Edmond de Rothschild (France)

2020 annual financial report

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A public company with executive and supervisory boards and capital of €83,075,820
Registered with the Paris trade and companies register under number B 572 037 026
NAF 2 business code: 6419 Z

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Shareholders' letter

This letter, which traditionally accompanies the report on our banking group's annual activities, has been an emotionally challenging experience for me and my daughters, since we are writing it together for the first time since the loss of my husband Benjamin.

A family man with a brilliant mind, boundless energy and great sensitivity, Benjamin was a visionary entrepreneur who sought constantly to transform and modernise the bank he inherited. He always said that when he died, he wanted to leave behind a different, more generous world for his children and future generations. In that spirit, we worked together for more than 10 years to help our Group adopt a sustainable strategy, one in which finance makes a meaningful, long-term contribution to society and in which financial and social performance are better aligned.

And it is in this same spirit that I intend to continue leading the Edmond de Rothschild group and helping our clients – individuals, international families, entrepreneurs, institutional investors and distributors – to grow their capital while having a positive impact on the future. The current pandemic has only served to strengthen our conviction that investing in making the world a better place for everyone is now a key priority and that, to achieve that progress, all of us need to make improvements in the way we live, produce and interact with each other.

In these unprecedented times, I would like to salute the exceptional dedication shown by all of our teams who, for more than a year now, have shown unstinting commitment, allowing us to provide constant support to our clients, maintain the quality and continuity of our services and keep innovating.

In Private Banking, we adapted well to sudden major shifts in the markets, and we kept close ties with our clients, informing and advising them about their investment choices. We also relied on the professionalism shown by our teams as we continued to innovate in terms of our offering, successfully launching new theme-based managed accounts and certificates and developing our activities in club deals, which are well suited to the needs of our private clients.

In Asset Management, we stepped up our strategy of standing out from the field through our conviction-based investment approach. Our real assets platform (private equity, real estate, infrastructure debt) clearly shows our commitment to financing the real economy, and now has CHF18 billion of assets under management. It addresses our clients' need to achieve long-term returns, while enabling them to see the positive impact of their investments. We also made faster progress in sustainable investment. At the time of writing, we have 11 labelled funds as opposed to three a year ago, and we now manage CHF27.5 billion according to responsible investment principles. Finally, we expanded our offering in thematic equity asset management, based on themes that we have identified as key investment trends of the future: technology, climate change and the accumulation of human capital.

Hopes have been raised by vaccination roll-outs in early 2021, which should gradually bring a return to a normal way of life and free enterprise. We expect growth to rebound worldwide, in China, the United States and, to a lesser extent, in Europe.

We have begun 2021 with confidence and the certainty that tomorrow's financial sector will face a new world. During its long history, our Bank has seen phases of development as well as quieter periods, but also economic, social and political crises. Every time such difficulties have arisen, we have adapted to the situation, with greater determination than ever to have a positive impact on tomorrow's world. Resilience is part of our Group's DNA, a key value that will help us get through these testing times and learn from them.

Once again, I would like to thank our clients and employees for their loyal support and the commitment they have shown alongside us.

Ariane de Rothschild

Chairwoman of the Group Board of Directors

Edmond de Rothschild

Key figures

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Key figures

Edmond de Rothschild Group at 31 December 2020

Edmond de Rothschild: unique among banks

The Edmond de Rothschild Group's position in the world of finance is unique. We are fully in tune with the new global landscape but, at the same time, we cultivate values that have fallen by the wayside at many other banks.

The family tradition gives us an acute sense of what the "long term" means, as reflected in the way we manage clients' assets: creativity does not preclude cautiousness; and while our business may break new ground, risk is always well managed.

Private Banking and Asset Management are the powerful engines that lie at the centre of everything we do. We are also active in Corporate Finance, Private Equity, Real Estate and Institutional & Fund Services.

The Edmond de Rothschild Group today

We provide a bespoke service for an international client base consisting of wealthy families, entrepreneurs and major institutions.

Our lines of business

Private Banking

Corporate Finance

Asset Management

Private Equity

Real Estate

Institutional & Fund Services

Our strengths

- The stability and solidity of an independent financial group
- Unsurpassed attention to individual client needs combined with global expertise
- Proactive teams that track and analyse the latest economic developments and adjust our offerings accordingly
- Access to a comprehensive range of financial products and services

The Edmond de Rothschild Group in figures

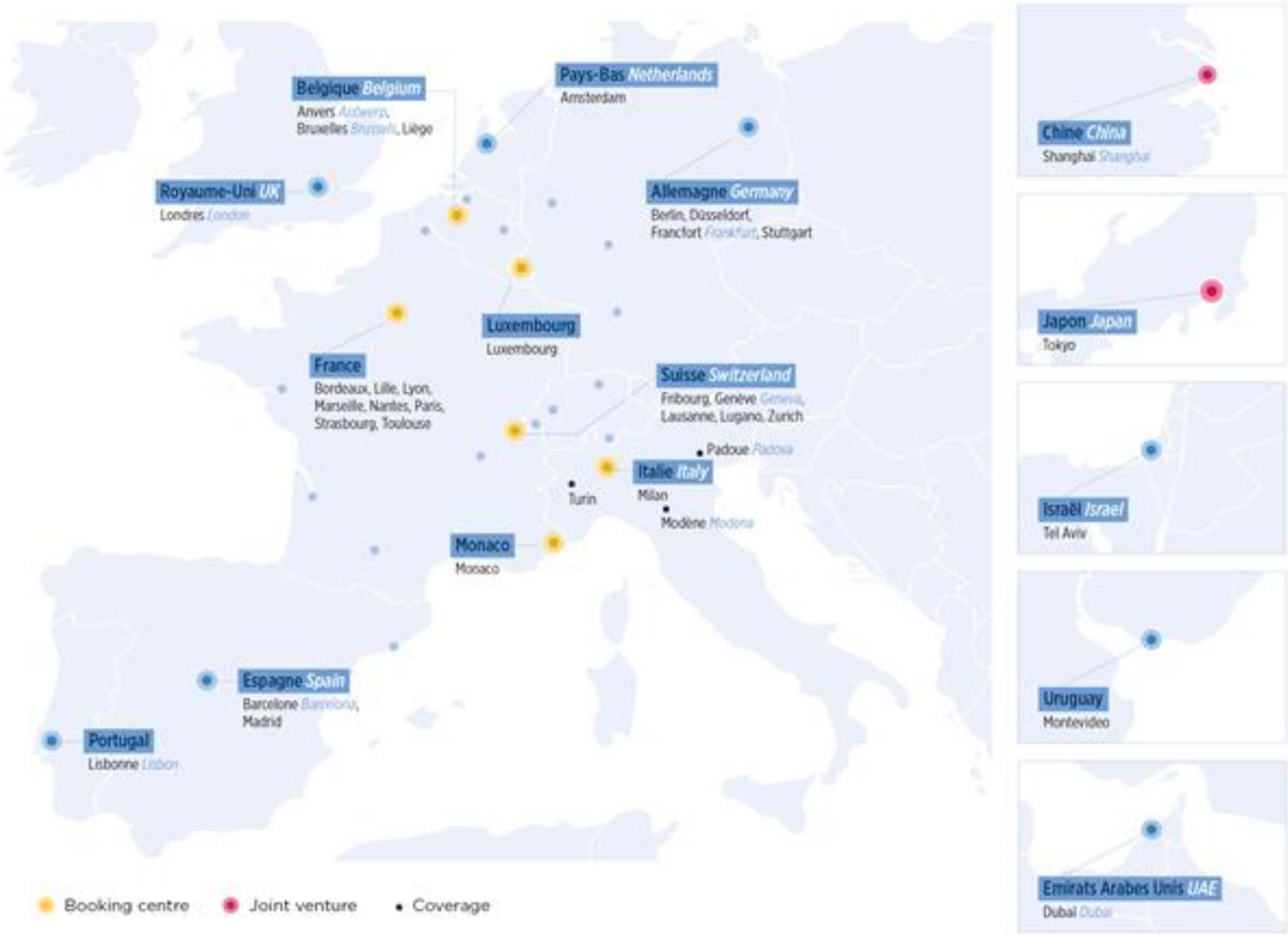
CHF168 billion in assets under management (€155 billion)

21.6% FINMA capital adequacy ratio

2,518 employees at 31 December 202

GLOBALLY ACTIVE

33 offices in 16 countries



Key figures

Edmond de Rothschild (France) at 31 December 2020

Shareholder base at 31 December 2020

Edmond de Rothschild (France) is wholly-owned by Edmond de Rothschild (Suisse) SA.

Offices in France

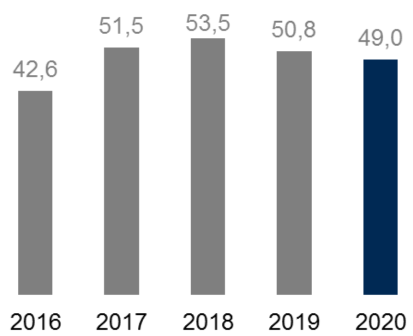
France

Bordeaux, Lille, Lyon, Marseille, Nantes,

Paris, Strasbourg and Toulouse

Total assets under management

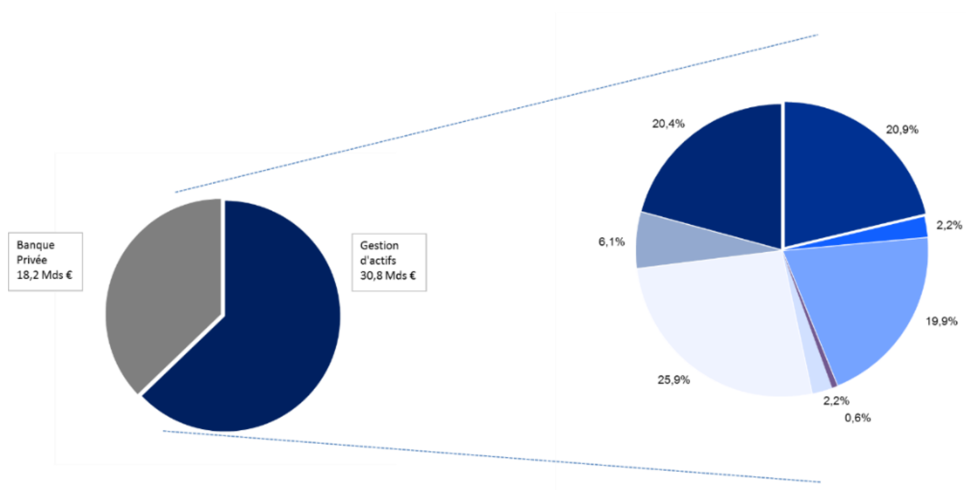
In billions of euros



Breakdown of assets managed by division and asset class (asset management subsidiaries)

Asset breakdown
by division

Breakdown of assets managed
by asset class
(asset management subsidiaries)



- Equities
- Convertible bonds
- Balanced (including funds of funds)
- Alternative management (hedge funds and funds of hedge funds)
- Private Equity
- Fixed-income products
- Structured investment products
- Real Estate

Consolidated highlights (in millions of euros)

Balance sheet highlights	2018	2019	2020
Total assets	3,665	3,955	3,910
Equity attributable to equity holders of the parent*	352	381	395
Loans granted	766	877	1,160
Client deposits	1,585	1,604	1,830

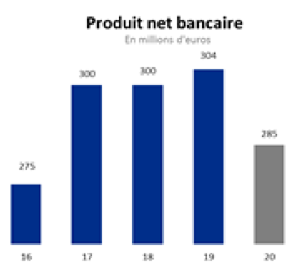
The robustness of the Group's financial position is reflected in its capital ratios**. Its capital adequacy ratio stood at 16.11% with its Tier One and Core Tier One ratios at 15.99% and 15.96%, respectively, at the end of 2020. The minimum regulatory requirement is 10.73%. Under temporary arrangements to accommodate the pandemic crisis, the regulatory requirement has been cut from 10.73% to 8%.

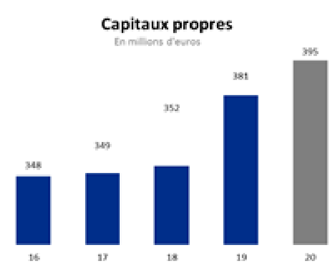
The Liquidity Coverage Ratio (LCR), which is the EU standard, stood at 168.4%, comfortably above the minimum regulatory requirement of 100%.

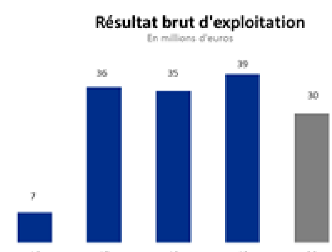
Income statement highlights	2018	2019	2020
Net banking income	300	304	285
Gross operating income	35	39	30
Net income	33	16	27
of which attributable to equity holders of the parent	*28*	*14*	*24*
Average headcount (number)	**789**	**783**	**775**

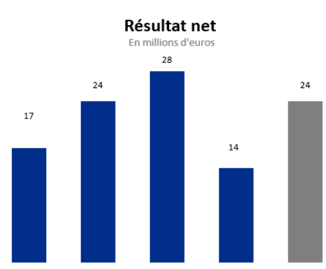
* Excluding net income for the year.

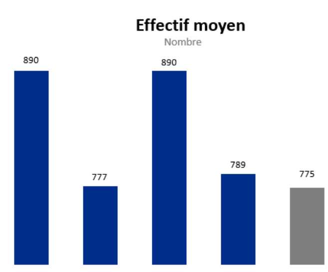
** These ratios are calculated in accordance with prudential regulations on the basis of the consolidated equity of Edmond de Rothschild (France).











Management report

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Report of the Executive Board

The global pandemic that struck during 2020 had an unparalleled impact on our ways of life and on the financial and business worlds. Equity markets racked up heavy losses of close to 40% at the nadir of the crisis, although they clawed back significant ground in the fourth quarter. Against this backdrop, Edmond de Rothschild (France) held up tremendously well. Our flexible operational model made for a smooth, rapid and large-scale switch to homeworking, and our robust business model predicated on a high level of recurring revenue streams helped overcome the headwinds. Overall, the Edmond de Rothschild (France) Group posted net income attributable to equity holders of the parent of €24.3 million in the year ended 31 December 2020, a rise of €10 million on the €14.4 million reported for the year to 31 December 2019.

Sales and financial performance varied from one division to another. Private Banking maintained its first-class sales activity, generating €1.5 billion in net new money in France and also €0.4 billion in net inflows in Italy. Private Equity garnered €51.0 million from a fundraising transaction. Conversely, Asset Management recorded an outflow in 2020. In real estate management, the outflow was close to €0.5 billion, while the "liquid" Asset Management products suffered an outflow of close to €2.4 billion, chiefly affecting our Long Only range. Like the entire active management industry, it was hit by investors' increased risk aversion and competition from passive management products. Lastly, Corporate Finance successfully completed a string of impressive deals and boasts a well-stocked pipeline, despite being highly sensitive to the lockdown.

Given the aforementioned conditions, the unfavourable market moves accentuated these negative effects. Overall, assets under management totalled €49.1 billion at 31 December 2020, representing a decline at comparable structure compared with at the end of 2019.

In thousands of euros	2020	2019	Change
Net banking income	**284,653**	**303,631**	**−6.3%**
Operating expenses	−254,829	−264,919	−3.8%
- Personnel expense	*−145,723*	*−151,979*	
- Other operating expenses	*−82,681*	*−85,241*	
- Depreciation and amortisation	*−26,425*	*−27,699*	
Gross operating income	**29,824**	**38,712**	**−23.0%**
Cost of risk	−59	−3	
Operating income	**29,765**	**38,709**	**−23.1%**
Share in net income/(loss) of associates	8,202	−105	
Net gains or losses on other assets	−60	1,211	
Changes in the value of goodwill	-	−8,105	
Income (loss) before tax	**37,907**	**31,710**	**x0.1**
Income tax	−10,496	−15,744	
Net income	**27,411**	**15,966**	**x0.2**
Non-controlling interest	−3,113	−1,590	
Net income attributable to equity holders of the parent	**24,298**	**14,376**	**69.0%**
Non-recurring transactions	-	-	
Reported net income attributable to equity holders of the parent	**24,298**	**14,376**	**69.0%**
Cost/income ratio*	83.5%	81.3%	

*Personnel expenses and other operating expenses (excluding depreciation and amortisation restated for IFRS 16) as a percentage of net banking income (NBI).

Net banking income

Net banking income declined 6.3% compared with 2019 to reach €284.7 million in 2020. This overall trend reflects:

- a 9.8% drop in management and advisory fees as assets under management moved lower with the factors outlined above and the weaker product mix
- a high level of performance-related fees approaching €28.0 million, up from €9.6 million in 2019
- a strong increase in fees on transactions (transfers and front-end charges) of close to 15% as a result of the market movements
- a €33 million fall in on-balance sheet income, as substantial dividend payouts were made into the investment portfolio. The lending activities again performed well, however.
- a fall in Corporate Advisory Services income from €20.5 million in the previous year to €16.4 million, albeit still very encouraging in view of the prevailing environment.

Gross margin came to 59 basis points, narrowing by 1 basis point compared with 2019.

Operating expenses

Operating expenses totalled €254.8 million in 2020, down 3.8% on their 2019 level.

Personnel expenses came to €145.7 million, down 4.5% relative to 2019 particularly as a result of variable remuneration falling to reflect performance.

Other operating expenses rose to €109.1 million, down 3.4% from the 2019 level, with the pandemic the main factor accounting for this decline.

Operating income

With these trends in net banking income and operating expenses, gross operating income came to €29.8 million versus €38.7 million in 2019. As a result, the cost/income ratio rose by three points to reach 84%, up from 81% at year-end 2019.

Consolidated operating income totalled €29.8 million versus €38.7 million in 2019, with a zero net cost of risk (-€0.6 million in 2020).

Net income attributable to equity holders of the parent

The share in the net income of associates moved clearly into positive territory from close to zero in 2019 (€8.2 million versus negative €0.1 million in 2019) as a result of upbeat performance at Edmond de Rothschild (Monaco). Net gains and losses on assets were almost zero after net gains of €1.2 million in 2019.

No goodwill impairment charges were recognised in 2020.

The higher non-controlling interest in 2020 reflected payouts by the ERES II fund.

Given the impact of these more supportive factors than in 2019, net income attributable to equity holders of the parent rose 69.0% on the previous year to €24.3 million.

Business trends and income by division

Private Banking continued to grow during the unprecedented conditions of 2020. Its results moved higher in both trading and lending with another very strong sales performance during the year.

Asset Management (excluding real estate management), which bore the brunt of both a substantial outflow of high-margin assets and unfavourable market effects, suffered a major decline in its management and advisory fees, but its very strong performance-related fees kept net banking income at the same level as in 2019.

Real estate management again delivered top-line growth reflecting higher purchase fees. Recurring revenue streams expanded further.

Private Equity introduced a new franchise in 2020 and made preparations for the launch of a fourth series of ERES funds. In addition, the business completed some final closings.

Corporate Advisory Services also performed well amid considerable investor wariness and hesitancy. The team has established itself as a respected player in its market segment.

Overview of income and profitability by division

	Private Banking		Asset Management		Private Equity		Other Activities and Proprietary Trading		Group	
In thousands of euros	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net banking income	**97,189**	**83,779**	**145,735**	**141,615**	**5,475**	**5,209**	**36,254**	**73,028**	**284,653**	**303,631**
Operating expenses	−82,332	−81,002	−125,007	−133,623	−6,681	−6,273	−40,809	−44,021	−254,829	−264,919
- Personnel expense	*−50,611*	*−49,475*	*−68,814*	*−72,484*	*−4,442*	*−3,870*	*−21,856*	*−26,150*	*−145,723*	*−151,979*
- direct	*−36,909*	*−35,613*	*−50,680*	*−54,063*	*−3,871*	*−3,289*	*−15,333*	*−19,042*	*−106,793*	*−112,007*
- indirect	*−13,702*	*−13,862*	*−18,134*	*−18,421*	*−571*	*−581*	*−6,523*	*−7,108*	*−38,930*	*−39,972*
- Other operating expenses	*−24,738*	*−24,105*	*−47,827*	*−51,945*	*−2,058*	*−2,212*	*−8,058*	*−6,979*	*−82,681*	*−85,241*
- Depreciation and amortisation	*−6,983*	*−7,422*	*−8,366*	*−9,194*	*−181*	*−191*	*−10,895*	*−10,892*	*−26,425*	*−27,699*
Gross operating income	**14,857**	**2,777**	**20,728**	**7,992**	**−1,206**	**−1,064**	**−4,555**	**29,007**	**29,824**	**38,712**
Cost of risk	-	-	-	-	-	-	−59	−3	−59	−3
Operating income	**14,857**	**2,777**	**20,728**	**7,992**	**−1,206**	**−1,064**	**−4,614**	**29,004**	**29,765**	**38,709**
Share in net income/(loss) of associates	9,718	7,571	−1,516	−7,676	-	-	-	-	8,202	−105
Net gains or losses on other assets	-	-	-	-	-	1	−60	1,210	−60	1,211
Changes in the value of goodwill	-	-	-	−8,105	-	-	-	-	-	−8,105
Income (loss) before tax	**24,575**	**10,348**	**19,212**	**−7,789**	**−1,206**	**−1,063**	**−4,674**	**30,214**	**37,907**	**31,710**
Cost/income ratio*	77.5%	87.8%	80.6%	88.5%	118.7%	116.8%	105.8%	57.3%	83.5%	81.3%

*Personnel expenses and other operating expenses (excluding depreciation and amortisation restated for IFRS 16) as a percentage of net banking income (NBI).

Private Banking

Highlights of 2020

- Net inflows of €1.9 billion in France
- €18.3 billion in Private Banking assets under management

Private Banking is the Group's original business. Edmond de Rothschild aims to support its private clients pro-actively, planning ahead to meet their every need. The Group has built a range of products and services firmly grounded in the real economy and aligned with entrepreneurs' concerns.

In France, Private Banking is able to devise bespoke solutions and marshal expertise to support its clients at every stage in the wealth engineering process. Edmond de Rothschild can tap into a specialist range of investments, advice and services, ranging from M&A transactions and financial planning to portfolio analysis, and advice on life insurance. For those selling a family-owned company, it can deftly navigate its way through inheritance issues. All this expertise is co-ordinated by the private banker – the lynchpin of the client relationship – who produces a strategic asset allocation based on a holistic view of the client's portfolio.

Stronger inflows

With more than half the world's population going into lockdown during the year, sparking economic recessions around the globe, 2020 will be remembered as the most challenging of years. The financial markets went into a tailspin, plummeting close to 40%. The European markets still had not returned to their previous highs by the end of the year.

Our teams of bankers rapidly began working from home as soon as the lockdown was introduced and were thus able to remain in operation. They continued to support their clients, keeping them informed and guiding them through the unparalleled market conditions, and managing their portfolios effectively. Buoyed by another very strong sales performance in France, the Private Banking division recorded a net inflow of €1.548 billion in 2020.

Bespoke advisory services and investment solutions

Lars Kalbreier joined as Global Chief Investment Officer for Private Banking and subsequently led a reorganisation of the CIO office in 2020. His remit is to shape the Private Banking division's investment strategy and set the global strategic asset allocation, drawing on the macroeconomic analysis produced by our economic research team.

Edmond de Rothschild is a conviction-driven investment house focused on both achieving investment returns and a positive impact. In 2020, it accelerated the introduction of socially responsible investing and transformed its value proposition to better meet client expectations (SRI managed account, theme-based investing, structured products, etc.).

In addition, the advisory management team helped clients plot an effective course for portfolios through the period of high volatility. The team's assets under management also grew significantly.

Lastly, Private Banking also continued to expand its range of lending solutions in a controlled manner to accommodate the needs of its private clients wherever possible, and lending broke through the €1 billion barrier.

Service offering focused on entrepreneurs

Entrepreneurs are one of Private Banking's leading areas of growth in France. Edmond de Rothschild's offering, which consists of a wide range of capabilities geared to SMEs and their managers, such as consulting, M&A, financial and wealth engineering, and private equity, is finely-tuned to meet their needs. To satisfy their desire for investing in physical assets, Edmond de Rothschild has built a diversified private equity and real estate offering. Synergies with the corporate finance team also make it possible to provide tailored solutions for buyouts, capital raising and acquisitions.

Lastly, the Bank re-energised several of its partnerships in 2020 to raise its own profile and achieve higher recognition rates among tech entrepreneurs. Among these, Edmond de Rothschild remains a committed partner of the Galion Project, a think tank of tech entrepreneurs who share the view that collaborative innovation can drive efforts to build a better world.

Enhanced security for clients

Secure account access for clients is of the utmost importance for Edmond de Rothschild, and it has undertaken to meet all the requirements of the Second European Payment Services (PSD2) Directive. Strong authentication will thus be introduced to tighten up the security of payment transactions and account access.

Breakdown of Private Banking results

In thousands of euros	2020	2019	Change
Net banking income	**97,189**	**83,779**	**16.0%**
Operating expenses	−82,332	−81,002	1.6%
- Personnel expense	*−50,611*	*−49,475*	
. direct	*−36,909*	*−35,613*	
. indirect	*−13,702*	*−13,862*	
- Other operating expenses	*−24,738*	*−24,105*	
- Depreciation and amortisation	*−6,983*	*−7,422*	
Gross operating income	**14,857**	**2,777**	**435.0%**
Cost of risk	-	-	
Operating income	**14,857**	**2,777**	**435.0%**
Share in net income/(loss) of associates	9,718	7,571	
Net gains or losses on other assets	-	-	
Changes in the value of goodwill	-	-	
Income (loss) before tax	**24,575**	**10,348**	**137.5%**
Cost/income ratio*	77.5%	87.8%	

*Personnel expenses and other operating expenses (excluding depreciation and amortisation restated for IFRS 16) as a percentage of net banking income (NBI).

Net banking income

Private Banking's sales performance powered ahead in France, with growth in Italy buoyed by the recruitment of new bankers. As a result, net banking income came to €97.2 million in 2020, up 16.0% compared with 2019.

The key contributory factors were as follows:
In France:

- management and advisory fees rose 4.8% compared with 2019, reflecting robust business trends that drove up assets under management, and a realignment of the product range
- trading activity was very strong in 2020, producing a 50.2% increase in fees on transactions in 2019
- the firm performance in lending during 2020 generated a 17.3% rise in on-balance sheet revenue compared with 2019.

In Italy, the investments made in late 2019 have started to pay off, with revenue moving up 23.4% in 2020.

Overall, Private Banking net banking income accounted for 34.4% of consolidated net banking income in 2020, up from 27.9% in 2019.

Operating expenses

Private Banking operating expenses totalled €82.3 million in 2020, a limited increase of 1.6% compared with their 2019 level.

Personnel expenses came to €50.6 million in Private Banking, up 2.3% relative to 2019.

Other expenses were relatively stable (up 0.62%).

Operating income

Private Banking recorded €14.9 million in gross operating income, a very steep increase (€12.1 million) on the 2019 level driven by revenue growth.

Accordingly, the cost/income ratio stood at 78%, which was an improvement on 2019.

As in previous years, the cost of risk was very low indeed, reflecting the high quality of the division's loan commitments and its risk management.

Income (loss) before tax

Including the contribution from Edmond de Rothschild (Monaco), which was higher than in 2019, Private Banking's income before tax totalled €24.6 million in 2020.

Asset Management

Highlights of 2020

- €33.6 billion under management
- An additional milestone reached in responsible investment
- An innovation-packed year
- Top-notch performance by several funds, Citywire's "Most improved on gender diversity" award
- Resilient performance by physical assets
- Unified sales department

The whole philosophy behind Edmond de Rothschild's Asset Management range is to offer active management powered by bold thinking. Edmond de Rothschild Asset Management strives to outperform index-tracking products by focusing on conviction-driven value creation over the long term.

The range of solutions available from Edmond de Rothschild Asset Management comprises investment funds and managed accounts for institutional investors, together with open-ended UCITS marketed to private clients by multiple partner financial institutions (private banks, investment companies and insurers) and independent financial advisors.

An additional milestone in responsible investment

More than 10 years after first embracing SRI with the launch of a renewable energies strategy (2007), Edmond de Rothschild Asset Management has expanded significantly in responsible investing. The extensive product range now boasts 11 SRI-certified funds, up from three in 2020. It encompasses European equities and bonds, international convertible bonds, multi-asset strategies and theme-based funds, such as healthcare.

An ambitious roadmap was drawn up to guide our responsible investment strategy over the period from 2021 to 2024. Edmond de Rothschild Asset Management updated its 2°C roadmap in 2020 to factor in the climate emergency and the solutions put forward by various businesses and regulators, such as the European Union's green taxonomy.

Reflecting its decade-long approach to unlock improvements, Edmond de Rothschild Asset Management has been awarded an excellent rating for the fifth year in a row. This outcome was predicated on the assessment carried out in 2020 as part the United Nations Principles for Responsible Investment (UN PRI) programme. The management company is rated ahead of its European peers in six out of seven categories and achieved the highest score of A+ in three of them (including Strategy & Governance).

An innovation-packed year

Since establishing its first theme-based fund in 1985 focused on healthcare, Edmond de Rothschild Asset Management has steadily built up its theme-based equity offering, launching several ground-breaking tech, climate change and human capital funds in 2020. All three funds have earned an SRI-accreditation.

Following publication of the Tibi report aimed at accelerating the funding of tech companies in France, Edmond de Rothschild Asset Management decided to move into this area and market its solutions tailored for French institutional investors. The Edmond de Rothschild Big Data Fund was picked by the Tibi commission during the summer. Its selection shows that our range is perfectly geared to the conviction-driven investment approach mapped out in the commission's call for bold thinking.

The Edmond de Rothschild Big Data Fund launched in 2015 is one of the first to have addressed this area in the broad sense of the term and to put innovative tech at the heart of its stock selection from across all the various sectors.

Several success stories

Several funds, such as the EdR SICAV Euro Sustainable Equity and the EdR Bond Allocation funds, recorded stand-out performance despite a very testing year, with volatility peaking in March in the equity markets and very poor liquidity in the bond markets. The range of emerging equity and debt funds, and especially the EdR

Emerging Sovereign, EdR Strategic Emerging and EdR India funds, also impressed.

In addition, Citywire's "Most improved on gender diversity" award was bestowed on Edmond de Rothschild Asset Management at the Gender Diversity Awards 2020 on 9 December. The accolade was due recognition for the policy of increasing the number of talented women holding positions of responsibility in fund management and other departments.

Resilient performance by physical assets

Our broad range of expertise in physical assets, which certainly proved its worth during 2020, extends across real estate, private equity and infrastructure debt.

We brought our array of real estate investments together under the Edmond de Rothschild REIM banner, and added new products to better align the offering with current conditions, with portfolios holding up well in the face of the crisis during 2020. The new private real estate debt business, perfectly in tune with current market trends, made a very promising début, raising €230.0 million in assets in the final quarter of 2020.

The private equity approach, with its focus on the long term, showed its value in an unparalleled pandemic situation. Through systematic consideration of ESG (environmental, social and governance) aspects, alongside the financial risks, robust investment themes were developed. The 13 strategies in the range weathered the crisis and continued to develop despite the situation.

Lastly, BRIDGE (Benjamin de Rothschild Infrastructure Debt Generation) launched a fifth generation, capitalising on the know-how of the platform's seasoned management team, which regularly picks up industry awards. It is based on two strategies – investment-grade senior debt and, secondly, higher-yield, BB-rated debt. Since its launch in 2014, the BRIDGE platform has raised more than €3 billion.

It embraces sustainable development by design, with ESG criteria and assets' carbon footprint analysed as part of its investment process.

Unified sales department

Marie Jacot-Cardoen was named Global Head of Distribution at Edmond de Rothschild Asset Management effective 18 November 2020. Her role is to execute Asset Management's commercial strategy across all the regions and support the entire asset management offering, including liquid and physical assets. She is also responsible for marketing the responsible investment range to all Asset Management clients.

Her appointment supports the drive to build a unique and robust conviction-driven investment house spanning every client segment – institutional investors, distribution partners and independent asset management advisors.

Breakdown of Asset Management results

In thousands of euros	2020	2019	Change
Net banking income	**145,735**	**141,615**	**2.9%**
Operating expenses	−125,007	−133,623	−6.4%
- Personnel expense	*−68,814*	*−72,484*	
. direct	*−50,680*	*−54,063*	
. indirect	*−18,134*	*−18,421*	
- Other operating expenses	*−47,827*	*−51,945*	
- Depreciation and amortisation	*−8,366*	*−9,194*	
Gross operating income	**20,728**	**7,992**	**159.4%**
Cost of risk	-	-	
Recurring operating income	**20,728**	**7,992**	**159.4%**
Share in net income/(loss) of associates	−1,516	−7,676	
Net gains or losses on other assets	-	-	
Changes in the value of goodwill	-	−8,105	
Income (loss) before tax	**19,212**	**−7,789**	**−346.7%**
Cost/income ratio*	80.6%	88.5%	

*Personnel expenses and other operating expenses (excluding depreciation and amortisation restated for IFRS 16) as a percentage of net banking income (NBI).

Net banking income

Assets under collective management totalled €33.5 billion at year-end, with substantial outflows pushing them down below their level at year-end 2019. Of particular significance were the €1.8 billion outflow from the asset allocation and sovereign debt range and the €0.5 billion in asset disposals in real estate management.

Assets under management declined 9.7%.

Net banking income trends varied from one business to another:

- revenue was stable in liquid products (excluding real estate), with the €14 million impact of the fall in assets under management offset by the €17.9 million rise in performance-related fees
- in real estate management, average assets under management rose 8.0%, driving growth of 12.2% in volume-related income. In addition, the uptrend in acquisition activity paved the way for a 28.6% rise in revenue.
- revenue from the distribution of asset management funds in Italy was 35% lower than in 2019 as a result of the loss of major managed accounts.

Overall, Asset Management's net banking income grew 2.9%.

Operating expenses

Operating expenses were cut by 6.4% to €125.0 million, down from €133.6 million in 2019.

Personnel expense totalled €68.8 million, which was 5.1% lower than in 2019.

Other operating expenses in Asset Management came to €56.2 million, down 8.1% between 2019 and 2020.

Operating income

Gross operating income rose €12.7 million to reach €20.7 million as a result of the trends presented above.

The division's cost/income ratio improved to 81% from 88% in 2019.

Income (loss) before tax

In 2020, the contribution from associates was dented slightly by the losses recorded by ERAAM and Zhonghai Fund Management Co. Ltd, in which the Group owns shareholdings. The Asset Management division's income before tax was €19.2 million, versus a loss before tax of €7.8 million in 2019.

Calculated on the basis of management fees (excluding performance-related fees), the margin was 35 basis points, down 1 basis point from its 2019 level of 36 basis points.

Private Equity

Highlights of 2020

- Several major final closings: Privilège 2019 (€111.2 million) and Kennet V (€223.0 million).
- Transmission & Croissance I's interim closing raised €70.8 million.
- One disposal and two acquisitions by ERES III, real traction gained by Privilege Access 2019 and Kennet V.
- Transmission & Croissance I completed its first investment and was awarded the Relance quality label.

We continued to expand our expertise in private equity throughout 2020, notwithstanding the highly unusual conditions prevailing during the year.

Fundraising continued as investor confidence held up. Our teams maintained an unwavering focus on their portfolios, providing steadfast support to business managers. We made adjustments to how we work and accelerated our digitalisation drive, benefiting our internal teams and the service we provide to clients.

Lastly, our conviction-driven investment strategies demonstrated their worth during the pandemic. We devised private equity strategies combining innovation with positive impacts over the long term to deliver lasting solutions to the challenges facing society.

Funds of funds: spectacular growth

Privilege Access, our fund of funds strategy, completed its final closing in June 2020, with €111.2 million in capital committed – €47.7 million via the Privilège 2019 FPCI and €63.5 million via Privilege 2019, a sub-fund of Privilege Access SCA, SICAV-RAIF.

Privilege pressed ahead with the deployment of both vehicles' capital in 2020. It completed 12 deals in Europe and the United States, including nine primary commitments and three direct co-investments.

By 31 December 2020, Privilege Access had completed all its planned 14 primary commitments and five co-investments. The team has built a diversified portfolio reflecting strong convictions about certain sectors, with investment themes such as technology, healthcare and financial services.

Rock-solid strategy in mid-cap buyout funds

The ERES II fund delivered first-class performance. Over the course of the year, the residual portfolio (two lines) gained over 20%. The key factor behind this rise was deal inked on 30 December to sell its stake in Fidelity Bank (still subject to regulatory approval).

The ERES III funds also emerged stronger from 2020 as their carefully constructed portfolio, geographical and industry diversification and moderate leverage (ratio of 50%, below standard market practice) paid dividends. The portfolio's value appreciated by approximately 25% over the year.

Selling down the holding in Allegro by one-quarter helped underpin this performance.

Allegro, which was founded in 1999, has grown to become Poland's leading non-food e-commerce platform and the world's tenth-ranked e-commerce operator. Its IPO on 12 October was a tremendous success. Allegro now has the largest market capitalisation on the Warsaw Stock Exchange and is clearly established among Europe's premier tech groups.

The ERES III funds also took advantage of attractive pricing amid the pandemic-related uncertainty to complete investments in both Wella and MSTS during 2020.

Wella is the world's number two hair care products company for hairdressing professionals (colourants). This was a primary LBO deal, with Coty Inc. the seller. Revitalising Wella's commercial activities and enhancing its operational organisation are the main goals.

MSTS is a US-based technology services company specialized in managing trade receivables and payables for businesses.

Positions in the tech sector expanded further

Kennet, our growth capital fund specialised in the tech sector, completed a €223.0 million final closing in July 2020, with €22.7 million raised via the Kennet V FPCI and €200.3 million via Kennet V SCSP.

Kennet Partners, a UK-based company, manages the investments.

Kennet V completed three investments in software solution providers (Codility, Onfleet and Grip Events) and built up a major pipeline of potential deals for 2021. Kennet targets “bootstrapped” companies – those built without significant external capital – providing a critical technology solution for their customers’ business models.

Transmission & Croissance: a private equity fund specialised in buyouts of French SMEs

Transmission & Croissance, the SME buyout strategy launched in late 2020 together with Trajan Capital’s team, continued its fundraising activities.

Akin to the model successfully adopted by search funds in North America, the fund aims to maintain the independence of French SMEs by supporting a fresh generation of entrepreneurs as they take on leadership roles and gradually raise their holdings in these companies’ capital.

The Transmission & Croissance I FPCI fund completed a €70.8 million interim closing in November 2020.

Transmission & Croissance I also completed its first investment in AB Process, a SME specialised in robotics solutions for manufacturing lines. AB Process supports its customers, many of them in the agrifood segment, with their robotics-based projects in France and around the world.

The strategy was awarded the Relance quality label by France’s Ministry for the Economy, Finance and the Recovery.

Quadrant: a fund of funds range tailored to private clients’ needs

Quadrant III FPCI, our in-house fund of funds, was built with significant input from private bankers to help enhance portfolio diversification. Quadrant III is targeting six investments in specific private equity areas, namely mid-cap buyout, SME buyout, growth capital in North Africa, soil pollution abatement and sustainable urban development, upscale hotels and high value-added real estate.

Quadrant’s balanced core allocation underpinned by strategies grounded in real economy productivity solutions and investment themes aligned with the long-term challenges facing society.

Breakdown of Private Equity results

In thousands of euros	2020	2019	Change
Net banking income	**5,475**	**5,209**	**5.1%**
Operating expenses	−6,681	−6,273	6.5%
- Personnel expense	*−4,442*	*−3,870*	
. direct	*−3,871*	*−3,289*	
. indirect	*−571*	*−581*	
- Other operating expenses	*−2,058*	*−2,212*	
- Depreciation and amortisation	*−181*	*−191*	
Gross operating income	**−1,206**	**−1,064**	**13.3%**
Cost of risk	-	-	
Recurring operating income	**−1,206**	**−1,064**	**13.3%**
Share in net income/(loss) of associates	-	-	
Net gains or losses on other assets	-	1	
Changes in the value of goodwill	-	-	
Income (loss) before tax	**−1,206**	**−1,063**	**13.5%**
Cost/income ratio*	118.7%	116.8%	

* Personnel expenses and other operating expenses as a percentage of net banking income (NBI).

Net banking income

The continuing expansion in funds of funds provided another boost to Private Equity net banking income in 2019, which was €0.3 million higher than in 2019.

Operating expenses

Operating expenses rose 6.5% above their 2019 level as a result of non-recurring personnel expenses.

Operating income (loss)

As a result, the operating loss widened by 13 points compared with 2019.

Income (loss) before tax

Private Equity posted a loss before tax of €1.2 million, versus a loss of €1.1 million in 2019.

Other Activities and Proprietary Trading

CORPORATE ADVISORY SERVICES

Highlights of 2020

- 30 transactions advised on, despite the pandemic's impact, as the team went from strength to strength
- Strong activity levels in the healthcare and real estate sectors, with a foothold established in hotels
- Ramp-up in tech and digital fundraising transactions, achieving a higher market profile

Advising owner-managers, family-controlled companies, financial investors and industrial groups, is a core pillar of the Group's business. This distinctive feature of its business model in France helps it stand out from its direct banking rivals thanks to its ability to offer its entrepreneurial clients a one-stop shop for wealth engineering, M&A advisory and private banking solutions. Edmond de Rothschild advises its clients on capital transactions related to their industrial, commercial and real estate assets. The business also enables the Group to devise asset diversification solutions for family-office investors.

The team focuses on the small- and mid-cap market segment (i.e. deal sizes ranging from €10 million to €1.5 billion). Independent, conflict of interest-free and unique deal-making experience with privately-held firms to support clients in France and abroad is what makes all the difference.

Impressive resilience despite the pandemic's impact

After a record 2019 for transaction volumes, our business coped well with the impact of the pandemic in 2020. Resilient sectors, such as healthcare, energy, tech and digital, continued to attract investor interest.

The 30 deals handled by the team, down from 33 in 2019 are a testament to its outstanding pandemic response and strong performance amid the prevailing conditions, the ramp-up in the Lyon team, and the enhancements made to the internal organisation structure in recent years.

A closer relationship was established with Private Banking during the year, including a number of commercial initiatives, which are expected to continue paying dividends. Transactions with investment funds built up momentum, as we established strong, lasting relationships with a large number of funds across our corporate transaction activities, as well as in the lending business.

As in the previous year, real estate was a major revenue source for the corporate transaction business, with our teams advising on seven deals. Three of these were in the hotels sector, which represents a major breakthrough.

Edmond de Rothschild Corporate Finance completed eight transactions in 2020 in healthcare and health services, a resilient sector boasting lofty valuations. Two large, high-profile deals stood out – the acquisition by Merieux Capital Partners and Partners Group of a stake in Laboratoires SERB and Ardian's purchase of an investment in Inovie, France's leading independent medical diagnostic provider.

The tech and digital sector gained greater traction. The team advised Crime Science Technology, a specialist in forensic techniques and security, on the sale of a stake in its capital to German group Covestro, a world leader in high-tech polymer materials.

The financing advisory business, a key source of new mandates, was involved in a number of the team's transactions, playing a crucial marketing and market intelligence role. In addition, demand is expected to be even stronger in 2021, as the various government assistance programmes come to an end.

Aiming even higher

A new managing director was hired during 2020 to continue scaling up the organisation in line with its plans to grow and develop the business and establish it as one of the leaders in France's small- and mid-cap sector. The addition of his expertise in education and cosmetics, sectors in which the team already had three associates and four analysts, has proven invaluable.

Even closer ties were forged with Private Banking. The year's landmark transactions included the sale of Laboratoires Biomega to the Bioclinic group, which harnessed the significant synergies with the Private Banking teams.

In 2021, Edmond de Rothschild Corporate Finance intends to continue its development by participating in a growing number of market transactions, building on its 2020 momentum. The main development drivers for 2021 will be acquiring specialised industry expertise, increasing so-called primary deals in cooperation with Private Banking and establishing stronger credentials with investment funds.

Breakdown of Other Activities and Proprietary Trading results

In thousands of euros	2020	2019	Change
Net banking income	**36,254**	**73,028**	**−50.4%**
Operating expenses	−40,809	−44,021	−7.3%
- Personnel expense	*−21,856*	*−26,150*	
. direct	*−15,333*	*−19,042*	
. indirect	*−6,523*	*−7,108*	
- Other operating expenses	*−8,058*	*−6,979*	
- Depreciation and amortisation	*−10,895*	*−10,892*	
Gross operating income	**−4,555**	**29,007**	**ns**
Cost of risk	−59	−3	
Operating income	**−4,614**	**29,004**	**ns**
Share in net income/(loss) of associates	-	-	
Net gains or losses on other assets	−60	1,210	
Changes in the value of goodwill	-	-	
Income (loss) before tax	**−4,674**	**30,214**	**ns**
Cost/income ratio*	105.8%	57.3%	

* Personnel expenses and other operating expenses as a percentage of net banking income (NBI).

Net banking income

Corporate Advisory Services

Corporate Advisory Services again clinched a series of impressive deals in 2020. This limited the decline in net banking income, which fell 4.0% compared with 2019 to €16.5 million.

Proprietary Trading

Proprietary Trading's net banking income came to

€19.7 million, down €32.7 million relative to 2019 because of the non-recurrence of portfolio revenue. Gains on the investment portfolio amounted to €12.5 million.

Operating expenses

Corporate Advisory Services

Operating expenses declined 13.3% relative to 2019, reflecting the level of net banking income generated and the switch to homeworking, which cut certain expenses, such as travel costs.

A gross operating loss of €3.5 million was recorded, after a gross operating loss of €2.5 million in 2019.

Income (loss) before tax

The Other Activities and Proprietary Trading division recorded a loss before tax of €4.7 million, after income of €30.2 million in 2019.

Outlook for 2021

The uncertainties caused by the pandemic that swept across the globe during 2020 have lingered on into early 2021.

Against this backdrop, Edmond de Rothschild (France) will continue to execute the Group's strategy of refocusing on its core strengths, leading by example and harnessing opportunities for collaboration and synergies within the Group.

Movements in the portfolio of subsidiaries and associates

During 2020, Edmond de Rothschild (France) carried out the following transactions:

Acquisitions

- In March 2020, Edmond de Rothschild (France) bought shares in Financière Eurafrique, giving it full ownership of Financière Eurafrique's share capital at 31 December 2020.

Winding-up

- In June 2020, Edmond de Rothschild (France) removed from its portfolio of subsidiaries and associates the shares it held in Edmond de Rothschild Securities Hong-Kong Ltd, which was wound up.

Consolidated balance sheet

Consolidated total assets came to €3,909.9 million at 31 December 2020, down 1.1% from €3,954.5 million at 31 December 2019.

Assets

In thousands of euros	31 December 2020	31 December 2019
Cash, due from central banks and postal accounts	2,053,994	2,229,167
Financial assets at fair value through profit and loss	157,323	171,859
Financial assets at fair value through equity	1,341	3,719
Securities at amortised cost	6,521	10,384
Loans and receivables due from credit institutions, at amortised cost	48,600	234,936
Loans and receivables due from clients, at amortised cost	1,160,185	876,774
Tax assets and other assets	236,234	177,972
Non-current assets other than financial assets	245,746	249,689
Total assets	**3,909,944**	**3,954,500**

Liabilities and equity

In thousands of euros	31 December 2020	31 December 2019
Financial liabilities at fair value through profit and loss	1,354,751	1,582,115
Due to credit institutions	22,143	88,276
Due to clients	1,830,461	1,603,964
Tax liabilities and other liabilities	252,107	249,488
Provisions	23,269	24,590
Subordinated debt	-	-
Equity attributable to equity holders of the parent	419,072	395,496
Non-controlling interest	8,141	10,571
Total liabilities	**3,909,944**	**3,954,500**

Main changes in consolidated assets

Cash, due from central banks and postal accounts shows the Bank's demand deposits with the ECB and the Banque de France.

