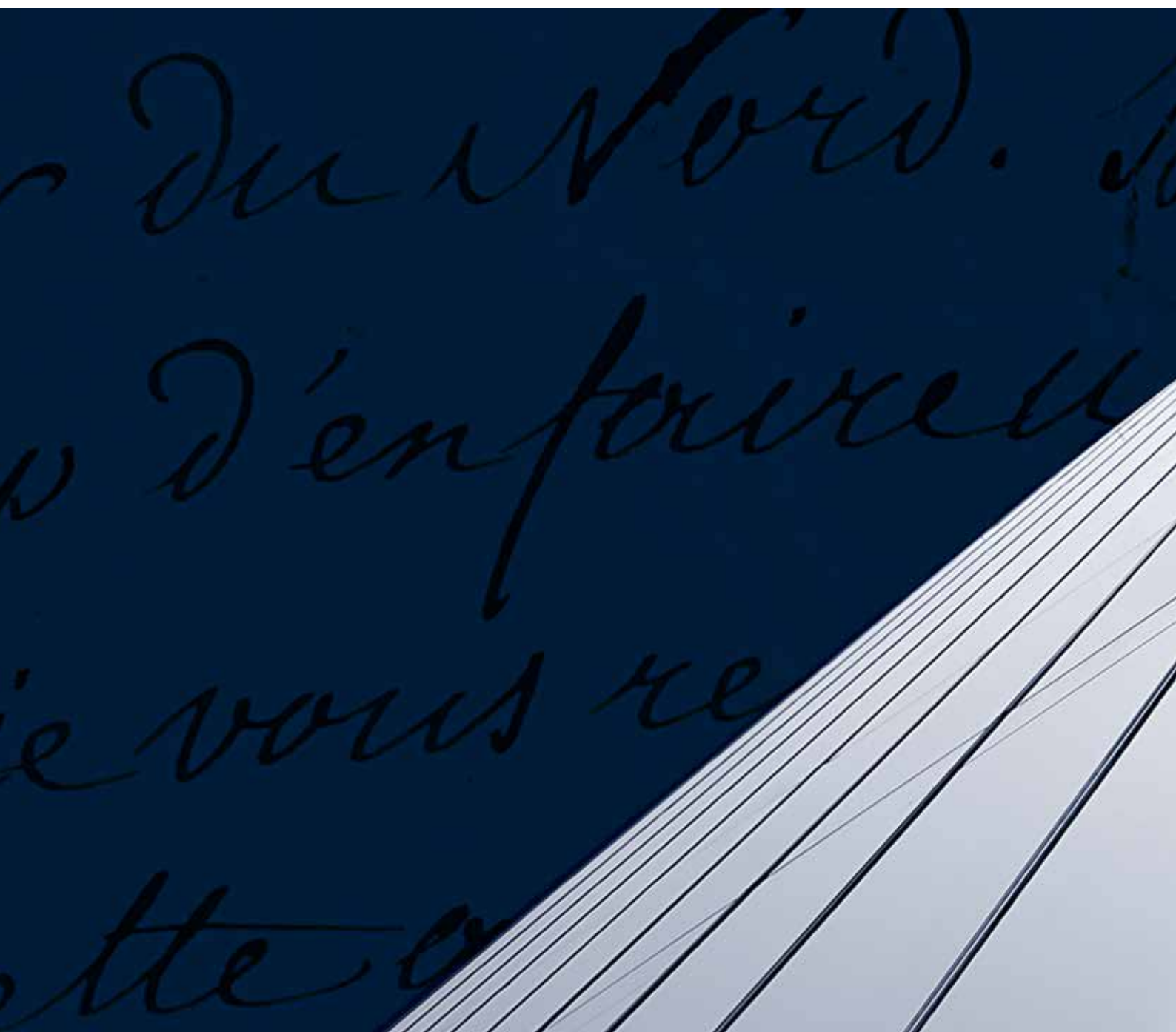


Rothschild & Co Bank AG



2021





**Annual Report 2021**  
**Rothschild & Co Bank AG**



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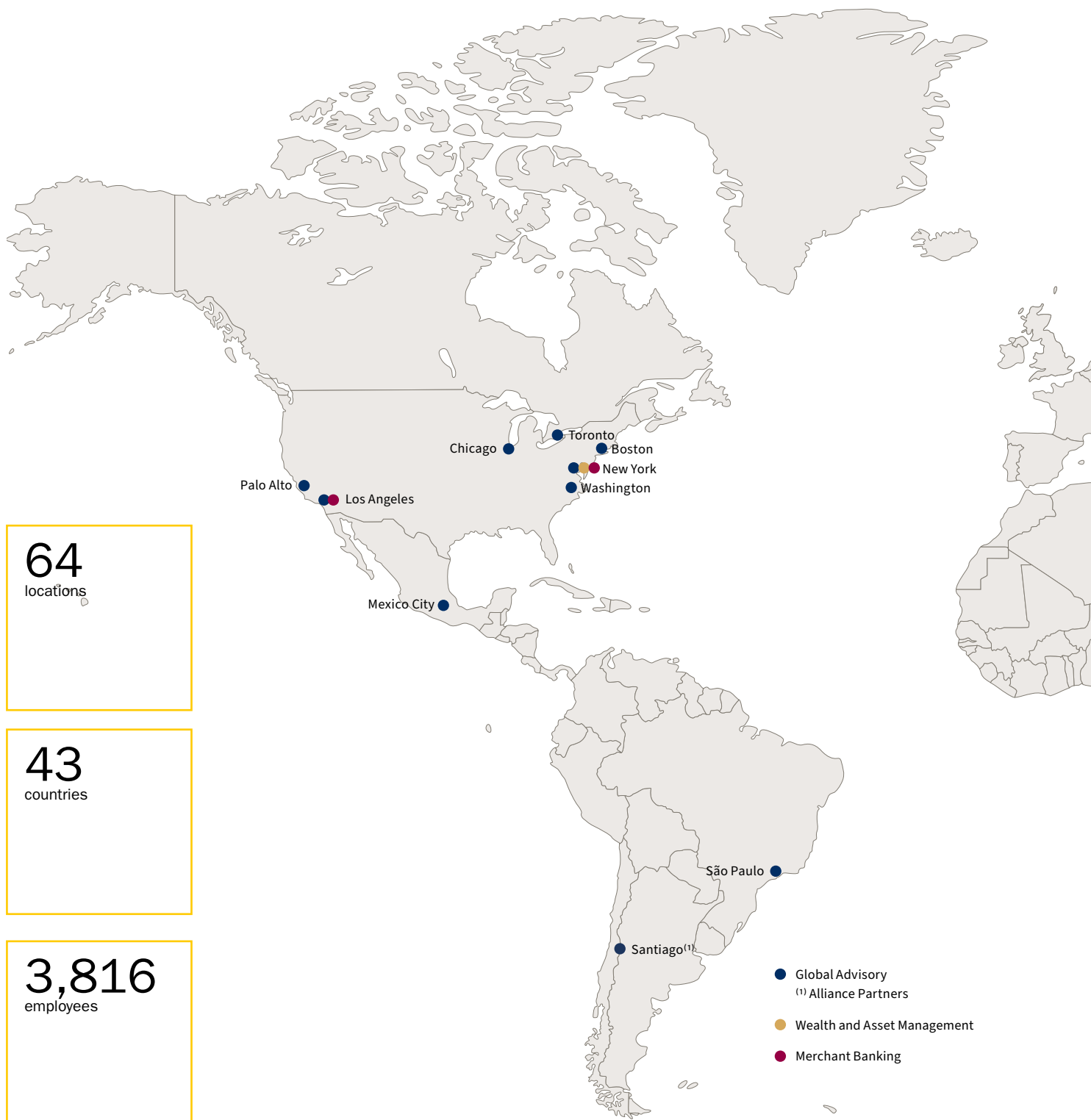
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# Rothschild & Co world presence

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





# Key Figures consolidated

	31.12.2021 1000 CHF	31.12.2020 1000 CHF
Consolidated balance sheet		
Total shareholders' equity	337,846	243,490
Total assets	5,519,755	4,896,335
Consolidated income statement		
Net interest income	23,454	26,529
Net commission income	111,463	81,931
Results from trading operations	17,353	15,948
Total income	166,027	133,031
Total operating expenses	-129,021	-104,153
Gross profit	37,006	28,878
Gross profit per employee	103	99
Consolidated net profit/loss	92,073	16,985
Staff (average full-time positions)		
Staffing level domestic	299	250
Staffing level abroad	59	41
Total staffing level	358	290



# Chairman's Statement

## Dear Ladies and Gentlemen,

Despite the ongoing Covid-19 situation, we shall look back on 2021 as a very successful year in the history of our bank. Strong underlying operational performance, supported by favourable market conditions, have helped produce record results. This would however not have been possible without our outstanding employees, who deserve my greatest thanks. Their hard work, positivity and dedication is remarkable, despite the ongoing challenges posed by the pandemic.

## Macro-economic environment

Against a backdrop of recurrent Covid contagion, disrupted supply chains and inflationary pressures, the global economic recovery continued in 2021. Most developed economies regained pre-pandemic levels of output during the year and a swift rebound in corporate profits underpinned another strong year for stock markets – a third consecutive year of double-digit returns. Risk appetite also extended to commodities, property, and alternative assets. In contrast, government bonds had a more challenging year, as virus-related bottlenecks and resurgent demand prompted a surge in inflation. Some central banks started the process of monetary normalisation, a trend which will continue in 2022 with implications for asset prices. Finally, 2021 was characterized by prominent political developments: escalating tensions around Ukraine and Taiwan, factionalism in the US and ongoing regulatory issues in China and the conclusion of COP26 being one notable positive.

## Strategic milestones

Following the announcement of the acquisition of Banque Pâris Bertrand in December 2020, the transaction was completed in July 2021. Less than 3 months later, on 1 October 2021, the two banks were legally merged, while the operational integration followed only 4 weeks after. Finally, with the effect of 1 January 2022 Olivier Bertrand, the Co-founder of Banque Pâris Bertrand was appointed Executive Vice Chair and member of the Executive Committee of our Bank, with dedicated responsibility for our subsidiary in Luxembourg, which used to be part of the Banque Pâris Bertrand group. We are convinced that with all these steps we've consolidated our strong position in the Swiss market and set a further cornerstone towards one united and strong European Wealth Management business.

With this in mind, we opened in Summer 2021 a subsidiary in Madrid. Having an onshore Wealth Management presence in Spain allows us, in collaboration with our colleagues from Global Advisory, to serve our Iberian clients locally in the best possible, holistic way.

## Commitment to our clients and employees

In 2021 the client assets, either managed, custodied or administrated by our Bank, reached CHF 54.1bn which represents an increase of 42% compared to previous year. Our Net New Assets for the year were very strong reaching CHF 2.0bn, representing 9.4% of managed assets. The Assets under Management ("AuM") were positively affected by the integration of Banque Pâris Bertrand, increasing the AuM base CHF 7.2bn, and a positive global market impact in 2021 of CHF 1.4bn. Overall AuM increased to CHF 31.4bn (up 45.6% on the previous year).

With the acquisition of Banque Pâris Bertrand and strong market performance, our discretionary assets under management doubled to CHF 9.4bn whilst our advisory business saw total assets rise over 50% to CHF 5.6bn. Our clients benefitted from a robust year in terms of performance with our flagship balanced funds in EUR, USD and CHF either in-line or outperforming competitors. One of the benefits of the Banque Pâris Bertrand acquisition was the opportunity to expand our product range. Our private market offering expanded with clients gaining access to Hermance Capital Partners. The LongRun Fund along with Systematic Strategies joined our investment platform with the LongRun (EUR) portfolio outperforming its benchmark by some 3%. 2021 also saw the launch of a subscription function connecting clients with our latest thought leadership and research from our Wealth Insights series, reinforcing our digital interaction with clients.

We did not focus solely on interaction with clients but also with our employees. In times of Covid, where working remotely was the only option, we have invested a great deal into our internal communication in order to stay in touch and motivate each other. We were therefore honored to win the Wealth Briefing Swiss Award for the 'Best Internal Communication'. In addition, we were also granted the award for the 'Best HNW Team – Swiss Domestic clients', which recognized the broad network and outstanding know-how of our group, where every individual client is able to benefit from unique investment opportunities across all life cycles. Lastly, we proudly accepted the Wealth Briefing award for 'Best Client Service' on behalf of Banque Pâris Bertrand.

