2.4
Results of trading operations and statements of fair value	89,414	101,581	(12,167)	(12.0)
Operating expenses (personnel costs and overheads)	(530,424)	(535,030)	4,606	(0.9)
Operating income	88,125	59,006	29,119	49.3
Net income	76,047	63,321	12,726	20.1
Profitability				
% return on equity (net profit / average shareholders' equity) ¹⁾	6.3	5.3	-	-
% return on assets (net income/average assets)	0.5	0.4	-	-
Shares (in CHF)				
Earnings per bearer share after deducting portion due to minority interests	715	588	127	21.6
Earnings per registered share after deducting portion due to minority interests	143	118	25	21.6
In CHF '000	2017	2016	Change	
			(in %)	
Consolidated Balance sheet				
Due from banks	1,920,723	736,666	1,184,057	160.7
Advances to customers	3,349,432	2,795,557	553,875	19.8
Due to banks	1,048,173	471,349	576,824	122.4
Customer deposits	13,153,263	14,384,580	(1,231,317)	(8.6)
Shareholders' equity	1,294,698	1,260,617	34,081	2.7
Balance sheet total	16,017,626	16,670,571	(652,945)	(3.9)
Basel III CET1 ratio (%)	27.8%	25.7%	-	-
Basel III total equity ratio (%)	27.8%	25.7%	-	-
Liquidity coverage ratio (%)	157.2%	181.8%	-	-
Leverage ratio (%)	6.7%	6.3%	-	-
Assets under management (in millions of CHF)				
Total assets under management (includes double reporting)	137,448	118,138	19,310	16.3
<i>including double reporting</i>	6,827	6,287	540	8.6
<i>+/- net inflow/outflow of fresh funds</i>	(2,398)	1,655	(4,053)	-
Group personnel (number of employees)				
Average number of employees	1,815	1,821	(6)	(0.3)
- in Switzerland	832	818	14	1.7
- abroad	983	1,003	(20)	(2.0)
Total number of employees at year-end	1,792	1,776	16	0.9
Number of employees at year-end, converted into full-time jobs	1,743	1,731	12	0.7

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

Report of the Board of Directors

to the shareholders on the consolidated accounts of Edmond de Rothschild (Suisse) S.A. at the General Meeting on 24 April 2018

Dear Shareholders,

In 2017, the financial markets had an exceptional year and a rare concurrence of circumstances. In addition to the dissipation of political uncertainties, the international economic situation continued to be supported by very accommodating monetary policies and thus low interest rates, and by proactive Chinese policy.

Against this turbulent background, the consolidated assets under the management of Edmond de Rothschild (Suisse) S.A. grew by CHF 19.3 billion to an all-time record of CHF 137.4 billion as of 31 December 2016, up 16% compared to the year-earlier figure. This increase includes favourable market and currency effects totalling CHF 12.4 billion (up 10.5% from the level of assets at end-2016), as well as a consolidation scope effect of 10.3 billion (+8.7% of the assets at the end of 2016, particularly in relation to the integration of the activities of Edmond de Rothschild Asset Management (Suisse) S.A. and its subsidiaries as from 30 September 2017. Finally, the reorganisation of activities in Asia and the refocusing of the group on its priority clients and markets negatively impacted the level of outstandings of CHF 2.4 billion.

Edmond de Rothschild (Suisse) S.A. has embarked upon an ambitious transformation plan aimed at accelerating its profitable growth and strengthening its solidity. This plan is part of the strategy of the Edmond de Rothschild Group, which aims to be the best conviction-driven investment house, based on more focus, more "distinctiveness" and more convergence:

- Focus on its priority markets, where Edmond de Rothschild Group is relevant and where it has critical mass. These moves are necessary to achieve profitable growth and enable us to concentrate on the clients and the markets where we are more relevant.

- "Distinctiveness", by reinforcing the performance of our expertise and investment convictions: only one House View, of high conviction and meaningful investments. Clients come to Edmond de Rothschild seeking investment vehicles and propositions with high added value. In 2017 the Group launched a number of niche private equity funds that genuinely reflect the Edmond de Rothschild brand. The funds of Edmond de Rothschild Emerging Corporate Bond were recognised as the best Swiss and European funds in the category Bond Emerging Markets Global – Corporates by Thomson Reuters Lipper.

We are accelerating our conviction-driven investments in innovative sectors such as Big Data, biotechnologies and infrastructure. True to its entrepreneurial spirit, the Group is diversifying its impact investments through funds specifically

dedicated to brownfield sites remediation in Europe and agroforestry in Africa and South America.

Our Real Estate range was strengthened this year with the acquisition of Cording Real Estate S.A., reaching CHF 8.5 billion under management. Present in England, Germany and the Netherlands, this acquisition strengthens our existing expertise in Switzerland, France and the Iberian Peninsula and allows us to offer our clients direct or composite access to European markets.

- Converging 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.

On December 8, 2017, the Bank announced the sale to PSP Swiss Property of a real estate portfolio in Switzerland for a sum of CHF 190 million. This sale covers a total of nine properties, including five located in the financial district of Geneva, two in Lugano, one in Lausanne and one in Fribourg, with an area of more than 15,000 m². The headquarters, located at 18 rue de Hesse in Geneva, is not part of the transaction. Following the transfer of ownership, Edmond de Rothschild (Suisse) S.A. will become the main long-term tenant of the transferred buildings. This transaction was finalised in February 2018.

This transaction is limited to our portfolio of Swiss properties and has no impact on our other sites where the Group is solely the owner of local headquarters. This is a first step in achieving our long-term goal of reducing the footprint of our operations to maximise internal communication and collaboration, and strengthen our culture.

On 30 September 2017, the Bank acquired the entire share capital of Edmond de Rothschild Asset Management (Suisse) S.A., previously held at 34.68%. This transaction is part of the process of legal simplification of the Edmond de Rothschild Group.

In 2017, we set up a new banking platform for Edmond de Rothschild (Suisse), a milestone in the evolution of our private banking business model. After the introduction of Avaloq in Switzerland, the migration will extend to Luxembourg, the UK, Belgium, Spain, Portugal and then Monaco. All the entities within our International Private Bank will thus operate on a common platform by the end of 2018, with the aim of always striving to offer better service to our clients.

The International network also boasted solid performance in 2017.

Monaco

In Monaco, our Edmond de Rothschild (Monaco) subsidiary achieved very good results in 2017. Thanks to dynamic business development and recruiting, assets under management rose more than 12% last year to EUR 8.8 billion, with net new money totalling over EUR 900 million. The subsidiary contributed EUR 21 million to consolidated net profit, up 35% on the previous year's level.

Luxembourg

Edmond de Rothschild (Europe), our Luxembourg subsidiary, pursued its strategy of growing its private banking, asset management and fund services businesses. It is also pursuing its commercial development in private banking in its branches in Belgium, Spain and Portugal.

During the 2016 financial year, Edmond de Rothschild (Europe) was cited in connection with a potential fraud within the 1MDB fund. On 21 June 2017, the Financial Sector Supervisory Commission (CSSF) of Luxembourg informed Edmond de Rothschild (Europe) of the conclusion of its administrative procedure. Edmond de Rothschild (Europe) in Luxembourg asserted its rights, took note of the notified decision and paid a penalty of EUR 8,985,000, fully provisioned in the previous financial year, thus marking the end of the legal proceedings in which the firm actively collaborated.

Business in Luxembourg also progressed well in 2017, largely driven by the contribution of our Asian partners. With client funds of EUR 62 billion at the end of the financial year, the subsidiary posted a consolidated profit of EUR 33 million, up more than 16%.

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. With CHF 2.8 billion in assets under management, our Israeli platform is active in both private banking and asset management.

United Kingdom

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

Roundup of consolidated results

As of 31 December 2017, the assets under management reached CHF 137.4 billion, up from CHF 118.1 billion the previous year, marking a new record high.

Consolidated revenue totalled CHF 659 million, up more than 2% on a proforma basis (+0.5% excluding the restatement of the assignment of Edmond de Rothschild (Bahamas) Ltd.). This level of income reflects the positive environment of asset-liability management, linked to the growth of credit business and the significant results of foreign exchange activities, the success of our link-ups (particularly in asset management) and the volatile market conditions observed in 2017. The growth of assets under management in the Group's core markets enabled us to contain erosion of our margins.

Net interest income jumped nearly CHF 23 million, or 45%, 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 grew by 2.4% to CHF 455 million from CHF 444 million in 2016. The integration of the activities of Edmond de Rothschild Asset Management (Suisse) SA reinforces the excellent orientation of this income stream driven by the growth of average outstandings in both Private Banking and Asset Management, despite the decrease in asset servicing fees, down almost 9%.

Results of trading operations totalled CHF 89 million, down 12% on the year-earlier level of CHF 102 million. This evolution stemmed from lower volatility in currencies during the reporting period.

Other ordinary results came to CHF 38 million, down 33% compared to 2016, mainly due, on the one hand, to the end of the equity accounting over the third quarter of Edmond de Rothschild Asset Management (Suisse) S.A.'s activities, fully consolidated since that date and, on the other hand, the non-recurrence in 2017 of capital gains on the own-account portfolio realised in 2016.

The gross profit margin edged down from 56 basis points to 53 basis points in 2017.

At CHF 530 million, operating expenses show a reduction of around CHF 5 million over the year. This trend includes personnel costs down 4.5%, mainly due to the resizing of activities in London and Hong Kong. Other operating expenses rose by 7.2%, mainly as a result of the implementation of the new operational platform.

Gross profit amounted to CHF 128.4 million, compared to CHF 120.4 million in 2016 (+ 6.7% excluding the restatement of the assignment of Edmond de Rothschild (Bahamas) Ltd / + 12% on a proforma basis).

Valuation adjustments on holdings and depreciation of fixed and intangible assets totalled CHF 39 million, in line with the previous year.

Changes in the level of provisions, other valuation adjustments and losses came to CHF 1 million, against CHF 23 million in 2016. These adjustments mainly concerned provisions for legal risks relating to the pending litigation involving Edmond de Rothschild (Suisse) S.A. and Edmond de Rothschild (Monaco), along with a release of provisions for deposit guarantees at Edmond de Rothschild (Europe).

Operating profit

The foregoing profit-and-loss-account items resulted in an operating profit of CHF 88 million, up 49% compared with the year-earlier level of CHF 59 million.

Extraordinary income worked out to CHF 9 million, mainly due to the profits of a real estate assignment in Luxembourg and the release of a provision for taxes that was no longer necessary.

Extraordinary expenses totalled CHF 2.7 million, compared with CHF 3.6 million in 2016, and included some legal expenses.

The allocation for general banking risks provisions amounted to CHF 7.5 million in 2017, compared to CHF 7.9 million in 2016.

Taxes came to CHF 26 million, against CHF 20 million in 2016.

The foregoing items (after taking account of minority interests) lead to a consolidated net profit of CHF 76 million, up CHF 13 million (20%) compared with the 2016 level.

Balance sheet review

The consolidated balance sheet total stood at CHF 16 billion at end-2017, as against CHF 16.7 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 13.7 billion, down 4.5% compared with the year-earlier level.

Positive replacement values of derivative instruments totalled CHF 108.1 million versus CHF 216.3 million in 2016.

Financial investments amounted to CHF 1,544 billion, a 4.6% increase compared with CHF 1,476 billion in 2016.

Adjustment accounts totalled CHF 192.3 million, compared to CHF 155.2 million the previous year.

On the liabilities side, sums due to banks and customers amounted to CHF 14.2 billion, compared with CHF 14.9 billion in 2016, and represented 89% of the balance-sheet total.

Reserves for general banking risks totalled CHF 241.3 million, up 3.3% from their year-earlier level of CHF 233.7 million.

Prior to the dividend payment, 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 27.8% as of end-December 2017, well above the 12% legal minimum. Surplus shareholders' equity amounted to nearly CHF 627 million.

Outlook for 2018

For 2018, our economic research team estimates that central banks will remain involved in changes to asset prices. While it predicts that US growth should be stimulated by business investment and could take over from China, the European economy may be sensitive to changes in the real estate market. This is a potential source of instability, with the building sector accounting for more than 40% of the acceleration of GDP growth in the eurozone. Our economic research also stresses the fragility of the drivers of global growth, which are still very dependent on interest rates and recovery. To create sustainable growth prospects, we are convinced of the need to encourage investment policies in the sectors of the future, including education, for a quicker spreading of innovation and improved productivity.

We intend to accelerate the deployment of our strategy and the development of our activities. 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 2018 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 of Edmond de Rothschild (Suisse) SA

Geneva

Report on the consolidated financial statements

Opinion

We have audited the financial statements of Edmond de Rothschild (Suisse) SA and its subsidiaries (the ‘Group’), which comprise the balance sheet, profit and loss account, statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2017, and notes, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 50 to 88) give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the accounting rules for banks (ARB) and comply with Swiss law.

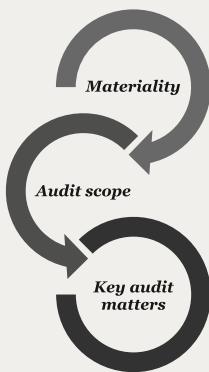
Basis for opinion

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 opinion.

Our audit approach

Overview



- Overall materiality: CHF 4,400,000
- We concluded full scope audit work at 9 Group companies in 6 countries.
- Our audit scope addressed over 76.7 % of earnings before taxes and 98.9 % of total assets.
- As key audit matter the following area of focus has been identified:
 - Provisions relating to client claims and legal and tax proceedings



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 situated in three different countries as well as several investment companies in Switzerland and abroad. In light of this, as Group auditor, we performed an audit at the parent company and provided audit instructions to the local auditors of 8 Group companies located in 6 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 to our attention, holding discussions with the auditors of the most important 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, specifically including analytical reviews, in order to verify that any potential risk of significant error had been identified and addressed. We controlled the consolidation entries, specifically including the adjustments required to translate the figures from the local standards to the Group accounting rules and the elimination of intragroup transactions. Finally, we checked that the consolidated financial statements complied with the 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.

<i>Overall Group materiality</i>	CHF 4,400,000
<i>How we determined it</i>	5% of the operating income (rounded)
<i>Rationale for the materiality benchmark applied</i>	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 most commonly measured and it is a generally accepted benchmark in the banking industry.

