INDOSUEZ
WEALTH MANAGEMENT

2017 Annual Report

CA INDOSUEZ (SWITZERLAND) SA

Contents

The illustrations in the CA Indosuez (Switzerland) SA Annual Report are taken from the "Stories shape our lives" corporate video produced by Indosuez Wealth Management. The film uses unexpected, dreamlike creative techniques to modify the relative sizes of the various visual elements, thereby surprising the viewer – and in this case the reader – and enabling the images to be viewed and interpreted on several levels.

To watch the video, please go to www.ca-indosuez.com

Welcome

A whole bank just for you

Crédit Agricole serves **52 million customers worldwide**, with customer focus, accountability and community support, the enduring values that have been its hallmark for 120 years. Led by its **139,000 engaged employees,** the bank forges genuine partnerships with its customers.

Thanks to its **universal customer-focused banking model** – based on close cooperation between its retail banks and its specialised business lines – reaffirmed by its "A whole bank just for you" brand signature, Crédit Agricole helps its customers to achieve all their personal and business projects. It does so by offering them an extensive range of services consisting of day-to-day banking, loans, savings products, insurance, asset management, real estate, leasing and factoring, corporate and investment banking, issuer and investor services.

Crédit Agricole's corporate social responsibility policy lies at the heart of its identity and is reflected in its products and services and offerings. This commitment is a key factor contributing to overall performance and a powerful innovation driver.

Built on strong cooperative foundations and led by its **9,7 millions mutual shareholders** and **more than 30,000 directors** of its Local and Regional Banks, Crédit Agricole's robust organisational model ensures its stability and sustainability as a European group open to the wider world.

Crédit Agricole Group extends its leadership year after year. It is the number one provider of financing to the French economy and the number one insurer in France. It is also the leading bancassurer in Europe, top-ranked European asset manager and the world's largest social and sustainability green bonds arranger.

52 M	49	139 000	9,7 M	30 000+
CUSTOMERS	COUNTRIES	EMPLOYEES	MUTUAL SHAREHOLDERS	DIRECTORS OF LOCAL AND REGIONAL BANKS

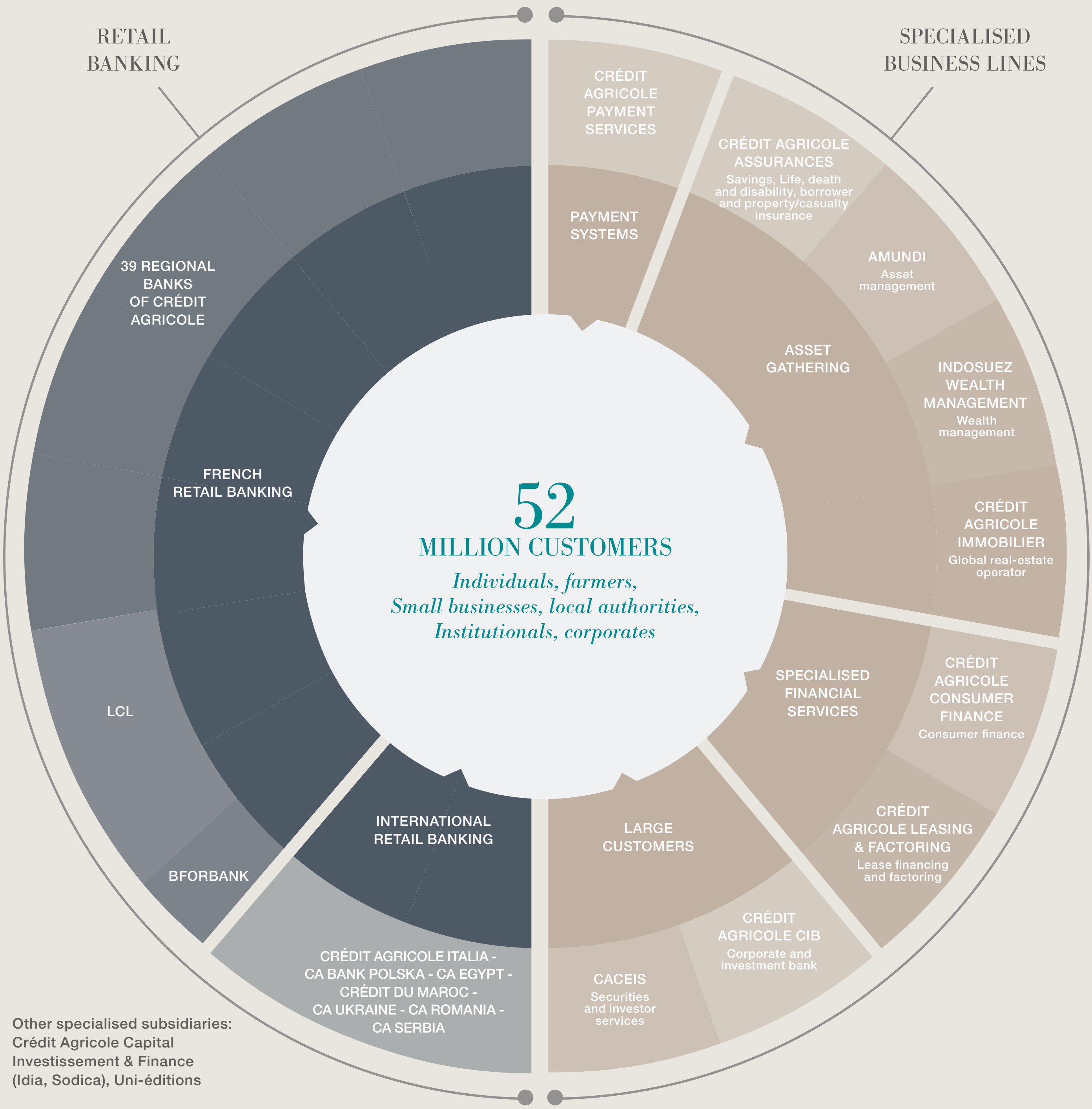
Group Organisation

9.7 million mutual shareholders underpin Crédit Agricole's cooperative organisational structure. They own the capital of the **2,447 Local Banks** in the form of mutual shares and they elect their representatives each year. **More than 30,000 directors** work in their best interests.

The Local Banks own the majority of the **39 Regional Banks'** share capital.

The Regional Banks are cooperative regional banks that offer their customers a comprehensive range of products and services. Their sounding board is the Fédération Nationale du Crédit Agricole, where the Group's strategic vision and policies are discussed.

The Regional Banks together own, via **SAS Rue La Boétie**, the majority (56.6%) of the share capital of **Crédit Agricole SA** Working with its specialist subsidiaries, Crédit Agricole SA coordinates the various business lines' strategies in France and abroad.



Other specialised subsidiaries:
Crédit Agricole Capital Investissement & Finance (Idia, Sodica), Uni-éditions

Indouez Wealth Management holds under our global brand, all Crédit Agricole's group wealth management entities.
For more than140 years we have advised entrepreneurs and families all over the world, supporting them with expert financial advice and exceptional personal service.
Today, we work alongside our clients to help them build, protect, and pass on their wealth.
As "Architects of Wealth" we offer state-of-the-art advice and unsurpassed service to define efficient wealth structures and best-in-class investment solutions.
In so doing, we thereby make it possible for our clients to focus on achieving their personal goals, while relying on the flawless execution of our traditional Wealth Management and precision banking services of Crédit Agricole Group.

Indosuez Wealth Management

Message from the General Management of Indosuez Wealth Management Group

PAUL de **LEUSSE**
CEO of CA Indosuez Wealth (Group)

JEAN-YVES **HOCHER**
Deputy Managing Director of Crédit Agricole SA, supervising the Major Clients business line, CEO of Crédit Agricole CIB and Chairman of CA Indosuez Wealth (Group)

Our continued strength and the containment of erosion rates made possible by the efforts and commitment of our teams throughout the world was extremely satisfying in 2017.

In a rapidly changing Wealth Management market, we continued to overhaul our business model and made the adjustments required by our environment. As a result, our efficiency has improved as well as the security and reliability of our operations, in line with the commitment to our "Shaping Indosuez 2020" corporate project. Some of the key projects have already led to significant progress.

With new regulations on the European horizon, including the revised Markets in Financial Instruments Directive "MiFID II", which substantially redefines the nature of the relationship with our clients, our refocusing policy has been finalised. From now onwards, only clients who are resident in countries practising the automatic exchange of information will be served. Maintaining the highest compliance standards is an ongoing goal for Indosuez Wealth Management, since these standards contribute to the quality of our services and our Bank's reputation.

In a competitive environment characterised by strong margin pressures combined with increasingly sophisticated client's needs, we have decided to rethink our value proposition. In the future, the value-added of our investment universes will increase in line with the level of assets entrusted to us, so that our clients have access to services fully personalised to their requirements.

To support the roll-out of this new offering, our wealth management and financial expertise has been brought together in a single "Markets, Investment and Structuring" business line. This fully international and cross-business structure combines the integration of the teams' expertise and know-how and leverages all of their synergies for closer and better support.

Throughout the year, its front-line ambassadors, the relationship managers, on-boarded the regulatory frameworks inherent to their activity and got to grips with the new tools available to them and offered to their clients.

2017 also marked a turning point in our digital strategy, with the construction of an ambitious roadmap and the launch of the "Indosuez Insights" mobile app, available to all and designed to share our analysis of different products and asset classes. The app's high-quality content is produced by Indosuez Wealth Management experts and customised according to the user's interests. Users may also use the app to directly question the Indosuez Wealth Management group's. Its functions and content will be continuously enhanced to meet the highest user experience standards.

With this in mind, CA-PBS, a division of our Swiss entity, has created a Digital Factory to meet our digital transformation objectives. This Lausanne-based hub brings together experts from CA-PBS and its clients to jointly design and produce innovative projects using an "agile" method in line with the latest industry technologies. Other digital projects initiated this year will go ahead in 2018.

The transformation in which we are engaged, particularly in terms of solutions and applications, is designed to consolidate our fundamentals and competitive positioning and satisfy a growing number of clients across the globe.

Announced in July and completed in December 2017, the acquisition of CIC's Private Banking activities in Asia brings the bank's total assets under management in the region to around €12 billion, with a workforce that has increased from 250 to over 400.

This combination enables CIC's clients to benefit from Indosuez Wealth Management's multibooking capabilities in Hong Kong and globally, as well as its Discretionary Portfolio Management, Advisory, Private Equity, Wealth Structuring and Corporate Finance expertise, in addition to the products and services they already enjoyed.

The acquisition of Banca Leonardo in Italy, Crédit Agricole's second biggest domestic market, announced at the beginning of November, is expected to be completed in the first half of 2018 and will increase Indosuez Wealth Management Italy's assets under management by around €6 billion.

These two deals are in addition to the acquisition of HSBC's customer base in Monaco via a client-referral agreement signed in late 2016, which brought nearly €3 billion in assets under management into CFM Indosuez in 2017.

Over the past year, during the various stages of our corporate project launched in late 2016, we have benefitted from the strong support of our shareholder, Crédit Agricole group.

The tangible results of the past few months have further united Indosuez Wealth Management's people around our shared ambitions.

We head into 2018 with the best possible prospects for pursuing our efforts, improving our development model and delivering our clients industry-leading international Wealth Management services.

Paul de Leusse *Jean-Yves Hocher*

A network of long-established offices in 14 countries

EUROPE

Antwerp
Bilbao
Bordeaux
Brussels
Geneva
Lille
Lugano
Luxembourg
Lyon
Madrid
Marseille
Milan
Monaco
Nantes
Paris
San Sebastián
Toulouse
Valencia
Zurich

AMERICAS

Miami
Montevideo
Rio de Janeiro
São Paulo

MIDDLE EAST

Abu Dhabi
Beirut
Dubai

ASIA PACIFIC

Hong Kong
Singapore
Noumea

Our key figures*

Assets under management in M€

2015	2016	2017
M€ 109 600	M€ 110 008	**M€ 118 329**

2017 was characterised by the onboarding of assets from acquisitions – the listing agreement with HSBC in Monaco (€2.7bn) and the acquisition of CIC's private banking operations in Asia (€3.4bn) – and the conclusion our efforts to refocus on our strategic customer base.
Beyond these two particular transactions, deposit inflows remained buoyant, easily overcoming the impacts of the refocusing policy.
The market and forex effects offset each other and have not impacted total assets under management since 2016. Against this backdrop, assets under management rose by more than 7% in 2017 to €118.3 bn.

NBI in M€

2015	2016	2017
M€ 768,9	M€ 729,7	**M€ 765,3**

Net Banking Income (NBI) rose sharply in 2017 by €35m (+5%), while the foreign exchange effect was negative owing to the falling value of the dollar and the Swiss franc against the euro. At constant exchange rates, NBI rose €43m over the period. After a "wait and see" period, investors returned to the financial markets and increased their investments in value-added assets.

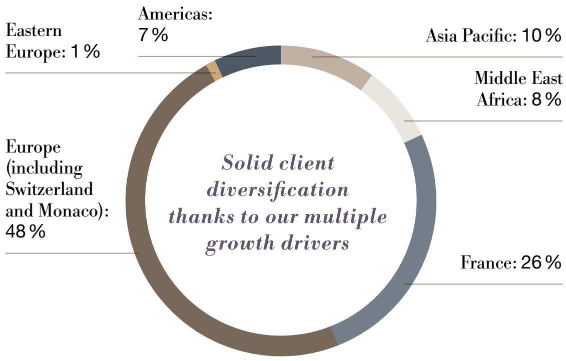
GOI in M€

2015	2016*	2017
M€ 163,4	M€ 136	**M€ 128,8**

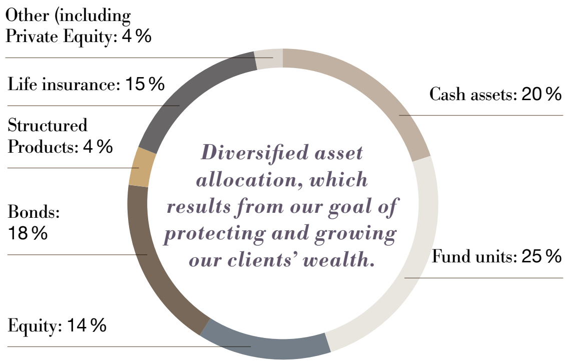
In 2016, Gross Operating Income (GOI) was boosted by a €26m reversal of a special provision pursuant to IAS 19 relating to Employee Benefits.
As such, in 2017, GOI fell 5% relative to last year's figure, which had been restated to reflect this provision reversal owing to a policy of refocusing on our clients residing in countries where automatic exchange of information is practised, and non-recurring costs associated with mergers.

2016*: Restated GOI reflecting a reversal of a special provision

Geographic vision by country of residence



Asset allocation



3 110

employees representing an array of expertise

29

locations

14

countries worldwide

* as of 31.12.2017

Shaping Indosuez 2020

Four drivers of transformation to strengthen leadership and profitability at Indosuez Wealth Management

Launched in late 2016, the "Shaping Indosuez 2020" corporate plan has already turned in its first deliverables. Selection of key progress achieved in 2017.

1/ Accelerate growth

Our challenges

Boosting organic growth and the return on assets with real projects that will be implemented and deliver measurable results in the coming quarters.

Developing synergies between the Major Clients division and Crédit Agricole CIB and CACEIS as well across the group as a whole, by affirming its role as a centre of excellence for wealth management clients, as it already does with the regional banks in France.

Enhancing Indosuez's international positioning in key locations where we lack critical mass and among our target clients. This will involve the acquisition of Wealth Management specialists or client portfolios.

Some of our achievements...

Rethinking our value proposition: our investment solutions are now scalable based on the financial sophistication of our clients and their ability to invest combined with special pricing.

Launching a Personal Banking solution in Luxembourg and Switzerland alongside the existing offer in France: its objective is to provide a solution that aligns with client aspirations by calling dedicated professionals to action.

Acquiring HSBC's private banking business in Monaco in late 2016, through a listing agreement directing the customer portfolio to CFM Indosuez Wealth Management (an additional €2.7bn in Assets under Management).

Acquiring CIC's private banking operations in Asia (an additional €3.4bn in Assets under Management).

Signing an agreement to acquire Banca Leonardo in Italy (an additional €6bn in Assets under Management).

2/ Succeed in our digital transformation

Our challenges

Improving the customer experience by allowing customers to access Indosuez and Wealth Manager expertise anytime, anywhere, by providing them with online analytical and decision-making support tools.

Optimise internal processing systems to improve our responsiveness and reduce operating costs.

Some of our achievements...

Launching the Indosuez Insights app, a digital communication vehicle for our research, perspectives and expertise on the markets and the different asset classes that can also serve as a discussion medium.

Developing a project for a centralised, structured and uniform CRM system. In 2018, information about our customers will be centralised so that it can be shared with all our stakeholders involved in providing support.

Upgrading the tools available to our customer teams designed to further increase efficiency and responsiveness.

Creating the Digital Factory, a genuine idea incubator, hosted at Crédit Agricole Private Banking Services (CA-PBS) in Lausanne, a division of our Swiss office dedicated to Back Office and IT outsourcing activities in Switzerland and around the world. It brings together experts capable of designing and implementing innovative projects using the latest technologies.

3/ Simplify our organisation and enhance efficiency

Our challenges

Demonstrating our capacity to make our investing activities and our business model cost-effective.

Proving our ability to combine Wealth Management, efficiency and productivity.

Overhauling our organisations to make them more efficient for customers and more flexible for Indosuez employees by increasing their powers and responsibilities and developing their skills.

Some of our achievements...

Strengthening the centralised management of our teams, especially our support functions: generating economies of scale, pooling knowledge, etc.

The ability to incorporate regulatory restrictions under MiFID II in the EMU with no negative impact on sales or service quality.

Merging the Market and Investment Solutions and Structuring Wealth teams under a single global identity, Markets, Investment and Structuring (MIS), in order to coordinate expertise and knowledge as efficiently as possible within a global and cross-functional business line. This facilitates the maximisation of all their synergies with a view to improving the quality and depth of our services.

Creating a centralised team dedicated to combating fraud and ensuring financial security.

4/ Unite our teams with a common goal

Our challenges

Capitalising on our solid presence within Crédit Agricole group, our strong global brand – Indosuez Wealth Management – a worldwide network and an international range of products and services, and our relationship-focused culture.

Strengthening commitment, expertise, entrepreneurial spirit and excellence of the men and women who make our company.

Some of our achievements...

An Engagement@Indosuez action plan inspired by the results of a comprehensive survey of all employees in order to meet their expectations and to strengthen their cohesion.

Dedicated training programmes, such as the Global Training Programme designed to support business transformation.

Enhanced communication: sharing information and corporate strategy with everyone by increasing the use of digital tools.

The worldwide launch of a corporate video to strengthen our image and reputation.

2017 Macroeconomic analysis and 2018 financial market outlook

2017: Political uncertainty upstaged by economic growth

PAUL **WETTERWALD**
Chief Economist
Indosuez Wealth Management

Strong growth achieved in 2017

While 2016 was a year of political surprises, most notably the Brexit referendum and the election of Donald Trump, the headlines in 2017 were dominated by economic stories. Already in late 2016, global economic growth had returned to historical levels (roughly in line with its 30-year average), setting the stage for a remarkable acceleration in 2017. The impressive performance in 2017 was partly fuelled by the ongoing economic recoveries in Russia and Brazil and by China's continuing contribution to global growth (approximately one-third of the total). It was also aided by robust economic activity in the United States and the Economic and Monetary Union; in these two regions, observed growth most probably exceeded potential growth by a wide margin. What conclusions can be drawn from these developments?
First, setting aside the United Kingdom, economic factors played a predominant role, overshadowing the political uncertainties that emerged from the events of 2016. As a result, neither policy moves by politicians nor even the elections in France and Germany could stall the economic momentum. Indeed, current leaders were far more likely to benefit from the positive economic environment.