## Responsible Investment

We believe investing responsibly to be a key obligation for the financial services sector, and have integrated environmental, social and governance ("ESG") factors throughout our investment process so that we capture opportunities generated by the green economy, understand the risks inherent in our portfolios and the impact of our investments.

Our approach to ESG is a combination of exclusion (where we feel certain types of investment are inconsistent with our values), active integration (where we incorporate ESG factors into our screening and analysis) as well as stewardship (engagement & proxy voting) and reporting activities. The latter allows us and our clients to understand the impact of what we do.

In 2020 we became signatories to the United Nations' Principles for Responsible Investment (UN-PRi) and to Swiss Sustainable Finance (SSF), committing us to incorporate ESG issues into our decision-making. Following this, in 2021 all our flagship funds became Article 8 compliant under the EU Sustainable Finance Disclosure Regulation, which requires them to promote ESG characteristics in their investments. In line with our Stewardship Code, we carried out our proxy voting activities in 2021 with 628 votes cast with 92% "for" and 8% "against".

## Financial Results

The consolidated 2021 results are driven by accounting effects from the acquisition of Banque Pâris Bertrand. For the full fiscal year, the reportable consolidated income attributable to shareholders is CHF 92m, with an underlying net profit of CHF 21.4m. The latter has increased by 26.3% when compared to prior year, excluding structuring

# Chairman's Statement

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effects and goodwill amortization. The significant extraordinary income of CHF 74.3m is driven by internal structuring effects from the acquisition of Banque Pâris Bertrand. The structuring effects also involved other Rothschild & Co group entities but remained neutral for our group holding entity Rothschild & Co SCA in Paris.

Our net interest income was CHF 23.5m for the full year. Despite a continued challenging interest rate environment, our strategic decision to increase lending has dampened the fall in net interest income when compared to prior years. Commission income of CHF 111.5m has grown by 36% year-over-year due to our robust business model and associated effects from the acquisition of Banque Pâris Bertrand.

Trading Operations income for the full year was CHF 17.4m, representing an increase by 8.8%, reflecting higher levels client activity. On the cost base, the merger between Banque Pâris Bertrand and our Bank has resulted in an increase of 23.8% in personnel related expenses. Also, the general and administrative expenses have increased by 24%, mainly due to related integration costs. The operating result for 2021 was up 30.9%, representing an operating margin of 16.6%.

The balance sheet has grown by 12.7% and reports CHF 5.5bn total assets by the end of 2021. Our strategy to provide clients with liquidity is the main driver for the increase in total assets. Lombard lending is up 52% and our mortgage business has grown 9.6% during 2021. Our Total Capital ratio stands at 19.05%, which is 4.2% lower when compared to prior year. The business-related balance sheet growth and the acquisition of Banque Pâris Bertrand are the primary driver for the lower ratio. The bank remains well capitalized to support continued business growth in the coming years.

## 2022: Back to the old normal?

Looking ahead to 2022, the virus' prominence may start to fade as policymakers shift towards tolerance and adaptation. Geopolitics will remain in focus – including presidential elections in France and midterms in the US, and the uncertainties these may induce will be negative for markets. With inflation rising sharply, and unemployment lower than anticipated, we can already see monetary tightening in the US and UK and expect to see further interest rate rises in all major currencies as the year progresses and into next year. This will increase volatility in equity markets and is likely to have a negative effect on asset prices. After a long period of rising asset prices, the outlook is weaker than for some time.

We are nevertheless optimistic. Economic growth remains reasonably strong, and we are all looking forward to more face-to-face meetings if the pandemic eases. Although the investment environment may well be more difficult, we are fully committed to helping our clients navigate the challenges ahead.

## Gary Powell

Chairman of the Board of Directors

# Corporate Governance

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## Board of Directors

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### Gary Alan POWELL

Chairman of the Board of Directors

#### Education

Master of Philosophy  
King's College London

Master of Natural Sciences  
University of Cambridge

#### Professional background

Since 2018	Rothschild & Co Wealth Management Chairman Wealth Management, Member of the Rothschild & Co Group Executive Committee
2012–2017	Rothschild & Co Head of Group Strategy and Corporate Development, Member of Group Management Committee
2007–2012	Rothschild Wealth Management, London Head of UK Wealth Management, Global Co-Head of Private Clients
2006–2007	Rothschild Wealth Management, London Finance Director
1994–2006	Rothschild Global Advisory, London M&A advisor
1991–1994	Linklaters LLP, London Solicitor

### Christian DE PRATI

Member of the Board of Directors<sup>1</sup>

#### Education

Master and Ph.D. in Economics  
University of Zurich

#### Professional background

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

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

# Corporate Governance

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## Serge LEDERMANN

Co-Deputy Chairman of the Board of Directors<sup>1</sup>

### Education

Master of Arts and Economic Sciences

University of Lausanne, HEC School  
for Business Management

International School for Banking Studies Geneva

### Professional background

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

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

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## François PÉROL

**Co-Deputy Chairman of the Board of Directors**

### Education

Diplôme HEC  
HEC School of Management  
  
Certificat de Diplome  
Paris Institute of Political Sciences (Sciences Po Paris)  
  
Ecole Nationale d'Administration (ENA)

### Professional background

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

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## Sipko SCHAT

**Member of the Board of Directors**

### Education

Bachelor of Laws  
University of Groningen, Netherlands

### Professional background

Since 2012	Rothschild & Co SCA Member of the Supervisory Board, Chairman of the Risk Committee and Member of the Audit Committee
Since 2013	OCI NV Vice Chairman Chairman of Nomination and Remuneration Committee and Member of Audit and Compliance Committee
Since 2016	Trafigura Group Pte Ltd Member of the Supervisory Committee
2014–2018	Vion NV Chairman of the Supervisory Board and Member of the Remuneration Committee
1985–2014	Rabobank Netherlands and International Responsibilities included: Member of the Executive Board, Member of the Managing Board, Chairman of the Management Team Whole- sale, Global Head of Corporate Finance, Head of Structured Finance, Senior Manager Structured Finance and Senior Corporate Lawyer  Rabobank Ireland Plc. Head of Corporate Finance
Since 2019	Randstad Beheer B.V. Managing Director

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# Corporate Governance

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## Executive Committee<sup>2</sup>

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### Laurent GAGNEBIN

Chief Executive Officer

#### Education

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

Bachelor of Business Administration,  
GSBA Zurich

Bachelor of Science,  
HES diploma of Ecole Hôtelière de Lausanne

#### Professional background

Since 2011 Rothschild & Co Bank AG  
Chief Executive Officer (since 2016)  
Head Wealth Management Switzerland (2011-2018)  
Member of the Rothschild & Co Group Executive Committee (since 2018)

2009–2011 Investec Bank AG, Geneva  
Head of Geneva Office, Senior Private Banker

2005–2009 Goldman Sachs Bank AG, Geneva  
Executive Director

2002–2005 Quaker Securities, Nyon  
Senior Vice President

### Christian BOUET

Chief Financial Officer

#### Education

French Chartered Accountant

Master of Business Administration,  
NEOMA Business School, Reims

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

#### Professional background

Since 2013 Rothschild & Co Bank AG  
Chief Financial Officer

2006–2013 ED&F Man Group, London,  
Responsibilities included:  
Chief Executive Officer ED&F Man Capital Markets (2010–2013),  
Divisional Finance Director (2006–2010)

1989–2006 Credit Agricole Corporate & Investment Bank (CACIB),  
Responsibilities included:  
Chief Operating Officer Brokerage Division, London (1995–2005),  
Financial Controller Asset Management Division, Paris (1989–1994)

1986–1989 Ernst & Young, Paris  
Auditor

### Gabriel GASCON

Head of Private Banking Geneva

#### Education

Master in Finance  
Dauphine University, Paris

#### Professional background

Since 2012 Rothschild & Co Bank AG  
Head of Private Banking Geneva (since 2017)  
Team Head Swiss Onshore (2014-2017)  
Client Adviser (2012-2014)

2009–2012 Credit Suisse, Geneva  
Client Advisor

2007–2009 Pergam Advisory (EAM & PE), Geneva  
Client Advisor

1999–2007 Rothschild & Co, Paris  
Responsibilities included:  
IT Analyst, Fund Manager and Junior Client Advisor

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<sup>2</sup> The Board of Directors appointed Olivier Bertrand, Executive Vice Chair, as member of the Executive Committee with the effect as at 1 January 2022.

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## Executive Committee

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### Juan Carlos MEJIA PEREZ

Chief Investment Officer

#### Education

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

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

#### Professional background

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

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### Heinz NESSHOLD

Head of Private Banking Zurich

#### Education

KV Business School Zurich

#### Professional background

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

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### Barbara URSPRUNG

Head of Human Resources

#### Education

Secondary School, Schaffhausen

#### Professional background

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

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# Corporate Governance

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## Fiona WALLACE-MASON

Head of Compliance

### Education

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

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

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

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

### Professional background

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

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## Daniel WEBER

Chief Operating Officer

### Education

Advanced Executive Program, Swiss Finance Institute

Chartered Financial Analyst (CFA)

Bachelor of Science in Business Administration

HWV St. Gallen

### Professional background

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

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## Corporate Secretariat

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### Ivona LINDER

Corporate Secretary

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## Internal Audit

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### Fabien BONABAUD

Head Internal Audit

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## Statutory Auditors

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### KPMG AG

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## A Consolidated Balance Sheet

### Assets

	Notes	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change	
				1000 CHF	%
Liquid assets		3,048,023	3,078,945	-30,922	-1.0
Amounts due from banks		233,500	179,395	54,105	30.2
Amounts due from customers	1	1,562,976	1,028,469	534,507	52.0
Mortgage loans	1	324,839	296,265	28,573	9.6
Trading portfolio assets	2	5,170	2,849	2,321	81.5
Positive replacement values of derivative financial instruments	3	93,916	141,159	-47,243	-33.5
Other financial instruments at fair value	2	96,299	99,678	-3,379	-3.4
Financial investments	4, 8	29,658	20,596	9,062	44.0
Accrued income and prepaid expenses		21,401	11,914	9,487	79.6
Non-consolidated participations	5, 6	68	68	-0	-0.4
Tangible fixed assets	6	21,899	25,892	-3,993	-15.4
Intangible fixed assets	6	70,951	-	70,951	
Other assets	7	11,055	11,105	-49	-0.4
<b>Total assets</b>		<b>5,519,755</b>	<b>4,896,335</b>	<b>623,420</b>	<b>12.7</b>

### Liabilities and shareholders' equity

	Notes	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change	
				1000 CHF	%
Amounts due to banks		1,025,476	844,757	180,719	21.4
Amounts due in respect of customer deposits		3,939,624	3,572,963	366,661	10.3
Negative replacement values of derivative financial instruments	3	114,663	172,623	-57,960	-33.6
Accrued expenses and deferred income		56,036	41,416	14,620	35.3
Other liabilities	7	37,661	12,253	25,408	207.4
Provisions	10	8,449	8,833	-384	-4.3
Reserves for general banking risks	10	7,000	7,000	-	-
Bank's capital		10,330	10,330	-	-
Capital reserve		24,871	4,620	20,251	438.3
of which tax-exempt capital contribution reserve		20,251	-	20,251	
Statutory retained earnings reserve		5,165	5,165	-	-
Voluntary retained earnings reserves		198,407	199,390	-983	-0.5
Minority interest in equity		-	-	-	
Consolidated profit		92,073	16,985	75,088	442.1
of which minority interest in consolidated net profit		-	-	-	
<b>Total liabilities</b>		<b>5,519,755</b>	<b>4,896,335</b>	<b>623,420</b>	<b>12.7</b>

## A Consolidated Off-Balance Sheet Transactions

	Notes	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change 1000 CHF	%
Contingent liabilities	1, 18	51,859	125,316	- 73,457	- 58.6
Irrevocable commitments	1, 19	351,858	216,886	134,972	62.2
Revocable commitments	1, 19	7,213	-	7,213	

