

Rothschild & Co Bank AG



2020



Annual Report 2020
Rothschild & Co Bank AG

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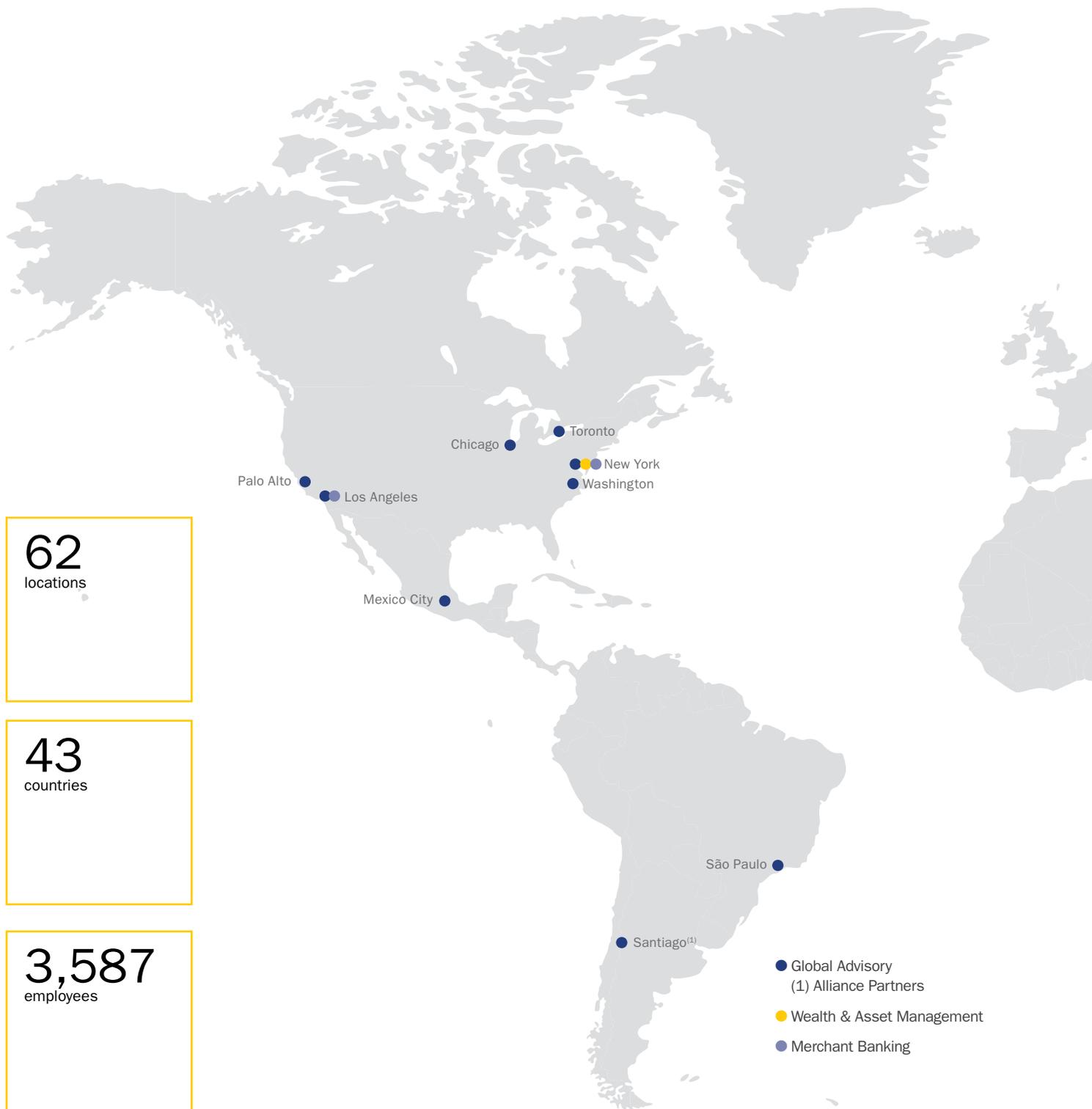
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Rothschild & Co world presence

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





Key Figures consolidated

	31.12.2020 1000 CHF	31.12.2019 1000 CHF
Consolidated balance sheet		
Total shareholders' equity	243,490	242,538
Total assets	4,896,335	4,280,622
Consolidated income statement		
Net interest income	26,529	39,086
Net commission income	81,931	79,457
Results from trading operations	15,948	12,840
Total income	133,031	148,619
Total operating expenses	-104,153	-119,486
Gross profit	28,878	29,133
Gross profit per employee	99	99
Consolidated net profit/loss	16,985	9,168
Staff (average full-time positions)		
Staffing level domestic	250	256
Staffing level abroad	41	39
Total staffing level	290	295

Comparable Consolidated Income Statement

In relation to the sale of the Trust Business on February 28th, 2019 and the resulting removal of the Trust Business from the scope of consolidation as at this date, the following table presents a comparable view of the consolidated income statement for the 12 months ended December 31st, 2020 and December 31st, 2019 excluding the results of the Trust Business respectively.

The comparison below, which is unaudited, is presented in a business conform manner and represents the results for 2020 and 2019 excluding the Trust Business respectively.

	2020	2019	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Subtotal net result from interest operations	26,529	39,086	-12,557	-32.1
Subtotal result from commission business and services	81,931	73,718	8,214	11.1
Results from trading operations and the fair value option	15,948	12,837	3,111	24.2
Total Other Ordinary Income	8,623	15,444	-6,821	-44.2
Total income	133,031	141,085	-8,053	-5.7
Personnel expenses	-77,735	-79,991	2,255	-2.8
General and administrative expenses	-26,418	-32,115	5,697	-17.7
Subtotal operating expenses	-104,153	-112,106	7,952	-7.1
Gross profit	28,878	28,979	-101	-0.3
Value adjustments on participations and depreciation and amortisation of tangible fixed assets	-7,019	-8,819	1,800	-20.4
Changes to provisions and other value adjustments, and losses	-754	-1,747	993	-56.8
Operating result	21,105	18,413	2,692	14.6

Chairman's Statement

Dear Ladies and Gentlemen,

I think that I speak on behalf of all of us when I say that 2020 was an extraordinary year. The worldwide outbreak of Covid-19 has changed our way of living and working tremendously. At the same time, I am proud to say that we seem to have successfully found new routines as we live each day in our new version of 'normal'. With the dedication and commitment of our employees, we were able to continue running our business as usual and serve our clients in the best possible way. I would like to thank them for all the hard work, positivity, stamina and patience and the way they have come together to support one another during this very unusual time. It is a huge testament to the culture we have all built at Rothschild & Co.

Macro-economic environment

The decade-long cyclical expansion came unexpectedly to an abrupt end in early 2020 as the dramatic measures taken to suppress Covid-19 hit economies hard. Nonetheless, while global economic output saw some of the biggest and fastest falls ever recorded in the first half of the year, it had retraced much of the lost ground by year-end, aided by the partial re-opening of the economy and with substantial fiscal and monetary policy support. Despite the difficult macroeconomic backdrop, most major asset classes again delivered inflation-beating returns for the year as a whole, albeit after considerable volatility. Those emergency policy measures helped, as did – towards year-end – the announcement of several viable vaccines against Covid-19. There were also some favourable geopolitical developments for risk assets: the US chose a more predictable president; the European Union moved incrementally further along the federalist path with its pandemic support fund; and at year-end, the EU-UK Trade and Co-operation Agreement ensured that the disruption threatened by a “no deal” Brexit would be avoided.

Commitment to our clients

Despite this highly challenging market and macro-economic environment, our discretionary assets under management grew by some +6.5% to CHF 4.9bn, and our clients benefitted from a strong year in which we outperformed both benchmarks and peers. Our advisory business also grew some 5.6% to CHF 4.3bn in 2020, whilst overall monies committed to our fund platform reached CHF 10bn AUM and our private market assets passed the EUR 2bn mark in commitments. As part of our private market offering, we introduced a transactional advisory offering as well as access to top-tier third party private market managers, broadening our private market offering to clients. We also invested in our digital Wealth Insights platform to keep clients updated on our latest investment views and company research from across our investment platform as our client conversations moved online.

