

Rothschild Bank AG Zurich

Annual Report 2014/2015

Rothschild Bank AG Zurich

Annual Report for the Year Ended 31st March 2015

Part 1 – Overview

Key Figures	2
Chairman's Statement	4
Directors, Executive Committee, Auditors and Senior Staff	6

Part 2 – Consolidated Financial Statements

A Consolidated Balance Sheet	8
B Consolidated Income Statement and Statement of Cash Flows	11
C Notes to the Consolidated Financial Statements	13
D Consolidation, Accounting and Valuation Principles	27
E Notes on Risk Management	31
Business and Services Provided by Rothschild Bank AG Zurich and Subsidiaries	33
Report of the Statutory Auditor on the Consolidated Financial Statements	35
Capital Adequacy	37

Part 3 – Financial Statements of Rothschild Bank AG

Balance Sheet of Rothschild Bank AG	40
Income Statement	43
Proposal of the Board of Directors to the Annual General Meeting	44
Notes to the Financial Statements	45
Accounting and Valuation Principles of Rothschild Bank AG	50
Notes on Risk Management	53
Report of the Statutory Auditor on the Financial Statements	55

Part 4 – Addresses

Head Office, Subsidiaries and Representatives of Rothschild Bank AG	57
---	----

Key Figures

Rothschild Bank AG Zurich, consolidated

	31.3.2015	31.3.2014	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Consolidated balance sheet				
Total shareholders' equity	399,190	364,228	34,962	9.6
Total assets	4,328,664	4,007,918	320,746	8.0
Consolidated income statement				
Net interest income	21,400	19,379	2,021	10.4
Net commission income	108,496	106,280	2,216	2.1
Results from trading operations	30,087	29,507	580	2.0
Total income	164,816	161,356	3,460	2.1
Total operating expenses	-139,936	-135,371	-4,565	-3.4
Gross profit	24,880	25,985	-1,105	-4.3
Gross profit per employee	53.0	58.4	-5	-9.2
Consolidated net profit/loss	37,908	-9,187	47,095	n/a
Staff				
(at the end of business year)				
Staffing level domestic	365	354	11	3.1
Staffing level abroad	104	91	13	14.3
Total staffing level	469	445	24	5.4

The Rothschild Group

Rothschild is one of the world's largest independent financial advisory groups, employing approximately 2,800 people in 40 countries around the world. We provide strategic, M&A, wealth management and fundraising advice and services to governments, companies and individuals worldwide.

North America

Calgary
Houston
Los Angeles
Mexico City
New York
Reno
Toronto
Washington

Europe and the Middle East

Abu Dhabi	Dubai	Luxembourg	Stockholm
Amsterdam	Frankfurt	Madrid	Tallinn
Athens	Geneva	Manchester	Tel Aviv
Barcelona	Guernsey	Milan	Vilnius
Birmingham	Istanbul	Moscow	Warsaw
Brussels	Kiev	Paris	Zurich
Bucharest	Leeds	Prague	
Budapest	Lisbon	Riga	
Doha	London	Sofia	

South America

Santiago
São Paulo

Africa

Johannesburg

Asia Pacific

Auckland	Mumbai
Beijing	Seoul
Hanoi	Shanghai
Hong Kong	Singapore
Jakarta	Sydney
Kuala Lumpur	Tokyo
Manila	Wellington
Melbourne	

Chairman's Statement

Over the past financial year, our business posted solid results, continuing the transition to a new, and very different, operating environment.

The asset base in our Wealth Management business grew for the eighth consecutive year, bolstered by good inflows. Total client assets, including custody, rose by 11.4% to CHF 24.6 billion with growth particularly strong in the UK, Germany and Italy. Our Swiss business also posted positive net new assets last year, following two years of outflows.

This higher asset base led to a slight increase in our fee and interest income while greater client activity also increased our trading income. Overall revenues were up 2.1%, to CHF 164.8 million. This growth has come at a time when stock markets have been supportive, however very low and partially negative interest rates have been challenging, as has the surge in the Swiss franc, particularly against the euro.

Personnel expenses increased as we continued investing in client advisers serving our target markets, in key investment professionals, and also in our Trust business, bringing our total headcount to 469 (24 more than the previous year). Meanwhile, non-personnel operating costs were considerably lower than in the previous year, when there were a number of one-off items related to UK withholding tax and professional fees associated with the United States Department of Justice (DoJ) Program. We are pleased to have completed the DoJ Program and the provisions previously booked in relation to this program are sufficient to cover the settlement amount and all other associated costs.

Overall, our latest results were positively impacted by the sale of a building in Zurich. Excluding this extraordinary income, we posted a gross operating profit of CHF 24.9 million, broadly in line with the previous year. Given our strong capital base, we are making an annual dividend payment of CHF 51 million.

We further strengthened our client offering over the past year, and initiated a number of projects to enhance our productivity and efficiency. Specific examples included the outsourcing of some parts of our IT infrastructure, further upgrades to our Avaloq platform, and the introduction of a new portfolio management tool. In relation to regulatory developments we have remained proactive in adapting to a world of greater international transparency and strict tax compliance by introducing new policies and procedures.

The growing strength of our wealth management offering has been recognised in the industry, and we secured four prestigious awards during the year: Private Asset Managers (PAM) presented us with its Image and Reputation Award as well as with its Client Service Quality Award for the second year running. We also received the 2015 WealthBriefing Swiss Award as the Best Foreign Bank and the 2015 WealthBriefing European Award as Best Private Investment Manager.

Within our Trust business, our focus on helping clients to safeguard their assets and create a legacy has continued to attract entrepreneurs and wealth-owning families globally. Our business in Asia has performed particularly well and is enjoying strong and sustainable growth, as we have continued to strengthen our position and presence in Singapore and Hong Kong.

Looking ahead, we are facing the coming financial year with confidence, sticking to our long-term strategy, maintaining our focus on our target markets, and continuing to build a strong investment engine centred on real wealth preservation. Our Trust business has a distinctive offering and unique positioning in the market that make it very well positioned to benefit from the major trends that will continue to re-shape the international wealth management landscape in the years ahead.

Finally, on behalf of the Board, I would like to take this opportunity to thank Baron Eric de Rothschild very sincerely for his dedicated and enthusiastic leadership as Chairman over the last 14 years. Since his interest in the Wealth Management and Trust businesses remains undiminished, he will continue to spend time with clients and participate in key events. I also want to extend my heartfelt thanks to our employees for their exemplary commitment, and to express my gratitude to all our clients for the trust they place in us.

On behalf of the Board of Directors

Bruno Pfister

Directors, Executive Committee and Auditors

Board of Directors

Chairman

Bruno Pfister²⁾

Deputy Chairmen

Baron David de Rothschild

Dr. Rudolf Tschäni^{1)*}

Members

Mark Crump¹⁾²⁾

Nigel Higgins²⁾

Bernard I. Myers^{1)*}

Alexandre de Rothschild

Peter A. Smith^{1)*}

Jonathan Westcott

¹⁾ Members of the Audit Committee

²⁾ Members of the Credit Committee

* Meets the criteria on independence in accordance with FINMA circular 08/24

Executive Committee

General Manager and CEO

Veit de Maddalena

Members of the Executive Committee

Christian Bouet

Robert Deverell

Laurent Gagnebin

Stefan Liniger

Thomas Pixner

Armand Rubli

Internal Audit

Wilfried Bürge,
Managing Director and
Head Internal Audit

Soheyla Sadeghian,
Vice President

Statutory Auditors

KPMG AG

Senior Staff

Managing Directors

Gregg P. Blonigan
Carlo Braunwalder
Victoria Burke
Luca Dal Dosso
Aitor I. Garcia
Giovanna Lagutaine

Marc Lauer
Daniel Maurer
Aleksandra Milanovic
Juan Carlos Mejia Perez
Heinz Nesshold
Jon Andrea Mario von Planta

Luigi Roccu
Christopher Schallenberger
Marco Schaller
Christoph Schärer
Barbara Vannotti-Holzrichter
Sven Vinther

Directors

Helen Batchelor
Robert Baumann
Thomas Blum
Ursizin Blumenthal
Irina Buholzer
Bernhard Bumann
Marc Dietrich
Raphael Fontana
Monika Frosch
Patrik Gilli
Pedro Hernandez Cortes
Ivo Hubli

Eric Huggenberger
Harry Jääskeläinen
Beat Keiser
Bruno Knecht
Jörg Kopp
Léon Lee
Martin Nosedá
Urs Pfister
Davide Rima
Rolf Ringdal
Alexander Roesch

Roger Schwarzenbach
Cristina Theus Sigismondi
Marc Triebswetter
Michel van der Spek
Guido V. Vassalli
Nils Vejlsttrup
Fiona Wallace-Mason
Daniel Weber
Johannes Weisser
Christian H. Wentzel
Robert Wilson

Vice Presidents

Mathias Althaus
Thomas Balmer
Cynthia Baumann
Fernando Beltrán de Otálora
Kerstin Böttcher
Kurt Bremgartner
Renato Bruno
Martin Bühler
Nicolas Carroz
Alexandru Cocora
Edith Dennis
Pascal Echser
Mario Fischer

Alejandro Garcia
Alexandra Giesler
Julia Groth
Pascal Gübeli
Michael Harrer
Jacqueline Honegger
Martin Kout
Utku Kuturman
Felix Landsiedl
Ivona Linder
Guido Lustenberger
Guillaume Marin
Mirjam Meili

Adrian Neubrandt
Debora Oswald-Bucher
Claude Penneveyre
Jesus Sánchez Castro
Robert Skrobak
Ludwig Stierli
Barbara Ursprung
Amer Vohora
Joachim Wegmann
Colin Wild
Thomas Wildermann
Rudolf A. Würmli

A Consolidated Balance Sheet

as of 31st March 2015 and 2014

Assets

	Notes	31.3.2015 1000 CHF	31.3.2014 1000 CHF	Change	
				1000 CHF	%
Cash		2,880,787	2,631,621	249,166	9.5
Money market instruments	9	–	–	–	
Due from banks	9, 14	152,723	158,757	–6,034	–3.8
Due from customers	1, 2, 14	624,818	593,787	31,031	5.2
Mortgage loans	1, 2, 14	199,038	170,244	28,794	16.9
Trading balances in securities and precious metals	3, 9	376	2,373	–1,997	–84.2
Financial investments	4, 9	128,431	191,744	–63,313	–33.0
Participations	5, 6	84,034	83,810	224	0.3
Fixed assets	6, 7, 27	51,082	79,805	–28,723	–36.0
Intangible assets		–	–	–	
Accrued income and prepaid expenses		13,497	22,078	–8,581	–38.9
Other assets	8	193,878	73,699	120,179	163.1
Total assets	15, 16, 17	4,328,664	4,007,918	320,746	8.0
Total assets due from non-consolidated participations and significant shareholders		18,198	25,994	–7,796	–30.0

