



**EDMOND
DE ROTHSCHILD**

Edmond de Rothschild (Suisse) S.A.
Half-Year Report 2017

Key figures

of Edmond de Rothschild (Suisse) SA Group

	H1 2017	H1 2016	H2 2016	Change H1 2016	Change %
Consolidated profit and loss account (in thousands of CHF)					
Interest income, net	36,223	18,243	34,168	17,980	98.6
Fee and commission income, net	217,770	221,374	222,974	(3,604)	(1.6)
Results of trading operations and statements of fair value	41,294	46,323	55,258	(5,029)	(10.9)
Operating expenses (personnel costs and overheads)	(256,326)	(262,154)	(272,876)	5,828	(2.2)
Operating income	42,186	39,819	19,187	2,367	5.9
Consolidated net income	34,563	29,035	34,286	5,528	19.0
Profitability (in %)					
% return on equity (net income/average shareholders, equity 1)	5.6	4.6	5.4	-	-
% return on assets (net income/average assets)	0.4	0.3	0.4	-	-
Shares (in CHF)					
Earnings per bearer share after deducting portion due to minority interests	326	279	309	47	16.8
Earnings per registered share after deducting portion due to minority interests	65	56	62	9	16.8
	30.06.17	30.06.16	31.12.16	Change 31.12.16	Change %
Consolidated balance sheet (in thousands of CHF)					
Due from banks	1,067,079	920,684	736,666	330,413	44.9
Due from customers	2,781,503	2,718,033	2,795,557	(14,054)	(0.5)
Due to banks	235,653	294,793	471,349	(235,696)	(50.0)
Due on client deposits	13,121,398	15,539,929	14,384,580	(1,263,182)	(8.8)
Shareholders, equity	1,227,129	1,247,523	1,260,617	(33,488)	(2.7)
Balance sheet total	15,159,435	17,586,447	16,670,571	(1,511,136)	(9.1)
Basel III CET1 ratio (%)	24.8%	25.4%	25.7%	-	-
Basel III total equity ratio (%)	24.8%	25.4%	25.7%	-	-
Liquidity coverage ratio (%)	158.4%	175.9%	181.8%	-	-
Leverage ratio in %	7.0%	6.2%	6.7%	-	-
Assets under management (in millions of CHF)					
Total assets under management (includes double reporting)	118,904	116,788	118,138	766	0.6
<i>including double reporting</i>	6,726	6,360	6,287	438	7.0
<i>+/- net inflow/outflow of fresh funds</i>	(18)	2,289	1,655	(2,307)	-
Group personnel (number of employees)					
Average number of employees	1,760	1,836	1,821	(61)	(3.3)
- in Switzerland	810	830	818	(8)	(1.0)
- abroad	950	1,006	1,003	(53)	(5.3)
Total number of employees at year-end	1,749	1,838	1,776	(27)	(1.5)
Number of employees at year-end, converted into full-time jobs	1,715	1,789	1,731	(16)	(0.9)

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

Consolidated balance sheet

at 30 June 2017 (in thousands of CHF)

	30.06.17	31.12.16	Change	Change %
Assets				
Cash	6,902,576	7,554,738	(652,162)	(8.6)
Due from banks	1,067,079	736,666	330,413	44.9
Claims arising from securities financing	1,585,742	3,040,006	(1,454,264)	(47.8)
Due from customers	2,781,503	2,795,557	(14,054)	(0.5)
Mortgage claims	333,804	252,936	80,868	32.0
Trading book	4,916	2,539	2,377	93.6
Positive replacement value of derivative instruments	157,402	216,303	(58,901)	(27.2)
Financial investments	1,697,304	1,476,055	221,249	15.0
Adjustment accounts	169,976	155,191	14,785	9.5
Non-consolidated holdings	113,265	126,764	(13,499)	(10.6)
Property, plant and equipment	245,418	231,350	14,068	6.1
Intangible assets	39,472	43,567	(4,095)	(9.4)
Other assets	60,978	38,899	22,079	56.8
Total assets	15,159,435	16,670,571	(1,511,136)	(9.1)
Total subordinated claims	-	-	-	-
<i>including with the obligation to convert and/or abandon the right</i>	-	-	-	-

Consolidated balance sheet

at 30 June 2017 (in thousands of CHF)

	30.06.17	31.12.16	Change	Change %
Liabilities				
Due to banks	235,653	471,349	(235,696)	(50.0)
Due on client deposits	13,121,398	14,384,580	(1,263,182)	(8.8)
Negative replacement value of derivative instruments	199,107	208,506	(9,399)	(4.5)
Adjustment accounts	221,856	214,159	7,697	3.6
Other liabilities	102,483	66,311	36,172	54.5
Provisions	51,809	65,049	(13,240)	(20.4)
Reserves for general banking risks	229,684	233,653	(3,969)	(1.7)
Share capital	45,000	45,000	-	-
Additional paid-in capital	90,374	91,566	(1,192)	(1.3)
Retained earnings	962,271	971,364	(9,093)	(0.9)
Currency reserve	(131,725)	(137,398)	5,673	(4.1)
Own capital stakes	(45,360)	(44,392)	(968)	2.2
Minority interests in own capital	42,322	37,503	4,819	12.8
Consolidated profit	34,563	63,321	(28,758)	(45.4)
<i>including minority interests' share in consolidated income</i>	5,883	11,598	(5,715)	(49.3)
Total Group capital and reserves	1,227,129	1,260,617	(33,488)	(2.7)
Total liabilities	15,159,435	16,670,571	(1,511,136)	(9.1)
Total subordinated liabilities	-	-	-	-
<i>including with an obligation to convert and/or abandon the right</i>	-	-	-	-
Off-balance sheet transactions				
Contingent liabilities	198,956	223,078	(24,122)	(10.8)
Irrevocable liabilities	146,918	101,439	45,479	44.8