Our Net New Assets for the year were very strong at CHF 1.3bn, representing 6.5% of managed assets. At year end, an internal change in the definition of Assets under Management (“AuM”) added a further CHF 0.7bn and we also recorded a positive global market impact in 2020 (CHF 0.3bn). As a result, AuM for the Bank reached CHF 21.5bn and the total amount of all client assets, either managed, custodied or administrated by the Bank, reached CHF 38.6bn at the end of 2020 (+7% compared to prior year).

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 2020.

Responsible Investment

Responsible investment continues to be a very important development for the business. In 2020, the Bank became a signatory to the UN's *Principles for Responsible Investment* as well as a member of *Swiss Sustainable Finance*. In conjunction with these initiatives we have implemented the Rothschild & Co exclusion policy in our security screening process and integrated environmental, social and governance (ESG) factors in our investment process. This we have done alongside developing our engagement & voting policy which we are doing in partnership with proxy advisory firm, ISS. You can read more about this process in the Bank's ESG and Stewardship policies which will be published in 2021. We continue to broaden our thematic investment offering to clients addressing with environmental issues and opportunities.

Focusing on growth

Following a period of sharpening our focus by consolidating our business activity, in 2020, despite Covid-19, we have returned to a focus on long-term growth. In December, we announced the acquisition of Banque Pâris Bertrand, consolidating our strong position in the Swiss market. The transaction is expected to complete in the first half of 2021, subject to regulatory approvals and other customary conditions. Banque Pâris Bertrand is a renowned private bank with offices in Geneva and Luxembourg. Thanks to a similar strategy and culture and a comparable client profile, Banque Pâris Bertrand is an excellent strategic fit for the Wealth Management business of Rothschild & Co, bringing also complementary investment capabilities and a presence in Luxembourg. Following this acquisition, client assets for Rothschild & Co Bank AG Group will reach over CHF 27bn.

Furthermore, in line with our ambition to grow our core business within selected markets, we are planning to open a subsidiary in Madrid during 2021, subject to approval of the local regulatory authorities. We believe that having an onshore Wealth Management presence will allow us both, to retain and grow our Iberian book and, in collaboration with our colleagues from Global Advisory, further strengthen our local image.

Financial Results

As well as high levels of equity market volatility, 2020 was also characterized by a very challenging interest rate environment. Nevertheless, our business model continues to deliver solid results. For the financial year ended 31 December 2020, our revenues fell 5.7% on a like-for-like basis to CHF 133m (2019: CHF 141m). This was primarily driven by a 32% fall in Net Interest Income as a result of low and negative interest rates, partially offset by increased fees and commissions. Due to several initiatives to strengthen the profitability of the organization as well as the general impact of the international lockdown due to Covid-19, operating expenses decreased by 7% when compared to 2019. The operating result for 2020 was up 14.6% on a like-for-like basis at CHF 21m (2019: CHF 18.4m), representing an operating margin of 16%

People on the move

In April 2020, Fiona Wallace-Mason, our Head of Compliance was appointed to the Executive Committee, while in September 2020 Henrik Herr was appointed as the new Head of our Wealth Management business in Germany. The German wealth management market is strategically important for Rothschild & Co and we are confident that under Henrik's leadership we will take the business to the next stage in its development and growth. Henrik follows Dr. Reinhard Krafft, who has decided by mutual agreement to step down to pursue new professional interests. I should like to take this opportunity to thank Dr. Krafft for all he did for the business during his tenure.

In September 2020, Mark Crump decided to step down from the Board of Directors, but he will continue supporting our Bank as Group Chief Financial Officer and Group Chief Operating Officer.

What do we expect in 2021?

Looking ahead, the continuing Covid-19 pandemic is casting a cloud over the short-term economic outlook, and relatively high market valuations suggest that there is less headroom for further price appreciation than last year. Longer-term, there is also the unresolved issue of the lasting economic damage that may have been done by Covid-19 and the responses to it: in particular, inflation risk may be rekindled if policy remains expansionary even as economies eventually recover. As yet, however, the crisis of 2020 may be seen as a public health emergency with traumatic economic consequences, rather than as a primarily economic event. The global economy is still capable of growing when it is permitted to do so.

For all of us, the year starts with significant uncertainty over what the next months will bring. For the Rothschild family and my fellow Directors, it is however very clear that we are doing everything we can to protect our business, our people and our clients. We are ready for the challenges to come, secure in the knowledge, that we can build on the trust and support of the Executive Committee, our employees and our clients.

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 2018	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

Mark CRUMP

Member of the Board of Directors¹

Education

ICAEW, Chartered Accountant (FCA)

Associate Chartered Accountant (ACA)

First class degree, Accounting and Finance,
Kingston University London

Professional background

Since 2012	Rothschild & Co Group Chief Financial Officer and Chief Operating Officer, Member of the Rothschild & Co Group Executive Committee
2009–2011	Expro International Chief Financial Officer
1999–2009	Lafarge's Gypsum Division, France Responsibilities included: President of the Northern European Business and Divisional Chief Financial Officer Lafarge Aggregates and Concrete Division, Paris Divisional Chief Financial Officer
1995–1999	Redland Roofing Systems, UK Finance Director
1993–1995	Hepworth PLC, UK Corporate Development Manager
1990–1993	NM Rothschild & Sons, London, Corporate Finance Manager
1985–1990	Arthur Anderson, UK Audit Manager
1984–1985	Kingston University London Lecturer in Finance

¹ Mark Crump was Member of the Board of Directors of Rothschild & Co Bank AG until 24.09.2020

Christian DE PRATI

Member of the Board of Directors²

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

Serge LEDERMANN

Co-Deputy Chairman of the Board of Directors²

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

² Meets the criteria on independence according to FINMA circular 2017/1

Corporate Governance

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 of Groupe BPCE
2009	Groupe Caisse d'Epargne, France Chairman of the Management Board of Groupe Caisse d'Epargne, CEO of Groupe Banque Populaire
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, France Auditor

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 Whole- sale, 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 Chief Executive Officer (since 2016) Head Wealth Management Switzerland (2011-2018) Member of the Rothschild & Co Group Executive Committee (since 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

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 (1995–2005), 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

Corporate Governance

Executive Committee

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 NESSHOLD

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

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 Compliance³

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
HWV 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

³ Fiona Wallace-Mason became member of the Rothschild & Co Bank AG Executive Committee on 1st of April 2020

Corporate Secretariat

Ivona LINDER

Corporate Secretary

Internal Audit

Thomas ROMER

Head Internal Audit

Statutory Auditors

KPMG AG

A Consolidated Balance Sheet

Assets

	Notes	31.12.2020	31.12.2019	Change	
		1000 CHF	1000 CHF	1000 CHF	%
Liquid assets		3,078,945	2,536,622	542,323	21.4
Amounts due from banks		179,395	262,807	-83,412	-31.7
Amounts due from customers	1	1,028,469	908,234	120,235	13.2
Mortgage loans	1	296,265	323,430	-27,165	-8.4
Trading portfolio assets	2	2,849	2,336	513	21.9
Positive replacement values of derivative financial instruments	3	141,159	70,013	71,146	101.6
Other financial instruments at fair value	2	99,678	98,255	1,423	1.4
Financial investments	4, 8	20,596	22,921	-2,325	-10.1
Accrued income and prepaid expenses		11,914	12,767	-853	-6.7
Non-consolidated participations	5, 6	68	68	0	0.4
Tangible fixed assets	6	25,892	30,745	-4,853	-15.8
Other assets	7	11,105	12,424	-1,319	-10.6
Total assets		4,896,335	4,280,622	615,713	14.4

Liabilities and shareholders' equity

	Notes	31.12.2020	31.12.2019	Change	
		1000 CHF	1000 CHF	1000 CHF	%
Amounts due to banks		844,757	1,073,627	-228,870	-21.3
Amounts due in respect of customer deposits		3,572,963	2,813,193	759,770	27.0
Negative replacement values of derivative financial instruments	3	172,623	95,398	77,225	81.0
Accrued expenses and deferred income		41,416	38,655	2,761	7.1
Other liabilities	7	12,253	8,658	3,595	41.5
Provisions	10	8,833	8,553	280	3.3
Reserves for general banking risks	10	7,000	7,000	-	-
Bank's capital		10,330	10,330	-	-
Capital reserve		4,620	4,620	-	-
Statutory retained earnings reserve		5,165	5,165	-	-
Voluntary retained earnings reserves		199,390	206,255	-6,865	-3.3
Minority interest in equity		-	-	-	-
Consolidated profit		16,985	9,168	7,817	85.3
of which minority interest in consolidated net profit		-	-453	453	-100.0
Total liabilities		4,896,335	4,280,622	615,713	14.4

