



MIRABAUD GROUP
CONSOLIDATED FINANCIAL
STATEMENTS 2016

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MIRABAUD GROUP
CONSOLIDATED FINANCIAL
STATEMENTS 2016

ANNUAL REPORT

As of 31 December 2016, total assets under administration amount to CHF 33.1 billion (including CHF 3.2 billion of double-counted assets). This reflects the solid client base built over many years across the different business lines in Switzerland and abroad.

The annual Group financial statements report a consolidated profit of CHF 31.6 million.

Revenue amounts to CHF 289.0 million including net interest income of CHF 24.1 million, fee and commission income of CHF 227.7 million and dealing income of CHF 30.3 million. Operating result amounts to CHF 39.5 million.

Consolidated balance sheet amounts to CHF 4'326.8 million. Liabilities are comprised primarily of clients deposits. Two thirds of assets are deposited with the Swiss National Bank or invested, mainly in short-term government notes, ensuring liquidity and security.

With a total equity of CHF 187.4 million, excluding consolidated profit, the Group's Tier 1 capital ratio is 20.21%.

During 2016, Mirabaud stepped up its wealth management, asset management and brokerage activities in its various markets. The Group is continuing to grow and invest.

The Partners

GOVERNING BODIES OF THE MIRABAUD GROUP

PARTNERS

Yves MIRABAUD

Antonio PALMA

Lionel AESCHLIMANN

Camille VIAL

BOARD OF DIRECTORS OF MIRABAUD SCA

Yves MIRABAUD

Antonio PALMA

Lionel AESCHLIMANN

Camille VIAL

SUPERVISORY BOARD OF MIRABAUD SCA

Pierre BONGARD

Bernard VISCHER

François SUNIER

BALANCE SHEET

Swiss Francs

Assets

	31.12.2016	31.12.2015
Liquid assets	1'455'287'499	1'575'934'795
Amounts due from banks	431'033'644	339'495'540
Amounts due from customers	736'541'746	614'203'852
Mortgage loans	–	–
Trading portfolio assets	–	–
Positive replacement values of derivative financial instruments	132'049'861	78'637'950
Financial investments	1'361'079'746	1'374'696'989
Accrued income and prepaid expenses	42'074'395	46'135'899
Non-consolidated participations	1'001'599	1'145'486
Tangible fixed assets	107'585'880	100'008'152
Intangible assets	–	–
Other assets	60'147'617	49'390'389
Total assets	4'326'801'987	4'179'649'052
Total subordinated claims	–	–

Liabilities

	<u>31.12.2016</u>	<u>31.12.2015</u>
Amounts due to banks	67'336'762	57'042'430
Amounts due in respect of customer deposits	3'782'679'777	3'683'999'283
Trading portfolio liabilities	–	–
Negative replacement values of derivative financial instruments	125'335'990	74'262'988
Accrued expenses and deferred income	84'093'654	90'182'327
Other liabilities	29'796'354	52'359'818
Provisions	18'585'198	17'668'466
Capital accounts	141'466'440	138'361'500
Retained earnings reserve	46'157'684	40'710'705
Currency translation reserve	-255'303	-2'013'534
Consolidated profit	31'605'431	27'075'069
Total liabilities	4'326'801'987	4'179'649'052
Total subordinated liabilities	–	–

OFF-BALANCE SHEET TRANSACTIONS

Swiss Francs

	<u>31.12.2016</u>	<u>31.12.2015</u>
Contingent liabilities	175'343'914	86'719'834
Irrevocable commitments	4'952'000	3'280'000
Obligations to pay up shares and make further contributions	–	–
Credit commitments	–	–

INCOME STATEMENT

Swiss Francs

	<u>2016</u>	<u>2015</u>
Interest and discount income	21'687'766	16'087'887
Interest and dividend income from financial investments	408'793	476'329
Interest expense	1'964'800	747'228
Gross result from interest operations	24'061'359	17'311'444
Changes in value adjustments for default risks and losses from interest operations	-4'806	-29'478
Net result from interest operations	24'056'553	17'281'966
Commission income from securities trading and investment activities	252'385'010	245'902'668
Commission income from lending activities	747'386	291'951
Commission income from other services	7'151'003	6'572'874
Commission expense	-32'540'606	-27'823'237
Result from commission business and services	227'742'793	224'944'256
Result from trading activities	30'298'069	36'429'750
Result from the disposal of financial investments	729'494	951'076
Income from non-consolidated participations	8'855'348	14'934'189
Result from real estate	248'080	289'986
Other ordinary income	468'920	1'505'299
Other ordinary expenses	-3'386'042	-5'271'626
Other result from ordinary activities	6'915'800	12'408'924
Personnel expenses	-173'291'184	-182'006'698
General and administrative expenses	-71'094'429	-68'491'221
Operating expenses	-244'385'613	-250'497'919
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-4'132'451	-3'833'181
Changes to provisions and other value adjustments, and losses	-974'200	-2'462'831
Operating result	39'520'951	34'270'965
Extraordinary income	76'861	729'348
Extraordinary expenses	-129'906	-544'511
Taxes	-7'862'475	-7'380'733
Consolidated profit	31'605'431	27'075'069