We agreed with the Audit and Risk Committee that we would report to them misstatements above CHF 220,000 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 relating to client claims and legal and tax proceedings

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>During the course of business, the Group is faced with claims made by certain of its clients and it is implicated in various legal and tax proceedings. Provisions to cover the financial consequences of these proceedings and the associated provisional lawyers' fees are recorded.</p> <p>The assessment 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. 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 the client claims and the legal and tax proceedings. On the basis of this, the Group has adjusted the level of the provisions, taking into account the information known as of the balance sheet date.</p> <p>The situation concerning the provisions relating to client claims and legal and tax proceedings is described in note 14, page 76, of the financial statements.</p>	<p>We evaluated the Group's assessment of the likely developments in relation to the client claims and the legal and tax proceedings involving the Group.</p> <p>We performed the following specified audit procedures:</p> <ul style="list-style-type: none">• We inspected the minutes of the meetings of the Boards of Directors, the Audit and Risk Committees and the Management Committees of the Group as well as correspondence with the regulator, where applicable, and we inspected the claims register maintained by the Bank.• We held interviews with the Legal function and the Group's Management during the period under review and following the financial year-end of the consolidated accounts in order to gain an understanding of the nature of the current claims and legal and tax proceedings as well as to verify the latest status update and the implications in accounting terms.• We checked the analyses performed by the Group relating to the size of the provisions and the information presented in the notes to the financial statements.• We discussed these assessments with the Board of Directors, the Audit and Risk Committee and the Finance & Administration department of the Group as well as with the Group's internal Legal function.• We examined whether the methods used to prepare the accounting estimates were consistently applied.• We obtained letters of confirmation from the external legal counsel of the Group relating to their assessment of the risks and the potential financial consequences as at year-end. We tested and compared the analyses of the Group and we interviewed one of the legal counsellors for the most significant claims and legal and tax proceedings.



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 the accounting rules for banks and comply with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 and Risk 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 and Risk Committee with a statement that we have complied with relevant ethical 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 and Risk 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 SA

Beresford Caloia
Audit Expert
Auditor in charge

Alain Lattafi
Audit Expert

Geneva, 26 March 2018

Consolidated Balance sheet

as of 31 December 2017 (in thousands of CHF)

	Notes	2017	2016	Change (in %)
Assets				
Cash and other liquid assets	18	7,284,055	7,554,738	(270,683) (3.6)
Due from banks	18	1,920,723	736,666	1,184,057 160.7
Claims arising from securities financing	1,18	820,341	3,040,006	(2,219,665) (73.0)
Due from customers	2,18	3,349,432	2,795,557	553,875 19.8
Mortgage claims	2,18	353,765	252,936	100,829 39.9
Trading book	3,18	13,956	2,539	11,417 449.7
Positive replacement value of derivative instruments	4,18	108,159	216,303	(108,144) (50.0)
Financial investments	5,18	1,543,922	1,476,055	67,867 4.6
Accrued income and prepaid expenses		192,340	155,191	37,149 23.9
Non-consolidated holdings	6,7	77,220	126,764	(49,544) (39.1)
Fixed assets	8	258,143	231,350	26,793 11.6
Intangible assets	9	45,471	43,567	1,904 4.4
Other assets	10	50,099	38,899	11,200 28.8
Total assets	11,19,20,22	16,017,626	16,670,571	(652,945) (3.9)
Total subordinated claims		12,391	-	12,391 -
- including with an obligation to convert and/or abandon the right				

Consolidated Balance sheet

as of 31 December 2017 (in thousands of CHF)

	Notes	2017	2016	Change (in %)
Liabilities				
Due to banks	18	1,048,173	471,349	576,824 122.4
Due on client deposits	18	13,153,263	14,384,580	(1,231,317) (8.6)
Negative replacement value of derivative instruments	4,18	145,642	208,506	(62,864) (30.1)
Accrued income and prepaid expenses		265,660	214,159	51,501 24.0
Other liabilities	10	65,591	66,311	(720) (1.1)
Provisions	14	44,599	65,049	(20,450) (31.4)
Reserves for general banking risks		241,340	233,653	7,687 3.3
Share capital	15	45'000	45'000	- -
Additional paid-in capital		95,695	91,566	4,129 4.5
Retained earnings		946,573	971,364	(24,791) (2.6)
Currency reserve		(115,057)	(137,398)	22,341 (16.3)
Own capital stakes		(39,008)	(44,392)	5,384 (12.1)
Minority interests in own capital		44,108	37,503	6,605 17.6
Consolidated profit		76,047	63,321	12,726 20.1
- including minority interests' share in consolidated income		13,043	11,598	1,445 12.5
Total Group capital and reserves		1,294,698	1,260,617	34,081 2.7
Total liabilities	19,22	16,017,626	16,670,571	(652,945) (3.9)
Total subordinated liabilities		-	-	- -
- including with an obligation to convert and/or abandon the right		-	-	- -
Off-balance sheet transactions				
Contingent liabilities	2,23	218,391	223,078	(4,687) (2.1)
Irrevocable liabilities	2	124,132	101,439	22,693 22.4
Liabilities to release and make additional payments		123,881	55,484	68,397 123.3

Consolidated profit and loss account

for the year ended 31 December 2017 (in thousands of CHF)

	Notes	2017	2016	Change (in %)
Interest and discount income		77,597	45,321	32,276 71.2
Interest and dividend income on trading portfolios		12	24	(12) (50.0)
Interest and dividend income on financial investments		12,128	8,974	3,154 35.1
Interest payable		(13,794)	(1,870)	(11,924) 637.6
Interest income, gross		75,943	52,449	23,494 44.8
Changes to valuation adjustments for risks of default and losses relating to interest transactions		(33)	(38)	5 (13.2)
Interest income, net		75,910	52,411	23,499 44.8
Commission income on securities and investment activities		641,178	622,618	18,560 3.0
Commission income on lending activities		1,451	2,106	(655) (31.1)
Commission income on other services		11,338	16,858	(5,520) (32.7)
Commissions payable		(198,932)	(197,234)	(1,698) 0.9
Fee and commission income, net		455,035	444,348	10,687 2.4
Results of trading operations and statements of fair value	27	89,414	101,581	(12,167) (12.0)
Proceeds from the sale of financial investments		2,205	11,157	(8,952) (80.2)
Income from holdings		21,701	24,909	(3,208) (12.9)
- including holdings using the equity method		13,467	19,489	(6,022) (30.9)
- including other non-consolidated holdings		8,234	5,420	2,814 51.9
Proceeds from real estate		768	1,235	(467) (37.8)
Other ordinary income		17,326	21,520	(4,194) (19.5)
Other ordinary expenses		(3,556)	(1,766)	(1,790) 101.4
Other ordinary results		38,444	57,055	(18,611) (32.6)
Personnel expenses	29	(351,686)	(368,344)	16,658 (4.5)
Other operating expenses	30	(178,738)	(166,686)	(12,052) 7.2
Operating expenses		(530,424)	(535,030)	4,606 (0.9)
Value adjustments on holdings and write-downs on fixed and intangible assets	33	(39,244)	(37,954)	(1,290) 3.4
Changes to provisions, other value adjustments and losses	31	(1,010)	(23,405)	22,395 (95.7)
Operating income		88,125	59,006	29,119 49.3
Extraordinary income	32	9,021	19,870	(10,849) (54.6)
Extraordinary expenses	32	(2,672)	(3,596)	924 (25.7)
Changes to reserves for general banking risks	32	7,521	7,942	(421) (5.3)
Taxes	35	(25,948)	(19,901)	(6,047) 30.4
Consolidated profit	34	76,047	63,321	12,726 20.1
- including minority interests' share in consolidated income		13,043	11,598	1,445 12.5

Statement of changes in equity

as of 31 December 2017 (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 2017	45,000	91,566	971,364	233,653	(137,398)	(44,392)	37,503	63,321	1'260,617
Employee incentive plan / allocations to reserves	-	-	-	-	-	-	-	-	-
Capital increase/decrease	-	-	-	-	-	-	-	-	-
Other contributions / injections	-	-	1,567	-	-	-	-	-	1,567
Purchase of own capital stakes	-	-	-	-	-	(4,778)	-	-	(4,778)
Sale of own capital stakes	-	-	-	-	-	10,162	-	-	10,162
Profit / (loss) on sale of own capital stakes	-	(2,381)	-	-	-	-	-	-	(2,381)
Forex differences	-	-	-	85	26,769	-	5,773	-	32,627
Dividends	-	-	(67,500)	-	-	-	(4,179)	-	(71,679)
Other distributions			51,723				11,598	(63,321)	
Allocations to/releases from reserves for general banking risks	-	-	-	7,602	-	-	(1'570)	-	6,032
Other allocations / (releases) affecting other reserves	-	4,943	(9,014)	-	(4,428)	-	(5,017)	-	(13,516)
Consolidated net income	-	-	-	-	-	-	-	76,047	76,047
Shareholders' equity as of 31 December 2017	45,000	95,695	946,573	241,340	(115,057)	(39,008)	44,108	76,047	1,294,698

The "dividends" entry also includes dividends paid by subsidiaries to their minority shareholders, whereas the "other distributions" entry represents the allocation of earnings before dividend distributions.

Consolidated cash flow statement

at 31 December 2017 (in thousands of CHF)

	2017			2016		
	Source of funds	Application of funds	Balance	Source of funds	Application of funds	Balance
Operating cash flow (internal financing)						
Consolidated net income	76,047	-	63,321	-	-	-
Reserves for general banking risks	7,687	-	-	-	11,057	-
Value adjustments on holdings and write-downs on fixed and intangible assets	39,211	-	37,954	-	-	-
Provisions and other value adjustments	-	13,190	-	-	3,567	-
Changes to valuation adjustments for risks of default and losses	-	7,260	26,957	-	-	-
Asset-side limits	-	48,349	12,309	-	-	-
Liability-side limits	50,781	-	-	-	69,726	-
Previous year's dividend	-	67,500	-	-	49,500	-
Balance	173,726	136,299	37,427	140,541	133,850	6,691
Net cash used in/provided by transactions involving shareholders' equity						
Share capital	-	-	-	-	-	-
Booked through reserves	13,278	-	-	-	6,366	-
Change in treasury stock	9,348	4,778	11,797	7,081	-	-
Balance	22,626	4,778	17,848	11,797	13,447	(1,650)
Cash flow arising from changes to holdings, fixed assets and intangible assets:						
Non-consolidated holdings *	50,674	767	2,465	12,089	-	-
Buildings	6,488	-	3,984	-	-	-
Other fixed assets	21	58,947	1,397	53,589	-	-
Intangible assets	-	10,425	1,144	41,814	-	-
Forex differences	-	5,408	1,875	-	-	-
Balance	57,183	75,547	(18,364)	10,865	107,492	(96,627)

* comprehensive in 2017 of a consolidation effect of 38.6 million following the acquisition of 65.32% of Edmond de Rothschild Asset Management (Suisse) S.A.

	2017			2016		
	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	85	-	308	-	-	
Due on client deposits	-	8,456	-	10,067	-	
Due from banks	-	28,055	-	722	-	
Due from customers	-	-	-	-	-	
Mortgage claims	-	60,718	-	33,316	-	
Financial investments	-	37,693	-	117,886	-	
Short-term transactions:	-	27,574	-	475,499	-	
Due to banks	576,739	-	283,779	-	-	
Claims arising from securities financing	-	-	-	-	-	
Due on client deposits	-	1,222,861	-	259,666	-	
Due on trading operations	-	-	-	-	-	
Negative replacement value of derivative instruments	-	62,864	78,765	-	-	
Due from banks	-	1,156,002	122,399	-	-	
Claims arising from securities financing	2,219,664	-	1,642,370	-	-	
Due from customers	-	493,157	-	317,895	-	
Mortgage claims	-	63,136	-	28,568	-	
Trading book	-	11,417	2,811	-	-	
Positive replacement value of derivative instruments	108,144	-	-	85,867	-	
Other financial instruments stated at their fair value	-	-	-	-	-	
Financial investments	-	40,293	3,175	-	-	
Balance	2,904,632	3,212,226	(307,594)	2,133,607	1,329,486	804,121
Cash situation:						
Cash and other liquid assets	270,683	-	-	712,535	-	
Balance	270,683	-	-	712,535	(712,535)	
Total cash flows	3,428,850	3,428,850		2,296,810	2,296,810	

Notes to the consolidated financial statements

Name and legal form of the Group

Group companies

The consolidated financial statements of the Edmond de Rothschild (Suisse) 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 71 and 72).

Converted to full-time jobs, the number of staff employed by the Edmond de Rothschild (Suisse) Group stood at 1,743 at end-2017 versus 1,731 a year earlier.

Changes to the scope of consolidation

Companies consolidated during the reporting period:

- Compagnie Benjamin de Rothschild Conseil S.A., Meyrin
- Ginkgo Management S à r.l., Luxembourg
- Ginkgo Management II S à r.l., Luxembourg
- CTBR Luxembourg, Luxembourg
- Compagnie Benjamin de Rothschild Management (Luxembourg) S.A., Leudelange
- Amethis Finance Luxembourg, Luxembourg
- Amethis Finance S à r.l., Leudelange
- Amethis Fund II Management S à r.l., Leudelange
- Moringa General Partner S à r.l., Luxembourg
- Moringa Partnership SAS, Paris
- Edmond de Rothschild Private Equity S.A., Leudelange
- General Partner Participations Mauritius, Port Louis
- Edmond de Rothschild Equity Strategies Management III S à r.l., Leudelange
- TIIC Management S à r.l., Luxembourg
- Teka Investment S.A., Luxembourg
- Teka Management II Ltd, Cayman Islands
- Teka Management II S. à r.l., Luxembourg
- Holding LRLDEDR S. à r.l., Leudelange
- Privilege Access Management S.à r.l., Luxembourg
- EdR Private Equity Partners S.A., SICAV-RAIF, Luxembourg
- Ginkgo Advisor S.à r.l., Meyrin (49 %)
- Amethis Advisory, Paris (49 %)
- TIIC Advisor SAS, Paris (49 %)
- Amethis Investment Fund Manager S.A., Leudelange (49%)

Changes to the scope of consolidation during the reporting period

- Acquisition of 65.32% of Edmond de Rothschild Asset Management (Suisse) S.A., Geneva by Edmond de Rothschild (Suisse) S.A., Geneva.

