



MIRABAUD GROUP
CONSOLIDATED FINANCIAL
STATEMENTS 2017

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MIRABAUD GROUP
CONSOLIDATED FINANCIAL
STATEMENTS 2017

ANNUAL REPORT

As of 31 December 2017, total assets under administration amount to CHF 37.0 billion (including CHF 3.7 billion of double-counted assets).

The annual Group financial statements report a consolidated profit of CHF 40.5 million.

Revenue increased to CHF 305.3 million, including fee and commission income of CHF 237.3 million, net income from trading activities of CHF 33.3 million, and net interest income of CHF 27.8 million. Operating expenses before depreciation, amortisation and tax were CHF 247.2 million. This was achieved through continued vigilance on costs. Operating result amounts to CHF 47.7 million.

Consolidated balance sheet amounts to CHF 4'194.4 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 193.8 million, excluding consolidated profit, the Group's Tier 1 capital ratio is 20.71%.

In 2017, the Mirabaud Group developed the activities of its three business lines: Wealth Management, Asset Management and Brokerage. Moving into 2018, the Mirabaud Group will carry on with carefully selected investments across its business lines and markets in order to continue to offer its clients services of the highest quality.

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

	31.12.2017	31.12.2016
Liquid assets	1'273'994'590	1'455'287'499
Amounts due from banks	296'914'417	431'033'644
Amounts due from customers	925'710'281	736'541'746
Mortgage loans	–	–
Trading portfolio assets	–	–
Positive replacement values of derivative financial instruments	98'812'035	132'049'861
Financial investments	1'433'128'267	1'361'079'746
Accrued income and prepaid expenses	41'616'364	42'074'395
Non-consolidated participations	836'562	1'001'599
Tangible fixed assets	111'849'743	107'585'880
Intangible assets	–	–
Other assets	11'565'006	60'147'617
Total assets	4'194'427'265	4'326'801'987
Total subordinated claims	–	–

Liabilities

	<u>31.12.2017</u>	<u>31.12.2016</u>
Amounts due to banks	47'361'031	67'336'762
Amounts due in respect of customer deposits	3'653'934'617	3'782'679'777
Trading portfolio liabilities	–	–
Negative replacement values of derivative financial instruments	94'164'821	125'335'990
Accrued expenses and deferred income	108'933'000	84'093'654
Other liabilities	31'909'194	29'796'354
Provisions	23'781'656	18'585'198
Capital accounts	140'806'360	141'466'440
Retained earnings reserve	55'000'150	46'157'684
Currency translation reserve	-1'995'321	-255'303
Consolidated profit	40'531'757	31'605'431
Total liabilities	4'194'427'265	4'326'801'987
Total subordinated liabilities	–	–

OFF-BALANCE SHEET TRANSACTIONS

Swiss Francs

	<u>31.12.2017</u>	<u>31.12.2016</u>
Contingent liabilities	173'798'112	175'343'914
Irrevocable commitments	4'430'000	4'952'000
Obligations to pay up shares and make further contributions	14'514'207	–
Credit commitments	–	–

INCOME STATEMENT

Swiss Francs

	2017	2016
Interest and discount income	25'752'542	21'687'766
Interest and dividend income from financial investments	221'459	408'793
Interest expense	1'795'250	1'964'800
Gross result from interest operations	27'769'251	24'061'359
Changes in value adjustments for default risks and losses from interest operations	-11'505	-4'806
Net result from interest operations	27'757'746	24'056'553
Commission income from securities trading and investment activities	263'620'731	252'385'010
Commission income from lending activities	1'882'574	747'386
Commission income from other services	6'068'704	7'151'003
Commission expense	-34'276'402	-32'540'606
Result from commission business and services	237'295'607	227'742'793
Result from trading activities	33'349'775	30'298'069
Result from the disposal of financial investments	-122'965	729'494
Income from non-consolidated participations	7'466'812	8'855'348
Result from real estate	245'191	248'080
Other ordinary income	699'345	468'920
Other ordinary expenses	-1'433'611	-3'386'042
Other result from ordinary activities	6'854'772	6'915'800
Personnel expenses	-180'159'373	-173'291'184
General and administrative expenses	-67'007'531	-71'094'429
Operating expenses	-247'166'904	-244'385'613
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-4'803'615	-4'132'451
Changes to provisions and other value adjustments, and losses	-5'602'863	-974'200
Operating result	47'684'518	39'520'951
Extraordinary income	2'312'176	76'861
Extraordinary expenses	-205'208	-129'906
Taxes	-9'259'729	-7'862'475
Consolidated profit	40'531'757	31'605'431

