



EDMOND  
DE ROTHSCHILD



ANNUAL REPORT 2018  
EDMOND DE ROTHSCHILD (SUISSE) S.A.



# Contents

## 5 | Edmond de Rothschild (Suisse) S.A.

- 7 Message from the Shareholders
- 9 Message from the Executive Committee

## 11 | Corporate Governance

- 11 Introduction
- 12 Group structure and shareholders
- 14 Capital structure
- 18 Board of Directors
- 28 Executive Committee
- 33 Remuneration, profit-sharing and loans
- 34 Shareholders' rights
- 36 Take-overs and defensive measures
- 37 Statutory Auditor
- 38 Information policy

## 39 | Edmond de Rothschild Group (Suisse) S.A. Financial Report

- 40 Key figures
- 41 Report of the Board of Directors
- 45 Report of the Statutory Auditor
- 50 Consolidated balance sheet consolidated
- 52 Consolidated profit and loss account consolidated
- 53 Statement of changes in equity
- 54 Consolidated cash flow statement consolidated
- 56 Notes to the consolidated financial statements
- 65 Balance sheet information

## 88 | Edmond de Rothschild (Suisse) S.A. Financial Report

- 89 Key figures
- 90 Report of the Board of Directors
- 95 Report of the Statutory Auditor
- 100 Balance sheet
- 102 Profit and loss account
- 103 Statement of changes in equity
- 104 Notes to the financial statements

## 121 | Pay Report

## 129 | Addresses



# Edmond de Rothschild (Suisse) S.A.

7 | Message from the Shareholders

9 | Message from the Executive  
Committee



# Message from the Shareholders

Dear Shareholders,

From the rise of populism to political crises, from trade frictions to economic downturns, from monetary tightening to volatile markets, 2018 challenged financial markets on many fronts. The year brought increasing worries for investors about a potential reduction in liquidity injections by central banks, especially the Federal Reserve. No asset class, not even government bonds or gold, ended the year in positive territory.

This unstable climate is likely to persist over the coming months if concerns about a sudden economic downturn or even a recession in the United States prove true. European growth is expected to be sorely tested by an eventful political calendar that will yield a new European Parliament, a new Commission and a new President of the European Central Bank (ECB). These are just a few of the events that could cause businesses to delay investment decisions as the ultimate impact of Brexit remains uncertain.

Despite this uncertain environment, a few encouraging indicators remain. Our economic research team found that global growth could be sustained by several factors, most notably the stimulus plan in China. Meanwhile, the US economy is expected to reap the benefits of buoyant consumption, lower oil prices and the structural effects of Donald Trump's tax cuts. And most of the leading countries in Europe have no national elections planned, which should prevent additional political risks. Furthermore, central banks are expected to be "patient" and attentive to market volatility and deteriorating economic conditions. Economic prospects may actually be better than investors expected.

Amidst this instability, we maintained the targets we had set for ourselves. In 2018 we continued to focus on strategic growth for our Group and confirmed our ambitious goal of becoming the leading conviction-driven investment house.

We finalised a number of key modernisation plans that will help us better adapt to changes in our industry. From a regulatory standpoint, our teams instituted the measures required to bring us into compliance with the new Markets in Financial Instruments Directive. They are now working on the best way to implement new initiatives designed to increase fee transparency.

We continued optimising our activities, selling off a portion of our Swiss real estate portfolio without losing our status as the primary or sole tenant for these properties. This massive undertaking was a boon for efficiency.

We also continued our ambitious efforts to modernise International Private Banking. Now that we have migrated to the Avaloq integrated solution, all the business line processes in the value chain are hosted on a single platform. After Switzerland, the platform is now being used in Luxembourg.

In addition, we are continuing to promote convergence between our many business lines. Over the past few years, our real estate expertise has grown, both organically and as a result of a series of acquisitions. All our entities (Orox, Cleaveland and Cording) are now united under a single platform with CHF 10 billion in assets under management and 170 dedicated professionals. We have also continued to build our Private Equity expertise through key priorities like impact investing and research into visionary niche strategies. These two activities will also be supported by the sales expertise of our Asset Management teams, who will actively market them to all our clients. This willingness to adopt a cross-entity approach helps build bridges between our expert services and share our specialised knowledge.

These operational changes have not been made to the detriment of our management, and we accomplished a great deal in 2018. Two of our funds passed the one billion CHF mark given the strong convictions we have for flexible bond management and subordinated financial debt. Our infrastructure debt expertise continued to grow at a healthy rate with over CHF 1.5 billion in assets under management, and our asset management team received an award recognising their high-quality, targeted services among the leading European infrastructure managers.

We remain convinced that our brand plays a decisive role in helping set us apart in the finance industry. That is why we continue to emphasize the singular qualities of the Edmond de Rothschild name. With this in mind, we signed an agreement with Rothschild & Co to honour our family values. Our two organisations agreed to pursue growth while engaging in fair competition, to untangle our cross-shareholdings and to clarify how the family name will be used throughout the world.

In 2018 we also unveiled an ambitious project to provide insight into the ecosystem in which our conviction-driven investment house exists. This ecosystem provides each of our activities with a strong sense of identity and authenticity that are the source of our values. Everyone involved in our offshore yacht racing endeavours, our lifestyle businesses, our charitable foundations and our banking activities are all working toward a single vision.

Our goal for the years to come is to create even more synergy and preserve the dialogue among these different areas to enhance our impact and deliver on our commitment to being “bold builders of the future”.

All the projects we have launched are part of an overarching strategy designed to set us apart and promote adaptability in a changing industry. Our strong balance sheet remains a major asset, one that provides the stability we need to weather these changes and play a unifying role in our sector.

We strive to live up to the trust you have placed in us, and we are proud to stand at your side again in 2019. We are determined to transform this uncertain context into an opportunity for growth, without losing sight of our values and our visionary spirit.

In moving to take the Group private, our family is pursuing our goal of regaining full control of our banking organization. This is a historic milestone for us, a testament to our dedication and commitment to our Group.

We would like to sincerely thank all our shareholders for their unwavering support, including those who have been with us since we first went public in October 1987 – our “little introduction” as Baron Edmond termed it.

Benjamin de Rothschild



Ariane de Rothschild





# Message from the Executive Committee

Dear Shareholders,

In the financial markets, 2018 will undoubtedly remain one of the toughest years in recent decades due to the number of asset classes with a negative annual performance. Increased volatility and fears of a slowdown in world growth in 2019 and beyond thus added to investor wariness of risky assets. Neither bond markets nor gold benefited from this risk-averse environment.

Beyond this complicated sequence in the markets, our industry is facing significant challenges due to stronger regulation, technological acceleration, and increased competition. At the same time, we must adapt to our clients' changing expectations for more authenticity, relevant content, and solutions that meet their needs. In recent years, we have prepared for this by modernising our organisation, tools, and content to best serve our clients.

True to the pioneering spirit of the Rothschild family, our group has continued to strengthen its thematic positioning to offer its clients investment solutions that go beyond financial performance and are rooted in the real economy.

Our infrastructure debt platform, which exceeded CHF 1.6 billion in 2018, allowed us to invest in green infrastructure in Europe and support the development of innovative energies, for example, by co-financing the construction of a biomass power plant in England. Our innovative private equity strategies aim to deliver double-digit returns while having a positive social, economic, and environmental impact in areas as diverse as brownfield remediation in Europe, the conversion of crops to agroforestry, and investment in growing companies in Africa or water treatment. In addition, given that real estate is an important real asset for our clients and a key sector of our economies, the group has developed a comprehensive offering in real estate asset management, which now represents more than CHF 10 billion and 170 employees since the acquisition of Cording in February 2018.

In a volatile market environment, several of our flagship areas of expertise specifically addressing the needs of investors in this uncertain environment stood out for their inflows. The flexible bond fund, drawing from our various types of know-how on this asset class, generated more than €1 billion in inflows, while the "Solve" strategy had nearly €250 million in inflows. Some equity strategies (thematic, Responsible Investment) also saw attractive inflow levels despite the level of volatility.

In addition, several trophies were awarded during the year for the quality of our management offering, in particular the "Specialist Group of the Year" presented by Investment Europe and "Currency Manager of the Year 2018" presented by the FT PIPA Awards.

Finally, we also rounded out our service offering for management professionals. With EOS (Extended Outsourcing Services), mid-sized third-party managers can now benefit from the powerful portfolio management and distribution tools we have developed for our own needs.

The convergence and cross-functionality of our teams are now a reality for all of our locations in Switzerland, Luxembourg, Spain, Belgium, Portugal, and the United Kingdom. After merging our private banking and asset management businesses, in 2018 we grouped our entire offering in real estate, private equity, and asset management together on a single marketing platform, while in terms of organisation, all of our real estate activities are now grouped in a single division.

With a view to further optimising our resources and enhancing our efficiency, in February 2018 we finalised the sale of several of our buildings in Switzerland now leased to us.

We are always proud to see the strong appeal of our investment house and our brand. We therefore continued to integrate new talent but also promote our employees in 2018 in all of our business lines. We also worked on the main principles of our corporate culture with the help of more than a hundred employees. These principles give substance to what sets us apart, strengthen our organisation and efficiency, and thus serve our business plan.

In a highly competitive world, the brand is a strategic factor, and it was essential to clarify its use. This has been done since entering into an agreement with Rothschild & Co to allow our two groups to continue their development under conditions of fair competition. In connection with this, we separated our cross-holdings.

With these transformations, bearing in mind that finance must serve the economy and the long term, Edmond de Rothschild Group is confident as it approaches a 2019 that promises to bring volatility and uncertainty.

We wish to thank our shareholders for their commitment to us, our teams for their complete dedication, and our clients for their trust and loyalty.

The Executive Committee

# Corporate Governance

11	Introduction	33	Remuneration, profit-sharing and loans
12	Group structure and shareholders	34	Shareholders' rights
14	Capital structure	36	Take-overs and defensive measures
18	Board of Directors	37	Statutory Auditor
28	Executive Committee	38	Information policy

# 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 20 March 2018. 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 2016.

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](http://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) S.A. Group (the “Group”)

### 1.1.1. Presentation of the Group’s operating structure

#### Board of Directors

(as of 31 December 2018 and until 26 April 2019)

##### Chair

Baron Benjamin de Rothschild

##### Vice-Chair

Baroness Benjamin de Rothschild

##### Secretary

Jean Laurent-Bellue

##### Members

Luc J. Argand<sup>1)</sup>  
Tobias Guldemann  
François Hottinger<sup>2)</sup>  
Klaus Jenny<sup>3)</sup>  
Maurice Monbaron  
François Pauly<sup>4)</sup>  
Philippe Perles

#### Board of Directors\*

(starting 27 April 2019, subject to the approval of the Annual General Meeting of Edmond de Rothschild (Suisse) S.A. on 26 April 2019)

##### Chairwoman

Baroness Benjamin de Rothschild

##### Vice-Chairman

Benoit Dumont

##### Secretary

Jean Laurent-Bellue

##### Members

Katie Blacklock  
Tobias Guldemann  
Maurice Monbaron  
François Pauly  
Philippe Perles

#### Audit & Risk Committee

##### Chairman

Klaus Jenny<sup>3)</sup>

##### Vice-Chairman

Tobias Guldemann

##### Members

Jean Laurent-Bellue  
Maurice Monbaron  
François Pauly<sup>4)</sup>

#### Nomination Committee<sup>5)</sup>

##### Chairwoman

Baroness Benjamin de Rothschild

##### Secretary

Jean Laurent-Bellue

##### Members

Luc J. Argand<sup>1)</sup>  
Klaus Jenny<sup>3)</sup>  
Philippe Perles<sup>6)</sup>

#### Pay Committee<sup>5)</sup>

##### Chairwoman

Baroness Benjamin de Rothschild

##### Secretary

Jean Laurent-Bellue

##### Members

Luc J. Argand<sup>1)</sup>  
Klaus Jenny<sup>3)</sup>  
Philippe Perles<sup>6)</sup>

Further information on the Board of Directors can be found starting on page 18.

\* These changes were announced in a press release on 13 March 2019 (<https://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/communique-de-presse>)

1) Until 24 April 2018. Details of Luc J. Argand’s background can be found in previous annual reports available on the Bank’s website: [www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/results-annual-reports](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/results-annual-reports) (see page 18 of the 2017 annual report).  
2) Until 10 June 2018, the date of his death.  
3) Until 26 April 2019, the date of the next General Meeting. He will then be replaced by François Pauly as Chairman of the Audit & Risk Committee and Katie Blacklock on the Pay and Nomination Committees.  
4) On 24 April 2018, the date of his election to the Ordinary General Meeting of Edmond de Rothschild (Suisse) S.A., François Pauly succeeded Luc J. Argand

as a member of the Board of Directors. He will take over as Chairman of the Audit & Risk Committee following the General Meeting of 26 April 2019, replacing Klaus Jenny.

5) 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.  
6) Since 25 April 2018, replacing Luc J. Argand.

## Executive Committee

(as of 31 December 2018 and until 13 March 2019)

### Chair

Emmanuel Fiévet<sup>7)</sup>  
*CEO*

Martin Liebi<sup>8)</sup>  
*Vice-Chairman*  
*Head of Swiss Private Banking*

### Members

Jean-Christophe Pernellet  
*Chief Risk Officer and Head of*  
*Legal & Compliance*<sup>9)</sup>

Sabine Rabald  
*Deputy Chief Executive Officer*  
*Chief Administrative Officer*

Cynthia Tobiano  
*Chief Financial Officer*

## Executive Committee\*

(starting 14 March 2019)

### Chair

Vincent Taupin  
*CEO*

Cynthia Tobiano  
*Deputy CEO, Head of Finance, Treasury and Credit*

### Members

Christophe Caspar  
*Head of Asset Management*

Pierre-Etienne Durand  
*Head of Strategy*

Diego Gaspari  
*Chief Human Resources Officer*

Robert Jenkins  
*Chief Brand and Marketing Officer*

Jean-Christophe Pernellet  
*Head of Risk, Legal and Compliance*

Sabine Rabald  
*COO, Head of IT, Operations, and Corporate Services*

## Internal Audit

### Director

Emmanuel Rousseau

## Independent Auditors

PricewaterhouseCoopers SA

Further information on the Executive Committee can be found starting on page 28.

\* These changes were announced in a press release on 13 March 2019 (<https://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/communique-de-presse>)

7) Until 13 March 2019. He was replaced on 14 March 2019 by Vincent Taupin, CEO of Edmond de Rothschild (Suisse) S.A.

8) Until 13 March 2019.

9) Function taken over on 18 October 2018 following the resignation of Yves Aeschlimann.

### 1.1.2 Legal structure of Edmond de Rothschild (Suisse) S.A.

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 2018 was CHF 1.350 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) S.A. group are listed on pages 69 and 72 of this report.

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

	2018		
	Par value	Percentage of capital	Percentage of voting rights
	(in CHF '000)	(in %)	(in %)
<b>1.2 Owners of significant holdings and group of owners bound by voting agreements</b>			
<b>Major shareholders</b>			
Edmond de Rothschild Holding S.A. <sup>1)</sup>	37'836,0	84,1	87,9
Rothschild Holding AG, Zurich <sup>2)</sup>	-	-	-
Edmond de Rothschild (Suisse) S.A. <sup>3)</sup>	4'336,5	9,6	9,9

1) The entire share capital of Edmond de Rothschild Holding S.A. is directly or indirectly controlled by members of the Rothschild family and employees of the Group. 16.94% of the company's share capital (representing 6.77% of voting rights) is owned by Baroness Edmond de Rothschild and 66.10% (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 the following persons/ entities: 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) 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, held 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. Following a share swap and purchase agreement signed on 28 June 2018, Rothschild Holding AG sold its entire stake to Edmond de Rothschild (Suisse) S.A. (See related press release of 29 June 2018: <https://www.edmond-de-rothschild.com/SiteCollectionDocuments/private-banking/macro%20highlights/Communiqu%C3%A9%20de%20presse%20accord%20EDR.pdf>)

3) The stake held by Edmond de Rothschild (Suisse) S.A. results in particular from the share swap and purchase agreement signed on 28 June 2018 with Rothschild Holding AG.

During the 2018 financial year, the above-mentioned shareholders, in accordance with articles 120 *et seq.* of the Financial Market Infrastructure Act (FMIA), reported changes in their share ownership. The events that triggered the obligation to report were (i) the signing of a share swap and purchase agreement dated 28 June 2018 between Edmond de Rothschild (Suisse) S.A. and Rothschild Holding A.G., including the purchase by Edmond de Rothschild (Suisse) S.A. of the shares held by Rothschild Holding A.G. and (ii) the transfer of these shares on 6 August 2018.

The related publications can be consulted on the website of Six Exchange Regulation, which can be accessed directly via the following links:

Announcements made on 5 July 2018: <https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TBI7300013>

<https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TAI7300056>

Announcements made on 7 August 2018: <https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TBI8600015>

<https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TAI8600058>

### 1.3. Cross-holdings

	2018		
	Number of shares held	Per cent stake in share capital* (in %)	Per cent of total voting rights* (in %)
<b>1. Cross-holdings</b>			
Rothschild Holding AG, Zurich <sup>1)</sup>	-	-	-

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

<sup>1</sup> Until 28.06.2018, the date of the signing of a share swap and purchase agreement between Edmond de Rothschild (Suisse) S.A. and Rothschild Holding A.G. on the settlement of cross-holdings and the purchase by Edmond de Rothschild (Suisse) S.A. of the shares held by Rothschild Holding A.G.

## 2. Capital structure

### 2.1. Share capital

(in CHF '000)	2018		
	Par value (in CHF '000)	Number of shares	Capital ranking for dividend (in CHF '000)
<b>2.1 Share capital</b>			
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
<b>Total share capital</b>	<b>45'000</b>		

### 2.2. Specific indications regarding authorised and contingent capital

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

### 2.3. Change in share capital

(in CHF '000)	2018	2017	2016
<b>2.3 Share capital</b>			
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
<b>Total share capital</b>	<b>45'000</b>	<b>45'000</b>	<b>45'000</b>

### 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 Article 6 (5) and (6) of the Articles of Association\*, the restricted registered shares confer preferential membership rights: each share has one vote, regardless of its par value (Art. 15 (1) of the Articles of Association\*). Again, in respect of membership rights, Article 18 (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.com/site/Suisse/en/private-banking/investor-relations/general-information](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).



## 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 during the year, 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) ch. 3 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": [www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information](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 2018, the Board of Directors was made up of eight<sup>1)</sup> 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 (Suisse) S.A.
- 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.

Chairwoman of the Board of Directors of:

- Compagnie Benjamin de Rothschild Conseil SA

Vice-Chairwoman of the Board of Directors of:

- Edmond de Rothschild S.A.
- 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
- Amdocs Limited (USA)

General Secretary of OPEJ's Founders College

1) Following the death of François Hottinger on 10 June 2018, announced by a press release on 14 June 2018 (<https://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/communiqué-de-presse>). Prior to this date, the Board of Directors consisted of nine members.

## Jean Laurent-Bellue

Secretary, French, 1951

### Education

1974	Institut d'Etudes 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 industrial 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 : Head of investments - 1993: CEO of Nobel, Central Manager of CCF, member of the Bank's Executive Board - 1994-1998: Head of Corporate Finance in Paris and London (Charterhouse Bank) - 1998-1999: Head of 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
2011-2013	CEO of Edmond de Rothschild Holding S.A.
2011-2017	Group General Secretary

### 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, and Member of the Pay and Nomination Committees
Since 2014	Holding Benjamin et Edmond de Rothschild Pregny S.A. Member of the Board of Directors
Since 2015	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
2015-2018	Sisaho International, Paris Member of the Supervisory Board
2015-2018	Siaci Saint Honoré, Paris Member of the Supervisory Board

## Luc J. Argand<sup>1)</sup>

Member, Swiss, 1948

1) Until 24 April 2018. His personal details can be found in previous annual reports available on the Bank's website: [www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/results-annual-reports](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/results-annual-reports) (see page 18 of the 2017 annual report).

## Tobias Guldemann

Member, Swiss, 1961

### Education

1976-1980	Schooling in Zurich
1980-1986	Licence in Economic Sciences University of Zurich, Switzerland
1986-1990	Doctorate from the University of Zurich, Switzerland. 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 (Chairman since 2016)
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 Committee
Since 2016	Edmond de Rothschild (Monaco) Member of the Board of Directors and Chairman of the Audit & Risk Committee
Since 2017	Vice-Chairman of the Board of Directors
Since 2017	Edmond de Rothschild (Suisse) S.A. Member of the Board of Directors and Vice-Chairman of the Audit & Risk Committee
Since 2017	Commerzbank AG, Frankfurt Member of the Supervisory Board
Since 2018	Chairman of the Audit Committee

## François Hottinger<sup>1)</sup>

Member, Swiss, 1943

1) Until 10 June 2018, the date of his death. His personal details can be found in previous annual reports available on the Bank's website: [www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/results-annual-reports](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/results-annual-reports) (see page 19 of the 2017 annual report).

## Klaus Jenny<sup>1)</sup>

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 and 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

1) Until 26 April 2019.

