



Rothschild & Co Bank AG
Annual Report
2022

“ Looking back at 2022, we were taught once again that the world can change within moments, and that joy and sorrow often lie close together.



Annual Report 2022
Rothschild & Co Bank AG

Key Figures consolidated

	31. 12. 2022	31. 12. 2021
	1000 CHF	1000 CHF
Consolidated balance sheet		
Total shareholders' equity	351,389	337,846
Total assets	4,979,708	5,519,755
Consolidated income statement		
Net interest income	55,503	23,454
Net commission income	117,665	111,463
Results from trading operations	19,663	17,353
Total income	204,669	166,027
Total operating expenses	-146,997	-129,021
Gross profit	57,672	37,006
Gross profit per employee	149	103
Consolidated net profit / loss	33,290	92,073
Staff (average full-time positions)		
Staffing level domestic	330	299
Staffing level abroad	58	59
Total staffing level	388	358

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World presence

An unrivalled network of specialists at the centre of the world's financial markets, combining scale with deep local knowledge.



43
countries

63
locations

3,587
employees



Chairman's Statement

Dear Ladies and Gentlemen,

Looking back at 2022, we were taught once again that the world can change within moments, and that joy and sorrow often lie close together. As we enjoyed the re-opening of countries following a global pandemic and re-discovered the freedom to travel and meet our loved ones, a horrible war in Europe, rising inflation and fears of recession brought us new challenges and uncertainties.

On a personal note, it was with deep sadness that we heard of the passing of Sir Evelyn de Rothschild, a remarkable man, renowned financier and former chairman of our Bank from 1991 until 2000. Sir Evelyn steered Rothschild & Co Bank AG through challenging times with great skill and I know he was proud of our subsequent achievements.

Macro-economic environment

In 2022, inflation rose sharply, amplified in Europe by a surge in energy costs as Russia invaded Ukraine. Central banks belatedly recognised the threat to monetary credibility and raised interest rates dramatically, and by year-end money markets were pricing in policy rates that were back at levels we used to think of as normal but had not seen for over a decade. Tighter monetary policy, and Europe's worsened terms of trade, led to widespread expectations of a significant economic downturn. Against this backdrop, most capital markets did badly, but while stocks can be volatile at the best of times, it was the double-digit declines in many bond indices which were historically remarkable.

The signs are set for growth

Following the acquisition of Banque Paris Bertrand in 2021, which consolidated our position in the French-speaking market in particular, in 2022, we focused on strengthening our presence in Zurich by hiring a number of experienced relationship managers. The hires are supporting our clear growth strategy and will help us to better position our distinctive offering and significantly expand our client service capacity in German-speaking Switzerland.

In a natural progression for a Group with an already established Global Advisory presence in Israel, as well as strong historical family ties in the region, we announced in August the opening of a new representative office in Herzelia, part of the Tel Aviv metropolitan area. As a country with an extremely vibrant economy, where personal wealth is growing fast, Israel is a key

market for Rothschild & Co, with huge potential for our Wealth Management business.

Long-term commitment to our clients

Volatility was a defining feature of the markets in 2022. Higher interest rates, inflation at 40-year highs, the war in Ukraine, and fear of recession sent both equity and bond markets tumbling. Overall, client assets, either managed, custodied or administrated by the Bank, fell 10% year-on-year to CHF 49.6bn., mainly due to the strength of CHF against all major currencies and to negative market performance. The negative global market impact on our AuM of CHF 3.3bn, was partly offset by strong Net New Assets for the year of CHF 1.0bn, representing 3.5% of managed assets. Much of this came from new clients with a 9% increase in the number of accounts.

Both equities and fixed income assets suffered strong setbacks, with the bond market enduring its worst performance in several decades as Central Banks increased interest rates at an unprecedented pace to control a rapidly growing inflation. Despite those difficulties, our flagship balanced portfolios maintained a positive relative performance compared to our competitors. Our strategies in USD and EUR outperformed their peers, +1.19% and +0.95% respectively, while the CHF strategy performed in line with the competition. Our Mosaïque strategies have performed in line or better than our average competitors every year since their launch in 2017.

Over the past few years we strengthened our wealth business across Europe. In 2023, we will continue to support our growth ambitions by harmonizing our offering across our subsidiaries, extending our advisory offering to our new locations, growing our institutional capabilities, and developing adaptive strategies to seize market opportunities.

In recognition of the strength of our business as well as our commitment and dedication to our clients, we have been named Best HNW Team (International Clients) at the WealthBriefing Swiss Awards 2022.

Financial Results

We are pleased to report a consolidated net profit of CHF 33.3m for the full year. As a result of the acquisition of Banque

Pâris Bertrand in 2021, we continue to recognize structuring and goodwill amortization effects in our financial statements. Adjusting for these effects results in an underlying net profit of CHF 38.1m for 2022, representing an increase of 78% when compared with the prior year comparable results of CHF 21.4m.

The decisions of international Central Banks to exit the negative interest rate environment and significantly increase interest rates led to a healthy increase of our net interest income by 136.6% to reach CHF 55.5m for the full year. The commission income of CHF 117.7m has grown by 5.6% year-over-year.

In 2023, we will continue to support our growth ambitions (...)

Trading Operations income for the full year was CHF 19.7m, representing an increase by 13.3%, reflecting higher levels of client activity. Personnel related expenses have increased by 16.3%, reflecting our strategy to continue investing in key talents and the recognition of the full year effects from the acquisition in 2021. Also, general and administrative expenses have increased by 7.1%. The operating result for 2022 was up 73.0%, representing an operating margin of 23.4% on an underlying basis.

The balance sheet has contracted by 9.8% with total assets falling to CHF 4.9bn by the end of 2022. We continue to be fully committed providing clients with liquidity and mortgage facilities. Our Total Capital ratio is 24.1% (up 5.1% when compared to prior year) and the Liquidity Coverage Ratio stands at 129.8% (up 4% compared to prior year). Our Bank remains conservatively managed: well capitalized and with a high degree of liquidity.

The beginning of a new chapter

If we dare to look ahead to 2023, inflation does seem likely to continue to fall from the peaks seen in late 2022. Commodity prices, including European energy costs, have softened, and

wages – notwithstanding labour unrest in many countries – have not responded to the rise in inflation as they might have, suggesting that the much-feared “wage-price spiral” has not yet returned. This suggests that we may be close to the peak – or plateau perhaps – in interest rates, which in turn might offer reassurance on economic growth (which has not been as fragile as feared to begin with). We are cautiously optimistic that bond and stock markets can have a better year in 2023 than in 2022. As we see it, the most significant risks are geopolitical in nature – not just the ongoing trauma in Ukraine, but heightened US-China tensions over Taiwan, which have potentially profound implications.

We have received with great interest the news that Concordia, the holding company of the Rothschild family and the largest shareholder of Rothschild & Co, has announced on 6 February 2023 and confirmed on 13 February 2023 its intention to file a simplified tender offer for the Rothschild & Co shares it does not hold, aiming to create a fully private group. We agree with the Supervisory Board of Rothschild & Co that the private environment will provide great support for the successful development of the businesses of the Group. Together with my fellow directors, the members of the Executive Committee and all our dedicated and committed employees we are excited about the beginning of this new chapter and are looking forward to achieving new milestones in 2023 while continuing to serve our clients to the very best of our abilities.

Gary Powell

Chairman of the Board of Directors

Corporate Governance

Board of Directors

**Gary Alan
Powell**

**Chairman of the
Board of Directors**

Education

Master of Philosophy
King's College London

Master of Natural Sciences
University of Cambridge

Professional background

- Since 2022

Rothschild & Co
Deputy Head of Wealth & Asset Management, Member of the Rothschild & Co Group Executive Committee

- 2018–2022

Rothschild & Co Wealth Management
Chairman Wealth Management, Member of the Rothschild & Co Group Executive Committee

- 2012–2017

Rothschild & Co
Head of Group Strategy and Corporate Development,
Member of Group Management Committee

- 2007–2012

Rothschild Wealth Management, London
Head of UK Wealth Management, Global Co-Head of Private Clients

- 2006–2007

Rothschild Wealth Management, London
Finance Director

- 1994–2006

Rothschild Global Advisory, London
M&A advisor

- 1991–1994

Linklaters LLP, London
Solicitor

Christian De Prati

Member of the
Board of Directors¹

Education

Master and Ph.D. in Economics
University of Zurich

Professional background

- Since 2013
Corner Bank Group, Switzerland
Member of the Board & Audit Committee
- 2011–2019
Sterling Strategic Value Ltd, England
Supervisory Board Member
- Since 2011
Peach Property Group, Switzerland
Member of the Board of Directors
- 2007–2011
Bank of America Merrill Lynch, Switzerland
CEO & Country Head Switzerland
- 1998–2007
Merrill Lynch, Switzerland
Capital Market Group
- 1995–1998
Credit Suisse First Boston, Switzerland
Capital Market Group, China/HK
- 1992–1993
ETHZ – Institute Economic Research
Assistant Prof. Dr. Fritsch

¹Meets the criteria on independence according to FINMA circular 2017/1

Corporate Governance

Board of Directors

Serge Ledermann

Co-Deputy Chairman of
the Board of Directors¹

Education

Master of Arts and Economic Sciences

University of Lausanne, HEC School
for Business Management

International School for Banking Studies Geneva

Professional background

- Since 2016
1959 Advisors SA, Geneva
Consultant, independent director and financial expert
- 2015–2016
Banque J. Safra Sarasin, Geneva
Head of Asset Management, Member of the Executive Committee
- 201–2015
Retraite Populaires, Lausanne
Deputy Managing Director, Member of the Management Committee, responsible for the Management of Financial Assets and the Real Estate Division
- 2009–2012
Banque Heritage, Geneva
Partner, Member of the Management Committee,
Head of Asset Management
- 2001–2008
Lombard Odier Darier Hentsch & Cie, Geneva
Director, (as of 2002) Partner of the Private Holding,
Chairman of the LO Asset Management Executive Committee,
Investment Manager of Pension Fund
- 2001–1995
UPB Asset Management, Geneva
Founding Partner and Co-Head of Subsidiary dedicated to Institutional
Management
- 1988–1994
Lombard Odier & Cie, Geneva
Responsibilities included: Authorized Representative to Deputy Director, responsible for
Financial Analysis in Swiss Equities, Director of Subsidiary dedicated to the Investment
Bank, Manager of Swiss Equity Fund
- 1984–1988
Compagnie de Banque et d'Investissements, Geneva Financial Analyst and Fund
Manager
- 1981–1984
Union Bank of Switzerland, Zurich/New York/Geneva
Various positions within the Finance Division: trainee, internship

¹Meets the criteria on independence according
to FINMA circular 2017/1

François Pérol

Co-Deputy Chairman of
the Board of Directors

Education

Diplôme HEC
HEC School of Management

Certificat de Diplome
Paris Institute of Political Sciences
(Sciences Po Paris)

Ecole Nationale d'Administration (ENA)

Professional background

- Since 2018
Rothschild & Co
Managing Partner, Co-Chairman of the Rothschild & Co Group Executive Committee
- 2009–2018
Groupe BPCE, France
Chairman of the Management Board and CEO
- 2009
Groupe Caisse d'Epargne, France
Chairman of the Management Board,
Groupe Banque Populaire, France
CEO
- 2007–2009
Presidency of the French Republic, Paris
Deputy Secretary General
- 2005–2007
Rothschild & Cie, Paris
General Partner
- 2002–2004
Private Cabinet of the French Minister of Economy,
Finance and Industry, Paris
Deputy Head of the Private Cabinet
- 1994–2002
French Treasury
Ministry of Economy and Finance
- 1990–1994
General Inspection of Finances, Ministry of Economy and Finance

Corporate Governance

Board of Directors

Sipko
Schat

Member of the
Board of Directors

Education

Bachelor of Laws
University of Groningen, Netherlands

Professional background

- Since 2012

Rothschild & Co SCA
Member of the Supervisory Board, Chairman of the Risk Committee
and Member of the Audit Committee

- Since 2013

OCI NV
Vice Chairman
Chairman of Nomination and Remuneration Committee and Member
of Audit and Compliance Committee

- Since 2016

Trafigura Group Pte Ltd
Member of the Supervisory Committee

- 2014–2018

Vion NV
Chairman of the Supervisory Board and Member of the Remuneration
Committee

- 1985–2014

Rabobank Netherlands and International Responsibilities included: Member
of the Executive Board, Member of the Managing Board, Chairman of the Management
Team Wholesale, Global Head of Corporate Finance, Head of Structured Finance,
Senior Manager Structured Finance and Senior Corporate Lawyer

Rabobank Ireland Plc.
Head of Corporate Finance

- Since 2019

Randstad Beheer B.V.
Managing Director

Executive Committee

Laurent Gagnebin

Chief Executive Officer

Education

Executive Master of Business Administration,
Robert H. Smith School of Business,
University of Maryland

Bachelor of Business Administration,
GSBA Zurich

Bachelor of Science,
HES diploma of Ecole Hôtelière de Lausanne

Professional background

- Since 2011

Rothschild & Co Bank AG, Zurich
Chief Executive Officer (since 2016)

Member of the Rothschild & Co Group Executive Committee (since 2018)

Co-Head of Rothschild & Co Wealth Management (2016-2022)

Head of the Geneva office of Rothschild Bank AG, subsequently promoted to Head of the Front Office of Rothschild & Co Bank AG (2011-2018)