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

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

## B Consolidated Income Statement

	Notes	2021	2020	Change	
		1000 CHF	1000 CHF	1000 CHF	%
Interest and discount income		48,990	63,044	-14,054	-22.3
Interest and dividend income from financial investments		-170	4	-174	-4,350.0
Interest expense		-25,366	-36,519	11,153	-30.5
<b>Subtotal net result from interest operations</b>	<b>23</b>	<b>23,454</b>	<b>26,529</b>	<b>-3,075</b>	<b>-11.6</b>
Commission income from securities trading and investment activities		113,646	83,564	30,082	36.0
Commission income from lending activities		881	890	-9	-1.0
Commission income from other services		3,268	4,560	-1,292	-28.3
Commission expense		-6,332	-7,083	751	-10.6
<b>Subtotal result from commission business and services</b>	<b>27</b>	<b>111,463</b>	<b>81,931</b>	<b>29,532</b>	<b>36.0</b>
<b>Results from trading operations and the fair value option</b>	<b>22, 27</b>	<b>17,353</b>	<b>15,948</b>	<b>1,405</b>	<b>8.8</b>
Income from non-consolidated participations		158	128	30	23.4
Result from real estate		1,271	1,266	5	0.4
Other ordinary income		12,328	7,229	5,099	70.5
<b>Total income</b>	<b>27</b>	<b>166,027</b>	<b>133,031</b>	<b>32,996</b>	<b>24.8</b>
Personnel expenses	11, 24, 27	-96,256	-77,735	-18,521	23.8
General and administrative expenses	25, 27	-32,765	-26,418	-6,347	24.0
<b>Subtotal operating expenses</b>	<b>27</b>	<b>-129,021</b>	<b>-104,153</b>	<b>-24,868</b>	<b>23.9</b>
<b>Gross profit</b>	<b>27</b>	<b>37,006</b>	<b>28,878</b>	<b>8,128</b>	<b>28.1</b>
Value adjustments on participations and depreciation and amortisation of tangible fixed assets	6	-12,340	-7,019	-5,321	75.8
Changes to provisions and other value adjustments, and losses	10	-738	-754	16	-2.1
<b>Operating result</b>		<b>23,928</b>	<b>21,105</b>	<b>2,823</b>	<b>13.4</b>
Extraordinary income	26	74,325	1,328	72,997	5,496.8
Extraordinary expenses	26	-	-	-	
Taxation	28	-6,180	-5,448	-732	13.4
<b>Consolidated profit/ loss</b>		<b>92,073</b>	<b>16,985</b>	<b>75,088</b>	<b>442.1</b>
of which minority interest in consolidated net profit		-	-	-	

Extraordinary income in 2021 represents the gain on sale of the subsidiary Banque Paris Bertrand to Rothschild & Co Continuation Holdings AG. Extraordinary income in 2020 relates to out of period insurance coverage for past expenses in relation to legal matters.

## B Consolidated Statement of Cash Flows

	31.12.2021		31.12.2020	
	Cash in-flow	Cash out-flow	Cash in-flow	Cash out-flow
<b>Cash flow from operating activities</b>				
Result of the period	92,073	–	16,985	–
Change in reserves for general banking risks	–	–	–	–
Change in capital reserves	20,251	–	–	–
Depreciation and amortisation of tangible fixed assets	8,603	–	7,019	–
Depreciation and amortisation of intangible fixed assets	3,734	–	–	–
Provisions and other value adjustments	659	–	1,198	–
Accrued income and prepaid expenses	–	9,487	853	–
Accrued expenses and deferred income	14,620	–	2,760	–
Previous year's dividend	–	17,322	–	15,961
<b>Total Cash flow from operating activities</b>	<b>139,940</b>	<b>26,809</b>	<b>28,815</b>	<b>15,961</b>
<b>Cash flow from transactions in respect of participations and tangible and intangible fixed assets</b>				
Non-consolidated participations	–	–	–	–
Real estate	–	–	–	–
Tangible fixed assets	–	4,789	–	2,169
Intangible fixed assets	–	74,685	–	–
<b>Total Cash flow from transactions in respect of participations and tangible fixed assets</b>	<b>–</b>	<b>79,474</b>	<b>–</b>	<b>2,169</b>
<b>Cash flow from banking operations</b>				
Medium and long-term business (> 1 year):				
Amounts due to banks	–	–	–	–
Amounts due in respect of customer deposits	–	–	–	–
Amounts due from banks	–	–	–	–
Amounts due from customers	657	–	–	225
Mortgage loans	–	4,484	2,328	–
Financial investments	–450	16,911	14,157	–
Provisions and other value adjustments	–	1,042	–	919
Short-term business:				
Amounts due to banks	180,719	–	–	228,870
Amounts due in respect of customer deposits	366,661	–	759,770	–
Negative replacement values of derivative financial instruments	–	57,960	77,225	–
Other liabilities	25,409	–	3,596	–
Amounts due from banks	–	54,105	83,412	–
Amounts due from customers	–	535,164	–	120,010
Mortgage loans	–	24,090	24,837	–
Trading portfolio assets	–	2,340	–	513
Positive replacement values of derivative financial instruments	47,243	–	–	71,146
Other assets	49	–	1,319	–
Other financial instruments at fair value	3,379	–	–	1,421
Financial investments	7,849	–	–	11,902
Liquidity:				
Liquid assets	30,923	–	–	542,323
<b>Total</b>	<b>802,379</b>	<b>802,379</b>	<b>995,459</b>	<b>995,459</b>

## B Consolidated Statements of Changes in Equity

### Statement of Changes in Equity

	Bank's capital 1000 CHF	Capital reserve 1000 CHF	Retained earnings reserve 1000 CHF	Reserves for general banking risks 1000 CHF	Minority interests 1000 CHF	Result of the period 1000 CHF	Total 1000 CHF
<b>Equity at 01.01.2021</b>	<b>10,330</b>	<b>4,620</b>	<b>204,555</b>	<b>7,000</b>	<b>-</b>	<b>16,985</b>	<b>243,490</b>
Transfer of profits to retained earnings	-	-	16,985	-	-	-16,985	-
Currency translation differences	-	-	-657	-	-	-	-657
Dividends and other distributions	-	-	-17,322	-	-	-	-17,322
Employee Compensation Plans	-	-	95	-	-	-	95
Other contributions/ other capital paid in	-	20,251	-84	-	-	-	20,167
Acquisition of own shares	-	-	-	-	-	-	-
Disposal of own shares	-	-	-	-	-	-	-
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-	-	-	-
Consolidated profit (result of the period)	-	-	-	-	-	92,073	92,073
<b>Equity at 31.12.2021</b>	<b>10,330</b>	<b>24,871</b>	<b>203,572</b>	<b>7,000</b>	<b>-</b>	<b>92,073</b>	<b>337,846</b>

## C Notes to the Consolidated Financial Statements

### Information on the Balance Sheet

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

		Mortgage collateral 1000 CHF	Other collateral 1000 CHF	Without collateral 1000 CHF	Total 1000 CHF
Amounts due from customers		–	1,358,808	204,168	1,562,976
Mortgage loans (residential property)		324,839	–	–	324,839
<b>Total loans</b>	<b>Current year</b>	<b>324,839</b>	<b>1,358,808</b>	<b>204,168</b>	<b>1,887,815</b>
	Previous year	296,265	915,530	112,939	1,324,734
Contingent liabilities		–	51,686	173	51,859
Irrevocable commitments		–	348,464	3,394	351,858
Revocable commitments		–	7,213	–	7,213
<b>Total off-balance sheet transactions</b>	<b>Current year</b>	<b>–</b>	<b>407,363</b>	<b>3,567</b>	<b>410,930</b>
	Previous year	–	338,953	3,249	342,202

#### Impaired loans/ receivables

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

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

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

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

	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change 1000 CHF	%
Equity securities	2,793	1,298	1,495	115.2
Other financial instruments at fair value	2,377	1,551	826	53.3
Precious metals	96,299	99,678	–3,379	–3.4
<b>Total</b>	<b>101,469</b>	<b>102,527</b>	<b>–1,058</b>	<b>–1.0</b>

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

### 3 Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments		Contract volume 1000 CHF
	Replacement value positive 1000 CHF	Replacement value negative 1000 CHF	
<b>Foreign exchange/ precious metals</b>	<b>93,916</b>	<b>114,663</b>	<b>14,845,144</b>
Forward contracts	60,126	22,221	5,142,155
Combined interest rate/ currency swaps	32,046	90,700	9,208,102
Options (OTC)	1,744	1,742	494,887
<b>Total before consideration of netting contracts</b>	<b>93,916</b>	<b>114,663</b>	<b>14,845,144</b>
	Current year		
	141,159	172,623	11,233,192
	Previous year		

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

### Analysis of counterparties of derivative instruments

	Banks and securities dealers 1000 CHF	Other customers 1000 CHF	Total 1000 CHF
<b>Positive replacement values</b>	<b>90,627</b>	<b>3,289</b>	<b>93,916</b>
Previous year	135,004	6,155	141,159

### 4 Financial investments

	Book value		Fair value	
	31.12.2021 1000 CHF	31.12.2020 1000 CHF	31.12.2021 1000 CHF	31.12.2020 1000 CHF
Debt securities	29,658	20,596	30,322	20,657
of which, intended to be held to maturity	29,658	20,596	30,322	20,657
<b>Total financial investments</b>	<b>29,658</b>	<b>20,596</b>	<b>30,322</b>	<b>20,657</b>
of which, securities eligible for repo transactions in accordance with liquidity requirements	–	–	–	–

### Counterparties by rating

	AA- 1000 CHF	A+ 1000 CHF	A 1000 CHF	A- 1000 CHF	AA 1000 CHF	Unrated 1000 CHF	Total 1000 CHF
Debt securities							
<b>Book values</b>	<b>7,437</b>	<b>3,145</b>	<b>5,473</b>	<b>8,345</b>	<b>5,258</b>	<b>–</b>	<b>29,658</b>
Previous year	–	1,083	4,329	7,045	8,139	–	20,596

Counterparties are rated according to S&P ratings.

## C Notes to the Consolidated Financial Statements

### 5 Participations

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

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



## Non-consolidated participations

	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change 1000 CHF	%
Non-consolidated participations without market value	68	68	–	–
<b>Total non-consolidated participations</b>	<b>68</b>	<b>68</b>	<b>–</b>	<b>–</b>

## 6 Presentation of participations, tangible and intangible fixed assets

	Current year						
	Acquisition cost 1000 CHF	Accumulated depreciation 1000 CHF	Book value Previous year end 1000 CHF	Additions 1000 CHF	Disposals/ Forex impact 1000 CHF	Depre- ciation/ Valuation adjust- ments 1000 CHF	Book value current year 1000 CHF
Non-consolidated participations	68	–	68	–	–	–	68
<b>Total non-consolidated participations</b>	<b>68</b>	<b>–</b>	<b>68</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>68</b>
Bank buildings	45,975	37,075	8,900	688	–	616	8,972
Outfitting costs	19,622	18,797	825	753	200	546	832
Proprietary or separately acquired software	70,091	53,924	16,167	3,279	31	7,530	11,885
Other tangible fixed assets	–	–	–	229	–	19	210
<b>Total tangible fixed assets</b>	<b>135,688</b>	<b>109,796</b>	<b>25,892</b>	<b>4,949</b>	<b>231</b>	<b>8,711</b>	<b>21,899</b>

## Intangible Assets

	Current year						
	Cost Value 1000 CHF	Accumulated amortisation 1000 CHF	Book value Previous year end 1000 CHF	Additions 1000 CHF	Disposals 1000 CHF	Amortisation 1000 CHF	Book value current year 1000 CHF
Goodwill	–	–	–	74,685	–	3,734	70,951
<b>Total intangible assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>74,685</b>	<b>–</b>	<b>3,734</b>	<b>70,951</b>

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

## C Notes to the Consolidated Financial Statements

### 7 Other assets and other liabilities

	Other assets		Other liabilities	
	31.12.2021 1000 CHF	31.12.2020 1000 CHF	31.12.2021 1000 CHF	31.12.2020 1000 CHF
Salary debtor and creditor accounts	3,992	2,426	–	594
Employer contribution reserves	–	–	–	–
Balances arising from internal bank business operations	6,705	8,483	34,701	9,251
Value added tax and withholding tax	114	94	1,656	1,388
Current tax assets and liabilities	244	102	1,304	1,020
Due from Trust customers	–	–	–	–
<b>Total</b>	<b>11,055</b>	<b>11,105</b>	<b>37,661</b>	<b>12,253</b>

### 8 Assets pledged or assigned to secure own commitments

	31.12.2021		31.12.2020	
	Book values 1000 CHF	Effective commitments 1000 CHF	Book values 1000 CHF	Effective commitments 1000 CHF
Amounts due from banks	31,652	31,652	27,337	27,337
Financial investments	29,658	29,658	20,596	20,596
<b>Total</b>	<b>61,310</b>	<b>61,310</b>	<b>47,933</b>	<b>47,933</b>

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

## 9 Disclosures on the economic situation of own pension schemes

	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change 1000 CHF	%
Liabilities to own pension plans	16,225	61,614	-45,389	-73.7

### Employer's contribution reserves (ECR)

1000 CHF	Nominal value	Waiver of use	Creation 2021	Net amount	Net amount	Influence of ECR on personnel expenses	Influence of ECR on personnel expenses
	31.12.2021	31.12.2021		31.12.2021	31.12.2020	2021	2020
Personnel Foundation	598	–	–	598	598	–	–

### Presentation of the economic benefit/ obligation and the pension expenses

1000 CHF	Overfunding/ underfunding	Economic interest of bank		Change in economic interest	Contributions paid	Pension expenses in personnel expenses	Pension expenses in personnel expenses
	31.12.2021	31.12.2021	31.12.2020	2021	2021	2021	2020
Pension plans with overfunding	19,065	–	–	–	8,875	8,875	7,480

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

The disclosure for the year 2021 is based on the annual accounts of the Swiss pension schemes as of 31.12.2021.