## 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 CEO from 1992 From 1996, Head of International Private Banking for the Crédit Lyonnais Group

### Directorships

Since 1992	CCI France Suisse Member of the Board of Directors
2008-2013	Chairman of the Board of Directors
Since 2010	Hôtel Royal SA, Crans-Montana Sole member of the Board of Directors
Since 2013	Edmond de Rothschild (Suisse) S.A. 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

## François A. Pauly

Member, Luxembourg national, 1964

### Education

1984-1987 ESCP Europe, Paris, Oxford, Berlin

### Career Summary

1987-2004 Dexia Banking Group  
Senior Management position in Retail, Corporate  
Banking  
Deputy CEO Dexia Crediop Italia (2002-2003)

2004-2007 Bank Sal. Oppenheim Jr. & Cie (Luxembourg) SA  
CEO  
Sal Oppenheim International SA  
Member of the Management Board

2007-2010 Sal. Oppenheim Jr. & Cie SCA  
General Manager  
Board Member of Swiss, Austrian, German banking  
affiliates

2011 BIP Investment Partners SA  
CEO

2011-2014 Banque Internationale à Luxembourg SA (BIL)  
CEO

2014-2016 Banque Internationale à Luxembourg SA (BIL)  
Chairman of the Board of Directors

### Directorships

Since 1995 Compagnie Financière La Luxembourgeoise - Chairman

Since 1995 Lalux Group SA & affiliates

Since 2004 Cobepa / Cobehold Bruxelles

Since 2007 M&C Milano

Since 2015 IWG Plc Zug

Since 2015 Castik Capital Partners

Since 2016 Quilvest Wealth Management, Luxembourg

Since 2016 Edmond de Rothschild Holding S.A.  
Member of the Board of Directors and  
Member of the Audit & Risk Committee

Since 2016 Edmond de Rothschild (Europe), Luxembourg  
Vice-Chairman of the Board of Directors and  
Chairman of the Audit and Risk Committee

Since 2018 Edmond de Rothschild (Suisse) S.A.  
Member of the Board of Directors and  
member of the Audit & Risk Committee

## Philippe Perles

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, London and  
Luxembourg  
Founder and Principal, Head of Sales and Product  
Development

### Directorships

Since 2002 Association Romande des Intermédiaires Financiers  
(ARIF)  
Member of the Board of Directors

Since 2015 Edmond de Rothschild (Suisse) S.A.  
Member of the Board of Directors

Since 2018 Member of the Pay and Nomination Committees

Since 2016 Bedrock Holdings SA  
Board member

Since 2016 Edmond de Rothschild Asset Management (France)  
Member of the Supervisory Board and  
Chairman of the Audit Committee

Since 2017 Edmond de Rothschild Holding S.A.  
Member of the Board of Directors

Since 2018 Hyposwiss Private Bank Genève SA  
Member of the Board of Directors

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

## 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 (Article 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 (Article 9 para. 3 of the Articles of Association) and members of the Board of Directors (Article 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 (Article 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 61, as of 31 December 2018.

\* 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](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

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

Directors	Member of the Board of Directors since:	Term ends:
Baron Benjamin de Rothschild	1985	2019
Baroness Benjamin de Rothschild	2009	2019
Jean Laurent-Bellue	2011	2019
Luc J. Argand <sup>#</sup>	1993	2018 <sup>1)</sup>
Tobias Guldimann*	2016	2019
François Hottinger <sup>#</sup>	1970	2018 <sup>2)</sup>
Klaus Jenny <sup>#</sup>	2010	2019 <sup>3)</sup>
Maurice Monbaron <sup>#</sup>	2013	2019
François Pauly	2018	2019
Philippe Perles <sup>#</sup>	2015	2019

<sup>#</sup>Fulfil the independence requirements provided in FINMA circular 2017/01 "Corporate governance – banks".

## 3.5. Organisational structure

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 (Article 1.4., and 3 of the Bylaws and Articles 22 and 22bis of the Articles of Association\*);
3. The Bank points out that the members of its governing bodies must organise their personal and work relationships so as to avoid as much as possible any conflict of interests with the Bank and the banking and financial group of which it is the parent company (art. 3.1.1.7., 3.2.1.6., 3.3.1.6. and 3.4.1.5 of the Bylaws);

- 1) Until 24 April 2018. Luc Argand did not seek to stand for re-election at the General Meeting.
- 2) Until 10 June 2018, the date of François Hottinger's death.
- 3) Until 26 April 2019.



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 3.1.2 of the Bylaws);
5. The Bank consolidates the systems used for internal monitoring, information management, reporting (Articles 3.4.2. III of the Bylaws) and risk management (Articles 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 eight members as of 31 December 2018, 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. (for the composition following the General Meeting of 26 April 2019, refer to page 18.) The Board of Directors operates as a collegial body. Resolutions are passed by an absolute majority of the Directors present (Articles 3.1.1.3 of the Bylaws and Article 20 of the Articles of Association\*). In the event of a tie, the Chairman has the casting vote (Article 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 (Article 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).

\* 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](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

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 and executive 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 five of its members<sup>1)</sup> – Klaus Jenny as Chairman, Tobias Guldimann (Vice-Chairman), Jean Laurent-Bellue, Maurice Monbaron and François Pauly – 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.

1) François Pauly joined the Audit & Risk Committee as of 24 April 2018. He will take over as Chairman following the General Meeting of 26 April 2019, replacing Klaus Jenny.



### **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 2018, the General Meeting elected four members to form the Pay Committee: Baroness Benjamin de Rothschild (Chair), Jean Laurent-Bellue (Secretary), Klaus Jenny and Philippe Perles. These same members will be nominated for re-election at the General Meeting on 26 April 2019, with the exception of Klaus Jenny, who will be replaced by Katie Blacklock.

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.

\* 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](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

### **3.5.3 Working procedures of the Board of Directors**

The Board of Directors meets periodically and holds extraordinary meetings if necessary. It met eight times in 2018. 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.

### 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.

In particular, the Board has the inalienable and non-transferable powers stated in Article 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, in particular, that they abide by the law, the Articles of Association\*, applicable regulations and instructions that have been given; j) Inform FINMA if the Bank exceeds the prescribed debt limits; k) Draw up the Pay Report.

In addition to exercising the powers set out in Article 22 of the Articles of Association\*, the Board of Directors may decide on all matters assigned to it in Article 3.1.2 of the Bylaws, in particular (i) definition of the objectives of the general policy and strategy, (ii) organisation, administration, supervision and control of the EdR Group (Suisse), (iii) formation, acquisition, liquidation and sale of subsidiary companies and/or shareholdings, (iv) appointment of candidates for the position of Chairman and members of the Board of Directors to be proposed to the General Meeting for election, (v) appointment, removal and determination of the scope of powers of members of the Executive Committee and the persons responsible for the management and representation of the Bank, (vi) appointment and removal of the Bank's Chief Internal Auditor, on prior notice of the Audit & Risk Committee, (vii) approval of the budgets of the Bank and of the EdR Group (Suisse), (viii) approval of the annual financial statements of the Bank and the consolidated financial statements of the EdR Group (Suisse) and their submission to the General Meeting for adoption as well as the proposed appropriation

of the result, (ix) planning of shareholders' equity and liquidity of the Bank and of the EdR Group (Suisse), (x) establishment and supervision of an appropriate internal control system, (xi) approval of the audit plan of Internal Audit after review by the Audit & Risk Committee, (xii) supervision of legal and regulatory communications to FINMA, the Swiss National Bank (SNB), SIX and other authorities, (xiii) granting of loans or commitments when they exceed the powers of the Executive Committee, (xiv) approval of the introduction or withdrawal of court petitions and in-court or out-of-court settlements when they exceed the powers of the Executive Committee, (xv) establishing provisions for any potential loss that exceed the powers of the Executive Committee, and (xvi) outsourcing of any essential function within the meaning of the FINMA regulation on outsourcing.

Aided by its committees, the Board has the authority, in accordance with Article 3.1.2 of the Bylaws, to set the general strategy of the Bank and Group, establish the principles of organisation, management and control and ensure their application. 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": [www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information](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 counterparty 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. 60 et seq. of this annual report.

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

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

#### **Description of the internal auditing system**

Pursuant to the applicable regulations and laws (art. 12 (4) of AMLO, art. 20 para. 2 of SESTO, 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 2018, 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 participates in meetings of the Audit & Risk Committee and may also be called upon in certain cases to participate in 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 60 to 63 of this Report.

# 4. Executive Committee

As of 31 December 2018<sup>1)</sup>, the Executive Committee had five members appointed by the Board of Directors. Its meetings are normally weekly. In 2018 it met 45 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.

To assist it in its task, 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 Assets & Liabilities Management Committee; an Account Opening Committee and an Ethics Committee.

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

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

1) Following the departure of Yves Aeschlimann on 18 October 2018.

## 4.1. Members of the Executive Committee<sup>1)</sup>

### Emmanuel Fiévet<sup>2)</sup>

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  
 2014 - 2018 Edmond de Rothschild Private Equity, Luxembourg  
 Member of the Board of Directors  
 Since 2015 Edmond de Rothschild (Monaco)  
 Chairman of the Board of Directors and  
 Member of the Audit & Risk Committee  
 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  
 Since 2018 Compagnie Benjamin de Rothschild Conseil SA  
 Member of the Board of Directors

### Martin Liebi<sup>3)</sup>

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.  
 Since 2017 Head of the Representative Office of Edmond de Rothschild (Suisse) S.A. in Dubai

1) For the new composition starting on 14 March 2019, refer to page 13.

2) Until 13 March 2019.

3) Until 13 March 2019.

## 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 the Edmond de Rothschild Group and of Edmond de Rothschild (Suisse) S.A.
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### 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 (Chair since 2017)
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 (Israel) 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) Member of the Board of Directors (Chair from 2014 to 2018)
Since 2016	Edmond de Rothschild Asset Management (France) Member of the Supervisory Board and of the Audit & Risk Committee

## Jean-Christophe Pernollet

Member, French, 1966  
Senior Vice-President  
CRO and Head of Legal & Compliance

### 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	Chief Internal Auditor of the Edmond de Rothschild Group

### Present duties

since 2015	Chief Risk Officer of Edmond de Rothschild (Suisse) S.A. and of the Edmond de Rothschild Group, Head of Legal & Compliance since 18 October 2018 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 & Risk Committee
Since 2015	Swissquote Group Holding Member of the Board of Directors and Chairman of the Group's Audit & Risk Committee
Since 2015	Edmond de Rothschild Personnel Welfare Foundation Chairman of the Board of Trustees
Since 2015	Edmond de Rothschild (UK) Limited Member of the Audit Committee
Since 2017	Edmond de Rothschild Informatique SA (in liquidation) Receiver/Official Liquidator
Since 2018	Compagnie Benjamin de Rothschild Conseil SA Member of the Board of Directors



## Sabine Rabald

Member, Swiss, 1969  
Deputy Chief Executive Officer  
CAO

### 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

1995-1997 Back-office employee

1998-2007 Head of Back office and Control

2007-2013 Head of Control and Compliance

2014 Chairwoman of the Executive Committee and Head of the 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 the 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

2015 - 2018 Benjamin de Rothschild Management (Luxembourg) S.A.  
Member of the Board of Directors

Since 2015 Edmond de Rothschild (UK) Limited  
Member of the Audit Committee

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

Since 2016 Member of the Audit & Risk Committee

Since 2015 Edmond de Rothschild (Monaco)  
Member of the Board of Directors and since 2017 Vice-Chair of the Audit & Risk Committee

Since 2016 Edmond de Rothschild Asset Management (Suisse) S.A.  
Member of the Board of Directors and since 2018 Vice-Chair of the Audit & Risk Committee

Since 2016 Finhub SA  
Member of the Board of Directors

## Yves Aeschlimann<sup>1)</sup>

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

2013-2018 Director, Head of the Compliance and Legal Department of the Edmond de Rothschild Group and of Edmond de Rothschild (Suisse) S.A.  
Member of Executive Committee of Edmond de Rothschild (Suisse) S.A.

2014-2018 Member of the Group Executive Committee

### Directorship

2017-2018 Edmond de Rothschild (Israel) Ltd.  
Member of the Board of Directors

## Emanuela Bonadiman<sup>2)</sup>

Member, Italian, 1963  
Head of Human Resources

1) Until 18 October 2018.

2) Until 07 March 2018. Her personal details can be found in previous annual reports available on the Bank's website: [www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/results-annual-reports](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/results-annual-reports) (see page 30 of the 2017 annual report).

## 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 (Article 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": [www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information](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 (Article 6 (4) and Article 14 (1) of the Articles of Association\*). Para. 5 et seq of Article 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 (Article 6 (9) of the Articles of Association\* and Article 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 (Article 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 during the year.

### 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.com/site/Suisse/en/private-banking/investor-relations/general-information](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

## 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.com/site/Suisse/en/private-banking/investor-relations/general-information](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

# 7. Take-overs and defensive measures

## 7.1. Obligation to tender an offer

The Bank has included in Article 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": [www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

# 8. Statutory 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

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

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

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.

## 8.2. Auditing fees

Edmond de Rothschild (Suisse) S.A. paid a total of CHF 4,162,000 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) S.A. paid a total of CHF 1,526,000 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 audit plan and the planning of the audit of the 2018 annual and consolidated financial statements were presented to the Audit & Risk Committee at its meeting on 29 August 2018. 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.

# 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](http://www.edmond-de-rothschild.ch), under the heading “Investor Relations”: <https://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>.

Edmond de Rothschild (Suisse) S.A. also publishes certain information required by the banking laws on its website [www.edmond-de-rothschild.ch](http://www.edmond-de-rothschild.ch), under the heading “Investor Relations”: <https://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information>.

## Events and calendar

### 13 March 2019

Publication of the Bank’s 2018 results

### 29 March 2019

Publication of our 2018 Annual Report

### 1 April 2019

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)

### 26 April 2019

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

### 30 August 2019

Publication of our semi-annual 2019 results

## Contacts

### *Investor relations*

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Chief Financial Officer

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### *Internet*

[www.edmond-de-rothschild.ch](http://www.edmond-de-rothschild.ch)  
under the heading “Investor Relations/ General Information”

# Financial Report

40	Key figures	53	Statement of changes in equity
41	Report of the Board of Directors on the consolidated financial statements	54	Consolidated cash flow statement
45	Statutory auditor's report on the consolidated financial statements	56	Notes to the consolidated financial statements
50	Consolidated balance sheet	65	Balance sheet information
52	Consolidated profit and loss account		

# Key figures

## Edmond de Rothschild (Suisse) SA Group

	2018	2017	Change	Change %
<b>Consolidated profit and loss account (in CHF '000)</b>				
Interest income, net	99'424	75'910	23'514	31,0
Fee and commission income, net	490'293	455'035	35'258	7,7
Results of trading operations and statements of fair value	59'267	89'414	(30'147)	(33,7)
Operating expenses (personnel costs and overheads)	(574'541)	(530'424)	(44'117)	8,3
Operating profit	62'142	88'125	(25'983)	(29,5)
<b>Net income</b>	<b>221'739</b>	<b>76'047</b>	<b>145'692</b>	<b>191,6</b>
<b>Profitability</b>				
% return on equity (net profit / average shareholders' equity <sup>1)</sup> )	19,4	6,3	-	-
% return on assets (net income/average assets)	1,4	0,5	-	-
<b>Shares (in CHF)</b>				
Earnings per bearer share after deducting portion due to minority interests	2'517	715	1'802	252,1
Earnings per registered share after deducting portion due to minority interests	503	143	360	252,1
	2018	2017	Change	Change %
<b>In CHF '000 Consolidated Balance sheet</b>				
Due from banks	1'684'773	1'920'723	(235'950)	(12,3)
Amounts due from clients	2'820'068	2'939'386	(119'318)	(4,1)
Due to banks	867'441	1'048'173	(180'732)	(17,2)
Due on client deposits	12'519'207	13'153'263	(634'056)	(4,8)
<b>Shareholders' equity</b>	<b>1'291'235</b>	<b>1'294'698</b>	<b>(3'463)</b>	<b>(0,3)</b>
Balance sheet total	15'163'186	16'017'626	(854'440)	(5,3)
Basel III CET1 ratio (%)	25.6%	27.8%	-	-
Basel III total equity ratio (%)	25.6%	27.8%	-	-
Liquidity coverage ratio (%)	173.0%	157.2%	-	-
Leverage ratio (%)	6.3%	6.7%	-	-
<b>Assets under management (in millions of CHF)</b>				
Total assets under management (includes double reporting)	127'620	137'448	(9'828)	(7,2)
<i>double reporting</i>	6'910	6'827	83	1,2
<i>+/- net inflow/outflow of fresh funds</i>	(4'040)	(2'398)	(1'642)	-
<b>Group personnel (number of employees)</b>				
Average number of employees	1'857	1'815	42	2,3
- in Switzerland	850	832	18	2,2
- abroad	1'007	983	24	2,4
Total number of employees at year-end	1'876	1'792	84	4,7
Number of employees at year-end, converted into full-time jobs	1'825	1'743	82	4,7

<sup>1)</sup> Including Group net income after payment of the parent company dividend 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 26 April 2019

Dear Shareholders,

The year was marked by growing investor concern about a potential reduction in liquidity injected by central banks and especially by the Federal Reserve. No asset class, not even government bonds or gold, performed positively. Increased volatility and fears of a slowdown in world growth in 2019 and beyond thus added to investor wariness of risky assets. 2018 will undoubtedly remain one of the most difficult years in the financial markets.

The Group continued its strategic development by confirming its strong ambition to become the leading conviction-based investment house built around more focus, more specificity and more convergence.

For Edmond de Rothschild (Suisse) S.A., this meant implementing our strategy of concentrating on our areas of expertise and core clients and carrying out major operations to simplify our balance sheet, resulting in significant extraordinary gains.

As such, to continue optimising our activities, we sold part of our Swiss real estate portfolio while remaining the sole or principal tenant of all these buildings. This large-scale operation increases our efficiency.

Similarly, the project to modernise International Private Banking was continued. To increase our efficiency, the existing IT platform has been redefined and equipped with new, more effective tools. The migration to the Avaloq integrated solution allows all the business line processes of the value chain to be addressed on a single platform. The solution has now been rolled out in Switzerland, Luxembourg, Great Britain, Belgium, Spain and Portugal.

The convergence and cross-functionality of our teams are now a reality for all of our locations in Switzerland, Luxembourg, Spain, Belgium, Portugal, and the United Kingdom. After merging our private banking and asset management businesses, in 2018 we grouped our entire offering in real estate, private equity, and asset management together on a single marketing platform, while in terms of organisation, all of our real estate activities are now grouped in a single division.

We must adapt to our clients' changing expectations for more authenticity, relevant content, and solutions that meet their needs. In recent years, we have prepared for this by modernising our organisation,

tools and content to best serve our clients. We are continuing to strengthen our thematic positioning to offer our clients investment solutions that go beyond financial performance and are rooted in the real economy.

In this turbulent environment, client assets totalled CHF 128 billion as of 31 December 2018. The 7% decrease in assets compared with the end-2017 level was mainly the consequence of the decline in markets over the year and the level of currencies at the end of the period (-5%). At the same time, the Group saw an outflow of CHF 2.5 billion, mainly as a result of the finalisation of the Group's refocusing on its clients and priority markets.

Two of our funds exceed 1 billion in assets under management on strong convictions of flexible bond management and financial subordinated debt. Our infrastructure debt platform, which exceeded CHF 1.6 billion in 2018, allowed us to invest in green infrastructure in Europe and support the development of innovative energies, for example, by co-financing the construction of a biomass power plant in England and won a new award recognising our management team for the quality and relevance of its offering compared with the leading European infrastructure managers.

Our Property range continued to strengthen this year with the acquisition of Cording Real Estate S.A. All of our entities (Orox, Cleaveland, and Cording) are now grouped under one platform with CHF 10 billion in assets under management and 170 dedicated professionals.

Our innovative private equity strategies aim to deliver performance while having a positive social, economic, and environmental impact in areas as diverse as brownfield remediation in Europe, the conversion of crops to agroforestry, investment in growing companies in Africa and water treatment.

In a highly competitive world, the brand is a strategic factor, and it was essential to clarify its use. This has been done since entering into an agreement with Rothschild & Co to allow our two groups to continue their development under conditions of fair competition. In connection with this, we separated our cross-holdings.

The International network also boasted solid performance this year.

## Monaco

In Monaco, our Edmond de Rothschild (Monaco) subsidiary achieved very good results in 2018. Thanks to dynamic business development and recruiting, average assets rose by nearly 8% over the period, with net new money totalling over €500 million.

## 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.

The asset servicing offering for management professionals was also expanded. With EOS (Extended Outsourcing Services), mid-sized third-party managers can now benefit from the powerful portfolio management and distribution tools we have developed for our own needs.

In total, more than 600 employees, through our private banking, fund distribution and asset servicing activities, serve our private or institutional clients, monitoring nearly €59 billion in client assets.

## Israel

The results presented below include the private banking and asset management businesses of Edmond de Rothschild (Israel) Ltd. This entity has roughly fifty employees. With CHF 2.4 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.