Financial assets at fair value through profit and loss fell to €157.3 million at 31 December 2020, from €171.9 million at 31 December 2019. The line item chiefly consisted of the Group's private equity portfolio (€138.1 million) and trading derivatives measured at fair value (€4.6 million) at 31 December 2020.

Securities at amortised cost dropped to €6.5 million at 31 December 2020, from €10.4 million at 31 December 2019.

Loans and receivables due from credit institutions declined to €48.6 million at 31 December 2020, down 79.3% from €234.9 million at the end of the previous year. Cash transactions with the Group accounted for most of this fall.

Loans and receivables due from clients (net of provisions), consisting of ordinary overdrafts and loans, advanced by 32.3% to €1,160.2 million at 31 December 2020 from €876.8 million at 31 December 2019. That increase was primarily the result of an increase in client overdrafts excluding UCITS funds, which rose by €107.3 million, and a €175.3 million increase in lending.

Debit positions on UCITS current accounts rose from €20.1 million at 31 December 2019 to €0.9 million at 31 December 2020.

Non-current assets other than financial assets totalled €245.7 million at 31 December 2020, down from €249.7 million at 31 December 2019.

Main changes in consolidated liabilities

Financial liabilities at fair value through profit and loss totalled €1,354.8 million at 31 December 2020, down 14.4% from €1,582.1 million at 31 December 2019.

The **Due to credit institutions** item reflects demand deposit accounts on which balances sank to €22.1 million at 31 December 2020 from €88.3 million at 31 December 2019.

The **Due to clients** item includes ordinary accounts in credit, term deposits and savings accounts. This line item rose by 14.1% or €226.5 million overall to reach €1,830.5 million at 31 December 2020. The increase mainly resulted from a €179.4 million rise in ordinary accounts in credit, a €77.4 million increase in term deposits and a €19.9 million decrease in other financial liabilities.

Provisions were stable at €23.3 million at 31 December 2020, compared with €24.6 million at 31 December 2019.

After 2020 net income of €24.3 million, **equity attributable to equity holders of the parent** rose 6.0% to €419.1 million at 31 December 2020.

Commitments given and received by the Group

In thousands of euros	31 December 2020	31 December 2019
Commitments given		
Financing commitments	282,507	292,492
Guarantee commitments	55,472	51,553
Commitments received		
Financing commitments	-	-
Guarantee commitments	1,981	13,487

Financing commitments given to clients, which include commitments to invest in certain of the Group's private equity funds, amounted to €282.5 million compared with €292.5 million at 31 December 2019. This decrease reflected a €2.3 million rise in overdraft authorisations and a €12.3 million reduction in commitments on securities receivable.

Guarantees given by the Group rose 7.6% to €55.5 million from €51.6 million at 31 December 2019. The guarantees mainly consisted of administrative and financial security provided to clients and guarantees to investors in structured, formula and cushion funds, as well as representations and warranties made to companies.

Guarantees received from credit institutions declined to €2.0 million from €13.5 million at the end of 2019.

Parent company financial statements

Parent company balance sheet

At 31 December 2020, the Bank's total assets amounted to €3.824 billion. That represented a decline of 0.8% on the €3.855 billion recorded at 31 December 2019.

The main balance sheet items were as follows:

In thousands of euros	31 December 2020	31 December 2019
Assets		
Cash accounts and interbank operations	2,081,775	2,451,446
Loans to clients	1,168,634	884,838
Other financial accounts	228,180	170,929
Securities and non-current assets	345,413	347,650
Total	**3,824,002**	**3,854,863**

Liabilities and equity		
Interbank operations	958,386	1,185,142
Client deposits	1,927,386	1,681,470
Debt securities	436,268	516,939
Other financial accounts	205,155	171,373
Subordinated debt	21,021	21,022
Equity	275,786	278,917
Total	**3,824,002**	**3,854,863**

On the asset side, **cash accounts and interbank operations** accounted for 54.4% of the Bank's total assets, or €2.082 billion compared with €2.451 billion at 31 December 2019, a fall €370 million or 15.1%. Cash deposited with the ECB and the Banque de France amounted to €2.054 billion at 31 December 2020, or 53.7% of the Bank's total assets (versus €2.229 billion and 57.8% at 31 December 2019), reflecting the improvement in the Bank's liquidity position and a conservative cash management policy in a negative interest-rate environment.

Demand deposits with financial institutions decreased from €47 million at 31 December 2019 to €28 million at 31 December 2020.

Loans to clients amounted to €1,169 million at 31 December 2020, up 32.1% from €885 million at 31 December 2019. That increase derived largely from overdrafts granted to individual clients and non-financial companies and a substantial increase in loans granted to customers.

Other financial accounts rose 33.5% to €228 million, up from €171 million in the previous year.

Securities and non-current assets slipped to €345 million at 31 December 2020 from €348 million at 31 December 2019. This 0.6% decrease was chiefly the product of redemptions of private equity UCITS funds and of the remeasurement of the portfolio of subsidiaries and affiliates.

On the liabilities side, **interbank operations** dropped to €958 million at 31 December 2020 from €1,185 million at 31 December 2019. Term loans were the main factor behind this decrease.

Client deposits rose by 14.6% to €1,927 million at 31 December 2020, up from €1,681 million at 31 December 2019. This increase was chiefly the product of rises of €199 million in clients' other demand deposits and of €55 million in clients' term deposits.

Debt securities amounted to €436 million compared with €517.0 million one year earlier. They consisted mainly of Euro Medium Term Notes (EMTNs) issued in connection with structured products, Negotiable European Commercial Paper (NEUCP) and Negotiable European Medium Term Notes (NEU MTN).

Other financial accounts rose €34 million to €205 million from €171.0 million at 31 December 2019. The increase reflected the measurement of currency exposures.

Subordinated debt, which amounted to €21.0 million at 31 December 2020 (unchanged from at 31 December 2019), includes only the undated super-subordinated notes issued by the Bank in June 2007 to strengthen the Group's regulatory capital.

The main components of **equity** were as follows:

In thousands of euros	(1) 31 December 2020	(1) 31 December 2019
Share capital	83,076	83,076
Reserves	130,522	130,522
Retained earnings	65,319	71,213
Total	**278,917**	**284,811**

(1) Before appropriation of net income for the year.

The **net loss** for the year came to €3.1 million compared with a net loss of €5.9 million in 2019, representing a 49.2% reduction.

Parent company income statement

The key line items in the Bank's condensed income statement were as follows (in thousands of euros):

	2020	2019
Net banking income	**141,033**	159,829
Personnel expense	−76,848	−77,012
Other operating expenses	−60,065	−58,527
Depreciation and amortisation	−12,217	−12,101
Gross operating income	**−8,097**	**12,189**
Cost of risk	14	3
Net gains or losses on other assets	−3,329	−18,080
Non-recurring items	75	−42
Income tax	8,206	36
Net income/(loss)	**-3,131**	**−5,894**

Net banking income

Net banking income fell back 11.8% in 2020 to €141.0 million from €159.8 million in 2019.

This €17.8 million decrease in net banking income was attributable to the following factors:

- income from the securities portfolio and capital market transactions dropped €32.5 million relative to 2019. This decrease largely reflected the reduction in dividends received in 2020 (down €30.6 million relative to 2019).
- Asset Management income rose €13.3 million to €72.4 million from €59.1 million in 2019. This increase chiefly reflected higher fees on transactions (front-end charges and transfer fees) and management fees.

Operating expenses, depreciation and amortisation

Operating expenses, depreciation and amortisation came to €149.1 million, up 1% from the €147.6 million recorded in 2019.

This €1.5 million increase breaks down into:

- a 0.2% fall in **personnel expenses** to €76.8 million in 2020 from €77.0 million in 2019
- a 2.6% increase in **other operating expenses** to €60.1 million in 2020 from €58.5 million in 2019, and
- lastly, €12.2 million in **depreciation and amortisation** in 2020, compared with €12.1 million in 2019.

After operating expenses, depreciation and amortisation, **gross operating income** totalled €8.1 million, down from €12.2 million in 2019.

Non-operating items

The net **cost of risk** made a positive contribution in 2020, as in 2019 – a real testament to the calibre of the Bank's commitments and its risk management policy.

Net gains or losses on other assets showed a net loss of €3.3 million versus a net loss of €18.1 million in 2019.

Non-recurring items contributed a net loss of €76 thousand.

Income tax: Edmond de Rothschild (France) adopted together with some of its subsidiaries the Group tax consolidation regime with effect from 1 January 2020. Under the agreements entered into between these subsidiaries and the parent company, the impact of the Group tax consolidation (i.e., the positive or negative difference between the Group's tax liability and the tax liability of each subsidiary calculated separately) is recognised immediately in the parent company's income.

The Bank recorded a net income tax benefit of €8.2 million compared with €36 thousand in 2019.

The **net loss** for the year came to €3.1 million compared with a net loss of €5.9 million in 2019, representing a €2.8 million improvement.

Share capital

Ownership of the share capital, which amounted to €83,075,820 at 31 December 2020, was as follows:

EDMOND DE ROTHSCHILD (SUISSE) SA	5,538,329	shares, i.e.	100.00%
Other individuals	59	shares, i.e.	NS
Total	**5,538,388**	**shares, i.e.**	**100.00%**

At 31 December 2020, there were no employee shareholders as the term is defined in Article L. 225-102 of the French Commercial Code.

Disclosures pursuant to Articles 39-04 and 223d and 39-05 and 223e of the French General Tax Code

Edmond de Rothschild (France) recorded a total amount of €372,594 in expenditure covered by Articles 39-04 and 223d of the French General Tax Code (extravagant expenditure), corresponding to €115,504 in corporate income tax, which was duly paid.

No expenditure falling within the scope of Articles 39-05 and 223e of the French General Tax Code was recorded.

Disclosures concerning payment periods

(Article D. 441-6 of the French Commercial Code)

At year-end 2020, the amounts owed by the Company to its suppliers and its clients broke down by maturity as follows (in euros):

Disclosures concerning payment periods*

Overdue invoices received and issued not settled at the balance sheet date

	Article D. 441-6: overdue invoices received not settled at the balance sheet date						Article D. 441-6: overdue invoices issued not settled at the balance sheet date					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late-payment analysis												
Number of relevant invoices	5					5	23					23
Total amount of relevant invoices excl. VAT		77,222	0			77,222		578,935	00			578,935
Percentage of total amount of purchases excl. VAT in the financial year	0%	0.095%	0.000%			0.095%						
Percentage of revenue excl. VAT in the financial year								0.904%	0.000%			0.904%
(B) Invoices excluded from (A) concerning receivables and payables disputed or not accounted for												
Number of invoices excluded												
Total amount of excluded invoices excl. VAT												
(C) Reference payment periods used (contractual or statutory period - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment periods used to calculate late payments												

*Excluding banking and related transactions

Information on dormant bank accounts

Pursuant to French Act no. 2014-617 of 13 June 2014 on dormant bank accounts, Edmond de Rothschild (France) discloses that:

- it identified two dormant accounts as defined in the aforementioned Act on its books in 2020 with a total balance of €81,854.34;
- it did not identify any dormant accounts on its books in respect of 2020 with deposits or other assets transferable under French law to Caisse des Dépôts et Consignations and thus made no such transfers to Caisse des Dépôts et Consignations.

Information on branches (Article L. 232-1 of the French Commercial Code)

Pursuant to Article L. 232-1 of the French Commercial Code, the branches in existence at 31 December 2020 were as follows:

- a branch at Corso Venezia 36 in Milan (Italy)
- regional offices in Bordeaux, Lille, Lyon, Marseille, Nantes, Strasbourg and Toulouse

Information about offices and activities at 31 December 2020

Article L. 511-45 of the French Monetary and Financial Code as amended by government order no. 2014-158 of 20 February 2014 requires credit institutions to publish information about their offices and business activities within their scope of consolidation, in each state or territory.

Offices by country

Office	Activities
China	
Zhonghai Fund Management Co. Ltd	Asset management
France	
Edmond de Rothschild (France)	Banking
Edmond de Rothschild Asset Management (France)	Asset management
Financière Boréale	Proprietary trading
SAS Edmond de Rothschild REIM (France)	Asset management
Edmond de Rothschild Corporate Finance	Advisory and financial engineering
Edmond de Rothschild Private Equity (France)	Asset management
SAS EDR Immo Magnum	Asset management
ERAAM SAS	Asset management
Financière Eurafrique	Banking
Immopéra	Other
Groupement Immobilière Financière	Other
Edmond de Rothschild Assurances et Conseils (France)	Insurance brokerage
United Kingdom	
LCFR UK PEP Limited	Asset management
Hong Kong	
Edmond de Rothschild Asset Management (Hong Kong) Limited	Asset management
Edmond de Rothschild Securities (Hong Kong) Limited	Wealth management
Israel	
Edmond de Rothschild Boulevard Buildings Ltd	Real estate portfolio management
Luxembourg	
Edmond de Rothschild Europportunities Management SàRL	Asset management
EdR Real Estate (Eastern Europe) Cie SàRL	Proprietary trading
Edmond de Rothschild Europportunities Invest II SàRL	Proprietary trading
Edmond de Rothschild Europportunities Invest SàRL	Proprietary trading
CFSH Secondary Opportunities SA SICAR	Proprietary trading
CFSH Luxembourg SàRL	Proprietary trading
Bridge Management SàRL	Proprietary trading
Edmond de Rothschild Europportunities Management II SàRL	Asset management
EdR Real Estate (Eastern Europe) Management SàRL	Asset management
Edmond de Rothschild Investment Partners China SàRL	Asset management
Monaco	
Edmond de Rothschild (Monaco)	Wealth management

Country	Revenue	Net banking income	Number of employees	Income (loss) before tax	Income tax	o/w current tax	o/w deferred taxes
China	-	-	-	−69	-	-	-
France	829,340	270,552	774	16,641	−9,746	−8,672	−1,074
United Kingdom	125	125	-	82	-	-	-
Hong Kong	13	1	-	−16	-	-	-
Israel	1,491	1,233	1	−505	-	-	-
Luxembourg	1,704	12,742	-	12,056	−750	−993	243
Monaco	-	-	-	9,718	-	-	-
Total	**832,672**	**284,653**	**775**	**37,907**	**−10,496**	**−9,665**	**−831**

Post-balance sheet events:

Given the lingering uncertainty created by the pandemic, it is impossible to predict the likely impact on the Bank's future operations and performance.

Nonetheless, the Bank's and the Group's status as a going concern is not in doubt.

Internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Presentation of the organisation and operation of internal control and risk management

The key principle underpinning the internal control organisation is that operational duties should be kept separate from control responsibilities. Under this approach, front-office units (e.g. sales departments and trading floors) are kept strictly separate from support functions (e.g. back-office, middle-office and accounting). Edmond de Rothschild (France) uses a handbook of internal procedures that underscores this principle of the separation of duties. It also possesses a framework of control processes performed by internal controllers within the Compliance and Permanent Control Department and in the business lines and subsidiaries. The internal control procedures aim to ensure that the accounting and financial information provided to the Supervisory Board, shareholders and supervisory authorities is fairly presented and reliable, and that this information is provided and published on a timely basis.

Control levels

Edmond de Rothschild (France)'s internal control framework is underpinned by the following principles:

- significant involvement of the corporate and supervisory bodies, especially the Audit Committee and the Risk Committee
- a Compliance and Permanent Control Department consisting of 26 employees, including those from subsidiaries and branches. These employees are obliged to report their findings on a regular basis and apply a consistent control methodology
- a Central Risk Department monitoring operating risk, which has seven permanent staff members and 12 risk controllers at the subsidiaries and branches, plus a network of ten operational risk liaison officers, representing a total of 29 individuals involved in risk management.
- an Internal Audit division with seven members of staff

- special attention paid to compliance with the regulations, including:
  - Government decree of 3 November 2014 on internal control
  - European Banking Authority's Guidelines on internal governance (EBA/GL/2017/11) of 21 March 2018
  - AMF's General Regulation
  - MiFID 2 directive
  - Recommendations published by the Basel Committee
  - Article L. 561-1 of the French Monetary and Financial Code concerning anti-money-laundering and terrorist financing obligations,
  - Government decree of 5 October 2015 concerning the automatic exchange of information.
  - FATCA agreement signed on 14 November 2013
  - IRS Revenue Procedure 2017-15, QI Agreement
- clearly separate resourcing of both periodic control (by the Internal Audit Department) and permanent control (by dedicated internal controllers and the Compliance and Control Department).

General risk management policy

The private banking, asset management, private equity and corporate advisory services form Edmond de Rothschild (France)'s main activities.
Accordingly, its risk management policy aims to:
- perform very strict controls on the development of various activities, including market and credit transactions, to ensure that only limited risk exposure is incurred
- arrange highly liquid financing arrangements, with abundant long-term sources of funds and uses of funds that can be sold easily, should the need arise.

In addition to its own role in monitoring financial risks, the Central Risk Department is tasked with coordinating risk management. In particular, it is responsible for organising cross-functional committees that review all the risks inherent in the Bank's business activities.
It drafts a Risk Policy in conjunction with its liaison officers and in line with the Edmond de Rothschild group's Risk Charter and Policy (Edmond de Rothschild (Suisse) SA, in Geneva, which is submitted to the Risk Committee, then approved by the Supervisory Board.
The Central Risk Department also submits a preventative recovery plan to the Risk Committee

and the Supervisory Board, pursuant to the French government order no. 2015-1024 of 20 August 2015. The Central Risk Department reports directly to the Executive Board and regularly informs the Supervisory Board via the Risk Committee of the controls it performs.

Production of accounting and financial information

The internal control framework also applies to the production of accounting and financial information. The Company's individual and consolidated accounts are prepared by the Accounting Department, which remains strictly independent of the operating entities. It also applies the principle that at least two staff members should be in a position to perform every critical task.

The Accounting Department manages the (parent company and consolidated) accounts of the Bank and those of majority-owned subsidiaries primarily using information provided by the back offices. It applies the accounting principles and rules in force. The accounts of subsidiaries registered in other countries are managed locally. The consolidation process relies on the submission of detailed information using a standard reporting package completed by each subsidiary.

The Accounting Department consolidates the income statement every month and carries out a detailed review of each subsidiary's individual financial statements. It ensures that financial statements are published by the relevant deadlines.

Furthermore, a meeting is held at least once a quarter under the authority of a member of the Executive Board to review doubtful loans and provisions for litigation and to determine the appropriate allocations to and reversals from provisions. The Legal Department, the Chief Accountant and, where appropriate, an Internal Auditor also attend this meeting. The Accounting Department has a unit tasked with analysing the financial statements and detecting potential errors. The accounting processes and the quality of the accounting and financial information are also subject to checks by permanent control, with one internal controller assigned solely to the Finance and Development Department, and to periodic audits by the Internal Audit Department. Additionally, the Company's financial statements have to be audited by two independent Statutory Auditors.

The parent company financial statements (Report of the Executive Board, parent company financial statements) and consolidated financial statements (consolidated financial statements, Edmond de Rothschild (France)'s Management Report) are submitted to the Audit Committee and the Supervisory Board. The Audit Committee conducts a global and summary review of the control framework for accounting and financial risks, and ensures the system for reporting financial information is comprehensive and consistent.

Lastly, the Statutory Auditors review the interim financial statements (for the period to 30 June) and present their work to the Audit Committee ahead of the approval of the financial statements (at least twice a year). They are also invited to meetings of the Audit Committee and of the Supervisory Board that review the financial statements.

Recognition of financial risks associated with climate change effects and measures implemented to reduce them

Edmond de Rothschild (France) has actively pursued efforts to mitigate its environmental footprint since 2011. These efforts form an integral part of Edmond de Rothschild group's sustainability strategy. Measures taken by the Edmond de Rothschild group to reduce such risks are presented in the Sustainability Report. [1]

The specific measures taken by Edmond de Rothschild (France) are stated in the *Statement of Non-Financial Performance* section ("Managing climate change and energy transition risks") in Edmond de Rothschild (France)'s annual report.

[1] (https://www.edmond-de-rothschild.com/SiteCollectionDocuments/group/sustainable-development/rapport/edmond-de-rothschild-rapport-de-developpement-durable-2019.pdf

Statement of Non-Financial Performance

For the third year, Edmond de Rothschild (France) is publishing its Statement of Non-Financial Performance (SNFP) in accordance with French government order no. 2017-1180 of 19 July 2017 and decree no. 2017-1265 of 9 August 2017, meeting its regulatory obligations while setting out its commitment to a more sustainable economy.

As a responsible, future-facing business, the Edmond de Rothschild group intends to have a positive impact on social and environmental matters through all of its business activities.

The material non-financial issues identified in relation to the Group have been grouped into five pillars, as presented below.

This SNFP covers the main non-financial risks in the first four pillars for Edmond de Rothschild (France), based on the Group's material issues.

Information relating to the Group's impact on society (the fifth pillar) is presented in the Group's sustainability report[1]. The Group's annual sustainability report provides details and key information about all material issues, targets and progress achieved towards the Group's commitments in terms of factoring sustainability-related risks into all of its activities and having a positive impact on the real economy.

Edmond de Rothschild (France) has been a signatory of the United Nations Global Compact since 2011, and is a member of the United Nations Environment Programme Finance Initiative (UNEP FI). The aim of these two initiatives is to encourage financial organisations to apply sustainability principles more effectively, particularly by integrating environmental, social and governance (ESG) factors into investment and risk analyses.

EDMOND DE ROTHSCHILD:
A CONVICTION-DRIVEN INVESTMENT HOUSE

"BOLD BUILDERS OF THE FUTURE"

ETHICS AND GOVERNANCE
- Corporate governance
- Compliance with legislation and data protection
- Exemplary ethical behaviour

HUMAN ENGAGEMENT
- Talent management
- Diversity and inclusion
- Employee engagement

RESPONSIBLE INVESTMENT
- Incorporation of ESG issues
- Management of carbon risks within investments
- Shareholder engagement and voting policy

ENVIRONMENTAL IMPACT
- CO_2 emissions linked to activities in France
- Waste and paper management
- Energy consumption

IMPACT ON SOCIETY
- Community engagement
- Relations with stakeholders
- Social impact

THE VALUES OF THE EDMOND DE ROTHSCHILD GROUP

STAKEHOLDERS

[1] See the Edmond de Rothschild group Sustainability Report 2019: https://www.edmond-de-rothschild.com/SiteCollectionDocuments/group/sustainable-development/rapport/edmond-de-rothschild-rapport-de-developpement-durable-2019.pdf

Scope of the Statement of Non-Financial Performance

This report covers all the activities of Edmond de Rothschild (France) and of its subsidiaries (excluding subsidiaries and branches outside France). That scope represents 94% of Edmond de Rothschild (France)'s workforce.

Business model

The Edmond de Rothschild group is an independent, family-controlled financial group focused on private banking and asset management. It also operates in corporate finance, private equity, real estate, insurance brokerage and investment fund administration. The Edmond de Rothschild group has a Strategy Department that leads strategic discussions with the Executive Committee. It defines a vision that is translated into roadmaps for the Group and each business line.

Its expertise, respect for its commitments and co-ordinated management of all its business lines mean that the Edmond de Rothschild group maintains a relationship of trust with all of its stakeholders, internal and external. Edmond de Rothschild (France)'s business model, presented here, reflects that of the Group. Details of Edmond de Rothschild (France)'s various business lines are provided in this management report.

SCOPE OF THE SNFP: FRANCE

Edmond de Rothschild is a conviction-driven investment house founded on the idea that wealth must be used to build the world of tomorrow. Our expertise, entrepreneurial approach and commitment enable us to offer innovative solutions that add value.

OUR VALUES	OUR RESOURCES	OUR CLIENTS	OUR ACTIVITIES	OUR IMPACT
Our values are based on entrepreneurship, innovation and willingness of impact. They are inherited from a family history of more than 250 years. A pioneering spirit and a committed entrepreneurial approach For us, success is built over the long term, with caution and responsiveness, by combining hard work and permanent research of innovative financial solutions	716 employees in France A long-term commitment backed by a single owner An independent, specialist, family-owned Group for 250 years 33 locations (8 in France) across 16 countries A growth model based on a strong ecosystem in order to support innovation and build the future 10 Edmond de Rothschild Foundations involved in more than 100 projects	Individual private clients Institutional and semi-institutional investors Other banks / financial institutions Family offices Development finance institutions	**Private Banking** Advisory and Custody **Asset Management** Investments for institutional and private clients **Real Estate** Advisory and Investment ***Private Equity*** Advisory and Investment **Corporate Finance** Advisory **Insurance Brokerage** Advisory	€7 billion managed according to SRI strategies in France 100% of private equity assets under management covered by ESG integration 54% increase in SRI managed accounts in the French private banking business in 2020 9 Group investment strategies covering more than 75% of the SDGs In the real economy: Companies Governments Infrastructure Real estate etc.

We favour bold strategies that combine long-term performance and impact, embody our convictions and show a constant connection with the real economy.

Innovation in healthcare	Urbanisation and urban development	Job creation	Energy and environmental transition
Improvements in companies' ESG practices	Support for economic development in various regions	Development of SMEs	

Private banking is the Edmond de Rothschild group's original business. In France, it can pro-actively put together solutions and expertise to help clients wanting to transform their assets at each stage of the process.

It offers investments, advice and expert services:

- M&A transactions
- financial planning
- portfolio analysis
- advice on life insurance
- advice on wealth management issues involved in selling a family-owned business
- advice on philanthropy
- advice on real estate from the team of experts at Edmond de Rothschild Corporate Finance

Entrepreneurs are one of the Bank's main sources of growth in France. Major synergies between the Group's various skills enable it to offer suitable solutions for transfers of ownership, capital increases and acquisitions.

Edmond de Rothschild's asset management offering is designed to manage clients' assets in an active, conviction-based manner. Edmond de Rothschild Asset Management seeks to deliver more than just index-based returns, instead focusing on long-term value creation. Its range of investment solutions consists of funds and managed accounts for institutional investors and open-end mutual funds marketed by numerous partner institutions (private banks, asset management companies and insurance companies) and by independent financial advisers to their private clients.

The Group's asset management, private equity and real estate activities form part of the same business line, so it can offer an integrated investment service covering all asset classes.

In addition, to increase its international distribution capabilities, the Group has set up an umbrella French SICAV fund: its main open-end FCP funds are now sub-funds of that SICAV.

Private equity is a strategic business at the Edmond de Rothschild group, delivering value-added investment solutions that conjoin uniquely with private banking services.

In France, with more than 25 years of experience and more than €750 billion of assets under management, the Group's private equity business combines expertise in two key areas, i.e. minority investments and funds of funds.

All of these skills are orchestrated to create holistic value over the long term.

Our approach

The analysis and selection of non-financial risks listed in this report were reviewed in late 2020 by the heads of the relevant teams: the Compliance and Permanent Control Department, Legal, Risk Management and Human Resources. The risks taken into account were assessed as being those most representative of Edmond de Rothschild (France)'s activities.

Accordingly, given the nature of the Group's activities, the following do not form part of the Group's material issues and have not been identified as material risks for Edmond de Rothschild (France): the circular economy, efforts to combat food insecurity and food waste, animal welfare and a responsible, fair and sustainable diet.

Ethics and governance	Human engagement	Responsible investing	Environmental impact
Corporate governance	Talent management	Incorporation of ESG issues	CO_2 emissions linked to activities in France
Compliance with legislation and protection of client data	Employee engagement	Management of carbon risks within investments	Waste and paper management
Exemplary ethical behaviour	Diversity and inclusion	Dialogue and engagement	Energy consumption

Ethics and governance

CORPORATE GOVERNANCE

As a responsible business, the Edmond de Rothschild group makes every effort to act in a more prudent and diligent manner at all times. Maintaining a solid governance structure enables the Group to abide by its commitments and set long-term targets that address the challenges facing society.

Policies

Corporate governance at Edmond de Rothschild (France) is determined by its Corporate Governance Directive, based on the Group Directive on Corporate Governance. It applies to Edmond de Rothschild (France) and Edmond de Rothschild Asset Management (France). Since Edmond de Rothschild SA is no longer a material entity in the Edmond de Rothschild group, it has not been subject to the Directive since it was updated in December 2020.

The Directive complies with regulatory obligations applicable to credit institutions and asset management companies, along with recommendations made by the French, European and Swiss supervisory authorities. The Executive Board is responsible for transposing the Group directive into a local directive and for ensuring that the local directive is properly applied. The Directive is published on the French intranet and made available to all staff members. The Group remains committed to communicating regularly about the Directive.

It has also adopted a Social Responsibility Policy, which includes steps to prevent breaches of human rights connected with its business and of protected fundamental freedoms. It was reviewed and updated in 2020. It will be validated by the Group Executive Committee in 2021 and published on the Group website.

Edmond de Rothschild (France) is a public limited company *(société anonyme)* governed by a Supervisory Board and an Executive Board. This two-tier structure satisfies the Group's corporate governance principles, whereby executive management must be separate from oversight tasks.

As part of that structure, Edmond de Rothschild (France) is committed to maintaining robust governance bodies, including by ensuring that the members of those bodies have a diverse range of profiles, so that the combined skills of its members allow it to pursue, manage and supervise all of its activities.

It also seeks to make those bodies even more robust where required, particularly when it moves into new business areas and when its regulatory obligations change.

Accordingly, the Group has appointed a new member of the Supervisory Board: Ms Josepha Wohnrau, Chief Legal Officer of the Edmond de Rothschild group, enhancing the Board's collective expertise in legal (banking and finance law, commercial law and company law), judicial (particularly regarding economic crime), compliance, anti-money-laundering and regulatory matters.

In addition, to meet new obligations regarding the balanced representation of men and women within its collegial bodies, Edmond de Rothschild (France):

- has since 2020 applied gender diversity rules within its Supervisory Board, whose membership was 40% female and 60% male at 31 December 2020.
- in 2020 put in place a process for selecting Executive Board members, ensuring that at least one male and one female candidate will be considered in order to seek balanced representation of men and women on the Executive Board.

The Group intends to increase diversity in terms of the profiles of its Supervisory Board members and to increase the proportion of women sitting on the Supervisory Board in 2021.

Edmond de Rothschild (France) also ensures that the Supervisory Board has a sufficient number of independent members, in accordance with rules set out in the Middlenext Code, which the Supervisory Board has voluntarily adopted.

The Executive Board relies on the skills of specialist committees dealing with specific business lines and operational functions.

The Supervisory Board relies on work done by an Audit Committee, Risk Management Committee and Remuneration Committee, which allow it to check that the business strategy is properly applied in accordance with the risk tolerance defined by the Bank. These committees ensure controls are applied correctly at the highest level of governance.

A procedure to check the criteria for appointing and renewing the terms of office of governance-body members was adopted in 2017. That work involves assessing the integrity of members, their individual and collective skills, their availability, their compliance with rules about holding multiple corporate roles, their conflicts of interest and their independence, with regard to both Middlenext and UCITS V rules. Assessments carried out in 2020 before members were appointed or had their terms of office renewed did not reveal any anomaly resulting in candidates being rejected.

40% **of Edmond de Rothschild (France)'s Supervisory Board members were independent at 31 December 2020, as opposed to the minimum of one third required under the Middlenext Code**

The fall in that percentage was due to the appointment of one additional non-independent member to the Supervisory Board.

40% **of Supervisory Board members are women, as opposed to 33% in 2019**

As a result of the Covid-19 pandemic and lockdown measures taken by the public authorities in France making it impossible to hold meetings of governance bodies in person, Edmond de Rothschild (France) changed the way those meetings were organised without disrupting their timetable, including meetings relating to the approval of financial statements for the 2019 financial year.

The collegial bodies were able to meet as often as necessary, either remotely via conference calls or videoconferencing, or in person in strict compliance with required health protection measures, depending on the time the meetings were held.

A crisis unit – made up of Executive Board members and people from the Central Risk Department, Human Resources Department, Information Systems Department and General Resources – was set up before the start of the first lockdown to activate the emergency business continuity plan and to monitor its implementation as the Covid-19 pandemic developed. The decisions taken by the crisis unit, such as the general use of remote working, team rotation, the provision of IT hardware, increased vigilance regarding cybersecurity and enhanced communication with staff members and clients, enabled the Group to protect its staff and ensure that sufficient human and technical resources were available to ensure that its business could continue in a satisfactory way.

COMPLIANCE WITH LEGISLATION AND DATA PROTECTION

The regulatory environment concerning the responsibilities of businesses and their duty of transparency is becoming tougher. Complying with and applying regulations has been vitally important for the Edmond de Rothschild group since it was founded, in order to protect its clients, operations and staff members. The Group's oversight systems, alert procedures, internal directives and compliance training form part of the measures put in place by the Group's teams to ensure that the necessary arrangements help it not only to comply with current laws, but also to anticipate new laws where possible.

Policies

The Edmond de Rothschild group has adopted an internal policy in connection with each theme that may affect its business activities, staff members or other stakeholders in areas including:

- Gifts and benefits,
- Prevention of money laundering and terrorist financing,
- Market abuse,
- Conflicts of interest,
- Specific mandates.

The policies put in place by the Compliance and Permanent Control Department are communicated to the relevant Group employees.

The Group has a set of policies and procedures that classify information, define the rules for ensuring confidentiality and meet regulatory requirements regarding personal data protection. These documents have been circulated among the Group's staff and may be viewed on the French intranet at any time. The French processing register was compiled before May 2018 and is updated on an ongoing basis through co-ordinated work by the various departments concerned and the Data Protection Officer (DPO). Edmond de Rothschild (France)'s register was updated in 2020.

The Edmond de Rothschild group is therefore firmly committed to complying with regulations at all times and to ensuring that each staff member behaves responsibly, to ensure that risks are managed strictly.

The Group's main aim is to maintain active communication regarding procedures and directives, and to review its ethical policies in 2021 in order to address non-financial risks, particularly in the specific context of the Covid-19 crisis and its consequences for working arrangements.

All of Edmond de Rothschild (France)'s compliance-related procedures are available to all staff members via the intranet and categorised by activity or business line according to their content.

At the Edmond de Rothschild group level, the following documents are made available to staff members:

- Group Code of Ethics,
- Group Directive on corporate governance,
- Group Directive on the Swiss Anti-Money Laundering Act,
- Group Directive on higher-risk business relationships and transactions,
- Group Procedure on exchange of information,
- Group Legal & Compliance Charter,
- Group Directive on consolidated supervision,
- Order execution policy,
- Directive on international financial sanctions,
- Group risk policy,
- Group Cross-border Directive,
- Group Directive on controversial weapons.

Various internal control arrangements are used to check that all regulations are complied with. That includes regulatory intelligence work carried out jointly by the Legal Department and the Compliance and Permanent Control Department. Targeted working groups also assess legislation and establish the right way to ensure compliance with laws. Three levels of control are applied to all activities affected, and they are constantly updated and enhanced. As part of its control work, the Legal Department carries out regulatory intelligence activities in order to improve systems in view of regulatory changes.

Targeted training is organised for the teams concerned. For example, to train its staff in the prevention of money laundering and terrorist financing, Edmond de Rothschild Asset Management (France) has since 2015 used a digital training tool developed by the AFG (Association Française de la Gestion Financière), which is suited more specifically to the asset management business.

In Private Banking, there is a specific e-learning course relating to the prevention of money laundering and terrorist financing. This course was custom-developed by Edmond de Rothschild (France)'s Compliance and Permanent Control Department.

The Compliance and Permanent Control Department has also developed an e-learning course on market abuse, suitable for the various business lines.

Through these efforts, the Bank actively monitors compliance with regulations and makes all staff members faced with these risks aware of regulatory developments. The Compliance and Permanent Control Department and the Legal Department make ongoing efforts to ensure compliance with the Bank's policies and directives.

In 2020, the difficulties arising from the Covid-19 crisis affected many of the Group's business activities. However, the Compliance and Permanent Control teams quickly adjusted the way they worked and there was no adverse impact on the department's activities or management, which continued remotely both during and after lockdowns, complying with measures introduced by Human Resources and the Covid-19 crisis unit. Information from Risk Committee meetings was reported to the Executive Board and it was informed that Compliance work had not been affected.

As regards work-related regulations, operational risk sheets have been prepared for all of the major regulatory risks identified, in which staff members are reminded of the applicable procedures and the risk-prevention arrangements in force. Once per year, the Bank's Risk Committee, assisted by the Human Resources Department, analyses the indicators related to those risk sheets and ensures that procedures are properly applied. The Bank has also arranged employment law training for managers.

The Head of Human Resources in France reports directly to the Group HR Department and sits on Edmond de Rothschild (France)'s Executive Board. As a result, compliance with employment law is a cross-functional commitment that receives ongoing attention and is the subject of regular updates in Executive Board meetings. The Bank's internal control bodies are also in charge of proposing improvements to ensure optimal risk management.

Data protection

The Edmond de Rothschild group met the requirements of the General Data Protection Regulation (GDPR) ahead of the European regulatory schedule.

Internal control teams are strengthened by the Information Systems Security Officer (ISSO) and Data Protection Officer (DPO), who ensure, among other things, that the Group's internal policy regarding client data protection and employee best practice are applied and complied with.

The DPO also provides targeted support to departments and subsidiaries with their compliance efforts. Awareness-raising campaigns are also constantly being developed: in 2020, 90% of Edmond de Rothschild (France)'s workforce took the GDPR e-learning course introduced in 2019.

A new certification campaign, via a revised GDPR e-learning course, was also launched in 2020. In addition, new staff members have undertaken training in relation to cybersecurity, data protection and GDPR since 2020. Contracts with subcontractors are monitored on an ongoing basis and if necessary are updated in accordance with regulations.

IT projects are analysed jointly by the DPO and the ISSO based on GDPR and Security forms completed by project leaders to check, before they are carried out, that they comply with the principles of minimisation, privacy by design and privacy by default. IT applications that manage confidential and personal data are also covered by a compliance plan and are constantly updated to increase security in terms of data and access.

Finally, around twelve Privacy Impact analyses have been carried out, looking at the ways in which personal data are processed to ensure that they are GDPR-compliant. Key performance indicators (KPIs) and key risk indicators (KRIs) have been defined at Group level regarding GDPR compliance, and they are updated every quarter by Edmond de Rothschild (France).

97% of subcontractors have included GDPR clauses in their contracts with Edmond de Rothschild (France).

0 incidents requiring notification to the relevant authority in 2020.

EXEMPLARY ETHICAL BEHAVIOUR

The Edmond de Rothschild group aims to do its work in a responsible and exemplary manner. The conduct of employees and managers with respect to regulations and internal rules is a priority, to ensure that the Group's activities run smoothly and to help it achieve its targets. Ethics, integrity and transparency are intrinsically linked to the Edmond de Rothschild group's values as a family-owned business and its acute sense of responsibility.

Policies

The Group Code of Ethics represents one of the main internal policies applied by the Compliance and Permanent Control Department. Absolute compliance with the ethical rules set out in that Code is achieved through rigorous checks on its application in all of the Bank's business lines.

The ongoing aim is to strengthen internal procedures and raise awareness among all staff members about the importance of referring to the Code of Ethics at all times.

The Code can be accessed by all staff members on the intranet. It states, explains and supplements laws and regulations, as well as ethical best practice.

In 2021, the Group is planning to revise the Code of Ethics in order to incorporate non-financial risk management within it.

Internal procedures, together with the Audit, Risk and Compliance and Permanent Control Committees, ensure that it is properly applied within the risk tolerance that the Group has defined. The arrangements established by these Committees – such as the risk policy, the internal risk charter and procedures for each specific identified case – facilitate robust management by the management and control bodies.

Every year, all staff members concerned are required to take a training course on the prevention of money laundering and terrorist financing.

Edmond de Rothschild (France)'s procedures are based on the fundamental duty to know one's client, and remind employees of the Bank's obligations relating to the fight against money laundering and the financing of terrorist activities. They also cover the prevention of market abuse, ethical provisions applicable to employees as well as rules relating to the use of IT and communication resources.

The Compliance and Permanent Control Department has set up whistleblowing procedures that allow all staff members to identify unethical behaviour and breaches of regulations or legislation in force. Internal controls to monitor the systems in place help ensure that the directives and tools provided to all concerned work correctly.

All employees must, at all times, perform their duties to the required stand in terms of ethical conduct, skill, care and diligence. They are expected to work in the best interests of clients and all stakeholders. The whistleblowing procedure ensures full confidentiality for staff members. Annual performance assessments also remind staff members of the ethical principles that apply to them.

0 criminal convictions or corruption-related penalties

0 unethical behaviour alerts raised during the year

The Edmond de Rothschild group's organisation into business segments allows it to strengthen consolidated supervision across each business line by the Group's Swiss holding company Edmond de Rothschild Holding S.A.

Solid measures to combat corruption and tax evasion

Edmond de Rothschild (France) does not have any subsidiaries in tax havens. This choice forms part of the Group's commitment to protecting the financial system, with the aim of maintaining and increasing the public's trust in it. The Edmond de Rothschild group's duty of disclosure aims to achieve the high level of transparency needed to maintain the trust of its clients and stakeholders over the long term.

The Group Code of Ethics provides a global framework for all themes relevant to its activities, including those concerning tax evasion. The Code also states that "the Edmond de Rothschild group takes a risk-based approach, intending to initiate business relationships only with clients whose assets are in compliance with their tax obligations."

Group employees follow codes of conduct adopted by the entities for that purpose. The Group has a procedure concerning "exchanging information within the Group as part of the consolidated monitoring process", which describes in detail the rules about managing related risks, such as tax evasion.The third Group procedure relates to "handling transaction alerts".

The Group's anti-corruption system includes corruption risk monitoring measures involving corruption risk-mapping for each entity, an employee whistleblowing procedure and rules regarding gifts and invitations. Awareness-raising emails and digital staff training courses are also used.

Edmond de Rothschild (France) has set up a system that complies with French automatic exchange of information (AEoI) standards. The system ensures that all staff members are aware of AEoI principles. In addition, client documentation includes the necessary information about AEoI for countries with which France has signed an information exchange agreement.

The system supplements the anti-money laundering and terrorist financing system, which includes tax fraud as one of its transaction monitoring and suspicious transaction reports criteria.

The Compliance and Permanent Control Department supervises the implementation of these initiatives and ensures that they cover the relevant people.

Human engagement

TALENT MANAGEMENT

The main task of Human Resources is to act as a key partner of divisions and support functions. Making the Edmond de Rothschild group a first-choice employer depends on collective effectiveness and on improving skills in order to achieve individual and common goals. The Group therefore ensures that all its activities involve and foster a common vision.

Policies

Attracting, developing and retaining the best talent is a key objective of the Edmond de Rothschild group. Processes and tools for staff recruitment and internal transfers are upgraded on a regular basis. There is a dedicated policy for matching available internships with students based on their profiles, in order to deliver the best results for the young people concerned. The policy also includes commitments regarding training and supporting interns. The Human Resources Department assesses and adjusts the policy depending on market developments, the specific features of internships and the Group's strategic aims.

The Group's Social Responsibility Policy also applies to all staff members and covers key themes such as:
- respect for human rights,
- recruitment processes,
- compensation, intra-Group transfers and promotions,
- work/life balance,
- a culture of dialogue and teamwork.

In 2020, the Group's Social Responsibility Policy was updated. It will be developed further in 2021 and published on the Group website. Other policies aiming to formalise certain processes will be considered in 2021. This exercise was postponed in 2020 due to the Covid-19 crisis and government decisions to impose lockdowns.

The Human Resources Department is committed to ensuring that employees have a positive experience throughout their career with the Group and is therefore constantly seeking to improve existing processes, particularly in the following areas:
- Identifying and recruiting the best talent,
- Integrating joiners,
- Managing performance,
- Listening, appraising and providing feedback,
- Training and developing staff members,
- Facilitating internal transfers and retaining talent,
- Applying forward-looking jobs and skills management,
- Recognising employees and providing benefits.

Processes and tools for recruitment and internal transfers ensure that candidates are assessed solely on the basis of their skills and suitability for the role, thus excluding all forms of discrimination. The Group is active on social media, which represent a powerful way of sharing its social commitments in these areas.

95.1% of Edmond de Rothschild (France)'s workforce on unlimited-term contracts at 31 December 2020

Despite the Covid-19 crisis, Edmond de Rothschild (France) is continuing to meet many school and university students through various events aimed at creating a pool of talented young employees and playing an active role in their professional development. Not all recruitment fairs took place in 2020 because of Covid-19, and the only one in which the Bank took part was the ESCP Europe Investment Banking fair.

The Bank welcomed 15 young people on work-study and professional development programmes in 2020.

Despite the Covid-19 crisis, Edmond de Rothschild (France) also gave internships to 96 students, who shadowed teams in various business lines. In 2020, therefore, the Bank stuck to its efforts to attract the most talented people, help them make the most of their talent, develop their skills and guide them as they learn their future occupation.

Edmond de Rothschild (France) hired ten young people after the end of their apprenticeships and internships.

To continue skills development despite the unusual circumstances in 2020, the Group reviewed its onboarding programme for joiners: it took place through e-learning sessions and webinars in order to adapt to remote working conditions. The programme will be implemented and rolled out in person from 2021.

In addition, targeted development programmes were reviewed and modified in order to adjust to remote working and respond as effectively as possible to the issues facing the Group. Talent development is a key part of the Group's strategy and training programmes must contribute appropriately to that goal.

The programmes are available to all staff members on the intranet. They have been designed to address the current unprecedented circumstances, for example helping staff members remain effective when working from home, as well as business lines' strategic priorities and needs, and to allow all staff members to learn, develop and hone skills on an ongoing basis.

The managerial training programme was revamped in 2019 and tackles themes including change and transformation. The new format combines personal skills development with classroom-based and digital learning, and also creates a community and a discussion forum for managers. Its form was adapted in the context of the Covid-19 crisis, and its content was adjusted as well to address the challenges of managing remotely, which represented a key issue for managers in 2020.

The Group continued to develop its business expertise programme, which offers technical training for the various functions within the Group, but also training programmes developed for business lines such as private banking and asset management, so that issues in each business line can be addressed as specifically as possible.

Other training programmes within the Group, including regulatory training, are regularly reviewed by Human Resources teams with the aim of enhancing the offering, ensuring that quality levels are consistent for all staff members and providing solutions that meet their changing needs ever more effectively, particularly in terms of how to provide training in the unique circumstances of 2020.

93.8% of staff members in France took at least one training course in 2020.

EMPLOYEE ENGAGEMENT

Fostering employee engagement by giving meaning to their everyday activities is a key aim of Group Human Resources. The Group has been a family business since day one, and it seeks to achieve long-term growth while ensuring that its activities are aligned with its perennial values, allowing staff members to embody those values in their day-to-day work.

Policies

The Human Resources department has adopted various key commitments that strengthen synergies and communication with the various teams. Ongoing dialogue between staff members, management and Human Resources ensures that everyone adjusts to the changes taking place in the banking sector. Annual performance reviews are a key tool for the Human Resources team. Through them, qualitative and quantitative information is collected that allows an assessment of each staff member's performance level and engagement.