## C Notes to the Consolidated Financial Statements

### 10 Provisions, reserves for general banking risks

	Previous year end 1000 CHF	Use in conformity with designated purpose 1000 CHF	Currency differences 1000 CHF	New creations charged to income 1000 CHF	Releases to income 1000 CHF	Balance at current year end 1000 CHF
Provisions for deferred taxes	–	–	–	–	–	–
Provisions for pension benefit obligations	–	–	–	–	–	–
Provisions for other business risks	8,833	–1,043	–79	1,138	–400	8,449
Provisions for restructuring	–	–	–	–	–	–
<b>Total provisions</b>	<b>8,833</b>	<b>–1,043</b>	<b>–79</b>	<b>1,138</b>	<b>–400</b>	<b>8,449</b>
<b>Reserves for general banking risks</b>	<b>7,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,000</b>

There continue to be a number of regulatory developments and inquiries in the financial services industry and the Swiss private banking sector that may impact the Bank. The directors believe that the level of provisions made in these accounts for client litigation, legal and other costs is sufficient for any potential or actual proceedings or claims which are likely to have a material impact on the Bank's financial statements, where, based on information available at the reporting date, an outflow of resources will be required and the amount can be reliably estimated. The group built a provision based on reasonable estimates for one new case during the year. Based on further developments, the estimated value of liability could change in 2022.

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

	Equity securities Number		Equity securities Value in 1000 CHF		Options Number		Options Value in 1000 CHF	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Members of the board of directors	944	2,246	39	63	–	20,000	–	65
Members of executive bodies	48,130	49,026	2,013	1,372	101,000	100,000	343	323
Employees	763	1,939	32	54	40,000	–	165	–
<b>Total</b>	<b>49,837</b>	<b>53,211</b>	<b>2,084</b>	<b>1,489</b>	<b>141,000</b>	<b>120,000</b>	<b>508</b>	<b>388</b>

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

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

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

Under the 2017, 2018, 2019, 2020 and 2021 share plans, persons who have variable compensation which attracts deferrals/retentions and the delivery of non-cash incentives accordingly, as determined by Group Human Resources, were awarded 15 percent of their variable compensation as non-cash instruments. These shares are subject to a lock-up period and vest in three tranches over the three following years.

## 12 Disclosure of amounts due from and due to related parties

	Amounts due to		Amounts due from	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Holders of qualified participations	104,166	107,193	176,487	86,796
Linked companies	1,203,883	953,793	34,931	58,560
Other related parties	–	–	–	–
<b>Total</b>	<b>1,308,049</b>	<b>1,060,986</b>	<b>211,418</b>	<b>145,356</b>

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

## 13 Maturity structure of current assets, financial investments and liabilities

	At sight 1000 CHF	Redeem- able by notice 1000 CHF	Maturity within 3 months 1000 CHF	Maturity within 3- 12 months 1000 CHF	Maturity within 1-5 years 1000 CHF	Maturity after 5 years 1000 CHF	Total 31.12.2021 1000 CHF
Liquid assets	3,048,023	–	–	–	–	–	3,048,023
Amounts due from banks	233,500	–	–	–	–	–	233,500
Amounts due from customers	61,667	–	1,072,106	426,765	2,438	–	1,562,976
Mortgage loans	–	–	–	69,817	249,836	5,186	324,839
Trading portfolio assets	5,170	–	–	–	–	–	5,170
Positive replacement values of derivative financial instruments	–	–	25,666	67,743	507	–	93,916
Other financial instruments at fair value	96,299	–	–	–	–	–	96,299
Financial investments	–	–	2,075	4,153	23,430	–	29,658
<b>Total assets/ financial investments</b>	<b>3,444,659</b>	<b>–</b>	<b>1,099,847</b>	<b>568,478</b>	<b>276,211</b>	<b>5,186</b>	<b>5,394,381</b>
Previous year	3,370,547	–	826,258	390,400	257,917	2,234	4,847,356
	–	–	–	–	–	–	–
Amounts due to banks	1,004,450	–	21,026	–	–	–	1,025,476
Amounts due in respect of customer deposits	3,719,092	–	220,532	–	–	–	3,939,624
Negative replacement values of derivative financial instruments	–	–	49,131	65,526	6	–	114,663
<b>Total debt capital/ financial investments</b>	<b>4,723,542</b>	<b>–</b>	<b>290,689</b>	<b>65,526</b>	<b>6</b>	<b>–</b>	<b>5,079,763</b>
Previous year	4,179,142	–	246,391	164,689	121	–	4,590,343

## C Notes to the Consolidated Financial Statements

### 14 Assets and liabilities by domestic and foreign origin

	31.12.2021			31.12.2020		
	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF
<b>Assets</b>						
Liquid assets	3,048,023	–	3,048,023	3,078,945	–	3,078,945
Amounts due from banks	101,888	131,612	233,500	64,181	115,214	179,395
Amounts due from customers	284,038	1,278,938	1,562,976	146,918	881,551	1,028,469
Mortgage loans	88,155	236,684	324,839	66,557	229,708	296,265
Trading portfolio assets	14	5,156	5,170	13	2,836	2,849
Positive replacement values of derivative financial instruments	8,125	85,791	93,916	66,759	74,400	141,159
Other financial instruments at fair value	96,299	–	96,299	99,678	–	99,678
Financial investments	–	29,658	29,658	–	20,596	20,596
Accrued income and prepaid expenses	13,626	7,775	21,401	5,955	5,959	11,914
Participations	68	–	68	68	–	68
Tangible fixed assets	21,238	661	21,899	25,556	336	25,892
Intangible assets	70,951	–	70,951	–	–	–
Other assets	9,500	1,555	11,055	4,903	6,202	11,105
<b>Total assets</b>	<b>3,741,925</b>	<b>1,777,830</b>	<b>5,519,755</b>	<b>3,559,533</b>	<b>1,336,802</b>	<b>4,896,335</b>
<b>Liabilities</b>						
Amounts due to banks	31,897	993,579	1,025,476	69,979	774,778	844,757
Amounts due in respect of customer deposits	746,163	3,193,461	3,939,624	664,011	2,908,952	3,572,963
Negative replacement values of derivative financial instruments	52,431	62,232	114,663	29,062	143,561	172,623
Accrued expenses and deferred income	50,270	5,766	56,036	35,864	5,552	41,416
Other liabilities	34,605	3,056	37,661	11,884	369	12,253
Provisions	8,242	207	8,449	8,617	216	8,833
Reserves for general banking risks	7,000	–	7,000	7,000	–	7,000
Bank's capital	10,330	–	10,330	10,330	–	10,330
Capital reserve	24,871	–	24,871	4,620	–	4,620
Retained earnings reserve	203,572	–	203,572	204,555	–	204,555
Profit/loss (result of the period)	92,073	–	92,073	16,985	–	16,985
<b>Total liabilities</b>	<b>1,261,454</b>	<b>4,258,301</b>	<b>5,519,755</b>	<b>1,062,907</b>	<b>3,833,428</b>	<b>4,896,335</b>

## 15 Total assets by group of countries

	31.12.2021		31.12.2020	
	1000 CHF	Share in %	1000 CHF	Share in %
Europe	5,066,430	91.8	4,599,131	93.9
America	257,120	4.7	165,320	3.4
Asia, Australia, New Zealand	173,848	3.1	126,278	2.6
Other	22,357	0.4	5,606	0.1
<b>Total</b>	<b>5,519,755</b>	<b>100.0</b>	<b>4,896,335</b>	<b>100.0</b>

## 16 Breakdown of assets by credit rating of country group

Bank's own country rating	Standard & Poor's	31.12.2021		31.12.2020	
		Net foreign exposure		Net foreign exposure	
		1000 CHF	Share in %	1000 CHF	Share in %
1	A	22,493	1.4	36,951	2.9
2	Aa	440,030	28.3	395,166	31.3
3	Aaa	840,724	54.1	680,259	53.8
4	B	43,430	2.8	9,893	0.8
5	Ba	10,336	0.7	4,363	0.3
6	Baa	112,026	7.2	77,230	6.1
7	Caa and below	83,640	5.4	59,694	4.7
<b>Total</b>	<b>Total</b>	<b>1,552,679</b>	<b>100.0</b>	<b>1,263,556</b>	<b>100.0</b>

## C Notes to the Consolidated Financial Statements

### 17 Balance sheet by currency in 1000 CHF

	CHF	EUR	USD	GBP	Other	Total 31.12.2021
<b>Assets</b>						
Liquid assets	3,047,521	347	85	48	22	3,048,023
Amounts due from banks	101,213	38,584	72,853	12,370	8,480	233,500
Amounts due from customers	284,298	830,534	194,881	227,421	25,842	1,562,976
Mortgage loans	88,155	–	–	236,684	–	324,839
Trading portfolio assets	2,391	533	2,242	4	–	5,170
Positive replacement values of derivative financial instruments	93,415	–	–	501	–	93,916
Other financial instruments at fair value	–	–	–	–	96,299	96,299
Financial investments	–	29,658	–	–	–	29,658
Accrued income and prepaid expenses	39,144	–3,218	–15,297	643	129	21,401
Participations	68	–	–	–	–	68
Tangible fixed assets	21,915	–16	–	–	–	21,899
Intangible assets	70,956	–5	–	–	–	70,951
Other assets	9,448	374	698	533	2	11,055
<b>Total assets shown in balance sheet</b>	<b>3,758,524</b>	<b>896,791</b>	<b>255,462</b>	<b>478,204</b>	<b>130,774</b>	<b>5,519,755</b>
Delivery entitlements from spot exchange, forward forex and forex options transactions	756,999	2,225,160	6,760,543	4,368,149	467,706	14,578,557
<b>Total assets</b>	<b>4,515,523</b>	<b>3,121,951</b>	<b>7,016,005</b>	<b>4,846,353</b>	<b>598,480</b>	<b>20,098,312</b>
<b>Liabilities</b>						
Amounts due to banks	24,795	50,743	503,128	423,286	23,524	1,025,476
Amounts due in respect of customer deposits	486,534	1,394,601	1,483,757	420,942	153,790	3,939,624
Negative replacement values of derivative financial instruments	114,657	–	–	6	–	114,663
Accrued expenses and deferred income	48,174	7,468	326	64	4	56,036
Other liabilities	26,848	5,085	724	571	4,433	37,661
Provisions	8,241	208	–	–	–	8,449
Reserves for general banking risks	7,000	–	–	–	–	7,000
Bank's capital	10,330	–	–	–	–	10,330
Capital reserve	24,871	–	–	–	–	24,871
Statutory retained earnings reserve	5,165	–	–	–	–	5,165
Voluntary retained earnings reserves	198,407	–	–	–	–	198,407
Minority interest in equity	–	–	–	–	–	–
Profit/ loss (result of the period)	92,073	–	–	–	–	92,073
<b>Total liabilities shown in balance sheet</b>	<b>1,047,095</b>	<b>1,458,105</b>	<b>1,987,935</b>	<b>844,869</b>	<b>181,751</b>	<b>5,519,755</b>
Delivery obligations from spot exchange, forward forex and forex options transactions	3,575,124	1,636,338	4,965,185	4,002,306	422,467	14,601,420
<b>Total liabilities</b>	<b>4,622,219</b>	<b>3,094,443</b>	<b>6,953,120</b>	<b>4,847,175</b>	<b>604,218</b>	<b>20,121,175</b>
<b>Net position per currency</b>	<b>–106,694</b>	<b>27,509</b>	<b>62,885</b>	<b>–823</b>	<b>–5,739</b>	<b>–22,862</b>