In 2018, our infrastructure debt expertise continued to grow strongly with more than CHF 1.6 billion under management. As part of the European Pensions Awards, the BRIDGE infrastructure platform was named Infrastructure Manager of the Year for the second consecutive year.

## Roundup of consolidated results

As of 31 December 2018, assets under management reached CHF 127.7 billion, up from CHF 137.4 billion at the end of 2017.

Consolidated revenue totalled CHF 694 million, up more than 5%, taking into account the integration of Cording's property activity (+3% on a proforma basis). 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 2018.

Net interest income jumped more than CHF 23 million (+31%) compared with the previous year. This reflects the better results achieved in cash management and higher interest spreads, chiefly thanks to the volatility of exchange rates and a larger volume of credit business. Interest income on our bank book was also up.

Fee and commission income grew by 7.7% to CHF 490 million from CHF 455 million in 2017. The integration of Cording's activities and the full-year effect of EdRAM Suisse's activities, integrated in 2017, reinforces the excellent orientation of this income stream driven by the growth of average outstandings in both Private Banking and Asset Management.

Results of trading operations decreased by nearly 34% from the previous year. They came to CHF 59 million compared with CHF 89 million in 2017. This was the result of a lower traded volume, mainly on currencies, compared with 2017.

Other ordinary results amounted to almost CHF 46 million, an 18% increase from the previous year, mainly due to Cording's property management income integrated during the year.

The gross profit margin edged down from 53 basis points to 51 basis points in 2018, a sign of market constraints.

At CHF 575 million, operating expenses increased by around 8% over the year. On a proforma basis, expenses are controlled with a contained increase of +1%. On a proforma basis, this trend includes personnel expenses up 2% and other operating expenses down almost 1%.

Gross operating income totalled CHF 119.9 million compared with CHF 128.4 million in 2017 (-7%).

Value adjustments on holdings and write-downs on fixed and intangible assets totalled CHF 42 million, up CHF 2.6 million, in connection with investments in International Private Banking's new IT platform.

Changes in the level of provisions, other valuation adjustments and losses came to CHF 15.9 million versus CHF 1 million in 2017. The value adjustments mainly include provisions for risks related to ongoing legal cases at Edmond de Rothschild (Europe) and operating losses at EdR (Suisse) S.A. and EdR (Europe).

### **Operating income**

The foregoing profit-and-loss-account items resulted in an operating profit of CHF 62 million compared with CHF 88 million in the previous year.

Extraordinary income amounted to CHF 209 million, consisting mainly of the sale of buildings held by the banks in Switzerland, as part of the sales and leaseback operation, as well as disposals of Rothschild & Co, Rothschild Holding AG and RIT Capital Partners equity interests.

The allocation for general banking risks provisions amounted to CHF 9.8 million in 2017, compared to CHF 7.5 million in 2017.

Taxes came to CHF 59 million compared with CHF 26 million in 2017 in connection with the high level of extraordinary income.

The foregoing items (after taking account of minority interests) lead to a consolidated net profit of CHF 221.7 million, up CHF 145.7 million compared with the 2017 level.

### **Balance sheet review**

The total balance sheet of the Edmond de Rothschild (Suisse) S.A. Group stood at CHF 15.2 billion compared with CHF 16 billion at 31 December 2017.

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 13.1 billion, down 4.5% compared with the year-earlier level.

Positive replacement values of derivative instruments totalled CHF 77.7 million versus CHF 108.2 million in 2017.

Financial investments amounted to CHF 1,518 million compared with CHF 1,544 million in 2017, a 1.7% decrease.

Accrued income and prepaid expenses totalled CHF 161.9 million compared with CHF 192.3 million in 2017.

On the liabilities side, sums due to banks and customers amounted to CHF 13.4 billion compared with CHF 14.2 billion in 2017. They accounted for 88.3% of the balance sheet total.

Reserves for general banking risks were down 4.1% from the previous year. They totalled CHF 231.6 million compared with CHF 241.3 million in 2017.

Prior to the dividend payment, Edmond de Rothschild (Suisse) S.A. Group capital and reserves stood at CHF 1.3 billion, representing 8.5% of the balance sheet total.

### **Capital ratio**

The Edmond de Rothschild (Suisse) S.A. group continues to boast a healthy, liquid balance sheet. This, combined with conservative risk management, resulted in a consolidated capital ratio of 25.6% as of end-December 2018, well above the 12% legal minimum. Surplus shareholders' equity amounted to nearly CHF 528 million.

## Outlook for 2019

Despite this uncertain environment, some indicators remain encouraging. Our economic research team believes that global growth could be supported by several factors, first and foremost by China's stimulus package. The US economy is expected to benefit from dynamic consumption, lower oil prices, and the structural impact of Donald Trump's tax reform. In Europe, the absence of national elections in most major countries should avert an additional political risk. Lastly, central banks are expected to be "patient" and attentive to market volatility and deteriorating economic conditions. The business outlook may therefore even exceed investor expectations.

We intend to accelerate the deployment of our strategy and the development of our activities. All these projects undertaken and initiated respond to the same strategy of differentiation and adaptation in a changing industry.

Our family ownership structure and the strength of our balance sheet remain major assets in bringing us the stability needed for these changes. The pursuit of excellence and human values and a long-term vision rooted in socially responsible capitalism enable us to rise to the challenges that 2019 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 2018, and notes, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 50 to 87) 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.

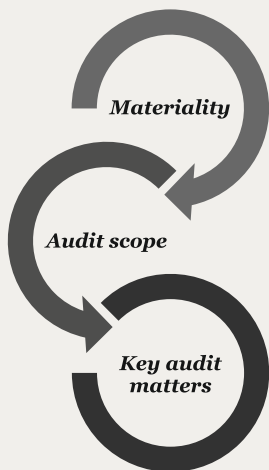
#### **Basis for opinion**

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 3,150,000
- We concluded full scope audit work at 7 Group companies in 5 countries.
- Our audit scope addressed over 85.6 % of earnings before taxes and 98.8 % 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 6 Group companies located in 5 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 3,150,000
<i>How we determined it</i>	5% of the operating income (rounded). We then deducted the non-recurring expenses, which are not linked to the operational business of the Bank.
<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 157,500 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.



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

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

**Provisions 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.</p> <p>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 15, page 75, 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"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- We discussed these assessments with the Board of Directors, the Audit and Risk Committee and the Finance &amp; Administration department of the Group as well as with the Group's internal Legal function.</li> <li>- We examined whether the methods used to prepare the accounting estimates were consistently applied.</li> <li>- 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.</li> </ul>





### ***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

**Julien Baer**  
Audit Expert

Geneva, 21 March 2019

Appendices: Consolidated financial statements (balance sheet, profit and loss account, statement of shareholders' equity, cash flow statement and notes)

# Consolidated balance sheet

as of 31 December 2018 (in thousands of CHF)

	Notes	2018	2017	Change	Change %
<b>Assets</b>					
Cash and other liquid assets	19	7'111'060	7'284'055	(172'995)	(2.4)
Due from banks	19	1'684'773	1'920'723	(235'950)	(12.3)
Claims arising from securities financing	1,19	611'020	820'341	(209'321)	(25.5)
Due from customers	2,19	2'820'068	2'939'386	(119'318)	(4.1)
Mortgage claims	2,19	884'271	763'811	120'460	15,8
Trading book	3,19	15'568	13'956	1'612	11,6
Positive replacement value of derivative instruments	4,19	77'678	108'159	(30'481)	(28.2)
Financial investments	5,19	1'517'880	1'543'922	(26'042)	(1.7)
Accrued income and prepaid expenses		161'918	192'340	(30'422)	(15.8)
Non-consolidated holdings	6,7	6'126	77'220	(71'094)	(92.1)
Tangible assets	8	165'896	258'143	(92'247)	(35.7)
Intangible assets	9	42'373	45'471	(3'098)	(6.8)
Other assets	10	64'555	50'099	14'456	28,9
<b>Total assets</b>	11,20,21,23	<b>15'163'186</b>	<b>16'017'626</b>	<b>(854'440)</b>	<b>(5.3)</b>
Total subordinated claims		3'383	12'391	(9'008)	(72.7)
<i>with an obligation to convert and/or abandon the right</i>		-	-	-	-

# Consolidated balance sheet

as of 31 December 2018 (in thousands of CHF)

	Notes	2018	2017	Change	Change %
<b>Liabilities</b>					
Due to banks	19	867'441	1'048'173	(180'732)	(17.2)
Due on client deposits	19	12'519'207	13'153'263	(634'056)	(4.8)
Negative replacement value of derivative instruments	4,19	71'991	145'642	(73'651)	(50.6)
Loans from central mortgage bond issuers	14	1'355	-	1'355	-
Accrued income and prepaid expenses		305'028	265'660	39'368	14.8
Other liabilities	10	53'418	65'591	(12'173)	(18.6)
Provisions	15	53'511	44'599	8'912	20.0
Reserves for general banking risks		231'556	241'340	(9'784)	(4.1)
Share capital	16	45'000	45'000	-	-
Additional paid-in capital		93'936	95'695	(1'759)	(1.8)
Retained earnings		939'923	946'573	(6'650)	(0.7)
Currency reserve		(136'232)	(115'057)	(21'175)	18.4
Own capital stakes		(151'813)	(39'008)	(112'805)	289.2
Minority interests in own capital		47'126	44'108	3'018	6.8
Consolidated profit		221'739	76'047	145'692	191.6
<i>minority interests' share in consolidated income</i>		17'049	13'043	4'006	30.7
<b>Total Group capital and reserves</b>		<b>1'291'235</b>	<b>1'294'698</b>	<b>(3'463)</b>	<b>(0.3)</b>
<b>Total liabilities</b>	20,23	<b>15'163'186</b>	<b>16'017'626</b>	<b>(854'440)</b>	<b>(5.3)</b>
Total subordinated liabilities		-	-	-	-
<i>with an obligation to convert and/or abandon the right</i>		-	-	-	-
<b>Off-balance sheet transactions</b>					
Contingent liabilities	2,24	180'945	218'391	(37'446)	(17.1)
Irrevocable liabilities	2	175'067	124'132	50'935	41.0
Liabilities to release/make additional payments		255'254	123'881	131'373	106.0

# Consolidated profit and loss account

for the year ended 31 December 2018 (in thousands of CHF)

	Notes	2018	2017	Change	Change %
Interest and discount income		97'355	77'597	19'758	25,5
Interest and dividend income on trading portfolios		207	12	195	1'625,0
Interest and dividend income on financial investments		17'315	12'128	5'187	42,8
Interest payable		(15'565)	(13'794)	(1'771)	12,8
<b>Interest income, gross</b>		<b>99'312</b>	<b>75'943</b>	<b>23'369</b>	<b>30,8</b>
Changes to valuation adjustments for risks of default and losses relating to interest transactions		112	(33)	145	-
<b>Interest income, net</b>		<b>99'424</b>	<b>75'910</b>	<b>23'514</b>	<b>31,0</b>
Commission income on securities and investment activities		665'587	641'178	24'409	3,8
Commission income on lending activities		1'734	1'451	283	19,5
Commission income on other services		19'136	11'338	7'798	68,8
Commissions payable		(196'164)	(198'932)	2'768	(1.4)
<b>Fee and commission income, net</b>		<b>490'293</b>	<b>455'035</b>	<b>35'258</b>	<b>7,7</b>
<b>Results of trading operations and statements of fair value</b>	28	<b>59'267</b>	<b>89'414</b>	<b>(30'147)</b>	<b>(33,7)</b>
Proceeds from the sale of financial investments		23'033	2'205	20'828	944,6
Income from holdings		12'474	21'701	(9'227)	(42,5)
<i>holdings reported using the equity method</i>		6'116	13'467	(7'351)	(54,6)
<i>other non-consolidated holdings</i>		6'358	8'234	(1'876)	(22,8)
Proceeds from real estate		121	768	(647)	(84,2)
Other ordinary income		12'795	17'326	(4'531)	(26,2)
Other ordinary expenses		(2'969)	(3'556)	587	(16,5)
<b>Other ordinary results</b>		<b>45'454</b>	<b>38'444</b>	<b>7'010</b>	<b>18,2</b>
Personnel expenses	30	(383'670)	(351'686)	(31'984)	9,1
Other operating expenses	31	(190'871)	(178'738)	(12'133)	6,8
<b>Operating expenses</b>		<b>(574'541)</b>	<b>(530'424)</b>	<b>(44'117)</b>	<b>8,3</b>
Value adjustments on holdings and write-downs on fixed and intangible assets	34	(41'868)	(39'244)	(2'624)	6,7
Changes to provisions, other value adjustments and losses	32	(15'887)	(1'010)	(14'877)	1'473,0
<b>Operating income</b>		<b>62'142</b>	<b>88'125</b>	<b>(25'983)</b>	<b>(29,5)</b>
Extraordinary income	33	209'716	9'021	200'695	-
Extraordinary expenses	33	(517)	(2'672)	2'155	(80,7)
Changes to reserves for general banking risks	33	9'783	7'521	2'262	30,1
Taxes	36	(59'385)	(25'948)	(33'437)	128,9
<b>Consolidated profit</b>	35	<b>221'739</b>	<b>76'047</b>	<b>145'692</b>	<b>191,6</b>
<i>minority interests' share in consolidated income</i>		<i>17'049</i>	<i>13'043</i>	<i>4'006</i>	<i>30,7</i>

# Statement of changes in equity

as of 31 December 2018 (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
<b>Shareholders' equity at 1 January 2018</b>	<b>45'000</b>	<b>95'695</b>	<b>946'573</b>	<b>241'340</b>	<b>(115'057)</b>	<b>(39'008)</b>	<b>44'108</b>	<b>76'047</b>	<b>1'294'698</b>
Employee incentive plan / allocations to reserves	-	-	-	-	-	-	-	-	-
Capital increase/decrease	-	-	-	-	-	-	-	-	-
Other contributions / injections	-	923	-	-	-	-	-	-	923
Purchase of own capital stakes	-	-	-	-	-	(129'200)	-	-	(129'200)
Sale of own capital stakes	-	-	-	-	-	16'395	-	-	16'395
Profit / (loss) on sale of own capital stakes	-	(2'682)	-	-	-	-	-	-	(2'682)
Forex differences	-	-	-	-	(21'149)	-	(2'443)	-	(23'592)
Dividends	-	-	(75'150)	-	-	-	(8'994)	-	(84'144)
Other distributions	-	-	63'004	-	-	-	13'043	(76'047)	-
Allocations to/releases from reserves for general banking risks	-	-	-	(9'784)	-	-	-	-	(9'784)
Other allocations / (releases) affecting other reserves	-	-	5'496	-	(26)	-	1'412	-	6'882
Consolidated net income	-	-	-	-	-	-	-	221'739	221'739
<b>Shareholders' equity at 31 December 2018</b>	<b>45'000</b>	<b>93'936</b>	<b>939'923</b>	<b>231'556</b>	<b>(136'232)</b>	<b>(151'813)</b>	<b>47'126</b>	<b>221'739</b>	<b>1'291'235</b>

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

as of 31 December 2018 (in thousands of CHF)

	2018			2017		
	Source of funds	Application of funds	Balance	Source of funds	Application of funds	Balance
<b>Operating cash flow (internal financing):</b>						
Consolidated net income	221'739	-		76'047	-	
Reserves for general banking risks	-	9'784		7'687	-	
Value adjustments on holdings and write-downs on fixed and intangible assets	41'802	-		39'211	-	
Provisions and other value adjustments	-	13'479		-	13'190	
Changes to valuation adjustments for risks of default and losses	22'391	-		-	7'260	
Asset-side limits	15'966	-		-	48'349	
Liability-side limits	27'195	-		50'781	-	
Previous year's dividend	-	75'150		-	67'500	
<b>Balance</b>	<b>329'093</b>	<b>98'413</b>	<b>230'681</b>	<b>173'726</b>	<b>136'299</b>	<b>37'427</b>
<b>Net cash used in/provided by transactions involving shareholders' equity:</b>						
Share capital	-	-		-	-	
Booked through reserves	-	25'704		13'278	-	
Change in treasury stock	14'636	129'200		9'348	4'778	
<b>Balance</b>	<b>14'636</b>	<b>154'904</b>	<b>(140'268)</b>	<b>22'626</b>	<b>4'778</b>	<b>17'848</b>
<b>Cash flow arising from changes to holdings, fixed assets and intangible assets:</b>						
Non-consolidated holdings *	71'848	848		50'674	767	
Buildings	98'278	-		6'488	-	
Other fixed assets	9'700	50'402		21	58'947	
Intangible assets	6	6'967		-	10'425	
Forex differences	3'022	-		-	5'408	
<b>Balance</b>	<b>182'854</b>	<b>58'217</b>	<b>124'637</b>	<b>57'183</b>	<b>75'547</b>	<b>(18'364)</b>

\* 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.

	2018			2017		
	Sources of funds	Application of funds	Balance	Sources of funds	Application of funds	Balance
<b>Net cash used in/provided by banking activities:</b>						
<b>Medium – and long-term transactions (&gt; 1 yr):</b>						
Due to banks	532	-		85	-	
Due on client deposits	-	-		-	8'456	
Due from banks	28'768	-		-	28'055	
Claims arising from securities financing	-	-		-	-	
Due from customers	2'904	-		-	60'718	
Mortgage claims	-	44'120		-	37'693	
Financial investments	278'669	-		-	27'574	
<b>Short-term transactions:</b>						
Due to banks	-	181'264		576'739	-	
Claims arising from securities financing	-	-		-	-	
Due on client deposits	-	634'056		-	1'222'861	
Due on trading operations	-	-		-	-	
Negative replacement value of derivative instruments	-	73'651		-	62'864	
Loans from central mortgage bond issuers	1'355	-		-	-	
Due from banks	207'182	-		-	1'156'002	
Claims arising from securities financing	209'321	-		2'219'664	-	
Due from customers	116'414	-		-	493'157	
Mortgage claims	-	76'340		-	63'136	
Trading book	-	1'612		-	11'417	
Positive replacement value of derivative instruments	30'481	-		108'144	-	
Other financial instruments stated at their fair value	-	-		-	-	
Financial investments	-	252'627		-	40'293	
<b>Balance</b>	<b>875'626</b>	<b>1'263'670</b>	<b>(388'044)</b>	<b>2'904'632</b>	<b>3'212'226</b>	<b>(307'594)</b>
<b>Cash situation:</b>						
Cash and other liquid assets	172'995	-		270'683	-	
<b>Balance</b>	<b>172'995</b>	<b>-</b>	<b>172'995</b>	<b>270'683</b>	<b>-</b>	<b>270'683</b>
<b>Total cash flows</b>	<b>1'575'204</b>	<b>1'575'204</b>		<b>3'428'850</b>	<b>3'428'850</b>	

# 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 69 to 71).

Converted to full-time jobs, the number of staff employed by the Edmond de Rothschild (Suisse) Group stood at 1,825 at the end of the year versus 1,743 a year earlier.

### Changes to the scope of consolidation

Companies consolidated during the reporting period:

- Amethis Maghreb S.à r.l., Leudelange
- Smart Estate Management 1 S.à r.l., Luxembourg
- EdR Private Equity Partners S.A., SICAV-RAIF, Luxembourg - Compartiment 2018
- Pearl GP S.à r.l., Luxembourg
- Real Estate Robin S.à r.l., Leudelange
- Cording Real Estate Group Limited, London
- Cording Capital LLP, London
- Cording Residential Asset Management Limited, London
- Highgate GP Limited, Jersey
- Highgate Founder Limited, Jersey
- Cording Salford Nominee Limited, London
- Cording Real Estate Group GmbH, Stuttgart
- LQG JV Landmark Portfolio Verwaltungs GmbH, Frankfurt am Main
- Cording Co-Invest UG Vermögensverwaltungs U.G. (haftungsbeschränkt), Frankfurt am Main
- Cording Real Estate Group B.V., Amsterdam
- Duits Vastgoed Beherend Vennoot B.V, Amsterdam
- Cording Property Management LLP, London
- Cording Member Limited, London
- CURI Bath Lane Leicester GP LLP, London
- CURI John Street Warrington GP LLP, London
- CURI Short Hill Nottingham GP LLP, London
- CURI Master Nominee Limited, London
- Cording UK PRS Carry GP LLP, Edinburgh
- Cording UK PRS Club 1 GP LLP, London
- Cording UK Residential Investment GP S.à r.l., Luxembourg
- Cording UK Residential Investment Limited Partner S.à r.l., Luxembourg
- Amethis North Africa, Casablanca (equity method)
- PEARL Advisory SAS, Paris (equity method)
- FORE Advisors LLP, London (equity method)
- FORE Cascade Scotland LP, London (equity method)
- FORE Cascade Scotland II LP, London (equity method)

- FORE Cascade Scotland III LP, London (equity method)
- FORE Sierra GP Limited, Reading (equity method)
- FORE Grampian Limited, Jersey (equity method)

The following companies were deconsolidated during the reporting period:

- Les Conseillers du Léman Associés S.A., Geneva
- Priadvisory Holding S.A., Geneva
- A.C.H. Investment Advisors S.A., Luxembourg (previously equity method)
- Teka Management II Ltd, Cayman Islands
- Teka Management II S.à r.l., Luxembourg

Liquidation in progress:

- Iberian Renewable Energies GP S.à r.l., Luxembourg

## Consolidation methods

### Full consolidation method

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

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

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

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

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

### Capital consolidation

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

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

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



## Holdings accounted for using the equity method

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

This pertains to 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%), Amethis North Africa S.à r.l. (49%), Amethis Investment Fund Manager S.A. (49%), PEARL Advisory SAS (25%), FORE Advisors LLP (32%), FORE Cascade Scotland LP (32%), FORE Cascade Scotland II LP (32%), FORE Cascade Scotland III LP (40%), FORE Sierra GP Limited (32%) and FORE Grampian Limited (32%).