In 2020, the Covid-19 crisis affected various projects, including the plan to deploy resources allowing more people to take part in the process. The use of digital communication tools led to a decrease in the kinds of human interaction and encounters that boost participation.

All Group entities can join a programme supported or developed by the Edmond de Rothschild Foundations or propose one or more programmes on a theme supported by the Group, such as education or entrepreneurship with a positive social and environmental impact. The management bodies of Group entities oversee and validate these social engagement efforts. The Group's Social Engagement Charter, which provides a framework for staff members wanting to get involved in social engagement programmes, was reviewed in 2020 but the Group was unable to add to it or publish it given the Covid-19 crisis.

Annual performance reviews form part of a continuous improvement approach. The criteria adopted in the review process are in line with the Group's leadership model.

The Group's "culture pack", developed in 2019, formalises the implementation and interpretation of the Group's 10 conduct principles. Those 10 principles represent a common compass to guide conduct within the Edmond de Rothschild group and achieve progress in this area. They were also integrated into the annual performance review process in 2020.

Annual performance reviews also allow all staff members to alert their line managers about any issues with their workload and work/life balance.

Whistleblowing systems and prevention procedures have already been set up at the operational level to help local managers prevent difficulties.

Negotiations regarding quality of life at work, based on key indicators, are still underway, although they have been delayed by the Covid-19 crisis and the difficult circumstances. They will result in the signature of an agreement and the dissemination of a Charter of Best Practice intended to ensure a good work/life balance and in particular the right to disconnect.

90% of staff members took part in annual performance reviews in 2020 (accurate as of 8 February 2021)

The Edmond de Rothschild group favours offering in-house career development opportunities and, to achieve that, uses various methods of supporting and communicating with its staff.

Career discussions are organised by Human Resources. They are a unique opportunity to establish a long-term relationship of trust based on honest and transparent dialogue. They allow staff members to put forward their development and training needs and to say how they want their careers to progress.

In particular, the discussions allow managers and Human Resources to support the career plans of staff members and to develop in-house career opportunities, in order to encourage internal mobility.

The Group set up a committee dealing specifically with internal mobility in 2015, with the aim of aligning skills and talent management with staff development requirements.

The Group is investing in internal mobility because it is a priority within its Human Resources strategy, partly ensuring that the Group has the resources and skills it needs and partly helping to promote talented staff members while fostering employee wellbeing.

16 Edmond de Rothschild employees in France were able to take up new roles within the Group in 2020, 38% of whom were women

DIVERSITY AND INCLUSION

The Edmond de Rothschild group requires staff members to be treated fairly and works to ensure that they do not experience any form of discrimination. When staff members are recruited, when they change roles within the Group and throughout their careers, the Group strives to recognise their skills and combat all types of discrimination.

Policies

Avoiding discrimination is a core principle of all HR processes. The Group's Human Resources department and individual entities' Executive Committees monitor this and oversee compliance with procedures in place.

A "professional future" committee, with members from the Group's management and staff representative bodies, meets twice yearly. During its meetings, various indicators are presented that help it to ensure the absence of any discrimination.

The Edmond de Rothschild group regards diversity of background and age as both a necessity and a way of meeting the demands of the market as effectively as possible, promoting new opportunities and driving innovation. These are all areas in which the Group has made a commitment to guaranteeing equal opportunities. The Group's Social Responsibility Policy deals with these themes. It was reviewed and updated in 2020 to provide more details about certain matters, in particular the Group's commitments and convictions. It will be validated in 2021 and published on the Group website.

The Human Resources Department has set a target of increasing the proportion of new recruits who are women from 45% to 55% and, for employees taking maternity leave, of carrying out more than 90% of annual performance reviews and Human Resources meetings before their leave begins. The Group has also made a commitment to hiring two registered-disabled people per year.

Promoting equal professional opportunities for men and women is a key element of the Group's human resources policy.

An agreement on this matter was signed with staff representative bodies in 2019. It includes several measures to ensure equality in terms of recruitment, remuneration, and access to the most senior management roles. In 2019, Edmond de Rothschild (France) published a gender equality index.

Although it is aiming to improve its score further, it already shows the Group's strong commitment to this matter.

81 points out of 100 : Edmond de Rothschild (France)'s gender equality index score

47% of executives at Edmond de Rothschild (France) are women

Efforts are also directed at fostering generational diversity and hiring individuals with disabilities. Human Resources makes regular efforts to raise managers' awareness of these subjects, particularly through training courses and direct communication with all staff members on these themes.

A specific diversity module is included in the employment law training programme that has been offered to managers since 2016. More than 100 managers have taken part in the programme.

The disability agreement, signed in June 2015 for companies in the UES (a legally recognised group of integrated companies in France) for a period of three years, was renegotiated in 2018. One of the commitments under this agreement was to increase the percentage of disabled people in the workforce to 1.3% by the end of 2017. It was 2% at the end of 2020, in line with the Group's commitments. These good results are partly due to the training undertaken by the Human Resources team, which has also significantly raised awareness levels among managers.

Edmond de Rothschild (France) is negotiating with the French government and staff representative bodies regarding a three-year agreement (2021-2023) and has set itself the target of increasing the percentage of disabled people in the workforce to 3%.

The Group's disability initiative is continuing to help implement the agreement, raise awareness and encourage involvement among staff members, monitor the situation of disabled people within the Group, and manage the allotted budget. The Human Resources team also supports disabled employees when they have specific needs in areas such as their working environment or work organisation, using external resources – such as ergonomists – where necessary. A campaign to inform and raise awareness of these matters among its staff, originally planned in 2020 but postponed because of the Covid-19 crisis, will be carried out in the first quarter of 2021.

The Bank is also committed to improving generational diversity. The Group pays particular attention to avoiding age-based discrimination. As regards older employees, the Human Resources team supports employees who are approaching retirement age, to help them make a smooth transition that addresses their needs. Older employees receive specific support, which can involve a number of personalised meetings along with pension reviews. All senior employees receive training in how to prepare for retirement.

In addition, a procedure for preventing psychosocial risks has been in place for several years. It includes the possibility for management and staff representative bodies to carry out joint surveys and propose ways of improving prevention methods.

All members of the Human Resources team have received training in detecting, preventing and dealing with psychosocial risks using a training tool called "Pétillance".

Given the circumstances arising from the Covid-19 crisis, the Human Resources Department is paying particular attention to the prevention of psychosocial risks. Several training and awareness-raising initiatives on this subject were developed in 2020 and will be proposed to managers and employees in early 2021, to supplement existing awareness-raising during employment-law training provided to managers.

Labour relations

An Economic and Workforce-Relations Committee was elected in December 2018 for the Edmond de Rothschild (France) UES, which comprises Edmond de Rothschild (France) and four subsidiaries. Almost 60% of employees took part in the election, which involved electronic voting.

Management wanted to maintain monthly meetings for the Economic and Workforce-Relations Committee, and all planned meetings were held in 2020 despite the Covid-19 crisis. Staff representative bodies were involved in the crisis management process and informed of all changes to the health protocol. Four agreements were signed with union representatives in 2020, one of which related to managing paid leave during the lockdown period.

Health and safety

The health, safety and wellbeing at work of employees is a core concern for Edmond de Rothschild (France), and this was particularly the case during the Covid-19 crisis in 2020. Staff representative bodies were informed and consulted regularly throughout the year about all of their prerogatives in this area.

A health protocol was quickly disseminated to all staff members and updated as the pandemic and regulations developed. To date, no workplace infections have been reported among the Group's staff. Remote working was encouraged and is still being widely used. Because of the length of the crisis, however, Management took steps to ensure that employees wishing to return to the workplace in order to avoid psychosocial risks could do so.

Talks regarding quality of life at work continued throughout the year and should result in an agreement being signed in the first half of 2021. Given the unusual circumstances in 2020, the absenteeism indicator used to assess wellbeing at work is not relevant.

As well as the specific measures taken to manage the Covid-19 crisis, employees' physical safety is protected by stringent measures to ensure the safety of premises and people. Workplace security is handled by a team of trained staff who are present throughout premises' opening hours.

Employees in regular contact with clients have also received training about how to handle difficult situations.

Quarterly reports on workplace accidents are sent to France's Health, Safety and Working Conditions Committee (CSSCT). For each accident, management states the measures taken to prevent them and any remedial action. The accident frequency rate was 2.01[1] in 2020 (1.74 in 2019) and the injury severity rate was 0.01[2] (0.03 in 2019).

Certain staff members have received training and have workplace first aid qualifications. Whereas the law requires retraining every two years, management has decided to offer top-up training every year to workplace first aiders.

The DUERP (single document for assessing occupational risks) and the PAPRIPACT (annual programme for preventing occupational risks and improving working conditions) are updated every year after consultation with the CSSCT and the occupational health officer.

[1] The accident frequency rate is calculated as follows: No. of accidents resulting in lost working time x 1,000,000 / No. of hours worked

[2] The injury severity rate is calculated as follows: No. days compensated x 1,000 / No. of hours worked

Responsible Investment

For many years, the Edmond de Rothschild group has been committed to greater sustainability in finance. Responsible Investment (RI) lies at the heart of the Group's activities. Its skilled asset management and private banking teams are accompanying the transformation taking place in the industry by providing practical solutions to today's issues.

TAKING INTO ACCOUNT ESG ISSUES IN INVESTMENTS

The Responsible Investment pillar refers to the following material issues:

- Carbon risk management and energy transition,
- Inclusion of ESG criteria in financial analysis,
- Positive screening in asset management,
- Shareholder engagement, dialogue and voting policy,
- The United Nations Sustainable Development Goals (SDGs),
- Impact investing,
- Theme-based investing.

Policies

Edmond de Rothschild (France)'s commitment to RI and to taking ESG issues into account is formally set out in the Responsible Investment Policy produced by its specialist asset management teams. It is available on the Group's website and addresses all business lines. All teams have access to it and can draw inspiration from it in order to develop responsible investing activities.

Edmond de Rothschild Private Equity[1] also has an ESG integration policy. That policy is currently being updated to factor in new aspects and new issues that have arisen within the Group but also within the finance industry more broadly. Edmond de Rothschild Private Equity also plans to put in place an ESG integration policy in 2021.

The asset management Responsible Investment Policy was reviewed and updated in 2020 to ensure that the methods used take into account the Group's developments. This enhanced ESG policy contributes to the sharing of best practice within the various divisions and helps to make methods more robust.

[1] Edmond de Rothschild Private Equity (EdRPE) is the trade name of the Edmond de Rothschild group's private equity entities (including subsidiaries and affiliates). The name also refers to the private equity division of the Edmond de Rothschild group.

Aim: Edmond de Rothschild Asset Management (France)'s integration methodology will be enhanced in 2021 with the adoption of a measurable target, introduced by the SRI team and monitored by the risk management team.

Edmond de Rothschild REIM (France) has started to update its investment procedure by incorporating its environmental approach and taking into account ESG criteria when acquiring real-estate assets. The update should be completed by the end of the first quarter of 2021. ESG criteria are already being taken account when assessing new acquisitions, and that has been the case since January 2021.

The SRI team in France forms the basis for Edmond de Rothschild Asset Management's RI expertise. It has put in place the RI policy, which it implements in various ways:

1. It has an in-house exclusion policy regarding controversial weapons, thermal coal and tobacco.

2. It integrates ESG risks and opportunities in its fundamental equities and credit analysis;

3. It actively selects companies that have sustainability policies, using a proprietary in-house ESG rating system for positive-screening SRI funds.

4. It applies a shareholder engagement policy across all asset classes.

5. It implements a climate roadmap.

The policy means that the Group is able to build SRI portfolios that combine strong ESG impacts and financial returns.

Edmond de Rothschild Asset Management (France) and Edmond de Rothschild Private Equity have also been signatories of the United Nations Principles for Responsible Investment (PRI) since 2010 and 2016 respectively.

Edmond de Rothschild Asset Management (France)'s Responsible Investment policy is also produced by the SRI team. The 2017-2020 RI Strategy is being implemented by investment teams with the help of all support functions. It is being overseen by the Edmond de Rothschild group's Asset Management Executive Committee and co-ordinated by an Asset Management RI Steering Committee. The committee is chaired by the Global CEO Asset Management and its members include managers of the various departments. They are helping to implement the actions included in the 2017-2020 RI roadmap, which are prioritised within their departments.

The 2017-2020 Responsible Investment strategy had a similar positive impact to the previous one. The new strategy for 2021-2024 has been prepared and covers all of the Edmond de Rothschild group's activities managing liquid and illiquid assets. The aim of this strategy will also be to mitigate risks and identify opportunities to develop the sustainable investment business.

Since 2017, Edmond de Rothschild Asset Management has been adopting and formalising an ESG integration approach that has gradually been extended to all asset classes concerned and all geographical zones. Initially, EdRAM adopted a best-efforts obligation, including access to internal and external ESG research, carbon screening, portfolio ESG ratings etc. in order to:

- ensure that all portfolio managers have appropriate knowledge of the main ESG characteristics and of their portfolios' carbon footprint as a starting point for improvements;

- help identify companies with the greatest exposure to non-financial risks and opportunities;

- raise awareness among portfolio managers about how ESG criteria affect company valuations;

- help portfolio managers support and take ownership of ESG factors.

Aim: For 2021, EdRAM plans to adopt a performance obligation, i.e. a commitment to ensuring that a fund's ESG rating is higher than the ESG rating of its benchmark index or its investment universe. The aim is to speed up the process through which asset managers take ownership of those objectives, and thus help develop the range of RI products, both those that involve ESG integration and those with SRI labels.

The Edmond de Rothschild group's Responsible Investment methods

The term Responsible Investment (RI) is applied to all of the Group's investment categories that can be described as socially responsible or sustainable, and the following distinctions are made.

Impact investing	**Principle:** Investment strategy intended to contribute to the achievement of the UN Sustainable Development Goals, with the explicit aim of creating economic and financial value, but also social and environmental value. These strategies give meaning to investments by creating value and generating positive impacts for investors and for society as a whole (the "Triple Bottom Line" approach). Those impacts are monitored and measured over time, and are subject to dedicated reporting. **Impact at portfolio level**: systematic impact on all investment decisions, definition of improvement targets and of a specific ESG action plan for each investment.
Sustainability-themed investing	**Principle:** These are investment strategies that involve investing in the securities of companies that provide solutions to major sustainability issues, such as health, energy transition and economic development in emerging countries, while generating growth opportunities linked to the innovative nature of their business models.Although not impact-investing strategies in the formal sense, they factor in ESG criteria at every stage of the decision-making process, and attainment of ESG criteria is monitored over time. These strategies help produce positive impacts and so contribute to the attainment of the United Nations Sustainable Development Goals. The resulting impacts are monitored and measured over time, and are subject to dedicated reporting. **Impact at portfolio level**: systematic impact on all investment decisions, definition of improvement targets and of a specific ESG action plan for each investment.
ESG integration	**Principle:** For Edmond de Rothschild Asset Management (France), ESG integration involves taking into account ESG criteria when analysing a company or fund. This entity has defined its own methodology, with 10 precise criteria to measure the extent of ESG integration in each fund. A fund is deemed to have an ESG integration approach if it meets at least eight criteria (SRI funds meet all 10 criteria). The criteria include ESG screening, ESG dialogue established by asset managers and the impact of ESG criteria on the valuation of securities in the fund universe. The aim is to review the methodology in 2021 in order to adopt a performance obligation and to move into line with the AMF's SRI doctrine. **Principle:** For Edmond de Rothschild Private Equity (France), ESG integration is achieved through the systematic integration of ESG considerations from the fund structuring phase onwards. With these funds, information about the responsible investment approach is included directly in their legal and marketing documentation and contractual agreements, and also at each stage of the investment decision-making process. The risk review is an important stage in the ESG integration process, in which the planned investment's risk universe is defined taking into account any positive or negative impacts related to (i) the business sector and (ii) the company itself. It is important to analyse risk factors, but also to understand the opportunities that arise from the environmental and/or social point of view (innovation or improvement in the initial ESG situation).

	- Initial ESG integration corresponds to minority investment strategies in which Edmond de Rothschild Private Equity has little influence over the governance of investees. The responsible investment approach is based on checks that commitments are being met and a robust analysis of the ESG risks inherent in each investment/partnership opportunity. - Advanced integration means that ESG criteria are included in the decision-making process and monitored over time using key ESG indicators. Investment funds are actively involved in the governance of portfolio companies. Where areas are identified in which ESG performance could be improved, specific action plans are implemented. ESG integration may be adapted as necessary to apply it to other types of asset management activities carried out by the Edmond de Rothschild group, such as multi-asset/fund selection, infrastructure debt and real estate. An investment strategy's assets under management are only recognised if the ESG integration approach is formalised and implemented according to the defined methodology. **Impact at portfolio level:** unlike other forms of RI such as positive screening, which involve a performance obligation, ESG integration involves a best-efforts obligation.
Positive screening and engagement strategy	**Principle:** Investment strategy with advanced ESG integration associated with the use of ESG criteria either to determine the portfolio composition (e.g. positive ESG screening strategy: best in class/best in universe), or to practise "engagement" (direct or collaborative in-depth ESG dialogue, which is formal and traceable). **Impact at portfolio level:** systematic impact on investment decisions and/or the adoption of ESG commitment initiatives that may affect portfolio composition (i.e. decisions to add to, reduce or sell positions).
Exclusion	Edmond de Rothschild Asset Management (France) has adopted a formal exclusion policy for all its investments, accessible on its website, regarding anti-personnel mines and cluster bombs (chemical and biological weapons), thermal coal and tobacco. Asset management has also devised a list of countries that are banned or under surveillance. The Compliance and Internal Control Department validates investments linked to those countries. All securities on these exclusion lists are integrated into the in-house Dimension system and give rise to pre-trade restrictions. Edmond de Rothschild Private Equity (France) has drawn up its own exclusion list of activities, sectors or conduct deemed dangerous or controversial and to which private equity funds or investments are not authorised to have any exposure. However, Edmond de Rothschild Private Equity does not wish to rule out investment opportunities simply because of a company's poor ESG performance at the time of analysis. Because of private equity's long-term investment horizon, the focus is on intentions and efforts to improve each investee's financial but also extra-financial performance, by generating positive impacts for the whole of society. Investments are therefore directed to innovation and the green economy, as well as sectors undergoing transition that require support and expertise in implementing more sustainable or low-carbon growth models.

Assets managed by Edmond de Rothschild Asset Management (France) according to SRI1 strategies in 2020:

€7,010 million

SRI-labelled open-end funds and dedicated funds that explicitly implement SRI strategies and themes.

Or 26% of Edmond de Rothschild Asset Management (France)'s assets under management (11.4% in 2019)

Edmond de Rothschild Asset Management (France)'s open-end SRI funds are managed in-house using proprietary ESG analysis, which is performed year-round. In March 2018, ESG rating criteria were reviewed in order to integrate the UN's Sustainable Development Goals into the analysis and evaluation of corporate issuers.

In 2020, the RI team analysed the ESG performance of 131 companies and took part in 131 meetings with companies on ESG topics.

Edmond de Rothschild Asset Management is expanding its analysis to cover all regions, responding to the growing needs of its equity and credit asset managers. The agreement with extra-financial ratings agency Sustainalytics gives access to ESG analysis covering around 11,000 issuers.

All equity and bond management teams are contributing and co-operating with respect to ESG integration. Innovative projects, producing concrete, traceable results, and focusing on precise subjects identified as highly material in financial terms, have been adopted by investment teams.

As part of equity and corporate bond investment activities, in-house issuer analysis now takes account of all the United Nations SDGs. In practice, the SDG methodology developed for corporates is material for 11 of the 17 SDGs and around 30% of economic sectors covered.

Not all SDGs are applied to each security. A system allowing positive or negative adjustments to be applied to a security has been adopted. The methodology was updated in 2020, including the integration of the European green taxonomy as soon as it starts to apply in practice.

A list of 45 performance indicators for analysing and measuring the human, organisational and relational capital of companies in the European food and beverages industry was compiled in 2018-2019 thanks to the RI team's involvement in the working group of the Observatoire de l'Immatériel. Since the start of 2020, the ESG analysis methodology has also taken into account physical climate risks.

As regards ESG integration when selecting funds and external asset managers, the Group improves its process continuously as regulations and industry practices develop.

As regards this multi-manager expertise, comprehensive due diligence questionnaires for all types of funds but also for asset management companies were adopted in 2019 based on a simplified procedure dating from 2016.

Funds are selected for the whole Edmond de Rothschild group (asset management and private banking), covering investments for institutional and private clients. Hedge fund/alternative asset managers are included, with a simplified questionnaire based on the recommendations of AIMA (Alternative Investment Management Association) and the PRIs (Principles for Responsible Investment).

The ESG due diligence questionnaire has two sections covering quantitative and qualitative criteria:

1. A questionnaire assessing the funds' ESG approach

2. A questionnaire assessing asset management companies' position as regards Responsible Investment

The questionnaires are now fully integrated into the fund selection and monitoring process. Since 2016 they have been sent out to all approved traditional funds and since 2019 to all traditional and alternative funds. The questionnaires are sent every two years and every time a new recommendation is made in order to capture changes in ESG practices among funds selected or under consideration, but also to identify the best SRI funds for private banking and asset management managed accounts.

New developments and new asset manager confirmations are expected in 2021. For example, the EU's new Sustainable Finance Disclosures Regulation (SFDR) and the AMF's position-recommendation no. 2020-03 will be taken into account.

The ESG integration process for appraising infrastructure debt has been formalised and is applied to all of the platform's existing investments. This is a rigorous process that allows identified ESG risks to be reported and monitored for each portfolio project. The BRIDGE IV Senior subfund has been TEEC certified since 2018 because of its focus on energy and ecological transition. The platform's first ESG report was published for investors in 2019. The platform's management is committed to ensuring that investees integrate sustainability issues more into their businesses, because there is a major opportunity to have a positive impact in this sector.

For private clients, sustainability issues are increasingly important, and this is reflected in the growing popularity of our SRI managed accounts. Custom ESG integration allows them to combine their personal convictions with financial performance. Relationship Managers have made major efforts to promote SRI managed accounts among clients and they have been successful, because the number of SRI managed accounts rose 54% in 2020. At 31 December 2020, the French private banking business had 83 SRI managed accounts, as opposed to 53 a year earlier. This sharp increase reflects the growing demand for investments that are aligned with clients' personal convictions, have a positive impact on the real economy and achieve a measurable return on investment.

Digital RI training, launched in October 2019, helps Relationship Managers achieve an in-depth understanding of specific sustainable finance themes and gives them the tools they need to promote ESG integration in their clients' portfolios. This training course will be updated in 2021.

The Edmond de Rothschild group is also a leading player in private equity thanks to its teams of experts and long-term partnerships. Its proven track record in structuring funds, defining investment processes and integrating ESG issues and good governance rules into its strategies ensures that the interests of investors, investment teams and the Edmond de Rothschild group are perfectly aligned.

The Edmond de Rothschild Private Equity platform, consisting of two asset management companies in France and Luxembourg, encourages synergies between the teams, strengthens their shared vision and ensures that the various participants' stated objectives are aligned. Edmond de Rothschild Private Equity's ESG policy therefore has a common component, which determines the general strategy for all investment strategies, as well as a specific approach for each type of product managed, taking into account the specific features of investment strategies and their ability to influence behaviour. The platform's ESG Manager oversees the application of these ESG integration approaches and reports directly to business line management about all key aspects and issues related to ESG integration within the various strategies.

ESG integration based on defining and assessing material ESG risks from the earliest stages of investment then allows monitoring to be carried out throughout the lifetime of investments, along with remedial action where necessary. This approach helps to reduce exposure to risks but also to develop new opportunities and initiatives to achieve positive ESG impact within investees. Each private equity investment strategy is unique and characterised by specific features related to the sector or niche concerned.

As a result, a custom ESG integration method is created and then formalised in the investment strategy's documentation. The ESG integration approach (initial or advanced) may or may not relate to a specific theme (such as life sciences or transport infrastructure), and ESG criteria play an integral role in financial analysis, investment decisions and, in some cases, contractual agreements.

1. Initial integration corresponds to minority investment strategies in which the team has little or no influence over governance. The responsible investment approach is based on a robust analysis of the ESG risks inherent in each investment/partnership opportunity.

2. Advanced integration means that ESG criteria are included in decision-making processes and monitored over time, with active involvement in the governance of investee companies.

Since funds managed by Edmond de Rothschild Private Equity (France) mainly take minority stakes in investee companies, it has little influence over their ESG policy. Accordingly, in line with its values and commitments to Responsible Investment, the asset management company ensures that minority investment funds' decision-making processes involve dual screening in terms of initial integration: (i) negative screening in terms of complying with the Group's Responsible Investment convictions, values and commitments and (ii) positive screening by looking for investment opportunities among companies that have a best-in-class/best efforts or best-in-universe profile.

In particular, each investment opportunity is analysed from the ESG point of view using a specific questionnaire that assesses the relevant partner or investee's profile and initial ESG performance. Through their financial and extra-financial analysis work, teams seek to identify the best investment and partnership opportunities among companies that show innovation and a high level of ESG performance.

Minority investment funds focus on investment opportunities in which they have obtained sufficient information to assess the target's ESG performance and ambitions. A company's ESG profile will be assessed alongside financial considerations. If a target's ESG performance appears to fall short of Edmond de Rothschild Private Equity's requirements, the opportunity may be rejected. For example, in 2020, Edmond de Rothschild Private Equity (France) rejected an investment opportunity because it regarded its ESG profile as inadequate.

Where Edmond de Rothschild Private Equity (France) holds majority stakes in companies, and so by definition has greater power to influence those companies' governance, the ESG integration approach is more advanced. As with minority investments, particular attention is paid to ESG matters at the earliest stage of investment case analysis. Analysis schedules have therefore been developed to assess:

- the target's profile and initial ESG performance,

- the ESG performance of the sector concerned,

- the ESG risks inherent in the proposed investment.

A majority fund managed by Edmond de Rothschild Private Equity (France) will produce a multi-year CSR roadmap by mid-2021. The roadmap intends to present the asset management company's ESG approach or strategy over a given timeframe, including qualitative or quantitative targets and setting out the actions to be taken to achieve them.

Those elements are then brought to the attention of the risk manager who, with the support of the ESG Manager, will produce specific recommendations, particularly when defining an ESG plan of action. That plan will help the investee to reduce its risk exposure and improve on its initial ESG performance, making it more sustainable and economically useful.

As well as defining action plans, specific monitoring indicators are adopted to help assess positive impact in terms of value creation. Wherever possible and appropriate, impacts are expressed from the point of view of their contribution to achieving the SDGs.

While minority strategies use an investment screening approach partly based on ESG considerations, investment strategies involving greater influence over the investee do not rule out opportunities because the initial ESG performance is too low, but will instead seek to support innovation and transition in sectors that are over-exposed to ESG risks. In that way, Edmond de Rothschild Private Equity (France) provides tailored support for investees and helps achieve a fair transition, supporting all participants in the economy in their efforts to take account of major sustainability issues.

Edmond de Rothschild Private Equity (France)'s assets under management in 2020:

€433.8 million, 100% covered by ESG integration

N.B.: in the Edmond de Rothschild (France) annual report, Edmond de Rothschild Private Equity (France)'s assets under management include the assets under management of the ERES II SICAR, ERES II FDCI and ERES III SICAR funds, to which it provides investment advice.

Edmond de Rothschild REIM (France) has started to update its investment procedure by incorporating its environmental approach and taking into account ESG criteria when acquiring real-estate assets. The update should be completed by the end of the first quarter of 2021. ESG criteria are already being taken account when assessing new acquisitions, and that has been the case since January 2021.

MANAGING CARBON RISKS RELATING TO INVESTMENTS

In 2017, Edmond de Rothschild Asset Management (France) sought to formalise a climate strategy, resulting in a 2°C Roadmap. As part of that strategy, it refers to several existing climate initiatives, such as the Montreal Carbon Pledge, of which Edmond de Rothschild Asset Management (France) has been a signatory since 2015, the CDP (Carbon Disclosure Projet), the TCFD's 2017 recommendations aimed at supporting companies with their efforts to take climate risks into account, and the Science Based Targets (SBT) Initiative.

Policies

The aim is for Edmond de Rothschild Asset Management, through its funding choices and its commitment to investees, to ensure that its investments comply with a very limited global warming trajectory compatible with the Paris Agreement. The climate roadmap includes a proprietary scoring model, based on the TCFD typology, to identify and rank the main climate risks and opportunities within economic sectors and sub-sectors.

The model distinguishes between five levels of risks and opportunities over three time horizons: short-term (2020-2024), medium-term (2024-2035) and long-term (until 2050). The roadmap is fully consistent with Edmond de Rothschild Asset Management's Responsible Investment philosophy. Progress in this area takes place gradually, as methodologies improve and as companies provide access to data.

The Reporting and Climate Transition project forms part of these efforts. In 2019, Edmond de Rothschild Asset Management (France) successfully extended carbon measurements to virtually all of its open-end funds, whose monthly reporting now includes carbon footprint information based on the CDP (Carbon Disclosure Project) data. Through this coverage, the Group has not only achieved a target, but taken a vital step towards tracking the carbon footprint of its portfolios more effectively.

In 2020, the RI team also started to analyse the climate trajectory of several portfolios using 2Dii Pacta, an open-access screening tool (https://www.transitionmonitor.com/). This screening showed, for example, that the Euro Sustainable Equity SRI strategy can already be considered to be in line with the Group's climate roadmap and compatible with a climate trajectory that aligns with the Paris Agreement[1].

The climate roadmap was updated in 2020, for the 2020-2024 period, to take account of the climate emergency and the responses of the various economic participants and regulators, including the EU's green taxonomy. It also takes into account the most recent "sustainable development scenario" of the International Energy Agency (IEA), which is compatible with the Paris Agreement:

https://www.iea.org/reports/world-energy-model/sustainable-development-scenario

Aim: Edmond de Rothschild Asset Management (France) is committed to reducing the carbon footprint of its investment portfolios, and in 2021 is planning to strengthen its coal exclusion policy, excluding all entities in the coal industry that are increasing their capacity.

Edmond de Rothschild Asset Management (France) is also involved in several initiatives and committees that cover all climate matters at local (FIR), European (EFFAS) and global (ICGN, PRI) level.

For Edmond de Rothschild Private Equity (France), climate issues are taken into account mainly through the ESG Integration process of each investment strategy, adjusted according to its specific features. In addition, in line with the Edmond de Rothschild group's Environmental Policy, Edmond de Rothschild Private Equity has since 2016 been measuring its own carbon footprint to reflect the environmental impact of its operating activities.

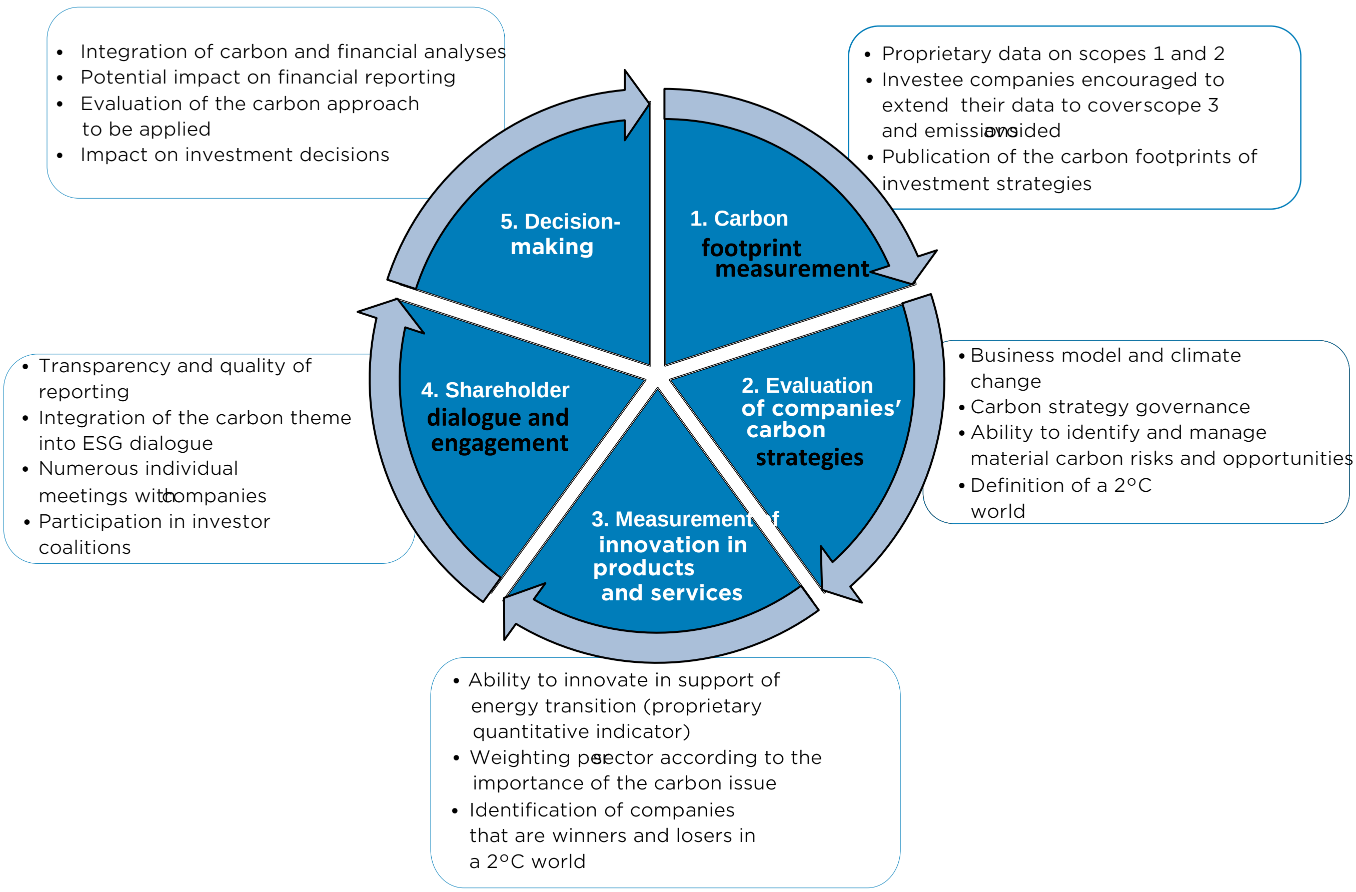
In 2020, the decision was taken that the Group's other management activities would use the same roadmap as the basis for applying similar measures in other activities, taking into account the specific features of each business line.

The RI steering committee will monitor progress with this throughout 2021.

[1] Data at 31 December 2020.

98% of Edmond de Rothschild Asset Management (France)'s open-end funds had measured their carbon footprint by the end of 2020.

Climate issues: a holistic approach at the portfolio management level



Because of their investment objectives, Edmond de Rothschild Private Equity includes these impact investing strategies in its carbon footprint measurements so that it can also report on the operational carbon footprint of its investments, showing those that emit the most CO_2, and thus define possible ways of making them more environmentally responsible.

Edmond de Rothschild REIM (France), through the work done by its retail real-estate fund to obtain the SRI (Socially Responsible Investing) label, has started to take into account carbon risks. Work to ascertain the energy consumption of buildings in operation has begun, in order to determine the carbon footprint of buildings in its portfolio. Carbon risks are now included in the due diligence carried out during the acquisition process.

Since 2016, the Edmond de Rothschild group has been offsetting CO_2 emissions (Scopes 1 and 2 of the Greenhouse Gas Protocol) arising from its activities. An "insetting" project, consisting of offsetting its emissions within its own value chain, has been initiated in partnership with Edmond de Rothschild Private Equity. Since the start of the project, more than 35,000 trees have been planted and more than 10,000 tonnes of CO_2 equivalent have been offset. As well as its high environmental value, the project has created jobs in the agricultural sector and raised awareness among more than 30 local coffee producers to help them address the challenges posed by climate change more effectively.

DIALOGUE AND ENGAGEMENT

Shareholder dialogue is an essential part of the Edmond de Rothschild group's fiduciary duty and role as a responsible investor. It helps to clarify its expectations as a responsible investor regarding resolutions tabled in company AGMs. By engaging with companies, the Group can have a positive influence on specific themes and encourage best practice. This constructive dialogue enables it to support companies in their efforts to achieve transparency and improve performance over the long term.

Policies

The voting policy is available on the Edmond de Rothschild group website. It applies to the entire scope of Edmond de Rothschild Asset Management (France).

In 2020, Edmond de Rothschild Asset Management (France) updated its voting and engagement policy. A Dialogue and Engagement Committee, headed by the CIO Asset Management, was set up to strengthen processes with regard to investees. The pre-existing Voting and Engagement Committee now focuses exclusively on voting.

Aim: In 2021, one or more KPIs and a deadline will be assigned to the Group's engagement efforts, in order to measure its progress in terms of dialogue.

Edmond de Rothschild Private Equity (France)'s shareholder dialogue policy was drafted in 2020. At Edmond de Rothschild Private Equity (France), shareholder engagement consists mainly of being an active shareholder and attending all meetings where it has a seat on investees' management bodies. Edmond de Rothschild Private Equity (France)'s asset managers seek to maintain regular dialogue with representatives of investee companies and other shareholders, in particular to promote best practice among them.

Edmond de Rothschild Private Equity (France) seeks to establish dialogue and engage with companies in four areas: (i) strategy, including in terms of sustainability, (ii) operational and financial performance, including ESG performance, (iii) governance and composition of the management team and (iv) transparency in terms of reporting.

Edmond de Rothschild Asset Management (France)'s shareholder engagement policy focuses on three main aspects: its objectives, its engagement processes and the results of its engagement. Asset managers meet regularly with representatives of investee companies to clarify the Group's expectations as a responsible investor and to assess their ESG rating. Edmond de Rothschild Asset Management (France) exercises its voting rights on stocks (excluding units in external SICAV funds) in the portfolios it manages where it holds more than 0.01% of the company's capital, irrespective of the nationality of the issuing company, as long as the issuer provides sufficient information and custodians can take the votes into account.

Asset managers are responsible for exercising voting rights. To facilitate voting and ensure that it is consistent with the general SRI approach, Edmond de Rothschild Asset Management (France) has set up an organisation that centralises and co-ordinates all the information needed to exercise the voting rights attached to securities held by the funds it manages.

The principles of that voting policy are consistent with the RI approach adopted by Edmond de Rothschild Asset Management (France) since, aside from fundamental governance-related aspects, they determine in detail the position that Edmond de Rothschild Asset Management (France) will take regarding draft resolutions on environmental and workforce-related matters put to a shareholder vote.

Edmond de Rothschild Asset Management (France)'s engagement approach is the same for both bond and equity investments, aside from matters concerning pre-AGM dialogue and the submission of draft resolutions. It takes the view that engagement is less relevant for money-market investments.

In 2020, there was large-scale voting activity, and Edmond de Rothschild Asset Management (France) took part in 408 AGMs. Edmond de Rothschild Asset Management (France) reports on its voting practices – i.e. its use of voting rights attached to shares held by the funds it manages – through a specific annual report, which is prepared within four months of the end of each year.The report is available on the website.

408 AGMs in which Edmond de Rothschild Asset Management (France) took part in 2020

93% of equity investees

The aim for Edmond de Rothschild Private Equity – which has been a PRI signatory since 2016 – is not just to promote Responsible Investment through innovation, but also to ensure that non-financial considerations are systematically factored into the development of all new investment strategies. Mindful of investees' ESG performance, active involvement in their governance is essential to ensure that they adopt best practice and carry out the necessary remedial measures and action plans.

Engagement is conducted on a long-term view. In particular, it ensures that ESG criteria are taken into account in the strategic development of companies in Edmond de Rothschild Private Equity France's portfolio and that investments are consistent with the Edmond de Rothschild group's long-standing convictions and values.

Edmond de Rothschild REIM, in relation to the SRI label for its retail real-estate fund, is currently updating its voting policy as regards taking into account environmental criteria; all listed real-estate companies in which the fund invests have CSR policies.

Environmental impact

The Edmond de Rothschild group manages its direct environmental impact through rigorous monitoring of its energy consumption, business travel and office waste, even though its environmental impact remains limited. Climate risks are actively taken into account in investment decisions, and those efforts are discussed in the "Responsible Investment" section of this report and in the Group sustainability report.

CO_2 EMISSIONS LINKED TO ACTIVITIES IN FRANCE

Since 2010, Edmond de Rothschild (France) has been carrying out carbon audits to monitor, measure and control its impact in terms of CO_2 emissions. These audits show that its carbon footprint has been gradually shrinking since 2012. Projects and measures adopted to limit CO_2 emissions have had a positive impact on results and helped the Group to manage its impact in an optimal way. In 2020, the Covid-19 crisis affected certain indicators such as paper consumption and office waste. The indicator most affected was the one regarding air travel by staff members. Indicators regarding the Group's carbon footprint fell again, but this was not solely due to the Covid-19 crisis. The Group maintained its improvement targets and monitoring work in order to continue efforts to limit its impact.

Policies

Although the Edmond de Rothschild group's environmental impact is not a major material issue, it is working to reduce it and it is an important social theme that the Group, as a responsible company, is committed to addressing.

To achieve that, the Group has adopted an Environmental Policy aimed at formalising and measuring its impact and improving its performance in this area. It applies to all entities and describes the Group's commitment to managing its environmental impact:

- Undertakings and targets related to direct environmental impact,
- Major efforts to measure and manage that impact,
- The Group's desire to improve its environmental performance and reduce its impact.

The policy was partially updated in 2020 following an analysis of new sustainability priorities that the Group has identified for the 2021-2024 period. It will be validated and published on the Group website in 2021.

The Group also rolled out a Responsible Purchasing Policy in 2016. It is intended not just to monitor the practices of suppliers and subcontractors in terms of sustainability, but also to raise awareness among staff members involved in the purchasing process so that they take into account the social and environmental impacts of the products and services they select. The policy has been co-signed by the Group's suppliers, underpinning their commitment to issues relating to human rights, the environment and business ethics.

The General Resources department works with all Group entities to ensure that projects contribute to ongoing improvements in environmental performance. Coherent management and successful progress mainly stem from the expertise of the Group's staff members working on all aspects of these projects. The Group's priorities in terms of managing environmental impact are intended to ensure that indicators continue to improve and that efforts to adopt best practice continue.

The Group's environmental management system, described in the Environmental Policy, addresses the priorities that arose from the 2014 materiality exercise. Those priorities remain in place.

Since 2010, the reference year of Edmond de Rothschild (France)'s first carbon audit, its carbon footprint has been decreasing constantly.

28% reduction in CO_2 emissions in 2020 (971 tonnes of CO_2 equivalent vs. 1,344 in 2019)

WASTE AND PAPER MANAGEMENT

Edmond de Rothschild (France) has taken major steps in recent years to ensure that waste is managed and inputs are consumed in a responsible and considered way. The Covid-19 crisis in 2020 and the difficult conditions it created affected certain indicators, particularly regarding paper consumption and office waste.

Policies

The Group's Environmental Policy sets out targets for reducing waste and managing paper consumption. Performance in these two areas is measured in detail and published in the carbon audit.

The aim for 2020 was to carry out an analysis of results measured since the materiality exercise in 2014. Indicators have been falling consistently. Despite these good results, reducing waste and managing paper consumption remain priorities in terms of controlling the Group's environmental impact. The remote working arrangements used by most staff members since March 2020 caused results to fall, but as people return to the office, results will return to levels similar to 2019. As a result, it will be vital to monitor these indicators closely in order to improve the Group's environmental impact.

The Environmental Policy is an appropriate vehicle for these ongoing efforts and will detail the priorities validated by General Resources and the Group Executive Committee.

Waste management is difficult to monitor in the services sector, because the cost is often included in the charges levied by the buildings or districts in which entities operate. However, the Edmond de Rothschild group has decided to monitor this indicator and more specifically the percentage of staff members who have access to a recycling system. Paper waste, which is Group's the main source of waste, is monitored and measured each year. Edmond de Rothschild (France) has a recycling system for paper, aluminium, glass and plastic. The IT waste that has the greatest economic impact is processed by IT teams and recycled by specialist companies. Ink cartridges are also recycled.

All Group entities monitor their paper consumption and the related figures are published in the Group's annual sustainability report. Paper consumption per employee in France fell by 29% in 2020, mainly because of the Covid-19 crisis.

The Group's General Resources Department makes constant efforts regarding the use and sustainable management of resources.

28% reduction in Edmond de Rothschild (France)'s paper consumption in 2020 (30.4 tonnes versus 42.3 in 2019)

ENERGY CONSUMPTION

Energy consumption and its consequences for the climate are key concerns for all Group entities. Improving performance in this area and reducing consumption are priorities for the Edmond de Rothschild group.

Policies

Edmond de Rothschild (France)'s Environmental Policy addresses this priority. The Group makes constant efforts to reduce energy consumption so that, over time, its actions help to drive overall positive change.

It also addresses the protection of biodiversity, a theme that is directly connected with the environmental impact of human activities. The decline in global biodiversity and the natural balance of all resources are subjects that are important to the Group.

Targets adopted in 2014 to reduce energy consumption were reviewed in 2020 and this priority will remain in place in the years to come.

Energy consumption accounted for 49% of the Group's main CO_2 emissions in 2020 and business travel 47%. In 2019, energy consumption accounted for 33% of the Group's main CO_2 emissions, and business travel 62%. This change in relative proportions was due to the global Covid-19 crisis and the lockdowns imposed in spring 2020. The number of kilometres travelled fell by 75% on average.

Edmond de Rothschild (France)'s commitment to protecting biodiversity continued in 2020. It still has two insect hotels, helping bees to survive the winter. In summer, they are a place for species like mason bees to lay eggs. A large number of nesting boxes and feeders are also still in place, and Edmond de Rothschild (France) added some new ones in 2020 to provide food and shelter for animals that are useful for its gardens.

4.6% reduction in total energy consumption in 2020 (4,413 MWh versus 4,628 MWh in 2019)

Data reporting and validation methods

Reporting scope

This SNFP covers all the activities of Edmond de Rothschild (France), not including its subsidiaries and branches outside France. That scope represents 94% of Edmond de Rothschild (France)'s workforce.

Reporting organisation

The collection of indicators is organised by the Edmond de Rothschild group's sustainability department. It is supported by the network of experts in France, who contribute the data. The sustainability department is the main contact for external auditors.

Selection of indicators

In order to monitor the performance of the sustainability approach followed since 2011, Edmond de Rothschild (France) has identified the most relevant key performance indicators pertaining to its business dealings, influence and identified main risks.

Organisation, resources and monitoring

Specific tools and procedures, including the definition of each indicator and its calculation methodology, are used:

- Workforce-related indicators are collected and consolidated via the Human Resources Department.
- Data regarding the Bank's wider sustainability commitments, including information concerning the Bank's Responsible Investment activities, are aggregated using information submitted by the appropriate entities.
- Environmental data are consolidated in the carbon audit produced each year by the General Resources Department.

Key performance indicators are monitored and validated at three levels: firstly at the operational level within the entity itself, then by the Sustainability Department and finally by the departments directly concerned by the various subjects. Discrepancies are analysed with the data contributors.

The purpose of this approach is to guarantee that reported information is genuine and consistent over time.