A Consolidated Balance Sheet

as of 31st March 2015 and 2014

Liabilities and shareholders' equity

	Notes	31.3.2015 1000 CHF	31.3.2014 1000 CHF	Change	
				1000 CHF	%
Money market instruments		471	166	305	183.7
Due to banks	14	65,235	103,246	-38,011	-36.8
Due to customers, other	14	3,560,025	3,391,294	168,731	5.0
Accrued expenses and deferred income		55,578	51,539	4,039	7.8
Other liabilities	8	219,634	60,146	159,488	265.2
Valuation adjustments and provisions	11	28,531	37,299	-8,768	-23.5
Reserves for general banking risks	11, 12	22,769	22,769	-	-
Share capital	12	10,330	10,330	-	-
Capital reserve	12	4,620	4,620	-	-
Reserves and retained earnings	12	319,943	332,563	-12,620	-3.8
Minority interests in shareholders' equity	12	3,620	3,133	487	15.5
Consolidated net profit/loss	12	37,908	-9,187	47,095	n/a
of which minority interest in consolidated net profit	12	2,063	1,197	866	72.4
Total liabilities and shareholders' equity		4,328,664	4,007,918	320,746	8.0
Total liabilities due to non-consolidated participations and significant shareholders		28,150	64,921	-36,771	-56.6

A Consolidated Off-Balance Sheet Transactions

as of 31st March 2015 and 2014

	Notes	31.3.2015 1000 CHF	31.3.2014 1000 CHF	Change	
				1000 CHF	%
Contingent liabilities	1, 18	44,509	53,523	-9,014	-16.8
Irrevocable commitments	1, 19	117,243	129,761	-12,518	-9.6
Fiduciary transactions	22	690,426	723,147	-32,721	-4.5
Derivative instruments	20, 21				
- positive replacement value		183,402	57,325	126,077	219.9
- negative replacement value		208,148	51,409	156,739	304.9
- contract volume		8,458,018	6,498,249	1,959,769	30.2

B Consolidated Income Statement

for the period 1st April to 31st March

	Notes	2014/15 1000 CHF	2013/14 1000 CHF	Change	
				1000 CHF	%
Interest and discount income		34,503	27,641	6,862	24.8
Interest and dividend income on financial investments		361	792	-431	-54.4
Interest expense		-13,464	-9,054	-4,410	-48.7
Net interest income	28	21,400	19,379	2,021	10.4
Commission income on lending activities		372	431	-59	-13.7
Commission income on asset management		72,229	71,664	565	0.8
Commission income on trust and company management services		40,398	37,242	3,156	8.5
Commission income on other services		2,178	1,130	1,048	92.7
Commission expense		-6,681	-4,187	-2,494	-59.6
Net commission income	28	108,496	106,280	2,216	2.1
Results from trading operations	24, 28	30,087	29,507	580	2.0
Income from non-consolidated participations		3,789	4,520	-731	-16.2
Real estate income		1,044	1,670	-626	-37.5
Total other ordinary results	28	4,833	6,190	-1,357	-21.9
Total income	28	164,816	161,356	3,460	2.1
Personnel expenses	10, 25, 28	-108,238	-98,407	-9,831	-10.0
Operating expenses	26, 28	-31,698	-36,964	5,266	14.2
Total operating expenses	28	-139,936	-135,371	-4,565	-3.4
Gross profit	28	24,880	25,985	-1,105	-4.3
Depreciation and write-offs of non-current assets	6	-8,821	-8,839	18	0.2
Valuation adjustments, provisions and losses	11	-1,858	-25,743	23,885	92.8
Result before extraordinary items and taxation		14,201	-8,597	22,798	n/a
Extraordinary income	27	31,715	-	31,715	n/a
Taxation	11, 29	-8,008	-590	-7,418	n/a
Consolidated net profit/loss	12	37,908	-9,187	47,095	n/a
of which minority interest in consolidated net profit		2,063	1,197	866	72.3

B Consolidated Statement of Cash Flows

for the period 1st April to 31st March

	31.3.2015			31.3.2014		
	Source of funds	Application of funds	Balance 1000 CHF	Source of funds	Application of funds	Balance 1000 CHF
Consolidated net profit/loss incl. minorities	37,908	–		–	9,187	
Depreciation of non-current assets	8,821	–		8,839	–	
Valuation adjustments and provisions	–	8,768		21,247	–	
Accrued income and prepaid expenses	8,581	–		–	4,255	
Accrued expenses and deferred income	4,039	–		–	1,523	
Dividend of previous year	–	–		–	20,000	
Dividend paid to minorities	–	–		–	863	
Cash flow from operating results	59,349	8,768	50,581	30,086	35,828	–5,742
Tangible fixed assets	19,902	–		–	365	
Intangible assets	–	–		–	5,011	
Cash flow from investment activities	19,902	–	19,902	–	5,376	–5,376
Due to banks over 90 days	–	–		–	–	
Due from banks over 90 days	–	670		67,519	–	
Money market instruments	305	–		–	113	
Due to customers, other	168,731	–		–	359,446	
Due from customers	–	27,275		–	63,961	
Due from customers secured by mortgage	–	32,550		–	168,874	
Trading balances in securities and precious metals	1,997	–		–	1,345	
Financial investments	63,313	–		99,598	–	
Other assets	–	120,179		11,941	–	
Other liabilities	159,488	–		33	–	
Cash flow from banking operations	395,353	182,193	213,160	179,091	593,739	–414,648
Cash	–	249,166		353,045	–	
Due from banks up to 90 days	6,704	–		43,538	–	
Due to banks up to 90 days	–	38,011		29,270	–	
Other positions	–	3,170		–	87	
Liquidity	6,704	290,347	–283,643	425,853	87	425,766
Total source of funds	481,308	–	–	635,030	–	–
Total application of funds	–	481,308	–	–	635,030	–

C Notes to the Consolidated Financial Statements

Information on the Balance Sheet

1 Listing of collateral of loans and off-balance sheet transactions

		Mortgage collateral 1000 CHF	Other collateral 1000 CHF	Without collateral 1000 CHF	Total 1000 CHF
Due from customers		–	594,790	30,028	624,818
Mortgage loans (residential)		199,038	–	–	199,038
Total loans	Current year	199,038	594,790	30,028	823,856
	Previous year	170,244	581,269	12,518	764,031
Contingent liabilities		–	44,509	–	44,509
Irrevocable commitments		–	–	117,243	117,243
Total off-balance sheet transactions	Current year	–	44,509	117,243	161,752
	Previous year	–	53,309	129,975	183,284

Irrevocable commitments without collateral comprise credit lines extended to entities within the Paris Orléans group.

2 Impaired loans/receivables

		Gross debt amount 1000 CHF	Estimated realisable value of collateral 1000 CHF	Net debt amount 1000 CHF	Individual provisions 1000 CHF
Total bad and doubtful debts	Current year	–	–	–	–
	Previous year	–	–	–	–

3 Trading balances in securities and precious metals

	31.3.2015 1000 CHF	31.3.2014 1000 CHF	Change 1000 CHF	%
Shares	376	2,373	–1,997	–84.2
Trading balances in securities and precious metals	376	2,373	–1,997	–84.2

4 Financial investments

	Book value		Fair value	
	31.3.2015 1000 CHF	31.3.2014 1000 CHF	31.3.2015 1000 CHF	31.3.2014 1000 CHF
Interest bearing securities/accrual method	39,149	47,584	39,417	48,152
Precious metals	89,282	144,160	89,282	144,160
Total financial investments	128,431	191,744	128,699	192,312
of which eligible for repo based on liquidity requirements	15,631	30,446	–	–

C Notes to the Consolidated Financial Statements

5 Participations

Consolidated participations

Name	Domicile	Business activity	Share capital in 1000	Participation of votes in %	Participation of capital in %
Rothschild Bank AG	Zurich	Bank	10,330 CHF	–	–
Rothschild Bank (C.I.) Ltd.	St. Peter Port	Bank	27,000 CHF	100.00	100.00
Equitas SA	Geneva	Asset management	1,000 CHF	90.00	90.00
Rothschild Advisory Partners AG	Zurich	Advisory services	2,000 CHF	100.00	100.00
Rothschild Vermögensverwaltungs-GmbH	Frankfurt	Asset management	250 EUR	100.00	100.00
RBZ Treuhand AG	Zurich	Fiduciary services	100 CHF	100.00	100.00
Creafin AG	Zurich	Asset management	100 CHF	100.00	100.00
Rothschild Wealth Management (Singapore) Ltd.	Singapore	Asset management	4,500 SGD	100.00	100.00
Rothschild Wealth Management (Hong Kong) Ltd.	Hong Kong	Asset management	30,000 HKD	100.00	100.00
Rothschild Private Trust Holdings AG	Zurich	Holding	5,000 CHF	56.84	56.84
Guernsey Global Trust Limited	St. Peter Port	Trust services	–GBP	100.00	100.00
Rothschild Corporate Fiduciary Services Ltd.	St. Peter Port	Trust services	100 GBP	100.00	100.00
Rothschild Trust (Schweiz) AG	Zurich	Trust services	500 CHF	100.00	100.00
RTS Geneva SA	Geneva	Trust services	100 CHF	100.00	100.00
Master Nominees	Tortola	Nominee services	–USD	100.00	100.00
RTB Trustees AG	Zurich	Trust services	100 CHF	100.00	100.00
Rothschild Trust Corp. Ltd.	London	Trust services	250 GBP	100.00	100.00
Rotrust Nominees Ltd.	London	Nominee services	–GBP	100.00	100.00
Rothschild Trust Guernsey Ltd.	St. Peter Port	Trust services	3,500 GBP	100.00	100.00
Rothschild Trust Cayman Ltd.	George Town	Trust services	400 KYD	100.00	100.00
Rothschild (BVI) Limited	Tortola	Trust services	250 USD	100.00	100.00
Rothschild Trust (Singapore) Ltd.	Singapore	Trust services	987 SGD	100.00	100.00
Rothschild Trust North America LLC	Reno	Trust services	1,200 USD	100.00	100.00
Rothschild Trust Italy S.r.l.	Milan	Trust services	10 EUR	100.00	100.00
Rothschild Trust (Bermuda) Ltd.	Bermuda	Trust services	–USD	100.00	100.00
Rothschild Trust Canada Inc.	Charlottetown	Trust services	10 CAD	100.00	100.00
Rothschild Trust Financial Services Ltd.	St. Peter Port	Trust services	–GBP	100.00	100.00
Rothschild Trust New Zealand Ltd.	Auckland	Trust services	–NZD	100.00	100.00
Rothschild Trust Protectors Ltd.	Charlottetown	Trust services	–CAD	100.00	100.00

C Notes to the Consolidated Financial Statements

Non-consolidated participations

	31.3.2015 1000 CHF	31.3.2014 1000 CHF	Change	
			1000 CHF	%
Non-consolidated participations without market value	84,034	83,810	224	0.3
Total non-consolidated participations	84,034	83,810	224	0.3

Major non-consolidated participations

Name	Domicile	Business activity	Share capital in 1000	Participation of votes in %	Participation of capital in %
Rothschild Bank International Ltd.	Guernsey	Bank	5000 GBP	0.00	40.00

The investment in Rothschild Bank International Ltd. (RBI) has a book value of CHF 84.0 million (preferred shares without voting rights). RBI is an affiliated company, which is controlled by Rothschilds Continuation Holdings AG, Zug.