A Consolidated Off-Balance Sheet Transactions

	Notes	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change 1000 CHF	%
Contingent liabilities	1, 18	125,316	115,348	9,968	8.6
Irrevocable commitments	1, 19	216,886	221,546	-4,660	-2.1

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

B Consolidated Income Statement

	Notes	2020	2019	Change	
		1000 CHF	1000 CHF	1000 CHF	%
Interest and discount income		63,044	103,213	-40,169	-38.9
Interest and dividend income from financial investments		4	19	-15	-78.9
Interest expense		-36,519	-64,146	27,627	-43.1
Subtotal net result from interest operations	23	26,529	39,086	-12,557	-32.1
Commission income from securities trading and investment activities		83,564	76,942	6,622	8.6
Commission income from lending activities		890	301	589	195.7
Commission income from other services		4,560	7,699	-3,139	-40.8
Commission expense		-7,083	-5,485	-1,598	29.1
Subtotal result from commission business and services	27	81,931	79,457	2,474	3.1
Results from trading operations and the fair value option	22, 27	15,948	12,840	3,108	24.2
Income from non-consolidated participations		128	162	-34	-21.0
Result from real estate		1,266	1,090	176	16.1
Other ordinary income		7,229	15,984	-8,755	-54.8
Total income	27	133,031	148,619	-15,588	-10.5
Personnel expenses	11, 24, 27	-77,735	-84,374	6,639	-7.9
General and administrative expenses	25, 27	-26,418	-35,112	8,694	-24.8
Subtotal operating expenses	27	-104,153	-119,486	15,333	-12.8
Gross profit	27	28,878	29,133	-255	-0.9
Value adjustments on participations and depreciation and amortisation of tangible fixed assets	6	-7,019	-9,054	2,035	-22.5
Changes to provisions and other value adjustments, and losses	10	-754	-1,917	1,163	-60.7
Operating result		21,105	18,162	2,943	16.2
Extraordinary income	26	1,328	725	603	83.2
Extraordinary expenses	26	-	-4,847	4,847	-100.0
Taxation	28	-5,448	-4,872	-576	11.8
Consolidated profit/ loss		16,985	9,168	7,817	85.3
of which minority interest in consolidated net profit		-	-453	453	-100.0

Other extraordinary income in 2020 relates to out of period insurance coverage for past expenses in relation to legal matters. Extraordinary expense in 2019 primarily relates to the loss on disposal of the Trust Business.

B Consolidated Statement of Cash Flows

	31.12.2020		31.12.2019	
	Cash in-flow	Cash out-flow	Cash in-flow	Cash out-flow
Cash flow from operating activities				
Result of the period	16,985	–	9,168	–
Change in reserves for general banking risks	–	–	–	–
Depreciation and amortisation of tangible fixed assets	7,019	–	9,054	–
Provisions and other value adjustments	280	–	1,665	–
Accrued income and prepaid expenses	853	–	1,892	–
Accrued expenses and deferred income	2,760	–	–	10,072
Previous year's dividend	–	15,961	–	35,123
Total Cash flow from operating activities	27,897	15,961	21,779	45,195
Cash flow from transactions in respect of participations and tangible fixed assets				
Non-consolidated participations	–	–	–	–
Real estate	–	–	–	–
Tangible fixed assets	–	2,169	–	2,094
Total Cash flow from transactions in respect of participations and tangible fixed assets	–	2,169	–	2,094
Cash flow from banking operations				
Medium and long-term business (> 1 year):				
Amounts due to banks	–	–	–	388
Amounts due in respect of customer deposits	–	–	–	–
Amounts due from banks	–	–	–	–
Amounts due from customers	–	225	737	–
Mortgage loans	27,165	–	–	119,740
Financial investments	14,156	–	–	16,197
Short-term business:				
Amounts due to banks	–	228,870	–	212,204
Amounts due in respect of customer deposits	759,770	–	–	403,283
Negative replacement values of derivative financial instruments	77,225	–	26,175	–
Other liabilities	3,596	–	–	5,436
Amounts due from banks	83,412	–	12,251	–
Amounts due from customers	–	120,010	–	52,770
Trading portfolio assets	–	513	–	363
Positive replacement values of derivative financial instruments	–	71,146	–	21,804
Other assets	1,319	–	8,703	–
Other financial instruments at fair value	–	1,421	4,814	–
Financial investments	–	11,902	13,045	–
Liquidity:				
Liquid assets	–	542,323	791,970	–
Total	994,540	994,540	879,474	879,474

B Consolidated Statements of Changes in Equity

Statement of Changes in Equity

	Bank's capital 1000 CHF	Capital reserve 1000 CHF	Retained earnings reserve 1000 CHF	Reserves for general banking risks 1000 CHF	Minority interests 1000 CHF	Result of the period 1000 CHF	Total 1000 CHF
Equity at 01. 01. 2020	10,330	4,620	211,420	7,000	-	9,168	242,538
Transfer of profits to retained earnings	-	-	9,168	-	-	-9,168	-
Currency translation differences	-	-	-150	-	-	-	-150
Dividends and other distributions	-	-	-15,961	-	-	-	-15,961
Employee Compensation Plans	-	-	78	-	-	-	78
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)	-	-	-	-	-	16,985	16,985
Equity at 31. 12. 2020	10,330	4,620	204,555	7,000	-	16,985	243,490

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 1000 CHF	Other collateral 1000 CHF	Without collateral 1000 CHF	Total 1000 CHF
Amounts due from customers		–	915,530	112,939	1,028,469
Mortgage loans (residential property)		296,265	–	–	296,265
Total loans	Current year	296,265	915,530	112,939	1,324,734
	Previous year	323,430	812,512	95,722	1,231,664
Contingent liabilities		–	125,316	–	125,316
Irrevocable commitments		–	213,637	3,249	216,886
Total off-balance sheet transactions	Current year	–	338,953	3,249	342,202
	Previous year	–	333,360	3,534	336,894

Impaired loans/ receivables

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

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

	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change	
			1000 CHF	%
Equity securities	1,298	1,348	–50	–3.7
Other financial instruments at fair value	1,551	988	563	57.0
Precious metals	99,678	98,255	1,423	1.4
Total	102,527	100,591	1,936	1.9

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		Contract volume 1000 CHF
	Replacement value positive 1000 CHF	Replacement value negative 1000 CHF	
Foreign exchange/ precious metals	141,159	172,623	11,233,191
Forward contracts	13,387	108,132	3,463,926
Combined interest rate/ currency swaps	126,090	62,815	7,296,619
Options (OTC)	1,682	1,676	472,646
Total before consideration of netting contracts	141,159	172,623	11,233,191
	Current year		
	Previous year		

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

Analysis of counterparties of derivative instruments

	Banks and securities dealers 1000 CHF	Other customers 1000 CHF	Total 1000 CHF
Positive replacement values	135,004	6,155	141,159
Previous year	65,253	4,760	70,013

4 Financial investments

	Book value		Fair value	
	31.12.2020 1000 CHF	31.12.2019 1000 CHF	31.12.2020 1000 CHF	31.12.2019 1000 CHF
Debt securities	20,596	22,921	20,657	23,203
of which, intended to be held to maturity	20,596	22,921	20,657	23,203
Total financial investments	20,596	22,921	20,657	23,203
of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-	-	-

Counterparties by rating

	AA- 1000 CHF	A+ 1000 CHF	A 1000 CHF	A- 1000 CHF	BBB+ 1000 CHF	Unrated 1000 CHF	Total 1000 CHF
Debt securities							
Book values	-	1,083	4,329	7,045	8,139	-	20,596
Previous year	-	2,178	5,446	15,297	-	-	22,921

Counterparties are rated according to S&P ratings.

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	100.00	100.00

On January 6, 2020 the liquidation of Rothschild Wealth Management (Singapore) Ltd. was completed.
Rothschild Wealth Management (Hong Kong) Ltd. was liquidated on July 26, 2020.