Published key indicators

	Published performance indicators	**Pages**
Ethics and governance	% of Edmond de Rothschild (France)'s Supervisory Board members who are independent	p. 40
	Number of subcontractors that have included GDPR clauses in their contracts with Edmond de Rothschild (France)	p. 42
	Number of incidents requiring notification to the relevant authority.	p. 42
	Number of criminal convictions or corruption-related penalties	p. 42
	Number of unethical behaviour alerts raised during the year	p. 42
Human engagement	% of workforce on open-ended contracts	p. 44
	Proportion of staff members who attended at least one training course during the year	p. 45
	Proportion of staff members who received an annual performance review	p. 46
	Number of employees promoted to internal vacant positions during the year	p. 46
	Proportion of women among total management-level employees in France	p. 46
	Gender balance index score	p. 46
Responsible Investment	Total assets managed according to SRI strategies / % of the assets management total in France	p. 52
	% of open-end funds covered by a carbon footprint analysis	p. 52
	Number of AGMs in which Edmond de Rothschild Asset Management (France) participated	p. 57
	Voting rate in the AGMs of equity investees	p. 57
Environmental impact	% reduction in CO_2 emissions in 2020	p. 59
	% change in paper consumption in 2020	p. 60
	% reduction in total energy consumption in 2020	p. 60

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated declaration of extra-financial performance in the Group's management report

Year ended 31 December 2020

To the Edmond de Rothschild (France) annual general meeting,

In our capacity as Statutory Auditor of your company Edmond de Rothschild (France) appointed as an independent third party and accredited by Cofrac (accreditation Cofrac Inspection n°3-1060 whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement[1] for the year ended... (hereinafter the "Statement"), included in the management report[2] pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

Pursuant to legal and regulatory requirements, the General Meeting is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are available on request from the sustainable development department of Edmond de Rothschild (France).

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the statutory auditor designated as an independent third party

On the bais of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3 and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- The compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements , as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

– we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;

– we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;

– we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III, as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti-corruption and tax evasion legislation.

- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and ressources

Our work was carried out by a team of 4 people between November 2020 and March 2021 and took a total of 3 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about 15 interviews with the people responsible for preparing the Statement representing in particular the sustainable development, compliance and legal, human resources, environment and responsible investment departments.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, 19th April 2021

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Philippe Chevalier	**Pascal Baranger**
Partner	**Sustainable Development Director**

Appendix: List of information that we considered the most important

Key performance indicators and other quantitative results:

- Number of anomalies in 2020 resulting in candidates for a new role or a reappointment being rejected,
- % of Edmond de Rothschild (France) employees who took the GDPR e-learning course in 2018,
- Number of people on work-study and/or professional development programmes in 2020,
- Number of Edmond de Rothschild employees in France who have changed roles internally,
- Assets managed by Edmond de Rothschild Asset Management (France) according to SRI strategies,
- Number of AGMs in which EdR (France) took part in 2020,
- CO2 emissions, paper consumption (tonnes), paper consumption per employee, % of main CO2 emissions accounted for by business travel and energy consumption in 2020,
- % of Edmond de Rothschild (France)'s Supervisory Board members who were independent at 31 December 2020, % of Supervisory Board members who are women,
- % of subcontractors who have included GDPR clauses in their contracts with Edmond de Rothschild (France),
- Number of incidents that required notification to the authority in 2020, number of criminal or corruption-related penalties, number of unethical behaviour alerts raised during the year,
- % of Edmond de Rothschild (France)'s workforce on unlimited-term contracts at 31 December 2020, % of staff members in France who took at least one training course in 2020,
- Gender equality index score out of 100, % of executives at Edmond de Rothschild (France) who are women, % of female staff members of Edmond de Rothschild in France who changed roles internally in 2020,
- Workplace accident frequency rate in 2019,
- % of Edmond de Rothschild Asset Management (France)'s assets managed according to SRI principles % of Edmond de Rothschild Asset Management (France)'s open-end funds that had measured their carbon footprint by the end of 2019, % of equity investees,
- % reduction in CO_2 emissions in 2020, % reduction in paper consumption for EdR (France) in 2020, % reduction in total energy consumption in 2020.

Qualitative information (actions and results)

- Establishment of a crisis unit before the start of the first lockdown,
- Application of gender diversity rules within the Supervisory Board since 2020,
- Process for selecting Executive Board members, update of the Edmond de Rothschild (France) register in 2020,
- New certification campaign via a GDPR e-learning course,
- Review of the corruption risk map, Group Code of Ethics, onboarding programme for new staff members is being reviewed in the form of an e-learning course and a webinar,
- Disability agreement, signed in June 2015 for companies in the UES (a legally recognised group of integrated companies in France), renegotiated in 2018,
- Negotiations are regarding quality of life at work, based on key indicators,
- Update by Edmond de Rothschild REIM (France) of its investment procedure involving the integration of CSR issues,
- In-house exclusion policy regarding controversial weapons, thermal coal and tobacco,
- Consideration of carbon risk by Edmond de Rothschild REIM (France), update of the voting policy as regards taking into account environmental criteria, first application of the product approach with the EDR New Green Deal fund,
- Opening of General Resources departments within all Group entities,
- Edmond de Rothschild (France)'s recycling system,
- Edmond de Rothschild (France)'s commitment to protecting biodiversity in 2020.

Report of the Supervisory Board on Corporate Governance

(Report prepared pursuant to Article L. 225-68 of the French Commercial Code)

Pursuant to the provisions of Article L. 225-68, the aim of this report is to present the composition of the Supervisory Board, how the principle of balanced gender representation is applied, the preparation and organisation of the Supervisory Board's work, and the Supervisory Board's observations on the report of the Executive Board and the financial statements for the year ended 31 December 2020.

As this report was being drafted, the Supervisory Board was tremendously saddened to learn of the sudden passing of Baron Benjamin de Rothschild on 15 January 2021. The Supervisory Board wishes to pay tribute to Benjamin de Rothschild, a man for whom it had the utmost respect and admiration. The loss of our brilliant and visionary leader will be felt acutely.

This report was approved at the Supervisory Board meeting on 10 March 2021.

REFERENCE CORPORATE GOVERNANCE CODE

The Company does not formally refer to a specific corporate governance code.

STRUCTURE, COMPOSITION AND OPERATING PROCEDURES OF THE GOVERNANCE FRAMEWORK AT EDMOND DE ROTHSCHILD (FRANCE)

Presentation of the governance framework

Edmond de Rothschild (France) is a public limited company (*société anonyme*) governed by a Supervisory Board and an Executive Board. In this two-tier governance structure, the executive function of the Executive Board is clearly separated from the oversight and management control function of the Supervisory Board.

Members of the governance bodies

SUPERVISORY BOARD

Chairman

Benjamin de Rothschild

Vice-Chairwoman

Ariane de Rothschild

Members

Louis-Roch Burgard
Jacques Ehrmann
Jean Laurent-Bellue
Véronique Morali
Vincent Taupin
Cynthia Tobiano
Christian Varin
Josepha Wohnrau (since 6 May 2020)

Secretary

Nicolas Giscard d'Estaing

EXECUTIVE BOARD

Chairman

Renzo Evangelista

Member and Chief Executive Officer

Philippe Cieutat

STATUTORY AUDITORS

Principal Statutory Auditors

Cabinet Didier Kling & Associés
PricewaterhouseCoopers Audit

REPRESENTATIVES OF THE SOCIAL AND ECONOMIC COMMITTEE

Alain Tordjman
Florent Goulet

Collective decision-making by the Executive Board

At 31 December 2020, the Executive Board had two members with collective responsibility for the Company's management.

All the Executive Board members are effective managers and are declared as such to the ACPR (French Prudential Supervision and Resolution Authority). In accordance with the law and the Company's Articles of Association, the Executive Board must report on its stewardship to the Supervisory Board no fewer than four times per year, or more frequently when so required by particular circumstances.

The Executive Board's structure and the balance of powers between its members were reviewed by the Supervisory Board on 12 March 2019.

The Executive Board meets whenever the Company's interests so require, and at least on a weekly basis

The committees with management responsibilities for the Bank are as follows:

- the Executive Board, which has overall responsibility for the conduct of the Company's affairs, meets on a weekly basis,
- the Operations Committee, which coordinates support functions and cross-divisional projects between the various Edmond de Rothschild (France) entities, meets on a monthly basis
- the Management Committee, which coordinates the Edmond de Rothschild (France) divisions and support functions, meets every month

In addition, the Bank has a number of committees overseeing specific functions (Lending, Finance, Complaints, Litigation, etc.) made up of members of the senior management team and the main department managers.

A Supervisory Board providing rigorously structured oversight

Remit of the Supervisory Board

The Board exercises permanent control of the Executive Board's stewardship of the Company. Its role is to make sure on shareholders' behalf that the business is managed as effectively as possible. It helps to promote the Company's values, including ensuring that the conduct of the Company's and Group's activities upholds the highest ethical standards to maintain the reputation of the Bank and that of the entire Edmond de Rothschild Group. The Chairman of the Supervisory Board organises and directs the Board's work and has a specific responsibility for ensuring that Supervisory Board members are able to fulfil their duties.

Pursuant to Article 17 of the Articles of Association, the Executive Board has to consult with and obtain the prior consent of the Supervisory Board for all the following transactions:

- any acquisitions of investments, in any form whatsoever
- the sale or discontinuation in any form, including by means of the winding-up or liquidation of a company, of all or part of an investment
- any purchase and any sale of property holdings by nature
- any bond issue
- any collateral granted to guarantee commitments given by the Company itself

The Board also has the power to:

- appoint its Chairman and its Vice-Chairman
- appoint the members of the Company's Executive Board, after confirming they are fit-and-proper persons, they do not have any conflicts of interest, they possess sufficient time to perform their duties and they comply with the rules on the number of corporate offices that may be held concurrently, to give the Company's management team the broadest possible range of skills and expertise, and establish a selection process guaranteeing at least one person of each gender among candidates so that the Executive Board can achieve a balanced composition in terms of the number of men and women,
- set the remuneration of Executive Board members when it does not take the form of a salary

- choose a Chairman from among the Executive Board members it has appointed
- decide on the allocation of duties within the Executive Board based on their individual experience, expertise and skills
- regularly review the strategic direction of the Company and the Group formed of the Company and the entities it consolidates in its financial statements (the Group), its investment, divestment and internal restructuring plans, the Group's general human resources policy, including its employee remuneration, profit-sharing and incentive policy
- ensure the accuracy and fair presentation of the parent company and consolidated financial statements
- consider the acquisitions and sales of investments or assets, partnership, alliance and/or cooperation agreements, and, generally speaking, any transaction or any commitment liable to have a material impact on the Group's financial position or operations
- keep shareholders properly informed, including about the controls it performs on the information provided by the Group
- ensure that the Company has procedures in place identifying, evaluating and monitoring its commitments and risks, including off-balance sheet, and appropriate internal control

It is kept informed by its Chairman and its committees of any significant events concerning business trends, the financial and cash position of the Company and the Group.

Operating procedures of the Supervisory Board

At 31 December 2020, the Supervisory Board had nine members, of whom 40% are women. It is chaired by Baron Benjamin de Rothschild. Baroness Ariane de Rothschild is Vice-Chairwoman of the Supervisory Board. Four Supervisory Board members are well-known figures from outside the Edmond de Rothschild Group. All of them qualify as independent members based on the criteria adopted by the Supervisory Board on 24 November 2017.

In addition, since Edmond de Rothschild (France) acts as custodian on behalf of its asset management companies, it also has to comply with the requirements of Directive 2014/91/EU, the so-called UCITS V Directive, concerning the independence of management companies from custodians belonging to the same group. In this respect, the Autorité des Marchés Financiers (AMF), acting under the authority of the ACPR, confirmed that at least two of the Supervisory Board members of Edmond de Rothschild (France) met the independence criteria laid down in said Directive, thereby satisfying its obligations.

Supervisory Board members are appointed by the Ordinary General Meeting of the Shareholders for a term of three years.

Since 2020, the Company has had to comply with the requirements of Article L. 225-18-1 of the French Commercial Code concerning the relative proportion of men and women among the Supervisory Board members. Its membership meets stated requirements, as 40% of its members are women and 60% are men. Edmond de Rothschild (France) is ever mindful of its responsibilities to its workforce and society at large and aims to foster diversity at every level of its organisation, especially among its Supervisory Board members. Accordingly, it makes sure that criteria related to skills and expertise, professional experience, age and gender are applied strictly in the selection process for Supervisory Board members in order to create the requisite diversity.

The Supervisory Board has its own rules of procedure (updated most recently on 9 December 2020), which are given to its members in a formal process and are always to hand in the secure document sharing app to which only they have access. The rules of procedure state the role of the Supervisory Board, its operating procedures, the rules and obligations incumbent on its members, including to act as a fit-and-proper person, to apply their skills and expertise, to devote sufficient time and attention, to exercise independent judgement, to hold no more than the permitted number of corporate offices concurrently, to maintain confidentiality and to avoid conflicts of interest. The Supervisory Board evaluates its operating procedures once a year. To this end, the Supervisory Board decided to conduct an annual self-assessment at its meeting on 24 November 2017 and amended its rules of procedure accordingly. The rules of procedure also state the resources available to members, and lay down the remit, role and operating procedures for the Supervisory Board's three Committees, namely the Audit Committee, the Risk Committee and the Remuneration Committee.

The remuneration paid to Supervisory Board members is allocated pursuant to Article L. 225-83 of the French Commercial Code based on rules set by the Supervisory Board, of which one criterion is actual attendance at meetings.

The schedule of Supervisory Board meetings for a given year is set in the final quarter of the preceding year. The four annual meetings usually take place in March, May, August and December. Additional meetings are held whenever events so require.

In 2020, the Supervisory Board met on:

- 11 March
- 6 May
- 26 August
- 25 September
- 9 December

In 2020, members' attendance rate at Supervisory Board meetings was 85.71%. Supervisory Board meetings are generally scheduled to start at 10am and end at approximately 1pm.

Supervisory Board members are convened to meetings with at least one week's notice by ordinary mail. They receive the full pack of papers for the meeting a reasonable time in advance by means of a secure IT application tailored to the work of the Supervisory Board and its Committees.

Executive Board members are invited to attend Supervisory Board meetings. The Statutory Auditors are asked to attend Supervisory Board meetings at which the financial statements are reviewed, and generally speaking, they may also be called to a Supervisory Board meeting whenever it is deemed useful for them to attend.

The Supervisory Board members receive notice of and may attend the Ordinary General Meeting of the Shareholders.

Members appointed by the Social and Economic Committee are invited to attend meetings of the Supervisory Board and the Ordinary General Meeting of the Shareholders.

Work performed by the Supervisory Board

As a matter of course, the papers given to Supervisory Board members include the following documents: the draft minutes of the previous Supervisory Board meeting; a presentation of the business trends and the financial results of Edmond de Rothschild (France) over the period since the previous meeting; commentary on each division's business trends and results; a summary of dealings with the regulator; and a list of significant client loans with details of any collateral held. The Chairman of the Audit Committee provides an update on the Committee's work concerning its controls on the quality of accounting and financial information, and the Chairman of the Risk Committee provides an update on periodic control, compliance, permanent control and risk control. The papers given to Supervisory Board members for the March meeting include the parent company and consolidated financial statements, plus the report on internal control and on risk measurement and monitoring, prepared pursuant to the government decree dated 3 November 2014 concerning internal control, as amended by several decrees, the most recent of which was dated 22 December 2020. The papers given to Supervisory Board members for the August meeting include the audited interim financial statements. The Supervisory Board members may request from the Executive Board any additional information required for the performance of their duties. Such information should be provided to them as swiftly as possible.

List of offices held by members of the Executive Board and Supervisory Board during 2020

Supervisory Board:

Benjamin de Rothschild

Chairman:

Edmond de Rothschild Holding SA (Switzerland)

Holding Benjamin et Edmond de Rothschild, Pregny SA (Switzerland)

The Caesarea Edmond Benjamin de Rothschild Development Corporation Ltd (Israel)

The OPEJ Baron Edmond de Rothschild Foundation (France)

The Adolphe de Rothschild Ophthalmology Foundation (France)

Maurice and Noémie de Rothschild Foundation (Switzerland)

Edmond de Rothschild New York Foundation (USA)

Edmond de Rothschild Foundation (Switzerland)

Chairman of the Board of Directors, Edmond de Rothschild SA

Chairman of the Supervisory Board:

Edmond de Rothschild (France)

Société Française des Hôtels de Montagne (SFHM)

Director:

La Compagnie Fermière Benjamin et Edmond de Rothschild SA

La Compagnie Vinicole Baron Edmond de Rothschild SA

La Compagnie Générale Immobilière de France (Cogifrance)

EBR Ventures

Edmond de Rothschild Foundation for Scientific Research (France)

Supervisory Board member, Domaines Barons de Rothschild (Lafite)

Ariane de Rothschild

Chairwoman of the Board of Directors:

Edmond de Rothschild (Suisse) SA

Administration et Gestion SA (Switzerland)

Compagnie Benjamin de Rothschild Conseil SA (Switzerland) (until 19 June 2020)

Vice-Chairwoman of the Board of Directors:

Edmond de Rothschild SA

Holding Benjamin et Edmond de Rothschild, Pregny SA (Switzerland)

Edmond de Rothschild Holding SA

Adolphe de Rothschild Ophthalmology Foundation

Vice-Chairwoman of the Supervisory Board:

Edmond de Rothschild (France)

Société Française des Hôtels de Montagne (SFHM)

Director:

Baron et Baronne Associés (holding company of Société Champenoise des Barons Associés)

Amdocs Limited (USA) (until 31 January 2020)

Secretary-General of the Foundation Council, OPEJ Foundation

Member of the Louvre endowment fund

Louis-Roch Burgard

Chief Executive Officer (since 26 May 2020) and Director (since 31 July 2020) of the CNIM Group (previously known as CNIM SA) (previously Supervisory Board member until 26 May 2020, then Executive Board member from 26 May 2020 until 31 July 2020)

Chairman:

- CNIM Innovation & Systèmes (since 31 July 2020)
- Bertin Technologies (since 15 July 2020)
- CNIM Systèmes Industriels (since 31 July 2020)
- CNIM Environnement et Énergie (since 31 July 2020)
- CNIM Environnement et Énergie Participations (since 31 July 2020) – CNIM Environnement et Énergie O&M (since 31 July 2020)
- LAB (since 31 July 2020)
- CNIM Environnement et Énergie Services (since 31 July 2020)
- CNIM Environnement et Énergie EPC (since 31 July 2020)
- CNIM Mutual Services (since 31 July 2020)
- Cometal (since 15 October 2020)

Director of CNIM Industrial Systems China (since 15 November 2020)

Supervisory Board member:

- Edmond de Rothschild (France)

Jacques Ehrmann

Chief Executive Officer, Altarea Group (operational role)

Chief Executive Officer, Altafi 2 (SAS)

Chairman of Tamlet (SAS)

Chairman of the Management Board, Cogedim (until 23 December 2020)

Member, Frojal's Executive Board (SA)

Director:

Pitch Promotion (SAS) Holding SA (since 30 June 2020)

Edmond de Rothschild SA (until 6 May 2020)

Supervisory Board member:

Edmond de Rothschild (France)

La Financière SPL (since 30 June 2020)

Woodeum

Manager:

Altarea Management (SNC)

Cogedim Gestion (since 1 July 2020)

Cogedim Développement (since 1 July 2020)

Cogedim Citalis (since 1 July 2020)

Cogedim Enterprise (since 1 July 2020)

Co-manager:

SCI Jakevero

SC Testa

Chairman, CNCC (French national council of shopping centres)

Jean Laurent-Bellue

Supervisory Board member:

Edmond de Rothschild (France)

KPMG SA

KPMG Associés

Director:

Edmond de Rothschild Holding SA (Switzerland)

Edmond de Rothschild (Suisse) SA

Edmond de Rothschild (Monaco)

Holding Benjamin et Edmond de Rothschild – Pregny SA (Switzerland)

Edmond de Rothschild SA

Rotomobil

Actions Addictions foundation

Véronique Morali

Chairwoman, Webedia's Executive Board

Chairwoman:

Fimalac Développement (Luxembourg)

Clover SAS

Clover MDB SAS (since 22 June 2020)

Chairwoman of the Board of Directors, Quill France (previously called Viaeuropa)

Chief Executive Officer, Webco

Director:

Edmond de Rothschild Holding SA (Switzerland) (until 12 June 2020)

Edmond de Rothschild SA (Switzerland) (since 12 June 2020)

Edmond de Rothschild SA

Paris Institute of Political Studies (SciencesPo)

Supervisory Board member:

Edmond de Rothschild (France)

Tradematic (until 31 December 2020)

Manager, Webedia International SàRL (Luxembourg)

Fimalac Développement's permanent representative, Board of Directors, Groupe Lucien Barrière

Chairwoman, Association Force Femmes

Board member of institutions and public-interest entities:
Association Le Siècle

Member, Strategy Committee, Pour de Bon SAS

Vincent Taupin

Chief Executive Officer:

Edmond de Rothschild (Suisse) SA

Chairman of the Board of Directors:

Edmond de Rothschild (Europe) (Luxembourg) and Chairman of the Nomination and Remuneration Committee

Edmond de Rothschild (Monaco)

Edmond de Rothschild (UK) Ltd

Non-voting advisor to the Supervisory Board, Edmond de Rothschild Asset Management (France)

Supervisory Board member, Edmond de Rothschild (France)

Director:

Compagnie Benjamin de Rothschild Conseil SA (Switzerland) (until 19 June 2020)

Israel-France Chamber of Commerce & Industry

EDRRIT Limited (until 24 August 2020)

Cynthia Tobiano

Chief Executive Officer, Edmond de Rothschild Holding SA (Switzerland)

Chief Operating Officer, Edmond de Rothschild (Suisse) SA

Chairwoman of the Supervisory Board, Edmond de Rothschild Asset Management (France)

Supervisory Board member, Edmond de Rothschild (France)

Director:

Edmond de Rothschild (Israel) Ltd

Compagnie Benjamin de Rothschild Conseil SA (Switzerland)

(until 19 June 2020)

Edmond de Rothschild Buildings Boulevard Limited (Israel)

Edmond de Rothschild (Europe)

Edmond de Rothschild (Monaco)

Edmond de Rothschild (UK) Limited

Christian Varin

Director:

Edmond de Rothschild SA

Gingko (Luxembourg)

Josi Group (Belgium)

Fovabis SA (Belgium)

Supervisory Board member:

Edmond de Rothschild (France)

Edmond de Rothschild Private Equity (France)

Josepha Wohnrau

Supervisory Board member:

Edmond de Rothschild (France) (since 6 May 2020)

Renzo Evangelista

Chairman of the Executive Board, Edmond de Rothschild (France)

Chairman of the Supervisory Board:

Edmond de Rothschild Corporate Finance

Edmond de Rothschild Assurances et Conseils (France) (since 24 April 2020, previously Supervisory Board member)

Permanent representative of Edmond de Rothschild (France), Chairman of the Supervisory Board, Edmond de Rothschild Private Equity (France)

Non-voting advisor, Edmond de Rothschild Asset Management (France)

Philippe Cieutat

Member of the Management Board and Chief Executive Officer, Edmond de Rothschild (France)

Chief Executive Officer, Edmond de Rothschild SA

Chairman of the Board of Directors:

Financière Boréale

Edmond de Rothschild Immo Premium

Chairman of the Supervisory Board, Edmond de Rothschild REIM (France) (previously called Cleaveland)

Chairman, SAS EDR Immo Magnum

Vice-Chairman of the Supervisory Board, Edmond de Rothschild Asset Management (France)

Supervisory Board member, Edmond de Rothschild Private Equity (France)

Edmond de Rothschild SA's permanent representative on the Board of Directors:

Financière Eurafrique

Cogifrance

Permanent representative of Edmond de Rothschild (France) on the Supervisory Board of Edmond de Rothschild Assurances et Conseils (France)

Permanent representative of Edmond de Rothschild (France), Vice-Chairman of the Supervisory Board, Edmond de Rothschild Corporate Finance

Member of the Board of Directors, Zhonghai FMC (China)

Board Committees

The Supervisory Board's rules of procedure lay down the operating procedures for the three Board Committees – the Audit Committee, the Risk Committee and the Remuneration Committee.

Audit Committee

The members of the Audit Committee are chosen from among the Supervisory Board members. It meets at least once a quarter and is convened by its Chairman.

At 31 December 2020, the members of Edmond de Rothschild (France)'s Audit Committee were:

- Jean Laurent-Bellue (Chairman),
- Véronique Morali and Louis-Roch Burgard.

The role of the Audit Committee, which has its own rules of procedure, is to assist the Supervisory Board. Its remit is to check the quality of accounting and financial information produced within the Group made up of Edmond de Rothschild (France) and its consolidated subsidiaries, and monitor the audit conducted by the Statutory Auditors and their independence.

More specifically, it is tasked with:

- ensuring the relevance and consistency of the accounting methods adopted to prepare the parent company and the consolidated financial statements, reviewing and assessing the scope of consolidation and reviewing and verifying the suitability of the accounting rules applied by the Group
- reviewing the parent company and consolidated financial statements, the budgets and forecasts prior to their presentation to the Board. To this end, it reviews with the Company's management and Statutory Auditors the quarterly, interim and annual financial statements, the accounting principles and methods, the Group's audit and internal control principles and methods, plus the analysis and the reports related to financial reporting, accounting policy and communications between the Company's management and Statutory Auditors
- controlling the quality and compliance with internal control procedures, assessing the information received from management, internal committees and internal and external audits concerning the preparation and processing of accounting and financial information
- overseeing the selection and reappointment of Statutory Auditors, expressing an opinion on the fees they propose to charge and submitting the results of their work to the Board
- ensuring the independence of the Statutory Auditors and their objectivity in respect of Statutory Auditors belonging to networks providing both audit and consulting services, as well as, more generally, reviewing, controlling and evaluating any and all factors liable to affect the accuracy and fair presentation of the financial statements
- setting the rules under which the Statutory Auditors may perform non-audit services and entrusting additional audit assignments to external auditors
- reviewing the details and suitability of the fees paid by the Group to the Statutory Auditors and ensuring that these fees and the corresponding services are not liable to compromise the Statutory Auditors' independence
- making sure that the statutory and regulatory accounting and financial requirements applicable to the Group are met

The Audit Committee meets, whenever convened by its Chairman, as often as required but no less than once per quarter, prior to each Supervisory Board meeting. In 2020, it met on:

- 10 March
- 5 May
- 25 August
- 8 December

The Executive Board members and the Chief Financial Officer of Edmond de Rothschild (France) both have a standing invitation to attend Audit Committee meetings. The Chief Internal Auditor, the Head of Compliance and Permanent Control and the Head of the Central Risk Department are invited to attend its meetings in an advisory capacity.

The Audit Committee has drawn up a work programme, with the March and August meetings devoted in particular to a review of the full-year and interim financial statements conducted together with the Executive Board members, the Chief Financial Officer and the Statutory Auditors. No less than twice per year, the Audit Committee meets representatives of the Statutory Auditors to review the scope of their audit programme and the services they could be asked to provide.

It may request any information or ask anyone to appear before it as is required or useful for the fulfilment of its duties.

The Audit Committee reports on its work and provides its opinions and recommendations to the Supervisory Board. The Chairman of the Audit Committee presents its work to the Supervisory Board.

Minutes of these meetings are circulated to all members of the Committee and of the Executive Board and are made available to members of the Supervisory Board.

Risk Committee

The Risk Committee was established on 15 March 2017, and its members are chosen from among the Supervisory Board members. It meets at least once a quarter and is convened by its Chairman.

At 31 December 2020, the members of Edmond de Rothschild (France)'s Risk Committee were:

- Jean Laurent-Bellue (Chairman),
- Véronique Morali and Louis-Roch Burgard.

The role of the Risk Committee, which has its own rules of procedure, is to assist the Supervisory Board. Its remit is to monitor the effectiveness of the organisation and implementation of internal control and risk management at the Group formed of Edmond de Rothschild (France) and its consolidated subsidiaries, as well as conformity with the applicable compliance regulations and the related guidelines laid down by the Group.

More specifically, it is tasked with:

- advising the Supervisory Board in a general capacity on the Bank's overall strategy and its existing and future risk appetite, and controlling implementation of this strategy by the Bank's effective managers and by the head of the risk management function
- examining the internal audit's annual audit plan prior to its approval by the Supervisory Board
- making sure that the statutory and regulatory requirements on internal, permanent and periodic control applicable to the Group are met
- reviewing the risk control framework as a whole and in summary form
- without prejudice to the terms of reference of the Remuneration Committee, reviewing whether the incentives provided for by the remuneration policy and practices are compatible with the Bank's position with regard to its risk exposure, its capital, its liquidity and the probability and timing of the expected profits.

The Executive Board members, the Chief Financial Officer of Edmond de Rothschild (France), the Chief Internal Auditor, the Head of Compliance and Control and the Head of the Central Risk Department have a standing invitation to Risk Committee meetings.

The Risk Committee may request any information or ask anyone to appear before it as is required or useful for the fulfilment of its duties.

The Committee reports on its work and informs the Supervisory Board of its opinions and recommendations. The Chairman of the Risk Committee presents its work to the Supervisory Board.

Minutes of these meetings are circulated to all members of the Committee and of the Executive Board and are made available to members of the Supervisory Board.

Remuneration Committee

The Remuneration Committee issues opinions on the general remuneration policy of the Edmond de Rothschild (France) Group as proposed by the Executive Board. Every year, it makes sure this policy is abided by. It makes recommendations to the Supervisory Board on all components of remuneration paid to Executive Board members.

The Remuneration has four members: Benjamin de Rothschild (Chairman), Ariane de Rothschild, Véronique Morali and Christian Varin. It meets at least once every year. Under the banking regulations, the Company has to prepare a report on remuneration policy and practices every year. This report is filed with the ACPR (French Prudential Supervision and Resolution Authority).

As part of its work, the Remuneration Committee verifies that:

- its assessment of remuneration includes all the relevant components
- each proposed element is in the Company's general interest
- remuneration is comparable with general practice in banking and finance
- remuneration is linked to performance metrics
- all remuneration components comply with the latest applicable regulations

It also reviews:

- the remuneration policy adopted by Edmond de Rothschild (France) and its subsidiaries
- the remuneration awarded to employees in respect of each financial year
- remuneration awarded to senior executives

REMUNERATION AND COMMITMENTS GIVEN TO CORPORATE OFFICERS

Since Edmond de Rothschild (France) shares are not admitted to trading on a regulated market, they do not fall within the scope of the "say on pay" regime established in Article L. 225-82-2, L. 225-100-II and III of the French Commercial Code.

OTHER DISCLOSURES REQUIRED PURSUANT TO ARTICLE L. 225-37-4 OF THE FRENCH COMMERCIAL CODE

Information about the agreements referred to in Article L. 225-37-4, 2 of the French Commercial Code

Article L. 225-37-4, 2 of the French Commercial Code stipulates that, except where they concern ordinary transactions and are entered into on an arm's length basis, agreements between, on the one hand, one of the corporate officers or one of the shareholders holding over 10% of the voting rights of a company, either directly or via an intermediary, and, on the other hand, another company controlled by the former as defined in Article L. 233-3 of the French Commercial Code, must be disclosed in the report on corporate governance.

No such agreement was brought to the attention of the Company during 2020.

Information about delegations of authority (Article L. 225-37-4, 3 of the French Commercial Code

In accordance with Article L. 225-37-4, 3 of the French Commercial Code, no delegation of authority or of powers to increase the Company's share capital pursuant to Articles L. 225-129.1 to L. 225-129.2 of said Commercial Code was in force at 31 December 2020.

Arrangements for shareholders to participate at the General Meeting

The arrangements for shareholders to participate at general meetings are set forth in Article 20 of the Articles of Association.

Disclosures required pursuant to Article L. 22-10-11 of the French Commercial Code

Since Edmond de Rothschild (France) shares are not admitted to trading on a regulated market, no public tender or exchange offer can be made for them. Accordingly, the provisions of Article L. 225-37-5 of the French Commercial Code do not apply to Edmond de Rothschild (France).

OBSERVATIONS OF THE SUPERVISORY BOARD ON THE REPORT OF THE EXECUTIVE BOARD AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

In accordance with the law, the Company's Executive Board has presented on a timely basis the 2020 financial statements to us for verification and control purposes and provided the report to be presented to you at the General Meeting.

Having examined the report, we have no additional observations to make concerning the Company's management or the 2020 financial statements. The financial statements are in line with the information provided to us during the year.

We recommend that you approve these financial statements at the Annual General Meeting of Shareholders.

The Supervisory Board

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Consolidated financial statements and notes

IFRS consolidated balance sheet (in thousands of euros)

Assets		31/12/2020	31/12/2019
Cash, due from central banks and postal accounts	3.1	2,053,994	2,229,167
Financial assets at fair value through profit and loss	3.2	157,323	171,859
Financial assets at fair value through equity	3.3	1,341	3,719
Securities at amortised cost	3.4	6,521	10,384
Loans and receivables due from credit institutions, at amortised cost	3.5	48,600	234,936
Loans and receivables due from clients, at amortised cost	3.6	1,160,185	876,774
Current tax assets		7,341	6,073
Deferred tax assets		11,901	13,166
Accruals and other assets	3.8	216,992	158,733
Investments in associates	3.9	59,595	67,964
Property, plant and equipment	3.10	37,730	39,640
Right-of-use assets		39,542	43,989
Intangible assets	3.11	22,282	23,783
Goodwill	3.12	74,313	74,313
Non-current assets held for sale(*)		12,284	-
Total assets		**3,909,944**	**3,954,500**

(*) See Note 3.9.

Liabilities and equity		31/12/2020	31/12/2019
Financial liabilities at fair value through profit and loss	3.13	1,354,751	1,582,115
Hedging derivatives	3.14	-	-
Due to credit institutions	3.15	22,143	88,276
Due to clients	3.16	1,830,461	1,603,964
Debt securities		-	-
Current tax liabilities		1,386	575
Deferred tax liabilities		-	243
Accruals and other liabilities	3.8	250,721	248,670
Provisions	3.17	23,269	24,590
Subordinated debt	3.18	-	-
Equity		427,213	406,067
Equity attributable to equity holders of the parent		419,072	395,496
. Share capital and related reserves		*201,195*	*201,195*
. Consolidated reserves		*188,302*	*173,549*
. Other comprehensive income		*5,277*	*6,378*
. Earnings for the period		*24,298*	*14,375*
Non-controlling interests		8,141	10,571
Total liabilities and equity		**3,909,944**	**3,954,500**

IFRS consolidated income statement(in thousands of euros)

		2020	2019
+ Interest and similar revenues	4.1	19,139	34,219
- Interest and similar expenses	4.2	−25,322	−60,315
+ Fee income	4.3	348,089	327,939
- Fee expense	4.3	−82,677	−77,067
+/- Net gains or losses on financial instruments at fair value through profit and loss	4.4	30,095	76,699
+/- Net gains or losses on financial assets at fair value through equity	4.5	899	6,918
+ Other revenues	4.6	10,792	10,605
- Other expenses	4.6	−16,362	−15,366
Net banking income		284,653	303,631
- General operating expenses	4.7	−228,404	−237,220
- Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		−26,425	−27,699
Gross operating income		29,824	38,711
+/- Cost of risk	4.8	−59	−3
Operating income		29,765	38,708
+/- Share in net income of associates	3.9	8,202	−105
+/- Net gains or losses on other assets	4.9	−60	1,211
+/- Changes in the value of goodwill		-	−8,105
Income (loss) before tax		37,907	31,709
- Income tax	4.10	−10,496	−15,744
Net income		27,411	15,965
- Net income attributable to non-controlling interests		−3,113	−1,591
Net income attributable to equity holders of the parent		**24,298**	**14,375**
Earnings per share (in euro)		4.33	2.54
Diluted earnings per share (in euro)		4.33	2.54

Statement of comprehensive income (in thousands of euros)

	2020	2019
Net income	**27,411**	**15,965**
Exchange difference	−1,144	1,691
Deferred change in value of hedging derivatives (*)	-	-
Change in value of financial assets at fair value through equity (*)	−494	−462
Actuarial gains or losses on defined-benefit plans (*)	537	−92
Total comprehensive income	**−1,101**	**1,137**
Net income and comprehensive income	**26,310**	**17,102**
Attributable to equity holders of the parent	*23,197*	*15,511*
Attributable to non-controlling interests	*3,113*	*1,591*

(*) Net of tax.

IFRS cash flow statement (in thousands of euros)

	2020	2019
Cash flow from operations		
Net income for the period	**27,411**	**15,965**
Net gain or loss on disposals of long-term assets	−839	−8,128
Net additions to depreciation, amortisation and provisions	16,565	25,201
Income from associates	−8,202	105
Reclassification of net gain or loss on financial instruments at fair value through profit and loss	−30,095	−76,699
Other unrealised income and expenses	12	771
Income tax expense (including deferred taxes)	10,496	15,744
Cash flow from operations before financing activities and tax	15,348	−27,040
Income tax paid	−9,989	−22,477
Net increase/decrease from transactions with credit institutions	174,975	−175,696
Net increase/decrease from transactions with clients	−55,734	−92,433
Net increase/decrease from transactions in other financial assets and liabilities	−173,899	240,238
Net increase/decrease from transactions in other non-financial assets and liabilities	−54,269	32,691
Net cash flow from operating activities	**−103,568**	**−44,717**
Cash flow from investing activities		
Purchases of property, plant and equipment and intangible assets	−14,139	−15,070
Purchases of long-term financial assets	−1,907	−8,693
Dividends received from associates	4,203	-
Disposals of long-term assets	731	2
Net cash flow from investing activities	**−11,112**	**−23,761**
Cash flow from financing activities		
Increase/decrease in cash from transactions with shareholders	−5,340	−3,245
Net cash flow from financing activities	**−5,340**	**−3,245**
Effect on cash and cash equivalents of changes in exchange rates	−313	179
Net change in cash and cash equivalents	**−120,333**	**−71,544**
Net balance of cash and amounts due from central banks	2,229,167	2,248,217
Money-market funds qualifying as cash equivalents	14	14
Net balance of demand deposits with and loans from credit institutions	−28,370	24,124
Cash and cash equivalents at the beginning of the period	**2,200,811**	**2,272,355**
Net balance of cash and amounts due from central banks	2,053,994	2,229,167
Money-market funds qualifying as cash equivalents	14	14
Net balance of demand deposits with and loans from credit institutions	26,470	−28,370
Cash and cash equivalents at the end of the period	**2,080,478**	**2,200,811**
Change in net cash	**−120,333**	**−71,544**

Statement of changes in equity (in thousands of euros)

	31/12/2018	Capital increase	Appropriation of income	Other changes	31/12/2019
Attributable to equity holders of the parent					
– Share capital	83,076	-	-	-	83,076
– Share premiums	98,244	-	-	-	98,244
– Equity instruments (undated super-subordinated notes)	19,875	-	-	-	19,875
– Interest on equity instruments (undated super-subordinated	−16,436	-	-	−336	−16,772
– Elimination of treasury shares	-	-	-	-	-
- Other reserves	166,725	-	28,373	−4,778	190,320
– Other comprehensive income	88	-	-	6,290	6,378
– 2018 net income	28,373	-	−28,373	-	-
Sub-total	**379,945**	-	-	**1,176**	**381,121**
– 2019 net income	-	-	-	14,375	14,375
Total equity attributable to equity holders of the parent	**379,945**	-	-	**15,551**	**395,496**
Non-controlling interests in:					
– Reserves	6,922	-	4,907	−2,849	8,980
– 2018 net income	4,907	-	−4,907	-	-
– 2019 net income	-	-	-	1,591	1,591
Total non-controlling interests	**11,829**	**-**	**-**	**−1,258**	**10,571**

	31/12/2019	Capital increase	Appropriation of income	Other changes	31/12/2020
Attributable to equity holders of the parent					
– Share capital	83,076	-	-	-	83,076
– Share premiums	98,244	-	-	-	98,244
– Equity instruments (undated super-subordinated notes)	19,875	-	-	-	19,875
– Interest on equity instruments (undated super-subordinated notes)	−16,772	-	-	−338	−17,110
– Elimination of treasury shares	-	-	-	-	-
- Other reserves	190,320	-	14,375	717	205,412
– Other comprehensive income	6,378	-	-	−1,101	5,277
– 2019 net income	14,375	-	−14,375		-
Sub-total	**395,496**	**-**	**-**	**−722**	**394,774**
– 2020 net income	-	-	-	24,298	24,298
Total equity attributable to equity holders of the parent	**395,496**	**-**	**-**	**23,576**	**419,072**
Non-controlling interests in:					
– Reserves	8,980	-	1,591	−5,543	5,028
– 2019 net income	1,591	-	−1,591	-	-
– 2020 net income	-	-	-	3,113	3,113
Total non-controlling interests	**10,571**	**-**	**-**	**−2,430**	**8,141**

Notes to the consolidated financial statements

Note 1 – Preparation of the consolidated financial statements

1.1. Background

In compliance with EU Regulation 1606/2002 of 19 July 2002 concerning the application of international accounting standards by entities issuing publicly traded debt securities, and in connection with the regular issue of publicly traded debt securities, Edmond de Rothschild (France) prepared its financial statements in accordance with International Financial Reporting Standards (IFRSs) for the first time in 2007.

Edmond de Rothschild (France)'s financial statements are prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable at 31 December 2020 as adopted by the European Union (see http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

They were approved by the Executive Board on 2 March 2021. They were reviewed by the Audit Committee on 9 March 2021 and by the Supervisory Board on 10 March 2021.

Against the background of the Covid-19 crisis, the Group did not make any major methodological changes when preparing its 2020 financial statements and did not benefit from any support measures capable of affecting its performance or financial position.

1.2. Compliance with accounting standards

New applicable accounting standards

Amendment to IFRS 16 – Covid-19-related rent concessions

On 28 May 2020, the IASB published an amendment to IFRS 16 "Leases" to make it easier for lessees to account for Covid-19-related rent concessions.

The amendment, which applies to periods beginning on or after 1 June 2020 (although early application is possible), allows lessees to account for rent concessions as if they were not lease modifications. In 2020, the Group did not benefit from any rent concessions related to the Covid-19 crisis.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

In September 2019, the IASB published "Phase 1" amendments to IFRS 9, IAS 39 and IFRS 7 that provide temporary relief in terms of hedge accounting during the transition to new interest-rate benchmarks.

The relief aims to avoid any temporary discontinuation of hedge accounting, the modification or derecognition of certain contracts and the application of a gain or loss following the modification of certain contracts because of uncertainty arising from interest-rate benchmark reform.

These amendments, endorsed by the European Commission on 15 January 2020, are mandatorily applicable for annual financial statements from 1 January 2020, but have no impact on the Group's financial statements.

Other mandatorily applicable standards coming into force since 1 January 2020:

- Amendments to IFRS 3: "Definition of a business"
- Amendments to IAS 1 and IAS 8: "Definition of Material"
- Amendments to references to the conceptual framework in IFRSs

did not have any effect on the financial statements for the year ended 31 December 2020.

New standards published but not yet applicable

The Group did not opt for early application of any new standards, amendments or interpretations adopted by the European Union where their application in 2020 was only optional.

1.3. Use of estimates

The preparation of financial information involves the use of estimates and assumptions regarding future circumstances.

In addition to available information, making estimates requires an element of judgment, particularly as regards the following:

- impairment tests performed on intangible assets;
- impairment tests performed on investments in associates;

- determining whether or not a market is active for the purposes of using a value measurement technique.

The Group also considers that among the other accounting aspects requiring the use of judgment, the most important concern provisions, pension liabilities and share-based payments.

1.4. Consolidation methods

The consolidated financial statements were prepared on the basis of the separate financial statements of Edmond de Rothschild (France) and all controlled subsidiaries and subsidiaries subject to significant influence.

Fully consolidated companies

Companies controlled by Edmond de Rothschild (France) are fully consolidated.

Full consolidation involves replacing the value of shares in the subsidiaries with each item of those companies' financial statements, then eliminating transactions between the parent and subsidiaries and between subsidiaries. Non-controlling interests in the equity and earnings of subsidiaries are stated separately in the consolidated balance sheet and income statement.

The Group has control over a subsidiary where it has power over the entity (generally by holding the majority of voting rights, directly or indirectly), where its relations with the subsidiary expose it or entitle it to variable returns and where it has the ability to influence those returns because of the power it exerts.

Associates

Companies over which the Group exercises significant influence are accounted for under the equity method. Significant influence is defined as the power to participate in the financial and operating policies of a subsidiary but not to control those policies. Significant influence is often exercised by representation on the Board of Directors, Executive Board or Supervisory Board, participation in strategic decisions, interchange of managerial personnel or dependence on technical information.

Significant influence is presumed to exist when a company holds, directly or indirectly, at least 20% of the voting rights in a subsidiary. Investments in associates are initially stated at cost including attributable goodwill and subsequently adjusted to reflect changes in the Group's share of net assets. Gains and losses on transactions between the Group and associates are eliminated to the extent of the investment, unless the transaction results in permanent impairment of the asset transferred.

Special purpose entities

These are legal entities designed so that voting rights are not the determining factor in establishing control over the entity. That is the case where the entities undertake solely administrative tasks and where their relevant activities are managed through contractual arrangements. The main criteria for assessing whether the Group controls a special purpose entity are as follows:

- the activities and purpose of the company;
- the way the entity was structured;
- the risks borne by the company and those transferred and borne by the Group;
- exposure to and ability to control the entity's variable returns.

Groupement Immobilière Financière meets those criteria and is therefore consolidated.

1.5. Changes in the scope of consolidation

In the first quarter of 2020, EdR (France) acquired two companies: Financière Eurafrique and Immopéra.

Edmond de Rothschild Securities (Hong Kong) Limited was wound up on 15 April 2020.
In the fourth quarter of 2020, Edmond de Rothschild Europportunities Invest SARL was wound up and all of its assets and liabilities were transferred to CFSH Luxembourg SARL.

1.6. Consolidation principles

Reporting date

The consolidated financial statements were prepared on the basis of the separate financial statements of each Group company at 31 December 2020.

Elimination of inter-company transactions

All payables, receivables, commitments, revenues and expenses resulting from transactions between fully consolidated companies are eliminated, as are inter-company gains and losses on sales of assets.

Dividends received from consolidated companies are eliminated from consolidated earnings.

Goodwill

Business combinations completed before 1 January 2010

The Group accounted for business combinations using the purchase method. The acquisition cost was measured as the total fair value, at the date of acquisition, of the assets given, liabilities incurred or assumed and equity instruments issued in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

At the acquisition date, the assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable under IFRS 3 "Business Combinations" were measured individually at fair value, whatever their purpose.

The analysis and expert assessments necessary for initial measurement of these items, and any corrections resulting from new information, had to take place within 12 months of the date of acquisition.

Upon the first consolidation of an investment, the difference between the acquisition cost of the shares and the share of adjusted net assets acquired was, after analysis, allocated between corrections to the values of balance sheet items and to the commitments of the consolidated company, and intangible assets that meet the criteria defined in IAS 38. The residual balance was treated as goodwill. Positive goodwill was reported in the consolidated balance sheet under the heading "Goodwill". Negative goodwill was immediately recognised in profit and loss. If the Group increases its percentage interest in an entity it already controls, the acquisition of further shares gives rise to recognition of additional goodwill, determined by comparing the purchase price of the shares and the share of net assets acquired.

Goodwill is carried in the balance sheet at cost. Goodwill on acquisitions of associates is included under the heading "Investments in associates".