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.

## 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.

## Changes to the valuation and presentation principles

There were no changes to the valuation and presentation principles for the 2018 financial year.

For comparison purposes, 2017 figures have been reclassified between “Due from customers” and “Mortgage claims”.

## 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:

	2018		2017	
	Closing rate	Annual average rate	Closing rate	Annual average rate
<b>Major currencies</b>				
EUR	1,1269	1,1530	1,1702	1,1130
USD	0,9842	0,9769	0,9757	0,9849
GBP	1,2598	1,3015	1,3189	1,2731

### 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) S.A., Geneva ("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.

The Bank's risk management system 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. (referred to below as the "Holding Company"), for the Edmond de Rothschild Group as a whole. Each year, the Board of Directors reviews the risk management framework concept, which incorporates the Risk Policy (in particular, the Risk Appetite and the potential losses that may result from significant risks) and approves the limits of the Bank and of the Group;
- › The Audit & Risk Committee supervises and assesses the operational aspects of risk management. It controls risks periodically by studying reports drawn up regularly or at its request by the Risks and Legal & Compliance functions;
- › 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.
- › The heads of the business lines, functions and departments of the Group entities are responsible for anticipating, preventing and managing the main developments that could affect the attainment of the objectives inherent to their business segments and the underlying operational processes. In particular, they are responsible for establishing an appropriate risk culture and putting in place the appropriate first-level controls in their activities;

- › 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., which controls 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, a Risk function has been set up 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, and a Legal & Compliance function combining all the heads of legal and compliance of the entities of the Edmond de Rothschild Group, who together report to the Group Chief Legal & Compliance Officer. An operating charter for each of the functions has been established, fixing certain guidelines, including its mission, tasks, responsibilities, organisational structure and reporting process (regular and ad hoc). This plan promotes exchanges and close collaboration between all those involved in these functions.

#### **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. The tolerated maturity transformation is driven mainly by its credit and short-term cash investment activities in medium/ long-term investment portfolios. 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: 1) units of listed Edmond de Rothschild Group investment funds, 2) positions in bonds or similar receivables meeting defined rating or strict eligibility criteria applicable by certain recognised central banks or exchanges, 3) units of Private Equity funds, 4) units of the Group's real estate funds or of the Group or joint property investments in the context of aligning interests with the Group's clients, 5) equity instruments. These investments must be such that they diversify the Group's liquidity across medium/long-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 2019.

### **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. and of Edmond de Rothschild (Europe), Luxembourg, 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

On 13 March 2019, the Benjamin de Rothschild family announced its intention to increase the ownership of Edmond de Rothschild Holding S.A. in the capital of Edmond de Rothschild (Suisse) S.A. to 100%. The aim of this plan is to make Edmond de Rothschild (Suisse) S.A. the head of the banking activities of the Edmond de Rothschild Group, in particular by transferring the Edmond de Rothschild (France) stake from Edmond de Rothschild S.A. to Edmond de Rothschild (Suisse) S.A. and delisting Edmond de Rothschild (Suisse) S.A. from the Zurich stock exchange (SIX Swiss Exchange).

In addition, the Board of Directors noted the departure of Emmanuel Fiévet, previously Chief Executive Officer of Edmond de Rothschild (Suisse) S.A., replaced in this position by Vincent Taupin, with Cynthia Tobiano being appointed Deputy Chief Executive Officer.

No other event likely to have a significant impact on the Bank’s assets, financial position or results of operations occurred after 31 December 2018.

## 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)

2018

2017

<b>1 Breakdown of securities financing transactions (assets and liabilities)</b>		
Carrying value of claims arising from liquidity pledged when borrowing securities or entering into reverse repo agreements	611'020	820'341
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	627'447	841'323
- including securities which were pledged	155'509	206'163
- including securities which were sold	-	-

(in CHF '000)

Schedule of collateral (in thousands of CHF)

	Mortgage collateral	Other collateral	Without collateral	Total
<b>2 Coverage of off-balance sheet claims and transactions and non-performing loans</b>				
<b>Coverage of off-balance sheet claims and transactions</b>				
<b>Loans (prior to set-off with valuation adjustments)</b>				
<b>Due from customers</b>	202	2'692'250	135'498	2'827'950
<b>Mortgage loans</b>				
- residential property	854'268	11'358	80	865'706
- commercial property	18'565	-	-	18'565
<b>Total loans (prior to set-off with valuation adjustments)</b>				
<b>Total 2018</b>	<b>873'035</b>	<b>2'703'608</b>	<b>135'578</b>	<b>3'712'221</b>
<b>Total 2017</b>	<b>755,124</b>	<b>2,876,010</b>	<b>80'920</b>	<b>3'712'054</b>
<b>Total loans (after set-off with valuation adjustments)</b>				
<b>Total 2018</b>	<b>873'035</b>	<b>2'703'608</b>	<b>127'696</b>	<b>3'704'339</b>
<b>Total 2017</b>	<b>345'078</b>	<b>3'286'056</b>	<b>72'063</b>	<b>3'703'197</b>
<b>Off-balance sheet</b>				
Contingent liabilities	-	154'684	26'261	180'945
Irrevocable liabilities	6'537	152'062	16'468	175'067
Liabilities to release/make additional payments	-	249'677	5'577	255'254
<b>Total 2018</b>	<b>6'537</b>	<b>556'423</b>	<b>48'306</b>	<b>611'266</b>
<b>Total 2017</b>	<b>-</b>	<b>388'213</b>	<b>78'191</b>	<b>466'404</b>

(in CHF '000)

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

<b>Delinquent claims</b>				
<b>Total 2018</b>	<b>22'963</b>	<b>14'714</b>	<b>8'249</b>	<b>7'882</b>
<b>Total 2017</b>	<b>22'980</b>	<b>14'123</b>	<b>8'857</b>	<b>8'857</b>

The gross amount of delinquent claims is due to several cases of interest and / or amortisations unpaid 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.

(in CHF '000)

2018

2017

<b>3 Breakdown of trading operations and other financial instruments stated at their fair value (assets and liabilities)</b>		
<b>Assets</b>		
<b>Trading book</b>		
Debt securities, money market paper/transactions	230	-
<i>listed</i>	230	-
Equity securities	15'338	13'956
<b>Other financial instruments reported at their fair value</b>		
Debt securities	-	-
<b>Total assets</b>	<b>15'568</b>	<b>13'956</b>
<i>drawn up using a valuation model</i>	-	-
<i>securities eligible for repo agreements under liquidity regulations</i>	-	-

(in CHF '000)	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Volume of contracts	Positive replacement values	Negative replacement values	Volume of contracts
<b>4 Derivative instruments (assets and liabilities)</b>						
<b>Interest rate instruments</b>						
Forward contracts including FRAs	-	-	-	-	-	-
Swaps	523	971	81'082	834	3'375	383'757
Futures	-	-	-	-	-	-
OTC options	117	117	429'479	-	-	-
Traded options	-	-	-	-	-	-
<b>Currencies / precious metals</b>						
Forward contracts	65'182	56'514	14'678'338	-	-	-
Combined interest and currency swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
OTC options	10'826	10'818	967'570	-	-	-
Traded options	-	-	-	-	-	-
<b>Equity index products</b>						
Forward contracts	-	-	-	-	-	-
Futures	-	-	-	-	-	-
OTC options	2'273	2'273	174'718	-	-	-
Traded options	-	-	-	-	-	-
<b>Credit derivatives</b>						
Credit default swaps	-	-	-	-	-	-
First-to-default swaps	-	-	-	-	-	-
Other credit derivatives	-	-	-	-	-	-
<b>Other</b>						
Forward contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
OTC options	-	-	-	-	-	-
Traded options	-	-	-	-	-	-
<b>Total before taking account of netting agreements</b>						
<b>Total 2018</b>	<b>78'921</b>	<b>70'693</b>	<b>16'331'187</b>	<b>834</b>	<b>3'375</b>	<b>383'757</b>
<i>drawn up using a valuation model</i>	78'921	70'693	16'331'187	834	3'375	383'757
<b>Total 2017</b>	<b>111'667</b>	<b>148'825</b>	<b>19'453'363</b>	<b>1'552</b>	<b>1'876</b>	<b>290'959</b>
<i>drawn up using a valuation model</i>	111'667	148'825	19'453'363	1'552	1'876	290'959

(in CHF '000)	Positive replacement values (accumulated)	Negative replacement values (accumulated)
<b>Total after taking account of netting agreements</b>		
<b>Total 2018</b>	<b>77'678</b>	<b>71'991</b>
<b>Total 2017</b>	<b>108'159</b>	<b>145'642</b>

#### Breakdown by counterparty

(in CHF '000)	Central clearing counterparties	Banks and brokers	Other clients
<b>Positive replacement values (after taking account of netting agreements)</b>	<b>-</b>	<b>50'699</b>	<b>26'978</b>

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

(in CHF '000)	2018	2017	2018	2017
	Book value		Fair value	
<b>5 Breakdown of financial investments</b>				
Debt instruments	914'183	964'798	913'833	971'235
<i>intended to be held to maturity</i>	879'177	898'945	878'104	903'886
<i>not intended to be held to maturity (available for resale)</i>	35'006	65'853	35'729	67'349
Equity securities	141'311	141'899	157'515	159'690
<i>qualifying equity stakes (min. 10% of capital or votes)</i>	-	-	-	-
Precious metals	462'386	437'225	462'386	437'225
Buildings	-	-	-	-
<b>Total</b>	<b>1'517'880</b>	<b>1'543'922</b>	<b>1'533'734</b>	<b>1'568'150</b>
<i>securities eligible for repo agreements under liquidity regulations</i>	89'954	92'549	-	-

(in CHF '000)	From AAA to AA-	From A+ to A-	From BBB+ to BBB-	From BB+ to B-	Below to B-	No rating
<b>Breakdown of counterparties by credit rating</b>						
Book value of debt instruments	264'691	189'968	365'692	59'325	2'829	31'678

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 at 1 January 2018	Forex adjustments	Investments and newly consolidated assets	Divestitures and assets no longer consolidated	Valuation adjustments	Book value as of 31 December 2018	Market value
<b>6 Holdings/positions</b>									
Holdings consolidated using the equity method	1'171	-	1'171	1	134	(528)	-	778	-
- with market value	-	-	-	-	-	-	-	-	-
- with no market value	1'171	-	1'171	1	134	(528)	-	778	-
Other holdings	77'310	(1'261)	76'049	(159)	714	(71'320)	64	5'348	-
- with market value	48'134	-	48'134	-	-	(48'134)	-	-	-
- with no market value	29'176	(1'261)	27'915	(159)	714	(23'186)	64	5'348	-
<b>Total holdings/positions</b>	<b>78'481</b>	<b>(1'261)</b>	<b>77'220</b>	<b>(158)</b>	<b>848</b>	<b>(71'848)</b>	<b>64</b>	<b>6'126</b>	<b>-</b>

Details of the holdings are indicated under Note 7.

	Currency	Share capital (in CHF '000)		Equity stake (in %)		Voting rights (in %)		Ownership (in %)	
		2018	2017	2018	2017	2018	2017	2018	2018
<b>7 Consolidated Edmond de Rothschild (Suisse) SA Group companies</b>									
<b>Swiss – fully consolidated</b>									
<b>Parent company</b>									
Edmond de Rothschild (Suisse) S.A., Geneva	CHF	45'000	45'000	100	100	100	100	-	-
<b>Services</b>									
Privaco Family Office SA, Geneva	CHF	2'100	2'100	100	100	100	100	100	-
Les Conseillers du Léman Associés S.A., Geneva, liquidated company	CHF	-	100	-	100	-	100	-	-
<b>Financial and asset management companies</b>									
Edmond de Rothschild Asset Management (Suisse) S.A., Geneva	CHF	11'534	11'534	100	100	100	100	100	-
Orox Asset Management SA, Genève	CHF	2'000	2'000	60	60	60	60	60	-
EdR Real Estate S.A., Leudelange	EUR	975	-	100	-	100	-	100	-
Orox Europe S.A., Leudelange	EUR	1'300	-	75	-	75	-	-	75
Cording Real Estate Group Limited, London	GBP	102	-	53	-	70	-	-	70
Cording Capital LLP, London	GBP	100	-	53	-	100	-	-	100
Cording Residential Asset Management Limited, London	GBP	-	-	53	-	100	-	-	100
Highgate GP Limited, Jersey	GBP	-	-	53	-	100	-	-	100
Highgate Founder Limited, Jersey	GBP	-	-	53	-	100	-	-	100
Cording Salford Nominee Limited, London	GBP	-	-	53	-	100	-	-	100
Cording Real Estate Group GmbH, Stuttgart	EUR	480	-	53	-	100	-	-	100
LQG JV Landmark Portfolio Verwaltungs GmbH, Frankfurt am Main	EUR	25	-	53	-	100	-	-	100
Cording Co-Invest UG Vermögensverwaltungs U.G. (haftungsbeschränkt), Frankfurt am Main	EUR	-	-	53	-	100	-	-	100
Cording Real Estate Group B.V., Amsterdam	EUR	18	-	53	-	100	-	-	100
Duits Vastgoed Beherend Venoot B.V., Amsterdam	EUR	-	-	53	-	100	-	-	100
Cording Property Management LLP, London	GBP	120	-	53	-	100	-	-	100
Cording Member Limited, London	GBP	-	-	53	-	100	-	-	100

	Currency	Share capital (in CHF '000)		Equity stake (in %)		Voting rights (in %)		Ownership (in %)	
		2018	2017	2018	2017	2018	2017	2018 direct	2018 indirect
<b>7 Consolidated Edmond de Rothschild (Suisse) SA Group companies</b>									
CURI Bath Lane Leicester GP LLP, London	GBP	-	-	53	-	100	-	-	100
CURI John Street Warrington GP LLP, London	GBP	-	-	53	-	100	-	-	100
Cording UK PRS Carry GP LLP, Edinburgh	GBP	-	-	53	-	100	-	-	100
Cording UK PRS Club 1 GP LLP, London	GBP	-	-	53	-	100	-	-	100
Cording UK Residential Investment GP S.à r.l., Luxembourg	EUR	12	-	53	-	100	-	-	100
Cording UK Residential Investment Limited Partner S.à r.l., Luxembourg	EUR	12	-	53	-	100	-	-	100
CURI Short Hill Nottingham GP LLP, London	GBP	-	-	53	-	100	-	-	100
CURI Master Nominee Limited, London	GBP	-	-	53	-	100	-	-	100
Real Estate Robin Sàrl, Leudelange	EUR	2'948	-	100	-	100	-	-	100
Priadvisory Holding S.A., Geneva, liquidated company	CHF	-	3'120	-	100	-	100	-	-
Compagnie Benjamin de Rothschild Conseil S.A., Meyrin	CHF	3'000	1'000	100	100	100	100	100	-
<b>Foreign – fully consolidated</b>									
<b>Banks</b>									
Edmond de Rothschild (Europe), Luxembourg	EUR	31'500	31'500	100	100	100	100	100	-
Edmond de Rothschild (Monaco), Monaco	EUR	12'000	12'000	57	57	57	57	57	-
<b>Service and real estate companies</b>									
Copri III SA, Luxembourg	EUR	747	747	100	100	100	100	100	-
Edmond de Rothschild Family Advisory (Hong Kong) Limited, Hong Kong	HKD	12'675	12'675	100	100	100	100	-	100
<b>Asset management companies</b>									
Edmond de Rothschild Asset Management (Luxembourg),	EUR	18'238	18'238	100	100	100	100	-	100
Edmond de Rothschild Asset Management (UK) Limited, London	GBP	4'400	4'400	100	100	100	100	-	100
Edmond de Rothschild Client Nominees (UK) Ltd, London	GBP	1	1	100	100	100	100	-	100
Ginkgo Management S.à r.l., Luxembourg	EUR	13	13	51	51	51	51	-	51
<b>Financial and brokerage firms</b>									
Edmond de Rothschild (UK) Limited, London	GBP	15'700	10'700	100	100	100	100	100	-
Edmond de Rothschild Securities (UK) Limited, London	GBP	2'000	2'000	100	100	100	100	-	100
Priglobal Advisory Limited, Cayman Islands, liquidated in 2017	EUR	-	-	-	-	-	-	-	-
Edmond de Rothschild (Suisse) SA, Representcion Uruguay, Montevideo	USD	14	14	100	100	100	100	100	-
Edmond de Rothschild Assurances et Conseils (Monaco), Monaco	EUR	150	150	57	57	57	57	-	57
Iberian Renewable Energies GP S. à r.l., Luxembourg	EUR	13	13	100	100	100	100	-	100
Edmond de Rothschild Assurances et Conseils (Europe), Luxembourg	EUR	125	125	100	100	100	100	-	100
Edmond de Rothschild Gestion (Monaco), Monaco	EUR	150	150	57	57	57	57	-	57
EDRRIT Limited, London	GBP	278	278	100	100	100	100	-	100
Edmond de Rothschild Capital Holdings Limited, London	GBP	250	250	100	100	100	100	-	100
Edmond de Rothschild Private Merchant Banking LLP, London	GBP	29'188	26'188	100	100	100	100	-	100
Edmond de Rothschild (Israel) Ltd., Tel-Aviv	ILS	501	501	100	100	100	100	100	-
CTBR Luxembourg, Luxembourg	CHF	15'884	14'950	96	99	96	99	-	96
Compagnie Benjamin de Rothschild Management (Luxembourg) S.A., Leudelange	EUR	881	881	100	100	100	100	-	100
Amethis Finance Luxembourg, Luxembourg	EUR	13	13	50	50	50	50	-	50

	Currency	Share capital (in CHF '000)		Equity stake (in %)		Voting rights (in %)		Ownership (in %)	
		2018	2017	2018	2017	2018	2017	2018	2018
<b>7 Consolidated Edmond de Rothschild (Suisse) SA Group companies</b>									
Moringa General Partner S.à r.l., Luxembourg	EUR	13	13	100	100	100	100	-	100
Moringa Partnership SAS, Paris	EUR	10	10	100	100	100	100	-	100
Edmond de Rothschild Private Equity S.A., Leudelange	EUR	1'640	1'640	100	100	100	100	-	100
General Partner Participations Mauritius, Port Louis	EUR	110	65	71	71	73	73	-	73
Edmond de Rothschild Equity Strategies Management III Sàrl., Leudelange	EUR	13	13	60	60	60	60	-	60
TIIC Management II S.à r.l., Luxembourg	EUR	13	13	51	51	51	51	-	51
Ginkgo Management II S.à r.l., Luxembourg	EUR	13	13	51	51	51	51	-	51
Teka Investment SA, Luxembourg	USD	33	33	100	51	100	51	-	100
Teka Management II Ltd, Cayman Islands	USD	-	-	-	51	-	100	-	-
Teka Management II S.à r.l., Luxembourg	USD	-	13	-	51	-	100	-	-
Holding LRLDEDR, S.à r.l. , Leudelange	EUR	12	12	51	51	51	51	-	51
Amethis Finance, S.à r.l. , Leudelange	EUR	17	17	48	48	95	95	-	95
Amethis Fund II Management, S.à r.l. , Leudelange	EUR	13	13	48	48	100	100	-	100
Amethis Maghreb, S.à r.l. , Leudelange	EUR	12	-	48	-	100	-	-	100
Privilege Access Management, S.à r.l. , Luxembourg	EUR	12	12	51	51	51	51	-	51
EdR Private Equity Partners S.A., SICAV-RAIF, Luxembourg	EUR	29'443	29'443	98	98	98	98	-	98
Pearl GP Sàrl, Luxembourg	EUR	12	-	100	-	100	-	-	100
Smart Estate Management 1, S.à r.l. , Luxembourg	EUR	12	-	100	-	100	-	-	100
EdR Private Equity Partners S.A., SICAV-RAIF Comp. 2018, Luxembourg	EUR	5'760	-	100	-	100	-	-	100
<b>Switzerland - equity method</b>									
<b>Financial companies</b>									
Ginkgo Advisor S.à r.l., Meyrin	CHF	20	20	49	49	49	49	-	49
<b>Foreign - equity method</b>									
<b>Financial companies</b>									
ACH Investment Advisors S.A., Luxembourg, liquidated company	USD	-	154	-	38	-	38	-	-
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	4	49	49	49	49	-	49
TIIC Advisor SAS, Paris	EUR	10	10	49	49	49	49	-	49
Amethis Investment Fund Manager, S.A. , Leudelange	EUR	275	275	49	49	49	49	-	49
FORE Advisors LLP, Luxembourg	GBP	1	-	17	-	32	-	-	32
FORE Cascade Scotland LP, London	GBP	-	-	17	-	32	-	-	32
FORE Cascade Scotland II LP, London	GBP	-	-	17	-	32	-	-	32
FORE Cascade Scotland III LP, London	GBP	-	-	21	-	40	-	-	40
Fore Sierra GP Limited, Reading	GBP	-	-	17	-	32	-	-	32
Fore Grampian Limited, Jersey	GBP	-	-	17	-	32	-	-	32
Amethis North Africa, S.à r.l. , Casablanca	MAD	300	-	49	-	49	-	-	49
PEARL Advisory SAS, Paris	EUR	10	-	25	-	25	-	-	25