C Notes to the Consolidated Financial Statements

Non-consolidated participations

	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change 1000 CHF	%
Non-consolidated participations without market value	68	68	–	–
Total non-consolidated participations	68	68	–	–

6 Presentation of participations and tangible fixed assets

	Current year						
	Acquisition cost 1000 CHF	Accumulated depreciation 1000 CHF	Book value Previous year end 1000 CHF	Additions 1000 CHF	Disposals/ Forex impact 1000 CHF	Depre- ciation/ Valuation adjust- ments 1000 CHF	Book value current year 1000 CHF
Non-consolidated participations	68	–	68	–	–	–	68
Total non-consolidated participations	68	–	68	–	–	–	68
Bank buildings	45,975	37,075	8,900	–	–	–	8,900
Outfitting costs	30,667	29,433	1,234	34	3	439	826
Proprietary or separately acquired software	81,354	60,743	20,611	2,135	–	6,580	16,166
Total tangible fixed assets	157,996	127,251	30,745	2,169	3	7,019	25,892

7 Other assets and other liabilities

	Other assets		Other liabilities	
	31.12.2020 1000 CHF	31.12.2019 1000 CHF	31.12.2020 1000 CHF	31.12.2019 1000 CHF
Salary debtor and creditor accounts	2,426	908	594	–
Employer contribution reserves	–	–	–	–
Balances arising from internal bank business operations	8,483	10,016	9,251	5,358
Value added tax and withholding tax	94	1,398	1,388	2,434
Current tax assets and liabilities	102	102	1,020	866
Due from Trust customers	–	–	–	–
Total	11,105	12,424	12,253	8,658

8 Assets pledged or assigned to secure own commitments

	31.12.2020		31.12.2019	
	Book values 1000 CHF	Effective commitments 1000 CHF	Book values 1000 CHF	Effective commitments 1000 CHF
Amounts due from banks	27,337	27,337	42,462	42,462
Financial investments	20,596	20,596	22,921	22,921
Total	47,933	47,933	65,383	65,383

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

	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change 1000 CHF	%
Liabilities to own pension plans	61,614	18,877	42,737	226.4

Employer's contribution reserves (ECR)

1000 CHF	Nominal value	Waiver of use	Creation 2020	Net amount	Net amount	Influence of ECR on personnel expenses	Influence of ECR on personnel expenses
	31.12.2020	31.12.2020		31.12.2020	31.12.2019	2020	2019
Personnel Foundation	598	–	–	598	598	–	–

Presentation of the economic benefit/ obligation and the pension expenses

1000 CHF	Overfunding/ underfunding	Economic interest of bank		Change in economic interest	Contributions paid	Pension expenses in personnel expenses	Pension expenses in personnel expenses
	31.12.2020	31.12.2020	31.12.2019	2020	2020	2020	2019
Pension plans with overfunding	4,428	–	–	–	7,480	7,480	7,769

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 2020 is based on the annual accounts of the Swiss pension schemes as of 31.12.2020.

10 Provisions, reserves for general banking risks

	Previous year end 1000 CHF	Use in conformity with designated purpose 1000 CHF	Currency differences 1000 CHF	New creations charged to income 1000 CHF	Releases to income 1000 CHF	Balance at current year end 1000 CHF
Provisions for deferred taxes	–	–	–	–	–	–
Provisions for pension benefit obligations	–	–	–	–	–	–
Provisions for other business risks	8,553	–917	198	999	–	8,833
Provisions for restructuring	–	–	–	–	–	–
Total provisions	8,553	–917	198	999	–	8,833
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.

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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Members of the board of directors	2,246	3,811	63	106	20,000	20,000	65	65
Members of executive bodies	49,026	28,793	1,372	801	100,000	100,000	323	323
Employees	1,939	3,787	54	105	–	–	–	–
Total	53,211	36,391	1,489	1,012	120,000	120,000	388	388

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 was 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 2016/17, 2017, 2018, 2019 and 2020 share plans, persons 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 tranches over the three following years.

C Notes to the Consolidated Financial Statements

12 Disclosure of amounts due from and due to related parties

	Amounts due to		Amounts due from	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Holders of qualified participations	107,193	21,182	86,796	87,451
Linked companies	953,793	1,055,206	58,560	50,131
Other related parties	–	27	–	57
Total	1,060,986	1,076,415	145,356	137,639

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 1000 CHF	Redeem- able by notice 1000 CHF	Maturity within 3 months 1000 CHF	Maturity within 3- 12 months 1000 CHF	Maturity within 1-5 years 1000 CHF	Maturity after 5 years 1000 CHF	Total 31.12.2020 1000 CHF
Liquid assets	3,078,945	–	–	–	–	–	3,078,945
Amounts due from banks	179,395	–	–	–	–	–	179,395
Amounts due from customers	9,680	–	793,558	222,136	3,095	–	1,028,469
Mortgage loans	–	–	10,366	35,361	248,304	2,234	296,265
Trading portfolio assets	2,849	–	–	–	–	–	2,849
Positive replacement values of derivative financial instruments	–	–	20,710	120,449	–	–	141,159
Other financial instruments at fair value	99,678	–	–	–	–	–	99,678
Financial investments	–	–	1,623	12,454	6,519	–	20,596
Total assets/ financial investments	3,370,547	–	826,257	390,400	257,918	2,234	4,847,356
Previous year	2,913,655	–	708,334	326,057	274,322	2,250	4,224,618
	–	–	–	–	–	–	–
Amounts due to banks	829,499	–	15,258	–	–	–	844,757
Amounts due in respect of customer deposits	3,349,643	–	187,106	36,214	–	–	3,572,963
Negative replacement values of derivative financial instruments	–	–	44,027	128,475	121	–	172,623
Total debt capital/ financial investments	4,179,142	–	246,391	164,689	121	–	4,590,343
Previous year	3,605,879	–	309,067	67,221	51	–	3,982,218

14 Assets and liabilities by domestic and foreign origin

	31.12.2020			31.12.2019		
	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF
Assets						
Liquid assets	3,078,945	–	3,078,945	2,534,670	1,952	2,536,622
Amounts due from banks	64,181	115,214	179,395	164,502	98,305	262,807
Amounts due from customers	146,918	881,551	1,028,469	177,504	730,730	908,234
Mortgage loans	66,557	229,708	296,265	54,506	268,924	323,430
Trading portfolio assets	13	2,836	2,849	13	2,323	2,336
Positive replacement values of derivative financial instruments	66,759	74,400	141,159	39,474	30,539	70,013
Other financial instruments at fair value	99,678	–	99,678	98,255	–	98,255
Financial investments	–	20,596	20,596	–	22,921	22,921
Accrued income and prepaid expenses	5,955	5,959	11,914	6,037	6,730	12,767
Participations	68	–	68	68	–	68
Tangible fixed assets	25,556	336	25,892	30,393	352	30,745
Other assets	4,903	6,202	11,105	3,525	8,899	12,424
Total assets	3,559,533	1,336,802	4,896,335	3,108,947	1,171,675	4,280,622
Liabilities						
Amounts due to banks	69,979	774,778	844,757	117,878	955,749	1,073,627
Amounts due in respect of customer deposits	664,011	2,908,952	3,572,963	624,561	2,188,632	2,813,193
Negative replacement values of derivative financial instruments	29,062	143,561	172,623	25,243	70,155	95,398
Accrued expenses and deferred income	35,864	5,552	41,416	34,339	4,316	38,655
Other liabilities	11,884	369	12,253	6,454	2,204	8,658
Provisions	8,617	216	8,833	8,336	217	8,553
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	4,620	–	4,620	4,620	–	4,620
Retained earnings reserve	204,555	–	204,555	211,420	–	211,420
Profit/loss (result of the period)	16,985	–	16,985	9,168	–	9,168
Total liabilities	1,062,907	3,833,428	4,896,335	1,059,349	3,221,273	4,280,622

C Notes to the Consolidated Financial Statements

15 Total assets by group of countries

	31.12.2020		31.12.2019	
	1000 CHF	Share in %	1000 CHF	Share in %
Europe	4,599,131	93.9	4,026,564	94.1
America	165,320	3.4	156,690	3.7
Asia, Australia, New Zealand	126,278	2.6	93,391	2.2
Other	5,606	0.1	3,977	0.1
Total	4,896,335	100.0	4,280,622	100.0

16 Breakdown of assets by credit rating of country group

Bank's own country rating	Standard & Poor's	31.12.2020		31.12.2019	
		Net foreign exposure		Net foreign exposure	
		1000 CHF	Share in %	1000 CHF	Share in %
1	A	36,951	2.9	82,326	6.4
2	Aa	395,166	31.3	532,385	41.4
3	Aaa	680,259	53.8	521,380	40.5
4	B	9,893	0.8	1,181	0.1
5	Ba	4,363	0.3	27,119	2.1
6	Baa	77,230	6.1	44,876	3.5
7	Caa and below	59,694	4.7	78,187	6.1
Total	Total	1,263,556	100.0	1,287,454	100.0

