



EDMOND
DE ROTHSCHILD



ANNUAL REPORT 2019
EDMOND DE ROTHSCHILD (MONACO)



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2019
ANNUAL REPORT

EDMOND DE ROTHSCHILD (MONACO)

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Shareholders' letter

Dear Shareholders,

2019, which had started under the worst auspices, ended on a much more positive note, with markets posting strong performances as global growth slowed and corporate earnings failed to arouse much excitement.

The most significant event of last year was undoubtedly the turnaround by central banks, which resumed their rate cuts and their mass purchases of securities, masking the fragility of economic fundamentals.

In the face of the slowdown in the US economy during a pre-election period, continued tensions in US-Chinese relations and geopolitical concerns, central bank policies in developed and emerging countries are expected to continue to be accommodating in 2020.

The coronavirus epidemic that emerged in January is changing the landscape and painting a bleak picture of a year that was expected to be rather neutral. Beyond the sudden market reaction, the epidemic highlights the strong dependence of US and European economies on unilateral decisions by China.

As shareholders, 2019 was marked by a significant event: our family wanted Edmond de Rothschild to become a 100% family-owned Group again. We are convinced that this long-term commitment by our Family will enable the Group to go further in our ambition to make it the benchmark among conviction investment houses.

Our developments in recent years have paved the way.

Convinced that tomorrow's world is taking shape today and that finance has a responsible role to play, for several years we have been successfully

developing our Real Assets offering, which has now reached over CHF 16 billion.

Our real estate platform, Edmond de Rothschild Real Estate Investment Management, forms part of these recognised areas of expertise and is mobilising investors around strategies that meet the new uses of real estate and comply with the most stringent environmental standards. In 2019, we launched a thematic pan-European fund based on the conviction that we must rethink urban logistics in connection with the growth in e-commerce. We also manage a residential fund of affordable housing in the UK with strong social impact commitments. Lastly, we completed the acquisition of two large-scale units in Berlin and London to roll out ambitious urban regeneration strategies.

Our BRIDGE infrastructure debt platform continues to post strong growth in green, digital and social infrastructures and has a GreenFin label for one of its strategies, which serves as recognition of our commitment and credibility in this area. In 2019, BRIDGE conducted 15 investments with, for the most part, a favourable carbon footprint impact measurement. We have also been pioneers in e-mobility investing, as part of the Junker plan.

Lastly, in 2019 our Private Equity platform integrated a new specialised strategy on SME and ISE transfer issues, aligned with our entrepreneurship DNA. We want to continue supporting the real economy with sustainable solutions and all of our 13 private equity strategies will meet responsible investment criteria starting from this year.

In terms of liquid assets, we are continuing to work on our key characteristics by focusing on strategies that are our strength.

Edmond de Rothschild is one of the first players to have committed to socially responsible investing (SRI) and to have developed its own internal rating model. With this conviction, we now have CHF 10.7 billion under management based on responsible investment strategies. In 2019, our Group became the first player to have obtained an SRI label in France for its global convertibles strategy. We plan to continue gradually shifting our funds to funds managed according to SRI strategies.

Our Private Banking is in continual contact with the Families and Entrepreneurs. We offer differentiating content that combines financial performance with a positive impact on the world, thus responding to our clients' growing aspirations. Our clients have been able to take part in the structural transformations under way in several sectors, whether through our Big Data fund, which provides the opportunity to benefit from breakthrough innovations, or our Private Equity fund PEARL, which supports the energy and environmental transition. Our SMART Estate real estate fund, which repositions obsolete buildings by capitalising on new trends, has also proven extremely successful with our

private clients. Lastly, we launched a new SRI mandate that responds to this legitimate demand for impact. This strong offering has borne fruit with large inflows, particularly in France.


In a rapidly changing industry where technology is becoming more important every day, we are more mobilised than ever to make our conviction-driven investment House the benchmark in our sector – recognised for its strength of combining financial performance with long-term societal impact and for its unique human values.

The way in which we conduct our various activities provides proof of our values. It expresses our long-term vision, our quest for impact and demonstrates our pursuit of excellence in everything we undertake.

We are therefore approaching 2020 with the desire to turn it into a source of growth opportunities for our clients, whom we thank for the trust they put in us. We want it to also be a source of motivation and satisfaction for our employees, whom we thank for their commitment.



Ariane de Rothschild
Chairwoman of the Board of Directors of the Edmond de Rothschild Group



Benjamin de Rothschild
Chairman of the Board of Directors of Edmond de Rothschild Holding

Governing bodies of Edmond de Rothschild (Monaco)

Board of Directors

Chairman

Emmanuel Fiévet¹⁾
Vincent Taupin²⁾

Vice-Chairman

Tobias Guldemann¹⁾
Jean Laurent-Bellue^{2) 3)}

Directors

Cynthia Tobiano
Sabine Rabald

Statutory auditors

Bettina Ragazzoni¹⁾
Didier Mekies
André Garino²⁾

Senior Management

Chief Executive Officer

Hervé Ordioni

Deputy Chief Executive Officer

Eric Pfefferlé

Executive Committee

Hervé Ordioni
Gérard Ohresser
Eric Pfefferlé
Geoffroy Rousseau
Grégory Sorba
Hugues Grumiaux

1) until the General Meeting of 27/03/2019

2) from the General Meeting of 27/03/2019

3) from the Board Meeting of 27/03/2019

Financial Report

Edmond de Rothschild (Monaco) Group

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Board of Directors' report

on the consolidated financial statements of Edmond de Rothschild (Monaco)
at the Ordinary General Meeting of 26 March 2020

Dear Shareholders,

After a particularly difficult 2018 on the financial markets, 2019 was a clear contrast, with all asset classes posting positive performances.

This trend reversal occurred due to central banks, which finally proved willing to open the taps of monetary liquidity again. As such, although three increases in key rates were expected at the beginning of the year, the Fed ultimately made three 25 basis point cuts while also ending the contraction of its balance sheet.

The re-establishment of central bank moral hazard allowed interest rates to fall significantly and equities to post double-digit performances against a backdrop of earnings stagnation.

Ultimately, 2019 ended with very satisfactory performances but indicated the huge challenge that awaits asset managers in the coming decade: how to invest prudently when interest rates are negative on all maturities of euro government bonds?

In this context, Edmond de Rothschild (Monaco) continued to show initiative and our teams' commercial strength led to a 14% increase in assets under management to €10.4 billion, inflows of more than €600 million and a consolidated net profit of €20.5 million.

The workforce grew from 184 at the end of 2018 to 195 employees as at 31 December 2019.

EDMOND DE ROTHSCHILD GESTION

Our management company has strived to deliver more and more service to the bank in terms of communication, risk management, investment transparency and the quality of the teams.

During 2019, the management company saw an increase in its assets under management both in the dedicated fund and in management mandates. However, this increase (+€127 million) is mainly due to a favourable market effect.

As at 31 December 2019, the number of accounts totalled 737 and funds in custody reached €2.452 billion.

As at 31 December 2019, the three mutual funds managed totalled €234 million in assets under management.

The company's balance sheet total was €16.1 million as at 31 December 2019.

Revenue for the year totalled €15.3 million, up 7% compared with 2018.

Taking into account the expenses incurred by the company, i.e. €2.4 million, the result is a net income of €12.9 million.

EDMOND DE ROTHSCHILD ASSURANCES ET CONSEILS

At a commercial level, the 2019 financial year was positive in terms of inflows. 185 insurance policies (life insurance policies and capitalisation bonds) were thus put in place over the entire year, amounting to gross inflows of €413 million as at 31 December 2019.