The following companies were deconsolidated during the reporting period:

- Baldauff S.A., estate agency, Luxembourg
- Priglobal Advisory Limited, Cayman Islands

Liquidation in progress:

- Les Conseillers du Léman Associés S.A. Geneva
- Iberian Renewable Energies GP S à r.l., Luxembourg
- Priadvisory Holding S.A., Geneva

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 A.C.H. Investment Advisors S.A. (38 %), EdR Nikko Cordial (50 %), L.C.H. Investment NV (44 %), Ginkgo Advisor S.à r.l. (49 %), Amethis Advisory SAS (49 %), TIIC Advisor SAS (49 %) and Amethis Investment Fund Manager S.A. (49 %).

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 bad-will 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 Priadvisor Holding SA whose financial years concludes on 30 November.

Accounting and valuation principles

The consolidated financial statements of the Edmond de Rothschild (Suisse) 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.

Valuation and presentation principles' changes

Since 1 January 2017, other intangible assets consisting of computer hardware and computer software have been amortised on a straight-line basis (previously on a decreasing scale) depending on their nature, over a period of use between 3 and 7 years, which has resulted in a reduction in amortisation expense of CHF 9.2 million, in line with the approach commonly used in the field. There have been no other changes to the valuation and presentation principles.

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:

	2017		2016	
	Closing rate	Average 2017 rate	Closing rate	Average 2016 rate
Major currencies				
EUR	1.1702	1.1130	1.0739	1.0903
USD	0.9757	0.9849	0.0188	0.9873
GBP	1.3189	1.2731	1.2543	1.3413

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 depending on their nature, over a useful life set at three to seven years.

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 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 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 supervising 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 of the Bank, the parent company, 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 S.A. for the Edmond de Rothschild Group as a whole.
- › The Audit & Risk 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 S.A. (“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

*Liquidity risk 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 fulfil 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 Risk 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 proprietary 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 for the management of the banking system and of some peripheral applications as well as the IT infrastructure of Edmond de Rothschild (Suisse) S.A., the fund administration support services provided by Edmond de Rothschild (Europe), Luxembourg as well as certain operations that have been outsourced within the Group, our Bank and its subsidiaries do not outsource services within the meaning of FINMA circular 2018/3 "Outsourcing – Bank and Insurances".

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

The Group transferred to PSP Swiss Property a real estate portfolio in Switzerland for CHF 190 million. The buildings represent a total of nine properties, including five located in the financial district of Geneva, two in Lugano, one in Lausanne and one in Fribourg, with an area of more than 15,000 m². The head office of Edmond de Rothschild (Suisse), located at 18 rue de Hesse in Geneva, is not part of the transaction. Following the transfer of ownership, on 1 February 2018, we became the main long-term tenants of the transferred buildings. This will result in extraordinary income in the 2018 financial year.

No other event likely to have a significant impact on the Bank's assets, financial position or results of operations occurred after 31 December 2017.

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)

	2017	2016
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	820,341	3,040,006
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	841,323	3,065,024
- <i>including securities which were pledged</i>	206,163	147,828
- <i>including securities which were sold</i>	-	-

		Schedule of collateral (in thousands of CHF)		
	(in CHF '000)	Mortgage collateral	Other collateral	Mortgage collateral
2	Coverage of off-balance sheet claims and transactions and non-performing loans			Total
Coverage of off-balance sheet claims and transactions				
Loans (prior to set-off with valuation adjustments)				
Due from customers		9,076	3,268,293	80,920
Mortgage loans				3,358,289
- residential property		335,529	17,760	-
- commercial property		473	3	-
Total loans (prior to set-off with valuation adjustments)				476
Total 2017		345,078	3,286,056	80,920
Total 2016		263,574	2,662,137	130,921
Total loans (after set-off with valuation adjustments)				
Total 2017		345,078	3,286,056	72,063
Total 2016		263,574	2,662,137	122,782
Off-balance sheet				
Contingent liabilities		-	205,188	13,203
Irrevocable liabilities		-	114,124	10,008
Liabilities to release/make additional payments			68,901	54,980
Total 2017		-	388,213	78,191
Total 2016		-	361,934	18,067
		Gross value	Estimated proceeds from sale of collateral	Net value
(in CHF '000)				Itemised valuation adjustments
Delinquent claims				
Total 2017		22,980	14,123	8,857
Total 2016		8,139	-	8,139

The increase in the gross amount of delinquent claims originates from several cases of unpaid interest and / or amortisations for more than 90 days. However, taking into account the collateral obtained by the Group, it was not necessary to create significant corrections of additional securities.

	2017	2016
(in CHF '000)		
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
- <i>including those listed</i>	-	99
Equity securities	13,956	2,440
Other financial instruments reported at their fair value		
Debt securities	-	-
Total assets	13,956	2,539
- <i>including drawn up using a valuation model</i>	-	-
- <i>including securities eligible for repo agreements under liquidity regulations</i>	-	-

	(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	1,256	1,715	118,141	1,552	1,876
Futures	-	-	-	-	-
OTC options	529	497	547,543	-	-
Traded options	-	-	-	-	-
Currencies / precious metals					
Forward contracts	103,055	139,785	17,556,263	-	-
Combined interest and currency swaps	-	-	-	-	-
Futures	-	-	-	-	-
OTC options	6,086	6,087	1,080,918	-	-
Traded options	-	-	-	-	-
Equity index products					
Forward contracts	-	-	-	-	-
Futures	-	-	-	-	-
OTC options	741	741	80,498	-	-
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					
Total 2017	111,667	148,825	19,453,363	1,552	1,876
<i>including drawn up using a valuation model</i>	111,667	148,825	19,453,363	1,552	1,876
Total 2016	215,257	205,846	17,689,046	1,046	2,660
<i>including drawn up using a valuation model</i>	215,257	205,846	17,689,046	1,046	2,660

(in CHF '000)	Positive replacement values (accumulated)	Negative replacement values (accumulated)
Total after taking account of netting agreements		
Total 2017	108,159	145,642
Total 2016	216,303	208,506

Breakdown by counterparty

(in CHF '000)	Central clearing counterparties	Banks and brokers	Other clients
Positive replacement values (after taking account of netting agreements)	-	63,035	45,124

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

	2017	2016	2017	2016
(in CHF '000)	Book value		Fair value	
5 Breakdown of financial investments				
Debt instruments	964,798	974,083	971,235	984,367
- including intended to be kept until maturity	898,945	886,591	903,886	894,598
- including not intended to be kept to maturity (available for sale)	65,853	87,493	67,349	89,769
Equity securities	141,899	53,013	159,690	59,385
- including qualifying equity stakes (min. 10% of capital or votes)	-	-	-	-
Precious metals	437,225	448,959	437,225	448,959
Buildings	-	-	-	-
Total	1,543,922	1,476,055	1,568'50	1,492,711
- including securities eligible for repo agreements under liquidity regulations	92,549	195,879	-	-

(in CHF '000)	From AAA to AA-	From A+ to A-	From BBB+ to BBB-	From BB+ to BB-	Lower than B- B-	Without rating
Breakdown of counterparties by credit rating						
Book value of debt instruments	264,493	231,904	352,526	80,012	8,254	27,609

The Group uses ratings from 3 agencies (Standard & Poor's, Moody's and Fitch). Ratings are based on the Standard & Poor's rating scale.

(in CHF '000)	Purchase values	Cumulative depreciation and write-ups/write-downs (equity method)	Book value as of 1 January 2017	Forex adjustments	Investments and newly consolidated assets	Diversities and assets no longer consolidated	Valuation adjustments	Book value as of 31 December 2017	Market value
6 Holdings/positions									
Holdings consolidated using the equity method	39,080		39,080	(7)	638	(38,540)	-	1,171	-
- with market value	-		-	-	-	-	-	-	-
- with no market value	39,080		87,684	(7)	638	(38,540)	-	1,171	-
Other holdings*	88,978	(1,294)	87,684	337	129	(12,134)	33	76,049	-
- with market value	48,134		48,134	-	-	-		48,134	137,481
- with no market value	40,844	(1,294)	39,550	337	129	(12,134)	33	27,915	-
Total holdings/positions	128,058	(1'294)	126,764	330	767	(50,674)	33	77,220	-

* Under divestments: a security worth CHF 12.1 million has been reclassified as financial assets.

Companies consolidated on the balance sheet using the equity method:

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

- Edmond de Rothschild Nikko Co Ltd, Tokyo, owned by:
Edmond de Rothschild (Europe), Luxembourg (50 %)
Total share-capital JPY 100'000'000

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

- Ginkgo Advisor S.à r.l., Meyrin, owned by:
Compagnie Benjamin de Rothschild Management (Luxembourg) S.A., Leudelange (49 %),
Total share-capital CHF 20,000

- Amethis Advisory, Paris, owned by:
Companie Benjamin de Rothschild Management (Luxembourg) S.A., Leudelange (49 %),
Total share-capital EUR 4,000

- TIIC Advisor SAS, Paris, owned by:
Edmond de Rothschild Private Equity S.A., Leudelange (49 %),
Total share-capital EUR 10,000

- Amethis Investment Fund Manager S.A., Leudelange, owned by:
Edmond de Rothschild Private Equity S.A., Leudelange (49 %),
Total share-capital EUR 275,000

Details of the holdings are indicated under Note 7.

7 Consolidated Edmond de Rothschild (Suisse) SA Group companies

Currency	Share capital		Equity stake		Voting rights		Direct ownership	Indirect ownership
	2017	2016	2017	2016	2017	2016	2017	2017
	(in CHF '000)		(in %)	(in %)	(in %)	(in %)	(in %)	(in %)
Swiss – fully consolidated								
Parent company								
Edmond de Rothschild (Suisse) SA, Geneva	CHF	45,000	45,000	100	100	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	-
Financial and asset management companies								
Edmond de Rothschild Asset Management (Suisse) S.A., Geneva	CHF	11,534	11,534	100	38	100	38	100
Orox Asset Management SA, Genève	CHF	2,000	2,000	60	60	60	60	-
Priadvisor Holding SA, Geneva	CHF	3,120	3,120	100	100	100	100	-
Compagnie Benjamin de Rothschild Conseil S.A., Meyrin	CHF	1,000	-	100	-	100	-	100
Foreign – fully consolidated								
Banks								
Edmond de Rothschild (Europe), Luxembourg	EUR	31,500	31,500	100	100	100	100	-
Edmond de Rothschild (Monaco), Monaco	EUR	12,000	12,000	57	57	57	57	-
Service and real estate companies								
Copri III SA, Luxembourg	EUR	747	747	100	100	100	100	-
Edmond de Rothschild Family Advisory (Hong Kong) Limited, Hong Kong	HKD	12,675	12,675	100	100	100	100	-
L'immobilière Baldauff SA, Luxembourg, transferred in 2017	EUR	-	9,821	-	100	-	100	-
Asset management companies								
Edmond de Rothschild Asset Management (Luxembourg), Luxembourg	EUR	18,238	18,238	100	100	100	100	-
Edmond de Rothschild Asset Management (UK) Limited, London	GBP	4,400	4,400	100	100	100	100	-
Edmond de Rothschild Client Nominees (UK) Ltd, London	GBP	1	1	100	100	100	100	-
Ginkgo Management S.à r.l., Luxembourg	EUR	13	-	51	-	51	-	51
Financial and brokerage firms								
Edmond de Rothschild (UK) Limited, London	GBP	10,700	10,700	100	100	100	100	-
Edmond de Rothschild Securities (UK) Limited, London	GBP	2,000	2,000	100	100	100	80	-
Priglobal Advisory Limited, Cayman Islands, liquidated in 2017	EUR	-	0,001	-	100	-	100	-
Edmond de Rothschild (Suisse) SA, Representacion Uruguay, Montevideo	USD	14	14	100	100	100	100	-
Edmond de Rothschild Assurances et Conseils (Monaco), Monaco	EUR	150	150	57	57	57	57	-
Iberian Renewable Energies GP S. à r.l., Luxembourg	EUR	13	13	100	100	100	100	-
Edmond de Rothschild Assurances et Conseils (Europe), Luxembourg	EUR	125	50	100	100	100	100	-
Edmond de Rothschild Gestion (Monaco), Monaco	EUR	150	150	57	57	57	57	-
EDRRIT Limited, London	GBP	278	278	100	51	100	100	-
Edmond de Rothschild Capital Holdings Limited, London	GBP	250	250	100	51	100	72	-
Edmond de Rothschild Private Merchant Banking LLP, London	GBP	26,188	21,538	100	100	100	100	-
Edmond de Rothschild (Israel) Ltd., Tel-Aviv	ILS	501	501	100	100	100	100	-
CTBR Luxembourg, Luxembourg	CHF	14,950	-	99	-	99	-	99
Compagnie Benjamin de Rothschild Management (Luxembourg) S.A., Leudelange	EUR	881	-	100	-	100	-	100

7 Consolidated Edmond de Rothschild (Suisse) SA Group companies

Currency	Share capital		Equity stake		Voting rights		Direct ownership	Indirect ownership
	2017	2016	2017	2016	2017	2016	2017	2017
	(in CHF '000)	(in %)	(in %)	(in %)	(in %)	(in %)	(in %)	(in %)
Amethis Finance Luxembourg, Luxembourg	EUR 13	-	50	-	50	-	-	50
Moringa General Partner S.à r.l., Luxembourg	EUR 13	-	100	-	100	-	-	100
Moringa Partnership SAS, Paris	EUR 10	-	100	-	100	-	-	100
Edmond de Rothschild Private Equity S.A., Leudelange	EUR 1,640	-	100	-	100	-	-	100
General Partner Participations Mauritius, Port Louis	EUR 65	-	71	-	73	-	-	73
Edmond de Rothschild Equity Strategies Management III S. à r.l.,	EUR 13	-	60	-	60	-	-	60
TIIC Management II S.à r.l., Luxembourg	EUR 13	-	51	-	51	-	-	51
Ginkgo Management II S.à r.l., Luxembourg	EUR 13	-	51	-	51	-	-	51
Teka Investment SA, Luxembourg	USD 33	-	51	-	51	-	-	51
Teka Management II Ltd, Cayman Islands	USD -	-	51	-	100	-	-	100
Teka Management II S.à r.l., Luxembourg	USD 13	-	51	-	100	-	-	100
Holding LRLDEDLR, S.à r.l., Leudelange	EUR 12	-	51	-	51	-	-	51
Amethis Finance, S.à r.l., Leudelange	EUR 17	-	48	-	95	-	-	95
Amethis Fund II Management, S.à r.l., Leudelange	EUR 13	-	48	-	100	-	-	100
Privilege Access Management, S.à r.l., Luxembourg	EUR 12	-	51	-	51	-	-	51
EdR Private Equity Partners S.A., SICAV-RAIF, Luxembourg	EUR 29,443	-	98	-	98	-	-	98