Business combinations completed after 1 January 2010

The rules set out above have been modified by the adoption of the revised IFRS 3. The main changes are as follows:

- Changes in interests that do not result in a loss of control (additional purchases or disposals that do not result in a loss of control) only affect equity and have no impact on goodwill.
- Contingent liabilities of the acquiree are only recorded in the consolidated balance sheet if they represent a present obligation on the date control is acquired if and their market value can be reliably estimated.
- Costs directly related to the business combination constitute a separate transaction from the combination itself and are recognised in profit and loss.
- Any contingent consideration is included in the purchase price at its market value on the acquisition date. After the 12-month evaluation period following the business combination, changes in the value of any contingent consideration classified as a financial liability are recognised in profit and loss.
- On the date control is acquired over an entity, any previously held interest in the latter is remeasured at market value through profit and loss.

In the case of a step acquisition, goodwill is determined by reference to market value at the date control is acquired, and not by reference to the assets and liabilities acquired at the time of each exchange transaction.

Measurement of goodwill

The Group regularly reviews goodwill and carries out impairment tests at least once a year, or whenever there is evidence of impairment. At the date of acquisition, goodwill is allocated to one or more cash-generating units likely to obtain benefits from the acquisition. Any impairment of goodwill is determined by reference to the recoverable amount of the cash-generating unit(s) (CGU) to which it is allocated.

When the recoverable amount of the CGU, determined by experts on the basis of value in use or fair value less costs to sell, is lower than its carrying amount value, an irreversible impairment loss is recorded in the consolidated income statement, under the heading "Changes in the value of goodwill".

Deferred taxes

Deferred taxes are recognised when temporary differences are identified between the carrying amounts of balance sheet assets and liabilities for reporting and tax purposes, and where those differences will affect future tax payments.

Deferred taxes are determined using the liability method. Under this method, deferred taxes recorded in previous periods are adjusted when tax rates are changed and the resulting difference is taken to profit and loss. Deferred tax assets are only recognised when it is likely that the consolidated company will have sufficient taxable income to utilise the deferred tax asset within a given time horizon.

Translation of foreign currency financial statements

The Group's consolidated financial statements are prepared in euros. The financial statements of entities whose functional currency is not the euro are translated into euros using the closing rate method. Under this method, all assets and liabilities, both cash and non-cash, are translated at the exchange rate on the balance sheet date. Revenues and expenses are translated at the average rate during the period. Translation gains or losses, both on balance sheet and income statement items, are recognised, for the portion attributable to the Group, in shareholders' equity under "Translation differences", and for the portion attributable to third parties, under "Non-controlling interests".

Note 2 – Accounting policies, valuation methods and explanatory notes

Translation of foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into euros using official exchange rates as published by the Banque de France at the balance sheet date. Unrealised foreign exchange gains and losses are recorded in profit and loss. Spot foreign exchange transactions are measured at the official spot rates at the end of the period. The resulting gains and losses are recorded in profit and loss. Forward exchange contracts are measured at the rate for the residual term at the balance sheet date, with the impact of changes in fair value taken to profit and loss.

Non-monetary assets in foreign currencies, particularly investments in non-consolidated subsidiaries and associates denominated in foreign currencies, are recorded in the balance sheet at the euro equivalent of their historical foreign-currency cost, using exchange rates prevailing at the date of acquisition or subscription. Unrealised foreign exchange gains and losses related to these assets are only recognised in profit and loss upon disposal or recognition of impairment, or when the fair value is hedged for foreign exchange risk.

Financial assets and liabilities

Upon initial recognition, financial assets and liabilities are measured at fair value including acquisition costs (except for financial instruments recognised at fair value through profit and loss). They are classified in the categories described below:

Loans and receivables

— Loans made to clients in the course of commercial banking activities are included in the balance sheet item "Loans and receivables due from clients at amortised cost". They are initially measured at fair value, and subsequently adjusted at the closing date to their amortised cost based on the effective interest rate, which takes into consideration cash flows resulting from all the contractual terms of the instrument. Impairment losses are recorded on these items (see section on "Impairment of financial assets"). This category also includes securities purchased under repurchase agreements.

— The value of securities purchased under repurchase agreements for cash is recognised as the relevant amount of cash received. Remuneration on these agreements is recorded in profit and loss using the amortised cost method.

— After initial recognition, loans and receivables due from credit institutions not originally designated as "at fair value through profit and loss" are subsequently measured at amortised cost based on the effective interest rate. Remuneration related to securities purchased under repurchase agreements with banks is recorded using the amortised cost method in the same way as repurchase agreements with financial clients.

Financial assets at fair value through profit and loss

These instruments make up a very small proportion of assets held for trading, and are carried at fair value at the closing date, with changes in fair value recorded in profit and loss under the heading "Net gains or losses on financial instruments at fair value through profit and loss".

This item also includes non-derivative financial assets and liabilities that the Group has designated from the outset as "at fair value through profit and loss".

The Group's objectives in applying this option are as follows:

to apply fair value measurement to certain hybrid instruments in order to avoid separating embedded derivatives, which need distinct reporting. Structured EMTNs and BMTNs (euro medium-term notes and negotiable medium-term notes) issued by the Bank belong to this category;

to eliminate or significantly reduce discrepancies in the accounting treatment of certain financial assets and liabilities. Edmond de Rothschild (France) therefore measures all forward cash management operations at fair value through profit and loss. The Bank's cash management is based on the following principles:

1. the arrangement of term loans and borrowings with banks or financial clients;

2. the acquisition or issuance of negotiable debt securities on the interbank market;

3. where necessary, the hedging of each of these items using interest-rate derivatives.

When an item recognised at amortised cost is hedged by a financial asset that would be classified as an asset at fair value through equity, designating that item as at fair value can eliminate the distortion that arises from different accounting treatments for financial assets and liabilities that share the same interest-rate risk, and experience changes in fair value that tend to be mutually offsetting.

Similarly, when an interbank loan not originally recognised as a hedging relationship undergoes the same changes in fair value (due to exposure to interest-rate risk) but in the opposite direction, designating that loan as at fair value can reduce the distortion that would have arisen from recording the loan at amortised cost and the derivative at fair value through profit and loss.

Other financial assets at fair value through profit or loss also include:

- debt instruments whose contractual cash flows do not constitute repayments of principal and payments of interest on the principal that remains due (non-SPPI instruments),

- equity instruments that the Group has not opted to classify at fair value through equity.

Finally, this category of financial assets and liabilities includes the positive or negative fair values (without offsetting) of derivatives that have not been designated as hedging instruments.

Financial assets at fair value through equity

Debt instruments

The "Financial assets at fair value through equity" category includes debt instruments (loans and advances, bonds and other similar securities) with a business model involving the collection of contractual cash flows – representing basic SPPI ("solely payments of principal and interest") loans – and sales of those instruments.

Changes in value, excluding accrued or earned income, are recognised in a specific equity line item entitled "Gains and losses recognised directly in equity", and are reclassified to profit and loss when the instruments are sold.

Expected losses relating to credit risk are calculated on these financial assets.

Equity instruments

The Group has opted to classify part of its equity securities that it needs to conduct certain activities at fair value through equity.

That classification, which is irrevocable, must be carried out for each security.

Changes in the fair value of these instruments are recognised in "Gains and losses recognised directly in equity", and cannot be recycled to profit and loss.

Assets in this category do not undergo impairment. Only dividends are recognised in profit and loss.

Reclassification of financial assets

Reclassifications of financial assets under IFRS 9 are only required where there is a change in the business model associated with them.

Impairment of financial assets

Financial assets measured at amortised cost and debt instruments at fair value through equity with recycling

The credit risk impairment model applies to loans and debt instruments classified at amortised cost or at fair value through equity. These financial assets systematically undergo impairment testing when negotiated (i.e. at the time of acquisition or granting of the loan).

The provisioning model is based on monitoring the relative deterioration in credit quality, corresponding to movements in the counterparty's credit risk, without waiting for an objective incurred loss event.

Stage 1: healthy assets that have not significantly deteriorated since inception

Expected credit losses in the next 12 months are calculated on assets that have not undergone any significant deterioration in credit quality since inception.

Stage 2: healthy assets that have significantly deteriorated since inception

Within the Group, loans are not scored but monitored according to a Basel approach, depending on the type of eligible security covering the loan granted.

Three indicators are used to gauge a deterioration in credit quality: overdue payments, limit violations or unauthorised debits, and margin calls.

For loans with eligible financial security, the Group has not adopted the rebuttable presumption that loans on which payments are more than 30 days past due have undergone a significant deterioration in credit quality (no defaults have occurred in recent years), and the "Stage 2" classification takes place after 60 days in the event of overdue payments or unauthorised debits.

Mortgages are subject to the same rules.

Unsecured loans or loans without eligible security are classified as “Stage 2” after 30 days in the event of overdue payments or unauthorised debits.

The impairment loss corresponds to credit losses expected over the life (to maturity) of the financial assets.

Stage 3: assets in default

Assets are classified as doubtful where one or more payments are at least 90 days past due.

Credit risk is measured as expected credit losses to maturity.

The amount of the impairment loss is included in “Cost of risk” in the income statement, and the value of the financial asset is reduced through the recognition of impairment. Increases and decreases in impairment provisions due to changes in the probability of recovery are recorded in “Cost of risk”, while the reversal over time of the discounting effects is treated as financial income from impaired receivables and included in “Interest and similar revenues” in profit and loss.

Measurement of expected credit losses

Expected credit losses are defined as the weighted likely expected value of the credit loss (principal and interest) discounted to present value. The method for measuring these losses is based on the following components.

- Probability of default (PD)
Probability of default is an estimate of the likelihood that a default will occur.
Most loans granted to the Group’s clients have a 1-year maturity and in the absence of any defaults in recent years, the Group has decided to apply:

- for loans classified in “Stage 1”, the average first-quartile 1-year PD shown by the retail mortgage books of major French banks,
- a flat-rate 20% PD for loans on which credit risk has significantly deteriorated.

- Loss given default (LGD)
LGD measures the loss that would arise if a counterparty defaulted. The figure takes into account the amounts borrowed and the market values of the assets and securities covering the loans granted by the Bank (with discounts based on the Group’s risk policy).

- Exposure at default (EAD)
EAD is the amount owed by the counterparty at the time it defaults on a given commitment.

- Forward-looking approach
IFRS 9 requires “forward-looking” data to be included in the calculation of expected losses relating to credit risk.
The aim is to be able to take into account as early as possible forward-looking information and macroeconomic indicators that may affect the risk profile of counterparties.
The Group takes into account this forward-looking information as part of the borrowing amounts used to determine LGD.

Derecognition of financial assets and liabilities

Derecognition of financial assets

The derecognition (total or partial) of a financial asset on the balance sheet takes place when contractual rights to the instrument’s cash flows expire or when those flows and substantially all of the instrument’s risks and benefits are transferred to a third party.

Derecognition of financial liabilities

The Group removes a financial liability from its balance sheet when the obligation specified in the contract is extinguished, discharged or cancelled or expires.

Derivatives and hedges

All derivatives, except derivatives designated for accounting purposes as cash flow hedges (see below), are stated at fair value with changes in fair value recognised in profit and loss. Derivatives are recorded in the balance sheet at the trade date. They fall into two categories:

Trading derivative financial instruments

Derivatives are automatically classified as held for trading unless they qualify for accounting purposes as hedging instruments. They are carried in the balance sheet under “Financial assets at fair value through profit and loss” where their fair value is positive, and under “Financial liabilities at fair value through profit and loss” where their fair value is negative. Changes in the fair value of derivatives are recorded in profit and loss under “Net gains or losses on financial assets at fair value through profit and loss”.

Income and expenses recorded at the time of interim payments of interest differentials or on settlement of the final payment under the derivative contract are recorded in profit and loss under “Interest and similar revenues” or “Interest and similar expenses”. Gains and losses resulting from derivatives being unwound before their contractual expiry date are recorded in profit and loss under “Net gains or losses on financial assets at fair value through profit and loss”.

Hedging derivative financial instruments

To classify a financial instrument as a hedging derivative, the Group must document the hedging relationship from its inception.

The documentation must identify the asset, liability or future transaction hedged, the nature of the risk being hedged, the type of derivative instrument used, and the valuation method to be used to assess the effectiveness of the hedge.

The designated hedging derivative must be highly effective in offsetting changes in the fair value or cash flows resulting from the hedged risk; that effectiveness is assessed at the inception of the hedge, then on an ongoing basis throughout its duration. Hedging derivatives are reported in the balance sheet under "Hedging derivatives".

Depending on the nature of the hedged risk, the Group must designate the hedging derivative as a fair-value hedge, a cashflow hedge or a hedge of currency risk related to a net investment in a foreign operation.

Non-current assets

Operating non-current assets are carried in the balance sheet at cost.

Property, plant and equipment and intangible assets qualifying for depreciation or amortisation are depreciated or amortised over their period of use within the company.

Intangible assets

Intangible assets primarily comprise purchased software and contract portfolios:

- Intangible assets with an unlimited useful life are subject to annual impairment tests from the end of the second six-month period. These tests may be carried out at any time during the year, provided the date remains unchanged from one year to the next. For intangible assets first recognised during the current period, an impairment test is carried out before the end of the year.
- Intangible assets with a limited useful life are carried at acquisition cost less cumulative amortisation and impairment. They are amortised over their useful life. The useful life is the shorter of the useful life as defined by law and the expected economic life of the asset. Purchased software is amortised over a period of between one and three years.
- Intangible assets are subject to impairment tests if events or new circumstances indicate a risk that the carrying amount may be irrecoverable.

Property, plant and equipment

Equipment, furniture, fixtures and fittings and real-estate assets are stated at cost, less any depreciation. Depreciation is generally applied on a straight-line basis over the asset's useful life, which is generally between 4 and 10 years, and 25 years for real-estate assets.

Property, plant and equipment is subject to impairment tests if events or new circumstances indicate a risk that the carrying amount may be irrecoverable.

Gains or losses on sales of operating assets are recorded under "Net gains or losses on other assets".

The Group's property, plant and equipment does not include any investment property.

Right-of-use assets

On the date a leased asset is made available to the lessee, a right-of-use asset equal to the initial value of the lease liability is recognised on the balance sheet.

That asset is then amortised on a straight-line basis over the term of the lease.

Financial liabilities at amortised cost

Debt instruments issued by the Group that are not classified as financial liabilities at fair value through profit and loss are initially measured at cost, which corresponds to the fair value of the amounts borrowed, net of transaction costs.

At the balance sheet date, those liabilities are measured at amortised cost using the effective interest rate method. Accrued interest on those liabilities is recorded under related payables, with a balancing entry in profit and loss.

Due to credit institutions and amounts owed to clients

Amounts due to credit institutions and clients are broken down according to their initial term or the nature of the amounts due: demand deposits and term deposits for credit institutions; special savings accounts and other deposits for clients. Liabilities related to securities sold under demand or term repurchase agreements with credit institutions or clients are included in both these categories.

They are recorded at the price at which the securities were sold. Securities sold under repurchase agreements remain in their original asset category in the balance sheet and are measured according to the specific rules for the relevant portfolio; income on those securities is also recognised as though they were still part of the portfolio.

Debt securities

Debt securities mainly comprise "bons de caisse" (interest-bearing notes), interbank market securities, negotiable debt instruments and bonds, but exclude subordinated notes, which are reported under "Subordinated debt". Accrued interest payable on these securities is recorded under related payables, with a balancing entry in profit and loss.

Provisions

With the exception of provisions for credit risks or employee benefits, provisions represent liabilities of uncertain timing and amount. Provisions are only established when the Group has a legal or constructive obligation towards a third party as a result of past events, and it is probable or certain that the obligation will cause an outflow of resources to the benefit of that third party without receiving any consideration of at least equivalent value.

The amount of the expected outflow of resources is discounted to determine the amount of the provision where the effect of such discounting is material.

Increases and decreases in these provisions are recorded in profit and loss under items corresponding to the nature of the relevant future expenditure.

Treasury shares

Treasury shares are shares in the parent company Edmond de Rothschild (France) and its fully consolidated subsidiaries.

Treasury shares held by the Group for any purpose are deducted from consolidated shareholders' equity, and related gains or losses are eliminated from consolidated profit and loss.

Income tax

Edmond de Rothschild (France) and some of its subsidiaries have opted to form a tax consolidation group. These entities have agreed that the advantage or disadvantage arising from the tax consolidation (difference between the consolidated tax charge and the total of the tax charges of the companies calculated independently) is recognised immediately in the parent company's income statement.

Income tax for the year includes current and deferred taxes. Income tax is recorded in profit and loss, unless it relates to an item directly recorded in equity, in which case it is recorded in equity.

Current taxes are the forecast taxes payable on taxable income for the period, calculated at the rates in force at the balance sheet date, and any adjustment of taxes due in respect of previous years. Current tax assets and liabilities are offset when Edmond de Rothschild (France) intends to pay the net amount and is legally authorised to do so.

Deferred taxes are recognised based on timing differences between the carrying amount and tax base of balance sheet assets and liabilities. As a rule, all taxable timing differences lead to recognition of deferred tax liabilities, whereas deferred tax assets are recognised where the probability exists of sufficient future taxable profit to utilise the deductible timing differences. Deferred tax assets and liabilities are offset when the entity is legally authorised to do so, provided they relate to the same tax consolidation group and are governed by the same tax authorities. Deferred taxes are not discounted to present value.

Deferred taxes related to actuarial gains and losses on defined-benefit plans are recorded directly in equity.

In France, the standard corporate income tax rate is 28% for the portion of income up to €0.5 million, and 31% for the portion above that amount. Additionally, there is the general social security contribution on earnings of 3.3% (after an allowance of €0.76 million) introduced in 2000. The additional 3% tax on distributions made by companies, regardless of the beneficiary, introduced by France's second mini-budget for 2012, has been found to be unconstitutional. Long-term capital gains on investments in subsidiaries and associates are exempt, subject to fees and charges equal to 12% of the gross amount of the capital gains being taxed at the ordinary rate. Moreover, under arrangements for parent companies and subsidiaries in which the parent owns at least 5%, net income from investments is tax-exempt, subject to 1% of fees and charges in tax consolidation groups being taxed at the ordinary rate. For companies that have not opted for tax consolidation, the proportion of fees and charges is 5%.

For the 2020 financial year, the tax rates used to determine deferred taxes were 28.41% for Edmond de Rothschild (France) and 27.37% for its French subsidiaries (corresponding to the corporate income tax rate applicable in 2021) for income taxed at the ordinary rate. For income taxed at the reduced rate, the rates used were 4.13% and 15.50%.

Methods for determining the fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between well informed, consenting parties in an arm's-length transaction. The Group distinguishes three categories of financial instruments depending on the consequences of their characteristics regarding the method of measuring their value, and it uses that classification for disclosing certain information in the notes to the financial statements:

Level 1 category: financial instruments that are quoted on an active market;

Level 2 category: financial instruments whose value is measured by reference to observable parameters;

Level 3 category: instruments whose value is measured by reference to parameters that are wholly or partly non-observable; a non-observable parameter is defined as a parameter whose value is measured by reliance on assumptions or correlations based neither on trading prices observable on the markets for the given instrument at the valuation date, nor on observable market data available at that date.

A financial instrument is regarded as quoted on an active market if prices are readily and regularly available from a stock exchange, broker, dealer, pricing service or regulatory agency and if those prices represent actual transactions regularly occurring in the market under arm's-length conditions.

Instruments traded on active markets

Where a financial instrument is traded on an active market and quoted prices are available for that instrument, the fair value of the financial instrument is represented by its market price.

Instruments not traded on active markets

If the market for a financial instrument is not active, its fair value is determined using observable market data and valuation techniques.

Depending on the financial instrument, those techniques use data from recent transactions and discounted future cash flow models based on rates applicable at the balance sheet date.

Structured liabilities and index-linked derivatives

In determining the fair value of structured liabilities and the indexed component of index-linked derivatives, not all valuation parameters are observable. Therefore, the fair value of the financial instrument at the time of the transaction is deemed to be the transaction price, and the commercial margin is recorded in profit and loss over the life of the product.

While structured liabilities are outstanding, since they are not quoted on an active market, the valuation parameters agreed with the counterparties at the instruments' inception are not modified. For redemptions of negotiable debt securities issued, the fair value of the redeemed securities is the transaction price, and the portion of the commercial margin not yet recognised is taken to profit and loss.

Cash receivables and payables

For fixed-rate liabilities, which are generally due to mature within one year, where there is no active market, fair value is deemed to be the present value of future cash flows discounted at the market rate at the balance sheet date. Market rates are determined based on standard internal valuation models using certificate-of-deposit yield curves.

Similarly, for purchased fixed-rate debt securities, fair value is determined by discounting expected future cash flows at market rates.

Loans and other financing to clients

Edmond de Rothschild (France) considers that, because of the multiyear frequency of adjustments, the fair value of variable-rate loans can be considered equal to their carrying amount.

For loans with a variable rate that is adjusted once a year and fixed-rate loans, fair value is determined by discounting recoverable future cash flows relating to principal and interest over the loans' remaining life, at the interest rate applicable to new lending during the year for loans of the same category and with similar maturities.

Interest rate derivatives

The fair value of interest-rate derivatives and of the interest-rate component of index-linked derivatives is determined on the basis of internal valuation models incorporating observable market data. Thus the fair value of interest-rate swaps is calculated by discounting future interest cash flows at rates derived from zero-coupon swap curves.

Forward foreign-exchange contracts

Forward foreign-exchange contracts are treated as financial derivatives and carried in the balance sheet at fair value, with changes in fair value taken to profit and loss. The fair value of a forward foreign-exchange contract is determined by the forward rate for the contract's remaining life at the balance sheet date.

Cost of risk

In terms of credit risk, the cost of risk includes additions to and reversals of impairment of fixed-income securities and loans and receivables due from clients and credit institutions, additions to and reversals of provisions relating to financing and guarantee commitments given, losses on receivables written off and amounts recovered on receivables formerly written off.

Fees and commissions

The Group records fee income in profit and loss according to the nature of the services concerned. Fees received for nonrecurring services are immediately taken to profit and loss. Fees for ongoing services are recorded progressively in profit and loss over the duration of the service provided. Fees that are an integral part of the effective return on a financial instrument are treated as an adjustment to the effective return on the financial instrument.

Employee-benefit commitments

The Group recognises four categories of benefit as defined by IAS 19:

1. Short-term benefits, for which payments are immediately expensed: remuneration, profit-sharing, employee savings and paid leave.

2. Post-employment benefits, measured using an actuarial method, with provisions set aside for defined-benefit plans (except French compulsory defined-contribution plans, which are directly expensed): pension benefits, supplementary pension plans and termination benefits for retiring employees.

Post-employment benefits are classified as either defined-contribution plans or defined-benefit plans, depending on the actual economic impact on the company.

In **defined-contribution plans**, liabilities are covered by contributions, which are recognised as expenses as and when they are paid to the independent pension bodies that manage subsequent payment of the pensions.

The company's obligation is limited to payment of a contribution, with no associated commitment concerning the amount of the benefits paid out. The contributions paid are included in the expenses of the period.

In **defined-benefit plans**, the actuarial risk and investment risk are borne by the company. They cover several types of commitment, principally "additional supplementary" pension plans and termination benefits for retiring employees. A provision is recorded in liabilities to cover the total value of those pension commitments. They are valued annually by an independent actuary at the balance-sheet date.

In accordance with IAS 19, the Group uses the projected unit credit method to calculate its employee-benefit commitments. This retrospective method uses projections regarding career-end salaries and prorated final-benefit entitlements based on length of service, taking into account actuarial assumptions regarding the employee's probable future period of service with the company, future remuneration levels, life expectancy and personnel turnover.

Actuarial gains and losses, determined for each plan, include the effect of differences between actuarial assumptions previously adopted and actual outcomes, and the effect of changes in actuarial assumptions.

The Group applies IAS 19 revised regarding the recognition of actuarial gains and losses on defined-benefit pension plans. All such gains and losses are recorded under other comprehensive income in the period in which they are recognised. When the plan is funded by assets, those assets are measured at fair value at the closing date and deducted from the value of the commitments recorded. The annual amount included in personnel expenses in respect of defined-benefit plans includes the following:

- the additional benefits earned by each employee (current service cost);
- the financial cost resulting from the unwinding of discounts;
- interest income generated by plan assets (net interest on the net liability or asset);
- past service cost;
- the effect of plan curtailments or settlements.

The Group recognises past service cost in expenses on a straight-line basis over the average period remaining until the benefit entitlements are vested. Past service cost refers to the increase in the present value of the obligation arising from employee service in previous periods, resulting from the introduction of a new plan or from changes occurring during the period.

3. Other long-term benefits, measured in the same way as postemployment benefits and fully provisioned: these include long-service awards, Compte Epargne Temps working-time savings accounts and deferred remuneration.

4. Termination benefits, redundancy payments and voluntary redundancy payments. These benefits are fully covered by provisions once the relevant agreement has been signed.

Cash flow statement

Cash and cash equivalents consist of the net balances of cash accounts, amounts due from central banks and postal accounts, and the net balances of demand deposits with and loans from credit institutions. Changes in cash generated by operating activities reflect cash flows generated by the Group's business, including cash flows related to held-to-maturity financial assets and negotiable debt securities.

Changes in cash generated by investing activities result from cash flows related to acquisitions and disposals of consolidated subsidiaries and associates and acquisitions and disposals of real property. Changes in cash related to financing activities comprise cash inflows and outflows from operations with shareholders, cash flows related to subordinated debt, bonds, and debt securities other than negotiable debt instruments.

Earnings per share

Earnings per share are calculated by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. Diluted earnings per share reflect the impact of potential dilution on earnings and the number of shares resulting from the exercise of options under the various plans (bonus share and stock option plans) granted by Edmond de Rothschild (France) and its subsidiaries, in accordance with IAS 33. No account is taken of plans that have no dilutive impact.

Note 3 – Analysis of balance sheet items

In thousands of euros		31/12/2020	31/12/2019
3.1.	**Cash, due from central banks and postal accounts**		
	Cash	299	275
	Central banks	2,053,695	2,228,892
	Postal accounts	-	-
	Sub-total	**2,053,994**	**2,229,167**
	Related receivables	-	-
	Total	**2,053,994**	**2,229,167**

In thousands of euros		31/12/2020	31/12/2019
3.2.	**Financial assets at fair value through profit or loss**		
	Interest rate instruments – futures	203	587
	Foreign exchange instruments – futures	-	24
	Equity and index-linked instruments – futures	4,272	11,990
	Receivables related to trading derivatives	133	131
	Sub-total - Derivatives	**4,608**	**12,732**
	Equities and other variable-income securities	-	-
	Sub-total - Other financial instruments held for trading	**-**	**-**
	Sub-total - Trading securities	**4,608**	**12,732**
	Fair value of loans and related receivables	11	-
	Subtotal - loans and receivables designated as at fair value through profit and loss	**11**	**-**
	Treasury notes and similar securities	2,058	2,140
	Treasury notes and similar securities - related receivables	21	21
	Sub-total - Financial assets designated as at fair value	**2,079**	**2,161**
	Investments in subsidiaries and associates	10	11
	Other variable-income securities	12,479	13,107
	Sub-total	**12,489**	**13,118**
	Debt instruments and similar	138,136	143,848
	Sub-total - Non-SPPI debt instruments	**138,136**	**143,848**
	Sub-total - Other financial assets at fair value through profit and loss	**150,625**	**156,966**
	Total	**157,323**	**171,859**

The total notional amount of trading derivatives was €1,490.8 million at 31 December 2020 as opposed to €5,436.0 million at 31 December 2019. The notional value of derivatives indicates only the volume of the Group's business on the financial instruments markets, without reflecting the market risks related to those instruments.

Non-SPPI debt instruments include units in non-consolidated funds held by the Group.

In thousands of euros		31/12/2020	31/12/2019
3.3.	**Financial assets at fair value through equity**		
	Treasury notes and similar securities	-	-
	Bonds and other fixed-income securities	-	-
	Sub-total - Debt instruments at fair value through equity with recycling	**-**	**-**
	Investments in subsidiaries and associates (*)	1,341	3,719
	Equities and other variable-income securities	-	-

Sub-total - Equity instruments at fair value through equity without recycling	**1,341**	**3,719**
Total	**1,341**	**3,719**

(*) including a €2,417 thousand decrease relating to EdR PEC China Investment SCA (mainly disposals).

In thousands of euros	31/12/2020	31/12/2019
3.4. Securities at amortised cost		
Treasury notes and similar securities	-	-
Bonds and other fixed-income securities	6,521	10,384
Total	**6,521**	**10,384**

In thousands of euros	31/12/2020	31/12/2019
3.5. Loans and receivables due from credit institutions, at amortised cost		
Due from credit institutions		
- Demand deposits	*48,609*	*59,914*
– Time deposits	*-*	*175,021*
Sub-total	**48,609**	**234,935**
Related receivables	1	1
Total gross value	**48,610**	**234,936**
Impairment	−10	-
Total net value	**48,600**	**234,936**

In thousands of euros	31/12/2020	31/12/2019
3.6. Loans and receivables due from clients, at amortised cost		
Overdrafts	761,214	652,989
Other loans and financing		
- Loans	*399,112*	*223,851*
- Securities received under repurchase agreements	*-*	*-*
- Trade notes	*-*	*-*
Total gross value	**1,160,326**	**876,840**
- Of which related receivables	1,128	748
Impairment	−141	−66
Total net value	**1,160,185**	**876,774**
Fair value of loans and receivables due from clients	**1,160,492**	**877,081**

Impairment of loans and receivables due from clients at amortised cost

In thousands of euros	31/12/2019	Additions	Reversals	Transfers	31/12/2020
Impairment of healthy assets (Stage 1)	−18	−38	4	22	−30
Impairment of healthy assets that have deteriorated (Stage 2)	−13	−35	13	3	−32
Impairment of doubtful assets (Stage 3)	−35	−52	33	−25	−79
Total	**−66**	**−125**	**50**	**-**	**−141**

3. Pledged assets

A-Assets

	31/12/2020			
In thousands of euros	Carrying amount of pledged assets	Fair value of pledged assets	Carrying amount of non-pledged assets	Fair value of non-pledged assets
Assets of the reporting entity	25,918		3,880,144	
Equity instruments			151,465	151,465
Debt securities			8,600	8,600
Other assets	25,918		3,720,079	

B-Guarantees received

	31/12/2020	
In thousands of euros	Carrying amount of pledged assets	Fair value of pledged assets
Guarantees received by the entity concerned	-	-
Equity instruments		
Debt securities	-	-
Other guarantees received		
Own debt securities in issue, other than own covered bonds or asset-backed securities		

C-Pledged assets/guarantees received and related liabilities

	31/12/2020	
In thousands of euros	Related liabilities, contingent liabilities or loaned securities	Assets, guarantees received and own debt securities in issue, other than covered bonds or securities backed by pledged assets
Carrying amount of selected financial liabilities	-	-

Government bonds held by Financière Boréale make up most of the Edmond de Rothschild (France) group's pledged assets, via repo transactions.

Repo transactions are involved in the management of mutual funds for which the Bank is custodian and Edmond de Rothschild Asset Management (France) is the asset manager: securities held by Financière Boréale are sold by Edmond de Rothschild (France) to the funds as part of repo transactions.

86% of the "Other assets" item comprise the Group's assets held with the Banque de France and client loans. Intangible assets make up 3% of that item, and accruals and other assets 6%.

In thousands of euros	31/12/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
3.8. Accruals and other assets and liabilities				
Items under collection	12	-	80	-
Guarantee deposits paid (*)	92,303	-	48,378	-
Prepaid expenses	8,493	-	8,069	-
Accrued income	84,202	-	74,507	-
Prepaid income	-	58	-	227
Accrued expenses	-	84,800	-	84,158
Other miscellaneous assets and liabilities (**)	31,982	165,863	27,699	164,285
Total	**216,992**	**250,721**	**158,733**	**248,670**

(*) of which €30,584 thousand related to collateral at 31 December 2020 versus €3,550 thousand of guarantee deposits paid at 31 December 2019.

(**) of which €2,071 thousand related to collateral at 31 December 2020 versus €13,054 thousand of other liabilities at 31 December 2019.

In thousands of euros	31/12/2020	31/12/2019
3.9. Investments in associates		
Edmond de Rothschild (Monaco)	59,595	54,080
Zhonghai Fund Management Co. Ltd. (*)	-	12,436
ERAAM (**)	-	1,448
Investments in associates	**59,595**	**67,964**

(*) at 31 December 2020, the stake in Zhonghaï Fund Management Co. Ltd., previously accounted for under the equity method and measured at €12,436 thousand at 31 December 2019, has been reclassified under “Non-current assets held for sale” in accordance with IFRS 5, because:

- Zhonghaï is currently available for immediate sale, subject to any conditions precedent that usually apply to similar disposals;

- The disposal of Zhonghaï is highly probable and is likely to take place within 12 months of the accounts closing date. Negotiations are taking place with Zhonghaï Trust, which owns 41.591% of Zhonghaï Fund Management Co. Ltd., regarding its purchase of the 25% stake held by Edmond de Rothschild (France). An Equity Transfer Agreement (ETA) has been exchanged between the parties.

- The carrying amount of the stake in Zhonghaï will mainly be recovered through a sale transaction rather than through continuing use.

(**) in 2020, the Group set aside provisions covering all of its stake in ERAAM.

Edmond de Rothschild (Monaco)	
In thousands of euros	31/12/2020
Current assets	2,726,649
Non-current assets	52,970
Current liabilities	2,560,279
Non-current liabilities	219,341
Net banking income	80,513
Share of net income	**9,718**

	In thousands of euros	31/12/2019	Acquisitions/transfers in	Disposals/transfers out	Other changes	31/12/2020
3.10.	**Property, plant and equipment**					
	Gross value					
	Land and buildings	59,666	-	-	−421	59,245
	Computer hardware	30,633	1,787	-	-	32,420
	Fixtures, fittings and other property, plant and equipment	45,578	212	-	−28	45,762
	Property, plant and equipment in progress	-	-	-	-	-
	Sub-total	**135,877**	**1,999**	**-**	**−449**	**137,427**
	Depreciation and impairment					
	Buildings	−25,475	−1,055	-	79	−26,451
	Computer hardware	−27,950	−1,591	-	-	−29,541
	Fixtures, fittings and other property, plant and equipment	−42,812	−893	-	-	−43,705
	Sub-total	**−96,237**	**−3,539**	**-**	**79**	**−99,697**
	Total	**39,640**	**−1,540**	**-**	**−370**	**37,730**

	In thousands of euros	31/12/2019	Acquisitions/transfers in	Disposals/transfers out	Other changes	31/12/2020
3.11.	**Intangible assets**					
	Gross value					
	Contract portfolio and other contractual rights	12,510	-	-	-	12,510
	Other intangible assets	173,980	12,140	-	17	186,137
	Intangible assets in progress	-	-	-	-	-
	Sub-total	**186,490**	**12,140**	**-**	**17**	**198,647**
	Amortisation and impairment					
	Intangible assets	−162,707	−13,619	-	−39	−176,365
	Sub-total	**−162,707**	**−13,619**	**-**	**−39**	**−176,365**
	Total	**23,783**	**−1,479**	**-**	**−22**	**22,282**

	In thousands of euros	31/12/2020	31/12/2019
3.12.	**Goodwill**		
	Net carrying amount at the beginning of the period	**74,313**	**82,418**
	Acquisitions and other increases	-	-
	Disposals and other decreases	-	-
	Impairment	-	−8,105
	Net carrying amount at the end of the period	**74,313**	**74,313**

	Net carrying amount	
In thousands of euros	31/12/2020	31/12/2019
Edmond de Rothschild Asset Management (France)	39,891	39,891
Edmond de Rothschild REIM (France) SAS	23,800	23,800
Edmond de Rothschild Assurances et Conseils (France)	5,753	5,753
Edmond de Rothschild Corporate Finance, Paris	4,481	4,481
Edmond de Rothschild Europportunities Management II S.à r.l.	-	-
CFSH Luxembourg S. à r.l.	371	371
Other	17	17
Total	**74,313**	**74,313**

Goodwill items are tested individually for impairment. This test is performed at the same time every year or when an indication of impairment arises. The test consists of checking that the recoverable amount of an investment remains higher than its carrying amount, the recoverable amount being the higher of fair value less costs to sell and value in use.

As regards value in use, the discounted cash flow figures used are based on activity assumptions validated by management and extrapolated over a period of several years, and then indefinitely on the basis of a long-term growth rate to calculate the terminal value.

The rate used to discount future cash flows is determined with reference to market data. The growth rate used to calculate the terminal value is based on forecasts regarding economic growth and sustainable long-term inflation.

Sensitivity tests are also performed to measure the impact on value in use of changes to the discount rate and the long-term growth rate.

The approach involving fair value less costs to sell consists of determining, on the basis of the best available information, the amount (less costs to sell) that could be obtained from selling the asset in an arm's length transaction between well informed, consenting parties.

The business assumptions used to calculate Edmond de Rothschild REIM (France) SAS' goodwill were based on the business plan provided by the company's management for 2021-2023 and the application of a 1.1% perpetual growth rate to 2023 revenue.

An average discount rate of 11.3% was used, with reference to comparable companies in relation to the various types of revenue making up the company's total revenue.

Based on the assumptions used, the comparison between the Edmond de Rothschild REIM (France) SAS CGU's carrying amount and its value in use did not give rise to any impairment at 31 December 2020, and variations in key assumptions (+/- 100 basis points for the discount rate and +/- 20 basis points for the perpetual growth rate) would not lead to any impairment being recognised in the consolidated financial statements.

In thousands of euros	31/12/2020	31/12/2019
3.13 Financial liabilities at fair value through profit and loss		
Interest rate instruments – futures	950	722
Interest rate instruments – options	-	-
Foreign exchange instruments – futures	23,637	8,112
Foreign exchange instruments – options	-	-
Equity and index-linked instruments – futures	14,282	4,383
Equity and index-linked instruments – options	-	-
Sub-total	**38,869**	**13,217**
Payables related to trading derivatives	7	−804
Sub-total – trading securities	**38,876**	**12,413**
Due to credit institutions	936,693	1,092,588
Due to clients	23,088	23,369
Sub-total	**959,781**	**1,115,957**
Related payables	1,080	4,710
Sub-total - payables designated as at fair value through profit and loss	**960,861**	**1,120,667**
Negotiable debt instruments	354,912	447,715
Sub-total	**354,912**	**447,715**
Related payables	102	1,320
Sub-total - debt securities at fair value through profit and loss	**355,014**	**449,035**
Sub-total - financial liabilities designated as at fair value through profit and loss	**1,315,875**	**1,569,702**
Total financial liabilities at fair value through profit and loss	**1,354,751**	**1,582,115**

	31/12/2020		
In thousands of euros	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at
Financial liabilities designated as at fair value through profit and loss	1,315,875	1,317,746	−1,871

	31/12/2019		
In thousands of euros	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at
Financial liabilities designated as at fair value through profit and loss	1,569,702	1,576,924	−7,222

In thousands of euros	31/12/2020 Negative market value	31/12/2020 Positive market value	31/12/2019 Negative market value	31/12/2019 Positive market value
3.14. Hedging derivatives				
Hedging the value of non-derivative financial instruments	**-**	**-**	**-**	**-**
- Foreign exchange derivatives	-	-	-	-
- Interest-rate derivatives	-	-	-	-
Hedging future gains/losses from non-derivative financial	**-**	**-**	**-**	**-**
- Foreign exchange derivatives	-	-	-	-
- Interest-rate derivatives	-	-	-	-
Hedging derivatives	**-**	**-**	**-**	**-**

In thousands of euros	31/12/2020	31/12/2019
3.15 Due to credit institutions		
- Demand deposits	22,143	88,276
– Time deposits	-	-
Sub-total	**22,143**	**88,276**
Related payables	-	-
Total due to credit institutions	**22,143**	**88,276**

In thousands of euros	31/12/2020 Demand	31/12/2020 Time	31/12/2020 Total	31/12/2019 Demand	31/12/2019 Time	31/12/2019 Total
3.16. Due to clients						
Special savings accounts						
- Special savings accounts	-	*100,802*	*100,802*	-	*111,164*	*111,164*
- Related payables	-	-	-	-	-	-
Sub-total	**-**	**100,802**	**100,802**	**-**	**111,164**	**111,164**
Other payables						
- Demand deposits	*1,587,883*	-	*1,587,883*	*1,408,489*	-	*1,408,489*
- Time deposits	-	*98,703*	*98,703*	-	*21,306*	*21,306*
- Securities delivered under repurchase	-	-	-	-	-	-
- Other miscellaneous payables	*2,054*	*41,000*	*43,054*	-	*63,000*	*63,000*
- Related payables	-	*19*	*19*	-	*5*	*5*
Sub-total	**1,589,937**	**139,722**	**1,729,659**	**1,408,489**	**84,311**	**1,492,800**
Total	**1,589,937**	**240,524**	**1,830,461**	**1,408,489**	**195,475**	**1,603,964**
Fair value of amounts due to clients			**1,830,461**			**1,603,967**

	In thousands of euros	Legal and tax risks	Post-employment benefit obligations	Loan and guarantee commitments	Losses on contracts	Other provisions	Total carrying amount
3.17	**Provisions**						
	Balance at 31/12/2019	**-**	**12,137**	**-**	**-**	**12,453**	**24,590**
	Additions	-	658	-	-	7,084	7,742
	Amounts used	-	-	-	-	−2,317	−2,317
	Unused amounts reversed to profit and loss	-	-	-	-	−4,353	−4,353
	Other movements	-	−727	-	-	−1,666	−2,393
	Balance at 31/12/2020	**-**	**12,068**	**-**	**-**	**11,201**	**23,269**

Other provisions include provisions relating to the "additional supplementary" pension plan (detailed in Note 6.1.A.) and to the AIMF directive at Edmond de Rothschild Asset Management (France).

3.18. Equity instruments: undated super-subordinated notes

In June 2007, the Bank issued €50 million of undated super-subordinated notes. After discussions with one of the noteholders, the Bank made an offer to repurchase part of the notes with a nominal amount of €29 million, at a discount of 7.5%. After obtaining the authorisation of the Autorité de Contrôle Prudentiel on 12 July 2013, €29 million of notes were repurchased and cancelled in August 2013.

In the event of the issuer's liquidation, holders of these notes will be paid only after other creditors but before holders of participating loans or participating securities.

The undated super-subordinated notes carry financial covenants:

- non-payment of interest in the event of insufficient capital related to non-compliance with prudential capital adequacy ratios or a deterioration in the Bank's financial position;

- reduction of accrued interest due and payable and then of the nominal value of the notes if the Bank has not taken action to remedy the capital situation within a specific period.

Given the discretionary nature of the decision on the payment of interest on the super-subordinated notes, which is related to the payment of dividends, these notes have been classified as equity instruments and related reserves.

The main financial characteristics of these notes are as follows:

Issue date	Optional early redemption date (call option)	Rate until early redemption	Rate after early redemption	Interest step-up from the optional early redemption date
June 2007	June 2017 then quarterly	6.36% (1)	3-month Euribor + 2.65%	+ 100 basis points

(1) Rate fixed by reference to the 10-year swap rate in euros at 4 June 2007: 4.71% + 1.65.