Unit-linked inflows still make up the majority (over 65%). Euro fund inflows were significant this year. This is due in particular to numerous broker-deals and numerous decisions are to be anticipated. Inflow sources remain similar to previous financial years (managers of Edmond de Rothschild (Monaco), Edmond de Rothschild Group and independent managers).

As at 31 December 2019, the estimated valuation of the EDRAC portfolio was €1.85 billion (+30%) with a total of 936 active contracts. The average premium per contract was up to €1.97 million (versus €1.73 million in 2018). Outflows were higher in 2019 at €158 million (versus €105 million in 2018).

In terms of partnership, two new companies were registered (VITIS Life and CALIE).

On an administrative level, activity was even more sustained than in 2018 with over 760 transactions processed during the financial year compared with 610 last year.

On a human level, the workforce was strengthened by two permanent contract hires.

The company's balance sheet total was €3.1 million as at 31 December 2019.

Turnover for the financial year remained stable at €2.3 million.

Given the expenses incurred by the company, i.e. €0.9 million and income tax of €0.4 million, the result is a net income of €1.0 million.

CONSOLIDATED FINANCIAL STATEMENT RESULTS

The consolidated balance sheet total of EdR (Monaco) was €2.5 billion, versus €2.3 billion last year.

Net banking income was €70.0 million, up 4.8% on the previous year's level.

Net commissions were up to €55.6 million, with cash flow fees up 12% and commissions on outstandings down 6%.

The net interest margin was up 14.6% compared to 2018. As such, the interest margin with credit institutions increased by €2.4 million to €12.3 million and the client interest margin totalled €6.2 million, like last year.

Operating expenses totalled €42.5 million in 2019, down 4% compared to 2018. This decrease is linked to personnel expenses, which decreased from €31.8 million to €30.7 million, as well as other administrative expenses, which totalled €11.7 million compared with €12.5 million the previous financial year.

As such, consolidated profit totalled €20.5 million compared with €16.5 million, up 25% compared to the previous financial year.

OUTLOOK FOR 2020

After an excellent year in 2019, caution is required for the 2020 financial year. Firstly, the geopolitical and economic environment remains fragile. Secondly, the market growth potential has decreased significantly, as the factors that contributed to the rise in indices last year have disappeared. We must remain vigilant and continue to adapt to this uncertain and volatile context.

Edmond de Rothschild (Monaco) remains driven by the pursuit of excellence and a long-term commitment to serve its clients by focusing its efforts on its areas of expertise.

We also wish to express our sincere gratitude to our clients for their trust in us and to express our deepest thanks to Management, executives and all employees for the efforts made in 2019.

The Board of Directors

General Report

on the Consolidated Financial Statements

by the Statutory Auditors for the fiscal year ending on December 2019

To the Shareholders,

In compliance with the assignment entrusted to us, we hereby report to you on our audit of the consolidated financial statements of the Company for the year ended 31 December 2019.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

Total consolidated assets were	2'530'342'735,53€
The income statement shows a net profit of	20'509'604,64€
The share capital was	150'248'552,71€

We conducted our audit in accordance with the standards of our profession. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as 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.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2019 and of the results of its operations for the year then ended.

As required by law and in accordance with the standards of our profession, we have also verified the information regarding the Group presented in the Board of Directors' report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Monaco, 9 March 2020

Didier MEKIES
Statutory Auditor

André GARINO
Statutory Auditor

Consolidated Statement

as at 31 December 2019

	at 31/12/2019 (€)	at 31/12/2018 (€)
Assets		
Cash desk, Central Banks, C.C.P.	378'689'052,84	522'211'301,15
Receivables from credit institutions	889'567'744,33	782'745'667,16
Client transactions	1'222'169'136,09	976'316'464,11
Bonds and other fixed income securities	-	-
Equities and other variable-income securities	1'000,00	5'401'083,95
Other equity securities	17'150,00	17'150,00
Other financial fixed assets	360'371,30	287'223,41
Intangible fixed assets	13'830'163,88	10'022'034,90
Tangible fixed assets	3'102'082,93	4'140'785,79
Other assets	18'544'482,92	27'966'540,32
Adjustment accounts	4'061'551,24	4'519'534,97
Total assets	2'530'342'735,53	2'333'627'785,76
Liabilities		
Debts to credit institutions	131'394'038,78	84'807'197,91
Client transactions	2'167'316'155,73	2'080'924'874,30
Other liabilities	63'021'728,12	38'056'534,90
Adjustment accounts	15'791'699,21	17'253'155,01
Provisions for risks and expenses	2'570'560,98	2'843'190,01
Subscribed capital	13'900'000,00	12'000'000,00
Consolidated reserves - Group share	115'838'948,07	81'272'929,49
Income for the financial year - Group share	20'509'604,64	16'469'904,14
Total - Group share	150'248'552,71	109'742'833,63
Minority interests	-	-
Consolidated shareholders' equity excluding funds for general banking risks	150'248'552,71	109'742'833,63
Total liabilities	2'530'342'735,53	2'333'627'785,76

Consolidated off-balance sheet items

as at 31 December 2019

	at 31/12/2019 (€)	at 31/12/2018 (€)
Commitments received		
Financing commitments received	-	-
Guarantee commitments received	1'342'363'055,09	1'003'029'178,02
- Guarantee received from a credit institution	35'100'000,00	28'200'000,00
- Guarantees received from clients	1'307'263'055,09	974'829'178,02
Commitments on securities received	-	-
Commitments given		
Financing commitments given	211'387'131,93	140'738'900,08
Guarantee commitments given	9'957'004,86	6'043'293,79
Commitments on securities given	17'588'124,04	-

Consolidated income statement

as at 31 December 2019

	at 31/12/2019 (€)	at 31/12/2018 (€)
Interest and similar income	34'039'043,55	28'725'127,31
<i>on transactions with credit institutions</i>	18'285'486,49	15'621'742,82
<i>on transactions with clients</i>	15'753'557,06	13'103'384,49
Interest and similar expenses	-15'549'315,60	-12'592'475,63
<i>on transactions with credit institutions</i>	-5'946'259,38	-5'591'330,88
<i>on transactions with clients</i>	-9'603'056,22	-7'001'144,75
Income from variable-income securities	0.00	0.00
Commissions (income)	52'341'637,24	53'551'995,13
Commissions (expenses)	-3'992'414,59	-3'890'219,78
Gains or losses on trading book transactions	7'221'452,46	4'779'542,30
<i>trading securities</i>	3'868'686,57	2'195'663,72
<i>forex</i>	3'288'345,70	2'560'409,98
<i>financial instruments</i>	64'420,19	23'468,60
Gains or losses on investment portfolio transactions and similar	-254'332,38	-139'270,14
Other income from banking operations	853'287,02	1'176'279,28
Other expenses from banking operations	-4'649'506,74	-4'792'096,69
Net banking income	70'009'850,96	66'818'881,78

Consolidated income statement

as at 31 December 2019

	at 31/12/2019 (€)	at 31/12/2018 (€)
General operating expenses	-42'462'013,16	-44'251'191,00
<i>personnel costs</i>	-30'714'593,33	-31'758'666,33
<i>other administrative costs</i>	-11'747'419,83	-12'492'524,67
Allowances for depreciation and provisions on intangible and intangible property	-2'601'995,55	-2'417'032,65
EBITDA	24'945'842,25	20'150'658,13
Cost of risk	433'516,18	112'594,71
Operating profit	25'379'358,43	20'263'252,84
Gains or losses on fixed assets	-51'035,83	68'256,24
Pre-tax profit before extraordinary	25'328'322,60	20'331'509,08
Exceptional profit/loss	-730'218,67	-1'223'815,02
Income tax	-4'088'499,29	-2'637'789,92
Allocations/write-backs on funds for general banking risks and regulated provisions	-	-
Net income	20'509'604,64	16'469'904,14
* of which minority interests	-	-
Net income - Group share	20'509'604,64	16'469'904,14

Notes

to the consolidated financial statements for the financial year ended 31 December 2019 of Edmond de Rothschild (Monaco)

1. GENERAL PRINCIPLES AND METHODS

The consolidated financial statements of the Edmond de Rothschild Monaco Group are prepared in accordance with the general accounting principles applicable in France to credit institutions.