CASH FLOW STATEMENT

Swiss Francs

	2016		2015	
	Cash inflows	Cash outflows	Cash inflows	Cash outflows
Cash flow from operating activities (internal financing)				
Consolidated profit	31'605'431	–	27'075'069	–
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	4'132'451	–	3'833'181	–
Provisions and other value adjustments	916'732	–	2'177'174	–
Change in value adjustments for default risks and losses	4'806	–	29'478	–
Accrued income and prepaid expenses	4'061'504	–	–	9'572'932
Accrued expenses and deferred income	–	6'088'673	15'047'839	–
Other items	–	33'320'692	32'303'190	42'114'930
Subtotal	40'720'924	39'409'365	80'465'931	51'687'862
Cash flow from shareholders' equity transactions				
Share capital / participation capital / cantonal banks' endowment capital / etc.	3'104'940	–	340'614	–
Recognised in reserves	–	19'869'859	–	39'620'075
Subtotal	3'104'940	19'869'859	340'614	39'620'075
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	143'887	–	453'417	–
Real estate	–	8'302'500	–	–
Other tangible fixed assets	–	3'407'679	–	5'304'543
Subtotal	143'887	11'710'179	453'417	5'304'543
Cash flow from banking operations				
Medium - and long-term business (> 1 year)				
Amounts due from banks				
Amounts due from customers	–	2'500'000	2'500'000	–
Financial investments	3'881'671	–	1'430'329	–
Short-term business (< 1 year)				
Amounts due to banks	10'294'332	–	53'944'437	–
Amounts due in respect of customer deposits	98'680'494	–	–	323'354'413
Negative replacement values of derivative financial instruments	51'073'002	–	22'041'708	–
Amounts due from banks	–	91'538'103	78'994'694	–
Amounts due from customers	–	119'842'700	195'986'386	–
Positive replacement values of derivative financial instruments	–	53'411'911	–	25'021'750
Financial investments	9'735'572	–	77'304'591	–
Liquidity				
Liquid assets	120'647'295	–	–	68'473'464
Subtotal	294'312'366	267'292'714	432'202'145	416'849'627
Total	338'282'117	338'282'117	513'462'107	513'462'107

STATEMENT OF CHANGES IN EQUITY

Swiss Francs

	Capital accounts					Total
	Indefinitely liable partners contributions	Definitely liable partners contributions	Retained earnings reserve	Currency translation reserve	Consolidated profit	
Equity as of December 31, 2015	83'498'000	54'863'500	40'710'705	-2'013'534	27'075'069	204'133'740
Employee participation schemes / recognition in reserves	-	-	-	-	-	-
Capital movements increase / decrease	-	3'104'940	-	-	-	3'104'940
Currency translation differences	-	-	-	1'758'231	-	1'758'231
Dividends and other distributions	-	-	4'480'335	-	-27'075'069	-22'594'734
Other allocations to (transfers from) the other reserves	-	-	966'644	-	-	966'644
Consolidated profit	-	-	-	-	31'605'431	31'605'431
Equity as of December 31, 2016	83'498'000	57'968'440	46'157'684	-255'303	31'605'431	218'974'252

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2016

COMPANY NAME, LEGAL STRUCTURE AND DOMICILE

Mirabaud was founded in Geneva in 1819. Over time, the Group has developed into a multinational. Mirabaud provides its clients with customised financial and advisory services in three core areas: Wealth Management (portfolio management, investment advisory services and services for independent financial advisors), Asset Management (institutional management, fund management and distribution) and Brokerage (traditional brokerage).

The Mirabaud Group (herein after “The Group” or “Mirabaud”) comprises the financial statements of all entities in which the Mirabaud Group Partners are holding directly or indirectly more than 50% of capital or votes, and which are subject to the joint management of the indefinitely liable Partners of Mirabaud SCA, Geneva.

ACCOUNTING AND VALUATION PRINCIPLES

General principles

The accounting and valuation principles comply with the rules of the Swiss Code of Obligations, with the Banking Law, as well as the directives of the Swiss Financial Market Supervisory Authority (FINMA).

The consolidated financial statements are established according to the rules applicable in Switzerland to consolidated financial statements, using the true and fair principle.

Scope of Consolidation and related changes

The scope of the consolidation includes, as of December 31, 2016, all entities controlled by the Partners. The significant entities are disclosed on page 20 of the report.

The scope of the consolidation has not changed in 2016.

Consolidation method

The entities directly or indirectly controlled by the Group are consolidated using the global integration method. The share capital is consolidated using the anglo-saxon method (purchase method).

The Group’s internal transactions, as well as the intercompany profits, have been reported as elimination entries when establishing the consolidated financial statements.

Recording of transactions

All transactions made by the balance sheet date are booked the day they are executed. Non-executed spot transactions are included in the balance sheet on transaction date, except for assets with the Swiss National Bank which are accounted for using settlement date.

Timeliness of recognition

Income and expenses are booked as soon as they are acquired or accrued, or as they are incurred, and booked in the related year, and not on the date they are received or paid.

Transactions in foreign currencies

The transactions in foreign currencies are booked at the prevailing exchange rate at the transaction date. Gains and losses resulting from the settlement of these transactions, as well as from the conversion of the assets and liabilities denominated in foreign currencies at the closing rates, are booked to the profit and loss account.

Conversion of foreign currencies in the Group financial statements

For consolidation purposes, in order to convert into Swiss francs the financial statements denominated in foreign currencies, the following methods have been applied:

- For the balance sheet, the closing rate has been used, except for equity which has been converted using historical rates.
- For the income statement, the average rate has been applied.

The resulting foreign exchange differences have been accounted for in the currency translation reserve (equity) account, without impacting the income statement.

The rates applied for the conversion of the main currencies into Swiss francs are the following:

	2016		2015	
	Closing	Average	Closing	Average
USD	1.018	0.985	0.994	0.963
EUR	1.074	1.090	1.083	1.069
GBP	1.255	1.335	1.473	1.472
CAD	0.757	0.744	0.715	0.754

Liquid assets, amounts due from banks

These balances are shown on the balance sheet at the nominal value or acquisition value, after deduction of individual bad debt provisions, if required. At the current closing date, amounts due from banks do not contain any specific impairment.

Amounts due from customers and contingent liabilities

Impaired customer loans are subject to individual valuation and, should the case arise, to an individual value adjustment, directly deducted, equivalent to the part of the amount which is not secured by collateral, as soon as the loan is reported impaired. As of December 31, 2016, these value adjustments amount to CHF 211'515 (respectively as of December 31, 2015 to CHF 244'257).

Trading portfolio assets

Trading transactions are valued and reported on the balance sheet at prevailing market rates at the balance sheet date. Gains and losses resulting from market fluctuations are charged to the profit and loss account "result from trading activities".

Replacement values of derivative financial instruments

Replacement values of derivative financial instruments are calculated and accounted for in order to take into account the cost or the gain resulting from a potential counterparty delivery failure.

The positive replacement values are accounted for in the balance sheet on the asset side, and the negative replacement values on the liability side, for all the derivative financial instruments outstanding at balance sheet date which would result from own account or customer transactions, irrespective of the accounting treatment in the income statement.