- 2009–2011

Investec Bank AG, Geneva
Head of Geneva Office, Senior Private Banker

- 2005–2009

Goldman Sachs Bank AG, Geneva
Executive Director

- 2002–2005

Quaker Securities, Nyon
Senior Vice President

Olivier Bertrand

Executive Vice Chair

Education

A.B.A.F. (Association Belge des Analystes
Financiers)

Ulg University
Master in Business Administration (MBA)

Hautes Etudes Commerciales (H.E.C.)
Licence en Sciences Commerciales et
Financières

Professional background

- Since 2021

Rothschild & Co Bank AG, Geneva
Executive Vice Chairman

- 2009–2021

Banque Paris Bertrand SA, Geneva
Founding Managing Partner
Vice CEO and Vice President of the Executive Board

- 2005–2009

UBS Wealth Management, Geneva
Managing Director, Head Key Clients Western Europe (2008)

- 2000–2005

Citigroup Private Bank, London/Geneva
Managing Director, General Market Manager Northern Europe (2004)
Managing Director, Vice-Head Investments Europe (2002)

- 1998–2000

Banque Degroof SA, Brussels
Fondé de Pouvoir Principal (1999)
Advisory Asset Manager (1998)

- 1993–1998

PriceWaterhouseCoopers (PWC), Brussels
Consulting - Manager

Corporate Governance

Executive Committee

Christian Bouet

Chief Financial Officer

Education

French Chartered Accountant

Master of Business Administration,
NEOMA Business School, Reims

Master of Science,
Ecole Spéciale des Travaux Publics (ESTP), Paris

Professional background

- Since 2013
Rothschild & Co Bank AG
Chief Financial Officer
- 2006–2013
ED&F Man Group, London,
Responsibilities included:
Chief Executive Officer ED&F Man Capital Markets (2010–2013),
Divisional Finance Director (2006–2010)
- 1989–2006
Credit Agricole Corporate & Investment Bank (CACIB),
Responsibilities included:
Chief Operating Officer Brokerage Division, London (1995–2006),
Financial Controller Asset Management Division, Paris (1989–1994)
- 1986–1989
Ernst & Young, Paris
Auditor

Gabriel Gascon

Head of Private Banking
Geneva

Education

Master in Finance
Dauphine University, Paris

Professional background

- Since 2012
Rothschild & Co Bank AG
Head of Private Banking Geneva (since 2017)
Team Head Swiss Onshore (2014–2017)
Client Adviser (2012–2014)
- 2009–2012
Credit Suisse, Geneva
Client Advisor
- 2007–2009
Pergam Advisory (EAM & PE), Geneva
Client Advisor
- 1999–2007
Rothschild & Co, Paris
Responsibilities included:
IT Analyst, Fund Manager and Junior Client Advisor

Juan Carlos Mejia Perez

Chief Investment Officer

Education

PhD and Master of Science in Interdisciplinary Mathematics, University of Warwick, Coventry

Bachelor of Science, Mathematics and Bachelor of Science, Actuarial Sciences, Universidad Nacional (UNAM), Mexico City

Professional background

- Since 2012
Rothschild & Co Bank AG
Chief Investment Officer (since 2015)
Senior Portfolio Manager (2012–2015)
- 2011–2012
Investec Bank, Zurich
Chief Investment Officer and Head of Portfolio Management
- 2005–2011
UBS Wealth Management
Responsibilities included:
Head of Asset Allocation for discretionary portfolios, Zurich, Head of Portfolio Strategy and Construction, Head of After Sales, Deputy Head of Investment Management, London
- 2000–2005
Goldman Sachs Intl., London
Responsibilities included:
Head of Tactical Asset Allocation Advisory and Equity Portfolio Strategy

Heinz Neshold

Head of Private Banking
Zurich

Education

KV Business School Zurich

Professional background

- Since 2007
Rothschild & Co Bank AG
Head of Private Banking Zurich
Head Market Group International (2011–2018)
Deputy Team Head Asia/Middle East (2007–2011)
Senior Client Adviser (2007–2011)
- 1999–2007
BHE, Bank Hofmann, Clariden Leu, Zurich
Team Head MG Middle East/International
- 1983–1999
ABN Amro, Zurich
Responsibilities included:
Team Head Asia, Head Sales, Head Foreign Exchange
- 1981–1983
S.G. Warburg Bank AG, Zurich
Foreign Exchange Trader/Treasury
- 1979–1981
Nordfinanz-Bank, Zurich, Foreign Exchange Trader

Corporate Governance

Executive Committee

Barbara
Ursprung

Head of Human Resources

Education

Secondary School, Schaffhausen

Professional background

- Since 2011
Rothschild & Co Bank AG
Head of Human Resources
Senior HR Manager, Team Head Human Resources (2014–2017)
Senior HR Business Partner (2011–2014)
Recruiter (2011)
- 1997–2011
RBS Coutts Bank Ltd, Zurich
Responsibilities included:
Head of HR Business Consulting, HR Business Consultant,
Area Human Resources Manager, Central Head Administration & Expats
- 1991–1997
Citibank (Switzerland) Ltd, Zurich
Responsibilities included:
Human Resources Assistant and Training Coordinator

Fiona
Wallace-Mason

Head of Compliance

Education

Executive M.B.L.-HSG in European and
International Business Law
University of St. Gallen

Master of Science (MSc.) Financial Regulation
and Compliance Management
London Metropolitan University School of Law

Postgraduate International Diploma
in Anti-Money Laundering, Financial Crime,
Banking
University of Manchester Business School

Bachelor of Arts (B.A. Hons)
Modern Languages University of East Anglia
Norwich

Professional background

- Since 2012
Rothschild & Co Bank AG
Head of Compliance/Regional Head of Financial Crime
- 2010–2012
Goldman Sachs Private Bank AG, Zurich and Geneva
Executive Director, Money Laundering Reporting Officer,
AML Compliance Officer
- 2005–2010
Goldman Sachs International, London
Responsibilities included: Executive Director, Anti-Money Laundering EMEA
Compliance Officer, Vice President, Anti-Money Laundering Global Client
On-Boarding Manager, Global Operations
- 2002–2005
Bayerische Hypo- und Vereinsbank, London
Client On-Boarding Documentation Officer
- 1998–2001
Credit Suisse First Boston Limited, London
Executive Assistant to International Head of Private Equity
- 1997–1998
Schroders Investment Management Limited, London
European Fund Management Team Funds Officer

Daniel Weber

Chief Operating Officer

Education

Advanced Executive Program, Swiss Finance Institute

Chartered Financial Analyst (CFA)

Bachelor of Science in Business Administration
HWW St. Gallen

Professional background

- Since 2008
Rothschild & Co Bank AG
Chief Operating Officer (since 2018)
Head Operations & Client Services (2017–2018)
Head Client Services (2013–2016)
Head Corporate Development (2008–2012)
- 2005–2008
Bank Julius Bär, Zurich, Product Manager Portfolio Advisory
- 1999–2004
UBS AG, New York, Investment Advisor & Product Specialist
- 1987–1999
UBS AG, Arbon, St. Gallen and Zurich
Various positions, with a focus on Investment Management

A Consolidated Balance Sheet

Assets

		31. 12. 2022	31. 12. 2021	Change	
	Notes	1000 CHF	1000 CHF	1000 CHF	%
Liquid assets		418,552	3,048,023	-2,629,471	-86.3
Amounts due from banks		214,268	233,500	-19,232	-8.2
Amounts due from customers	1	1,456,159	1,562,976	-106,818	-6.8
Mortgage loans	1	294,467	324,839	-30,371	-9.3
Trading portfolio assets	2	4,459	5,170	-711	-13.8
Positive replacement values of derivative financial instruments	3	257,860	93,916	163,944	174.6
Other financial instruments at fair value	2	70,635	96,299	-25,664	-26.7
Financial investments	4, 8	2,148,502	29,658	2,118,844	7,144.3
Accrued income and prepaid expenses		23,366	21,401	1,965	9.2
Non-consolidated participations	5, 6	68	68	0	0.5
Tangible fixed assets	6	17,715	21,899	-4,185	-19.1
Intangible fixed assets	6	63,482	70,951	-7,469	-10.5
Other assets	7	10,175	11,055	-882	-8.0
Total assets		4,979,708	5,519,755	-540,047	-9.8

Liabilities and shareholders' equity

		31. 12. 2022	31. 12. 2021	Change	
	Notes	1000 CHF	1000 CHF	1000 CHF	%
Amounts due to banks		1,383,955	1,025,476	358,479	35.0
Amounts due in respect of customer deposits		2,869,844	3,939,624	-1,069,780	-27.2
Negative replacement values of derivative financial instruments	3	288,457	114,663	173,794	151.6
Accrued expenses and deferred income		53,366	56,036	-2,670	-4.8
Other liabilities	7	24,812	37,661	-12,849	-34.1
Provisions	10	7,885	8,449	-564	-6.7
Reserves for general banking risks	10	7,000	7,000	-	-
Bank's capital		10,330	10,330	-	-
Capital reserve		24,871	24,871	-	-
of which tax-exempt capital contribution reserve		20,251	20,251	-	-
Statutory retained earnings reserve		5,165	5,165	-	-
Voluntary retained earnings reserves		270,733	198,407	72,326	36.5
Consolidated profit		33,290	92,073	-58,783	-63.8
Total liabilities		4,979,708	5,519,755	-540,047	-9.8

A Consolidated Off-Balance Sheet Transactions

	Notes	31.12.2022 1000 CHF	31.12.2021 1000 CHF	Change 1000 CHF	%
Contingent liabilities	1, 18	168,073	51,859	116,214	224.1
Irrevocable commitments	1, 19	451,673	351,858	99,815	28.4
Revocable commitments	1, 19	6,714	7,213	-499	-6.9

Irrevocable commitments mainly represent commitments to third party funds where the Bank acts as nominee on behalf of its clients.

Revocable commitments mainly represent the sum of the unused credit limits where the Bank "soft" committed credit limits to clients. Soft commitment means that either the bank or the client have the right to terminate the facility at any time.

B Consolidated Income Statement

	Notes	2022 1000 CHF	2021 1000 CHF	Change 1000 CHF	%
Interest and discount income		131,879	48,990	82,889	169.2
Interest and dividend income from financial investments		3,702	-170	3,872	-2,277.6
Interest expense		-80,078	-25,366	-54,712	215.7
Subtotal net result from interest operations	23	55,503	23,454	32,049	136.6
Commission income from securities trading and investment activities		120,549	113,646	6,903	6.1
Commission income from lending activities		450	881	-431	-48.9
Commission income from other services		4,865	3,268	1,597	48.9
Commission expense		-8,199	-6,332	-1,867	29.5
Subtotal result from commission business and services	27	117,665	111,463	6,202	5.6
Results from trading operations and the fair value option	22, 27	19,663	17,353	2,310	13.3
Income from non-consolidated participations		248	158	90	57.0
Result from real estate		480	1,271	-791	-62.2
Other ordinary income		11,110	12,328	-1,218	-9.9
Total income	27	204,669	166,027	38,642	23.3
Personnel expenses	11, 24, 27	-111,921	-96,256	-15,665	16.3
General and administrative expenses	25, 27	-35,076	-32,765	-2,311	7.1
Subtotal operating expenses	27	-146,997	-129,021	-17,976	13.9
Gross profit	27	57,672	37,006	20,666	55.8
Value adjustments on participations and depreciation and amortisation of tangible fixed assets	6	-15,831	-12,340	-3,491	28.3
Changes to provisions and other value adjustments, and losses	10	-1,446	-738	-708	95.9
Operating result		40,395	23,928	16,467	68.8
Extraordinary income	26	3,333	74,325	-70,992	-95.5
Extraordinary expenses	26	-	-	-	
Taxation	28	-10,438	-6,180	-4,258	68.9
Consolidated profit/loss		33,290	92,073	-58,783	-63.8
of which minority interest in consolidated net profit		-	-	-	

Other extraordinary income in 2022 comes from the reduction of the deferred purchase price in connection with a business combination. Extraordinary income in 2021 represents the gain on sale of a subsidiary to Rothschild & Co Continuation Holdings AG.