Less accommodative monetary policies in 2017

The second conclusion regards monetary policy with strong growth expected to carry over into the first half of 2018, central banks will be able to gradually proceed with normalisation. Monetary policy will become more restrictive in the United States as the Fed unwinds its balance sheet and plans further interest rate hikes. In the Eurozone, the European Central Bank will adopt a less accommodative stance, acting to limit the expansion of its balance sheet while keeping interest rates steady. The Fed Funds Rate (USD) could reach 2.25% by the end of 2018 while the ECB's refinancing rate (EUR) should remain unchanged at zero percent.

Slight uptick in inflation

The concept of the "impossible trinity" can be seen at play in Asian monetary policy. According to this economic theory, it is impossible for a country to simultaneously have an independent monetary policy, free capital movement and a fixed foreign exchange rate. Given their exchange regimes, Hong Kong, Singapore and Vietnam are likely to follow the example of the United States and tighten their monetary policies. Meanwhile, monetary accommodation in China will be limited by the authorities' efforts to spur debt reduction.
In Japan, the 2% inflation target has been put on hold so priority can be given to managing the yield curve with the aim of maintaining 10-year yields slightly above zero.
According to recent figures, inflation is now stable and positive. It is difficult to pinpoint all the factors that led to these developments. Fed Chair Janet Yellen herself recently described the inflation situation in the United States as "a mystery".
This time, energy prices—a usual suspect—don't seem to be the explanation. In December 2017, oil prices were up 12% (in USD) year-on-year, while in 2016 the increase had been much more dramatic. Converted into euros, the result at end-December 2017 was negative, compared to an increase of just over 50% at end-2016. For 2018, taking into account our assumptions concerning oil prices (WTI crude oil within a price range of USD 60–65), the Consumer Price Index should edge up only slightly.

Unemployment down

The improvement on the labour market undoubtedly helped sustain demand while also boosting wages. In the Eurozone, unemployment amounted to 8.7% in November, its lowest since January 2009. Unemployment among people aged under 25 was 18.2%, which is below its long-term average (19.4% since April 1998). In the United States, unemployment in December 2017 was 4.1%, the best result since December 2000. Indeed, the growth in wages has not been proportional to the decline in unemployment. Nonetheless, scepticism is warranted when confronting theories about the replacement of older workers by the younger generation. Younger workers may indeed be less costly, but their wages have seen sharper growth.

In 2016, the benefits of free trade were called into question while global growth slowed. But since October of last year, global growth has seen a remarkable rebound, the volume of world trade rising 4.4% year-on-year.

Positive trends for the financial markets

2017 will go down as a strong year for the equity markets. Global equity indexes (MSCI AC World USD NR) rose 24.6%, driven especially by the emerging markets and the technology sector. However, investors using the euro as their reference currency had to settle for weaker returns (+9.3%) due to the rise in the euro's value. Equities should continue to benefit from a favourable environment in the coming months. The combination of a synchronised global growth environment and relatively low perceived risk should benefit markets at least halfway into 2018. Despite high valuations, equity indices should continue to be boosted by solid earnings growth prospects. In our view, earnings growth will approach 10%, driven by several factors including continued strong revenue growth, improved margins thanks to still-significant operating leverage, a recovery in investment and increased debt financing in Europe and Japan. Shareholder returns in the form of dividends and share buybacks are also likely to play an important role.

One of last year's big surprises was just how much the euro strengthened. Only a few currencies in Eastern Europe managed to outpace the appreciation of the single currency. Both the US dollar (-12.4% vs. the euro) and the Swiss franc (-8.4%) lost ground, as did the Chinese yuan (-6.2%) and the Brazilian real (-14%). Meanwhile, the British pound managed to limit its slide to -4.1%." In this context, the management of foreign exchange risk proved essential in 2017. It should remain this way in 2018.

It took some time for the US bond market to be convinced that the Federal Reserve would proceed with interest rate hikes. Ten-year government bonds ended the year at almost the same yield as end-2016 (2.4%), although this figure masks a 50 bp rise since the end of the summer. The German Bund saw erratic movement, but in this case too, renewed economic growth could not be accompanied by near-zero returns. Ultimately, yields on German 10-year governments bond has more than doubled, ending the year above 0.4%. The rising yields on risk-free bonds did not prevent bond investors from achieving positive performance in 2017, thanks to a strong showing by the credit markets. The same should hold true in 2018, although to a lesser extent. In the United States, the investment grade (IG) segment should benefit from the ongoing improvement in corporate fundamentals. In Europe, by contrast, IG credit spreads no longer provide enough of a buffer against rate hikes.

Against this backdrop, it will be difficult for the financial markets to match their 2017 performance in 2018. However, this does not mean that positive performance won't be achieved. Most countries will see economic growth and shareholders and bondholders alike should benefit.

"One of last year's big surprises was just how much the euro strengthened. Only a few currencies in Eastern Europe managed to outpace the appreciation of the single currency. Both the US dollar (-12.4% vs. the euro) and the Swiss franc (-8.4%) lost ground, as did the Chinese yuan (-6.2%) and the Brazilian real (-14%). Meanwhile, the British pound managed to limit its slide to -4.1%."

Activity Report

CA Indosuez (Switzerland) SA, a leading bank in the Swiss market

In 2017, CA Indosuez (Switzerland) SA generated operating profit of CHF 61.5 million and net profit of CHF 57.9 million.
With an average of 1,402 employees during 2017 and CHF 1,563 million in capital (Tier 1), CA Indosuez (Switzerland) SA ranks among the top five foreign banks in Switzerland, with a presence in the country dating back over 140 years. CA Indosuez (Switzerland) SA operates in three main business areas:

- Wealth Management;
- Transactional Commodity Finance, Commercial Banking and Capital Markets;
- Banking Logistics.

These activities are supplemented by a coverage function for large corporates and financial institutions. This broad range of expertise allows us to serve a diversified client base and deliver consistent results, while facilitating substantial synergies between these business areas.

We operate our businesses in Switzerland through four locations, in Geneva, Lausanne, Lugano and Zurich, and worldwide through a network of dedicated Wealth Management offices, mainly in Asia (Hong Kong and Singapore) and the Middle East (Abu Dhabi, Beirut and Dubai). CA Indosuez (Switzerland) SA wishes to enhance its presence in high-growth-potential regions. With this in mind, the acquisition and integration of the teams and clients of CIC in Singapore and Hong Kong at the end of the year was a major step forward in this expansion process.

This network of locations strengthens Indosuez Wealth Management's global coverage, allowing us to offer multi-booking capabilities to clients wishing to geographically diversify their asset base.

The guaranteed security that comes from belonging to one of the world's most robust banking groups.

An offering of high-quality products and services, available at every location.

Personalised client relationships, guaranteed by our people-centred approach.

Through a combination of these three emphases, we are specifically and ideally placed to serve a client base mainly consisting of entrepreneurs.

Message from the General Management of CA Indosuez (Switzerland) SA

JEAN-YVES **HOCHER**
Chairman of the Board of Directors

JEAN-FRANÇOIS **DEROCHE**
Chief Executive Officer

CA Indosuez (Switzerland) SA undertook several projects in 2017 related to strategy implementation and developments in the international environment. Our teams embodied service-mindedness and innovation, acting decisively to strengthen the stability of our organisation and to meet our clients' evolving needs in wealth management and other areas of our business. Uncertainty remains widespread, especially in light of the aftershocks of 2016 in Europe and the United States and instability in the Middle East, but the single biggest challenge facing the Swiss banking sector is the globalisation of the financial industry.

In this respect, CA Indosuez (Switzerland) SA has a number of advantages, including its long-standing presence in Switzerland and its operations spanning the most dynamic areas of the global economy. The Swiss financial services industry is seen as a centre of excellence in a rapidly changing world. The positive approach to regulatory issues adopted by CA Indosuez (Switzerland) SA has proven particularly beneficial in this context, strengthening our reputation and the quality of the services offered to our clients.

The unwavering commitment from CA Indosuez (Switzerland) SA's teams to a number of regulatory projects in recent years means that we can finally focus all our energies on increasing our market share. To this end, more than ever, our top priority is to increase our footprint in regions where the wealth management business stands to benefit from favourable long-term trends. Acquiring and integrating the teams and clients from CIC in Singapore and Hong Kong at the end of the year was a major step forward in this expansion process. We are strengthening our presence in Asia in order to capture a growing share of the wealth being created in the region while offering comprehensive investment solutions to an increasingly sophisticated local clientele.

In addition to capitalising fully on the competitive advantages enjoyed by Swiss banking players on the global wealth management market, CA Indosuez (Switzerland) SA contributes decisively to the implementation of Indosuez Wealth Management Group's overall strategy. The organic growth and profitability targets set under the Shaping Indosuez 2020 corporate project now serve as the basis for the various development projects undertaken at all CA Indosuez (Switzerland) SA locations. The ambitions shared by all Indosuez entities in terms of implementing our new solutions and the digital transformation are also key to our strategy.

Beyond Wealth Management itself, all the teams at CA Indosuez (Switzerland) SA contributed proactively in 2017 to the transformation of our organisation, the search for new synergies and the implementation of an increasingly effective business model in line with evolving regulatory requirements under MiFID II and the Swiss Financial Services Act/FinSA. CA Indosuez (Switzerland) SA will continue to leverage the diverse range of skills at its disposal, leading and driving its teams through unifying projects that will help the company achieve its goals.

In 2017, the teams at CA Indosuez (Switzerland) SA fully embodied our core values of entrepreneurial spirit, openness to the world and a strong relationship-focused culture.

Jean-Yves Hocher *Jean-François Deroche*

"The Swiss financial services industry is seen as a centre of excellence in a rapidly changing world. The positive approach to regulatory issues adopted by CA Indosuez (Switzerland) SA has proven particularly beneficial in this context, strengthening our reputation and the quality of the services offered to our clients."

Wealth Management

"A unique approach is applied to each client segment, and the teams at CA Indosuez (Switzerland) SA are able to offer solutions that are fully in line with the current realities on the wealth management market."

PATRICK **RAMSEY**
Head of Wealth Management

The year 2017 marked an important step in the deployment of our strategy, both in terms of commercial development and in investment solutions. Recent regulatory changes and ongoing shifts on the global wealth management market had made it necessary to thoroughly rework our methods and organisational structure. The teams of CA Indosuez (Switzerland) SA were mobilised for this vast undertaking over recent months, resulting in major advances.

The changes in the standards governing our business, set in motion by regulators in Switzerland and other markets where we operate, clearly had a strong influence on the development and implementation of the renewed business model. Today, our teams' expertise with various legal and tax matters constitutes an essential component of our value proposition.

However, the innovations developed as part of Indosuez Wealth Management's group-level strategic review are not strictly limited to those responding to the regulatory obligations governing the wealth management industry. The transformations undertaken over the course of 2017 were aimed, first and foremost, at renewing and enriching the partnerships between Indosuez Wealth Management and its clients.

New solutions for clients

The successful achievement of this goal is largely thanks to the redesign of our client solutions and the overhaul of our organisational structure. Our clients' financial and wealth management needs are increasingly complex, requiring diverse expert solutions. A unique approach is applied to each client segment, and the teams at CA Indosuez (Switzerland) SA are able to offer solutions that are fully in line with the current realities on the wealth management market. Four different categories have been established (Discover, Explore, Design and Design Unlimited) to target specific products and services, which are offered based on the wealth management needs of our private clients. This new segmentation improves the allocation of our resources, generating significant gains in efficiency and quality of service.

The creation of the new client solutions required the establishment of a renewed organisational structure and an operational framework for the deployment of a common strategy across the various entities of Indosuez Wealth Management. This undertaking was not limited to the restructuring of our teams or to the deployment of Investment Advisors in the various regions. It was also accompanied by significant efforts focused on specialisation and major investments in training wealth managers to be experts in various product categories.

The combination of relationship skills—the foundation of our business—and the most qualified technical expertise make CA Indosuez (Switzerland) SA a leading competitor in the Swiss financial services industry. The extensive restructuring allowed us to unify and simplify portfolio monitoring and advisory services for the Discover and Explore ranges, while additional resources are now being mobilised to meet the needs of our wealthiest clients.

Through all the organisational changes that occurred in 2017, CA Indosuez (Switzerland) SA always remained focused on accelerating our development, both by enhancing our products and services and by strengthening our international presence. Total assets under management rose 7.4% in 2017 to CHF 42.252 million. This demonstrates that our wealth management business once again proved popular with international clients and attracted regular influxes of capital from all regions. The volume of assets under management is generally influenced by complex factors, including changes in the global economic environment, uncertainties surrounding major geopolitical conflicts and the allocation preferences of our institutional clients.

Indosuez Wealth Management strengthens its Asian presence and accelerates its digitalisation

Many of these changes will be important drivers of growth in the medium term. Among the main drivers is our continued international expansion. Having completed a rigorous selection of its target markets, CA Indosuez (Switzerland) SA can now benefit fully from its strengthened presence in regions with strong growth potential. From this viewpoint, the integration of the wealth management businesses of CIC in Asia should be seen as a decisive step. Given the regulatory constraints associated with an acquisition of this type, major efforts will continue in 2018. The outcome will be a significantly stronger presence by Indosuez Wealth Management in the region in terms of both assets under management and staff numbers.

Over its long history, CA Indosuez (Switzerland) SA has formed very strong relationships with its clients. To take full advantage of this proximity, we must adapt our methods to new consumption and communication practices. Accordingly, in line with the strategy established for all Indosuez Wealth Management entities, our teams have focused particularly on managing the digital transformation. Advances in this regard can be seen in the introduction of new analysis and recommendation tools. Other initiatives aimed at wealth management clients are underway and will be expanded in 2018.

Rapidly-evolving investment solutions

Market conditions are still uncertain, with geopolitical factors holding sway and the major central banks increasingly likely to adopt new strategies. In this context, the quality of the investment solutions developed by our teams has been widely praised. Our products' solid and consistent performance owes much to the ongoing analysis and selection processes carried out by our experts.

Thus, we can say that 2017 was an extremely positive year, with many changes in our organisational structure and our client solutions. The teams in charge of commercial relations and the employees in the Markets, Investment and Structuring Department were all able to embrace these major changes with unwavering commitment and without compromising the quality of service offered to our clients. Despite the impact of the new regulations imposed by the Swiss, European and international authorities (MiFID, EMIR, etc.), our advisory and management business continued to provide the same selectivity, responsiveness and availability.

Thus, the stage is set for CA Indosuez (Switzerland) SA to enter a new phase in its development. In line with the guidelines set under the strategy devised for all Indosuez Wealth Management entities, Swiss and international entrepreneurs will be a priority client segment. Supported by professionals with expanded expertise in areas like taxation, financing and mergers and acquisitions, our teams are more equipped than ever to respond to all the complex needs of wealth management clients.

"The teams in charge of commercial relations and the employees in the Markets, Investment and Structuring Department were all able to embrace these major changes with unwavering commitment and without compromising the quality of service offered to our clients."

OMAR **SHOKUR**
Head of Markets,
Investment and Structuring

Corporate and Investment Banking

PHILIPPE **LACHAT**
Head of Capital Markets

"The Capital Markets Division had a difficult year in terms of results, but it continued to undergo restructuring to optimally comply with rules and procedures – both internal and external – with the hope of a better year in 2018."

Capital Markets

The year's highlights included the three interest rate hikes by the Federal Reserve and the 70 record performances achieved by the main US stock index. The other markets tended to follow suit, albeit at a more moderate pace.
This strong growth contributed to increased demand for structured equity products.
Commodities saw significant volatility, while the major currencies were spared.
With credit indices hitting lows unseen for several years, more investors turned to higher-yield sectors, including riskier countries and high-yield bonds, in search of returns.

The Capital Markets Division supported the Group's return to equity activities, responding to strong demand for these products in Switzerland. However, the quarter-long lag had a negative impact on results. Meanwhile, business in fixed-income products for corporate clients practically vanished as a result of the low interest rate environment. Thankfully, the flow business held up well.
The trading desk's revenues took a hit due to the increasing digitalisation of the foreign exchange business, while the conclusion of refocusing efforts reduced the size of the balance sheet, impacting treasury activities.

Finally, the Private Banking Treasury function provided major assistance with the integration process in Asia late in the year.

On the regulatory front, compliance with the new EMIR/FinMIA rules progressed smoothly in the first quarter. Initial steps were also taken to restructure trading desk activities, namely to separate private banking activities from capital markets activities in preparation for the impending implementation of the new MiFID II and FinSA regulations.

Meanwhile, a new and highly promising business activity was approved, and should be rolled out within the first quarter of 2018. Finally, the procedures and directives were completely updated and brought in line with the Group's various rules.

Commercial Banking

2017 was a positive year for our bank's commercial segment as a whole. Commodity prices recovered, bolstered by global economic growth which, despite still being modest, was accompanied by healthy fundamentals, translating into strong earnings growth.

Our teams have been contributing to proactive development efforts in Trade Finance, Cash Management and Supply Chain Finance in response to local challenges in these areas.

For example, our teams in charge of commodities, trade and export finance were successfully able to resolve a challenge of a commercial nature, leading to a significant increase in our revenues accompanied by low and stable cost of risk despite the uneven performance of commodities, with crude oil and metals prices tending to rise and prices of oil products and soft commodities falling.

Organisational challenges were also met, most notably among the sales teams but also the support teams. We responded successfully to the evolving requirements of regulators, both in Switzerland and internationally, by improving our processes and thereby reducing internal processing times and client response times.

Finally, we addressed efficiency issues related to changes in geographical location, which involved optimising relations between the various departments while delivering consistent quality of service to clients.

These results could not have been achieved without the full commitment of our employees, who contributed all their skills and expertise.

PIERRE **GLAUSER**
Head of Commercial Banking

To address the challenges associated with these changes, we will have to:

- Verify the efficiency of the new organisational structure, both on the commercial level and in terms of internal processes for securing our transactions, in coordination with the other business lines and support functions of CA Indosuez (Switzerland) SA.
- Control and optimise our operating costs.
- Continue our training efforts to ensure our teams retain expert skills in terms of both products and the management of compliance-related issues.

All of this will require stronger synergies with the Group, particularly CA CIB and CACEIS, with the aim of supporting our clientele of large traders, Swiss companies and Swiss subsidiaries of international corporations and offering them a comprehensive range of banking solutions to help them grow their business internationally.

FRANCK **BERVILLÉ**
Head of Coverage

Coverage of large corporates and financial institutions

Business with large Swiss and international companies was robust and stable compared to 2016, largely thanks to large syndicated financing deals, bond issues, trade finance and hedging.
Growth in net banking income from major Swiss financial institutions was satisfactory in 2017 across all of the bank's product segments (origination, flow business, structured products).

Business Process Outsourcing and Back-Office Services

"Every Private Bank faces the challenges of squeezed margins, new regulatory requirements and the digital transformation. Against this backdrop, CA-PBS' value proposition – sharing and pooling IT platforms and operations, as well as investment projects – makes more sense than ever. We are therefore determined to continue with our growth strategy with the aim of further enhancing the products and services we offer for the benefit of all our clients. We are drawing on S2i, the market's leading software, and the operational excellence of our service, as well as a structure that is more geared towards increased innovation. As a genuine wealth management partner, CA-PBS is capable of offering pooled "core" services while supporting its clients with the digital transformation and new regulations."

PIERRE **DULON**
Head of CA-PBS

IT and Back-Office Services, Crédit Agricole Private Banking Services (CA-PBS)

With 530 specialists, CA-PBS, a division of CA Indosuez (Switzerland) SA, provides all IT and back-office services not only to the Indosuez Wealth Management's main Wealth Management entities but also to Crédit Agricole next bank (Suisse) SA and 19 other banks outside the Crédit Agricole Group. All in all, 29 banks in 10 different countries use the S2i system and benefit from the services of this platform based in Lausanne, Geneva and Singapore. As an IT and back-office services provider for over 20 years, CA-PBS is ISO 9001 certified, as well as ISO 27001 certified for IT security. It has always stood out for the operational excellence of its services and the recognised professionalism and expertise of its operations staff. CA-PBS continued to see strong growth in 2017, with assets under management on its platform increasing 34% to over CHF 150 billion.