Financial investments

Debt securities intended to be held to maturity are recognised at acquisition cost and the premium / discount (interest component) is accrued over the term.

If financial investments intended to be held until maturity are sold or repaid prior to maturity, the profits and losses realised that correspond to the interest component are not to be recognised immediately, but must instead be accrued over the remaining term to maturity.

Each security is valued individually, debt securities not intended to be held until maturity (available for sale) are valued at the lower of cost or market value, in accordance with rules governing financial statement reporting. Where default-risk-related and market-related changes in book value are separated, those related to default risks may be recognised in the item Changes in value adjustments for default risks and losses from interest operations.

Accrued income and prepaid expenses, other assets, accrued expenses and deferred income, other liabilities

These items are valued using the same principles as those applicable for claims and liabilities. They are subject to proper allocation to the appropriate period.

Non-consolidated participations

Financial participations are reported in the balance sheet at acquisition value, after deduction of any impairment required by the circumstances. Participations in infrastructure items are booked for record only. The Group has no significant influence on any material non-consolidated participation.

Tangible fixed assets

Tangible fixed assets, including real estate items, refurbishment works and furniture, are reported in the balance sheet at cost and depreciated using the straight-line depreciation method based on their estimated useful life.

A periodic review is performed in order to identify potential significant decreases in value, or a change of the duration of use, and, should the case arise, any necessary exceptional depreciation would then be reported or the depreciation period would be modified.

The following depreciation periods are applicable:

Real estate	50 years
Refurbishment works	7 years
Furniture	7 years
Other tangible fixed assets	3 years

Intangible assets

Any goodwill or acquisition difference resulting from the purchase of activities or firms is reported in the balance sheet under intangible assets. The Group amortises any goodwill over its estimated useful life using the straight line amortisation method.

Provisions

A provision is booked as soon as a likely liability, based on a past event, can be reliably estimated even though the amount and maturity are uncertain.

Capital accounts

Mirabaud Group capital accounts include indefinitely and definitely liable Partners contributions in the capital of Mirabaud Partners & Cie and Mircan & Co Ltd.

Other ordinary expenses

Aiming the constant improvement of the financial information provided, an amount of CHF 1.9 million was reclassified from Other ordinary expenses to Commission expense, for the previous year figures.

Income taxes

The tax charge on the consolidated income statement includes current income and capital taxes of Group companies as well as deferred taxes resulting from temporary differences between statutory and consolidated financial statements.

Current taxes are accrued for in the liability side of the balance sheet under accrued expenses, and deferred tax liabilities are reported under provisions. Deferred taxes are calculated using the expected tax rates.

Derivative financial instruments

The valuation principles applied by the Group for derivative financial instruments are the following:

- The realised and unrealised foreign exchange results arising from trading operations are charged to the profit and loss account “result from trading activities”.
- The replacement values reported separately in the balance sheet correspond to the market value of the derivative financial instruments resulting from outstanding transactions made for clients or own account. They are reported at gross values.
- The options transactions are valued at market price at the balance sheet date, as are forward currency transactions.
- The derivative financial instruments are valued based on available prices (markets). The Group is not required to use valuation models for derivative financial instruments.

RISK MANAGEMENT

Risk aversion and caution are the basis of Mirabaud Group global approach, as stated in the Group’s corporate plan and its various internal guidelines. The Group has defined risk management principles and follows a risk averse policy in this respect, adapted to its activity essentially focused on wealth management. This policy results in the absence of speculative trading for own account and in the implementation of a system of limits within the framework of risk management. The Group has no major exposure to interest rate risk from a structural point of view, it has no significant exposure to other market or country risks, and credit risks, given the selection of counterparties and the collateral left by the customers, are limited as much as possible and regularly monitored. Reporting on the risks incurred at group level is performed on a regular basis; it regularly proposes corrective measures to the governing bodies in charge of the consolidated supervision in order to protect the interest of the Group and its customers.

Credit risk

Credits granted to the private customers by the Group entities are generally secured by duly pledged assets in deposit with the Group (Lombard credits). The collateral value of the pledged portfolios is based on automated processes defining collateral rates by asset class taking into account, inter alia, the liquidity, the debtor credit worthiness, the country risk as well as the diversification of investments. The collateral values of assets held by the customers are revalued on a regular basis. Credits granted are supervised on a daily basis. The Group policy does not allow corporate lending; mortgage lending remains exceptional.

Credit risk exposure to professional counterparties like banking institutions and brokers is restricted to counterparties with the best solvency indicators. The quality of those counterparties and the limits assigned are reviewed on a regular basis through the application of an internal rating system. Compliance with limits is checked on a daily basis.

The Group is supported by a risk management function which supervises on a daily basis the default risks of debtors and counterparties. Value adjustments or provisions are decided when deemed necessary.

Market risk & country risk

It is the Group’s policy to avoid taking any market risk position. The Group also ensures that the country risk positions are highly restricted. The risk management function checks the compliance of this policy on a regular basis.

Interest rate risk

Due to its balance sheet structure, the Group is not exposed to any material interest rate risk. The risk management function regularly checks that such exposure remains marginal.

Operational risks

Operational risk encompasses all categories of risk except for credit, market, country and interest rate risks. It includes among others the involuntary disruption of the Group entities operational activities, the failure of the computer systems, the risks resulting from improper execution of transactions, the risks resulting from a mistake in the execution of clients mandates as well as the risks related to human resources, compliance, fraud and litigation. The governing bodies in charge of consolidated supervision are informed on a regular basis of the operational risks by the Group entities, inter alia, through a reporting system on key risk indicators prepared by the risk management department of Mirabaud & Cie SA. Corrective measures are taken when deemed necessary.

POLICY APPLICABLE IN RESPECT OF DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The derivative financial instruments are mainly used in operations for the account of customers. To avoid any exposure, the Group concludes back-to-back transactions on the financial markets.

The Group uses financial derivative instruments when deemed adequate in order to hedge the foreign currency exposure on its revenues, an important proportion of which derives from underlying assets denominated in foreign currencies, particularly in USD and EUR.

The result is reported prorata temporis in the income statement item which is subject to the hedge transaction until maturity.