17 Balance sheet by currency in 1000 CHF

	CHF	EUR	USD	GBP	Other	Total 31.12.2020
Assets						
Liquid assets	3,078,488	320	82	42	13	3,078,945
Amounts due from banks	57,033	36,204	53,661	1,767	30,730	179,395
Amounts due from customers	152,469	647,823	133,366	86,740	8,071	1,028,469
Mortgage loans	66,557	–	–	229,708	–	296,265
Trading portfolio assets	1,565	487	797	–	–	2,849
Positive replacement values of derivative financial instruments	141,159	–	–	–	–	141,159
Other financial instruments at fair value	–	–	–	–	99,678	99,678
Financial investments	5	20,591	–	–	–	20,596
Accrued income and prepaid expenses	10,615	18	443	809	29	11,914
Participations	68	–	–	–	–	68
Tangible fixed assets	25,556	336	–	–	–	25,892
Other assets	2,526	1,157	6,880	427	115	11,105
Total assets shown in balance sheet	3,536,041	706,936	195,229	319,493	138,636	4,896,335
Delivery entitlements from spot exchange, forward forex and forex options transactions	636,723	2,075,553	4,584,016	3,121,568	423,616	10,841,476
Total assets	4,172,764	2,782,489	4,779,245	3,441,061	562,252	15,737,811
Liabilities						
Amounts due to banks	82,855	69,725	519,254	152,179	20,744	844,757
Amounts due in respect of customer deposits	520,643	1,199,362	1,203,465	456,173	193,320	3,572,963
Negative replacement values of derivative financial instruments	172,419	–	–	204	–	172,623
Accrued expenses and deferred income	36,562	4,443	375	36	–	41,416
Other liabilities	8,469	2,803	974	–	7	12,253
Provisions	5,156	3,677	–	–	–	8,833
Reserves for general banking risks	7,000	–	–	–	–	7,000
Bank's capital	10,330	–	–	–	–	10,330
Capital reserve	4,620	–	–	–	–	4,620
Statutory retained earnings reserve	5,165	–	–	–	–	5,165
Voluntary retained earnings reserves	199,390	–	–	–	–	199,390
Minority interest in equity	–	–	–	–	–	–
Profit/loss (result of the period)	16,985	–	–	–	–	16,985
Total liabilities shown in balance sheet	1,069,594	1,280,010	1,724,068	608,592	214,071	4,896,335
Delivery obligations from spot exchange, forward forex and forex options transactions	3,166,296	1,516,975	3,005,122	2,833,948	350,411	10,872,752
Total liabilities	4,235,890	2,796,985	4,729,190	3,442,540	564,482	15,769,087
Net position per currency	-63,125	-14,496	50,055	-1,479	-2,231	-31,276

C Notes to the Consolidated Financial Statements

Information on Off-Balance Sheet Transactions

18 Analysis of contingent liabilities

	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change	
			1000 CHF	%
Guarantees to secure credits	125,316	115,348	9,968	8.6

19 Credit commitments

	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change	
			1000 CHF	%
Commitment to the Swiss deposit guarantee scheme	2,364	2,518	-154	-6.1
Committed credit facilities	885	1,016	-131	-12.9
Credit commitments for private equity subscriptions	213,637	218,012	-4,375	-2.0
Total	216,886	221,546	-4,660	-2.1

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

20 Fiduciary transactions

	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change	
			1000 CHF	%
Fiduciary investments with third-party companies	628,467	1,272,116	-643,649	-50.6
Fiduciary investments with linked companies	261,399	533,145	-271,746	-51.0
Total	889,866	1,805,261	-915,395	-50.7

21 Managed and administered assets

	31.12.2020 CHF Mio.	31.12.2019 CHF Mio.	Change CHF Mio.	%
Managed assets				
Assets in collective investment schemes managed by the Bank	1,237	955	282	29.5
Assets under discretionary asset management mandates	8,526	7,399	1,127	15.2
Other managed assets (incl. Assets under Custody)	11,785	10,785	1,000	9.3
Total managed assets (including double counting)	21,548	19,139	2,409	12.6
of which, double counting	1,237	1,102	135	12.3
Total managed assets (including double counting) at the beginning of the year	19,139	14,097	5,042	35.8
+/- net new money inflow or net new money outflow	1,315	429	886	206.5
+/- price gains/ losses, interest, dividend and currency gains/ losses, and other effects	342	3,871	-3,529	-91.2
+/- other effects	752	742	10	1.3
Total managed assets (including double counting) at the end of the year	21,548	19,139	2,409	12.6

During 2020, the definition of managed assets was refined to better align definitions within Rothschild & Co Group. Prior year was not restated for this effect.

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

Other managed assets include CHF 1.4bn assets under custody in 2020.

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.

	31.12.2020 CHF Mio.	31.12.2019 CHF Mio.	Change CHF Mio.	%
Total managed assets (including double counting) at the end of the year	21,548	19,139	2,409	12.6
Administered assets				
Assets administered for or on behalf of affiliated companies on behalf of the Rothschild & Co group	15,604	15,072	532	3.5
External advisory assets	1,416	640	776	121.3
Group and pension assets	–	1,300	-1,300	-100.0
Total assets managed or administered by the Bank (excluding double counting)	38,568	36,151	2,417	6.7

C Notes to the Consolidated Financial Statements

Information on the Income Statement

22 Result from trading activities

	2020 1000 CHF	2019 1000 CHF	Change	
			1000 CHF	%
Equity securities (including funds)	387	70	317	452.9
Foreign currencies	14,582	12,518	2,064	16.5
Commodities/ precious metals	979	252	727	288.5
Total result from trading activities	15,948	12,840	3,108	24.2

23 Negative interest

	2020 1000 CHF	2019 1000 CHF	Change	
			1000 CHF	%
Negative interest paid	-18,383	-21,300	2,917	-13.7
Negative interest received	3,299	2,309	990	42.9

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 2.9m to CHF 15.4m in 2020.

24 Personnel expenses

	2020 1000 CHF	2019 1000 CHF	Change	
			1000 CHF	%
Salaries	-63,310	-67,719	4,409	-6.5
of which expenses relating to share-based compensation	227	76	151	198.7
Social insurance benefits	-11,546	-12,013	467	-3.9
Other personnel expenses	-2,879	-4,642	1,763	-38.0
Total personnel expenses	-77,735	-84,374	6,639	-7.9

25 General and administrative expenses

	2020 1000 CHF	2019 1000 CHF	Change 1000 CHF	%
Office space expenses	-2,355	-2,858	503	-17.6
Expenses for information and communications technology	-14,613	-16,710	2,097	-12.5
Expenses for vehicles, equipment, furniture and other fixtures	-1,372	-1,605	233	-14.5
Fees of audit firms	-732	-863	131	-15.2
of which for financial and regulatory audits	-687	-863	176	-20.4
Other operating expenses	-7,346	-13,076	5,730	-43.8
Total	-26,418	-35,112	8,694	-24.8

26 Extraordinary income and expense

	2020 1000 CHF	2019 1000 CHF	Change 1000 CHF	%
Other extraordinary income	1,328	725	603	83.2
Transactional tax expense related to prior year	-	-	-	
Other extraordinary expense	-	-4,847	4,847	-100.0
Total	1,328	-4,122	5,450	-132.2

Other extraordinary income in 2020 relates to out of period insurance coverage for past expenses in relation to legal matters.

Other extraordinary income in 2019 primarily relates to the refund of withholding tax relating to Verein Vorauszahlung UK.

Other extraordinary expense in 2019 primarily relates to the loss on disposal of the Trust Business.