CASH FLOW STATEMENT

Swiss Francs

	2017		2016	
	Cash inflows	Cash outflows	Cash inflows	Cash outflows
Cash flow from operating activities (internal financing)				
Consolidated profit	40'531'757	–	31'605'431	–
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	4'803'613	–	4'132'451	–
Provisions and other value adjustments	5'196'458	–	916'732	–
Change in value adjustments for default risks and losses	11'505	–	4'806	–
Accrued income and prepaid expenses	458'031	–	4'061'504	–
Accrued expenses and deferred income	24'839'346	–	–	6'088'673
Other items	50'695'451	–	–	33'320'692
Subtotal	126'536'161	–	40'720'924	39'409'365
Cash flow from shareholders' equity transactions				
Share capital / participation capital / cantonal banks' endowment capital / etc.	–	660'080	3'104'940	–
Recognised in reserves	–	24'502'983	–	19'869'859
Subtotal	–	25'163'063	3'104'940	19'869'859
Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets				
Participations	165'037	–	143'887	–
Real estate	–	25'465	–	8'302'500
Other tangible fixed assets	–	9'042'012	–	3'407'679
Subtotal	165'037	9'067'477	143'887	11'710'179
Cash flow from banking operations				
Medium - and long-term business (> 1 year)				
Amounts due from banks	–	–	–	–
Amounts due from customers	–	35'362'900	–	2'500'000
Financial investments	–	242'059'084	3'881'671	–
Short-term business (< 1 year)				
Amounts due to banks	–	19'975'731	10'294'332	–
Amounts due in respect of customer deposits	–	128'745'160	98'680'494	–
Negative replacement values of derivative financial instruments	–	31'171'169	51'073'002	–
Amounts due from banks	134'119'227	–	–	91'538'103
Amounts due from customers	–	153'817'140	–	119'842'700
Positive replacement values of derivative financial instruments	33'237'826	–	–	53'411'911
Financial investments	170'010'563	–	9'735'572	–
	–	–	–	–
Liquidity				
Liquid assets	181'292'910	–	120'647'295	–
Subtotal	518'660'526	611'131'184	294'312'366	267'292'714
Total	645'361'724	645'361'724	338'282'117	338'282'117

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, 2016	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	4'300'000	-4'960'080	-	-	-	-660'080
Currency translation differences	-	-	4'241'043	-1'740'018	-	2'501'025
Dividends and other distributions	-	-	4'601'423	-	-31'605'431	-27'004'008
Other allocations to (transfers from) the other reserves	-	-	-	-	-	-
Consolidated profit	-	-	-	-	40'531'757	40'531'757
Equity as of December 31, 2017	87'798'000	53'008'360	55'000'150	-1'995'321	40'531'757	234'342'946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2017

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, 2017, 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 2017.

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. The exception for assets with the Swiss National Bank accounted for using settlement date ended as of December 31, 2016.

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:

	2017		2016	
	Closing	Average	Closing	Average
USD	0.976	0.985	1.018	0.985
EUR	1.170	1.112	1.074	1.090
GBP	1.320	1.269	1.255	1.335
CAD	0.778	0.759	0.757	0.744

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.

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 val-

ued 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.

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	–	919'280'705	6'442'325	925'723'030
Mortgage loans	–	–	–	–
Total loans (before netting with value adjustments)				
2017	–	919'280'705	6'442'325	925'723'030
2016	–	728'662'424	8'090'837	736'753'261
Total loans (after netting with value adjustments)				
2017	–	919'280'705	6'429'576	925'710'281
2016	–	728'662'424	7'879'322	736'541'746
Off balance sheet				
Contingent liabilities	–	173'243'941	554'171	173'798'112
Irrevocable commitments	–	–	4'430'000	4'430'000
Obligations to pay up shares and make further contributions	–	13'926'939	587'268	14'514'207
Credit commitments	–	–	–	–
Total off balance sheet				
2017	–	187'170'880	5'571'439	192'742'319
2016	–	174'758'990	5'536'924	180'295'914
Impaired loans				
2017	12'749	–	12'749	12'749
2016	211'515	–	211'515	211'515