For the second year in a row, the revenues of CA-PBS attributable to non-Group banks rose by 20%, reaffirming the strength of its services on the business process outsourcing market for wealth management in Europe and Asia.

CA-PBS was active in many geographical regions in 2017:

- In Asia, CA-PBS successfully migrated the activities of CIC Hong Kong and Singapore to the platform of CA Indosuez (Switzerland) SA in record time (under four months). Furthermore, a very large Chinese bank chose CA-PBS to handle its wealth management activities in Singapore, with migration planned in early 2018. These two high-profile operations also helped to continue strengthening the Asia hub of CA-PBS, based in Singapore, which acquired new office space to accommodate its growth.

- In Monaco, CA-PBS finalised the integration of HSBC within CFM Indosuez and deployed S2i at another large Monaco bank. These operations propelled CA-PBS to a leadership position on Monaco's private banking market.

- In France, CA-PBS worked to prepare for Indosuez France's migration to the platform. In particular, this project added significant new functionality to the S2i system in the areas of Client Relationship Management (CRM) and investment portfolio management. In 2018 through S2i, Indosuez Wealth Management will therefore have a unified information system across all its geographical sectors (with the exception of the Americas), for the benefit of its international clients.

- In Switzerland, CA-PBS worked closely with Crédit Agricole next bank (Suisse) SA, assisting it with the launch and implementation of its new strategy. CA-PBS was also chosen by two new banks in the French-speaking and German-speaking parts of Switzerland. On the functional level, CA-PBS significantly enhanced the S2i system and the tools of the operations teams in order to provide effective support to its clients, particularly with current and future regulatory changes (EMIR, MiFID II, GDPR, etc.).

On the innovation front, 2017 saw the operational launch of Digital Factory PBS, a team specialising in the design and development of mobile and Internet applications and their integration with the S2i system. Equipped with the latest technology, this team works together with clients using agile methodologies to design digital applications optimally suited to their needs, while also handling development and maintenance.

Finally, CA-PBS implemented S2i Front Evolution, a new user interface for the S2i system that significantly improves user experience and the productivity of all involved through faster and more visual access to information.

On the strength of its commercial success and its expanded offering, in 2018 CA-PBS will continue to roll out its industrialisation, innovation and growth strategy in an increasingly demanding market. Our 2018 plan will enable us to consolidate the position of CA-PBS on the IT and back office service markets in Switzerland, Europe and Asia.

Corporate Governance

Unless otherwise specified, the information presented in this chapter refers to the situation at 31 December 2017.

1. Group structure and shareholders

1.1. Group structure

1.1.1. Operational structure

CA Indosuez (Switzerland) SA is a limited company (société anonyme) under Swiss law whose mission is to operate banking activities for Swiss and foreign private banking, commercial and institutional clients. It exercises its activities in Switzerland and abroad, through its registered office and its network of branches, subsidiaries and representative offices. CA Indosuez (Switzerland) SA performs management, coordination and monitoring functions on its network.

CA Indosuez (Switzerland) SA's general organisation is based on a structure of Business Lines and Support and Control functions, and a Coverage function. The Heads of each Business Line and Support function report to the Chief Executive Officer. They all are members of the Executive Committee.

The subsidiaries, branches and representative offices are organised according to the business line corresponding to their area of activity.

The structure of CA Indosuez (Switzerland) SA Group, designed to support these entities' activities, includes the following active companies:

CA Indosuez (Switzerland) SA
Head office, Geneva, Switzerland

100%

Branches

- Lausanne
- Lugano
- Zurich
- Singapore
- Hong Kong

Subsidiaries

- CA Indosuez Finanziaria SA
  Lugano Suisse
- CA Indosuez Switzerland (Lebanon) SAL
  Beirut, Lebanon
- CIC Investor Services Limited (now CAIIS Limited)
  Hong Kong

Representative offices

- Abu Dhabi
- Dubai
- Montevideo
  (via CA Indosuez Wealth (Uruguay) Servicios & Representaciones SA)
- Rio de Janeiro
  (via CA Indosuez Wealth (Brazil) SA DTVM)
- São Paulo
  (via CA Indosuez Wealth (Brazil) SA STVM)

CA Indosuez (Switzerland) SA and its entities are part of Crédit Agricole Group. The management of their activities and their organisational structure are based on the operating rules and best practices established by Crédit Agricole Group while remaining compliant with applicable laws and regulations and the decisions made by the Board of Directors of CA Indosuez (Switzerland) SA in the context of its strategy, policies, decisions and general authorisations.

1.1.2. Scope of consolidation

The scope of consolidation of CA Indosuez (Switzerland) SA consists of owned "active" companies for which ownership interest (direct or indirect) exceeds 50%. None of these companies is publicly listed. At 31 December 2017, the scope of consolidation included:

2.1. General information

The Board of Directors of CA Indosuez (Switzerland) SA consists of 11 members who are appointed at the General Shareholders' Meeting for a term of one year, expiring when the following Annual Shareholders' Meeting convenes.

Company name	Head office	Share capital	Ownership interest
CA Indosuez Finanziaria SA	Lugano	CHF 1 800 000	100%
CA Indosuez Switzerland (Lebanon) SAL	Beirut	LL 2 000 000 000	100%
CIC Investor Services Limited (now CAIIS Limited)	Hong Kong	HKD 37 300 000	100%

As indicated in note 4.2.1 to the financial statements, the Bank has not prepared consolidated financial statements since 2014 because its subsidiaries are no longer quantitatively significant. However, these entities do fall within the scope of consolidated supervision for regulatory and prudential purposes.

1.2. Major shareholders

CA Indosuez (Switzerland) SA is 100% owned by CA Indosuez Wealth (Group), a holding company that unites the various wealth management entities of Crédit Agricole Group on the international level.

CA Indosuez Wealth (Group) is 100% owned by Crédit Agricole Corporate and Investment Bank, the arm of Crédit Agricole Group responsible for capital markets and corporate and investment banking.

Crédit Agricole Corporate and Investment Bank is 97.8% owned by Crédit Agricole SA, a member-owned cooperative company whose listed stock is owned by shareholders.

Thirty-nine Regional Banks together own, via SAS Rue La Boétie, the majority of the share capital (56.6%) and voting rights (56.7%) of Crédit Agricole SA, which is thus protected from takeover bids. The cooperative Regional Banks deliberate the Group's major strategies within the Fédération Nationale du Crédit Agricole. The majority of the 39 Regional Banks' share capital is owned by 2,447 Local Banks.

The share capital of the Local Banks, in turn, is owned by 9.7 million cooperative shareholders.

The floating capital of Crédit Agricole SA represents 43,3%.
The Regional Banks together own, via SAS Rue La Boétie, the majority of the share capital of Crédit Agricole SA.
Crédit Agricole SA coordinates, together with its specialist subsidiaries, the strategies of the Group's various business lines in France and abroad.
Crédit Agricole Group is the world's 13th largest banking group by Tier 1 capital (The Banker, July 2017).

There are no pending agreements whose future implementation could result in a change in the control structure of CA Indosuez (Switzerland) SA.

1.3. Cross-shareholding

No cross-shareholding interest exceeds 5% of the total voting rights or share capital of CA Indosuez (Switzerland) SA.

2. Board of Directors

2.1. General informations

Efforts to diversify the board's composition in terms of profile and competencies were reinforced in 2017 and the number of members was reduced. The General Shareholders' Meeting acknowledged the resignation of Emmanuel Ducrest, Camille Froidevaux, Martin Lenz, Fabio Soldati and Edmond Tavernier effective 31 December 2016 and Philippe Geslin's wish not to have his mandate renewed at the Annual Shareholders' Meeting of 23 March 2017. It also noted the accidental death on 25 May 2017 of Jean-Paul Chifflet, who had served as Chairman. The Board of Directors reiterates its gratitude to the departing members for their contributions, commitment and loyalty over the many years since their initial appointments, and pays tribute to the late Mr Jean-Paul Chifflet, whose remarkable experience greatly benefited the Board over these past two years. Jean-Yves Hocher succeeded Jean-Paul Chifflet in the role of Chairman on 29 June 2017. Giovanni Barone Adesi, François Veverka and Cédric Tille succeeded the other departing members on 29 March and 29 June 2017.
One of the Vice-Chairmen is a Swiss resident. None of the members are on the Executive Committee.

The majority of the members do not currently exercise any directorship functions at Crédit Agricole Group companies and have not done so in the past two years. Nor do they maintain close business relations with any of these companies. The composition of the Board of Directors and its committees reflects the governance framework of Crédit Agricole Group, which, in the case of some subsidiaries, allows the participation of Chairmen or Chief Executive Officers of member companies. The composition requirements also respect the requirements established by law and FINMA practices.

The Board of Directors is backed by its two specialised committees: the Audit and Risk Committee and the Compensation Committee.

Back row, from left to right: O. Desjardins (left on 31.12.2017), P. De Leusse, G. Barone Adesi, F. Veverka, J.-Y. Hocher, C. Tille, C. Gancel, B. Charpentier (joined on 01.01.2018).
Front row, from left to right: J.-L. Bertrand, J. Bourachot, T. Simon, C. Ramstein.

2.2. Members

JEAN-YVES HOCHER

Chairman and member since 29 June 2017.

French national.

Education and career history:

- A graduate of the Institut National Agronomique Paris-Grignon and the École Nationale du Génie Rural, des Eaux et des Forêts in France.
- Mr. Hocher spent his early career working for the French government, serving in the Ministry of Agriculture from 1981 to 1984 and later joining the Ministry of Economic Affairs and Finance in 1986.
- He joined Fédération Nationale du Crédit Agricole (FNCA) in 1989 as Head of Banking, becoming Chief Executive Officer in 1997. In 2001, he was appointed CEO of the Charente-Maritime Deux-Sèvres Regional Bank. In 2006, he became Head of Crédit Agricole's Insurance division and CEO of Predica. In May 2008, Mr. Hocher became Head of Specialised Financial Services at Crédit Agricole Group and, in October 2008, was appointed Deputy Chief Executive Officer of Crédit Agricole SA in charge of regional bank development, payment services and insurance. He took up his current functions in March 2010.

Directorships in the companies of the Group:

- Chief Executive Officer of Crédit Agricole Corporate and Investment Bank SA since 2010.
- Deputy Chief Executive Officer of Crédit Agricole SA since 2008 in charge since 2010 of the Large Clients function (Corporate and Investment Banking, Private Banking, Wealth Management and Services for Corporates and Institutional Investors).

Non-executive positions in Group companies in the past three years:

- Chairman and Director, CA Indosuez Wealth (Group).
- Chairman and Director, CACEIS Investor Services.
- Chairman, Director and Chairman of the Appointments Committee, CACEIS Bank.
- Vice-Chairman and Director, Union de Banques Arabes et Françaises.

Other activities and interest groups:

- none.

PAUL DE LEUSSE

Vice-Chairman since 29 June 2016, member since 25 June 2015.

Chairman of the Compensation Committee since 29 June 2016

French national.

Education and career history:

- A graduate of École Polytechnique and a civil engineer trained at École Nationale des Ponts et Chaussées.
- Corporate consultant before becoming a managing partner at Oliver Wyman from 1997 to 2004. He then joined Bain & Company in France as a partner where he worked from 2006 to 2009.
- In 2009, he joined Crédit Agricole Group as Director of Group Strategy and a member of the Executive Committee. In 2011, he was appointed Chief Financial Officer of Crédit Agricole Corporate and Investment Bank, where he became Deputy Chief Executive Officer in 2013. He took up his current functions in 2016.

Directorships in the companies of the Group:

- In May 2016 Mr. De Leusse became Deputy Chief Executive Officer of CA Indosuez Wealth (Group) before becoming Chief Executive Officer in June 2016.

Non-executive positions in Group companies in the past three years:

- Director, CFM Indosuez Wealth Management.
- Director, CA Indosuez Wealth (France).
- Director, CA Indosuez Wealth (Europe).
- Director, Union de Banques Arabes et Françaises.
- Director, Crédit Agricole Grameen Foundation.

Other activities and interest groups:

- none.

JACQUES BOURACHOT

Vice-Chairman since 29 April 2015, member since 29 April 2014.

Independent member within the meaning of FINMA Circular 2017/1.

Dual Swiss and French national.

Education and career history:

- Holds a Bachelor's degree, a Master's degree, a postgraduate diploma, and a doctorate in science from the École Polytechnique Fédérale of Lausanne. He also holds a degree in Economics from the School of Business and Economics of the University of Lausanne.
- From 1978 to 1979, he served as head of Société Française d'Études Thermiques et d'Énergie Solaire in France before working as an engineer for the Institut des Transports et de la Planification de l'École Polytechnique Fédérale de Lausanne from 1979 to 1985. From 1983 to 1988, he was a lecturer at the École Nationale des Ponts et Chaussées in Paris. From 1985 to 1990, he headed the IT Development Department at Banque Gonet SA in Geneva.
- From 1990 to 1994, he served as Chief Information Officer for Crédit Agricole Indosuez in Lausanne before becoming Deputy Chief Executive Officer in charge of the Logistics Division and Chief Operating Officer for Switzerland, a post which he held until 2001. From 2001 to 2012, he was Chief Operating Officer of the private banking activity at Crédit Agricole (Switzerland) SA, before serving as Chief Operating Officer of Groupe Crédit Agricole Private Banking from 2012 to 2014.

Directorships in the companies of the Group:

- None.

Non-executive positions in Group companies in the past three years:

- Chairman of the Foundation Board of CA Indosuez (Switzerland) SA (since 2014), member since 1998.
- Vice-Chairman of the Board of Directors of Crédit Agricole next bank (Switzerland) SA.
- Director, CACEIS (Switzerland) SA.

Other activities and interest groups:

- Managing Partner, Bourachot Conseils Sarl, Lutry.

GIOVANNI BARONE-ADESI

Member since 23 March 2017.

Independent member within the meaning of FINMA Circular 2017/1.

Canadian, Swiss and Italian national.

Education and career history:

- Holds an MBA and a PhD from the University of Chicago's Graduate Business School and was trained as an electrical engineer at the University of Padua in Italy.
- He began his career in 1981 as a graduate assistant in Finance in the United States. In 1983, he became Associate Professor of Finance and has been teaching as a full professor in many different universities in Switzerland, the United Kingdom and the United States since 1987.

Directorships in the companies of the Group:

- None.

Non-executive positions in Group companies in the past three years:

- None.

Other activities and interest groups:

- Director, Filtered Historical Simulation Limited.
- President, OpenCapital SA

JEAN-LOUIS BERTRAND

Member since 23 February 2012.

Member of the Audit and Risk Committee since December 2015.

Member of the Compensation Committee since 29 April 2015.

Independent member within the meaning of FINMA Circular 2017/1.

French national.

Education and career history:

- Trained as an engineer at the École Centrale de Paris before earning an MBA from HEC-CPA and a certification as a corporate director from the Institut Français des Administreurs/Sciences PO, Paris.
- He spent his early career from 1975 to 1987 as an international commercial banker for ABN AMRO and its subsidiary, Banque Neuflize; from 1983 to 1985 he served as head of the Asian Currency Unit in Singapore and, from 1985 to 1987, as Head of Large Corporates in France.
- Mr. Bertrand continued his banking career in market services working for Caisse de Gestion Immobilière (later CPR) from 1987 to 2000. He subsequently became head of trading activities and sales of securities for the French Treasury before moving on to head activities in the Issuers Division, financial market intermediation to issuing bodies and investors and, finally, becoming Chief Executive Officer of CPR.
- From 2000 to 2012, he worked as an investment banker at Crédit Agricole Corporate and Investment Bank. Starting out as a Senior Banker for major corporate clients, he was appointed to the Executive Committee in 2009 serving as Executive Officer in charge of coverage of large French clients and institutional investors. Before retiring, he served as Global Head of Coverage of Financial Institutions.

Directorships in the companies of the Group:

- None.

Non-executive positions in Group companies in the past three years:

- Director, CPR Asset Management.

Other activities and interest groups:

- Chairman, JLB CONSEILS.
- Judge with the Commercial Court of Paris.
- Training activities.

OLIVIER DESJARDINS

Member from 29 September 2013 until 31 December 2017.

Member of the Audit and Risk Committee since 16 December 2015.

Member of the Compensation Committee from 23 March to 31 December 2017.

French national.

Education and career history:

- Holds a Master’s degree in Management and a diploma from the Institut Technique de Banque (ITB) and the Centre d’Etudes Supérieures de Banque (CESB) in France.
- From 1991 to 1997, Mr. Desjardins held a variety of sales positions with CCF/HSBC before moving on to SDBO/BANQUE THÉMIS, where he worked from 1997 to 2000.
- In 2000, he joined Crédit Lyonnais as Head of the Large Corporates Division. In 2004 he became General Inspection Assignment Leader at Crédit Agricole Corporate and Investment Bank and in 2007 he served as Corporate Secretary-COO of Structured Finance. In 2013, Mr. Desjardins was appointed Chief Financial Officer and Head of Audit at Crédit Agricole Private Banking. In October 2015, he was seconded to the Crédit Agricole SA Compliance Department as Project Manager to set up the OFAC remediation programme before taking up his current duties at the end of 2017.

Directorships in the companies of the Group:

- Chief Operating Officer and a member of the Executive Committee at Union de Banques Arabes et Françaises.

Non-executive positions in Group companies in the past three years:

- Director, CA Indosuez Wealth (Europe), Chairman of the Audit Committee until December 2015.
- Director, CFM Indosuez Wealth until December 2017.

Other activities and interest groups:

- none.

CHRISTOPHE GANCEL

Member since 14 December 2011.

Vice-Chairman from 14 December 2011 to 29 June 2016.

Member of the Compensation Committee from 14 December 2011 to 29 June 2016.

French national.

Education and career history:

- Holds a Master's degree in Management from Paris University IX Dauphine and is a graduate of the Institut d'Études Politiques in Paris.
- Mr. Gancel began his career at Banque Indosuez in 1977, where he became Head of Large Clients in 1980 before becoming manager of the Nord-Pas-de-Calais branch in Lille and manager of the Rhône-Alpes branch in Lyon from 1986 to 1992. In 1992, he became Head of Private Banking Clients. From 1999 to 2007, he served as Chief Executive Officer at Banque de Gestion Privée Indosuez. In 2007 he was promoted to Chief Executive Officer of Crédit Agricole (Switzerland) SA. In 2011 he became Chief Executive Officer of Crédit Agricole Private Banking until his retirement in 2016.

Directorships in the companies of the Group:

- None.

Non-executive positions in Group companies in the past three years:

- Director, CA Indosuez Wealth (France) until 30 July 2016.
- Director, CFM Indosuez Wealth until 31 July 2016.
- Chairman of CA Indosuez Wealth Europe until 30 July 2016.

Other activities and interest groups:

- Non-Executive Chairman of Barclays France SA.

CHRISTOPH RAMSTEIN

Member since 19 November 1999.

Member of the Audit and Risk Committee since December 2015.

Independent member within the meaning of FINMA Circular 2017/1.

Swiss national.

Education and career history:

- Holds an Economics degree from the University of St. Gall and received a law degree from the University of Zurich and is a Zurich-based barrister.
- He spent his early career at the Pestalozzi law practice in Zurich from 1981 to 1983. In 1983, Mr. Gancel joined the law firm of Milbank, Tweed, Hadley & Mccloy in New York. In 1986, he returned to the Pestalozzi law practice, where he served Partner until 2014 before becoming a Consultant.

Directorships in the companies of the Group:

- None.

Non-executive positions in Group companies in the past three years:

- None.

Other activities and interest groups:

- Chairman of the Board of Werner Abegg Fonds, a non-profit foundation.
- Chairman of the Board of the Arthur und Elisabeth Bareiss-Zielcke family foundation.

THIERRY SIMON

Member since 29 June 2016.

Member of the Audit and Risk Committee since 29 June 2016.

French national.