C Notes to the Consolidated Financial Statements

27 Operating result broken down according to domestic and foreign origin

	2020			2019		
	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF
Net result from interest operations	26,529	–	26,529	39,086	–	39,086
Result from commission business and services	65,770	16,161	81,931	62,048	17,409	79,457
Results from trading operations and the fair value option	15,948	–	15,948	12,738	102	12,840
Other ordinary income and expenses	8,776	–153	8,623	18,189	–954	17,236
Total income	117,023	16,008	133,031	132,061	16,557	148,619
Personnel expenses	–67,331	–10,404	–77,735	–73,294	–11,080	–84,374
General and administrative expenses	–23,264	–3,154	–26,418	–30,856	–4,256	–35,112
Total operating expenses	–90,595	–13,558	–104,153	–104,150	–15,336	–119,486
Gross profit	26,428	2,450	28,878	27,911	1,221	29,133

28 Taxation

	2020	2019	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Expenses for current taxes	–5,448	–4,872	–576	11.8
Total	–5,448	–4,872	–576	11.8
Average tax rate based on operating result	25.8	26.8		

29 Significant events after the balance sheet date

In December 2020 and subject to pending closing precedents, the Rothschild & Co Bank AG agreed to acquire Bank Pâris Bertrand Group during 2021.

No events have occurred since the balance sheet date which would change the financial position of the Rothschild & Co Bank AG Consolidated and which would require adjustment or disclosure in the 2020 Annual Report now presented.

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 Wealth Management (Hong Kong) Ltd. and Rothschild Wealth Management (Singapore) Ltd were liquidated during the fiscal year.

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:

	2020		2019	
	Spot rate	Average rate	Spot rate	Average rate
EUR	1.08044	1.07059	1.08595	1.11140
GBP	1.20154	1.20580	1.27425	1.27104
USD	0.87980	0.93365	0.96839	0.99318

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.

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

Fixed Assets

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

D Consolidation, Accounting and Valuation Principles

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.

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.

To a smaller extent, 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 31.12.2020, 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 Audit and Risk Committee.

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, the capital and the liquid assets and for monitoring and limiting interest rate risk and currency risk exposure.

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 50m intraday and 20m overnight. The ExC has imposed lower operational limits, however, of CHF 20m intraday and CHF 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 bonds with the clearing houses. The market risk these bonds are exposed to are mitigated by the fact that all these bonds are of relatively short duration and issued by highly rated institutions. The bonds are all denominated in Euro, 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, has remained within a range of CHF 2.0m – 2.6m, measured monthly. The IRRBB EVE has varied between 2.2% and 2.8% of Tier 1 Capital, measured quarterly against a limit of 15%.

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 regulatory parameters LCR and NSFR measured at month end averaged 142% and 265%, respectively, in the fourth quarter of 2020. Regulatory requirements for both ratios are 100%, while the requirement for the NSFR will only be a regulatory requirement as of July 1, 2021.

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

E Notes on Risk Management

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. In addition, Rothschild & Co Bank AG is represented through the worldwide network of the Rothschild & 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 Rothschild & 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 licensed securities dealer and an associated 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 for private clients. The Lombard loans and other types of credit (such as guarantees) 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 (either for investment purposes or owner occupied) 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 Shareholders of

Rothschild & Co Bank AG, Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Rothschild & Co Bank AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (page 16 to 41) for the year ended 31 December 2020.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2020 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the provisions governing the preparation of financial statements for Banks and comply with Swiss law.



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

Report on Other Legal Requirements

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

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

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

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Adrian Walder
Licensed Audit Expert

Zurich, 22 February 2021

Capital Adequacy and Liquidity

Regulatory Key Figures

	31.12.2020 1000 CHF	30.9.2020 1000 CHF	30.6.2020 1000 CHF	31.3.2020 1000 CHF	31.12.2019 1000 CHF
Available capital (amounts)					
Common Equity Tier 1 (CET1)	226,506				233,370
Tier 1	226,506				233,370
Total capital	226,506				233,370
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	972,701				955,700
Minimum capital requirements (CHF)	77,816				76,456
Risk-based capital ratios (as a percentage % of RWA)					
CET1 ratio (%)	23.29%				24.42%
T1 ratio (%)	23.29%				24.42%
Total capital ratio (%)	23.29%				24.42%
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 (%)	15.29%				16.42%
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 (%)	0.0000%				0.0381%
CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.40%				7.44%
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	9.00%				9.04%
Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	11.20%				11.24%
Basel III Leverage Ratio					
Total Basel III leverage ratio exposure measure (CHF)	2,044,795				4,508,752
Basel III Leverage Ratio	11.08%				5.18%
Liquidity Coverage Ratio					
Total HQLA	3,050,418	2,854,410	2,602,904	2,579,812	2,582,909
Total net cash outflow	2,150,514	2,077,531	1,956,479	1,936,632	1,849,064
Liquidity Coverage Ratio (LCR) (%)	141.85%	137.39%	133.04%	133.21%	139.69%

**Parent Company Financial
Statements of**

Rothschild & Co Bank AG

A Balance Sheet

Assets

	Notes	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change 1000 CHF	%
Liquid assets		3,078,945	2,536,622	542,323	21.4
Amounts due from banks		168,612	249,233	-80,621	-32.3
Amounts due from customers	1	1,028,469	908,234	120,235	13.2
Mortgage loans	1	296,265	323,430	-27,165	-8.4
Trading portfolio assets	2	2,767	2,337	430	18.4
Positive replacement values of derivative financial instruments	3	141,159	70,013	71,146	101.6
Other financial instruments at fair value	2	99,678	98,255	1,423	1.4
Financial investments	4	20,596	22,921	-2,325	-10.1
Accrued income and prepaid expenses		6,253	6,090	163	2.7
Participations		13,749	16,931	-3,182	-18.8
Tangible fixed assets		25,556	30,393	-4,837	-15.9
Other assets	5	10,446	12,219	-1,773	-14.5
Total assets		4,892,495	4,276,678	615,817	14.4

Liabilities and shareholders' equity

	Notes	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change 1000 CHF	%
Amounts due to banks		844,767	1,073,627	-228,860	-21.3
Amounts due in respect of customer deposits		3,572,966	2,813,220	759,746	27.0
Negative replacement values of derivative financial instruments	3	172,623	95,398	77,225	81.0
Accrued expenses and deferred income		37,752	34,909	2,843	8.1
Other liabilities	5	9,585	6,441	3,144	48.8
Provisions	8	8,617	8,336	281	3.4
Reserves for general banking risks	8	7,000	7,000	-	-
Bank's capital	9, 12	10,330	10,330	-	-
Statutory retained earnings reserve		5,165	5,165	-	-
Voluntary retained earnings reserves		206,368	206,291	77	-
Profit/loss		17,322	15,961	1,361	8.5
Total liabilities and shareholders' equity		4,892,495	4,276,678	615,817	14.4

A Off-Balance Sheet Transactions

	Note	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change	
				1000 CHF	%
Contingent liabilities	1	125,316	115,348	9,968	8.6
Irrevocable commitments	1	216,886	221,546	-4,660	-2.1

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

B Income Statement

	Notes	2020	2019	Change	
		1000 CHF	1000 CHF	1000 CHF	%
Interest and discount income		63,044	103,213	-40,169	-38.9
Interest and dividend income from financial investments		4	19	-15	-78.9
Interest expense		-36,519	-66,480	29,961	-45.1
Subtotal net result from interest operations	18	26,529	36,752	-10,223	-27.8
Commission income from securities trading and investment activities		67,029	55,949	11,080	19.8
Commission income from lending activities		890	301	589	195.7
Commission income from other services		4,560	1,968	2,592	131.7
Commission expense		-6,708	-4,096	-2,612	63.8
Subtotal result from commission business and services		65,771	54,122	11,649	21.5
Results from trading operations and the fair value option	16	15,948	12,135	3,813	31.4
Income from participations		2,132	2,334	-202	-8.7
Result from real estate		1,266	1,145	121	10.6
Other ordinary income	17	7,382	17,401	-10,019	-57.6
Subtotal other result from ordinary activities		10,780	20,880	-10,100	-48.4
Total income		119,028	123,889	-4,861	-3.9
Personnel expenses	19	-67,331	-68,090	759	-1.1
General and administrative expenses	20	-23,264	-26,620	3,356	-12.6
Subtotal operating expenses		-90,595	-94,710	4,115	-4.3
Gross profit		28,433	29,179	-746	-2.6
Value adjustments on participations and depreciation and amortisation of tangible fixed assets		-6,928	-12,594	5,666	-45.0
Changes to provisions and other value adjustments, and losses		-754	-1,747	993	-56.8
Operating result		20,751	14,838	5,913	39.9
Extraordinary income	21	1,328	4,934	-3,606	-73.1
Extraordinary expenses	21	-271	-33	-238	721.2
Taxes	22	-4,486	-3,778	-708	18.7
Profit/loss		17,322	15,961	1,361	8.5

Other extraordinary income in 2020 relates to out of period insurance coverage for past expenses in relation to legal matters.