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	40'797'070	39'682'752	4'244'777'245	889'260	450'201	56'208'484
Combined interest rate / currency swaps	–	–	–	3'205'539	111'702	1'274'474'200
Futures	–	–	–	–	–	–
Options (OTC)	53'920'166	53'920'166	2'168'657'140	–	–	–
Options (exchange traded)	–	–	–	–	–	–
Total before netting adjustments						
2017	94'717'236	93'602'918	6'413'434'385	4'094'799	561'903	1'330'682'684
2016	126'140'934	124'585'407	8'040'350'821	5'908'926	750'583	1'577'594'024

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Swiss Francs

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
Total after netting agreements		
2017	67'908'939	63'261'725
2016	82'133'221	75'419'350

Breakdown by counterparty

	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	–	12'329'314	55'579'625

FINANCIAL INVESTMENTS

Swiss Francs

	Book value		Fair value	
	2017	2016	2017	2016
Debt securities	1'180'155'019	1'168'726'072	1'182'170'233	1'169'130'821
- of which, intended to be held to maturity	543'791'267	348'185'290	544'002'882	348'222'345
- of which, not intended to be held to maturity (available for sale)	636'363'752	820'540'782	638'167'351	820'908'476
Equity securities	18'465'910	14'166'974	19'790'576	14'286'264
- of which, qualified participations	-	-	-	-
Precious metals	234'507'338	178'186'700	234'507'338	178'186'700
Total	1'433'128'267	1'361'079'746	1'436'468'146	1'361'603'785
- of which, securities eligible for repo transactions in accordance with liquidity requirements	814'567'248	1'164'270'543		

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	1'180'155'019	-	-	-	-	-	1'180'155'019

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, 2016	Current year				Book value as of December 31, 2017
				Reclassifications	Additions	Disposals	Value adjustments	
Other participations								
with market value	-	-	-	-	-	-	-	-
without market value	1'145'486	-143'887	1'001'599	-	-	-	-165'037	836'562
Total participations	1'145'486	-143'887	1'001'599	-	-	-	-165'037	836'562

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	142'980	100%	100%	100%	0%
Mirabaud SCA, Geneva	Holding	CHF	30'000	100%	100%	100%	0%
Mirabaud & Cie SA, Geneva	Bank	CHF	30'000	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 Canada Inc., Montréal	Security dealer	CAD	5'750	100%	100%	100%	0%
Mirabaud (Middle East) Ltd, Dubai	Bank	USD	15'000	100%	100%	100%	0%
Mirabaud Asset Management (Europe) SA, Luxembourg	Fund management company	EUR	500	100%	100%	100%	0%
Mirabaud Asset Management (France) SA, Paris	Asset management and fund management company	EUR	1'000	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 España, Madrid	Asset management and fund management company	EUR	1'300	100%	100%	100%	0%
Mirabaud Asset Management Limited, London	Asset management and fund management company	GBP	2'850	100%	100%	100%	0%
Mirabaud Securities Limited, London	Broker	GBP	14'000	100%	100%	100%	0%
MirSec Partners LLP, London	Broker	GBP	12'429	100%	100%	100%	0%
Mirabaud (Asia) Ltd, Hong-Kong	Broker	HKD	17'000	100%	100%	100%	0%
Hoche Courtage SAS, Paris	Finance company	EUR	237	100%	100%	100%	0%
Baygreen Limited, Bermuda	Finance company	USD	0.1	100%	100%	100%	0%
Galmar Inc., Nassau	Finance company	CHF	10	100%	100%	100%	0%
Mirabaud Capital SA, Geneva	Finance company	CHF	4'989	100%	100%	100%	0%
Mircan and Company, Limited, Montréal	Service company	CAD	500	100%	100%	100%	0%
LPP Gestion SA, Geneva	Service company	CHF	1'500	100%	100%	100%	0%
MirServices SA, en liquidation, Geneva	Service company	CHF	500	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 Investment Advisors 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, 2016	Current year			
				Additions	Disposals	Depreciation	Book value as of December 31, 2017
Group buildings	98'166'190	-2'643'117	95'523'073	25'465	-	-909'225	94'639'313
Other real estate	-	-	-	-	-	-	-
Other tangible fixed assets	60'142'914	-48'080'106	12'062'807	8'618'354	423'659	-3'894'390	17'210'430
Tangible fixed assets under financial lease	-	-	-	-	-	-	-
Total tangible fixed assets	158'309'104	-50'723'223	107'585'880	8'643'819	423'659	-4'803'615	111'849'743
Operating lease commitments as of December 31, 2017				-			
- of which with maturity within one year				-			
Operating lease commitments as of December 31, 2016				29'409			
- of which with maturity within one year				29'409			