## Information on Off-Balance Sheet Transactions

### 18 Analysis of contingent liabilities

	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change	
			1000 CHF	%
Guarantees to secure credits	51,859	125,316	-73,457	-58.6

### 19 Credit commitments

	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change	
			1000 CHF	%
Commitment to the Swiss deposit guarantee scheme	2,332	2,364	-32	-1.4
Committed credit facilities	1,062	885	177	20.0
Credit commitments for private equity subscriptions	348,464	213,637	134,827	63.1
Revocable commitments	7,213	-	7,213	
<b>Total</b>	<b>359,071</b>	<b>216,886</b>	<b>142,185</b>	<b>65.6</b>

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

### 20 Fiduciary transactions

	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change	
			1000 CHF	%
Fiduciary investments with third-party companies	543,862	628,467	-84,605	-13.5
Fiduciary investments with linked companies	272,377	261,399	10,978	4.2
<b>Total</b>	<b>816,239</b>	<b>889,866</b>	<b>-73,627</b>	<b>-8.3</b>

## C Notes to the Consolidated Financial Statements

### 21 Managed and administered assets

	31.12.2021 CHF Mio.	31.12.2020 CHF Mio.	Change CHF Mio.	%
<b>Managed assets</b>				
Assets in collective investment schemes managed by the Bank	3,061	1,237	1,824	147.5
Assets under discretionary asset management mandates	14,569	8,526	6,043	70.9
Other managed assets (incl. Assets under Custody)	13,746	11,785	1,961	16.6
<b>Total managed assets (including double counting)</b>	<b>31,376</b>	<b>21,548</b>	<b>9,828</b>	<b>45.6</b>
of which, double counting	2,346	1,237	1,109	89.7
Total managed assets (including double counting) at the beginning of the year	21,548	19,139	2,409	12.6
+/- net new money inflow or net new money outflow	2,017	1,315	702	53.4
+/- price gains/ losses, interest, dividend and currency gains/ losses, and other effects	632	342	290	84.8
+/- other effects	7,179	752	6,427	854.7
<b>Total managed assets (including double counting) at the end of the year</b>	<b>31,376</b>	<b>21,548</b>	<b>9,828</b>	<b>45.6</b>
Custody assets	1,272	1,381	-109	-7.9
<b>Total assets (including double counting)</b>	<b>32,648</b>	<b>22,785</b>	<b>9,863</b>	<b>43.3</b>

Other effects mainly contain the CHF 6.9bn AuM increase from the acquisition of P&B Bertrand during 2021.

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

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

	31.12.2021 CHF Mio.	31.12.2020 CHF Mio.	Change CHF Mio.	%
<b>Total managed assets (including double counting) at the end of the year</b>	<b>32,648</b>	<b>22,785</b>	<b>9,863</b>	<b>43.3</b>
<b>Administered assets</b>				
Assets administered for or on behalf of affiliated companies on behalf of the Rothschild & Co group	20,289	15,604	4,685	30.0
External advisory assets	1,172	1,416	-244	-17.2
Group and pension assets	-	-	-	-
<b>Total assets managed or administered by the Bank (excluding double counting)</b>	<b>54,109</b>	<b>39,805</b>	<b>14,304</b>	<b>35.9</b>

## Information on the Income Statement

### 22 Result from trading activities

	2021 1000 CHF	2020 1000 CHF	Change 1000 CHF	%
Equity securities (including funds)	1,165	387	778	201.0
Foreign currencies	15,750	14,582	1,168	8.0
Commodities/ precious metals	438	979	-541	-55.3
<b>Total result from trading activities</b>	<b>17,353</b>	<b>15,948</b>	<b>1,405</b>	<b>8.8</b>

### 23 Negative interest

	2021 1000 CHF	2020 1000 CHF	Change 1000 CHF	%
Negative interest paid	-18,061	-18,383	322	-1.8
Negative interest received	3,368	3,299	69	2.1

Negative interest paid in relation to cash management transactions and negative interest received due from client deposits denominated in the respective currency. The net interest income from borrowing activities increased by CHF 2.3m to CHF 17.7m in 2021.

### 24 Personnel expenses

	2021 1000 CHF	2020 1000 CHF	Change 1000 CHF	%
Salaries	-77,692	-63,310	-14,382	22.7
of which expenses relating to share-based compensation	-1,079	-227	-852	375.3
Social insurance benefits	-13,647	-11,546	-2,101	18.2
Other personnel expenses	-4,917	-2,879	-2,038	70.8
<b>Total personnel expenses</b>	<b>-96,256</b>	<b>-77,735</b>	<b>-18,521</b>	<b>23.8</b>

## C Notes to the Consolidated Financial Statements

### 25 General and administrative expenses

	2021 1000 CHF	2020 1000 CHF	Change 1000 CHF	%
Office space expenses	-2,981	-2,355	-626	26.6
Expenses for information and communications technology	-16,461	-14,613	-1,848	12.6
Expenses for vehicles, equipment, furniture and other fixtures	-1,697	-1,372	-325	23.7
Fees of audit firms	-864	-732	-132	18.0
of which for financial and regulatory audits	-864	-687	-177	25.8
Other operating expenses	-10,762	-7,346	-3,416	46.5
<b>Total</b>	<b>-32,765</b>	<b>-26,418</b>	<b>-6,347</b>	<b>24.0</b>

### 26 Extraordinary income and expense

	2021 1000 CHF	2020 1000 CHF	Change 1000 CHF	%
Other extraordinary income	74,325	1,328	72,997	5,496.8
Transactional tax expense related to prior year	-	-	-	
Other extraordinary expense	-	-	-	
<b>Total</b>	<b>74,325</b>	<b>1,328</b>	<b>72,997</b>	<b>5,496.8</b>

Extraordinary income in 2021 represents the gain on sale of the subsidiary Banque Pâris Bertrand SA to Rothschild & Co Continuation Holdings AG.

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

## 27 Operating result broken down according to domestic and foreign origin

	2021			2020		
	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF	Domestic 1000 CHF	Foreign 1000 CHF	Total 1000 CHF
Net result from interest operations	23,456	-2	23,454	26,529	-	26,529
Result from commission business and services	86,795	24,668	111,463	65,770	16,161	81,931
Results from trading operations and the fair value option	17,337	17	17,353	15,948	-	15,948
Other ordinary income and expenses	13,269	488	13,757	8,776	-153	8,623
<b>Total income</b>	<b>140,857</b>	<b>25,171</b>	<b>166,027</b>	<b>117,023</b>	<b>16,008</b>	<b>133,031</b>
Personnel expenses	-82,012	-14,246	-96,256	-67,331	-10,404	-77,735
General and administrative expenses	-27,971	-4,793	-32,765	-23,264	-3,154	-26,418
<b>Total operating expenses</b>	<b>-109,983</b>	<b>-19,039</b>	<b>-129,021</b>	<b>-90,595</b>	<b>-13,558</b>	<b>-104,153</b>
<b>Gross profit</b>	<b>30,874</b>	<b>6,132</b>	<b>37,006</b>	<b>26,428</b>	<b>2,450</b>	<b>28,878</b>

## 28 Taxation

	2021	2020	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Expenses for current taxes	-6,180	-5,448	-732	13.4
<b>Total</b>	<b>-6,180</b>	<b>-5,448</b>	<b>-732</b>	<b>13.4</b>
<b>Average tax rate based on operating result</b>	<b>25.8</b>	<b>25.8</b>		

## 29 Significant events after the balance sheet date

No events have occurred since the balance sheet date which would change the financial position of the Rothschild & Co Bank AG Consolidated and which would require adjustment or disclosure in the 2021 Annual Report now presented.

## D Consolidation, Accounting and Valuation Principles

### General Principles

The consolidated financial statements have been prepared in accordance with the Swiss Bank Accounting Guidelines of the Swiss Financial Market Supervisory Authority. As of January 1, 2020 FINMA implemented the circular 2020/1 and FINMA-AO which the bank has adopted accordingly.

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

### Consolidated Companies

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

### Method of Consolidation

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

### Change in the Scope of Consolidation

RothschildCo Wealth Management Spain A.V, SA (Madrid) was founded during 2021. Rothschild & Co Wealth Management (Europe) S.A, Hermance Capital Management SARL (Luxembourg), Pâris Bertrand Holding SA (Geneva) and Holding Pâris Bertrand (Geneva) were acquired during 2021 from the former shareholders of Pâris Bertrand Holding.

### Accounting and Recording of Transactions

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

### Foreign Currency Translation of the Financial Statements

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

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

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

	2021		2020	
	Spot rate	Average rate	Spot rate	Average rate
EUR	1.03644	1.07899	1.08044	1.07059
GBP	1.23529	1.25746	1.20154	1.20580
USD	0.91320	0.91517	0.87980	0.93365

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

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

### Amounts Due from Clients

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

### Trading Portfolios in Securities and Precious Metals

Securities and precious metals in trading portfolios and in financial instruments at fair value are in principle stated at fair value. The price obtained on a price-efficient and liquid market is taken as the fair value, which as a rule corresponds to the market value. If in exceptional cases there is no fair value available, securities and precious metals in trading portfolios will be valued and stated at the lower of cost or market value. Changes in the value of precious metals positions is shown in result from trading operations and the fair value option.

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

### Financial Investments

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

### Non-consolidated Participations

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

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

## Fixed Assets

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

## Derivative Instruments

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

## Liabilities to Pension Plans

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

## Valuation Adjustments and Provisions

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

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

## Interest Income and Expense

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

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

## Fee and Commission Income and Expense

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

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

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

## Operating Lease and Rental Agreements

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

## Income Tax

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

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

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

## Fiduciary Placement Activities

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

## Contingent Liabilities and Fiduciary Operations

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

## Merger accounting

The merger of the Bank with Banque Paris Bertrand SA was accounted for using the acquisition method. The difference between purchase price and net asset values was recognized as goodwill.

## E Notes on Risk Management

### 1. Risk Policy

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

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

#### 1.1. Organisational Responsibilities and Risk Governance

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

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

- 3<sup>rd</sup> line: Internal Audit provides an independent view of adherence to guidelines and policies and reviews the risk management frameworks on a regular basis to identify and recommend areas for improvement as required.

### 2. Risk Categories

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

#### 2.1. Credit Risk

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

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

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

Credit exposures resulting from our lending businesses are reviewed by the Private Client Credit Committee on a quarterly basis. The concentration of risks on one client or counterparty or on one group of linked clients or counterparties is monitored and appropriate measures are taken to avoid the emergence of large exposures. Loans that are considered to be at risk, where the collectability of the debt is doubtful, are assessed individually and, where necessary, impairment provisions are taken against the exposure. As per 31.12.2021, no provisions for outright credit losses have been made. See also Note 1 of Parent financial statement.



Counterparties are defined as banks or brokers with which the Bank trades or places cash deposits, or from which it purchases services. Counterparties are carefully selected on the basis of their creditworthiness, drawing on external ratings. Internal limits have to be approved by the competent bodies according to the risk policy and internal guidelines. Counterparty exposures are monitored daily by the Risk Department and are reviewed regularly by the Bank's Treasury Committee, the Executive Committee and the Audit and Risk Committee.

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

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

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

## 2.2. Market Risk - Currency Risk

Market risk describes the risk that the Bank could suffer losses as a result of changes in the financial markets (interest rates, FX rates, share prices).

The Treasury and FX Dealing Department is responsible for managing the structure of the balance sheet, the capital and the liquid assets and for monitoring and limiting interest rate risk and currency risk exposure.