Education and career history:

- Trained as an engineer at the École Centrale de Lille, he also holds an Executive MBA (HEC-CPA) from INSEAD in France as an Executive's certificate from Sciences-Po/IFA and the Institut Luxembourgeois des Administrateurs (ILA).
- He began is career in 1985 working for Crédit Lyonnais' Coverage business before becoming a branch manager in Scotland and later Head of European Client Accounts. In 1995 he was appointed Denmark Country Manager in charge of Capital Markets for Scandinavia. Returning to France, he became Director of the Corporate Central Branch in France. In 2001, he took over the management of the Financial Institutions Group.
- In 2004, he became Global Head of Real Estate and Hotels in the Structured Finance division of Crédit Agricole Corporate and Investment Bank in Paris.
- In June 2009, he was promoted to Senior Country Officer - USA of the Crédit Agricole Group and subsequently Senior Regional Officer - Americas of Crédit Agricole Corporate and Investment Bank before becoming Chief Executive Officer of Crédit Agricole Securities Inc. In July 2011, he became head of Client Coverage for the network and international corporate and institutional relations, and member of the Crédit Agricole Corporate and Investment Bank Executive Committee before taking up his current duties.

Directorships in the companies of the Group:

- Director of Transaction Banking & International Trade and member of the Crédit Agricole Corporate and Investment Bank Executive Committee since 2015.

Non-executive positions in Group companies in the past three years:

- Director, Crédit Agricole Leasing & Factoring.

Other activities and interest groups:

- Director of the engineering firm, Systra SA, representing Crédit Agricole Corporate and Investment Bank.
- Director of Odas SA, representing Crédit Agricole Corporate and Investment Bank.
- Director of the Franco-Arab Chamber of Commerce, representing Crédit Agricole Corporate and Investment Bank.
- Director of the web start-up, SILAB.
- Advisor, French Foreign Trade.

CÉDRIC TILLE

Member since 29 June 2017.

Independent member within the meaning of FINMA Circular 2017/1.

Swiss national.

Education and career history:

- Holds a Master's in Economics from the University of Lausanne, and both a Master's and a PhD from Princeton University in the United States.
- He began his career in 1997 as a trainee in the Division of International Finance of the Board of Governors of the Federal Reserve System in Washington DC. From 1998 to 2007 he worked as an economist in the International Research Department of Federal Reserve Bank of New York.
- In winter 2005/6, he was simultaneously Visiting Professor at the Graduate Institute for International and Development Studies in Geneva. In 2007 he joined the Institute as a Professor of Economics. Beginning in 2012, he simultaneously directed the Bilateral Assistance and Capacity Building for Central Banks Programme created by the Institute and the Swiss State Secretariat for Economic Affairs (SECO) and Visiting Scholar at the Hong Kong Institute for Monetary Research of the Hong Kong Monetary Authority in June 2009 and in June 2010.

Directorships in the companies of the Group:

- None.

Non-executive positions in Group companies in the past three years:

- None.

Other activities and interest groups:

- Scientific Advisor to the Bank for International Settlements (summer-autumn 2017).
- Scientific Advisor to the Directorate General of International and European Relations of the European Central Bank in Frankfurt.
- Member of the Bank Council of the Swiss National Bank since 2011.
- Advisor to Protagoras & Associés SA, Collonge-Bellerive (formerly Wealthsuit Startup).
- Visiting Scholar at the Centre for Economic Policy Research (CEPR), London.
- Visiting Scholar at the Kiel Institute for the World Economy.
- Co-Editor of the Swiss Journal of Economics and Statistics.
- Deputy Editor-in-Chief of the Review of World Economics.
- Deputy Editor-in-Chief of the Journal of Money, Credit and Banking.
- Deputy Editor-in-Chief of the Journal of International Economics.
- Member of the American Economic Association.
- Member of the European Economic Association.
- Member of the Swiss Society of Economics and Statistics.

FRANÇOIS VEVERKA

Member since 23 March 2017.

Chairman the Audit and Risk Committee since 23 March 2017.

Independent member within the meaning of FINMA Circular 2017/1.

French national.

Education and career history:

- Graduate of the École Supérieure des Sciences Économiques et Commerciales and the École Nationale d'Administration in France.
- Early in his career he held various positions in the government economic sphere, notably the French Ministry of Finance and the Market Regulator, the *Commission des opérations de bourse*. Later he served in a number of executive positions with Standard & Poor's (1990- 2006) and, in this capacity, intervened alongside the regulatory and supervisory authorities in any matter related to banking and the financial markets. In 2007, he became Chief Executive Officer of the Compagnie de Financement Foncier. In 2008, he started a banking and financial consultancy business.

Directorships in the companies of the Group:

- None.

Non-executive positions in Group companies in the past three years:

- Director and Chairman of the Audit and Risk Committee of Crédit Agricole SA and its subsidiaries, Crédit Agricole Corporate and Investment Banking, LCL and Amundi Group since 2008.
- Director, Amundi UK Ltd.
- Director, Amundi Money Market Fund (Luxembourg).
- Non-Voting Director, Amundi Group.
- Chairman of the Group Crédit Agricole Risk Committee n the USA
- Independent Director, Amundi Money Market Fund in Luxembourg since 2007.
- Director, CA Indosuez Management Monaco (Crédit Foncier Monaco).

Other activities and interest groups:

- Chairman of the Supervisory Board, Octo-Finances SA (Paris).
- Director, Barclays (France).
- Consultant: banking and financial activities (Banquefinance Associés until 2015).

2.3. Organisational structure

2.3.1. Operational approach

As a general rule, the Board of Directors meets for a half-day every four months a year and, if necessary, holds special meetings. The work of the Board is based on agendas drawn up by the Corporate Secretary. Its meetings take place according to a pre-established agenda and are subject to minutes signed jointly by the Chairman or, failing that, by one of the Vice-Chairmen, and the Secretary. The functioning of the Board of Directors is governed by the Internal Rules. This document primarily sets out principles and best practices of corporate governance designed to promote the quality of the work of the Board, such as obligations of confidentiality, independence, loyalty and duties in respect of inside information and conflicts of interest. Directors with conflicts of interest must report the conflict and abstain from deliberations.

In 2017, the Board of Directors met four times and held one meeting by circulation of a proposal.

2.3.2. Authorisations

The Board of Directors is the administrative body in charge of executive management, high-level risk monitoring and the adequacy of the Bank's management control system.

Accordingly, the Board deals with the major agenda topics relating to strategy, general policy, management and the oversight of activities and risks. When appropriate, the Board approves, based on a proposal by the Executive Committee, the resources, organisation and planning necessary for implementation. Ultimate responsibility for finance, method of accounting and financial control based on fixed objectives, the preparation of the annual financial statements, the adoption of the annual budget and the setting of financial objectives for the year, including equity planning and liquidity risk tolerance. In addition, the Board is responsible for the adequacy of resources, governance, oversight and ensuring that standards are observed (compliance).

The Board adopts a stance on matters related to the administration of the Bank referred to it by the members of the Executive Committee and other issues brought before it by specialised committees. Among other things, it decides on changes to the Bank's activities, structures and strategic or real estate investments, such as the creation, acquisition or disposal of subsidiaries and ownership interests, the opening or closing of branches and representative offices, the acquisition or disposal of goodwill and the sale or purchase of buildings. It also takes the necessary decisions on legal and regulatory provisions, specifically in the areas of corporate governance, human resources, risk management and internal control.

Once a year, the Board of Directors conducts a self-evaluation of its membership, objectives and the operating procedures.

The Board of Directors delegates some of its tasks within the parameters allowed by laws and regulations to its specialised committees. These committees meet several times a year, depending on the subjects and the required notice to be given to the Board. The Audit and Risk Committee meets at least once every quarter and the Compensation Committee meets at least twice a year.

Their members are appointed by the Board of Directors from among the Directors sitting on the Board. The membership of these subcommittees at 31 December 2017 is the following:

- Audit and Risk Committee: François Veverka (Chairman), Jean-Louis Bertrand, Christoph Ramstein and Thierry Simon
- Compensation Committee: Paul De Leusse, Jean-Louis Bertrand and Olivier Desjardins.

These committees operate on the basis of agendas prepared by their secretariats. They have limited decision-making powers and prepare the resolutions of the Board in a timely manner.

The Audit and Risk Committee has powers in the areas of closing out accounts and annual financial reporting, risk management, oversight and internal control, including audit.

The Compensation Committee conducts an annual review of the Bank's compensation policy, ensures its compliance with applicable regulations and recommends any necessary adaptations. It satisfies itself as to proper implementation, informs the Board thereof and draws up the related annual report for the Board.

The Internal Rules provide more details on the roles, tasks and responsibilities of the Board and its subcommittees.

2.3.3. Information and control instruments related to operational management

The Board of Directors is regularly informed of relevant matters pertaining to the activities and the situation of the Bank. This information is provided to the Board by the Operations Division, the Board's committees, the auditing firm and General Inspection.

Apart from Board meetings, the Chief Executive Officer regularly consults with the Chairman and the Vice-Chairman of the Board based on the main decisions of the Operations Division and on matters vital to the Bank and its entities. The CEO provides them with the minutes of Executive Committee meetings. Moreover, the *Chief Executive Officer* immediately notifies the Chairman of any business, incidents or extraordinary events liable to have a significant influence on the activities, situation or reputation of the Bank or the Group. In addition, the CEO immediately notifies the Chairman of the Board and the Chairman of the Audit and Risk Committee of any new major risks or when the situation of the Bank undergoes substantial change in connection with the risk monitoring and control system.

The Chief Executive Officer or other members of the Executive Committee, the Chairman of the Board, the chairmen of the Board's committees, General Inspection, the statutory auditors and the auditing firm provide the Board (in certain cases and depending on the circumstances via the Board committee concerned), for information or for a decision, the relevant information needed for the performance of his duties. The Board of Directors may invite other employees or outside experts to its meetings when it deems their input necessary.
For ordinary meetings, this information may include:

- information concerning the Bank's activities and strategy, such as:
  - a report on the general business environment, results, budget monitoring, the implementation of general policy, the major decisions taken and significant events
  - changes to policy and strategy
  - major organisational changes
- information relating to the financial statements, the financial position and measures taken by the statutory auditors, such as a presentation on the financial statements and the financial position of the Bank
- information related to risk, internal control and oversight, such as:
  - the situation with respect to the different risks to which the Bank is exposed (in particular, market risk, counterparty risk, operational risk, unrealised losses and provisions, breakdown by country and by sector)
  - the situation with respect to compliance, in particular any major issues, measures taken and regular assessments of the expectations of the authorities

- legal risks, specifically with respect to litigation and ongoing judicial procedures
- the equity and cash positions
- internal audit assignments and recommendations
- the activities, minutes and the annual report of the Internal Control Committee
- the observations and expectations of the regulatory authorities and the measures implemented to satisfy them
- risk-related policies
- reports, observations and recommendations of the auditing firm and their follow-up
- the annual reports on risk, internal control, compliance management and the activities of General Inspection

• information relating to governance, compensation and human resources, such as:
- policy in the areas of employees and compensation

• the appointment and the removal from office of committee members, executive officers, and the head of General Inspection
• information on important legal and regulatory developments

Additional information on risk management and control is provided in Note 4.3 to the annual financial statements.

The matters referred to the Board of Directors are planned according to a schedule defined based on legal and regulatory requirements and the expectations of the Board. The bulk of the items included on the agenda for Board meetings are set out in writing and distributed in advance of these meetings.

The Chief Executive Officer attends all the meetings of the Board of Directors and, as a general rule, all the meetings of the Board's committees. The members of the Executive Committee and in-house specialists, and even experts from outside the bank mandated to investigate specific agenda items, attend all the meetings of the Board's committees when matters appearing on the agenda concern them. The Head of General Inspection attends all the meetings of the Audit and Risk Committee involving audit-related matters. The head auditor of the auditing firm attends all meetings dealing with any auditing reports which it issues. The representative of the statutory auditors attends all meetings dealing with the financial statements. Likewise, the CFO, who attends all meetings dealing with equity, liquid assets and Asset and Liabilities Management or other finance-related matters. The members of the Board and its committees may ask any questions they deem appropriate.

The Chairman of the Board and the Vice-Chairman serving in these functions within the Group satisfy themselves that information circulates in an appropriate manner between the Operating Division and the Board of Directors, in particular the proper inclusion of necessary information in the agenda. The chairmen of the Board's committees ensure that the same applies to the members of these committees.

Upon appointment, new directors received a set of documents that specifically include the main documents in terms of the governance of the Bank's management bodies, the scope of internal control, the Bank's most recent annual report, the most recent auditor's report prepared by the auditing firm, General Inspection's most recent report, the most recent report on risks and the most recent assessment of the bank by the Swiss Financial Market Supervisory Authority (FINMA).

Directors are also entitled to training. In 2017, directors were provided with in-house training on several important compliance-related topics.

The Board of Directors relies on the work of the specialised committees, General Inspection, the external statutory auditors and the auditing firm to fulfil its obligations of oversight and control.

The Audit and Risk Committee may request access to any information it deems relevant to the exercise of its duties. It relies primarily on summarised information provided by the relevant managers, and on interviews or meetings held with the statutory auditors, the auditing firm and the employees that it deems appropriate to meet in the course of fulfilling its duties. Should it so choose, such meetings or interviews may be conducted without the presence of the relevant managers.

General Inspection is an independent unit of the Operations Division that reports directly to the Board of Directors and the Audit and Risk Committee and is a tool available to them for monitoring and managing risk. It carries out regular checks of the activities of the Bank and its entities and has unlimited access to information for this purpose. It carries out assignments in accordance with the practices of the profession. Using a methodical, systematic approach, it verifies and assesses risk management and internal control procedures and formulates proposals to increase their effectiveness. Its organisation, scope of activity and operation are governed by the Articles of Incorporation, the Internal Rules and guidance approved by the Board.

General Inspection is comprised of 13 members. The head of General Inspection is appointed by the Board of Directors. Since 1 April 2017, the unit has been headed by Jean-Paul Bicot, whose education and career history are provided below:

- He holds a qualification from the Société Française des Analystes Financiers, a Master's degree in Science and Technology and an analyst's certification from Standard & Poor's.
- He began his career in 1987 at Lyonnaise De Banque in Paris as Head of Capital Markets Risk and Internal Control. He joined Crédit Commercial de France in 1992 as General Inspection Assignment Leader before moving on to HSBC Capital Management in 1995 as Head of Money Market and Short-Term Investments. In 2000 he was appointed Co-Head of HSBC Securities Services in France. In May 2010, he was called upon to manage the General Inspection Division of the CACEIS Group (Paris, Luxembourg and Munich).

Each year General Inspection plans its activities in cooperation with the auditing firm on the basis of a risk map, which it updates at the same time. It submits the plan to the Board of Directors for approval and to the Audit and Risk Committee for an opinion. After completing its assignments, it issues reports documenting its findings and recommendations for the Board of Directors, the Audit and Risk Committee and the Operations Division, whose content it discusses with the auditing firm and the Audit and Risk Committee. It prepares a half-year follow-up report on the open auditing referrals, as well as an annual activity report.

General Inspection is overseen and evaluated by the Audit and Risk Committee, which judges its effectiveness, ensures that it has the resources and skills it needs, satisfies itself that it carries out its actives independently and objectively, and reviews the relationship it maintains with the auditing firm.

Each year, the Board of Directors determines whether its information needs are being adequately met.

2.4. Executive Committee

The members of the Executive Committee are responsible for the operational leadership tasks of business, risk management and monitoring, and general good working order. To achieve these ends, they rely on expanded leadership members and on various Committees, to which the Executive Committee may delegate some of its responsibilities.

2.4.1. Members

The Executive Committee includes 14 members, appointed by the Board of Directors.

JEAN-FRANÇOIS DEROCHE

Chief Executive Officer since January 2016.

French national.

Education and career history:

- Graduate of the Institut d'Études Politiques in Paris with a Law degree.
- He has many years of recognised global experience in the banking and financial sector. He began his career at Crédit Lyonnais in 1982, where he held several positions, including Senior Banker at the European Clients Department in New York, General Manager of the Boston Agency, and Account Manager for Investment Banking. He then became Head of the Investment Banking Division in Japan. In 2004, he joined Crédit Agricole Corporate & Investment Bank to merge the capital markets operations of Crédit Agricole Indosuez and Crédit Lyonnais. In 2005, he became Corporate Secretary of Capital Markets and Brokers, and in 2008, Head of the Global Market Division for the Americas. In 2011 and continuing to January 2016, he became Senior Regional Officer for the Americas and Senior Country Officer of the United States for CA CIB.

Other activities and interest groups:

- Chairman of the Board for the Indosuez Foundation (Switzerland).
- Member of the Board of Directors of CACEIS (Switzerland) SA.

JÉRÔME LALOURCEY

Chief Operating Officer since October 2017.

French national.

Education and career history:

- Graduate of the Institut Supérieur de Gestion Paris.
- He joined the Bank in 2011 as Chief of Staff for Private Banking. He then became Chief of Staff for the CEO and the Organisational Transformation and Optimisation (OTO) department. He now also oversees the Information Technology Integration (ITI) department and the General Services and Operations department, and coordinates the Lean Management approach.
- He previously held the position of COO of the CA CIB branch in London and CFO of Banque Saudi Fransi (BSF) in Riyadh.
- He also worked as Global Chief of Staff for Capital Markets at CA CIB in Paris.

Other activities and interest groups:

- None.

PATRICK RAMSEY

Director of Private Clients since November 2013.

Swiss national.

Education and career history:

- Graduate of HEC Lausanne.
- He began his career at the bank Darier Hentsch & Cie in Geneva in 1993 in the field of institutional management. In 1999, he joined the bank Hentsch Henchoz & CIE in Lausanne. In 2002, he joined Merrill Lynch in Geneva, where he served in turn as a strategist, head of Private Clients, and then Chief Executive Officer. In 2010, he joined Barclays Bank (Switzerland) SA as Chief Executive Officer.

Other activities and interest groups:

- Member of the Board of Directors of CA Indosuez Finanziaria SA.
- Member of the Board for the Indosuez Foundation (Switzerland).

OMAR SHOKUR

Director of Markets, Investment & Structuring since April 2017.

Swiss national.

Education and career history:

- With a background in engineering, he has a Masters in Mathematics from the Ecole Polytechnique Fédérale de Lausanne (EPFL), a degree he obtained jointly with the Massachusetts Institute of Technology (MIT) in Boston in 2001. He also has an MBA from IMD Business School in Lausanne (2006).
- In 2001, he joined the Bank in the Department of the Organisational team in charge of strategic and operational projects aimed at supporting the Bank's development. After joining CA CIB in London in 2007, he came to focus on structuring/selling commodities derivatives. Later, he carried on the same activity, as head of commodities derivatives, on the trading desk in Geneva. In 2010, he was asked to lead the Financial Intermediaries Zone in Geneva, which was expanded in 2014 to all business related to such customers for Switzerland and Asia.

Other activities and interest groups:

- Member of the Board of Directors of CA Indosuez Finanziaria SA.
- Member of the Board for the Indosuez Foundation (Switzerland).

PIERRE MASCLET

Chief Executive Officer Asia and head of the Singapore branch since April 2017.

French national.

Education and career history:

- Holds a degree in Financial Management from the Ecole Supérieure de Commerce in Paris, a masters in business law, and a D.E.S.S. (Specialised Higher Learning Degree) in International Taxation.
- After continuing his career at Banque Indosuez in France, which he joined in 1992 as a Product and Engineering Manager, in 1995 he switched to the front office teams, where he was tasked with developing and tracking a base of entrepreneurial private clients. Ten years later, he took charge of the marketing, product, and engineering teams as well as leadership of the wealthy clients market at Crédit Agricole Regional Banks. He was then named Head of Clients in 2008.
- He joined the Bank in June 2012 as Head of Markets and Investment Solutions.

Other activities and interest groups:

- Member of the Board of Directors of CIC Investor Services Limited.

PHILIPPE LACHAT

Director of Capital Markets since June 2016.

French national.