The general registration methods specific to the regulations applicable to credit institutions and provided for in the instructions of the Banking Regulation Committee are applied (see CRC no. 2000.03 of 4 July 2000 and no. 2002.03 of 12 December 2002).

In accordance with the decree of 03 November 2014 repealing amended regulation no. 97/02, our Group has internal control, under the conditions provided for in said decree.

2. ACCOUNTING PRINCIPLES AND VALUATION METHODS

2.1. Scope and consolidation methods

Undertakings over which the Group exercises exclusive control are fully consolidated, including undertakings with different account structures whose activity is aligned with the banking and financial activities or related activities.

The Group has exclusive control by directly holding voting rights in the following consolidated undertakings:

- › Edmond de Rothschild (Monaco) – Banking activity: head of the Group;
- › Edmond de Rothschild Assurances et Conseils (Monaco) – Insurance brokerage activity: 100% of the Shares and Voting Rights are held by the head of the Group;
- › Edmond de Rothschild Gestion (Monaco) – Discretionary portfolio and UCITS management activity: 100% of the Shares and Voting Rights are held by the head of the Group;
- › Incentive Management S.A.M. – Acquisition/sale of shares in the SAM “Edmond de Rothschild (Monaco)” as part of an annual system of executive remuneration and retention. Company liquidated on 31/08/2016.

2.2. Balance sheet date and reference currency

The consolidated financial statements are prepared as at 31 December of each year, as for all consolidated companies.

The consolidated financial statements are denominated in EUR, as are as the financial statements of each of the consolidated companies.

2.3. Intra-group operations

The reciprocal financial statements, as well as the income and expenses resulting from internal group operations and having a significant influence on the consolidated financial statements, are eliminated when they relate to fully consolidated subsidiaries.

For intra-group income and expenses, the amount excluding taxes is written off in the income statement.

2.4. Goodwill

Not applicable.

2.5. Hedging transactions

As the Bank/Management Company's activity is portfolio management, its involvement on the financial markets is mainly as an intermediary. It does not deal with derivatives, except for the occasional purchase or sale of options hedged on behalf of clients. As a result, it has no counterparty risk on derivatives.

The other consolidated companies do not have hedging transactions.

2.6. Conversion of foreign currency transactions

In accordance with the provisions of amended Regulation No. 89/01, receivables, debts and off-balance sheet commitments expressed in foreign currencies are converted at the year-end exchange rate.

Foreign currency income and expenses are converted into euros at the spot rate in effect on the trade day.

Forward foreign exchange contracts are valued at the forward rate of the remaining period, on the closing date of the financial year.

Foreign exchange income and losses from foreign exchange transactions are included in the Profit and Loss Statement.

2.7. Operating leases

Contracts for the rental of passenger vehicles and computer equipment are referred to as operating leases; the expense is recorded in a straight-line manner over the term of the contract.

2.8. Deferred tax assets

Deferred tax assets relate only to temporary differences between the accounting income and the taxable income of consolidated companies subject to tax.

In this case, the tax rate of 31% is applied to these temporary differences (rate applicable in the Principality of Monaco).

2.9. Minority interests

Directors holding Guarantee Shares are not categorised as Minority Shareholders.

No Minority Interest at 31/12/2019.

2.10. Treasury shares

The shares of the head of the Group held by consolidated subsidiaries are categorised as treasury shares.

The income generated during the financial year by holding these treasury shares is offset by consolidated income.

2.11. Fixed assets

Fixed assets are valued at their acquisition cost. Depreciations were carried out on a straight-line basis over their likely useful life, under commonly accepted rates.

Namely:

› Fixtures and facilities	5 or 10 years
› Movables	5 years
› Equipment	5 years
› Software	3 years
› IT hardware	3 years

2.12. Types of financial instruments

As part of its management activity, the Bank/Management Company has processed foreign exchange options and securities transactions on behalf of its clients. There were no proprietary positions opened as at 31 December 2019.

2.13. Interest and commissions

Interest is recognised in the Income Statement on a pro rata temporis basis. Commissions are recognised as soon as the transactions that generated them are entered in the accounting system.

2.14. Pension commitments

Retirement benefits resulting from the Monaco Collective Agreement for Banking Employees are not covered by insurance policies. The total provision amounted to €400,000 as at 31 December 2019 compared with €338,000 as at 31 December 2018.

2.15. Taxation

The Group's tax consists of the tax due by each of the companies in respect of the Financial Year and the variation in Deferred Assets Taxes.

According to Monaco's tax provisions, only companies under the laws of Monaco and with revenue in Monaco of less than 75% of total revenue are subject to corporate income tax at the rate of 31%.

2.16. Counterparty risk

The vast majority of interbank commitments are made with the Group. The bank's credit lines are monitored daily by the Banking Relations Department in Geneva and reviewed semi-annually by each entity's Executive Committee. A list of lines by counterparty is established and submitted to each subsidiary. Each entity sends a series of reports on bank lines and their use for a Group consolidation of exposures.

2.17. Events after the balance sheet date

The companies have been affected by the COVID-19 crisis, which occurred after the closing date of 31 December 2019. The future economic consequences of this crisis cannot be assessed at this stage.

3. INFORMATION ON BALANCE SHEET ITEMS

3.1. Receivables and debts

Receivables and debts are broken down according to their remaining duration, as follows:

Breakdown of Receivables and Debts according to residual maturity

Headings (in thousands of euros)	duration ≤ 3 months	3 months < duration ≤ 1 year	1 year < duration ≤ 5 years	duration > 5 years
Receivables from credit institutions	819'044	54'523	-	-
on demand	116'720			
forward	702'324	54'523		
Amounts due from clients	587'557	105'690	283'070	245'854
on demand	531'851			
forward	55'706	105'690	283'070	245'854
Debts to credit institutions	10'068	10'344	66'998	43'844
on demand	3'420			
forward	6'648	10'344	66'998	43'844
Accounts payable by clients	2'113'741	53'575	-	-
on demand	1'529'465			
forward	584'276	53'575		

Receivables and debts from credit institutions include transactions with banks of the Edmond de Rothschild Group and are recorded in the following table:

Breakdown of transactions carried out with affiliated companies or with which there is a shareholding link

Headings (in thousands of euros)	Total	Of which transactions relating to companies	
		Affiliated	With a shareholding link
Receivables from credit institutions	818'505	433'575	384'930
Debts to credit institutions	127'834	127'834	0

The balance of assets largely corresponds to the investment of the surplus of resources over uses, with counterparty risk being regularly analysed by the Bank's Board of Directors.

Receivables from clients are recorded on the balance sheet at their nominal value.

3.2. Equities and other variable-income securities

The securities held on the closing date by the consolidated companies are UCITS acquired to provide a financial return, so they are investment securities.

Headings (in thousands of euros)	at 31/12/2019	at 31/12/2018
Investment securities / Capitalisation UCITS Shares	1	5'401
sub-total	1	5'401
Provision for impairment	0	0
Net book value of shares and other variable-income securities	1	5'401

These securities are recorded at the historical cost. A provision is made when the market value is less than the book value.