3.19. Netting of financial assets and liabilities

At 31 December 2020 In thousands of euros	Gross amounts of financial assets	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments received as collateral	Net amounts
Financial assets at fair value through profit and loss						
-Trading securities	11,356	−6,748	4,608	-	−2,071	2,537
-Financial assets designated as at fair value	2,079	-	2,079	-	-	2,079
-Other financial assets at fair value through profit and loss	150,636	-	150,636	-	-	150,636
Financial assets at fair value through equity	1,341	-	1,341	-	-	1,341
Securities at amortised cost	6,521	-	6,521	-	-	6,521
Loans and receivables due from credit institutions and customers at amortised cost	1,208,785	-	1,208,785	-	-	1,208,785
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other assets	216,992	-	216,992	-	-	216,992
-Of which guarantee deposits granted	*92,303*	-	*92,303*	-	-	*92,303*
Other assets not subject to netting	2,318,982	-	2,318,982	-	-	2,318,982
TOTAL ASSETS	**3,916,692**	**−6,748**	**3,909,944**	**-**	**−2,071**	**3,907,873**

At 31 December 2020 In thousands of euros	Gross amounts of financial liabilities	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments provided as collateral	Net amounts
Financial liabilities at fair value through profit and loss						
-Trading securities	45,624	−6,748	38,876	-	−30,584	8,292
-Liabilities designated as at fair value through profit and loss	960,861	-	960,861	-	-	960,861
-Debt securities designated at fair value through profit and loss	355,014	-	355,014	-	-	355,014
Due to credit institutions and clients	1,852,604	-	1,852,604	-	-	1,852,604
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other liabilities	250,721	-	250,721	-	-	250,721
-Of which guarantee deposits received	*2,071*	-	*2,071*	-	-	*2,071*
Other liabilities not subject to netting	24,655	-	24,655	-	-	24,655
TOTAL LIABILITIES	**3,489,479**	**−6,748**	**3,482,731**	**-**	**−30,584**	**3,452,147**

At 31 December 2019 In thousands of euros	Gross amounts of financial assets	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments received as collateral	Net amounts
Financial assets at fair value through profit and loss						
-Trading securities	11,906	826	12,732	-	−13,054	−322
-Financial assets designated as at fair value	2,161	-	2,161	-	-	2,161
-Other financial assets at fair value through profit and loss	156,966	-	156,966	-	-	156,966
Financial assets at fair value through equity	3,719	-	3,719	-	-	3,719
Securities at amortised cost	10,384	-	10,384	-	-	10,384
Loans and receivables due from credit institutions and customers at amortised cost	1,111,710	-	1,111,710	-	-	1,111,710
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other assets	158,733	-	158,733	-	-	158,733
-Of which guarantee deposits granted	*48,378*	-	*48,378*	-	-	*48,378*
Other assets not subject to netting	2,498,095	-	2,498,095	-	-	2,498,095
TOTAL ASSETS	**3,953,674**	**826**	**3,954,500**	**-**	**−13,054**	**3,941,446**

At 31 December 2019 In thousands of euros	Gross amounts of financial liabilities	Amounts netted on the balance sheet	Net amounts stated on the balance sheet	Impact of netting and similar agreements	Financial instruments provided as collateral	Net amounts
Financial liabilities at fair value through profit and loss						
-Trading securities	11,587	826	12,413	-	−3,550	8,863
-Liabilities designated as at fair value through profit and loss	1,120,667	-	1,120,667	-	-	1,120,667
-Debt securities designated at fair value through profit and loss	449,035	-	449,035	-	-	449,035
Due to credit institutions and clients	1,692,240	-	1,692,240	-	-	1,692,240
-Of which repurchase transactions	-	-	-	-	-	-
Accruals and other liabilities	248,670	-	248,670	-	-	248,670
-Of which guarantee deposits received	*13,054*	-	*13,054*	-	-	*13,054*
Other liabilities not subject to netting	25,408	-	25,408	-	-	25,408
TOTAL LIABILITIES	**3,547,607**	**826**	**3,548,433**	**-**	**−3,550**	**3,544,883**

Note 4 – Analysis of income statement items

In thousands of euros		2020	2019
4.1.	**Interest and similar revenues**		
	Interest and other revenues on loans and receivables due from credit institutions	**631**	**1,059**
	- Demand deposits and interbank loans	631	1,059
	- Loan and guarantee commitments	-	-
	- Repurchase transactions	-	-
	Interest and other revenues on loans and receivables due from clients	**10,676**	**9,446**
	- Demand deposits and loans	10,676	9,446
	- Repurchase transactions	-	-
	Interest on financial instruments	**7,832**	**23,714**
	- Debt instruments at amortised cost	42	92
	- Financial assets at fair value through equity	-	-
	- Financial assets designated as at fair value through profit and loss	70	70
	- Interest on derivatives	7,720	23,552
	Total interest and similar revenues	**19,139**	**34,219**

In thousands of euros		2020	2019
4.2.	**Interest and similar expenses**		
	Interest and other expenses on loans and payables due to credit institutions, at amortised cost	**−16,129**	**−33,369**
	- Demand deposits and interbank loans	−16,129	−33,369
	- Loan and guarantee commitments	-	-
	- Repurchase transactions	-	-
	Interest and other expenses on payables due to clients, at amortised cost	**−381**	**−726**
	- Demand deposits and loans	−381	−726
	- Loan and guarantee commitments	-	-
	- Repurchase transactions	-	-
	Interest on financial instruments	**−8,458**	**−25,784**
	- Debt securities	−8,475	−12,537
	- Interest on derivatives	17	−13,247
	Interest and expenses on lease liabilities	**−354**	**−436**
	Total interest and similar expenses	**−25,322**	**−60,315**

		2020		2019	
	In thousands of euros	Income	Expense	Income	Expense
4.3.	**Fees**				
	Cash and interbank transactions	-	−5	-	−9
	Transactions with clients	281	-	77	-
	Securities transactions	-	-	-	-
	Foreign exchange transactions	38	-	29	-
	Off-balance sheet transactions				
	- Securities commitments	*1,019*	-	*412*	-
	- Commitments on forward financial instruments	*5,165*	*−3,537*	*2,545*	*−1,486*
	Financial services	341,586	−79,135	324,876	−75,572
	Additions to/reversals of provisions	-	-	-	-
	Total fees	**348,089**	**−82,677**	**327,939**	**−77,067**

In thousands of euros	2020 Trading portfolio	2020 Portfolio designated as at fair value	2019 Trading portfolio	2019 Portfolio designated as at fair value
4.4. Net gains or losses on financial instruments at fair value through profit				
Net gains or losses on financial assets held for trading	-	−761	-	−2,959
Net gains or losses on financial liabilities at fair value through profit and loss	-	17,359	-	−17,799
Net gains or losses on derivatives	−16,384	-	19,451	-
Net gains or losses on foreign exchange transactions	18,375	-	37,534	-
Net gains or losses on equity instruments at fair value through profit and loss	−406	-	216	-
Net gains or losses on non-SPPI debt instruments (*)	11,912	-	40,256	-
Total net gains or losses on financial instruments at fair value through	**13,497**	**16,598**	**97,457**	**−20,758**

In thousands of euros	2020	2019
4.5. Net gains or losses on financial assets at fair value through equity		
Dividends received on equity instruments at fair value through equity	899	6,918
Net gains or losses on financial assets at fair value through equity	-	-
Total net gains or losses on financial assets at fair value through equity	**899**	**6,918**

In thousands of euros	2020	2019
4.6. Revenues and expenses relating to other activities		
Expenses transferred to other companies	2,067	2,089
Other ancillary income	1,567	1,324
Miscellaneous	7,158	7,192
Revenues from other activities	**10,792**	**10,605**
Revenues transferred to other companies	−13,568	−13,984
Miscellaneous	−2,794	−1,382
Expenses relating to other activities	**−16,362**	**−15,366**

In thousands of euros	2020	2019
4.7. General operating expenses		
Wages and salaries	−87,243	−96,916
Pension expenses	−8,158	−8,293
Social security expenses	−36,205	−35,032
Employee incentive plans	−249	−563
Mandatory employee profit-sharing	−4,151	−3,564
Payroll taxes	−8,989	−9,352
Additions to provisions for personnel expenses	−7,004	−5,008
Reversals of provisions for personnel expenses	6,276	6,750
Sub-total - Personnel expenses	**−145,723**	**−151,978**
Taxes other than income tax	−4,710	−4,068
Rental expenses	−3,536	−3,078
External services	−73,528	−75,921
Travel expenses	−907	−2,182
Miscellaneous operating expenses	-	-
Additions to provisions for administrative expenses	-	−110
Reversals of provisions for administrative expenses	-	117
Sub-total - Administrative expenses	**−82,681**	**−85,242**
Total general operating expenses	**−228,404**	**−237,220**

In thousands of euros	2020	2019
4.8. Cost of risk		
Additions to provisions for credit risk	−132	−93
Net losses on receivables written off	−1,205	−60
Reversals of impairment relating to credit risk	1,268	150
Reversals of provisions	-	-
Amounts recovered on receivables formerly written off	10	-
Total cost of risk	**−59**	**−3**

In thousands of euros	2020	2019
4.9. Gains or losses on other assets		
Losses on sales of intangible assets and property, plant and equipment	-	-
Gains on sales of intangible assets and property, plant and equipment	-	1
Gain/(loss) on disposals of investments in subsidiaries and associates	−60	1,210
Total net gains or losses on other assets	**−60**	**1,211**

In thousands of euros	2020	2019
4.10. Income tax expense and effective tax rate		
Consolidated net income	**27,411**	**15,965**
Income tax expense	**10,496**	**15,744**
Income before tax	**37,907**	**31,709**
Non-deductible provisions and expenses	9,508	10,008
Parent company/subsidiary exemption regime and related adjustments	744	1,615
Share of net income of associates	−8,202	105
Untaxed consolidation adjustments	6,559	16,105
Miscellaneous non-taxable revenues and other deductions	−20,943	−25,812
Items taxed at reduced rates	2,122	−8,540
Income before tax taxable at standard rate	**27,695**	**25,190**
Tax rate	32.02%	32.02%
Theoretical tax expense at standard rate	**8,868**	**8,066**
Income before tax taxable at reduced rate	**−2,122**	**8,540**
Tax rate	15.50%	15.50%
Theoretical tax expense at reduced rate	**−329**	**1,324**
Theoretical tax expense	**8,539**	**9,390**
Unrecognised tax losses arising in the period	1,914	10,998
Unrecognised tax losses used	−110	−3,554
Tax credits	−12	−12
Effect of different tax rates applying to foreign entities	−207	−1,210
Tax assessments and tax income relating to previous periods	298	25
Other	74	107
Calculated income tax	**10,496**	**15,744**
- Of which current tax expense	*9,665*	*14,926*
- Of which deferred tax	*831*	*818*
Income before tax	37,907	31,709
Income tax expense	10,496	15,744
Average effective tax rate	**27.69%**	**49.65%**
Standard tax rate in France	32.02%	32.02%
Effect of permanent differences	−10.42%	2.04%
Effect of reduced-rate taxation	0.92%	−4.45%
Effect of different tax rates applying to foreign entities	−0.55%	−3.82%
Effect of losses for the period and use of tax loss carryforwards	4.76%	23.48%
Effect of other items	0.96%	0.38%
Average effective tax rate	**27.69%**	**49.65%**

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Note 5 – Note on commitments

In thousands of euros	31/12/2020	31/12/2019
Commitments given		
Loan commitments		
To credit institutions	-	-
To clients	282,507	292,492
Guarantee commitments		
To credit institutions	15,443	12,443
To clients	40,029	39,110
Commitments received		
Loan commitments		
From credit institutions	-	-
From clients	-	-
Guarantee commitments		
From credit institutions	1,981	13,487
From clients	-	-

Note 6 – Employee benefits and share-based payments

6.1. Employee benefits under IAS 19

In accordance with IFRS 1 First-time adoption of IFRSs, since 1 January 2006 the Group has measured and recognised employee benefits under the rules set out in IAS 19.

When it first applied IFRSs, the Group opted to apply the exception allowed in IFRS 1, allowing all actuarial gains and losses not amortised at 1 January 2006 to be taken to equity at that date.

6.1.A. Pension costs – Defined-benefit plans

An additional supplementary pension plan set up in December 2004 was closed on 31 December 2012, although its provisions were maintained for beneficiaries born before 31 December 1953.

It applies to a category of executives for whom the existing basic and complementary pension plans provide a significantly lower rate of income replacement than for other categories of personnel.

This plan is a defined-benefit plan expressed in terms of the overall final pension (limited in time) or in terms of the top-up pension it provides in addition to the basic pensions.

Payment of benefits is conditional on the employee remaining in the company until retirement. The plan provides for the purchase of an annuity upon retirement to settle the obligation to the beneficiary.

The beneficiaries of this additional supplementary pension plan are senior management, members of the General Management Committee, and senior executives defined in the 35-hour working week agreement as executives not covered by the normal classification.

The basis for determining the reference remuneration and calculating the additional pension is gross annual salary plus bonuses received, before any applicable tax or social security charges.

The guaranteed additional pension is equal to 10% of the reference remuneration between four and eight times the annual limit defined by French social security legislation at the date of settlement of the pension, plus 20% of the portion of the reference remuneration between 8 and 22 times that limit.

This additional pension is payable in addition to the mandatory basic and supplementary pensions. Gains and losses resulting from its first application are treated in accordance with the rules for changes of accounting method.

The Group therefore allocated the impact of this change of method, net of deferred taxes, to equity at the date of its first application (€8.381 million). That impact resulted from the recognition of previously unrecognised post-employment benefits, in a pre-tax amount of €12.825 million. Benefit commitments were discounted at the rate of 4.25%.

The value of the commitments at 31 December 2020 was determined by qualified actuaries, applying the following assumptions:

- discount rate of 0.48% according to the duration of the plan (0 year);
- inflation rate of 1.75% according to the duration of the plan (0 year);
- expected return on plan assets of 0.48%;
- expected rate of salary increases, net of inflation, of 0.5%.

The discount rate was determined on the basis of the average yields observed on bonds maturing in 10 years or more issued by eurozone companies with Aa ratings (the benchmark being the iBoxx € corporates index) and the extrapolation of the yield curve in line with the ECB's government bond curve.

Taxation of annuities: Article 113 of French act 2003-775 of 21 August 2003 on pension reform alters the way in which social security contributions, the general social contribution (CSG) and the tax to repay social-security debt (CRDS) apply to employers' contributions to funding pension benefits. In return for exempting contributions from social security charges, a tax payable exclusively by the company was established.

The 2010 social security financing act doubled the tax levied on annuities exceeding one third of the annual social security ceiling, raising it from 8% to 16% for any annuity paid from 1 January 2010.

The 2011 social security financing act subsequently modified the basis for applying this tax. The allowance was eliminated and the 16% tax thus applied from the first euro of the annuity, for all annuities paid after 1 January 2001.

The Group had previously opted for the tax on annuities, but at the end of 2011 it chose to change options as allowed by the 2011 social security financing act for defined-benefit plans consistent with Article L. 137-11.

It is now taxed at 12% based on all contributions paid into the fund.

That rate is set by Article 32 of France's 16 August 2012 mini-budget at 24% for all payments in respect of periods beginning after 31 December 2012.

At 31 December 2020, the amount of commitments came to €26.996 million before tax and the fair value of assets was €21.628 million, resulting in a provision of €5.368 million.

Financial assets representing commitments (for the additional supplementary pension)

Portfolio structure	31/12/2020	31/12/2019
Equities	34.30%	33.27%
Bonds	51.50%	50.55%
Real estate	13.20%	13.66%
Money market and other	1.00%	2.52%
Return on plan assets	0.48%	0.79%

Defined-benefit post-employment benefits (additional supplementary pension)

In thousands of euros	31/12/2020	31/12/2019
Present value of the commitment	26,996	27,581
- Value of plan assets	−21,628	−22,773
Financial position of plan	**5,368**	**4,808**
- Unrecognised past service cost	-	-
Provision	**5,368**	**4,808**

6.1.B. Termination benefits for retiring employees

Termination benefits for retiring employees are a post-employment benefit and are part of the defined-benefit plan category.

Entitlements to termination benefits for retiring employees in Group companies are defined by the following collective agreements:

- - the French national collective agreement for banks (no. 2120) for all companies;
- - the French national collective agreement for insurance and/or reinsurance brokerage firms (no. 2247) for Edmond de Rothschild Assurances et Conseils (France).

The following remuneration basis is used to calculate the benefit payable to retiring employees:

- for the national collective agreement for banks, 1/13th of the average remuneration the beneficiary received or would have received over the past 12 months, excluding any standard or exceptional bonus and any variable component of pay;
- for the national collective agreement for insurance brokerages, 1/12th of the remuneration the beneficiary received or would have received over the past 12 months.

The compensation cannot be lower than the retirement compensation defined by French employment law.

These arrangements are not funded by an insurance policy.

The actuarial method used to value the liability is the projected unit credit method.

Actuarial gains and losses on the plan for termination benefits for retiring employees are recorded in other comprehensive income. The Group has opted to apply the amendment to IAS 19 allowing actuarial gains and losses related to experience adjustments and/or changes in assumptions to be recognised in equity. The selected discount rate of 0.48% is based on the yields on long-term corporate bonds at the time of measurement (yield shown by the iBoxx € Corporate AA 10+ index) and on the extrapolation of the yield curve in line with the ECB's government bond curve.

The gross liability was €7.329 million at 31 December 2019 and €6.700 million at 31 December 2020.

Service cost was €658 thousand in 2020, the cost of discounting was €65 thousand, actual benefits paid came to €110 thousand and the actuarial loss with respect to 2020 was €1.242 thousand.

Defined-benefit post-employment benefits (additional supplementary pension and termination benefits for retiring employees)

Breakdown of the expense recognised

In thousands of euros	2020	2019
Current period service cost	−551	−557
Interest cost	−303	−567
Expected return on plan assets	196	349
Net expense recognised	**−658**	**−775**

Defined-benefit post-employment benefits

Main actuarial assumptions (termination benefits for retiring employees)	31/12/2020	31/12/2019
Discount rate	0.48%	0.79%
Expected long-term inflation rate	1.75%	1.75%
Salary increase		
- *Clerical workers*	2.75%	2.75%
- *Executives and senior management*	3.25%	3.25%
- *Senior executives*	3.75%	3.75%
Rate of employer's social security charges and taxes	61.90%	61.90%
Mortality rates	THTF 13 15	THTF 13 15

Main actuarial assumptions (additional supplementary pension)	31/12/2020	31/12/2019
Discount rate	0.48%	0.79%
Salary increase rate, net of inflation	0.50%	0.50%
Average remaining working life of employees	0 year	0 year
Mortality rates	TGH -TGF 05	TGH -TGF 05

Analysis of sensitivity of post-employment benefit commitments to changes in the main actuarial assumptions

Impact of the change (additional supplementary pension)	31/12/2020
Change of -0.50% in the discount rate: 0.00% (0.48% - 0.50%)	
– Impact on present value of commitments at 31 December 2020	0.00%
– Impact on net total expense in 2020	−100.00%
Change of +0.50% in the discount rate: 0.98% (0.48% + 0.50%)	
– Impact on present value of commitments at 31 December 2020	0.00%
– Impact on net total expense in 2020	104.17%

Defined-benefit post-employment benefits (additional supplementary pension and termination benefits for retiring employees)

Change in provision

In thousands of euros	31/12/2020	31/12/2019
Provision/asset at the beginning of the period	**12,137**	**11,237**
– Expense recognised in profit and loss	*768*	*811*
- Benefits directly paid by the employer (unfunded)	*−110*	*−36*
- Changes in consolidation scope (acquisitions and disposals)	-	-
- Actuarial gains and losses	*−727*	*125*
Provision/asset at the end of the period	**12,068**	**12,137**

Defined-benefit post-employment benefits (additional supplementary pension and termination benefits for retiring employees)

Recognition of commitments

In thousands of euros	31/12/2020	31/12/2019
Change in the value of commitments		
Present value of the commitment at the beginning of the period	34,910	33,292
- Past service cost	*658*	593
- Discount expense	*303*	567
- Employee contributions		
- Actuarial gains or losses	*−1,005*	1,533
- Benefits paid by the employer and/or the fund	*−1,170*	−1,075
- Changes in consolidation scope (acquisitions and disposals)	-	-
Total present value of the commitment at the end of the period (A)	**33,696**	**34,910**
Change in plan assets and reimbursement rights		
Fair value of plan assets at the beginning of the period	22,773	22,055
- Return on plan assets	*196*	*349*
- Actuarial gains or losses	*−281*	*1,408*
- Benefits paid by the fund	*−1,060*	*−1,039*
Fair value of plan assets at the end of the period (B)	**21,628**	**22,773**
Funding status		
Financial position (A) - (B)	12,068	12,137
Provision / asset	**12,068**	**12,137**

The current remuneration policy was approved by the Bank's Supervisory Board on 23 March 2010 after a favourable opinion from the Remuneration Committee.

It was adjusted in line with the new provisions of the French government order of 13 December 2010.

The updated Remuneration Policy for 2020, published on the Group's intranet (France section), was validated by the Supervisory Board after a favourable opinion from the Remuneration Committee and the Executive Board.

The Group applies the aforementioned professional standards, taking into account individual employee performance, competition in its markets, its strategy, long-term objectives and the interests of shareholders.

Regulatory environment

The Decree of 3 November 2009 and the professional standards of the French Banking Federation have required financial institutions to regulate variable remuneration payment practices for financial market professionals and executives, to ensure that financial institutions have a level of equity that would not expose them to risk.

The Decree of 13 December 2010 extends the FBF standards issued on 5 November 2009 – which were reserved for financial market executives and professionals, defined as employees whose performance and remuneration are linked to market instruments – to "risk-taker" employees and all employees within an equivalent remuneration bracket and whose professional activities are likely to have an impact on the firm's risk profile. It also adopted the FBF criteria regarding payment of variable remuneration to the employees concerned.

In addition, the AFG, AFIC and ASPIM issued common provisions on the remuneration policies of asset management companies on 23 November 2010. The CRD IV directive (2013/36/EU), adopted by the European Parliament and Council on 26 June 2013, was transposed into French law by the French government order of 3 November 2014, replacing CRBF regulation 97-02 of 21 February 1997.

Governance and formalisation of existing practices

In accordance with the aforementioned texts, an annual report on the variable remuneration of the employees concerned is to be sent to France's prudential supervision and resolution authority (Autorité de Contrôle Prudentiel et de Résolution). The process for determining remuneration and the resulting budgets must be examined by the Bank's Remuneration Committee.

The Bank's system

1 – "Risk-taker" or "Identified" staff members in accordance with CRD IV

The employees concerned are:

- Members of the Executive Committee, the Executive Board (or Board of Directors as the case may be) and Senior Management
- Heads of Control Functions (Audit, Risk Management, Compliance) and those with managerial responsibilities who report to them
- Heads of Business Units and those with managerial responsibilities that report to them
- Heads of certain Support Functions (including Finance, HR, IT, Legal etc.)
- Heads of Risk Management and Permanent Members of Risk Committees
- Heads of New Products and Permanent Members of New Products Committees
- Managers of Risk-Takers
- Total remuneration of €500,000 or more and/or employees in the top 0.3% in terms of remuneration
- Employees whose total remuneration is at least equal to that of the Senior Management member with the lowest remuneration

The calculation of variable remuneration for "risk-taker" employees complies with the following guidelines:

Bonuses are partially deferred on a straight-line basis over a minimum of three years when they reach a certain level of variable remuneration.

As regards variable remuneration with respect to 2020 that has reached a certain threshold, 40-60% will be paid in cash and/or instruments and spread over three years.

The Bank has put in place an instrument to pay cash remuneration, deferred over three years in three equal instalments, linked to the share price of Edmond de Rothschild Holding S.A. (the unlisted Swiss holding company of the Edmond de Rothschild Group), known as the Group Performance Plan.

2 – Managers, sales staff of asset management companies

Under the AIFM and UCITS V Directives, Edmond de Rothschild Asset Management (France) has adjusted its remuneration policy, and particularly its practices in terms of deferred variable remuneration for fund managers and other categories of staff covered by the

Directives ("Material Risk-Takers").

The main characteristics of the policy are as follows:

- 40-60% of the variable remuneration granted to a beneficiary is deferred for three years,
- at least 50% of the variable remuneration (both deferred and immediate) is linked to a basket of securities that represents the Group's various asset-management skills,
- payment of deferred remuneration is subject to beneficiaries' continued employment within the company and the various conditions set out in the AIFM and UCITS V Directives (no excess risk-taking, company's financial position etc.), which may reduce its amount between the initial grant date and vesting date.

To enable the company to cope with a sharp increase in the basket's value, a hedging mechanism has been set up.

Remuneration expense is recognised gradually to reflect the fact that its vesting depends on the beneficiaries' continued employment within the company.

Where the fund's returns increase, the hedged portion of the variable remuneration payable will not be remeasured. The hedging asset will continue to be measured at historical cost. The unhedged portion will be covered by a provision.

If the fund's returns decrease, the hedging asset will be written down (to market value), and the variable remuneration payable will be reduced.

Employee Share Plan

The Edmond de Rothschild group has adopted a plan under which shares in Edmond de Rothschild Holding S.A. (EdRH, the unlisted Swiss holding company of the Edmond de Rothschild Group) are granted free of charge to certain Group employees ("Beneficiaries").

This plan is intended to increase retention of key staff and help ensure that the interests of employees and shareholders are aligned.

The plan's main characteristics are as follows:

- The Beneficiaries are granted rights to receive EdRH shares over a three-year vesting period (one third per year, i.e. tranches vesting in March N+2, March N+3 and March N+4).
- The Beneficiaries own the shares on the vesting date, but they only acquire economic rights, not voting rights. They have the status of "participation certificates" under Swiss law.
- The shares received can only be sold after the lock-up period has expired.
- The timeframe for selling them is limited, since each year's plan has a seven-year life. Shares can only be sold back to Edmond de Rothschild Holding S.A.

Participation certificates will be transferred to Edmond de Rothschild (France) beneficiaries by Edmond de Rothschild Holding S.A.

Under the contract between Edmond de Rothschild Holding S.A. and Edmond de Rothschild (France), Edmond de Rothschild Holding S.A. bills Edmond de Rothschild (France) for the cost of acquiring its own shares to be transferred to French beneficiaries.

An expense is recorded with respect to services rendered by employees. Since there is no undertaking to pay any cash sum to employees, the plan qualifies as equity-settled (IFRS 2.43B), which has the following accounting consequences:

- An expense is determined at the grant date and is not subsequently remeasured, except to take account of changes in service and/or performance conditions (IFRS 2.B57).

- The expense is spread over the period during which the services are rendered, with a balancing entry in an equity account representing the parent company's contribution (IFRS 2.B53).

- That period is the period during which the beneficiaries render services to the Group on the basis of the conditions of continued employment that must be met for the rights to vest. The expense for the 2020 is being spread between 1 January 2020 and the vesting dates, i.e. over 2.25, 3.25 and 4.25 years for the tranches due to vest in March 2022, March 2023 and March 2024 respectively.

In 2020, the net income arising from the Group's Employee Share Plan was €117 thousand as opposed to a net expense of €964 thousand in 2019.

Note 7 – Additional information

	Percentage held		Percentage controlled	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
7.1. Scope of consolidation				
Consolidating entity				
Bank				
• Edmond de Rothschild (France)				
Controlled companies				
Holding companies				
• Financière Boréale	100.00	100.00	100.00	100.00
• EdR Real Estate (Eastern Europe) Cie SàRL *	62.73	62.73	62.73	62.73
• CFSH Luxembourg SARL *	100.00	100.00	100.00	100.00
• CFSH Secondary Opportunities SA *	100.00	100.00	100.00	100.00
• Edmond de Rothschild Europportunities Invest II SARL *	58.33	58.33	58.33	58.33
• Edmond de Rothschild Europportunities Invest SARL *	-	81.67	-	81.67
• Bridge Management SARL *	99.99	99.99	100.00	100.00
Investment company				
• Edmond de Rothschild Securities (Hong Kong) Limited *	-	100.00	-	100.00
Asset management companies				
• Edmond de Rothschild Asset Management (France)	99.99	99.99	99.99	99.99
• Edmond de Rothschild Private Equity (France)	100.00	100.00	100.00	100.00
• Edmond de Rothschild Europportunities Management SARL *	100.00	100.00	100.00	100.00
• Edmond de Rothschild Europportunities Management II SARL *	68.68	68.68	68.68	68.68
• EdR Real Estate (Eastern Europe) Management SàRL *	100.00	100.00	100.00	100.00
• LCFR UK PEP Limited *	100.00	100.00	100.00	100.00
• Edmond de Rothschild Asset Management (Hong Kong) Limited *	99.99	99.99	100.00	100.00
• Edmond de Rothschild Investment Partners China SARL *	100.00	100.00	100.00	100.00
• Edmond de Rothschild REIM (France)	100.00	100.00	100.00	100.00
• EDR Immo Magnum	100.00	100.00	100.00	100.00
Advisory companies				
• Edmond de Rothschild Corporate Finance	100.00	100.00	100.00	100.00
Insurance company				
• Edmond de Rothschild Assurances et Conseils (France)	100.00	100.00	100.00	100.00
Bank				
• Financière Eurafrique	100.00	-	100.00	-
Other				
• Edmond de Rothschild Boulevard Buildings Ltd *	100.00	100.00	100.00	100.00
• Groupement Immobilière Financière	100.00	100.00	100.00	100.00
• Immopéra	99.92	-	99.92	-
Associates				
Bank				
• Edmond de Rothschild (Monaco)	36.93	36.93	36.93	36.93
Asset management companies				
• Zhonghai Fund Management Co. Ltd *	-	25.00	-	25.00
• ERAAM	34.00	34.00	34.00	34.00

* Foreign company.

		31/12/2020	31/12/2019
7.2.	**Average number of employees**		
	French companies	712	730
	- Operatives	*63*	*78*
	- Executives and senior management	*649*	*652*
	Foreign companies	63	53
	Total	**775**	**783**

Pursuant to the provisions of the French Commercial Code, the Group publishes a breakdown by category of its average workforce during the period.

The number of workers employed part-time or for less than the full year is taken into account in proportion to the average time worked as compared to the full-time hours laid down by agreement or statute.

7.3. Unconsolidated special purpose entities

A special purpose entity is an entity designed so that voting rights or similar rights are not the determining factor in establishing control over the entity.

The Group carries out transactions with sponsored special purpose entities through its fund management activities. Funds are offered to institutional and individual clients, and the Group handles distribution and commercial monitoring in respect of the funds.

In 2020, €7.7 million was invested with respect to sponsoring (for a total exposure of €74.1 million at 31 December 2020). No new commitments were taken in 2020, and so the residual amount at end-2020 was €21.7 million.

The Group uses a "carried interest" mechanism, in line with market practices

7.4. Post-balance sheet events

The consolidated annual financial statements contained

in this document were finalised by the Executive Board on 2 March 2021 and will be presented for approval at the Annual General Meeting of 5 May 2021.

7.5. Disclosures concerning capital

Pursuant to French Banking and Financial Regulation Committee regulation 2000-03, the solvency ratio is assessed at the level of Edmond de Rothschild (France), which meets capital adequacy requirements.

At 31 December 2020, the share capital of Edmond de Rothschild (France) amounted to €83,075,820, consisting of 5,538,388 shares with nominal value of €15 each.

7.6. Statutory auditors' fees

Statutory auditors' fees shown in the income statement for the 2020 financial year are as follows:

In thousands of euros	PwC	Cabinet Kling	Other	2020	2019
Fees for statutory audit, certification and examination of the parent company and consolidated financial statements	**427**	**363**	**48**	**835**	**858**
Edmond de Rothschild (France)	203	188	37	428	454
Edmond de Rothschild Asset Management (France)	82	83	-	165	145
Other	142	92	11	245	259
Services other than certification of the financial statements[1]	**95**	**59**	**-**	**154**	**64**
Edmond de Rothschild (France)	36	-	-	36	58
Edmond de Rothschild Asset Management (France)	59	59	-	118	6
Other	-	-	-	-	-
Other services provided by the networks to fully consolidated subsidiaries	-	-	-	-	-
Total	**522**	**422**	**48**	**989**	**922**

[1] Services other than the certification of financial statements consist of comfort letters, agreed procedures, declarations of compliance with accounting rules and regulatory consultations.

The amounts mentioned above include the following fees relating to the statutory auditing of the financial statements of Edmond de Rothschild (France) and its subsidiaries:

a) by PricewaterhouseCoopers Audit for €427 thousand for the certification of financial statements and €95 thousand for services other than the certification of financial statements;

b) by Cabinet Didier Kling for €363 thousand for the certification of financial statements and €59 thousand for services other than the certification of financial statements.

Note 8 – Operating segments

The Group's operations are organised around two strategic business lines (Asset Management and Private Banking) and one further business line (Other Activities and Proprietary Trading).

Private Banking covers a range of services including:
- portfolio and private asset management, asset engineering and family office services,
- corporate advisory services for family-owned businesses.

Asset Management covers the following four types of management:
- equities, diversified assets, and convertible bonds,
- funds of funds, both traditional and hedge funds,
- fixed income and credit, as well as structured, quantitative and direct alternative asset management,
- private equity funds.

The "Other Activities and Proprietary Trading" business line includes:
- under Other Activities, corporate advisory services provided by the dedicated subsidiary Edmond de Rothschild Corporate Finance, including M&A advisory, business valuations and financial engineering, the proprietary activities of the Capital Markets Department and the activities of Edmond de Rothschild REIM (France), which specialises in managing French real-estate assets for third parties;
- under Proprietary Trading, management of the Group's assets (particularly its securities portfolio), the Bank's financing activities for all of its businesses, expenses related to this business line's specific activities and its coordination role within the Group, and income and expenses not directly attributable to the other business lines.

Methodologies

Each business line's management accounts are intended to:
- show the results of each business line as if it were an independent entity;
- provide a fair view of their results and profitability over the period.

The main conventions used in establishing these accounts are as follows:
- each business line's net banking income corresponds to the revenues generated by its business, net of fees passed on to business providers;
- each business line's management expenses comprise its direct costs, its share of expenses related to the logistical and operational support provided by the Bank, and a share of the Group's overheads;
- provisions are allocated between the business lines to reflect the risk inherent in each business line's activities. Provisions that cannot be allocated to a business line are allocated to Proprietary Trading.

A detailed analysis of each business line's results and its contribution to Group earnings is provided below.

	Private Banking		Asset Management		*Private Equity*		Other Activities and Proprietary Trading		Group	
In thousands of euros	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net banking income	**97,189**	**83,779**	**143,274**	**141,615**	**5,475**	**5,209**	**36,247**	**73,028**	**282,185**	**303,631**
Operating expenses	−82,332	−81,002	−125,001	−133,623	−6,681	−6,273	−40,816	−44,021	−254,830	−264,919
Personnel expenses	−50,611	−49,475	−68,809	−72,484	−4,442	−3,870	−21,862	−26,150	−145,724	−151,979
- direct	*−36,909*	*−35,613*	*−50,676*	*−54,063*	*−3,871*	*−3,289*	*−15,338*	*−19,042*	*−106,794*	*−112,007*
- indirect	*−13,702*	*−13,862*	*−18,133*	*−18,421*	*−571*	*−581*	*−6,524*	*−7,108*	*−38,930*	*−39,972*
Other operating expenses	−24,738	−24,105	−47,826	−51,945	−2,058	−2,212	−8,059	−6,979	−82,681	−85,241
Depreciation and amortisation	−6,983	−7,422	−8,366	−9,194	−181	−191	−10,895	−10,892	−26,425	−27,699
Gross operating income	**14,857**	**2,777**	**18,273**	**7,992**	**−1,206**	**−1,064**	**−4,569**	**29,007**	**27,355**	**38,712**
Cost of risk	-	-	0	-	-	-	−52	−3	−52	−3
Operating income	**14,857**	**2,777**	**18,273**	**7,992**	**−1,206**	**−1,064**	**−4,621**	**29,004**	**27,303**	**38,709**
Share in net income of associates	9,718	7,571	−1,516	−7,676	-	-	-	-	8,202	−105
Net gains or losses on other assets	-	-	-	-	-	1	−60	1,210	−60	1,211
Change in value of goodwill	-	-	-	−8,105	-	-	-	-	-	−8,105
Recurring income before tax	**24,575**	**10,348**	**16,757**	**−7,789**	**−1,206**	**−1,063**	**−4,681**	**30,214**	**35,445**	**31,710**
Income tax	−5,145	−993	−6,292	−2,815	509	440	1,220	−12,376	−9,708	−15,744
Net income	**19,430**	**9,355**	**10,465**	**−10,604**	**−697**	**−623**	**−3,461**	**17,838**	**25,737**	**15,966**

Note 9 – Transactions with related parties

Edmond de Rothschild (France) was a subsidiary of Edmond de Rothschild S.A. (EdR S.A.) until 7 August 2019. Since then, it has been owned by Edmond de Rothschild (Suisse), which is itself a subsidiary of Edmond de Rothschild Holding S.A. (EdRH), the ultimate owner being Baron Benjamin de Rothschild at 31 December 2020.

All transactions took place in the ordinary course of business and on terms comparable to the terms of transactions with similar parties or, where relevant, with other employees.

Parties related to the Edmond de Rothschild (France) group are companies consolidated by Edmond de Rothschild (France) and by the EdRH group. In accordance with IAS 24, members of the Supervisory Board and members of the Executive Board of Edmond de Rothschild (France), their spouses and dependent children are also considered related parties.

Transactions with related companies

Note 7.1 lists all companies consolidated by Edmond de Rothschild (France).

Since transactions and year-end outstanding balances with fully consolidated Group companies are totally eliminated through consolidation, the table below only shows data for transactions with companies over which the Group has significant influence and which are accounted for by the equity method.

Transactions with associates

Note 3.9 lists all companies accounted for by the equity method.

In thousands of euros	31/12/2020	31/12/2019
Financial assets at fair value through profit and loss		
Loans and receivables due from credit institutions		
Accruals and other assets	153	102
Assets	**153**	**102**
Financial liabilities at fair value through profit and loss	152,369	380,407
Due to credit institutions	8,104	9,537
Due to clients		
Accruals and other liabilities	932	836
Liabilities	**161,405**	**390,780**
+ Interest and similar revenues	5	6
- Interest and similar expenses	−1,400	−7,973
+ Fee income		69
- Fee expense	−3,386	−3,308
+ Other revenues	138	104
- Other expenses		
Net banking income	**−4,643**	**−11,102**
- General operating expenses		
Gross operating income	**−4,643**	**−11,102**

Transactions with the parent company

In thousands of euros	2020	2019
Financial assets at fair value through profit and loss		175,000
Loans and receivables due from credit institutions		370
Accruals and other assets	8,559	2,445
Assets	**8,559**	**177,815**

In thousands of euros	2020	2019
Financial liabilities at fair value through profit and loss	740,551	709,033
Due to credit institutions	847	572
Due to clients		
Accruals and other liabilities	8,274	6,132
Liabilities	**749,672**	**715,737**

In thousands of euros	2020	2019
+ Interest and similar revenues	2	50
- Interest and similar expenses	−640	−154
+ Fee income	5,173	1,044
- Fee expense	−6,405	−1,988
+ Other revenues	2,102	298
- Other expenses		
Net banking income	**232**	**−750**
- General operating expenses	−4,375	−2,331
Gross operating income	**−4,143**	**−3,081**

Transactions with other related parties

These are transactions with Edmond de Rothschild Holding and its subsidiaries, and with the subsidiaries of Edmond de Rothschild S.A.

In thousands of euros	31/12/2020	31/12/2019
Financial assets at fair value through profit and loss	-	4
Loans and receivables due from credit institutions	6,079	3,606
Loans and receivables due from clients		
Accruals and other assets	31,844	40,715
Assets	**37,923**	**44,325**

In thousands of euros	31/12/2020	31/12/2019
Financial liabilities at fair value through profit and loss	99,358	7,367
Due to credit institutions	277	153
Due to clients	1,290	3,588
Accruals and other liabilities	3,016	3,989
Provisions		1,667
Liabilities	**103,941**	**16,764**

In thousands of euros	2020	2019
+ Interest and similar revenues	24	249
- Interest and similar expenses	-	−66
+ Fee income	82,605	83,174
- Fee expense	−5,307	−7,895
Net gains or losses on financial instruments at fair value through profit and loss	13,166	
+ Other revenues	3,788	6,130
- Other expenses	−319	−183
Net banking income	**93,957**	**81,409**
- General operating expenses	−2,442	−5,653
Gross operating income	**91,515**	**75,756**

Transactions with related natural persons

In thousands of euros	31/12/2020	31/12/2019
Loans and overdrafts	19,024	19,028
Assets	**19,024**	**19,028**

In thousands of euros	2020	2019
Demand deposits	11,714	1,064
Liabilities	**11,714**	**1,064**

In thousands of euros	31/12/2020	31/12/2019
+ Interest and similar revenues	163	46
Net banking income	**163**	**46**
Gross operating income	**163**	**46**

Note 10 – Risk management and financial instruments

Part 1

General risk management policy

Section 1 – Internal control

To meet the requirements of its regulators, the Bank has set up an internal control system that enables it to manage risk on a consolidated basis.

The components of this system are designed to provide the corporate bodies and the Risk Committee with an accurate view of the risks so that they can be managed appropriately.

The experience gained in this process by the internal control teams, and the close involvement of the corporate bodies, means that a consolidated view of risk can be established for the Bank itself, but also for its clients.

The internal control system is organised on three levels:

- *first level*: in addition to operational staff and their line managers, a network of controllers and compliance officers within departments and operating subsidiaries constitutes the first level of internal control;
- *second level*: the Compliance and Control Department oversees the proper implementation of internal control measures at the first level, and the Central Risk Department ensures the consolidated monitoring of financial risks in the Bank's activities;
- *third level*: the Internal Audit Department applies third-level controls to all of the Bank's structures. During specific or group-wide assignments, it reports on the quality of internal control, possible improvements and the security of processes. The maturity of the risk management system and controls performed by the second-level control entities give the Internal Audit Department a reliable foundation on which to base its investigations, on which it reports directly to the Risk Committee.

Section 2 – Description of second-level entities

The Compliance and Control Department and the Central Risk Department are second-level control entities that each work very closely with the first-level compliance officers of their respective business lines to set targets, continuously improve methods and tools and co-ordinate control activities.

More specifically:

- - The Compliance and Control Department is tasked with implementing continuous monitoring mechanisms. It lies at the second level of the control system and oversees the implementation of first-level controls by the operational departments and provides assistance to the business lines. This entails informing and training employees to provide them with adequate knowledge of the regulations and the internal procedures governing their activities. It also ensures compliance with the ethics policies applicable to employees and in the context of efforts to combat money laundering and the financing of terrorism.
- - The Central Risk Department, an essential link in the second-level internal control system, consists of three units tasked with monitoring:
    - A) risks relating to proprietary activities (Proprietary Risk Control), including counterparty, liquidity and market risks.
    - B) risks relating to the management of assets for third parties and borne by asset managers within the Bank and its asset management subsidiaries.
    - C) operational risks relating to potential process and system failures and fraud. Alongside these monitoring tasks, the CRD implements and updates a risk map, which may give rise to action plans or alerts based on a formal escalation policy.

In addition to its own role in monitoring financial risk, the Central Risk Department is also responsible for leading the Group's risk management organisation, including setting up cross-functional committees that review the overall risks inherent in the Bank's activities. The Compliance and Control Department ensures the operational compliance of this risk management organisation.

Section 3 – Internal control consolidation at the Edmond de Rothschild group level

Harmonised methods for assessing and calculating risk allow risks to be consolidated at the level of the Swiss holding company.

The consolidated risk management system that the Edmond de Rothschild group intends to put in place will involve increased communication between teams and the adoption of continuously improved reporting mechanisms.

Part 2

Counterparty credit risk management

Counterparty credit risk is the risk of loss caused by the inability of a client or counterparty to honour its financial obligations. This risk includes settlement risk during the period between the point at which the payment or delivery order for a financial instrument sold can no longer be unilaterally cancelled by the Bank, and the final reception of the financial asset purchased or the corresponding cash.

Section 1 – Risk-generating activities

Counterparty credit risks borne by the Group originate from:

1. transactions with Private Banking clients and funds managed by the Group's asset management companies, particularly in connection with the following operations:
    - loans or commitments to Private Banking clients;
    - overdrafts on current accounts for private clients;
    - occasional overdrafts of funds managed by the Group's asset management companies that are transferred to the Bank (such overdrafts result from the time gap between purchases and sales of securities);
    - foreign exchange transactions with certain in-house funds to hedge the exchange-rate risk resulting from positions in foreign currencies;
2. over-the-counter transactions entered into as part of proprietary trading activities, principally with banks or large companies with satisfactory credit ratings.

Section 2 – Authorisation, monitoring and assessment procedures

Authorisation procedures

Credit risks are generally accepted on condition that the expected return provides satisfactory coverage of the risk of loss in the event of default by the client or counterparty. While guarantees are generally sought, this is never a substitute for an ex-ante analysis of the risks.

Different rules and methods apply to transactions with clients and capital markets transactions.

Loans and signed commitments granted to private banking clients

In most cases, financing for clients (loans or signed commitments) is overseen by the Credit Committee, which meets weekly and is chaired by the Chairman of the Executive Board or another member of the Executive Board. Before any such arrangement is entered into, the Credit Department examines the application submitted by the client advisor concerned (or by a Group asset management company where the beneficiary is a managed fund). This department issues a reasoned opinion on the quality of the proposed risk, and sends the entire file to the Credit Committee for final decision, which is evidenced by a formal approval document signed by the Committee's chairman. Cases that exceed the Credit Committee's powers are submitted to the whole Executive Board by Edmond de Rothschild Group's Chief Financial Officer.

In addition, loans and commitments may be granted to certain staff members in the Private Banking Division. Those delegations of authority are subject to strictly defined limits, and are governed by an ad-hoc internal procedure.

Finally, loans and commitments granted under delegations of authority are always brought to the attention of the Credit Department, which ensures that delegated powers are complied with.

As regards over-the-counter transactions, bank counterparties are examined every six months.

In 2008, in view of the sudden decline in the financial standing of a number of bank counterparties, Proprietary Risk Control strengthened its day-to-day monitoring arrangements by collecting and analysing the information provided by credit default swap (CDS) spreads.

This monitoring has been extended to cover corporate and sovereign issuers. To supplement this mechanism and comply with the French government order of 3 November 2014, the Central Risk Department has implemented its own method for assessing credit risk that relies on scoring by internal experts, in addition to the use of external ratings. This internal model measures the borrower's creditworthiness by means of financial analysis and scoring techniques.

Commercial counterparties (particularly large-public sector companies) also require formal approval from the same committee. Individual risk limits for all capital market counterparties (bank and commercial) are set by the aforementioned committee for each Group entity, ensuring in advance that those limits are consistent with the risk appetite of the Edmond de Rothschild group.

These individual limits are, where appropriate, supplemented by so-called “group” limits, which govern exposures to any group of third parties deemed to be a single beneficiary within the meaning of Article 3 of Regulation 93-05 on monitoring large exposures. Investment limits are assigned on the basis of the internal rating established by the Central Risk Department and on the analysis of the creditworthiness of individual counterparties.

Two types of limits are defined:

- limits on amounts: the maximum amount of risk (both on- and off-balance sheet) that the Bank is willing to accept for a counterparty (or group of related counterparties),
- time limits: this determines the maximum term of transactions. The term is dependent on the rating of the counterparty or issuer, among other factors.

Any deterioration in the quality of a counterparty deemed to be material or any change in regulatory requirements triggers the immediate review of authorisations granted to the entity during each monthly Risk Committee meeting.

Risk monitoring and assessment process

Loans and signed commitments granted to Private Banking clients

Monitoring compliance with limits

Relationship managers are responsible for the day-to-day monitoring of accounts that shown an overdraft or an overdraft in excess of the authorised amount. To carry out that monitoring, they receive alerts relating to limit breaches every morning. The Private Banking Division also carries out a check on statements of limits exceeded over a materiality threshold, for all accounts in the Bank’s books. Similarly, the Credit Department checks that limit breaches comply with delegated powers in terms of both amount and duration. If necessary, it sends a request to the relationship manager (with a copy to his/her superior) so that appropriate measures can be defined and applied. Where it believes that it is justified in the context, the Credit Department informs the Credit Committee, so that it can take a decision aimed at resolving the type of situation in question.

Finally, every month, the Credit Department presents a summary of accounts showing a discrepancy and hands it to the Private Banking division and General Management in the monthly Risk Committee meeting.

Monitoring collateral

Financing granted by the Bank is usually covered by collateral, primarily in the form of pledged securities accounts or assigned insurance policies. The value of collateral is monitored by the Credit Department, which receives daily alerts on collateral that provides insufficient coverage relative to the loan granted.

A monthly summary is prepared for submission to the Private Banking Division and General Management in the monthly Risk Committee meeting, setting out any irregularities. However, when warranted, the Credit Department can also make the Credit Committee aware of any loan showing insufficient coverage prior to the end of the month so that action can be action.

Processing doubtful loans

Doubtful loans and commitments are transferred to the Legal Department for monitoring. These items are reviewed quarterly by the Litigation Committee, which is chaired by the Bank's Chief Executive Officer. This Committee also examines all litigation that may involve the Group.

Over-the-counter transactions

Management of credit risks associated with capital market transactions is primarily based on strict selection of authorised counterparties. It also involves risk mitigation and elimination techniques selected by the Group with respect to its primary counterparties, i.e. the establishment of framework agreements and collateral agreements, and use of the Continuous Link Settlement (CLS) system. Credit risk management also incorporates daily monitoring of compliance with risk limits and market counterparty monitoring.

Framework agreements and collateral agreements

To reduce counterparty risk on off-balance-sheet transactions, framework agreements have been established in every case for several years. At 31 December 2020, 96% of gross off-balance sheet risks were covered by such agreements for market counterparties. Of the risks not covered by a framework agreement, almost all concerned transactions with Group entities at that date.

In addition, after the adoption of the delegated regulation supplementing the EMIR regulation with regard to regulatory technical standards for risk mitigation techniques for OTC derivative contracts not cleared by a central counterparty on 4 October 2016, collateral agreements (credit support annexes or CSAs) were updated with 26 counterparties. Since then, transactions with counterparties that have not signed such agreements have been limited to spot foreign-exchange transactions. The characteristics of those agreements are entered in the OSACAS database.

The Structured Products Back Office is responsible for the monitoring and administrative processing of collateral. As of the date of this document, the collateral accepted by the Bank consists exclusively of cash. Every day, the KTP tool calculates a theoretical margin call for each active counterparty. That information is then sent to the DSI Collateral system so that an initial provisional status can be assigned. Notice to pay is sent to the counterparty when the status relates to a receivable margin call. Once payment is made, the collateral received is interfaced with Moody's Analytics' RiskOrigin counterparty risk management system. In the event of disagreement with the counterparty, no flow is exchanged, and the status is updated to "abandon". An incident report listing all "abandoned" margin calls is sent to Proprietary Risk Control.

All framework and collateral agreements are examined, before they are signed, by a legal advisor with specialist knowledge of capital markets transactions, and the amounts of allowances are approved by the Central Risk Department.

Use of the CLS system for foreign-exchange transactions

Since March 2006, the Bank has belonged to the CLS system, which eliminates the settlement risk usually associated with over-the-counter foreign-exchange transactions. The system has considerably reduced settlement/delivery risk on foreign currency transactions; at 31 December 2020, 65.56% of spot and forward foreign currency transactions with external counterparties went through the CLS system.

Monitoring of risk limit compliance

Exposure is remeasured daily on a mark-to-market basis plus an add-on intended to cover the risk of potential deterioration during the time to maturity of each contract. The add-on depends on the nature and term of the contract. Monitoring is fully automated using a new software platform (RiskOrigin, Moody's Analytics) and satisfies the most stringent market requirements.