Education and career history:

- He graduated from the Ecole Nationale des Télécommunications in Paris and holds a Master's in Industrial Economics from Paris IX Dauphine University.
- He has spent his entire career in the financial sector, and has worked at Crédit Agricole Corporate and Investment Bank for 10 years. He was named Capital Markets specialist for Crédit Agricole's Audit and Inspection department in 2015. From 2012, he was a supervisor at General Inspection and more specifically focused on assignments related to Capital Markets, after eight years of equity and equity derivatives trading.
- He joined CA Indosuez (Switzerland) SA in June 2016 and supervises the Treasury teams (Switzerland, Singapore, Hong Kong) and the product and trading sales teams in Geneva, from the Investment Banking division.

Other activities and interest groups:

- None.

PIERRE GLAUSER

Director of International Trade & Transaction Banking since 2003

Swiss national.

Education and career history:

- HEC Economist at the University of Geneva.
- He has been in the banking sector for 38 years, 20 of which at CA Indosuez (Switzerland) SA in Geneva.
- He began his career in 1978 at Banque Paribas (Switzerland) SA in the field of international trade. As a leadership member, he continued at the BSI to develop the bank's activities in the French-speaking parts of Switzerland, particularly to create a commodities financing division.
- In 1992, he joined Crédit Agricole Suisse, where he became CEO in 1995. In 1998, he took over all of the Bank's commercial business, which besides financing international trade, included the import/export, corporate, real estate, and financial engineering operations. While retaining his local responsibilities, he was appointed Global Head of the Commodities Transactional Financing business line for the Crédit Agricole Corporate & Investment Bank group in 2003, and has since then led the business line's units in Asia (Singapore, Hong Kong, Shanghai), Europe (Geneva and Paris) and America (New York and São Paulo).

Other activities and interest groups:

- Member of the Board of the CA Indosuez (Switzerland) SA pension fund.
- Member of the Board of Directors of KOFISA SA, Geneva.
- Member of the Board of Directors of e-GTSA SA, Geneva.
- Member of the Executive Committee of the Swiss Trading and Shipping Association, Geneva.
- Vice President of the Switzerland-Turkey Chamber of Commerce and Industry, Geneva.

FRANK BERVILLE

Director of Coverage since November 2011.

French national.

Education and career history:

- Graduate of the Ecole Supérieure de Commerce Paris.
- He began his career at Banque Indosuez in Nairobi in 1992 as a credit analyst, then joined Crédit Agricole Corporate & Investment Bank in Paris in 1994 as an internal auditor. In 1999, he became Relationship Manager of public and large private companies. In 2004, he was named Senior Banker in charge of a portfolio of large French and international companies active in various economic sectors.

Other activities and interest groups:

- Member of the Supervisory Board of Groupe Comte Serres SA, Nîmes.

PIERRE DULON

Head of CA-PBS and Director of Operations and Information Systems since September 2015.

French national.

Education and career history:

- Graduate of the Ecole Polytechnique and Telecom Paris Tech.
- He started his career at Orange in 1990 and came to Crédit Lyonnais in 1998 as the Group's Telecom Manager. He was appointed Deputy Head of e-business in 2001, with responsibility for equity investments and Internet development. In 2002, he took over responsibility for IT at Crédit Agricole's Corporate and Investment Banking division. He joined Calyon in 2003 as Head of the Technology and International Systems division within the Information Systems department. In 2005, he became Head of the IT Processing division. In 2009, he was appointed Crédit Agricole Corporate & Investment Bank's Head of Global IT and became a member of its Executive Committee.

Other activities and interest groups:

- None.

VIVIANE GABARD

Head of Compliance and Client Documentation since June 2015.

French national.

Education and career history:

- Holds a Master's from the Ecole Supérieure des Sciences Commerciales d'Angers, and a D.E.S.S. (Specialised Higher Learning Degree) in Export Techniques.
- She began her career at the Caisse Nationale De Crédit Agricole in New York in 1993, on the Commodity Finance team. In 1993, she was appointed Relationship Manager in charge of a portfolio in Soft Commodities. In 1997, she joined the Inspection and Auditing department in Paris as an Inspector-Auditor. In 2000, she came to Crédit Agricole Indosuez as a Senior Risk Analyst and in 2002 was named Head of the Transactional Financing Risk Team. In 2004, she was appointed Head of the Worldwide Sectors & Financial Engineering Risk Team, then in 2009, Head of the Structured Finance & Financial Engineering Risk Team at Crédit Agricole Corporate & Investment Bank.
- She previously held the position of Risk & Permanent Control Manager at Crédit Agricole (Switzerland) SA from February 2009.

Other activities and interest groups:

- Member of the Board of the CA Indosuez (Switzerland) SA pension fund.
- Member of the Board for the Indosuez Foundation (Switzerland).

PIERRE JACQMARCQ

Chief Financial Officer since June 2013.

French national.

Education and career history:

- Graduate of the Ecole Supérieure de Commerce de Bordeaux.
- After starting his career at KPMG as a financial auditor, he joined the Finance Division of Crédit Lyonnais in Paris in 1997, first in the budget and consolidation sectors, then in New York from 2000, in charge of financial control, then the Asset and Liability Management activities. In 2007, he was appointed at Crédit Agricole Corporate & Investment Bank in Paris as a manager of "scarce resources", meaning the capital and liquidity resources the bank needs to conduct its business.

Other activities and interest groups:

- Member of the Board and Treasurer for the Indosuez Foundation (Switzerland).

MARCEL NAEF

Director of Legal and Governance since June 2015.

Swiss national.

Education and career history:

- Holds a Masters in Law from the University of Geneva, and was admitted to the Geneva Bar in 1987.
- He has over 29 years of legal experience in the world of banking and finance. He previously held the position of Head of the Legal department at Deutsche Bank (Switzerland) SA for over 10 years. Previously, he had worked at BNP Paribas (Switzerland) SA where he was named Director of the Legal department in 1994. He began his career in 1988 as a legal advisor to Banque Paribas (Switzerland) SA.
- He joined the Bank in April 2013 as Legal & Compliance Director.

Other activities and interest groups:

- Chairman of the Board for the E. Naef Foundation for In Vitro Research, Geneva.

ALINE KLEINFERCHER

Head of Human Resources since September 2011.

Swiss national.

Education and career history:

- Holds a Masters in Bilingual Law from the University of Fribourg, along with legal training in Geneva.
- After being Head of the Legal Department of Deutsche Bank (Switzerland) SA, she was Head of Anti-Money Laundering at the Compliance Department of Lombard Odier. She was then Head of Recruitment and HR Strategic Projects at Banque Pictet & Cie, then Director of Human Resources for French-speaking Switzerland at UBS.

Other activities and interest groups:

- Member of the Board of the CA Indosuez (Switzerland) SA pension fund.

HUBERT VIEILLE-CESSAY

Head of Risk Management and Permanent Control since September 2015.

French national.

Education and career history:

- Holds a Masters in law from the University of Nancy II, and graduated from HEC Paris.
- Joined Crédit Lyonnais in 1981 and had a global career within the Group, becoming Head Project Finance and Syndication at Crédit Lyonnais Hong Kong in 1997. He joined Crédit Lyonnais Bank Polska in 2001 where he was named President of the Management Committee. In 2006, he moved to Crédit Agricole Corporate & Investment Bank in Paris as Permanent Control & Operational Risk Manager. In January 2008, he was appointed Risk Manager for the Asia Pacific region in Hong Kong. He then held the position of Risk Manager in New York beginning in April 2010.

Other activities and interest groups:

- None.

2.4.2. Compensation and profit sharing programmes for members of the Board of Directors and the Executive Committee

a) Introduction

CA Indosuez (Switzerland) SA is not subject to the statute barring excessive pay in publicly traded limited companies. It does not pay the members of its Board of Directors in the form of profit sharing.

b) Members of the Board of Directors

Members of the Board of Directors who are employees of a company in the Crédit Agricole Group are not paid for their Board duties (including the Chair and the Board's Committees).

Members of the Board of Directors who are not employees of the Crédit Agricole Group receive annual fees in an amount determined by the Bank's Annual Shareholders' Meeting, payable net of payroll deductions, unless otherwise agreed to at the end of the fiscal year and on a pro rata basis for the period during which they held office.

Annual compensation for Directors for the year 2017 was set at CHF 30,000. The Chairman of the Audit and Risk Committee collected CHF 10,000 of additional pay, and the members of that Committee collected CHF 5,000 of additional pay.

c) Members of the Executive Committee

The compensation policy of CA Indosuez (Switzerland) SA approved by the Board of Directors is fully in line with the 2017 compensation policy of CA Indosuez Wealth (Group), which itself reflects the compensation policy of the Crédit Agricole Group, while also taking into account local features.

To implement its compensation policy, every year CA Indosuez (Switzerland) SA relies on compensation surveys conducted by two specialised companies, in which major financial market employers participate. These surveys make it possible to have insight into changes in the market for nearly all of the bank's functions and into various compensation factors.

In keeping with the Group's general principles, the compensation policy for members of the CA Indosuez (Switzerland) SA Executive Committee is tightly regulated, with rules imposed on the structure of their compensation. It is made up of the basic salary and a discretionary variable component. It is aimed at promoting individual and group performance. Remuneration is structured to ensure that the fixed and variable components are fairly balanced.

Variable remuneration is an integral part of the annual pay of Executive Committee members. It is inspired by principles arising from the FINMA 2010/1 "Remuneration Systems" Circular and the Capital Requirements Directive IV (CRD IV) and Alternative Investment Fund Managers (AIFM) directives. Thus, above a certain threshold, the variable pay of Executive Committee members is broken down between an immediately payable portion and a portion deferred in thirds over a 3-year period. The deferred variable pay is awarded in the form of Crédit Agricole SA shares or instruments backed by such shares. The deferred portion changes based on the total variable pay allocated for the fiscal year. The higher the variable pay, the greater the deferred share of the total variable pay. Payment of the deferred portion is subject to Performance and Eligibility Conditions.

The system put in place makes it possible to give members of the Executive Committee a stake in the Bank's medium-term performance and its risk management.

Every year, the Remuneration Committee approves the total fixed and variable pay package of the pool that the Executive Committee members collectively form.

2.4.3. Statutory and regulatory auditors

a) Duration of the audit term and duration of the responsible auditor's duty

Since 1999, PricewaterhouseCoopers SA, Geneva, has been the statutory auditor of CA Indosuez (Switzerland) SA, Geneva, under the Code of Obligations. It has also served as the Regulatory Auditor under the *Loi sur la surveillance des marchés financiers* (Financial Markets Monitoring Act). Philippe Bochud has been the responsible auditor since the 2015 fiscal year. The person who leads the audit can hold this office for a maximum of seven years.

b) Auditing fees

CA Indosuez (Switzerland) SA paid a total of CHF 2,301,858, excluding VAT, as auditing fees for the current year.

c) Additional fees

CA Indosuez (Switzerland) SA paid a total of CHF 40 800, excluding VAT, as additional fees for the current year.

These fees relates to additional services in regards with the Bank's tax matters.

d) Outside audit documentation

Every year, PricewaterhouseCoopers SA drafts an audit plan and writes one report on the audit of the financial statements and another on the regulatory audit. The responsible auditor discusses these documents with the Audit and Risk Committee. The audit plan was presented to the Audit and Risk Committee at its October 2, 2017 session. The results of the audit of the financial statements were presented and discussed in the Audit and Risk Committee of March 8, 2018 as well as in the Board of Directors at its March 9, 2018 session.

The external auditors have constant access to the Audit and Risk Committee, the Executive Committee, and General Inspection, with whom they have regular work meetings.

PricewaterhouseCoopers SA has an annual mandate. The qualifications of the external auditors, their performance, and the level of auditing fees are assessed annually by the Audit and Risk Committee.

Key figures

BALANCE SHEET (in millions of CHF)	31.12.2017	31.12.2016	% change
Balance sheet total	18,373	16,454	+11.7

INCOME (in millions of CHF)	FY 2017	FY 2016	% change
Interest income	134.2	134.1	+0.0
Commission income	199.8	197.2	+1.3
Trading income	67.4	115.2	-41.5
Other ordinary income	98.3	81.7	+20.4
Total income (operating income)	**499.7**	**528.2**	**-5.4**
Personnel expenses	-280.0	-271.3	+3.2
General and administrative expenses	-137.1	-118.4	+15.8
Gross profit	**82.6**	**138.5**	**-40.4**
Amortisation and valuation adjustments	-21.1	-15.6	+34.8
Extraordinary income and expenses	22.4	4.0	+454.3
Taxes	-26.0	-33.2	-21.8
Result for the period	**57.9**	**93.8**	**-38.2**

(in millions of CHF)	31.12.2017	31.12.2016	% change
Total managed assets	**42,252**	**39,324**	**7.4**
Number of employees	**1,552**	**1,358**	**14.3**

Disclosure relating to the liquidity and capital requirements established by FINMA in its 2016/1 circular (in millions of CHF)	FY 2017	FY 2016
Minimum required capital based		
on risk-based requirements	882.2	851.6*
Eligible capital (CHF)	1,920.4	1,956.7
of which CET1 (CHF)	1,562.9	1,533.6
of which T1 (CHF)	1,562.9	1,533.6
Risk-weighted assets (RWA) (CHF)	11,027.0	10,645.1
CET1 ratio (common equity tier 1 capital as a % of RWA)	14.2%	14.4%
T1 ratio (tier 1 capital as a % of RWA)	14.2%	14.4%
Total capital ratio (as a % of RWA)	17.4%	18.4%
Countercyclical capital butter (as a % of RWA)	0%	0%
Target CET1 ratio (in %) pursuant to Annex 8 of the CAO, plus countercyclical capital butter	7.8%	7.8%
Target T1 ratio (in %) pursuant to Annex 8 of the CAO, plus countercyclical capital butter	9.6%	9.6%
Target total capital ratio (in %) pursuant to Annex 8 of the CAO, plus countercyclical capital butter	12.0%	12.0%
Basel III leverage ratio (tier 1 capital as a % of total exposure)	7.4%	7.8%
Total exposure (CHF)	21,134.5	19,711.3
Q4 short-term liquidity coverage ratio (LCR) (%)	154%	286%
Numerator of LCR: sum of high-quality liquid assets (CHF)	3,223.4	3,885.9
Denominator of LCR: net sum of cash outflows (CHF)	2,093.2	1,360.2
Q3 short-term liquidity coverage ratio (LCR) (%)	149%	278%
Numerator of LCR: sum of high-quality liquid assets (CHF)	3,207.0	4,492.6
Denominator of LCR: net sum of cash outflows (CHF)	2,152.4	1,615.2
Q2 short-term liquidity coverage ratio (LCR) (%)	221%	257%
Numerator of LCR: sum of high-quality liquid assets (CHF)	3,673.2	4,952.5
Denominator of LCR: net sum of cash outflows (CHF)	1,660.6	1,924.4
Q1 short-term liquidity coverage ratio (LCR) (%)	208%	255%
Numerator of LCR: sum of high-quality liquid assets (CHF)	4,106.1	5,462.3
Denominator of LCR: net sum of cash outflows (CHF)	1,973.7	2,143.8

* Risk-weighted minimum capital requirements (CHF) for 2016 have been corrected

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Financial statements

CA Indosuez (Switzerland) SA

1. Balance sheet as at 31 December 2017

Assets

ASSETS (in thousands of CHF)	31.12.2017	31.12.2016
Liquid assets	1,316,054	1,167,866
Amounts due from banks	5,037,207	4,669,260
Amounts due from securities financing transactions	17,021	-
Amounts due from clients	8,530,583	6,696,864
Mortgage loans	812,305	459,599
Trading portfolio assets	5,822	5,694
Positive replacement values of derivative financial instruments	190,876	331,063
Financial investments	1,959,119	2,671,558
Accrued income and prepaid expenses	121,946	113,796
Participating interests	32,438	39,692
Property, plant and equipment	267,736	251,381
Intangible assets	31,002	-
Other assets	50,449	47,606
Total assets	**18,372,558**	**16,454,379**
Total subordinated claims	–	–
of which subject to mandatory conversion and/or debt waiver	–	–

Liabilities

LIABILITIES (in thousands of CHF)	31.12.2017	31.12.2016
Amounts due to banks	5,718,204	2,241,527
Amounts due in respect of client deposits	10,590,865	11,998,448
Negative replacement values of derivative financial instruments	189,020	279,102
Accrued expenses and deferred income	115,889	135,934
Other liabilities	2,700	4,775
Provisions	114,354	129,972
Reserves for general banking risks	19,400	19,400
Bank capital	1,060,946	1,060,946
Statutory capital reserve	388,910	388,910
Statutory retained earnings reserve	104,090	101,295
Retained earnings for the previous year	10,275	317
Result for the period	57,905	93,753
Total liabilities	**18,372,558**	**16,454,379**
Total subordinated liabilities	590,000	590,000
of which subject to mandatory conversion and/or debt waiver	–	–

Off-balance sheet

OFF-BALANCE SHEET TRANSACTIONS (in thousands of CHF)	31.12.2017	31.12.2016
Contingent liabilities	4,201,911	4,103,802
Irrevocable commitments	1,270,939	1,660,617
Commitment credits	893,442	983,376

2. Income statement for the year 2017

(in thousands of CHF)	FY 2017	FY 2016
Result from interest operations		
Interest and discount income	172,541	162,734
Interest and dividend income from trading portfolios	438	285
Interest and dividend income from financial investments	2,810	1,259
Interest expense	-42,205	-31,722
Gross result from interest operations	**133,584**	**132,556**
Changes in value adjustments for default risks and losses from interest operations	573	1,584
Subtotal net result from interest operations	**134,157**	**134,140**
Result from commission business and services		
Commission income from securities trading and investment activities	155,657	150,779
Commission income from lending activities	38,407	31,044
Commission income from other services	40,915	52,475
Commission expense	-35,213	-37,111
Subtotal result from commission business and services	**199,766**	**197,187**
Result from trading activities and the fair value option	**67,374**	**115,241**
Other income from ordinary activities		
Result from the disposal of financial investments	3,405	282
Income from participating interests	3,639	3,979
Result from real estate	2,411	2,291
Other ordinary income	89,030	75,623
Other ordinary expenses	-143	-505
Subtotal Other result from ordinary activities	**98,342**	**81,670**
Operating expenses		
Personnel expenses	-280,007	-271,311
General and administrative expenses	-137,099	-118,358
Subtotal Operating expenses	**-417,106**	**-389,669**
Value adjustments on participating interests, and depreciation and amortisation of fixed and intangible assets	-12,349	-14,802
Changes to provisions and other value adjustments, and losses	-8,686	-874
Operating result	**61,498**	**122,893**
Extraordinary income	22,384	4,039
Extraordinary expenses	-12	-3
Taxes	-25,965	-33,176
Result for the period	**57,905**	**93,753**

3. Statement of changes in equity

(in thousands of CHF)	Bank capital	Statutory capital reserve	Statutory retained earnings reserve	Reserves for general banking risks	Retained earnings for the previous year	Result for the period	Total
Equity as at 1 January 2017	**1,060,946**	**388,910**	**101,295**	**19,400**	**317**	**93,753**	**1,664,621**
Appropriation of 2016 income	-	-	2,795	-	90,958	-93,753	-
Dividend	-	-	-	-	-81,000	-	-81,000
Result for the period	-	-	-	-		57,905	57,905
Equity as at 31 December 2017	**1,060,946**	**388,910**	**104,090**	**19,400**	**10,275**	**57,905**	**1,641,526**

4. Notes to the financial statements

4.1. Business name, legal form and registered office of the Bank

CA Indosuez (Switzerland) SA (hereinafter “the Bank”) is a public limited company set up under Swiss law and engaged in Wealth Management, Commercial Banking and Transactional Commodity Finance, as well as spot and forward trading in money market instruments, currencies and precious metals. In addition, the Bank’s Logistics Centre in Lausanne acts as a service centre in charge of IT and back-office activities for entities belonging to the Crédit Agricole Group and for third-party entities.

In addition to its registered office in Geneva, the Bank has branch offices in Lugano, Zurich, Hong Kong and Singapore, and subsidiaries in Switzerland, Lebanon and Hong Kong, as well as two representative offices in the United Arab Emirates.

4.1.1. Compulsory disclosure on the Hong Kong branch remuneration system

The Board of Directors of CA Indosuez (Switzerland) SA sets and enforces remuneration policy. It has appointed a Remuneration Committee composed of three Board members.