Consolidated balance sheet

at 30 June 2017 (in thousands of CHF)

	30.06.17	30.06.16	Change	Change %
Interest and discount income	31,876	19,444	12,432	63.9
Interest and dividend income on trading portfolios	14	39	(25)	(64.1)
Interest and dividend income on financial investments	6,128	3,841	2,287	59.5
Interest payable	(1,780)	(5,062)	3,282	(64.8)
Interest income, gross	36,238	18,262	17,976	98.4
Changes in valuation adjustments for default risks and losses in interest-related business	(15)	(19)	4	(21.1)
Interest income, net	36,223	18,243	17,980	98.6
Commission income on securities and investment activities	305,599	309,703	(4,104)	(1.3)
Commission income on lending activities	572	881	(309)	(35.1)
Commission income on other services	6,549	8,897	(2,348)	(26.4)
Commissions payable	(94,950)	(98,107)	3,157	(3.2)
Fee and commission income, net	217,770	221,374	(3,604)	(1.6)
Results of trading operations and statements of fair value	41,294	46,323	(5,029)	(10.9)
Proceeds from the sale of financial investments	(78)	9,796	(9,874)	-
Income from holdings	10,591	15,225	(4,634)	(30.4)
<i>including holdings using the equity method</i>	<i>8,108</i>	<i>12,457</i>	<i>(4,349)</i>	<i>(34.9)</i>
<i>including other non-consolidated holdings</i>	<i>2,483</i>	<i>2,768</i>	<i>(285)</i>	<i>(10.3)</i>
Proceeds from real estate	283	596	(313)	(52.5)
Other ordinary income	10,470	9,361	1,109	11.8
Other ordinary expenses	(630)	(1,117)	487	(43.6)
Other ordinary results	20,636	33,861	(13,225)	(39.1)
Personnel expenses	(175,293)	(180,539)	5,246	(2.9)
Other operating expenses	(81,033)	(81,615)	582	(0.7)
Operating expenses	(256,326)	(262,154)	5,828	(2.2)
Value adjustments on holdings and write-downs on fixed and intangible assets	(17,143)	(19,484)	2,341	(12.0)
Changes to provisions, other value adjustments and losses	(268)	1,656	(1,924)	(116.2)
Operating income	42,186	39,819	2,367	5.9
Extraordinary income	20	9,079	(9,059)	(99.8)
Extraordinary expenses	-	(1,379)	1,379	(100.0)
Changes to reserves for general banking risks	3,763	(6,666)	10,429	(156.5)
Taxes	(11,406)	(11,818)	412	(3.5)
Consolidated profit	34,563	29,035	5,528	19.0
<i>including minority interests' share in consolidated income</i>	<i>5,883</i>	<i>4,458</i>	<i>1,425</i>	<i>32.0</i>

Level of consolidated shareholders' equity

at 30 June 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	H1 2017 results	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 participation plan / allocations to reserves	-	-	-	-	-	-	-	-	-
Capital increase/decrease	-	-	-	-	-	-	-	-	-
Other contributions / injections	-	-	1,567	-	-	-	-	-	1,567
Purchase of own capital stakes	-	-	-	-	-	(4,560)	-	-	(4,560)
Sale of own capital stakes	-	-	-	-	-	3,592	-	-	3,592
Profit / (loss) on sale of own capital stakes	-	(1,192)	-	-	-	-	-	-	(1,192)
Forex differences	-	-	-	-	5,673	-	849	-	6,522
Dividends and other distributions	-	-	-	-	-	-	4,275	(67,500)	(63,225)
Allocations to/releases from reserves for general banking risks, change in the scope of consolidation	-	-	-	(3,969)	-	-	62	-	(3,907)
Other allocations / (releases) affecting other reserves, change in the scope of consolidation	-	-	(10,660)	-	-	-	(367)	4,179	(6,848)
Consolidated net income	-	-	-	-	-	-	-	34,563	34,563
Shareholders' equity at 30 June 2017	45,000	90,374	962,271	229,684	(131,725)	(45,360)	42,322	34,563	1,227,129

Notes to the consolidated financial statements

Name and legal form of the Group

Group companies

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

Converted to full-time jobs, the number of staff employed by the Edmond de Rothschild (Suisse) Group stood at 1,715 at mid-2017 versus 1'789 a year earlier.

Changes to the scope of consolidation

There were no changes to the scope of consolidation in H1 2017.

Accounting and valuation principles

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

General presentation and 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.

Changes to the accounting principles

There were no changes to the accounting principles in H1 17.

Comments on factors that influenced the Group's economic situation

On 21 June 2017 the Commission de Surveillance du Secteur Financier (CSSF), Luxembourg submitted the conclusions of its administrative procedure to Edmond de Rothschild (Europe). Edmond de Rothschild (Europe) in Luxembourg asserted its rights, has taken note of the decision and will pay a EUR 8,985,000 penalty, marking the end of this procedure in which it participated actively.

Comment on extraordinary income and expenses

There were no extraordinary income or expenses in H1 17.

Significant events since the date of the balance sheet

No event to report.