OTHER ASSETS AND OTHER LIABILITIES

Swiss Francs

	Other assets		Other liabilities	
	2017	2016	2017	2016
Compensation account	-	-	8'304'261	3'570'156
Deferred income taxes recognised as assets	-	-	-	-
Other assets and other liabilities	11'565'006	60'147'617	23'604'933	26'226'198
Total	11'565'006	60'147'617	31'909'194	29'796'354

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	222'963'733	28'387'111
Others	128'445'088	95'080'092
Total	351'408'821	123'467'203
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 CHF 4'919'634 as of December 31, 2017, respectively to CHF 4'535'820 as of December 31, 2016. 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, 2017 an overfunding of 105.3%, respectively as of December 31, 2016 an overfunding of 107.4%. The Fondation pour Cadres et Dirigeants d'Entreprise reported a funding of 100% as of December 31, 2017, as well as of December 31, 2016.

As of December 31, 2017, as well as of December 31, 2016, no employer contribution reserves were recorded.

Presentation of the economic benefit / obligation and the pension expenses

Swiss Francs

	Overfunding / underfunding as of December 31, 2017	Economic interest of the financial Group		Changes in economic interest (economic benefit / obligation) versus 2016	Contribution paid for 2017		Pension expenses in personnel expenses
		2017	2016		2017	2016	
Employer sponsored funds / employer sponsored pension schemes	-	-	-	-	-	-	-
Pension plans without overfunding / underfunding	-	-	-	-	2'612'123	2'612'123	2'626'569
Pension plans with overfunding	9'657'000	-	-	-	5'007'018	5'007'018	5'195'255
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, 2017, the eligible employees held 26'692 shares in Mirabaud Capital SA, for a total amount of CHF 4'163'107, and the management members held 4'461 shares, for a total amount of CHF 695'775 (as of December 31, 2016, the eligible employees held 24'056 shares, 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). The valuation is made based on the statutory financial statements of Mirabaud Capital SA as of December 31, 2017, respectively as of December 31, 2016.

Deferred bonuses amounting to CHF 410'000 were recorded in the personnel expenses in relation with this participation scheme during the year 2017 (respectively CHF 456'000 for 2016).

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 1'296'668 were recorded in 2017 (CHF 1'002'031 for 2016).

AMOUNTS DUE FROM / TO RELATED PARTIES

Swiss Francs

	Amounts due from		Amounts due to	
	2017	2016	2017	2016
Holders of qualified participations	–	2'592	26'740'878	29'273'988
Group companies	–	–	–	–
Transactions with members of governing bodies	–	–	–	–
Other related parties	–	–	–	–
Total	–	2'592	26'740'878	29'273'988

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	1'273'995	–	–	–	–	–	–	1'273'995
Amounts due from banks	242'299	210	54'113	293	–	–	–	296'914
Amounts due from customers	44'158	42'475	437'924	365'791	35'363	–	–	925'710
Positive replacement values of derivative financial instruments	98'812	–	–	–	–	–	–	98'812
Financial investments	252'978	–	606'460	313'697	258'995	999	–	1'433'128
Total assets / financial instruments								
2017	1'912'241	42'685	1'098'496	679'781	294'358	999	–	4'028'560
2016	2'092'484	45'170	1'353'484	606'920	16'936	999	–	4'115'993
Debt capital / Financial instruments								
Amounts due to banks	47'361	–	–	–	–	–	–	47'361
Amounts due in respect of customer deposits	3'643'570	–	10'364	–	–	–	–	3'653'935
Negative replacement values of derivative financial instruments	94'165	–	–	–	–	–	–	94'165
Total debt capital / financial instruments								
2017	3'785'096	–	10'364	–	–	–	–	3'795'460
2016	3'962'077	–	13'276	–	–	–	–	3'975'353