B Consolidated Statement of Cash Flows

	31. 12. 2022		31. 12. 2021	
	Cash in-flow	Cash out-flow	Cash in-flow	Cash out-flow
Cash flow from operating activities				
Result of the period	33,290	-	92,073	-
Change in reserves for general banking risks	-	-	-	-
Change in capital reserves	-	-	20,251	-
Depreciation and amortisation of tangible fixed assets	8,362	-	8,603	-
Depreciation and amortisation of intangible fixed assets	7,469	-	3,734	-
Provisions and other value adjustments	1,029	-	659	-
Accrued income and prepaid expenses	-	1,965	-	9,487
Accrued expenses and deferred income	-	2,669	14,620	-
Previous year's dividend	-	18,970	-	17,322
Total Cash flow from operating activities	50,150	23,604	139,940	26,809
Cash flow from transactions in respect of participations and tangible and intangible fixed assets				
Non-consolidated participations	-	3	-	-
Real estate	-	-	-	-
Tangible fixed assets	-	4,229	-	4,789
Intangible fixed assets	-	-	-	74,685
Total Cash flow from transactions in respect of participations and tangible fixed assets	-	4,232	-	79,474
Cash flow from banking operations				
Medium and long-term business (> 1 year):				
Amounts due to banks	45	-	-	-
Amounts due in respect of customer deposits	-	-	-	-
Amounts due from banks	-	-	-	-
Amounts due from customers	-	11,571	657	-
Mortgage loans	88,608	-	-	4,484
Financial investments	-	62,094	-450	16,911
Provisions and other value adjustments	-	1,593	-	1,042
Short-term business:				
Amounts due to banks	358,434	-	180,719	-
Amounts due in respect of customer deposits	-	1,069,780	366,661	-
Negative replacement values of derivative financial instruments	173,794	-	-	57,960
Other liabilities	-	12,850	25,409	-
Amounts due from banks	19,232	-	-	54,105
Amounts due from customers	118,388	-	-	535,164
Mortgage loans	-	58,237	-	24,090
Trading portfolio assets	714	-	-	2,340
Positive replacement values of derivative financial instruments	-	163,944	47,243	-
Other assets	882	-	49	-
Other financial instruments at fair value	25,664	-	3,379	-
Financial investments	-	2,057,476	7,849	-
Liquidity:				
Liquid assets	2,629,470	-	30,923	-
Total	3,465,381	3,465,381	802,379	802,379

B Consolidated Statements of Changes in Equity

Statement of Changes in Equity

	Bank's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Minority interests	Result of the period	Total
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Equity at 01.01.2022	10,330	24,871	203,572	7,000	-	92,073	337,846
Transfer of profits to retained earnings	-	-	92,073	-	-	-92,073	-
Currency translation differences	-	-	-993	-	-	-	-993
Dividends and other distributions	-	-	-18,969	-	-	-	-18,969
Employee Compensation Plans	-	-	215	-	-	-	215
Other contributions/other capital paid in	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-
Disposal of own shares	-	-	-	-	-	-	-
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-	-	-	-
Consolidated profit (result of the period)	-	-	-	-	-	33,290	33,290
Equity at 31.12.2022	10,330	24,871	275,898	7,000	-	33,290	351,389

C Notes to the Consolidated Financial Statements

Information on the Balance Sheet

1 Presentation of collateral for loans / receivables and off-balance-sheet transactions

		Mortgage collateral	Other collateral	Without collateral	Total
		1000 CHF	1000 CHF	1000 CHF	1000 CHF
Amounts due from customers		-	1,230,252	225,907	1,456,159
Mortgage loans (residential property)		294,467	-	-	294,467
Total loans	Current year	294,467	1,230,252	225,907	1,750,626
	Previous year	324,839	1,358,808	204,168	1,887,815
Contingent liabilities		-	168,073	-	168,073
Irrevocable commitments		-	448,166	3,507	451,673
Revocable commitments		-	6,714	-	6,714
Total off-balance sheet transactions	Current year	-	622,953	3,507	626,460
	Previous year	-	407,363	3,567	410,930

Impaired loans / receivables

		Gross debt amount	Estimated realisable value of collateral	Net debt amount	Individual provisions
		1000 CHF	1000 CHF	1000 CHF	1000 CHF
Total bad and doubtful debts	Current year	-	-	-	-
	Previous year	45,065	45,065	-	-

Irrevocable commitments mainly represent commitments to third party funds where the Bank acts as nominee on behalf of its clients.

Irrevocable commitments without collateral mainly comprise credit lines extended to entities within the Rothschild & Co group and the commitment to the Swiss deposit protection scheme.

2 Breakdown of trading portfolios and other financial instruments at fair value

	31.12.2022	31.12.2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Equity securities	2,472	2,793	-321	-11.5
Other financial instruments at fair value	1,987	2,377	-390	-16.4
Precious metals	70,635	96,299	-25,664	-26.7
Total	75,094	101,469	-26,375	-26.0

There were no trading portfolio liabilities in the current or previous year.

C Notes to the Consolidated Financial Statements

3 Presentation of derivative financial instruments (assets and liabilities)

		Trading instruments		
		Replacement value		Contract volume
		positive	negative	
		1000 CHF	1000 CHF	1000 CHF
Foreign exchange / precious metals		287,362	317,960	12,832,278
Forward contracts		50,328	225,368	4,040,040
Interest rate / currency swaps		235,413	90,989	8,465,255
Options (OTC)		1,621	1,603	326,983
Total before consideration of netting contracts	Current year	287,362	317,960	12,832,278
	Previous year	93,916	114,663	14,845,144
Total after consideration of netting contracts	Current year	257,860	288,457	-
	Previous year	70,988	91,735	-

There were no hedging instruments open and no netting applied at the previous business year-end.

Analysis of counterparties of derivative instruments

		Banks and securities dealers	Other customers	Total
		1000 CHF	1000 CHF	1000 CHF
		Positive replacement values	Current year	244,662
	Previous year	68,502	2,486	70,988

4 Financial investments

	Book value		Fair value	
	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Debt securities	2,148,502	29,658	2,146,814	30,322
of which, intended to be held to maturity	2,148,502	29,658	2,146,814	30,322
Total financial investments	2,148,502	29,658	2,146,814	30,322
of which, securities eligible for repo transactions in accordance with liquidity requirements	2,061,113	-	2,061,220	-

Counterparties by rating

	AA-	A	A+	AA	AAA	Unrated	Total
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Book values	-	9,004	5,072	27,605	263,884	1,842,937	2,148,502
Previous year	7,437	5,473	3,145	8,345	5,258	-	29,658

Counterparties are rated according to S&P ratings. Unrated instruments consist exclusively of fixed-income instruments issued by the Swiss National Bank.

5 Participations

Consolidated companies in which the Bank holds a permanent direct or indirect significant participation

Company name	Domicile	Business activity	Company capital in 1000	Share of capital in %	Share of votes in %
Rothschild & Co Bank AG	Zurich	Bank	10,330 CHF	-	-
Rothschild & Co Vermögensverwaltung GmbH	Frankfurt	Asset management	250 EUR	100.0	100.0
RothschildCo Wealth Management Spain A.V, SA (Madrid)	Madrid	Asset management	3,300 EUR	100.0	100.0
Rothschild & Co Wealth Management (Europe) S.A	Luxembourg	Asset management	1,000 EUR	100.0	100.0
Hermance Capital Management SARL (Luxembourg)	Luxembourg	Investment company	12,5 EUR	100.0	100.0
Pâris Bertrand Holding SA (Geneva)	Geneva	Holding Company	5,166 CHF	100.0	100.0
Holding Pâris Bertrand (Geneva)	Geneva	Holding Company	6,000 CHF	100.0	100.0
Rothschild & Co Wealth Management Israel (R&COWMI) Ltd.	Tel Aviv	Asset management	0 CHF	100.0	100.0

C Notes to the Consolidated Financial Statements

Non-consolidated participations

	31.12.2022	31.12.2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Non-consolidated participations without market value	68	68	-	-
Total non-consolidated participations	68	68	-	-

6 Presentation of participations, tangible and intangible fixed assets

	Current year						
	Acquisition cost	Accumulated depreciation	Book value Previous year end	Additions	Disposals / Forex impact	Depreciation / Valuation adjustments	Book value current year
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Non-consolidated participations	68	-	68	-	-	-	68
Total non-consolidated participations	68	-	68	-	-	-	68
Bank buildings	46,663	37,691	8,972	19	3	16	8,972
Outfitting costs	6,986	6,154	832	155	-	405	582
Proprietary or separately acquired software	17,696	5,811	11,885	4,042	46	7,908	7,973
Other tangible fixed assets	229	19	210	11	-	33	188
Total tangible fixed assets	71,574	49,675	21,899	4,227	49	8,362	17,715

Intangible Assets

	Current year						Book value current year
	Cost Value	Accumulated amortisation	Book value Previous year end	Additions	Disposals	Amortisation	
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	
Goodwill	74,685	3,734	70,951	-	-	7,469	63,482
Total intangible assets	74,685	3,734	70,951	-	-	7,469	63,482

The Bank merged with Banque Pâris Bertrand SA on 1 July 2021. The merger was accounted for using the acquisition method. The difference between purchase price and net asset values was recognized as goodwill.

7 Other assets and other liabilities

	Other assets		Other liabilities	
	31. 12. 2022 1000 CHF	31. 12. 2021 1000 CHF	31. 12. 2022 1000 CHF	31. 12. 2021 1000 CHF
Salary debtor and creditor accounts	275	3,992	–	–
Employer contribution reserves	598	–	–	–
Balances arising from internal bank business operations	5,974	6,705	22,217	34,701
Value added tax and withholding tax	1,340	114	1,976	1,656
Current tax assets and liabilities	1,988	244	619	1,304
Total	10,175	11,055	24,812	37,661

8 Assets pledged or assigned to secure own commitments

	31. 12. 2022		31. 12. 2021	
	Book values 1000 CHF	Effective commitments 1000 CHF	Book values 1000 CHF	Effective commitments 1000 CHF
Amounts due from banks	97,035	97,035	31,652	31,652
Financial investments	77,500	77,500	29,658	29,658
Total	174,535	174,535	61,310	61,310

There were no assets under reservation of ownership during the current or previous year.

C Notes to the Consolidated Financial Statements

9 Disclosures on the economic situation of own pension schemes

	31.12.2022	31.12.2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Liabilities to own pension plans	17,756	16,225	1,531	9.4

Employer's contribution reserves (ECR)

	Nominal value	Waiver of use	Creation	Net amount	Net amount	Influence of ECR on personnel expenses	Influence of ECR on personnel expenses
1000 CHF	31.12.2022	31.12.2022	2022	31.12.2022	31.12.2021	2022	2021
Personnel Foundation	598	-	-	598	598	-	-

Presentation of the economic benefit/obligation and the pension expenses

	Overfunding/underfunding	Economic interest of bank		Change in economic interest	Contributions paid	Pension expenses in personnel expenses	Pension expenses in personnel expenses
1000 CHF	31.12.2022	31.12.2022	31.12.2021	2022	2022	2022	2021
Pension plans with overfunding	-	-	-	-	11,331	11,331	8,875

All employees of Rothschild & Co 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.

The disclosure for the year 2022 is based on the annual accounts of the Swiss pension schemes as of 31.12.2022.

10 Provisions, reserves for general banking risks

	Previous year end	Use in conformity with designated purpose	Currency differences	New creations charged to income	Releases to income	Balance at current year end
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Provisions for deferred taxes	-	-	-	-	-	-
Provisions for pension benefit obligations	-	-	-	-	-	-
Provisions for other business risks	8,449	-1,593	-349	4,448	-3,070	7,885
Provisions for restructuring	-	-	-	-	-	-
Total provisions	8,449	-1,593	-349	4,448	-3,070	7,885
Reserves for general banking risks	7,000	-	-	-	-	7,000

There continue to be a number of regulatory developments and inquiries in the financial services industry and the Swiss private banking sector that may impact the Bank. The directors believe that the level of provisions made in these accounts for client litigation, legal and other costs is sufficient for any potential or actual proceedings or claims which are likely to have a material impact on the Bank's financial statements, where, based on information available at the reporting date, an outflow of resources will be required and the amount can be reliably estimated. The group built a provision based on reasonable estimates for one new case during the year. Based on further developments, the estimated value of the liability could change in 2023.

11 Number and value of equity securities or options on equity securities held by all executives and directors and by employees

	Equity securities Number		Equity securities Value in 1000 CHF		Options Number		Options Value in 1000 CHF	
	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
Members of the board of directors	-	944	-	39	-	-	-	-
Members of executive bodies	40,399	48,130	1,491	2,013	60,000	101,000	222	343
Employees	667	763	25	32	40,000	40,000	165	165
Total	41,066	49,837	1,516	2,084	100,000	141,000	387	508

Equity securities are the publicly listed securities of Rothschild & Co, the ultimate parent company.

The Bank participates in long-term profit share schemes for the benefit of employees. The costs of such schemes are recognised in the income statement over the period in which the services are rendered that give rise to the obligation. Where the payment of profit share is deferred until the end of a specified vesting period, the deferred amount is recognised in the income statement over the period up to the date of vesting.

Under the equity schemes, senior management of the Rothschild & Co group were required to invest in Rothschild & Co shares and received four options for each share invested. Shares invested are subject to a four-year lock-up period, and the share options granted are subject to a vesting period before exercise. The value of the options reported is the intrinsic value at the year end closing.

Under the 2019, 2020 and 2021 share plans, employees who have variable compensation which attracts deferrals / retentions and the delivery of non-cash incentives accordingly, as determined by Group Human Resources, were awarded 15 percent of their variable compensation as non-cash instruments. These shares are subject to a lock-up period and vest in three to five tranches over the three to five years following, respectively.

C Notes to the Consolidated Financial Statements

12 Disclosure of amounts due from and due to related parties

	Amounts due to		Amounts due from	
	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
Holders of qualified participations	19,013	104,166	172,994	176,487
Linked companies	1,587,729	1,203,883	89,070	34,931
Transactions with members of governing bodies	395	-	617	-
Total	1,607,137	1,308,049	262,681	211,418

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.