The structure and level of total remuneration is aligned with CA Indosuez (Switzerland) SA’s business strategy, objectives, values and long-term interests, such as sustainable growth prospects as well as financial results and risk policy. The remuneration policy is consistent with the principles governing client and investor protection.

Remuneration is structured to ensure that the fixed and variable components are fairly balanced. The fixed component accounts for a sufficiently important share of total remuneration and makes it possible to operate a flexible bonus policy. If a bonus of more than €120,000 is awarded to an employee, payment of a portion is deferred over a period of three years in compliance with Crédit Agricole Group regulations.

In reference to financial year 2017, for top executives (Senior Management: 3 individuals) and key executives (Key Personnel: 2 individuals) of the CA Indosuez (Switzerland) SA Hong Kong branch, total fixed remuneration (excluding social security costs) was HKD 10.4 million (HKD 10.1 million in 2016).

Their variable remuneration (excluding social security contributions) totalled HKD 2.0 million (HKD 1.8 million in 2016), all of which was payable immediately in cash.

No sign-on or termination payments were awarded among the same personnel categories in 2017.

4.2. Accounting and measurement principles

4.2.1. General principles

The Bank’s accounting and valuation principles are based on the Code of Obligations, the Banking Act and its related Ordinance as well as the “Accounting rules for banks, securities dealers, financial groups and conglomerates” (“ARB”), issued by financial market regulator FINMA under circular 2015/1. The faithfully presented accompanying statutory single-entity financial statements present the economic situation of the Bank such that a third party can form a reliable opinion. The annual financial statements may contain unrealised reserves.

The Bank has not prepared consolidated financial statements since 2014 because its subsidiaries are no longer quantitatively significant.

General measurement principles

The financial statements have been prepared assuming that the activity continues. Balance sheet data are therefore based on going-concern values.

Assets are recognised on the balance sheet if, based on past events, they may be disposed of, a cash inflow is probable and their value can be reliably estimated. If a reliable estimate is not possible, then it is a contingent asset, which is commented on in the Notes.

Liabilities are recognised on the balance sheet if they have arisen due to past events, a cash outflow is probable and their value can be reliably estimated. If a reliable estimate is not possible, then it is a contingent liability, which is commented on in the Notes.

The disclosed balance sheet items are valued individually. The transitional provision, which requires the individual valuation of participating interests, fixed assets and intangible assets as of 1 January 2020, is not applied. In principle, neither assets and liabilities nor expenses and income are offset.

Offsetting between assets and liabilities as well as that between profit and loss accounts is in principle not allowed.
Accounts receivable and accounts payable are offset only in the following cases:

- if they concern the same type of transaction with the same counterparty in the same currency and they have an identical or earlier due date and do not lead to any counterparty risk;
- deduction of value adjustments from the corresponding asset item;
- offsetting of positive and negative changes in book value within the compensation account with no income effect in the current period.

Financial instruments

Cash and cash equivalents
Ancillary liquid assets are recognised on the balance sheet at their face value.

Securities financing transactions
Securities financing transactions refer to transactions under *repurchase/reverse repurchase* agreements.

Sales of securities with a repurchase obligation *(repurchase)* and acquisitions of securities with an obligation to resell *(reverse repurchase)* are classed as guaranteed financing transactions. The total value of liquid assets received or given as a guarantee for repurchase and reverse repurchase agreements is carried in the balance sheet, including accrued interest.

Interest income from reverse repurchases and the interest expense from repurchases are apportioned over the underlying transaction period.

Amounts due from banks and clients, mortgage loans
Amounts due from banks, clients and mortgage loans are recognised at their nominal value, any necessary value adjustments are deducted.

Doubtful receivables, i.e. receivables for which it is unlikely that the debtor will be able to meet its future obligations, are valued individually and the write-down is covered by valuation adjustments are deducted.

These are recognised on the balance sheet at their face value provided that the principal and interest due are readjusted in accordance with contractual stipulations and solvency requirements. Value adjustments are released with an effect on income via the item “Changes in value adjustments for default risk and losses from interest operations”.

Individual value adjustments are offset against the corresponding asset positions.

For credit facilities (with corresponding credit facility limits) whose use is typically subject to frequent and large fluctuations (e.g. current account credit facilities) and for which provisioning is required, the Bank uses an alternative method to record the required value adjustments and provisions. The initial recording of a provision is carried out in its entirety via the item “Changes in value adjustments for default risk and losses from interest operations”. If facility utilisation changes during the same accounting period, a reclassification with no impact on income is carried out between the value adjustment for the corresponding balance sheet item and the provision for the undrawn part of the credit facility. Reclassifications with no impact on income are reported in the “Reclassifications” column of Note 5.16 “Value adjustments, provisions and reserves for general banking risks”.

The magnitude of value adjustments is systematically determined taking into account portfolio risks. The various criteria and procedures governing value adjustments are subject to detailed internal documentation. A “doubtful accounts” committee is assigned this task and meets regularly to examine the accounts of clients with doubtful receivables.

Amounts due to banks and amounts due in respect of client deposits
These items are recognised at their nominal value.

Trading operations, commitments resulting from trading operations
Positions relating to trading operations are valued and recognised in the balance sheet at their fair value. This is the price based on a price-efficient and liquid market.

Gains and losses made on purchases and sales, as well as unrealised gains and losses arising from fair-value adjustments, are reported under “Result from trading activities and the fair value option”.

Positive and negative replacement values of derivative financial instruments
Derivative financial instruments are used for trading and hedging purposes.

Trading portfolio assets

All derivative financial instruments in securities trades are measured at fair value and their positive or negative replacement values are recognised in the corresponding columns of the balance sheet. This is the price based on a price-efficient and liquid market.

The realised result from trading operations and the unrealised result from valuations relating to trading operations are recorded under “Result from trading activities and the fair value option”.

Hedging transactions

The Bank also uses derivative financial instruments as part of its asset and liability management (ALM) to hedge against interest rate and currency risks. Hedging transactions are valued in the same way as the hedged positions themselves. The result from hedging operations is recorded in the same income statement item as the that of the hedged transaction. The result from valuing hedging instruments is recorded in a compensation account, provided that no change in the value of the underlying transaction has been booked. The net balance of the compensation account is recorded under “Other assets” or “Other liabilities”.

The Bank documents hedges and the goals and strategies of hedging transactions at their conclusion. It regularly reviews the effectiveness of the hedge. If the hedge is no longer or only partially effective, the part of the hedging transaction that is no longer effective is treated like a trading operation.

Financial investments
Long-term investments include debt securities, equity investments and physical stocks of precious metals.

As regards financial investments measured at the lower of the historical cost and the acquisition cost, if the fair value increases again after dropping below the acquisition cost, they should be revalued at the maximum historical or acquisition cost. The balance of the value adjustments is recorded under “Other ordinary expenses” or “Other ordinary income”.

Held-to-maturity debt securities are valued according to the *accrual method*. The corresponding premiums and discounts are apportioned over the residual period to maturity under “Accrued income and prepaid expenses” or “Accrued expenses and deferred income”.

If held-to-maturity financial investments are sold or reimbursed early, the realised gains and losses, which correspond to the interest component, are accrued/deferred over the residual term to maturity of the transaction under “Other assets” or “Other liabilities”.

Equity investments and stocks of precious metals held in physical form and for the Bank’s proprietary interests

Equity securities are valued at the lower of the acquisition cost and market value. Physical inventories of precious metals, intended to hedge liabilities in the metals account, are measured at fair value. Value adjustments are recorded under “Other ordinary expenses” or “Other ordinary income”.

Participating interests
Participating interests held by the Bank include equity securities of companies that are held for long-term investment purposes, irrespective of any voting rights.

These interests are valued individually at their acquisition cost, less any value adjustments.

The Bank checks participating interests for impairment at every reporting date.

Realised gains and losses from the sale of participating interests are respectively recorded under “Extraordinary income” and “Extraordinary expenses”.

Property, plant and equipment
Property, plant and equipment are recognised at their acquisition cost and depreciated on a straight-line basis over their estimated useful life under line item “Value adjustments to equity investments, impairment losses on fixed and intangible assets”. The estimated useful lives are as follows:

- tablets and mobile phones	3 years
- vehicles and IT equipment	5 years
- furniture, fixtures and technical resources	5 years
- mainframe IT system	5 years
- fitting-out of office space	10 years
- self-developed software	10 years
- buildings used by the Bank (1.5% per annum)	66.5 years

On each balance sheet date, the Bank determines whether the value of property, plant and equipment has been impaired. This assessment is based on indications suggesting that an impairment loss may have occurred. Where evidence of impairment exists, the Bank calculates a recoverable amount for each individual asset. The value of an asset is impaired when its carrying amount exceeds its recoverable amount.

If the asset is impaired, the book value is written down to the recoverable value and the impairment is charged to the item “Value adjustments on participating interests, and depreciation and amortisation of fixed and intangible assets”.

If the impairment test shows that the operating life of an intangible asset has changed, the Bank amortises the residual carrying amount over the newly estimated useful lifetime.

Realised gains and losses from the sale of fixed assets are recorded respectively under “Extraordinary income” and “Extraordinary expenses”.

Intangible assets

Goodwill

For the acquisition of business activities and companies, assets and liabilities are assessed at their current value. When this assessment reveals that the acquisition price exceeds net assets, the difference is deemed to be goodwill and recorded as an intangible asset.

The opposite situation involves negative goodwill. Residual negative goodwill, such as when a firm is acquired at a “bargain price”, must immediately be recognised under “Extraordinary income”.

Goodwill is capitalised and written down over its estimated useful life.
The Bank estimates the goodwill’s useful life to be five years.

Provisions

Legal and factual obligations are valued regularly. If an outflow of resources is likely and can be reliably estimated, a corresponding provision is created.

Existing provisions are reassessed at each balance sheet date. Based on this reassessment, the provisions are increased, left unchanged or released.

Provisions are released via the income statement if they are no longer needed on business grounds and are recorded under the following items:

- Provisions for taxes: “Taxes”;
- Pension provisions: “Personnel expenses”;
- Other provisions: “Changes to provisions and other value adjustments, and losses”.

Reserves for general banking risks

Reserves for general banking risks are set aside as a preventive measure with the aim of covering underlying risks relating to the Bank’s overall activity. These reserves are considered as forming part of shareholders’ equity under the Swiss capital adequacy ordinance (CAO).

The creation and release of reserves is recognised under “Changes in reserves for general banking risks” in the income statement.

The reserves for general banking risks are subject to tax.

Taxes

Current income and capital taxes for the corresponding period are calculated in accordance with applicable tax rules. Direct taxes which are still due at the end of the financial year are recorded as liabilities in the balance sheet under “Accrued expenses and deferred income”.

Pension benefit obligations

The majority of the staff of the Bank are covered by the CA Indosuez (Switzerland) SA Pension Fund.

In addition, pension liabilities and the assets used to hedge these liabilities are held by a legally independent foundation. Contributions which have been adjusted to the period are recorded under “Personnel expenses” in the income statement. Furthermore, the foundation manages its assets through the Bank; hence the related positions are recorded in the latter’s balance sheet.

The Bank assesses whether there is an economic benefit or obligation arising from its pension fund at the reporting date. The assessment is based on the contracts and financial statements of the pension fund established in Switzerland under Swiss GAAP FER 26 and other calculations that present a true and fair view of its financial situation as well as the actual over- or underfunding. The Bank refers to a pension fund expert to assess whether a benefit or an obligation exists.

Off-balance sheet transactions

Off-balance sheet items are stated at their nominal value. A provision is made for foreseeable risks and recorded under liabilities in the balance sheet.

4.2.2. Changes to accounting and valuation principles impacting the current year

In 2016, the amount of “Interest and dividend income from trading portfolios ” was left blank. The corresponding amount was reclassified through “Interest and discount income”.
In addition to the 2016 and 2017 income statements, this reclassification also impacts note 5.38 (Operating result broken down by domestic and foreign origin according to the principle of permanent establishment).

4.2.3. Recording of business transactions

All transactions are booked at the trade date and valued on that date for the purpose of determining profit or loss. Until their settlement date, executed transactions are presented as off-balance sheet transactions, with the exception of securities transactions, which are directly accounted for on the balance sheet.

4.2.4. Treatment of past-due interest

Interest outstanding is not recognised as interest income. Interest accrued and unpaid for more than 90 days is considered interest outstanding. As regards current account overdraft facilities, interest is considered overdue when the credit limit has been breached for more than 90 days. From this point in time, no accrued interest is recorded in “Interest and discount income” until there is no more past-due interest over 90 days.

Interest outstanding is not retroactively subject to a reversing entry. The receivables from the interest accumulated up to the expiry of the 90-day term (past-due unpaid interest and accumulated accrued interest) are written down under “Changes in value adjustments for default risk and losses from interest operations”.

4.2.5. Conversion of foreign currency items

The Bank uses a multi-currency accounting system, and balance sheet items denominated in foreign currency are converted at the closing exchange rate.
Interest on fixed-term transactions and commissions on fiduciary operations in foreign currency are recorded daily in the income statement and converted at the exchange rate prevailing on that day. All other income and expenses are recorded on the day they occur, using the rate prevailing at the time of the transaction.

The exchange rates against the Swiss franc used for converting foreign currency items are as follows:

	2017		2016	
Currencies	Closing exchange rate	Average exchange rate for the year	Closing exchange rate	Average exchange rate for the year
EUR	1.1705	1.1159	1.0718	1.0891
USD	0.9765	0.9798	1.0162	0.9872
SGD	0.7306	0.7135	0.7034	0.7146
HKD	0.1250	0.1257	0.1311	0.1272

4.3. Risk management

4.3.1. General risk policy

The Bank is active in several business areas, which expose it primarily to credit risk, market risk, operational risk and legal risk. The monitoring, identification, assessment and management of these risks is a priority for the Bank.

The Board of Directors is the body responsible for high-level risk monitoring. It establishes a suitable risk policy and, within this policy, defines the philosophy, the risk assessment approach and the monitoring method. It periodically reviews the adequacy of the risk management policy, makes regular changes and captures the risks arising from each of its areas of activity.

The Audit and Risk Committee is tasked with the review and follow-up of the risk policy and risk management procedures and systems involving the different categories of risk to which the Bank is exposed.

The Executive Committee oversees the enforcement of the risk policy approved by the Board of Directors and the introduction of suitable systems and procedures allowing the identification, measurement, assessment and management of the risks taken by the Bank, including via the ongoing presence of a Risk Management and Permanent Control Division.

Independent of the Bank’s revenue-generating operating activities, the Risk Management and Permanent Control Division monitors risk exposure and establishes the bases underpinning the Bank’s risk management policy, its risk propensity and exposure limits subject to approval by the Board of Directors. Specifically, it arranges for and sets up adequate risk monitoring systems and ensures their adaptation, defines the databases and methods to measure risks and ensures that the systems are appropriately used. It ensures an adequate level of disclosure through internal reports.

4.3.2. Credit risk

Credit risk represents the losses incurred by the Bank in the event of default by a client or a counterparty.

Customer loans
Lending decisions are covered in advance by risk strategy guidelines.
Loans are granted according to a system of delegation of authority and are subject to a rating system. The rating is reviewed annually.

A Credit Committee examines loan applications, granting authorisations on the basis of the aforementioned delegation and policy. This policy encompasses the commitments of the Bank’s clients and correspondents that result from lending activities, issuance of guarantees, and trading in currencies, derivatives and securities.

Decision-making and the monitoring of individual risks are supplemented by a portfolio risk monitoring mechanism that evaluates the counterparty risk of the entire portfolio and highlights particular risk characteristics in the overall portfolio.

Portfolio reviews are organised each year in each major area in order to ensure that the current portfolio is in line with existing risk strategies.

Risks are regularly monitored by the Risk Management and Permanent Control Division according to stringent procedures. The Executive Committee and the Board of Directors are kept informed on a regular basis.

Counterparty risk in interbank business
Crédit Agricole Group in Paris manages exposure to other banking institutions and sets counterparty limits on each affiliate based on the strategy and risk management policy of the Group. As it stands, the Bank has not been empowered by Crédit Agricole Corporate and Investment Bank ("CA CIB") to take risks involving other financial institutions, and each risk taken is subject to ratification by CA CIB.

All credit facilities must be approved by the Bank's Committee on Loans to Financial Institutions ("CCIF") and by CA CIB. Each arrangement is subject to annual review.

The Risk Management and Permanent Control Division monitors the compliance of credit facilities. In the event of an anomaly, it notifies the business line concerned, queries it on the nature of the anomaly and tracks progress on its resolution.

4.3.3. Market risk

Market risk reflects the risk of potential losses to which the Bank is exposed through market positions held based on the fluctuation of different market parameters and the independent appraisal of financial results.

Managing market risk involves identifying, measuring and monitoring open market positions from the Bank's portfolio or the trading portfolio. For each risk category, limits are established and controlled by the operators themselves on a continuous basis and by the Risk Management and Permanent Control Division.

The main market risks faced by the Bank are:

- Foreign exchange risk
  Foreign exchange risk is mainly evaluated by measuring the net residual exposure resulting from the recognition of gross currency positions originating mainly in client flows and their hedges.
- Interest rate risk
  The Bank's strategy for managing interest rate risk is aimed at keeping the risk at a moderate level for the entire balance sheet. The majority of the balance sheet items which are exposed to interest rate risk (customer loans, investment portfolio securities, term deposits) are individually backed (transaction by transaction) by the Treasury function in accordance with strict limits established by the Group. The Treasury function ultimately returns them to the market to close out the positions. The purpose of Asset and Liability Management (ALM) is to measure and hedge other items exposed to interest rate risk according to regulatory constraints, Group directives and risk appetite as defined by the Board of Directors. The non-interest-bearing demand deposits in major currencies of the Wealth Management and Trading business lines are of particular concern in this regard.
  To ensure ALM hedging of interest rate risk for demand deposits, "prudent" benchmark portfolios are modelled on the basis of historical observations and runoff assumptions meant to confidently absorb foreseeable outflows in situations of aggravated stress.
  All the modelled portfolios are subject to sets of limits that define minimum and maximum interest rate gaps according to maturity.
  The application of the interest rate risk management strategy (placement and/or reversal of interest rate swaps) is validated on a quarterly basis by the ALM committees.
- Liquidity risk
  The system put in place by the Bank to manage liquidity risk ensures compliance with the relevant regulatory requirements at all times.

4.3.4. Operational risk management

CA Indosuez (Switzerland) SA defines operational risk as the risk of loss resulting from inadequate or defective internal processes, personnel errors, system failures or from external events.

Identification and measurement of inherent risk
The work of identifying, measuring and making an inventory of inherent risk is focused on risks with significant consequences that are liable to prevent the Bank from accomplishing its objectives. These are major risks for which the forward-looking rating, based on the degree of potential impact, is determined by:

- Materiality: the financial impact on the Bank's results and the frequency of occurrence (probability of occurrence)
- Risk exposure tolerance: non-financial impact in terms of reputational risk, regulatory risk or legal risk.

Mitigation measures: residual risk
The Bank uses an efficient Internal Control System (ICS) designed to provide reasonable certainty that the risks to which the Bank is exposed are managed in accordance with the desired level of residual risk (risk mitigation measures). The awareness of such operating risk exposure allows Management to identify its main areas of vulnerability and to adapt risk management based on the type and severity of the risk.

Specifically, mitigating risks is achieved through a range of mitigation measures, such as:

- Schedules of manual and automated checks
- Risk transfers (insurance)
- Organisational measures (e.g. strong processes, separation of functions, etc.)

These mitigation measures are evaluated in terms of their adequacy and efficiency. This evaluation of mitigation measures also looks at factors indicating a possible need for improvements to the ICS, in particular:

- Results of checks that indicate an anomaly
- Internal and external audit recommendations
- Provisions for operational incidents
- Occurrence of operational incidents (operational risk has materialised)

In the event that the above measures are not sufficient to maintain the desired level of residual risk, an action plan needs to be drawn up to strengthen the Internal Control System.