6 Participations and fixed assets

	Historical cost 1000 CHF	Accumulated depreciation write-offs 1000 CHF	Book value previous year 1000 CHF	Re-classifications 1000 CHF	Additions 1000 CHF	Disposals/ Forex impact 1000 CHF	Depreciation/ Valuation adjustments 1000 CHF	Book value current year 1000 CHF
Other participations	83,810	–	83,810	–	–	–	–224	84,034
Total participations	83,810	–	83,810	–	–	–	–224	84,034
Bank buildings and other properties	78,475	50,475	28,000	–	–	17,000	–	11,000
Outfitting costs	28,758	18,660	10,098	–	–	4,651	1,384	4,063
IT platform, software and other fixed assets	65,721	24,014	41,707	–	1,749	–	7,437	36,019
Total fixed assets	172,954	93,149	79,805	–	1,749	21,651	8,821	51,082
Other intangible assets	–	–	–	–	–	–	–	–
Total intangible assets	–	–	–	–	–	–	–	–
Total	256,764	93,149	163,615	–	1,749	21,651	8,597	135,116

7 Fire insurance value

	31.3.2015 1000 CHF	31.3.2014 1000 CHF
Fire insurance value of real estate	54,881	94,681
Fire insurance value of other fixed assets	69,234	69,274

C Notes to the Consolidated Financial Statements

8 Other assets and other liabilities

	31.3.2015		31.3.2014	
	Other assets 1000 CHF	Other liabilities 1000 CHF	Other assets 1000 CHF	Other liabilities 1000 CHF
Replacement values of all derivative financial instruments	183,402	208,148	57,325	51,409
Compensation accounts, stamp duty, VAT, withholding tax	790	5,722	2,754	2,048
Due from Trust customers	4,707	–	3,796	–
Other assets and liabilities	4,979	5,765	9,824	6,689
Total other assets and other liabilities	193,878	219,635	73,699	60,146

Replacement values have risen due to increased market volatility following the SNB's decision to remove the currency peg, combined with a general increase in trading volumes.

9 Pledged or ceded assets and assets with reservation of title without securities lending and borrowing and without repurchase and reverse repurchase agreements

	31.3.2015		31.3.2014	
	Book value 1000 CHF	of which used 1000 CHF	Book value 1000 CHF	of which used 1000 CHF
Money market instruments	–	–	–	–
Due from banks	27,277	19,907	21,044	17,205
Securities	39,149	39,149	46,084	46,084
Total	66,426	59,056	67,128	63,289

10 Disclosure of liabilities to Rothschild Bank pension plans

Swiss pension plans

	BVG pension scheme		Additional supporting foundation	
	31.3.2015 1000 CHF	31.3.2014 1000 CHF	31.3.2015 1000 CHF	31.3.2014 1000 CHF
Cover margin according Swiss GAAP FER 16	23,923	22,808	7,503	7,461
Excess in relation to disclosed liabilities in %	12.8	13.0	40.2	39.9
Economic benefit	–	–	–	–
Economic liability	–	–	–	–

The disclosures are based on the annual accounts of the pension schemes as of 31.12.2014 and 31.12.2013 respectively.

C Notes to the Consolidated Financial Statements

	BVG pension scheme		Additional supporting foundation		Total	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014	31.3.2015	31.3.2014
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Employer contribution reserve	598	598	–	–	598	598

All employees of Rothschild Bank AG and its Swiss subsidiaries are members of a defined contribution pension scheme, which covers the mandatory benefits specified in the BVG and super-obligatory benefits. A second supporting foundation provides further supplementary super-obligatory benefits.

Due to pension schemes amount to CHF 12.1 million (last year: CHF 14.8 million).

NMR Overseas Pension Plan

The Group's subsidiaries Rothschild Bank (CI) Ltd., Guernsey ("RBCI"), and Rothschild Trust Guernsey Ltd., Guernsey ("RTG"), participate in the NMR Overseas Pension Fund, a defined benefit scheme operated for the benefit of employees of certain Rothschild Group entities outside the United Kingdom and outside of Switzerland. A funding valuation (which is prepared at least every three years) of the scheme as of 31st March 2012 revealed a funding deficit of GBP 9.9 million. The Board of Trustees has agreed that annual contributions of GBP 2.1 million should be paid to the scheme from 31st March 2009 to 31st March 2019. The proportion to be carried by RBCI and RTG amounts to GBP 1.0 million p.a. or 46% of the total contributions.

As restructuring measures were agreed, the economic liability was determined based on the net present value of the future extraordinary contributions. The provision amount has been reduced by CHF 1.6 million to CHF 5.8 million. In the case of a further recovery of the plan, the decision of the Board of Trustees may be unwound.

II Valuation adjustments and provisions, reserves for general banking risks

	Balance previous year	Use in conformity with designated purpose	Change in definition of purpose, reclassifications	Re-coveries, doubtful interest, currency differences	New creation, charged to income statement	Reversals, credited to income statement	Balance current year
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Value adjustments and provisions for other business risks	25,526	–8,237	–	–314	2,930	–1,055	18,850
Restructuring provision	963	–516	–	–	–	–	447
Provisions for deferred taxes	3,427	–	–	–1	–	–	3,426
Provisions for pension obligations	7,383	–	–	–175	–	–1,400	5,808
Other provisions	–	–	–	–	–	–	–
Total valuation adjustments and provisions	37,299						28,531
Reserves for general banking risks	22,769						22,769

Statutory accounts include hidden reserves according to para. 30 Swiss Banking GAAP. These are treated under reserves for general banking risks in the consolidated true and fair accounts.

There have been a number of regulatory developments in the financial services industry and the Swiss private banking sector that may impact the bank. Valuation adjustments and provisions include client litigation, the US Department of Justice program, and related legal and other costs. The bank has applied to the US Department of Justice for a non-prosecution agreement in respect of the management of the accounts of US clients. The directors believe that the level of provisions made in these accounts is sufficient for any potential or actual proceedings or claims which are likely to have an impact on the Bank's financial statements based on information available at the reporting date.

C Notes to the Consolidated Financial Statements

12 Statement of changes in shareholders' equity

	1000 CHF
Share capital	10,330
Capital reserve	4,620
Reserves and retained earnings	332,563
Minority interest in shareholders' equity	3,133
Reserves for general banking risks	22,769
Consolidated net profit incl. minority interests	-9,187
Shareholders' equity at beginning of current year	364,228
Dividends paid	-836
Dividends paid to minorities	-
Translation adjustments	-2,110
Consolidated net profit incl. minority interests	37,908
Shareholders' equity at end of current year	399,190
Share capital	10,330
Capital reserve	4,620
Reserves and retained earnings	319,943
Minority interest in shareholders' equity	3,620
Reserves for general banking risks	22,769
Consolidated net profit incl. minority interests	37,908
Shareholders' equity at end of current year	399,190

C Notes to the Consolidated Financial Statements

13 Maturity structure of current assets, financial investments and liabilities

	At sight 1000 CHF	Redeemable by notice 1000 CHF	Maturity within 3 months 1000 CHF	Maturity within 3– 12 months 1000 CHF	Maturity within 1–5 years 1000 CHF	Maturity after 5 years 1000 CHF	Total 31.3.2015 1000 CHF
Cash	2,880,787						2,880,787
Due from banks	151,465		588	670			152,723
Due from customers	36,072		477,994	106,660	4,092		624,818
Mortgage loans				22,082	157,847	19,109	199,038
Trading balances in securities and precious metals	376						376
Financial investments	89,282		1,566	8,278	29,305		128,431
Total current assets	3,157,982	–	480,148	137,690	191,244	19,109	3,986,172
Previous year	2,951,470		496,418	86,923	193,975	19,240	3,748,026
Money market instruments	471						471
Due to banks	65,235						65,235
Due to customers, other	3,294,456		201,867	62,577	1,125		3,560,025
Total borrowed funds current year	3,360,162	–	201,867	62,577	1,125	–	3,625,731
Previous year	3,361,780		95,419	37,506			3,494,705

14 Disclosure of amounts due from and due to affiliated companies as well as loans and exposures to directors and senior executives

	31.3.2015 1000 CHF	31.3.2014 1000 CHF	Change 1000 CHF	%
Claims against affiliated companies	16,216	1,441	14,775	1,025.3
Liabilities to affiliated companies	44,110	4,055	40,055	987.8
Loans and exposures to directors and senior executives	6,646	5,954	692	11.6

Transactions with affiliated persons and companies (in particular parent and subsidiary companies) such as securities transactions, granting loans and account interest are carried out at the conditions offered to third parties. Members of the Executive Committee (ExC) and the internal audit department are offered the Bank's normal conditions for employees. Members of the Board are charged at least the Bank's normal conditions for employees.