The positive or negative replacement values are recognised in the balance sheet. Should a hedge transaction exceed the underlying amount to be covered (inefficiency), the amount resulting from the excess of hedge would be accounted for in the trading results.

BALANCE SHEET RELATED INFORMATION

COLLATERAL FOR LOANS AND OFF-BALANCE SHEET TRANSACTIONS, AS WELL AS IMPAIRED LOANS

Swiss Francs

	Type of collateral			Total
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from customers	-	728'662'424	8'090'837	736'753'261
Mortgage loans	-	-	-	-
Total loans (before netting with value adjustments)				
2016	-	728'662'424	8'090'837	736'753'261
2015	-	609'251'578	5'196'531	614'448'109
Total loans (after netting with value adjustments)				
2016	-	728'662'424	7'879'322	736'541'746
2015	-	609'251'578	4'952'274	614'203'852
Off balance sheet				
Contingent liabilities	-	174'758'990	584'924	175'343'914
Irrevocable commitments	-	-	4'952'000	4'952'000
Obligations to pay up shares and make further contributions	-	-	-	-
Credit commitments	-	-	-	-
Total off balance sheet				
2016	-	174'758'990	5'536'924	180'295'914
2015	-	86'134'910	3'864'924	89'999'834
Impaired loans				
2016	211'515	-	211'515	211'515
2015	244'257	-	244'257	244'257

DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

Swiss Francs

	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Foreign exchange / precious metals						
Forward contracts	68'218'745	66'663'218	4'457'693'061	954'761	721'888	74'988'789
Combined interest rate / currency swaps	–	–	–	4'954'165	28'695	1'502'605'235
Futures	–	–	–	–	–	–
Options (OTC)	57'922'189	57'922'189	3'582'657'760	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total before netting adjustments						
2016	126'140'934	124'585'407	8'040'350'821	5'908'926	750'583	1'577'594'024
2015	68'629'136	67'356'661	5'694'903'661	10'008'814	6'906'327	1'698'411'208

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Swiss Francs

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after netting agreements		
2016	82'133'221	75'419'350
2015	76'933'907	72'558'945

Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	–	1'274'957	80'858'264

FINANCIAL INVESTMENTS

Swiss Francs

	Book value		Fair value	
	2016	2015	2016	2015
Debt securities	1'168'726'072	1'283'754'891	1'169'130'821	1'284'172'388
- of which, intended to be held to maturity	348'185'290	–	348'222'345	–
- of which, not intended to be held to maturity (available for sale)	820'540'782	1'283'754'891	820'908'476	1'284'172'388
Equity securities	14'166'974	24'017'351	14'286'264	24'099'231
- of which, qualified participations	–	–	–	–
Precious metals	178'186'700	66'924'747	178'186'700	66'924'747
Total	1'361'079'746	1'374'696'989	1'361'603'785	1'375'196'366
- of which, securities eligible for repo transactions in accordance with liquidity requirements	1'164'270'543	751'986'617		

Breakdown of counterparties by rating

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated	Total
Debt securities							
Book values	1'168'726'072	–	–	–	–	–	1'168'726'072

The above mentioned ratings have been issued by S&P. The Group also uses its own internal rating system.

NON CONSOLIDATED PARTICIPATIONS

Swiss Francs

	Acquisition cost	Accumulated value adjustments	Book value as of December 31, 2015	Current year				Book value as of December 31, 2016
				Reclassifications	Additions	Disposals	Value adjustments	
Other participations								
with market value	-	-	-	-	-	-	-	-
without market value	1'145'486	-	1'145'486	-	-	-	-143'887	1'001'599
Total participations	1'145'486	-	1'145'486	-	-	-	-143'887	1'001'599

COMPANIES IN WHICH THE GROUP HOLDS A PERMANENT DIRECT OR INDIRECT SIGNIFICANT PARTICIPATION

Participations consolidated using the global method

Company name and domicile	Business activity		Company capital (in thousands)	Share of capital	Share of votes	Held directly	Held indirectly
				(in %)	(in %)	(in %)	(in %)
Mirabaud Partners & Cie, Geneva	Holding	CHF	143'480	100%	100%	100%	0%
Mirabaud SCA, Geneva	Holding	CHF	30'000	100%	100%	100%	0%
Mircan and Company, Limited, Montréal	Service company	CAD	500	100%	100%	100%	0%
Mirabaud & Cie SA, Geneva	Bank	CHF	30'000	100%	100%	100%	0%
Mirabaud Canada Inc., Montréal	Security dealer	CAD	5'750	100%	100%	100%	0%
Mirabaud Gestion Inc., Montréal	Asset management	CAD	275	100%	100%	100%	0%
Mirabaud & Cie (Europe) SA, Luxembourg	Bank	EUR	29'682	100%	100%	100%	0%
Mirabaud & Cie (Europe) SA, Paris	branch of Mirabaud & Cie (Europe) SA, Luxembourg						
Mirabaud & Cie (Europe) SA, Madrid	branch of Mirabaud & Cie (Europe) SA, Luxembourg						
Mirabaud & Cie (Europe) SA, London	branch of Mirabaud & Cie (Europe) SA, Luxembourg						
Mirabaud (Middle East) Ltd, Dubaï	Bank	USD	15'000	100%	100%	100%	0%
Mirabaud Asset Management Limited, London	Asset management and fund management company	GBP	2'850	100%	100%	100%	0%
Mirabaud Asset Management (Suisse) SA, Geneva	Asset management and fund management company	CHF	5'000	100%	100%	100%	0%
Mirabaud Asset Management (Europe) SA, Luxembourg	Asset management and fund management company	EUR	500	100%	100%	100%	0%
Mirabaud Asset Management España, Madrid	Asset management and fund management company	EUR	1'300	100%	100%	100%	0%
Mirabaud Asset Management (France) SA, Paris	Asset management and fund management company	EUR	218	100%	100%	100%	0%
Galmar Inc., Nassau	Holding	USD	10	100%	100%	100%	0%
Galmir Advisory Services Limited, Nassau	Finance company	USD	5	100%	100%	100%	0%
Mirabaud Securities Holdings Ltd, London	Service company	GBP	9'000	100%	100%	100%	0%
Mirabaud Securities LLP, London	Broker	GBP	12'429	100%	100%	100%	0%
Mirabaud (Asia) Ltd, Hong-Kong	Broker	HKD	6'000	100%	100%	100%	0%
LPP Gestion SA, Geneva	Service company	CHF	1'500	100%	100%	100%	0%
MirServices SA, Geneva	Service company	CHF	500	100%	100%	100%	0%
Hoche Courtage SAS, Paris	Finance company	EUR	237	100%	100%	100%	0%
Mirabaud Capital SA, Geneva	Finance company	CHF	4'989	100%	100%	100%	0%
Baygreen Limited, Bermuda	Holding	USD	0.1	100%	100%	100%	0%