13 Maturity structure of current assets, financial investments and liabilities

	At sight	Redeem-able by notice	Maturity within 3 months	Maturity within 3- 12 months	Maturity within 1-5 years	Maturity after 5 years	Total 31. 12. 2022
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Liquid assets	418,552	-	-	-	-	-	418,552
Amounts due from banks	214,268	-	-	-	-	-	214,268
Amounts due from customers	10,316	-	1,091,548	340,286	14,009	-	1,456,159
Mortgage loans	-	-	52,047	76,007	161,259	5,154	294,467
Trading portfolio assets	4,459	-	-	-	-	-	4,459
Positive replacement values of derivative financial instruments	-	-	232,553	24,714	593	-	257,860
Other financial instruments at fair value	70,635	-	-	-	-	-	70,635
Financial investments	-	-	1,793,910	269,795	84,797	-	2,148,502
Total assets/ financial investments	718,230	-	3,170,058	710,802	260,658	5,154	4,864,902
Previous year	3,444,659	-	1,099,847	568,478	276,211	5,186	5,394,381
	-	-	-	-	-	-	-
Amounts due to banks	1,265,041	-	118,256	613	45	-	1,383,955
Amounts due in respect of customer deposits	2,624,347	-	244,497	1,000	-	-	2,869,844
Negative replacement values of derivative financial instruments	-	-	259,499	28,952	6	-	288,457
Total debt capital/ financial investments	3,889,388	-	622,252	30,565	51	-	4,542,256
Previous year	4,723,542	-	290,689	65,526	6	-	5,079,763

14 Assets and liabilities by domestic and foreign origin

	31.12.2022			31.12.2021		
	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF
Assets						
Liquid assets	418,552	–	418,552	3,048,023	–	3,048,023
Amounts due from banks	34,226	180,042	214,268	101,888	131,612	233,500
Amounts due from customers	333,850	1,122,309	1,456,159	284,038	1,278,938	1,562,976
Mortgage loans	111,888	182,579	294,467	88,155	236,684	324,839
Trading portfolio assets	1,920	2,539	4,459	14	5,156	5,170
Positive replacement values of derivative financial instruments	35,795	222,065	257,860	8,125	85,791	93,916
Other financial instruments at fair value	70,635	–	70,635	96,299	–	96,299
Financial investments	2,042,754	105,748	2,148,502	–	29,658	29,658
Accrued income and prepaid expenses	13,743	9,623	23,366	13,626	7,775	21,401
Participations	68	–	68	68	–	68
Tangible fixed assets	16,951	764	17,715	21,238	661	21,899
Intangible assets	63,482	–	63,482	70,951	–	70,951
Other assets	7,877	2,298	10,175	9,500	1,555	11,055
Total assets	3,151,741	1,827,967	4,979,708	3,741,925	1,777,830	5,519,755
Liabilities						
Amounts due to banks	61,765	1,322,190	1,383,955	31,897	993,579	1,025,476
Amounts due in respect of customer deposits	612,709	2,257,135	2,869,844	746,163	3,193,461	3,939,624
Negative replacement values of derivative financial instruments	10,770	277,687	288,457	52,431	62,232	114,663
Accrued expenses and deferred income	44,810	8,556	53,366	50,270	5,766	56,036
Other liabilities	17,557	7,255	24,812	34,605	3,056	37,661
Provisions	7,687	198	7,885	8,242	207	8,449
Reserves for general banking risks	7,000	–	7,000	7,000	–	7,000
Bank's capital	10,330	–	10,330	10,330	–	10,330
Capital reserve	24,871	–	24,871	24,871	–	24,871
Retained earnings reserve	275,898	–	275,898	203,572	–	203,572
Profit/loss (result of the period)	33,290	–	33,290	92,073	–	92,073
Total liabilities	1,106,687	3,873,021	4,979,708	1,261,454	4,258,301	5,519,755

C Notes to the Consolidated Financial Statements

15 Total assets by group of countries

	31.12.2022		31.12.2021	
	1000 CHF	Share in %	1000 CHF	Share in %
Europe	4,619,857	92.8	5,066,430	91.8
America	182,322	3.7	257,120	4.7
Asia, Australia, New Zealand	173,750	3.5	173,848	3.1
Other	3,779	0.1	22,357	0.4
Total	4,979,708	100.0	5,519,755	100.0

16 Breakdown of assets by credit rating of country group

Bank's own country rating	Moody's	31.12.2022		31.12.2021	
		Net foreign exposure		Net foreign exposure	
		1000 CHF	Share in %	1000 CHF	Share in %
1	A	118,547	6.7	22,493	1.4
2	Aa	566,461	31.8	440,030	28.3
3	Aaa	863,247	48.5	840,724	54.1
4	B	31,764	1.8	43,430	2.8
5	Ba	20,029	1.1	10,336	0.7
6	Baa	86,658	4.9	112,026	7.2
7	Caa and below	94,210	5.3	83,640	5.4
Total	Total	1,780,916	100.0	1,552,679	100.0

17 Balance sheet by currency in 1000 CHF

	CHF	EUR	USD	GBP	Other	Total 31.12.2022
Assets						
Liquid assets	418,219	204	60	47	22	418,552
Amounts due from banks	35,747	82,671	77,780	9,009	9,061	214,268
Amounts due from customers	220,539	1,003,827	140,546	70,104	21,143	1,456,159
Mortgage loans	111,888	-	-	182,579	-	294,467
Trading portfolio assets	2,004	215	2,237	3	-	4,459
Positive replacement values of derivative financial instruments	257,190	298	-	372	-	257,860
Other financial instruments at fair value	-	-	-	-	70,635	70,635
Financial investments	2,042,754	41,682	64,066	-	-	2,148,502
Accrued income and prepaid expenses	16,792	3,005	2,004	835	730	23,366
Participations	68	-	-	-	-	68
Tangible fixed assets	16,951	764	-	-	-	17,715
Intangible assets	63,482	-	-	-	-	63,482
Other assets	6,254	2,265	1,564	-	92	10,175
Total assets shown in balance sheet	3,191,888	1,134,931	288,257	262,949	101,683	4,979,708
Delivery entitlements from spot exchange, forward forex and forex options transactions	446,348	2,437,516	6,240,175	4,128,526	638,022	13,890,587
Total assets	3,638,236	3,572,447	6,528,432	4,391,475	739,705	18,870,295
Liabilities						
Amounts due to banks	50,911	277,285	852,886	181,918	20,955	1,383,955
Amounts due in respect of customer deposits	479,430	1,050,741	908,850	301,733	129,090	2,869,844
Negative replacement values of derivative financial instruments	288,457	-	-	-	-	288,457
Accrued expenses and deferred income	44,582	7,338	433	581	432	53,366
Other liabilities	15,959	6,585	252	1,933	83	24,812
Provisions	7,674	198	-	13	-	7,885
Reserves for general banking risks	7,000	-	-	-	-	7,000
Bank's capital	10,330	-	-	-	-	10,330
Capital reserve	24,871	-	-	-	-	24,871
Statutory retained earnings reserve	5,165	-	-	-	-	5,165
Voluntary retained earnings reserves	270,733	-	-	-	-	270,733
Minority interest in equity	-	-	-	-	-	-
Profit/loss (result of the period)	33,290	-	-	-	-	33,290
Total liabilities shown in balance sheet	1,238,402	1,342,147	1,762,421	486,178	150,560	4,979,708
Delivery obligations from spot exchange, forward forex and forex options transactions	2,423,641	2,221,752	4,780,215	3,909,628	586,651	13,921,887
Total liabilities	3,662,043	3,563,899	6,542,636	4,395,806	737,211	18,901,595
Net position per currency	-23,807	8,549	-14,203	-4,331	2,495	-31,297

C Notes to the Consolidated Financial Statements

Information on Off-Balance Sheet Transactions

18 Analysis of contingent liabilities

	31.12.2022	31.12.2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Guarantees to secure credits	168,073	51,859	116,214	224.1

19 Credit commitments

	31.12.2022	31.12.2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Commitment to the Swiss deposit guarantee scheme	2,449	2,332	117	5.0
Committed credit facilities	1,059	1,062	-3	-0.3
Credit commitments for private equity subscriptions	448,165	348,464	99,701	28.6
Revocable commitments	6,714	7,213	-499	-6.9
Total	458,387	359,071	99,316	27.7

Irrevocable commitments mainly represent commitments to third party funds where the Bank acts as nominee on behalf of its clients.

20 Fiduciary transactions

	31.12.2022	31.12.2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Fiduciary investments with third-party companies	1,337,440	543,862	793,578	145.9
Fiduciary investments with linked companies	1,028,516	272,377	756,139	277.6
Total	2,365,956	816,239	1,549,717	189.9

Information on Off-Balance Sheet Transactions

21 Managed and administered assets

	31. 12. 2022 CHF Mio.	31. 12. 2021 CHF Mio.	Change	
			CHF Mio.	%
Managed assets				
Assets in collective investment schemes managed by the Bank	2,443	3,061	-618	-20.2
Assets under discretionary asset management mandates	13,220	14,569	-1,349	-9.3
Other managed assets (incl. Assets under Custody)	13,387	13,746	-359	-2.6
Total managed assets (including double counting)	29,050	31,376	-2,326	-7.4
of which, double counting	1,787	2,346	-559	-23.8
Total managed assets (including double counting) at the beginning of the year	31,376	21,548	9,828	45.6
+/- net new money inflow or net new money outflow	1,013	2,017	-1,004	-49.8
+/- price gains/losses, interest, dividend and currency gains/losses, and other effects	-3,339	632	-3,971	-628.3
+/- other effects	-	7,179	-7,179	-100.0
Total managed assets (including double counting) at the end of the year	29,050	31,376	-2,326	-7.4
Custody assets	845	1,272	-427	-33.6
Total assets (including double counting)	29,895	32,648	-2,753	-8.4

Other effects in 2021 mainly contain the CHF 6.9bn AuM increase from the acquisition of Pâris Bertrand during 2021.

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

Administered 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.

	31. 12. 2022 CHF Mio.	31. 12. 2021 CHF Mio.	Change	
			CHF Mio.	%
Total managed assets (including double counting) at the end of the year	29,895	32,648	-2,753	-8.4
Administered assets				
Assets administered for or on behalf of affiliated companies on behalf of the Rothschild & Co Group	18,550	20,289	-1,739	-8.6
External advisory assets	1,203	1,172	31	2.6
Group and pension assets	-	-	-	-
Total assets managed or administered by the Bank (excluding double counting)	49,648	54,109	-4,461	-8.2

C Notes to the Consolidated Financial Statements

Information on Off-Balance Sheet Transactions

22 Result from trading activities

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Equity securities (including funds)	-284	1,165	-1,449	-124.4
Foreign currencies	19,859	15,750	4,109	26.1
Commodities / precious metals	88	438	-350	-79.9
Total result from trading activities	19,663	17,353	2,310	13.3

23 Negative interest

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Negative interest paid	-11,618	-18,061	6,443	-35.7
Negative interest received	2,165	3,368	-1,203	-35.7

Negative interest paid in relation to cash management transactions and negative interest received due from client deposits denominated in the respective currency. The net interest income from borrowing activities increased by CHF 12.0m to CHF 29.7m in 2022.

24 Personnel expenses

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Salaries	-88,343	-77,692	-10,651	13.7
of which expenses relating to share-based compensation	91	-1,079	1,170	-108.4
Social insurance benefits	-16,926	-13,647	-3,279	24.0
Other personnel expenses	-6,652	-4,917	-1,735	35.3
Total personnel expenses	-111,921	-96,256	-15,665	16.3

25 General and administrative expenses

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Office space expenses	-2,796	-2,981	185	-6.2
Expenses for information and communications technology	-15,768	-16,461	693	-4.2
Expenses for vehicles, equipment, furniture and other fixtures	-1,827	-1,697	-130	7.7
Fees of audit firms	-1,051	-864	-187	21.6
of which for financial and regulatory audits	-984	-864	-120	13.9
Other operating expenses	-13,634	-10,762	-2,872	26.7
Total	-35,076	-32,765	-2,311	7.1

26 Extraordinary income and expense

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Other extraordinary income	3,333	74,325	-70,992	-95.5
Transactional tax expense related to prior year	-	-	-	
Other extraordinary expense	-	-	-	
Total	3,333	74,325	-70,992	-95.5

Other extraordinary income in 2022 comes from the reduction of the deferred purchase price in connection with a business combination. Extraordinary income in 2021 represents the gain on sale of a subsidiary to Rothschild & Co Continuation Holdings AG.

C Notes to the Consolidated Financial Statements

Information on Off-Balance Sheet Transactions

27 Operating result broken down according to domestic and foreign origin

	2022			2021		
	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF
Net result from interest operations	55,503	–	55,503	23,456	–2	23,454
Result from commission business and services	90,133	27,532	117,665	86,795	24,668	111,463
Results from trading operations and the fair value option	19,543	120	19,663	17,337	17	17,353
Other ordinary income and expenses	11,450	388	11,838	13,269	488	13,757
Total income	176,629	28,040	204,669	140,857	25,171	166,027
Personnel expenses	–94,014	–17,907	–111,921	–82,012	–14,246	–96,256
General and administrative expenses	–29,348	–5,728	–35,076	–27,971	–4,793	–32,765
Total operating expenses	–123,362	–23,635	–146,997	–109,983	–19,039	–129,021
Gross profit	53,267	4,405	57,672	30,874	6,132	37,006

28 Taxation

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Expenses for current taxes	–10,438	–6,180	–4,258	68.9
Total	–10,438	–6,180	–4,258	68.9
Average tax rate based on operating result	25.8	25.8		

29 Significant events after the balance sheet date

Concordia, the holding company of the Rothschild family and the largest shareholder of Rothschild & Co confirmed its intention on the 13 February 2023 to file a simplified tender offer for the Rothschild & Co shares at a price of €48 per share. Given that the exposure to the share price resulting from employee equity schemes is fully hedged, the intended transaction will not have a material financial impact on Rothschild & Co Bank AG.