BREAKDOWN OF ASSETS AND LIABILITIES BY DOMESTIC AND FOREIGN ORIGIN

In thousands of Swiss Francs

	2017		2016	
	Domestic	Foreign	Domestic	Foreign
Assets				
Liquid assets	1'043'041	230'954	1'351'450	103'837
Amounts due from banks	92'711	204'204	120'011	311'022
Amounts due from customers	140'272	785'438	149'603	586'939
Mortgage loans	–	–	–	–
Trading portfolio assets	–	–	–	–
Positive replacement values of derivative financial instruments	8'799	90'014	25'911	106'139
Financial investments	999'460	433'669	616'277	744'803
Accrued income and prepaid expenses	19'588	22'028	21'665	20'409
Non-consolidated participations	54	783	219	783
Tangible fixed assets	91'582	20'267	80'679	26'907
Intangible assets	–	–	–	–
Other assets	2'236	9'329	51'792	8'356
Total assets	2'397'742	1'796'685	2'417'608	1'909'195

BREAKDOWN OF ASSETS AND LIABILITIES BY DOMESTIC AND FOREIGN ORIGIN

In thousands of Swiss Francs

	2017		2016	
	Domestic	Foreign	Domestic	Foreign
Liabilities				
Amounts due to banks	15'615	31'746	5'922	61'414
Amounts due in respect of customer deposits	511'193	3'142'742	527'517	3'255'163
Negative replacement values of derivative financial instruments	70'437	23'728	55'154	70'182
Accrued expenses and deferred income	70'822	38'111	59'461	24'632
Other liabilities	12'792	19'117	15'060	14'736
Provisions	23'660	122	17'961	624
Capital accounts	140'388	418	141'048	418
Retained earnings reserve	50'828	4'173	39'024	7'134
Currency translation reserve	–	-1'995	–	-255
Consolidated profit	24'643	15'889	23'827	7'778
Total liabilities	920'378	3'274'049	884'976	3'441'826

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

In thousands of Swiss Francs

	2017		2016	
	Absolute	Share as %	Absolute	Share as %
Assets				
Europe				
Switzerland	2'272'778	54.2%	2'418'694	55.9%
Other European countries	953'786	22.7%	839'609	19.4%
North America	658'017	15.7%	822'225	19.0%
South America	51'331	1.2%	13'259	0.3%
Asia / Oceania	252'966	6.0%	220'471	5.1%
Africa	5'548	0.1%	12'544	0.3%
Total assets	4'194'427	100.0%	4'326'802	100.0%

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

	S&P	Internal rating *	Net foreign exposure / December 31, 2017		Net foreign exposure / December 31, 2016	
			Thousands of CHF	Share as %	Thousands of CHF	Share as %
Group internal country rating						
Prime	AAA	1	1'770'653	98.6%	1'684'002	88.2%
High Grade	AA+ - AA-	2	5'317	0.3%	6'729	0.4%
Upper Medium Grade	A+ - A	3	12'009	0.7%	19'734	1.0%
Lower Medium Grade	BBB+ - BBB-	4	1'277	0.1%	196'583	10.3%
Non Investment Grade Speculative	BB+ - BB-	5	2'970	0.2%	1'737	0.1%
Highly Speculative	B+ - B-	6	2'765	0.2%	199	0.0%
Substantial Risks / In Default	CCC+ - D	7	1'694	0.1%	211	0.0%
Total			1'796'685	100%	1'909'195	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	1'040'476	186	233'102	231	1'273'995
Amounts due from banks	65'058	30'075	116'595	85'186	296'914
Amounts due from customers	188'580	165'431	495'979	75'720	925'710
Mortgage loans	-	-	-	-	-
Trading portfolio assets	-	-	-	-	-
Positive replacement values of derivative financial instruments	1'334	57'624	26'436	13'418	98'812
Financial investments	636'240	363'306	112'275	321'307	1'433'128
Accrued income and prepaid expenses	20'945	5'154	10'346	5'171	41'616
Non-consolidated participations	249	160	428	-	837
Tangible fixed assets	105'187	109	3'522	3'032	111'850
Intangible assets	-	-	-	-	-
Other assets	3'349	-	8'087	129	11'565
Total assets shown in balance sheet	2'061'418	622'045	1'006'770	504'194	4'194'427
Delivery entitlements from spot exchange, forward forex and forex options transactions	366'582	2'431'029	1'070'613	3'592'383	7'460'607
Total assets	2'428'000	3'053'074	2'077'383	4'096'577	11'655'034