3.3. Fixed assets

Fixed assets are analysed as at 31 December 2019, according to the tables below:

GROSS AND NET VALUES					
Types of fixed assets (in thousands of euros)	Gross amount at start of 2019 financial year	Acquisitions 2019	Disposals 2019	Gross amount at end of 2019 financial year	NBV at end of 2019 financial year
Intangible fixed assets					
Goodwill/leasehold rights	8'146	0	0	8'146	8'146
Software & licences	8'720	1'128	0	9'848	982
Miscellaneous deposits	1'028	3'675		4'703	4'703
Sub-total	17'894	4,803	0	22'697	13'831
Tangible fixed assets					
Fixtures, facilities and other tangible fixed assets	15'473	607	151	15'929	3'102
Miscellaneous deposits					
Sub-total	15'473	607	151	15'929	3'102
Total Fixed Assets	33'367	5'410	151	38'626	16'933

DEPRECIATION				
Types of fixed assets (in thousands of euros)	Accumulated depreciation at the beginning of the 2019 financial year	Allocations 2019	Outflows 2019	Accumulated depreciation at the end of the 2019 financial year
Intangible fixed assets				
Goodwill/leasehold rights				0
Software & licences	7'871	995	0	8'866
Miscellaneous deposits				
Sub-total	7'871	995	0	8'866
Tangible fixed assets				
Fixtures, facilities and other tangible fixed assets	11'332	1'614	119	12'827
Miscellaneous deposits				
Sub-total	11'332	1'614	119	12'827
Total Fixed Assets	19'203	2'609	119	21'693

All of these fixed assets are used for the Bank's own activities.

3.4. Consolidated shareholders' equity

Consolidated shareholders' equity as at 31 December 2019 totalled €150,249, 000.

In €K	31/12/2018	2019 income	Change in scope	Capital inc./red.	Profit and Loss Allocation	31/12/2019
Share capital	12'000			1'900		13'900
Issue premium	0			18'149		18'149
Conso. reserves - Group share	81'273	117			16'300	97'690
Conso. income - Group share	16'470	20'510			-16'470	20'510
Total - Group share	109'743	20'627	0	20'049	-170	150'249
Minority interests	0					0
Consolidated shareholders' equity	109'743	20'627	0	20'049	-170	150'249

3.5. Provisions for Risks and Expenses

Provisions for Risks and Expenses as at 31 December 2019 are €2,571,000 and consist of:

Headings (in thousands of euros)	Gross amount at start of 2019 financial year	Allocations as at 31/12/2019	Reversals as at 31/12/2019	Balance as at 31/12/2019
Provisions for pension expenses	338	400	338	400
Other provisions for risks	2'505	189	523	2'171
Total provisions for risks and expenses	2'843	681	861	2'571

Provisions for client risks are established according to the risks of losses, as soon as they are known. They are deducted from assets when they relate to doubtful debts, otherwise they are incorporated into liabilities.

3.6. Interest accrued or due, receivable or payable included in balance sheet items as at 31 December 2019

Headings (in thousands of euros)	Amounts		Total
	Euros	Foreign currencies	
Assets			
Receivables from credit institutions	-46	1'859	1'813
Amounts due from clients	983	26	1'009
Total included under assets	937	1'885	2'822
Liabilities			
Debts to credit institutions	139	1	140
Accounts payable by clients	35	1'489	1'524
Total included under liabilities	174	1'490	1'664

3.7. Adjustment accounts and miscellaneous

The table below provides details of the adjustment accounts and other asset and liability accounts by transaction category:

Headings (in thousands of euros)	Asset accounts	Liability accounts
Off-balance sheet foreign exchange income	90	
Prepaid expenses	547	
Miscellaneous income receivable	2'881	
Accrued expenses - personnel		9'922
Accrued expenses - suppliers		2'798
Accrued expenses - business introducers		2'942
Miscellaneous	544	129
Total Adjustment Accounts	4'062	15'791
Securities transaction settlement accounts	5'280	15'550
Miscellaneous debtors	1'908	
Security deposits paid	11'246	
Miscellaneous creditors		2'942
Collateral deposits received		42'506
Tax payable to the State	0	2'024
Deferred Tax Asset	110	
Total Other	18'544	63'022

3.8. Euro equivalent of foreign currency assets and liabilities

	Exchange value in thousands of euros		Exchange value in thousands of euros
Total Assets	1'025'456	Total Liabilities	1'025'457

4. INFORMATION ON OFF-BALANCE SHEET ITEMS

4.1. Foreign Exchange contracts not settled as at 31 December 2019

Headings (in thousands of euros)	To be received	To be delivered
Euros purchased not received	6'896	
Currencies purchased not received	7'059	
Currencies borrowed not yet delivered	5'249	
Euros sold not delivered		6'921
Currencies sold not delivered		7'024
Undelivered borrowed currencies		17'319
Total foreign exchange spot transactions	19'204	31'264
Euros receivable, currencies to be delivered	22'681	82'968
Currency receivable, euros to be delivered	82'947	22'555
Currency receivable, currency to be delivered	29'688	29'685
Total foreign exchange forward transactions	135'316	135'208

The transactions recorded here do not indicate that the Bank has a significant proprietary position.

4.2. Transactions on conditional foreign exchange instruments (in thousands of euros)

Call purchases	28'597	Put purchases	1'786
Call sales	28'597	Put sales	1'786

For these transactions, the Bank/Management Company only acts on the markets as an intermediary and only on behalf of its clients, as transactions are systematically backed by a banking counterparty. All transactions are carried out over-the-counter.

5. INFORMATION ON INCOME STATEMENT ITEMS

5.1. Breakdown of Commissions for the 2019 financial year

Headings (in thousands of euros)	Expenses	Income
Delegation of financial management	0	
Foreign exchange and exchange transactions	15	8
Securities transactions on behalf of clients	3'150	33'934
Other financial services	828	12'297
Other miscellaneous client transactions	0	6'115
Total commissions	3'993	52'354

The income is collected from clients. Commissions paid mainly represent costs incurred on behalf of clients with the various financial intermediaries, credit institutions or others.

5.2. Gains on trading book transactions

This item reflects the result of the following transactions:

- › Securities purchase and sale transactions carried out by the Bank, mainly on the bond markets totalling €3,869,000.
- › Foreign exchange transactions totalling €3,275,000

5.3. Other banking operating income and expenses

Headings (in thousands of euros)	2019	2018
Miscellaneous commission retrocessions	489	575
Other ancillary income	399	601
Expenses recharged to group companies	-50	0
Transfer of NB operating expenses	15	0
Total Income	853	1'176
Business introducers & external managers	4'581	4'713
Guarantee fund premiums	68	79
Total Expenses	4'649	4'792

5.4. General operating expenses - Personnel costs

The change in personnel costs is reflected, as follows, during the 2019 financial year:

Headings (in thousands of euros)	2019	2018
Wages and salaries	24'133	25'489
Pension expenses	2'792	2'552
Other social security expenses	3'700	3'634
Vocational training	89	84
Total personnel costs	30'714	31'759

The provision for paid leave, established in accordance with the regulations in force and incorporated into the Adjustment Accounts items on the Balance Sheet, has been updated according to the number of employees and their leave rights as at 31 December 2019. The corresponding additional provision has been included in the Income Statement under wages and salaries.

5.5. Cost of risk

Headings (in thousands of euros)	2019	2018
Allocations to provisions for risks and charges	-89	-1'583
Write-backs on provisions for risks and charges	523	1'696
Total	434	113

5.6. Exceptional revenue and expenses

Exceptional expenses	-882 k€
Exceptional revenue	151 k€
Exceptional profit/loss	-731 k€

5.7. Group workforce

Headcount	2019	2018
Executives	129	114
Non-executive	66	70
Total	195	184

Financial Report

Edmond de Rothschild (Monaco)

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Board of Directors' report

on the corporate accounts of Edmond de Rothschild (Monaco)
at the Ordinary General Meeting of 26 March 2020

BALANCE SHEET REVIEW

On the assets side, cash totalled €378.7 million, down €143.5 million compared with 2018.