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. As of January 1, 2020 FINMA implemented the circular 2020/1 and FINMA-AO which the bank has adopted accordingly.

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 Bank has the power, directly or indirectly, usually based on a participation of more than 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

Rothschild & Co Wealth Management Israel (R&COWMI) Ltd. was founded in 2022. The entity is fully owned by Rothschild & Co Bank AG.

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:

	2022		2021	
	Spot rate	Average rate	Spot rate	Average rate
EUR	0.9880	1.0012	1.0364	1.0790
GBP	1.1140	0.9798	1.2353	1.2575
USD	0.9248	0.9532	0.9132	0.9152

Liquid Assets, Amounts Due from and to Banks, and Amounts Due in Respect of Client Deposits

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

Amounts Due from Clients

Amounts due from clients 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 and in financial instruments at fair value are in principle stated at 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. Changes in the value of precious metals positions is shown in result from trading operations and the fair value option.

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.

D Consolidation, Accounting and Valuation Principles

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), ten years for goodwill, 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. Goodwill is reviewed for impairment at least annually. 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.

Derivative Instruments

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

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 the 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.

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 clients. 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.

E Notes on Risk Management

1. Risk Policy

A prudent approach to risk and active risk management are crucial to protect the reputation of the Bank and the wider Rothschild & Co group and are prerequisites for the sustained and long-term successful wealth management business of the Bank. The assumption of risk forms an integral part of the business activities of the Bank and is a key factor in the Bank's economic success. The Bank's risk policy, which is firmly integrated in its culture and embedded throughout the organisation, ensures that risks are identified and that an adequate control environment and appropriate mitigating measures are implemented to maintain the Bank's risk profile within the risk appetite defined by the Board of Directors.

To articulate its risk policy, the Board of Directors has issued Risk Regulations which are in line with the external regulations and the policies and procedures of the Rothschild & Co group. The Risk Regulations set out the basic principles and define the standards for the Bank's approach to risk management and risk control. The Risk Regulations also define the risk categories the Bank is exposed to and the associated risk appetite, together with the roles and responsibilities, organisational structure, methods and processes applied in the management and control of risks. The appropriateness of the Risk Regulations is reviewed at least annually by the Board of Directors.

1.1. Organisational Responsibilities and Risk Governance

Organisational responsibilities and authorisation powers relating to risk management and control have been defined as follows:

- The Board of Directors assumes the ultimate responsibility for the risks the Bank is exposed to
- The Executive Committee is responsible for the operational implementation of the risk policy and for the management and control of all risks
- The heads of the business and operational functions are responsible for managing their respective risks in accordance with the relevant guidelines and policies set out by the Executive Committee
- The Bank's Risk Department owns and maintains the risk management frameworks and is responsible for risk control. In the area of operational risks, the Legal and Compliance Department also plays a significant part in the control activities of the Bank.
- To fulfil its organisational responsibilities, the Bank has implemented a three lines of defence risk management model, delineating the key responsibilities for the business and control functions and internal audit to ensure that the Bank has a comprehensive and coherent approach to risk management:
 - 1st line: Business and operational functions assume risk ownership and the responsibility for conducting business activities within the approved risk appetite. The 1st line business functions are accountable for the risks incurred and for establishing effective first line controls and mitigating procedures to contain their risk profile.
 - 2nd line: Risk and Compliance functions, responsible for risk oversight, support the Executive Committee in establishing and maintaining an effective risk management framework and definition of risk appetite. The 2nd line of defence is also responsible for monitoring the risk profile and reporting instances where the risk profile exceeds defined risk appetite.
 - 3rd line: Internal Audit provides an independent view of adherence to guidelines and policies and reviews the risk management frameworks on a regular basis to identify and recommend areas for improvement as required.

2. Risk Categories

The Bank has in its Risk Regulations defined the following four risk categories: Credit Risk, Market Risk, Liquidity Risk and Operational Risk.

2.1. Credit Risk

Credit Risk describes the potential losses associated with the failure of clients and counterparties to honour their contractual obligations towards the Bank. A loss could materialise in particular when maturing loans or other financial obligations to the Bank are not repaid when due or if it becomes evident that the repayment is no longer secured. To mitigate this risk, loans and other credits are only granted with caution and based on sufficient securitisation. The Board of Directors has set Credit Risk limits for the different Credit classes. Except for a very limited number of small loans credits are only granted against collateral in the form of well diversified, liquid securities held in custody of the Bank and pledged in favour of the Bank under contractual agreements. The lending value of the collateral is determined in accordance with the capital adequacy requirements set out by the Basel Committee on Banking Supervision (Basel III). Lending values of the different classes of securities are defined in the internal Credit policy. The quality of the securities in terms of volatility, liquidity and tradability and the portfolio diversification are taken into consideration in the calculation of lending value.

The loanable values of the pledged assets, which are derived from market values, are compared daily to the loan commitments they secure. If coverage threatens to become insufficient, i.e. if the loan exposures exceed the lending value of the collateral pledged, the risk of credit loss is mitigated through margin calls and ultimately the liquidation of portfolio securities. The aim of these measures is to restore the security cover over the loan exposure either through the reduction of the exposure, by increasing the lending value or by obtaining additional collateral.

The Bank also participates in the funding of mortgages in the UK residential real estate market originated by other companies within the larger Rothschild & Co group. As a complementary service to its Wealth Management business, the Bank also provides mortgages in the Swiss residential real estate market. The maximum lending values assigned to such loans is 65%.

Credit exposures resulting from our lending businesses are reviewed by the Private Client Credit Committee on a quarterly basis. The concentration of risks on one client or counterparty or on one group of linked clients or counterparties is monitored and appropriate measures are taken to avoid the emergence of large exposures. Loans that are considered to be at risk, where the collectability of the debt is doubtful, are assessed individually and, where necessary, impairment provisions are taken against the exposure. As per 31.12.2022, no provisions for outright credit losses have been made. See also Note 1 of Parent financial statement.

E Notes on Risk Management

Counterparties are defined as banks or brokers with which the Bank trades or places cash deposits, 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. Counterparty exposures are monitored daily by the Risk Department and are reviewed regularly by the Bank's Treasury Committee, the Executive Committee and the Board of Directors.

Rothschild & Co Bank has both secured and unsecured exposures to these market counterparties. The secured positions result largely from the collateral management of margin obligations and margin calls, as well as collateralisation of OTC derivatives that are eligible for netting. The mitigation of the counterparty risk exposure relies on using cash as easily realisable collateral and is based on contractual netting and collateralisation agreements (ISDA/CSA).

Unsecured exposures mainly relate to money market transactions, nostro accounts and contractual independent amounts (threshold values and minimum transfer amounts) agreed with counterparties for the OTC derivatives margin exchange.

Settlement risks are significantly reduced through the use of Continuous Linked Settlement (CLS), where the Bank is a third party member, for cash settlement. For securities, trading over exchanges and settlement over established clearing houses effectively mitigate settlement risk.

2.2. Market Risk - Currency 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 Treasury and FX Dealing Department is responsible for managing the structure of the balance sheet, which includes monitoring and limiting of the interest rate and foreign exchange risk.

The policy of the Bank only permits open market risk positions to a small degree in relation to client business volumes and available capital. Besides these positions the Bank incurs some FX risk through its proprietary FX trading book. The Board of Directors have limited these positions to CHF 20m intraday and 12m overnight. Calculation of risk positions and monitoring of compliance with the limits are performed independently by the Risk Department on a daily basis.

To facilitate the securities settlement processes, the Bank has pledged a portfolio of high quality (including prime governmental) bonds with the clearing houses. The market risk these bonds are exposed to are mitigated by the fact that most of these bonds are of relatively short duration and issued by highly rated institutions or prime governmental institutions. The bonds are all denominated in Swiss Francs, Euro and US Dollar, with the FX exposure being mitigated by the fact that they have been purchased with liabilities in the same currency.

2.3. Market Risk - Interest Rate Risk

Interest rate risk arises through differences in the interest rate commitments on the assets- and liability-sides of the balance sheet and on off-balance sheet positions. The Bank buys and sells derivatives arising from client activities in order to manage market risks. Most of these transactions originate from currency swaps, whereby client deposits in foreign currencies are swapped into Swiss Francs for deposit with the Swiss National Bank. All such transactions are carried out within the guidelines defined by the Bank's Treasury Committee.

With very few exceptions, loans are generally extended with floating interest rates. The risk associated with the small proportion of loans with fixed interest rates is partially offset by means of Interest Rate Swaps. The Treasury Committee oversees interest rate risk and monitors the balance sheet structure. This exposure is contained within an overall limit for the aggregate interest rate risk and by sub-limits for each of the four major currencies. Further, the exposure is kept within these boundaries by the relatively short duration, up to 6 months, of the swaps positions.

Our measurement of interest rate risk is based on two models; 1) repricing of all assets and liabilities under a +/- 100Bp shift in interest rates, and 2) the IRRBB EVE model, introduced in 2019, which measures the impact in a percentage of Economic Value of Equity of six different interest rate curve stress scenarios, applied to assets and liabilities in the banking book, only.

The interest rate risk of the Bank measured by model 1 on a monthly basis, has remained within the limit set at CHF 15m. The IRRBB EVE has also been set within the internal limit at 11% of Tier 1 Capital.

2.4. Liquidity Risk

Liquidity risk is defined as the risk that the Group is not able to maintain or generate sufficient cash resources to meet its payment obligations as they fall due. Managing liquidity risk is therefore a crucial element in ensuring the future viability and prosperity of the Bank. The Treasury Department is also responsible for monitoring and managing the Bank's liquidity on a daily basis, and the Bank's liquidity risk management framework serves to ensure that sufficient liquidity is available to fulfil payment obligations even under stress scenarios. This liquidity risk management framework comprises a proprietary "liquidity gap" risk measurement system and the calculation of the two quantitative standards set out by the Basel Committee, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR, introduced 1.1.2018). In addition, the liquidity risk management framework comprises a contingency funding plan designed to manage potential liquidity shortfalls. This plan is reviewed and tested by the Treasury Committee annually.

The Bank's funding needs, largely resulting from its lending activities, are met by the Bank's equity and client deposits. In addition, the Bank maintains committed liquidity facilities with clearing institutions for the exceptional event that counterparties or clients do not meet their settlement obligations punctually.

Compliance with the liquidity rules as set out in the respective external and internal regulations are continually monitored by the Risk Department and are reported to the Treasury Committee, the Executive Committee and the Board of Directors. The measured regulatory parameters LCR and NSFR have been above the internal minimum limit set at 110% and 120% respectively throughout the year. Regulatory requirements for both ratios are 100%.

2.5. 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. This definition also comprises the risk of fraud, regulatory sanctions, breaches to information security and data protection obligations and the potential reputation damages associated with operational risk events. In accordance with regulatory requirements 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.

All business processes carry operational risks, which are either eliminated, mitigated, transferred or accepted based on cost / benefit considerations. Systematic assessments performed annually aim at identifying and assessing the operational risks in all important business processes in the Bank. These assessments also focus on data protection issues and business continuity management.

2.5.1. Qualitative assessment

The qualitative assessment of operational risks is performed by estimating the probability of the risk materializing into a loss incident and the potential loss this incident could possibly incur. This calculation provides a view on the inherent risk. Once the inherent risk level is established, an assessment of the existing controls and mitigating measures and their effectiveness is performed to determine the residual level of the risk. The residual risks are then considered in order to present the operational risk profile against the defined risk appetite. If the risk appetite limit is persistently exceeded, additional controls and risk mitigating measures are implemented.

2.5.2. Quantitative assessment

For the key operational risks quantitative measures in the form of Key Risk Indicators have been developed to measure and monitor the risk level. For each of these Key Risk Indicators, risk appetite limits have been determined and the risk level is measured against these on a regular basis.

2.5.3. Internal Control System (ICS)

All risks and associated controls recorded as a result of the annual risk review and assessment are documented in the Internal Control System database. Supported by an automated workflow tool, the ICS monitors the performance of all controls and that an assessment of the effectiveness of the controls is made on a regular basis. The ICS is reviewed at least once per year and is adapted and strengthened as necessary should the Bank's risk profile change or gaps in the control environment be detected.

2.5.4. Legal, regulatory and compliance related risks

Considered a subset of operational risks, legal and compliance risks are the risks associated with non-adherence to applicable laws and regulations in all jurisdictions the Bank operates, and the risk the Bank exposes itself to as a result of the violation of internal rules and policies. Non-enforceability of legal contracts and the Bank's inability to fulfil its contractual obligations also expose the Bank to legal risk.

As a Bank regulated by the Swiss financial market authority, the FINMA, Rothschild & Co Bank is subject to wide-ranging regulations and requirements issued by the regulator in Switzerland and in other jurisdictions the Bank and its subsidiary operate in.

In order to monitor and mitigate legal and regulatory risks, the Bank maintains a Legal and Compliance Department and has implemented the necessary structures and processes designed to increase the employees' awareness of the topic, including training sessions per year on topics such as Anti Money Laundering and Financial Crime. By means of these education sessions and a set of permanent controls, the Compliance department ensures that the Bank's business activities are conducted in accordance with the applicable regulations and the obligation of financial intermediaries to observe due diligence. The compliance risk management framework and compliance standards are reviewed regularly and will be updated should regulatory and legal developments necessitate adaptation.

Business and Services

Rothschild & Co Bank AG is an independent Swiss bank specializing 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 and secured lending.