Desk managers are informed daily about counterparties' outstandings and limit usage. Each operator is responsible for complying strictly with the risk limits assigned to his/her profit centre, and must inform his/her superiors immediately if any limit is exceeded.

The Central Risk Department reviews counterparty limit compliance daily for all the Group's capital market activities. The Bank's Executive Board is alerted if any limit is exceeded.

The monthly Risk Committee reviews risk exposure, limits exceeded and the methods for resolving the situation. The monthly Risk Committee also monitors the formation of framework and collateral agreements.

Monitoring counterparties

The Central Risk Department oversees commitments and continuously monitors market counterparties in order to identify risks of default at an early stage. Proprietary Risk Control must submit a report to the monthly Risk Committee on counterparties affected by significant events such as a change of ownership, a downgraded internal rating or reported losses. All limits on bank counterparties are systematically reviewed twice a year, taking into consideration financial data, macroeconomic data and ratings. Credit risks relating to financial institutions and sovereign entities are only incurred with respect to counterparties whose solvency is considered beyond reproach. A system of warnings regarding CDS spreads has been established to measure the markets' perception of credit risk. CDS data are provided by CMA Datavision, an independent company based in London and New York. Spreads are measured on the basis of a model combining relevant market CDS prices collected from reliable contributors, ratings and other sector data. The monitoring system has been supplemented with analysis of 1-year and 5-year CDS spreads, allowing difficulties with certain counterparties to be anticipated. CDS spreads are used in assessing the internal ratings of market counterparties according to a proprietary methodology.

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The Group's commitments to clients

The Group's clients include private banking clients, the Edmond de Rothschild S.A. Group (excluding the Bank and its subsidiaries) and the investment funds managed by the Group. Commitments to clients are shown in the tables below.

Changes in the Group's commitments to clients

In millions of euros	31/12/2020	31/12/2019
Loans and other financing (on-balance sheet)	1,160	877
Guarantees	40	39
Unused credit facilities	252	249
Total	**1,452**	**1,165**

Group commitments to clients amounted to €1,440 million at the end of 2020, an increase on 2019, while investment fund overdrafts fell significantly.

Quality of commitments to clients

Distribution of commitments

No declaration is made regarding any commitment with respect to the risk distribution ratio.

Most loans to non-Group entities on the balance sheet are for less than €3 million. Although the number of loans for more than €3 million is small (around 10%), their total amount is significant at €775 million. They represent more than 50% of total credit-risk exposure to private banking clients. 104 clients ("related beneficiaries") have outstanding loans of over €3 million.

Off-balance-sheet items relating to the top ten clients now amount to €22.8 million, accounting for over half of guarantees for the Private Banking division.

Portion of doubtful loans and financing to private banking clients and related provisions

Authorised limits are exceeded only in a minority of cases. Such situations generally concerned less than 1% of outstandings at 31 December 2020. They are monitored and rapidly resolved.

Portion of loans to private banking clients covered by a pledged financial instrument account or assigned life insurance policy

Over 95% of loans and financing to private banking clients are guaranteed by a pledged securities account, an assigned insurance policy or a bank guarantee (usually from the Group). The securities portfolios concerned by the pledges are diversified, invested mainly in the securities of listed companies, bonds and fund units, and mostly managed under contract.

Other security interests mainly consist of mortgages.

In thousands of euros	31/12/2020	31/12/2019
Doubtful loans and other financing to private banking clients	1,066	334
of which amounts written off	*1,066*	*334*
Net	**-**	**-**
Percentage of client loans and other financing	0.00%	0.00%

Once a loan is identified as doubtful, the Bank assesses the counterparty's solvency and the risks of non-recovery, and decides whether and in what amount an impairment loss should be recognised.

Impaired and unimpaired loans and other financing with overdue payments and guarantees received for these loans

The tables below show the net carrying amount of unimpaired loans with overdue payments (presented by period overdue), impaired doubtful loans and guarantees received to cover these assets. The amount stated as guarantees received is the value of the guarantee, which cannot exceed the value of the asset it covers.

31 December 2020	Payments overdue by				Doubtful loans		
In thousands of euros	≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	(assets written off and commitments provisioned)	Total outstanding	Associated guarantees received
Financial assets at market value through profit and loss (excluding variable-income securities)	-	-	-	-	-	-	-
Financial assets at market value through equity (excluding variable-income securities)	-	-	-	-	-	-	-
Securities at amortised cost (excluding variable-income securities)	-	-	-	-	-	-	-
Loans and receivables due from credit institutions	-	-	-	-	-	-	-
Loans and receivables due from clients	-	-	-	-	-	-	-
Total doubtful loans and overdue loans net of write-offs	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financing commitments given	-	-	-	-	-	-	-
Financial guarantee commitments given	-	-	-	-	-	-	-
Total doubtful off-balance sheet commitments net of provisions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

31 December 2019	Payments overdue by				Doubtful loans		
In thousands of euros	≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	(assets written off and commitments provisioned)	Total outstanding	Associated guarantees received
Financial assets at market value through profit and loss (excluding variable-income securities)	-	-	-	-	-	-	-
Available-for-sale financial assets (excluding variable-income securities)	-	-	-	-	-	-	-
Loans and receivables due from credit institutions	-	-	-	-	-	-	-
Loans and receivables due from clients	-	-	-	-	-	-	-
Total doubtful loans and overdue loans net of write-offs	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financing commitments given	-	-	-	-	-	-	-
Financial guarantee commitments given	-	-	-	-	-	-	-
Total doubtful off-balance sheet commitments net of provisions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Exposure to credit risk

The table below shows the exposure of all the Group's financial assets to credit risk. This exposure corresponds to the carrying amount of the financial assets reported in the balance sheet net of any impairment, before the effect of unrecorded netting and collateral agreements.

This exposure does not include the effect of framework netting agreements operative at 31 December 2020 and collateral agreements on forward financial instruments traded over the counter. Calculated on the basis of the cash netting allowed under capital adequacy rules, this effect at 31 December 2020 would reduce the Group's exposure to credit risk by €3.5 million.

In thousands of euros	31/12/2020	31/12/2019
Maximum exposure to credit risk		
Financial assets at market value through profit and loss (excluding variable-income securities)	144,833	158,752
Financial assets at market value through equity (excluding variable-income securities)	1,341	3,719
Securities at amortised cost (excluding variable-income securities)	6,521	10,384
Loans and receivables due from credit institutions	48,600	234,936
Loans and receivables due from clients	1,160,185	876,774
Exposure to on-balance-sheet commitments (net of write-offs)	**1,361,480**	**1,284,565**
Financing commitments given	282,507	292,492
Financial guarantee commitments given	55,472	51,553
Provisions for signed commitments	-	-
Exposure to off-balance sheet commitments (net of write-offs)	**337,979**	**344,045**
Total net exposure	**1,699,459**	**1,628,610**

Distribution of financial instruments by type of market price or valuation model used

The breakdown of financial instruments by type of market price or valuation model is reported in the table below for each category of instrument defined above.

	31/12/2020				31/12/2019			
In thousands of euros	Market price	Model using observable parameters	Model using non-observable parameters	TOTAL	Market price	Model using observable parameters	Model using non-observable parameters	TOTAL
Financial instruments held for trading at market value through profit and loss	-	4,608	-	4,608	-	12,732	-	12,732
Non-SPPI debt instruments		138,136	-	138,136		143,848	-	143,848
Other financial instruments at fair value through profit and loss	2,082	12,497	-	14,579	2,165	13,114	-	15,279
Total financial assets at fair value through profit and loss	**2,082**	**155,241**	**-**	**157,323**	**2,165**	**169,694**	**-**	**171,859**
Debt instruments at fair value through equity				-				-
Investments in subsidiaries and associates at fair value through equity		867	474	1,341		3,285	434	3,719
Total financial assets at fair value through equity	**-**	**867**	**474**	**1,341**	**-**	**3,285**	**434**	**3,719**
Financial instruments held for trading at market value through profit and loss	23,637	15,239	-	38,876	8,112	4,301	-	12,413
Financial instruments designated as at market value through profit and loss	-	960,867	355,008	1,315,875	-	1,120,667	449,035	1,569,702
Total financial liabilities at fair value through profit and loss	**23,637**	**976,106**	**355,008**	**1,354,751**	**8,112**	**1,124,968**	**449,035**	**1,582,115**

In 2020, the Group issued structured EMTNs valued at €151.9 million, and disposals totalled €267.1 million.

Exposure to counterparty credit risks on capital market operations

In addition to the risks deriving from proprietary trading activities, the exposure to credit risk shown below includes the issuer risk borne by guaranteed investment funds (where the Bank is the guarantor) in order to reflect the Bank's overall exposure to bank counterparties.

At 31 December 2020, 94% of credit risks on capital market transactions concerned bank counterparties with external credit ratings of A or better. It should also be noted that almost all exposures are to counterparties whose risks are considered good or excellent (external rating of BBB or better).

Distribution of gross commitments by bank counterparty rating

In 2020, gross banking commitments (including off-balance sheet commitments) fell mainly because of the decline in deposits recorded at our correspondents.

The breakdown by rating of commitments on bank counterparties rating shows the excellent quality of the portfolio, which is focused almost exclusively on investment-grade counterparties.

In millions of euros	31/12/2020		31/12/2019	
Rating	Amount	%	Amount	%
AAA	0.7	1.48%	0.5	0.61%
AA	0.5	1.11%	5.8	7.43%
A	42.3	91.65%	67.1	85.70%
BBB	1.2	2.50%	3.0	3.83%
<BBB	1.5	3.26%	1.9	2.43%
Unrated	nm	-	nm	-

Methodology: External ratings using the Standard & Poor's model, commitments measured at replacement value, excluding the effect of netting and collateral agreements.

Breakdown of gross commitments on sovereign counterparties by rating

The table below shows the breakdown by credit quality category of gross outstandings relating to loans and commitments on sovereign counterparties.

This exposure continued to fall in 2020 because of natural attrition in formula funds. Exposure amounted to €2.1 million at 31 December 2020 as opposed to €2.2 million at 31 December 2019.

	Gross risk equivalent					
In millions of euros	31/12/2020		31/12/2019		31/12/2018	
Rating	Amount	%	Amount	%	Amount	%
AAA	-	0.00%	-	0.00%	-	19.8%
AA	2.1	100.00%	2.2	100.00%	3.9	80.2%
A	-	0.00%	-	0.00%	-	0.0%
BBB	-	0.00%	-	0.00%	-	0.0%
<BBB	-	0.00%	-	0.00%	-	0.0%
Unrated	-	0.00%	-	0.00%	-	0.0%

Methodology:External ratings using the Standard & Poor's model, commitments measured at replacement value (mark-to-market value + add-on), excluding the effect of netting and collateral agreements.

The only sovereign exposure at 31 December 2020 concerned Austrian government bonds.

Part 3

Market risk management

Market risks are risks of losses due to adverse developments in prices (primarily due to fluctuations in interest rates, exchange rates, share prices or commodity prices), except price movements resulting from the deterioration of an issuer's financial position.

Section 1 – Risk-generating activities

The Group's market risks result from:

- proprietary trading activities carried out by the Bank's trading desks, mainly the "euro and foreign currency treasury" desk and the "foreign exchange" desk;
- ownership of EMTNs or structured funds, either under the seed money policy or for market making. In this case, the Bank's subsidiary Financière Boréale is the counterparty for sales by clients that take place before the product's contractual maturity;
- risk resulting from the investment portfolio, which is monitored on a monthly basis.

Risks taken by the trading desks are therefore not generated by speculative transactions, but mainly result from short-term cash investments and client intermediation transactions.

Exposure to the secondary market is intended to be unwound as soon as it reaches a sufficient level.

The creation of structured products activities does not generate material market risks. The derivatives used to achieve index-linked returns (particularly swaps) are generally matched strictly with instruments that have identical features arranged by the fund, or a commitment to pay the interest expected by the client that invested in the EMTNs. Hedging gains or losses may occur during the launch of formula funds but these are exceptional and are unlikely to persist.

Loans and other financing commitments to clients do not generally lead to any exposure to market risks (interest-rate or exchange-rate risks) since a system of internal transfers or transactions shifts the exposure to the trading desks.

In other words, all market risks, whether initially associated with transactions with clients or arising from proprietary trading, are centrally managed by the Bank's trading desks, or in the specific case of market-making for structured products, by the financial engineering team.

Section 2 – Monitoring and assessment methods

Market risk approval principles

Authorised limits for maximum exposure to the various market risks are set by the Executive Board and submitted to the Supervisory Board for approval.

These limits are expressed in four ways:

- absolute value of assets held: this is the maximum acceptable level in a given currency of the net position in that currency for foreign exchange transactions;
- sensitivity: sensitivity is defined as the value of the potential loss resulting from a specific variation in a given risk factor (e.g. interest rate or exchange rate);
- stop-loss: the amount of cumulative losses over a given period (calculated in days, months or years) that must not be exceeded unless the position is immediately settled. Stop loss limits are also set by the treasury and foreign exchange desks;
- maximum potential loss: the estimated loss over a one-year horizon resulting from the holding of structured products. This limit is defined on the basis of a scenario involving an adverse price movement, taking into consideration the protection generally associated with this category of financial assets.

Monitoring compliance with market risk limits

Traders work on the trading desks and the Bank's financial engineering team must at all times comply with all market risk limits.

In addition, the Bank's Proprietary Risk Control team (which is part of the Central Risk Department and is strictly independent of the front office) verifies compliance with market risk limits for all activities carried out by the trading desks, on the basis of daily reporting. For structuring, compliance with market risk limits is monitored on a weekly basis.

In the specific case of over-the-counter transactions with a client, the Central Risk Department verifies that there is perfect matching (type and direction of options, nature of the underlying instrument, exercise price, maturity) with a market counterparty; option contracts are systematically back-to-back, i.e. each option transaction with a client is always immediately reversed in the market by entering into a matching opposite transaction with a market counterparty.

Section 3 – Exposure to market risks

The table below details the exposure of the capital markets business to exchange-rate, interest-rate and equity risks during the last two years.

In thousands of euros	2020 Limits set at 1 January	2020 Year-end	2019 Year-end	2020 Average	2019 Average	2020 Minimum	2019 Minimum	2020 Maximum	2019 Maximum
Exchange-rate risk *	800	27	172	89	100	17	17	172	188
Interest-rate risk **	3,800	320	520	412	1,190	113	520	763	2,738

* Sensitivity of operational foreign-exchange positions to an 8% change in exchange rates, excluding correlations.

** Sensitivity of short-term positions to a uniform, parallel 1% change in interest rates, excluding correlations.

The Group considers that its overall exposure to market risks is low, in accordance with the risk appetite of its holding company and the risk management policy defined and implemented. Most transactions are carried out on behalf of clients and immediately fully covered with a market counterparty.

Part 4

Liquidity and financing management

Liquidity risk is the risk that the Group will be unable to honour its commitments upon maturity or to settle a position due to the market situation. The risk of being unable to honour commitments may result from both transformation of maturities (i.e. borrowing short-term to lend long-term) and the inability to arrange new borrowings on acceptable terms, whether because of general market conditions or factors specific to the Group.

Section 1 – Liquidity

Liquidity, i.e. the immediate availability of investments or the possibility of rapid resale for a reasonable cost, for example in response to withdrawals or unexpected early redemption requests, is one of the basic principles of the Bank's cash and asset/liability management policy. The Bank is aware that its prudent, or indeed conservative, approach reduces the opportunities of optimising returns in situations where a longer maturity would generate additional margins.

The policy is primarily managed by central co-ordination of decisions regarding investments:

- at the level of the trading desks for cash management;
- at the level of the Finance Department, following an Executive Board decision, for securities portfolios.

Refinancing of the client loan portfolio is also centrally co-ordinated by the trading desks through the use of internal contracts.

The Asset and Liability Management Committee, which includes a seat for the Central Risk Department, carries out three to four checks per year to ensure compliance with this policy. Since the interbank liquidity crisis broke in September 2007, Proprietary Risk Control has also issued daily reports on operational liquidity. In addition, Proprietary Risk Control has developed a liquidity stress scenario in order to carry out monthly tests on the balance sheet's ability to withstand a shock involving, among other things, the withdrawal of most client source funds.

The stress-test results are positive since in all circumstances the Bank retains a liquidity credit balance.

The Group is therefore not considered to be dependent on the market to meet its commitments. The methodology for measuring liquidity risk has changed over time to more closely reflect:

- the impact of the external environment (deterioration in stockmarkets, sharp appreciation of the US dollar against the euro) on the valuation of derivative products and therefore on the volume of collateral payments; and
- the consequence of large-scale redemptions on the amount of overdrafts granted to mutual funds, thereby impacting available cash.

Here again, the results confirmed that the balance sheet is highly resilient. There are several indicators showing that the Group's investments are sufficiently liquid:

- the volume of "available" cash investments including overnight deposits and short-term securities was generally above €1.5 billion in 2020. The amount at 31 December 2020 was €2.1 billion, stable compared with the year-earlier figure;
- fixed-term cash investments, in the form of term loans and negotiable debt securities, are governed by strict principles: counterparties must have excellent credit quality and are selected under strict criteria by the Credit Committee, and the investment period is limited. There were no such investments at 31 December 2020,
- client loans and other financing in the form of multi-instalment loans amounted to €403.0 million at 31 December 2020, representing a slight year-on-year increase,
- the available-for-sale securities portfolio (excluding investments in associates) is also subject to limits in terms of amount and purpose. At 31 December 2020, it was made up of €134.0 million of variable-income securities (other than money-market funds used by subsidiaries for cash management purposes), essentially in the form of units of in-house funds acquired under the seed money policy. The securities portfolio is governed by a system of limits aiming to encourage sufficient diversification and the holding of liquid assets. The status of these securities (held for sale or to be retained) is regularly examined by the Asset and Liability Management Committee, which only approves the retention of securities in the portfolio in order to support development of the product or product range. An additional mechanism for supervising the securities portfolio has been defined at Edmond de Rothschild group level.

  That resulted in a highly conservative liquidity coverage ratio (LCR) of 168.4% and a net stable funding ratio (NSFR) of 145.3% at 31 December 2020.

Exposure to liquidity risk relating to funds

Liquidity indicators on sensitive funds are monitored daily by the first-level Risk Management team, and monthly by first-level risk committees in the subsidiaries, assisted by the Third-Party Risk Manager in the Central Risk Department. Items consolidated by all subsidiaries are reported monthly to the Financial Risk Committee.

In 2020, no gates were used on any fund marketed by the Bank.

Section 2 – Limitation of maturity mismatching

Continuing its prudent approach, the Bank has decided to maintain a structural "reverse" mismatch position in which long maturities (mainly long-term capital, redeemable subordinated notes and EMTNs associated with issuance of structured products) provide generous coverage of short-term investments.

The following tables present discounted balances on the balance sheet by contractual maturity:

31 December 2020

In thousands of euros	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Unspecified	TOTAL
Cash, due from central banks and postal accounts	2,053,994	-	-	-	-	2,053,994
Financial assets at fair value through profit and loss	52,967	7,542	96,814	-	-	157,323
Financial assets at fair value through equity	-	-	463	872	6	1,341
Securities at amortised cost	6,088	-	-	433	-	6,521
Loans and receivables due from credit institutions	48,600	-	-	-	-	48,600
Loans and receivables due from clients	810,814	151,036	63,585	134,750	-	1,160,185
Valuation adjustments on portfolios subject to interest-rate hedging	-	-	-	-	-	-
Financial assets by maturity	**2,972,463**	**158,578**	**160,862**	**136,055**	**6**	**3,427,964**
Due to central banks and postal accounts	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	724,070	339,874	113,185	177,622	-	1,354,751
Hedging derivatives	-	-	-	-	-	-
Due to credit institutions	22,140	-	-	-	3	22,143
Due to clients	1,683,140	108,714	38,607	-	-	1,830,461
Debt securities	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Valuation adjustments on portfolios subject to interest-rate hedging	-	-	-	-	-	-
Financial liabilities by maturity	**2,429,350**	**448,588**	**151,792**	**177,622**	**-**	**3,207,355**

31 December 2019

In thousands of euros	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Unspecified	TOTAL
Cash, due from central banks and postal accounts	2,229,167	-	-	-	-	2,229,167
Financial assets at fair value through profit and loss	162,718	24	2,161	6,956	-	171,859
Financial assets at fair value through equity	1,943	-	-	1,664	112	3,719
Securities at amortised cost	10,384	-	-	-	-	10,384
Loans and receivables due from credit institutions	234,936	-	-	-	-	234,936
Loans and receivables due from clients	718,819	69,693	56,484	31,778	-	876,774
Valuation adjustments on portfolios subject to interest-rate hedging	-	-	-	-	-	-
Financial assets by maturity	**3,357,967**	**69,717**	**58,645**	**40,398**	**112**	**3,526,839**
Due to central banks and postal accounts	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	1,053,475	265,028	195,441	68,171	-	1,582,115
Hedging derivative financial instruments	-	-	-	-	-	-
Due to credit institutions	93,276	-	−5,000	-	-	88,276
Due to clients	1,498,540	66,006	39,418	-	-	1,603,964
Debt securities	-	-	-	-	-	-
Subordinated debt	-	-	−21,000	-	21,000	-
Valuation adjustments on portfolios subject to interest-rate hedging	-	-	-	-	-	-
Financial liabilities by maturity	**2,645,291**	**331,034**	**208,859**	**68,171**	**-**	**3,274,355**

Assessment and operational monitoring of transformation is carried out monthly based on liquidity gaps determined on the basis of the parent company's balance sheet. This is an appropriate basis because the Bank houses the Central Refinancing Unit for its subsidiaries, whose activities use little liquidity.

The management of structural liquidity risk is governed by three limits, periodically reviewed by the ALM Committee. The table below shows details of liquidity gaps at 31 December 2020.

Period	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years
In millions of euros	1,583	1,338	1,218	964	743	661	581	543

Despite a conservative financial management policy, the Bank cannot rule out the possibility of significant early redemption requests from its clients. A highly adverse scenario has therefore been developed, and it is reported monthly to the Risk Committee and then to the Asset and Liability Management Committee. Examination of this scenario indicates that the Bank could easily meet its obligations in the event of the major constraints, i.e. it could:

- immediately repay all time deposits maturing in under one year;
- repay half of long-term source funds from the retail business;
- honour its commitments following the depletion of demand resources (assuming a one-third reduction in demand deposits).

An emergency funding programme has been developed to deal with any severe liquidity crisis affecting the Bank. It provides three funding options to counter a liquidity shortage:

- mobilisation of assets that are eligible as collateral for the ECB;
- use of credit facilities available from correspondent banks;
- disposal of liquid assets that are not eligible as collateral for the ECB.

The emergency plan also provides for the implementation of dedicated, responsive governance arrangements suited to the level of urgency.

Section 3 - Diversification of funding sources

Given the Bank's core businesses, source funds received from interbank sources and clients do not result from an active policy of seeking resources to finance investments, but instead reflect its asset management activity (private banking deposits, intragroup deposits, issuance of structured products, repo transactions with funds) and the promotion of the Bank as a counterparty on the money market.

The Bank nonetheless pays careful attention to diversifying its funding sources, which is one of the foundations of its liquidity risk management policy. The table below provides an indication of the diversity of its funding sources at 31 December 2020:

	Banks		Private clients*		Other		Total	
In millions of euros	Amount	Number	Amount	Number	Amount	Number	Amount	Number
Cash advances	211.0	4	725.4	NA	-	-	936.4	NA
Time deposits	NA	NA	207.6	NA	NA	NA	207.6	NA
Certificates of deposit	141.1	4	-	-	-	-	141.1	4
Structured EMTNs	0	0	286.2	390	-	-	286.2	390

(*) For structured product issues, the "Private clients" column includes data relating to the Private Banking Division's clients. However, it is difficult to estimate accurately the number of investors who have subscribed to these products via other distribution channels.

Part 5

Management of overall interest-rate risk

Section 1 - Definition and origin of overall interest-rate risk

Overall interest-rate risk is the risk of loss on all fixed-rate assets, liabilities and off-balance sheet commitments (except fixed-income securities in the trading portfolio that fall into the category of market risks), in the event of a parallel uniform shift in yield curves.

The sensitivity as calculated by the Bank is defined as the change in net present value of residual fixed-rate positions in the event of a concurrent uniform shift in term structures of interest rates. Sensitivity and changes in sensitivity are calculated using dedicated software (RiskConfidence developed by Moody's Analytics), based on 1% and 2% changes in interest rates.

Section 2 - Exposure to overall interest-rate risk

The overall interest-rate risk to which the Group is exposed is consistently low. Client loans and other financing are mainly linked to floating-rate benchmarks (particularly 3-month Euribor) and refinanced internally (with the trading desks) on a similar basis.

The Group manages its exposure to overall interest-rate risk in the context of a sensitivity limit reflecting the net present value of the loss incurred in the event of a uniform adverse movement of 200 basis points in the various yield curves.

The table below shows the levels of the overall fixed-interest rate gap by future period from 31 December 2020, assuming contractual settlement of existing assets and liabilities and no new lending:

Period	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years
In millions of	229	200	184	171	153	153	117	116

The relatively small medium/long-term gap mainly results from pledged client loans. As a result, sensitivity to a uniform movement of 200 basis points in the yield curve was limited to €1.3 million at 31 December 2020.

When the amounts are significant, the Bank may have to protect investments against exchange-rate risk by borrowing an equivalent amount of the currency. The investments reported above were financed from the outset by currency purchases.

Part 6

Management of overall exchange-rate risk

The overall exchange-rate risk of the Bank's investment portfolio relates to its investments denominated in foreign currencies. It essentially results from purchases of investment fund units denominated in foreign currencies undertaken in connection with the seed money policy. The amounts concerned are shown in the following table at 31 December 2020:

Currency	Amount (in thousands of euros)
CNY	12,922
USD	7,489
UAH	300
ARS	20

Investments in subsidiaries and associates

At 31 December 2020 (in euros)

Company or group of companies	Share capital	Other equity	Percentage of share capital held
I - Details of investments (with net carrying amount exceeding 1% of Edmond de Rothschild (France)'s share capital)			
A - Subsidiaries (at least 50% held)			
Financière Boréale	6,040,024	−2,336,440	100.00%
Edmond de Rothschild Asset Management (France)	11,033,769	60,974,162	99.99%
Edmond de Rothschild Corporate Finance	61,300	1,800,633	100.00%
Edmond de Rothschild Private Equity (France)	2,700,000	2,754,542	100.00%
Edmond de Rothschild Assurances et Conseils (France)	7,034,600	* 8,218,961	100.00%
CFSH Luxembourg	12,000	* 20,796,389	100.00%
Edmond de Rothschild REIM (France)	250,000	* 5,895,791	100.00%
Edmond de Rothschild Boulevard Buildings Ltd	*** 18,895,000	*** - 1,329,000	100.00%
B - Associates (10% to 50% held)			
Edmond de Rothschild (Monaco)	13,900,000	*/*** 124,912,000	36.93%
Zhonghai Fund Management Co. Ltd.	** 146,666,700	** 105,791,101	25.00%
Edmond de Rothschild Private Equity China Investment S.C.A.	18,058,000	−8,314,411	28.10%
II - AGGREGATE FIGURES			
A - Subsidiaries not included in Section I above	-	-	-
B - Associates not included in Section I above			
French companies (aggregate)	-	-	-
Foreign companies (aggregate)	-	-	-

* Excluding interim dividend paid in 2020.

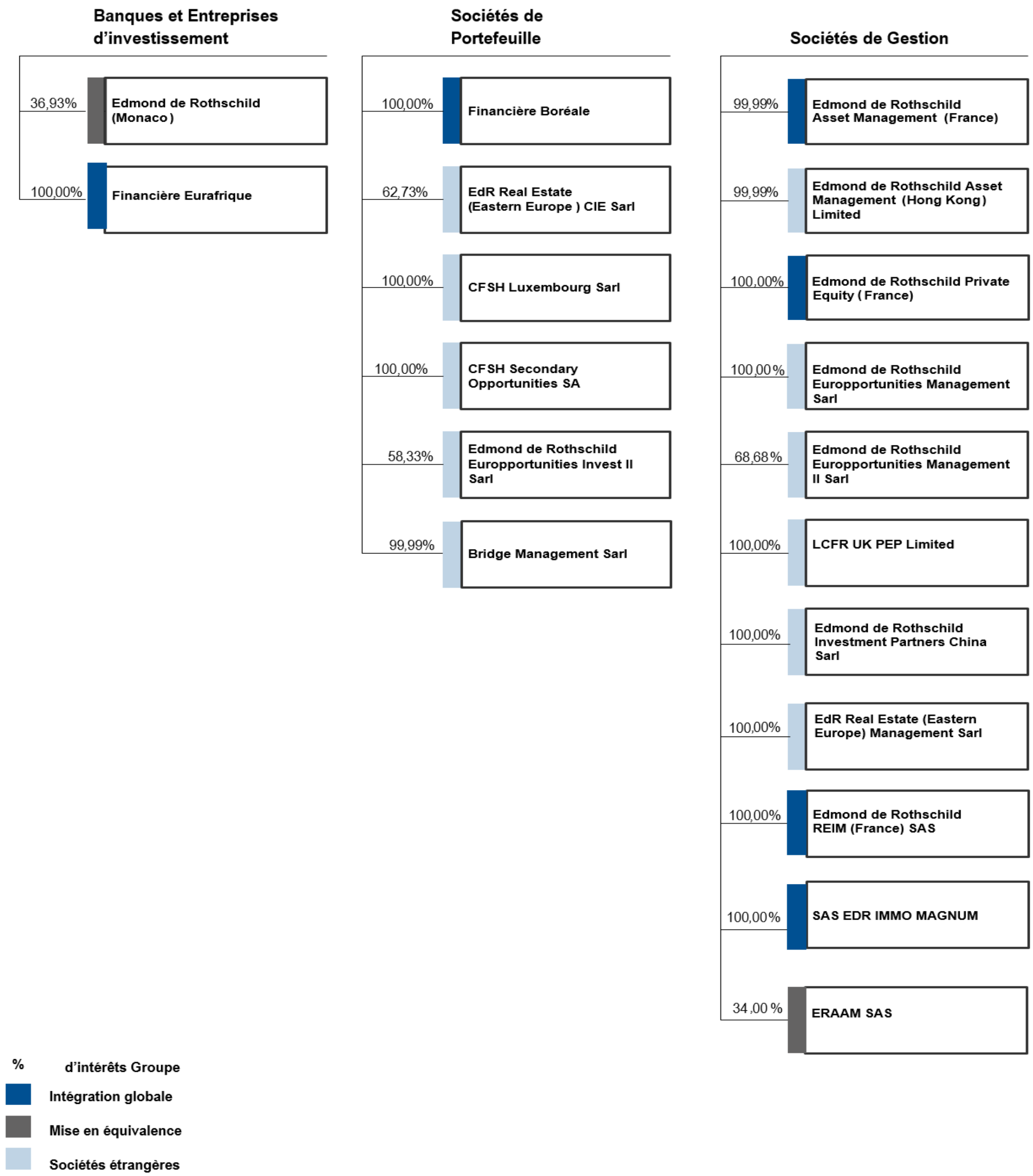
** In CNY. (€1 = CNY8.02250)

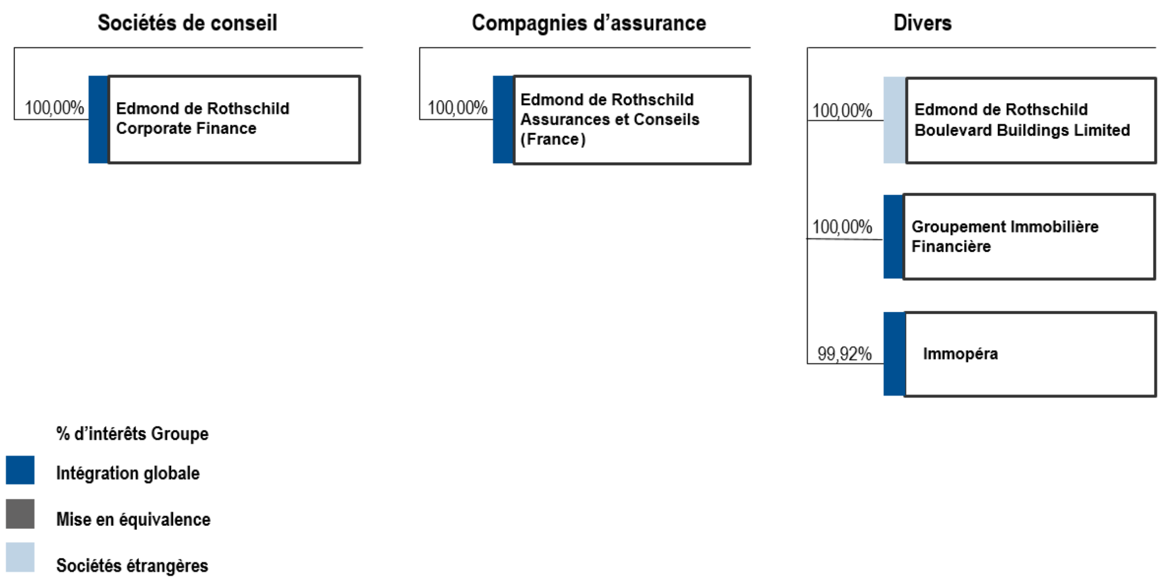
*** Rounded to the nearest thousand.

Carrying amount of securities held Gross	Net	Outstanding loans and advances made by the Bank	Guarantees provided by the Bank	Revenue for the last financial year	Net income/(loss) in the last financial year	Dividends received by the Bank during the financial year
6,400,630	3,488,526	1,510,423	211,933	69,619	−215,034	-
69,277,270	69,277,270	-	85,737	205,204,504	25,906,576	-
11,305,037	11,305,037	-	-	19,576,420	−1,014,525	-
2,700,014	2,700,014	-	-	8,162,104	−2,129,818	-
39,978,118	39,978,118	-	-	42,885,725	9,318,780	7,500,994
66,840,000	41,707,399	-	-	-	11,430,197	8,000,000
40,359,509	25,326,000	-	-	9,919,947	2,843,173	5,000,000
17,546,861	17,546,861	6,356,273	-	*** 1,481,000	*** - 502,000	-
4,896,449	4,896,449	-	-	*** 87,218,000	*** 26,302,000	4,202,841
31,517,330	12,435,266	-	-	** 151,310,343	** - 7,207,152	-
2,452,320	686,343	-	-	-	−560,517	
631,461	123,033	440,000	-	-	-	900,924
435,146	434,962	-	-	-	-	60
66,308	66,308	-	-	-	-	-

Companies consolidated

by Edmond de Rothschild (France) at 31 December 2020




Sociétés de conseil
100,00%
Edmond de Rothschild Corporate Finance
Compagnies d'assurance
100,00%
Edmond de Rothschild Assurances et Conseils (France)
Divers
100,00%
Edmond de Rothschild Boulevard Buildings Limited
100,00%
Groupement Immobilière Financière
99,92%
Immopéra
% d'intérêts Groupe
Intégration globale
Mise en équivalence
Sociétés étrangères

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Parent company financial statements and notes

Parent company balance sheet and off-balance sheet items (in thousands of euros)

Assets	Note	31/12/2020	31/12/2019
Cash, due from central banks and postal accounts		2,053,994	2,229,166
Treasury notes and similar securities	2.1	-	-
Due from credit institutions	2.2	27,781	222,280
Transactions with clients	2.3	1,168,634	884,838
Bonds and other fixed-income securities	2.4	3,866	3,872
Equities and other variable-income securities	2.5	73,074	71,349
Investments in subsidiaries and associates and other long-term investments	2.6	18,519	20,815
Investments in affiliates	2.7	211,452	212,923
Intangible assets	2.8	21,953	21,680
Property, plant and equipment	2.9	16,549	17,011
Treasury shares	2.10	-	-
Other assets	2.11	143,149	83,254
Accruals	2.12	85,031	87,675
Total assets		**3,824,002**	**3,854,863**

Liabilities and equity	Note	31/12/2020	31/12/2019
Due to credit institutions	2.14	958,386	1,185,142
Transactions with clients	2.15	1,927,386	1,681,470
Debt securities	2.16	436,268	516,939
Other liabilities	2.11	93,012	94,996
Accruals	2.12	105,693	69,447
Provisions	2.17	6,450	6,930
Subordinated debt	2.18	21,021	21,022
Equity (excluding fund for general banking risks)	2.20	275,786	278,917
. Share capital		*83,076*	*83,076*
. Share premiums		*98,244*	*98,244*
. Reserves	2.19	*32,278*	*32,278*
. Retained earnings (+/-)		*65,319*	*71,213*
. Net income for the period (+/-)		*−3,131*	*−5,894*
Total liabilities and equity		**3,824,002**	**3,854,863**

	2020	2019
Off-balance sheet items		
Commitments given		
Loan commitments	251,779	251,793
Guarantee commitments	40,115	39,196
Securities-related commitments	17,524	27,486
Commitments received		
Guarantee commitments	1,981	13,487
Securities-related commitments	-	-

Parent company income statement

In thousands of euros		2020	2019
+ Interest and similar revenues	3.1	24,523	43,512
- Interest and similar expenses	3.2	−29,538	−68,784
+ Revenues from variable-income securities	3.3	28,577	59,209
+ Fee income	3.4	86,135	70,906
- Fee expense	3.4	−20,978	−17,369
+/- Net gain/loss from trading portfolios	3.5	18,776	37,741
+/- Net gain/loss from available-for-sale securities portfolios and similar	3.6	−496	956
+ Other banking revenue	3.7	37,460	37,081
- Other banking expenses	3.8	−3,426	−3,423
Net banking income		**141,033**	**159,829**
- General operating expenses	3.9	−136,913	−135,539
- Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		−12,217	−12,101
Gross operating income		**−8,097**	**12,189**
+/- Cost of risk	3.10	14	3
Operating income		**−8,083**	**12,192**
+/- Net gain/loss from long-term assets	3.11	−3,329	−18,080
Recurring income before tax		**−11,412**	**−5,888**
+/- Extraordinary income/loss	3.12	75	−42
- Income tax	3.13	8,206	36
Net income		**−3,131**	**−5,894**

Notes to the parent company financial statements

Note 1 – Accounting policies and measurement methods

1.1. General

The parent company financial statements of Edmond de Rothschild (France) are prepared and presented in accordance with Regulation 2014-07 of the Autorité des Normes Comptables (French accounting standards authority) dated 26 November 2014.

Edmond de Rothschild (France), like all French companies, had to deal with the Covid-19 crisis in 2020, and had to make ongoing adjustments in line with developments in the pandemic, the public health situation and the successive announcements by the authorities (central government, Ministry for Health, Ministry for Employment etc.).

The company's resilience and the dedication of our staff played a major role in helping us to fulfil two key objectives throughout the crisis and particularly during lockdowns:

- firstly, to protect the health of our employees;
- but also to ensure the continuity of our business activities.

In 2020, therefore, the Covid-19 pandemic had a limited impact on the company's business, and did not jeopardise its status as a going concern.

1.2. Accounting policies and measurement methods

Translation of transactions in foreign currencies

Transactions in foreign currencies are translated into euros using the official exchange rates as published by the Banque de France at the year-end.

Investments in subsidiaries and affiliates denominated in foreign currencies but financed in euros are recorded in the balance sheet at the euro equivalent of their historical foreign-currency cost, using exchange rates prevailing at the date of acquisition or subscription. The resulting translation gains or losses are not included in income.

Loans and other financing to clients

Edmond de Rothschild (France) applies regulation no. 2014-07 issued by the ANC (Autorité des Normes Comptables – the French accounting standard-setter) on 26 November 2014 regarding the accounting treatment of credit risk in the financial statements of companies in the banking sector. Consequently, more detailed information is provided on counterparty risks and new categories of loans have been created in the financial statements as follows:

- performing loans: loans and other financing to clients are shown in the balance sheet at nominal value;
- overdue loans: payments overdue by three months or less (six months or less in the case of mortgages) continue to be reported as performing loans. Beyond these periods of time, loans – for all amounts extended to clients – are classified as doubtful;
- restructured loans: loans restructured as a result of the client's financial position are reclassified as performing loans if restructured under market conditions prevailing at the time.

Loans restructured under non-market conditions are included in a specific subcategory of performing loans until their final due date. Any principal amount or interest waived, whether due or accrued, is charged to income at the time of the restructuring. If, in view of market rates prevailing at the time a loan is restructured that are less favourable than the initial terms of the loan, or in view of the initial loan rate if not, the restructuring gives rise to a future interest difference, the present value of the difference is recorded as an impairment of the loan at the time of restructuring and included in the cost of risk, and subsequently taken to interest income over the remaining life of the loan. If the client does not pay on due dates after the restructured loan has been reclassified as performing, it is immediately downgraded.

Edmond de Rothschild (France) defines restructured loans as loans to counterparties undergoing financial difficulties such that the lender is obliged to adjust the initial terms (term, interest rate, etc.) to enable the counterparty to honour its payment obligations.

Restructured loans therefore exclude:

- loans with terms that have been renegotiated for commercial reasons with counterparties that have no solvency problems;
- loans whose theoretical repayment schedule is altered through application of an option or clause contained in the initial contract (e.g. temporary suspension and deferral of due dates);
- doubtful loans: on-balance sheet receivables and signed commitments concerning a counterparty are identified as doubtful outstandings in the Bank's accounting information system as soon as they show a clear credit risk.

Such a risk is clear where it is probable that the Bank will not recover some or all of the amounts due under the initial contractual terms of the commitment entered into by the counterparty, notwithstanding any guarantees or security provided. The loans or other items concerned are identified by inclusion in specially created accounts.

Edmond de Rothschild (France) classifies loans and commitments with a clear credit risk as doubtful in each of the following cases:

- the loan or advance is at least three months in arrears (six months for residential mortgages and property lessees and nine months for loans to local authorities, to take account of these loans' specific characteristics). The only exception to this rule is when specific circumstances indicate that non-payment is due to causes unrelated to the debtor's financial position;
- when the characteristics of a counterparty's position in connection with a loan or off-balance sheet commitment are such that, independently of any failure to meet payment dates, it can be concluded that a clear credit risk exists. This is the case, for instance, where the Bank is aware that its counterparty's financial position is poor and there is a resulting risk of non-recovery (for example, as a result of early warning procedures);
- if there is litigation between the Bank and its counterparty, for example, over indebtedness proceedings, court-ordered administration, receivership, court-ordered liquidation, personal bankruptcy, winding-up and any proceedings before an international court.

Edmond de Rothschild (France) distinguishes between two categories of doubtful loans: uncompromised doubtful loans and compromised doubtful loans:

- uncompromised doubtful loans are doubtful loans which do not fulfil the criteria for classification as compromised doubtful loans;
- compromised doubtful loans are loans to a counterparty whose solvency is such that, after a reasonable period of classification as doubtful loans, no return to the performing loans category is foreseeable. Classification as compromised doubtful loans takes place when the accelerated payment clause comes into play or, in the case of a lease, upon termination of the lease.
- loans of an unlimited term become repayable when relations are terminated with the counterparty as notified under the procedures defined in the contract. Any loan included in doubtful loans will be automatically classified as a compromised doubtful loan after one year in the uncompromised doubtful loans category.

Any loan reclassified as performing is immediately downgraded to the compromised doubtful loans category if the client fails to make payments as and when due.

Interest ceases to be recognised once the loan is transferred to compromised doubtful loans. Disputed loans are loans whose nature or amount is being contested, not the solvency of the counterparty. These loans are included in uncompromised doubtful loans.

Provisions for clear credit risk: a specific allowance for impairment is made by a charge against income when the probability that all or part of a loan will not be repaid becomes clear. These allowances are deducted from assets.

In accordance with ANC regulation no. 2014-07 relating to the accounting treatment of credit risk, Edmond de Rothschild (France) applies the method based on discounting forecast cash flows.

Securities portfolio

The securities portfolio mainly comprises the following securities issued in France and abroad:

- fixed- and variable-income securities;
- French Treasury notes;
- other negotiable debt securities;
- interbank market securities.

These securities are classified according to the purpose for which they were acquired and, in accordance with ANC regulation no. 2014-07 on the recognition of securities transactions and regulation no. 2008-15 issued by the CRC (French accounting regulations committee) on 4 December 2008 relating to the recognition of stock option plans and bonus share plans for employees, allocated to the following categories: held-for-trading securities, available-for-sale securities, investment securities, and investments in subsidiaries and associates:

- held-for-trading securities are recognised on the date they are purchased at their purchase price, excluding incidental purchase costs and including accrued interest. Purchase costs are recognised directly as expenses. Held-for-trading securities are purchased for with a view to reselling them within a period of not more than six months.

- available-for-sale securities are recognised on the date they are purchased at their purchase price. Purchase costs are either included in the purchase price of available-for-sale securities or recognised directly as expenses, subject to compliance with the provisions of article 2371-2 of the aforementioned regulation no. 2014-07,

- investment securities are fixed-income securities with a fixed maturity date that have been acquired or transferred to the "held-for-trading securities" category or the "available-for-sale securities" category with the manifest intention of holding them until maturity. Investment securities are recognised on the date they are purchased at their purchase price. Purchase costs are either included in the purchase price of investment securities or recognised directly as expenses, subject to compliance with the provisions of article 2371-2 of the aforementioned regulation no. 2014-07. They are intended to be held for the long term, and are either subject to specific interest-rate hedges or covered by dedicated financing resources. The difference between their purchase price and redemption value is amortised over the remaining life of the securities.

- portfolio securities, other securities held over the long term and investments in subsidiaries, associates and affiliates are recorded on the date they are purchased at their purchase price. These securities are purchased with the intention of holding them for the long term. This category includes all equity interests of 5% or more. Equity interests of less than 5% are also included if the Bank is represented in the management bodies or if another indirect investment is held via other Group companies.

Securities are shown under the following balance sheet headings:

- treasury notes and similar securities;
- bonds and other fixed-income securities;
- equities and other variable-income securities;
- associates and other long-term investments;
- investments in affiliates;
- treasury shares.

- *Non-current assets*

Intangible assets relate primarily to purchased software that is amortised over one to three years.

Depreciation of office furniture and equipment, computer hardware, fixtures and fittings, and vehicles is determined on the following basis:

- straight-line method: 10-25%;
- reducing balance method: 37.5% and 40%.

The building owned by Edmond de Rothschild (France) is being depreciated over 25 years.

As part of the convergence between French GAAP and International Financial Reporting Standards (IFRSs), and in accordance with ANC regulation no. 2014-07, deferred expenses or expenses to be amortised over several periods are not recognised as assets.

Deferred expenses must now be recognised:

- in assets, if they qualify for definition and recognition as assets or are attributable to the initial cost of assets;
- in expenses in all other cases.

Edmond de Rothschild (France) applies the provisions of Fran'ce General Accounting Plan relating to the recognition and measurement of assets and relating to the depreciation, amortisation and impairment of assets.

Property, plant and equipment are recognised at cost (purchase price plus direct ancillary expenses).

Intangible assets are mainly made up of software, which is recorded under intangible assets in progress until put into use.

Property, plant and equipment and intangible assets qualifying for depreciation or amortisation are depreciated or amortised over their period of use within the company.

Treasury shares

The Bank's treasury shares are recognised as available-for-sale securities.

The company applies the measurement rules set out in CRC regulation no. 2008-15 of 4 December 2008 relating to the recognition of stock option plans and bonus share plans for employees, in accordance with the instructions of ANC regulation no. 2014-07.