Currency	Share capital		Equity stake		Voting rights		Direct ownership	Indirect ownership
	2017	2016	2017	2016	2017	2016	2017	2017
	(in CHF '000)	(in %)	(in %)	(in %)	(in %)	(in %)	(in %)	(in %)
Swiss – as per the equity method								
Financial companies								
Ginkgo Advisor S.à r.l., Meyrin	CHF 20	-	49	-	49	-	-	49
Foreign – as per the equity method								
Financial companies								
ACH Investment Advisors S.A., Luxembourg	USD 154	154	38	33	38	38	28	10
Edmond de Rothschild Nikko Cordial Co., Ltd, Tokyo	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
Amethis Advisory, Paris	EUR 4	-	49	-	49	-	-	49
TIIC Advisor SAS, Paris	EUR 10	-	49	-	49	-	-	49
Amethis Investment Fund Manager, S.A., Leudelange	EUR 275	-	49	-	49	-	-	49

Currency	Share capital		Equity stake		Voting rights		Direct ownership	Indirect ownership
	2017	2016	2017	2016	2017	2016	2017	2017
	(in CHF '000)	(in %)	(in %)	(in %)	(in %)	(in %)	(in %)	(in %)
RIT Capital Partners PLC, London								
Rothschild Holding AG, Zurich								
Rothschild & Co, Paris	GBP 155,351	155,351	1	1	1	1	1	-
	CHF 10,724	10,724	9	9	9	9	9	-
	EUR 154,815	142,274	4	4	6	5	6	-

(in CHF '000)	Purchase values	Cumulative depreciation and write-ups/write-downs	Book value as of 1 January 2017	Forex adjustments	Investments and newly consolidated assets	Divestitures and assets no longer consolidated	Depreciation	Book value at 31 December 2017
8 Fixed assets								
Bank premises	213,265	(80,911)	132,354	1,242	-	(6,488)	(3,572)	123,536
Other buildings	13,200	(5,359)	7,841	-	-	-	(235)	7,606
Software bought separately or developed in-house	167,768	(117,970)	49,798	1,521	49,009	-	(15,704)	84,624
Other fixed assets	297,382	(256,025)	41,357	2,093	9,938	(21)	(10,990)	42,377
Total fixed assets	691,615	(460,265)	231,350	4,856	58,947	(6,509)	(30,501)	258,143

(in CHF '000)	Purchase value	Accumulated depreciation	Book value at 1 January 2017	Currency Change	In scope fluctuations of consolidation	Investments	Divestitures	Depreciation	Book value at 31 December 2017
9 Intangible assets									
Goodwill	132,751	(89,635)	43,116	196	-	10,425	-	(8,616)	45,121
Patents	-	-	-	-	-	-	-	-	-
Licences	-	-	-	-	-	-	-	-	-
Other intangible assets	87,898	(87,447)	451	26	-	-	-	(127)	350
Total intangible assets	220,649	(177,082)	43,567	222	-	10,425	-	(8,743)	45,471

	Other assets		Other liabilities	
	2017	2016	2017	2016
(in CHF '000)				
10 Breakdown of “Other assets” and “Other liabilities”				
Set-off account	324	1,614	-	-
Direct taxes (withholding tax, stamp duty)	14,128	7,014	5,294	6,208
Indirect taxes	1,062	545	478	1,417
Deferred taxes	641	3,187	-	-
Guarantees, suretyships	6,591	7,562	-	-
Adjustment account	20,891	16,134	57,334	52,119
Other	6,462	2,843	2,485	6,567
Total	50,099	38,899	65,591	66,311
		2017		2016
(in CHF '000)		Carrying values	Actual liabilities	Carrying values
				Actual liabilities
11 Assets pledged or assigned to cover own liabilities and assets subject to reservation of ownership				
Pledged / assigned assets				
Financial investments	5,592	-	19,848	-
Other assets	10,571	-	6,591	-
Pledged assets subject to an encumbrance	-	-	-	-
		2017		Change (in %)
(in CHF '000)		2016		
12 Commitments to own pension plans				
Due on client deposits	47,677	54,913	(13,2)	
Negative replacement value of derivative instruments	1,115	1,482	(24,8)	
Total	48,792	56,395	(13,5)	
		2017		Change (in %)
In number of shares		2016		
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 2017 there was no employer contributions reserve.

	2016 (in CHF '000)	2016 Funding surplus / insufficient	2016 Entity's share	2015 Change v. previous year	Contributions paid for 2017	2017 Personnel welfare costs included in personnel expenses	2016
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	10,466	-	-	- (19,467)	(19,467)	(18,349)	
Employee benefits plans with deficit funding	-	-	-	-	-	-	-
Personnel welfare institutions with no proprietary assets	(723)	-	-	- (3,623)	(3,623)	(9,260)	
Total	9,743			- (23,090)	(23,090)	(27,609)	

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 as of 31 December 2016 was 101.9% (104.8% as of 1 January 2016).

The Foundation believes that at end-2017 its funding ratio stood above 100%. The Foundation Council decided to pay 2.5 % interest on active members' vested assets for 2017 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-2016	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-2017
14 Valuation adjustments, provisions, reserves for general banking risks and changes thereto										
Provisions for deferred taxes	18,367	-	-	901	362	-	158	(2,836)	16,952	
Provisions for the Foundation's liabilities	1,966	-	-	-	72	-	-	(2,038)	-	
provisions for default risks	-	-	-	-	-	-	-	-	-	
Provisions for other operating risks	-	-	-	75	-	-	-	-	-	75
Provisions for restructuring	7,087	(6,252)	-	-	51	-	-	(268)	618	
Other provisions	37,628	(11,000)	185	122	2,294	-	12,683	(14,959)	26,953	
Total provisions	65,049	(17,252)	185	1,098	2,779	-	12,841	(20,101)	44,599	
Reserves for general banking risks	233,653		-	(185)	13,704	85	-	393	(6,310)	241,340
Valuation adjustments for default and country risks	8,139	(40)		-	-	573	58	299	(172)	8,857
- including valuation adjustments for default risks on non-performing loans	8,139	(40)	-	-	573	58	299	(172)	8,857	
- including valuation adjustments for latent risks	-	-	-	-	-	-	-	-	-	

The Group is facing claims from some of its clients and is involved in a number of proceedings of a judicial and tax-related nature (direct taxes and VAT) in relation to its 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 the Group 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 potential loss, in particular due to the fact that these are only at a preliminary stage, to the uncertainty they entail or to other objective reasons.

In 2016 the name Edmond de Rothschild (Europe) was cited in connection with a possible fraud involving 1MDB, an investment fund. In relation to this case, which is the object of legal proceedings, the Bank continues to fully cooperate with the judicial authorities 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 (CSSF), and the other supervisory authorities involved in this matter. The criminal element of this case is still under investigation.

After a thorough investigation and on-site inspection carried out by the CSSF in 2016, an administrative penalty in the form of a fine of EUR 8,985,000 was issued in June 2017 by the CSSF against Banque Edmond de Rothschild (Europe). The amount of this fine was fully provisioned in the 2016 financial statements.

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

(in CHF '000)	2017	2016	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	-

Own shares deducted from shareholders' equity:	Average price in CHF '000	number of shares
- number of own shares at 1 January 2017	2,004	
- number of shares purchased during the reporting year	15	311
- number of shares sold during the reporting year	17	(466)
- number of own shares at 31 December 2017	1,849	

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

The CHF 2.4 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

The members of Senior Management and some other employees benefit from participation plans. The beneficiaries of these plans are 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	
	2017	2016	2017	2016
17 Due to and from allied parties				
Qualifying shareholders	38,802	37,962	86,765	10,205
Affiliated companies	569,968	239,572	61,998	143,632
Total	608,770	277,534	148,763	153,837

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 (Suisse) 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	

18 Maturities of financial instruments

Assets / financial instruments

Cash and other liquid assets	7,284,055	-	-	-	-	-	-	7,284,055
Due from banks	1,216,575	-	606,250	69,017	24,200	4,681	1,920,723	
Claims arising from securities financing	-	-	810,584	9,757	-	-	-	820,341
Due from customers	10,988	1,243,815	646,636	1,210,509	220,593	16,891	3,349,432	
Mortgage claims	1,662	73,714	52,102	22,768	116,733	86,786	353,765	
Trading book	13,956	-	-	-	-	-	-	13,956
Positive replacement value of derivative instruments	108,159	-	-	-	-	-	-	108,159
Financial investments	591,175	-	57,839	167,781	659,912	67,215	1,543,922	
Total 2017	9,226,570	1,317,529	2,173,411	1,479,832	1,021,438	175,573	15,394,353	
Total 2016	8,655,456	1,175,882	4,554,279	646,212	1,032,893	10,078	16,074,800	

Foreign assets / financial instruments

Due to banks	1,036,976	-	6,275	4,527	395	-	1,048,173
Due on client deposits	12,189,715	113,263	740,560	109,725	-	-	13,153,263
Negative replacement value of derivative instruments	145,642	-	-	-	-	-	145,642
Total 2017	13,372,333	113,263	746,835	114,252	395	-	14,347,078
Total 2016	14,085,007	38,615	891,248	40,801	8,764	-	15,064,435

(in CHF '000)	2017			2016		
	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	2,516,771	4,767,284	7,284,055	3,025,684	4,529,054	7,554,738
Due from banks	984,658	936,065	1,920,723	134,350	602,316	736,666
Claims arising from securities financing	75,131	745,210	820,341	1,050,781	1,989,225	3,040,006
Due from customers	219,123	3,130,309	3,349,432	188,777	2,606,780	2,795,557
Mortgage claims	125,407	228,358	353,765	97,867	155,069	252,936
Trading book	513	13,443	13,956	-	2,539	2,539
Positive replacement value of derivative instruments	92,139	16,020	108,159	30,035	186,268	216,303
Financial investments	534,197	1,009,725	1,543,922	545,612	930,443	1,476,055
Adjustment accounts	63,454	128,886	192,340	46,682	108,509	155,191
Non-consolidated holdings	24,574	52,646	77,220	63,286	63,478	126,764
Fixed assets	201,614	56,529	258,143	176,253	55,097	231,350
Intangible assets	41,796	3,675	45,471	39,282	4,285	43,567
Other assets	25,739	24,360	50,099	13,356	25,543	38,899
Total assets	4,905,116	11,112,510	16,017,626	5,411,965	11,258,606	16,670,571
Liabilities						
Due to banks	622,780	425,393	1,048,173	26,910	444,439	471,349
Other amounts due to customers	1,241,778	11,911,485	13,153,263	1,434,909	12,949,671	14,384,580
Negative replacement value of derivative instruments	110,084	35,558	145,642	39,015	169,491	208,506
Adjustment accounts	110,574	155,086	265,660	79,775	134,384	214,159
Other liabilities	7,537	58,054	65,591	9,978	56,333	66,311
Provisions	18,276	26,323	44,599	18,333	46,716	65,049
Reserves for general banking risks	202,041	39,299	241,340	192,429	41,224	233,653
Share capital	45,000	-	45,000	45,000	-	45,000
Additional paid-in capital	92,568	3,127	95,695	90,603	963	91,566
Retained earnings	657,491	289,082	946,573	696,952	274,412	971,364
Currency reserve	(16,642)	(98,415)	(115,057)	(15,964)	(121,434)	(137,398)
Own capital stakes	(39,008)	-	(39,008)	(44,392)	-	(44,392)
Minority interests in shareholders' equity	1,160	42,948	44,108	1,074	36,429	37,503
Consolidated profit	26,710	49,337	76,047	32,273	31,048	63,321
Total liabilities	3,080,349	12,937,277	16,017,626	2,606,895	14,063,676	16,670,571

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)	2017		2016	
		Absolute value	% share	Absolute value	% share
20	Breakdown of total assets by country / group of countries (based on domicile)				
	Assets				
Switzerland	4,905,116	30.6	5,411,965	32.5	
Europe excluding Switzerland	10,714,334	67.0	10,000,844	60.0	
North America	29,586	0.2	218,518	1.3	
South America	23,822	0.1	86,565	0.5	
Asia, Pacific, Oceania	5,133	-	386,125	2.3	
Caribbean	133,809	0.8	330,059	2.0	
Africa Middle East	205,826	1.3	236,495	1.4	
Total assets	16,017,626	100.0	16'670'571	100.0	
					2017
					Net exposure abroad
					Value % share
21	Breakdown of assets by group of countries' credit rating (based on risk domicile)				
	Assets				
1 & 2	9,890,003	97.4			
3	15,394	0.2			
4	78,818	0.8			
5	63,610	0.6			
6	26,896	0.3			
7	12,407	0.1			
unrated	58,966	0.6			
Total assets	10,146,094	100.0			

The Group uses the ratings assigned by the Swiss Export Risk Insurance (SERV).