The accounts are managed at the head office in Zurich, its branch in Geneva and within the German subsidiary Rothschild & Co Vermögensverwaltung GmbH in Frankfurt and Düsseldorf, the Spanish subsidiary RothschildCo Wealth Management Spain, A.V., S.A. and the Luxembourg entity Rothschild & Co Wealth Management (Europe) S.A.. In addition, Rothschild & Co Bank AG is represented through the worldwide network of the Roschild & Co group.

It has been the principle of Rothschild & Co for generations that clients and their needs are of the highest importance. This principle, together with the personal relationship between the client and the client adviser, 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 & Co 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 Roth-schild & Co group. An internal investment committee reviews their recommendations. To ensure an optimal allocation, the Bank utilises both third-party products as well as products developed by the Rothschild & Co group.

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 & Co Bank AG is a FINMA licensed securities dealer, member of the International Capital Market Association (ICMA), member of the International Swaps and Derivatives Association (ISDA), and a reporting member of the Swiss Stock Exchange.

Lombard Lending and Mortgage Lending

The Bank provides private client lending as part of its range of banking services. The lending activity includes Lombard loans, mortgages and other types of credit (such as guarantees) for private clients. The Lombard loans and other types of credit are secured against marketable securities, liquid collateral and other realisable assets. The amount of credit provided to clients is based on conservative criteria which depend on the quality and liquidity of the client's collateral. The mortgage lending is secured against residential property (owner occupied or for investment purposes) and is provided on a case-by-case basis.

Report of the Statutory Auditor on the Consolidated Financial Statements



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Report of the Statutory Auditor to the General Meeting of Rothschild & Co Bank AG, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rothschild & Co Bank AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (page 18 to 43).

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with the accounting rules for banks, securities firms, financial groups and conglomerates and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the Statutory Auditor on the Consolidated Financial Statements



Rothschild & Co Bank AG, Zurich
Report of the Statutory Auditor to the
General Meeting on the Consolidated
Financial Statements

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the accounting rules for banks, securities firms, financial groups and conglomerates and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Rothschild & Co Bank AG, Zurich
Report of the Statutory Auditor to the
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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 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

Adrian Walder
Licensed Audit Expert
Auditor in Charge

Mirko Liberto
Licensed Audit Expert

Zurich, 20 February 2023

Capital Adequacy and Liquidity

Regulatory Key Figures

	31. 12. 2022	30. 9. 2022	30. 6. 2022	31. 3. 2022	31. 12. 2021
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Available capital (amounts)					
Common Equity Tier 1 (CET1)	254,617				247,255
Tier 1	254,617				247,255
Total capital	254,617				247,255
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	1,054,617				1,298,006
Minimum capital requirements (CHF)	84,369				103,840
Risk-based capital ratios (as a percentage % of RWA)					
CET1 ratio (%)	24.14 %				19.05 %
T1 ratio (%)	24.14 %				19.05 %
Total capital ratio (%)	24.14 %				19.05 %
Additional CET1 requirements (buffers) as a percentage of RWA					
Capital conservation buffer requirement according to Basel minimum requirements (%)	2.50 %				2.50 %
Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	2.50 %				2.50 %
CET1 available after meeting the bank's minimum capital requirements (%)	16.14 %				11.05 %
Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (CAO) (% of RWA)					
Capital conservation buffer according to CAO, Annex 8 (%)	3.20 %				3.20 %
Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.0846 %				0.0000 %
CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.48 %				7.40 %
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	9.08 %				9.00 %
Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	11.28 %				11.20 %
Basel III Leverage Ratio					
Total Basel III leverage ratio exposure measure (CHF)	5,337,663				5,730,398
Basel III Leverage Ratio	4.77 %				4.30 %
Liquidity Coverage Ratio					
Total HQLA	2,557,441	2,434,977	3,096,394	3,430,614	2,899,732
Total net cash outflow	1,970,713	1,952,465	2,427,463	2,696,194	2,305,999
Liquidity Coverage Ratio (LCR) (%)	129.77 %	124.71 %	127.56 %	127.24 %	125.75 %
Net Stable Funding Ratio					
Total available stable funding	2,079,676				2,806,533
Total required stable funding	1,253,897				1,271,088
Net Stable Funding Ratio (NSFR) (%)	165.86 %				220.80 %



Parent Company
Financial Statements of
Rothschild & Co Bank AG

A Balance Sheet

Assets

	Notes	31. 12. 2022 1000 CHF	31. 12. 2021 1000 CHF	Change 1000 CHF	%
Liquid assets		418,553	3,048,023	-2,629,470	-86.3
Amounts due from banks		196,524	215,541	-19,017	-8.8
Amounts due from customers	1	1,370,974	1,478,082	-107,108	-7.2
Mortgage loans	1	294,467	324,839	-30,372	-9.3
Trading portfolio assets	2	4,378	5,089	-711	-14.0
Positive replacement values of derivative financial instruments	3	257,859	93,916	163,943	174.6
Other financial instruments at fair value	2	70,635	96,299	-25,664	-26.7
Financial investments	4	2,148,502	29,658	2,118,844	7,144.3
Accrued income and prepaid expenses		13,767	13,631	136	1.0
Participations		105,108	103,179	1,929	1.9
Tangible fixed assets		16,950	21,238	-4,288	-20.2
Other assets	5	10,687	13,619	-2,932	-21.5
Total assets		4,908,404	5,443,114	-534,710	-9.8

Liabilities and shareholders' equity

	Notes	31. 12. 2022 1000 CHF	31. 12. 2021 1000 CHF	Change 1000 CHF	%
Amounts due to banks		1,383,974	1,025,441	358,533	35.0
Amounts due in respect of customer deposits		2,873,277	3,942,910	-1,069,633	-27.1
Negative replacement values of derivative financial instruments	3	288,457	114,663	173,794	151.6
Accrued expenses and deferred income		45,490	49,321	-3,831	-7.8
Other liabilities	5	19,700	34,444	-14,744	-42.8
Provisions	8	7,687	8,242	-555	-6.7
Reserves for general banking risks	8	7,000	7,000	-	-
Bank's capital	9, 12	10,330	10,330	-	-
Capital reserve		20,251	20,251	-	-
of which tax-exempt capital contribution reserve		20,251	20,251	-	-
Statutory retained earnings reserve		5,165	5,165	-	-
Voluntary retained earnings reserves		206,593	206,378	215	0.1
Profit / loss		40,480	18,969	21,511	113.4
Total liabilities and shareholders' equity		4,908,404	5,443,114	-534,710	-9.8

A Off-Balance Sheet Transactions

	Note	31.12.2022 1000 CHF	31.12.2021 1000 CHF	Change	
				1000 CHF	%
Contingent liabilities	1	168,073	51,859	116,214	224.1
Irrevocable commitments	1	451,673	351,858	99,815	28.4
Revocable commitments	1	6,714	7,213	-499	-6.9

Irrevocable commitments mainly represent commitments to third party funds where the Bank acts as nominee on behalf of its clients.

Revocable commitments mainly represent the sum of the unused credit limits where the Bank "soft" committed credit limits to clients. Soft commitment means that either the bank or the client have the right to terminate the facility at any time.

B Income Statement

	Notes	2022 1000 CHF	2021 1000 CHF	Change 1000 CHF	%
Interest and discount income		130,532	48,676	81,856	168.2
Interest and dividend income from financial investments		3,702	-170	3,872	-2,277.6
Interest expense		-80,077	-25,375	-54,702	215.6
Subtotal net result from interest operations	18	54,157	23,131	31,026	134.1
Commission income from securities trading and investment activities		92,471	88,923	3,548	4.0
Commission income from lending activities		450	881	-431	-48.9
Commission income from other services		4,865	3,268	1,597	48.9
Commission expense		-7,653	-6,277	-1,376	21.9
Subtotal result from commission business and services		90,133	86,795	3,338	3.8
Results from trading operations and the fair value option	16	19,542	17,336	2,206	12.7
Income from participations		4,450	1,777	2,673	150.4
Result from real estate		480	1,271	-791	-62.2
Other ordinary income	17	9,424	11,840	-2,416	-20.4
Subtotal other result from ordinary activities		14,354	14,888	-534	-3.6
Total income		178,186	142,150	36,036	25.4
Personnel expenses	19	-94,047	-82,011	-12,036	14.7
General and administrative expenses	20	-29,073	-27,944	-1,129	4.0
Subtotal operating expenses		-123,120	-109,955	-13,165	12.0
Gross profit		55,066	32,195	22,871	71.0
Value adjustments on participations and depreciation and amortisation of tangible fixed assets		-8,222	-8,503	281	-3.3
Changes to provisions and other value adjustments, and losses		-1,378	-738	-640	86.7
Operating result		45,466	22,954	22,512	98.1
Extraordinary income	21	3,333	-	3,333	-
Extraordinary expenses	21	-	-	-	-
Taxes	22	-8,319	-3,985	-4,334	108.8
Profit/loss		40,480	18,969	21,511	113.4

Other extraordinary income in 2022 comes from the reduction of the deferred purchase price in connection with a business combination.

B Proposal of the Board of Directors to the Annual General Meeting

The following total amount is available for distribution:

	1000 CHF
Profit/loss	40,480
+ / – profit/loss carried forward	–
+ voluntary retained earnings	206,593
= distributable profit	247,073

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

Allocation to statutory retained earnings reserve	–
Allocation to voluntary retained earnings reserves	–
Distributions to shareholders	40,480
New amount carried forward	206,593

B Statement of Changes in Equity

Statement of Changes in Equity

	Bank's capital	Statutory capital reserve	Statutory retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings reserves and profit/loss carried forward	Result of the period	Total
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Equity at 01.01.2022	10,330	20,251	5,165	7,000	206,378	18,969	268,093
Transfer of profits to retained earnings	-	-	-	-	18,969	-18,969	-
Dividends and other distributions	-	-	-	-	-18,969	-	-18,969
Employee Compensation Plans	-	-	-	-	215	-	215
Other contributions/other capital paid in	-	-	-	-	-	-	-
Profit (result of the period)	-	-	-	-	-	40,480	40,480
Equity at 31.12.2022	10,330	20,251	5,165	7,000	206,593	40,480	289,819

C Notes to the Financial Statements

Information on the Balance Sheet

1 Presentation of collateral for loans / receivables and off-balance-sheet transactions

		Secured by mortgage	Other collateral	Unsecured	Total
		1000 CHF	1000 CHF	1000 CHF	1000 CHF
Amounts due from customers		-	1,238,673	132,301	1,370,974
Mortgage loans (residential property)		294,467	-	-	294,467
Total loans	Current year	294,467	1,238,673	132,301	1,665,441
	Previous year	324,839	1,358,808	119,274	1,802,921
Contingent liabilities		-	168,073	-	168,073
Irrevocable commitments		-	448,166	3,507	451,673
Revocable commitments		-	6,714	-	6,714
Total off-balance sheet transactions	Current year	-	622,953	3,507	626,460
	Previous year	-	407,363	3,567	410,930

Impaired loans / receivables

		Gross debt amount	Estimated realisable value of collateral	Net debt amount	Individual provisions
		1000 CHF	1000 CHF	1000 CHF	1000 CHF
Total bad and doubtful debts	Current year	-	-	-	-
	Previous year	45,065	45,065	-	-

Irrevocable commitments mainly represent commitments to third party funds where the Bank acts as nominee on behalf of its clients.

Irrevocable commitments without collateral mainly comprise credit lines extended to entities within the Rothschild & Co group and the commitment to the Swiss deposit protection scheme.

2 Breakdown of trading portfolios and other financial instruments at fair value

	31. 12. 2022	31. 12. 2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Equity securities	2,472	2,793	-321	-11.5
Other financial instruments at fair value	1,906	2,296	-390	-17.0
Precious metals	70,635	96,299	-25,664	-26.7
Total	75,013	101,388	-26,375	-26.0

There were no trading portfolio liabilities in the current or previous year.

C Notes to the Financial Statements

3 Presentation of derivative financial instruments (assets and liabilities)

		Trading instruments		
		Replacement value		Contract volume
		positive	negative	
		1000 CHF	1000 CHF	1000 CHF
Foreign exchange / precious metals		287,362	317,960	12,832,278
Forward contracts		50,328	225,368	4,040,040
Interest rate / currency swaps		235,413	90,989	8,465,255
Options (OTC)		1,621	1,603	326,983
Equity securities / indices		-	-	-
Options (OTC)		-	-	-
Total before consideration of netting contracts	Current year	287,362	317,960	12,832,278
	Previous year	93,916	114,663	14,845,144
Total after consideration of netting contracts	Current year	257,859	288,457	-
	Previous year	70,988	91,735	-

Analysis of counterparties of derivative instruments

		Banks and securities dealers	Other customers	Total
		1000 CHF	1000 CHF	1000 CHF
		Positive replacement values	Current year	244,661
	Previous year	68,502	2,486	70,988

4 Financial investments

	Book value		Fair value	
	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Debt securities	2,148,502	29,658	2,146,814	30,322
of which, intended to be held to maturity	2,148,502	29,658	2,146,814	30,322
Total financial investments	2,148,502	29,658	2,146,814	30,322
of which, securities eligible for repo transactions in accordance with liquidity requirements	2,061,113	-	2,061,220	-

Counterparties by rating

	AA-	A	A+	AA	AAA	Unrated	Total
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Book values	-	9,004	5,072	27,605	263,884	1,842,937	2,148,502
Previous year	7,437	5,473	3,145	8,345	5,258	-	29,658

Counterparties are rated according to S&P ratings. Unrated instruments consist exclusively of fixed-income instruments issued by the Swiss National Bank.