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	16'353	11'088	14'938	4'982	47'361
Amounts due in respect of customer deposits	515'933	1'406'307	1'118'572	613'122	3'653'934
Trading portfolio liabilities	–	–	–	–	–
Negative replacement values of derivative financial instruments	1'303	54'457	25'583	12'822	94'165
Accrued expenses and deferred income	71'404	4'356	16'900	16'273	108'933
Other liabilities	22'206	667	8'348	688	31'909
Provisions	23'660	–	122	–	23'782
Capital accounts	140'388	–	–	418	140'806
Retained earnings reserve	54'057	16'368	-6'225	-9'200	55'000
Currency translation reserve	–	1'373	-744	-2'624	-1'995
Other reserves	–	–	–	–	–
Consolidated profit	9'333	16'315	5'552	9'332	40'532
Total liabilities shown in the balance sheet	854'637	1'510'931	1'183'046	645'813	4'194'427
Delivery obligations from spot exchange, forward forex and forex options transactions	1'571'802	1'540'272	893'836	3'454'697	7'460'607
Total liabilities	2'426'439	3'051'203	2'076'882	4'100'510	11'655'034
Net position per currency	1'561	1'871	501	-3'933	–

OFF BALANCE SHEET RELATED INFORMATION

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Swiss Francs

	2017	2016
Guarantees to secure credits and similar	173'798'112	175'343'914
Performance guarantees and similar	–	–
Irrevocable commitments arising from documentary letters of credit	–	–
Other contingent liabilities	–	–
Total contingent liabilities	173'798'112	175'343'914

FIDUCIARY TRANSACTIONS

Swiss Francs

	2017	2016
Fiduciary investments with third-party companies	1'724'701'124	1'342'047'574
Fiduciary investments with group companies and linked companies	–	–
Other fiduciary transactions	–	–
Total	1'724'701'124	1'342'047'574

MANAGED ASSETS

In thousands of Swiss Francs

Breakdown of managed assets

	2017	2016
Type of managed assets:		
Assets in collective investment schemes managed by the Group	6'731'886	5'838'587
Assets under discretionary asset management agreements	14'676'767	11'099'138
Other managed assets	15'602'096	16'166'693
Total managed assets (including double counting)	37'010'749	33'104'418
<i>- of which, double counting</i>	<i>3'743'664</i>	<i>3'207'957</i>
Total managed assets (including double counting) - beginning of year	33'104'418	32'785'623
+/- Net new money inflow or net new money outflow	648'932	294'448
+/- Price gains / losses, interest, dividends and currency gains / losses	3'257'399	24'347
+/- Other effects	-	-
Total managed assets (including double counting) - end of year	37'010'749	33'104'418

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

	2017	2016
Salaries (meeting attendance fees and fixed compensation to members of the Group's governing bodies, salaries and benefits)	-149'222'391	-144'860'181
- of which expenses relating to share-based compensation and alternative forms of variable compensation	-1'706'668	-1'458'031
Changes in book value for economic benefits and obligations arising from pension schemes	-	-
Social insurance benefits	-27'714'732	-24'745'178
Other personnel expenses	-3'222'250	-3'685'825
Total	-180'159'373	-173'291'184

GENERAL AND ADMINISTRATIVE EXPENSES

Swiss Francs

	2017	2016
Office space expenses	-12'229'951	-11'768'309
Expenses for information and communications technology	-17'736'791	-17'779'995
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	-967'643	-382'305
Fees of audit firms	-1'136'251	-1'087'697
- of which, for financial and regulatory audits	-1'069'331	-982'267
- of which, for other services	-66'920	-105'430
Other operating expenses	-34'936'895	-40'076'123
Total	-67'007'531	-71'094'429

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, 2017, the Group recorded an extraordinary income of CHF 1.8 million in connection with the compensation received by the London companies due to the early termination agreement of their lease.