Implementation of those rules has no impact on the financial statements, as these principles were already being applied to the parent company financial statements.

Additions to and reversals of provisions and expenses related to the plans are now presented under personnel expenses.

In relation to treasury shares allocated to a plan, a liability provision is set aside over the grant period and adjusted on the basis of the number of shares granted to beneficiaries.

Treasury shares not allocated to a plan may be impaired if their net carrying amount is greater than the share price on the balance-sheet date, as for other available-for-sale securities.

Interest and fee income and expenses

Income from interest and bank charges are recorded in the income statement on an accrual basis.

In general, fees are also recorded on an accrual basis.

Valuation of securities

Securities held by the Bank at year-end are valued as follows:

- held-for-trading securities are valued at market price at year-end, with positive or negative valuation differences being taken to income;
- available-for-sale securities are measured at the lower of acquisition cost and market value (based on the average market price in December) or, in the case of unlisted securities, at their estimated realisable value.
- there is no netting between the resulting unrealised gains and losses, and only unrealised losses are recognised through impairment of the securities portfolio;
- investment securities on which the interest-rate risk is hedged are not impaired when their market value falls below their carrying amount. Unrealised gains are not recognised;
- investments in subsidiaries and associates are measured at their value in use. For listed securities, market prices are not the only assessment criterion. Unrealised gains are not recognised, and unrealised losses give rise to impairment of the securities portfolio.

Value in use is calculated using multiple criteria, including the present value of estimated future cash flows and a proportion of equity.

Income and expenses relating to forward financial instruments

The accounting principles adopted are those defined by the regulations of the French Banking and Finance Regulation Committee (CRBF), the instructions of the Banque de France's prudential control and resolution authority (ACPR) and the opinions of the ANC.

Those principles are based mainly on the type of transaction, its purpose, and the type of market on which it takes place:

- interest-rate swaps;

income and expenses relating to instruments used to hedge transactions identified from the outset are recognised in the income statement on a symmetrical basis with the income and expenses from the hedged item;

- interest-rate futures (notional, Euribor, etc.).

Gains and losses resulting from hedges of transactions on underlying capital markets are amortised over the remaining maturity of the transactions hedged.

While a contract is still outstanding, one of two recognition methods is applied:

- transactions on organised or similar markets: the gains or losses resulting from measurement of contracts are taken to income,
- over-the-counter: only unrealised losses are provisioned,
- forward-rate agreements (FRAs): income and expenses relating to Fras used for hedging are taken to income on a symmetrical basis with the income and expenses from the hedged instrument. In the case of market transactions, gains and losses are recorded in the income statement when the operation is settled.
- options (foreign-exchange, interest-rate, index and equity options): premiums are recorded in a suspense account when the contract is initiated. When contracts are settled, in the case of hedging transactions, they are taken to income on a symmetrical basis with the gains and losses on the hedged items.

In the case of market transactions, they are taken to income. Outstanding contracts relating to market transactions are remeasured at market value at the balance sheet date.

Any unrealised gain or loss on contracts traded on organised markets is taken to the income statement.

For contracts traded over the counter, only unrealised losses are provisioned.

Pensions and other employee benefit liabilities

The French banking industry's own pension system was changed by an agreement signed on 13 September 1993 by the French Banking Association (AFB). All French banks are now members of the nationwide unfunded multi-employer plans AGIRC and ARRCO.

The Bank does not apply the preferred method consisting of setting aside provisions for post-employment benefits under defined-benefit plans, i.e. pension plans, supplementary pensions and termination benefits.

Provision for long-service awards

In accordance with Recommendation 2003-R.01 of 1 April 2003 issued by the French National Accounting Committee and CRC Regulation 2000-06 relating to liabilities, a provision was set aside at year-end to cover probable payments to certain current employees (expected payments relating to long-service awards). At 31 December 2020, that provision totalled €790.0 thousand.

Income tax

Edmond de Rothschild (France) and some of its subsidiaries have opted to form a tax consolidation group from 1 January 2020. The parent company and those subsidiaries have agreed that the advantage or disadvantage arising from the tax consolidation (difference between the consolidated tax charge and the total of the tax charges of the companies calculated independently) is to be recognised immediately in the parent company's income statement.

Mandatory employee profit-sharing

Amounts to be paid under the French mandatory profit-sharing system are provided for on the basis of an agreement formed within Edmond de Rothschild (France)'s UES (a legally recognised group of integrated companies in France).

Related-party transactions

Under ANC regulation no. 2014-07, Edmond de Rothschild (France) presents related-party transactions in Note 9 to the financial statements.

Contribution to the Single Resolution Fund

Edmond de Rothschild (France) applies ANC regulation no. 2020-10 of 22 December 2020, amending ANC regulation no. 2014-07 of 26 November 2014 regarding the financial statements of companies in the banking sector.

This regulation provides for the netting of certain assets and liabilities that would result in a reduction in contributions to the Single Resolution Fund (SRF). Edmond de Rothschild (France) did not have any netted transactions at the accounts closing date.

Note 2 – Analysis of balance sheet items

	In thousands of euros	31/12/2020	31/12/2019
2.1.	**Treasury notes and similar securities**		
	Available for sale	-	-
	Sub-total	**-**	**-**
	Impairment	-	-
	Net total	**-**	**-**

		31/12/2020			31/12/2019		
	In thousands of euros	Demand deposits	Time deposits	Total	Demand deposits	Time deposits	Total
2.2.	**Due from credit institutions**						
	Overdrafts	27,765	-	27,765	47,274	-	47,274
	Loans	-	-	-	-	175,000	175,000
	Securities received under	-	-	-	-	-	-
	Sub-total	**27,765**	**-**	**27,765**	**47,274**	**175,000**	**222,274**
	Related receivables	1	15	16	1	5	6
	Total	**27,766**	**15**	**27,781**	**47,275**	**175,005**	**222,280**

	In thousands of euros	31/12/2020	31/12/2019
2.3.	**Transactions with clients**		
	Other loans and financing		
	- Loans	*404,200*	*229,129*
	- Securities received under repurchase agreements	-	-
	Sub-total	**404,200**	**229,129**
	Overdrafts	764,433	655,709
	Unassigned values	1	-
	Total gross value	**1,168,634**	**884,838**
	Doubtful loans (1)	330	334
	Impairment of doubtful loans (1)	−330	−334
	Total (2)	**1,168,634**	**884,838**

(1) At 31 December 2020, compromised doubtful loans amounted to €330.0 thousand and were fully provisioned.

(2) Including related receivables totalling €1,220 thousand in 2020 and €1,027 thousand in 2019.

No loans were eligible for central-bank refinancing at 31 December 2020.

No client loans classified as doubtful at 31 December 2019 were reclassified as performing loans during 2020.

	In thousands of euros	31/12/2020	31/12/2019
2.4.	**Bonds and other fixed-income securities**		
	Available for sale	2,134	2,496
	Investment	-	-
	Sub-total	**2,134**	**2,496**
	Related receivables	1,732	1,738
	Total gross value	**3,866**	**4,234**
	Impairment	-	−362
	Net total	**3,866**	**3,872**

No securities changed category during 2020.

The total net carrying amount of unlisted securities was €3.87 million.

The “available-for-sale securities” item includes €2.13 million of undated subordinated notes issued by Financière Eurafriqu

In thousands of euros	31/12/2020 Held for trading	Available for	Total	31/12/2019 Held for trading	Available for	Total
2.5. Equities and other variable-income securities						
Securities held	-	80,288	80,288	-	78,116	78,116
Impairment	-	−7,214	−7,214	-	−6,767	−6,767
Net total	**-**	**73,074**	**73,074**	**-**	**71,349**	**71,349**
Unrealised capital gains (1)	-	26,576	26,576	-	29,447	29,447

(1) Difference between cost and market value.

No securities changed category during 2020.

The total net carrying amount of listed securities was €20 thousand and the total net carrying amount of unlisted securities was €73,054 thousand.

Within the available-for-sale securities category, fund units break down as follows:

In thousands of euros	31/12/2020 French	Foreign	Total	31/12/2019 French	Foreign	Total
Capitalisation funds	64,276	8,777	73,053	63,900	7,063	70,963
Other funds	-	-	-	-	-	-
Total	**64,276**	**8,777**	**73,053**	**63,900**	**7,063**	**70,963**

In thousands of euros	31/12/2020 Gross	Impairment	Net	31/12/2019 Gross	Impairment	Net
2.6. Investments in subsidiaries and associates and other long-term investments						
Investments in subsidiaries						
- Credit institutions	*4,964*	*-*	*4,964*	*4,964*	*-*	*4,964*
- Other companies	*34,411*	*−20,848*	*13,563*	*36,205*	*−20,354*	*15,851*
Sub-total	**39,375**	**−20,848**	**18,527**	**41,169**	**−20,354**	**20,815**
Exchange difference	-	-	-	-	-	-
Total	**39,375**	**−20,848**	**18,527**	**41,169**	**−20,354**	**20,815**

The total net carrying amount of listed securities was €12.50 million and the total net carrying amount of unlisted securities was €6.03 million.

Major investments in subsidiaries and affiliates are listed in the table "Investments in subsidiaries".

In thousands of euros	31/12/2020 Gross	Impairment	Net	31/12/2019 Gross	Impairment	Net
2.7. Investments in affiliates						
Financial and non-financial companies	256,379	−43,587	212,792	255,316	−40,752	214,564
Exchange difference	−1,348	-	−1,348	−1,641	-	−1,641
Total	**255,031**	**−43,587**	**211,444**	**253,675**	**−40,752**	**212,923**

The total net carrying amount of securities relates to unlisted securities.

The list of affiliates is as follows:

- Edmond de Rothschild Asset Management (France)
- Financière Boréale
- Edmond de Rothschild Corporate Finance
- Edmond de Rothschild Private Equity Partners (France)
- Edmond de Rothschild Assurances et Conseils (France)
- Edmond de Rothschild Real Estate (Eastern Europe) CIE SàRL (A and B units)
- CFSH Luxembourg
- Edmond de Rothschild Building Ltd (Israel)
- Edmond de Rothschild REIM (France)
- SAS EDR IMMO MAGNUM

	In thousands of euros	Start of period	Acquisitions/transfers in	Disposals/transfers out	Other changes	End of period
2.8.	**Intangible assets**					
	Gross value					
	Business goodwill (including leasehold right)	3,881	-	-		3,881
	Other intangible assets	125,611	10,061			135,672
	Intangible assets in progress	-	-	-		-
	Total	**129,492**	**10,061**	**-**	**-**	**139,553**
	Depreciation and impairment					
	Other intangible assets	−107,812	−9,788	-		−117,600
	Total	**−107,812**	**−9,788**	**-**	**-**	**−117,600**
	Net carrying amount	**21,680**			**-**	**21,953**

	In thousands of euros	Start of period	Acquisitions/transfers in	Disposals/transfers out	Other changes	End of period
2.9.	**Property, plant and equipment**					
	Gross value					
	Land	11,434	-	-	-	11,434
	Buildings	21,100	-	-	-	21,100
	Computer hardware	30,218	1,785	-	-	32,003
	Fixtures, fittings and other property, plant and	39,429	176	-	-	39,605
	Property, plant and equipment in progress	-	-	-	-	-
	Total	**102,181**	**1,961**	**-**	**-**	**104,142**
	Depreciation and impairment					
	Buildings	−20,687	−43	-	-	−20,730
	Computer hardware	−27,579	−1,567	-	-	−29,146
	Fixtures, fittings and other property, plant and	−36,904	−813	-	-	−37,717
	Total	**−85,170**	**−2,423**	**-**	**-**	**−87,593**
	Net carrying amount	**17,011**				**16,549**

2.10. Treasury shares and stock option plans

The Bank no longer holds treasury shares.

At 31 December 2020, there was no longer any stock option plan for Edmond de Rothschild (France) employees.

		31/12/2020		31/12/2019	
	In thousands of euros	Assets	Liabilities	Assets	Liabilities
2.11	**Other assets and liabilities**				
	Option premiums	-	-	-	-
	Margin calls	61,616	50,668	44,746	40,570
	Guarantee deposits	30,584	2,071	3,550	13,054
	Other	50,949	40,273	34,958	41,372
	Total	**143,149**	**93,012**	**83,254**	**94,996**

		31/12/2020		31/12/2019	
	In thousands of euros	Assets	Liabilities	Assets	Liabilities
2.12	**Accruals, assets and liabilities**				
	Items under collection	12	-	80	-
	Prepaid expenses	7,832	-	7,605	-
	Accrued income	73,847	-	77,654	-
	Prepaid income	-	2,601	-	2,274
	Accrued expenses	-	69,993	-	56,505
	Other	3,340	33,099	2,336	10,668
	Total	**85,031**	**105,693**	**87,675**	**69,447**

	In thousands of euros	Start of period	Acquisitions/transfers in	Disposals/transfers out	Other changes	End of period
2.13.	**Long-term financial assets**					
	Gross value					
	Bonds and other fixed-income securities	-	-	-	-	-
	Investments in subsidiaries and associates and other	41,169	120	−1,922	-	39,367
	Investments in affiliates	253,675	1,864	−500	-	255,039
	Total	**294,844**	**1,984**	**−2,422**	**-**	**294,406**
	Impairment					
	Investments in subsidiaries and associates and other	−20,354	−494	-	-	−20,848
	Investments in affiliates	−40,752	−2,835		-	−43,587
	Total	**−61,106**	**−3,329**	**-**	**-**	**−64,435**
	Net carrying amount					
	Bonds and other fixed-income securities	-	-	-	-	-
	Investments in subsidiaries and associates and other	20,815	−374	−1,922	-	18,519
	Investments in affiliates	212,923	−971	−500	-	211,452
	Total	**233,738**	**−1,345**	**−2,422**	**-**	**229,971**

In thousands of euros	31/12/2020 Demand deposits	31/12/2020 Time deposits	31/12/2020 Total	31/12/2019 Demand deposits	31/12/2019 Time deposits	31/12/2019 Total
2.14. Due to credit institutions						
Deposits	22,208	-	22,208	84,765	-	84,765
Borrowings	-	935,196	935,196	3,561	1,092,373	1,095,934
Sub-total	**22,208**	**935,196**	**957,404**	**88,326**	**1,092,373**	**1,180,699**
Related payables		982	982	-	4,443	4,443
Total	**22,208**	**936,178**	**958,386**	**88,326**	**1,096,816**	**1,185,142**

In thousands of euros	31/12/2020 Demand	31/12/2020 Time deposits	31/12/2020 Total	31/12/2019 Demand	31/12/2019 Time deposits	31/12/2019 Total
2.15 Transactions with clients						
Special savings accounts						
- Special savings accounts	*-*	*100,802*	*100,802*	*-*	*111,165*	*111,165*
- Related payables	*-*	*-*	*-*	*-*	*-*	*-*
Sub-total	**-**	**100,802**	**100,802**	**-**	**111,165**	**111,165**
Other payables						
- Demand deposits	*1,661,635*	*-*	*1,661,635*	*1,462,340*	*-*	*1,462,340*
- Time deposits	*-*	*143,607*	*143,607*	*-*	*91,524*	*91,524*
- Securities delivered under repurchase	*-*	*-*	*-*	*-*	*-*	*-*
- Other miscellaneous payables	*-*	*21,224*	*21,224*	*-*	*16,157*	*16,157*
- Related payables	*-*	*118*	*118*	*-*	*284*	*284*
Sub-total	**1,661,635**	**164,949**	**1,826,584**	**1,462,340**	**107,965**	**1,570,305**
Total	**1,661,635**	**265,751**	**1,927,386**	**1,462,340**	**219,130**	**1,681,470**

In thousands of euros	31/12/2020	31/12/2019
2.16 Debt securities		
Interbank market instruments and negotiable debt instruments	436,166	509,833
Bonds	-	-
Sub-total	**436,166**	**509,833**
Related payables	102	7,106
Total	**436,268**	**516,939**

In thousands of euros	Start of period	Additions	Reversed and used	Reversed to income	Other changes	End of period
2.17. Provisions						
Provisions for charges						
Provisions for long-service benefits	1,189	185	−46	−538	-	790
Provisions for possible losses on treasury shares	-	-	-	-	-	-
Provisions for litigation expenses	-	-	-	-	-	-
Other provisions for charges	1,380	530	−557	−141	-	1,212
Sub-total	**2,569**	**715**	**−603**	**−679**	**-**	**2,002**
Provisions for contingencies						
Provisions for litigation (1)	2,622	978	−186	−702	-	2,712
Other provisions for contingencies	1,739	68	−67	−4	-	1,736
Sub-total	**4,361**	**1,046**	**−253**	**−706**	**-**	**4,448**
Total	**6,930**	**1,761**	**−856**	**−1,385**	**-**	**6,450**

(1) Additions to provisions for liabilities are mainly intended to cover litigation with third parties. Reversals of provisions relate mainly to litigation and the private equity business.

An additional supplementary pension plan set up in December 2004 was closed on 31 December 2012, although its provisions were maintained for beneficiaries born before 31 December 1953.

It applies to a category of senior employees for whom the existing basic and complementary pension plans provide a significantly lower rate of income replacement than for other categories of personnel.

This plan is a defined-benefit plan expressed in terms of the overall final pension (limited in time) or in terms of the top-up pension it provides in addition to the basic pensions.

The unfunded actuarial liability at the rate of 0.48% rose from €27,581 thousand to €26,996 thousand at 31 December 2020.

Taxation of annuities: Article 113 of French act 2003-775 of 21 August 2003 on pension reform alters the way in which social security contributions, the general social contribution (CSG) and the tax to repay social-security debt (CRDS) apply to employers' contributions to funding pension benefits. In return for exempting contributions from social security charges, a tax payable exclusively by the company was established.

The 2010 social security financing act doubled the tax levied on annuities exceeding one third of the annual social security ceiling, raising it from 8% to 16%.

The 2011 social security financing act subsequently modified the basis for applying this tax. The allowance was eliminated and the 16% tax thus applied from the first euro of the annuity, for all annuities paid after 1 January 2001.

The Group had previously opted for the tax on annuities, but at the end of 2011 it chose to change options as allowed by the 2011 social security financing act for defined-benefit plans consistent with Article L. 137-11. It is now taxed at 12% based on all contributions paid into the fund.

In addition to the foregoing tax, an additional 30% contribution to be paid by employers from the first euro was established on annuities exceeding eight times the annual ceiling and paid from 1 January 2010. These impacts were measured in 2009.

As measured by the preferred method (not applied by the Bank) the financial coverage calculation shows that a provision of €5,368 thousand would have been set aside in 2020 as opposed to €4,808 thousand in 2019.

Plan assets were valued at €21,628 thousand in 2020 and the net residual gain relating to past service cost was zero at 31 December 2019.

Provisions do not include any amounts for termination benefits to be paid to retiring employees (€4,173 thousand in 2020 against €4,419 thousand in 2019).

Provisions for banking risks came to €2,705 thousand in 2020 (€2,854 thousand in 2019).

	In thousands of euros	31/12/2020	31/12/2019
2.18	**Subordinated debt**		
	Undated subordinated notes (1)	21,000	21,000
	Related payables	21	22
	Total	**21,021**	**21,022**

(1) In June 2007, the Bank issued €50.0 million of undated super-subordinated notes. In the event of the issuer's liquidation, holders of these notes will be paid only after other creditors but before holders of participating loans or participating securities.

After discussions with one of the noteholders, Edmond de Rothschild (France) made an offer to repurchase part of the notes with a nominal amount of €29.0 million, at a discount of 7.5%.

After obtaining the authorisation of the ACP on 12 July 2013, €29.0 million of notes were repurchased and cancelled in August 2013.

The undated super-subordinated notes carry financial covenants:

- non-payment of interest in the event of insufficient capital related to non-compliance with prudential capital adequacy ratios or a deterioration in the Bank's financial position;
- reduction of accrued interest due and payable and then of the nominal value of the notes if the Bank has not taken action to remedy the capital situation within a specific period.

The main financial characteristics of these notes are as follows:

Issue date	Optional early redemption date (call option)	Rate until early redemption	Rate after early redemption	Interest step-up from the optional early redemption date
June 2007	June 2017 then quarterly	6.36 % (*)	Euribor + 2.65%	+ 100 basis points

(*) Rate set by reference to the 10-year swap rate in euros on 4 June 2007: 4.71% + 1.65%.

	In thousands of euros	31/12/2020	31/12/2019
2.19.	**Reserves**		
	Statutory reserve	8,308	8,308
	Regulated reserves	152	152
	Other reserves	23,818	23,818
	Total	**32,278**	**32,278**

	In thousands of euros	Share capital	Share premiums	Reserves	Retained earnings	Income	Total
2.20.	**Changes in equity**						
	Position at start of period	**83,076**	**98,244**	**32,278**	**71,213**	**−5,894**	**278,917**
	Capital increase	-	-	-	-	-	-
	Net income for the period (before	-	-	-	-	5,894	5,894
	Dividends	-	-	-	−5,894	-	−5,894
	Other movements	-	-	-	-	−3,131	−3,131
	Position at end of period	**83,076**	**98,244**	**32,278**	**65,319**	**−3,131**	**275,786**

At 31 December 2020, the share capital amounted to €83,075,820.00, consisting of 5,538,388 shares with nominal value of €15 each, and was held as follows:

	Number of shares	% interest
EDMOND DE ROTHSCHILD (SUISSE) S.A.	5,538,329	100.00%
Other natural persons	59	NM
Total	**5,538,388**	**100.00%**

Net income available for distribution (in euros):

Net income for 2020	−3,130,549.47
Balance carried forward at end of period	65,319,491.01
Appropriation to the statutory reserve	-
Net income available for distribution	**62,188,941.54**

Net income available for distribution is appropriated as follows (*):

Payment of a dividend of	€1.04 per share, i.e.	€5,759,923.52
Other reserves		€24,258,139.44
Retained earnings		€32,170,878.58

(*) This dividend payment is subject to approval by shareholders as usual in the Annual General Meeting scheduled to take place on 5 May 2021.

	In thousands of euros	31/12/2020	31/12/2019
2.21	**Transactions with affiliates**		
	Assets		
	Transactions with clients (excluding related receivables)	8,218	7,721
	Liabilities		
	Transactions with clients (excluding related liabilities)	70,949	58,475

	In thousands of euros	< 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Total
2.22	**Analysis of certain assets and liabilities**					
	Assets					
	Due from credit institutions	27,781	-			27,781
	Transactions with clients	822,143	147,553	63,699	135,239	1,168,634
	Bonds and other fixed-income securities	-			3,866	3,866
	Total	**849,924**	**147,553**	**63,699**	**139,105**	**1,200,281**
	Liabilities					
	Due to credit institutions	699,689	244,319	-	14,378	958,386
	Transactions with clients	1,849,055	39,724	38,607		1,927,386
	Debt securities	13,224	81,340	182,275	159,429	436,268
	- Interbank market instruments and negotiable debt instruments	*13,224*	*81,340*	*182,275*	*159,429*	*436,268*
	- Bonds	-	-	-	-	-
	Total	**2,561,968**	**365,383**	**220,882**	**173,807**	**3,322,040**

Note 3 – Analysis of income statement items

	In thousands of euros	2020	2019
3.1.	**Interest and similar revenues**		
	On transactions with credit institutions	3,254	33,753
	On transactions with clients	11,107	9,700
	On bonds and other fixed-income securities	10,070	1
	Other interest and similar revenues	92	58
	Total	**24,523**	**43,512**

	In thousands of euros	2020	2019
3.2.	**Interest and similar expenses**		
	On transactions with credit institutions	−26,267	−33,820
	On transactions with clients	−355	−689
	On bonds and other fixed-income securities	−2,461	−33,863
	Other interest and similar expenses	−455	−412
	Total	**−29,538**	**−68,784**

	In thousands of euros	2020	2019
3.3.	**Revenues from variable-income securities**		
	Equities and other variable-income securities	2,972	20,261
	Investments in subsidiaries and associates and other long-term investments	5,104	1
	Investments in affiliates	20,501	38,947
	Total	**28,577**	**59,209**

		2020		2019	
	In thousands of euros	Gains	Expense	Income	Expenses
3.4.	**Fees**				
	Cash and interbank transactions	-	−5	-	−9
	Transactions with clients	16	-	33	-
	Securities transactions	-	-	-	-
	Foreign exchange transactions	38	-	29	-
	Off-balance sheet transactions			-	-
	- Securities transactions	*1,019*	-	*412*	-
	– Transactions in forward financial instruments	*5,165*	*−3,537*	*2,545*	*−1,486*
	Financial services	79,897	−17,436	67,887	−15,874
	Additions to/reversals of provisions	-	-	-	-
	Total	**86,135**	**−20,978**	**70,906**	**−17,369**

		2020			2019		
	In thousands of euros	Gains	Losses	Balance	Gains	Losses	Balance
3.5	**Gains/losses on transactions in trading portfolios**						
	Held-for-trading securities	416	−40	376	524	−1	523
	Foreign exchange transactions	447,329	−428,929	18,400	460,866	−423,648	37,218
	Forward financial instruments	-	-	-	-	-	-
	Additions to/reversals of provisions	-	-	-	-	-	-
	Total	**447,745**	**−428,969**	**18,776**	**461,390**	**−423,649**	**37,741**

In thousands of euros	2020 Gains	2020 Losses	2020 Balance	2019 Gains	2019 Losses	2019 Balance
3.6. Gains/losses on transactions in available-for-sale assets and similar						
Losses on disposal	-	−97	−97	-	−507	−507
Gains on disposal	29	-	29	66	-	66
Additions to/reversals of impairment	569	−997	−428	2,141	−726	1,415
Additions to/reversals of provisions		-	-	-	−18	−18
Total	**598**	**−1,094**	**−496**	**2,207**	**−1,251**	**956**

In thousands of euros	2020	2019
3.7. Other banking revenues		
Expenses transferred to other companies	10,738	9,721
Other ancillary income	26,865	27,362
Miscellaneous	325	488
Additions to/reversals of provisions	−468	−490
Total	**37,460**	**37,081**

In thousands of euros	2020	2019
3.8. Other banking expenses		
Revenues transferred to other companies	−2,249	−2,866
Miscellaneous	−1,296	−57
Additions to/reversals of provisions	119	−500
Total	**−3,426**	**−3,423**

In thousands of euros	2020	2019
3.9. General operating expenses		
Wages and salaries	−46,072	−48,080
Social security expenses	−23,325	−21,630
Employee incentive plans	−168	−255
Mandatory employee profit-sharing	−2,373	−1,578
Payroll taxes	−5,246	−5,260
Additions to provisions for personnel expenses	−1,570	−1,031
Reversals of provisions for personnel expenses	1,906	822
Sub-total - Personnel expenses	**−76,848**	**−77,012**
Taxes other than income tax	−2,495	−2,101
Rental expenses	−11,247	−10,945
External services	−45,842	−44,465
Travel expenses	−481	−1,016
Miscellaneous operating expenses	-	-
Additions to provisions for administrative expenses	-	-
Reversals of provisions for administrative expenses	-	-
Sub-total - Administrative expenses	**−60,065**	**−58,527**
Total	**−136,913**	**−135,539**

	In thousands of euros	2020	2019
3.10	**Cost of risk**		
	Impairment of doubtful debts	-	-
	Additions to provisions	-	-
	Net losses on receivables written off	-	-
	Reversals of impairment on doubtful debts now performing	4	3
	Reversals of provisions	-	-
	Amounts recovered on receivables formerly written off	10	-
	Total	**14**	**3**

	In thousands of euros	2020	2019
3.11.	**Gains and losses on long-term assets**		
	Gains on sales of intangible assets and property, plant and equipment	-	-
	Gains on sales of long-term financial assets	-	-
	Losses on sales of intangible assets and property, plant and equipment	-	-
	Losses on sales of long-term financial assets	-	-
	Additions to impairment of long-term financial assets	−3,329	−18,091
	Reversals of impairment of long-term financial assets	-	11
	Reversals of contingency and loss provisions	-	-
	Total	**−3,329**	**−18,080**

3.12. Non-recurring items

Non-recurring items produced a gain of €75.0 thousand in 2020.

3.13. Income tax

Calculated on the basis of the tax consolidation group, there was an income tax credit of €8,206 thousand in 2020.

Had it been taxed separately, Edmond de Rothschild (France), excluding deferred tax, would not have been subject to income tax because it made a loss for tax purposes.

Note 4 – Additional information on banking activities

Analysis of net banking income

The analysis of net banking income by major business segment, which is extracted from the accounting presentation of the income statement, can be broadly summarised as follows:

In thousands of euros	2020	2019
- Asset management	72,369	59,095
- Interest-earning operations	9,191	9,189
- Capital markets transactions, securities portfolio and other	58,583	91,074
- Corporate advisory services	890	471
Net banking income	**141,033**	**159,829**

Net banking income amounted to €141.0 million in 2020, down 11.8% relative to 2019 (€159.8 million).

The €18.8 million decrease was due to the following factors:

- Revenue from the securities portfolio and capital markets transactions fell €32.5 million compared with 2019. The decline was mainly caused by the lower amount of dividends received in 2020 (down €30.6 million relative to 2019),
- Asset management fee income rose by €13.3 million, from €59.1 million in 2019 to €72.4 million in 2020. The increase was due primarily to higher transaction-related fees (front-end charges and transfer commissions) and asset management fees.

Note 5 – Off-balance sheet items

	In thousands of euros	31/12/2020	31/12/2019
5.1.	**Transactions with affiliates**		
	Commitments given		
	Loan commitments	212	2,488
	Guarantee commitments	86	86

5.2. Transactions in forward financial instruments

Transactions in interest-rate instruments are concluded for micro-hedging purposes. Foreign exchange options may be entered into as part of the management of a specialised portfolio, or are matched.

Commitments related to forward financial instruments – the nominal value of which is expressed in thousands of euros – break down as follows:

At 31 December 2020	Micro-hedging		Trading portfolio		Total	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets						
Futures contracts						
Currency swaps (1)	1,746,788	1,739,601	-	-	1,746,788	1,739,601
Interest-rate swaps	227,360	1,019,810			227,360	1,019,810
Total	**1,974,148**	**2,759,411**	**-**	**-**	**1,974,148**	**2,759,411**
Over the counter						
Futures contracts						
Interest-rate and index swaps (1)	230,639	15,000	-	-	230,639	15,000
Sub-total	230,639	15,000	-	-	230,639	15,000
Interest-rate and index options	-	-	-	-	-	-
Sub-total						
Total	**230,639**	**15,000**	**-**	**-**	**230,639**	**15,000**

(1) of which €2,000.00 thousand relating to affiliates.

At 31 December 2019	Micro-hedging		Trading portfolio		Total	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets						
Futures contracts						
Currency swaps (1)	1,966,094	1,966,536	-	-	1,966,094	1,966,536
Interest-rate swaps	101,096	973,495	-	-	101,096	973,495
Total	2,067,190	2,940,031	-	-	2,067,190	2,940,031
Over the counter	-	-	-	-	-	-
Futures contracts	-	-	-	-	-	-
Interest-rate and index swaps (1)	165,322	2,000	-	-	165,322	2,000
Sub-total	165,322	2,000	-	-	165,322	2,000
Interest-rate and index	-	-	-	-	-	-
options	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-
Total	**165,322**	**2,000**	**-**	**-**	**165,322**	**2,000**

(1) of which €2,000.00 thousand relating to affiliates.

Figures for 2019 have been restated.

The residual values of the above commitments break down as follows:

At 31 December 2020	Less than 1 year		1 to 5 years		More than 5 years	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets	1,804,844	2,717,144	55,794	40,517	113,510	1,750
Over the counter	-	15,000	67,360	-	163,279	-

At 31 December 2019	Less than 1 year		1 to 5 years		More than 5 years	
In thousands of euros	Purchases	Sales	Purchases	Sales	Purchases	Sales
Organised or similar markets	1,943,617	2,857,773	106,377	82,258	17,196	-
Over the counter	11,281	-	95,184	2,000	58,857	-

Figures for 2019 have been restated.

The Bank's exposure to market risks related to transactions in financial instruments is summarised as follows (in thousands of euros):

Type of risk	Type of transaction	Assumptions	Sensitivity	
			31/12/2020	31/12/2019
Interest-rate risk	Short-term transactions in euros	1% adverse movement in the yield curve	115	423
	Short-term transactions in foreign currencies	1% adverse movement in the yield curve	205	98
Exchange-rate risk	Spot and forward foreign exchange transactions	8% adverse movement in exchange rates	101	172

In thousands of euros	Positive value 31/12/2020	Positive value 31/12/2019	Negative value 31/12/2020	Negative value 31/12/2019
5.3. Fair value of transactions in forward financial instruments				
Organised or similar markets				
Futures contracts				
Currency swaps	6,412	6,081	−29,684	−13,472
Over the counter				
Futures contracts				
Interest-rate and index swaps	4,657	14,623	−15,398	−5,271

Figures for 2019 have been restated.

The fair value of forward financial instruments is determined with reference to their market value, calculated daily as part of counterparty risk measurements.

Note 6 – Additional information on counterparty risks relating to derivatives

6.1. Nature and method of the calculation

Risk equivalents and the effect of netting agreements are calculated in accordance with the principles established by ANC regulation no. 2014-07.

The positive replacement value of risk equivalents represents the market value of the contracts before taking account of netting agreements and guarantees received.

The gross add-on is based on the notional amount of the contracts multiplied by a weighting factor. The net add-on is calculated using the formula prescribed by Instruction 96-06, as follows:

- net add-on = 0.4 x gross add-on + 0.6 x NGR x gross add-on, where NGR represents the ratio between net replacement cost and gross replacement cost, for all transactions entered into under legally valid netting agreements.

Weighting factors used for each type of counterparty are consistent with those prescribed by Regulation 91-05: 20% for banks and 50% for clients.

In thousands of euros	Gross risk-weighted assets		Net risk-weighted assets	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
6.2. Breakdown of weighted risk equivalents by type of counterparty				
Banks	5,302	9,892	8,794	4,482
Clients	2,670	1,691	1,951	1,465

In thousands of euros	Effect of netting		Effect of collateralisation	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
6.3. Effect of netting on total weighted risk equivalents				
Banks	2,628	3,783	6,121	1,627
Clients	719	226	-	-

Note 7 – Average number of employees

	31/12/2020	31/12/2019
Operatives	85	83
Executives and senior management	307	307
Unclassified	74	83
Total	**466**	**473**

Pursuant to the provisions of the French Commercial Code, the Group publishes a breakdown by category of its average workforce during the period.

The number of workers employed part-time or for less than the full year is taken into account in proportion to the average time worked as compared to the full-time hours laid down by agreement or statute.

Note 8 – Additional information

8.1. The financial statements of Edmond de Rothschild (France) have been included in the consolidated financial statements of Edmond de Rothschild (Suisse) using the full consolidation method since 2019.

8.2. Post-balance sheet events

No material events took place after the balance-sheet date of 31 December 2020.

The parent company financial statements contained in this document were finalised on 2 March 2021 and will be presented for approval at the Annual General Meeting of 5 May 2021.

Note 9 – Transactions with related parties

9.1. Transactions with related natural persons and others

In thousands of euros	31/12/2020	31/12/2019
Loans and overdrafts	19,024	19,028
Assets	**19,024**	**19,028**

In thousands of euros	31/12/2020	31/12/2019
Demand deposits	11,714	1,064
Liabilities	**11,714**	**1,064**

In thousands of euros	31/12/2020	31/12/2019
+ Interest and similar revenues	163	46
Net banking income	163	46
Gross operating income	**163**	**46**

9.2. Transactions with related companies

- *Transactions related to the income statement*

				31/12/2020
In thousands of euros	Name	Relationship with the related party	Revenues	Expenses
- Revenues/expenses on transactions with credit institutions		Subsidiary	-	-
- Financial services		Subsidiary	-	-
+ Gains on sales of long-term financial assets		Subsidiary	-	-

				31/12/2019
In thousands of euros	Name	Relationship with the related party	Revenues	Expenses
- Expenses on transactions with credit institutions		Subsidiary	-	-
- Financial services		Subsidiary	-	-
+ Gains on sales of long-term financial assets		Subsidiary	-	-

- *Transactions in forward financial instruments*

In thousands of euros		Amount
Total return index swap	Subsidiary	-

Parent company five year summary

	2016	2017	2018	2019	2020
Financial position at end of period					
Share capital	83,075,820	83,075,820	83,075,820	83,075,820	83,075,820
Number of shares in issue	5,538,388	5,538,388	5,538,388	5,538,388	5,538,388
Number of convertible bonds	-	-	-	-	-
Equity [(1)] *	254,056,000	265,156,000	264,804,000	284,811,000	278,917,000
Long-term funds [(1)] *	275,056,000	286,156,000	285,804,000	305,811,000	299,917,000
Total liabilities and equity *	2,713,132,000	3,424,862,000	3,644,336,000	3,854,863,000	3,824,002,000
Results of operations for the period					
Revenues excluding VAT	612,547,436	540,578,183	670,683,166	581,216,316	577,244,218
Income before tax, depreciation, amortisation and	20,085,747	19,891,140	42,852,972	23,535,467	4,210,399
Income tax expense	−10,684,248	−19,757,739	−4,492,843	−36,204	−8,205,688
Income after tax, depreciation, amortisation and	24,391,581	18,700,508	20,007,436	−5,894,022	−3,130,549
Dividends paid **	13,292,131	19,052,055	-	-	5,759,924
Per-share data					
Income after tax but before depreciation, amortisation	5.56	7.16	8.55	4.26	2.24
Income after tax, depreciation, amortisation and	4.40	3.38	3.61	−1.06	−0.57
Dividend **	2.40	3.44	-	-	1.04
Employees					
Number of employees at end of period	507	511	483	474	470
Total gross payroll	46,557,739	44,734,108	43,136,381	41,161,182	39,506,869
Social security contributions and employee benefits	23,540,011	24,869,906	24,240,623	21,630,228	23,324,519
Mandatory employee profit-sharing	878,803	2,428,568	3,262,173	1,577,989	2,373,047

(1) Excluding net income for the year.

* Rounded to the nearest thousand euros.

** This dividend payment is subject to approval by shareholders as usual in the Annual General Meeting scheduled to take place on 5 May 2021.

Statutory Auditors' reports

Year ended 31 December 2020

Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Edmond de Rothschild (France) for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis of our opinion

Audit framework

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Edmond de Rothschild (France) for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of our assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key audit matter

Measurement of goodwill and equity method investments	
Description of risk Goodwill, which corresponds to the difference between the acquisition price and the fair value of the assets and liabilities of the acquired entities, is detailed in Note 3.12 to the consolidated financial statements and amounted to 74.3 mn€ as at December 31, 2020. Equity method investments amounted to 59.6 M€ and are detailed in Note 3.9 to the consolidated financial statements. Goodwill is allocated to cash-generating units (CGUs) and tested for impairment at least once a year and whenever there is an indication that it may be impaired. Impairment occurs if the recoverable amount of an asset falls below its carrying amount, in which case an impairment charge is recognised against goodwill. We deemed the measurement of goodwill and Equity method investments to be a key audit matter owing to: ▪ Its material value in the consolidated balance sheet; ▪ The degree of judgement required from management in terms of selecting the impairment test criteria in the particular context of Covid-19 and ; ▪ The material impact on the Group's results of an error of judgement or change in estimate.	*How our audit addressed this risk* We examined the methodology used by the Group to measure a potential need for impairment for goodwill and Equity method investments. Our work consisted primarily in the following : ▪ A critical assessment of the business plans used to establish the projected cash flows; ▪ A critical assessment of the assumptions used by management to determine the discount rates and the perpetuity growth rates used in discounted cash flow calculations, if necessary by comparing them with external sources ▪ In addition to the result of the quantitative approaches, we reviewed of the documentation prepared by the management regarding the qualitative elements which can come, if necessary ▪ Finally, the verification that the notes to the financial statements provided appropriate information.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the in the Executive Board's management report. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported to the Annual General Meeting called to approve these financial statements

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance reporting required by Article L.225-102-1 of the French Commercial Code is included in the management report. We add that, in accordance with the provisions of Article L.823-10 of this Code, the information contained in this statement has not been the subject of our verifications of fairness or consistency with the consolidated financial statements and must be certified by an independent third party.

Report on other legal and regulatory requirements

Format of the presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier).

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Edmond de Rothschild (France) by the Annual General Meeting of 25 May 1999.

As at 31 December 2020, both firms were in the twenty second year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

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

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris, 19th April 2021

The Statutory Auditors

PricewaterhouseCoopers Audit...........Philippe Chevalier
Cabinet Didier Kling & Associés.............Solange Aïache

Statutory Auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Edmond de Rothschild (France) for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis of our opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from 1 January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of our assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Key audit matter

Measurement of investments in subsidiaries, other long-term investments and associates	
Description of risk	**How our audit addressed this risk**
Investments in subsidiaries and associates, presented in notes 2.6 and 2.7 of the financial statements, represent one of the largest assets on the balance sheet (€230.0 m at 31 December 2020 compared to €233.7m at 31 December 2019) and a material portion of their measurement is based on estimates. As stated in Note 1 to the financial statements "Accounting principles and measurement methods", these investments are measured on the basis of their value in use. For listed securities, the share price is not the only criteria used for measurement purposes. Estimating the value in use of these securities requires management to exercise judgement when selecting the criteria to be taken into account, be it historical data (equity value, share price) or forecasts (e.g., business plans). Accordingly, and in the context of Covid-19 pandemic we deemed the correct measurement of investments in subsidiaries and associates to be a key audit matter, due to the inherent uncertainty of certain components of the valuation, in particular the likelihood of achieving forecasts, and because an error of judgement by management could have a material impact on the year-end financial statements.	We assessed the documentation outlining the choices made by management among the various methods for measuring value in use. For valuations based on historical data: ▪ We verified that the equity values used were consistent with the audited financial statements of the entities valued. For valuations based on discounted projected cash flows: ▪ We verified that the cash flows had been reviewed by the management teams of the entities valued; ▪ We assessed the relevance of the main assumptions used.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

With respect to the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-6 of the French Commercial Code (code de commerce), we have the following observation: As stated in the management's report, this information does not include bank and other related transactions, as your Company considers that such operations fall outside the scope of the information to be disclosed.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by article L.225-37-4 and L. 22-10-10 of the French Commercial Code.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Format of the presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier)."

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Edmond de Rothschild (France) by the Annual General Meeting held on 29 May 1999 for PricewaterhouseCoopers Audit and for Didier Kling & Associés.

As at 31 December 2020, both firms were in the twenty-second year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

- This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- Evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris, 19th April 2021

The Statutory Auditors

PricewaterhouseCoopers Audit...........Philippe Chevalier
Cabinet Didier Kling & Associés.............Solange Aïache

Statutory auditors' Special Report on Related Parties Agreements

This is a translation into English of the Statutory auditors' Special Report on Related Parties Agreements of the Company issued in French and it is provided solely for the convenience of English speaking users. This report includes information required by European regulation and French law and should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Edmond de Rothschild France, we hereby report to you on related party agreements.

It is our responsibility to report to shareholders, on the basis of the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-58 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by
Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

We were not informed of any agreements authorised and entered into during the year to be submitted for the approval of the Annual General Meeting pursuant to the provisions of Article L.225-86 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

In accordance with Article R.225-57 of the French Commercial Code, we were informed that the execution of the following agreements, approved by the Annual General Meeting in previous years, have been continued during the past financial year.

Broker agreement with Edmond de Rothschild Asset Management (France)

Nature and purpose
Following the authorization of the Supervisory Board of December 12, 2002, Edmond de Rothschild (France) entered into a brokerage agreement on December 16, 2002 with the company Edmond de Rothschild Asset Management (France). This agreement has been subject of an amendment on July 30, 2007.

Edmond de Rothschild (France) holds 99.99% of the capital of Edmond de Rothschild Asset Management (France).

Modalities
As part of relations with external partners promoting the range of UCITS managed by Edmond de Rothschild Asset Management (France) and by other related companies, Edmond de Rothschild (France) mandates Edmond de Rothschild Asset Management (France) to carry out the payment to the partners of the contribution of Edmond de Rothschild (France) under the agreements spent with said partners. Edmond de Rothschild (France) pays its contribution to Edmond de Rothschild Asset Management (France) on a summary invoice every quarter or every year. In 2020, Edmond de Rothschild (France) paid to Edmond de Rothschild Asset Management (France) 1,353,777 euros excluding taxes.

Persons concerned
- Ms. Cynthia Tobiano is a member of the Supervisory Board of Edmond de Rothschild (France) and Chairman of the Supervisory Board of Edmond de Rothschild Asset Management (France).
- Mr. Philippe Cieutat is Chief Executive Officer of Edmond de Rothschild (France) and Vice-Chairman of the Supervisory Board of Edmond Rothschild Asset Management (France).

Neuilly-sur-Seine and Paris, 19th April 2021

The Statutory Auditors

PricewaterhouseCoopers Audit..........Philippe Chevalier
Cabinet Didier Kling & Associés............Solange Aïache

Resolutions

First resolution

The General Meeting, having reviewed the report of the Executive Board, the observations of the Supervisory Board and the report of the Auditors on the parent-company financial statements, approves the balance sheet and income statement for the financial year ended 31 December 2020, together with the transactions recorded in those statements or summarised in those reports.

In accordance with Article 223 quater of the French General Tax Code, the General Meeting notes that the total amount of expenses within the meaning of Article 39(4) of the French General Tax Code was €372,594 in 2020, corresponding to €115,504 of income tax assumed.

Second resolution

The General Meeting, having reviewed the report of the Executive Board, the observations of the Supervisory Board and the report of the Auditors on the consolidated financial statements, approves the consolidated balance sheet and consolidated income statement for the financial year ended 31 December 2020, together with the transactions recorded in those statements or summarised in those reports.

Third resolution

The General Meeting, having read the special report of the Auditors, approves the agreements referred to in that report.

Fourth resolution

The General Meeting takes note that the profit available for distribution comprises (in euros):

Net income/loss in 2020	−3,130,549.47
Retained earnings	65,319,491.01
Appropriation to the	-
Income available for	62,188,941.54

Net income available for distribution is appropriated as follows:

Distribution of a dividend of	€1.04 per share
Making total dividends of:	€5,759,923.52
Other reserves:	€24,258,139.44
Retained earnings:	€32,170,878.58

In accordance with article 243 bis of the French General Tax Code, it is stated that the dividend qualifies for the 40% allowance for natural persons whose tax domicile is in France provided for in article 158-3 of the French General Tax Code.

The following dividends per share were paid in respect of the three previous financial years:

	2019	2018	2017
Dividend per share	-	-	3.44
Amount eligible for relief under Article 158-3-2 of the French General Tax Code	40%	40%	40%

Fifth resolution

The General Meeting, having considered the result of work carried out in relation to the renewal of Véronique Morali's term of office as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, as are the independence criteria as set out in the Middlenext governance code, resolves to renew Véronique Morali's term of office as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2023.

Sixth resolution

The General Meeting, having considered the result of work carried out in relation to the renewal of Jean Laurent-Bellue's term of office as a member of the Supervisory Board, and noting that the criteria of integrity, knowledge, experience, skills and availability required by regulations in force are met, whereas the independence criteria are not met because of previous employment within the Edmond de Rothschild group, resolves to renew Jean Laurent-Bellue's term of office as a member of the Supervisory Board for a three-year term expiring at the end of the General Meeting convened to approve the financial statements for 2023.

Seventh resolution

The General Meeting, having been read the Executive