	Currency	Share capital (in CHF '000)		Equity stake (in %)		Voting rights (in %)		Ownership (in %)	
		2018	2017	2018	2017	2018	2017	direct	indirect
<b>7 Consolidated Edmond de Rothschild (Suisse) SA Group companies</b>									
RIT Capital Partners PLC, London, divested	GDP	- 155'351	-	1	-	1	-	-	-
Rothschild Holding AG, Zurich, unwinding	CHF	- 10'724	-	9	-	9	-	-	-
Rothschild & Co, Paris	EUR	- 154'815	-	4	-	4	-	-	-

	Purchase values	Cumulative depreciation and write-ups/write-downs	Book value at 1 January 2018	Forex adjustments	Investments and newly consolidated assets	Divestitures and assets no longer consolidated	Depreciation	Book value at 31 December 2018
(in CHF '000)								
<b>8 Fixed assets</b>								
Bank premises	208'019	(84'483)	123'536	(299)	-	(90'672)	(1'092)	31'473
Other buildings	13'200	(5'594)	7'606	-	-	(7'606)	-	-
Software bought separately or developed in-house	218'298	(133'674)	84'624	(1'076)	41'195	(1'134)	(22'777)	100'832
Other fixed assets	309'392	(267'015)	42'377	(1'089)	9'207	(8'566)	(8'338)	33'591
<b>Total fixed assets</b>	<b>748'909</b>	<b>(490'766)</b>	<b>258'143</b>	<b>(2'464)</b>	<b>50'402</b>	<b>(107'978)</b>	<b>(32'207)</b>	<b>165'896</b>

	Purchase value	Accumulated depreciation	Book value at 1 January 2018	Forex adjustments	In scope fluctuations of consolidation	Investments	Divestitures	Depreciation	Book value at 31 December 2018
(in CHF '000)									
<b>9 Intangible assets</b>									
Goodwill	143'372	(98'251)	45'121	(385)	-	6'967	-	(9'532)	42'171
Patents	-	-	-	-	-	-	-	-	-
Licences	-	-	-	-	-	-	-	-	-
Other intangible assets	87'924	(87'574)	350	(21)	-	-	-	(127)	202
<b>Total intangible assets</b>	<b>231'296</b>	<b>(185'825)</b>	<b>45'471</b>	<b>(406)</b>	<b>-</b>	<b>6'967</b>	<b>-</b>	<b>(9'659)</b>	<b>42'373</b>



(in CHF '000)	Other assets		Other liabilities	
	2018	2017	2018	2017
<b>10 Breakdown of "Other assets" and "Other liabilities"</b>				
Set-off account	2'541	324	-	-
Direct taxes (withholding tax, stamp duty)	16'157	14'128	2'813	5'294
Indirect taxes	3'217	1'062	1'386	478
Deferred taxes	455	641	-	-
Guarantees, suretyships	7'219	6'591	-	-
Order accounts	31'205	20'891	42'028	57'334
Other	3'761	6'462	7'191	2'485
<b>Total</b>	<b>64'555</b>	<b>50'099</b>	<b>53'418</b>	<b>65'591</b>

(in CHF '000)	2018		2017	
	Carrying values	Actual liabilities	Carrying values	Actual liabilities
<b>11 Assets pledged or assigned to cover own liabilities and assets subject to reservation of ownership</b>				
<b>Pledged / assigned assets</b>				
Financial investments	5'525	-	5'592	-
Other assets	7'219	-	10'571	-
<b>Pledged assets subject to an encumbrance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(in CHF '000)	2018	2017	Change %
<b>12 Commitments to own pension plans</b>			
Due on client deposits	46'199	47'677	(3.1)
Negative replacement value of derivative instruments	568	1'115	(49.1)
<b>Total</b>	<b>46'767</b>	<b>48'792</b>	<b>(4.2)</b>

In number of shares	2018	2017	Change %
<b>Number and type of the parent company's proprietary capital instruments held by its employee benefits institutions</b>			
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 2018 there was no employer contributions reserve.

	2017	2017	2016			2018	2017
(in CHF '000)	Funding surplus / insufficient	Entity's share		Change v. previous year	Contributions paid for 2018	Personnel welfare costs included in personnel expenses	
<b>b) Economic benefits / commitments and personnel welfare expenses</b>							
Employer funds / Employer occupational benefits institutions	-	-	-	-	-	-	-
Employee benefits plans with no surplus or deficit funding	-	-	-	-	-	-	-
Employee benefits plans with surplus funding	41'897	-	-	-	(18'426)	(18'426)	(19'467)
Employee benefits plans with deficit funding	-	-	-	-	-	-	-
Personnel welfare institutions with no proprietary assets	186	-	-	-	(6'664)	(6'664)	(3'623)
<b>Total</b>	<b>42'083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25'090)</b>	<b>(25'090)</b>	<b>(23'090)</b>

#### 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 2017 was 107.7% (101.9% as of 1 January 2017).

The Foundation believes that at end-2018 its funding ratio stood at 100%. The Foundation Council decided to pay 1% interest on active members' vested assets for 2018 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)	Weighted average interest rate	Book value	Maturity					
			within 1 year	>1 - < 2 years	>2 - < 3 years	>3 - < 4 years	>4 - < 5 years	>5 years
<b>14 Presentation of bonds and compulsory-conversion bonds outstanding</b>								
Other loans	3.5%	1'355	1'355	-	-	-	-	-
<b>Total</b>		<b>1'355</b>	<b>1'355</b>	-	-	-	-	-

The above instruments are non-subordinated and are issued by Ixsir Capital Holding S.A. and Endurance S.A.

(in CHF '000)	Situation at end-2017	Uses as designated	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 31 December 2018
<b>15 Valuation adjustments, provisions, reserves for general banking risks and changes thereto</b>								
Provisions for deferred taxes	16'952	(2'437)	-	(139)	-	12'668	(1'617)	25'427
Provisions for the Foundation's liabilities	-	-	-	-	-	-	-	-
Provisions for default risks	-	-	-	-	-	-	-	-
Provisions for other operating risks	75	-	-	-	-	-	-	75
Provisions for restructuring	618	(387)	-	-	-	3'858	(231)	3'858
Other provisions	26'953	(9'706)	40	(850)	-	12'456	(4'743)	24'151
<b>Total provisions</b>	<b>44'599</b>	<b>(12'530)</b>	<b>40</b>	<b>(989)</b>	-	<b>28'982</b>	<b>(6'591)</b>	<b>53'511</b>
<b>Reserves for general banking risks</b>	<b>241'340</b>	-	-	<b>(1)</b>	-	<b>12'544</b>	<b>(22'327)</b>	<b>231'556</b>
<b>Valuation adjustments for default and country risks</b>	<b>8'857</b>	<b>(418)</b>	-	<b>(33)</b>	<b>190</b>	<b>499</b>	<b>(1'213)</b>	<b>7'882</b>
valuation adjustments for default risks on non-performing loans	8'857	(418)	-	(33)	190	499	(1'213)	7'882
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 subject of legal and administrative proceedings, the Bank continues to fully cooperate with the judicial authorities of the States concerned in accordance with existing Luxembourg laws.

The restructuring provision includes only the costs of reconfiguring the securities back office teams in Switzerland.

(in CHF '000)	2018	2017	Change %
<b>16 Share capital</b>			
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	-
<b>Total</b>	<b>45'000</b>	<b>45'000</b>	<b>-</b>

(in CHF '000)	Average price	number of shares
<b>Own shares deducted from shareholders' equity:</b>		
<b>registered shares with a par value of CHF 100.</b>		
- number of own shares at start of year		-
- number of shares purchased during the reporting year	3	20'000
- number of shares sold during the reporting year		-
<b>- number of registered own shares at end of year</b>		<b>20'000</b>
<b>bearer shares with a par value of CHF 500.</b>		
- number of own shares at start of year		1'849
- number of shares purchased during the reporting year	17	3'600
- number of shares sold during the reporting year	18	(776)
<b>- number of bearer own shares at the end of the year</b>		<b>4'673</b>

Own shares in capital were traded at their fair value during the reporting period.  
The CHF 2.7 million loss resulting from the sale of treasury stock was debited to additional paid-in capital and other reserves.

## 17 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 are part of a profit-sharing plan. 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	
	2018	2017	2018	2017
<b>18 Due to and from allied parties</b>				
Qualifying shareholders	2'332	2'259	129'027	67'603
Affiliated companies	512'411	569'968	81'381	61'998
Affairs of governing bodies	229	-	5'515	301
Other affiliated companies	30'589	36'543	4'635	18'861
<b>Total</b>	<b>545'561</b>	<b>608'770</b>	<b>220'558</b>	<b>148'763</b>

Affiliated companies are companies in which Edmond de Rothschild Holding S.A. has a majority stake and that are not part of the Edmond de Rothschild (Suisse) S.A. Group. All transactions with affiliated parties are carried out on the usual terms. 2017 contains a reclassification of claims and liabilities.

(in CHF '000)	On demand	Redeemable	Due:				Total
			< 3 months	3 to 12 months	12 months to 5 years	> 5 years	
<b>19 Maturities of financial instruments</b>							
<b>Assets / financial instruments</b>							
Cash and other liquid assets	7'111'060	-	-	-	-	-	7'111'060
Due from banks	1'084'994	-	564'848	34'818	-	113	1'684'773
Claims arising from securities financing	-	-	611'020	-	-	-	611'020
Due from customers	-	1'263'357	582'983	739'148	232'326	2'254	2'820'068
Mortgage claims	1'363	71'150	53'780	510'339	127'299	120'340	884'271
Trading book	15'568	-	-	-	-	-	15'568
Positive replacement value of derivative instruments	77'678	-	-	-	-	-	77'678
Financial investments	604'126	-	169'721	295'575	403'039	45'419	1'517'880
<b>Total 2018</b>	<b>8'894'789</b>	<b>1'334'507</b>	<b>1'982'352</b>	<b>1'579'880</b>	<b>762'664</b>	<b>168'126</b>	<b>14'722'318</b>
<b>Total 2017</b>	<b>9'226'570</b>	<b>1'317'529</b>	<b>2'173'411</b>	<b>1'479'832</b>	<b>1'021'438</b>	<b>175'573</b>	<b>15'394'353</b>
<b>Foreign assets / financial instruments</b>							
Due to banks	826'544	-	39'970	-	927	-	867'441
Due on client deposits	10'992'061	323'279	1'106'451	97'416	-	-	12'519'207
Negative replacement value of derivative instruments	71'991	-	-	-	-	-	71'991
Mortgage bond loans	-	-	-	1'355	-	-	1'355
<b>Total 2018</b>	<b>11'890'596</b>	<b>323'279</b>	<b>1'146'421</b>	<b>98'771</b>	<b>927</b>	<b>-</b>	<b>13'459'994</b>
<b>Total 2017</b>	<b>13'372'333</b>	<b>113'263</b>	<b>746'835</b>	<b>114'252</b>	<b>395</b>	<b>-</b>	<b>14'347'078</b>

(in CHF '000)

	2018			2017		
	Switzerland	Foreign	Total	Switzerland	Foreign	Total
<b>20 Breakdown of assets and liabilities between Switzerland and other countries by domicile</b>						
<b>Assets</b>						
Cash and other liquid assets	2'281'840	4'829'220	7'111'060	2'516'771	4'767'284	7'284'055
Due from banks	587'355	1'097'418	1'684'773	984'658	936'065	1'920'723
Claims arising from securities financing	325'016	286'004	611'020	75'131	745'210	820'341
Due from customers	135'495	2'684'573	2'820'068	219'123	2'720'263	2'939'386
Mortgage claims	172'474	711'797	884'271	125'407	638'404	763'811
Trading book	704	14'864	15'568	513	13'443	13'956
Positive replacement value of derivative instruments	13'525	64'153	77'678	92'139	16'020	108'159
Financial investments	519'220	998'660	1'517'880	534'197	1'009'725	1'543'922
Accrued income and prepaid expenses	33'729	128'189	161'918	63'454	128'886	192'340
Non-consolidated holdings	1'623	4'503	6'126	24'574	52'646	77'220
Tangible assets	116'402	49'494	165'896	201'614	56'529	258'143
Intangible assets	35'863	6'510	42'373	41'796	3'675	45'471
Other assets	20'451	44'104	64'555	25'739	24'360	50'099
<b>Total assets</b>	<b>4'243'697</b>	<b>10'919'489</b>	<b>15'163'186</b>	<b>4'905'116</b>	<b>11'112'510</b>	<b>16'017'626</b>
<b>Liabilities</b>						
Due to banks	476'449	390'992	867'441	622'780	425'393	1'048'173
Due on client deposits	1'065'339	11'453'868	12'519'207	1'241'778	11'911'485	13'153'263
Negative replacement value of derivative instruments	17'931	54'060	71'991	110'084	35'558	145'642
Loans from central mortgage bond issuers	-	1'355	1'355	-	-	-
Accrued income and prepaid expenses	116'477	188'551	305'028	110'574	155'086	265'660
Other liabilities	9'095	44'323	53'418	7'537	58'054	65'591
Provisions	27'451	26'060	53'511	18'276	26'323	44'599
Reserves for general banking risks	201'318	30'238	231'556	202'041	39'299	241'340
Share capital	45'000	-	45'000	45'000	-	45'000
Additional paid-in capital	90'809	3'127	93'936	92'568	3'127	95'695
Retained earnings	656'028	283'895	939'923	657'491	289'082	946'573
Currency reserve	(21'309)	(114'923)	(136'232)	(16'642)	(98'415)	(115'057)
Own capital stakes	(151'813)	-	(151'813)	(39'008)	-	(39'008)
Minority interests in shareholders' equity	1'200	45'926	47'126	1'160	42'948	44'108
Consolidated profit	154'793	66'946	221'739	26'710	49'337	76'047
<b>Total liabilities</b>	<b>2'688'768</b>	<b>12'474'418</b>	<b>15'163'186</b>	<b>3'080'349</b>	<b>12'937'277</b>	<b>16'017'626</b>

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)	2018		2017	
	Absolute value	% share	Absolute value	% share
<b>21 Breakdown of total assets by country / group of countries (based on domicile)</b>				
<b>Assets</b>				
Switzerland	4'243'697	28,0	4'905'116	30,6
Europe excluding Switzerland	9'250'650	61,0	10'714'334	67,0
North America	338'766	2,2	29'586	0,2
South America	124'307	0,8	23'822	0,1
Asia, Pacific, Oceania	295'806	2,0	5'133	-
Caribbean	453'835	3,0	133'809	0,8
Africa Middle East	456'125	3,0	205'826	1,3
<b>Total assets</b>	<b>15'163'186</b>	<b>100,0</b>	<b>16'017'626</b>	<b>100,0</b>

(in CHF '000)	2018	
	Value	% share
<b>22 Breakdown of assets by group of countries' credit rating (based on risk domicile)</b>		
<b>Assets</b>		
1 & 2	9'425'695	96,3
3	8'479	0,1
4	138'716	1,4
5	61'742	0,6
6	44'590	0,5
7	41'062	0,4
unrated	67'715	0,7
<b>Total</b>	<b>9'787'999</b>	<b>100,0</b>

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

(in CHF '000)

CHF EUR USD Other Total

**23 Assets and liabilities by major currency****Assets**

Cash and other liquid assets	2'280'729	4'829'872	288	171	7'111'060
Due from banks	81'439	435'453	706'215	461'666	1'684'773
Claims arising from securities financing	-	169'035	323'121	118'864	611'020
Due from customers	191'410	1'829'965	633'799	164'894	2'820'068
Mortgage claims	166'759	618'122	-	99'390	884'271
Trading book	9'169	2'930	3'469	-	15'568
Positive replacement value of derivative instruments	54'628	22'981	69	-	77'678
Financial investments	112'491	499'410	443'453	462'526	1'517'880
Accrued income and prepaid expenses	32'447	99'254	8'756	21'461	161'918
Non-consolidated holdings	1'875	3'695	-	556	6'126
Tangible assets	99'021	59'295	83	7'497	165'896
Intangible assets	31'500	1'284	-	9'589	42'373
Other assets	22'079	39'983	100	2'393	64'555
<b>Total balance sheet assets 2018</b>	<b>3'083'547</b>	<b>8'611'279</b>	<b>2'119'353</b>	<b>1'349'007</b>	<b>15'163'186</b>
Delivery claims arising from spot, forward and options transactions on currencies	2'682'881	4'719'436	6'786'457	1'451'466	15'640'240
<b>Total assets 2018</b>	<b>5'766'428</b>	<b>13'330'715</b>	<b>8'905'810</b>	<b>2'800'473</b>	<b>30'803'426</b>
<b>Total assets 2017</b>	<b>6'809'718</b>	<b>13'512'262</b>	<b>11'285'026</b>	<b>2'990'830</b>	<b>34'597'836</b>

**Liabilities**

Due to banks	329'371	44'399	381'362	112'309	867'441
Due on client deposits	1'088'742	6'364'793	3'519'718	1'545'954	12'519'207
Negative replacement value of derivative instruments	39'537	30'642	1'812	-	71'991
Loans from central mortgage bond issuers	-	1'355	-	-	1'355
Accrued income and prepaid expenses	109'503	176'011	1'644	17'870	305'028
Other liabilities	12'233	37'303	949	2'933	53'418
Provisions	23'971	26'022	-	3'518	53'511
Reserves for general banking risks	201'318	30'238	-	-	231'556
Share capital	45'000	-	-	-	45'000
Additional paid-in capital	92'973	963	-	-	93'936
Retained earnings	678'836	182'915	134	78'038	939'923
Currency reserve	(20'338)	(106'442)	(321)	(9'131)	(136'232)
Own capital stakes	(151'813)	-	-	-	(151'813)
Minority interests in shareholders' equity	1'984	44'811	-	331	47'126
Consolidated profit	173'802	53'021	470	(5'554)	221'739
<b>Total balance sheet liabilities 2018</b>	<b>2'625'119</b>	<b>6'886'031</b>	<b>3'905'768</b>	<b>1'746'268</b>	<b>15'163'186</b>
Delivery commitments arising from spot, forward and options transactions on currencies	3'300'332	6'155'035	5'144'168	1'040'705	15'640'240
<b>Total liabilities 2018</b>	<b>5'925'451</b>	<b>13'041'066</b>	<b>9'049'936</b>	<b>2'786'973</b>	<b>30'803'426</b>
<b>Net position per currency</b>	<b>(159'023)</b>	<b>289'649</b>	<b>(144'126)</b>	<b>13'500</b>	<b>-</b>
<b>Total liabilities 2017</b>	<b>6'919'780</b>	<b>13'344'039</b>	<b>11'291'718</b>	<b>3'042'299</b>	<b>34'597'836</b>



(in CHF '000)	2018	2017	Change %
<b>24 Claims and contingent liabilities</b>			
Commitments to cover credit facilities and similar liabilities	178'047	103'944	71,3
Benefit guarantees and similar liabilities	2'898	114'447	(97.5)
<b>Total contingent liabilities</b>	<b>180'945</b>	<b>218'391</b>	<b>(17.1)</b>
<b>Total contingent claims</b>	<b>-</b>	<b>-</b>	

For guarantee commitments made on behalf of the Parent company's governing bodies, see Pay report.

These commitments are reported in "Off-balance sheet transactions" at their face value. For foreseeable risks, the Group allocates provisions in its balance-sheet liabilities if need be.

(in CHF '000)	2018	2017	Change %
<b>25 Guarantees</b>			
<b>Total</b>	<b>-</b>	<b>-</b>	

(in CHF '000)	2018	2017	Change %
<b>26 Breakdown of fiduciary transactions</b>			
Fiduciary deposits with other companies	3'847'819	2'889'017	33,2
Fiduciary deposits held with Group companies and allied companies	570'481	589'533	(3.2)
Fiduciary transactions relating to securities lending / borrowing in which the Bank acts in its own name on behalf of clients	30'818	32'471	(5.1)
<b>Total</b>	<b>4'449'118</b>	<b>3'511'021</b>	<b>26,7</b>

(in CHF '000)

2018

2017

Change %

**27 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	27'992'240	31'109'452	(10.0)
Assets under discretionary management	31'586'455	34'848'001	(9.4)
Other assets under management	68'041'402	71'491'004	(4.8)
<b>Total assets under management (includes double reporting)</b>	<b>127'620'097</b>	<b>137'448'457</b>	<b>(7.2)</b>
<i>double reporting</i>	<i>6'910'019</i>	<i>6'827'482</i>	<i>1,2</i>

**b) Change in total administered assets**

<b>Total initial assets under management (includes double reporting)</b>	<b>137'448'457</b>	<b>118'137'617</b>	<b>16,3</b>
<i>+/- net inflow/outflow of fresh funds</i>	<i>(4'040'220)</i>	<i>(2'398'337)</i>	<i>85,6</i>
<i>+/- price changes, interest, dividends and currency effects</i>	<i>(7'273'964)</i>	<i>11'378'027</i>	<i>-</i>
<i>+/- other effects</i>	<i>1'485'824</i>	<i>10'331'150</i>	<i>(85,6)</i>
<b>Total final assets under management (includes double reporting)</b>	<b>127'620'097</b>	<b>137'448'457</b>	<b>(7.2)</b>

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 include only consolidation scope change effects including, in 2018, the acquisition of the Cording Real Estate S.A. Group and, in 2017, the acquisition of Edmond de Rothschild Asset Management (Suisse) S.A.