(in CHF '000)	CHF	EUR	USD	Other	Total
22 Assets and liabilities by major currency					
Assets					
Cash and other liquid assets	2,515,296	4,768,229	341	189	7,284,055
Due from banks	74,228	341,402	962,800	542,293	1,920,723
Claims arising from securities financing	-	432,974	387,367	-	820,341
Due from customers	181,763	2,345,475	546,227	275,967	3,349,432
Mortgage claims	126,302	134,005	31,364	62,094	353,765
Trading book	9,083	1,991	2,882	-	13,956
Positive replacement value of derivative instruments	92,107	16,052	-	-	108,159
Financial investments	201,490	508,809	396,203	437,420	1,543,922
Adjustment accounts	68,774	105,949	8,342	9,275	192,340
Non-consolidated holdings	71,384	4,895	200	741	77,220
Fixed assets	200,214	49,425	50	8,454	258,143
Intangible assets	41,427	33	-	4,011	45,471
Other assets	18,075	26,773	806	4,445	50,099
Total balance sheet assets 2017	3,600,143	8,736,012	2,336,582	1,344,889	16,017,626
Delivery claims arising from spot, forward and options transactions on currencies	3,209,575	4,776,250	8,948,444	1,645,941	18,580,210
Total assets 2017	6,809,718	13,512,262	11,285,026	2,990,830	34,597,836
Total assets 2016	5,617,757	13,678,282	11,832,146	2,940,242	34,068,427
Liabilities					
Due to banks	527,310	97,532	219,139	204,192	1,048,173
Due on client deposits	1,093,723	6,024,278	4,463,394	1,571,868	13,153,263
Negative replacement value of derivative instruments	112,406	33,236	-	-	145,642
Adjustment accounts	109,552	144,275	307	11,526	265,660
Other liabilities	7,367	55,408	395	2,421	65,591
Provisions	14,795	26,269	-	3,535	44,599
Reserves for general banking risks	202,041	39,299	-	-	241,340
Share capital	45,000	-	-	-	45,000
Additional paid-in capital	94,732	963	-	-	95,695
Retained earnings	657,560	304,410	506	(15,903)	946,573
Currency reserve	(15,930)	(91,153)	(302)	(7,672)	(115,057)
Own capital stakes	(39,008)	-	-	-	(39,008)
Minority interests in shareholders' equity	1,387	42,699	22	-	44,108
Consolidated profit	25,319	59,200	(149)	(8,323)	76,047
Total balance sheet liabilities 2017	2,836,254	6,736,416	4,683,312	1,761,644	16,017,626
Delivery commitments arising from spot, forward and options transactions on currencies	4,083,526	6,607,623	6,608,406	1,280,655	18,580,210
Total liabilities 2017	6,919,780	13,344,039	11,291,718	3,042,299	34,597,836
Net position per currency	(110,062)	168,223	(6,692)	(51,469)	-
Total liabilities 2016	5,600,766	13,333,337	12,005,884	3,128,440	34,068,427

				Change (in %)
	(in CHF '000)	2017	2016	
23 Claims and contingent liabilities				
Commitments to cover credit facilities and similar liabilities		103,944	110,476	(5.9)
Benefit guarantees and similar liabilities		114,447	112,602	1.6
Total contingent liabilities		218,391	223,078	(2.1)
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.				
24 Guarantees				
Total				
25 Breakdown of fiduciary transactions				Change (in %)
Fiduciary deposits with other companies		2,889,017	2,606,351	10.8
Fiduciary deposits held with Group companies and allied companies		589,533	377,659	56.1
Fiduciary transactions relating to securities lending / borrowing in which the Bank acts in its own name on behalf of clients		32,471	30,821	5.4
Total		3,511,021	3,014,831	16.5

(in CHF '000)	2017	2016	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	31,109,452	14,506,971	114.4
Assets under discretionary management	34,848,001	29,866,798	16.7
Other assets under management	71,491,004	73,763,848	(3.1)
Total assets under management (includes double reporting)	137,448,457	118,137,617	16.3
- <i>including double reporting</i>	6,827,482	6,287,119	8.6
b) Change in total administered assets			
Total initial assets under management (includes double reporting)	118,137,617	114,844,889	2.9
+/- <i>net inflow/outflow of fresh funds</i>	(2,398,337)	1,655,036	-
+/- <i>price changes, interest, dividends and currency effects</i>	11,378,027	(482,676)	-
- <i>other effects</i>	10,331,150	2,120,368	387.2
Total final assets under management (includes double reporting)	137,448,457	118,137,617	16.3

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, in 2017, the acquisition of Edmond de Rothschild Asset Management (Suisse) S.A. and, in 2016, the acquisition of Edmond de Rothschild (Israel) Ltd, Tel Aviv, and the transfers of Edmond de Rothschild Holding (C.I.) Ltd, Guernsey and Edmond de Rothschild (Bahamas), Nassau.

(in CHF '000)	2017	2016	Change (in %)
27 Results of trading operations and statements of fair value			
a) Breakdown by sector			
Trading operations with private clients	58,246	96,350	(39.5)
Trading operations for own account	31,168	5,231	495.8
Total results of trading operations	89,414	101,581	(12.0)
b) Breakdown by type of underlying and results of use of the fair-value option			
Results of trading operations involving:			
Rate instruments (including funds)	(2,077)	24,054	(108.6)
Equity instruments (including funds)	12,753	14,969	(14.8)
Foreign Currencies	77,769	61,871	25.7
Commodities / precious metals	297	687	(56.8)
Other trading operations	672	-	-
Total results of trading operations	89,414	101,581	(12.0)
<i>including arising from the fair-value option</i>	-	-	-

				Change (in %)
		2017	2016	
(in CHF '000)				

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)	(32,202)	(36,240)	(11.1)
Negative interest on liability-side transactions (reducing interest charges)	12,218	9,376	30.3

				Change (in %)
		2017	2016	
(in CHF '000)				
29 Personnel expenses				
Salaries		(285,534)	(294,821)	(3.2)
<i>including expenses relating to bonuses</i>		(58,374)	(59,556)	(2.0)
Employee benefits:				
<i>including statutory social security</i>		(30,205)	(31,442)	(3.9)
<i>including contributions to pension funds</i>		(23,090)	(27,609)	(16.4)
Other personnel expenses		(12,857)	(14,472)	(11.2)
Total		(351,686)	(368,344)	(4.5)

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

	(in CHF '000)	2017	2016	Change (in %)
30 Other operating expenses				
Cost of premises		(25,231)	(28,591)	(11.8)
IT and communications expenses		(50,585)	(39,418)	28.3
Expenses relating to vehicles, machines, furniture, other facilities and operational leasing		(1,115)	(1,022)	9.1
Auditor's fees		(4,959)	(5,798)	(14.5)
- <i>including for financial and prudential auditing services</i>		(3,267)	(3,278)	(0.3)
- <i>including for other services</i>		(1,692)	(2,520)	(32.9)
Other operating expenses		(96,848)	(91,857)	5.4
Total		(178,738)	(166,686)	7.2

	(in CHF '000)	2017	2016	Change (in %)
31 Changes to provisions, other value adjustments and losses				
Total		(1,010)	(23,405)	(95.7)

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

	(in CHF '000)	2017	2016	Change (in %)
32 Extraordinary income and expenses, releases from reserves for general banking risks				
Extraordinary income		9,021	19,870	(54.6)
Extraordinary expenses		(2,672)	(3,596)	(25.7)
Changes to reserves for general banking risks		7,521	7,942	(5.3)

In 2017, extraordinary income resulted from the disposal of a building in Luxembourg for CHF 5.3 million, a profit of CHF 1.8 million on the disposal of Edmond de Rothschild (Bahamas) (earn-out) and a release of tax expense (no longer necessary) of CHF 1.7 million. Extraordinary expenses include a capital depreciation on the sale of CHF 1.7 million and expenses of CHF 0.8 million related to the disposal of Edmond de Rothschild (Bahamas).

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.

	(in CHF '000)	2017	2016	Change (in %)
33 Value adjustments on holdings and write-downs on fixed and intangible assets				
Non-consolidated holdings		-	(43)	(100.0)
Fixed assets				
- land and buildings		(3,807)	(4,231)	(10.0)
- software bought separately or developed in-house		(15,704)	(15,264)	2.9
- office furniture, machines and equipment		(10,990)	(11,034)	(0.4)
Intangible assets		(8,743)	(7,382)	18.4
Total		(39,244)	(37,954)	3.4

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

(in CHF '000)	2017			2016		
	Switzerland	Foreign	Total	Switzerland	Foreign	Total
34 Breakdown of operating profit between Switzerland and other countries based on the domicile of business operations						
Interest and discount income	21,380	56,217	77,597	14,327	30,994	45,321
Interest and dividend income on trading operations	8	4	12	24	-	24
Interest and dividend income on financial investments	12,278	(150)	12,128	9,167	(193)	8,974
Interest payable	4,896	(18,690)	(13,794)	3,902	(5,772)	(1,870)
Interest income, net	38,562	37,381	75,943	27,420	25,029	52,449
Changes in valuation adjustments for default risks and losses in interest-related business	(50)	17	(33)	(38)	-	(38)
Interest income, net	38,512	37,398	75,910	27,382	25,029	52,411
Commission income on securities and investment activities	229,163	412,015	641,178	218,940	403,678	622,618
Commission income on lending activities	1,224	227	1,451	1,434	672	2,106
Commission income on other services	3,416	7,922	11,338	3,743	13,115	16,858
Commissions payable	(28,226)	(170,706)	(198,932)	(29,294)	(167,940)	(197,234)
Fee and commission income, net	205,577	249,458	455,035	194,823	249,525	444,348
Results of trading operations and statements of fair value	63,229	26,185	89,414	64,522	37,059	101,581
Proceeds from the sale of financial investments	1,161	1,044	2,205	11,008	149	11,157
Income from holdings	15,369	6,332	21,701	17,311	7,598	24,909
<i>including holdings reported using the equity method</i>	10,222	3,245	13,467	12,486	7,003	19,489
- <i>including other non-consolidated holdings</i>	5,147	3,087	8,234	4,825	595	5,420
Proceeds from real estate	692	76	768	1,190	45	1,235
Other ordinary income	9,169	8,157	17,326	11,511	10,009	21,520
Other ordinary expenses	(807)	(2,749)	(3,556)	(1,028)	(738)	(1,766)
Other ordinary results	25,584	12,860	38,444	39,992	17,063	57,055
Personnel expenses	(210,389)	(141,297)	(351,686)	(202,844)	(165,500)	(368,344)
Other operating expenses	(87,512)	(91,226)	(178,738)	(70,244)	(96,442)	(166,686)
Operating expenses	(297,901)	(232,523)	(530,424)	(273,088)	(261,942)	(535,030)
Value adjustments on holdings and write-downs on fixed and intangible assets	(21,458)	(17,786)	(39,244)	(20,275)	(17,679)	(37,954)
Changes to provisions, other value adjustments and losses	(2,280)	1,270	(1,010)	(1,205)	(22,200)	(23,405)
Operating income	11,263	76,862	88,125	32,151	26,855	59,006
Extraordinary income	1,961	7,060	9,021	14,577	5,293	19,870
Extraordinary expenses	(2,667)	(5)	(2,672)	(1,470)	(2,126)	(3,596)
Changes to reserves for general banking risks	3,907	3,614	7,521	(4,608)	12,550	7,942
Taxes	(8,318)	(17,630)	(25,948)	(8,377)	(11,524)	(19,901)
Consolidated profit	6,146	69,901	76,047	32,273	31,048	63,321

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

(in CHF '000)	2017	2016	Change (in %)
35 Current and deferred taxes			
Current taxes	(28,626)	(18,504)	54.7
Deferred taxes	2,678	(1,397)	(291.7)
Total	(25,948)	(19,901)	30.4
Average tax rate	(29.4)%	(33.7)%	(12.7)

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. Deferred tax provisions are set out in **Note 14**.

	2017	2016
36 Earnings per share		
Group earnings after deduction of portion due to minority interests (in thousands of CHF)	63,004	51,723
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)	88,151	87,996
Earnings per bearer share (in CHF)	714.73	587.79
Earnings per registered share (in CHF)	142.95	117.56

Financial Report

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Key figures

of Edmond de Rothschild (Suisse) SA, Geneva

	2017	2016	<u>Change</u>	
(in CHF '000)			(in %)	
Profit and loss account				
Interest income, net	36,955	26,197	10,758	41.1
Fee and commission income, net	199,561	194'777	4,784	2.5
Results of trading operations and statements of fair value	60,808	65,231	(4,423)	(6.8)
Operating expenses (personnel costs and overheads)	(287,918)	(286,982)	(936)	0.3
Operating income	57,970	70,567	(12,597)	(17.9)
Net income	58,193	144,353	(86,160)	(59.7)
Profitability				
% return on equity (net profit / average shareholders' equity after profit appropriation)	8.1	21.4	–	–
% return on assets (net income/average assets)	0.7	1.7	–	–
Shares (in CHF)				
Dividend (in thousands of CHF)	75,150	67,500	–	–
Dividend (% of share capital)	167	150	–	–
Stock market capitalisation (in thousands of CHF)	1,665,000	1,260,000	–	–
	2017	2016	<u>Change</u>	
(in CHF '000)			(in %)	
Consolidated Balance sheet				
Due from banks	1,116,683	334,316	782,367	234.0
Amounts due from clients	1,375,670	1,246,732	128,938	10.3
Due to banks	1,235,504	1,059,912	175,592	16.6
Customer deposits	5,540,766	7,112,498	(1,571,732)	(22.1)
Shareholders' equity	780,884	790,829	(9,945)	(1.3)
Balance sheet total	7,940,117	9,438,179	(1,498,062)	(15.9)
Assets under management (in millions of CHF)				
Total assets under management (includes double reporting)	45,850	37,272	8,579	23.0
<i>including double reporting</i>	4,354	4,401	(47)	(1.1)
<i>+/- net inflow/outflow of fresh funds</i>	(3,042)	(4,401)	1,359	(30.9)
Group personnel (number of employees)				
Average number of employees	814	850	(36)	(4.2)
Total number of employees at year-end	794	830	(36)	(4.3)
Number of employees at year-end, converted into full-time jobs	772	808	(36)	(4.5)

Report of the Directors

to the shareholders on the accounts of Edmond de Rothschild (Suisse) SA
at the ordinary general meeting on 24 April 2018

Balance sheet review

On the assets side, cash and other liquid assets totalled CHF 2.5 billion, down CHF 520.0 million compared with 2016.

Funds due from banks were up CHF 782.4 million to CHF 1.1 billion.

Claims arising from securities financing operations totalled CHF 387.4 million, down CHF 2.0 billion compared with 2016.

Amounts due from customers totalled CHF 1.4 billion, up 10.3 % on the 2016 level, representing 17.3 % of the balance sheet total.