C Notes to the Consolidated Financial Statements

15 Balance sheet by domestic and foreign origin

	31. 3. 2015			31. 3. 2014		
	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF
Assets						
Cash	2,880,781	6	2,880,787	2,631,614	7	2,631,621
Money market instruments	–	–	–	–	–	–
Due from banks	83,104	69,619	152,723	63,732	95,025	158,757
Due from customers	131,026	493,792	624,818	110,121	483,666	593,787
Mortgage loans	3,870	195,168	199,038	–	170,244	170,244
Trading balances in securities and precious metals	–	376	376	–	2,373	2,373
Financial investments	89,282	39,149	128,431	145,160	46,584	191,744
Participations	50	83,984	84,034	50	83,760	83,810
Fixed assets	45,863	303	46,166	39,169	385	39,554
Intangible assets	4,827	89	4,916	40,210	41	40,251
Accrued income and prepaid expenses	5,637	7,860	13,497	16,623	5,455	22,078
Other assets	51,487	142,391	193,878	46,265	27,434	73,699
Total assets	3,295,927	1,032,737	4,328,664	3,092,944	914,974	4,007,918
Liabilities and shareholders' equity						
Money market instruments	471	–	471	166	–	166
Due to banks	16,455	48,780	65,235	38,024	65,222	103,246
Due to customers, other	785,067	2,774,958	3,560,025	589,304	2,801,990	3,391,294
Accrued expenses and deferred income	40,321	15,257	55,578	46,044	5,495	51,539
Other liabilities	69,935	149,699	219,634	15,903	44,243	60,146
Valuation adjustments and provisions	24,017	4,514	28,531	31,472	5,827	37,299
Reserves for general banking risks	22,769	–	22,769	22,769	–	22,769
Share capital	10,330	–	10,330	10,330	–	10,330
Capital reserve	4,620	–	4,620	4,620	–	4,620
Reserves and retained earnings	323,563	–	323,563	335,696	–	335,696
Consolidated net loss/profit	37,908	–	37,908	–9,187	–	–9,187
Total liabilities and shareholders' equity	1,335,456	2,993,208	4,328,664	1,085,141	2,922,777	4,007,918

C Notes to the Consolidated Financial Statements

16 Geographical analysis of assets

	31.3.2015		31.3.2014	
	1000 CHF	Share in %	1000 CHF	Share in %
Europe	4,226,307	97.6	3,716,893	92.7
America	11,820	0.3	224,057	5.6
Asia, Australia, New Zealand	52,854	1.2	55,386	1.4
Other	37,683	0.9	11,582	0.3
Total	4,328,664	100.0	4,007,918	100.0

C Notes to the Consolidated Financial Statements

17 Balance sheet by currency in 1000 CHF

	CHF	EUR	GBP	USD	AUD	Other	Total 31.3.2015
Assets							
Cash	2,880,198	125	19	9	3	433	2,880,787
Due from banks	83,645	13,858	2,962	31,866	634	19,758	152,723
Due from customers	87,277	261,978	159,096	107,409	3,631	5,427	624,818
Mortgage loans	3,870	1,106	194,062	–	–	–	199,038
Trading balances in securities and precious metals	4	111	–	261	–	–	376
Financial investments	–	35,148	–	–	–	93,283	128,431
Participations	84,034	–	–	–	–	–	84,034
Fixed assets	51,073	–	9	–	–	–	51,082
Accrued income and prepaid expenses	7,105	1,320	3,773	1,080	16	203	13,497
Other assets	193,663	116	99	–	–	–	193,878
Total on balance assets	3,390,869	313,762	360,020	140,625	4,284	119,104	4,328,664
Contingent assets from forex spot, forex forward and forex options transactions	622,493	2,295,224	967,982	4,057,685	59,265	455,369	8,458,018
Total assets	4,013,362	2,608,986	1,328,002	4,198,310	63,549	574,473	12,786,682
Liabilities and shareholders' equity							
Money market instruments	471	–	–	–	–	–	471
Due to banks	11,797	27,053	8,013	15,732	–	2,640	65,235
Due to customers, other	386,899	594,823	590,277	1,798,963	7,591	181,472	3,560,025
Accrued expenses and deferred income	44,931	1,027	7,281	2,339	–	–	55,578
Other liabilities	217,044	77	2,303	210	–	–	219,634
Valuation adjustments and provisions	20,751	3,203	348	4,229	–	–	28,531
Reserves for general banking risks	22,769	–	–	–	–	–	22,769
Share capital	10,330	–	–	–	–	–	10,330
Capital reserve	4,620	–	–	–	–	–	4,620
Reserves and retained earnings	323,563	–	–	–	–	–	323,563
Consolidated net loss	37,908	–	–	–	–	–	37,908
Total on balance liabilities	1,081,083	626,183	608,222	1,821,473	7,591	184,112	4,328,664
Contingent liabilities from forex spot, forex forward and forex options transactions	2,969,475	1,979,729	703,239	2,373,946	54,494	401,804	8,482,687
Total liabilities and shareholders' equity	4,050,558	2,605,912	1,311,461	4,195,419	62,085	585,916	12,811,351
Net position per currency	–37,196	3,074	16,541	2,891	1,464	–11,443	–24,669

C Notes to the Consolidated Financial Statements

Information on Off-Balance Sheet Transactions

18 Analysis of contingent liabilities

	31.3.2015	31.3.2014	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Guarantees and letters of credit	44,509	53,523	-9,014	-16.8

19 Irrevocable commitments

	31.3.2015	31.3.2014	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Liability against the Swiss deposit guarantee	2,552	4,048	-1,496	-37.0
Committed credit facilities	114,691	125,713	-11,022	-8.8
Total	117,243	129,761	-12,518	-9.6

20 Outstanding derivative instruments

	Trading instruments		Contract volume 1000 CHF
	Replacement value positive 1000 CHF	Replacement value negative 1000 CHF	
Foreign exchange			
Forwards	178,748	203,512	7,941,760
Options (OTC)	4,654	4,636	516,258
Total before consideration	183,402	208,148	8,458,018
of netting contracts	57,325	51,409	6,498,249

There were no hedging instruments and no netting agreements open at current and previous business year-end.

21 Analysis of counterparties of derivative instruments

	31.3.2015			31.3.2014		
	Replacement value positive 1000 CHF	Replacement value negative 1000 CHF	Contract volume 1000 CHF	Replacement value positive 1000 CHF	Replacement value negative 1000 CHF	Contract volume 1000 CHF
Banks and derivative exchanges						
– with duration up to 1 year	78,475	62,146	4,327,846	49,299	38,644	4,210,544
Customers with collateral	104,927	146,002	4,130,172	8,026	12,765	2,287,705
Total	183,402	208,148	8,458,018	57,325	51,409	6,498,249

C Notes to the Consolidated Financial Statements

22 Analysis of fiduciary transactions

	31.3.2015	31.3.2014	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Fiduciary placements with third-party banks	630,660	530,434	100,226	18.9
Fiduciary placements with affiliated banks	59,766	192,713	-132,947	-69.0
Total	690,426	723,147	-32,721	-4.5

23 Client assets

	31.3.2015	31.3.2014	Change	
	CHF Mio.	CHF Mio.	CHF Mio.	%
Type of client assets				
Other client assets	7,891	7,326	565	7.7
Fund assets managed by RBZ Group	419	431	-12	-2.8
Assets with management mandates	6,335	6,502	-167	-2.6
Total client assets (incl. double count)	14,645	14,259	386	2.7
thereof double count	419	431	-12	-2.8
Net new assets	183	-274	457	n/a
Custody assets	9,997	7,858	2,139	27.2
Total assets (incl. double count)	24,642	22,117	2,525	11.4

Client assets include deposits as well as the market value of securities, precious metals and fiduciary investments. Net new assets consist of all external cash deposits and withdrawals on client accounts as well as all external in- and outflows from/into client accounts. Interest and dividend income are not included in the calculation.

Assets with management mandates cover both assets deposited with Group companies and assets deposited at third-party institutions for which the Bank holds a management mandate.

Custody assets include assets for which the Bank provides custody and administration services. These relate mainly to assets from Group Companies. In addition, assets from the Banks' pension schemes and assets of employees are included.

C Notes to the Consolidated Financial Statements

Information on the Income Statement

24 Result from trading operations

	2014/15	2013/14	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Profit on foreign exchange and bank notes	25,904	29,545	-3,641	-12.3
Profit/loss on bullion transactions	3,643	-830	4,473	n/a
Profit on securities	540	792	-252	-31.8
Total	30,087	29,507	580	2.0

25 Personnel expenses

	2014/15	2013/14	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Salaries and allowances	-88,146	-81,061	-7,085	-8.7
Social security contributions	-5,662	-5,272	-390	-7.4
Pension contributions	-9,529	-8,418	-1,111	-13.2
Other personnel expenses	-4,901	-3,656	-1,245	-34.1
Total	-108,238	-98,407	-9,831	-10.0
Staff Rothschild Bank AG	248	255	-7	-2.7
Staff Rothschild Bank AG and subsidiaries	469	445	24	5.4

26 Other operating expenses

	2014/15	2013/14	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Occupancy expenses	-5,826	-5,728	-98	-1.7
Cost of IT, machinery, furniture, vehicles and other equipment	-7,610	-9,490	1,880	19.8
Printing and postage	-1,257	-1,380	123	8.9
Research, communication and public relations	-5,635	-5,592	-43	-0.8
Insurance	-1,790	-1,904	114	6.0
Travel and entertainment	-5,753	-5,686	-67	-1.2
Legal, audit, consultancy and regulatory fees	-3,634	-7,023	3,389	48.3
Other operating expenses	-193	-161	-32	-20.1
Total	-31,698	-36,964	5,266	14.2

C Notes to the Consolidated Financial Statements

27 Extraordinary income and expense

	2014/15	2013/14	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Gains from sales of real estate	31,720	–	31,720	n/a
Other extraordinary expense	–5	–	–5	n/a
Total	31,715	–	31,715	n/a

The bank disposed of one of its properties during the year, leading to a fall in the amount of fixed assets carried in its books along with an extraordinary income arising from the profit on the sale.

28 Gross profit by domestic and foreign origin

	2014/15			2013/14		
	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF
Net interest income	18,220	3,180	21,400	16,566	2,813	19,379
Net commission income	81,457	27,039	108,496	76,975	29,305	106,280
Results from trading operations	25,920	4,167	30,087	25,212	4,295	29,507
Other ordinary results	7,095	–2,262	4,833	8,012	–1,822	6,190
Total gross income	132,692	32,124	164,816	126,765	34,591	161,356
Personnel expenses	–94,948	–13,290	–108,238	–85,809	–12,598	–98,407
Other operating expenses	–18,456	–13,242	–31,698	–24,847	–12,117	–36,964
Total operating expenses	–113,404	–26,532	–139,936	–110,656	–24,715	–135,371
Gross profit	19,288	5,592	24,880	16,109	9,876	25,985

29 Taxation

	2014/15	2013/14	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Deferred tax expense	–6	–6	–	–
Deferred tax asset on losses carried forward	28	1,236	–1,208	–97.7
Costs for current income and capital taxes	–8,030	–1,820	–6,210	–341.2
Total	–8,008	–590	–7,418	–1,257.3
Unrecognised tax assets on losses	2,774	3,772	–998	–26.5

30 Subsequent events

Since the balance sheet date, the bank has completed the Department of Justice (DOJ) Swiss Bank Program - Category 2 (the "Program") and signed a non-prosecution agreement. Provisions previously booked in relation to the Program are sufficient to cover the settlement amount and all other associated costs.

D Consolidation, Accounting and Valuation Principles

General Principles

The consolidated financial statements have been prepared in accordance with the Swiss Bank Accounting Guidelines of the Swiss Financial Market Supervisory Authority (BAG-FINMA).

The Group accounts present a true and fair view of the financial position of the Group and of the results of its operations and its cash flows in compliance with the accounting rules applicable for banks.

Consolidated Companies

Subsidiaries are entities controlled by the Bank. Control exists when the Group has the power, directly or indirectly, usually based on a participation of over 50% of voting capital, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Method of Consolidation

The Group's capital consolidation is prepared in accordance with the purchase method.