(in CHF '000)

2018

2017

Change %

**28 Results of trading operations and statements of fair value**

**a) Breakdown by sector**

Trading operations with private clients	40'896	58'246	(29.8)
Trading operations for own account	18'371	31'168	(41.1)
<b>Total results of trading operations</b>	<b>59'267</b>	<b>89'414</b>	<b>(33.7)</b>

**b) Breakdown by type of underlying and results of use of the fair-value option**

**Results of trading operations involving:**

Rate instruments (including funds)	473	(2'077)	(122.8)
Equity instruments (including funds)	5'773	12'753	(54.7)
Foreign currencies	52'509	77'769	(32.5)
Commodities / precious metals	173	297	(41.8)
Other trading operations	339	672	(49.6)
<b>Total results of trading operations</b>	<b>59'267</b>	<b>89'414</b>	<b>(33.7)</b>
<i>arising from the fair-value option</i>	-	-	-

(in CHF '000)

2018

2017

Change %

**29 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**

	2018	2017	Change %
Negative interest on asset-side transactions (reducing interest and discount income)	(37'347)	(32'202)	16,0
Negative interest on liability-side transactions (reducing interest charges)	8'778	12'218	(28,2)

(in CHF '000)

2018

2017

Change %

**30 Personnel expenses**

	2018	2017	Change %
Salaries	(308'455)	(285'534)	8,0
<i>expenses relating to variable remuneration</i>	(73'138)	(58'374)	25,3
Employee benefits:			
<i>statutory social security contributions</i>	(31'931)	(30'205)	5,7
<i>contributions to pension funds</i>	(25'090)	(23'090)	8,7
Other personnel expenses	(18'194)	(12'857)	41,5
<b>Total</b>	<b>(383'670)</b>	<b>(351'686)</b>	<b>9,1</b>

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

(in CHF '000)	2018	2017	Change %
<b>31 Other operating expenses</b>			
Cost of premises	(28'112)	(25'231)	11,4
IT and communications expenses	(59'139)	(50'585)	16,9
Expenses relating to vehicles, machines, furniture, other facilities and operational leasing	(1'397)	(1'115)	25,3
Auditors' fees	(5'844)	(4'959)	17,8
- including for financial and prudential auditing services	(4'306)	(3'267)	31,8
- including for other services	(1,538)	(1'692)	(9.1)
Other operating expenses	(96'379)	(96'848)	(0.5)
<b>Total</b>	<b>(190'871)</b>	<b>(178'738)</b>	<b>6,8</b>

(in CHF '000)	2018	2017	Change %
<b>32 Changes to provisions, other value adjustments and losses</b>			
<b>Total</b>	<b>(15'887)</b>	<b>(1'010)</b>	<b>1'473,0</b>

Changes in provisions and other value adjustments and losses result from provisions for legal risks, operating losses and trade discounts.

(in CHF '000)	2018	2017	Change %
<b>33 Extraordinary income and expenses, releases from reserves for general banking risks</b>			
Extraordinary income	209'716	9'021	2'224,8
Extraordinary expenses	(517)	(2'672)	(80.7)
Changes to reserves for general banking risks	9'783	7'521	30,1

In 2018, the extraordinary income resulted from a sale and lease-back operation on the Edmond de Rothschild (Suisse) property portfolio for CHF 80.6 million, capital gains from disposals of Rothschild & CO, Rothschild Holding AG and RIT Capital Partners holdings for CHF 126.3 million and a release of tax expense (no longer necessary) of CHF 2.4 million. Extraordinary expenses contain capital losses on disposal of investments and tangible assets for CHF 0.5 million.

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).

(in CHF '000)	2018	2017	Change %
<b>34 Value adjustments on holdings and write-downs on fixed and intangible assets</b>			
Non-consolidated holdings	(2)	-	-
Tangible assets			
- land and buildings	(1'092)	(3'807)	(71.3)
- software bought separately or developed in-house	(22'777)	(15'704)	45,0
- office furniture, machines and equipment	(8'338)	(10'990)	(24.1)
Intangible assets	(9'659)	(8'743)	10,5
<b>Total</b>	<b>(41'868)</b>	<b>(39'244)</b>	<b>6,7</b>

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

		2018			2017		
(in CHF '000)		Switzerland	Foreign	Total	Switzerland	Foreign	Total
<b>35</b>	<b>Breakdown of operating profit between Switzerland and other countries based on the domicile of business operations</b>						
	Interest and discount income	25'226	72'129	97'355	21'380	56'217	77'597
	Interest and dividend income on trading operations	191	16	207	8	4	12
	Interest and dividend income on financial investments	14'361	2'954	17'315	12'278	(150)	12'128
	Interest payable	4'903	(20'468)	(15'565)	4'896	(18'690)	(13'794)
	<b>Interest income, net</b>	<b>44'681</b>	<b>54'631</b>	<b>99'312</b>	<b>38'562</b>	<b>37'381</b>	<b>75'943</b>
	Changes in valuation adjustments for default risks and losses in interest-related business	(3)	115	112	(50)	17	(33)
	<b>Interest income, net</b>	<b>44'678</b>	<b>54'746</b>	<b>99'424</b>	<b>38'512</b>	<b>37'398</b>	<b>75'910</b>
	Commission income on securities and investment activities	238'284	427'303	665'587	229'163	412'015	641'178
	Commission income on lending activities	1'417	317	1'734	1'224	227	1'451
	Commission income on other services	4'155	14'981	19'136	3'416	7'922	11'338
	Commissions payable	(34'316)	(161'848)	(196'164)	(28'226)	(170'706)	(198'932)
	<b>Fee and commission income, net</b>	<b>209'540</b>	<b>280'753</b>	<b>490'293</b>	<b>205'577</b>	<b>249'458</b>	<b>455'035</b>
	Results of trading operations and statements of fair value	44'888	14'379	59'267	63'229	26'185	89'414
	Proceeds from the sale of financial investments	22'059	974	23'033	1'161	1'044	2'205
	Income from holdings	7'426	5'048	12'474	15'369	6'332	21'701
	<i>holdings reported using the equity method</i>	2'598	3'518	6'116	10'222	3'245	13'467
	<i>other non-consolidated holdings</i>	4'828	1'530	6'358	5'147	3'087	8'234
	Proceeds from real estate	83	38	121	692	76	768
	Other ordinary income	9'187	3'608	12'795	9'169	8'157	17'326
	Other ordinary expenses	(1'122)	(1'847)	(2'969)	(807)	(2'749)	(3'556)
	<b>Other ordinary results</b>	<b>37'633</b>	<b>7'821</b>	<b>45'454</b>	<b>25'584</b>	<b>12'860</b>	<b>38'444</b>
	Personnel expenses	(220'968)	(162'702)	(383'670)	(210'389)	(141'297)	(351'686)
	Other operating expenses	(95'537)	(95'334)	(190'871)	(87'512)	(91'226)	(178'738)
	<b>Operating expenses</b>	<b>(316'505)</b>	<b>(258'036)</b>	<b>(574'541)</b>	<b>(297'901)</b>	<b>(232'523)</b>	<b>(530'424)</b>
	Value adjustments on holdings and write-downs on fixed and intangible assets	(21'787)	(20'081)	(41'868)	(21'458)	(17'786)	(39'244)
	Changes to provisions, other value adjustments and losses	(3'082)	(12'805)	(15'887)	(2'280)	1'270	(1'010)
	<b>Operating income</b>	<b>(4'635)</b>	<b>66'777</b>	<b>62'142</b>	<b>11'263</b>	<b>76'862</b>	<b>88'125</b>
	Extraordinary income	205'927	3'789	209'716	1'961	7'060	9'021
	Extraordinary expenses	(439)	(78)	(517)	(2'667)	(5)	(2'672)
	Changes to reserves for general banking risks	723	9'060	9'783	3'907	3'614	7'521
	Taxes	(46'783)	(12'602)	(59'385)	(8'318)	(17'630)	(25'948)
	<b>Consolidated profit</b>	<b>154'793</b>	<b>66'946</b>	<b>221'739</b>	<b>6'146</b>	<b>69'901</b>	<b>76'047</b>

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

(in CHF '000)	2018	2017	Change %
<b>36 Current and deferred taxes</b>			
Current taxes	(48'334)	(28'626)	68,8
Deferred taxes	(11'051)	2'678	(512.7)
<b>Total</b>	<b>(59'385)</b>	<b>(25'948)</b>	<b>128,9</b>
Average tax rate	(95.6)%	(29.4)%	(66.1)

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 15.

	2018	2017
<b>37 Earnings per share</b>		
Group earnings after deduction of portion due to minority interests (in thousands of CHF)	204'690	63'004
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)	81'327	88'151
Earnings per bearer share CHF	2'516,88	714,73
Earnings per registered share CHF	503,38	142,95

# Financial report

89	Key figures
90	Report of the Board of Directors
95	Report of the Statutory Auditor
100	Balance sheet
102	Profit and loss account
103	Statement of changes in equity
104	Notes to the financial statements



# Key figures

of Edmond de Rothschild (Suisse) SA, Geneva

	2018	2017	Change	Change %
<b>Profit and loss account (in CHF '000)</b>				
Interest income, net	43'363	36'955	6'408	17,3
Fee and commission income, net	179'976	199'561	(19'585)	(9,8)
Results of trading operations and statements of fair value	44'527	60'808	(16'281)	(26,8)
Operating expenses (personnel costs and overheads)	(288'469)	(287'918)	(551)	0,2
Operating income	61'795	57'970	3'825	6,6
<b>Net income</b>	<b>239'719</b>	<b>58'193</b>	<b>181'526</b>	<b>311,9</b>
<b>Profitability</b>				
% return on equity (net profit / average shareholders' equity after profit appropriation)	36,0	8,1	-	-
% return on assets (net income/average assets)	3,2	0,7	-	-
<b>Shares (in CHF)</b>				
Dividend (in thousands of CHF)	220'050	75'150	-	-
Dividend (% of share capital)	489	167	-	-
Stock market capitalisation (in thousands of CHF)	1'350'000	1'665'000	-	-

	2018	2017	Change	Change %
<b>Balance sheet (in CHF '000)</b>				
Due from banks	982'943	1'116'683	(133'740)	(12,0)
Due from customers	1'306'312	1'375'670	(69'358)	(5,0)
Due to banks	1'138'219	1'235'504	(97'285)	(7,9)
Due on client deposits	4'933'190	5'540'766	(607'576)	(11,0)
<b>Shareholders' equity</b>	<b>847'558</b>	<b>780'884</b>	<b>66'674</b>	<b>8,5</b>
Balance sheet total	7'260'359	7'940'117	(679'758)	(8,6)
<b>Assets under management (in millions of CHF)</b>				
Total assets under management (includes double reporting)	31'572	45'850	(14'278)	(31,1)
<i>double reporting</i>	3'257	4'354	(1'096)	(25,2)
<i>+/- net inflow/outflow of fresh funds</i>	(2'505)	(3'042)	537	(17,6)
<b>Group personnel (number of employees)</b>				
Average number of employees	771	814	(43)	(5,3)
Total number of employees at year-end	772	794	(22)	(2,8)
Number of employees at year-end, converted into full-time jobs	753	772	(19)	(2,5)

# Report of the Board of Directors

to the shareholders on the accounts of Edmond de Rothschild (Suisse) SA at the ordinary general meeting on 26 April 2019

## Balance sheet review

On the assets side, cash and other liquid assets totalled CHF 2.3 billion, down CHF 236.7 million compared with 2017.

Funds due from banks were down CHF 133.7 million at CHF 982.9 million.

Claims arising from securities financing operations totalled CHF 325.0 million, down CHF 62.4 million compared with 2017.

Amounts due from customers totalled CHF 1.3 billion, down 5.0% from 2017. They accounted for 18.0% of the balance sheet total.

Mortgage claims increased by CHF 61.0 million, i.e. by 17.3% from the previous year.

Positive replacement values of derivative instruments totalled CHF 79.0 million, down by CHF 40.6 million due to the changes in replacement value of open currency positions.

Financial investments stood at CHF 1.5 billion, down by CHF 28.1 million compared with the previous year.

Long-term holdings amounted to CHF 234.7 million, as against CHF 303.2 million in 2017.

Fixed assets came to CHF 96.5 million, down by CHF 84.3 million.

As of 31 December 2018, the balance-sheet total stood at CHF 7.3 billion, down by CHF 679.8 million from the previous year. Edmond de Rothschild (Suisse) SA has a particularly healthy, liquid balance-sheet and can therefore face future developments confidently.

On the liabilities side, funds due to banks were down CHF 97.3 million at CHF 1.1 billion.

As of 31 December 2018, client deposits totalled CHF 4.9 billion compared with 5.5 billion in 2017. They accounted for 67.9 % of the balance sheet total.

Negative replacement values of derivative instruments totalled CHF 71.5 million, down 46.8%.

"Provisions" fell by CHF 5.8 million to CHF 156.2 million.

Reserves for general banking risks were up to CHF 59.9 million.

Following appropriation of net income, shareholders' equity will amount to CHF 627.5 million, or 8.6 % of the balance sheet total.

The return on equity was 36.0% in 2018. Applying the BIS rules under Basel III, required shareholders' equity totalled CHF 142.1 million while eligible capital came to CHF 472.5 million. The BIS ratio stood at 26.6 %.

## Roundup of results

The Bank's net profit at 31 December 2018 came to CHF 239.7 million, an increase of 311.9% compared with the previous year.

### Revenue

Net interest income increased by 17.3% compared with the previous year, totalling CHF 43.4 million.

Income from services fees and commissions was down at CHF 180 million compared with CHF 199.6 million in 2017.

Results of trading operations and statements of fair value came to CHF 44.5 million, compared with CHF 60.8 million the previous year.

Other ordinary results increased 60.4% to CHF 113.8 million.

### Expenses

Operating expenses totalled CHF 288.5 million, up 0.2% on the 2017 level. Personnel expenses decreased by 1.5%. Other operating expenses were up 4.1%.

Valuation adjustments on holdings and write-downs on fixed assets and securities totalled CHF 28.8 million, up CHF 8.7 million from the previous year. Allocations to provisions amounted to CHF 4.8 million, with a release of provisions of CHF 7.5 million.

Taxes due in 2018 are estimated at CHF 31.2 million, up 413.5% on the year-earlier figure.

## Approval of the financial statements

We hereby submit the financial statements for fiscal year 2018 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 2018	CHF	239,719,468
Net income brought forward from previous year	CHF	62,755,813
<b>available balance of</b>	<b>CHF</b>	<b>302'475'281</b>

which we propose to appropriate as follows:

Payment of a 489 % ordinary dividend on 200,000 registered shares with a par value of CHF 100.- CHF 20,000,000 at 489 %	CHF	97,800,000
50,000 bearer shares with a par value of CHF 500 CHF 25,000,000 at 489 %	CHF	122'250'000
<b>Total ordinary dividend</b>	<b>CHF</b>	<b>220'050'000</b>
Allocation to statutory reserve	CHF	None
Allocation to other reserves	CHF	None
Net income carried forward	CHF	82,425,281
<b>Total</b>	<b>CHF</b>	<b>302'475'281</b>

Subject to your acceptance of our proposal, the dividend will be made payable on Coupon No. 32 from 26 April 2019 at all the domestic counters of UBS, Credit Suisse, Rothschild Bank AG and Edmond de Rothschild (Suisse) S.A., at the rate of CHF 489 per registered share with a par value of CHF 100 and CHF 2,445 per bearer share with a par value of CHF 500, less 35% withholding tax.

Shareholders' equity after distribution will amount to CHF 627,507,877, representing 8.6% 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 1 April 2019 edition of the FOSC.

Finally, we propose that for 2019 PricewaterhouseCoopers SA be re-appointed as the Independent Auditors of the Bank and the Group.

## Outlook for 2019

Despite this uncertain environment, some indicators remain encouraging. Our economic research team believes that global growth could be supported by several factors, first and foremost by China's stimulus package. The US economy is expected to benefit from dynamic consumption, lower oil prices, and the structural impact of Donald Trump's tax reform. In Europe, the absence of national elections in most major countries should avert an additional political risk. Lastly, central banks are expected to be "patient" and attentive to market volatility and deteriorating economic conditions. The business outlook may therefore even exceed investor expectations.

We intend to accelerate the deployment of our strategy and the development of our activities. All these undertaken and initiated projects respond to the same strategy of differentiation and adaptation in a changing industry.

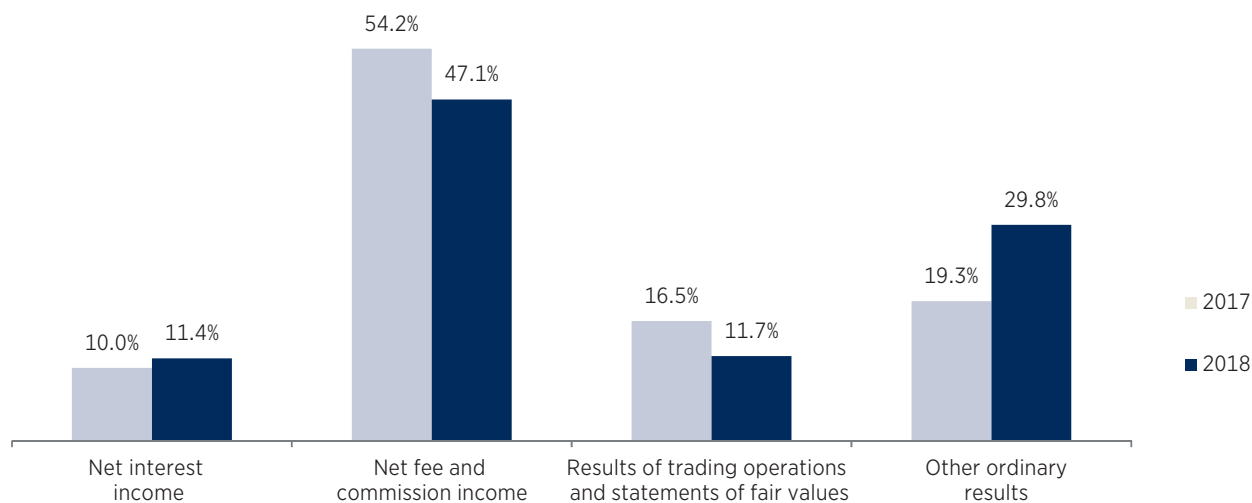
Its family ownership structure and the strength of our balance sheet remain major assets in bringing us the stability needed for these changes. The pursuit excellence, human values and a long-term vision rooted in socially responsible capitalism enable us to rise to the challenges that 2019 will bring 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.com/site/Suisse/en/private-banking/investor-relations/general-information](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

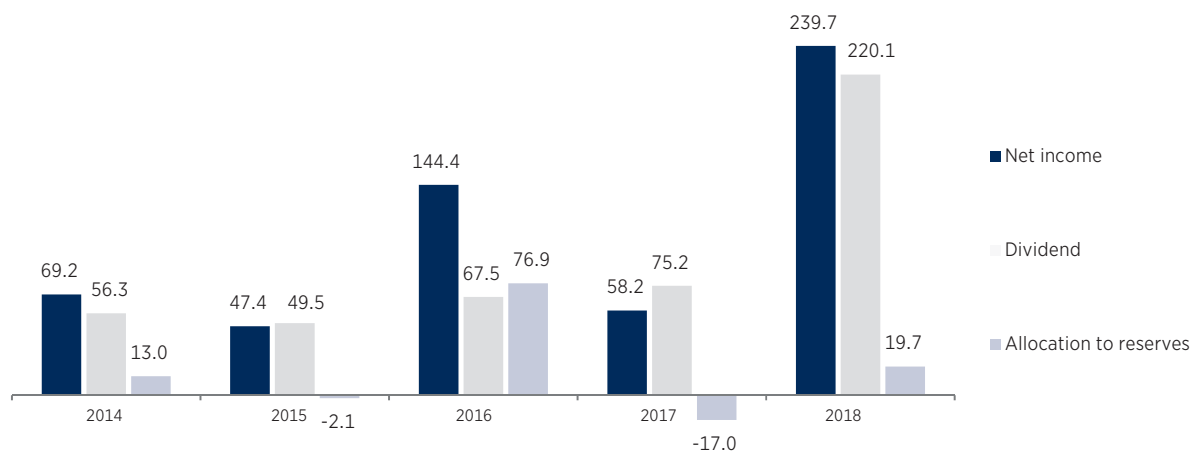
## Breakdown of revenues

(% of total)



## Allocation of profit

(in millions of CHF)





## **Report of the statutory auditor to the General Meeting of Edmond de Rothschild (Suisse) S.A. - Geneva on the 2018 annual 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 2018, and the notes, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 100 to 120) comply with Swiss law and the company's articles of incorporation.