Receivables from banks increased by €106.8 million to €889.6 million.

Client loans totalled €1,222.2 million, a 25% increase compared with 2018. They represent 48% of the balance sheet total.

As at 31 December 2019, the balance sheet total stood at €2.53 billion, up by €202.7 million on the previous year.

On the liabilities side, commitments to banks increased by €46.6 million to €131.4 million.

At the end of the 2019 financial year, total client deposits were €2.2 billion, a 4.4% increase versus 2018. These assets represent 86% of the balance sheet total.

ANALYSIS OF INCOME

The Bank's profit for 2019 totalled €19.7 million, up 21% on the previous year.

Net banking income totalled €66.5 million, up 3.9% compared to the previous year.

- › Net commissions were stable at €37.9 million.
- › The client interest margin totalled €6.1 million, as in 2018.
- › The banking margin totalled €12.3 million, up €2.3 million.

Operating expenses totalled €40.1 million, a decrease of 4.8% compared with 2018. This decrease is due to personnel expenses, which fell from €29.9 million to €28.7 million, as well as other administrative expenses, which totalled €11.4 million compared with €12.2 million during the previous financial year.

EVENTS AFTER THE CLOSING DATE OF 31 DECEMBER 2019

The Bank has been affected by the COVID-19 crisis, an event occurring after the closing date of 31 December 2019. The future economic consequences of this crisis cannot be assessed at this stage.

TRANSACTIONS REFERRED TO IN ARTICLE 23 OF THE SOVEREIGN ORDINANCE OF 5 MARCH 1895

We remind you that this concerns any company or market (transaction) comprising a series of successive services (supply, works) of the same nature, or of a similar nature, contracted with the company or on its behalf and in which a director of your company has a direct or indirect interest.

During the 2019 financial year, the following transactions, covered by Article 23 of the Sovereign Ordinance of 5 March 1895, were carried out:

- › With EDMOND DE ROTHSCHILD (FRANCE) (Interested Directors: Mr Jean Laurent-Bellue and Mr Vincent Taupin, the latter until 14 March 2019):

During the 2019 financial year, the Company enjoyed administrative services. The amount invoiced by EDMOND DE ROTHSCHILD (FRANCE) under the service agreement signed on 11 December 2017 totalled €102,371,77 (excl. tax). The company also carried out routine reciprocal banking transactions under market conditions.

- › With EDMOND DE ROTHSCHILD (SUISSE) (Interested Directors: Mr Jean Laurent-Bellue and Mr Vincent Taupin, the latter since 14 March 2019):

During the 2019 financial year, the Company enjoyed administrative services. The amount invoiced by EDMOND DE ROTHSCHILD (SUISSE) under the service agreement signed on 11 December 2017 is CHF 515,814.68 (excl. tax). The company also carried out routine reciprocal banking transactions under market conditions.

- › Current banking transactions and guarantee commitments received with the establishments and subsidiaries of the Edmond de Rothschild Group,
- › Provision of premises and employees to the subsidiary Edmond de Rothschild Assurance et Conseil SAM (EDRAC),
- › Provision of resources and staff, and delegation of financial management agreement against payment with the subsidiary Edmond de Rothschild SAM (EDRG),

MEETINGS HELD DURING THE FINANCIAL YEAR

- › An Ordinary General Meeting was held on 27 March 2019 to approve the individual and consolidated financial statements for the financial year ended 31 December 2018.
- › An extraordinary general meeting was held on 8 February 2019 to recognise the completion of the capital increase of €1.9 million and validate the corresponding amendment of the articles of association (Article 6). The new capital is increased to €13.9 million.

APPROVAL OF THE INDIVIDUAL FINANCIAL STATEMENTS AND PROPOSAL TO ALLOCATE INCOME

We hereby submit the financial statements for the 2019 financial year for your approval, together with our proposal regarding the allocation of available earnings.

After taking into account retained earnings, the distributable profit is as follows:

2019 earnings	19'726'059,60 €
Previous retained earnings	84'787,14 €
Distributable profit	19'810'846,74 €

We propose that you allocate the distributable profit as follows:

Distribution of a dividend of €131 per share

For 86,875 shares	11'380'625,00 €
Allocation to the statutory reserve	190'000,00 €
Allocation to the optional reserve	8'185'000,00 €
Retained earnings	55'221,74 €
Total	19'810'846,74 €

ELECTIONS AS PER OUR ARTICLES OF ASSOCIATION

The list of the members whom the Board of Directors will propose for election/re-election will be included in the agenda of our General Meeting.

We also wish to express our sincere gratitude to our clients for their trust in us and to express our deepest thanks to Management, executives and all employees for the efforts made in 2019.

The Board of Directors

Statutory Auditors' General Report

on the corporate accounts for the fiscal year ending on 31 December 2019

To the Shareholders,

In accordance with article 25 of Monegasque Law No. 408 of 20 January 1945, we hereby report to you on the long-term overall engagement which you have entrusted to us, in accordance with article 8 of said Law, following the decision of the Ordinary General Meeting of 27 March 2019 for the years 2019, 2020 and 2021.

The financial statements and accompanying notes have been prepared under the responsibility of the Board of Directors.

The Company's total assets were	2'529'989'964,94 €
The income statement shows a net profit of	19'726'059,60
The Company's share capital was	133'495'833,18

Our role, which consists in expressing an opinion on these financial statements, was conducted in accordance with the standards of our profession, and led us to examine the transactions carried out by the Company in 2019, the balance sheet at 31 December 2019, and the income statement and the accompanying notes for the twelve months then ended, presented as required by banking regulations.

These documents were prepared following the same overall presentation and using the same measurement methods as in the previous year.

We verified the various assets and liabilities on the balance sheet as well as the methods used to measure them and to recognise the income and expenses presented in the income statement.

We conducted our audit in accordance with generally accepted standards for auditing accounting information, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques, to obtain audit evidence about the amounts and disclosures in the financial statements, assess their overall presentation and evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management. We believe that our procedures form a reliable basis for our opinion.

In our opinion, the balance sheet at 31 December 2019, the 2019 income statement and the accompanying notes, which are submitted to your approval, give a true and fair view of i) the assets and liabilities of the Company at 31 December 2019, and ii) the transactions and results of its operations for the twelve months then ended, in accordance with the applicable legal provisions and professional standards.

We have no matters to report on the information provided in the Board of Directors' report relating to the financial statements.

The proposed appropriation of profit complies with the applicable laws and articles of association.

We did not identify any infringement of the legal provisions or the provisions of the articles of association governing the organisation and procedures of the Company's corporate bodies.

Monaco, 9 March 2020

Didier MEKIES
Statutory Auditor

André GARINO
Statutory Auditor

Statutory Auditors' Special Report

on the corporate accounts for the fiscal year ending on 31 December 2019

To the Shareholders,

In accordance with article 24 of Monegasque Law No. 408 of 20 January 1945, we hereby report to you on the transactions subject to article 23 of the Sovereign Decree of 5 March 1895 which were carried out in 2019 and on the Shareholders' Meetings held during 2019.

I. TRANSACTIONS SUBJECT TO ARTICLE 23 OF THE SOVEREIGN DECREE OF 5 MARCH 1895

The Sovereign Decree of 5 March 1895 applies to any corporate or market transaction involving a series of successive services (i.e., provision of services, work) of the same type or of a similar type, performed by the Company or on its behalf, and in which a Director of the Company has a direct or indirect interest.

The relevant transactions carried out in 2019 are described in the special report prepared by the Company's Board of Directors. We have verified the information provided in this report and have no matters to report in this regard.