Change in the Scope of Consolidation

There are no changes in the scope of consolidation.

Accounting and Recording of Transactions

All transactions effected up to and including the balance sheet date are accounted for on the trade date and are, from this date on, stated and assessed according to the principles laid out below.

Foreign Currency Translation of the Financial Statements

Income statements of foreign entities are translated into the Group's reporting currency at average exchange rates for the period, and their balance sheets are translated at the exchange rate at the end of the period. Foreign exchange differences arising from the translation are recognised directly as a separate component of equity. On disposal of a foreign entity, these translation differences are recognised in the income statement as part of the gain or loss on sale.

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Swiss Francs at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the dates the fair value was determined.

The following rates prevailing on the balance sheet date were used for foreign currency translations:

	2014/15		2013/14	
	Spot rate	Average rate	Spot rate	Average rate
EUR	1.0438	1.1708	1.2181	1.2274
GBP	1.4434	1.4998	1.4746	1.4583
USD	0.9717	0.9340	0.8844	0.9142

D Consolidation, Accounting and Valuation Principles

Cash, Due from and to Banks, Due to Customers and Money Market Instruments

Assets and liabilities are stated in the balance sheet at their nominal value.

Due from Customers

Due from customers are stated in the balance sheet at their nominal value. Claims – taking all off-balance sheet items into account – which the debtor will be unlikely to satisfy in future are covered by individual provisions. These are classified as non-performing if interest and capital payments are overdue for more than 90 days. Individual provisions are deducted directly from the corresponding asset positions.

Claims rated as uncollectible are written off against the individual provisions made.

Trading Portfolios in Securities and Precious Metals

Securities and precious metals in trading portfolios are in principle stated at the fair value. The price obtained on a price-efficient and liquid market is taken as the fair value, which as a rule corresponds to the market value.

If in exceptional cases there is no fair value available, securities and precious metals in trading portfolios will be valued and stated at the lower of cost or market.

Interest, discount and dividend income from trading securities are set off against refinancing expenses and booked as income from trading operations.

Financial Investments

Fixed income securities that are planned to be held until maturity are valued by the accrual method. Premiums and discounts are amortised over the remaining life of the respective security and are recognised in interest and dividend income on financial investments. Other financial investments are valued at the lower of cost or market value.

Non-consolidated Participations

An associate is an entity in which the Group has significant influence, but no control over the operating and financial management policy decisions. This is generally demonstrated by the Group holding in excess of 20%, but no more than 50%, of the voting rights. The Group's investments in associates are initially recorded at cost. Subsequently their value is increased or decreased by the Group's share of the post-acquisition profit or loss, or by other movements reflected directly in the equity of the associate. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

All other participations without a significant influence are stated at cost less depreciation.

Fixed Assets

Fixed assets are valued at cost less depreciation over an expected useful lifetime of maximum ten years for outfitting costs, maximum ten years for the components of the IT platform (host system), maximum six years for other tangible fixed assets and maximum three years for IT hardware. Bank buildings and other properties are depreciated to a base level generally accepted by the tax authorities. The value is reviewed on a regular basis. If a review reveals an impairment in value, an additional write-off is made. The remaining book value is subsequently written down over the residual useful lifetime. If the review reveals a change in the useful lifetime, the remaining book value is written down as planned over the adjusted useful life. Small investment outlays are charged directly to operating expenses at the time of purchase.

The IT platform and other software are now included in fixed assets having been disclosed as intangible assets in prior years. Prior year figures were restated to allow for a better comparison.

D Consolidation, Accounting and Valuation Principles

Derivative Instruments

Derivative financial instruments are stated at fair value. The positive and negative replacement values are included in the balance sheet under other assets and other liabilities. Unrealised/realised gains are included in results from trading operations. All derivative financial instruments are allocated to the trading book.

Liabilities to Pension Plans

Pension liabilities are treated according to Swiss GAAP FER 16 (accounting standard for pension benefit obligations relevant for Swiss Banking GAAP). The employer's contributions according to the defined contribution pension plans are included within personnel expenses.

Valuation Adjustments and Provisions

Claims that a debtor is unlikely to satisfy in future are covered by individual valuation adjustments. Individual valuation adjustments are deducted directly from the corresponding asset positions. Individual valuation adjustments and individual provisions are made for all other recognisable loss risks according to a concept of prudence.

From time to time the Bank is involved in legal proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, provisions are made where it is probable that an outflow of resources will be required and the amount can be reliably estimated.

Interest Income and Expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. Interest including accrued interest that are due but unpaid for more than 90 days are considered as being at risk, and an appropriate provision is established.

Fee and Commission Income and Expense

The Group earns fee and commission income from services provided to clients. Fee income from advisory and other services can be divided into two broad categories: fees earned from services that are provided over a period of time, which are recognised over the period in which the service is provided; and fees that are earned on completion of a significant act or on the occurrence of an event, such as the completion of a transaction, which are recognised when the act is completed or the event occurs.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity. Commission including accrued commission that are due and unpaid for more than 90 days are considered as being at risk and an appropriate allowance is established.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised over the period the service is provided. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

D Consolidation, Accounting and Valuation Principles

Operating Lease and Rental Agreements

The Group has entered into operating leases in respect of equipment. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the leases. There are no claims or commitments from finance leases.

Income Tax

Current taxes are recurring taxes on capital and income. Current taxes are determined in accordance with the local fiscal regulations on ascertaining profits and capital tax and are stated as expenses during the accounting period. Taxes owed are recorded as accrued expenses.

Deferred taxes arise when valuation principles other than those relevant from the fiscal law perspective are used in drawing up consolidated annual financial statements. Deferred tax liabilities are booked under provisions, and valuation adjustments and any changes are recognised in the income statement.

Deferred tax claims from losses carried forward are capitalised where it is likely that sufficient taxable profits will be generated within the statutory time limits, against which these losses carried forward may be offset. Changes in the deferred taxes are stated in the income statement via the taxes item.

Fiduciary Placement Activities

The Group acts as custodian and in other fiduciary capacities that result in the holding or placing of assets on behalf of customers. These assets and the interest income arising thereon are excluded from these financial statements, as they are not assets of the Group.

Contingent Liabilities and Fiduciary Operations

Transactions resulting from these activities are stated off-balance sheet at their face value. For recognisable risks, provisions are made and recorded under liabilities.

Changes in Consolidation, Accounting and Valuation Principles

There were no changes in accounting and valuation principles.

E Notes on Risk Management

General Principles

The Board of Directors of the Bank is responsible for the stipulation of the risk policy. The Board of Directors has released a risk regulation, which both takes into account the circumstances of the business activities of the Bank and its subsidiaries and also reflects the capital funds situation of the Group, the interest of the shareholders and the regulatory environment. The risk policy is constantly monitored and amended if necessary.

The formal methodology of the risk policy relates primarily to the observance of quantitative risk limits for all risk types. Risk diversification utilizes more qualitative aspects and working procedures are installed for the management of operational risks. At the same time, great importance is attached to the risk awareness of the management bodies and all Group staff. Hence the Board of Directors and the Executive Committee pursue an open risk culture which is also implemented by responsible, careful and professional behaviour from all employees. The Group consciously depends on the personal integrity, specialist competence and risk awareness of each individual and undertakes the necessary steps.

The implementation of the risk policy is delegated to the Executive Committee. Management is supported in this by the Risk Department which is independent from trading and client-related services and monitor compliance with limits and the risk policy.

Credit Risks

Credit risk describes the potential for loss as a result of insolvency of a client or counterparty. A potential loss arises in particular when maturing loans or other obligations to payment are not repaid or cannot be repaid when due. For this reason loans and other credits are only granted after taking into account fundamental principles of caution. Since the banking business is strongly focused on private banking, loans are mainly granted against collateral in the form of pledged investment portfolios or as mortgage on a case by case basis.

The competencies for loans approvals and the monitoring of credit positions are subject to clear rules and supervised by people who are independent of the client advisors. The Board of Directors and the Executive Committee have laid down clear guidelines for loanable values and the pledging of assets (collateral). In general, assets serving as collateral are held in the Bank's custody and pledged in favour of the Bank under contractual agreements. The loanable values of the pledged assets, which are derived from market values, are compared daily to the loan commitments secured and are subject to constant monitoring. If coverage threatens to become insufficient, steps are taken to re-establish the necessary loanable value. If in exceptional cases no published market value is available for pledged assets, internal valuations calculated using standard banking methods will be applied. General principles have also been set out that aim for appropriate diversification of loan commitments and collateral. The concentration of risks on one client or counterparty or on one group of linked clients or counterparties is constantly monitored. Appropriate measures are taken to avoid the emergence of large exposures.

Counterparties are defined as banks or brokers with which the Bank trades or from which it purchases services. Counterparties are carefully selected on the basis of their creditworthiness, drawing on external ratings. Internal limits have to be approved by the competent bodies according to the risk policy and internal guidelines.

Liquidity Risk

Liquidity risk describes the risk that in some circumstances, for example changed market conditions, the Bank might not be able to meet all its payment obligations as they fall due. The Bank maintains committed liquidity facilities with clearing institutions for the exceptional event that counterparties or clients do not meet their payment obligations punctually. Compliance with the liquidity rules as set out in the respective external and internal regulations are constantly monitored.

E Notes on Risk Management

Market Risk

Market risk describes the risk that the Bank could suffer losses as a result of changes in the financial markets (interest rates, FX rates, share prices). The business policy of the Bank is to only permit open market risk positions to a small degree in relation to client business volumes and available capital funds.

Trading positions are valued daily. Calculation of risk positions and monitoring of compliance with the limits is performed by a team independent from the trading department.

The Treasury Committee manages interest rate risk in the banking book and monitors the balance sheet structure. The Bank buys and sells derivatives arising from client activities in order to manage market risks. All such transactions are carried out within the guidelines defined by the Bank's Treasury Committee.

Operational Risk

Operational risk entails the possibility that losses may be incurred directly or indirectly due to the inappropriateness or failure of internal procedures, persons or systems or due to external events that cannot be influenced. In accordance with regulatory requirements and best practice standards in banking and the Bank's dedication to ensure high quality services for its clients, the Executive Committee has implemented an operational risk management framework consisting of internal policies and procedures on organisation setup and controls, which are designed to maintain operational integrity at a high level. Particular attention is given to the quality and skills of staff, the segregation of duties, the careful selection of counterparties and the security of the central computer systems and networks. The Internal Audit department reviews the procedures and internal controls at regular intervals. Due to an escalation procedure it is assured that the responsible line management is adequately involved in the reporting and analyses process.

The Board of Directors has considered the main operational risks of the Group and has issued guidelines for the measurement and limitation of operational risk.