Trading operations decreased by CHF 1.1 million, i.e. by 95.8 % from the 2016 level.

Positive replacement values of derivative instruments totalled CHF 119.7 million, down by CHF 100.1 million due to the changes in replacement value of open currency positions.

Financial investments stood at CHF 1.5 billion, up by CHF 32.4 million compared with the year-earlier figure.

Long-term holdings amounted to CHF 303.2 million, as against CHF 223.1 million in 2016.

Fixed assets came to CHF 180.9 million, up by CHF 23.3 million.

As of 31 December 2017, the balance-sheet total stood at CHF 7.9 billion, down by CHF 1.5 billion 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 to banks were up CHF 175.6 million to CHF 1.2 billion,

As of 31 December 2017, client deposits totalled CHF 5.5 billion as against 7.1 billion a year earlier. They accounted for 69.8 % of the balance sheet total.

Negative replacement values of derivative instruments totalled CHF 134.3 million, down 37.8%.

"Provisions" fell by CHF 3.5 million to CHF 162.0 million.

Reserves for general banking risks were up to CHF 43.3 million.

Following appropriation of net income, shareholders' equity will amount to CHF 705.7 million, or 8.9 % of the balance sheet total.

On that basis return on equity at end-2017 worked out to 8.1 %. Applying the BIS rules under Basel III, required shareholders' equity totalled CHF 158.5 million while eligible capital came to CHF 557.7 million. The BIS ratio stood at 28.1 %.

Roundup of results

The Bank's net profit at 31 December 2017 came to CHF 58.2 million, a decrease of 59.7 % compared with the year-earlier figure.

Revenue

Net interest income increased by 41.1 % compared with the previous year, totalling CHF 37.0 million.

Income from fees and commissions was up at CHF 199.6 million, compared with CHF 194.8 million in 2016.

Results of trading operations and statements of fair value came to CHF 60.8 million, compared with CHF 65.2 million the previous year.

Other ordinary results fell 23.9 % to CHF 71.0 million.

Expenses

Operating expenses totalled CHF 287.9 million, up 0.3 % on the 2016 level. Personnel expenses fell by 4.1 % and other operating expenses were up 12.5 %

Valuation adjustments on holdings and write-downs on fixed assets and securities were down CHF 1.3 million on the previous year, totalling CHF 20.2 million. Allocations to provisions amounted to CHF 4.9 million compared with a release of provisions of CHF 5.2 million in 2016.

Taxes due in 2017 are estimated at CHF 6.1 million, up 1.5 % on the year-earlier figure.

Approval of the financial statements

We hereby submit the financial statements for fiscal year 2017 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 2017	CHF	58,192,521
Net income brought forward from previous year	CHF	79,713,292
Total	CHF	137,905,813

which we propose to appropriate as follows:

Payment of a 167% ordinary dividend on 200,000 registered shares with a par value of CHF 100.– CHF 20,000,000 at 167 %	CHF	33,400,000
50,000 bearer shares with a par value of CHF 500 CHF 25,000,000 at 167 %	CHF	41,750,000
Total ordinary dividend	CHF	75,150,000
Allocation to statutory reserve	CHF	Nil
Allocation to other reserves	CHF	Nil
Net income carried forward	CHF	62,755,813
Total	CHF	137,905,813

Subject to your acceptance of our proposal, the dividend will be made payable on Coupon No. 31 from 30 April 2018 at all the domestic counters of UBS, Credit Suisse, Rothschild Bank AG and Edmond de Rothschild (Suisse) SA, at the rate of CHF 167 per registered share with a par value of CHF 100 and CHF 835 per bearer share with a par value of CHF 500, less 35% withholding tax.

Shareholders' equity after distribution will amount to CHF 705,732,564 or 8.9 % 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 28 March 2018 edition of the FOSC.

Finally, we propose that for 2018 PricewaterhouseCoopers SA be re-appointed as the Independent Auditors of the Bank and the Group.

Outlook for 2018

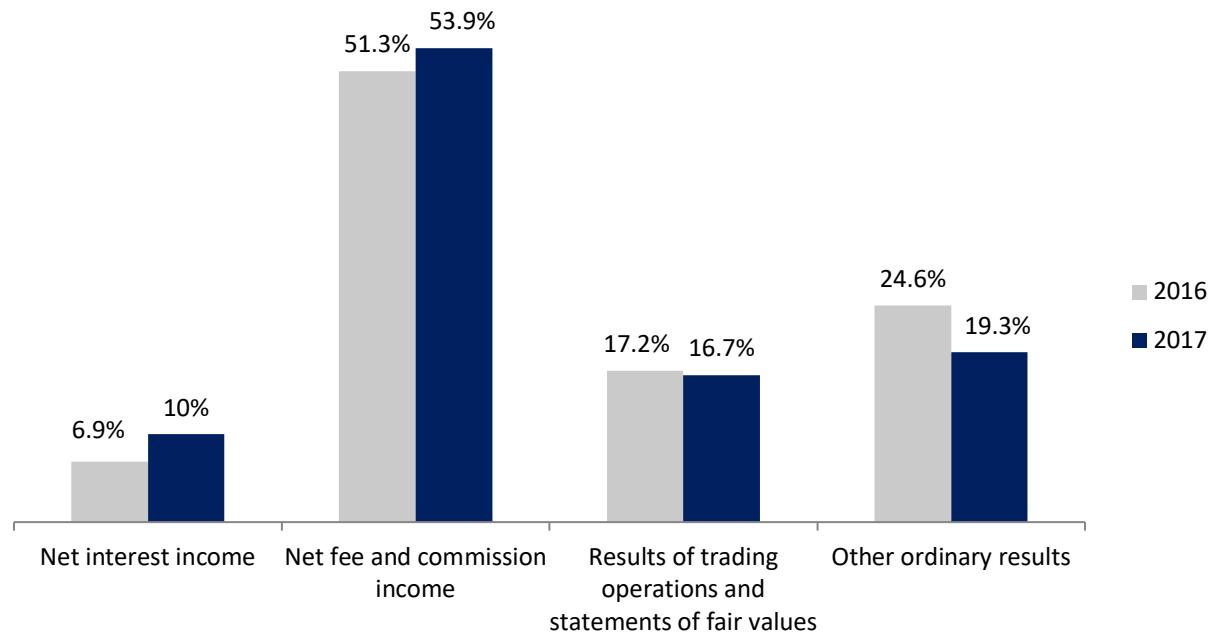
For 2018, our economic research team estimates that central banks will remain involved in the changes to asset prices. While it predicts that US growth should be stimulated by business investment and could take over from China, the European economy is likely to be sensitive to changes in the real estate market. This is a potential source of instability, with the building sector accounting for more than 40% of the acceleration of GDP growth in the eurozone. Our economic research also stresses the fragility of the drivers of global growth, which are still very dependent on interest rates and the recovery. To create sustainable growth prospects, we are convinced of the need to encourage investment policies in the sectors of the future, including education, for a quicker spreading of innovation and improved productivity.

We intend to accelerate the deployment of our strategy and the development of our activities. 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 2018 will bring and turn them into opportunities to create value for the benefit of our clients.

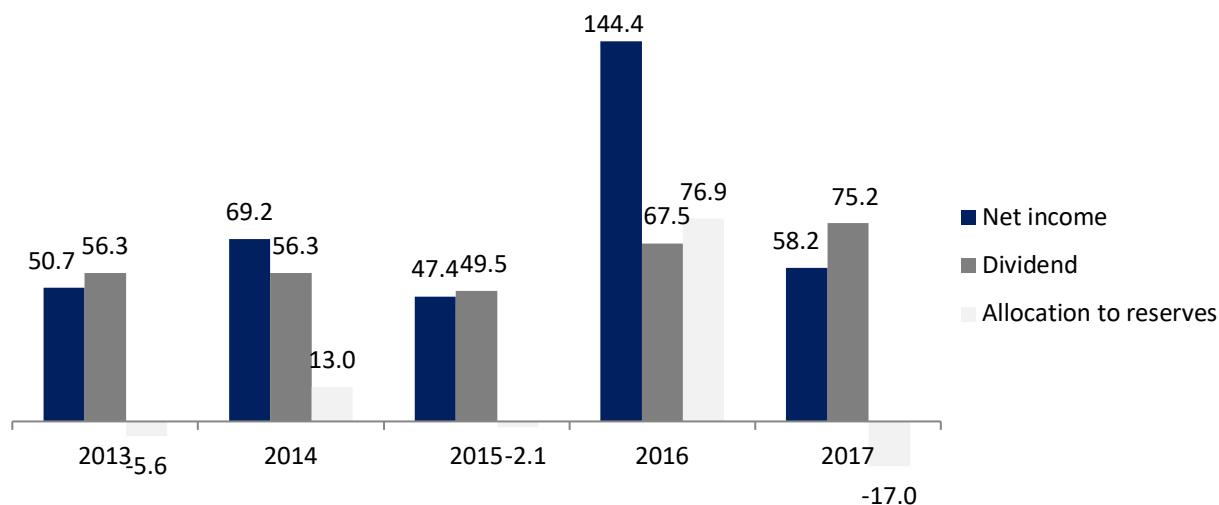
The Board of Directors

*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

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 audit of the financial statements

Opinion

We have audited the financial statements of Edmond de Rothschild (Suisse) SA, which comprise the balance sheet, the profit and loss account and the statement of changes in equity for the year ended 31 December 2017, and the notes, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 101 to 120) comply with Swiss law and the company's articles of incorporation.

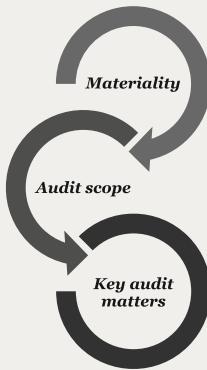
Basis for opinion

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 opinion.

Our audit approach

Overview



- Overall materiality: CHF 2,898,000
- We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.
- As key audit matter the following area of focus has been identified:
 - Provisions relating to client claims and legal and tax proceedings

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

<i>Overall materiality</i>	CHF 2,898,000
<i>How we determined it</i>	5% of the operating income (rounded)
<i>Rationale for the materiality benchmark applied</i>	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 most commonly measured and it is a generally accepted benchmark in the banking industry.

We agreed with the Audit and Risk Committee that we would report to them misstatements above CHF 144,900 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 Over-sight Authority

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



Provisions relating to client claims and legal and tax proceedings

Key audit matter	How our audit addressed the key audit matter
<p>During the course of business, the Bank is faced with claims made by certain of its clients and it is implicated in various legal and tax proceedings. Provisions to cover the financial consequences of these proceedings and the associated provisional lawyers' fees are recorded.</p> <p>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 Bank to determine the level of the provisions.</p> <p>To this end, the Bank has conducted its own internal analyses and obtained advice from external legal counsel on the likely outcomes and the financial implications of the client claims and the legal and tax proceedings. On the basis of this, the Bank has adjusted the level of the provisions, taking into account the information known as of the balance sheet date.</p> <p><i>The situation concerning the provisions relating to client claims and legal and tax proceedings is described in note 10, page 113, of the financial statements.</i></p>	<p>We evaluated the Bank's assessment of the likely developments in relation to the client claims and the legal and tax proceedings involving the Bank.</p> <p>We performed the following specified audit procedures:</p> <ul style="list-style-type: none">• We inspected the minutes of the meetings of the Board of Directors, the Audit and Risk Committee and the Management Committee as well as correspondence with the regulator, where applicable, and we inspected the claims register maintained by the Bank.• We held interviews with the Legal function and the Bank's Management during the period under review and following the financial year-end in order to gain an understanding of the nature of the current claims and legal and tax proceedings as well as to verify the latest status update and the implications in accounting terms.• We checked the analyses performed by the Bank relating to the size of the provisions and the information presented in the notes to the financial statements.• We discussed these assessments with the Board of Directors, the Audit and Risk Committee and the Finance & Administration department as well as with the Bank's internal Legal function.• We examined whether the methods used to prepare the accounting estimates were consistently applied.• We obtained letters of confirmation from the external legal counsel of the Bank relating to their assessment of the risks and the potential financial consequences as at year-end. We examined them and compared them with the Bank's analyses.