II. SHAREHOLDERS' MEETINGS HELD IN 2019

During 2019, the Company's shareholders met:

- › at an Extraordinary General Meeting on 8 February 2019 to confirm the increase in the Company's share capital and to approve the amendment to article 6 of the articles of association;
- › at an Ordinary General Meeting on 27 March 2019, in particular to:
 - approve the financial statements for the year ended 31 December 2019,
 - appoint two new Directors,
 - renew the terms of office of two Directors,
 - appoint Didier Mekies and André Garino as Statutory Auditors for 2019, 2020 and 2021.

Regarding these Meetings, we verified:

- › that they were held in compliance with the applicable laws and the articles of association;
- › the execution of the adopted resolutions.

We have no matters to report in this regard.

Monaco, 9 March 2020

Didier MEKIES
Statutory Auditor

André GARINO
Statutory Auditor

Balance sheet

at 31 December 2019

	at 31/12/2019 (€)	at 31/12/2018 (€)
Assets		
Cash desk, Central Banks, C.C.P.	378'689'052,84	522'211'301,15
Receivables from credit institutions	889'567'744,33	782'745'667,16
Client transactions	1'222'169'136,09	976'316'464,11
Bonds and other fixed income securities	-	-
Equities and other variable-income securities	-	-
Shares in affiliated companies	318'492,55	318'467,22
Other financial fixed assets	359'028,75	285'906,19
Intangible fixed assets	13'770'044,86	9'987'208,23
Tangible fixed assets	3'102'082,93	4'140'785,79
Other Assets	18'229'201,93	27'690'980,59
Adjustment accounts	3'785'180,66	3'583'661,86
Total assets	2'529'989'964,94	2'327'280'442,30
Liabilities		
Debts to credit institutions	131'394'038,78	84'807'197,91
Client transactions	2'177'129'834,18	2'085'953'329,97
Other Liabilities	62'820'646,53	36'481'124,86
Adjustment accounts	22'625'699,29	23'513'812,41
Provisions for risks and expenses	2'523'912,98	2'804'190,01
Shareholders' equity excluding funds for general banking risks	133'495'833,18	93'720'787,14
Subscribed capital	13'900'000,00	12'000'000,00
Reserves	99'784'986,44	65'336'000,00
Retained earnings	84'787,14	86'990,12
Income (loss) for the year	19'726'059,60	16'297'797,02
Total liabilities	2'529'989'964,94	2'327'280'442,30

Off-balance sheet items

at 31 December 2019

	at 31/12/2019 (€)	at 31/12/2018 (€)
Commitments received		
Financing commitments received	-	-
Guarantee commitments received	1'342'363'055,09	1'003'029'178,02
- Guarantee received from a credit institution	35'100'000,00	28'200'000,00
- Guarantees received from clients	1'307'263'055,09	974'829'178,02
Commitments on securities received	-	-
Commitments given		
Financing commitments given	211'387'131,93	140'738'900,08
Guarantee commitments given	9'957'004,86	6'043'293,79
Commitments on securities given	17'588'124,04	-

Income statement

at 31 December 2019

	at 31/12/2019 (€)	at 31/12/2018 (€)
Interest and similar income	34'039'043,55	28'725'127,31
<i>on transactions with credit institutions</i>	18'285'486,49	15'621'742,82
<i>on transactions with clients</i>	15'753'557,06	13'103'384,49
Interest and similar expenses	-15'549'315,60	-12'592'475,63
<i>on transactions with credit institutions</i>	-5'946'259,38	-5'591'330,88
<i>on transactions with clients</i>	-9'603'056,22	-7'001'144,75
Income from variable-income securities	13'165'128,00	13'003'403,00
Commissions (income)	49'535'236,23	50'494'506,38
Commissions (expenses)	-18'795'710,31	-17'551'791,73
Gains or losses on trading book transactions	7'208'790,64	4'779'542,30
<i>trading securities</i>	3'869'020,43	2'195'663,72
<i>forex</i>	3'275'350,02	2'560'409,98
<i>financial instruments</i>	64'420,19	23'468,60
Gains or losses on investment portfolio transactions and similar	-254'332,38	-139'270,14
Other income from banking operations	1'702'217,02	1'953'649,28
Other expenses from banking operations	-4,559,486.06	-4'685'064,81
Net banking income	66'491'571,09	63'987'625,96

Income statement

at 31 December 2019

	at 31/12/2019 (€)	at 31/12/2018 (€)
General operating expenses	-40'103'207,92	-42'126'601,48
<i>personnel costs</i>	-28'694'352,85	-29'903'781,34
<i>other administrative costs</i>	-11'408'855,07	-12'222'820,14
Allowances for depreciation and provisions on intangible and intangible property	-2'594'595,12	-2'416'589,85
EBITDA	23'793'768,05	19'444'434,63
Cost of risk	333'981,03	225'977,00
Operating profit	24'127'749,08	19'670'411,63
Gains or losses on fixed assets	28'028,29	0,00
Pre-tax profit before extraordinary	24'155'777,37	19'670'411,63
Exceptional profit/loss	-777'793,77	-1'288'362,61
Income tax	-3'651'924,00	-2'084'252,00
Allocations/write-backs on funds for general banking risks and regulated provisions		
Net income	19'726'059,60	16'297'797,02

Notes

to the annual financial statements for the financial year ended 31 December 2019 of Edmond de Rothschild (Monaco)

1. GENERAL PRINCIPLES AND METHODS

The annual financial statements are prepared in accordance with ANC regulation no. 2014-03 of 5 June 2014 relating to the general accounting plan and in accordance with the requirements of ANC regulation no. 2014-07 of 26 November 2014 on the financial statements of companies in the banking sector.

2. ACCOUNTING PRINCIPLES AND VALUATION METHODS

As the Bank's sole activity is portfolio management, its involvement on the financial markets is mainly as an intermediary. It does not deal with derivatives, except for the occasional purchase or sale of options hedged on behalf of clients. As a result, it has no counterparty risk on derivatives.

2.1. Conversion of foreign currency transactions

In accordance with Articles 2711-1 to 2731-1 of Book II, Title 7 of the ANC Regulation, receivables and debts denominated in foreign currencies are converted at the exchange rates indicated by the European Central Bank on the last trading day of December. The differences that may result from this conversion are included in the income statement. Foreign exchange positions are revalued monthly by applying the rate in force at the end of the month. The resulting foreign exchange income is included in the income statement under the heading "Net gain/loss on foreign exchange transactions".

Foreign currency transactions are converted at the exchange rate in force at the time of the transaction. Pursuant to Articles 2722-1 to 2723-2 of the ANC Regulation, forward foreign exchange positions are revalued:

- › during the term in the case of so-called "dry" or forward foreign exchange transactions carried out to hedge another forward foreign exchange transaction;
- › at the spot rate in the case of other transactions.

2.2. Holdings and shares in affiliated companies

Equity securities are recognised at their historical price.

2.3. Fixed assets

Fixed assets are valued at their acquisition cost. Depreciations were carried out on a straight-line basis over their likely useful life, under commonly accepted rates.

Namely:

› Fixtures and facilities	5 or 10 years
› Movables	5 years
› Equipment	5 years
› Software	3 years
› IT hardware	3 years

2.4. Types of financial instruments

As part of its management activity, the Bank has processed foreign exchange option and securities transactions on behalf of its clients. There were no proprietary positions opened as at 31 December 2019.

2.5. Interest and commissions

Interest is recognised in the Income Statement on a pro rata temporis basis. Commissions are recognised as soon as the transactions that generated them are entered in the accounting system.

2.6. Social security commitments

Retirement benefits resulting from the Monaco Collective Agreement for Banking Employees are not covered by insurance policies. The total provision was €353,000 as at 31 December 2019.