Legal Risks and Compliance

In order to monitor legal and regulatory risks, the Bank maintains a Legal and Compliance Department. These ensure that the Bank's business activities are conducted in accordance with the applicable regulations and the obligation of financial intermediaries to observe due diligence. If required, external legal advice is sought.

Business and Services Provided by Rothschild Bank AG Zurich and Subsidiaries

Rothschild Bank AG is an independent Swiss bank specialising in private banking and asset management. Consequently, the most important contributions to income are derived from commissions and the provision of services. As a result of the links between its shareholders who are members of the Rothschild family, the Bank is also a member of an important worldwide group that has the benefit of far-reaching resources and knowledge in the field of financial services.

The most important services that are offered within private banking are the management of accounts in all convertible currencies, the management and safekeeping of securities and precious metals, trading in currencies, securities and derivatives, secured lending and the provision of structures for the safeguarding and transfer of private wealth. The accounts are managed at the head office in Zurich and within the subsidiaries, Rothschild Bank (CI) Ltd. in Guernsey, Equitas SA in Geneva, Rothschild Vermögensverwaltungs-GmbH in Frankfurt, Rothschild Wealth Management (Singapore) Ltd. in Singapore and Rothschild Wealth Management (Hong Kong) Ltd. in Hong Kong. In addition, Rothschild Bank AG is represented through the worldwide network of the Rothschild Group.

It has been the principle of Rothschild's for generations that clients and their needs are of the highest importance. This principle, together with the personal relationship between the client and the portfolio manager, forms the foundation for successful capital growth and protection.

Portfolio Management

In addition to active investment advisory services for clients, the core competence lies in asset management tailored to the individual needs of clients. The investment philosophy of Rothschild Bank Zurich is aimed at the development of long-term solutions. The dynamic asset management process is designed for the evaluation of broad individual client needs and for their special requirements. This process takes place within the investment policy of the Bank that reflects the guidelines and instructions of the client and minimises the investment risks. The investment process is systematically organised and simple to understand. In investment advisory services as well as in asset management we make use of fundamental and financial analysis developed by specialists of the worldwide Rothschild Group. An internal investment committee reviews their recommendations. To ensure an ideal asset allocation, the Bank utilises both third-party products as well as products developed by the Rothschild Group.

Trust and Company Management Services

Trust and corporate services are largely provided by subsidiaries of Rothschild Private Trust Holdings AG. This company holds various subsidiaries, both in Switzerland, Guernsey and in a large number of other jurisdictions, which are specialised in the formation and management of trusts, foundations and corporate vehicles for private clients. This activity is a traditional service provided by the Rothschild Group. The trust specialists have the benefit of considerable experience over many years, in the structuring and management of trusts and foundations in many jurisdictions, which bring significant benefits for the transfer of wealth between generations of clients. These services make it possible to meet the needs of a widely distributed international clientele through the selection of the most beneficial and flexible vehicles and taking account of the individual's personal preferences and tax and legal situation.

Business and Services Provided by Rothschild Bank AG Zurich and Subsidiaries

Trading

The provision of portfolio management services is supported by specialists and the necessary infrastructure in the trading department of the Bank. This allows quick execution and processing of orders in foreign exchange, fiduciary deposits and securities transactions on good terms in all the major financial centres as well as in investment funds and derivatives as instruments for investment management and risk. Rothschild Bank AG is a licensed securities dealer and an associated member of the Swiss Stock Exchange.

Lombard Lending and Mortgage Lending

Within the context of overall investment management and private banking, the Bank grants loans to clients and guarantees to third parties on behalf of clients. This credit activity is based upon Lombard lending against marketable securities in diversified portfolios and normally does not allow granting advances over more than twelve months. Within the credit policies, there are strict rules regarding the quality of collateral together with margin requirements. The Bank offers mortgage lending to its clients on a case-by-case basis.

Report of the Statutory Auditor on the Consolidated Financial Statements



KPMG AG
Audit Financial Services
Badenerstrasse 172
CH-8004 Zurich

P.O. Box 1872
CH-8026 Zurich

Telephone +41 58 249 31 31
Fax +41 58 249 44 06
Internet www.kpmg.ch

Report of the Statutory Auditor to the General Meeting of

Rothschild Bank AG, Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Rothschild Bank AG, which comprise the balance sheet, income statement, cash flow statement and notes (pages 8 to 34) for the year ended 31 March 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the provisions governing the preparation of financial statements for Banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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.

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 March 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the provisions governing the preparation of financial statements for Banks and comply with Swiss law.

Report of the Statutory Auditor on the Consolidated Financial Statements



Report on Other Legal Requirements

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

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

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

KPMG AG

A handwritten signature in black ink, appearing to read 'M. Schneeбели'.

Michael Schneeбели
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'T. Dorst'.

Thomas Dorst
Licensed Audit Expert

Zurich, 1 June 2015

Capital Adequacy

Capital Adequacy Disclosures

Eligible and mandatory capital

	31.3.2015	31.3.2014	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Gross capital	356,662	361,093	-4,431	-1.2
of which minority interests	3,620	3,133	487	15.5
Deductions from the core capital	-47,676	-91,158	43,482	47.7
Eligible equity	308,986	269,935	39,051	14.5
Credit risk (international standard approach)	37,259	23,059	14,200	61.6
Non-counterparty-related risk	4,087	3,190	897	28.1
Credit valuation adjustments	5,196	497	4,699	945.5
Market risk (Swiss standard approach)	8,462	6,730	1,732	25.7
Operational risk (basis indicator method)	24,630	25,444	-814	-3.2
Required equity	79,634	58,920	20,714	35.2
Equity cover ratio	388.01	458.14		
Tier I ratio	0.31	0.37		

The required information according to the FINMA Circular 08/22 is disclosed in the notes on risk management (qualitative information) and in the above table (quantitative information). Additional information is available on www.rothschildbank.com

Financial Statements
of
Rothschild Bank AG

Balance Sheet of Rothschild Bank AG

as of 31st March 2015 and 2014

Assets

	Notes	31.3.2015 1000 CHF	31.3.2014 1000 CHF	Change	
				1000 CHF	%
Cash		2,880,781	2,631,612	249,169	9.5
Money market instruments		–	–	–	
Due from banks	2, 8	137,577	153,218	–15,641	–10.2
Due from customers	8	475,788	492,018	–16,230	–3.3
Mortgage loans	8	199,038	170,244	28,794	16.9
Trading balances in securities and precious metals		269	2,233	–1,964	–88.0
Financial investments	2	128,431	191,245	–62,814	–32.8
Participations		146,370	144,256	2,114	1.5
Fixed assets	12	49,835	78,550	–28,715	–36.6
Intangible assets		–	–	–	
Accrued income and prepaid expenses		5,971	10,526	–4,555	–43.3
Other assets	1	185,225	67,117	118,108	176.0
Total assets		4,209,285	3,941,019	268,266	6.8
Total due from Group companies and significant shareholders		16,125	37,498	–21,373	–57.0

Balance Sheet of Rothschild Bank AG

as of 31st March 2015 and 2014

Liabilities and shareholders' equity

	Notes	31.3.2015 1000 CHF	31.3.2014 1000 CHF	Change	
				1000 CHF	%
Money market instruments		471	166	305	183.7
Due to banks	8	687,905	827,908	-140,003	-16.9
Due to customers, other	8	2,877,124	2,655,748	221,376	8.3
Accrued expenses and deferred income		34,884	32,635	2,249	6.9
Other liabilities	1	219,712	59,433	160,279	269.7
Valuation adjustments and provisions	4	34,609	41,372	-6,763	-16.3
Reserves for general banking risks	4, 7	7,000	7,000	-	-
Share capital	5, 6, 7	10,330	10,330	-	-
General legal reserve	7	67,300	67,300	-	-
Other reserves	7	240,500	240,500	-	-
Retained earnings brought forward	7	-1,374	4,511	-5,885	n/a
Net profit/loss	7	30,824	-5,884	36,708	n/a
Total liabilities and shareholders' equity		4,209,285	3,941,019	268,266	6.8
Total due to Group companies and significant shareholders		674,353	821,788	-147,435	-17.9

Off-Balance Sheet Transactions

as of 31st March 2015 and 2014

	Note	31.3.2015 1000 CHF	31.3.2014 1000 CHF	Change	
				1000 CHF	%
Contingent liabilities		35,827	37,180	-1,353	-3.6
Irrevocable commitments		117,243	129,761	-12,518	-9.6
Fiduciary transactions	9	578,726	592,845	-14,119	-2.4
Derivative instruments					
- positive replacement value	I	183,280	57,125	126,155	220.8
- negative replacement value	I	212,604	51,839	160,765	310.1
- contract volume		8,753,353	6,498,222	2,255,131	34.7

Income Statement

for the period 1st April 2014 to 31st March 2015

	Notes	2014/15 1000 CHF	2013/14 1000 CHF	Change	
				1000 CHF	%
Interest and discount income		29,511	24,860	4,651	18.7
Interest and dividend income on financial investments		359	778	-419	-53.9
Interest expense		-11,640	-9,067	-2,573	-28.4
Net interest income		18,230	16,571	1,659	10.0
Commission income on lending activities		392	434	-42	-9.7
Commission income on asset management		51,033	51,418	-385	-0.7
Commission income on other services		13,310	10,928	2,382	21.8
Commission expense		-6,402	-4,199	-2,203	-52.5
Net commission income		58,333	58,581	-248	-0.4
Results from trading operations	11	25,840	25,380	460	1.8
Participation income		4,584	17,017	-12,433	-73.1
Net income from real estate holdings		1,039	1,646	-607	-36.9
Total other ordinary results		5,623	18,663	-13,040	-69.9
Total income		108,026	119,195	-11,169	-9.4
Personnel expenses		-69,395	-64,672	-4,723	-7.3
Other operating expenses		-22,000	-26,561	4,561	17.2
Total operating expenses		-91,395	-91,233	-162	-0.2
Gross profit		16,631	27,962	-11,331	-40.5
Depreciation and write-offs of non-current assets		-8,416	-8,406	-10	-0.1
Valuation adjustments, provisions and losses		-2,148	-24,851	22,703	91.4
Results before extraordinary items and taxation		6,067	-5,295	11,362	n/a
Extraordinary income	12	31,742	-	31,742	n/a
Taxation		-6,985	-589	-6,396	-1,085.9
Net profit/loss		30,824	-5,884	36,708	n/a

Proposal of the Board of Directors to the Annual General Meeting

The following total amount is available for distribution:

	1000 CHF
Net profit for the current financial year	30,824
Carried forward from previous year	– 1,374
Additional distribution from other reserves	21,550
	51,000

The Board of Directors proposes to the Annual General Meeting to allocate this amount as follows:

Allocation to general legal reserve	–
Allocation to other reserves	–
Distribution of a gross dividend	51,000
Balance to be carried forward	–
	51,000

After distribution of the proposed dividend capital resources are as follows:

Share capital	10,330
General legal reserves	67,300
Other reserves	218,950
Reserves for general banking risks	7,000
Balance to be carried forward	–
Shareholders' equity after distribution of the dividend	303,580

Notes to the Financial Statements

Information on the Balance Sheet

I Other assets and other liabilities

	31.3.2015		31.3.2014	
	Other assets 1000 CHF	Other liabilities 1000 CHF	Other assets 1000 CHF	Other liabilities 1000 CHF
Replacement values of all derivative financial instruments	183,280	212,604	57,125	51,839
Compensation accounts, stamp duty, VAT, withholding tax	1,945	7,108	9,992	7,594
Total other assets and other liabilities	185,225	219,712	67,117	59,433

Replacement values have risen due to increased market volatility following the SNB's decision to remove the currency peg, combined with a general increase in trading volumes.