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 consolidated 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 and Risk 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 and Risk Committee with a statement that we have complied with relevant ethical 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 and Risk 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 financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings (page 93) complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Beresford Caloia
Audit Expert
Auditor in charge

Alain Lattafi
Audit Expert

Geneva, 26 March 2018

Balance sheet

before profit appropriation as of 31 December 2017 (in thousands of CHF)

	Notes	2017	2016	Change (in %)
Assets				
Cash and other liquid assets		2,518,992	3,038,941	(519,949) (17.1)
Due from banks		1,116,683	334,316	782,367 234.0
Claims arising from securities financing	1	387,367	2,422,513	(2,035,146) (84.0)
Due from customers	2	1,375,670	1,246,732	128,938 10.3
Mortgage claims	2	353,765	252,936	100,829 39.9
Trading book	3	47	1,121	(1,074) (95.8)
Positive replacement value of derivative instruments	4	119,618	219,740	(100,122) (45.6)
Financial investments	5	1,492,107	1,459,735	32,372 2.2
Accrued income and prepaid expenses		72,024	65,563	6,461 9.9
Non-consolidated holdings		303,195	223,118	80,077 35.9
Fixed assets		180,846	157,519	23,327 14.8
Intangible assets		913	3,194	(2,281) (71.4)
Other assets	6,7	18,890	12,751	6,139 48.1
Total assets		7,940,117	9,438,179	(1,498,062) (15.9)
Total subordinated claims		12,391	-	12,391 -
<i>including with an obligation to convert and/or abandon the right</i>				
		-	-	-

Balance sheet

before profit appropriation as of 31 December 2017 (in thousands of CHF)

	Notes	2017	2016	Change (in %)
Liabilities				
Due to banks		1,235,504	1,059,912	175,592 16.6
Due on client deposits		5,540,766	7,112,498	(1,571,732) (22.1)
Negative replacement value of derivative instruments	4	134,345	215,856	(81,511) (37.8)
Accrued income and prepaid expenses		80,647	83,780	(3,133) (3.7)
Other liabilities	6	6,000	9,808	(3,808) (38.8)
Provisions	10	161,971	165,496	(3,525) (2.1)
Reserves for general banking risks		43,263	48,472	(5,209) (10.7)
Share capital	11	45,000	45,000	- -
Additional legal paid-in capital		45,362	45,362	- -
Statutory reserve taken from earnings		131,398	133,779	(2,381) (1.8)
Optional reserves taken from earnings		416,962	415,395	1,567 0.4
Own capital stakes		(39,008)	(44,392)	5,384 (12.1)
Net profit brought forward		79,714	2,860	76,854 2,687.2
Net income		58,193	144,353	(86,160) (59.7)
Total shareholders' equity before profit appropriation		780,884	790,829	(9,945) (1.3)
Total liabilities		7,940,117	9,438,179	(1,498,062) (15.9)
Total subordinated liabilities		-	-	- -
<i>including with an obligation to convert and/or abandon the right</i>		-	-	- -

Off-balance sheet transactions

Contingent liabilities	2	156,574	149,546	7,028 4.7
Irrevocable liabilities	2	10,008	11,574	(1,566) (13.5)
Liabilities to release/make additional payments		68,901	55,484	13,417 24.2

Profit and loss account

for the year ended 31 December 2017 (in thousands of CHF)

	Notes	2017	2016	Change (in %)
Interest and discount income		22,389	15,937	6,452 40.5
Interest and dividend income on trading portfolios		8	24	(16) (66.7)
Interest and dividend income on financial investments		12,260	9,157	3,103 33.9
Interest payable		2,348	1,117	1,231 -
Interest income, gross		37,005	26,235	10,770 41.1
Changes in valuation adjustments for default risks and losses in interest-related business		(50)	(38)	(12) 31.6
Interest income, net		36,955	26,197	10,758 41.1
Commission income on securities and investment activities		223,345	230,760	(7,415) (3.2)
Commission income on lending activities		1,224	1,585	(361) (22.8)
Commission income on other services		2,628	3,028	(400) (13.2)
Commissions payable		(27'636)	(40,596)	12,960 (31.9)
Fee and commission income, net		199'561	194,777	4,784 2.5
Results of trading operations and statements of fair value	20	60'808	65,231	(4,423) (6.8)
Proceeds from the sale of financial investments		1'057	10,999	(9,942) (90.4)
Income from holdings		57,374	65,409	(8,035) (12.3)
Proceeds from real estate		692	1,190	(498) (41.8)
Other ordinary income		12,672	16,736	(4,064) (24.3)
Other ordinary expenses		(801)	(997)	196 (19.7)
Other ordinary results		70,994	93,337	(22,343) (23.9)
Personnel expenses	22	(201,743)	(210,392)	8,649 (4.1)
Other operating expenses	23	(86,175)	(76,590)	(9,585) 12.5
Operating expenses		(287,918)	(286,982)	(936) 0.3
Value adjustments on holdings and write-downs on fixed and intangible assets	26	(20,151)	(21,463)	1,312 (6.1)
Changes to provisions, other value adjustments and losses	24	(2,279)	(530)	(1,749) 330.0
Operating income		57,970	70,567	(12,597) (17.9)
Extraordinary income	25	1,961	90,568	(88,607) (97.8)
Extraordinary expenses	25	(876)	(1,998)	1,122 (56.2)
Changes to reserves for general banking risks	25	5,209	(8,800)	14,009 -
Taxes	27	(6,071)	(5,984)	(87) 1.5
Net income		58,193	144,353	(86,160) (59.7)

Statement of changes in equity

As of 31 December 2017 (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 2017	45,000	45,362	133,779	48,472	418,255	(44,392)	144,353	790,829
Other contributions / injections	-	-	-	-	1,568	-	-	1,568
Purchase of own capital stakes	-	-	-	-	-	(4,778)	-	(4,778)
Sale of own capital stakes	-	-	-	-	-	10,162	-	10,162
Impact of subsequent valuation of own capital stakes	-	-	-	-	-	-	-	-
Profit / (loss) on sale of own capital stakes	-	-	(2,381)	-	-	-	-	(2,381)
Dividends and other distributions	-	-	-	-	-	-	(67,500)	(67,500)
Allocations to/releases from reserves for general banking risks	-	-	-	(5,209)	-	-	-	(5,209)
Other allocations / (releases) affecting other reserves	-	-	-	-	76,853	-	(76,853)	-
Net income	-	-	-	-	-	-	58,193	58,193
Shareholders' equity at 31 December 2017	45,000	45,362	131,398	43,263	496,676	(39,008)	58,193	780,884

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 772 at end-2017 versus 808 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.

Accounting and valuation principles of the financial statements

The consolidated financial statements of the Edmond de Rothschild (Suisse) 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 Circular 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 the management of the banking system and certain peripheral applications as well as the IT infrastructure of Edmond de Rothschild (Suisse) S.A., the Bank does not make use of outsourcing services within the meaning of FINMA circular 2018 / 3 "Outsourcing – Bank and insurers".

The Bank is also released, as regards its individual company accounts, under Art. 36 paragraph 1 OB, from the publication of certain components of the Note.

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

Since 1 January 2017, other intangible assets consisting of computer hardware and computer software have been amortised on a straight-line basis (previously on a decreasing scale) depending on their nature, over a period of use between 5 and 7 years, which has resulted in a reduction of amortisation expense of CHF 9.2 million, in line with the approach commonly used in the field. There have been no other changes to the valuation and presentation principles.

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

The Group transferred to PSP Swiss Property a real estate portfolio in Switzerland for CHF 190 million. The buildings represent a total of nine properties, including five located in the financial district of Geneva, two in Lugano, one in Lausanne and one in Fribourg, with an area of more than 15,000 m². The head office of Edmond de Rothschild (Suisse), located at 18 rue de Hesse in Geneva, did not form part of the transaction. Following the transfer of ownership, on 1 February 2018, we became the main long-term tenants of the transferred buildings. This will result in extraordinary income in the 2018 financial year.

No other event likely to have a significant impact on the Bank's assets, financial position or results of operations occurred after the 31 December 2017 balance sheet date.

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)	2017	2016
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		387,367	2,422,513
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		399,157	2,437,570
- <i>including securities which were pledged</i>		-	-
- <i>including securities which were sold</i>		-	-
		Schedule of collateral	
		Mortgage collateral	Mortgage 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	197	1,285,561	91,864
Mortgage loans			1,377,622
- residential property	335,529	17,760	-
- commercial property	473	3	353,289
Total loans (prior to set-off with valuation adjustments)	336,199	1,303,324	91,864
Total 2017	336,199	1,303,324	91,864
Total 2016	252,936	1,137,464	111,193
Total loans (after set-off with valuation adjustments)			
Total 2017	336,199	1,303,324	89,912
Total 2016	252,936	1,137,464	109,268
Off-balance sheet			
Contingent liabilities	-	156,574	-
Irrevocable liabilities	-	-	10,008
Liabilities for unpaid share capital and additional capital contributions	-	68,901	-
Guarantees	-	-	-
Total 2017	-	225,475	10,008
Total 2016	-	205,030	11,574
		Estimated proceeds from sale of collateral	Itemised valuation adjustments
		Gross value	Net value
Delinquent claims			
Total 2017	16,075	14,123	1,952
Total 2016	1,925	-	1,925

The increase in the gross amount of delinquent claims is due to several cases of unpaid interest and / or amortisations for more than 90 days. However, taking into account the collateral obtained by the Bank, it has not been necessary to make significant corrections of additional securities.

		2017	2016
(in CHF '000)			
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		-	83
<i>including listed</i>		-	83
Equity securities		47	1,038
Other financial instruments reported at their fair value			
Other		-	-
Total assets		47	1,121
<i>including drawn up using a valuation model</i>		-	-
<i>including securities eligible for repo agreements under liquidity regulations</i>		-	-

	(in CHF '000)	Trading instruments			Hedging instruments		
		Positive replacement values	Negative replacement values	Positive replacement values	Negative replacement values	Positive replacement values	Negative replacement values
4	Derivative instruments (assets and liabilities)						
	Interest rate instruments						
	Forward contracts including FRAs	-	-	-	-	-	-
	Swaps	1,256	1,715	188,141	1,552	1,876	290,959
	Futures	-	-	-	-	-	-
	OTC options	175	175	500,735	-	-	-
	Traded options	-	-	-	-	-	-
	Currencies / precious metals						
	Forward contracts	110,556	124,500	16,565,181	-	-	-
	Combined interest and currency swaps	-	-	-	-	-	-
	Futures	-	-	-	-	-	-
	OTC options	6,079	6,079	888,418	-	-	-
	Traded options	-	-	-	-	-	-
	Equity index products						
	Forward contracts	-	-	-	-	-	-
	Futures	-	-	-	-	-	-
	OTC options	-	-	-	-	-	-
	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						
2017		118,066	132,469	18,142,475	1,552	1,876	290,959
	<i>including drawn up using a valuation model</i>	118,066	132,469	18,142,475	1,552	1,876	290,959
2016		218,694	213,196	19,605,163	1,046	2,660	237,294
	<i>including drawn up using a valuation model</i>	218,694	213,196	19,605,163	1,046	2,660	237,294
					Positive replacement values (accumulated)		Negative replacement values (accumulated)
	Total after taking account of netting agreements						
2017					119,618	134,345	
2016					219,740	215,856	
	Breakdown by counterparty						
				Central clearing counterparties	Banks and brokers	Other clients	
	Positive replacement values (after taking account of netting agreements)			-	95,263	24,355	

	2017	2016	2017	2016
(in CHF '000)	Book value		Fair value	
5 Breakdown of financial investments (in thousands of CHF)				
Debt instruments	964,414	973,383	970,681	983,444
<i>including intended to be kept until maturity</i>	898,945	886,591	903,886	894,598
<i>including not intended to be kept to maturity (available for sale)</i>	65,469	86,792	66,795	88,846
Equity securities	90,468	37,393	96,561	42,243
<i>including qualifying equity stakes (min. 10% of capital or votes)</i>	-	-	-	-
Precious metals	437,225	448,959	437,225	448,959
Buildings	-	-	-	-
Total	1,492,107	1,459,735	1,504,467	1,474,646
<i>including securities eligible for repo agreements under liquidity regulations</i>	89,663	193,937	-	-

	From AAA	From A+	From BBB+	From BB+	Lower than	Without
(in CHF '000)	to AA-	to A-	to BBB-	B-	B –	rating
Breakdown of counterparties by credit rating						
Book value of debt instruments	264,493	231,904	325,526	80,012	8,254	27,225

The Bank uses ratings of 3 agencies (Standard & Poor's, Moody's and Fitch). Ratings are based on the Standard & Poor's rating scale.

	Other assets	Other liabilities	2017	2016	2017	2016
(in CHF '000)			2017	2016	2017	2016
6 Breakdown of other assets and other liabilities						
Set-off account		324	1,614	-	-	-
Capitalised employer contribution reserves		1,490		3,276		
Capitalised other employee benefits		1,062	48	478	1,417	
Indirect taxes		6,591	7,488	-	-	-
Suspense account		5,251	-	-	-	-
Other		4,172	-	2,246	2,183	
Total		18,890	12,751	6,000	9,808	

(in CHF '000)	2017		2016	
	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				-
Financial investments	5,592	-	19,848	-
Other assets	10,571		6,591	
Pledged assets subject to an encumbrance	-	-	-	-

	In number of shares	2017	2016	Change
		(in %)		
8 Commitments to own pension plans				
Due on client deposits	47,677	54,913	(13.2)	
Negative replacement value of derivative instruments	1,115	1,482	(24.8)	
Total	48,792	56,395	(13.5)	

	In number of shares	2017	2016	Change
		(in %)		
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)

As of 31 Dec. 2017, there was no employer contributions reserve.

(in CHF '000)	2016 Funding surplus / insufficient	2016 Entity's share	2015	Change v. previous year	Contributions paid for 2017	2017 Personnel welfare costs included in personnel expenses	2016
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	10,466	-	-	-	(18,756)	(18,756)	(19,122)
Employee benefits plans with deficit funding	-	-	-	-	-	-	-
Total	10,466	-	-	-	(18,756)	(18,756)	(19,122)

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 2016 was 101.9 % (104.8 % at 1 January 2016).

The Foundation believes that at end-2017 its funding ratio stood above 100 %. The Foundation Council decided to pay 2.5 % interest on active members' vested assets for 2017 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-2016	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-2017
(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	(2,649)	-	-	-	-	(268)	563
Other provisions	162,016	(566)	-	-	-	4,910	(4,952)	161,408
Total provisions	165,496	(3,215)	-	-	-	4,910	(5,220)	161,971
Reserves for general banking risks	48,472	-	-	-	-	-	(5,209)	43,263
Valuation adjustments for default and country risks	1,925	(40)	-	(42)	59	58	(8)	1,952
- including valuation adjustments for default risks on non-performing loans	1,925	(40)	-	(42)	59	58	(8)	1,952
- including valuation adjustments for deferred risks	-	-	-	-	-	-	-	-

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

The Bank is facing claims from some of its clients and is involved in a number of proceedings of a judicial and tax nature in relation to its 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 potential loss, particularly due to the fact that these are only at a preliminary stage, to the uncertainty they entail or to other objective reasons.

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

	2017			2016		
	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		
	Claims			Commitments		
(in CHF '000)	2017	2016		2017	2016	
12 Due to and from allied parties						
Qualifying shareholders	38,802		37,062	67,759		8,341
Group companies	380,426		208,662	472,368		705,072
Affiliated companies	13,469		15,821	9,645		92,112
Total	432,697		261,545	549,772		805,525

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 (Suisse) Group.

All transactions with affiliated parties are carried out on the usual terms at the Bank in Switzerland and at our foreign subsidiaries.