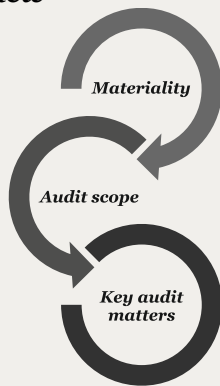
### **Basis for opinion**

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 3,150,000
- 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 3,150,000
<i>How we determined it</i>	5% of the operating income (rounded). We then deducted the non-recurring expenses, which are not linked to the operational business of the Bank.
<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 157,500 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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**

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
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.	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.





Key audit matter	How our audit addressed the key audit matter
<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>The situation concerning the provisions relating to client claims and legal and tax proceedings is described in note 10, page 112, of the financial statements.</p>	<p>We performed the following specified audit procedures:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- We discussed these assessments with the Board of Directors, the Audit and Risk Committee and the Finance &amp; Administration department as well as with the Bank's internal Legal function.</li> <li>- We examined whether the methods used to prepare the accounting estimates were consistently applied.</li> <li>- 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.</li> </ul>

***Responsibilities of the Board of Directors for the annual 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 92) 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

**Julien Baer**  
Audit Expert

Geneva, 21 March 2019

Appendices: • Annual financial statements (balance sheet, profit and loss account, statement of equity and notes)  
• Proposed appropriation of available earnings

# Balance sheet

before profit appropriation as of 31 December 2018 (in thousands of CHF)

	Notes	2018	2017	Change	Change %
<b>Assets</b>					
Cash and other liquid assets		2'282'299	2'518'992	(236'693)	(9.4)
Due from banks		982'943	1'116'683	(133'740)	(12.0)
Claims arising from securities financing	1	325'016	387'367	(62'351)	(16.1)
Due from customers	2	1'306'312	1'375'670	(69'358)	(5.0)
Mortgage claims	2	414'792	353'765	61'027	17.3
Trading book	3	671	47	624	-
Positive replacement value of derivative instruments	4	79'010	119'618	(40'608)	(33.9)
Financial investments	5	1'463'992	1'492'107	(28'115)	(1.9)
Accrued income and prepaid expenses		57'477	72'024	(14'547)	(20.2)
Holdings		234'707	303'195	(68'488)	(22.6)
Tangible assets		96'514	180'846	(84'332)	(46.6)
Intangible assets		-	913	(913)	(100.0)
Other assets	6,7	16'626	18'890	(2'264)	(12.0)
<b>Total assets</b>		<b>7'260'359</b>	<b>7'940'117</b>	<b>(679'758)</b>	<b>(8.6)</b>
Total subordinated claims		3'383	12'391	(9'008)	(72.7)
<i>with an obligation to convert and/or abandon the right</i>		-	-	-	-

# Balance sheet

before profit appropriation as of 31 December 2018 (in thousands of CHF)

	Notes	2018	2017	Change	Change %
<b>Liabilities</b>					
Due to banks		1'138'219	1'235'504	(97'285)	(7.9)
Due on client deposits		4'933'190	5'540'766	(607'576)	(11.0)
Negative replacement value of derivative instruments	4	71'457	134'345	(62'888)	(46.8)
Accrued income and prepaid expenses		107'809	80'647	27'162	33,7
Other liabilities	6	5'925	6'000	(75)	(1.3)
Provisions	10	156'201	161'971	(5'770)	(3.6)
Reserves for general banking risks		59'933	43'263	16'670	38,5
Share capital	11	45'000	45'000	-	-
Additional legal paid-in capital		45'362	45'362	-	-
Statutory reserve taken from earnings		129'639	131'398	(1'759)	(1.3)
Optional reserves taken from earnings		416'962	416'962	-	-
Own capital stakes		(151'813)	(39'008)	(112'805)	289,2
Net profit brought forward		62'756	79'714	(16'958)	(21.3)
Net income		239'719	58'193	181'526	311,9
<i>Total shareholders' equity before profit appropriation</i>		<i>847'558</i>	<i>780'884</i>	<i>66'674</i>	<i>8,5</i>
<b>Total liabilities</b>		<b>7'260'359</b>	<b>7'940'117</b>	<b>(679'758)</b>	<b>(8.6)</b>
Total subordinated liabilities		-	-	-	-
<i>with an obligation to convert and/or abandon the right</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

## Off-balance sheet transactions

Contingent liabilities	2	150'747	156'574	(5'827)	(3.7)
Irrevocable liabilities	2	16'468	10'008	6'460	64,5
Liabilities to release/make additional payments		139'603	68'901	70'702	102,6

# Consolidated profit and loss account

for the year ended 31 December 2018 (in thousands of CHF)

	Notes	2018	2017	Change	Change %
Interest and discount income		26'166	22'389	3'777	16,9
Interest and dividend income on trading portfolios		191	8	183	2'287,5
Interest and dividend income on financial investments		14'351	12'260	2'091	17,1
Interest payable		2'658	2'348	310	13,2
<b>Interest income, gross</b>		<b>43'366</b>	<b>37'005</b>	<b>6'361</b>	<b>17,2</b>
Changes in valuation adjustments for default risks and losses in interest-related business		(3)	(50)	47	(94,0)
<b>Interest income, net</b>		<b>43'363</b>	<b>36'955</b>	<b>6'408</b>	<b>17,3</b>
Commission income on securities and investment activities		207'215	223'345	(16'130)	(7,2)
Commission income on lending activities		1'417	1'224	193	15,8
Commission income on other services		2'222	2'628	(406)	(15,4)
Commissions payable		(30'878)	(27'636)	(3'242)	11,7
<b>Fee and commission income, net</b>		<b>179'976</b>	<b>199'561</b>	<b>(19'585)</b>	<b>(9,8)</b>
<b>Results of trading operations and statements of fair value</b>	20	<b>44'527</b>	<b>60'808</b>	<b>(16'281)</b>	<b>(26,8)</b>
Proceeds from the sale of financial investments		22'071	1'057	21'014	1'988,1
Income from holdings		80'040	57'374	22'666	39,5
Proceeds from real estate		458	692	(234)	(33,8)
Other ordinary income		12'350	12'672	(322)	(2,5)
Other ordinary expenses		(1'075)	(801)	(274)	34,2
<b>Other ordinary results</b>		<b>113'844</b>	<b>70'994</b>	<b>42'850</b>	<b>60,4</b>
Personnel expenses	22	(198'778)	(201'743)	2'965	(1,5)
Other operating expenses	23	(89'691)	(86'175)	(3'516)	4,1
<b>Operating expenses</b>		<b>(288'469)</b>	<b>(287'918)</b>	<b>(551)</b>	<b>0,2</b>
Value adjustments on holdings and write-downs on fixed and intangible assets	26	(28'805)	(20'151)	(8'654)	42,9
Changes to provisions, other value adjustments and losses	24	(2'641)	(2'279)	(362)	15,9
<b>Operating profit</b>		<b>61'795</b>	<b>57'970</b>	<b>3'825</b>	<b>6,6</b>
Extraordinary income	25	226'014	1'961	224'053	-
Extraordinary expenses	25	(245)	(876)	631	(72,0)
Changes to reserves for general banking risks	25	(16'670)	5'209	(21'879)	-
Taxes	27	(31'175)	(6'071)	(25'104)	413,5
<b>Net income</b>		<b>239'719</b>	<b>58'193</b>	<b>181'526</b>	<b>311,9</b>

# Statement of changes in equity

As of 31 December 2018 (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
<b>Shareholders' equity at 1 January 2018</b>	<b>45'000</b>	<b>45'362</b>	<b>131'398</b>	<b>43'263</b>	<b>496'676</b>	<b>(39'008)</b>	<b>58'193</b>	<b>780'884</b>
Other contributions / injections	-	-	923	-	-	-	-	923
Purchase of own capital stakes	-	-	-	-	-	(129'200)	-	(129'200)
Sale of own capital stakes	-	-	-	-	-	16'395	-	16'395
Impact of subsequent valuation of own capital stakes	-	-	-	-	-	-	-	-
Profit / (loss) on sale of own capital stakes	-	-	(2'682)	-	-	-	-	(2'682)
Dividends and other distributions	-	-	-	-	-	-	(75'150)	(75'150)
Allocations to/releases from reserves for general banking risks	-	-	-	16'670	-	-	-	16'670
Other allocations / (releases) affecting other reserves	-	-	-	-	(16'958)	-	16'958	-
Net income	-	-	-	-	-	-	239'719	239'719
<b>Shareholders' equity at 31 December 2018</b>	<b>45'000</b>	<b>45'362</b>	<b>129'639</b>	<b>59'933</b>	<b>479'718</b>	<b>(151'813)</b>	<b>239'719</b>	<b>847'558</b>

# 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) S.A. stood at 753 at the end of the year versus 772 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

There were no changes to the valuation and presentation principles for the 2018 financial year.

## 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

On 13 March 2019, the Benjamin de Rothschild family announced its intention to increase the ownership of Edmond de Rothschild Holding S.A. in the capital of Edmond de Rothschild (Suisse) S.A. to 100%. The aim of this plan is to make Edmond de Rothschild (Suisse) S.A. the head of the banking activities of the Edmond de Rothschild Group, in particular by transferring the Edmond de Rothschild (France) stake from Edmond de Rothschild S.A. to Edmond de Rothschild (Suisse) S.A. and delisting Edmond de Rothschild (Suisse) S.A. from the Zurich stock exchange (SIX Swiss Exchange).

In addition, the Board of Directors noted the departure of Emmanuel Fiévet, previously Chief Executive Officer of Edmond de Rothschild (Suisse) S.A., replaced in this position by Vincent Taupin, with Cynthia Tobiano being appointed Deputy Chief Executive Officer.

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 2018 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)

2018

2017

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	325'016	387'367
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	334'159	399'157
- including securities which were pledged	1'904	-
- including securities which were sold	-	-

## Schedule of collateral

(in CHF '000)

Mortgage collateral Other collateral Mortgage collateral Total

2 Coverage of off-balance sheet claims and transactions and non-performing loans				
<b>Loans (prior to set-off with valuation adjustments)</b>				
<b>Due from customers</b>	202	1'218'719	89'346	1'308'267
Mortgage loans				
- residential property	413'051	-	80	413'131
- commercial property	1'661	-	-	1'661
<b>Total loans (prior to set-off with valuation adjustments)</b>				
<b>Total 2018</b>	<b>414'914</b>	<b>1'218'719</b>	<b>89'426</b>	<b>1'723'059</b>
<b>Total 2017</b>	<b>336'199</b>	<b>1'303'324</b>	<b>91'864</b>	<b>1'731'387</b>
<b>Total loans (after set-off with valuation adjustments)</b>				
<b>Total 2018</b>	<b>414'914</b>	<b>1'218'719</b>	<b>87'471</b>	<b>1'721'104</b>
<b>Total 2017</b>	<b>336'199</b>	<b>1'303'324</b>	<b>89'912</b>	<b>1'729'435</b>
<b>Off-balance sheet</b>				
Contingent liabilities	-	150'747	-	150'747
Irrevocable liabilities	-	-	16'468	16'468
Liabilities to release/make additional payments	-	139'603	-	139'603
Guarantees	-	-	-	-
<b>Total 2018</b>	<b>-</b>	<b>290'350</b>	<b>16'468</b>	<b>306'818</b>
<b>Total 2017</b>	<b>-</b>	<b>225'475</b>	<b>10'008</b>	<b>235'483</b>

(in CHF '000)

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

Delinquent claims				
<b>Total 2018</b>	<b>17'036</b>	<b>14'714</b>	<b>2'322</b>	<b>1'955</b>
<b>Total 2017</b>	<b>16'075</b>	<b>14'123</b>	<b>1'952</b>	<b>1'952</b>

The increase in the gross amount of delinquent claims is due to several cases of interest and/or instalments unpaid 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.

(in CHF '000)

2018

2017

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

<b>Assets</b>		
<b>Trading book</b>		
Debt securities, money market paper/transactions	230	-
<i>listed</i>	230	-
Equity securities	441	47
<b>Other financial instruments reported at their fair value</b>	-	-
Other	-	-
<b>Total assets</b>	<b>671</b>	<b>47</b>
<i>drawn up using a valuation model</i>	-	-
<i>securities eligible for repo agreements under liquidity regulations</i>	-	-

(in CHF '000)	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Volume of contracts	Negative replacement values	Negative replacement values	Volume of contracts
<b>4 Derivative instruments (assets and liabilities)</b>						
<b>Interest rate instruments</b>						
Forward contracts including FRAs	-	-	-	-	-	-
Swaps	523	971	81'082	834	3'375	383'757
Futures	-	-	-	-	-	-
OTC options	117	117	429'479	-	-	-
Traded options	-	-	-	-	-	-
<b>Currencies / precious metals</b>						
Forward contracts	64'386	53'844	15'461'970	-	-	-
Combined interest and currency swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
OTC options	10'877	10'877	1'009'079	-	-	-
Traded options	-	-	-	-	-	-
<b>Equity index products</b>						
Forward contracts	-	-	-	-	-	-
Futures	-	-	-	-	-	-
OTC options	2'273	2'273	174'718	-	-	-
Traded options	-	-	-	-	-	-
<b>Credit derivatives</b>						
Credit default swaps	-	-	-	-	-	-
Total return swaps	-	-	-	-	-	-
First-to-default swaps	-	-	-	-	-	-
Other credit derivatives	-	-	-	-	-	-
<b>Other</b>						
Forward contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
OTC options	-	-	-	-	-	-
Traded options	-	-	-	-	-	-
<b>Total before taking account of netting agreements</b>						
<b>2018</b>	<b>78'176</b>	<b>68'082</b>	<b>17'156'328</b>	<b>834</b>	<b>3'375</b>	<b>383'757</b>
<i>drawn up using a valuation model</i>	<i>78'176</i>	<i>68'082</i>	<i>17'156'328</i>	<i>834</i>	<i>3'375</i>	<i>383'757</i>
<b>2017</b>	<b>118'066</b>	<b>132'469</b>	<b>18'142'475</b>	<b>1'552</b>	<b>1'876</b>	<b>290'959</b>
<i>drawn up using a valuation model</i>	<i>118'066</i>	<i>132'469</i>	<i>18'142'475</i>	<i>1'552</i>	<i>1'876</i>	<i>290'959</i>
				Positive replacement values (accumulated)	Negative replacement values (accumulated)	
<b>Total after taking account of netting agreements</b>						
<b>2018</b>				<b>79'010</b>	<b>71'457</b>	
<b>2017</b>				<b>119'618</b>	<b>134'345</b>	
<b>Breakdown by counterparty</b>						
			Central clearing counterparties	Banks and brokers	Other clients	
<b>Positive replacement values (after taking account of netting agreements)</b>			<b>-</b>	<b>61'148</b>	<b>17'862</b>	

(in CHF '000)	2018	2017	2018	2017
	Book value		Fair value	
<b>5 Breakdown of financial investments (in thousands of CHF)</b>				
Debt instruments	913'754	964'414	913'247	970'681
<i>intended to be held to maturity</i>	879'177	898'945	878'104	903'886
<i>not intended to be held to maturity (available for resale)</i>	34'577	65'469	35'143	66'795
Equity securities	87'852	90'468	98'869	96'561
<i>qualifying equity stakes (min. 10% of capital or votes)</i>	-	-	-	-
Precious metals	462'386	437'225	462'386	437'225
Buildings	-	-	-	-
<b>Total</b>	<b>1'463'992</b>	<b>1'492'107</b>	<b>1'474'502</b>	<b>1'504'467</b>
<i>securities eligible for repo agreements under liquidity regulations</i>	83'104	89'663		

(in CHF '000)	From AAA AA-	From A+ A-	From BBB+ BBB-	From BB+ B-	Below B-	No rating
Breakdown of counterparties by credit rating						
Book value of debt instruments	264'691	189'968	365'692	59'326	2'829	31'248

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

(in CHF '000)	Other assets		Other liabilities	
	2018	2017	2018	2017
<b>6 Breakdown of "Other assets" and "Other liabilities"</b>				
Set-off account	2'541	324	-	-
Direct taxes (withholding tax, stamp duty)	3'331	1'490	2'813	3'276
Indirect taxes	3'217	1'062	-	478
Guarantees, suretyships	7'219	6'591	-	-
Order accounts		5'251	2'289	-
Other	318	4'172	823	2'246
<b>Total</b>	<b>16'626</b>	<b>18'890</b>	<b>5'925</b>	<b>6'000</b>

	2018		2017	
	Carrying values	Actual liabilities	Carrying values	Actual liabilities
(in CHF '000)				
<b>7 Assets pledged or assigned to cover own liabilities and assets subject to reservation of ownership</b>				
<b>Pledged / assigned assets</b>				
Financial investments	5'525	-	5'592	-
Other assets	7'219	-	10'571	-
<b>Pledged assets subject to an encumbrance</b>	-	-	-	-

	2018	2017	Change %
(in CHF '000)			
<b>8 Commitments to own pension plans</b>			
Due on client deposits	46'199	47'677	(3.1)
Negative replacement value of derivative instruments	568	1'115	(49.1)
<b>Total</b>	<b>46'767</b>	<b>48'792</b>	<b>(4.2)</b>

	2018	2017	Change %
In number of shares			
<b>Number and type of the Bank's proprietary capital instruments held by its employee benefits institutions</b>			
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 December 2018, there was no employer contributions reserve.

	2017	2017	2016			2018	2017
	Funding surplus / insufficient	Entity's share		Change v. previous year	Contributions paid for 2018	Personnel welfare costs included in personnel expenses	
(in CHF '000)							
<b>b) Economic benefits / commitments and personnel welfare expenses</b>							
Employer funds / Employer occupational benefits institutions	-	-	-	-	-	-	-
Employee benefits plans with no surplus or deficit funding	-	-	-	-	-	-	-
Employee benefits plans with surplus funding	41'897	-	-	-	(16'908)	(16'908)	(18'756)
Employee benefits plans with deficit funding	-	-	-	-	-	-	-
<b>Total</b>	<b>41'897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16'908)</b>	<b>(16'908)</b>	<b>(18'756)</b>

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 Foundation as of 31 December 2017 was 107.7 % (101.9 % as of 1 January 2017).

The Foundation believes that at end-2018 its funding ratio stood at 100%. The Foundation Council decided to pay 1% interest on active members' vested assets for 2018 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-2017	Uses as designated	Reclassificatio ns	Forex differences	Overdue interest, recoveries	New provisions charged to profit and loss account	Releases through the profit and loss account	Situation at end-2018
(in CHF '000)								
<b>10 Valuation adjustments, provisions, reserves for general banking risks and changes thereto</b>								
Provisions for deferred taxes	-	-	-	-	-	-	-	-
Provisions for the Foundation's liabilities	-	-	-	-	-	-	-	-
Provisions for default risks	-	-	-	-	-	-	-	-
Provisions for other operating risks	-	-	-	-	-	-	-	-
Provisions for restructuring	563	(332)	-	-	-	3'858	(231)	3'858
Other provisions	161'408	(2'703)	-	-	-	908	(7'270)	152'343
<b>Total provisions</b>	<b>161'971</b>	<b>(3'035)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4'766</b>	<b>(7'501)</b>	<b>156'201</b>
<b>Reserves for general banking risks</b>	<b>43'263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16'670</b>	<b>-</b>	<b>59'933</b>
<b>Valuation adjustments for default and country risks</b>	<b>1'952</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>190</b>	<b>(187)</b>	<b>1'955</b>
- including valuation adjustments for default risks on non-performing loans	1'952	(2)	-	-	2	190	(187)	1'955
- 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 the Bank's 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 only the costs of reconfiguring the securities back office teams.



	2018			2017		
	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)
<b>11 Share capital</b>						
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
<b>Total share capital</b>	<b>45'000</b>			<b>45'000</b>		

(in CHF '000)	Claims		Commitments	
	2018	2017	2018	2017
<b>12 Due to and from allied parties</b>				
Qualifying shareholders	2'332	2'259	133'236	67'388
Group companies	335'761	380'426	545'463	472'368
Affiliated companies	13'429	13'469	2'859	9'645
Affairs of governing bodies	229	-	5'515	301
Other affiliated companies	30'589	36'543	398	70
<b>Total</b>	<b>382'340</b>	<b>432'697</b>	<b>687'471</b>	<b>549'772</b>

Affiliated companies are companies in which Edmond de Rothschild Holding S.A. has a majority stake and that are not part of the Edmond de Rothschild (Suisse) S.A. Group.