Matching of residual risk to effective risk
All operational incidents that occur are recorded. In order to ensure that the residual risk is appropriate relative to the Bank's effective risk, the prospective residual risk rating is regularly compared against the operational incidents that have occurred.

Employee responsibility
The heads of each of the Bank's business lines work closely with the Permanent Control Department, which is in charge of Operational Risk Management, to play an active role in identifying, evaluating, managing and monitoring their operational risk. To accomplish this, they rely on risk reporting officers working directly in the business lines. These officers ensure that their ICS is working correctly and that any significant change in activities is taken into account, and serve as the link between the heads of business lines and the Permanent Control Department.

The Board of Directors has entrusted the periodic evaluation of the Internal Control System to the Audit and Risk Committee.

Communication
The Permanent Control Department ensures that it always maintains an overall view of the operational risk status of all the Bank's activities, of any significant events relating to these and of any action plans aimed at improving the management of these risks. This information is passed on to the Board of Directors and Executive Management.

4.3.5. Compliance and legal risk

Compliance and legal risk relates to the loss, whether financial or in terms of reputation, that could result from failing to comply with regulations or with due diligence duties specific to financial intermediaries.

The Bank has a Compliance Division and a Legal Affairs and Governance Division whose roles are to monitor compliance with the regulations, notably in relation to the prevention of money laundering, the financing of terrorism and the prevention of fraudulent acts. These Divisions also ensure that in-house directives are consistent with new legislation and regulations.

4.3.6. Methods used for identifying default risks and determining the need for value adjustments

Level 1 controls on compliance with the conditions accompanying a decision to lend are performed by the account managers. The Risk Management and Permanent Control Division is responsible for Level 2 controls.

Liability monitoring is carried out to allow the early identification of assets likely to lose value, the objective being to initiate, as early as possible, concrete steps aimed at protecting the interests of the Bank.
The following situations are monitored and deemed to constitute default:

1) Unpaid items exceeding 90 days;
2) Authorisation breaches exceeding 90 days;
3) A deterioration in the counterparty's situation such that the Bank considers that it will be unable to recover the full amount of its exposure;
4) Insolvency proceedings (e.g. bankruptcy, composition);
5) An assignment of receivables incurring a significant financial loss;
6) Restructuring with write-off;
7) A default event in the legal sense (indicated in the loan agreement and confirmed by the creditors);
8) Contagion to other counterparties which are part of the same risk group as the counterparty facing default.

For counterparties falling within the scope of Private Banking activities, default is defined as the occurrence of one of the following events:
1) Insufficient coverage in terms of the margin call threshold for a period exceeding 90 days, in which case the marketable, liquid assets pledged no longer sufficiently cover the exposure with the same degree of confidence;
2) Breach, over a period exceeding five business days, of the liquidation threshold. This occurs when the collateral lending value falls below a certain level, obliging the Bank to partially or fully reduce its exposure to the client by liquidating the collateral in question in order to repay the loan.

If it becomes unlikely that the debtor will meet its obligations, an individual value adjustment will be made on a case-by-case basis according to a decision by the competent bodies and taking into consideration the adequate evaluation of any collateral.

Process for determining value adjustments and provisions
Positions exposed to risk are remeasured on each balance sheet date and appropriate value adjustments are made if deemed necessary. Value adjustments to risk positions are reviewed and determined by the Sensitive Cases Committee.

4.3.7. Valuation of collateral

Lombard loans are granted against collateral. The main types of accepted collateral are creditor accounts, fiduciary deposits with approved third parties, selected, easily marketable securities (stocks and bonds), precious metals, structured products, funds, management mandates and life insurance policies.

All accepted collateral is assigned a collateral rating, a margin call threshold and a liquidation threshold based on its liquidity, volatility, any ratings and maturities and country risk.

Loans guaranteed by a pledge of property are never granted without a collateral evaluation conducted by a licensed external specialist and which are based on the use of the asset.
The value used for residential property for personal use is the lower of the acquisition cost and the appraisal value at the time of purchase and of the market value and the index value when the loan is reviewed. For commercial property and residential property rented out in Switzerland, the value used is the earning capacity value.

4.4. Business policy regarding the use of derivative financial instruments and hedge accounting

Proprietary transactions are carried out within the framework of internal directives applying to the management of market risk and interest rate risk.
Transactions carried out on behalf of clients include foreign exchange transactions (forward and options), stock options, stock exchange rates, interest rates, precious metals and futures.
The Bank calculates an equivalent risk on these transactions to determine the amount of collateral required. This equivalent risk corresponds to the replacement value of the instruments plus an add-on or the usual margin calculated by the market. Margin calls are effected as soon as the value of the assets given as guarantee is no longer sufficient to hedge the risk exposure.

4.4.1. Use of hedge accounting

The Bank uses derivative financial instruments for trading and hedging purposes.
It uses them for risk management purposes, mainly to hedge against interest rate and foreign currency risks.

The Bank documents the relationship between the hedging instrument and the secured underlying when the transactions are completed. It documents the hedging transaction goals and the method used to assess the effectiveness of the hedging.

A hedge is seen as effective when the following criteria are fulfilled:
- The hedge is expected to be highly effective at the inception of the hedge and for its full duration,
- There is a close economic correlation between the underlying and the hedging transactions.
- Changes in the value of the underlying transaction and of the hedge are offset relative to the risk being hedged.

The effectiveness of the hedge is assessed on an ongoing basis.
A hedge deemed ineffective is immediately regarded as a securities transaction and the ineffective portion of the gain or loss on the hedging instrument is recognised under the heading “Gains and losses from trading and the fair value option”.

4.5. Significant events in 2017

On 2 December 2017, the Bank finalised the acquisition of Crédit Industriel et Commercial's ("CIC") private banking business in Singapore and all of CIC Investors Services Hong Kong's fully paid-up capital.
This acquisition strengthens the Bank's presence in Asia.

See also the following notes:

- 5.2 Collateral for loans and off-balance sheet transactions as well as impaired loans
- 5.7 Companies in which the Bank holds a permanent, direct, significant interest
- 5.9 Intangible assets

4.6. Significant events after the balance sheet date

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

4.7. Premature resignation of the auditor

PricewaterhouseCoopers SA, Geneva was elected as the Bank's auditor by the General Meeting. The auditing body did not resign before the expiry of the term of office.

4.8. Information on the balance sheet

Unless expressly provided for otherwise by the remarks or detailed information set out in annex 5 to FINMA Circular 2015/1, all quantitative entries are to be accompanied in the notes by figures from the previous year.

- **Layout of the notes to the financial statements**
  The numbering of the notes follows the layout stipulated by FINMA in annex 5 to its Circular 2015/1.

- **Outsourcing of activities**
  The Bank does not outsource any of its activities within the meaning of FINMA Circular 2008/7.

5. Information on the balance sheet, the off-balance sheet and the income statement

Information on the *balance sheet*

5.1. Securities financing transactions (assets and liabilities)

(in thousands of CHF)	31.12.2017	31.12.2016
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	-	-
Book value of obligations resulting from cash collateral received in connection with securities lending and repurchase transactions*	-	-
Book-value of securities held for proprietary interests, lent in connection with securities lending or delivered as collateral under securities borrowing and repurchase agreements	2,092	-
with unrestricted right to resell or pledge	-	-
Fair value of securities received as collateral in securities lending transactions, and of securities borrowed for securities borrowing transactions and through reverse repurchase agreements, with an unrestricted right to resell or repledge.	17,021	-
- o/w repledged securities	13,172	-
- o/w resold securities	-	-

* Before consideration of any leasing agreements

5.2. Collateral for loans and off-balance sheet transactions as well as impaired loans

	TYPE OF COLLATERAL			
(in thousands of CHF)	Secured by mortgage	Other collateral	Unsecured	Total
Loans (before netting with value adjustments)				
Amounts due from clients	19,685	5,277,621	3,391,395	8,688,701
Mortgage loans	812,670	-	-	812,670
– residential property	648,219	-	-	648,219
– business premises	158,900	-	-	158,900
– other	5,551	-	-	5,551
Total loans (before netting with value adjustments)				
Current year	832,355	5,277,621	3,391,395	9,501,371
Previous year	473,572	3,307,910	3,557,982	7,339,464
Total loans (after netting with value adjustments)				
Current year	831,990	5,119,503	3,391,395	9,342,888
Previous year	473,572	3,124,909	3,557,982	7,156,463
Off-balance sheet				
Contingent liabilities	17,718	715,392	3,468,801	4,201,911
Irrevocable commitments	3,023	252,845	1,015,071	1,270,939
Commitment credits	-	9,812	883,630	893,442
Total off-balance sheet				
Current year	20,741	978,049	5,367,502	6,366,292
Previous year	22,798	616,761	6,108,236	6,747,795

	IMPAIRED LOANS			
(in thousands of CHF)	Gross amount	Estimated liquidation value of collateral	Net amount	Individual value adjustments
Current year	188,371	22,147	166,224	158,483
Previous year	217,163	19,911	197,252	183,001

The acquisition of CiC Singapore's private banking business is the reason for the CHF 2 billion difference in total loans, most of which is collaterized. Approximately CHF 300 million of these new loans are mortgage-type loans (see note 4.5 "Significant events in 2017").

The change in the gross figure is due to the resolution of past-due loans either by a local legal authority decision or an agreement with creditors.

5.3. Trading portfolios and other financial instruments at fair value (assets and liabilities)

(in thousands of CHF)	31.12.2017	31.12.2016
Structured products	5,822	5,694
- of which established using a pricing model	*5,426*	*5,124*
Total trading portfolios	**5,822**	**5,694**

5.4. Derivative financial instruments (assets and liabilities)

		TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
(in thousands of CHF)		Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Fixed-income instruments	swaps	16,236	15,967	1,068,983	35,217	55,412	5,320,378
	options (OTC)	-	-	1,057	-	-	
	Total	**16,236**	**15,967**	**1,070,040**	**35,217**	**55,412**	**5,320,378**
Currencies/precious metals	Forward contracts	40,685	40,598	6,579,266	38,024	16,149	2,319,170
	o/w internal	*190*	*15*	*36,188*	-	-	-
	Futures	-	-	333	-	-	-
	options (OTC)	50,567	50,572	5,761,356	-	-	-
	Total	**91,252**	**91,170**	**12,340,955**	**38,024**	**16,149**	**2,319,170**
Equity securities/indices	options (OTC)	10,337	10,337	398,707	-	-	-
	Total	**10,337**	**10,337**	**398,707**	**-**	**-**	**-**
Other	Forward contracts	-	-	215,568	-	-	-
	Total	-	-	**215,568**	-	-	-
Total before netting agreements:	Current year	117,825	117,474	14,025,270	73,241	71,561	7,639,548
	of which established using a pricing model	117,825	117,474	14,025,270	73,241	71,561	7,639,548
	Previous year	206,760	189,924	13,827,322	134,036	98,910	11,857,336
	of which established using a pricing model	206,760	189,924	13,827,322	134,036	98,910	11,857,336

Total after netting agreements	Positive replacement values (cumulative)	Negative replacement values (cumulative)
Current year	190,876	189,020
Previous year	331,063	279,102

Breakdown by counterparty	Central clearing houses	Banks and securities dealers	Other clients
Positive replacement values (after netting agreements)	–	117,432	73,444

5.5. Financial investments

(in thousands of CHF)	BOOK VALUE 31.12.2017	BOOK VALUE 31.12.2016	FAIR VALUE 31.12.2017	FAIR VALUE 31.12.2016
Debt securities	1,845,874	2,570,457	1,846,607	2,572,853
of which intended to be held to maturity	*1,845,874*	*2,570,457*	*1,846,607*	*2,572,853*
Equity securities	2,480	929	3,307	1,673
of which qualified participating interests	-	-	-	-
Precious metals	110,765	100,172	110,765	100,172
Real estate	-	-	-	-
Total	**1,959,119**	**2,671,558**	**1,960,679**	**2,674,698**
of which securities eligible for repo transactions in accordance with liquidity requirements	*1,939,731*	*2,447,706*	*1,940,479*	*2,450,101*

Breakdown by counterparty as per Moody's rating (in thousands of CHF)	Aaa to Aa3	A1 to A3
Book values of debt securities	1,685,356	160,518

5.6. Participating interests

(in thousands of CHF)	Acquisition cost	Accumulated value adjustments	Book value at 31.12.2016	CURRENT YEAR Reclassifications	Investments	Disposals	Value adjustments	Reversals of write-downs	Book value at 31.12.2017
Other participating interests without market value	106,079	-66,387	39,692	-	5,328	-12,582	-	-	32,438
Total participating interests	**106,079**	**-66,387**	**39,692**	**-**	**5,328**	**-12,582**	**-**	**-**	**32,438**

Investments and divestments during 2017:
See note 5.7.

5.7. Companies in which the Bank holds a permanent, direct, significant interest

Company name	Registered office	Activity	Currency	Share capital (in thousands)	Stake in capital (%)	Share of voting (%)	Direct holding (%)
Crédit Agricole Suisse (Bahamas) Ltd in liquidation	Nassau	Banking	USD	2,000	100	100	100
CA Indosuez Finanzaria SA	Lugano	Financial company	CHF	1,800	100	100	100
Crédit Agricole next banque (Suisse) SA	Geneva	Banking	CHF	283,152	5	5	5
CA Indosuez Switzerland (Lebanon) SAL	Beirut	Financial company	LBP	2,000,000	100	100	100
Stemcor Global Holdings Ltd	London	Holding company	USD	1,000,000	4.5	4.5	4.5
CA Indosuez Investor Services LTD	Hong Kong	Financial company	HKD	37,300	100	100	100

Major changes during 2017:

- On 21 November 2017, Crédit Agricole Financements (Suisse) SA changed its legal name to Crédit Agricole next bank (Suisse) SA. On 18 May 2017, the Bank sold 12,501 shares at a nominal value of CHF 1,000 each. On 13 July 2017, Crédit Agricole next bank (Suisse) SA carried out a capital increase of CHF 273.9 million, bringing its total share capital to CHF 283.2 million. The Bank did not take part in this operation. As a result, its ownership interest fell by 4.6% to 5%.

- Related to the acquisition of CIC's private banking business, the Bank also acquired all of the fully paid-up capital of CIC Investors Services in Hong Kong, whose legal name was changed to CA Indosuez Investor Services LTD, for the amount of HKD 37.3 million (CHF 4.7 million) (see note 4.5 "Significant events in 2017").

5.8. Property, plant and equipment

(in thousands of CHF)	Acquisition cost	Accumulated depreciation and value adjustments	Book value at 31.12.2016	CURRENT YEAR Reclassifications	Investments	Disposals	Depreciation	Reprises	Book value at 31.12.2017
Bank buildings	272,493	-57,277	215,216	-	-	-	-3,643	-	211,573
Self-developed software	18,681	-9,596	9,085	-	6,413	-	-272	-	15,226
Other property, plant and equipment	115,726	-88,646	27,080	-	21,763	2	-7,908	-	40,937
Total property, plant and equipment	**406,900**	**-155,519**	**251,381**	-	**28,176**	**2**	**-11,823**	-	**267,736**

OPERATING LEASES		
OFF-BALANCE SHEET LEASING OBLIGATIONS (in thousands of CHF)	31.12.2017	31.12.2016
Maturing in less than 12 months	-	-
Maturing in 12 months to 5 years	4,818	2,648
Maturing beyond 5 years	-	-
Total off-balance sheet leasing obligations	**4,818**	**2,648**
of which may be terminated within 12 months	-	-

5.9. Intangible assets

	Acquisition cost	Accumulated depreciation and value adjustments	Book value at 31.12.2016	CURRENT YEAR Investments	Disposals	Depreciation	Book value at 31.12.2017
Goodwill	-	-	-	31,527	-	-525	31,002
Total intangible assets	**-**	**-**	**-**	**31,527**	**-**	**-525**	**31,002**

Goodwill booked in 2017 corresponds to the acquisition of a customer base in Singapore in early December 2017 (see note 4.5 “Significant events in 2017”).

5.10. Other assets and liabilities

	OTHER ASSETS		OTHER LIABILITIES	
(in thousands of CHF)	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Compensation account	29,776	37,797	-	-
Internal banking transactions	4,702	80	163	13
Indirect taxes	13,353	6,598	2,508	4,732
Other assets and liabilities	2,618	3,131	29	30
Total	**50,449**	**47,606**	**2,700**	**4,775**

5.11. Assets pledged or assigned to secure own commitments and assets under reservation of ownership

	31.12.2017		31.12.2016	
(in thousands of CHF)	Book value	Effective commitments	Book value	Effective commitments
Financial investments*	159,848	1,432	134,100	-
Other assets**	1,538	168	1,218	-
Total pledged/assigned assets	**161,386**	1,600	**135,318**	-

**Financial investments consist of debt securities used as part of liquidity-shortage financing operations carried out by the Swiss National Bank.*

*** Other assets consist primarily of rental deposits.*

5.12. Liabilities relating to own pension schemes

(in thousands of CHF)	31.12.2017	31.12.2016
Amounts due in respect of client deposits	61,169	45,851
Negative replacement values of derivative financial instruments	135	244
Total liabilities relating to own pension schemes	**61,304**	**46,095**

5.13. Financial position of own pension schemes

	PENSION EXPENSES INCLUDED UNDER "PERSONNEL EXPENSES"	
(in thousands of CHF)	2017	2016
CA Indosuez (Switzerland) SA pension fund	23,038	22,693

Employer contribution reserves:

No employer contribution reserves were made with pension schemes for the current year or the previous year.

Financial benefits/obligations arising from a funding surplus/deficit

The pension fund's latest annual financial statements, prepared in accordance with Swiss GAAP FER 26, show the following level of funding:

	31.12.2016	31.12.2015
Fonds de prévoyance de CA Indosuez (Switzerland) SA	106,4 %	106,0 %

Based on preliminary figures, the degree of coverage is greater than 100% at 31 December 2017. As long as the reserves for fluctuation have not reached the regulatory amount, there is no surplus coverage. As such, there is no economic benefit for the Bank to recognise it on its balance sheet or income statement. Employees in foreign countries are insured through either benefit institutions in the form of collective foundations or collective insurance policies with life insurance companies, or through pension funds managed by their country of tax residence. These various plans do not offer commitments or benefits other than what is recognised on the balance sheet.

5.16. Value adjustments, provisions and reserves for general banking risks

(in thousands of CHF)	Balance at 31.12.2016	Use in compliance with designated purpose	Reclassifications	Currency differences	Past-due interest, recoveries	New provisions charged to income statement	Releases to income statement	Balance at 31.12.2017
Provisions for other operating risks	34,675	-9,261	-	-403	-	12,714	-5,862	31,863
Other provisions	95,297	-	-	-	-	-	-12,806	82,491
Total provisions	**129,972**	**-9,261**		**-1,934**		**12,714**	**-17,137**	**114,354**
Reserves for general banking risks	**19,400**	**-**	**-**	**-**	**-**	**-**	**-**	**19,400**
Value adjustments for default and country risks	**183,001**	**-17,454**	**-**	**-6,837**	**-264**	**163**	**-126**	**158,483**
Of which value adjustments for the risk of default on impaired loans	*183,001*	*-17,454*	-	*-6,837*	*-264*	*163*	*-126*	*158,483*

The reserves for general banking risks are subject to tax.
Other provisions include hidden reserves.

Through its business, the Bank is exposed to legal and regulatory risks. The Bank is also called upon to cooperate with the investigations of Swiss and foreign supervisory authorities. In accordance with its policy, the Bank sets aside provisions for potential or ongoing legal proceedings when management believes the proceedings are likely to result in a financial obligation.