2 Pledged or ceded assets and asset with reservation of title without securities lending and borrowing and without repurchase and reverse repurchase agreements

	31.3.2015		31.3.2014	
	Book value 1000 CHF	of which used 1000 CHF	Book value 1000 CHF	of which used 1000 CHF
Due from banks	27,277	15,528	21,044	17,205
Securities	39,149	39,149	46,084	46,084
Total	66,426	54,677	67,128	63,289

3 Disclosure of liabilities to Rothschild Bank pension plans

	BVG pension scheme		Additional supporting foundation	
	31.3.2015 1000 CHF	31.3.2014 1000 CHF	31.3.2015 1000 CHF	31.3.2014 1000 CHF
Cover margin according Swiss GAAP FER 16	23,923	22,808	7,503	7,461
Excess in relation to disclosed liabilities in %	12.8%	13.0%	40.2%	39.9%
Economic benefit	–	–	–	–
Economic liability	–	–	–	–

The disclosures are based on the annual accounts of the pension schemes as of 31.12.2014 and 31.12.2013 respectively.

	BVG pension scheme		Additional supporting foundation		Total	
	31.3.2015 1000 CHF	31.3.2014 1000 CHF	31.3.2015 1000 CHF	31.3.2014 1000 CHF	31.3.2015 1000 CHF	31.3.2014 1000 CHF
Accrued contributions	5,446	5,246	1,350	1,242	6,796	6,488
Pension expense	5,446	5,246	1,350	1,242	6,796	6,488
Employer contribution reserve	598	598	–	–	598	598

All employees of Rothschild Bank and its Swiss subsidiaries are members of a defined contribution pension scheme, which covers the mandatory benefits specified in the BVG and super-obligatory benefits. A second supporting foundation provides further supplementary super-obligatory benefits.

Due to pension schemes amount to CHF 12.1 million (last year: CHF 14.8 million).

Notes to the Financial Statements

4 Valuation adjustments and provisions, reserves for general banking risks

	Balance previous year 1000 CHF	Use in conformity with designated purpose 1000 CHF	Change in definition of purpose, reclassi- fications 1000 CHF	Re- coveries, doubtful interest, currency differences 1000 CHF	New creation, charged to income statement 1000 CHF	Reversals, credited to income statement 1000 CHF	Balance current year 1000 CHF
Value adjustments and provisions for other business risks	24,640	-7,795	-	-326	2,930	-1,056	18,393
Restructuring provision	963	-516	-	-	-	-	447
Other provisions	15,769	-	-	-	-	-	15,769
Total valuation adjustments and provisions	41,372	-8,311	-	-326	2,930	-1,056	34,609
Reserves for general banking risks	7,000						7,000

As of 31st March 2015 there are no impaired receivables.

There have been a number of regulatory developments in the financial services industry and the Swiss private banking sector that may impact the bank. Valuation adjustments and provisions include client litigation, the US Department of Justice program, and related legal and other costs. The bank has applied to the US Department of Justice for a non-prosecution agreement in respect of the management of the accounts of US clients. The directors believe that the level of provisions made in these accounts is sufficient for any potential or actual proceedings or claims which are likely to have an impact on the Bank's financial statements based on information available at the reporting date.

5 Schedule of share capital

	31.3.2015			31.3.2014		
	Nominal value 1000 CHF	Number of units	Dividend bearing capital 1000 CHF	Nominal value 1000 CHF	Number of units	Dividend bearing capital 1000 CHF
Share capital	10,330	103,300	10,330	10,330	103,300	10,330

Notes to the Financial Statements

6 Significant shareholders and shareholder groups

	31.3.2015		31.3.2014	
	Nominal 1000 CHF	Participation in %	Nominal 1000 CHF	Participation in %
Rothschild Holding AG	10,330	100	10,330	100
Significant Shareholders of Rothschild Holding AG:				
Rothschilds Continuation Holdings AG ¹⁾	7,793	74.0	7,793	74.0
Apollolaan Holdings AG ²⁾	1,402	13.3	1,402	13.3
Edmond de Rothschild (Suisse) S.A.	1,016	9.6	1,016	9.6

¹⁾The majority of the share capital of Rothschilds Continuation Holdings AG is directly or indirectly held by a group of shareholders which consists of Rothschild Family members (through Rothschild Concordia SAS or other members of the Rothschild Family concert). The members of this group own a controlling interest in Paris Orléans SCA, Paris, which controls Paris Orléans Holding Bancaire SAS. The latter controls Concordia Holding Sarl, which controls Rothschild Concordia AG, Zug, which in turn owns a controlling stake in Rothschilds Continuation Holdings AG, Zug.

²⁾The share capital of Apollolaan Holdings AG is wholly owned by Integritas BV, a Dutch Company which in turn is ultimately for the benefit of members of the English branch of the Rothschild Family.

7 Statement of changes in shareholders' equity

	1000 CHF
Share capital	10,330
General legal reserve	67,300
Other reserves	240,500
Reserves for general banking risks (all taxed)	7,000
Retained earnings	-1,374
Shareholders' equity at beginning of current year (before profit distribution)	323,756
Dividends out of retained earnings brought forward	-
Net profit	30,824
Shareholders' equity at end of current year (before profit distribution)	354,580
Share capital	10,330
General legal reserve	67,300
Other reserves	240,500
Reserves for general banking risks (all taxed)	7,000
Retained earnings	29,450
Shareholders' equity at end of current year	354,580

Notes to the Financial Statements

8 Disclosure of amounts due from and due to affiliated companies as well as loans and exposures to directors and senior executives

	31.3.2015	31.3.2014	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Claims against affiliated companies	–	34	–34	–100.0
Liabilities to affiliated companies	2,959	5,940	–2,981	–50.2
Loans and exposures to directors and senior executives	6,646	5,954	692	11.6

Transactions with affiliated persons and companies (in particular parent and subsidiary companies) such as security transactions, granting loans and interest accounts are carried out at the conditions offered to third parties. Members of the Executive Committee (ExC) are offered the Bank's normal conditions for employees. Members of the Board are charged at least the Bank's normal conditions for employees.

Information on Off-Balance Sheet Transactions

9 Analysis of fiduciary transactions

	31.3.2015	31.3.2014	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Fiduciary placements with third-party banks	539,059	411,373	127,686	31.0
Fiduciary placements with banks of the Group and affiliated banks	53,786	181,472	–127,686	–70.4
Fiduciary credits and other fiduciary transactions	–	–	–	–
Total	578,726	592,845	–14,119	–2.4

10 Client assets

	31.3.2015	31.3.2014	Change	
	CHF Mio.	CHF Mio.	CHF Mio.	%
Type of client assets				
Other client assets	7,320	6,747	573	8.5
Fund assets managed by RBZ Group	419	431	–12	–2.8
Assets with management mandates	3,223	3,352	–129	–3.8
Total client assets (incl. double count)	10,962	10,530	432	4.1
thereof double count	419	431	–12	–2.8
Net new assets	117	–178	295	n/a
Custody assets				
	1,667	1,631	36	2.2
Total assets (including double count)	12,629	12,161	468	3.8

Client assets include deposits as well as the market value of securities, precious metals and fiduciary investments. Net new assets consist of all external cash deposits and withdrawals on client accounts as well as all external in- and outflows from/into client deposits. Interest and dividend income are not taken into account.

Assets with management mandate cover both assets deposited with Group companies and assets deposited at third-party institutions for which the Bank holds a management mandate.

Custody assets include assets for which the Bank provides custody and administration services. These relate mainly to assets from Group Companies. In addition, assets from the Banks' pension schemes and assets of employees are included.

Notes to the Financial Statements

Information on the Income Statement

11 Results from trading operations

	2014/15	2013/14	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Profit on foreign exchange and bank notes	21,658	25,418	-3,760	-14.8
Profit/loss on bullion transactions	3,643	-830	4,473	n/a
Profit on securities	539	792	-253	-31.9
Total	25,840	25,380	460	1.8

12 Extraordinary income and expense

	2014/15	2013/14	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Gains from sales of real estate	31,720	-	31,720	n/a
Other extraordinary income	22	-	22	n/a
Total	31,742	-	31,742	n/a

The bank disposed of one of its properties during the year, leading to a fall in the amount of fixed assets carried in its books along with an extraordinary income arising from the profit on the sale.

13 Subsequent events

Since the balance sheet date, the bank has completed the Department of Justice (DOJ) Swiss Bank Program - Category 2 (the "Program") and signed a non-prosecution agreement. Provisions previously booked in relation to the Program are sufficient to cover the settlement amount and all other associated costs.

Accounting and Valuation Principles of Rothschild Bank AG

General Principles

The accounting and valuation principles comply with the Swiss Code of Obligations, the Bank law, including the Swiss Financial Market Supervisory Authority guidelines as required for non-consolidated banks, and Statutory directives.

Accounting and Recording of Transactions

All transactions effected up to and including the balance sheet date are accounted for on the trade date and are, from this date on, stated and assessed according to the principles laid out below.

Foreign Currency Translation of the Financial Statements

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Swiss francs at the foreign exchange rate ruling at the balance sheet date.

Foreign exchange rates used

	31st March 2015	31st March 2014
EUR	1.0438	1.2181
GBP	1.4434	1.4746
USD	0.9717	0.8844

Cash, Due from and to Banks, Due to Customers and Money Market Instruments

Assets and liabilities are stated in the balance sheet at their nominal value.

Due from Customers

Due from customers are stated in the balance sheet at their nominal value.

Claims – taking all off-balance sheet items into account – which the debtor will be unlikely to satisfy in future are covered by individual provisions. These are classified as non-performing if interest and capital payments are overdue for more than 90 days. Individual provisions are deducted directly from the corresponding asset positions.

Claims considered as uncollectible are written off against the individual provisions made.

Trading Portfolios in Securities and Precious Metals

Securities and precious metals in trading portfolios are in principle stated at the fair value. The price obtained on a price-efficient and liquid market is taken as the fair value, which as a rule corresponds to the market value.