The policy of the Bank only permits open market risk positions to a small degree in relation to client business volumes and available capital. Besides these positions the Bank incurs some FX risk through its proprietary FX trading book. The Board of Directors have limited these positions to CHF 50m intraday and 20m overnight. The ExC has imposed lower operational limits, however, of CHF 20m intraday and CHF 12m overnight. Calculation of risk positions and monitoring of compliance with the limits are performed independently by the Risk Department on a daily basis.

To facilitate the securities settlement processes, the Bank has pledged a portfolio of high quality bonds with the clearing houses. The market risk these bonds<sup>1</sup> are exposed to are mitigated by the fact that all these bonds are of relatively short duration and issued by highly rated institutions. The bonds are all denominated in Euro, with the FX exposure being mitigated by the fact that they have been purchased with liabilities in the same currency.

## 2.3. Market Risk - Interest Rate Risk

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

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

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

The interest rate risk of the Bank measured by model 1, has remained within a range of CHF 2.0m – 2.6m, measured monthly. The IRRBB EVE has varied between 2.2% and 2.8% of Tier 1 Capital, measured quarterly against a limit of 15%.

## 2.4. Liquidity Risk

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

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

Compliance with the liquidity rules as set out in the respective external and internal regulations are continually monitored by the Risk Department and are reported to the Treasury Committee, the Executive Committee and the Board of Directors. The regulatory parameters LCR and NSFR measured at month end averaged 142% and 265%, respectively, in the fourth quarter of 2020. Regulatory requirements for both ratios are 100%, while the requirement for the NSFR will only be a regulatory requirement as of July 1, 2021.

<sup>1</sup> Max duration is end February 2024, lowest rating BBB+ (S&P)

## E Notes on Risk Management

### 2.5. Operational Risk

Operational risk entails the possibility that losses may be incurred directly or indirectly due to the inappropriateness or failure of internal procedures, persons or systems or due to external events that cannot be influenced. This definition also comprises the risk of fraud, regulatory sanctions, breaches to information security and data protection obligations and the potential reputation damages associated with operational risk events. In accordance with regulatory requirements and the Bank's dedication to ensure high quality services for its clients, the Executive Committee has implemented an operational risk management framework consisting of internal policies and procedures on organisation setup and controls, which are designed to maintain operational integrity at a high level.

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

#### 2.5.1. Qualitative assessment

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

#### 2.5.2. Quantitative assessment

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

#### 2.5.3. Internal Control System (ICS)

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

#### 2.5.4. Legal, regulatory and compliance related risks

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

As a Bank regulated by the Swiss financial market authority, the FINMA, Rothschild & Co Bank is subject to wide-ranging regulations and

requirements issued by the regulator in Switzerland and in other jurisdictions the Bank and its subsidiary operate in.

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

## Business and Services

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

The most important services that are offered within private banking are the management of accounts in all convertible currencies, the management and safekeeping of securities and precious metals, trading in currencies, securities and derivatives and secured lending.

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

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

### Portfolio Management

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

### Trading

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

### Lombard Lending and Mortgage Lending

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

# Report of the Statutory Auditor on the Consolidated Financial Statements



**KPMG AG**  
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## **Report of the Statutory Auditor to the General Meeting of Shareholders of Rothschild & Co Bank AG, Zurich**

### **Report of the Statutory Auditor on the Consolidated Financial Statements**

As statutory auditor, we have audited the consolidated financial statements of Rothschild & Co Bank AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (page 15 to 41) for the year ended 31 December 2021.

#### **Board of Directors' Responsibility**

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

#### **Auditor's Responsibility**

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

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

#### **Opinion**

In our opinion, the consolidated financial statements for the year ended 31 December 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the provisions governing the preparation of financial statements for Banks and comply with Swiss law.



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

### Report on Other Legal Requirements

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

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

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

KPMG AG

Mirko Liberto  
Licensed Audit Expert  
Auditor in Charge

Adrian Walder  
Licensed Audit Expert

Zurich, 16 February 2022

# Capital Adequacy and Liquidity

## Regulatory Key Figures

	31.12.2021 1000 CHF	30.9.2021 1000 CHF	30.6.2021 1000 CHF	31.3.2021 1000 CHF	31.12.2020 1000 CHF
<b>Available capital (amounts)</b>					
Common Equity Tier 1 (CET1)	247,255				226,506
Tier 1	247,255				226,506
Total capital	247,255				226,506
<b>Risk-weighted assets (amounts)</b>					
Total risk-weighted assets (RWA)	1,298,006				972,701
Minimum capital requirements (CHF)	103,840				77,816
<b>Risk-based capital ratios (as a percentage % of RWA)</b>					
CET1 ratio (%)	19.05%				23.29%
T1 ratio (%)	19.05%				23.29%
Total capital ratio (%)	19.05%				23.29%
<b>Additional CET1 requirements (buffers) as a percentage of RWA</b>					
Capital conservation buffer requirement according to Basel minimum requirements (%)	2.50%				2.50%
Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	2.50%				2.50%
CET1 available after meeting the bank's minimum capital requirements (%)	11.05%				15.29%
<b>Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (CAO) (% of RWA)</b>					
Capital conservation buffer according to CAO, Annex 8 (%)	3.20%				3.20%
Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.0000%				0.0000%
CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.40%				7.40%
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	9.00%				9.00%
Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	11.20%				11.20%
<b>Basel III Leverage Ratio</b>					
Total Basel III leverage ratio exposure measure (CHF)	5,730,398				2,044,795
Basel III Leverage Ratio	4.30%				11.08%
<b>Liquidity Coverage Ratio</b>					
Total HQLA	2,899,732	2,682,532	2,502,808	2,980,061	3,050,418
Total net cash outflow	2,305,999	2,165,647	1,965,189	2,212,730	2,150,514
Liquidity Coverage Ratio (LCR) (%)	125.75%	123.87%	127.36%	134.68%	141.85%
<b>Net Stable Funding Ratio</b>					
Total available stable funding	2,806,533				2,412,746
Total required stable funding	1,271,088				909,033
Net Stable Funding Ratio (NSFR) (%)	220.80%				265.42%

**Parent Company Financial  
Statements of**

**Rothschild & Co Bank AG**

## A Balance Sheet

### Assets

	Notes	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change 1000 CHF	%
Liquid assets		3,048,023	3,078,945	-30,922	-1.0
Amounts due from banks		215,541	168,612	46,929	27.8
Amounts due from customers	1	1,478,082	1,028,469	449,613	43.7
Mortgage loans	1	324,839	296,265	28,574	9.6
Trading portfolio assets	2	5,089	2,767	2,322	83.9
Positive replacement values of derivative financial instruments	3	93,916	141,159	-47,243	-33.5
Other financial instruments at fair value	2	96,299	99,678	-3,379	-3.4
Financial investments	4	29,658	20,596	9,062	44.0
Accrued income and prepaid expenses		13,631	6,253	7,378	118.0
Participations		103,179	13,749	89,430	650.4
Tangible fixed assets		21,238	25,556	-4,318	-16.9
Other assets	5	13,619	10,446	3,173	30.4
<b>Total assets</b>		<b>5,443,114</b>	<b>4,892,495</b>	<b>550,619</b>	<b>11.3</b>

### Liabilities and shareholders' equity

	Notes	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change 1000 CHF	%
Amounts due to banks		1,025,441	844,767	180,674	21.4
Amounts due in respect of customer deposits		3,942,910	3,572,966	369,944	10.4
Negative replacement values of derivative financial instruments	3	114,663	172,623	-57,960	-33.6
Accrued expenses and deferred income		49,321	37,752	11,569	30.6
Other liabilities	5	34,444	9,585	24,859	259.4
Provisions	8	8,242	8,617	-375	-4.4
Reserves for general banking risks	8	7,000	7,000	-	-
Bank's capital	9, 12	10,330	10,330	-	-
Capital reserve		20,251	-	20,251	-
of which tax-exempt capital contribution reserve		20,251	-	20,251	-
Statutory retained earnings reserve		5,165	5,165	-	-
Voluntary retained earnings reserves		206,378	206,368	10	-
Profit/loss		18,969	17,322	1,647	9.5
<b>Total liabilities and shareholders' equity</b>		<b>5,443,114</b>	<b>4,892,495</b>	<b>550,619</b>	<b>11.3</b>



## A Off-Balance Sheet Transactions

	Note	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change	
				1000 CHF	%
<b>Contingent liabilities</b>	<b>1</b>	<b>51,859</b>	<b>125,316</b>	<b>- 73,457</b>	<b>- 58.6</b>
<b>Irrevocable commitments</b>	<b>1</b>	<b>351,858</b>	<b>216,886</b>	<b>134,972</b>	<b>62.2</b>
<b>Revocable commitments</b>	<b>1</b>	<b>7,213</b>	<b>-</b>	<b>7,213</b>	

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

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

## B Income Statement

	Notes	2021	2020	Change	
		1000 CHF	1000 CHF	1000 CHF	%
Interest and discount income		48,676	63,044	-14,368	-22.8
Interest and dividend income from financial investments		-170	4	-174	-4,350.0
Interest expense		-25,375	-36,519	11,144	-30.5
<b>Subtotal net result from interest operations</b>	<b>18</b>	<b>23,131</b>	<b>26,529</b>	<b>-3,398</b>	<b>-12.8</b>
Commission income from securities trading and investment activities		88,923	67,029	21,894	32.7
Commission income from lending activities		881	890	-9	-1.0
Commission income from other services		3,268	4,560	-1,292	-28.3
Commission expense		-6,277	-6,708	431	-6.4
<b>Subtotal result from commission business and services</b>		<b>86,795</b>	<b>65,771</b>	<b>21,024</b>	<b>32.0</b>
<b>Results from trading operations and the fair value option</b>	<b>16</b>	<b>17,336</b>	<b>15,948</b>	<b>1,388</b>	<b>8.7</b>
Income from participations		1,777	2,132	-355	-16.7
Result from real estate		1,271	1,266	5	0.4
Other ordinary income	17	11,840	7,382	4,458	60.4
<b>Subtotal other result from ordinary activities</b>		<b>14,888</b>	<b>10,780</b>	<b>4,108</b>	<b>38.1</b>
<b>Total income</b>		<b>142,150</b>	<b>119,028</b>	<b>23,122</b>	<b>19.4</b>
Personnel expenses	19	-82,011	-67,331	-14,680	21.8
General and administrative expenses	20	-27,944	-23,264	-4,680	20.1
<b>Subtotal operating expenses</b>		<b>-109,955</b>	<b>-90,595</b>	<b>-19,360</b>	<b>21.4</b>
<b>Gross profit</b>		<b>32,195</b>	<b>28,433</b>	<b>3,762</b>	<b>13.2</b>
Value adjustments on participations and depreciation and amortisation of tangible fixed assets		-8,503	-6,928	-1,575	22.7
Changes to provisions and other value adjustments, and losses		-738	-754	16	-2.1
<b>Operating result</b>		<b>22,954</b>	<b>20,751</b>	<b>2,203</b>	<b>10.6</b>
Extraordinary income	21	-	1,328	-1,328	-100.0
Extraordinary expenses	21	-	-271	271	-100.0
Taxes	22	-3,985	-4,486	501	-11.2
<b>Profit/loss</b>		<b>18,969</b>	<b>17,322</b>	<b>1,647</b>	<b>9.5</b>

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

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

The following total amount is available for distribution:

	1000 CHF
Profit/ loss	18,969
+ /- profit/ loss carried forward	-
+ voluntary retained earnings	206,378
<b>= distributable profit</b>	<b>225,347</b>

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

Allocation to statutory retained earnings reserve	-
Allocation to voluntary retained earnings reserves	-
Distributions to shareholders	18,969
<b>New amount carried forward</b>	<b>206,378</b>

## B Statement of Changes in Equity

### Statement of Changes in Equity

	Bank's capital 1000 CHF	Statutory capital reserve 1000 CHF	Statutory retained earnings reserve 1000 CHF	Reserves for general banking risks 1000 CHF	Voluntary retained earnings reserves and profit/loss carried forward 1000 CHF	Result of the period 1000 CHF	Total 1000 CHF
<b>Equity at 01.01.2021</b>	<b>10,330</b>	<b>-</b>	<b>5,165</b>	<b>7,000</b>	<b>206,368</b>	<b>17,322</b>	<b>246,185</b>
Transfer of profits to retained earnings	-	-	-	-	17,322	-17,322	-
Dividends and other distributions	-	-	-	-	-17,322	-	-17,322
Employee Compensation Plans	-	-	-	-	94	-	94
Other contributions/ other capital paid in	-	20,251	-	-	-84	-	20,167
Profit (result of the period)	-	-	-	-	-	18,969	18,969
<b>Equity at 31.12.2021</b>	<b>10,330</b>	<b>20,251</b>	<b>5,165</b>	<b>7,000</b>	<b>206,378</b>	<b>18,969</b>	<b>268,093</b>