5 Other assets and liabilities

	Other assets		Other liabilities	
	31. 12. 2022 1000 CHF	31. 12. 2021 1000 CHF	31. 12. 2022 1000 CHF	31. 12. 2021 1000 CHF
Salary debtor and creditor accounts	152	3,868	–	–
Employer contribution reserves	598	–	–	–
Balances arising from internal bank business operations	7,125	9,636	17,931	32,150
Value added tax and withholding tax	1,327	115	1,195	1,031
Current tax assets and liabilities	1,485	–	574	1,263
Total other assets and other liabilities	10,687	13,619	19,700	34,444

6 Assets pledged or assigned to secure own commitments

	31. 12. 2022		31. 12. 2021	
	Book values 1000 CHF	Effective commitments 1000 CHF	Book values 1000 CHF	Effective commitments 1000 CHF
Amounts due from banks	97,035	97,035	31,652	31,652
Financial investments	77,500	77,500	29,658	29,658
Total	174,535	174,535	61,310	61,310

There were no assets under reservation of ownership during the current or previous year.

C Notes to the Financial Statements

7 Disclosure of liabilities relating to own pension schemes

	31.12.2022	31.12.2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Liabilities to own pension plans	17,756	16,225	1,531	9.4

The disclosure for the year 2022 is based on the annual accounts of the Swiss pension schemes as of 31.12.2022.

Disclosures on the economic situation of own pension schemes

Employer's contribution reserves (ECR)

	Nominal value	Waiver of use	Creation	Net amount	Net amount	Influence of ECR on personnel expenses	Influence of ECR on personnel expenses
1000 CHF	31.12.2022	31.12.2022	2022	31.12.2022	31.12.2021	2022	2021
Personnel Foundation	-	-	-	-	598	-	-

Presentation of the economic benefit / obligation and the pension expenses

	Overfunding / underfunding	Economic interest of bank	Change in economic interest	Contributions paid	Pension expenses in personnel expenses	Pension expenses in personnel expenses
1000 CHF	31.12.2022	31.12.2022	31.12.2021	2022	2022	2021
Pension plans with overfunding	-	-	-	-	-	8,875

All employees of Rothschild & Co 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.

8 Provisions and reserves for general banking risks

	Previous year end	Use in conformity with designated purpose	Past due interest, recoveries, currency differences	New creations charged to income	Releases to income	Balance at current year end
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Provisions for other business risks	8,242	-1,593	-340	4,448	-3,070	7,687
Other provisions	-	-	-	-	-	-
Total provisions	8,242	-1,593	-340	4,448	-3,070	7,687
Reserves for general banking risks	7,000	-	-	-	-	7,000

There continue to be a number of regulatory developments and inquiries in the financial services industry and the Swiss private banking sector that may impact the Bank. The directors believe that the level of provisions made in these accounts for client litigation, legal and other costs is sufficient for any potential or actual proceedings or claims which are likely to have a material impact on the Bank's financial statements, where, based on information available at the reporting date, an outflow of resources will be required and the amount can be reliably estimated. The Bank built a provision based on reasonable estimates for one new case during the year. Based on further developments, the estimated value of the liability could change in 2023.

9 Schedule of bank's capital

	31. 12. 2022			31. 12. 2021		
	Total par value	Number	Capital eligible for dividend	Total par value	Number	Capital eligible for dividend
	1000 CHF	of shares	1000 CHF	1000 CHF	of shares	1000 CHF
Share capital fully paid up	10,330	103,300	10,330	10,330	103,300	10,330

10 Number and value of equity securities or options on equity securities held by all executives and directors and by employees

	Equity securities Number		Equity securities Value in 1000 CHF		Options Number		Options Value in 1000 CHF	
	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
Members of the board of directors	-	944	-	39	-	-	-	-
Members of executive bodies	40,399	48,130	1,491	2,013	60,000	101,000	222	342
Employees	667	763	25	32	40,000	40,000	165	165
Total	41,066	49,837	1,516	2,084	100,000	141,000	387	507

Equity securities are the publicly listed securities of Rothschild & Co, the ultimate parent company.

The Bank participates in long-term profit share schemes for the benefit of employees. The costs of such schemes are recognised in the income statement over the period in which the services are rendered that give rise to the obligation. Where the payment of profit share is deferred until the end of a specified vesting period, the deferred amount is recognised in the income statement over the period up to the date of vesting.

Under the equity schemes, senior management of the Rothschild & Co group were required to invest in Rothschild & Co shares and received four options for each share invested. Shares invested are subject to a four-year lock-up period, and the share options granted are subject to a vesting period before exercise. The value of the options reported is the intrinsic value at the year end closing.

Under the 2019, 2020 and 2021 share plans, employees who have variable compensation which attracts deferrals / retentions and the delivery of non-cash incentives accordingly, as determined by Group Human Resources, were awarded 15 percent of their variable compensation as non-cash instruments. These shares are subject to a lock-up period and vest in three to five tranches over the three to five years following, respectively.

11 Disclosure of amounts due from and due to related parties

	Amounts due to		Amounts due from	
	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
Holders of qualified participations	19,005	104,166	79,380	83,441
Group companies	5,066	4,251	9,669	11,091
Linked companies	1,583,660	1,202,543	84,286	33,086
Transactions with members of governing bodies	395	-	617	-
Total	1,608,126	1,310,960	173,952	127,618

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

C Notes to the Financial Statements

Bank's normal conditions for employees. Members of the Board are charged at least the Bank's normal conditions for employees.

12 Holders of significant participations and groups of holders of participations with pooled voting rights

	31.12.2022		31.12.2021	
	Nominal 1000 CHF	Participation % of Equity	Nominal 1000 CHF	Participation % of Equity
Rothschild & Co Wealth & Asset Management SAS ¹⁾	10,330	100.0	10,330	100
Significant Shareholders of parent company:				
Rothschild & Co SCA	244,073	100.0	-	-
Concordia Holding SARL	-	-	29,343	51
Paris Orléans Holding Bancaire SAS	-	-	28,753	49

¹⁾ At the end of May 2022, Rothschild & Co Continuation Holdings AG sold 100% of shares in Rothschild & Co Bank AG to Rothschild & Co Wealth & Asset Management SAS. Rothschild & Co Wealth & Asset Management SAS is fully owned by Rothschild & Co SCA.

13 Breakdown of total assets by credit rating of country groups

Bank's own country rating	Moody's	31.12.2022		31.12.2021	
		Net foreign exposure 1000 CHF	Share in %	Net foreign exposure 1000 CHF	Share in %
1	A	118,547	6.66	22,493	1.45
2	Aa	566,461	31.81	440,031	28.34
3	Aaa	863,247	48.47	840,723	54.15
4	B	31,764	1.78	43,430	2.80
5	Ba	20,029	1.12	10,336	0.67
6	Baa	86,658	4.87	112,026	7.22
7	Caa and below	94,210	5.29	83,640	5.39
Total	Total	1,780,916	100.00	1,552,679	100.00

Information on Off-Balance Sheet Transactions

14 Breakdown of fiduciary transactions

	31.12.2022	31.12.2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Fiduciary placements with third-party companies	1,337,440	543,862	793,578	145.9
Fiduciary placements with group companies and linked companies	1,028,516	272,377	756,139	277.6
Total	2,365,956	816,239	1,549,717	189.9

15 Managed assets

	31. 12. 2022	31. 12. 2021	Change	
	CHF Mio.	CHF Mio.	CHF Mio.	%
Managed assets				
Assets in collective investment schemes managed by the Bank	2,301	2,958	- 657	- 22.2
Assets under discretionary asset management mandates	7,243	8,637	- 1,394	- 16.1
Other managed assets (incl. Assets under Custody)	12,711	13,327	- 616	- 4.6
Total managed assets (including double counting)	22,255	24,922	- 2,667	- 10.7
of which, double counting	1,697	2,244	- 547	- 24.4
Total managed assets (including double counting) at the beginning of the year	24,923	17,465	7,458	42.7
+/- net new money inflow or net new money outflow	197	392	- 195	- 49.7
+/- price gains/ losses, interest, dividend and currency gains/ losses	- 2,673	666	- 3,339	- 501.4
+/- other effects	- 192	6,399	- 6,591	- 103.0
Total managed assets (including double counting) at the end of the year	22,255	24,922	- 2,667	- 10.7
Custody assets	1,537	2,010	- 473	- 23.5
Total assets (including double counting)	23,792	26,932	- 3,140	- 11.7

Other effects in 2021 mainly contain the CHF 6.3bn AuM increase from the acquisition of Banque Pâris Bertrand during 2021.

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

C Notes to the Financial Statements

Information on Off-Balance Sheet Transactions

16 Result from trading activities

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Equity securities (including funds)	-284	1,165	-1,449	-124.4
Foreign currencies	19,738	15,733	4,005	25.5
Commodities/precious metals	88	438	-350	-79.9
Total result from trading activities	19,542	17,336	2,206	12.7

17 Other ordinary income and expenses

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Fees from affiliated parties for office services	60	378	-318	-84.1
Fees from unaffiliated parties for office services	9,364	11,462	-2,098	-18.3
Total	9,424	11,840	-2,416	-20.4

18 Negative interest

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Negative interest paid	-11,618	-18,061	6,443	-35.7
Negative interest received	2,165	3,368	-1,203	-35.7

Negative interest paid in relation to cash management transactions and negative interest received due from client deposits denominated in the respective currency. The net interest income from borrowing activities increased by CHF 12.0m to CHF 29.7m in 2022.

19 Personnel expenses

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Salaries	-72,507	-64,948	-7,559	11.6
of which expenses relating to share-based compensation	91	-1,079	1,170	-108.4
Social insurance benefits	-15,867	-12,763	-3,104	24.3
Other personnel expenses	-5,673	-4,300	-1,373	31.9
Total personnel expenses	-94,047	-82,011	-12,036	14.7

20 General and administrative expenses

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Office space expenses	-1,820	-2,131	311	-14.6
Expenses for information and communications technology	-14,519	-15,409	890	-5.8
Expenses for vehicles, equipment, furniture and other fixtures	-1,733	-1,614	-119	7.4
Fees of audit firms	-842	-683	-159	23.3
of which, for financial and regulatory audits	-842	-683	-159	23.3
Other operating expenses	-10,159	-8,107	-2,052	25.3
Total	-29,073	-27,944	-1,129	4.0

21 Extraordinary income and expense

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Other extraordinary income	3,333	-	3,333	-
Transactional tax expense related to prior year	-	-	-	-
Other extraordinary expense	-	-	-	-
Total	3,333	-	3,333	-

Other extraordinary income in 2022 comes from the reduction of the deferred purchase price in connection with a business combination.

22 Taxation

	2022	2021	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Expenses for deferred taxes	-	-	-	-
Expenses for current taxes	-8,319	-3,985	-4,334	108.8
Total	-8,319	-3,985	-4,334	108.8
Average tax rate based on operating result	18.3	17.4		

23 Significant events after the balance sheet date

Concordia, the holding company of the Rothschild family and the largest shareholder of Rothschild & Co confirmed its intention on the 13 February 2023 to file a simplified tender offer for the Rothschild & Co shares at a price of €48 per share. Given that the exposure to the share price resulting from employee equity schemes is fully hedged, the intended transaction will not have a material financial impact on Rothschild & Co Bank AG.

D Accounting and Valuation Principles

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. As of January 1, 2020 FINMA implemented the circular 2020/1 and FINMA-AO which the bank has adopted accordingly.

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

	31. 12. 2022	31. 12. 2021
EUR	0.9880	1.0364
GBP	1.1140	1.2353
USD	0.9248	0.9132

Liquid Assets, Amounts Due from and to Banks, and Amounts Due in Respect of Client Deposits

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

Amounts Due from Clients

Amounts due from clients 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 and in financial instruments at fair value 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. Changes in the value of precious metals positions is shown in result from trading operations and the fair value option.

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

Participations

Participations are stated at cost less depreciation. The Bank applies a single valuation method.

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.

Derivative Instruments

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

Pensions

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 will be unlikely to satisfy in the 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 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.

E Notes on Risk Management

1. Risk Policy

A prudent approach to risk and active risk management are crucial to protect the reputation of the Bank and the wider Rothschild & Co group and are prerequisites for the sustained and long-term successful wealth management business of the Bank. The assumption of risk forms an integral part of the business activities of the Bank and is a key factor in the Bank's economic success. The Bank's risk policy, which is firmly integrated in its culture and embedded throughout the organisation, ensures that risks are identified and that an adequate control environment and appropriate mitigating measures are implemented to maintain the Bank's risk profile within the risk appetite defined by the Board of Directors.

To articulate its risk policy, the Board of Directors has issued Risk Regulations which are in line with the external regulations and the policies and procedures of the Rothschild & Co group. The Risk Regulations set out the basic principles and define the standards for the Bank's approach to risk management and risk control. The Risk Regulations also define the risk categories the Bank is exposed to and the associated risk appetite, together with the roles and responsibilities, organisational structure, methods and processes applied in the management and control of risks. The appropriateness of the Risk Regulations is reviewed at least annually by the Board of Directors.