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

Swiss Francs

	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Net result from interest operations	25'203'199	2'554'547	27'757'746	22'440'872	1'615'681	24'056'553
Result from commission business and services	122'979'892	114'315'715	237'295'607	118'825'399	108'917'394	227'742'793
Result from trading activities	29'356'266	3'993'509	33'349'775	27'449'199	2'848'870	30'298'069
Other results from ordinary activities	533'335	6'321'437	6'854'772	-812'154	7'727'954	6'915'800
Operating expenses	-139'802'095	-107'364'809	-247'166'904	-142'538'839	-101'846'774	-244'385'613
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and tangible assets	-3'226'366	-1'577'249	-4'803'615	-2'631'187	-1'501'264	-4'132'451
Changes to provisions and other value adjustments, and losses	-5'531'614	-71'249	-5'602'863	-851'910	-122'290	-974'200
Operating result	29'512'618	18'171'900	47'684'518	21'881'380	17'639'571	39'520'951

CURRENT TAXES AND DEFERRED TAXES

Swiss Francs

	2017	2016
Current taxes	-8'490'965	-7'203'575
Deferred taxes	-768'765	-658'900
Total	-9'259'730	-7'862'475

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

	2017	2016
Capital items		
Capital accounts	140'806	141'466
Retained earnings reserve	55'000	46'158
Currency translation reserve	-1'995	-255
Consolidated profit	40'532	31'605
Expected future dividend	-40'532	-27'605
Equity as shown on the balance sheet	193'811	191'369
Deductions	-2'848	-3'085
Tier 1 capital	190'963	188'284
Tier 2 capital	-	-
Available regulatory capital	190'963	188'284

CAPITAL ADEQUACY

In thousands of Swiss Francs

Capital requirements

	<u>2017</u>	<u>2016</u>
Swiss Standard approach		
Credit risk	20'193	21'401
- of which market price fluctuations related to equity investments in the portfolio	-	-
	<hr/>	<hr/>
Risks without counterparties	7'742	7'982
	<hr/>	<hr/>
Standard approach		
Market Risk	2'010	1'749
- of which on interest rate instruments	-	-
- of which on equity investments	-	-
- of which on currencies and precious metals	268	70
- of which on commodities	1'742	1'679
	<hr/>	<hr/>
Basic Indicator Approach		
Operational risks	43'834	43'392
	<hr/>	<hr/>
Capital requirements	73'779	74'524
	<hr/>	<hr/>
Solvency ratio	20.71%	21.21%
	<hr/>	<hr/>

CAPITAL RATIOS

	<u>2017</u>	<u>2016</u>
CET1 ratio	20.71%	20.21%
T1 ratio	20.71%	20.21%
Total capital ratio	20.71%	20.21%
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	20.71%	20.21%
CET 1 target majored by the countercyclical buffer	7.40%	7.40%
Available CET1	20.71%	20.21%
T 1 target majored by the countercyclical buffer	9.00%	9.00%
Available T1	20.71%	20.21%
Capital target majored by the countercyclical buffer	11.20%	11.20%
Available regulatory capital	20.71%	20.21%

LEVERAGE RATIO

In thousands of Swiss Francs

	<u>2017</u>	<u>2016</u>
T1 capital	190'963	188'284
Leverage ratio exposure	4'421'559	4'528'887
Leverage ratio	4.3%	4.2%

LIQUIDITY COVERAGE RATIO

In thousands of Swiss Francs

	<u>2017</u>	<u>2016</u>
4th quarter LCR	171.2%	163.4%
Stock of High Quality Liquid Assets	2'275'255	2'711'578
Net cash outflows	1'329'374	1'659'069
3rd quarter LCR	161.7%	168.4%
Stock of High Quality Liquid Assets	2'249'739	2'906'040
Net cash outflows	1'391'538	1'726'007
2nd quarter LCR	185.3%	175.7%
Stock of High Quality Liquid Assets	2'670'742	2'800'344
Net cash outflows	1'441'071	1'593'968
1st quarter LCR	153.5%	185.7%
Stock of High Quality Liquid Assets	2'462'139	2'837'786
Net cash outflows	1'603'663	1'528'073



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

Geneva, 24 April 2018

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 2017.



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 2017 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