# C Notes to the Financial Statements

## Information on the Balance Sheet

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

		Secured by mortgage 1000 CHF	Other collateral 1000 CHF	Unsecured 1000 CHF	Total 1000 CHF
Amounts due from customers		–	1,358,808	119,274	1,478,082
Mortgage loans (residential property)		324,839	–	–	324,839
<b>Total loans</b>	<b>Current year</b>	<b>324,839</b>	<b>1,358,808</b>	<b>119,274</b>	<b>1,802,921</b>
	Previous year	296,265	915,530	112,939	1,324,734
Contingent liabilities		–	51,686	173	51,859
Irrevocable commitments		–	348,464	3,394	351,858
Revocable commitments		–	7,213	–	7,213
<b>Total off-balance sheet transactions</b>	<b>Current year</b>	<b>–</b>	<b>407,363</b>	<b>3,567</b>	<b>410,930</b>
	Previous year	–	338,953	3,249	342,202

### Impaired loans/ receivables

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

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

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

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

	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change	
			1000 CHF	%
Equity securities	2,793	1,298	1,495	115.2
Other financial instruments at fair value	2,296	1,469	827	56.3
Precious metals	96,299	99,678	–3,379	–3.4
<b>Total</b>	<b>101,388</b>	<b>102,445</b>	<b>–1,057</b>	<b>–1.0</b>

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

## C Notes to the Financial Statements

### 3 Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments		Contract volume 1000 CHF
	Replacement value positive 1000 CHF	Replacement value negative 1000 CHF	
<b>Foreign exchange/ precious metals</b>	<b>93,916</b>	<b>114,663</b>	<b>14,845,144</b>
Forward contracts	60,126	22,221	5,142,155
Combined interest rate/ currency swaps	32,046	90,700	9,208,102
Options (OTC)	1,744	1,742	494,887
<b>Equity securities/ indices</b>	<b>-</b>	<b>-</b>	<b>-</b>
Options (OTC)	-	-	-
<b>Total before consideration of netting contracts</b>	<b>93,916</b>	<b>114,663</b>	<b>14,845,144</b>
	Current year		
	141,159	172,623	11,233,192
	Previous year		

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

### Analysis of counterparties of derivative instruments

		Banks and securities dealers	Other customers	Total
		1000 CHF	1000 CHF	1000 CHF
<b>Positive replacement values</b>	<b>Current year</b>	<b>90,627</b>	<b>3,289</b>	<b>93,916</b>
	Previous year	135,003	6,156	141,159

### 4 Financial investments

	Book value		Fair value	
	31.12.2021 1000 CHF	31.12.2020 1000 CHF	31.12.2021 1000 CHF	31.12.2020 1000 CHF
<b>Debt securities</b>	<b>29,658</b>	<b>20,596</b>	<b>30,322</b>	<b>20,657</b>
of which, intended to be held to maturity	29,658	20,596	30,322	20,657
<b>Total financial investments</b>	<b>29,658</b>	<b>20,596</b>	<b>30,322</b>	<b>20,657</b>
of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-	-	-

### Counterparties by rating

	AA-	A+	A	A-	AA	Unrated	Total
	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF	1000 CHF
<b>Debt securities</b>	<b>7,437</b>	<b>3,145</b>	<b>5,473</b>	<b>8,345</b>	<b>5,258</b>	<b>-</b>	<b>29,658</b>
Previous year	-	1,083	4,329	7,045	8,139	-	20,596

Counterparties are rated according to S&P ratings.

## 5 Other assets and liabilities

	Other assets		Other liabilities	
	31.12.2021 1000 CHF	31.12.2020 1000 CHF	31.12.2021 1000 CHF	31.12.2020 1000 CHF
Salary debtor and creditor accounts	3,868	2,310	–	594
Employer contribution reserves	–	–	–	–
Balances arising from internal bank business operations	9,636	8,042	32,150	6,945
Value added tax and withholding tax	115	94	1,031	1,026
Current tax assets and liabilities	–	–	1,263	1,020
<b>Total other assets and other liabilities</b>	<b>13,619</b>	<b>10,446</b>	<b>34,444</b>	<b>9,585</b>

## 6 Assets pledged or assigned to secure own commitments

	31.12.2021		31.12.2020	
	Book values 1000 CHF	Effective commitments 1000 CHF	Book values 1000 CHF	Effective commitments 1000 CHF
Amounts due from banks	31,652	31,652	27,337	27,337
Financial investments	29,658	29,658	20,596	20,596
<b>Total</b>	<b>61,310</b>	<b>61,310</b>	<b>47,933</b>	<b>47,933</b>

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

## C Notes to the Financial Statements

### 7 Disclosure of liabilities relating to own pension schemes

	31.12.2021 1000 CHF	31.12.2020 1000 CHF	Change 1000 CHF	%
Liabilities to own pension plans	16,225	61,614	-45,389	-73.7

The disclosure for the year 2021 is based on the annual accounts of the Swiss pension schemes as of 31.12.2021.

### Disclosures on the economic situation of own pension schemes

#### Employer's contribution reserves (ECR)

1000 CHF	Nominal value	Waiver of use	Creation 2021	Net amount	Net amount	Influence of ECR on personnel expenses 2021	Influence of ECR on personnel expenses 2020
	31.12.2021	31.12.2021		31.12.2021	31.12.2020		
Personnel Foundation	598	–	–	598	598	–	–

#### Presentation of the economic benefit/obligation and the pension expenses

1000 CHF	Overfunding/ underfunding	Economic interest of bank	Change in economic interest 2021	Contributions paid 2021	Pension expenses in personnel expenses 2021	Pension expenses in personnel expenses 2020
	31.12.2021	31.12.2021				
Pension plans with overfunding	19,065	–	–	8,875	8,875	7,480

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

### 8 Provisions and reserves for general banking risks

	Previous year end 1000 CHF	Use in conformity with designated purpose 1000 CHF	Past due interest, recoveries, currency differences 1000 CHF	New creations charged to income 1000 CHF	Releases to income 1000 CHF	Balance at current year end 1000 CHF
Provisions for other business risks	8,617	-1,042	-71	1,138	-400	8,242
Other provisions	–	–	–	–	–	–
<b>Total provisions</b>	<b>8,617</b>	<b>-1,042</b>	<b>-71</b>	<b>1,138</b>	<b>-400</b>	<b>8,242</b>
<b>Reserves for general banking risks</b>	<b>7,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,000</b>

There continue to be a number of regulatory developments and inquiries in the financial services industry and the Swiss private banking sector that may impact the Bank. The directors believe that the level of provisions made in these accounts for client litigation, legal and other costs is sufficient for any potential or actual proceedings or claims which are likely to have a material impact on the Bank's financial statements, where, based on information available at the reporting date, an outflow of resources will be required and the amount can be reliably estimated. The Bank built a provision based on reasonable estimates for one new case during the year. Based on further developments, the estimated value of liability could change in 2022.

### 9 Schedule of bank's capital

	31.12.2021			31.12.2020		
	Total par value 1000 CHF	Number of shares	Capital eligible for dividend 1000 CHF	Total par value 1000 CHF	Number of shares	Capital eligible for dividend 1000 CHF
Share capital fully paid up	10,330	103,300	10,330	10,330	103,300	10,330



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

	Equity securities Number		Equity securities Value in 1000 CHF		Options Number		Options Value in 1000 CHF	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Members of the board of directors	944	2,246	39	63	–	20,000	–	65
Members of executive bodies	48,130	49,026	2,013	1,372	101,000	100,000	342	323
Employees	763	1,939	32	54	40,000	–	165	–
<b>Total</b>	<b>49,837</b>	<b>53,211</b>	<b>2,084</b>	<b>1,489</b>	<b>141,000</b>	<b>120,000</b>	<b>507</b>	<b>388</b>

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

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

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

Under the 2017, 2018, 2019, 2020 and 2021 share plans, persons who have variable compensation which attracts deferrals/retentions and the delivery of non-cash incentives accordingly, as determined by Group Human Resources, were awarded 15 percent of their variable compensation as non-cash instruments. These shares are subject to a lock-up period and vest in three tranches over the three following years.

## 11 Disclosure of amounts due from and due to related parties

	Amounts due to		Amounts due from	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Holders of qualified participations	104,166	107,193	83,441	86,794
Group companies	1,202,543	378	33,086	3
Linked companies	4,251	953,602	11,091	56,679
<b>Total</b>	<b>1,310,960</b>	<b>1,061,173</b>	<b>127,618</b>	<b>143,476</b>

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

## C Notes to the Financial Statements

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

	31.12.2021		31.12.2020	
	Nominal 1000 CHF	Participation % of Equity	Nominal 1000 CHF	Participation % of Equity
Rothschild & Co Continuation Holdings AG <sup>1)</sup>	10,330	100.0	10,330	100.0
<b>Significant Shareholders of Rothschild &amp; Co Continuation Holdings AG:</b>				
Concordia Holding SARL	29,343	50.5	29,343	50.5
Paris Orléans Holding Bancaire SAS	28,753	49.5	28,753	49.5

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

### 13 Breakdown of total assets by credit rating of country groups

Bank's own country rating	Standard & Poor's	31.12.2021		31.12.2020	
		Net foreign exposure 1000 CHF	Share in %	Net foreign exposure 1000 CHF	Share in %
1	A	22,493	1.45	36,951	2.92
2	Aa	440,031	28.34	395,166	31.27
3	Aaa	840,723	54.15	680,259	53.84
4	B	43,430	2.80	9,893	0.78
5	Ba	10,336	0.67	4,363	0.35
6	Baa	112,026	7.22	77,230	6.11
7	Caa and below	83,640	5.39	59,694	4.72
<b>Total</b>	<b>Total</b>	<b>1,552,679</b>	<b>100.00</b>	<b>1,263,556</b>	<b>100.00</b>

### Information on Off-Balance Sheet Transactions

#### 14 Breakdown of fiduciary transactions

	31.12.2021	31.12.2020	Change	
	1000 CHF	1000 CHF	1000 CHF	%
Fiduciary placements with third-party companies	543,862	628,467	-84,605	-13.5
Fiduciary placements with group companies and linked companies	272,377	261,399	10,978	4.2
<b>Total</b>	<b>816,239</b>	<b>889,866</b>	<b>-73,627</b>	<b>-8.3</b>

## 15 Managed assets

	31.12.2021 CHF Mio.	31.12.2020 CHF Mio.	Change	
			CHF Mio.	%
<b>Managed assets</b>				
Assets in collective investment schemes managed by the Bank	2,958	1,185	1,773	149.6
Assets under discretionary asset management mandates	8,637	4,739	3,898	82.3
Other managed assets (incl. Assets under Custody)	13,327	11,540	1,787	15.5
<b>Total managed assets (including double counting)</b>	<b>24,922</b>	<b>17,464</b>	<b>7,458</b>	<b>42.7</b>
of which, double counting	2,244	1,185	1,059	89.4
Total managed assets (including double counting) at the beginning of the year	17,465	15,888	1,577	9.9
+/- net new money inflow or net new money outflow	392	883	-491	-55.6
+/- price gains/ losses, interest, dividend and currency gains/ losses	666	327	339	103.7
+/- other effects	6,399	366	6,033	1,648.4
<b>Total managed assets (including double counting) at the end of the year</b>	<b>24,922</b>	<b>17,464</b>	<b>7,458</b>	<b>42.7</b>
Custody assets	2,010	1,381	629	45.5
<b>Total assets (including double counting)</b>	<b>26,932</b>	<b>18,845</b>	<b>8,087</b>	<b>42.9</b>

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

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

## C Notes to the Financial Statements

### Information on the Income Statement

#### 16 Result from trading activities

	2021 1000 CHF	2020 1000 CHF	Change	
			1000 CHF	%
Equity securities (including funds)	1,165	387	778	201.0
Foreign currencies	15,733	14,582	1,151	7.9
Commodities/precious metals	438	979	-541	-55.3
<b>Total result from trading activities</b>	<b>17,336</b>	<b>15,948</b>	<b>1,388</b>	<b>8.7</b>

#### 17 Other ordinary income and expenses

	2021 1000 CHF	2020 1000 CHF	Change	
			1000 CHF	%
Fees from affiliated parties for office services	378	7,095	-6,717	-94.7
Fees from unaffiliated parties for office services	11,462	287	11,175	3,893.7
<b>Total</b>	<b>11,840</b>	<b>7,382</b>	<b>4,458</b>	<b>60.4</b>

#### 18 Negative interest

	2021 1000 CHF	2020 1000 CHF	Change	
			1000 CHF	%
Negative interest paid	-18,061	-18,383	322	-1.8
Negative interest received	3,368	3,299	69	2.1

Negative interest paid in relation to cash management transactions and negative interest received due from client deposits denominated in the respective currency. The net interest income from borrowing activities increased by CHF 2.3m to CHF 17.7m in 2021.