1.1. Organisational Responsibilities and Risk Governance

Organisational responsibilities and authorisation powers relating to risk management and control have been defined as follows:

- The Board of Directors assumes the ultimate responsibility for the risks the Bank is exposed to
- The Executive Committee is responsible for the operational implementation of the risk policy and for the management and control of all risks
- The heads of the business and operational functions are responsible for managing their respective risks in accordance with the relevant guidelines and policies set out by the Executive Committee
- The Bank's Risk Department owns and maintains the risk management frameworks and is responsible for risk control. In the area of operational risks, the Legal and Compliance Department also plays a significant part in the control activities of the Bank.
- To fulfil its organisational responsibilities, the Bank has implemented a three lines of defence risk management model, delineating the key responsibilities for the business and control functions and internal audit to ensure that the Bank has a comprehensive and coherent approach to risk management:
 - 1st line: Business and operational functions assume risk ownership and the responsibility for conducting business activities within the approved risk appetite. The 1st line business functions are accountable for the risks incurred and for establishing effective first line controls and mitigating procedures to contain their risk profile.
 - 2nd line: Risk and Compliance functions, responsible for risk oversight, support the Executive Committee in establishing and maintaining an effective risk management framework and definition of risk appetite. The 2nd line of defence is also responsible for monitoring the risk profile and reporting instances where the risk profile exceeds defined risk appetite.
 - 3rd line: Internal Audit provides an independent view of adherence to guidelines and policies and reviews the risk management frameworks on a regular basis to identify and recommend areas for improvement as required.

2. Risk Categories

The Bank has in its Risk Regulations defined the following four risk categories: Credit Risk, Market Risk, Liquidity Risk and Operational Risk.

2.1. Credit Risk

Credit Risk describes the potential losses associated with the failure of clients and counterparties to honour their contractual obligations towards the Bank. A loss could materialise in particular when maturing loans or other financial obligations to the Bank are not repaid when due or if it becomes evident that the repayment is no longer secured. To mitigate this risk, loans and other credits are only granted with caution and based on sufficient securitisation. The Board of Directors has set Credit Risk limits for the different Credit classes. Except for a very limited number of small loans credits are only granted against collateral in the form of well diversified, liquid securities held in custody of the Bank and pledged in favour of the Bank under contractual agreements. The lending value of the collateral is determined in accordance with the capital adequacy requirements set out by the Basel Committee on Banking Supervision (Basel III). Lending values of the different classes of securities are defined in the internal Credit policy. The quality of the securities in terms of volatility, liquidity and tradability and the portfolio diversification are taken into consideration in the calculation of lending value.

The loanable values of the pledged assets, which are derived from market values, are compared daily to the loan commitments they secure. If coverage threatens to become insufficient, i.e. if the loan exposures exceed the lending value of the collateral pledged, the risk of credit loss is mitigated through margin calls and ultimately the liquidation of portfolio securities. The aim of these measures is to restore the security cover over the loan exposure either through the reduction of the exposure, by increasing the lending value or by obtaining additional collateral.

The Bank also participates in the funding of mortgages in the UK residential real estate market originated by other companies within the larger Rothschild & Co group. As a complementary service to its Wealth Management business, the Bank also provides mortgages in the Swiss residential real estate market. The maximum lending values assigned to such loans is 65%.

Credit exposures resulting from our lending businesses are reviewed by the Private Client Credit Committee on a quarterly basis. The concentration of risks on one client or counterparty or on one group of linked clients or counterparties is monitored and appropriate measures are taken to avoid the emergence of large exposures. Loans that are considered to be at risk, where the collectability of the debt is doubtful, are assessed individually and, where necessary, impairment provisions are taken against the exposure. As per 31.12.2022, no provisions for outright credit losses have been made. See also Note 1 of Parent financial statement.

E Notes on Risk Management

Counterparties are defined as banks or brokers with which the Bank trades or places cash deposits, 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. Counterparty exposures are monitored daily by the Risk Department and are reviewed regularly by the Bank's Treasury Committee, the Executive Committee and the Board of Directors.

Rothschild & Co Bank has both secured and unsecured exposures to these market counterparties. The secured positions result largely from the collateral management of margin obligations and margin calls, as well as collateralisation of OTC derivatives that are eligible for netting. The mitigation of the counterparty risk exposure relies on using cash as easily realisable collateral and is based on contractual netting and collateralisation agreements (ISDA/CSA).

Unsecured exposures mainly relate to money market transactions, nostro accounts and contractual independent amounts (threshold values and minimum transfer amounts) agreed with counterparties for the OTC derivatives margin exchange.

Settlement risks are significantly reduced through the use of Continuous Linked Settlement (CLS), where the Bank is a third party member, for cash settlement. For securities, trading over exchanges and settlement over established clearing houses effectively mitigate settlement risk.

2.2. Market Risk - Currency 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 Treasury and FX Dealing Department is responsible for managing the structure of the balance sheet, which includes monitoring and limiting of the interest rate and foreign exchange risk.

The policy of the Bank only permits open market risk positions to a small degree in relation to client business volumes and available capital. Besides these positions the Bank incurs some FX risk through its proprietary FX trading book. The Board of Directors have limited these positions to CHF 20m intraday and 12m overnight. Calculation of risk positions and monitoring of compliance with the limits are performed independently by the Risk Department on a daily basis.

To facilitate the securities settlement processes, the Bank has pledged a portfolio of high quality (including prime governmental) bonds with the clearing houses. The market risk these bonds are exposed to are mitigated by the fact that most of these bonds are of relatively short duration and issued by highly rated institutions or prime governmental institutions. The bonds are all denominated in Swiss Francs, Euro and US Dollar, with the FX exposure being mitigated by the fact that they have been purchased with liabilities in the same currency.

2.3. Market Risk - Interest Rate Risk

Interest rate risk arises through differences in the interest rate commitments on the assets- and liability-sides of the balance sheet and on off-balance sheet positions. The Bank buys and sells derivatives arising from client activities in order to manage market risks. Most of these transactions originate from currency swaps, whereby client deposits in foreign currencies are swapped into Swiss Francs for deposit with the Swiss National Bank. All such transactions are carried out within the guidelines defined by the Bank's Treasury Committee.

With very few exceptions, loans are generally extended with floating interest rates. The risk associated with the small proportion of loans with fixed interest rates is partially offset by means of Interest Rate Swaps. The Treasury Committee oversees interest rate risk and monitors the balance sheet structure. This exposure is contained within an overall limit for the aggregate interest rate risk and by sub-limits for each of the four major currencies.

Further, the exposure is kept within these boundaries by the relatively short duration, up to 6 months, of the swaps positions.

Our measurement of interest rate risk is based on two models; 1) repricing of all assets and liabilities under a +/- 100Bp shift in interest rates, and 2) the IRRBB EVE model, introduced in 2019, which measures the impact in a percentage of Economic Value of Equity of six different interest rate curve stress scenarios, applied to assets and liabilities in the banking book, only.

The interest rate risk of the Bank measured by model 1 on a monthly basis, has remained within the limit set at CHF 15m. The IRRBB EVE has also been set within the internal limit at 11% of Tier 1 Capital.

2.4. Liquidity Risk

Liquidity risk is defined as the risk that the Group is not able to maintain or generate sufficient cash resources to meet its payment obligations as they fall due. Managing liquidity risk is therefore a crucial element in ensuring the future viability and prosperity of the Bank. The Treasury Department is also responsible for monitoring and managing the Bank's liquidity on a daily basis, and the Bank's liquidity risk management framework serves to ensure that sufficient liquidity is available to fulfil payment obligations even under stress scenarios. This liquidity risk management framework comprises a proprietary "liquidity gap" risk measurement system and the calculation of the two quantitative standards set out by the Basel Committee, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR, introduced 1.1.2018). In addition, the liquidity risk management framework comprises a contingency funding plan designed to manage potential liquidity shortfalls. This plan is reviewed and tested by the Treasury Committee annually.

The Bank's funding needs, largely resulting from its lending activities, are met by the Bank's equity and client deposits. In addition, the Bank maintains committed liquidity facilities with clearing institutions for the exceptional event that counterparties or clients do not meet their settlement obligations punctually.

Compliance with the liquidity rules as set out in the respective external and internal regulations are continually monitored by the Risk Department and are reported to the Treasury Committee, the Executive Committee and the Board of Directors. The measured regulatory parameters LCR and NSFR have been above the internal minimum limit set at 110% and 120% respectively throughout the year. Regulatory requirements for both ratios are 100%.

2.5. 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. This definition also comprises the risk of fraud, regulatory sanctions, breaches to information security and data protection obligations and the potential reputation damages associated with operational risk events. In accordance with regulatory requirements 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.

All business processes carry operational risks, which are either eliminated, mitigated, transferred or accepted based on cost / benefit considerations. Systematic assessments performed annually aim at identifying and assessing the operational risks in all important business processes in the Bank. These assessments also focus on data protection issues and business continuity management.

2.5.1. Qualitative assessment

The qualitative assessment of operational risks is performed by estimating the probability of the risk materializing into a loss incident and the potential loss this incident could possibly incur. This calculation provides a view on the inherent risk. Once the inherent risk level is established, an assessment of the existing controls and mitigating measures and their effectiveness is performed to determine the residual level of the risk. The residual risks are then considered in order to present the operational risk profile against the defined risk appetite. If the risk appetite limit is persistently exceeded, additional controls and risk mitigating measures are implemented.

2.5.2. Quantitative assessment

For the key operational risks quantitative measures in the form of Key Risk Indicators have been developed to measure and monitor the risk level. For each of these Key Risk Indicators, risk appetite limits have been determined and the risk level is measured against these on a regular basis.

2.5.3. Internal Control System (ICS)

All risks and associated controls recorded as a result of the annual risk review and assessment are documented in the Internal Control System database. Supported by an automated workflow tool, the ICS monitors the performance of all controls and that an assessment of the effectiveness of the controls is made on a regular basis. The ICS is reviewed at least once per year and is adapted and strengthened as necessary should the Bank's risk profile change or gaps in the control environment be detected.

2.5.4. Legal, regulatory and compliance related risks

Considered a subset of operational risks, legal and compliance risks are the risks associated with non-adherence to applicable laws and regulations in all jurisdictions the Bank operates, and the risk the Bank exposes itself to as a result of the violation of internal rules and policies. Non-enforceability of legal contracts and the Bank's inability to fulfil its contractual obligations also expose the Bank to legal risk.

As a Bank regulated by the Swiss financial market authority, the FINMA, Rothschild & Co Bank is subject to wide-ranging regulations and requirements issued by the regulator in Switzerland and in other jurisdictions the Bank and its subsidiary operate in.

In order to monitor and mitigate legal and regulatory risks, the Bank maintains a Legal and Compliance Department and has implemented the necessary structures and processes designed to increase the employees' awareness of the topic, including training sessions per year on topics such as Anti Money Laundering and Financial Crime. By means of these education sessions and a set of permanent controls, the Compliance department ensures that the Bank's business activities are conducted in accordance with the applicable regulations and the obligation of financial intermediaries to observe due diligence. The compliance risk management framework and compliance standards are reviewed regularly and will be updated should regulatory and legal developments necessitate adaptation.

Report of the Statutory Auditor on the Financial Statements



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Report of the Statutory Auditor to the General Meeting of Rothschild & Co Bank AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rothschild & Co Bank AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (page 50 to 67).

In our opinion, the financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Rothschild & Co Bank AG, Zurich
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In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report of the Statutory Auditor on the Financial Statements



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Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 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

Adrian Walder
Licensed Audit Expert
Auditor in Charge

Mirko Liberto
Licensed Audit Expert

Capital Adequacy and Liquidity

Regulatory Key Figures

	31. 12. 2022 1000 CHF	30. 9. 2022 1000 CHF	30. 6. 2022 1000 CHF	31. 3. 2022 1000 CHF	31. 12. 2021 1000 CHF
Available capital (amounts)					
Common Equity Tier 1 (CET1)	249,339				249,123
Tier 1	249,339				249,123
Total capital	249,339				249,123
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	1,202,285				1,417,747
Minimum capital requirements (CHF)	96,183				113,420
Risk-based capital ratios (as a percentage % of RWA)					
CET1 ratio (%)	20.74%				17.57%
T1 ratio (%)	20.74%				17.57%
Total capital ratio (%)	20.74%				17.57%
Additional CET1 requirements (buffers) as a percentage of RWA					
Capital conservation buffer requirement according to Basel minimum requirements (%)	2.50%				2.50%
Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	2.50%				2.50%
CET1 available after meeting the bank's minimum capital requirements (%)	12.74%				9.57%
Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (CAO) (% of RWA)					
Capital conservation buffer according to CAO, Annex 8 (%)	3.20%				3.20%
Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.0742%				0.0000%
CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.47%				7.40%
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	9.07%				9.00%
Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	11.27%				11.20%
Basel III Leverage Ratio					
Total Basel III leverage ratio exposure measure (CHF)	5,328,783				5,724,708
Basel III Leverage Ratio	4.68%				4.35%
Liquidity Coverage Ratio					
Total HQLA	2,560,840	2,434,977	3,096,394	3,430,614	2,899,732
Total net cash outflow	1,971,408	1,955,917	2,428,356	2,696,897	2,306,689
Liquidity Coverage Ratio (LCR) (%)	129.90%	124.49%	127.51%	127.21%	125.71%
Net Stable Funding Ratio					
Total available stable funding	2,014,006				2,740,407
Total required stable funding	1,234,700				1,252,200
Net Stable Funding Ratio (NSFR) (%)	163.00%				218.85%

Head Office and Subsidiaries

Head Office

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