Company name and domicile

Company name and domicile		Business activity	Company capital (in thousands)	Share of capital (in %)	Share of votes (in %)	Held directly (in %)	Held indirectly (in %)
ACH Management SA, Luxembourg		Finance company	USD 154	18%	18%	18%	0%
Finaveo et Associés, Paris		Service company	EUR 289	34%	34%	34%	0%
Galba Anstalt, Liechtenstein		Service company	CHF 30	100%	100%	100%	0%
Hausman General Partners Sàrl, Luxembourg		Finance company	EUR 1'000	32%	32%	32%	0%
HH Management Holdings Ltd, Tortola		Finance company	USD 10	32%	32%	32%	0%
Ifipp SA, Geneva		Service company	CHF 100	100%	100%	100%	0%
Mirabaud Financial Planning SA, Geneva, in liquidation		Service company	CHF 250	100%	100%	100%	0%
SIX Group AG, Zurich		Service company	CHF 19'522	1%	1%	1%	0%
Upsidéo, Paris		Service company	EUR 15	34%	34%	34%	0%

The above mentioned companies have not been consolidated because of their materiality or because their activity is not strategic for the Group. No one has a balance sheet exceeding 0.05% of the consolidated balance sheet nor a profit exceeding 0.5% of the consolidated profit.

TANGIBLE FIXED ASSETS

Swiss Francs

	Acquisition cost	Accumulated depreciation	Book value as of December 31, 2015	Current year			Book value as of December 31, 2016
				Additions	Disposals	Depreciation	
Group buildings	89'863'690	-1'733'893	88'129'797	8'302'500	-	-909'224	95'523'073
Other real estate	-	-	-	-	-	-	-
Other tangible fixed assets	56'890'417	-45'012'062	11'878'355	3'316'463	-63'966	-3'068'044	12'062'807
Tangible fixed assets under financial lease	-	-	-	-	-	-	-
Total tangible fixed assets	146'754'107	-46'745'955	100'008'152	11'618'963	-63'966	-3'977'269	107'585'880

Operating lease commitments as of December 31, 2016 29'409

- of which with maturity within one year 29'409

Operating lease commitments as of December 31, 2015 156'000

- of which with maturity within one year 54'825

OTHER ASSETS AND OTHER LIABILITIES

Swiss Francs

	Other assets		Other liabilities	
	2016	2015	2016	2015
Compensation account	-	-	3'570'156	-
Deferred income taxes recognised as assets	-	-	-	-
Other assets and other liabilities	60'147'617	49'390'389	26'226'198	52'359'818
Total	60'147'617	49'390'389	29'796'354	52'359'818

ASSETS PLEDGED OR ASSIGNED TO SECURE OWN COMMITMENTS AND ASSETS UNDER RESERVATION OF OWNERSHIP

Swiss Francs

	Book values	Effective commitments
Pledged / assigned assets		
Financial investments	293'498'736	22'648'672
Others	153'806'756	91'551'329
Total	447'305'492	114'200'001
Assets under reservation of ownership		
Others	-	-
Total	-	-

ECONOMIC SITUATION OF OWN PENSION FUNDS

The pension plan within the Group is the pension plan of Mirabaud & Cie SA and its Swiss affiliated companies, which is a defined contribution plan. All the employees whose employment exceeds three months, the Partners of Mirabaud Partners & Cie, as well as the expressly designated Group employees are affiliated to. The contribution to the pension fund, the Fondation de Prévoyance LPP Mirabaud, consists in a savings contribution and a risk contribution. Employer's contributions are accounted for as current expenses during the period.

The employees and managers having a salary exceeding CHF 150'000 benefit from an individualized management of their pension savings. These contributions are paid to the Fondation pour Cadres et Dirigeants d'Entreprise. The financing and risk coverage of this portion exceeding the minimum required is similar to the basic pension foundation and is consolidated. There is also an employer sponsored pension fund offering free benefits to retired employees at the employer's discretion. This fund has no mandatory requirements.

The other Group pension plans are based on the defined contribution principle.

At the balance sheet date, balances due to the Group pension funds amount to CHF 4'535'820 as of December 31, 2016, respectively to CHF 8'569'123 as of December 31, 2015. These balances consist of current account deposits made by the pension funds with Mirabaud & Cie SA. There is no other asset (economic benefit) nor liability (economic obligation). The main Group pension fund, the Fondation de Prévoyance LPP Mirabaud, reported as of December 31, 2016 an overfunding of 107.4%, respectively as of December 31, 2015 an overfunding of 108.7%. The Fondation pour Cadres et Dirigeants d'Entreprise reported a funding of 100% as of December 31, 2016, as well as of December 31, 2015.

As of December 31, 2016, as well as of December 31, 2015, no employer contribution reserves were recorded.

Presentation of the economic benefit / obligation and the pension expenses

Swiss Francs

	Overfunding / underfunding as of December 31, 2016	Economic interest of the financial Group		Changes in economic interest (economic benefit / obligation) versus 2015	Contribution paid for 2016		Pension expenses in personnel expenses
		2016	2015		2016	2015	
Employer sponsored funds / employer sponsored pension schemes	-	-	-	-	-	-	-
Pension plans without overfunding / underfunding	-	-	-	-	2'626'569	2'626'569	1'869'501
Pension plans with overfunding	12'197'000	-	-	-	5'195'255	5'195'255	5'261'283
Pension plans with underfunding	-	-	-	-	-	-	-
Pension schemes without own assets	-	-	-	-	-	-	-

EMPLOYEE PARTICIPATION SCHEMES

A participation plan restricted to some employees and management members is available within the Group, through which part of the bonuses are deferred but can be subject to claw back should a loss occur in the responsibility area of the eligible employees during the three subsequent years.