	2017			2016		
	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	37,448,0	83.2	87.6	37,215.0	82.7	87.4
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 or by the Group's employees. 16.98% of the company's share capital (representing 6.77% of voting rights) is owned by Baroness Edmond de Rothschild and 66.24% (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) Rothschild & Co Gestion SAS, Paris; 20) Rothschild & Co Commandité SAS, Paris; 21) Nicolas Bonnault, Paris; 22) Laurence Baril, Paris; 23) Philippe Le Bourgeois, Paris; 24) Marie Beatrice de Rothschild, Paris; 25) Julia Footnick, Paris; 26) Elisabeth Donovan, Paris; 27) James de Rothschild, Paris; 28) Anna de Rothschild, Paris; 29) Pierre de Rothschild, Paris; 30) Alexandra Pécoux, Paris; 31) Emmanuelle Pécoux, Paris; 32) Maylis Pécoux, Paris; 33) Olivier Pécoux EURL, Paris; 34) FH GFA SARL, Paris; 35) The Three Moons, Paris; 36) Financière du Chasse Midi, Paris; 37) Philippe Le Bourgeois EURL, Paris; 38) Christophe Desprez, Paris; 39) CD GFA SARL, Paris; 40) Observatoire du Patrimoine, Paris; 41) GP Patrimoine, Paris; 42) Desprez Patrimoine SARL, Paris; 43) Bernard Maurel, Marseille; 44) Lucie Maurel-Aubert, Le Vésinet; 45) BD Maurel SC, Marseille; 46) SC Paloma, Le Vésinet; 47) 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.

During the 2017 financial year, the above-mentioned shareholders, in accordance with articles 120 et seq of the Financial Market Infrastructure Act (FMDA), reported changes made to Groupe Rothschild Holding AG on 7 January and then 5 July 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 links:

Announcement made on 07.01.2017: https://disclosure.six-exchange-regulation.com/obligations/management_transaction/ddeal/all/disclosure_preview_fr.nmlpdf?id=TBH1600014

Announcement made on 05.07.2017: https://disclosure.six-exchange-regulation.com/obligations/management_transaction/ddeal/all/disclosure_preview_fr.nmlpdf?id=TBH7300015

	2017			2016		
	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 %)	(in %)	(in %)
Cross-holdings						
Rothschild Holding AG Zurich	10,161	13.0	13.5	10,161	12.6	13.2

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

	Average transaction price in thousands of CHF	Number of shares
14 Own capital stakes and composition of shareholders' equity		
- number of own shares at 1 January 2017		2,004
- number of shares purchased during the reporting year	15	311
- number of shares sold during the reporting year	17	(466)
- number of own shares as of 31 December 2017		1,849

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

The CHF 2.4 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)	2017
Non-distributable statutory reserves	22,500
Total non-distributable statutory reserves	22,500

15 Holdings of governing bodies and Pay Report

The members of the Group's Senior Management and some other employees benefit from participation plans. The beneficiaries of these plans are 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.

		2017		2016	
		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	192	-	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	(until 24.04.2018)	67	-	67	-
Tobias Guldmann	(since 28.04.2016)	-	-	-	-
François Hottinger		10	-	10	-
Klaus Jenny		-	-	-	-
Maurice Monbaron		-	-	-	-
Philippe Perles		-	-	-	-
Jacques-André Reymond	(until 02.05.2017)	5	-	5	-
Former members:					
E.Trevor Salathé	(until 28.04.2016)	9	-	260	-
Executive Committee		-	-	-	-
Emmanuel Fiévet		-	-	-	-
Yves Aeschlimann		-	-	-	-
Martin Liebi	(since 04.01.2017)				
Jean-Christophe Pernollet		-	-	-	-
Sabine Rabald		-	-	-	-
Cynthia Tobiano		-	-	-	-
Emanuela Bonadiman	(until 07.03.2018)	-	-	-	-
Total		192	-	443	-

		2017	
		Net exposure abroad	Value
(in CHF '000)			
17	Breakdown of assets by group of countries' credit rating (based on risk domicile)		
	Assets		
1 & 2		2,443,394	91.2
3		12,222	0.5
4		89,786	3.3
5		63,186	2.4
6		24,544	0.9
7		1,103	-
unrated		47,630	1.8
Total assets		2,681,865	100.0

The Group uses the ratings assigned by the Swiss Export Risk Insurance (SERV).

		2017	2016	Change (in %)
	(in CHF '000)			
18 Breakdown of fiduciary transactions				
Fiduciary deposits with other companies		1,972,880	1,854,796	6.4
Fiduciary deposits held with Group companies and allied companies		1,020,080	484,592	110.5
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		2,992,960	2,339,388	27.9

		2017	2016	Change (in %)
	(in CHF '000)			
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 management		14,286,464	4,487,494	218.4
Assets under discretionary management		9,539,151	9,012,890	5.8
Other assets under management		22,024,623	23,771,154	(7.3)
Total assets under management (includes double reporting)		45,850,238	37,271,538	23.0
<i>including double reporting</i>		4,353,568	4,400,804	(1.1)
b) Change in total administered assets				
Total initial administered assets (includes double reporting)		37,271,538	36,093,209	3.3
+/- net inflow/outflow of fresh funds		(3,041,858)	(4,400,645)	(30.9)
+/- price changes, interest, dividends and currency effects		3,118,014	672,393	363.7
+/- other effects		8,502,544	4,906,581	73.3
Total final assets under management (includes double reporting)		45,850,238	37,271,538	23.0

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/or 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 included in 2017 those arising from the scope of consolidation, including the assignment of Nikko SMA’s asset management and in 2016 that of the absorption of Edmond de Rothschild (Lugano) S.A. effective 1 January 2016.

(in CHF '000)	2017	2016	Change (in %)
20 Results of trading operations and statements of fair value			
a) Breakdown by sector			
Trading operations with private clients	33,360	63,607	(47.6)
Trading operations for own account	27,448	1,624	1,590.1
Total results of trading operations	60,808	65,231	(6.8)
b) Breakdown by type of underlying and results of use of the fair-value option			
Results of trading operations involving:			
rate instruments (including funds)	(2,077)	24,066	(108.6)
equity instruments (including funds)	1,943	2,238	(13.2)
Foreign currencies	60,645	38,273	58.5
Commodities / precious metals	297	654	(54.6)
Total results of trading operations	60,808	65,231	(6.8)
<i>including arising from the fair-value option</i>	-	-	-

(in CHF '000)	2017	2016	Change (in %)
21 Results of 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)	(13,933)	(18,952)	(26.5)
Negative interest on liability-side transactions (reducing interest charges)	6,162	6,165	(0.0)

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

	2017	2016	Change (in %)
(in CHF '000)			
22 Personnel expenses			
Salaries	(164,816)	(172,133)	(4.3)
<i>including expenses relating to bonuses</i>	(30,792)	(33,445)	(7.9)
Employee benefits	(30,724)	(30,759)	(0.1)
Other personnel expenses	(6,203)	(7,500)	(17.3)
Total	(201,743)	(210,392)	(4.1)

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.

	2017	2016	Change (in %)
(in CHF '000)			
23 Other operating expenses			
Cost of premises	(12,508)	(13,225)	(5.4)
IT and communications expenses	(41,929)	(34,622)	21.1
Expenses relating to vehicles, machines, furniture, other facilities and operational leasing	(215)	(99)	117.1
Auditor's fees	(1,635)	(1,732)	(5.6)
- <i>including for financial and prudential auditing services</i>	(924)	(1,444)	(36.0)
- <i>including for other services</i>	(711)	(288)	146.9
Other operating expenses	(29,888)	(26,912)	11.1
- <i>including remuneration for a state guarantee, if any</i>	-	-	-
Total	(86,175)	(76,590)	12.5

	2017	2016	Change (in %)
(in CHF '000)			
24 Changes to provisions, other value adjustments and losses			
Total	(2,279)	(530)

Changes in provisions and other value adjustments and losses result from operating losses and trade discounts.

	2017	2016	Change (in %)
(in CHF '000)			
25 Extraordinary income and expenses, releases from reserves for general banking risks			
Extraordinary income	1,961	90,568	(97.8)
Extraordinary expenses	(876)	(1,998)	(56.2)
Changes to reserves for general banking risks	5,209	(8,800)	-

In 2017, extraordinary results were mainly due to an income of CHF 1.8 million related to the transfer of Edmond de Rothschild (Bahamas) Ltd. (earn-out) and CHF 0.8 million extraordinary expenses relate to the transfer of Edmond de Rothschild (Bahamas) Ltd.

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

Extraordinary expenses included capital losses on the sales of holdings amounting to CHF 1.9 million.

(in CHF '000)	2017	2016	Change (in %)
26 Value adjustments on holdings and write-downs on fixed and intangible assets			
Holdings	-	(1,551)	(100.0)
Fixed assets			
- land and buildings	(3,475)	(3,582)	(3.0)
- software bought separately or developed in-house	(8,850)	(8,904)	(0.6)
- office furniture, machines and equipment	(5,546)	(5,403)	2.6
Intangible assets	(2,280)	(2,023)	12.7
Total	(20,151)	(21,463)	(6.1)

(in CHF '000)	2017	2016	Change (in %)
27 Current and deferred taxes			
Current taxes	(6.071)	(5,721)	6.1
Average tax rate	(10.5)%	(8.1)%	21.4

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

Pay Report

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Introduction

This 2017 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 13 December 2016.

Pp. 126-127 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.

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 & Risk 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 2017 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 24 April 2018, with the exception of Luc J. Argand, who will not be seeking a renewal of his mandate.

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 2017 the proportion of bonuses (including the LTIP) was set at 26% of fixed salaries.

LTIP beneficiaries will be allotted rights to acquire for free Edmond de Rothschild Holding SA non-voting shares as per a set calendar. The group of participants in the 2017 LTIP included 54 employees.

This incentive plan was introduced in 2016 and the process ended 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 the period 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 drag along / tag along, "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 group of 2017 LTIP participants was set up 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 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, or act against the interests of its clients.

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.

* 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.com/site/Suisse/en/private-banking/investor-relations/general-information

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 2016 and 2017 resulted from consideration of business development.

* 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.com/site/Suisse/en/private-banking/investor-relations/general-Information

		2017		2016	
		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
(In thousands CHF)					
1 Loans to the Bank's governing bodies					
Guarantee commitments on behalf of members of the Bank's governing bodies					
Board of Directors		36,543	20	33,373	45
Baron Benjamin de Rothschild	<i>Chair</i>	36,543	1	33,371	-
Baroness Benjamin de Rothschild	<i>Vice-Chair</i>	-	-	-	-
Jean Laurent-Bellue	<i>Secretary</i>	-	-	-	-
Luc J. Argand	(until 24.04.2018)	-	18	2	17
Tobias Guldmann	(since 28.04.2016)	-	-	-	-
François Hottinger		-	1	-	28
Klaus Jenny		-	-	-	-
Maurice Monbaron		-	-	-	-
Philippe Perles		-	-	-	-
Jacques-André Reymond	(until 02.05.2017)	-	-	-	-
E. Trevor Salathé	(until 28.04.2016)	-	-	-	-
Executive Committee		-	-	-	-
Independent Auditor		-	-	-	-
Total		36,543	20	33,373	45

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.

As of 31 December 2017, the rates applied to interest rates on Lombard loans ranged from 0.5 % to 3.5 % in the main currencies. No loans were granted to members of the Executive Committee, nor to the internal or independent auditors. The overall face value of the loans granted to members of the Board of Directors came to 36,543 (in CHF '000).

(in CHF '000)	2017						
	Fixed fees		Bonus		Charge to the employer	Pension fund charges	Other
	Cash	Number of shares	Cash	RSUs			
2 Remuneration of members of the							
Board of Directors	733	-	-	-	52	-	-
Baron Benjamin de Rothschild <i>Chair</i>	-	-	-	-	-	-	-
Baroness Benjamin de Rothschild <i>Vice-Chair</i>	-	-	-	-	-	-	-
Jean Laurent-Bellue <i>Secretary</i>	94	-	-	-	5	-	-
Luc J. Argand <i>(until 24/04/2018)</i>	73	-	-	-	4	-	-
Tobias Guldmann	128				13		141
François Hottinger	62	-	-	-	4	-	66
Klaus Jenny	136	-	-	-	9	-	145
Maurice Monbaron	126	-	-	-	8	-	134
Philippe Perles	64	-	-	-	6	-	70
Jacques-André Reymond <i>(until 02/05/2017)</i>	50	-	-	-	3	-	53
Executive Committee	4,322	-	2,631	1,750	1,741	747	-
Emmanuel Fiévet	900	-	1,219	850	594	131	-
Total	5,055	-	2,631	1,750	1,793	747	-
							11,976
<hr/>							
2016							
(in CHF '000)	Fixed fees		Bonus		Charge to the employer	Pension fund charges	Other
	Cash	Number of shares	Cash	Number of shares			
Board of Directors	773	-	50	-	55	-	-
Baron Benjamin de Rothschild <i>Chair</i>	-	-	-	-	-	-	-
Baroness Benjamin de Rothschild <i>Vice-Chair</i>	-	-	-	-	-	-	-
Jean Laurent-Bellue <i>Secretary</i>	-	-	-	-	-	-	-
Luc J. Argand <i>(until 24/04/2018)</i>	73	-	-	-	4	-	-
Tobias Guldmann <i>(since 28/04/2016)</i>	107	-	-	-	11	-	-
François Hottinger	62	-	-	-	4	-	66
Klaus Jenny	136	-	-	-	9	-	145
Maurice Monbaron	126	-	-	-	8	-	134
Philippe Perles	64				6		70
Jacques-André Reymond <i>(until 02/05/2017)</i>	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	-
Emmanuel Fiévet	900	-	1,113	850	573	101	-
Total	5,103	-	2,474	1,655	1,737	594	-
							11,563

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 2017 financial year, the Group has set KCHF 1,750 as the amount that will be paid in the form of shares in 2019, 2020 and 2021. A charge of KCHF 576 has been booked for this purpose.



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

Report on the pay report

We have audited the Pay Report of Edmond de Rothschild (Suisse) SA for the year ended 31 December^o2017. 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 126 and 127.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the Pay Report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for setting guidelines for remuneration and defining individual pay packages.

Auditor's responsibility

Our responsibility is to express an opinion on the Pay Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and 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 judgment, including the assessment of the risks of material mis-statements 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 opinion.

Opinion

In our opinion, the Pay Report of Edmond de Rothschild (Suisse) SA for the year ended 31 December 2017 complies with the law and articles 14–16 of the OER.

PricewaterhouseCoopers SA

Beresford Caloia
Audit Expert
Auditor in charge

Alain Lattafi
Audit Expert

Geneva, 26 March 2018

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