The Edmond de Rothschild Group has put in place a free share plan for Edmond de Rothschild Holding S.A. (Swiss unlisted holding company of the Edmond de Rothschild Group) for the benefit of certain Group employees.

2.7. Taxation

This year, the Bank again generated revenue in Monaco below 75%. According to Monaco's tax provisions, it remains subject to corporate income tax at a rate of 31%, i.e. €3,652,000.

2.8. Counterparty risk

The vast majority of interbank commitments are made with the Group. The bank's credit lines are monitored daily by the Banking Relations Department in Geneva and reviewed semi-annually by each entity's Executive Committee. A list of lines by counterparty is established and submitted to each subsidiary. Each entity sends a series of reports on the banks' credit lines and their use for the consolidation of the Group's exposure.

2.9. Client risk

The client risk assessment method is based on individualized, probable and actual risk.

2.10. Credit risk

Credit risk is managed by the Credit and Treasury Committees as well as by the management team when there is a risk of probable or partial non-recovery. As at 31 December 2019, no impairment for doubtful debts was recognised.

2.11. Additional information

Edmond de Rothschild (Monaco) is fully integrated into the scope of consolidation of Edmond de Rothschild S.A.

2.12. Events after the end of the financial year

The company has been affected by the COVID-19 crisis, an event after the closing date of 31 December 2019. The future economic consequences of this crisis cannot be assessed at this stage.

3. INFORMATION ON BALANCE SHEET ITEMS

3.1. Receivables and debts

Receivables and debts are broken down according to their remaining duration as follows:

Breakdown of receivables and debts according to residual maturity

Headings (in thousands of euros)	duration ≤ 3 months	3 months < duration ≤ 1 year	1 year < duration ≤ 5 years	duration > 5 years
Receivables from credit institutions	819'044	54'523	-	-
on demand	116'720			
forward	702'324	54,523		
Amounts due from clients	587'557	105'690	283'070	245'854
on demand	531'851			
forward	55'706	105'690	283'070	245'854
Debts to credit institutions	10'068	10'344	66'998	43'844
on demand	3'420			
forward	6'648	10'344	66'998	43'844
Accounts payable by clients	2'123'555	53'575	-	-
on demand	1'539'279			
forward	584'276	53'575		

Receivables and debts from credit institutions include transactions with banks of the Edmond de Rothschild Group and are recorded in the following table:

Breakdown of transactions carried out with affiliated companies or with which there is a shareholding link			
Headings (in thousands of euros)	Total	Of which transactions relating to companies	
		Affiliated	With a shareholding link
Receivables from credit institutions	818'505	433'575	384'930
Debts to credit institutions	127'834	127'834	0

The balance of assets largely corresponds to the investment of the surplus of resources over uses, with counterparty risk being regularly analysed by the Bank's Board of Directors.
Receivables from clients are recorded on the balance sheet at their nominal value.

3.2. Table of subsidiaries and holdings

	Capital (in €K)	Share of capital held	Income as at 31/12/2019 (in €K)	Dividends received during 2019 (in €K)	Observations date of creation
Edmond de Rothschild Assurances et Conseils Monaco SAM	150	100%	993	1'014	26/10/2005
Edmond de Rothschild Gestion Monaco SAM	150	100%	12'946	12'151	11/12/2008
Incentive Management SAM	0	0%	0	0	Liquidated 31/08/16

3.3. Fixed assets

As at 31 December 2019, fixed assets are analysed according to the tables below:

Types of fixed asset (in thousands of euros)	Gross amount at start of 2019 financial year	Acquisitions 2019	Disposals 2019	Depreciation expenses 2019	Accumulated amortisation as at 31/12/2019	Residual value at the end of the financial year
Intangible fixed assets						
Goodwill/leasehold rights	8'146					8'146
Software & licences	8'571	1'089	-	981	8'738	922
Miscellaneous deposits	1'028	3'675				4'703
Sub-total	17'745	4'764	-	981	8'738	13'771
Tangible fixed assets						
Fixtures, facilities and other tangible fixed assets	15'471	607	151	1'495	12'825	3'102
Miscellaneous deposits			-	-		
Sub-total	15'471	607	151	1'495	12'825	3'102
Total Fixed Assets	33'216	5'371	151	2'476	21'563	16'873

All of these fixed assets are used for the Bank's own activities.

The goodwill acquired with a gross value of €4.2 million was subjected to impairment tests rather than amortisation. No impairment was recorded during 2019.

Concerning other financial fixed assets, this item includes partner certificates constituting non-voting capital securities on the Deposit Guarantee and Resolution Fund reserves, as well as association certificates constituting a claim on the Deposit Guarantee and Resolution Fund, subordinated and indefinite-term.

The Bank has begun a phase of modifying its IT system; as a result, some of these investments have been recorded under the item "Fixed assets under construction".

3.4. Shareholders' equity

As at 31 December 2019, the Bank has capital of €13,900,000 consisting of 86,875 shares with a par value of €160. The Bank's shareholders' equity, as at 31 December 2019, and after including the results, totalled €133,496,000.

(in thousands of euros)	Shareholders' equity at 31/12/2018	2019 capital increase	Allocation of 2019 income	Shareholders' equity at 31/12/2019
Subscribed capital	12'000	1'900		13'900
Statutory reserve	1'200			1'200
Optional reserve	64'136		16'300	80'436
Issue premium	0	18'149		18'149
Retained earnings	87		-2	85
Income (loss) for the year	16'298			19'726
Total	93'721	20'049	16,298	133'496

3.5. Provisions

Provisions as at 31 December 2019 are €2,524,000 and consist of:

Headings (in thousands of euros)	Gross amount at start of the 2019 financial year	Allocations as at 31/12/2019	Write-backs as at 31/12/2019	Balance as at 31/12/2019
Provisions for pension expenses	299	353	299	353
Other provisions for risks	2'505	189	523	2'171
Total provisions for risks and expenses	2'804	542	822	2'524

Provisions for client risks are established according to the risks of losses as soon as they are known. They are deducted from assets when they relate to doubtful debts, otherwise they are incorporated into liabilities. Allocations to provisions for risks are mainly intended to deal with disputes with third parties.

No doubtful loans existed as at 31 December 2019.

3.6. Interest accrued or due, receivable or payable included in balance sheet items as at 31 December 2019

Headings (in thousands of euros)	Amounts		Total
	Euros	Foreign currencies	
Assets			
Receivables from credit institutions	-46	1'859	1'813
Amounts due from clients	983	26	1'009
Total included under assets	937	1'885	2'822
Liabilities			
Debts to credit institutions	139	1	140
Accounts payable by clients	35	1'489	1'524
Total included under liabilities	174	1'490	1'664

3.7. Adjustment accounts and miscellaneous

The table below provides details of the adjustment accounts and other asset and liability accounts by transaction category:

Headings (in thousands of euros)	Asset accounts	Liability accounts
Off-balance sheet foreign exchange income	90	
Prepaid expenses	537	
Miscellaneous income receivable	2'614	
Accrued expenses - personnel		9'114
Accrued expenses - suppliers		10'441
Accrued expenses - business introducers		2'942
Miscellaneous	544	129
Total adjustment accounts	3'785	22'626
Securities transaction settlement accounts	5'280	15'550
Miscellaneous debtors	1'704	
Security deposits paid	11'246	
Miscellaneous creditors		2'780
Collateral deposits received		42'506
Tax payable to the tax authorities	0	1'985
Total other	18'230	62'821

3.8. Euro equivalent of foreign currency assets and liabilities

	Exchange value in thousands of euros		Exchange value in thousands of euros
Total assets	1'025'456	Total liabilities	1'025'457

4. INFORMATION ON OFF-BALANCE SHEET ITEMS

4.1. Foreign Exchange contracts not settled as at 31 December 2019

Headings (in thousands of euros)	To be received	To be delivered
Euros purchased not received	6'896	
Currencies purchased not received	7'059	
Currencies borrowed not yet delivered	5'249	
Euros sold not delivered		6'921
Currencies sold not delivered		7'024
Undelivered borrowed currencies		17'319
Total foreign exchange spot transactions	19'204	31'264
Euros receivable, currencies to be delivered	22'681	82'968
Currency receivable, euros to be delivered	82'947	22'555
Currency receivable, currency to be delivered	29'688	29'685
Total foreign exchange forward transactions	135'316	135'208

The transactions recorded here do not indicate that the Bank has a significant proprietary position.