These deferred bonuses may be entirely or partially paid through shares of the group company Mirabaud Capital SA, which in turn owns a limited partnership interest in Mirabaud Partners & Cie.

Within this scheme, the eligible employees and management members may acquire, through a loan granted by Mirabaud & Cie SA, additional shares in Mirabaud Capital SA.

As of December 31, 2016, the eligible employees held 24'056 shares in Mirabaud Capital SA, for a total amount of CHF 3'494'615, and the management members held 8'254 shares, for a total amount of CHF 1'199'059 (as of December 31, 2015, the eligible employees held 21'155 shares, for a total amount of CHF 3'073'187, and the management members held 4'073 shares, for a total amount of CHF 591'685). The valuation is made based on the statutory financial statements of Mirabaud Capital SA as of December 31, 2016, respectively as of December 31, 2015.

Deferred bonuses amounting to CHF 456'000 were recorded in the personnel expenses in relation with this participation scheme during the year 2016 (respectively CHF 485'000 for 2015).

The business line Mirabaud Asset Management has an incentive scheme restricted to some employees, through which part of the bonuses are deferred for one to three years. Personnel expenses for CHF 1'002'031 were recorded in 2016 (CHF 1'220'000 for 2015).

AMOUNTS DUE FROM / TO RELATED PARTIES

Swiss Francs

	Amounts due from		Amounts due to	
	2016	2015	2016	2015
Holders of qualified participations	2'592	11'365	29'273'988	34'303'662
Group companies	–	–	–	–
Transactions with members of governing bodies	–	–	–	–
Other related parties	–	–	–	–
Total	2'592	11'365	29'273'988	34'303'662

The interest rate conditions applicable to amounts due from and to related parties are at arm's length.

MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS

In thousands of Swiss Francs

	At sight	Due						Total
		Cancellable	within 3 months	within 3 to 12 months	within 12 months to 5 years	after 5 years	No maturity	
Assets / Financial instruments								
Liquid assets	1'455'287	–	–	–	–	–	–	1'455'287
Amounts due from banks	299'673	31'046	66'484	33'831	–	–	–	431'034
Amounts due from customers	13'154	14'124	428'765	280'499	–	–	–	736'542
Positive replacement values of derivative financial instruments	132'050	–	–	–	–	–	–	132'050
Financial investments	192'320	–	858'235	292'590	16'936	999	–	1'361'080
Total assets / financial instruments								
2016	2'092'484	45'170	1'353'484	606'920	16'936	999	–	4'115'993
2015	2'056'914	36'129	1'093'559	772'051	22'310	2'007	–	3'982'969
Debt capital / Financial instruments								
Amounts due to banks	67'337	–	–	–	–	–	–	67'337
Amounts due in respect of customer deposits	3'769'404	–	13'276	–	–	–	–	3'782'680
Negative replacement values of derivative financial instruments	125'336	–	–	–	–	–	–	125'336
Total debt capital / financial instruments								
2016	3'962'077	–	13'276	–	–	–	–	3'975'353
2015	3'806'579	1'205	7'521	–	–	–	–	3'815'305

BREAKDOWN OF ASSETS AND LIABILITIES BY DOMESTIC AND FOREIGN ORIGIN

In thousands of Swiss Francs

	2016		2015	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	1'351'450	103'837	1'489'205	86'730
Amounts due from banks	120'011	311'022	115'771	223'724
Amounts due from customers	149'603	586'939	158'575	455'628
Mortgage loans	–	–	–	–
Trading portfolio assets	–	–	–	–
Positive replacement values of derivative financial instruments	25'911	106'139	18'830	59'808
Financial investments	616'277	744'803	539'043	835'654
Accrued income and prepaid expenses	21'665	20'409	21'104	25'032
Non-consolidated participations	219	783	363	783
Tangible fixed assets	80'679	26'907	80'035	19'973
Intangible assets	–	–	–	–
Other assets	51'792	8'356	29'276	20'115
Total assets	2'417'608	1'909'195	2'452'202	1'727'447

BREAKDOWN OF ASSETS AND LIABILITIES BY DOMESTIC AND FOREIGN ORIGIN

In thousands of Swiss Francs

	2016		2015	
	Domestic	Foreign	Domestic	Foreign
Liabilities				
Amounts due to banks	5'922	61'414	30'720	26'322
Amounts due in respect of customer deposits	527'517	3'255'163	540'051	3'143'948
Negative replacement values of derivative financial instruments	55'154	70'182	59'802	14'461
Accrued expenses and deferred income	59'461	24'632	68'251	21'931
Other liabilities	15'060	14'736	14'997	37'363
Provisions	17'961	624	17'093	576
Capital accounts	141'048	418	137'944	418
Retained earnings reserve	39'024	7'134	30'205	10'506
Currency translation reserve	–	-255	–	-2'014
Consolidated profit	23'827	7'778	19'651	7'424
Total liabilities	884'976	3'441'826	918'714	3'260'935

BREAKDOWN OF TOTAL ASSETS BY COUNTRY OR GROUP OF COUNTRIES (DOMICILE PRINCIPLE)

In thousands of Swiss Francs

	2016		2015	
	Absolute	Share as %	Absolute	Share as %
Assets				
Europe				
Switzerland	2'418'694	55.9%	2'453'340	58.7%
Other European countries	839'609	19.4%	771'660	18.5%
North America	822'225	19.0%	807'387	19.3%
South America	13'259	0.3%	41'056	1.0%
Asia / Oceania	220'471	5.1%	97'990	2.3%
Africa	12'544	0.3%	8'216	0.2%
Total assets	4'326'802	100%	4'179'649	100%

BREAKDOWN OF TOTAL ASSETS ABROAD BY CREDIT RATING OF COUNTRY GROUPS (RISK DOMICILE VIEW)