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

	2018			2017		
	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

#### Major shareholders

Edmond de Rothschild Holding S.A. <sup>1)</sup>	37'836,0	84,1	87,9	37'448,0	83,2	87,6
Rothschild Holding AG, Zurich <sup>2)</sup>	-	-	-	3'800,0	8,4	9,4
Edmond de Rothschild (Suisse) S.A. <sup>3)</sup>	4'336,5	9,6	9,9	924,5	2,1	0,7

1) The entire share capital of Edmond de Rothschild Holding S.A. is directly or indirectly controlled by members of the Rothschild family and employees of the Group. 16.94% of the company's share capital (representing 6.77% of voting rights) is owned by Baroness Edmond de Rothschild and 66.10% (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 the following persons/entities: 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) 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, held 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. Following a share swap and purchase agreement signed on 28 June 2018, Rothschild Holding AG sold its entire stake to Edmond de Rothschild (Suisse) S.A. (See related press release of 29 June 2018:

<https://www.edmond-de-rothschild.com/SiteCollectionDocuments/private-banking/macro%20highlights/Communiqu%C3%A9%20de%20presse%20accord%20EDR.pdf>

3) The stake held by Edmond de Rothschild (Suisse) S.A. results in particular from the share swap and purchase agreement signed on 28 June 2018 with Rothschild Holding AG.

During the 2018 financial year, the above-mentioned shareholders, in accordance with articles 120 *et seq.* of the Financial Market Infrastructure Act (FMIA), reported changes in their share ownership. The events that triggered the obligation to report were (i) the signing of a share swap and purchase agreement dated 28 June 2018 between Edmond de Rothschild (Suisse) S.A. and Rothschild Holding A.G., including the purchase by Edmond de Rothschild (Suisse) S.A. of the shares held by Rothschild Holding A.G. and (ii) the transfer of these shares on 6 August 2018.

The related publications can be consulted on the website of Six Exchange Regulation, which can be accessed directly via the following links:

Announcements made on 5 July 2018: <https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TBI7300013>

<https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TAI7300056>

Announcements made on 7 August 2018: <https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TBI8600015>

<https://www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html#notificationId=TAI8600058>

	2018			2017		
	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 %)
<b>Cross-holdings</b>						
Rothschild Holding AG, Zürich (1)	-	-	-	10'161	13,0	13,5

Direct and/or indirect holding by the parent company.

<sup>1</sup> Until 28 June 2018, the date of the signing of a share swap and purchase agreement between Edmond de Rothschild (Suisse) S.A. and Rothschild Holding A.G. on the settlement of cross-holdings and the purchase by Edmond de Rothschild (Suisse) S.A. of the shares held by Rothschild Holding A.G.

	Average price in CHF '000	Number of shares
<b>14 Own capital stakes and composition of shareholders' equity</b>		
<b>Registered shares with a par value of CHF 100.-</b>		
- number of own shares at start of year		-
- number of shares purchased during the reporting year	3	20'000
- number of shares sold during the reporting year		-
<b>- number of registered own shares at end of year</b>		<b>20'000</b>
<b>Bearer shares with a par value of CHF 500.-</b>		
- number of own shares at start of year		1'849
- number of shares purchased during the reporting year	17	3'600
- number of shares sold during the reporting year	18	(776)
<b>- number of bearer own shares at end of year</b>		<b>4'673</b>

Own shares in capital were traded at their fair value during the reporting period.  
The CHF 2.7 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)	2018
Non-distributable statutory reserves	22'500
<b>Total non-distributable statutory reserves</b>	<b>22'500</b>

#### 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.

		2018		2017	
		Number of bearer shares	Number of registered shares	Number of bearer shares	Number of registered shares
<b>16 Ownership of shares in EDR (Suisse) S.A. Geneva:</b>					
<b>Board of Directors</b>		<b>178</b>	<b>-</b>	<b>183</b>	<b>-</b>
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	<i>(until 24.04.2018)</i>	67	-	67	-
Tobias Guldemann		-	-	-	-
François Hottinger	<i>(until 10.06.2018)*</i>	10	-	10	-
Klaus Jenny	<i>(until 26.04.2019)</i>	-	-	-	-
Maurice Monbaron		-	-	-	-
François Pauly	<i>(since 24.04.2018)</i>	-	-	-	-
Philippe Perles		-	-	-	-
<b>Former members:</b>					
Jacques-André Reymond	<i>(until 02.05.2017)</i>	-	-	5	-
<b>Executive Committee</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Emmanuel Fievet	<i>(until 13.03.2019)</i>	-	-	-	-
Yves Aeschlimann	<i>(until 18.10.2018)</i>	-	-	-	-
Martin Liebi		-	-	-	-
Jean-Christophe Pernollet		-	-	-	-
Sabine Rabald		-	-	-	-
Cynthia Tobiano		-	-	-	-
Emanuela Bonadiman	<i>(until 07.03.2018)</i>	-	-	-	-
<b>Total</b>		<b>178</b>	<b>-</b>	<b>183</b>	<b>-</b>

\* Date of François Hottinger's death

(in CHF '000)	2018	
	Value	% share
<b>17 Breakdown of assets by group of countries' credit rating (based on risk domicile)</b>		
<b>Assets</b>		
1 & 2	2'006'798	86,5
3	5'223	0,2
4	142'481	6,1
5	61'561	2,7
6	36'973	1,6
7	6'121	0,3
unrated	62'147	2,6
<b>Total</b>	<b>2'321'304</b>	<b>100,0</b>

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

(in CHF '000)	2018	2017	Change %
<b>18 Breakdown of fiduciary transactions</b>			
Fiduciary deposits with other companies	2'245'084	1'972'880	13,8
Fiduciary deposits held with Group companies and allied companies	1'310'143	1'020'080	28,4
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.	-	-	-
<b>Total</b>	<b>3'555'227</b>	<b>2'992'960</b>	<b>18,8</b>

(in CHF '000)	2018	2017	Change %
<b>19 Breakdown of administered assets and change in their total value</b>			
<b>a) Breakdown of administered assets</b>			
Breakdown of assets by collective investment scheme under the Bank's management	3'537'451	14'286'464	(75.2)
Assets under discretionary management	8'143'595	9'539'151	(14.6)
Other assets under management	19'891'287	22'024'623	(9.7)
<b>Total assets under management (includes double reporting)</b>	<b>31'572'333</b>	<b>45'850'238</b>	<b>(31.1)</b>
<i>double reporting</i>	<i>3'257'403</i>	<i>4'353'568</i>	<i>(25.2)</i>
<b>b) Change in total administered assets</b>			
<b>Total initial assets under management (includes double reporting)</b>	<b>45'850'238</b>	<b>37'271'538</b>	<b>23,0</b>
<i>+/- net inflow/outflow of fresh funds</i>	<i>(2'505'222)</i>	<i>(3'041'858)</i>	<i>(17.6)</i>
<i>+/- price changes, interest, dividends and currency effects</i>	<i>(1'468'023)</i>	<i>3'118'014</i>	<i>(147.1)</i>
<i>+/- other effects</i>	<i>(10'304'660)</i>	<i>8'502'544</i>	<i>(221.2)</i>
<b>Total final assets under management (includes double reporting)</b>	<b>31'572'333</b>	<b>45'850'238</b>	<b>(31.1)</b>

Assets under management include investments in collective 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 include scope changes in the delegation of the management of Nikko SMA's assets.

(in CHF '000)	2018	2017	Change %
<b>20 Results of trading operations and statements of fair value</b>			
<b>a) Breakdown by sector</b>			
Trading operations with private clients	19'665	33'360	(41.1)
Trading operations for own account	24'862	27'448	(9.4)
<b>Total results of trading operations</b>	<b>44'527</b>	<b>60'808</b>	<b>(26.8)</b>
<b>b) Breakdown by type of underlying and results of use of the fair-value option</b>			
<b>Results of trading operations involving:</b>			
Rate instruments (including funds)	473	(2'077)	-
Equity instruments (including funds)	729	1'943	(62.5)
Foreign currencies	43'227	60'645	(28.7)
Commodities / precious metals	98	297	(67.0)
<b>Total results of trading operations</b>	<b>44'527</b>	<b>60'808</b>	<b>(26.8)</b>
<i>arising from the fair-value option</i>	-	-	-

(in CHF '000)	2018	2017	Change %
<b>21 Results or trading positions refinancing and negative interest</b>			
<b>Interest and discount income</b>			
The Group does not debit portfolio refinancing costs to these results. Results of securities lending and borrowing appear in "Interest income, net".			
<b>Negative interest rates</b>			
Negative interest on asset-side transactions (reducing interest and discount income)	(10'154)	(13'933)	(27.1)
Negative interest on liability-side transactions (reducing interest charges)	6'207	6'162	0,7

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

(in CHF '000)	2018	2017	Change %
<b>22 Personnel expenses</b>			
Salaries	(163'316)	(164'816)	(0.9)
<i>expenses relating to variable remuneration</i>	(40'650)	(30'792)	32,0
Employee benefits	(27'332)	(30'724)	(11.0)
Other personnel expenses	(8'130)	(6'203)	31,1
<b>Total</b>	<b>(198'778)</b>	<b>(201'743)</b>	<b>(1.5)</b>

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

(in CHF '000)	2018	2017	Change %
<b>23 Other operating expenses</b>			
Cost of premises	(13'307)	(12'508)	6,4
IT and communications expenses	(42'129)	(41'929)	0,5
Expenses relating to vehicles, machines, furniture, other facilities and operational leasing	-	(215)	(100.0)
Auditor's fees	(1'694)	(1'635)	3,6
<i>- including for financial and prudential auditing services</i>	(1'245)	(924)	34,7
<i>- including for other services</i>	(449)	(711)	(36.8)
Other operating expenses	(32'561)	(29'888)	8,9
<b>Total</b>	<b>(89'691)</b>	<b>(86'175)</b>	<b>4,1</b>

(in CHF '000)	2018	2017	Change %
<b>24 Changes to provisions, other value adjustments and losses</b>			
<b>Total</b>	<b>(2'641)</b>	<b>(2'279)</b>	<b>15,9</b>

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

(in CHF '000)	2018	2017	Change %
<b>25 Extraordinary income and expenses, releases from reserves for general banking risks</b>			
Extraordinary income	226'014	1'961	11'425,4
Extraordinary expenses	(245)	(876)	(72.0)
Changes to reserves for general banking risks	(16'670)	5'209	(420.0)

In 2018, the extraordinary income resulted from a sale and lease-back operation on the Edmond de Rothschild (Suisse) property portfolio for CHF 94.5 million, capital gains from disposals of holdings for CHF 125.1 million and the dissolution of a provision not necessary for operations of CHF 6.3 million. Extraordinary expenses contain a capital loss of CHF 0.2 million on disposal of equity and tangible fixed assets.

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 in extraordinary expenses related to the transfer of Edmond de Rothschild (Bahamas) Ltd.

(in CHF '000)	2018	2017	Change %
<b>26 Value adjustments on holdings and write-downs on fixed and intangible assets</b>			
Holdings	(10'500)	-	-
Tangible assets			
- land and buildings	(965)	(3'475)	(72.2)
- software bought separately or developed in-house	(13'700)	(8'850)	54,8
- office furniture, machines and equipment	(2'727)	(5'546)	(50.8)
Intangible assets	(913)	(2'280)	(60.0)
<b>Total</b>	<b>(28'805)</b>	<b>(20'151)</b>	<b>42,9</b>

(in CHF '000)	2018	2017	Change %
<b>27 Current and deferred taxes</b>			
Current taxes	(31'175)	(6'071)	413,5
Average tax rate	(50.4)%	(10.5)%	(39.9)

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



# Pay Report

122	Introduction Overview Powers and procedure for setting remuneration and profit-sharing programmes	125	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 Remuneration of employees other than members of the Executive Committee Remuneration for the reporting year
123	Voting on remuneration Remuneration of members appointed after the General Meeting Components of remuneration and profit-sharing plan	126	Loans to the Bank's governing bodies
124	Remuneration of the Directors Remuneration of the members of the Executive Committee Common rules applicable to the remuneration of the governing bodies	127	Remuneration of members
		128	Report of the statutory auditor to the General Meeting Edmond de Rothschild (Suisse) S.A., Geneva

## Introduction

This 2018 Pay Report is prepared in accordance with the applicable laws.

It contains the information required by the Ordinance against Excessive Compensation in Listed Companies (OaEC) of 20 November 2013, the Swiss Code of Obligations (CO) and section 5 of the directive issued by the Regulatory Board of the SIX Exchange - Regulation Relating to Information on Corporate Governance of 20 December 2018.

Pages 126 to 127 of this Report are audited by the Bank's auditor, PricewaterhouseCoopers S.A., 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) S.A. Group draws on the guidelines set out in circular 2010/1 - "Remuneration Systems" issued by the Swiss Financial Market Supervisory Authority (FINMA), while also complying with local rules.

\* The Articles of 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](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

## 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:

- draw up Pay Regulations and submit them to the Board of Directors for approval;
- 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;
- approve the remuneration of the persons in charge of control functions identified by the Chair of the Executive Committee (CEO);
- after consulting with the CEO, make proposals to the Board of Directors regarding the remuneration of the members of the Executive Committee;
- approve the remuneration of the Head of Internal Auditing and his deputy as proposed by the Audit & Risk Committee; and
- 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 2018 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), Philippe Perles and Klaus Jenny. The Pay Committee meets twice a year normally. These same persons will be nominated to be re-elected for a new one-year term at the Ordinary General Meeting on 26 April.

Under Article 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 Article 22 let. k of the Articles of Association\*).

## Voting on remuneration

Pursuant to Article 24 *quinquies* 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 (Article 24 *quinquies* 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 beneficiaries of deferred remuneration providing scope for a closer alignment of interests between the Group's shareholders and such employees. In 2018, the proportion of bonuses (including deferred remuneration) was set at 29% of fixed annual salaries.

The Board of Directors of Edmond de Rothschild (Suisse) S.A. 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.

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

The beneficiaries may be allocated the following financial instruments:

- rights to acquire, free of charge according to a defined timetable, non-voting shares of Edmond de Rothschild Holding S.A. This is the Group's Employee Share Plan (ESP) (formerly called the LTIP), and/or
- a deferred cash amount indexed to the value of the non-voting share of Edmond de Rothschild Holding S.A.

The ESP 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 enter a so-called "vesting period" of one, two and three years. At the end of each period, a third of the RSUs are allotted and converted into Edmond de Rothschild Holding S.A. non-voting shares (provided the employee has fulfilled the conditions set out in Article 8 of the ESP regulations). These shares embody the usual ownership and membership rights attaching to non-voting equity securities.

\* 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](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

When the underlying non-voting shares are obtained and become a “firm claim”), they are 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 ESP was set up in 2018 and 2019 according to the same model as in 2016.

In 2019, 84 employees (including those present in branches and subsidiaries) are participants in the ESP for the 2018 remuneration.

The indexed deferred cash programme was introduced in 2018 and is organised according to the same rules as the ESP, i.e. vesting in increments of one third per year, as well as presence and “malus” clauses. One participant benefited from this plan.

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

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

Under the Bylaws, the remuneration system and any objectives that have been assigned must not encourage employees to disregard the Bank’s internal control mechanisms and compliance rules, 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 reimbursement of their expenses, which do not form part of their remuneration (under Article 24bis para. (1) 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.com/site/Suisse/en/private-banking/investor-relations/general-information](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

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 and they may also be eligible for the ESP. The amounts of the bonus and the ESP depend 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.

On the proposal of the Pay Committee, the Board of Directors decides on the amount of the pay of the members of the Executive Committee. The overall amount is then submitted to the General Meeting for approval (under Article 24 *bis* 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 Article 24 quinquies of the Articles of Association).

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

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

Under Article 24 *quater* 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 Article 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 Group's Employee Share Plan ("ESP").

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 EBIT, set annually by the Group Executive Committee, is allocated to variable remuneration. The annual performance evaluation process is based on the implementation of:

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

These objectives are set at the beginning of the calendar year, reviewed midway through the year in certain cases and evaluated definitively 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 Article 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 2017 and 2018 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](http://www.edmond-de-rothschild.com/site/Suisse/en/private-banking/investor-relations/general-information).

	2018		2017	
	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 CHF '000)				
<b>1 Loans to the Bank's governing bodies</b>				
Guarantee commitments on behalf of members of the Bank's governing bodies				
<b>Board of Directors</b>	<b>30,427</b>	<b>1,510</b>	<b>36,543</b>	<b>20</b>
Baron Benjamin de Rothschild <i>Chair</i>	30,427	1,510	36,543	1
Baroness Benjamin de Rothschild <i>Vice-Chair</i>	-	-	-	-
Jean Laurent-Bellue <i>Secretary</i>	-	-	-	-
Luc J. Argand <i>(until 24.04.2018)</i>	-	-	-	18
Tobias Guldimann	-	-	-	-
François Hottinger <i>(until 10.06.2018)*</i>	-	-	-	1
Klaus Jenny <i>(until 26.04.2019)</i>	-	-	-	-
Maurice Monbaron	-	-	-	-
François Pauly <i>(since 24.04.2018)</i>	-	-	-	-
Philippe Perles	-	-	-	-
Jacques-André Reymond <i>(until 02.05.2017)</i>	-	-	-	-
<b>Executive Committee</b>	-	-	-	-
<b>Statutory Auditor</b>	-	-	-	-
<b>Total</b>	<b>30,427</b>	<b>1,510</b>	<b>36'543</b>	<b>20</b>

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 2018, 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 30,427 (in CHF '000).

\*Date of François Hottinger's death

		2018							
		Fixed fees		Bonus		Charge to the employer	Pension fund charges	Other	Total
		Cash	Number of shares	Cash	RSUs				
(in CHF '000)									
<b>2</b>	<b>Remuneration of members of the</b>								
	<b>Board of Directors</b>	<b>821</b>	-	-	-	<b>62</b>	-	-	<b>883</b>
	Baron Benjamin de Rothschild <i>Chair</i>	-	-	-	-	-	-	-	-
	Baroness Benjamin de Rothschild <i>Vice-Chair</i>	-	-	-	-	-	-	-	-
	Jean Laurent-Bellue <i>Secretary</i>	137	-	-	-	10	-	-	147
	Luc J. Argand <i>(until 24.04.2018)</i>	10	-	-	-	-	-	-	10
	Tobias Guldimann	184	-	-	-	18	-	-	202
	François Hottinger <i>(until 10.06.2018)*</i>	20	-	-	-	-	-	-	20
	Klaus Jenny <i>(until 26.04.2019)</i>	167	-	-	-	11	-	-	178
	Maurice Monbaron	128	-	-	-	8	-	-	136
	François Pauly <i>(since 24.04.2018)</i>	109	-	-	-	9	-	-	118
	Philippe Perles	66	-	-	-	6	-	-	72
	<b>Executive Committee</b>	<b>4,473</b>	-	<b>3,103</b>	<b>754</b>	<b>1,666</b>	<b>766</b>	<b>391</b>	<b>11,153</b>
	Emmanuel Fiévet <i>(until 13.03.2019)</i>	900	-	1,500	-	480	131	-	3,011
	<b>Total</b>	<b>5,294</b>	-	<b>3,103</b>	<b>754</b>	<b>1,728</b>	<b>766</b>	<b>391</b>	<b>12,036</b>

		2017							
		Fixed fees		Bonus		Charge to the employer	Pension fund charges	Other	Total
		Cash	Number of shares	Cash	RSUs				
	<b>Board of Directors</b>	<b>733</b>	-	-	-	<b>52</b>	-	-	<b>785</b>
	Baron Benjamin de Rothschild <i>Chair</i>	-	-	-	-	-	-	-	-
	Baroness Benjamin de Rothschild <i>Vice-Chair</i>	-	-	-	-	-	-	-	-
	Jean Laurent-Bellue <i>Secretary</i>	94	-	-	-	5	-	-	99
	Luc J. Argand <i>(until 24.04.2018)</i>	73	-	-	-	4	-	-	77
	Tobias Guldimann	128	-	-	-	13	-	-	141
	François Hottinger <i>(until 10.06.2018)*</i>	62	-	-	-	4	-	-	66
	Klaus Jenny <i>(until 26.04.2019)</i>	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
	<b>Executive Committee</b>	<b>4,322</b>	-	<b>2,631</b>	<b>1,750</b>	<b>1,741</b>	<b>747</b>	-	<b>11,191</b>
	Emmanuel Fiévet <i>(until 13.03.2019)</i>	900	-	1,219	850	594	131	-	3,694
	<b>Total</b>	<b>5,055</b>	-	<b>2,631</b>	<b>1,750</b>	<b>1,793</b>	<b>747</b>	-	<b>11,976</b>

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 S.A. Since the value of the non-voting shares is determined after the date of their allotment, the Board of Directors must first 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 2018 financial year, the Group has set CHF 754k as the amount that will be paid in the form of shares in 2020, 2021 and 2022. A charge of CHF 248k was booked for this purpose in 2018.

\*Date of François Hottinger's death



## ***Statutory auditor's report on the pay report to the General Meeting of Edmond de Rothschild (Suisse) SA Geneva***

We have audited the Pay Report of Edmond de Rothschild (Suisse) SA for the year ended 31 December 2018. 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 misstatements 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 2018 complies with the law and articles 14–16 of the OER.

PricewaterhouseCoopers SA

**Beresford Caloia**  
Audit Expert  
Auditor in charge

**Julien Baer**  
Audit Expert

Geneva, 21 March 2019



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