If in exceptional cases there is no fair value available, securities and precious metals in trading portfolios will be valued and stated at the lower of cost or market value.

Interest, discount and dividend income from trading securities are set off against refinancing expenses and are included in income from trading operations.

Accounting and Valuation Principles of Rothschild Bank AG

Financial Investments

Financial investments are securities held on a long-term basis for special business purposes. Fixed income securities that are planned to be held until maturity are valued by the accrual method. Premiums and discounts are amortised over the remaining life of the respective security and are recognised in interest and dividend income on financial investments. Other financial investments are valued at the lower cost or market value.

Participations

Participations are stated at cost less depreciation. The Bank applies a collective valuation method as described in BAG-FINMA paragraph 17.

Fixed Assets

Fixed assets are valued at cost less depreciation over an expected useful lifetime of maximum ten years for outfitting costs, maximum ten years for the components of the IT platform (host system), maximum six years for other tangible fixed assets and maximum three years for IT assets. Bank buildings and other properties are depreciated to a base level generally accepted by the tax authorities. The value is reviewed on a regular basis. If a review reveals an impairment in value, an additional write-off is made. The remaining book value is subsequently written down over the residual useful lifetime. If the review reveals a change in the useful lifetime, the remaining book value is written down as planned over the adjusted useful life. Small investment outlays are charged directly to operating expenses at the time of purchase.

The IT platform and other software are now included in fixed assets having been disclosed as intangible assets in prior years. Prior year figures were restated to allow for a better comparison.

Derivative Instruments

Derivative financial instruments are stated at fair value. The positive and negative replacement values are recorded in the balance sheet under other assets and other liabilities. Unrealised/realised gains are booked to results from trading operations. All derivative financial instruments are allocated to the trading book.

Pensions

Pension liabilities are treated according Swiss GAAP FER 16. Employer contribution reserves are not capitalised.

Valuation Adjustments and Provisions

Claims that a debtor will be unlikely to satisfy in future are covered by individual valuation adjustments. Individual valuation adjustments are deducted directly from the corresponding asset positions. Individual valuation adjustments and individual provisions are made for all other recognisable loss risks according to the principle of caution.

From time to time the Bank is involved in legal proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, provisions are made where it is probable that an outflow of resources will be required and the amount can be reliably estimated.

Accounting and Valuation Principles of Rothschild Bank AG

Income Tax

Current taxes are recurring taxes on capital and income. Current taxes are determined in accordance with the local fiscal regulations on ascertaining profits and capital tax and are stated as expenses during the accounting period. Taxes owed are recorded in accrued expenses.

Fiduciary Placement Activities

The Bank acts as custodian and in other fiduciary capacities that result in the holding or placing of assets on behalf of customers. These assets and the interest income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

Contingent Liabilities and Fiduciary Operations

Transactions resulting from these activities are stated off-balance sheet at their face value. For recognisable risks, provisions are made and recorded under liabilities.

Change in Accounting and Valuation Principles

There were no changes in accounting and valuation principles.

Notes on Risk Management

General Principles

The Board of Directors of the Bank is responsible for the stipulation of the risk policy. The Board of Directors has released a risk regulation, which both takes into account the circumstances of the business activities of the Bank and its subsidiaries and also reflects the capital funds situation of the Group, the interest of the shareholders and the regulatory environment. The risk policy is constantly monitored and amended if necessary.

The formal methodology of the risk policy relates primarily to the observance of quantitative risk limits for all risk types. Risk diversification utilizes more qualitative aspects and working procedures are installed for the management of operational risks. At the same time, great importance is attached to the risk awareness of the management bodies and all Group staff. Hence the Board of Directors and the Executive Committee pursue an open risk culture which is also implemented by responsible, careful and professional behaviour from all employees. The Group consciously depends on the personal integrity, specialist competence and risk awareness of each individual and undertakes the necessary steps.

The implementation of the risk policy is delegated to the Executive Committee. Management is supported in this by the Risk Department which is independent from trading and client-related services and monitor compliance with limits and the risk policy.

Credit Risks

Credit risk describes the potential for loss as a result of insolvency of a client or counterparty. A potential loss arises in particular when maturing loans or other obligations to payment are not repaid or cannot be repaid when due. For this reason loans and other credits are only granted after taking into account fundamental principles of caution. Since the banking business is strongly focused on private banking, loans are mainly granted against collateral in the form of pledged investment portfolios or as mortgage on a case by case basis.

The competencies for loans approvals and the monitoring of credit positions are subject to clear rules and supervised by people who are independent of the client advisors. The Board of Directors and the Executive Committee have laid down clear guidelines for loanable values and the pledging of assets (collateral). In general, assets serving as collateral are held in the Bank's custody and pledged in favour of the Bank under contractual agreements. The loanable values of the pledged assets, which are derived from market values, are compared daily to the loan commitments secured and are subject to constant monitoring. If coverage threatens to become insufficient, steps are taken to re-establish the necessary loanable value. If in exceptional cases no published market value is available for pledged assets, internal valuations calculated using standard banking methods will be applied. General principles have also been set out that aim for appropriate diversification of loan commitments and collateral. The concentration of risks on one client or counterparty or on one group of linked clients or counterparties is constantly monitored. Appropriate measures are taken to avoid the emergence of large exposures.

Counterparties are defined as banks or brokers with which the Bank trades or from which it purchases services. Counterparties are carefully selected on the basis of their creditworthiness, drawing on external ratings. Internal limits have to be approved by the competent bodies according to the risk policy and internal guidelines.

Notes on Risk Management

Liquidity Risk

Liquidity risk describes the risk that in some circumstances, for example changed market conditions, the Bank might not be able to meet all its payment obligations as they fall due. The Bank maintains committed liquidity facilities with clearing institutions for the exceptional event that counterparties or clients do not meet their payment obligations punctually. Compliance with the liquidity rules as set out in the Liquidity Risk Policy is constantly monitored.

Market Risk

Market risk describes the risk that the Bank could suffer losses as a result of changes in the financial markets (interest rates, FX rates, share prices). The business policy of the Bank is to only permit open market risk positions to a small degree in relation to client business volumes and available capital funds.

Trading positions are valued daily. Calculation of risk positions and monitoring of compliance with the limits is performed by a team independent from the trading department.

The Treasury Committee manages interest rate risk in the banking book and monitors the balance sheet structure. The Bank buys and sells derivatives arising from client activities in order to manage market risks. All such transactions are carried out within the guidelines defined by the Bank's Treasury Committee.

Operational Risk

Operational risk entails the possibility that losses may be incurred directly or indirectly due to the inappropriateness or failure of internal procedures, persons or systems or due to external events that cannot be influenced. In accordance with regulatory requirements and best practice standards in banking and the Bank's dedication to ensure high quality services for its clients, the Executive Committee has implemented an operational risk management framework consisting of internal policies and procedures on organisation setup and controls, which are designed to maintain operational integrity at a high level. Particular attention is given to the quality and skills of staff, the segregation of duties, the careful selection of counterparties and the security of the central computer systems and networks. The Internal Audit department reviews the procedures and internal controls at regular intervals. Due to an escalation procedure it is assured that the responsible line management is adequately involved in the reporting and analysis process.

Extensive measures have been taken to ensure bank client confidentiality and stable processing.

The Board of Directors has considered the main operational risks of the Group and has issued guidelines for the measurement and limitation of operational risk.

Legal Risks and Compliance

In order to monitor legal and regulatory risks, the Bank maintains a Legal and Compliance Department. These ensure that the Bank's business activities are conducted in accordance with the applicable regulations and the obligation of financial intermediaries to observe due diligence. If required, external legal advice is sought.

Report of the Statutory Auditor on the Financial Statements



KPMG AG
Audit Financial Services
Badenerstrasse 172
CH-8004 Zurich

P.O. Box 1872
CH-8026 Zurich

Telephone +41 58 249 31 31
Fax +41 58 249 44 06
Internet www.kpmg.ch

Report of the Statutory Auditor to the General Meeting of

Rothschild Bank AG, Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Rothschild Bank AG, which comprise the balance sheet, income statement and notes (pages 40 to 54) for the year ended 31 March 2015.

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.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance whether 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the 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 March 2015 comply with Swiss law and the company's articles of incorporation.

Report of the Statutory Auditor on the Financial Statements



Report on Other Legal Requirements

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

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of 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.

KPMG AG

A handwritten signature in black ink, appearing to read 'M. Schneebeli'.

Michael Schneebeli
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'T. Dorst'.

Thomas Dorst
Licensed Audit Expert

Zurich, 1 June 2015

Head Office and Subsidiaries of Rothschild Bank AG

Head Office

Rothschild Bank AG

Zollikerstrasse 181
8034 Zurich, Switzerland
Telephone +41 44 384 7111
Facsimile +41 44 384 7222
www.rothschildbank.com

Subsidiaries

Equitas SA

Rue du Commerce 3
1204 Geneva, Switzerland
Telephone +41 22 818 5900
Facsimile +41 22 818 5901

Rothschild Vermögensverwaltungs-GmbH

Börsenstrasse 2-4
60313 Frankfurt am Main, Germany
Telephone +49 69 4080 2600
Facsimile +49 69 4080 2655

Rothschild Bank (CI) Limited

St. Julian's Court
St. Julian's Avenue, St. Peter Port
Guernsey GY1 3BP, Channel Islands
Telephone +44 1481 713713
Facsimile +44 1481 711272

Rothschild Wealth Management (Hong Kong) Limited

16th Floor, Alexandra House
18 Chater Road
Central Hong Kong SAR
People's Republic of China
Telephone +852 2525 5333
Facsimile +852 2868 1728

Rothschild Wealth Management (Singapore) Limited

One Raffles Quay, North Tower
1 Raffles Quay#10-02
Singapore 048583
Telephone +65 6532 0866
Facsimile +65 6532 4166

Rothschild Trust (Switzerland) Limited

Zollikerstrasse 181
8034 Zurich, Switzerland
Telephone +41 44 384 7111
Facsimile +41 44 384 7201

RTS Geneva SA

Rue du Commerce 3
1204 Geneva, Switzerland
Telephone +41 22 818 5995
Facsimile +41 22 818 5902

Rothschild Trust Guernsey Limited

St. Julian's Court
St. Julian's Avenue, St. Peter Port
Guernsey GY1 3BP, Channel Islands
Telephone +44 1481 707800
Facsimile +44 1481 712686

Rothschild Trust Corporation Limited

New Court, St. Swithin's Lane
London EC4N 8AL, UK
Telephone +44 20 7280 5000
Facsimile +44 20 7929 5239

Rothschild Trust (Singapore) Limited

One Raffles Quay, North Tower
1 Raffles Quay#10-02
Singapore 048583
Telephone +65 6532 0866
Facsimile +65 6532 4166