	S&P	Internal rating *	Net foreign exposure / December 31, 2016		Net foreign exposure / December 31, 2015	
			Thousands of CHF	Share as %	Thousands of CHF	Share as %
Group internal country rating						
Prime	AAA	1	1'684'002	88.2%	1'543'553	89.4%
High Grade	AA+ - AA-	2	6'729	0.4%	4'894	0.3%
Upper Medium Grade	A+ - A	3	19'734	1.0%	11'998	0.7%
Lower Medium Grade	BBB+ - BBB-	4	196'583	10.3%	165'450	9.5%
Non Investment Grade Speculative	BB+ - BB-	5	1'737	0.1%	1'152	0.1%
Highly Speculative	B+ - B-	6	199	0.0%	299	0.0%
Substantial Risks / In Default	CCC+ - D	7	211	0.0%	101	0.0%
Total			1'909'195	100%	1'727'447	100%

* The Group uses its own internal rating system for country risk, as per above illustrated correspondance with Standard & Poors (S&P) ratings.

ASSETS BROKEN DOWN BY THE MOST SIGNIFICANT CURRENCIES

In thousands of Swiss Francs

	Currencies converted into Swiss Francs				Total
	CHF	USD	EUR	Other currencies	
Liquid assets	1'349'231	253	105'515	288	1'455'287
Amounts due from banks	85'615	104'270	126'628	114'521	431'034
Amounts due from customers	191'705	216'589	303'363	24'885	736'542
Mortgage loans	-	-	-	-	-
Trading portfolio assets	-	-	-	-	-
Positive replacement values of derivative financial instruments	1'381	82'834	5'296	42'539	132'050
Financial investments	438'434	479'171	197'807	245'668	1'361'080
Accrued income and prepaid expenses	22'670	5'492	9'241	4'671	42'074
Non-consolidated participations	249	325	428	-	1'002
Tangible fixed assets	94'847	181	3'829	8'729	107'586
Intangible assets	-	-	-	-	-
Other assets	52'779	-3'892	7'666	3'594	60'147
Total assets shown in balance sheet	2'236'911	885'223	759'773	444'895	4'326'802
Delivery entitlements from spot exchange, forward forex and forex options transactions	274'035	3'000'884	794'154	3'757'543	7'826'616
Total assets	2'510'946	3'886'107	1'553'927	4'202'438	12'153'418

LIABILITIES BROKEN DOWN BY THE MOST SIGNIFICANT CURRENCIES

In thousands of Swiss Francs

	Currencies converted into Swiss Francs				Total
	CHF	USD	EUR	Other currencies	
Amounts due to banks	4'658	19'263	21'920	21'496	67'337
Amounts due in respect of customer deposits	509'907	1'679'603	899'289	693'881	3'782'680
Trading portfolio liabilities	–	–	–	–	–
Negative replacement values of derivative financial instruments	1'356	78'728	4'562	40'690	125'336
Accrued expenses and deferred income	59'611	3'686	11'203	9'594	84'094
Other liabilities	14'695	10'280	3'929	892	29'796
Provisions	17'960	–	475	150	18'585
Capital accounts	141'048	–	–	418	141'466
Retained earnings reserve	39'025	18'462	2'124	-13'453	46'158
Currency translation reserve	–	5'372	-3'876	-1'751	-255
Other reserves	–	–	–	–	–
Consolidated profit	23'827	5'286	5'260	-2'768	31'605
Total liabilities shown in the balance sheet	812'087	1'820'680	944'886	749'149	4'326'802
Delivery obligations from spot exchange, forward forex and forex options transactions	1'696'699	2'065'279	608'772	3'455'866	7'826'616
Total liabilities	2'508'786	3'885'959	1'553'658	4'205'015	12'153'418
Net position per currency	2'160	148	269	-2'577	–

OFF BALANCE SHEET RELATED INFORMATION

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Swiss Francs

	2016	2015
Guarantees to secure credits and similar	175'343'914	86'719'834
Performance guarantees and similar	–	–
Irrevocable commitments arising from documentary letters of credit	–	–
Other contingent liabilities	–	–
Total contingent liabilities	175'343'914	86'719'834

FIDUCIARY TRANSACTIONS

Swiss Francs

	2016	2015
Fiduciary investments with third-party companies	1'342'047'574	1'136'593'280
Fiduciary investments with group companies and linked companies	–	–
Other fiduciary transactions	–	–
Total	1'342'047'574	1'136'593'280

MANAGED ASSETS

In thousands of Swiss Francs

Breakdown of managed assets

	2016	2015
Type of managed assets:		
Assets in collective investment schemes managed by the Group	5'838'587	5'970'022
Assets under discretionary asset management agreements	11'099'138	11'234'399
Other managed assets	16'166'693	15'581'202
Total managed assets (including double counting)	33'104'418	32'785'623
<i>- of which, double counting</i>	<i>3'207'957</i>	<i>3'612'257</i>
Total managed assets (including double counting) - beginning of year	32'785'623	32'696'542
+/- Net new money inflow or net new money outflow	294'448	1'086'036
+/- Price gains / losses, interest, dividends and currency gains / losses	24'347	-996'955
+/- Other effects	-	-
Total managed assets (including double counting) - end of year	33'104'418	32'785'623

The assets managed by the Group include the assets under management and / or deposit, with the exception of assets for which the Group is only providing pure custody services.

INCOME STATEMENT RELATED INFORMATION

PERSONNEL EXPENSES

Swiss Francs

	2016	2015
Salaries (meeting attendance fees and fixed compensation to members of the Group's governing bodies, salaries and benefits)	-144'860'181	-151'367'408
- of which expenses relating to share-based compensation and alternative forms of variable compensation	-1'458'031	-1'705'000
Changes in book value for economic benefits and obligations arising from pension schemes	-	-
Social insurance benefits	-24'745'178	-25'437'751
Other personnel expenses	-3'685'825	-5'201'539
Total	-173'291'184	-182'006'698

GENERAL AND ADMINISTRATIVE EXPENSES

Swiss Francs

	2016	2015
Office space expenses	-11'768'309	-12'772'996
Expenses for information and communications technology	-17'779'995	-16'454'704
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	-382'305	-473'284
Fees of audit firms	-1'087'697	-1'039'939
- of which, for financial and regulatory audits	-982'267	-997'740
- of which, for other services	-105'430	-42'199
Other operating expenses	-40'076'123	-37'750'298
Total	-71'094'429	-68'491'221

EXPLANATIONS REGARDING MATERIAL LOSSES, EXTRAORDINARY INCOME AND EXPENSES, AS WELL AS MATERIAL RELEASES OF HIDDEN RESERVES, RESERVES FOR GENERAL BANKING RISKS, AND VALUE ADJUSTMENTS AND PROVISIONS NO LONGER REQUIRED

During the year ended December 31, 2016, the Group has not recorded significant extraordinary losses or expenses.