Extraordinary expenses in 2020 relate to the liquidation of Rothschild & Co Wealth Management (Hong Kong) Ltd.

The results of Equitas are included in the results of Parent Company Financial Results since the date of the merger on the 1st of April 2019.

Extraordinary income in 2019 primarily relates to the gain on sale of the Trust Business, the gain on merger of Equitas and the refund of withholding tax relating to Verein Vorauszahlung UK.

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

The following total amount is available for distribution:

	1000 CHF
Profit/ loss	17,322
+ /- profit/ loss carried forward	-
+ voluntary retained earnings	206,368
= distributable profit	223,690

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	17,322
New amount carried forward	206,368

B Statement of Changes in Equity

Statement of Changes in Equity

	Bank's capital 1000 CHF	Statutory capital reserve 1000 CHF	Statutory retained earnings reserve 1000 CHF	Reserves for general banking risks 1000 CHF	Voluntary retained earnings reserves and profit/loss carried forward 1000 CHF	Result of the period 1000 CHF	Total 1000 CHF
Equity at 01.01.2020	10,330	-	5,165	7,000	206,291	15,961	244,747
Transfer of profits to retained earnings	-	-	-	-	15,961	-15,961	-
Dividends and other distributions	-	-	-	-	-15,961	-	-15,961
Employee Compensation Plans	-	-	-	-	77	-	77
Profit (result of the period)	-	-	-	-	-	17,322	17,322
Equity at 31.12.2020	10,330	-	5,165	7,000	206,368	17,322	246,185

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 1000 CHF	Other collateral 1000 CHF	Unsecured 1000 CHF	Total 1000 CHF
Amounts due from customers		–	915,530	112,939	1,028,469
Mortgage loans (residential property)		296,265	–	–	296,265
Total loans	Current year	296,265	915,530	112,939	1,324,734
	Previous year	323,430	812,512	95,722	1,231,664
Contingent liabilities		–	125,316	–	125,316
Irrevocable commitments		–	213,637	3,249	216,886
Total off-balance sheet transactions	Current year	–	338,953	3,249	342,202
	Previous year	–	333,360	3,534	336,894

Impaired loans/ receivables

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

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

	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change 1000 CHF	%
Equity securities	1,298	1,349	–51	–3.8
Other financial instruments at fair value	1,469	988	481	48.7
Precious metals	99,678	98,255	1,423	1.4
Total	102,445	100,592	1,853	1.8

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		Contract volume 1000 CHF
	Replacement value positive 1000 CHF	Replacement value negative 1000 CHF	
Foreign exchange/ precious metals	141,159	172,623	11,233,192
Forward contracts	13,387	108,132	3,463,926
Combined interest rate/ currency swaps	126,090	62,610	7,257,581
Options (OTC)	1,682	1,881	511,685
Equity securities/ indices	-	-	-
Options (OTC)	-	-	-
Total before consideration of netting contracts	141,159	172,623	11,233,192
	Current year		
	Previous year		

There were no hedging instruments open and no netting applied at the current and 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	135,003	6,156	141,159
	Previous year	65,253	4,760	70,013

4 Financial investments

	Book value		Fair value	
	31.12.2020 1000 CHF	31.12.2019 1000 CHF	31.12.2020 1000 CHF	31.12.2019 1000 CHF
Debt securities	20,596	22,921	20,657	23,203
of which, intended to be held to maturity	20,596	22,921	20,657	23,203
Total financial investments	20,596	22,921	20,657	23,203
of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-	-	-

Counterparties by rating

	AA-	A+	A	A-	BBB+	Unrated	Total
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
Debt securities							
Book values	-	1,083	4,329	7,045	8,139	-	20,596
Previous year	-	2,178	5,446	15,297	-	-	22,921

Counterparties are rated according to S&P ratings.

5 Other assets and liabilities

	Other assets		Other liabilities	
	31.12.2020 1000 CHF	31.12.2019 1000 CHF	31.12.2020 1000 CHF	31.12.2019 1000 CHF
Salary debtor and creditor accounts	2,310	801	594	–
Employer contribution reserves	–	–	–	–
Balances arising from internal bank business operations	8,042	10,020	6,945	3,886
Value added tax and withholding tax	94	1,398	1,026	1,694
Current tax assets and liabilities	–	–	1,020	861
Total other assets and other liabilities	10,446	12,219	9,585	6,441

6 Assets pledged or assigned to secure own commitments

	31.12.2020		31.12.2019	
	Book values 1000 CHF	Effective commitments 1000 CHF	Book values 1000 CHF	Effective commitments 1000 CHF
Amounts due from banks	27,337	27,337	42,462	42,462
Financial investments	20,596	20,596	22,921	22,921
Total	47,933	47,933	65,383	65,383

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

	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change 1000 CHF	%
Liabilities to own pension plans	61,614	18,877	42,737	226.4

The disclosure for the year 2020 is based on the annual accounts of the Swiss pension schemes as of 31.12.2020.

Disclosures on the economic situation of own pension schemes

Employer's contribution reserves (ECR)

1000 CHF	Nominal value 31.12.2020	Waiver of use 31.12.2020	Creation 2020	Net amount 31.12.2020	Net amount 31.12.2019	Influence of ECR on personnel expenses 2020	Influence of ECR on personnel expenses 2019
Personnel Foundation	598	–	–	598	598	–	–

Presentation of the economic benefit/obligation and the pension expenses

1000 CHF	Overfunding/ underfunding 31.12.2020	Economic interest of bank 31.12.2020	31.12.2019	Change in economic interest 2020	Contributions paid 2020	Pension expenses in personnel expenses 2020	Pension expenses in personnel expenses 2019
Pension plans with overfunding	4,428	–	–	–	7,480	7,480	7,769

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 1000 CHF	Use in conformity with designated purpose 1000 CHF	Past due interest, recoveries, currency differences 1000 CHF	New creations charged to income 1000 CHF	Releases to income 1000 CHF	Balance at current year end 1000 CHF
Provisions for other business risks	8,336	–914	196	999	–	8,617
Other provisions	–	–	–	–	–	–
Total provisions	8,336	–914	196	999	–	8,617
Reserves for general banking risks	7,000	–4	–	–	–	6,996

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.

9 Schedule of bank's capital

	31.12.2020			31.12.2019		
	Total par value 1000 CHF	Number of shares	Capital eligible for dividend 1000 CHF	Total par value 1000 CHF	Number of shares	Capital eligible for dividend 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Members of the board of directors	2,246	3,811	63	106	20,000	20,000	65	65
Members of executive bodies	49,026	28,793	1,372	800	100,000	100,000	323	323
Employees	1,939	3,787	54	105	–	–	–	–
Total	53,211	36,391	1,489	1,011	120,000	120,000	388	388

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 was 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 2016/17, 2017, 2018, 2019 and 2020 share plans, persons 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 tranches over the three following years.

11 Disclosure of amounts due from and due to related parties

	Amounts due to		Amounts due from	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Holders of qualified participations	107,193	21,182	86,794	87,451
Group companies	378	27	3	57
Linked companies	953,602	1,055,119	56,679	47,239
Other related parties	–	–	–	–
Total	1,061,173	1,076,328	143,476	134,747

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

C Notes to the Financial Statements

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

	31.12.2020		31.12.2019	
	Nominal 1000 CHF	Participation % of Equity	Nominal 1000 CHF	Participation % of Equity
Rothschild & Co Continuation Holdings AG ¹⁾	10,330	100.0	10,330	100.0
Significant Shareholders of Rothschild & Co Continuation Holdings AG:				
Concordia Holding SARL	29,343	50.5	29,343	50.5
Paris Orléans Holding Bancaire SAS	28,753	49.5	28,753	49.5

¹⁾ Rothschild & Co Continuation Holdings AG is 100% owned by the Rothschild & Co Group, of which 50.5% held by Concordia Holding SARL, 49.5% by Paris Orléans Holding Bancaire SAS

13 Breakdown of total assets by credit rating of country groups

Bank's own country rating	Standard & Poor's	31.12.2020		31.12.2019	
		Net foreign exposure 1000 CHF	Share in %	Net foreign exposure 1000 CHF	Share in %
1	A	36,951	2.92	82,326	6.39
2	Aa	395,166	31.27	532,386	41.35
3	Aaa	680,259	53.84	521,380	40.50
4	B	9,893	0.78	1,181	0.09
5	Ba	4,363	0.35	27,119	2.11
6	Baa	77,230	6.11	44,876	3.49
7	Caa and below	59,694	4.72	78,187	6.07
Total	Total	1,263,556	100.00	1,287,455	100.00