#### 19 Personnel expenses

	2021 1000 CHF	2020 1000 CHF	Change	
			1000 CHF	%
Salaries	-64,948	-54,012	-10,936	20.2
of which expenses relating to share-based compensation	-1,079	-227	-852	375.3
Social insurance benefits	-12,763	-10,900	-1,863	17.1
Other personnel expenses	-4,300	-2,419	-1,881	77.8
<b>Total personnel expenses</b>	<b>-82,011</b>	<b>-67,331</b>	<b>-14,680</b>	<b>21.8</b>

## 20 General and administrative expenses

	2021 1000 CHF	2020 1000 CHF	Change 1000 CHF	%
Office space expenses	-2,131	-1,635	-496	30.3
Expenses for information and communications technology	-15,409	-13,662	-1,747	12.8
Expenses for vehicles, equipment, furniture and other fixtures	-1,614	-1,336	-278	20.8
Fees of audit firms	-683	-670	-13	1.9
of which, for financial and regulatory audits	-683	-670	-13	1.9
Other operating expenses	-8,107	-5,961	-2,146	36.0
<b>Total</b>	<b>-27,944</b>	<b>-23,264</b>	<b>-4,680</b>	<b>20.1</b>

## 21 Extraordinary income and expense

	2021 1000 CHF	2020 1000 CHF	Change 1000 CHF	%
Other extraordinary income	-	1,328	-1,328	-100.0
Transactional tax expense related to prior year	-	-	-	-
Other extraordinary expense	-	-271	271	-100.0
<b>Total</b>	<b>-</b>	<b>1,057</b>	<b>-1,057</b>	<b>-100.0</b>

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

## 22 Taxation

	2021 1000 CHF	2020 1000 CHF	Change 1000 CHF	%
Expenses for deferred taxes	-	-	-	-
Expenses for current taxes	-3,985	-4,486	501	-11.2
<b>Total</b>	<b>-3,985</b>	<b>-4,486</b>	<b>501</b>	<b>-11.2</b>
<b>Average tax rate based on operating result</b>	<b>17.4</b>	<b>21.6</b>		

## 23 Significant events after the balance sheet date

No events have occurred since the balance sheet date which would change the financial position of the Rothschild & Co Bank AG Parent and which would require adjustment or disclosure in the 2021 Annual Report now presented.

## D Accounting and Valuation Principles

### General Principles

The accounting and valuation principles comply with the Swiss Code of Obligations, the Bank law, including the Swiss Financial Market Supervisory Authority guidelines as required for non-consolidated banks, and Statutory directives. As of January 1, 2020 FINMA implemented the circular 2020/1 and FINMA-AO which the bank has adopted accordingly.

### Accounting and Recording of Transactions

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

### Foreign Currency Translation of the Financial Statements

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

Foreign exchange rates used

	31.12.2021	31.12.2020
EUR	1.0364	1.0804
GBP	1.2353	1.2015
USD	0.9132	0.8798

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

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

#### Amounts Due from Clients

Amounts due from clients are stated in the balance sheet at their nominal value.

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

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

#### Trading Portfolios in Securities and Precious Metals

Securities and precious metals in trading portfolios and in financial instruments at fair value are in principle stated at the fair value. The price obtained on a price-efficient and liquid market is taken as the fair value, which as a rule corresponds to the market value. If in exceptional cases there is no fair value available, securities and precious metals in trading portfolios will be valued and stated at the lower of cost or market value. Changes in the value of precious metals positions is shown in result from trading operations and the fair value option.

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

#### Financial Investments

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

### Participations

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

### Fixed Assets

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

### Derivative Instruments

Derivative financial instruments are stated at fair value. The positive and negative replacement values are included in the balance sheet. Unrealised/realised gains are booked to results from trading operations.

### Pensions

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

### Valuation Adjustments and Provisions

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

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

### Income Tax

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

### Fiduciary Placement Activities

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

### Contingent Liabilities and Fiduciary Operations

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

### Merger accounting

The merger of the Bank with Banque Pâris Bertrand SA was accounted for using the book-value method.

## E Notes on Risk Management

### 1. Risk Policy

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

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

#### 1.1. Organisational Responsibilities and Risk Governance

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

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

- 3<sup>rd</sup> line: Internal Audit provides an independent view of adherence to guidelines and policies and reviews the risk management frameworks on a regular basis to identify and recommend areas for improvement as required.

### 2. Risk Categories

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

#### 2.1. Credit Risk

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

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

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

Credit exposures resulting from our lending businesses are reviewed by the Private Client Credit Committee on a quarterly basis. The concentration of risks on one client or counterparty or on one group of linked clients or counterparties is monitored and appropriate measures are taken to avoid the emergence of large exposures. Loans that are considered to be at risk, where the collectability of the debt is doubtful, are assessed individually and, where necessary, impairment provisions are taken against the exposure. As per 31.12.2021, no provisions for outright credit losses have been made. See also Note 1 of Parent financial statement.

## E Notes on Risk Management

Counterparties are defined as banks or brokers with which the Bank trades or places cash deposits, or from which it purchases services. Counterparties are carefully selected on the basis of their creditworthiness, drawing on external ratings. Internal limits have to be approved by the competent bodies according to the risk policy and internal guidelines. Counterparty exposures are monitored daily by the Risk Department and are reviewed regularly by the Bank's Treasury Committee, the Executive Committee and the Audit and Risk Committee.

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

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

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

### 2.2. Market Risk - Currency Risk

Market risk describes the risk that the Bank could suffer losses as a result of changes in the financial markets (interest rates, FX rates, share prices).

The Treasury and FX Dealing Department is responsible for managing the structure of the balance sheet, the capital and the liquid assets and for monitoring and limiting interest rate risk and currency risk exposure.

The policy of the Bank only permits open market risk positions to a small degree in relation to client business volumes and available capital. Besides these positions the Bank incurs some FX risk through its proprietary FX trading book. The Board of Directors have limited these positions to CHF 50m intraday and 20m overnight. The ExC has imposed lower operational limits, however, of CHF 20m intraday and CHF 12m overnight. Calculation of risk positions and monitoring of compliance with the limits are performed independently by the Risk Department on a daily basis.

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

### 2.3. Market Risk - Interest Rate Risk

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

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

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

The interest rate risk of the Bank measured by model 1, has remained within a range of CHF 2.0m – 2.6m, measured monthly. The IRRBB EVE has varied between 2.2% and 2.8% of Tier 1 Capital, measured quarterly against a limit of 15%.

### 2.4. Liquidity Risk

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

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

Compliance with the liquidity rules as set out in the respective external and internal regulations are continually monitored by the Risk Department and are reported to the Treasury Committee, the Executive Committee and the Board of Directors. The regulatory parameters LCR and NSFR measured at month end averaged 142% and 265%, respectively, in the fourth quarter of 2020. Regulatory requirements for both ratios are 100%, while the requirement for the NSFR will only be a regulatory requirement as of July 1, 2021.

### 2.5. Operational Risk

Operational risk entails the possibility that losses may be incurred directly or indirectly due to the inappropriateness or failure of internal procedures, persons or systems or due to external events that cannot be influenced. This definition also comprises the risk of fraud, regulatory sanctions, breaches to information security and data protection obligations and the potential reputation damages associated with



## E Notes on Risk Management

operational risk events. In accordance with regulatory requirements and the Bank's dedication to ensure high quality services for its clients, the Executive Committee has implemented an operational risk management framework consisting of internal policies and procedures on organisation setup and controls, which are designed to maintain operational integrity at a high level.

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

### 2.5.1. Qualitative assessment

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

### 2.5.2. Quantitative assessment

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

### 2.5.3. Internal Control System (ICS)

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

### 2.5.4. Legal, regulatory and compliance related risks

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

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

In order to monitor and mitigate legal and regulatory risks, the Bank maintains a Legal and Compliance Department and has implemented the necessary structures and processes designed to increase the employees' awareness of the topic, including training sessions per year on topics such as Anti Money Laundering and Financial Crime. By means of these education sessions and a set of permanent controls,

the Compliance department ensures that the Bank's business activities are conducted in accordance with the applicable regulations and the obligation of financial intermediaries to observe due diligence. The compliance risk management framework and compliance standards are reviewed regularly and will be updated should regulatory and legal developments necessitate adaptation.

# Report of the Statutory Auditor on the Financial Statements



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

### **Report of the Statutory Auditor on the Financial Statements**

As statutory auditor, we have audited the financial statements of Rothschild & Co Bank AG, which comprise the balance sheet, income statement, statement of changes in equity and notes (page 46 to 63) for the year ended 31 December 2021.

#### **Board of Directors' Responsibility**

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

#### **Auditor's Responsibility**

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

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

#### **Opinion**

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.



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

### Report on Other Legal Requirements

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

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

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

KPMG AG

Mirko Liberto  
Licensed Audit Expert  
Auditor in Charge

Adrian Walder  
Licensed Audit Expert

Zurich, 16 February 2022

# Capital Adequacy and Liquidity

## Regulatory Key Figures

	31.12.2021 1000 CHF	30.9.2021 1000 CHF	30.6.2021 1000 CHF	31.3.2021 1000 CHF	31.12.2020 1000 CHF
<b>Available capital (amounts)</b>					
Common Equity Tier 1 (CET1)	249,123				228,864
Tier 1	249,123				228,864
Total capital	249,123				228,864
<b>Risk-weighted assets (amounts)</b>					
Total risk-weighted assets (RWA)	1,417,747				925,368
Minimum capital requirements (CHF)	113,420				74,029
<b>Risk-based capital ratios (as a percentage % of RWA)</b>					
CET1 ratio (%)	17.57%				24.73%
T1 ratio (%)	17.57%				24.73%
Total capital ratio (%)	17.57%				24.73%
<b>Additional CET1 requirements (buffers) as a percentage of RWA</b>					
Capital conservation buffer requirement according to Basel minimum requirements (%)	2.50%				2.50%
Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	2.50%				2.50%
CET1 available after meeting the bank's minimum capital requirements (%)	9.57%				16.73%
<b>Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (CAO) (% of RWA)</b>					
Capital conservation buffer according to CAO, Annex 8 (%)	3.20%				3.20%
Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.0000%				0.0000%
CET1 capital target (%) according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	7.40%				7.40%
T1 capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	9.00%				9.00%
Total capital target according to CAO, Annex 8 + countercyclical buffer according to CAO, Art. 44 and 44a	11.20%				11.20%
<b>Basel III Leverage Ratio</b>					
Total Basel III leverage ratio exposure measure (CHF)	5,724,708				2,040,956
Basel III Leverage Ratio	4.35%				11.21%
<b>Liquidity Coverage Ratio</b>					
Total HQLA	2,899,732	2,682,532	2,502,808	2,980,061	3,050,418
Total net cash outflow	2,306,689	2,166,014	1,965,563	2,214,200	2,150,522
Liquidity Coverage Ratio (LCR) (%)	125.71%	123.85%	127.33%	134.59%	141.85%
<b>Net Stable Funding Ratio</b>					
Total available stable funding	2,740,407				2,415,107
Total required stable funding	1,252,200				914,401
Net Stable Funding Ratio (NSFR) (%)	218.85%				264.12%

## Head Office and Subsidiaries

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### Head Office

#### Rothschild & Co Bank AG

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### Subsidiaries & Branches

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