5.17: Bank capital

	CURRENT YEAR			PREVIOUS YEAR		
(in thousands of CHF)	Total nominal value	Number of shares	Capital eligible for dividend	Total nominal value	Number of shares	Capital eligible for dividend
Registered shares	1,060,946	1,060,946	1,060,946	1,060,946	1,060,946	1,060,946
of which paid up	*1,060,946*	*1,060,946*	*1,060,946*	*1,060,946*	*1,060,946*	*1,060,946*
Total Bank capital	**1,060,946**	**1,060,946**	**1,060,946**	**1,060,946**	**1,060,946**	**1,060,946**

5.19: Related parties

	AMOUNTS DUE FROM		AMOUNTS DUE TO	
(in thousands of CHF)	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Qualified participating interests	1,252,733	1,134,323	2,352,899	1,089,809
Group companies	-	-	903	4,787
Related companies	2,773,680	2,993,968	2,692,745	369,842
Transactions with members of governing bodies	175	1,173	-	-

There are no significant off-balance sheet transactions with related parties as at the balance sheet date. On- and off-balance sheet transactions with related parties were signed under market conditions.

5.20: Major shareholders

	CURRENT YEAR		PREVIOUS YEAR	
(in thousands of CHF)	Nominal	% share	Nominal	% share
With voting rights				
CA Indosuez Wealth Group, Paris (indirect subsidiary of Crédit Agricole SA)	1,060,946	100	1,060,946	100

5.21. Own shares and composition of equity capital

Own shares

At the reporting date, the Bank did not hold any own shares.

Non-distributable reserves

To the extent they do not jointly exceed one-half of the share capital, both the legal and retained earnings reserves may be used only to cover losses or for measures designed to sustain the Bank through difficult times, to prevent unemployment or to mitigate its consequences.

(in thousands of CHF)	31.12.2017	31.12.2016
Non-distributable legal reserves	493,000	490,205
Total non-distributable legal reserves	**493,000**	**490,205**

5.23. Maturity schedule of financial instruments

			DUE					
(in thousands of CHF)	On demand	Cancellable	Within 3 months	Between 3 and 12 months	Between 12 months and 5 years	Beyond 5 years	No maturity	Total
Assets/ financial instruments								
Liquid assets	1,316,054	-	-	-	-	-	-	1,316,054
Amounts due from banks	437,889	-	1,701,288	1,034,629	770,401	1,093,000	-	5,037,207
Amounts due from securities financing transactions	-	-	17,021	-	-	-	-	17,021
Amounts due from clients	-	773,615	6,774,637	804,146	116,471	61,714	-	8,530,583
Mortgage loans	-	-	413,199	105,889	112,615	180,602	-	812,305
Trading portfolio assets	5,822	-	-	-	-	-	-	5,822
Positive replacement values of derivative financial instruments	190,876	-	-	-	-	-	-	190,876
Financial investments	111,653	-	710,100	327,970	809,152	244	-	1,959,119
Current year	**2,062,294**	**773,615**	**9,616,245**	**2,272,634**	**1,808,639**	**1,335,560**	**-**	**17,868,987**
Previous year	**2,014,321**	**958,783**	**7,050,189**	**2,713,825**	**1,927,273**	**1,337,513**	**-**	**16,001,904**
Foreign funds/financial instruments								
Amounts due to banks	369,221	-	4,261,037	270,639	227,307	590,000	-	5,718,571
Amounts due in respect of client deposits	7,769,060	-	2,654,702	167,103	-	-	-	10,590,498
Negative replacement values of derivative financial instruments	189,020	-	-	-	-	-	-	189,020
Current year	**8,327,301**	**-**	**6,915,739**	**437,742**	**227,307**	**590,000**	**-**	**16,498,089**
Previous year	**10,717,529**	**-**	**2,493,943**	**356,844**	**360,761**	**590,000**	**-**	**14,519,077**

5.24: Breakdown of domestic and foreign assets and liabilities (based on domicile)

	31.12.2017		31.12.2016	
Assets (in thousands of CHF)	Domestic	Foreign	Domestic	Foreign
Liquid assets	1,172,809	143,245	1,026,041	141,825
Amounts due from banks	2,930,943	2,106,264	3,095,830	1,573,430
Amounts due from securities financing transactions	-	17,021	-	-
Amounts due from clients	2,404,812	6,125,771	2,875,168	3,821,696
Mortgage loans	197,832	614,473	220,200	239,399
Trading portfolio assets	-	5,822	0	5,694
Positive replacement values of derivative financial instruments	21,598	169,278	47,859	283,204
Financial investments	542,804	1,416,315	644,654	2,026,904
Accrued income and prepaid expenses	108,264	13,682	90,947	22,849
Participating interests	25,763	6,675	37,596	2,096
Property, plant and equipment	265,625	2,111	249,132	2,249
Intangible assets	0	31,002	-	-
Other assets	31,947	18,502	45,451	2,155
Total assets	**7,702,397**	**10,670,161**	**8,332,878**	**8,121,501**

	31.12.2017		31.12.2016	
Liabilities (in thousands of CHF)	Domestic	Foreign	Domestic	Foreign
Amounts due to banks	190,705	5,527,499	200,122	2,041,405
Liabilities from securities financing transactions	-	-	-	-
Amounts due in respect of client deposits	2,001,857	8,589,008	1,933,768	10,064,680
Negative replacement values of derivative financial instruments	4,412	184,608	27,722	251,380
Accrued expenses and deferred income	91,617	24,272	122,677	13,257
Other liabilities	2,672	28	4,075	700
Provisions	97,046	17,308	113,946	16,026
Reserves for general banking risks	19,400	-	19,400	-
Bank capital	1,060,946	-	1,060,946	-
Statutory capital reserve	388,910	-	388,910	-
Statutory retained earnings reserve	104,090	-	101,295	-
Retained earnings for the previous year	7,119	3,156	317	-
Result for the period	53,237	4,668	81,884	11,869
Total liabilities	**4,022,011**	**14,350,547**	**4,055,062**	**12,399,317**

5.25: Assets by country or group or countries (based on domicile)

ASSETS (in thousands of CHF)	31.12.2017 Amount	31.12.2017 % share	31.12.2016 Amount	31.12.2016 % share
Europe	11,569,951	63.0	12,291,018	74.7
of which: Domestic	*7,702,397*	*41.9*	*8,332,878*	*50.6*
France	*1,778,850*	*9.7*	*1,886,550*	*11.5*
UK	*442,370*	*2.4*	*605,816*	*3.7*
Africa	142,886	0.8	78,958	0.5
North America	231,141	1.3	76,770	0.5
South America	93,326	0.5	86,969	0.5
Asia	5,121,516	27.9	3,207,537	19.5
of which: Singapore	*2,361,298*	*12.9*	*1,651,066*	*10.0*
Hong Kong	*872,286*	*4.7*	*410,788*	*2.5*
Japan	*378,845*	*2.1*	*98,743*	*0.6*
Caribbean	1,106,516	6.0	675,976	4.1
Oceania	107,222	0.6	37,151	0.2
Total assets	**18,372,558**	**100.0**	**16,454,379**	**100.0**

5.26: Total assets by credit rating of country groups (based on domicile risk)

Net foreign exposure

BANK'S OWN COUNTRY RATING	SERV rating*	31.12.2017 in thousands of CHF	31.12.2017 % share	31.12.2016 in thousands of CHF	31.12.2016 % share
1 - Very low risk	CP 1	6,273,017	63.3	4,842,209	73.5
2 - Low risk	CP 2	397,066	4.0	325,653	4.9
3 - Average risk	CP 3 - CP 4	2,854,658	28.8	1,047,926	15.9
4 - Significant risk	CP 5	115,590	1.2	140,626	2.1
5 - High risk	CP 6 - CP 7	222,712	2.2	185,848	2.8
No rating	CP 0	52,658	0.5	43,572	0.7
Total		**9,915,701**	**100.0**	**6,585,834**	**100.0**

* The rating system used is that of Swiss Export Risk Insurance (SERV).
This corresponds with OECD ratings/country classifications, under which the countries are classified on a scale from CP 0 to CP 7.
CP 1 corresponds to the lowest risk, while CP 7 is the highest. CP 0 is for unrated countries

5.27: Breakdown of assets and liabilities by currency

ASSETS (in thousands of CHF)	CHF	EUR	USD	SGD	HKD	Other	Total
Liquid assets	1,170,435	1,675	512	10,965	132,290	177	1,316,054
Amounts due from banks	3,131,462	128,807	1,311,175	50,049	10,872	404,842	5,037,207
Amounts due from securities financing transactions	-	17,021	-	-	-	-	17,021
Amounts due from clients	404,436	1,221,145	4,986,858	209,219	570,916	1,138,009	8,530,583
Mortgage loans	216,573	261,770	46,531	213,151	19,162	55,118	812,305
Trading portfolio assets	-	708	4,630	-	-	484	5,822
Positive replacement values of derivative financial instruments	180,569	346	1,267	186	4,185	4,323	190,876
Financial investments	515,660	193,715	377,947	600,513	-	271,284	1,959,119
Accrued income and prepaid expenses	76,796	9,785	21,341	8,925	3,476	1,623	121,946
Participating interests	25,763	-	2,014	-	4,661	-	32,438
Property, plant and equipment	265,624	-	-	1,375	737	-	267,736
Intangible assets	-	-	-	31,002	-	-	31,002
Other assets	20,830	28,166	-	1,054	399	-	50,449
Total balance sheet assets	**6,008,148**	**1,863,138**	**6,752,275**	**1,126,439**	**746,698**	**1,875,860**	**18,372,558**
Delivery entitlements from spot exchange, forward forex and forex options transactions	**1,083,072**	**3,451,137**	**5,846,836**	**210,409**	**23,466**	**4,045,206**	**14,660,126**
Total assets	**7,091,220**	**5,314,275**	**12,599,111**	**1,336,848**	**770,164**	**5,921,066**	**33,032,684**

LIABILITIES (in thousands of CHF)	CHF	EUR	USD	SGD	HKD	Other	Total
Amounts due to banks	1,837,063	477,774	2,597,864	219,367	92,094	494,042	5,718,571
Amounts due in respect of client deposits	764,546	2,607,814	5,444,133	245,061	212,761	1,316,550	10,590,498
Negative replacement values of derivative financial instruments	178,683	346	1,267	216	4,185	4,323	189,020
Accrued expenses and deferred income	76,733	8,640	9,225	10,558	8,690	2,043	115,889
Other liabilities	2,543	3	117	4	-	33	2,700
Provisions	97,895	152	16,307	-	-	-	114,354
Reserves for general banking risks	19,400	-	-	-	-	-	19,400
Bank capital	1,060,946	-	-	-	-	-	1,060,946
Statutory capital reserve	388,910	-	-	-	-	-	388,910
Statutory retained earnings reserve	104,090	-	-	-	-	-	104,090
Retained earnings for the previous year	7,119	-	-	3,156	-	-	10,275
Result for the period	53,237	-	-	4,929	-261	-	57,905
Total balance sheet liabilities	**4,591,165**	**3,094,729**	**8,068,913**	**483,291**	**317,469**	**1,816,991**	**18,372,558**
Delivery obligations from spot exchange, forward forex and forex options transactions	**2,502,209**	**2,219,779**	**4,528,345**	**853,821**	**452,387**	**4,103,585**	**14,660,126**
TOTAL LIABILITIES	**7,093,374**	**5,314,508**	**12,597,258**	**1,337,112**	**769,856**	**5,920,576**	**33,032,684**
NET POSITION BY CURRENCY	**-2,154**	**-233**	**1,853**	**-264**	**308**	**490**	**0**

Information on *off-balance sheet transactions*

5.28: Contingent assets and liabilities

(in thousands of CHF)	31.12.2017	31.12.2016
Guarantees to secure credits and similar	3,020,083	2,897,096
Performance guarantees and similar	1,153,395	1,187,279
Irrevocable commitments arising from documentary letters of credit	28,433	19,427
Total contingent liabilities	**4,201,911**	**4,103,802**

5.29: Commitment credits

(in thousands of CHF)	31.12.2017	31.12.2016
Commitments arising from deferred payments	893,365	982,920
Commitments arising from acceptances (for liabilities arising from outstanding acceptances)	77	456
Total commitment credits	**893,442**	**983,376**

5.30: Fiduciary transactions

(in thousands of CHF)	31.12.2017	31.12.2016
Fiduciary investments with third-party companies	315,885	352,648
Fiduciary investments with Group companies and related companies	2,688,640	2,494,453
Fiduciary loans	1,679	1,748
Total fiduciary transactions	**3,006,204**	**2,848,849**

5.31: Managed assets

Breakdown of managed assets

(in millions of CHF)	31.12.2017	31.12.2016
Type of managed assets		
Assets under discretionary management	2,932	2,564
Other managed assets	39,320	36,760
Total managed assets (including double-counting)	42,252	39,324
of which double-counted items	-	-

Overview of change in managed assets

(in millions of CHF)	31.12.2017	31.12.2016
Total initial managed assets (including double-counting)	**39,324**	**43,571**
Net new inflows	896	-5,647
Change in price, interest, dividends and change in exchange rate	2,032	1,170
of which double-counted items	-	-
Total final managed assets (including double-counting)	**42,252**	**39,324**
Net new inflows/outflows	896	-5,647
- Wealth Management business	*1,265*	*-5,950*
- ITB business (International Trade & Transaction Banking)	*-369*	*303*

Assets under discretionary management include assets for which the Bank has been awarded a discretionary management mandate by clients.
Other managed assets include eligible assets for added-value services such as investment advices, fund-specific services or global custody services. These assets include Crédit Agricole group funds and unmanaged third-party funds.
The criteria used to determine "more-than-custody-only" other assets are defined by the existing link between the final client and the Bank. As result, the assets held by the Bank as part of its global custodian services provided to other financial institutions are not indicated in the above figures. Net inflows/outflows are the result of several factors. Inflows result from the acquisition of new clients and deposits made by existing clients. On the other side, outflows result from existing clients withdrawing some or all of their assets. New or repaid client loans are included under "Net new inflows/outflows". However, items relating to the return on assets, such as interest, are excluded from "Net new inflows/outflows".

Information on the *income statement*

5.32: Result from trading activities and the fair value option

Breakdown by business area (as per the Bank's organisational structure)

(in thousands of CHF)	FY 2017	FY 2016
Wealth Management	59,035	81,734
Capital market	8,007	32,832
ITB	332	675
Total result from trading activities	**67,374**	**115,241**

Trading result (based on underlying risk)

(in thousands of CHF)	FY 2017	FY 2016
Fixed-income instruments	-3	-1
Currencies	64,849	110,415
Commodities/precious metals	2,528	4,827
Total result from trading activities	**67,374**	**115,241**
- of which from the fair value option	–	–
- of which from the fair value option on assets	–	–
- of which from the fair value option on liabilities	–	–

5.33: Refinancing income and income from negative interest

Negative interest

Negative interest on credit operations is disclosed as a reduction of interest and discount income. Negative interest on deposits is disclosed as a reduction of interest expense.

(in thousands of CHF)	FY 2017	FY 2016
Negative interest on credit operations (reduction of interest and discount income)	34,055	42,666
Negative interest on deposits (reduction of interest expense)	8,541	15,663

5.34: Personnel expenses

(in thousands of CHF)	FY 2017	FY 2016
Salaries (meeting attendance fees and fixed compensation to members of the Bank's governing bodies, salaries and benefits)	224,629	216,926
Social security benefits	48,936	47,326
Other personnel expenses	6,442	7,059
Total personnel expenses	**280,007**	**271,311**

5.35: General and administrative expenses

(in thousands of CHF)	FY 2017	FY 2016
Office space expenses	17,636	18,940
Expenses for information and communications technology	5,255	5,651
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	52,844	39,050
Fees of audit firm(s) (article 961a no. 2 Swiss CO)	2,343	1,839
of which for financial and regulatory audits	2,302	*1,701*
of which for other services	41	*138*
General and administrative expenses	59,021	52,878
Total general and administrative expenses	**137,099**	**118,358**

5.36: Material losses, extraordinary income and expenses, material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

Significant losses
There was no material loss recorded in 2017.

Extraordinary income
Extraordinary income in 2017 consists of the reversal of provisions for previous years in the amount of CHF 12.8 million (CHF 4 million in 2016), proceeds from the sale of ownership interests for a total of CHF 5.6 million (see note 5.7 “Companies in which the Bank holds a permanent, direct, significant interest”), an exceptional insurance reimbursement (CHF 3.3 million) and proceeds from the sale of fixed and other assets (CHF 0.6 million).

Extraordinary expenses
During the reporting period, the Bank did not record any significant extraordinary expenses.

Material releases of hidden reserves
No significant hidden reserves were released in the course of the financial year.

Reserves for general banking risks
The “Change in reserves for general banking risks” was nil during the reporting period.

5.38: Operating result broken down by domestic and foreign origin according to the principle of permanent establishment

	FY 2017		FY 2016	
(in thousands of CHF)	Domestic	Foreign	Domestic	Foreign
Interest and discount income	125,612	46,930	134,376	28,358
Interest and dividend income from trading portfolios	398	39	270	15
Interest and dividend income from financial investments	2,810	-	1,259	-
Interest expense	-35,236	-6,969	-13,629	-18,093
Gross result from interest operations	**93,584**	**40,000**	**122,276**	**10,280**
Changes in value adjustments for default risks and losses from interest operations	573	-	1,584	-
Subtotal net result from interest operations	**94,157**	**40,000**	**123,860**	**10,280**
Commission income from securities trading and investment activities	124,818	30,839	125,768	25,011
Commission income from lending activities	38,370	37	31,005	39
Commission income from other services	39,385	1,530	21,336	31,139
Commission expense	-20,280	-14,933	-27,312	-9,799
Subtotal result from commission business and services	**182,293**	**17,473**	**150,797**	**46,390**
Result from trading activities and the fair value option	**57,925**	**9,449**	**102,529**	**12,712**
Result from the disposal of financial investments	983	2,422	282	-
Income from participating interests	3,639	-	3,979	-
Result from real estate	2,411	-	2,291	-
Other ordinary income	82,670	6,360	72,989	2,634
Other ordinary expenses	-18	-125	-298	-207
Subtotal other result from ordinary activities	**89,685**	**8,657**	**79,243**	**2,427**
Personnel expenses	-232,557	-47,450	-230,911	-40,400
General and administrative expenses	-125,090	-12,009	-102,304	-16,054
Subtotal Operating expenses	**-357,647**	**-59,459**	**-333,215**	**-56,454**
Value adjustments on participating interests, and depreciation and amortisation of fixed and intangible assets	-11,166	-1,183	-14,154	-648
Changes to provisions and other value adjustments, and losses	-8,476	-210	987	-1,861
Pre-tax income	**46,771**	14,727	**110,047**	**12,846**

5.39: Current and deferred taxes and disclosure of tax rate

(in thousands of CHF)	FY 2017	FY 2016
Current income taxes	25,965	33,176
Deferred income taxes	-	-
Total taxes	**25,965**	**33,176**
Average weighted tax rate on the basis of pre-tax income	23.7%	20.8%

There are no tax losses brought forward that affect the income tax.

Proposal to the Annual Shareholders' Meeting on the appropriation of the available earnings

Board of Directors' proposal to the Annual Shareholders' Meeting

Appropriation of earnings
The Board of Directors proposes to the Annual Shareholders' Meeting of 9 March 2018 to appropriate the 2017 retained earnings are as follows:

(in thousands of CHF)	FY 2017	FY 2016
Result for the period	57,905	93,753
Retained earnings for the previous year	10,275	317
Total retained earnings	**68,180**	**94,070**
Breakdown of available earnings		
Statutory allocation to retained earnings reserve	-	2,795
Dividend	-	81,000
Retained earnings brought forward	68,180	10,275
	68,180	**94,070**

Report of the statutory auditor

Report of the statutory auditor on the financial statements at the Annual Shareholders' Meeting of CA Indosuez (Switzerland) SA, Geneva

As statutory auditor, we have audited the financial statements of CA Indosuez (Switzerland) SA, which comprise the balance sheet, income statement, statement of changes in equity and notes to the financial statements *(pages 51 to 82)* for the year ended 31 December 2017.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Statutory auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the 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 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 financial statements for the year ended 31 December 2017 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 (art. 728 CO and art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers SA

Philippe Bochud
Audit expert
Auditor in charge

Josée Mercier

Geneva, 9 March 2018

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in French and English.
In the case of inconsistencies
between the two versions,
the original French version shall prevail.

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