4.2. Transactions on conditional foreign exchange instruments (in thousands of euros)

Call purchases	28'597	Put purchases	1'786
Call sales	28'597	Put sales	1'786

For these transactions, the Bank/Management Company only acts on the markets as an intermediary and only on behalf of its clients, as transactions are systematically backed by a banking counterparty. All transactions are carried out over-the-counter.

5. INFORMATION ON INCOME STATEMENT ITEMS

5.1. Breakdown of commissions for the 2019 financial year

Headings (in thousands of euros)	Expenses	Income
Delegation of financial management	14'803	-
Foreign exchange and exchange transactions	15	8
Securities transactions on behalf of clients	3'150	30'770
Other financial services	828	12'643
Other miscellaneous client transactions	-	6'114
Total commissions	18'796	49'535

The income is collected from clients. Commissions paid mainly represent costs incurred on behalf of clients with the various financial intermediaries, credit institutions or others.

A delegation of financial management agreement between the Bank and its subsidiary Edmond de Rothschild Gestion Monaco was signed on 1 September 2013.

5.2. Gains on trading book transactions

This item reflects the result of the following transactions:

- › Securities purchase and sale transactions carried out by the Bank, mainly on the bond markets totalling €3,869,000.
- › Foreign exchange transactions totalling €3,275,000.

5.3. Other banking operating income and expenses

Headings (in thousands of euros)	2019	2018
Miscellaneous commission retrocessions	489	575
Other ancillary income	399	591
Expenses recharged to group companies	799	787
Transfer of NB operating expenses	15	0
Total Income	1'702	1'953
Business introducers & external managers	4'491	4'606
Guarantee fund premiums	68	79
Total Expenses	4'559	4,685

An agreement for the provision of personnel and technical resources between the Bank and its subsidiary Edmond de Rothschild Gestion was signed on 1 September 2013, as well as with its other subsidiary Edmond de Rothschild Assurances et Conseils on 2 January 2014.

5.4. General operating expenses - personnel costs

The change in personnel costs is reflected, as follows, during the 2019 financial year:

Headings (in thousands of euros)	2019	2018
Wages and salaries	22'527	24'006
Pension expenses	2'623	2'400
Other social security expenses	3'466	3'418
Vocational training	78	80
Total personnel costs	28'694	29'904

The provision for paid leave, established in accordance with the regulations in force and incorporated into the Adjustment Accounts items on the Balance Sheet, has been updated according to the number of employees and their leave rights as at 31 December 2019. The corresponding additional provision has been included in the Income Statement under wages and salaries.

5.5. Cost of risk

Headings (in thousands of euros)	2019	2018
Allocations to provisions for risks and charges	-189	-160
Allowances for miscellaneous and personnel risks		-1'310
Write-backs on provisions for risks and charges	0	637
Write-backs for miscellaneous and personal risks	523	1'059
Total	334	226

The cost of risk includes allocations and write-backs primarily related to the customers and personnel risks.

5.6. Exceptional revenue and expenses

Exceptional expenses	-877 k€
Exceptional revenue	100 k€
Exceptional profit/loss	-777 k€

Resolutions

Adopted at the Ordinary General Meeting of 26 March 2020

FIRST RESOLUTION

Approval of the corporate accounts

The Ordinary General Meeting, after hearing the reading of the reports of the Board of Directors and the Statutory Auditors regarding the financial year ended 31 December 2019 and taking note of the balance sheet and the income statement as at 31 December 2019:

- I. approves, as presented to it, the financial statements for the financial year ended 31 December 2019, i.e. the balance sheet, the income statement and the notes, which result in net accounting income of €19,726,059.60;
- II. approves the terms of the Board of Directors' report on the financial statements for the financial year ended 31 December 2019 and the terms of the statutory auditors' general report on said financial statements;
- III. gives Mr Emmanuel Fievet and Mr Tobias Guldemann full and final discharge of their management during the period from 1 January 2019 to 27 March 2019.

SECOND RESOLUTION

Allocation of income

The Ordinary General Meeting:

- I. notes that the distributable profit is as follows:

2019 earnings	19'726'059,60 €
Previous retained earnings	84'787,14 €
Distributable profit	19'810'846,74 €

- II. decides to allocate the distributable profit as follows:

Distribution of a dividend of €131 per share

For 86,875 shares	11'380'625,00 €
Allocation to the statutory reserve	190'000,00 €
Allocation to the optional reserve	8'185'000,00 €
Retained earnings	55'221,74 €
Total	19'810'846,74 €

THIRD RESOLUTION

Approval of the consolidated annual financial statements

Having read the report by the Board of Directors and the report by the statutory auditors on the consolidated annual financial statements for the financial year ended 31 December 2019, the General Meeting of Shareholders approves, as presented to it, the consolidated financial statements for the financial year ended 31 December 2019, i.e. the balance sheet, the income statement and the notes, resulting in net accounting income for the entire group of €20,509,604.64.

FOURTH RESOLUTION

Approval of the transactions referred to in Article 23 of the Sovereign Ordinance of 5 March 1895

Having read the report by the Board of Directors and the special report by the statutory auditors on the transactions referred to in Article 23 of the Sovereign Ordinance of 5 March 1895, the General Meeting:

- I. approve the agreements referred to therein, and
- II. renews for the directors, for the current financial year, the authorisation provided for in Article 23 of the Sovereign Ordinance of 5 March 1895.

FIFTH RESOLUTION

Approval of the amount of statutory auditors' fees

The General Meeting approves the amount of the statutory auditors' fees for the financial year ended 31 December 2019, as shown in the financial statements for the financial year mentioned above.

SIXTH RESOLUTION

Renewal of a director's mandate

Having read the report by the Board of Directors, the General Meeting decided to renew the term of office of Mr Vincent Taupin for a period of one year, i.e. until the end of the annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2020.

SEVENTH RESOLUTION

Renewal of a director's mandate

Having read the report by the Board of Directors, the General Meeting decided to renew the term of office of Ms Cynthia Tobiano for a period of one year, i.e. until the end of the annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2020.

EIGHTH RESOLUTION

Renewal of a director's mandate

Having read the report by the Board of Directors, the General Meeting decided to renew the term of office of Ms Sabine Rabald for a period of one year, i.e. until the end of the annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2020.

NINTH RESOLUTION

Renewal of a director's mandate

Having read the report by the Board of Directors, the General Meeting decided to renew the term of office of Mr Jean Laurent-Bellue for a period of one year, i.e. until the end of the annual Ordinary General Meeting called to approve the financial statements for the financial year ended 31 December 2020.

TENTH RESOLUTION

Power of attorney for formalities

The General Meeting grants all powers to the bearer of an original, copy or extract of these minutes, to carry out all filings and formalities required by the legal and regulatory provisions in force.

ELEVENTH RESOLUTION

Determining directors' fees

The General Meeting sets the total budget for directors' fees allocated to independent directors for the performance of their mandate during the financial year ended 31 December 2019 at the sum of €6,000.

Hervé ORDIONI

Chairman of the meeting

Geoffroy ROUSSEAU

Secretary

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