OPERATING RESULT BROKEN DOWN ACCORDING TO DOMESTIC AND FOREIGN ORIGIN, ACCORDING TO THE PRINCIPLE OF PERMANENT ESTABLISHMENT

Swiss Francs

	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Net result from interest operations	22'440'872	1'615'681	24'056'553	15'744'771	1'537'195	17'281'966
Result from commission business and services	118'825'399	108'917'394	227'742'793	124'098'973	100'845'283	224'944'256
Result from trading activities	27'449'199	2'848'870	30'298'069	30'609'282	5'820'468	36'429'750
Other results from ordinary activities	-812'154	7'727'954	6'915'800	2'150'305	10'258'619	12'408'924
Operating expenses	-142'538'839	-101'846'774	-244'385'613	-148'320'773	-102'177'146	-250'497'919
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and tangible assets	-2'631'187	-1'501'264	-4'132'451	-2'261'244	-1'571'937	-3'833'181
Changes to provisions and other value adjustments, and losses	-851'910	-122'290	-974'200	-2'072'629	-390'202	-2'462'831
Operating result	21'881'380	17'639'571	39'520'951	22'265'468	12'005'497	34'270'965

CURRENT TAXES AND DEFERRED TAXES

Swiss Francs

	2016	2015
Current taxes	-7'203'575	-6'705'146
Deferred taxes	-658'900	-675'587
Total	-7'862'475	-7'380'733

The Group has not recorded any asset in relation to loss carry forwards for tax purposes.

CAPITAL ADEQUACY

In thousands of Swiss Francs

Regulatory capital

	2016	2015
Capital items		
Capital accounts	141'466	138'362
Retained earnings reserve	46'158	40'711
Currency translation reserve	-255	-2'014
Consolidated profit	31'605	27'075
Expected future dividend	-27'605	-21'500
Equity as shown on the balance sheet	191'369	182'634
Deductions	-3'085	-2'551
Tier 1 capital	188'284	180'083
Tier 2 capital	-	-
Available regulatory capital	188'284	180'083

CAPITAL ADEQUACY

In thousands of Swiss Francs

Capital requirements

	2016	2015
Swiss Standard approach		
Credit risk	21'401	15'922
- of which market price fluctuations related to equity investments in the portfolio	-	-
Risks without counterparties	7'982	8'001
Standard approach		
Market Risk	1'749	2'585
- of which on interest rate instruments	-	-
- of which on equity investments	-	-
- of which on currencies and precious metals	70	746
- of which on commodities	1'679	1'839
Basic Indicator Approach		
Operational risks	43'392	41'885
Capital requirements	74'524	68'393
Solvency ratio	20.21%	21.06%

CAPITAL RATIOS

	<u>2016</u>	<u>2015</u>
CET1 ratio	20.21%	21.06%
T1 ratio	20.21%	21.06%
Total capital ratio	20.21%	21.06%
CET1 target	7.40%	7.40%
- of which capital buffer	7.40%	7.40%
- of which countercyclical buffer	0.00%	0.00%
CET1 ratio after deduction of AT1 and T2 requirements covered by CET1	20.21%	21.06%
CET 1 target majored by the countercyclical buffer	7.40%	7.40%
Available CET1	20.21%	21.06%
T 1 target majored by the countercyclical buffer	9.00%	9.00%
Available T1	20.21%	21.06%
Capital target majored by the countercyclical buffer	11.20%	11.20%
Available regulatory capital	20.21%	21.06%

LEVERAGE RATIO

In thousands of Swiss Francs

	<u>2016</u>	<u>2015</u>
T1 capital	188'284	180'083
Leverage ratio exposure	4'528'887	4'258'405
Leverage ratio	4.2%	4.2%

LIQUIDITY COVERAGE RATIO

In thousands of Swiss Francs

	<u>2016</u>	<u>2015</u>
4th quarter LCR	163.4%	184.5%
Stock of High Quality Liquid Assets	2'711'578	3'040'937
Net cash outflows	1'659'069	1'648'343
3rd quarter LCR	168.4%	187.0%
Stock of High Quality Liquid Assets	2'906'040	3'008'819
Net cash outflows	1'726'007	1'608'704
2nd quarter LCR	175.7%	205.0%
Stock of High Quality Liquid Assets	2'800'344	2'675'096
Net cash outflows	1'593'968	1'304'982
1st quarter LCR	185.7%	176.6%
Stock of High Quality Liquid Assets	2'837'786	2'568'622
Net cash outflows	1'528'073	1'454'375



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To the General Meeting of
Mirabaud SCA, Genève (Groupe Mirabaud)

Geneva, 25 April 2017

Report of the statutory auditor on the consolidated financial statements of the Group Mirabaud

As statutory auditor, we have audited the accompanying consolidated financial statements of the Group Mirabaud, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes (pages 4 to 40), for the year ended 31 December 2016.



Directors' responsibility

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



Auditor's responsibility

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

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

**Opinion**

In our opinion, the consolidated financial statements for the year ended 31 December 2016 give a true and fair view of the financial position, the results of operations in accordance with the Swiss accounting principles applicable for banks and comply with Swiss law and the company's articles of incorporation

**Report on other legal requirements**

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

In accordance with article 728a paragraph 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 Directors.

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

Ernst & Young Ltd

A blue ink signature of Didier Müller.

Didier Müller
Licensed audit expert
(Auditor in charge)

A blue ink signature of Bruno Patusi.

Bruno Patusi
Licensed audit expert