Information on Off-Balance Sheet Transactions

14 Breakdown of fiduciary transactions

	31.12.2020 1000 CHF	31.12.2019 1000 CHF	Change	
			1000 CHF	%
Fiduciary placements with third-party companies	628,467	1,272,116	-643,649	-50.6
Fiduciary placements with group companies and linked companies	261,399	533,145	-271,746	-51.0
Total	889,866	1,805,261	-915,395	-50.7

15 Managed assets

	31.12.2020 CHF Mio.	31.12.2019 CHF Mio.	Change	
			CHF Mio.	%
Managed assets				
Assets in collective investment schemes managed by the Bank	1,185	955	230	24.1
Assets under discretionary asset management mandates	4,739	4,362	377	8.6
Other managed assets (incl. Assets under Custody)	11,540	10,571	969	9.2
Total managed assets (including double counting)	17,464	15,888	1,576	9.9
of which, double counting	1,185	955	230	24.1
Total managed assets (including double counting) at the beginning of the year	15,888	11,807	4,081	34.6
+/- net new money inflow or net new money outflow	883	392	491	125.3
+/- price gains/ losses, interest, dividend and currency gains/ losses	327	2,947	-2,620	-88.9
+/- other effects	366	742	-376	-50.7
Total managed assets (including double counting) at the end of the year	17,464	15,888	1,576	9.9

During 2020, the definition of managed assets was refined to better align definitions within Rothschild & Co Group. Prior year was not restated for this effect.

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

Other managed assets include CHF 1.4bn assets under custody in 2020.

C Notes to the Financial Statements

Information on the Income Statement

16 Result from trading activities

	2020 1000 CHF	2019 1000 CHF	Change	
			1000 CHF	%
Equity securities (including funds)	387	70	317	452.9
Foreign currencies	14,582	11,813	2,769	23.4
Commodities/precious metals	979	252	727	288.5
Total result from trading activities	15,948	12,135	3,813	31.4

17 Other ordinary income and expenses

	2020 1000 CHF	2019 1000 CHF	Change	
			1000 CHF	%
Fees from affiliated parties for office services	7,095	17,400	-10,305	-59.2
Fees from unaffiliated parties for office services	287	-	287	
Total	7,382	17,400	-10,018	-57.6

18 Negative interest

	2020 1000 CHF	2019 1000 CHF	Change	
			1000 CHF	%
Negative interest paid	-18,383	-21,300	2,917	-13.7
Negative interest received	3,299	2,309	990	42.9

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 2.9m to CHF 15.4m in 2020.

19 Personnel expenses

	2020 1000 CHF	2019 1000 CHF	Change	
			1000 CHF	%
Salaries	-54,012	-54,298	286	-0.5
of which expenses relating to share-based compensation	227	-76	303	-398.7
Social insurance benefits	-10,900	-10,788	-112	1.0
Other personnel expenses	-2,419	-3,004	585	-19.5
Total personnel expenses	-67,331	-68,090	759	-1.1

20 General and administrative expenses

	2020 1000 CHF	2019 1000 CHF	Change 1000 CHF	%
Office space expenses	-1,635	-1,417	-218	15.4
Expenses for information and communications technology	-13,662	-14,399	737	-5.1
Expenses for vehicles, equipment, furniture and other fixtures	-1,336	-1,421	85	-6.0
Fees of audit firms	-670	-733	63	-8.6
of which, for financial and regulatory audits	-670	-733	63	-8.6
Other operating expenses	-5,961	-8,650	2,689	-31.1
Total	-23,264	-26,620	3,356	-12.6

21 Extraordinary income and expense

	2020 1000 CHF	2019 1000 CHF	Change 1000 CHF	%
Other extraordinary income	1,328	4,934	-3,606	-73.1
Transactional tax expense related to prior year	-	-	-	-
Other extraordinary expense	-271	-33	-238	721.2
Total	1,057	4,901	-3,844	-78.4

Other extraordinary income in 2020 relates to out of period insurance coverage for past expenses in relation to legal matters.
Other extraordinary expense in 2020 relates to loss on liquidation of Rothschild & Co Wealth Management (Hong Kong) Ltd.

Other extraordinary income in 2019 primarily relates to the gain on sale of the Trust Business, the gain on merger of Equitas and the refund of withholding tax relating to Verein Vorauszahlung UK.

Other extraordinary expense in 2019 relates to loss on liquidation of RBZ Treuhand AG.

22 Taxation

	2020 1000 CHF	2019 1000 CHF	Change 1000 CHF	%
Expenses for deferred taxes	-	-	-	-
Expenses for current taxes	-4,486	-3,778	-708	18.7
Total	-4,486	-3,778	-708	18.7
Average tax rate based on operating result	21.6	25.5		

23 Significant events after the balance sheet date

In December 2020 and subject to pending closing precedents, the Rothschild & Co Bank AG agreed to acquire Bank Pâris Bertrand Group during 2021.

No events have occurred since the balance sheet date which would change the financial position of the Rothschild & Co Bank AG Parent and which would require adjustment or disclosure in the 2020 Annual Report now presented.

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

	31.12.2020	31.12.2019
EUR	1.0804	1.0859
GBP	1.2015	1.2743
USD	0.8798	0.9684

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 three 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 booked to results from trading operations.

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.

Income Tax

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

Fiduciary Placement Activities

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

Contingent Liabilities and Fiduciary Operations

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

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.

To a smaller extent, 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 31.12.2020, 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 Audit and Risk Committee.

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, the capital and the liquid assets and for monitoring and limiting interest rate risk and currency risk exposure.

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 50m intraday and 20m overnight. The ExC has imposed lower operational limits, however, of CHF 20m intraday and CHF 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 bonds with the clearing houses. The market risk these bonds are exposed to are mitigated by the fact that all these bonds are of relatively short duration and issued by highly rated institutions. The bonds are all denominated in Euro, 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, has remained within a range of CHF 2.0m – 2.6m, measured monthly. The IRRBB EVE has varied between 2.2% and 2.8% of Tier 1 Capital, measured quarterly against a limit of 15%.

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 regulatory parameters LCR and NSFR measured at month end averaged 142% and 265%, respectively, in the fourth quarter of 2020. Regulatory requirements for both ratios are 100%, while the requirement for the NSFR will only be a regulatory requirement as of July 1, 2021.

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

E Notes on Risk Management

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 Shareholders of

Rothschild & Co Bank AG, Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Rothschild & Co Bank AG, which comprise the balance sheet, income statement, statement of changes in equity and notes (page 48 to 65) for the year ended 31 December 2020.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.



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

Report on Other Legal Requirements

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

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

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

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Adrian Walder
Licensed Audit Expert

Zurich, 22 February 2021

Capital Adequacy and Liquidity

Regulatory Key Figures

	31.12.2020 1000 CHF	30.9.2020 1000 CHF	30.6.2020 1000 CHF	31.3.2020 1000 CHF	31.12.2019 1000 CHF
Available capital (amounts)					
Common Equity Tier 1 (CET1)	228,864				228,787
Tier 1	228,864				228,787
Total capital	228,864				228,787
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	925,368				900,812
Minimum capital requirements (CHF)	74,029				72,065
Risk-based capital ratios (as a percentage % of RWA)					
CET1 ratio (%)	24.73%				25.40%
T1 ratio (%)	24.73%				25.40%
Total capital ratio (%)	24.73%				25.40%
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 (%)	16.73%				17.40%
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 (%)	0.0000%				0.0404%
CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.40%				7.44%
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	9.00%				9.04%
Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	11.20%				11.24%
Basel III Leverage Ratio					
Total Basel III leverage ratio exposure measure (CHF)	2,040,956				4,504,808
Basel III Leverage Ratio	11.21%				5.08%
Liquidity Coverage Ratio					
Total HQLA	3,050,418	2,854,410	2,602,904	2,579,812	2,582,909
Total net cash outflow	2,150,522	2,078,096	1,957,171	1,936,888	1,849,244
Liquidity Coverage Ratio (LCR) (%)	141.85%	137.36%	132.99%	133.19%	139.67%



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